MANAGEMENT OF SUSTAINABILITY MATTERS

Material Sustainability Matters

The Manager has identified 15 material sustainability matters that impact the Fund's operations and value creation. We actively monitor our progress in managing these matters and seek opportunities to enhance this management so as to maximise our value creation in the short, medium and long term.











Note: For more information on the relevant Targets & KPIs, please refer to the detailed reporting of each sustainability matter in this Report.

In 2022, the Senior Management Team undertook an internal review of the material matters, and thereafter maintained the ranking of all 15 material matters, with Occupational Health and Safety remaining our top priority. The priorities shaped the development of our strategy towards building a resilient and sustainable business in the long term.

The graph below presents the Materiality Matrix for the year under review.



Note: This is an enlarged version of Axis-REIT's Materiality Matrix. The data used to develop this matrix remains unchanged.

Management of Sustainability Matters

Significance of Axis-REIT's Sustainability Impacts

Materiality Assessment Process

Our materiality assessment process comprises the following 4 steps:

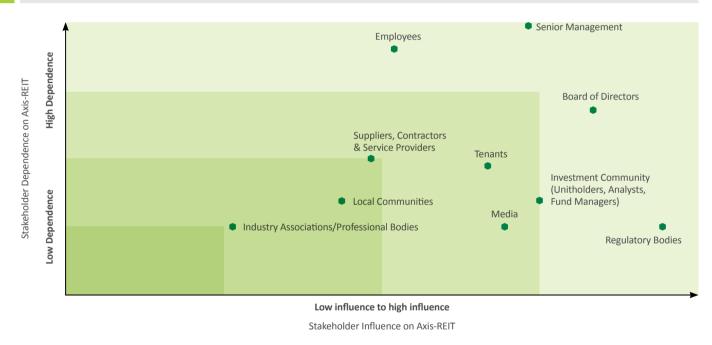
Matters Review and Identification 1

The Manager conducts a review of the existing sustainability matters to assess their relevance to the Fund in the prevailing operating context. We start with an assessment of current industry issues and benchmark our matters against industry peers. We strive to adopt and apply best practices in our materiality assessment, taking guidance from the relevant sustainability reporting frameworks. We also examine global trends in assessing the relevance of our matters.

Impact Assessment

The Manager's Senior Management Team conducts an impact assessment exercise to determine the probability of the risks and opportunities of the identified matters, and their potential impact on the Manager's ability to create short, medium and long-term value for all stakeholders.

Stakeholder Prioritisation and Engagement

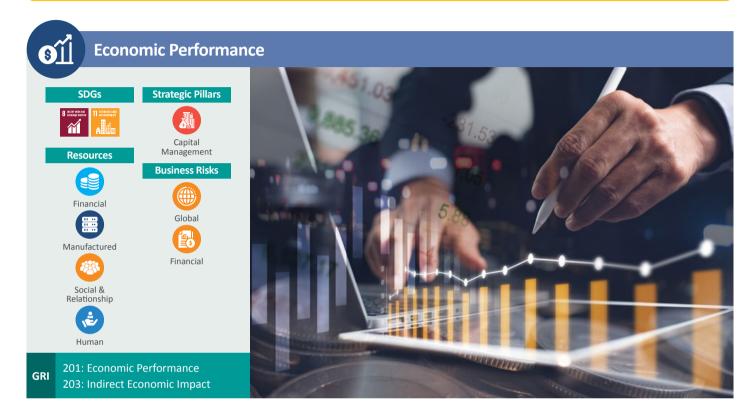


Recognising that our stakeholders hold varying degrees of influence on our operations, the Manager periodically engages its various stakeholder groups to determine the overall significance of our material matters to each group. The findings from this Stakeholder Prioritisation exercise are imputed into our Materiality Matrix to determine the degree of influence from the different stakeholder groups.

In our most recent Stakeholder Prioritisation exercise, which was conducted in 2021, the Manager engaged 5 key stakeholder groups - the Board of Directors. Senior Management, employees, tenants, as well as contractors and service providers. We used input from these stakeholder groups to better understand the issues that are most urgent and pertinent to each group, and develop the most effective way to maximise value creation across the board. As the assessment was conducted in 2021 during the COVID-19 pandemic, the engagements were done via online platforms such as surveys and teleconference calls, to safeguard the well-being of our stakeholders.

Validation

The outcome of this process is imputed in Axis-REIT's Materiality Matrix (see page 105). The matrix shows the significance and importance of each sustainability matter from Axis-REIT's business perspective as well as its stakeholders' perspectives. Following the process, the updated matrix is then presented to Senior Management for validation and thereafter, to the Board for approval.



Malaysia's economic recovery picked up the pace in 2022, with GDP growth for the year coming in at 8.7%, up from 2021's 3.1% expansion. Growth was supported by the easing of pandemic-related restrictions, sustained domestic demand, and resilient E&E sector exports.

Notwithstanding the strong top line indicators, the year was not without its share of challenges, as inflation and interest rates trended upwards during the year. Tight labour conditions and the increase in minimum wages also caused labour costs to rise.

ASEAN region.

Management of Sustainability Matters

ECONOMIC

The industrial real estate subsegment was fairly insulated from pandemic-related disruptions relative to other asset classes. Apart from the inherent resilience of industrial tenants, demand for industrial real estate was also supported by the reshaping of the global supply chain, as MNCs have sought to diversify their footprint and establish operations in the

In 2022, Axis-REIT's revenue grew 15.6% to RM284.5 million, from RM246.2 million in the previous financial year. Net property income increased by 15.2% to RM245.3 million in 2022. from RM212.9 million in 2021. Growth was driven by rental income from newly acquired properties, sustained portfolio occupancy and positive rental reversions for renewals. In addition, the economic value distributed and economic value retained increased by 16.3%

and 13.9% respectively. The Fund announced a total distribution of 9.75 sen per unit for FYE2022, which translates to a yield of 5.5% based on the Fund's closing Unit price of RM1.79 as at 31 December 2022.

Details of the Fund's financial performance are available in the Financial Review section on pages 43 to 54 of this Report.

The Finance Team monitors and reports the Fund's economic performance against its strategy and projections every month, and assesses the resources that are used and affected. The team upholds the financial integrity of the Fund through the development and implementation of prudent policies and procedures, and ensures compliance with the relevant rules and regulations.

The Manager's Risk Management and Governance Framework ensures that the Fund delivers on its targets. The framework comprehensively addresses our internal controls and risk mitigation to ensure that there are no adverse disruptions to our pursuit and accomplishment of the Fund's business goals and mission. It considers ESG-related risks and opportunities, where both the financial and non-financial risks are integrated into our Risk Register.

In 2022, we advanced our sustainability journey with the acceptance of the Fund's first sustainability-linked term financing as well as a sustainabilitylinked IPRS. These instruments come with pre-agreed sustainability-related performance targets which, when achieved, trigger discounts on the financing facilities' profit rates, providing further incentive for the Fund to meet its sustainability commitments. These initiatives, along with the adoption of our Environmental Policy and our ongoing ESG practices, have led to Axis-REIT's inclusion as a constituent of the FTSE4Good Bursa Malaysia Index and the FTSE4Good Bursa Malaysia Shariah Index.

Key Initiatives:

Disciplined Investment Strategy

The Manager employs a disciplined investment strategy to ensure that the Fund continues to generate consistent and sustainable financial returns for its Unitholders and stakeholders. We uphold our investment objectives and long-term view in our investment strategy, and are prudent and stringent in selecting acquisition targets and development projects to pursue. We are also proactive in maintaining the Fund's property portfolio to preserve and enhance the value of the Fund's existing properties, and in identifying assets that are approaching or have attained optimal returns, for disposal consideration.

Cost Discipline and Optimisation

The Manager is vigilant in managing its operating costs, monitoring expenses against financial projections and approved budgets, and benchmarking portfolio efficiency ratios against the best in industry. Through effective cost management, the Fund's businesses have not been materially affected by inflationary cost pressures experienced elsewhere.

Efficient Management of Working Capital and Liquidity

The Manager is responsible to ensure that the Fund has sufficient working capital and liquidity to support its business activities and strategic plans. We continuously monitor the Fund's liquidity and financial positions to optimise capital efficiency. We strive to achieve an optimal balance of short-term and long-term financings. As at 31 December 2022, the Fund's liquidity position remained strong at RM326.5 million comprising RM43.5 million in cash and deposits and RM283.0 million in undrawn financing facilities.

In December 2022, the Fund successfully undertook an equity fundraising exercise that raised net proceeds of approximately RM173 million through a private placement. The book building exercise was finalised on 15 December 2022 with 100,000,000 new Units listed on 4 January 2023. The proceeds were used to redeem existing short-term financing facilities, and following which, Axis-REIT's undrawn financing facilities has been raised to RM456 million.

Sustainability-Linked Financing

In July 2022, the Fund obtained RM170 million in its first sustainability-linked term financing instrument. Proceeds were used to redeem the Fund's First Sukuk Issue, with a balance of RM60 million available to finance future acquisitions. The financing was structured to incorporate pre-agreed, sustainability-linked Specific Performance Targets (SPT) for the Fund, which if achieved, will reduce the instrument's financing costs via profit discounts. Concurrently, the Fund also entered into a 10-year sustainability-linked Islamic Profit Rate Swap (IPRS) that also features ESG KPIs and sustainability SPTs.

We will continue to seek more sustainability-linked financing facilities in the coming years, as an incentive to drive our efforts to achieve the SPTs that will trigger profit rate discounts, as well as to capture Axis-REIT's broad aspirations across the ESG spectrum.

Targets & KPIs

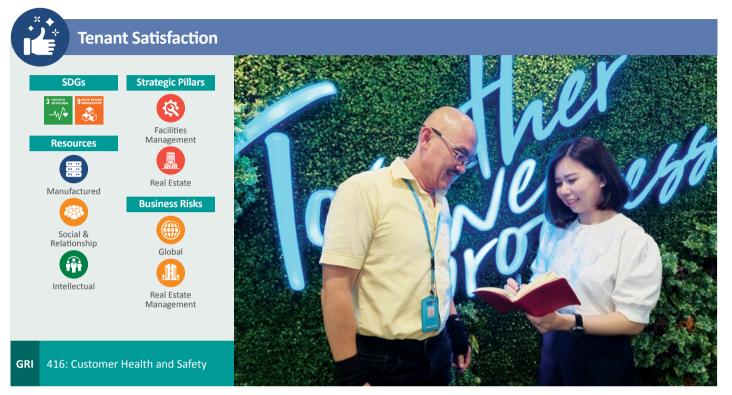
Economic Performance	FYE2020 (RM '000)	FYE2021 (RM '000)	FYE2022 (RM '000)
Economic Value Generated (Revenue)	232,234	246,195	284,471
Operating Costs	33,716	33,314	39,128
Payment to Capital Providers	126,203	137,985	160,085
Payment to Government	7,085	8,118	9,266
Community Investment	100	200	193
Economic Value Distributed	160,019	171,499	199,406
Economic Value Retained	72,215	74,696	85,065

Outlook

We remain cautiously optimistic for the Fund's prospects in 2023. Although headline GDP growth is forecast to moderate after 2022's robust upswing, structural demand drivers for industrial properties remain intact. We expect to see sustained demand for well-located, good quality industrial properties with good infrastructure and facilities. This, in turn, lifts occupancy rates as well as rental rates, and drives acquisition opportunities.

We will continue to monitor business conditions while prudently managing costs amid expectations of further OPR hikes. We will also assess the viability of further developing green financing instruments and other green or sustainability-linked financing under the government's new initiatives on tax incentives.

As the Manager of real estate assets, we are also increasingly cognisant of the need to safeguard the resilience of our portfolio. Toward this end, in 2023, we will be looking to identify and assess climate-related risks and opportunities across our portfolio to better understand their financial and non-financial implications to the Fund.



Tenants are a top priority at Axis-**REIT and Tenant Satisfaction is a** key non-financial indicator that we track in the assessment of the Fund's core operations.

The Manager makes every effort to provide superior real estate solutions and services to maximise tenant satisfaction levels. This facilitates tenant retention and sustains high occupancy rates across Axis-REIT's portfolio.

We leverage on the Fund's strategically-located, high quality real estate assets, ensuring that the portfolio remains in good condition and in compliance with all safety standards and protocols.

Beyond these measures, we also ensure that all tenant interaction is conducted with the highest level of professionalism, and with effective handling of complaints and feedback. Through such positive engagement, we are able to build strong tenant relationships and forge a deep understanding of their needs. This includes understanding their business and ESG strategies to ensure our real estate services and solutions are aligned with these needs.

The Property Management Team is responsible for attending to our tenants. They attend to ad-hoc maintenance and service requests and oversee asset management (including AEIs) and leasing functions. They are supported by the Marketing & Sustainability Manager, who is in charge of expanding the Fund's reach to potential new tenants, proactively planning and maintaining tenant communications, as well as designing, conducting and analysing results of tenant surveys.

These efforts are guided by our Operations Manual, which defines the procedures and policies in managing the Fund's assets and operations. They also ensure compliance with applicable regulatory requirements, internal HSE policies, as well as other best practices and standards.

The Manager tracks tenant satisfaction in 2 separate surveys:

Hello Axis Service Request Satisfaction Rating, which assesses our handling of each service request, feedback and complaint ticket raised via our tenant management portal, Hello Axis. Upon resolution or closure of every service ticket, a short questionnaire is sent to tenants via the Hello Axis portal, asking tenants to rate the timing, handling and effectiveness of our response to the specific service ticket.

Axis-REIT's Annual Tenant Satisfaction Survey, which assesses of the overall experience as a tenant at an Axis-REIT property during the year. The annual survey covers categories such as general service and response times, tenants' likelihood of recommending Axis-REIT to other potential tenants, as well as their satisfaction with property management service levels, safety and security, and tenant-Manager communication via Hello Axis.

Key Initiatives



can better serve them.

Axis-REIT's proprietary tenant management application, Hello Axis, is the primary platform for tenant engagement. The application allows for seamless communication and tracking of service requisitions, feedback and complaints. It facilitates a better understanding of tenants' needs and concerns, as well as discussions of potential improvement plans. It is continually updated and improved to enhance our response and service levels.



TENANT

PRIORITIES

reduces disputes and turnover rates.

tenants' needs.



ASSET

ENHANCEMENT

INITIATIVES

(AEIS)

sought-after.

AEIs undertaken in 2022 included enhancement works and modernisation to building façades, mechanical and electrical systems, with most initiatives incorporating ESG-related enhancements. We continued to ensure strict compliance with Ministry of Health (MOH) Guidelines as well as our own internal HSE policies for COVID-19 prevention measures and ensured air-conditioning systems in all our buildings complied with American Society of Heating, Refrigerating and Air-Conditioning Engineers, Malaysia Chapter (MASHRAE) standards for heating, refrigeration and air-conditioning.

More information on these AEIs can be found in the Quality Assets & Services - Existing Assets sustainability matter on pages 119 to 121. These efforts keep our properties up-to-date and competitive and increase the likelihood of tenancy renewals as well as space expansion within our portfolio.



Our stringent tenant screening process has built a portfolio of high quality, creditworthy tenants. We conduct tenant screening, review potential tenants' financials, as well as the nature and sustainability of their businesses to minimise potential credit risks to the Fund. The process also gives us a better understanding of our tenants and their operations and helps us forge closer relationships to better understand and support their business needs.



NEW LEASING

LEADS

We continue to leverage on digital platforms to engage with real estate agents as well as potential new tenants.

During 2022, we successfully engaged 143 agents from 14 real estate agencies through our annual virtual roadshow to promote the Fund's available properties and services. The virtual format allowed us to efficiently reach industrial and office real estate agents across the country to effectively disseminate information and to discuss ideas and business opportunities.

Management of Sustainability Matters

We proactively engage our tenants to understand and anticipate their business strategies and needs, and to see how we

Our tenant-centric focus drives better-informed resource allocation that addresses unique market needs. This also

With sustainability becoming an increasingly important and prominent priority among businesses, we also hold discussions on ESG-related issues and strategies, which helps us align Axis-REIT's real estate solutions and services with

We apply a proactive but disciplined approach to AEIs to keep the Fund's property portfolio competitive, relevant and

The most common tenant issues raised at multi-tenanted properties in 2022 and the corrective actions taken by the Property Management Team are presented in the table below:

COMMON TENANT ISSUES/ EXPECTATIONS	CORRECTIVE ACTIONS TAKEN
Housekeeping	• Conducted regular inspections to monitor conditions, proactively identify any deficiencies, and improve housekeeping at Axis-REIT's properties
Air-conditioning comfort level	• Standardised air-conditioning settings according to MASHRAE standards governing temperature, relative humidity and air exchange
Smoking in toilets	 Regular dissemination of circulars to remind tenants not to smoke in common areas Clear designation of smoking areas at all multi-tenanted properties Installed 'No Smoking' signs in all staircases and toilets
Limited food and beverage (F&B) offerings at selected properties	 Secured F&B tenants at Crystal Plaza and Axis Business Park Introduced innovative snack vending machines at selected properties

Hello Axis Service Request

Satisfaction Ratings

TARGET

SCORE

4

AVERAGE

SCORE

IN 2022

4.22

Targets & KPIs

The Manager is pleased to report positive tenant satisfaction ratings in 2022. Scores from our Annual Tenant Satisfaction Survey exceeded our target for the year and showed an improvement over the results of 2021. We also exceeded our target for the satisfaction ratings for tickets raised in the Hello Axis portal, even though there was a slight dip in the average rating compared to last year.

The Hello Axis service request satisfaction ratings run from a scale of 1 (poor) to 5 (excellent). Our target is to achieve ratings of 4 and above. The chart below presents the number of tickets raised, resolved and outstanding along with the overall satisfaction ratings accorded by our tenants. There were 11 tickets outstanding at the end of 2022, due to the timing of the tickets, which were raised in the last few days of the year. These were resolved in early 2023, save for one, which is currently in progress.

	Tei	nants' Online Service Requests (ticke	ets)
Property Type	Raised	Resolved	Outstanding
	20	20	
Multi-Tenant	114	112	2
Single-Tenant	44	38	6
	20	21	
Multi-Tenant	23	23	0
Single-Tenant	127	127	0
	20	22	
Multi-Tenant	55	55	0
Single-Tenant	98	87	11



3.96

4.32

4.67

	20	20	20	21	20	22
Property Type			Ticket Resp	oonse Time		
	< 24 hours	> 24 hours	< 24 hours	> 24 hours	< 24 hours	> 24 hours
Multi-Tenant	96%	4%	84%	16%	85%	15%
Single-Tenant	86%	14%	84%	16%	96%	4%

Malaysia transitioned into the endemic phase of the COVID-19 crisis in 2022, which saw the lifting of movement control orders. This enabled the Property Management Team to respond to service requests more efficiently, and to be more proactive in conducting tenant engagement efforts. For 2022, 85% of tickets raised from multi-tenanted properties and 96% of tickets raised from single-tenanted properties were responded to within 24 hours – an improvement from 84% of tickets that were responded to within 24 hours in the preceding year.

In 2022, the Manager conducted its Annual Tenant Satisfaction Survey with broader criteria. The 2022 survey included a new criterion, namely, Communication via the Hello Axis portal, which replaced "COVID-19 SOPs", given the easing of restrictions and SOPs following the country's transition to an endemic phase.

On a scale of 1 (poor) to 10 (excellent), the Manager scored an average tenant satisfaction rating of 7.49 in 2022, which exceeded the target score of 7 and was an improvement from 7.31 recorded in 2021. The results of the survey are presented in the table overleaf:





Tenant Satisfaction Survey	2020	2021	2022
Services & Response Time	7.23	7.24	7.36
Likelihood of Recommendation	7.42	7.21	7.61
Satisfaction with Property Management (Preferred Business Space Partner)	7.33	7.17	7.52
Safety & Security	7.52	7.74	7.89
COVID-19 SOP	7.48	7.18	N/A
Communication via Hello Axis Portal	N/A	N/A	7.06

This year saw an improvement in the scores for services and response times, likelihood of recommendation, general satisfaction, as well as safety and security. As COVID-19 SOPs were scaled back in 2022, we removed the question relating to COVID-19 SOPs and replaced it with a new question on the effectiveness of communication via the tenant portal.

"Management team and building management are very responsive to our needs. Keep up the good work Axis team!"

Anonymous tenant feedback from the Tenant Satisfaction Survey

Despite the challenging operating environment, Axis-REIT was able to maintain a high take up rate across its portfolio in 2022. The Fund closed the year with occupancy at 95% following our success in securing new tenancies and renewals for 2,045,179 sq. ft. of space.

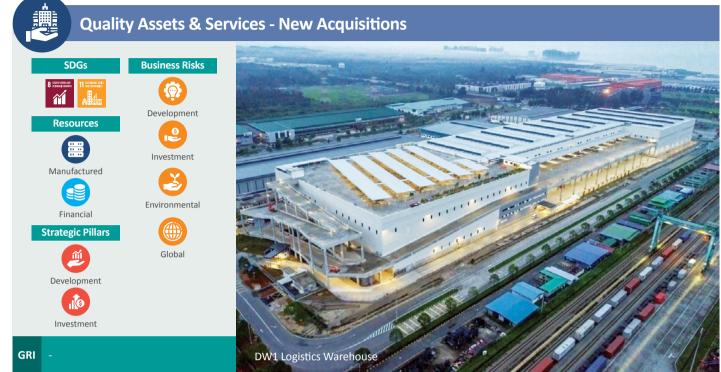
Occupancy	2020	2021	2022
Occupied	91%	96%	95%
Vacant	9%	4%	5%

Outlook

The Property Management Team continues to focus on improving the Fund's business space solutions, as well as enhancing tenant services and engagement to drive up tenant satisfaction ratings. We prioritise providing safe and secure real estate solutions across our portfolio that comply with regulatory guidelines and SOPs, and creating conducive operating and work environments for our tenants. Having a system in place to reinforce our operational strategies, develop maintenance routines, and engage with tenants to understand their needs will position Axis-REIT for sustainable, long-term growth in the years to come.

In addition to the current practice of regularly engaging tenants to garner feedback on Axis REIT's services and better support their operational needs, the Property Management Team plans to enhance tenant engagement by:

- Organising programmes that can help improve the health and well-being of our tenants
- Including ESG components in the fit-out and refurbishment guide
- Exploring the possibility of introducing green leases (i.e. leases that incorporate ESG performance requirements in the terms of the lease contract)
- Developing a process to assign ESG risk ratings for existing tenants based on the current ESG due diligence procedures. Tenants with moderate to high sustainability risk ratings will be monitored closely for further action, where necessary.



Axis-REIT acquires properties and embarks on development projects to refresh and grow its portfolio.

The Manager applies stringent criteria in identifying and assessing all new acquisitions and developments, which ensures all new additions to the Fund's property portfolio are strategic, yield-accretive and value-creating for both the Fund and our stakeholders.

Our internal policies guide the evaluation of all potential new acquisitions and developments. These policies are applied as part of our feasibility studies and due diligence processes in evaluating all potential property acquisitions and developments. The policies are designed to help us identify, assess, and manage economic, financial, and ESG-related risks and opportunities. This, in turn, helps preserve the resilience and value of the Fund's portfolio of properties, the interests of its stakeholders, and the surrounding environment. Potential acquisition targets and development projects that meet our assessment criteria are presented to the Board for approval and then recommended to the Trustee for execution.

As part of our efforts to comply with these policies, we have established an ESG strategy to evaluate potential development projects. The strategy covers aspects such as energy consumption, green building certifications, indoor environmental quality, material sourcing and waste management. Details of our ESG strategy are available in the Environmental section of this Report, while details of our due diligence and ESG scoring system are described below.

Key Initiatives

During 2022, we continued building a healthy pipeline of potential acquisitions and completed yieldaccretive acquisitions for a total consideration of RM479.3 million. We continued to evaluate our potential acquisitions through our initial due diligence assessment scoring system. The assessment, which is undertaken and recorded during the due diligence exercise for new acquisitions, considers and rates all potential acquisition targets according to our scoring checklist on the criteria listed helow.

- 2. Review of risk of flooding in current location 3. Proximity of location to natural water sources

Management of Sustainability Matters

ESG Criteria for New Property Acquisitions

Initial Due Diligence Assessment Scoring System

- 1. Review of public transportation network and access
- 4. Observation of past soil settlement issues
- 5. Observation of potential hazards from adjacent properties/land
- 6. Observation of green building designs such as rainwater harvesting tanks, usage of LED lights and/or solar panels
- 7. Observation of proper storage of scheduled waste

ESG Criteria for New Property Acquisitions (continued)

Based on the outcome of the due diligence assessment, an ESA may be undertaken, if recommended. ESAs are an environmental evaluation category that complements the new acquisitions' due diligence process. The main purposes of conducting ESAs are:

- To review a site's historical information, and where necessary, conduct soil and groundwater sampling for determination of site contamination
- To develop the next course of action and to remedy any issues and/or liabilities, where necessary
- To identify existing and applicable local and federal regulations and ensure compliance, where applicable

The outcome of ESAs will determine our next course of action, and remedy any issues/liabilities, where necessary.

Developments

With continued demand for Grade-A, purpose-built facilities and warehouses from multi-national operators throughout 2022, we embarked on 2 development projects: Bukit Raja Distribution Centre 2 and Axis Mega Distribution Centre (Phase 2). Together, these developments have approximately 1.2 million sq. ft. of built-up space. For more information on these development projects, please refer to the Investment Review section of this Report.

The Manager also regularly reviews new opportunities for development projects. This, among others, involves:

- Conducting feasibility studies to assess the suitability of the proposals
- Sourcing of potential land/properties that fulfil requirements
- Calculating development project costs and revenue projections
- Coordinating due diligence site inspections on shortlisted properties
- Conducting Environmental Impact Assessments (if necessary), in line with regulatory requirements
- Conducting Traffic Impact Assessments and review of public transportation access during the design and development stages for all new developments

An experienced project manager will be appointed to oversee the entire process flow for the developments, ensuring that the projects are completed according to specifications, on schedule and within budget.

Green Building Certification

Our Environmental Policy strengthens our commitment towards environmental sustainability. In line with the policy, we include considerations for green building certifications (building management standards) in evaluating properties and projects, or seek such accreditations for our properties through major refurbishments, where possible. We are proud to announce that we received green building certifications for several buildings in our portfolio during 2022.

DW1 Logistics Warehouse, which is a GBI-certified building, was acquired on 25 April 2022. In addition to this, we obtained provisional GreenRE Goldcertification for our Bukit Raja Distribution Centre 2 development, and provisional GreenRE Silver-certification for Axis Facility 2 @ Bukit Raja, which is undergoing major refurbishment work. Our future targets for building certification include the Axis Mega Distribution Centre (Phase 2) development and Axis Mega Distribution Centre, an existing property currently leased to Nestlé Products Sdn Bhd.

Targets & KPIs

Axis-REIT successfully acquired 4 properties in 2022. The initial due diligence scoring assessments were conducted over both 2021 and 2022 due to the difference in the timing of each new acquisition process. All 4 properties passed the scoring system and proceeded to a further full technical due diligence review. The salient features of the completed property acquisitions can be found in the Investment Review section of the Manager's Discussion and Analysis on pages 60 to 67.

Number of d	ue diligence exercises conducted under the sc	coring system
2020	2021	2022
5	2	2

We are pleased to note that 1 of the properties acquired in 2022, DW1 Logistics Warehouse, is GBI-certified, and 1 of the 2 ongoing development projects, namely Bukit Raja Distribution Centre 2, has provisional GreenRE Gold-certification. During the year, we also obtained provisional GreenRE Silver-certification for a third property, namely Axis Facility 2 @ Bukit Raja. Looking ahead, we aim to obtain provisional green building certifications for 2 other properties in our portfolio during 2023.

Properties with G	reen Building Certifications (Building Manag	ement Standards)
Property	Type of certification	Date of certification
DW1 Logistics Warehouse	GBI Certified ¹	28 August 2020

Property	Type of certification	Date of provisional certification	Target date to receive final certification
Bukit Raja Distribution Centre 2	GreenRE Gold ²	23 November 2022	January 2024
Axis Facility 2 @ Bukit Raja	GreenRE Silver ²	28 October 2022	September 2023

Upcoming Targets for Green Building Certifications (Building Management Standards)		
Property	Type of certification	Target date to obtain provisional certification
Axis Mega Distribution Centre (Phase 2) Axis Mega Distribution Centre (Phase 1)	GreenRE Gold ² GreenRE Bronze ²	July 2023 September 2023

Management of Sustainability Matters

Properties with Provisional Green Building Certifications (Building Management Standards)

1. Green Building Index (GBI) is an international rating system for evaluating the environmental design and performance of Malaysian buildings based on the 6 main criteria: Energy Efficiency, Indoor Environment Quality, Sustainable Site Planning & Management, Materials & Resources, Water Efficiency, and Innovation

2. GreenRE is a Malaysian green building certification body. The GreenRE rating tool is based on five pillars or criteria: Water Efficiency, Energy Efficiency, Carbon Emission, Environmental Protection, Indoor Environmental Quality and other Green Features. The rating (Platinum, Gold, Silver, or Bronze) is awarded based on the scoring against each of the criteria.

Properties with	Green Building Certification (Bu	uilding Management Standard	s)
Properties	Type of certification	% of space under management with green building certification	% of total property portfolio with green building certification
DW1 Logistics Warehouse Bukit Raja Distribution Centre 2 Axis Facility 2 @ Bukit Raja	GBI Certified ¹ GreenRE Gold ² (provisional) GreenRE Silver ² (provisional)	14.4%	4.8%

Outlook

The industrial real estate subsector has been relatively resilient throughout the pandemic, as the diversification and reshaping of the global supply chain, and the accelerated adoption of e-commerce during the lock down supported demand and rental rates for strategically-located industrial and logistic warehouses. Concurrently, more businesses adopted asset-light models, resulting in a wider range and quality of properties becoming available on the market. These structural drivers remain largely intact going into 2023, and this augurs well for the Fund as one of the country's largest industrial REITs.

We maintained our rigorous review of acquisition proposals by strictly evaluating each proposal against the Fund's investment criteria. We also continue to refine our acquisition strategy to ensure the Fund's portfolio is positioned to create value for all stakeholders, taking into account factors such as the macroeconomic and market outlooks, as well as other strategic developments.

Going into 2023, the Manager is cognisant of inflationary pressures on operating costs resulting from global supply chain disruptions and labour shortages that have persisted since the COVID-19 pandemic. Consequently, subject to feasibility studies, we will seek to increase the composition of single-tenanted buildings and tenancies with triple-net leases (where tenant bears the utilities and maintenance expenses of the property) in the Fund's portfolio to reduce its exposure to rising operating costs.

Concurrently, amid a rising awareness and prioritisation of sustainability, the Manager also plans to enhance ESG-related investment criteria by expanding the due diligence process. Some of the ESG measures that may be incorporated into the acquisition feasibility review include:

- Reviews of waste management, including chemical waste, by current users/tenants
- Reviews of water consumption by current users/tenants
- Vulnerability assessment in the real estate life cycle
- ESG risk ratings of current owners and/or tenants based on current ESG due diligence procedures. Owners and/or tenants with medium to high sustainability risks will be monitored closely for further evaluation
- Assessments on disabled persons access according to Uniform Building By-Laws (UBBL) 1984
- Continuing to seek green building certifications and/or Building Management Standards-certified assets when assessing acquisition targets and planning development projects, where possible

1. Green Building Index (GBI) is an international rating system for evaluating the environmental design and performance of Malaysian buildings based on the 6 main criteria: Energy Efficiency, Indoor Environment Quality, Sustainable Site Planning & Management, Materials & Resources, Water Efficiency, and Innovation

2. GreenRE is a Malaysian green building certification body. The GreenRE rating tool is based on five pillars or criteria: Water Efficiency, Energy Efficiency, Carbon Emission, Environmental Protection, Indoor Environmental Quality and other Green Features. The rating (Platinum, Gold, Silver, or Bronze) is awarded based on the scoring against each of the criteria.



The Manager is responsible for the properties of the Fund, including maintaining the quality of existing properties and services to drive sustainability, profitability and growth of the Fund.

We seek to create long-term value for stakeholders and investors, which in the context of existing properties, is achieved through regular maintenance as well as investments in strategic AEIs to ensure Axis-REIT's portfolio remains relevant and meets market requirements.

Our efforts in maintaining the quality of its existing properties and services are guided by 3 key policies:

1) Environmental Policy. A key focus area for the Manager is the incorporation and enhancement of sustainability features across the portfolio. This includes installing energy and water efficient fittings in our existing properties, in line with the Fund's rising commitment towards its ESG goals.

goals as well.

Management of Sustainability Matters

The Manager explores and invests in environmentally-friendly, resource-efficient fittings, fixtures and materials to be used in maintenance, upgrading and refurbishment projects across our existing properties, where possible. These investments not only help us meet our sustainability targets and optimise our operational costs, but also help our tenants achieve their sustainability

2) HSE Policy. HSE excellence is a core focus at Axis-REIT, as we endeavour to provide safe working practices and a safe working environment for our employees, tenants, contractors, community and other relevant stakeholders. In maintaining the Fund's existing properties and services, the Manager continually explores opportunities to upgrade and enhance fixtures, fittings and equipment to improve the HSE standards across the portfolio, ensuring that we are in compliance with regulatory requirements at all times.

3) Operations Manual, which is an internallydeveloped set of procedures and policies that guides our planning and decisionmaking for maintenance and enhancement initiatives. These procedures and policies are designed to maintain the quality of Axis-REIT's existing properties and provide tenants with safe, secure, clean and conducive working environments, while preserving and upholding the value of the properties in a sustainable and efficient manner

The Property Management Team is responsible for maintaining the quality and physical condition of all properties in Axis-REIT's portfolio through planned preventive and ad-hoc maintenance services. They work to ensure that all upgrades, refurbishments, AEIs and redevelopment projects involving existing properties are carried out in accordance with the Operations Manual, on schedule and within budget.

The Property Management Team closely supervises service providers and contractors who are appointed to undertake planned preventive maintenance work to ensure that the services rendered meet the agreed specifications and comply with the Operations Manual. They keep regular communication

with our service providers and contractors to facilitate consultation and address required improvements. This establishes an efficient planned preventive maintenance schedule to reduce downtime arising from systems and services failures, such as lift and air-conditioning breakdowns.

Kev Initiatives

Our preventive maintenance programme ensures that all properties are adequately and effectively maintained throughout their service life, and that maintenance efforts are planned and executed efficiently. The programme is guided by our Operations Manual and ensures that appropriate decisions are made in selecting maintenance strategies based on the allocated budget. The Manager also endeavours to preserve the value of the Fund's portfolio by maintaining and upgrading its properties' aesthetic appeal and functionality.

Key initiatives include:

Multi-tenanted properties

- Conducting scheduled checks on mechanical, electrical and plumbing (MEP) systems and non-MEP systems
- Keeping updated records on compliance with the building code
- Inspecting accessibility for disabled persons at all buildings and improving this, where possible. when conducting AEIs
- Appointing only competent service contractors to undertake routine service and maintenance work as recommended in the Operations Manual
- Engaging internal auditors to review the annual preventive maintenance checks
- · Regularly communicating with and engaging tenants to obtain feedback on the functionality of facilities and services
- Conducting routine in-house and outsourced training on MEP services to ensure the relevant employees have the necessary technical skills and knowledge to perform their duties competently
- Conducting routine building inspections and audits according to the daily inspection checklist
- Engaging Takaful operators to conduct annual building risk assessments
- Engaging external consultants (energy auditors, civil and structural engineers, firefighting consultants and indoor air quality specialists) for expert input and recommendations
- Compliance with building codes (Fire Certificates, Certificate of Completion and Compliance, Business Licenses, etc.)

Single-tenanted properties

- Regularly visiting the Fund's portfolio of single-tenanted properties to inspect the buildings' structures, overall condition and MEP systems
- Keeping updated records on compliance with the building code
- Assessing all properties for disabled persons access
- Issuing monthly reports to tenants, which include corrective actions where required
- Engaging Takaful operators to conduct annual building risk assessments
- Engaging external consultants, as well as federal and state government agencies on flood mitigation plans in areas with flooding risk
- Maintenance and upgrading (where necessary) of drainage systems within our property boundaries

The Property Management Team conducts monthly meetings with service providers and contractors to facilitate regular engagement, discuss areas of improvement and identify the necessary actions to enhance the quality and efficiency of their services. They also organise at least 4 training sessions a year for their employees to ensure they are competent and up-to-date on technical and regulatory developments. The courses typically focus on health and safety, as well as technical and non-technical skills.

Targets & KPIs

In 2022, the Manager undertook 11 key AEI projects across Axis-REIT's portfolio. In line with our Environmental and HSE policies, 100% of these AEIs incorporated sustainability considerations such as installing energy and water efficient fittings, sourcing sustainable materials and enhancing fire safety.

> NUMBER OF AEIs IN 2022 11 PERCENTAGE OF AEIS INCORPORATING SUSTAINABILITY

> > CONSIDERATIONS

100%

During the reporting year, the Fund invested RM14.7 million in AEIs. The key upgrades and refurbishments in 2022 are listed below:

PROPERTY	AEI
Seberang Prai Logistics Warehouse 3	Enhancement of washrooms with the installation of energy and water efficient fittings
Senawang Industrial Facility	Installation of a new standby genset for a smoke-spill system
Axis Hypermarket @ Sungai Petani	Waterproofing works at reinforced concrete (RC) roof slab and parapet wall
Crystal Plaza	Extension of sprinkler system at ground floor driveway
Infinite Center	Waterproofing work at RC roof slab and parapet wall
Axis Vista	Construction of gravity wall along Sungai Penchala
	 Upgrading to new, energy efficient air conditioning system
	Enhancement of sprinkler system
Pasir Gudang Logistics Warehouse 1	Enhancement of sprinkler system
Axis Facility 2 @ Bukit Raja	Upgrades to the building façade and insulated roof
	 Incorporation of translucent sheets for natural lighting
	Upgrades to LED lighting
	Installation of a new dock leveller
	 Installation of a new fire-fighting system
	Upgrades of domestic water tank
	Installation of a rain harvesting system
	 Installation of water efficient sanitary fittings
	Resurfacing of the driveway
	Installation of louvres for natural ventilation
Axis Technology Centre	New smoke spill system and related firefighting systems
	 New genset and related electrical system
	New fire rated wall for space separation
Axis Shah Alam Distribution Centre 2	Enhancement of fire-fighting system
Bukit Raja Distribution Centre	Enhancement of fire-fighting system



Outlook

Following Malaysia's transition to an endemic phase of the COVID-19 crisis in 2022, the Manager was able to complete all AEIs that had been deferred or delayed by the varying levels of movement control orders that had been in place since 2020. We welcomed the reopening of the economy, and successfully completed all AEIs on schedule. In the broader construction sector, contractors continued to experience labour shortages for outsourced services as restrictions on foreign labour entering the country remained in place. This was further exacerbated by global inflationary pressures and the increase in Malaysia's minimum wage, and resulted in an overall increase in operational costs.

To mitigate the impact of the ongoing labour shortage, the Manager plans to strengthen its relationships with its vendors, fostering closer collaborations and working to improve economies of scale. The Manager will also continue to maintain and enhance the Fund's existing properties while incorporating the relevant sustainability considerations, where possible. The Manager also plans to leverage on the Fund's IDRP, utilising part of the proceeds to extend the lease periods of leasehold properties and leases in the portfolio of Axis-REIT, in phases.

Management of Sustainability Matters

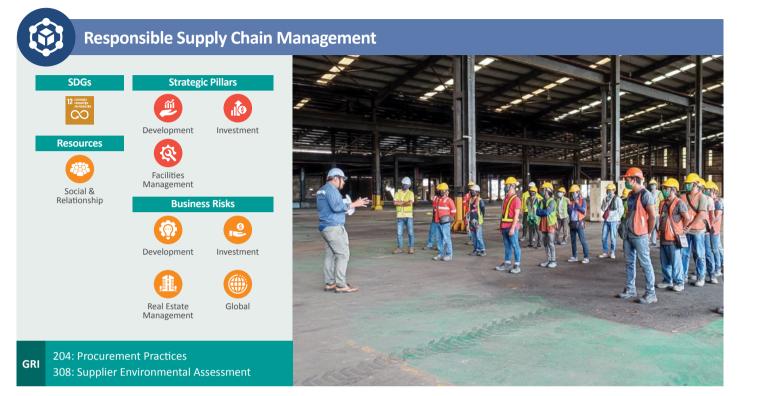
In addition to the above AEIs, 5 buildings in Axis-REIT's portfolio have obtained certifications and awards for structural integrity compliance from the Petaling Jaya City Council. The properties, listed below, are among the first recipients of this certification, which is valid for 10 years.

QUATTRO WEST

WISMA ACADEMY

WISMA KEMAJUAN

Looking ahead, the Manager aims to obtain the same certification for Axis Business Park.



always maintain open We communication and work closely with our suppliers, contractors and service providers to ensure they understand the Fund's values and expectations. Amid a growing awareness and demand for companies to uphold sustainable business practices throughout our supply chain, we have redoubled our efforts to set the tone for our stakeholder relationships and how we conduct our business activities to establish an efficient and resilient supply chain.

The Property Management Team has in place, a system of checks and measures to ensure that the goods and services we procure meet stringent quality standards and are sourced from reputable suppliers and service providers (including security personnel, cleaners and contractors). These measures not only minimise the risk of disruptions to our supply chain, but also incorporate ESG criteria to advance the Fund's sustainability agenda while reducing its exposure to legal, reputational and financial risks.

All new suppliers and service providers are subjected to a pre-qualification assessment that includes CTOS screenings and background checks to evaluate their financial standing and to identify potential ethical and reputational risks. Only companies with satisfactory scores are admitted to the Fund's list of approved suppliers.

For existing suppliers, the Property Management Team conducts an annual evaluation to identify opportunities for

improvement in areas such as responsiveness, price, delivery, quality, after sales service, effectiveness of management, CTOS verification and compliance with the Supplier Code of Conduct. Following the evaluation, suppliers with satisfactory scores are retained for future engagements. Suppliers who fail the evaluation are either suspended temporarily or de-registered from the approved supplier list. This ensures Property Management Team continually drives positive supplier performance and reduces supply chain risks.

The selection, appointment and management of suppliers and service providers falls under the purview of the Property Management Team. Together with the Health, Safety, Security and Environment (HSSE) Manager, the teams meet with our suppliers and service providers regularly to discuss their performance and other operational issues. Through such engagements, we strengthen the relationships with our suppliers and service providers and improve tenant services.

Key Initiatives

In 2022, we continued to reinforce the integrity and resilience of our supply chain with the following initiatives:

4 Initiatives to reinforce the integrity and resilience of our supply chain

1 Maintaining our stringent supplier pregualification processes, which subjects potential new suppliers to comprehensive evaluations by the Property Management Team and Finance Team, before admission to our panel of suppliers

Broadening our annual supplier evaluation process to incorporate ESG/sustainability initiatives, processes and procedures, in addition to compliance with our Supplier Code of Conduct

Targets & KPIs

Since 2021, we have applied our Supplier Code of Conduct in our supplier evaluation process to ensure we engage and maintain only reputable and reliable suppliers. The Supplier Code of Conduct, which is publicly available on our corporate website, assesses suppliers' ethics and business integrity, whistleblowing, labour standards, human rights, health and safety, and environmental practices. Beyond this, we also proactively engage our suppliers on various other matters and initiatives to support and improve our supply chain framework.

Following the application of the Supplier Code of Conduct to the supplier evaluation process, we have been able to enhance the quality and reliability of our suppliers. During 2022, we did not incur any fines or penalties associated with our supply chain, nor experience any lost time injuries. We are also pleased to note that all AEIs and maintenance projects were successfully completed on schedule.

Suppl	Supplier Evaluation Criteria					
	Responsiveness	On requests for quotations/proposalsOn technical/commercial requests				
=	Price	 Competitiveness of pricing Terms and conditions Billing/Invoicing 				
<u>+</u>	Delivery	 Timeliness Flexibility on delivery Responsiveness to requests Resolution of delays 				
Ø	Quality	 Consistency of quality Submission of required documentation Conformity to drawings and HSE requirements Job site performance/quality of work 				
£\$\$}	After Service	Technical support and expertiseDefect rectificationOther support/closure				
(B)	Effectiveness of Management	 Professional conduct and communication Effectiveness of job-site supervision Adoption of ESG/sustainability initiatives, processes and procedures 				
	Compliance with Supplier Code of Conduct	 Quality standards Business ethics Compliance with human rights standards and labour laws Compliance with environmental laws, PDPA and HSE Policy 				

Management of Sustainability Matters

Conducting regular checks through training, ad-hoc site visits and audits by the HSSE Manager and onsite project managers, to ensure compliance with HSE practices at all development, maintenance and AEI project sites

Conducting regular health and safety training sessions for suppliers and other relevant external parties to ensure compliance with our HSE Policy and Supplier Code of Conduct

Supplier Statistics

As part of 2022's supplier evaluation process, the Property Management Team evaluated all 145 suppliers on its panel, which are all local companies. Following this evaluation, 3 suppliers were removed from the panel for non-compliance with the Supplier Code of Conduct, on matters pertaining to poor ESG ratings, and/or unsatisfactory processes and procedures in their business operations.

	2020	2021	2022
No. of suppliers as at 1 January	135	140	128
No. of new suppliers	11	7	66
No. of suspended suppliers	0	0	0
No. of de-listed suppliers	6	19	3
No. of suppliers as at 31 December	140	128	191

Annual Procurement: Local Suppliers

The Fund's total procurement amount rose to RM57.3 million in 2022, from RM19.4 million in 2021. The increase stems from the ongoing development and major AEI undertaken in 2022. We are committed to engaging local suppliers wherever possible and are pleased to note that 100% of procurement in the last 3 financial years was transacted with local suppliers.



Total procurement from local suppliers (RM million)
 Percentage of total procurement from local suppliers (%)

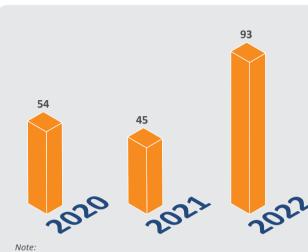
Supplier Training

Supplier training courses held in 2022 focused on health and safety, covering topics such as renovation guidelines, working at height, electrical safety, safe chemical handling, and general adherence to our HSE Policy. We were able to significantly increase the number of training courses and hours conducted in 2022 following the country's transition to an endemic phase of the COVID-19 crisis. A total 31 training programmes involving 396 attendees were conducted for suppliers in 2022, including housekeeping staff. This was a significant increase from the 15 courses held in 2021 involving 148 attendees.





Number of Training Hours



1. The annual number of training hours has been estimated based on the assumption that 1 training session amounts to 3 hours of training.

Outlook

We continue to work with our suppliers, contractors, and service providers to strengthen our supply chain's efficiency and sustainability. Since the start of the COVID-19 pandemic, a recurring issue has been the shortage of labour in the construction sector. This has persisted into 2022 amid the scarcity of migrant labour and restrictions in employing foreign workers.

While contractors have sought alternative solutions, such as sourcing workers from the local labour pool, this has had knock on effects on overall costs. Concurrently, the construction industry has also seen increasing costs due to the increase in minimum wages and inflationary pressures. The Manager is looking to mitigate these challenges through economies of scale and innovative solutions.

With effect from 2023, the Manager also plans to conduct more internal audits on the ESG practices of key suppliers, and will continue to seek the expertise of the outsourced internal auditors in such exercises.

Supplier Training Courses

Year	Total number of training programmes offered to suppliers	Total number of attendees
2020	18	98
2021	15	148
2022	31	396

Notes:

1. Not all suppliers were able to attend the training sessions conducted due to space constraints.

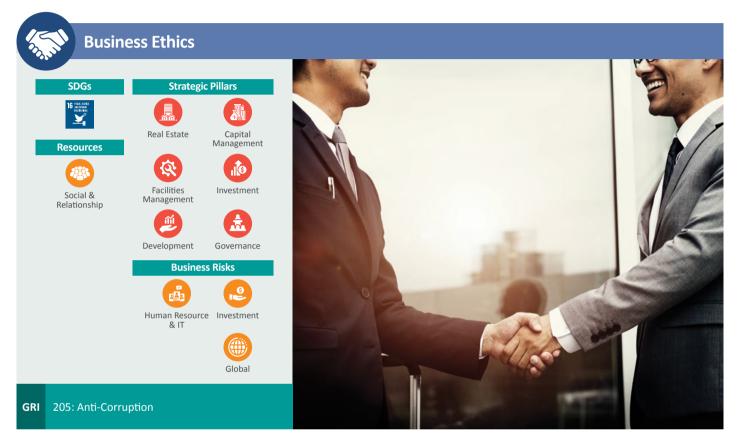
2. The total number of attendees includes suppliers who may have attended more than one training session.

Management of Sustainability Matters



In 2022, we initiated periodic ESG audits by our outsourced internal auditors on key suppliers to identify potential risks and devised appropriate mitigation plans. The audit covered key areas of concerns from our Supplier Code of Conduct, including labour standards and human rights, health and safety, quality standards and the environment.

GOVERNANCE



The Manager's best practices and robust risk frameworks ensure that all aspects of the Fund's business - from the day-to-day operations to acquisitions and divestments, finance and human resource functions – are conducted at the highest standards of business ethics and in compliance with all legal and regulatory requirements.

To ensure that we act in the best interests of our stakeholders, we constantly review these practices and frameworks, keeping abreast with developments in the political, economic and business landscape. Concurrently, we are mindful of the influences by, among other factors, cultural shifts in the workplace, digital trends, geopolitics, enhanced data safety and security requirements, and climate change risks. These efforts are aimed at safeguarding the Fund's institutional integrity and boosting investor confidence, while supporting our aspiration to create an agile and resilient organisation and to sustain long-term growth and value creation.

The Board plays a key role not only in leading the strategic direction of Axis-REIT and maximising long-term value for stakeholders but also in upholding good governance with transparency and accountability. The Board is guided by the Board Charter which sets out the key principles and ethics of the Manager to ensure that the Board discharges its duties effectively and accountably.

At management and operational levels, the Manager is governed by its Code of Conduct. The Code of Conduct reflects our commitment to upholding the highest standard of integrity and applies to all employees acting for and on behalf of the Manager. It prescribes policies on managing conflicts of interest, privacy and confidentiality, gifts/entertainment and standards of professional behaviour expected of every employee. All new employees compulsorily undergo an induction programme conducted by the Human Resource Department where the Code of Conduct and other policies of the Manager are presented.

In addition to the Board Charter and the Code of Conduct, the Manager has a Whistle-Blowing Policy and an ABC Policy, which provide avenues for employees, directors, suppliers and tenants to report any misconduct, criminal offenses or malpractices. These policies are in compliance with the Malaysian Anti-Corruption Commission Act 2009 (MACC Act 2009).

WHISTLE-BLOWING POLICY

Pertains to the handling of all reports of improprieties invo business, operations, or employees.

Defines how all concerns raised are to be treated fairly, ar anonymity of the whistleblower to be protected. Where warrants further investigation, the Manager will carry out the inquiries and corrective measures.

The Policy is designed to:

- 1. Clearly define the procedures that provide a secure a whistleblowing
- 2. Support the Manager's values and maintain a high sta integrity and accountability
- Ensure stakeholders can raise concerns without fear of re 3.
- Provide a clear and confidential process for dealing with 4. raised

Axis-REIT has a designated email address i.e. integrity@ the Senior Independent Non-Executive Director of the Manager as recipients, providing a secure whistleblowing channel for genuine reports to be lodged.

The Whistle-Blowing and ABC Policies are continually reviewed and updated to ensure they are relevant, current and aligned with the applicable laws as well as the prevailing political, economic and business landscape.

Key Initiatives

During the year under review, the Manager expressly incorporated two new commitments into its Code of Conduct. These amendments came into effect on 20 July 2022:

- (i) to cultivate a diverse workforce, regardless of race, ethnicity, age, cultural background, gender and nationality
- support and resources, career advancement and promotions, compensation and benefits.

Management of Sustainability Matters

	ABC POLICY
Purp	pose
olving the	Serves as a guideline in recognising and managing any incidents of bribery or corruption in the daily business and operations of the Manager.
nd for the the issue necessary	Defines bribery and corruption and behaviour and the acceptable limits in relation to gifts, corporate hospitality and entertainment.
Applic	cation
avenue for tandard of eprisals n concerns	 The Policy is designed to: Clearly define bribery and corruption and actions that are classified as offences by law Provide guidance on preventing bribery and corruption throughout the organisation and its related parties, and agents/contractors acting on behalf of the Manager Support the Manager's values and maintain a high standard of integrity and accountability
@axis-reit.	The Head of Compliance is the focal point for enquiries relating to

com.my which is linked to the Independent Board Chairman and the ABC Policy and where necessary, professional legal advice will be sought.

(ii) to provide an inclusive workplace where employees are treated respectfully and given equal opportunities in terms of training and development,

The Whistle-Blowing Policy was enhanced to incorporate detailed reporting procedures for genuine whistleblowers and the investigation procedures to be undertaken by the Manager when legitimate cases are raised. The enhancements also encompassed reporting and documentation required of the Manager, including the documentation of decisions and/or actions taken, and where possible, measures implemented to prevent a recurrence of similar incidents. These amendments provide a clear process on how the Manager will monitor and manage incidents relating to human rights issues or malpractices within the Manager's operations.

The Manager has adopted a zero-tolerance policy for all forms of bribery and corruption. We are committed to act professionally, fairly and with integrity in all our business dealings and relationships, and we will constantly uphold all laws relating to anti-bribery and corruption.

Our efforts include monitoring the risks of corruption in terms of gifts, corporate hospitality and entertainment, through the implementation of an internal monitoring document with the purpose of ensuring compliance with the gifts and hospitality approved limits as prescribed in the ABC Policy. Any charitable contribution, sponsorships, and corporate social responsibility activities should be reviewed by the CEO and approved by the Executive Committee of the Manager before being recommended to the Board and Trustee for final approval. The Manager conducted a refresher course on the ABC Policy and procedures for all employees in December 2022 and is committed to undertake such training on an annual basis.

The Compliance Department assists the CEO in overseeing that ethics and governance matters and their related policies and procedures are adhered to. The Compliance Department, in consultation with the relevant experts, is responsible for proposing revisions to the Manager's corporate policies and procedures (where applicable) for the Board's consideration, comments and approval.

The Code of Conduct, Whistle-Blowing Policy and the ABC Policy can be assessed at www.axis-reit.com.my/investor/corporate governance.php.

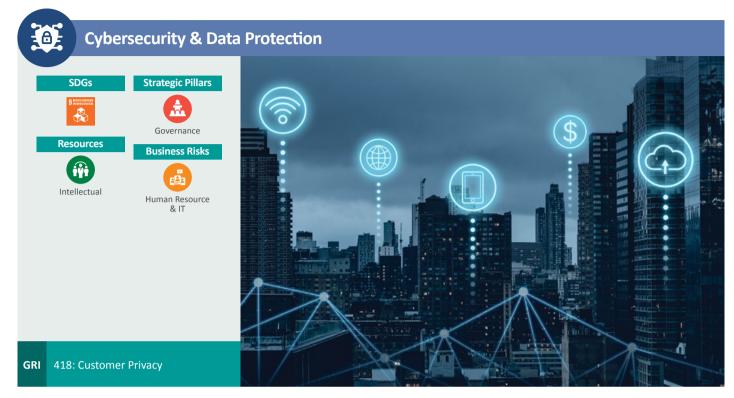
Targets & KPIs

Key Performance Indicator	2022
Number of compliance breaches or misconduct	None
Number of whistleblowing reports or complaints received	None
Percentage of employees who attended anti-bribery and corruption-related training	100%

There were no incidents of compliance breaches or misconduct, and no whistleblowing reports or complaints were lodged in 2022. We believe this reflects our efforts in nurturing an organisation culture that upholds the highest standards of integrity and ethics.

Outlook

The Manager will continue to ensure that our internal practices are aligned with the MACC Act 2009. Looking ahead, we plan to engage our solicitors to review the existing ABC Policy, benchmarking it against the Adequate Procedures Best Practice Handbook that was issued in February 2022 by the National Centre for Governance, Integrity and Anti-Corruption under the Prime Minister's Department. This handbook is the Malaysian Government's initiative to assist commercial organisations in formulating adequate procedures, based on industry practices that can be implemented to help prevent the occurrence of corrupt practices. On top of the regular reviews and updates to the Code of Conduct, ABC Policy, and Whistle-Blowing Policy, we also plan to conduct internal audits (on at least one department every year), to test anti-corruption controls on Axis-REIT's internal operations. The findings of the internal audit will help us identify any deficiencies in our framework as well as corruption risks within our operations, and allow us to formulate mitigation or corrective action plans, if necessary.



In our increasingly digitalised world, concerns regarding online safety and data privacy have become more prevalent.

Against this backdrop, the Manager believes managing data privacy and strengthening cybersecurity resilience is critical in building the trust of our stakeholders and to safeguard the Fund's reputation. Technology has become increasingly integral to the workplace, allowing for effective and efficient collaboration over various platforms and across a vast network of people. However, this also increases the risk of cyber-attacks that can threaten the security of information and data collected and used by the organisation.

The security of our tenants' and employees' information is a top priority. We remain focused on data safety measures to prevent our business and people from cybersecurityrelated threats. The Manager proactively monitors and investigates data breaches that may have a potential impact on our business. We continually upgrade and enhance our

Management of Sustainability Matters

cybersecurity capabilities to address any gaps and mitigate risks that may develop amid the fast-evolving technological landscape.

We manage Axis-REIT's cybersecurity risks in accordance with the Manager's existing Cyber Risk Policy & Procedures which were last updated in 2021. This is complemented by the Manager's IT Guidelines, which prescribe the management and handling of confidential information, and ensures business continuity through the prevention of unauthorised access, use and disclosure of highly sensitive information. The IT Guidelines are applicable to all permanent and contractual employees, contractors, consultants, secondees and other individuals who have access to, or can create, receive and store any corporate information of the Manager or the Fund.

In addition to the IT Guidelines and the Cyber Risk Policy and Procedures, the Manager also maintains a Cyber Hygiene Checklist as a guideline to adopt best practices in detecting and preventing cybersecurity incidents, as well as to formulate suitable strategies and preventive measures prescribed by the SC. The SC, had on 17 November 2022, published

a Guidance Note on the Management of Cyber Incidents, as a guide for capital market entities in establishing their own cyber incident response processes. The Manager shared this Guidance Note with its outsourced IT service provider, who is in charge of overseeing the incident response planning and procedures of the Manager.

The Manager takes data protection seriously as any potential non-compliance could have detrimental implications to the Fund. In ensuring compliance with the PDPA, the Manager publishes the Privacy Notice (which encompasses personal data protection principles stipulated under the PDPA) in both English and Malay on Axis-REIT's corporate website. The Manager also has a designated email address (pdpa@axis-reit.com.my) indicated on the Privacy Notice, where requests for data access, correction and limitation of use can be sent.

In 2022, the Manager undertook a compliance review, headed by the Compliance Department in consultation with our solicitors, on PDPA procedures and practices within Axis-REIT's operations. Operational documents (i.e.

practices by various departments) were reviewed and updated. Following the compliance review, the Privacy Notice was enhanced and a new Personal Data Protection Policy was introduced with effect from 20 October 2022. The revisions formalised the requirements and procedures of the PDPA to be complied with by employees in handling personal data.

Key Initiatives

We strive to ensure we have the highest security in place to safeguard important and confidential information against cyber threats. Towards this end, we subscribe to up-to-date and fit-for-purpose technological infrastructure, as well as subscription-based solutions that combine next generation antivirus, endpoint detection and response (EDR), managed threat hunting, integrated threat intelligence and IT hygiene. The EDR system, monitored by our IT service provider, provides real time protection against malicious activities. We also ensure our Directors and employees are sufficiently knowledgeable and aware of cyber risks through training and awareness programmes.

Initiatives undertaken during 2022 include: Ensuring our tenants' data Engaging our IT service provider Disseminating emails and Implementing proper IT and information is stored and to update the Manager's firewall communication on the latest infrastructure and internal accessible only by the relevant based on the IT alerts issued developments in data protection controls to mitigate the risk departments. For additional by the SC to mitigate the latest and privacy to educate and of unnecessary costs that security, tenant information threats such as ransomware and would arise from cybersecurity raise awareness among our is also stored in a designated distributed denial-of-service breaches such as data loss, theft employees on cybersecurity location that is accessible by attacks threats and risks. These efforts and phishing authorised parties only stress the importance of online safety and outline ways to minimise cybersecurity risks in our day-to-day operations Assessing the viability of Conducted training on Subscribed to a year-long, Provided quarterly reports cybersecurity awareness for the online interactive cybersecurity to the Board on the status encryption features for emails to Board on 19 October 2022 awareness training programme. of the Fund's cybersecurity be implemented in 2023 performance measures, The programme comprises assessments, training modules including security and and phishing simulations for operational reviews prepared by employees, and commenced in the IT service provider November 2022

Outlook

While there has been a general return to "normal" with the reopening of borders and economies during 2022, many businesses have maintained and continue to expand the deployment of digital solutions. These solutions offer unparalleled convenience and efficiency, although they also raise exposure to cybersecurity risks.

The Manager proactively manages its exposure to such risks and threats, and has a comprehensive framework in place to monitor, assess and respond to any potential cyber-attacks and incidents. This includes ensuring compliance with the PDPA.

Going forward, the Manager is taking a holistic approach to enhance Axis-REIT's cybersecurity framework. From the employees' perspective, we plan to raise employee awareness on cybersecurity threats and developments through appropriate training programmes, at least on an annual basis. We will continue the online interactive cybersecurity awareness training programme that commenced in November 2022, and will gauge its effectiveness by evaluating our employees' understanding of cybersecurity risks and threats upon completion of the programme at the end of November 2023, against the baseline assessment done a year earlier.

From the business perspective, the Manager will conduct an annual disaster recovery exercise to ensure timely recoverability of business-critical IT systems. This exercise will be conducted over at least half a working day. To further enhance the reliability of our internal cybersecurity framework, we are looking at initiating an internal audit on IT matters in the first quarter of 2023. We will also take an initial step to leverage encryption functions for outgoing emails as a step-up to protect sensitive information and data that may be contained therein.

Targets & KPIs

Our Cybersecurity and Data Protection goals are to safeguard the security of our information and data, and to minimise risks and cybersecurity breaches. This, in turn, prevents the disruption of business workflows that rely heavily on data and reduces downtime and additional costs incurred for data and network restoration.

Key Performance Indicator	Number of incidents/events in 2022
Cybersecurity breaches	None
Incidents of substantiated complaints concerning breaches of privacy and losses of personal data	None

Energy & Carbon Footprint Strategic Pillars SDGs 13 classe Development Resources 8 Facilities Management Natural **Business Risks** 3 Environmenta GRI 302: Energy

ENVIRONMENTAL

The Manager ensures that the Fund's property portfolio is energy efficient and sustainable. This optimises its operational costs and reduces the impact of its operations on the environment amid rising global temperatures, climate change and extreme weather events. This holistic drives sustainable approach value creation for the Fund's stakeholders.

The Manager established an Environmental Policy in October 2022, outlining our commitment to environmental sustainability through reducing greenhouse gas emissions, managing water efficiently, adhering to responsible waste management practices, and sourcing sustainable materials and fittings.

The policy is publicly available on Axis-REIT's corporate website.

Our Environmental Policy reinforces our approach of exploring and investing in energyefficient applications and initiatives which had already been in practice in recent years. We have incorporated numerous initiatives to ensure sustainable energy usage at the Fund's multi-tenanted properties such as the installation of resource efficient fittings and equipment during AEIs, as well as energy reduction target setting based on yearly energy consumption patterns. Details of these initiatives are disclosed overleaf.

We ensure that all systems and installations used in the Fund's property portfolio comply with the Electricity Supply Act 1990 (Act 447), Electricity Regulations 1994 and have the relevant certificates and yearly renewable licenses for operation. The installations and electrical systems for each property are managed by an Energy Commission (EC) Malaysia-certified Chargeman. We also

undertake regular audits on the systems and installations in our portfolio, conducted by an independent Supervising Engineer who is registered with the EC.

The Property Management Team oversees the Fund's energy and carbon footprint matters, with the HSSE Manager assigned to monitor monthly electricity consumption for the multitenanted buildings, and to seek clarification from the respective facility manager in the event of any abnormal electricity consumption recorded for investigation and corrective action. They also carry out periodic and routine preventive maintenance. This ensures responsible energy usage and reduces the portfolio's carbon footprint.

We also appoint external consultants to conduct energy audits at the Fund's multitenanted buildings (for common areas which are under direct control of the Manager). The scope of the audits encompass electricity, water and diesel consumption for energy efficiency studies as well as GHG emissions

data. Additionally, the Property Management Team conducts electrical safety and technical training for Facility Managers and chargemen. This is to enhance their understanding and knowledge of electrical systems and building operations.

Initiatives

As part of our ESG strategies in 2022, we initiated efficient energy management, green building certifications, indoor environmental quality management, as well as sustainable material sourcing and waste management for our development projects at Bukit Raja Distribution Centre 2 and Axis Mega Distribution Centre (Phase 2), as well as at our major AEI, Axis Facility 2 @ Bukit Raja. The following table provides a summary of the ESG initiatives in the context of efficient energy management for the projects.

ESG Strategies for Efficient Energy Management



Artificial lighting

Use of energy efficient lighting (such as LED lights) to minimise energy consumption required for lighting while maintaining proper lighting levels



Ventilation in Common Areas

Provision of window openings in common areas (i.e. staircases and toilets) to reduce the need for mechanical ventilation, thereby reducing energy consumption

For more information on green building certifications, please refer to Quality Assets & Services - New Acquisitions on pages 115 to 118 of this Report.

In addition to the above, the Manager also proactively monitors, and where appropriate, enhances the property portfolio's energy efficiency and reduces its energy and carbon footprint. This includes the following initiatives to reduce both Scope 1 and Scope 2 GHG emissions from its operations:



Replacing conventional lighting in common areas at multi-tenanted properties with LED lighting fitted with motion sensors. This is an ongoing initiative undertaken as part of regular AEIs.



Replacing conventional lighting with LED lighting as part of refurbishment efforts at selected single-tenanted properties.



Checking, testing and calibrating all MEP systems at regular intervals to ensure equipment and systems are operating efficiently.

Management of Sustainability Matters



Building Envelope Design

Optimising building orientation and window to wall ratios to reduce heat transmission and reduce energy consumption required for mechanical ventilation



Optimising the use of natural sunlight by incorporating windows to reduce the need for artificial lighting in warehouses and common areas



Carbon Emission

Computation and monitoring of operational carbon footprint and emissions based on the building's energy and water consumption data





Leasing roof space to install solar panels. As at 31 December 2022, 529,489 sq. ft. of roof space across the property portfolio had been rented out for solar panel installations.



Upgrading air conditioning systems at selected multitenanted properties to environmentally-friendly systems (e.g. systems using green refrigerant gas and a variable refrigerant valve system with central control monitors).



Facilitating the installation of TNB smart meters at 60 out of 62 properties, representing 96.7% of our property portfolio.

During the year, there were no fines or penalties for non-compliance with environmental laws and/or regulations, and we have not identified any areas of non-compliance with environmental laws and/or regulations.

Managing Climate-Related Risks and Opportunities

The Manager has integrated climate change risk into Axis-REIT's Enterprise Risk Management (ERM) process to identify and manage risks to the Fund's portfolio from diverse climatic hazards. Given the nature of such risks, these differ from property to property. Risks associated with climate change are a significant issue that the Manager will continually monitor and assess at both the strategic business and operational levels. Through the implementation of pertinent action plans over the short, medium, and long terms, the Manager is dedicated to lowering its total carbon footprint and enhancing its energy efficiency by achieving at least a 1% reduction in energy consumption and GHG emissions (Scope 1 and 2 combined) in 5 years, from 2022 to 2026, compared against the pre-pandemic base year of 2019. To improve its environmental management strategy, the Manager will continue to conduct scheduled building audits, encompassing all environmental indicators including energy, water, and waste.

In 2022, the Manager engaged an independent consultant to establish the Fund's energy management strategy. The consultant evaluated the energy consumption trends and established baseline indicators to determine appropriate energy intensity reduction targets and recommended energy management plans for the Fund's multi-tenanted properties that adhered to global best practice standards and frameworks such as GRESB.

The Manager will embark on TCFD reporting in 2023. Through this exercise, the Manager will improve the identification of climate risks and opportunities across its operations, and determine the action plans for the development of a climate strategy.

Targets & KPIs

In 2022, the Manager engaged with an independent energy consultant to explore target setting for Axis-REIT's multi-tenanted buildings (under direct control of the Manager). Following the exercise, the Manager has set an energy reduction target (referenced to 2019 as the baseline year) as shown below:

To achieve at least a 1% reduction in energy consumption and GHG emissions (Scope 1 and 2 combined) in 5 years.

Target achieved in 2022 with a 10% reduction in total energy consumption, total GHG emissions, and GHG emissions intensity, referenced against 2019 as the baseline year.

Note

2019 was selected as the baseline year as it is representative of pre-pandemic operating conditions. For details on the performance data please refer to the following section.

Annual Energy Consumption

The Manager reports total energy consumption, covering electricity purchased and generator sets' fuel consumption at multi-tenanted properties that are under the direct control of the Manager (i.e., for common areas). The Manager also conducts annual building audits to monitor the trends on energy consumption, water consumption, and recyclable waste generated. Details of the absolute energy consumption and intensity for Axis-REIT's multi-tenanted buildings are stated in the charts overleaf.

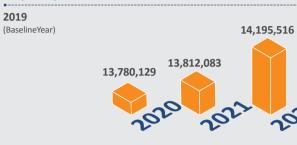
Our energy consumption, total GHG emissions and GHG emissions intensity increased by 3% from 2021 to 2022 following the upliftment of pandemicrelated movement controls, which resulted in increased footfall as tenants were able to resume full operations throughout 2022.

In terms of progress towards our energy reduction target, we achieved a 10% reduction in energy consumption and total GHG emissions (Scope 1 and 2 combined) in 2022 compared to our baseline year of 2019. We attribute the significant reduction to the cumulative effects of our energy efficiency initiatives from 2020 to 2022, as well as the lower footfall at our multi-tenanted properties with some of our tenants still maintaining COVID-19-related work-from-home practices during the year.

While we have exceeded our energy reduction targets ahead of schedule, we are mindful that energy reduction initiatives are an ongoing effort. In 2023, we expect more tenants to fully return to pre-pandemic working practices, which will result in increased footfall, thus increasing our overall energy consumption. We will continue to monitor our performance and, if necessary, reassess the target in the following year.

Annual Energy Consumption (MJ)

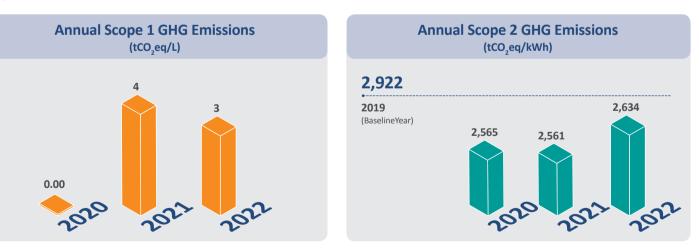
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- 1. Total energy consumption covers non-renewable energy sources (i.e., purchased electricity and diesel). Axis-REIT's portfolio does not consume renewable energy
- Electricity consumption is derived from the electricity bills of the 10 multi-tenanted properties (covering common areas under direct control of the Manager).
- Genset fuel consumption data is determined by tabulating fuel gauge readings.
 Fuel consumption was negligible due to the infrequent usage of gensets (which are mostly used as a backup source of energy in the event of a power outage and during weekly
- offload/on-load testina) 5. Consumption data for purchased electricity (in kWh) and genset fuel consumption (in itres) were converted to Megajoules (MJ) for standardisation purposes. The conversion factors were derived from the GHG Protocol Scope 2 Guidance, 2006 IPCC Guidelines for National Greenhouse Gas Inventories, and PETRONAS Dagangan's fuel properties data sheet 2009
- 6. The calculation method for total energy consumption is based on GRI Standards.

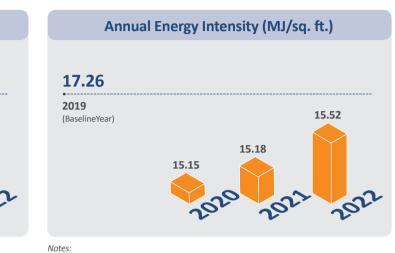
Annual Scope 1 and Scope 2 GHG Emissions

The Manager continues to track Scope 1 (direct emissions) and Scope 2 (indirect emissions) GHG emissions for our multi-tenanted buildings that are under our direct control. Although there was a 10% reduction in total GHG emissions in 2022 against the 2019 baseline year, year-on-year emissions (compared against 2021) increased by 3% due to increased footfall at our multi-tenanted properties as tenants resumed operations following the upliftment of movement control restrictions in 2022. This higher Scope 2 GHG emissions also increased Axis-REIT's overall emissions intensity, when compared to 2021.



- a power outage and during weekly offload/on-load testing).

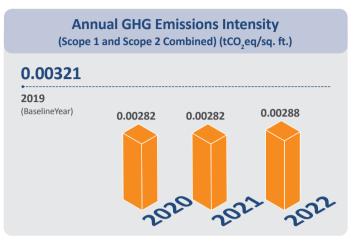
Management of Sustainability Matters



- 1. Total energy intensity is calculated by dividing total energy consumption by the total common area of multi-tenanted properties
- 2 Fuel consumption was negligible due to the infrequent use of gensets (which are mostly used as a backup source of energy in the event of a power outage and during weekly offload/on-load testina).

1. GHG emissions tracks carbon dioxide (CO2) emissions. It is calculated based on the corresponding Global Warming Potential (GWP) value from IPCC's Fifth Assessment Report (2014). Data for Scope 1 GHG emissions for 2019 and 2020 are unavailable as the Manager only started measuring diesel consumption for its gensets in 2021.
 Scope 1 GHG emissions were negligible as compared with Scope 2 GHG emissions due to the infrequent usage of gensets (which are mostly used as a backup source of energy in the event of

The source of the emission factor for Scope 1 GHG emissions is derived from the 2006 IPCC Guidelines for National Greenhouse Gas Inventories.
 The emission factor for purchased electricity is derived from the 2017 CDM Electricity Baseline for Malaysia.



Notes:

- 1. Total GHG emissions intensity is calculated from total Scope 1 and Scope 2 emissions across the common areas of all multi-tenanted properties that are under direct control of the Manager
- 2. Scope 1 GHG emissions were negligible as compared with Scope 2 GHG emissions due to the infrequent usage of gensets (which are mostly used as a backup source of energy in the event of a power outage and during weekly offload/on-load testing).

Outlook

The Manager will continue to monitor electricity and fuel consumption at all multi-tenanted properties in Axis-REIT's property portfolio and initiate improvements in energy efficiency, where feasible. For 2023, the Manager targets to obtain final green building certifications (GreenRE) for 1 new development and 1 major AEI (which currently have provisional green building certifications), as well as provisional green certification for 2 other properties. The Manager also plans to include ESG components in the fit-out and refurbishment guide that is provided to our tenants, and to consider introducing green leases, which are leases that incorporate ESG requirements into lease contracts.

With the increasing urgency to identify and address climate change risks and opportunities, the Manager plans to:

- Conduct a TCFD readiness assessment in 2023, to identify exposure to climate-related risks (transition and physical risks and opportunities)
- Have Board oversight on climate-related risks and opportunities
- · Perform due diligence, strategic decision making and obtain a comprehensive understanding of climate-related investment risks

In the coming years, the Manager will also explore Scope 3 data monitoring, starting with business travel and employee commuting.

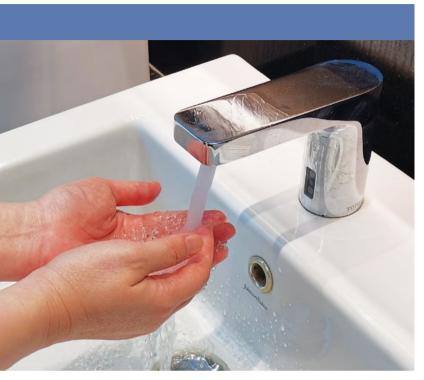
Water Management SDGs Strategic Pillars Ĩ. I3 CEMME AND SANTUNDAN Development Resources Ŕ Facilities Management Natural **Business Risks** Ľ Environmental **GRI** 303: Water and Effluents

Water is a vital natural resource and the real estate sector has a material impact on the world's water consumption.

From the production of construction materials, to physical construction and renovation work, and the operation and maintenance of buildings, large quantities of water are consumed by real estate activities. Beyond this, undetected leaks, the lack of proper wastewater treatment, and excessive water use can have significant financial and environmental costs.

An adequate supply of high-quality water is essential for Axis-REIT in ensuring business continuity for its own and its tenants operations. Water plays a critical and extensive role in the Fund's AEIs and day-to-day business operations, such as in air-conditioning systems, washroom facilities, cleaning, construction, fire protection and many other essential functions. With rapid urbanisation and the depletion of water sources, the Manager is committed to water conservation and quality enhancement

Management of Sustainability Matters



efforts, with the aim of minimising any form of water wastage and pollution, especially in regions where supply of water is limited.

Our water management initiatives are guided by our Environmental Policy, green building certification guidelines and our internal practice of monitoring and managing water usage at properties under the Property Management Team's purview. This includes tracking monthly water consumption at Axis-REIT's multi-tenanted properties. The water quality in cooling tower systems is also checked by a qualified service provider on a weekly basis and water samples are sent to a lab for detailed testing every 6 months.

The Property Management Team oversees water management matters across the Fund's operations. Monthly records and reports of water consumption at multi-tenanted properties (which are under the direct control of the Manager) are prepared and analysed by the respective facility manager.

During the reporting year, there were no reported cases of non-compliance with local environmental laws and regulations.

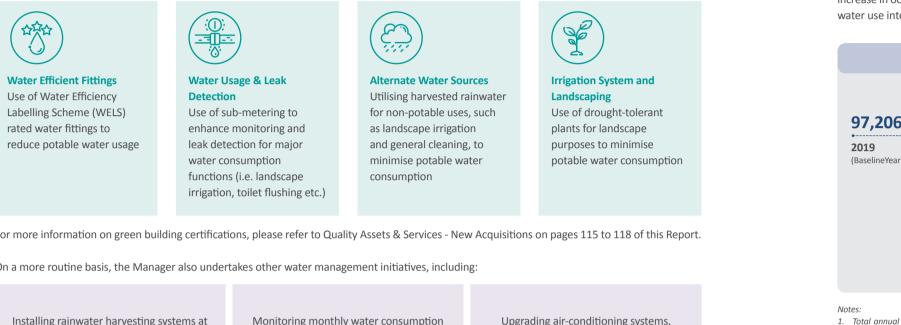
Initiatives

Our water conservation approach emphasises water usage optimisation to reduce the portfolio's overall water consumption. We are also adopting additional measures to minimise the impact of water disruptions to our tenants and our daily business operations.

In 2022, the Property Management Team and housekeeping staff at multi-tenanted properties were briefed on Axis-REIT's water reduction targets and trained on how to conserve water when undertaking housekeeping services. Awareness campaigns in the form of circulars and signages were also distributed to key tenants, vendors and employees.

In 2022, we began applying sustainable water management practices for our development projects and major AEIs, starting with Bukit Raja Distribution Centre 2, Axis Facility 2@ Bukit Raja, and Axis Mega Distribution Centre (Phase 2). These sustainable water management practices have been adopted as part of the Manager's ESG strategy for development projects and major AEIs, and also count towards the green building certification process. Part of this process includes water management initiatives that are detailed in the table overleaf.

ESG Strategies for Efficient Water Management in New Developments and Major AEIs



For more information on green building certifications, please refer to Quality Assets & Services - New Acquisitions on pages 115 to 118 of this Report.

On a more routine basis, the Manager also undertakes other water management initiatives, including:

Installing rainwater h selected single-te	arvesting systems at manted buildings	Monitoring monthly at multi-tenar		10 0	nditioning systems, ems to air-run systems
		g of water tanks a of water filters	Reviewing water s and requirements a as well as considerin efficient sanitary/	across the portfolio, ag the use of energy-	

Targets & KPIs

In 2022, the Manager engaged an independent energy consultant to explore target setting for Axis-REIT's multi-tenanted buildings. Based on the consultant's findings, the Manager has set a water reduction target for the Fund.



Note

1. 2019 has been selected as the baseline year as it is representative of pre-pandemic operating conditions. Details on the performance data is presented in the following section.

In 2022, there was an increase in overall water consumption and water use intensity when compared to the 2019 base year. This is attributed to an increase in occupancy rates and AEIs that required higher water usage at selected multi-tenanted buildings. In 2020 and 2021, water consumption and water use intensity dropped significantly from the base year amid office closures during COVID-19 Movement Control Orders.



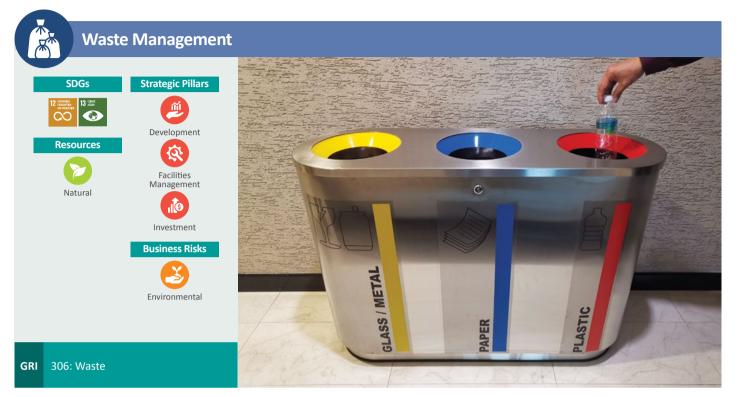
- tenanted properties (under direct control of the Manager)
- 2. The calculation method for total water consumption complies with GRI Standards 3. 2019 has been selected as the baseline year as it is representative of pre-pandemic
- operating conditions
- 4. The source of water withdrawal is municipal potable water

Outlook

The Manager will continue to implement water saving practices in multi-tenanted properties and raise awareness about water conservation among its vendors, employees and tenants. Over 2023 and 2024, we will continue conducting scheduled building audits that include water management practices. Further initiatives will include obtaining water data from tenants of large warehouses and manufacturing facilities. These initiatives are expected to improve our water management practices and help us meet our target of reducing water consumption by 1% within the next 5 years, based on the total volume of water consumed at our multi-tenanted properties.

Management of Sustainability Matters

common area of multi-tenanted properties (under direct control of the Manager) 2. The calculation method for WUI is based on sources from the Leadership in Energy and Environmental Design (LEED) rating system and ENERGY STAR® - a programme run by the U.S. Environmental Protection Agency (EPA) and the U.S. Department of Energy (DOE)



The sustainability of our operations and the communities in which we operate depend, among others, on effective waste management.

The Property Management Team is responsible for waste management at multi-tenanted properties, AEIs, and development projects.

Effective waste management is essential to reduce the impact of waste on the environment and ecosystem as the Fund's portfolio expands. Poor waste management will have detrimental effects on the environment and our communities, and can impede our ability to operate and put us at risk for legal and reputational issues.

As the Fund's portfolio grows, the Manager strives to reduce Axis-REIT's ecological footprint by continuously improving its waste management practices not only within its own operations, but also extending these

ESG requirements and criteria in selecting our materials, suppliers, and tenants. We also implemented waste measuring, monitoring, and reporting initiatives at our multi-tenanted properties under our control, so we can identify the waste stream and where possible, minimise waste that is disposed to landfills through the five 'R' actions: Refuse, Reduce, Reuse, Repurpose, Recycle. For example, in the Fund's brownfield developments and major AEIs, we practice recycling and reusing building materials where possible, to reduce construction waste going to the landfill.

practices along its value chain. We impose

The Manager appoints third-party service providers to collect general waste, recyclables, and e-waste generated at our multi-tenanted properties. General waste is collected every alternate day while both recyclable waste and e-waste are collected twice a month. The weight of collected waste is documented and acknowledged by the respective Facility Managers and audited by the HSSE Manager. In

2022, the Manager also began collecting data on general waste on top of the data already being collected on recyclable waste in the multi-tenanted properties under its control. With this data, the Property Management Team will be able to develop a baseline to set waste reduction targets in the future.

Initiatives

In 2022, we began applying sustainable material sourcing and waste management at our development projects and major AEIs, namely, Bukit Raja Distribution Centre 2, Axis Mega Distribution Centre (Phase 2), and Axis Facility 2 @ Bukit Raja. This initiative is in compliance with our ESG strategy to minimise waste going to landfill and also contributes towards the green building certification process. The following table presents a summary of the ESG strategy from the aspect of waste management. For more information on green building certifications, please refer to Quality Assets & Services - New Acquisitions on pages 115 to 118 of this Report.

ESG Strategies for Efficient Waste Management at New Developments and Major AEIs



Environmental Management Practice

- To implement effective environmental programmes to minimise construction waste
- To encourage recycling through the provision of recycling bins for the collection and storage of different recyclable waste such as paper, glass, and plastic

The Property Management Team has implemented several waste management initiatives to better monitor, track and subsequently reduce waste generated at our multi-tenanted properties as well as from our own operations. These initiatives include:

Providing recycling bins for tenants at multi-tenanted properties for the disposal of recyclable materials such as paper, plastic, metal, and glass. We have also set up repositories for the collection of e-waste and other materials such as warehouse timber storage pallets. We encourage the use of these facilities through prominent signage and by sending circulars to tenants. In 2022, we have played a more active role in encouraging recycling in our multi-tenanted properties by conducting a recycling awareness campaign for our tenants

Monitoring and recording recyclable waste and e-waste generated at our multi-tenanted properties based on records provided by our contractors. The volume of recyclable waste and e-waste collected in 2021 and 2022, which is disclosed in the Targets & KPIs section, helps us track recycling trends and identifies areas for improvement

Ensuring that general waste is collected by licensed waste contractors and disposed of responsibly, at authorised sites, and in accordance with regulatory requirements

Distributing electronic circulars to tenants, instead of printed hardcopies, as an initiative to reduce the usage of paper. We have also switched our internal operational checklists and communications materials to electronic formats. This includes providing annual reports in soft copy to our Unitholders since 2021

Collecting data on general waste that is not recycled at multi-tenanted properties, in addition to collecting data on recyclable waste

Actively reusing and/or recycling construction material for all new developments and major renovation projects, and collecting data on these efforts

Encouraging our office employees to adopt recycling habits in their day-to-day activities by providing recycling bins in our offices. This initiative was launched in 2022

Conducting training for our vendors, Facility Managers and housekeeping staff on recycling initiatives

During 2022, Axis-REIT did not incur any fines or receive reports of non-compliance or breaches of waste management practices. There were also no identified reports of non-compliance with environmental laws and/or regulations.



Targets & KPIs

In 2022, we tracked general waste disposed to landfills. This included non-hazardous waste that cannot be recycled.

We observed a sharp increase in recyclable waste, which is commensurate with offices and warehouses resuming full operations postpandemic. In addition, the waste collection process has been streamlined and improved, ensuring more accurate reporting of our waste data. In 2022, we also started tracking data on general waste. Our data collection includes waste data received from our tenants as well as from our own offices.

• Total Waste Diverted from Disposal (kg)

Total Recycling Waste Collected	2021	2022
Paper	438	19,768
Glass / Metal / Aluminium cans	184	7,421
Plastic	196	4,284
E-waste	82	4,281
Total	900	35,754
Recycling / General Waste (%)	N/A	3.71

Notes

1. Data for waste is derived from documentation provided by waste contractors for multi-tenanted buildings (under the direct control of the Manager).

2. Types of e-waste include light bulbs, transmitters, used computers, light fittings, electrical cables, photocopier toner/cartridges, electrical switchgears and relays, and printed circuit boards (PCB).

• Total Waste Disposed to Landfill (kg)

Total Disposed Waste Collected	2021	2022
General Waste	N/A	964,010

Note

1. Data for waste is derived from documentation provided by waste contractors for multi-tenanted buildings (under the direct control of the Manager).

Composition of Total Waste Generated

Year	Total General Waste	Total Recyclable Waste	% (Recycle vs General)
2021	No data	900 kg	No data
2022	964,010 kg	35,754 kg	3.71 %
% change	-	3872 %	-

• Total Construction Waste Reused and Recycled at Developments / Major AEIs (kg)

Project	Items	Amount	Units	Remarks	
	Reused timber	8,920	kg	During Construction	
Public Determination Control 2	Reused Steel	2,371,230	kg		
Bukit Raja Distribution Centre 2	Recycled Steel	1,158,889	kg	During Demolition	
	Reused Concrete	550,000	kg		
	Recycled Metal & Cable	5,321	kg	During Renovation	
	Recycled Metal Scrap	352,580	kg		
Axis Facility 2 @ Bukit Raja	Reused Steel	29,710	kg	During Demolition	
	Reused Concrete	825,000	kg		

1. Data for reused and recycled materials at developments and major AEIs are monitored by an outsourced green building consultant and on-site contractors.

Outlook

The Manager will continue to recycle and reuse building materials for brownfield developments and major AEI projects, where possible. This will reduce waste produced during the construction phase and minimise Axis-REIT's environmental footprint.

Having established our data collection process for general and recyclable waste, our next steps are to set baselines and targets for our waste reduction initiatives in the upcoming year. We will continue to measure and monitor waste generation by their disposal methods and recyclability to improve waste management practices at the Fund's multi-tenanted properties. Concurrently, we will run more campaigns in 2023 to raise awareness and promote good recycling habits among our employees, tenants, and service providers.



As the Manager of Malaysia's leading industrial REIT, we place utmost importance on the safety and well-being of our people. We embrace this as a key driver of employee engagement, retention and efficiency, stakeholder satisfaction, as well as the Fund's reputation.

The Manager has implemented various health and safety measures to ensure that all employees, tenants, suppliers, contractors, service providers and visitors are protected to the best of our abilities. These measures are in line with the laws and recommendations outlined by the Malaysian government.

The protracted COVID-19 pandemic had highlighted the importance of having clear OHS policies and measures in place. Throughout the year, we continued to prioritise the safety and well-being of our people and stakeholders, staying on high alert to respond quickly and

Management of Sustainability Matters

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effectively in the face of any unexpected OHS challenges. The policies and procedures introduced in 2021 remained largely in force in 2022, with continuous reviews and updates in line with the latest MOH guidelines. In some instances, we exercised increased prudence and applied more stringent practices over and above the regulatory requirements. For example, although MOH guidelines were eased to make the use of face masks optional, we continue to strongly encourage and enforce the use of face masks at our multi-tenanted buildings through our properties' house rules.

The Manager addresses OHS matters through its HSE Policy. Developed in accordance with Malaysia's Occupational Health and Safety Act 1994, Occupational Health and Safety Assessment Series (OHSAS) 18001 and ISO 45001: Occupational Health and Safety Management System, the HSE policy sets out requirements to ensure that the health, safety and wellbeing of all stakeholders are protected. We strive to meet and exceed these requirements and aim to identify and mitigate

the risks that may lead to health and safety incidents. This is mainly done through:

- 1. Demonstrating visible HSE leadership and commitment to HSE-related matters
- 2. Committing to HSE excellence in our activities by following the relevant code of compliance and adhering to applicable standards and procedures
- 3. Implementing measures that are relevant to our activities to prevent work-related death, injury, ill-health and property damage, as well as ensuring the conservation of the environment and prevention of pollution
- 4. Maintaining appropriate contingency measures and ensuring they are tested to handle emergencies
- 5. Promoting continual improvement in our HSE management system and performance, and enhancing the HSE competencies of our employees

The Property Management Team oversees the provision of a safe, healthy and conducive environment across the Fund's operations and multi-tenanted properties. Guided by the

updated HSE Policy in 2022, all employees and workers (including contractors), tenants and visitors, are required to comply with stringent health and safety protocols and standards, and to act responsibly.

To create and maintain a safe and healthy environment within our operations, the Manager has a gualified HSSE Manager who conducts regular workspace inspections to ensure employees, service providers and contractors engaged by the Manager abide by its HSE Policy and industry best practices on safety and health. Safety induction training is provided for all contractors entering the Manager's multi-tenanted buildings. The requirement for suppliers to adhere to the policy is also embedded in our Supplier Code of Conduct.

Key Initiatives



Safety Culture & Work Environment

In 2022, the Manager continued to uphold high standards on health and safety, and to implement best practices in the management of our facilities. All HSE requirements and expectations are detailed in our tender documents for compliance by the relevant contractors and are communicated prior to the commencement of work (pre-mobilisation), as well as during the execution of work. HSE matters include highlighting elements of HSE planning, risk assessment and control, operational control, as well as verification and continual improvements. Other initiatives to promote a safe culture and work environment include:

- 1. Requiring contractors to furnish a Job Safety Analysis (JSA) with detailed risk assessments before commencing work on a project
- 2. Requiring contractors to commit to HSE compliance by appointing a competent person to oversee HSE matters
- 3. Making the Manager's in-house Renovation Work Manual accessible to relevant parties to ensure compliance with HSE expectations and requirements
- 4. Checking, servicing and calibrating electrical equipment as required by law to minimise exposure to hazards
- 5. Reporting the HSE Performance of our operations on a monthly basis to monitor continuous compliance with our HSE policy
- 6. Performing regular technical audits and assurance to ensure buildings are maintained in good condition
- 7. Ensuring that monitoring procedures used for compliance checks are accessible in all sites, including vacant sites, for regular monitoring
- 8. Maintaining compliance records for the applicable equipment and activities in our buildings with the relevant authorities such as the Department of Occupational Safety and Health (DOSH), BOMBA and the Construction Industry Development Board (CIDB)
- 9. Providing Personal Protective Equipment (PPE) to employees and ensuring that contractors and subcontractors working at our project sites and properties are equipped with the necessary PPE
- 10. Conducting "lessons learned" training on case studies of past incidents and detailing the improvements required by the relevant parties, including employees and contractors. These sessions are conducted during the pre-mobilisation induction training before the issuance of work permits. A total of 31 lessons learned sessions were conducted for 396 participants during 2022
- 11. Conducted first aid awareness training for selected Property Management employees, and initiated procurement for Emergency Response Team (ERT) equipment such as wheelchairs, stretchers and additional first aid kits



Safety Education and Training

Fundamental HSE induction training is compulsory for all new employees of the Manager, as well as its external service providers and contractors. Training is to be completed before commencing work on-site for building maintenance, servicing and refurbishment works.

The Manager also conducts Safety Awareness Programmes for suppliers, vendors, contractors and tenants. In 2022, 50 training sessions were conducted which covered topics such as Safety Induction. Indoor Air Quality, Emergency Response Planning, and Pre-fire Drills. A total of 783 participants, comprising facilities and project teams, vendors, contractors and tenants attended these programmes.

In addition to internal programmes, the Manager also sent employee representatives to attend courses for specialised skills and knowledge that were organised by external training providers.



In 2022, 783 participants attended **50** training sessions.

The table below summarises the health and safety training programmes conducted/attended during the year.

Course Name	Participants	Topics/Coverage	Total Number of Participants
Axis-REIT Safety Induction Training	All new employees of the Manager and staff of contractors as well as service providers	Safety requirements, HSE Policy, legal requirements, hazard identification and control	396
Fire Drill Briefing	ERT members and Safety Coordinators (tenant representatives)	Briefing to ensure a clear understanding of ERT and Safety Coordinators' roles and responsibilities during emergencies that require a full evacuation exercise	163
ERT Course Training by BOMBA Malaysia	ERT members and Safety Coordinators (tenant representatives)	Training by BOMBA Malaysia	145
Indoor Air Quality (IAQ) Training	Relevant employees of the Manager	Training on improvement for Indoor Air Quality, organised by ARMB's indoor air sanitisation equipment vendor	9
Electrical Safety and Technical Training	Facility Managers and Chargemen	Training on electrical safety and technical knowledge	22
First Aid, Cardiopulmonary Resuscitation (CPR) and Automated External Defibrillator (AED) Awareness Talk	Selected Property Management employees	Training on CPR and AED awareness	34
National Seminar 2022 – Safety Culture	HSSE Manager	National Seminar 2022 organised by the Malaysian Society for Occupational Safety and Health (MSOSH)	1
Impact of the New OSH (Amendment) Act 2022 and Its Regulation to Industries	HSSE Manager	Malaysian Industrial Safety & Health Association (MISHA) conference on the impact of the OSH (Amendment) Act 2022 and its regulation on Industries	1
Requirements or Procedures for Valuer's Site Inspections	Facility Managers	Training on requirements and procedures for valuer site inspections, covering safety aspects and requirements at Axis-REIT properties	12

Targets & KPIs

The Manager is pleased to report that no work-related injuries were recorded in 2022, and there were no fines or incidents of noncompliance with OHS regulations recorded.

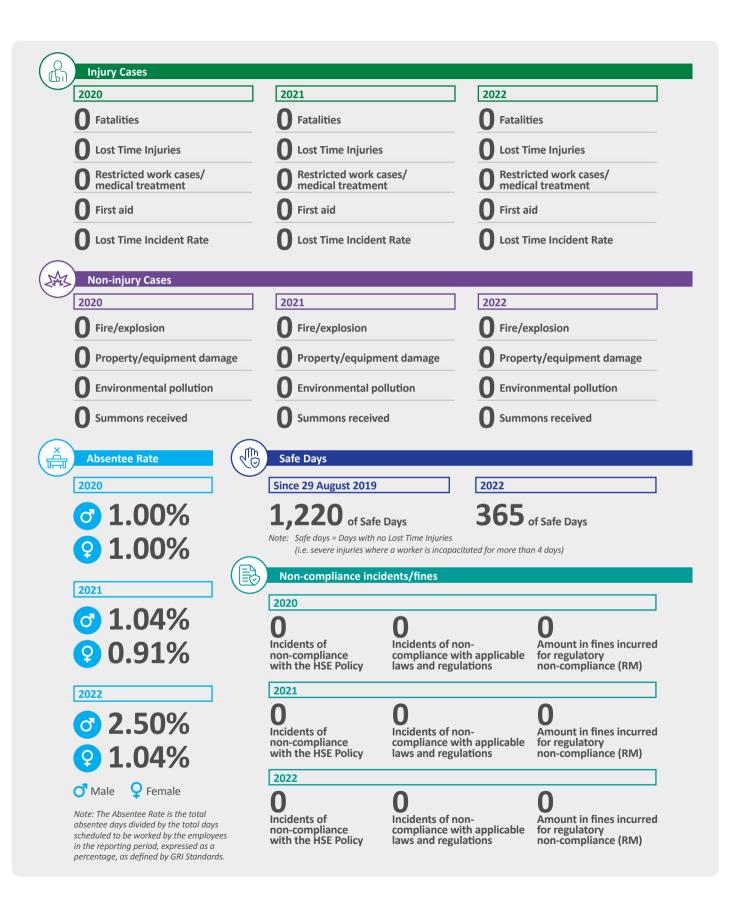
We attribute the clean record to the success of our safety initiatives and the commitment of our stakeholders in prioritising OHS in their day-to-day operations. The Manager

will continue to organise OHS training and awareness programmes, as well as track, report and monitor areas in which we can improve.

Management of Sustainability Matters

On the COVID-19 front, all positive cases identified among our employees were managed in compliance with the Home Surveillance Order issued by MOH via the MySejahtera application. Concurrently, the Manager would conduct deep cleaning and sanitisation at all areas with contamination risks.

In staving vigilant against the transmission of COVID-19, the Manager installed auto airsanitisers (an organic product that was tested and certified by an independent laboratory) at common areas and offices of our multitenanted buildings. This is in addition to sanitising these common areas on a weekly basis. All employees of the Manager are also required to upload weekly COVID-19 self-test results on Sunday before entering our premises the following week, using test kits supplied by Management. The Manager also continued to provide face masks to all employees and encouraged their use at work.



Ongoing COVID-19 Measures

At the outset of the COVID-19 pandemic, the Manager instituted a series of standard operating procedures (SOPs) at Axis-REIT's multi-tenanted properties and within its own office premises. These SOPs essentially enforce 3 principles, namely hygiene, disinfection, and physical distancing, and are in compliance with MOH and National Security Council (NSC) guidelines. An overview of the SOPs is presented in the diagram below.



In 2022, the Manager continued to improve its COVID-19 SOP management – balancing the need to safeguard the health and well-being of employees. tenants, vendors and visitors, while embracing the country's transition into an endemic phase in the management of COVID-19.

Guided by MOH's and NSC's COVID-19 Management Guidelines, the Manager:

- 1. Began to selectively ease COVID-19 SOPs 3. Encouraged employees to observe their at the workplace. Changes included the discontinuance of compulsory MySejahtera check-ins at building and office entry points (for multi-tenanted properties), lifting of restrictions on inperson meetings at Axis-REIT's offices, and the cessation of the Manager's split-team arrangements that had been enforced to safeguard operational continuity during the worst of the COVID-19 pandemic.
- 2. Continued to enforce the compulsory use of face masks for employees, even after MOH guidelines were eased to make the use of face masks optional. The Manager continued to uphold its responsibility in providing and replenishing face masks for all employees. Strict personal hygiene protocols were also enforced at all times.

Requiring all employees, housekeeping and security contractors to be fully vaccinated. All of the Manager's employees were already fully vaccinated in 2021 with at least two doses of approved

4.

Outlook

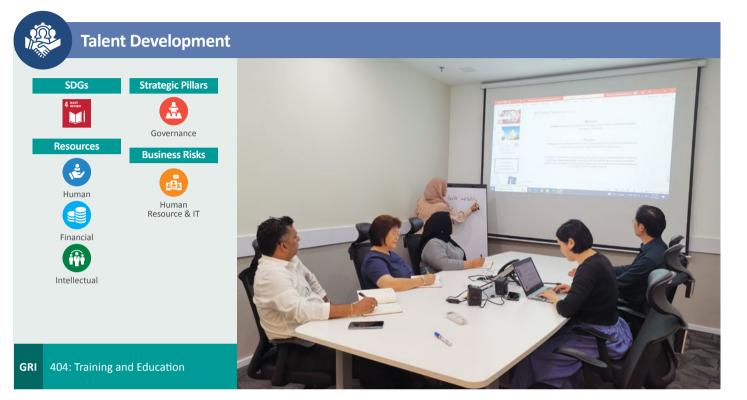
We are committed to improving our HSE practices to provide a safe and conducive workplace for our employees and tenants. We conduct periodic HSE audits at our offices and sites to assess our practices and identify room for improvement. While Malaysia has transitioned into an endemic phase in its management of COVID-19, we believe it is imperative to remain vigilant, and we will continue to monitor and maintain our current practices to safeguard the health and safety of our staff, tenants, vendors and visitors. The Manager will keep abreast of the latest developments in COVID-19 SOPs issued by MOH and the NSC (if any).

Management of Sustainability Matters

health at all times and requiring them to take weekly COVID-19 RTK-Antigen self-tests at home. Employees with flulike symptoms, temperatures above 37.5°C or positive test results remain prohibited from entering the office and are required to seek medical attention, where necessary. Employees who are close contacts (e.g. members of the same household) of COVID-19 positive patients are still required to work from home for 5 days and take an RTK-Antigen self-test before returning to the office.

COVID-19 vaccines, and all cleaning and security contractors were fully vaccinated in October 2021.

- Cleaned and disinfected frequently 5. touched areas and surfaces in common areas at least three times per day.
- 6. Increased the frequency of deep cleaning and sanitisation of common areas at multi-tenanted properties and the Manager's offices from one time a month to a minimum of 4 times a month. Additional sanitisation efforts were also carried out after special events or in the event of suspected or reported COVID-19 cases at any of the Fund's properties.
- 7. Installed auto sanitiser sprays in all lifts at all multi-tenanted properties.



The Manager continuously provides opportunities for our employees to upskill and reskill themselves.

We believe that investing in our employees drives the efficiency of our operations and gives the Fund a competitive advantage in the market. The Human Resource Department and Heads of Department (HOD) are responsible for identifying, developing, and implementing training programmes for employees. Balancing the needs of the team and individuals, we curate and provide regular training programmes for employees across our operations, and collectively, our employees completed a total of 657.7 training hours in 2022.

The Manager provides both internal mentoring and coaching programmes, as well as external training by the relevant industry experts. By investing in our employees, we aim to align their skill sets to our current business needs while simultaneously empowering our workforce and driving productivity. In

addition to the long-term benefits to our operations, we understand the personal value of our upskilling programmes to our employees. These programmes present opportunities for personal development as well as career advancement. In 2022, the Manager sponsored one employee for the GRI Certified Sustainability Professional programme.

Initiatives

The Manager conducted the following ongoing talent development initiatives throughout 2022:

performance Annual appraisals to assess the performance of all employees, their career needs, and plans. The appraisal process allows us to track employee strengths and weaknesses, identify the best candidates for career progression, and offer feedback for areas of improvement. In 2022, all our employees underwent the appraisal process.

Providing both general opportunities learning for all employees, as well as targeted learning programmes, as requested by Senior Management. The programmes aim to address any competency gaps and/or to align our employees' capabilities with their personal ambitions and professional needs.

Assigning a 'buddy' for all new employees of the Manager, creating a support system to help them acclimatise to their new roles.

Employee Training Programmes

Programme	Type of Programme (Internal / External)	Platform (Physical/ Virtual)	Frequency	Target Group
Cybersecurity Awareness Training	External	Virtual	Yearly	All corporate email users
Electrical Safety & Technical Training	External	Physical	Ad-hoc	Facility Managers and Chargemen
First Aid, CPR and AED Awareness Talk	External	Physical and Virtual	Ad-hoc	Selected Property Management employees
Strategy Workshop	External	Virtual	Yearly	HODs
Anti-corruption Training (Refresher)	Internal	Virtual	Yearly	All employees
ESG Workshop	Internal	Virtual	Ad-hoc	HODs

In line with Axis-REIT's Cyber Risk Policies and IT Guidelines, the Manager conducts annual Cybersecurity Awareness Training for all corporate email users, including Directors, to increase cybersecurity awareness towards achieving zero cyber-risk threats. In relation to the recent updates to Bursa Securities' Sustainability Reporting Framework, the ESG workshop with our external consultant updated HODs on the latest requirements on sustainability reporting.

Targets & KPIs

Employee Training



TARGET to ensure all employees attend at least **1 training** programme a year

The breakdown of average training hours by gender and employment category are as shown in the following tables:

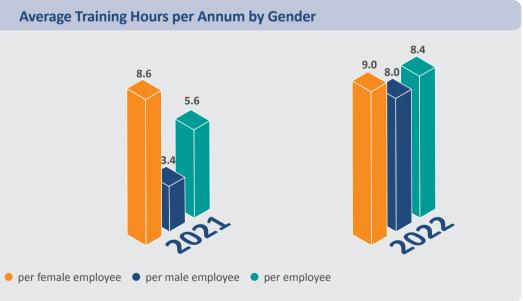
2021.

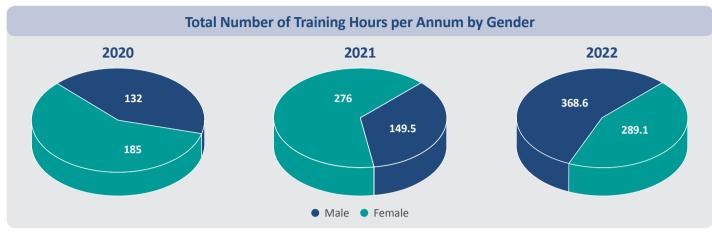


1. Average training hours per employee by gender is calculated based on the methodology disclosed in the GRI Standards.

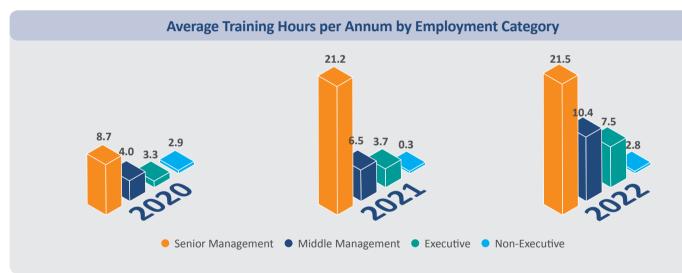
Management of Sustainability Matters

In 2022, 78 employees completed an average of 8.4 training hours per person, a 50% increase from





1. Total training hours in 2022 increased by 232.2 hours from 2021 as more training programmes were conducted for our employees.



Note

1. Average training hours per employee by employment category is calculated based on the methodology disclosed in the GRI Standards.

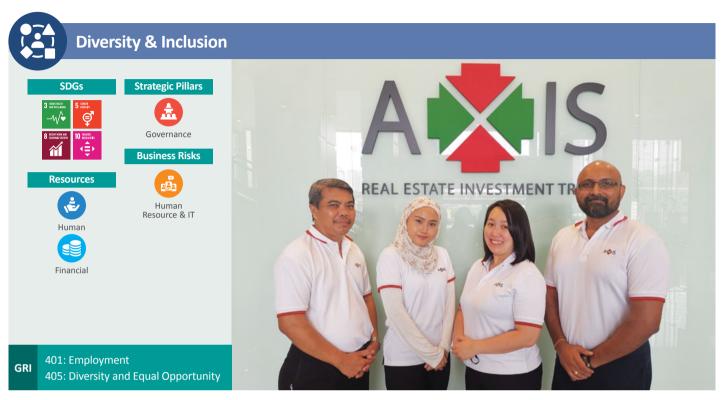
Employees receiving regular performance and career development reviews (%)

During 2022, all of our employees received annual performance and career development reviews. The reviews are a platform for management to provide feedback to employees on their performance, and at the same time understand employees' ambitions and constraints for better personal development and career progression planning. This leads to enhanced employee satisfaction, better productivity and performance, and better results for the Fund.



Outlook

Malaysia's transition into an endemic phase in its management of COVID-19, has seen the reopening of borders and economic sectors. As we embrace this new normal, the Manager will continue to accommodate employees by providing learning and upskilling opportunities, particularly in the areas of technical training and compliance matters, via both physical and virtual courses. We remain committed to upskilling our people to ensure our employees' capabilities align with the Fund's needs.



The Manager champions a diverse workforce across our operations, through diversity in gender, ethnicity and cultural backgrounds.

We strongly believe that it is our responsibility to foster an inclusive work environment, which we believe empowers our employees to perform optimally while meeting our objectives as an organisation. Diversity in our operations allows us to leverage different backgrounds and experiences, enabling us to constantly be at the forefront of innovation in the industry. We endeavour to achieve a diverse and inclusive environment that is aligned with our core values by placing a strong emphasis on employee welfare and equal opportunities at work.

The Human Resource Department manages employee benefits and welfare, and handles all employee relations matters within the organisation. Our employee policies are guided by the Employee Handbook, which defines our policies and employee benefits. In 2022, we updated our Board Charter to formalise our commitment to ensuring that at least 30% of the Board is composed of female directors, and to prevent the domination of a single race within the Board composition.

Key Initiatives

The Manager is committed to promoting diversity and inclusion, and treats all employees equally, regardless of gender, race and employment type (i.e. permanent vs contract employee). The Manager's employee benefits include Group Personal Accident Insurance, as well as hospitalisation, disability and invalidity coverage, retirement provisions and parental leave.

The Manager conducts regular employee engagement programmes to upskill our employees and foster a strong team spirit. The programmes take the form of annual performance reviews, inhouse group training and social events such as annual dinners and company trips. The Manager also set up the Axis Education Fund, allocating RM150,000 annually to support qualified employees' children in furthering their education.

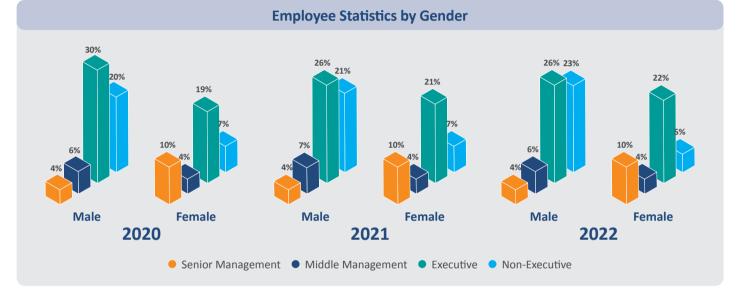
Overall, the employee engagement programmes, which are listed on page 154, garnered an overall participation rate of 90% in 2022.

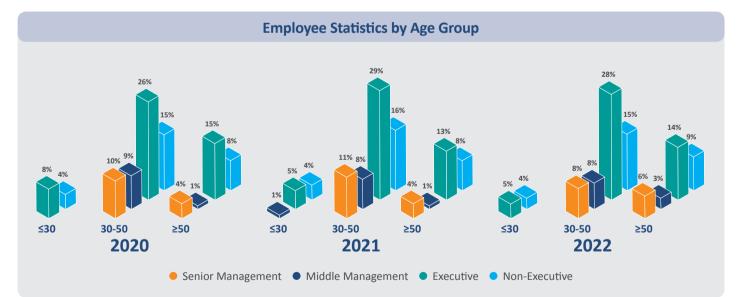
Management of Sustainability Matters

Additionally, in 2022, we further incorporated our commitment to diversity and inclusion in our Code of Conduct. The Manager pledges to prevent discrimination based on gender, race, nationality, and cultural background. Our policy ensures that we provide equal opportunities to all employees in regard to training opportunities, support, career advancement, compensation, and benefits. In addition to our Code of Conduct, the policies in our Employee Handbook guide the Manager in fostering an inclusive workplace where diversity is valued, and which provides equal opportunities for all employees to develop to their fullest potential.

Targets & KPIs

Over the years, we have maintained a reasonably balanced ratio of female to male employees, with male employees just edging out their female counterparts (with the male:female employee ratio at 23:16 as at 31 December 2022). However, women are well represented at Senior Management level, with 10% of employees being women appointed in senior management roles vs 4% for men. The majority of our employees are between 30 and 50 years of age, bringing with them a wealth of knowledge and experience gained from years of industry experience.



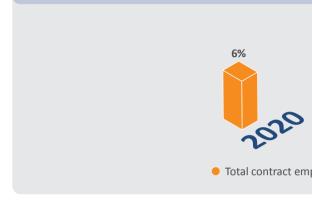


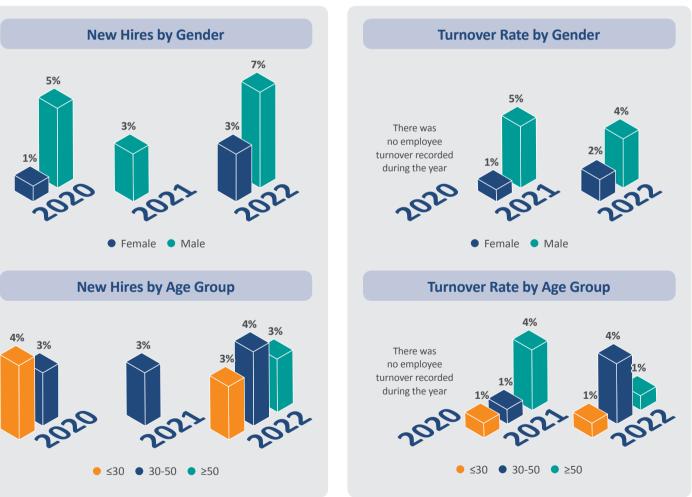
Notes:

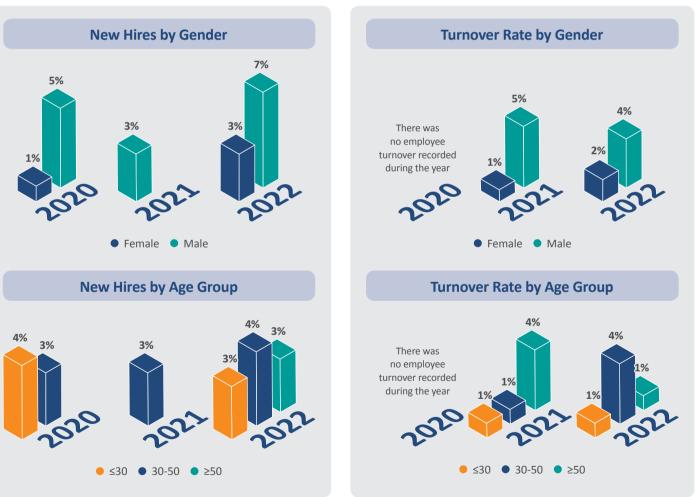
1. Total headcount as at 31 December: 79 (2020), 76 (2021) and 78 (2022).

2. The tabulated figures have been rounded to the nearest whole number for standardisation.







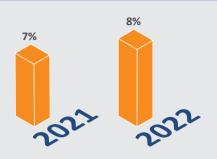


Notes:

- 1. Value has been restated due to updates of the calculation methodology:
- The new hires rate is the total number of newly-hired employees during the year, expressed as a percentage of the average number of employees.
- The average number of employees is the average of the number of employees at the beginning of the year (1 January) and at the end of the year (31 December). 2. Total headcount as at 31 December: 79 (2020), 76 (2021) and 78 (2022).
- 3. The tabulated figures have been rounded to the nearest whole number for standardisation.

Management of Sustainability Matters

Percentage of employees who are contractors or temporary employees



• Total contract employees as a percentage of total employees

Notes:

- 1. The turnover rate is the number of employee resignations during the year, expressed as a percentage of the average number of employees during the year.
- 2. The average number of employees is the average of the number of employees at the beginning of the year (1 January) and at the end of the year (31 December).
- 3. Total headcount as at 31 December: 79 (2020), 76 (2021) and 78 (2022).

4. The tabulated figures have been rounded to the nearest whole number for standardisation.

Parental leave



Gender Pay Gap

Employee categories	Ratio of basic salary and remuneration of male to female employees (Gender pay gap)			
	2020	2021	2022	
Senior Management	1:1	1:1	1:1	
Middle management	1:1	1:1	1:1	
Executive	1:0.8	1:0.8	1:0.8	
Non-Executive	1:0.7	1:0.8	1:0.7	

Notes:

1. Data is based on basic salaries only as at December of each year.

2. Calculated by indexing the average male employee's basic emoluments to 1 and comparing the average female employee's basic emoluments as a proportion of this.

Employee Engagement and Well-Being Programmes



TARGET to conduct at least 2 employee engagement initiatives every year

Type of Employee Engagement and Well-Being Programme	Frequency	Target Group
Annual Dinner	Annual	All employees
Company Trip	Annual	All employees
Private Health Insurance	Ongoing	All employees
Long Service Award	Annual	Eligible employees
Axis Education Fund	Annual	Eligible employees' children
Weekly COVID-19 testing programme	Weekly	All employees

Note

All employee engagement and well-being programmes are funded by the Manager and not by Axis-REIT.





The Manager's employee engagement and well-being programme

Employee Satisfaction Survey

In 2022, the Manager conducted an Employee Satisfaction Survey and obtained a Net Promoter Score of 8.44. The survey included questions relating to health and wellbeing, as well as work life balance, given the Manager's commitment to providing a healthy work environment for all employees.

The Manager will continue to conduct the Employee Satisfaction Survey on an annual basis, and also leverage on suggestions from the survey to come up with more employee engagement initiatives.

Outlook

One of our key strategies in managing our employees is to provide an inclusive work environment that is conducive to productivity. While earlier plans to establish a sports club had been deferred amid the pandemic, the Manager aims to establish this in 2023 and continues to seek opportunities to increase engagement across its workforce. The Manager also pledges to sustain a balanced gender composition throughout our workforce by initiating programmes to attract talents from diverse backgrounds, gender and cultures.

Moving forward, Axis-REIT will continuously identify areas to improve our employee engagement initiatives. For 2023, we will leverage on feedback received from our ongoing employee engagement programmes, aiming to select 2 improvement measures that we will develop as engagement initiatives.

Management of Sustainability Matters



72 employees who took the Employee Satisfaction Survey





The Manager has a comprehensive Sustainability Governance Structure that ensures that our labour management approach upholds the principles of human rights.

This framework extends to our suppliers, as we expect our contractors and suppliers to comply with human rights and labour practices. We believe this is a critical component in safeguarding the reputation and success of the Fund.

The Manager ensures strict compliance with Malaysia's Employment Act in our employment practices. We are committed to protecting and upholding the rights of our employees and ensuring fair labour practices throughout our value chain. Our policies are reflected in the Manager's Code of Conduct, and extends to our suppliers through our Supplier Code of Conduct. The Supplier Code of Conduct encompasses, among others, human rightsrelated matters such as labour standards, as well as health and safety. It compels our supply chain to uphold the same standards as the Manager. This framework aims to ensure that the labour practices of the Manager, as well as those of our contractors and suppliers, adhere to human rights standards and the employment laws of Malaysia, and strictly prohibits any form of child or forced labour within our operations.

In 2022, the Manager enhanced the Supplier Code of Conduct to explicitly specify the channel for reporting any incidents of non-compliance, along with any unlawful or unethical business practices or non-compliance with any areas in the Supplier Code of Conduct by referring to the Whistle-Blowing Policy. More information on how the Manager communicates the Supplier Code of Conduct to suppliers is presented in the "Responsible Supply Chain" sustainability matter.

The Manager complies with the prescribed requirements for working hours, working conditions and minimum wages under the Employment Act 1955, the Occupational, Safety and Health Act 1994 and other relevant acts that relate to human rights in the workforce. We also encourage a good work-life balance among employees and ensure that none of our employees are paid below the minimum wage.

While the Manager practices an "open door" policy for its employees to raise any concerns on human rights-related infringements to Senior Management, established whistleblowing channels are also available for employees to report such matters, which include sexual harassment, discrimination and the endangerment of health and safety. The Whistle-Blowing Policy was enhanced in July 2022 to include a detailed description of the incident reporting procedures for better clarity.



For further details on Axis-REIT's Code of Conduct, Supplier Code of Conduct and Whistle-Blowing Policy, please visit our website at www.axis-reit.com.my/investor/corporate_governance.php The Human Resource Department oversees employment-related matters and ensures that our employment practices are aligned with local employment laws and labour standards.

Initiatives

Initiatives implemented by the Manager to uphold human rights and fair labour practices include:

Human rights assessment/ audit of contractors engaged for the Bukit Raja Distribution Centre 2 development. The assessment/audit was undertaken by the outsourced internal auditor



Targets & KPIs

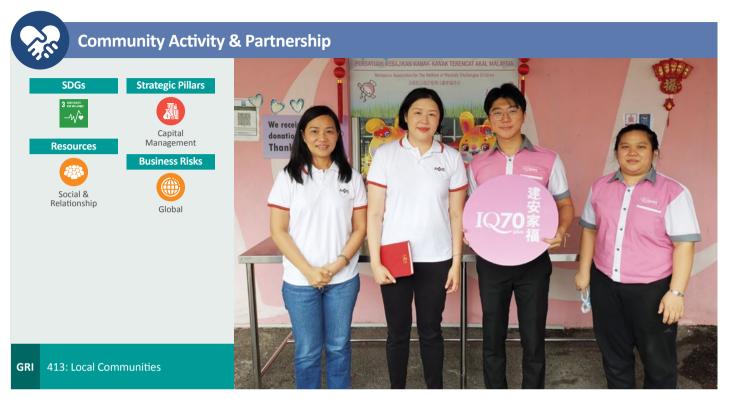
In 2022, the Manager did not receive any reports of incidents or grievances relating to discrimination, child labour, or forced labour from employees or external parties such as suppliers, the community or the general public.

Outlook

The Manager will continue to monitor our contractors' compliance with ESG requirements through ad-hoc site visits and audits. These include conducting on-site human rights and labour practice risk assessments on registered key suppliers in 2023.

For more information in relation to our supplier assessments, please refer to the Responsible Supply Chain sustainability matter on pages 122 to 125 of this Report.

employees with face masks



Axis-REIT's operations are intertwined with the communities in which we operate. We are conscious of the impact our operations have on the local communities around us, and proactively address their needs and considerations through our **Corporate Social Responsibility** (CSR) initiatives and our development designs. Through regular engagements with the community, we are able to understand how we can support their needs in our operations, create shared values, build trust and foster mutual respect.

The Marketing and Sustainability Manager drives the Manager's Community Activity & Partnership initiatives, spearheading efforts to identify, engage and assist communities in need of assistance, and proposing potential CSR initiatives to the Fund.

Our community investment programmes in recent years have focused on health and safety for vulnerable segments of society. The programmes are aligned with our geographical presence, where we engage with local NGOs to identify, understand and see how the Fund can address their needs. We typically prioritise programmes that benefit communities that are in close proximity to our operations, but we do also consider and support underserved areas of the country when there is an urgent or greater need.

Since the outset of the COVID-19 pandemic, we have aligned our CSR initiatives to support the public healthcare system. We sought to assist hospitals in handling the spike in patient loads during the worst of the pandemic by sponsoring

medical services and donating medical equipment to hospitals in the Klang Valley. In developing our 2022 CSR programmes, we engaged with reputable NGOs to understand the needs of the local communities they serve, and following the needs assessment process, we made the decision to sponsor an ambulance vehicle for St John Ambulance of Malaysia (SJAM) in Sabah, as well as physiotherapy and speech therapy sessions for children with disabilities at IQ70+ in Petaling Java.

Key CSR Initiatives

Our CSR initiatives and community investments directly benefit the causes we support via outright donations or sponsorship of equipment or services. We aim to allocate these resources efficiently and where they are most urgently needed. Towards this end, we strive to understand the local community's emerging needs and give back to the community by supporting meaningful and impactful causes. In 2022, the Manager undertook 2 community investment programmes:



SJAM is a well-established, non-profit NGO that works closely with government health facilities to provide emergency and non-emergency ambulance services.

Following our engagements with SJAM, we identified an urgent need for ambulances is in Sabah. This guided our decision to donate an ambulance for the use of SJAM's operations in Kota Kinabalu, Sabah. The Fund is sponsoring the purchase of the ambulance vehicle and the cost of its fabrication and fit out, which amounts to RM155,000. The vehicle's Foton C2 ambulance chassis is currently being sourced and its fabrication and fit out is expected to be completed by April 2023. Once completed, SJAM will transport the vehicle to Kota Kinabalu, where it will be deployed at the Queen Elizabeth Hospital to provide free emergency ambulance services to the public via the 999 hotline. SJAM estimates the vehicle will handle an average caseload of 5 patients a day and have a minimum expected lifespan of 5 years.

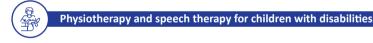
As this is a long-term project, we will continue to engage with SJAM on the progress of the ambulance fabrication and once it is deployed, track the data on the number of beneficiaries of its service over a period of 5 years.





Similar SJAM ambulance currently in use in Johor Bahru

SJAM ambulance interior post fabrication and fit out



As part of our CSR initiatives for 2022, Axis-REIT also sponsored access to health services for children with disabilities. We partnered with IQ70+, a home for special needs children registered with the Ministry of Welfare that is based close to our centre of operations in Petaling Jaya. In December 2022, we started sponsorship of a weekly physiotherapy and speech therapy programme that will run for 4 months.

As part of this service, professionally trained therapists from Pantai Hospital conduct visits to IQ70+'s home for the convenience of the children. The Fund reimburses the hospital directly for its services and we regularly engage the home to track the programme's utilisation and effectiveness.

Through this initiative, the Fund will sponsor RM37,920 for 16 physiotherapy and speech therapy sessions over 4 months. 7 children currently benefit from these physiotherapy sessions and 5 children benefit from speech therapy. The sponsorship helps alleviate IQ70+'s running costs as such health services are significant expenses for the home.



Physiotherapy and speech therapy by trained professionals from Pantai Hospital for children with disabilities





SJAM paramedic training with the MOH



SJAM staff at the Medical Emergency Coordinating Centre (MECC) call centre learning how to receive calls and provide medical direction

Targets & KPIs

Community Investment (2022)	Amount Invested (RM)	Outcome	Target Group and No. of Beneficiaries
Ambulance donation to SJAM	155,000	SJAM will set up their emergency ambulance service in Kota Kinabalu, Sabah - an underserved region of Malaysia.	Estimated number of patients who will use the ambulance: 9,125 ¹
Health services for children with disabilities at IQ70+	37,920	Providing children with disabilities access to 16 sessions of physiotherapy and 16 sessions of speech therapy over 4 months.	Children benefiting from physiotherapy: 7
			Children benefiting from speech therapy: 5

1. Estimated based on SJAM's average caseload projection of 5 patients a day and the ambulance's minimum expected lifespan of 5 years

Outlook

As Malaysia transitioned into an endemic phase in its management of COVID-19 in 2022, we moved away from pandemic-related CSR projects and began channeling our community investments towards providing access to health-related services. Moving forward, the Manager will continue to explore health and safety-related themes for the Fund's CSR projects. We will also continue to engage with our NGO partners to keep track and report on the projects we started in 2022.

We will explore potential avenues for regular engagement with local communities around our developments and to engage our tenants to understand the potential social and environmental issues they face, with a view to help identify opportunities for Axis-REIT's future CSR initiatives.