

Management of Material Sustainability Matters

ECONOMIC



Economic Performance



Malaysia's GDP growth normalised to 3.7% in 2023, after 2022's 8.7% surge. Economic growth was supported by resilient domestic demand, that cushioned a decline in external trade, as exports softened amid cooling global demand. During the year, BNM raised the OPR just once, by 25 bps to 3.0% in May 2023, while inflation moderated gradually over the course of the year, from 3.7% in January 2023, to 1.5% in December 2023.

The industrial real estate subsector in Greater Kuala Lumpur remained resilient in 2023. Although total transactions decreased by 4.6% yoy to 2,032 units in the first 9 months of 2023, the value of these transactions rose by 7.5% to RM8.6 billion. In addition to the inherent resilience of industrial tenants, industrial transactions were likely propelled by sustained demand for manufacturing facilities and continued growth in data centres.

Against this backdrop, we maintained our strategic direction through 2023, focusing on optimising our property portfolio. The Fund's revenue grew 1.4% to RM288.4 million, while

net income after tax increased by 14.4% to RM217.8 million. Revenue was lifted by the commencement of the lease at Bukit Raja Distribution Centre 2 in August 2023, full year rental income contributions from properties acquired in 2022, positive rental reversions during the year, as well as a recovery in the portfolio occupancy rate towards the year-end. The Fund's investment properties recorded an unrealised revaluation gain of RM81.3 million in 2023, which reflects the quality of the Fund's property portfolio and the strength of its underlying performance.

Details of the Fund's financial performance are presented in the Manager's Discussion and Analysis - Financial Review section on pages 39 to 50 of this Report.

The Finance Team continues to monitor and report, on a monthly basis, the economic performance of the Fund against its strategies and projections. This includes assessments of the Manager's utilisation of resources. The team upholds impeccable financial integrity through the development and stringent implementation of ethics, policies and procedures, and by ensuring strict compliance with all applicable laws and regulations.

The Manager's ERM Framework ensures that the Fund delivers on its targets by comprehensively addressing internal controls and risk mitigation strategies. This minimises adverse disruptions to our operations, and facilitates the seamless pursuit of the Fund's business goals and mission. Our comprehensive risk framework, captured in our Risk Register, addresses the relevant financial and non-financial (including ESG) risks as well as opportunities, and shapes our strategic priorities as well as our operational and financial action plans.

As we progress in our sustainability journey, we have continued to integrate sustainability into our capital management practices by seeking additional sustainability-linked term financing facilities, as well as a sustainability-linked IPRS. We are pleased to note that in 2023, we had successfully achieved the SPT of our first sustainability-linked term financing and IPRS that we had secured in 2022. This has unlocked rebates on profit rates for the Fund that will further incentivise us to meet our sustainability commitments.

Capitals



Financial



Human



Manufactured



Social & Relationship

Strategic Pillars



Capital Management



Global



Financial

Business Risks

SDGs



GRI

201: Economic Performance
203: Indirect Economic Impact

Management of Material Sustainability Matters

Our ESG commitments and initiatives, which include continuous efforts in implementing ESG practices across our supply chain, have secured Axis-REIT's status as a constituent of the FTSE4Good Bursa Malaysia Index and the FTSE4Good Bursa Malaysia Shariah Index.

Key Initiatives

1 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. Our investment strategy adheres to predefined objectives and policies that guide the careful and rigorous selection of acquisition targets, development projects and AEs. This ensures that all additions and enhancements to the portfolio are strategic, yield-accretive and value enhancing, which in turn, preserves the value of the portfolio, the interests of our stakeholders, as well as the surrounding environment.

Additionally, we also identify properties that are reaching optimal returns for potential disposal, and consider diversification strategies to reduce the concentration of risks, including ESG risks, in the Fund's property portfolio.

2 Prudent Cost Management and Optimisation

We are vigilant in managing the Fund's operating costs by closely monitoring expenses against financial projections and approved budgets. Our prudent and effective cost management and optimisation initiatives have minimised the impact of inflationary pressures and economic downturns on the Fund.

3 Efficient Management of Working Capital and Liquidity

A key responsibility in managing the Fund is to ensure that it 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, aiming for a balanced mix of short-term and long-term financing. As at 31 December 2023, the Fund's liquidity remained robust, at RM592.7 million, with RM51.7 million in cash and deposits, along with an additional RM541.0 million in undrawn financing facilities.

During the year, we completed our ninth private placement exercise on 4 January 2023. The placement exercise saw the issuance of 100 million new Units at an issue price of RM1.75 per Unit to various institutional funds, raising gross proceeds of RM175.0 million, which were utilised to pare down the Fund's existing financing facilities and to provide headroom for future acquisitions and developments.

4 Sustainability-Linked Financing

In 2023, the Fund successfully secured additional sustainability-linked financing facilities amounting to RM320.0 million. This brought total sustainability-linked financing to RM490.0 million, which was equivalent to approximately 31.5% of the Fund's audited total financing as at 31 December 2023.

We are pleased to report that the Fund had successfully achieved the SPT tied to its sustainability-linked financing facility, and consequently enjoyed sustainability rebates in accordance with the SPT terms.

Axis-REIT will continue pursuing sustainability-linked financing facilities to align our financial strategies with our real estate management initiatives and the Fund's ESG ambitions.

Management of Material Sustainability Matters

Targets & KPIs

Economic Performance	2023 (RM '000)	2022 (RM '000)	2021 (RM '000)
Economic Value Generated (Revenue) (A)*	284,208	283,246	246,151
Operating Costs (B)	42,977	39,128	33,314
- Payment to Government**	10,115	9,266	8,118
Payment to Capital Providers (C)	150,756	160,085	137,985
Community Investment (D)	181	193	200
Payment to Financiers (E)	60,541	52,973	45,701
Economic Value Distributed (F) = (B)+(C)+(D)+(E)	254,455	252,379	217,200
Economic Value Retained (G) = (A)-(F)	29,753	30,867	28,951

* after deduction of net remeasurement of loss allowance.

** government-related expenses are quit rent, assessment and service tax.

The Economic Value Generated registered a slight increase as the additional revenue from new tenancies, full year contributions from acquisitions concluded in 2022, as well as positive rental reversions were partly offset by tenant turnover and the termination of a long-term lease in FYE2023. Coupled with wage inflation and higher financing costs from the increase in the OPR, Economic Value Distributed increased marginally to RM254.5 million, resulting in a lower Economic Value Retained.

Outlook

While we will continue to monitor global and domestic macroeconomic conditions, and keep abreast of the latest regulatory and industry developments, we remain cautiously optimistic for the Fund's prospects in 2024. Resilient economic growth, projected at between 4% to 5% in 2024, coupled with continued support from demand drivers for industrial properties, will sustain the market for strategically-located, quality industrial properties with good infrastructure and facilities. This, in turn will support occupancy and rental rates, as well as drive acquisition and development opportunities.

Industrial properties are expected to see good rental reversions in 2024, with low risk of non-renewals and normalised growth for the whole sector. The industrial space segment should benefit from government initiatives as well as the continued growth of the e-commerce sector.

Having set the target to grow Axis-REIT's AUM to RM5.0 billion by end-2024, we will maintain our investment discipline while optimising our working capital towards achieving this target. We will also prioritise green financing options and work towards achieving the stipulated SPT to enjoy rebates on profit rates. To further expand the Fund's property portfolio, we plan to explore potential new opportunities and revenue streams, including renewable energy generation and opportunities in data centre properties.

We will continue to proactively mitigate risks through active capital management, which will include strategic hedging and diversification of our capital sources. At the same time, the Fund will seek opportunities to recycle capital through divestments and re-allocation of capital to higher-performing properties.

We are cognisant of the need to safeguard the resilience of the portfolio. With this in mind, we plan to undertake an assessment of the transmission of climate-related risks and opportunities that could have material impacts on Axis-REIT's business operations, to better understand their financial and non-financial implications to the Fund. In addition, we plan to improve our proficiency in reporting material sustainability and climate-related matters in accordance with the IFRS S1 and S2, as we adopt the TCFD Recommendations in phases, starting from 2024.

Management of Material Sustainability Matters



Tenant Satisfaction



Capitals			
Manufactured	Social & Relationship	Intellectual	
Strategic Pillars		Business Risks	
Real Estate	Facilities Management	Global	Real Estate Management
SDGs		GRI	
SDG 3: Good Health and Well-being	SDG 11: Sustainable Cities and Communities	416: Customer Health and Safety	

Tenant satisfaction is integral to our operations as a property owner and developer. Knowing and understanding the needs and preferences of our tenants are a top priority at Axis-REIT, with tenant satisfaction being a key non-financial KPI that we track in assessing the Fund's core operations.

The Manager is committed to delivering superior real estate solutions and services. We strive to maximise tenant satisfaction and retention levels, and foster high occupancy rates, by leveraging on the Fund's strategically-located, high-quality properties, preserving the quality of the portfolio and ensuring compliance with all safety standards and protocols.

In addition to our usual communication channels which include SMS blasts, email campaigns, viewings and meetings, our Marketing & Sustainability Manager, together with our Real Estate Team, proactively work to deepen our engagements with property agents through site visits and tours of our new developments and properties that are coming up for lease. This is to disseminate information and showcase our properties and their availability, to drive market awareness and "top of mind recall" among our agents.

We proactively establish professional interactions with tenants to build strong relationships and ensure effective communication and handling of complaints and feedback. Such positive and meaningful engagements give us a clear understanding of our tenant's wants and needs, as well as insights into their business and ESG strategies. This allows us to tailor our real estate services and solutions to meet and exceed these needs.

We address all issues raised by our tenants, spanning from ad-hoc maintenance to service requests. We are also responsible for good asset management initiatives, including AELs. The Marketing & Sustainability Manager supports the team by managing tenant communications and overseeing the overall coordination and analysis of tenant surveys that is crucial to understanding tenants' requirements.

Our tenant management efforts are largely guided by the Operations Manual, which lays out the policies and procedures for the management of the Fund's properties and operations. This includes our compliance with regulatory requirements, internal HSE policies, as well as best practices and standards.

The Manager tracks tenant satisfaction in 2 separate surveys:

Hello Axis Service Request Satisfaction Rating, which evaluates our handling of service requests, feedback and complaint tickets raised via our tenant management portal, *Hello Axis*. Upon the resolution or closure of every service ticket, tenants are given a short feedback form via the portal to rate the timing, administrative processes and effectiveness of our responses, solutions and services rendered.



Axis-REIT's Annual Tenant Satisfaction Survey, which seeks feedback on the overall experience as a tenant at an Axis-REIT property. The survey compiles tenants' evaluations of the Manager's services and response times, their likelihood of recommending Axis-REIT properties to other potential tenants, as well as their satisfaction with the property, property management services, safety and security, cleanliness and upkeep, as well as communications with the Property Management Team.

Management of Material Sustainability Matters

Key Initiatives

Our tenant management efforts in 2023 focused on the following initiatives:

1 ESG Risk Assessment and Rating

Incorporated ESG assessments and ratings into the Tenant Checklist.

2 Renovation Manual

Incorporated ESG components in the fit-out and refurbishment guide that will be applied to all future renovations.

3 Green Leases

Evaluating and gradually incorporating ESG requirements into lease agreements for green certified buildings. During 2023, we successfully included ESG components in the tenancy agreement of Axis Facility 2 @ Bukit Raja.

4 Regular Tenant Engagement

Proactively engaged our tenants to understand and anticipate their business strategies and needs, and to see how to better serve them. For single-tenanted properties, we also engaged tenants through monthly property reports.

Axis-REIT's tenant management portal, *Hello Axis*, allows for direct communication between the Manager and tenants. It also enables the tracking of service requisitions, feedback and complaints. The application allows us to better understand the needs and concerns of our tenants, and to allow the seamless exchange of suggestions and areas for improvement. The tenant management portal is continually updated and improved to enhance our response and service levels.

5 Understanding Tenant Properties

Our tenant-centric focus drives better-informed resource allocation that addresses unique market needs, while reducing tenant disputes and turnover rates.

Our tenant engagements include discussions on ESG-related issues and strategies to help align Axis-REIT's real estate solutions and services with tenants' needs and expectations, as sustainability becomes increasingly material in our tenants' operations.

6 Asset Enhancement Initiatives

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

AEIs that were undertaken in 2023 included incorporating and retrofitting green features across Axis-REIT's portfolio, such as installing energy-efficient lighting and energy-efficient transformers. We also upgraded fire-fighting systems from ordinary hazard to high hazard, and upgraded water tank storage capacities at selected properties.

More information on AEIs can be found in the Quality Assets & Services – Existing Assets sustainability matter on pages 117 to 119. These efforts in improving and keeping the portfolio relevant ensures that it remains competitive, retains high tenant renewal rates, and attracts space expansion within our portfolio.

7 Tenant Profile Screening

The stringent screening process implemented on tenants ensures we retain high quality and creditworthy tenants. To minimise credit and ESG risks, we review all potential tenants' financials as well as the nature and sustainability of their businesses. This screening process allows us to gain a better view of our tenants and their operations, which in turn, forges a strong relationship between the Manager and tenants.

Management of Material Sustainability Matters

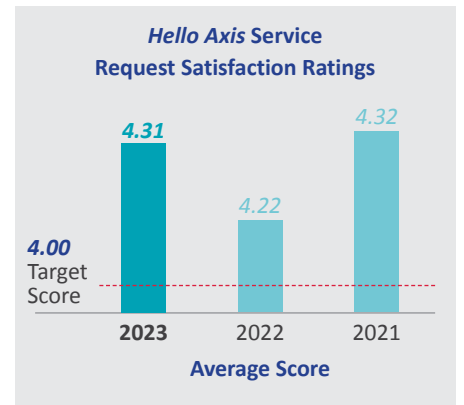
The most common tenant issues raised in 2023, and the corrective actions undertaken are as follows:

Common Tenant Issues/Expectations	Corrective Actions Taken
Lift issues	Promptly initiated thorough lift audits for the affected buildings, with follow-up consultations scheduled with our lift service provider for corrective actions.
Leaking roofs	Initiated roof inspections and repairs, where possible. Roofs that were irreparable were replaced as part of our AElS.
Cashless parking	Planned upgrade from manual parking systems to cashless systems for multi-tenanted buildings to be implemented in 2024.

Targets & KPIs

We are pleased to report improvements in our overall tenant satisfaction scores from both our Annual Tenant Satisfaction Survey as well as the *Hello Axis* Service Request Satisfaction Ratings.

For the *Hello Axis* portal ratings, we garnered an average score of 4.31 in 2023, on a scale of 1 (poor) to 5 (excellent). This was a slight improvement from our average score of 4.22 achieved in 2022, and exceeded our target to secure an average score of 4. The tables below present our average scores, along with an overview of the number of tickets that were raised, resolved and outstanding in the last 3 years. There were 28 tickets outstanding at the end of 2023, which comprised entirely of tickets for single-tenanted buildings. These remained outstanding due to their timing, having been raised in the last 2 months of the year, and the nature of the complaints, which related to structural issues, thereby needing more time to complete the rectification work.



Property Type	Number of Online Service Requests (tickets)		
	Raised	Resolved	Outstanding
2023			
Multi-Tenant	32	32	0
Single-Tenant	202	174	28
2022			
Multi-Tenant	55	55	0
Single-Tenant	98	87	11*
2021			
Multi-Tenant	23	23	0
Single-Tenant	127	127	0

* resolved in 2023

Management of Material Sustainability Matters



In 2023, we successfully responded to 91% of tickets raised at multi-tenanted properties and 97% of tickets from single-tenanted properties within 24 hours. This was an improvement from 85% and 96% respectively in 2022.

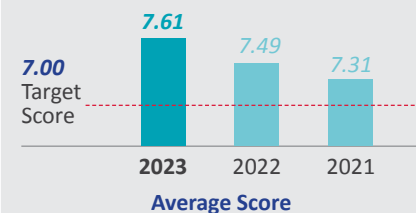
Property Type	2023		2022		2021	
	Ticket Response Time					
	< 24 hours	> 24 hours	< 24 hours	> 24 hours	< 24 hours	> 24 hours
Multi-Tenant	91%	9%	85%	15%	84%	16%
Single-Tenant	97%	3%	96%	4%	84%	16%

For our 2023 Annual Tenant Satisfaction Survey, we achieved an average score of 7.61 based on a scale of 1 (poor) to 10 (excellent). The current score is an improvement from our average score of 7.49 in 2022, and exceeds our target score of 7.

During the year, we added a question on cleanliness and upkeep in the survey, and refined some of the questions for greater clarity. We also targeted the safety and security, as well as cleanliness and upkeep questions towards tenants of multi-tenanted buildings where we provide these services. Our results for 2023 saw improvements in the scores for service and response times, safety and security, and communication channels when compared to those of the previous year.

Tenant Satisfaction Survey	2023	2022	2021
Services & Response Time	7.79	7.36	7.24
Likelihood of Recommendation	7.42	7.61	7.21
Satisfaction with Property Management (Overall experience as a tenant)	7.42	7.52	7.17
Safety & Security	7.95	7.89	7.74
Cleanliness & Upkeep	7.43	N/A	N/A
COVID-19 SOP	N/A	N/A	7.18
Communication Channels	7.64	7.06	N/A

Annual Tenant Satisfaction Survey Results



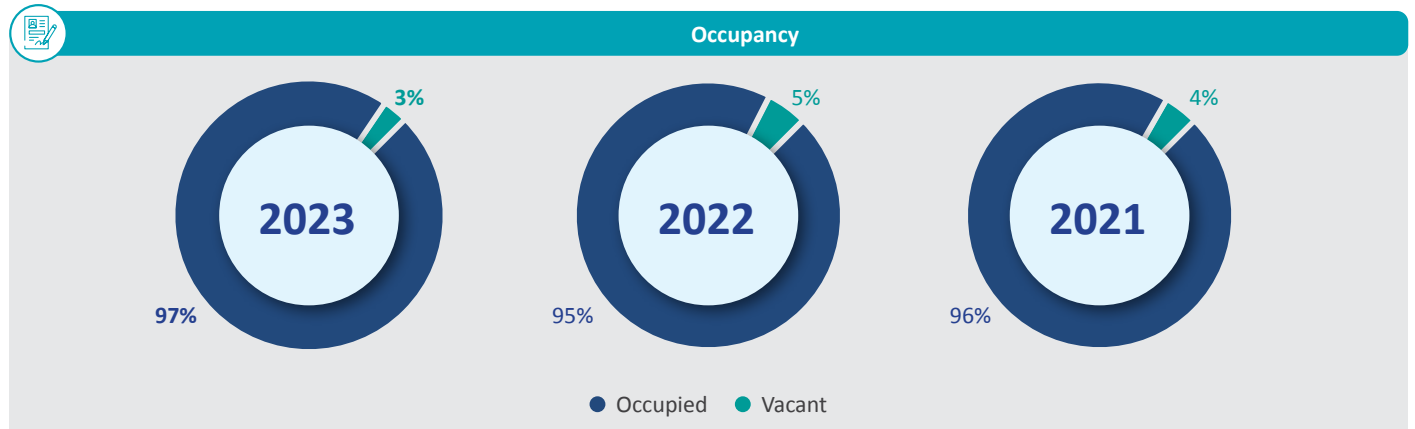
“Well managed premises and responsive property management team”



Anonymous tenant feedback from Menara Axis

Management of Material Sustainability Matters

Axis-REIT continued to maintain a high take up rate across its portfolio in 2023, with year-end occupancy rising 2 percentage points to 97%.



Outlook

Looking ahead, the Manager will continue to enhance the Fund's property solutions and services to improve tenant satisfaction. We remain focused on delivering conducive operating environments for our tenants' business needs that are also safe, secure and in compliance with regulatory guidelines and SOPs. We are committed to driving sustainable, long-term growth of the Fund by systematically enforcing our operational strategies, developing effective and efficient maintenance routines, and continually engaging with tenants.

In 2024, we target to maintain the occupancy rate at above 90%, underpinned by our commitment to ensuring high tenant satisfaction. In addition to securing new tenants, we will also continue to engage with our existing tenants to drive high tenancy renewal rates and expansion of space within our portfolio, where applicable.

For the year ahead, we also plan to enhance engagements with our tenants to understand how we can better support their business and operational needs, as well as to acquire feedback and suggestions to improve our services. These engagements will include:

- Organising programmes and measures to ensure the health and well-being of our tenants;
- Continually improving facilities management and maintenance services;
- Undertaking a variety of facilities enhancements such as implementing cashless parking systems in multi-tenanted buildings, a flood mitigation project, upgrading of fire-fighting systems, as well as exploring Building Management Systems; and
- Continued monitoring of tenants identified with medium to high ESG risk ratings for further action, where necessary.

Management of Material Sustainability Matters



Quality Assets & Services - New Acquisitions

Capitals		Business Risks	
Manufactured	Financial	Development	Investment
Strategic Pillars			
Investment	Development	Global	Environmental
SDGs		GRI	
			-

Axis-REIT remains committed to growing its AUM by acquiring and developing good quality properties to meet its objectives. Towards this end, the Manager ensures that the Fund has a robust pipeline of yield-accretive acquisition targets and potential development opportunities under consideration. In advancing Axis-REIT's sustainability journey, the Manager has also incorporated ESG considerations in its property acquisition strategy, with a view to increase the number of green-certified buildings in the Fund's portfolio and increase the Fund's appeal to investors and stakeholders.

We maintain a disciplined approach to property acquisitions and developments, governed by internal policies that guide all such investments. The policies are designed to help us identify, assess, and manage economic, financial, and ESG-related risks and opportunities, and ensure that all additions to our portfolio are strategic, yield-accretive and value-enhancing. This, in turn, helps us preserve the value of the Fund's portfolio of properties, the interests of its stakeholders, as well as the surrounding environment. We apply these policies as part of our feasibility studies and due diligence processes in evaluating all potential property acquisitions

and developments. Potential acquisition targets and development projects that meet our assessment criteria are presented to the Board for approval, and thereafter, recommended to the Trustee for execution.

To support our ESG ambitions, we enhanced our due diligence checklist to incorporate vulnerability assessments for climate risks. These updates, which came into effect in 4Q 2023, included assessments for annual flooding risks in the medium to long term, and incorporated recycling and circular economy principles in the planning of new buildings. The enhancements facilitate the evaluation of all potential new acquisitions and developments more holistically from an ESG point of view.

We are also exploring the integration of ESG requirements into new lease agreements for green certified building. The Manager also actively seeks to infuse green features across our property portfolio, exploring avenues such as procuring renewable energy and installing EV chargers at selected properties. 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

ENHANCING ESG CRITERIA FOR NEW PROPERTY ACQUISITIONS

We evaluate all potential acquisitions through our initial due diligence assessment scoring system. The assessment, which is undertaken and documented during the due diligence exercise for new acquisitions, was enhanced in 4Q 2023 to include vulnerability assessments for climate risks. It considers and rates all potential acquisition targets according to our scoring checklist on the following criteria:

- ⊗ Proximity and access to public transportation networks
- ⊗ Risk of flooding in current location
- ⊗ Proximity of location to natural water sources
- ⊗ Assessment of past soil settlement issues
- ⊗ Assessment of potential hazards from adjacent properties/land
- ⊗ Assessment of green building designs such as rainwater harvesting tanks, usage of LED lights and/or solar panels
- ⊗ Assessment of proper storage of scheduled waste
- ⊗ Vulnerability assessment for climate risks in the real estate life cycle (effective 4Q 2023)

Management of Material Sustainability Matters

Based on the outcome of the due diligence assessment, an ESA may be undertaken, where necessary. ESAs are an environmental evaluation that complements our due diligence process, aimed at:

- ① Reviewing a site's historical information, and where necessary, conducting soil and groundwater sampling for determination of site contamination
- ① Developing the next course of action and to remedy any issues and/or liabilities, where necessary
- ① Identifying existing and applicable local and federal regulations and ensuring compliance, where applicable

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

INCORPORATING VULNERABILITY TO CLIMATE RISKS IN THE EVALUATION OF POTENTIAL NEW DEVELOPMENTS

The Manager regularly reviews opportunities for new development projects as a means to expand the portfolio. In evaluating potential development projects, we are guided by comprehensive guidelines to ensure that all developments we undertake are strategic, commercially feasible, in compliance with the prescribed regulatory criteria, and value-enhancing for the Fund and its stakeholders. In 2023, we enhanced our approach to include assessments on medium to long-term climate risks. The process now, among others, involves:

- ① Conducting feasibility studies to assess the suitability of all proposals
- ① Sourcing of potential land/properties that fulfil the project's requirements
- ① Calculating the development project costs and revenue projections
- ① Coordinating due diligence site inspections on shortlisted properties

- ① Conducting vulnerability assessments on climate risks in the real estate life cycle
- ① Conducting Environmental Impact Assessments (if necessary), in line with regulatory requirements
- ① Conducting Traffic Impact Assessments and review of public transportation access during the design and development stages for all new developments

Our experienced project managers oversee the entire process for all development projects, to ensure that the projects are completed according to specifications, on schedule and within budget.

ESTABLISHED TARGET FOR GREEN BUILDING CERTIFICATION

Our Environmental Policy underpins our commitment towards environmental sustainability. Guided by this policy, we seek to increase the number of green-certified buildings in the Fund's portfolio, targeting to obtain at least 1 green building certification for its portfolio every year.

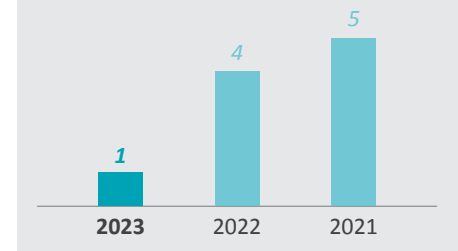
Towards this end, we include considerations for green building certifications (building management standards) in evaluating potential acquisitions and development projects. We also seek such accreditations for our existing properties through major refurbishments, where possible.

Targets & KPIs

In 2023, Axis-REIT entered into SPAs for the acquisitions of 2 properties. The acquisitions were subjected to initial due diligence assessments, and both acquisitions were greenlit after obtaining satisfactory results. These acquisitions were underway as at 31 December 2023, with 1 acquisition concluded on 16 January 2024, and the second slated for completion in the first half of 2024.

On the development front, we successfully completed the development of Bukit Raja Distribution Centre 2, and concluded its handover to Shopee on 1 August 2023 a month ahead of schedule. We also completed a major AEI at Axis Facility 2 @ Bukit Raja. Our fifth development project, Axis Mega Distribution Centre (Phase 2), is currently underway, with completion slated for 1Q 2024. We embarked on the project in 2022, in response to strong market demand for Grade-A, purpose-built facilities and warehouses from multinational operators.

Number of Acquisitions and Developments Completed



More information on our acquisitions and development projects are presented in the Investment Review section of this Report on pages 57 to 62.

On top of the Fund's portfolio expansion and enhancements, we also obtained 1 final green building certification and 2 provisional certifications during 2023. These were for Axis Facility 2 @ Bukit Raja, which received the final GreenRE Silver certification in September 2023, as well as for Axis Mega Distribution Centre (Phase 1) and Axis Mega Distribution Centre (Phase 2), which obtained GreenRE Silver and GreenRE Gold provisional certifications respectively.

With these certifications, the Fund now has 4 properties, representing 22.1% of total space under management, that have achieved green building certifications as at 31 December 2023.

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Properties with Green Building Certification (Building Management Standards)		
PROPERTIES	Type of Certification	Date of Certification
DW1 Logistics Warehouse	GBI Certified	August 2020*
Axis Facility 2 @ Bukit Raja	GreenRE Silver	September 2023

* Renewal of certification is currently underway, with expected completion by March 2024.

Properties with Provisional Green Building Certification (Building Management Standards)			
PROPERTIES	Type of Certification	Date of Provisional Certification	Target Date of Final Certification
Bukit Raja Distribution Centre 2	GreenRE Gold	November 2022	June 2024*
Axis Mega Distribution Centre (Phase 1)	GreenRE Silver	September 2023	June 2024
Axis Mega Distribution Centre (Phase 2)	GreenRE Gold	September 2023	December 2024

* The target date of the final certification for Bukit Raja Distribution Centre 2 has been delayed from January 2024 to June 2024, pending the completion of renovations by the tenant.



Target

To obtain at least 1 green building certification for the portfolio every year


Green Building Certification Profile			
Total Number of Properties with Green Building Certification	4	% of Total Property Portfolio with Green Building Certification	6.5%
		% of Space Under Management with Green Building Certification	22.1%

Outlook


We are raising our commitment to manage climate risks in tandem with the Fund's progress in its sustainability journey. We will identify both physical and transition climate-related risks and opportunities that could potentially impact the Fund's portfolio. We also intend to integrate initiatives aimed at minimising our environmental footprint into our operational framework. This includes measures like water pollution management prior to discharge, ensuring proper disposal of construction waste, and employing dust control practices. The Manager will also continue to implement proactive measures and monitor developments in the broader real estate market that could affect Axis-REIT's business.

We will continue to prioritise seeking green building-certified properties when assessing acquisition targets, planning development projects and embarking on AEs, in line with our target of securing at least 1 green building certification for the portfolio every year.









Management of Material Sustainability Matters



Quality Assets & Services - Existing Assets



Bukit Raja Distribution Centre

Capitals	
 Manufactured	 Financial
 Social & Relationship	
Strategic Pillars	Business Risks
 Development	 Facilities Management
 Real Estate Management	
SDGs	GRI
 	-

The Manager is committed to managing the Fund’s properties, prioritising the sustained 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 and disciplined investments in strategic AELs to ensure Axis-REIT’s portfolio remains resilient and relevant in the market.

Our efforts in maintaining the quality of the Fund’s existing properties and services are guided by 4 key policies and guidelines, which are periodically reviewed and enhanced to ensure their relevance and effectiveness:

1 ENVIRONMENTAL POLICY

Our Environmental Policy encapsulates our commitment to sustainability. It outlines the strategies and initiatives we apply towards achieving our sustainability goals. For the Fund’s existing properties, this involves retrofitting and enhancing sustainability features across our property portfolio, including installing resource-efficient fittings and fixtures, and utilising environmentally-friendly materials in maintenance, upgrading, and refurbishment projects. These investments not only help us meet

our sustainability targets and optimise our operational costs, but also help our tenants achieve their sustainability goals as well.

2 HSE POLICY

Our HSE Policy documents our commitment to HSE excellence, as we endeavour to provide safe working practices and a safe working environment for our employees, tenants, contractors, community and other relevant stakeholders. Guided by this policy, the Manager adopted a series of measures to ensure building and workplace health and safety are upheld in its efforts in maintaining the Fund’s existing properties and services. These measures include periodic HSE audits on site offices/project sites, as well as the formulation and implementation of an On-site Vendor Assessment that includes a Human Rights Practices Checklist to ensure that we comply with regulatory requirements at all times.

3 OPERATIONS MANUAL

Axis-REIT’s Operations Manual is a set of internally-developed procedures and policies that guide our planning, decision-making and day-to-day activities in managing Axis-REIT, including our property 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. In 2023, we revised the Operations Manual to enhance its controls and scope, aligning it with the demands of our expanding portfolio and increased responsibilities. The areas that have been revised or added include cash management, outsourcing arrangements, and our materiality threshold for expenditure.

4 RENOVATION MANUAL

In 2023, we enhanced our existing renovation guidelines for all properties under management by incorporating ESG considerations. These included clauses on waste management practices such as recycling, reducing and reusing, as well as the safe disposal of scheduled waste. The enhancements also covered water and electricity conservation through responsible use, as well as the installation of water and energy-saving fittings. The Renovation Manual was also updated to incorporate clauses on the use of low volatile organic compound materials according to international standards and the adherence to labour standards.

We are responsible for maintaining the quality and physical condition of all properties in Axis-REIT’s portfolio through planned preventive

Management of Material Sustainability Matters

and ad-hoc maintenance services. Guided by the abovementioned manuals, we work to ensure that all upgrades, refurbishments, AEs and redevelopment projects involving existing properties are carried out in accordance with the Operations Manual and the Renovation Manual, and that the work is completed on schedule and within budget.

We also closely supervise 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 applicable guidelines. We 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 system and services failures, such as lift and air-conditioning system breakdowns.

Key Initiatives

The Manager has established an ESG strategy for major AEs and development projects. The strategy covers aspects such as energy consumption, green building certifications, indoor environmental quality, material sourcing, as well as water management and waste management. For further details, please see the “Environmental” section of this Report. Additionally, we are considering procuring renewable energy and exploring installing EV chargers at selected properties.

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

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 properties and improving this, where possible, when conducting AEs



Appointing only competent service contractors to undertake routine service and maintenance work



Engaging internal auditors to review the annual preventive maintenance checks, policies and procedures to identify any gaps and areas for improvement



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 Risk Management Survey



Engaging external consultants (energy auditors, civil and structural engineers, fire-fighting 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 according to Uniform Building By-Laws (UBBL) 1984



Issuing monthly property reports to tenants that record the general property condition, compliance to the building code, and any corrective actions required by the landlord and/or tenant



Engaging Takaful operators to conduct annual Risk Management Survey



Engaging external consultants as well as federal and state government agencies on flood mitigation plans in areas with flooding risk



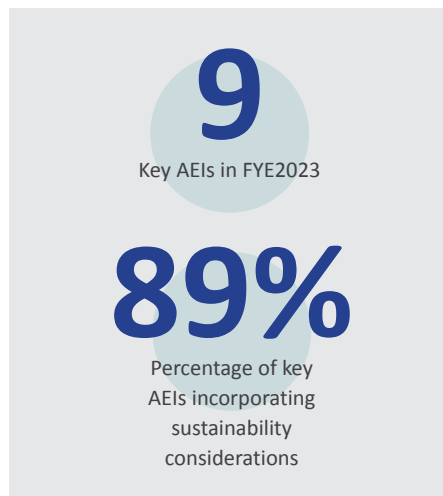
Maintenance and upgrading (where necessary) of drainage systems within each property’s boundaries

Management of Material Sustainability Matters

We conduct 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. We also organise monthly training sessions for both Property Management employees and service providers/contractors 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

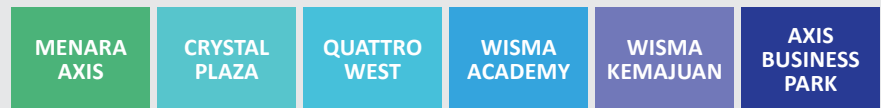
In FYE2023, the Manager implemented 9 key AEs at properties across Axis-REIT’s portfolio. 89% of these key AEs incorporated sustainability considerations such as installing energy-efficient, and water-saving fittings to optimise cost savings and reduce the Fund’s environmental footprint.



During the reporting year, we implemented the following key AEs:

Property	Description of Key AEs
Crystal Plaza	<ul style="list-style-type: none"> Replaced transformers with energy efficient variants Upgraded fire-fighting system
Quattro West	<ul style="list-style-type: none"> Upgraded common area lighting to LED lighting Resurfaced basement car park tarmac and ground floor stamped concrete flooring
Axis Shah Alam Distribution Centre 3	<ul style="list-style-type: none"> Constructed an independent TNB substation for a second tenant Upgraded the fire-fighting system from Ordinary Hazard (OH) to High Hazard (HH) Upgraded the domestic cold water tank to a larger storage capacity Undertook feasibility studies on flood mitigations plans to be implemented
D21 Logistics Warehouse PTP	<ul style="list-style-type: none"> Enhanced main lobby driveway to accommodate additional car park bays
Kerry Warehouse	<ul style="list-style-type: none"> Installed new warehouse roofing with insulation
Axis Northport Distribution Centre	<ul style="list-style-type: none"> Installed new fibre reinforced roof panels (translucent sheets) for natural lighting
Seberang Prai Logistics Warehouse 3	<ul style="list-style-type: none"> Installed new warehouse roofing with insulation
Menara Axis	<ul style="list-style-type: none"> Installed a stairlift platform to improve disabled persons’ access Upgraded a new diesel tank for genset
Axis Technology Centre	<ul style="list-style-type: none"> Upgraded fire-fighting system

In 2022, 5 buildings in Axis-REIT’s portfolio obtained certifications and awards for structural integrity compliance from the Petaling Jaya City Council. In 2023, the Fund received an additional award for Axis Business Park. These certifications are valid for 10 years from the date of issue.

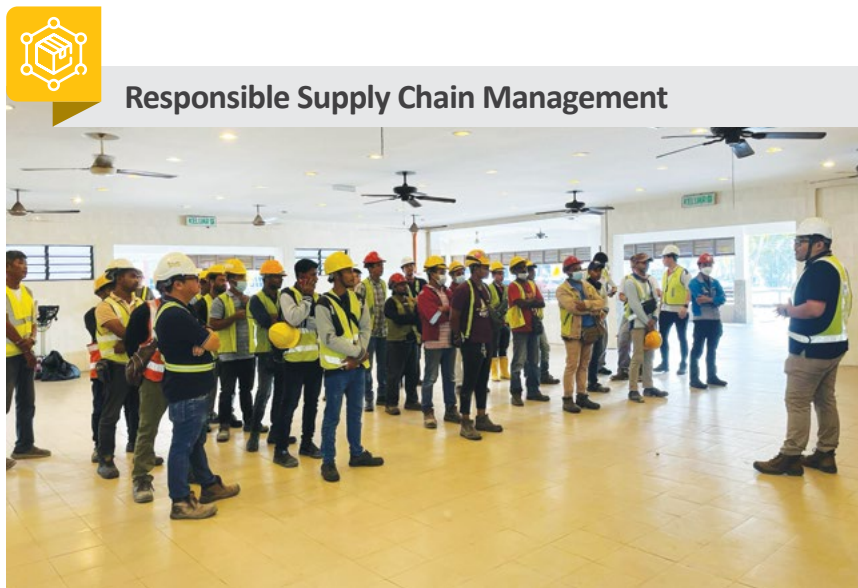


Outlook

The Manager will continue to maintain and enhance the Fund’s existing properties while incorporating the relevant sustainability considerations, including flood mitigation plans at high-risk properties. Additionally, the Manager is implementing cashless parking systems in multi-tenanted properties and exploring Building Management Systems that will further improve the cost efficiency of Axis-REIT’s portfolio.

In 2023, we submitted an application to the land office to renew the lease period of 1 property. In the coming year, we will continue to assess the extension of lease periods for selected leasehold properties in the Fund’s portfolio.

Management of Material Sustainability Matters



Responsible Supply Chain Management

Capitals	Strategic Pillars			
 Social & Relationship	 Facilities Management	 Investment	 Development	
Business Risks				
 Development	 Real Estate Management	 Investment	 Global	
SDGs	GRI			
 8	204: Procurement Practices 308: Supplier Environmental Assessment 414: Supplier Social Assessment			

Our commitment to long-term ESG values extends through our supply chain. We communicate and work closely with our suppliers, contractors and service providers to ensure they understand the Fund’s values and expectations, and uphold similar practices as we do.

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 checks and measures comprise our pre-qualification assessment, annual supplier evaluation, as well as a supplier code of conduct, which are described below. Where possible, we also source our goods and services from local suppliers as our means to support the local economy. 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.

Pre-qualification Assessment

Prior to engaging new suppliers and service providers, we conduct a pre-qualification assessment to evaluate the candidates’

financial standings and identify potential ethical and reputational risks via processes such as CTOS screenings and background checks. This evaluation includes ESG-related requirements and criteria to help us understand the ESG commitments and practices of our potential suppliers and service providers. Only companies with satisfactory scores are admitted to the Fund’s list of approved suppliers.

Annual Supplier Evaluation

We conduct annual evaluations on all our existing suppliers and service providers to assess their performance and to identify improvement opportunities in the areas of responsiveness, price, delivery, quality, after sales services, effectiveness of management, and compliance with the Supplier Code of Conduct. We also conduct CTOS verifications as part of the annual evaluation process. Following the evaluation, we retain suppliers who achieve satisfactory scores for future engagements. Suppliers who fail the evaluation are either suspended temporarily or de-registered from our list of approved suppliers. Through regular engagement with our suppliers and service providers, we strengthen the relationships with our suppliers, drive positive supplier performance, and reduce supply chain risks to deliver the best-in-class services to our tenants and other stakeholders.

Supplier Evaluation Criteria



Responsiveness

- On requests for quotations/proposals
- On technical/commercial requests



Price

- Competitiveness of pricing
- Terms and conditions
- Billing/Invoicing



Delivery

- Timeliness
- Flexibility on delivery
- Responsiveness to requests
- Resolution of delays



Quality

- Consistency of quality
- Submission of required documentation
- Conformity to drawings and HSE requirements
- Job site performance/quality of work



After Sales Service

- Technical support and expertise
- Defect rectification
- Other support/closure

Management of Material Sustainability Matters

Supplier Evaluation Criteria



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



Financial standing

- CTOS check

Supplier Code of Conduct

The Supplier Code of Conduct assesses suppliers’ ethics and business integrity, whistleblowing policies, labour standards, as well as their human rights, health and safety, and environmental practices. Our suppliers and service providers are required to comply with our Supplier Code of Conduct, which is publicly available on our website, and adhere to high standards of business practices.

In addition to the abovementioned practices, our Facilities Managers and our Health, Safety, Security, and Environment (HSSE) Manager meet with our suppliers and service providers regularly to discuss their products and services, as well as operational issues and challenges.

Key Initiatives

During 2023, our efforts in reinforcing the integrity and resilience of our supply chain to create long-term values for our stakeholders were channelled through the following initiatives:

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

- 1 Maintaining our stringent supplier pre-qualification processes, which subjects potential new suppliers to comprehensive evaluations by the Property Management Team and the Finance Team, before admission to our approved list of suppliers
- 2 Broadening our annual supplier evaluation process to incorporate ESG/sustainability-related criteria, processes, and procedures, in addition to our Supplier Code of Conduct
- 3 Conducting regular checks through training, ad-hoc site visits, as well as audits by the HSSE Manager and onsite project managers, to ensure compliance with HSE practices at all development, maintenance and AEI project sites
- 4 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

Targets & KPIs

We have applied our Supplier Code of Conduct as part of our supplier evaluation process since 2021 to ensure we engage and maintain only reputable and reliable suppliers. Beyond this, we also proactively engage with our suppliers on various other matters and initiatives to support and improve our supply chain framework.

Since the application of the Supplier Code of Conduct, we have been able to improve our supply chain management. In the year under review, we did not incur any fines or penalties associated with our supply chain, nor experience any lost time injuries. We are also pleased to report that all AEIs and maintenance projects were successfully completed on schedule.

Supplier Statistics

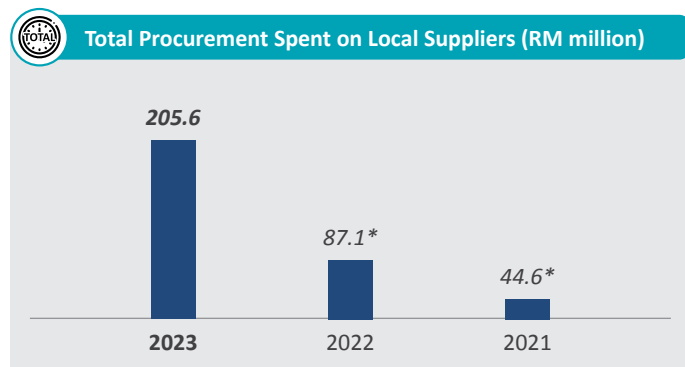
We had 191 approved suppliers at the beginning of 2023, 100% of which were local companies. During 2023, the Property Management Team evaluated all 211 suppliers on our panel as part of our supplier evaluation process. Following this evaluation, 4 suppliers were removed from the panel for non-compliance with the Supplier Code of Conduct on matters pertaining to poor ESG ratings, and/or unsatisfactory processes and procedures in their business operations.

Key Performance Indicator	2023	2022	2021
No. of suppliers as at 1 January	191	128	140
No. of new suppliers	20	66	7
No. of suspended suppliers	0	0	0
No. of de-listed suppliers	4	3	19
No. of suppliers as at 31 December	207	191	128

Management of Material Sustainability Matters

Annual Procurement: Local Suppliers

The Fund's total procurement (excluding government-related expenses) amounted to RM205.6 million in 2023, up from RM87.1 million in 2022. This increase is largely attributed to the development and major AEI work undertaken at Bukit Raja Distribution Centre 2, Axis Mega Distribution Centre (Phase 2) and Axis Facility 2 @ Bukit Raja during 2023. We remain 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.



* This data has been restated due to an update in the calculation methodology.

Supplier Training

Supplier training courses held in 2023 focused on Axis-REIT's HSE Policy, safety requirements, regulatory requirements, and hazard Risk Assessments. During the year, we organised a total of 48 training programmes involving 884 attendees for our suppliers and service providers. The significant increase demonstrates our commitment to regularly engage with our suppliers.

Supplier Training Courses		
Year	Total number of training programmes offered to suppliers	Total number of attendees
2023	48	884
2022	34**	450**
2021	15	148

** Data for 2022 has been restated to include an additional 3 courses that were held at the end of the year.

Screening and Audit of Suppliers against ESG Criteria

The Manager continued assessing the compliance and performance of our suppliers and service providers against ESG-related criteria, and in 2023, we formulated an On-site Vendor Assessment Checklist for ESG audits on health, safety, environment, and human rights practices.



We conducted 6 ESG audits on our key suppliers and contractors during 2023. These audits were conducted by the Property Management Team and the outsourced internal auditors to identify potential risks in their operations, and to devise the appropriate mitigation plans. The audit covered areas of concern from our Supplier Code of Conduct, HSE Policy and Environmental Policy, including labour standards and human rights, health and safety, quality standards and the environment.

Outlook

We will continue to collaborate with our suppliers, service providers and contractors to improve our supply chain management practices. This includes ensuring their adherence to our Supplier Code of Conduct and overseeing their performance and compliance with ESG criteria across our supply chain through pre-qualification assessments, annual evaluations, and site audits. We will also continue conducting human rights assessments on registered key vendors in 2024 and document any non-compliance for further action. These initiatives will help ensure that our ESG values, practices and commitments, are consistent across our supply chain.












Management of Material Sustainability Matters

GOVERNANCE



Business Ethics



Capitals		Business Risks			
 Social & Relationship	 Human Resource & IT	 Global	 Investment		
Strategic Pillars					
 Real Estate	 Capital Management	 Facilities Management	 Investment	 Development	 Governance
SDGs			GRI		
			205: Anti-Corruption		

We uphold the highest standards of business ethics in managing the Fund and ensuring compliance with all legal and regulatory mandates at all times. This emphasis on business ethics guides our conduct, from the formulation of strategic plans and deliberations over investment decisions, to the execution of our day-to-day activities, including our property management, finance and human resource functions. We believe upholding these principles are essential in establishing an impeccable reputation, building the trust and confidence of our stakeholders and ensuring the long-term success and sustainability of the Fund.

We monitor and regularly assess the business practices and frameworks that govern the Fund, and keep abreast with developments in the political, economic and business landscape to ensure that we safeguard the interests of stakeholders at all times. We are also mindful of emerging factors such as cultural shifts in the workplace, digital trends, geopolitics, heightened data safety and security requirements, as well as climate change risks. These efforts aim to protect the Fund's institutional integrity and are


aligned with our goal of establishing an agile and resilient organisation.

The Board assumes a crucial role in maintaining exemplary leadership and governance, maintaining transparency, accountability and responsibility at all times in steering the strategic course of Axis-REIT. The Board is guided by the Board Charter, which outlines the Manager's key principles and ethics to ensure the effective and accountable discharge of its duties. The Board also maintains oversight over the policies that guide Axis-REIT, primarily its Code of Conduct, Whistle-Blowing Policy as well as its ABC Policy.


The Manager adheres to its Code of Conduct at both management and operational levels. The framework reflects our commitment to maintain the highest standard of integrity, which extends to all employees representing the Manager. It outlines guidelines for managing conflicts of interest, privacy and confidentiality, gifts/entertainment and standards of professional behaviour expected of every employee. New employees are required to undergo an induction programme facilitated by the Human Resource department, which covers the presentation of the Code of Conduct and other policies of the Manager.

In addition to the Board Charter and the Code of Conduct, the Manager's Whistle-Blowing Policy and ABC Policy provide avenues for employees, directors, suppliers and tenants to report any misconduct, criminal offenses or malpractices. These policies, which are in compliance with the Malaysian Anti-Corruption Commission Act 2009 (MACC Act 2009), commit the Manager to acting professionally, fairly, and with integrity in all our business dealings and relationships, and to constantly uphold the laws across our value chain. We convey these policies to our supply chain via our Supplier Code of Conduct and monitor our suppliers' compliance to the Supplier Code of Conduct as part of our annual supplier evaluation process.

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

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

Management of Material Sustainability Matters

 Whistle-Blowing Policy	 ABC Policy
Purpose	
<p>Pertains to the handling of all reports of improprieties involving the business, operations, or employees.</p> <p>Defines how all concerns raised are to be treated fairly, and for the anonymity of the whistleblower to be protected. Where the issue warrants further investigation, the Manager will carry out the necessary inquiries and corrective measures.</p>	<p>Serves as a guideline in recognising and managing any incidents of bribery or corruption in the daily business and operations of the Manager.</p> <p>Defines bribery, corruption, conflict of interest and the acceptable limits in relation to gifts, corporate hospitality and entertainment.</p>
Application	
<p>The Policy is designed to:</p> <ol style="list-style-type: none"> 1. Clearly define the procedures that provide a secure avenue for whistleblowing. 2. Support the Manager's values and maintain a high standard of integrity and accountability. 3. Ensure stakeholders can raise concerns without fear of reprisals. 4. Provide a clear and confidential process for dealing with concerns raised. 	<p>The Policy is designed to:</p> <ol style="list-style-type: none"> 1. Clearly define bribery and corruption and actions that are classified as offences by law. 2. Provide guidance on preventing bribery and corruption throughout the organisation and its related parties, and agents/contractors acting on behalf of the Manager. 3. Support the Manager's values and maintain a high standard of integrity and accountability.
<p>Axis-REIT has a designated email address for whistleblowing, namely integrity@axis-reit.com.my. Messages to this email address are directed to the Independent Non-Executive Directors of the Manager as recipients, providing a secure whistleblowing channel for genuine reports to be lodged.</p>	<p>The Head of Compliance is the focal point for enquiries relating to the ABC Policy. Where necessary, professional legal advice will be sought.</p>

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

In 2023, the Manager engaged the Fund's retainer solicitors for a thorough review of the ABC Policy to ensure we are operating in accordance with the Malaysian Anti-Corruption Commission's standards. Following the in-depth analysis, the Manager adopted the relevant recommendations. This entailed enhancing the Policy to:

- include the Manager's anti-corruption compliance programme
- specify penalties for offenses and expand provisions on facilitation payments
- clarify scrutiny for sponsorships and donations
- align the policy with the Policy on Conflict-of-Interest Management in addressing conflict-of-interest situations
- outline procedures for the Gifts and Hospitality Register
- revise approved limits for gifts and hospitality/entertainment.

Separately, we also incorporated an anti-corruption clause into the Personnel Policy Handbook, mandating employee compliance with anti-bribery laws and regulations, including the MACC Act 2009. Any employee who is implicated in legal investigations pertaining to bribery, corruption, kickbacks, or money laundering accusations, may face dismissal or the appropriate disciplinary actions.

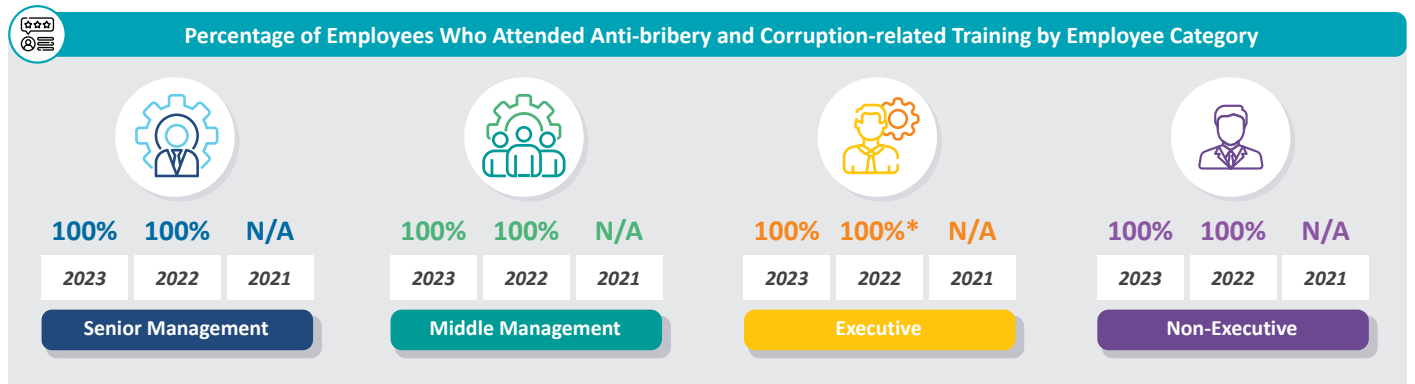
Management of Material Sustainability Matters

The Whistle-Blowing Policy was also updated, designating the current Independent Directors as recipients of reports made through whistleblowing channels, in place of the outgoing independent directors. At the same time, the Code of Conduct was amended to incorporate a provision on the Manager’s general commitment to tackle money-laundering.

In addition to the enhancements to our Whistle-Blowing and ABC Policies, our internal auditor also conducted a high-level review on the Manager’s anti-corruption framework as required under Section 17A of the MACC Act 2009, as well as a compliance review on operational controls. These reviews aim to identify the presence of any corruption risks across our operations. For 2023, the reviews, which were conducted in 4Q 2023, evaluated the processes of the Facilities Management department. Looking ahead, we will conduct similar audits on other departments, namely the Project Management, Investment/Business Development, Finance and Real Estate departments in the future.

Targets & KPIs

Key Performance Indicator	2023	2022	2021
Number of compliance breaches or misconduct	0	0	0
Number of whistleblowing reports or complaints received	0	0	0
Percentage of operations assessed for corruption-related risks	20%	N/A	N/A



* Does not include an employee who was on hospitalisation leave when the training was conducted.

We are pleased to report that with the continual reviews and enhancements to our processes and policies, as well as the continued commitment and compliance of the Board, Senior Management Team and employees, we have not had any incidents related to breaches in business ethics. This has continued through 2023, where there were no incidents of compliance breaches or misconduct, and no whistleblowing reports or complaints lodged. Consequently, there was no action necessary.

Outlook

We will continue to ensure that our internal operations uphold ethical business practices, and that our processes and policies are aligned with the MACC Act 2009. In addition to regular reviews and updates to the Code of Conduct, ABC Policy, and Whistle-Blowing Policy, we will continue to conduct internal audits on anti-corruption controls in our operations, and will further expand the audits to test internal controls on anti-money laundering. The findings of such internal audits 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. The Manager also plans to incorporate the process of undertaking KYC assessments in divestment considerations from an anti-money laundering perspective.

Management of Material Sustainability Matters



Cybersecurity & Data Protection



Capitals	
 Intellectual	
Strategic Pillars	Business Risks
 Governance	 Human Resource & IT
SDGs	GRI
	418: Customer Privacy

In an era of rapid digitalisation, we have adopted and integrated technology into our business operations to drive efficiency and productivity, and to adapt to changing consumer behaviours and expectations. In so doing, we are cognisant of the heightened exposure to various cybersecurity risks, including data privacy and security. With the security of tenants' and employees' data and information being our utmost priority, the Manager is committed to creating a secure digital environment to protect this information and to maintain the trust of our stakeholders.

Our approach to cybersecurity is governed by our Cyber Risk Policy & Procedures and our IT Guidelines. This is further supported by our Cyber Hygiene Checklist. These policies and procedures are regularly upgraded and enhanced to keep abreast of the latest developments in cyber risks, and to address any gaps that may develop in the fast-evolving technological landscape.

1 Cyber Risk Policy & Procedures

Outlines the Manager's policy in managing cybersecurity risks, covering preventive, detective, responsive and recovery measures. It sets out the roles and responsibilities of the Board and Senior Management in managing cyber risks and also contains the internal reporting processes for cybersecurity incidents, back-up procedures, as well as cyber breach reporting procedures to the SC.

2 IT Guidelines

Complements the Cyber Risk Policy & Procedures in prescribing the management and handling of confidential information. It 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.

3 Cyber Hygiene Checklist

Serves as a guideline for adopting best practices in detecting and preventing cybersecurity incidents, as well as to formulate suitable strategies and preventive measures prescribed by the SC. The checklist has comprehensive coverage on various matters such as awareness training, IT maintenance and upkeep in terms of system updates, network management, malware protection, active directory access control, backup and restore, as well as incident response and handling.

Management of Material Sustainability Matters

The Manager ensures that these policies and guidelines are aligned with the SC's Guidance Note on Management of Cyber Incidents, and will ensure compliance with the SC's Guidelines on Technology Risk Management that was issued on 1 August 2023 and will come into effect in 3Q 2024.

The Manager takes data protection seriously, noting that any potential non-compliance could have detrimental implications to the Fund. In ensuring compliance with the PDPA, the Manager publishes its Privacy Notice (which encompasses personal data protection principles stipulated under the PDPA) in both English and Bahasa Melayu 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.



Key Initiatives

We engage an outsourced IT service provider to support the implementation of our cybersecurity defences. At the same time, we also ensure that our IT infrastructure is up-to-date and fit-for-purpose. This includes subscription-based solutions that combine next generation antivirus, endpoint detection and response (EDR) solutions, managed threat hunting, integrated threat intelligence, and IT hygiene services. The EDR system, monitored by our outsourced IT service provider, provides real time protection against malicious activities.

Another critical component in our cybersecurity defence is the awareness and vigilance of our IT and information systems users. As such, we ensure that our Directors and employees have sufficient knowledge and awareness of cyber risks through continual training and awareness programmes.

In 2023, we undertook a compliance review of the PDPA, examining the existing provisions in our Personal Data Protection Policy and Privacy Notice against the Personal Data Protection General Code of Practice issued by the Personal Data Protection Commissioner. As a consequence of the review, we updated the relevant clauses in our policies in July 2023 and published the updated Privacy Notice on our corporate website. Training sessions on the updated policies were also conducted for the Board and employees.

Initiatives Undertaken During 2023

 Initiatives	 Status
Engaged with our outsourced IT service provider to explore the implementation of an IT disaster recovery plan (DRP).	The proposed DRP prepared by the outsourced IT service provider is currently under review; IT DRP scheduled for 2024.
Completed an internal audit on our IT processes. The Manager made improvements to password parameter settings and backup procedures as recommended by the Internal Auditors.	Completed.
Implemented end-to-end encryption for emails after the renewal of our Microsoft Office 365 annual subscription.	Completed.
Installed EDR software on all computers at the Facilities Management offices to monitor and arrest any irregular or suspicious activities.	Completed.
Subscribed to an online interactive cybersecurity awareness programme for employee training.	Completed.
Conducted an information and awareness training session on the Fund's Personal Data Protection Policy for all employees.	Completed.

Management of Material Sustainability Matters

Targets & KPIs

Our cybersecurity and data protection initiatives aim to minimise cybersecurity breaches and incidents, and to prevent any disruptions of our business operations that rely heavily on data. This reduces downtime and costs required for data and network restoration. We are pleased to report that we did not experience any cybersecurity incidents in 2023. We attribute this successful outcome to our comprehensive cybersecurity framework as well as the cooperation and compliance of our Directors, management team and employees, who vigilantly upheld our cybersecurity guidelines, policies and procedures. We also did not receive any complaints relating to personal data breaches via the designated email, i.e., pdpa@axis-reit.com.my.

Key Performance Indicator	2023	2022	2021
Cybersecurity breaches	0	0	0
Incidents of substantiated complaints concerning breaches of privacy and losses of personal data	0	0	0

Outlook

With increasing digitalisation, cybersecurity threats will continue to persist, posing risks to our business operations. As such, we will proactively manage our cyber defences by maintaining a comprehensive cybersecurity framework to monitor, assess and respond to any potential cyber-attacks. We will review this framework regularly to ensure that it is up-to-date with the latest developments in the market. We will also continue to monitor and ensure compliance with the PDPA among all employees.

In January 2024, we revised our Cyber Risk Policy & Procedures to include a detailed description and process flow of the backup mechanism that is employed by the Manager, and moving forward, the Manager will also put in place an IT Disaster Recovery Framework. This will entail conducting an annual disaster recovery exercise over at least half a working day to ensure the timely recoverability of business-critical IT systems. We will also continue to conduct annual employee training programmes on topics such as cybersecurity and PDPA, to ensure all our employees are equipped with knowledge and skills to safeguard data privacy and security.

With the SC's Guidelines on Technology Risk Management coming into effect in 3Q 2024, the Manager will look into undertaking regular technology audits to ensure that our information systems comply with the issued Guidelines. This includes ensuring that data and information have the appropriate level of confidentiality and integrity, and that our IT service operations are managed effectively. In preparation to comply with other applicable requirements imposed by these Guidelines, the Manager will work closely with our outsourced IT service provider to assess, review and formulate the necessary revisions and updates to our technology risk framework and IT control procedures.

Management of Material Sustainability Matters

ENVIRONMENTAL



Energy & Carbon Footprint



Axis Facility 2 @ Nilai

Capitals		Business Risks	
 Natural		 Environmental	
Strategic Pillars			
 Facilities Management		 Development	
SDGs		GRI	
			302: Energy

The Manager continues to take a holistic approach in prioritising energy efficiency and sustainability in its management of the Fund’s property portfolio. This ongoing effort aims to optimise operational costs and minimise the environmental impact of our operations, which is integral to our strategy of generating sustainable value for the Fund’s stakeholders.

Our efforts in managing our energy and carbon footprint are guided by our Environmental Policy, which is publicly available on our website and outlines strategies and initiatives we apply towards achieving our sustainability goals. This includes our efforts to reduce GHG emissions, manage water efficiently, adhere to responsible waste management practices, and utilise sustainable materials and fittings.

We continually explore and invest in energy efficient applications and initiatives. This has been our practice in recent years, and we have implemented numerous programmes to ensure sustainable energy usage at the Fund’s multi-tenanted properties. These include installing energy efficient fittings and equipment during AEs, and establishing energy reduction targets based on yearly

consumption patterns. Details of our initiatives are presented overleaf, and are also incorporated in our Renovation Manual to facilitate the adoption and implementation of similar practices by our tenants.

We ensure that all systems and installations used in the Fund’s property portfolio comply with the Electricity Supply Act 1990 (Act 447), the 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 conduct regular audits on the systems and installations in our portfolio, which are undertaken by an independent Supervising Engineer who is registered with the EC.

The Facilities Management Team is responsible for managing the Fund’s energy and carbon footprint. The HSSE Manager tracks and reviews monthly electricity consumption at multi-tenanted buildings, and flags any abnormal consumption patterns for clarification and corrective action, where necessary, by the respective Facility Managers. The team also performs periodic and routine preventive maintenance

to ensure responsible energy usage and to reduce the portfolio’s carbon footprint.

We engaged an external consultant to conduct an energy audit on the Fund’s multi-tenanted buildings, focusing on common areas that are directly controlled by the Manager. The audit covered electricity and diesel consumption for energy efficiency studies, as well as the collection of GHG emissions data. Separately, we also provide electrical safety and technical training for Facility Managers and chargemen to enhance their understanding and knowledge of electrical systems and building operations.





Initiatives

For our developments and AEs, our ESG strategies in 2023 focused on obtaining green building certifications for more properties in our portfolio, and on initiating efficient energy and indoor environmental quality management programmes. We also continued with sustainable material sourcing, as well as water and waste management efforts at our Bukit Raja Distribution Centre 2 and Axis Mega Distribution Centre (Phase 2) development projects, and for our major AEI at Axis Facility 2 @ Bukit Raja.

Management of Material Sustainability Matters

The following table provides a summary of the energy-related strategies that were implemented in 2023.

ESG Strategies for Efficient Energy Management for Developments and Major AEIs

Strategies	Description
 Artificial Lighting	Use of energy-efficient lighting (such as LED and T8 lights) to minimise energy consumption required for lighting, while maintaining proper lighting levels
 Building Envelope Design	Optimising building orientation and window to wall ratios to reduce heat transmission and reduce energy consumption required for mechanical ventilation
 Daylighting	Optimising the use of natural sunlight by incorporating windows to reduce the need for artificial lighting in warehouses and common areas
 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
 Carbon Emissions	Computation and monitoring of operational carbon footprint and emissions based on the building's energy and water consumption data
 Energy Efficiency Improvement Plans	Implementing energy efficiency improvement plans and regularly reviewing their outcomes to achieve energy saving targets
 PV-Ready Roof	Provision of roofs with access and design loads that are suitable for future photovoltaic (PV) panel installations

In addition to the above, our portfolio management operations also incorporated sustainability initiatives to enhance the portfolio's energy efficiency, and reduce its energy and carbon footprint. Among the initiatives to lower both Scope 1 and Scope 2 GHG emissions in our property management operations included:

- 1 Replacing conventional lighting in common areas of multi-tenanted properties with LED lighting fitted with motion sensors. This is an ongoing initiative undertaken as part of regular AEIs.
- 2 Replacing conventional lighting to LED lighting as part of the refurbishment at selected single-tenanted properties.
- 3 Checking, testing, and calibrating all MEP systems at regular intervals to ensure equipment and systems are operating efficiently.
- 4 Leasing roof space for PV panel installation. As at 31 December 2023, 529,489 sq. ft. of roof space across the portfolio had been leased to a third party that is involved in harvesting solar energy which it sells back to the national electricity grid. In addition to this, our tenants at 2 single-tenanted properties have also installed PV panels on the buildings' roofs to offset their electricity consumption.
- 5 Upgrading air conditioning equipment at selected multi-tenanted properties to environmentally-friendly systems. This included the installation of air conditioning systems that use green refrigerant gas, or solutions that use central control monitoring systems with variable refrigerant valves.
- 6 Installing TNB smart meters at 61 out of 62 properties, representing 98% of our property portfolio.
- 7 Installing new energy-efficient transformers at Crystal Plaza.
- 8 Facilitating the installation of EV chargers by our tenants in specific buildings.
- 9 Monitoring the energy efficiency of an air conditioning system using a Variable Refrigerant Volume Control System.

Management of Material Sustainability Matters

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

Managing Climate-Related Risks and Opportunities

In line with our commitment to adopt the TCFD Recommendations, we have integrated climate change risks into the Manager's 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.

We are dedicated to reducing our total carbon footprint and improving our energy efficiency, working on a 5-year horizon, from 2022-2026, to implement pertinent short, medium, and long-term action plans. We aim to reduce our energy consumption and GHG emissions (Scope 1 and 2 combined) by at least 1% by 2026, compared to our 2019 pre-pandemic baseline. We will also continue to conduct scheduled building audits, encompassing all environmental indicators including energy, water, and waste, to improve our environmental management strategy.

The Board has officially integrated climate change management into its Board Charter in 2023. In addition to this strategic move, we also undertook a feasibility study on flood mitigation plans to be implemented at Axis Shah Alam Distribution Centre 3, underscoring the Manager's commitment to addressing climate-related risks.

Targets & KPIs

Throughout 2023, the Manager continued to actively pursue energy reduction targets for the Fund's multi-tenanted buildings. These targets, presented below, were established in 2022, and remain in place for the coming year.

Target	Performance Tracking
To achieve at least a 1% reduction in energy consumption and GHG emissions (Scope 1 and 2 combined) over 5 years (2022-2026).	In 2023, we had reduced our total energy consumption by 13.5%, and achieved a 15.2% reduction in Scope 1 and 2 GHG emissions, compared against our base data set in 2019.

Annual Energy Consumption

Every year, the Manager tracks and reports total energy consumption, covering purchased electricity for common areas and the fuel consumption of generator sets (gensets) that are under the direct control of the Manager. 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 presented in the tables overleaf.

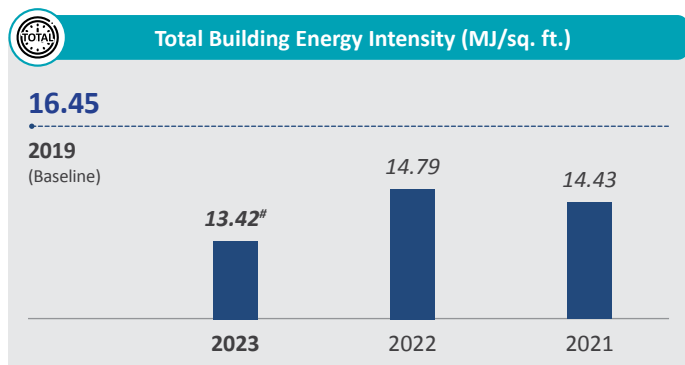
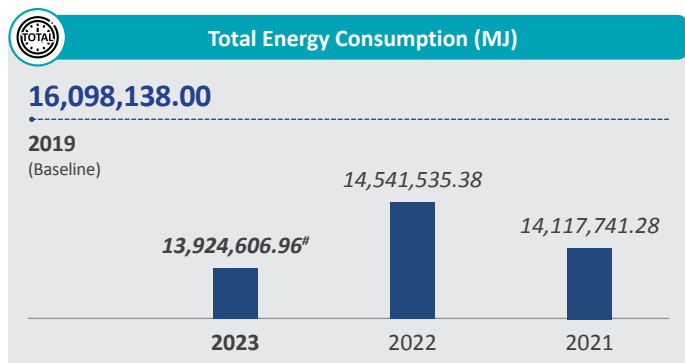
This year, we expanded the scope of our energy monitoring to include our company vehicles. As an outcome of energy reduction initiatives, we have successfully reduced our total energy consumption by 13.5% over our baseline year of 2019. Our total building energy intensity also declined by 18.4% to 13.42 MJ/sq. ft. in 2023, from 16.45 MJ/sq. ft. in 2019. In 2022, the increase in energy consumption was due to increased footfall at our properties following the lifting of pandemic-related movement controls. This year's decrease in energy consumption was largely contributed by our AEI at Crystal Plaza, where we installed energy-efficient transformers, resulting in high energy savings.

While we are on the right track on our energy reduction targets, we are mindful that energy reduction initiatives are an ongoing effort. In 2024 to 2025, we will explore engaging an energy consultant to improve our performance monitoring and, if necessary, reassess our target.

Management of Material Sustainability Matters

Total Energy Consumption (MJ)

Coverage: Entire operations including the Manager's headquarters (100%)



Notes:

- Data for 2019 (Baseline), 2021 and 2022 were restated to:
 - Include energy consumption for the Manager's headquarters.
 - Update the calculation methodology for the gross floor areas of all multi-tenanted properties.
- In 2023, the Manager expanded the scope and boundary to include 2 newly-classified multi-tenanted properties.
- Total energy consumption presented covers the common areas of all 12 multi-tenanted properties (including the Manager's headquarters) that are directly managed by the Manager, as well as vehicles used for the Fund's operations.
- Total energy consumption covers non-renewable energy sources (i.e., purchased electricity and diesel). Axis-REIT does not consume renewable energy.
- Electricity consumption is derived from the electricity bills of the common areas of multi-tenanted properties.
- Genset fuel consumption data is determined by tabulating fuel gauge readings.
- Consumption data for purchased electricity (in kWh), genset fuel consumption (in litres), and company vehicle fuel consumption (in litres) 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.
- The calculation method for total energy consumption is based on GRI Standards.
- Total energy intensity is calculated by dividing total energy consumption by the total common area of multi-tenanted properties.

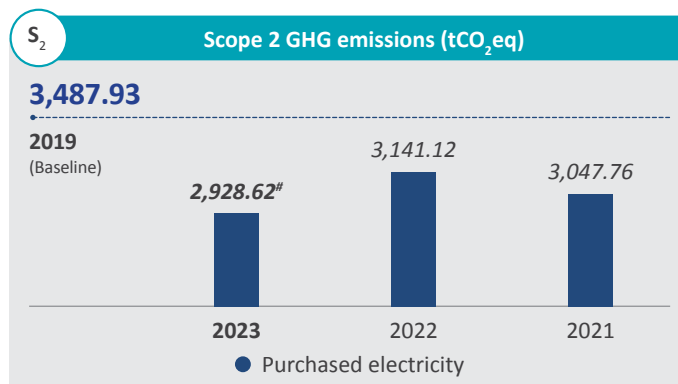
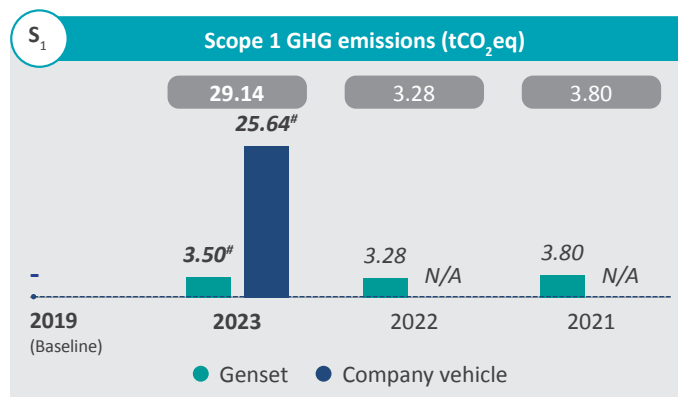
Annual GHG emissions

The Manager continues to track Scope 1 (direct) and Scope 2 (indirect) GHG emissions for the common areas of our multi-tenanted buildings that are under our direct control. This year, we achieved a 15.2% reduction in our Scope 1 and Scope 2 GHG emissions, and an 18.6%

reduction in our annual building GHG emissions intensity. We have been consistently reducing our Scope 1 and 2 GHG emissions through our GHG reduction strategy, and this is in line with our target of looking into efforts to reduce our GHG emissions (Scope 1 and Scope 2 combined) to as close to zero (carbon neutrality), or to achieve net zero by 2050 or earlier. We will continue to explore opportunities to adopt new technologies in our efforts to further reduce GHG emissions.

Scope 1 and Scope 2 GHG Emissions (tCO₂eq)

Coverage: Entire operations including the Manager's headquarters (100%)



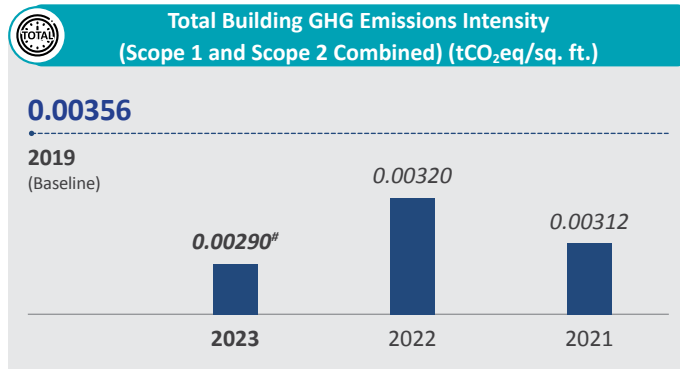
Notes:

- Data for 2019 (Baseline), 2021 and 2022 were restated to:
 - Include energy consumption for the Manager's headquarters.
 - Update the calculation methodology for the gross floor areas of all multi-tenanted properties.
- In 2023, the Manager expanded the scope and boundary to include 2 newly-classified multi-tenanted properties.
- Scope 1 and Scope 2 GHG emissions presented cover all 12 multi-tenanted properties (including the Manager's headquarters) that are directly managed by the Manager, as well as vehicles used for the Fund's operations.
- Data for Scope 1 GHG emissions from company vehicles are only available for 2023, which is when the Manager began tracking the data.
- GHG emissions track carbon dioxide (CO₂) emissions. It is calculated based on the corresponding Global Warming Potential (GWP) value from IPCC's Sixth Assessment Report (2022).
- 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 Scope 2 GHG emissions (Purchased Electricity) is derived from the Grid Emission Factor (GEF) in Malaysia published by the EC.

Management of Material Sustainability Matters

Total Building GHG Emissions Intensity (Scope 1 and Scope 2 Combined) (tCO₂eq/sq. ft.)

Coverage: Entire operations including the Manager’s headquarters (100%)

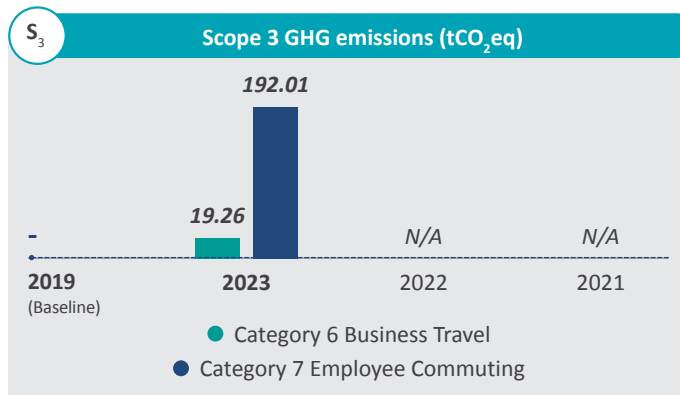


Notes:

- Data for 2019 (Baseline), 2021 and 2022 were restated to:
 - Include energy consumption for the Manager’s headquarters.
 - Update the calculation methodology for the gross floor areas of all multi-tenanted properties.
- In 2023, the Manager expanded the scope and boundary to include 2 newly-classified multi-tenanted properties.
- Data presented above covers all 12 multi-tenanted properties (including the Manager’s headquarters) that are directly managed by the Manager.
- Total building GHG emissions intensity is calculated by dividing total Scope 1 and Scope 2 emissions emitted from the common areas of our multi-tenanted properties by the total common areas of these properties.

Scope 3 GHG Emissions

In 2023, the Manager started tracking our Scope 3 GHG emissions, which cover Category 6 Business Travel and Employee Commuting. We will explore expanding the monitoring of Scope 3 GHG emissions to cover emissions from our value chain.



Notes:

- Scope 3 GHG emissions data only covers Category 6 Business Travel and Category 7 Employee Commuting, and is only available for 2023, which is when the Manager began tracking the data.
- The calculation methodology of Scope 3 GHG emissions is derived from GHG Protocols – Technical Guidance for Calculating Scope 3 Emissions and UK Government GHG Conversion Factors for Company Reporting from the Department for Environment, Food and Rural Affairs (DEFRA).

[#] This data has been subjected to independent assurance. The Independent Limited Assurance Report is included on pages 159 to 161 of this Report.








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. We will also explore Building Management Systems and engaging external consultants to identify future opportunities to reduce energy consumption. This will include the enhancement of air-conditioning systems, exploring energy-efficient options for lighting, and optimising circuit designs.

Recognising the potential impacts of climate change on our business operations, we will implement flood mitigation plans for high-risk properties. We will also undertake to identify both physical and transition climate-related risks and opportunities across the Fund’s portfolio, given their potential material impacts on the Fund.

The Manager places a high priority on working towards the established goals and achieving our targets within the next 5 years. We may also explore establishing energy and carbon intensity targets to better monitor our performance, allowing for comparisons across differences in our portfolio composition.

Management of Material Sustainability Matters

 Water Management		Capitals	Business Risks
		 Natural	 Environmental
Strategic Pillars			
		 Facilities Management	 Development
		SDGs	GRI
		 	303: Water and Effluents

The Manager recognises water management as a critical component in our sustainability journey. We are dependent on an adequate supply of high-quality water. This feeds into both our own operations, supporting air-conditioning systems, washroom facilities, cleaning, construction, fire protection and many other essential property functions, as well as those of our tenants, facilitating their respective business operations.

Our position as a real estate owner and developer puts us in a strong position to promote and enforce sustainable water management practices. We are able to champion the conservation and optimisation of water use through the installation of water-efficient sanitary fittings, smart water management technologies, and water recycling features such as rainwater harvesting. We also promote water conservation practices in our day-to-day activities, and are vigilant in monitoring for undetected leaks, improper wastewater treatment, and excessive water use, which can have significant financial and environmental costs.

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 in the common areas of Axis-REIT's multi-tenanted properties.

Our water management initiatives also cover water quality assessments. Towards this end, we engage a certified service provider to conduct weekly assessments on the water quality for our cooling tower systems, and dispatch water samples to a laboratory for comprehensive testing every 6 months. We also send water samples from sewage treatment plants (STP) to independent labs every 2 months to check for bio-chemical oxygen demand and suspended solids in order to comply with the Malaysian Department of Environment's (DOE) requirements and standards.

The Facilities Management Team oversees water management matters across the Fund's operations. Monthly records and reports of water consumption at common areas in multi-tenanted properties (which are under the direct control of the Manager) are prepared and analysed by the respective Facility Manager. We also actively raise awareness

on water conservation during meetings with tenants and through our Renovation Manual. Where possible, we install water efficient rated fittings for both multi-tenanted and single-tenanted buildings during AELs and new developments.

We are pleased to note that during the reporting year, there were no cases of non-compliance with local environmental laws and regulations.

Initiatives










Our water management approach emphasises the conservation and optimisation of water usage across the portfolio. Concurrently, we also endeavour to minimise the impact of water disruptions to our tenants' and our own daily business operations.

In 2023, we continued our sustainable water management practices for our development projects and major AELs, building on the previous year's initiatives. These sustainable water management practices have been adopted as part of the Manager's ESG strategy for development projects and major AELs, and contribute to the green building certification process. Part of this process includes water management initiatives that are detailed in the table overleaf:

Management of Material Sustainability Matters

ESG Strategies for Efficient Water Management in Development Projects and Major AEs	
Water Efficient Fittings	Use of Water Efficiency Labelling Scheme-rated water fittings to reduce potable water usage.
Water Usage and Leak Detection	Use of sub-metering to enhance monitoring and leak detection for major water consumption functions (i.e., for landscape irrigation, in washrooms, etc.).
Alternate Water Sources	Utilising harvested rainwater for non-potable applications, such as landscape irrigation and general cleaning, to minimise potable water consumption.
Irrigation System and Landscaping	Using drought-tolerant plants for landscaping purposes to minimise potable water consumption.
Water Efficiency Improvement Plans	Implementing water efficiency improvement plans and regularly reviewing the progress on water saving targets.

Other water management initiatives:

 <p>Creating awareness among tenants and maintenance personnel on water conservation.</p>	 <p>Installing rainwater harvesting systems at selected single-tenanted buildings.</p>	 <p>Monitoring monthly water consumption at multi-tenanted buildings.</p>	 <p>Upgrading air-conditioning systems, from water-run systems to air-run systems.</p>	 <p>Undertaking annual cleaning of water tanks and installation of water filters.</p>
 <p>Reviewing water storage capacities and requirements across the portfolio, as well as installing water-efficient sanitary/plumbing fittings.</p>	 <p>Identifying leaks promptly through monitoring of utility meters/bills and preventative maintenance checks.</p>	 <p>Installing additional tanks/increasing tank storage capacities to be better-prepared for water disruptions.</p>	 <p>Conducting scheduled building audits that include water management practices.</p>	

Targets & KPIs

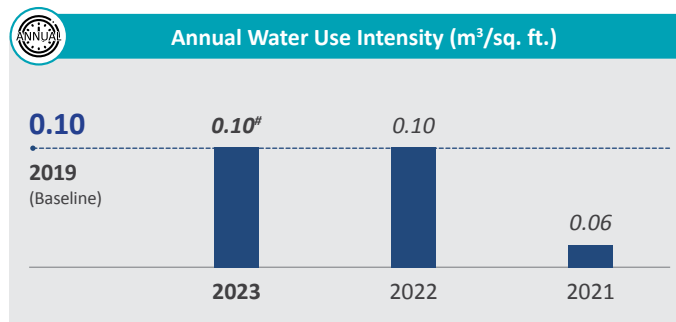
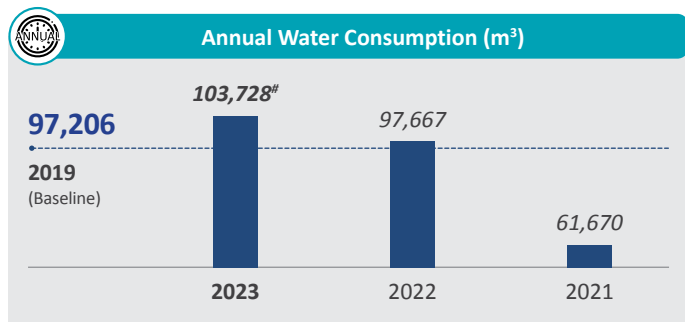
In 2022, the Manager established a target to reduce the water consumption at Axis-REIT’s multi-tenanted buildings. With the various water management and reduction initiatives, we endeavour to continuously improve our water use efficiency and reduce our water consumption.

Target
To reduce water consumption at Axis-REIT’s multi-tenanted buildings by at least 1% from baseline data set in 2019, over 5-years (2022-2026).

Performance Tracking
In 2023, overall water consumption increased by 6.7% from the baseline year of 2019.

Management of Material Sustainability Matters

In 2023, total water consumption across Axis-REIT's multi-tenanted buildings increased by 6.7% from the baseline data established in 2019. This was attributed to an increase in space occupancy in the Fund's multi-tenanted properties as tenants scaled back on work-from-home practices, which brought staff back to physical offices. The increased water consumption was also attributed to the conversion of 2 single-tenanted properties to multi-tenanted properties with common areas under the direct control of the Manager, namely Axis Industrial Facility 1 @ Shah Alam and Axis Shah Alam Distribution Centre 3.



Notes:

1. Annual water consumption data for 2022 was restated due to an error in data collection.
2. Annual water use intensity for 2019 (Baseline), 2021 and 2022 were restated to reflect an update in the calculation methodology of the gross floor areas for all multi-tenanted buildings.
3. Total annual water consumption is derived from the water bills of the common areas of the Fund's 12 multi-tenanted properties.
4. The data presented is obtained directly from water meters, which is equivalent to the water withdrawn from municipal potable water.
5. The source of water withdrawal is municipal potable water only.
6. 2019 has been selected as the baseline year as it is representative of pre-pandemic operating conditions.
7. Water Use Intensity (WUI) is calculated by dividing total water consumption over the total common area of multi-tenanted properties (which are under direct control of the Manager).
8. The calculation method for WUI is based on sources from the Leadership in Energy and Environmental Design (LEED) rating system and Energy Star (trademarked ENERGY STAR) - a programme run by the U.S. Environmental Protection Agency (EPA) and the U.S. Department of Energy.

Outlook

Our water management efforts will continue to focus on water conservation and optimisation. We remain committed to implementing water saving practices for multi-tenanted properties while also raising awareness of the importance of water conservation among vendors, employees and tenants.

In the coming years, we plan to continue conducting scheduled building audits that include water management practices. These comprehensive audits will also include actively gathering water data from tenants in large warehouse and manufacturing facilities. Additionally, the Manager aims to explore the potential benefits of underground water storage tanks and Building Management Systems to identify opportunities to further optimise water consumption. These initiatives are expected to improve our water management practices and drive us towards our target of reducing water consumption by 1% over the next 5 years (2022-2026), based on the total volume of water consumed at our multi-tenanted properties.

We may also explore establishing water intensity targets to better monitor our performance, allowing for comparisons across differences in our portfolio composition.

Management of Material Sustainability Matters



Waste Management



Capitals		Business Risks	
 Natural		 Environmental	
Strategic Pillars			
 Facilities Management	 Development	 Investment	
SDGs		GRI	
 11 Sustainable Cities and Communities	 12 Responsible Consumption and Production	 13 Climate Action	306: Waste

As a responsible property owner and developer, the implementation and enforcement of effective waste management practices are a strategic priority for Axis-REIT. Efficient waste management is essential in mitigating the Fund’s environmental impact, especially as its portfolio expands. Improper waste management could adversely affect the environment and our surrounding communities, which would pose operational challenges and expose the Fund to potential legal and reputational risks.

The Manager strictly enforces proper handling of waste to minimise our environmental footprint and to avoid inciting potential health and safety issues on our stakeholders. The Property Management Team is responsible for waste management practices at the Fund’s multi-tenanted properties, AEs, and development projects.

Our waste management practices aim to reduce the volume of waste bound for disposal, and are guided by our Environmental Policy, Renovations Manual and the 5R concept, i.e., to Refuse, Reduce, Reuse, Repurpose and Recycle, in terms of managing waste.

Towards this end, we have incorporated ESG-related requirements and criteria in our supplier and tenant selection process to ensure

that they are prepared to uphold our waste management practices. We also implemented waste measuring, monitoring and reporting initiatives to identify waste streams and where possible, minimise waste going to landfills through the 5R concept.

In general, the Fund has 2 broad categories of waste, namely:



General waste

General waste broadly refers to waste collected from the multi-tenanted buildings in our portfolio. The Manager appoints third-party service providers to collect general waste along with recyclables and e-waste from our multi-tenanted properties. General waste is collected on alternate days, while both recyclable waste and e-waste are collected twice a month.

At the point of collection, the volume of waste is weighed, documented and acknowledged by the respective Facility Managers and verified by the HSSE Manager.



Construction waste

Construction waste refers to waste generated from our development projects as well as major AEs. These comprise hoarding, timber, steel bars, scrap metal, debris and other construction material waste generated as a result of our construction, renovation and refurbishment activities.

We work with our contractors and suppliers to recycle and reuse building materials where possible. This is to reduce the disposal of construction waste from our brownfield developments and AEs, noting that the ability to reuse or recycle construction waste is highly dependent on the types of waste involved. Our management of construction waste also includes the 5R concept and the safe disposal of hazardous waste, which is prescribed by our Renovation Manual.

The Manager appoints an outsourced green building consultant and on-site contractors to monitor and document the volume of construction materials that are reused and recycled, along with the volume of construction waste generated at development projects and AEs.

Management of Material Sustainability Matters

We initiated documenting our waste collection data in 2022 and have used this to establish a baseline for target setting in our waste management initiatives. Data from subsequent years are used to evaluate our progress in managing waste effectively and achieving the Fund's overall sustainability goals.

Initiatives

In 2023, we continued our commitment to sustainable material sourcing and waste management by maintaining such practices across our development projects and major AEs. These initiatives, which were introduced in 2022, are in compliance with our ESG strategy of minimising the disposal of waste to landfills and also contribute towards green building certification.

ESG Strategies for Efficient Waste Management at Developments Projects and Major AEs	
Environmental Management Practice	<ul style="list-style-type: none"> To implement effective environmental programmes, including the sourcing and use of sustainable materials, 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.
Green Features and Innovation	<ul style="list-style-type: none"> To encourage composting and the use of recycled landscape waste by providing composting bins. To implement effective environmental programmes to minimise demolition waste. To implement effluent quality testing at main outlets to minimise water pollution during construction.

For our property management activities, we have also implemented several waste management initiatives to better monitor, track and subsequently reduce the volume of waste generated at our multi-tenanted properties as well as from our own operations. These initiatives include:

- 1 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 distributing circulars to tenants.
- 2 Monitoring and recording recyclable waste and e-waste generated at our multi-tenanted properties based on records provided by our waste collection contractors. The volume of recyclable waste and e-waste collected from 2021 onwards, as disclosed in the Targets & KPIs section, helps us track recycling trends and identifies areas for improvement.
- 3 Ensuring that general waste is collected by licensed waste contractors and disposed of responsibly, at authorised sites, and in accordance with regulatory requirements.
- 4 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.
- 5 Collecting data on general waste that is not recycled at multi-tenanted properties, in addition to collecting data on recyclable waste.
- 6 Actively reusing and/or recycling construction material for all developments and major renovation projects, and collecting data on these efforts.

Management of Material Sustainability Matters

7 Encouraging our office employees to adopt recycling habits in their day-to-day activities by providing recycling bins in our offices.

8 Conducting training for our vendors, Facility Managers and housekeeping staff on recycling initiatives and proper disposal of waste.

Targets & KPIs

Target

To achieve 10% waste diversion from disposal over a 5-year period (2023-2027), from baseline data set in 2022.

Performance Tracking

In 2023, we recorded a 22.8% increase in general waste collected.

In 2023, we set a target to divert 10% of general waste from disposal over a 5-year period, i.e., from 2023-2027, as measured against baseline data established in 2022.

At the close of the year, we recorded a 22.8% increase in general waste collected from our multi-tenanted buildings, despite a 19.5% increase in the collection of recyclable waste in the same period. While the growth in recyclable waste reflected sustained 5R campaigns, the higher general waste was attributed to an increase in footfall and space occupancy as tenants scaled back on work-from-home practices at our multi-tenanted properties. Concurrently, the inclusion of general waste data from Axis Industrial Facility 1 @ Shah Alam following the property's conversion to a multi-tenanted property in 2023 also added to the volume of waste recorded.

The higher volume of general waste in 2023 deviates from our target of diverting 10% of waste from disposal over 2023-2027. While we are still at the early stages of the 5-year time period, the Manager recognises the need to redouble our waste management efforts to catch up in the coming years.

In our management of construction waste, reuse/recycle initiatives typically peak during the early stages of a development project. Our efforts to manage construction waste in 2023 focused on Axis Mega Distribution Centre (Phase 2), which had commenced development in December 2022. We are pleased to note that we had reused and recycled 88,150 kg in various construction materials such as metal scrap, metal decks and steel bars during the demolition and construction phases of the project.

• Total Waste Diverted from Disposal (kg)

Total Recyclable Waste Collected (kg)	2023	2022	2021
Paper	24,090	19,768	438
Glass/Metal/Aluminium cans	8,795	7,421	184
Plastic	5,930	4,284	196
E-waste	3,895	4,281	82
Total	42,710	35,754	900

• Total Waste Disposed (kg)

Total General Waste Collected (kg)	2023	2022	2021
General Waste	1,183,547	964,010	N/A

Notes:

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

Management of Material Sustainability Matters

• Composition of Total Waste Generated

Year	Total General Waste	Total Recyclable Waste	Recycling Rate
2023	1,183,547	42,710	3.5%
2022	964,010	35,754	3.6%
% change	22.8%	19.5%	-0.1 percentage points

Note:

1. The recycling rate is calculated using the total amount of recycled waste divided by the total waste generated from our multi-tenanted buildings.

• Total Construction Waste Reused and Recycled at Development Projects/Major AEs (kg)

Project	Items	Amount	Remarks
Axis Mega Distribution Centre (Phase 2)	Reused Hoarding	1,000 kg	During construction
	Reused Timber	4,000 kg	
	Recycled Steel Bars	3,500 kg	
	Reused Lamp & Cable	2,150 kg	During demolition
	Reused Metal Deck	7,630 kg	
	Recycled Metal Scrap	69,870 kg	

Notes:

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

2. Our ability to reuse or recycle construction waste is highly dependent on the different phases and types of development, as they generate different amounts and types of waste.

Outlook

The Manager is committed to reducing our environmental footprint by adopting effective waste management practices. We will continue to recycle and reuse building materials for brownfield developments and major AEI projects, where possible. This will reduce the volume of waste produced during the construction phase and minimise the Fund's environmental footprint.

The Manager maintains its target of diverting 10% of waste from disposal over the next 5 years (2023-2027) from its 2022 baseline. Towards this end, we will ramp up 5R awareness campaigns via various channels to promote waste reduction practices among employees, tenants and service providers.

Management of Material Sustainability Matters

SOCIAL



Occupational Health & Safety



Capitals			
Human		Social & Relationship	
Strategic Pillars		Business Risks	
Facilities Management	Development	Real Estate Management	Human Resource & IT
SDGs		GRI	
		403: Occupational Health and Safety	

The health, safety and well-being of our employees, tenants, suppliers, contractors and service providers are paramount to the Manager and the Fund. We uphold high standards of health and safety practices to ensure that we provide safe and conducive environments for our stakeholders.

The Manager has implemented various health and safety measures for the safety and peace of mind of all employees, tenants, suppliers, contractors, service providers and visitors accessing and occupying our properties. These measures are in line with the laws and recommendations stipulated by the Malaysian authorities.

The era of COVID-19 emphasised the importance of having robust OHS policies and measures in place. Since the outset of the pandemic, we implemented various initiatives to safeguard the health, safety and well-being of our people and stakeholders. We stayed on high alert of any OHS-related incidents, responding quickly to situations before they escalated. While the Ministry of Health (MOH) had eased its policies and guidelines in relation to COVID-19 following the reopening of all economic sectors, the Manager continued to enforce selected precautions in the interest of

protecting our people and stakeholders. These included an emphasis on hygiene, disinfection of common areas and compliance with the latest MOH and National Security Council (NSC) guidelines. We also maintained the requirement for all service providers at our multi-tenanted buildings to wear face masks while working in the building.

The Manager addresses OHS matters through its HSE Policy. Developed with reference to Malaysia’s Occupational Health and Safety Act 1994 and ISO 45001: Occupational Health and Safety Management System, the HSE Policy sets a clear foundation for all our HSE measures in ensuring the health, safety and well-being of our people and stakeholders. We strive to meet and exceed these requirements, and aim to identify and mitigate any risks related to health, safety, and well-being. 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 the relevant measures to prevent work-related deaths, injuries, ill-health, and property damage, as well as ensuring the conservation of the

- 4 Maintaining appropriate contingency measures and ensuring they are tested to handle emergencies.
- 5 Promoting continual improvement in our HSE management systems and performance, and enhancing the HSE competencies of our employees.

The Facilities Management Team ensures the provision of a safe, healthy, and conducive environment across the Fund’s operations and multi-tenanted properties. Guided by the updated HSE Policy, which was revised 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. This year, we purchased new equipment for the Emergency Response Team (ERT) such as wheelchairs, stretchers and first aid boxes to strengthen ERT preparedness during emergency situations. The Manager also purchased Automatic External Defibrillators (AED) which will be installed in early-2024.

To create and maintain a safe and healthy environment within our operations, the Manager has a qualified HSSE Manager who conducts regular workspace inspections to ensure employees, service providers and

Management of Material Sustainability Matters

contractors engaged by the Manager abide by our HSE Policy and industry best practices on health and safety. We conduct safety induction training for all contractors prior to commencement of any projects/AEIs, and the HSE Manager conducts onsite assessments on HSE and human rights practices. Adherence to our HSE Policy is also stipulated in our Supplier Code of Conduct.

Initiatives



Safety Culture and Work Environment

We uphold high standards of health and safety, and implement best practices across Axis-REIT's operations. All HSE requirements and expectations are stipulated in our tender documents for compliance by the relevant contractors, and reiterated prior to the commencement of work (pre-mobilisation), as well as during the execution of work. These 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 Providing the relevant parties with access to the Manager's in-house Renovation Manual 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 and facilities 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 of facilities, 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 (CIBD).
- 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 contractors, vendors and service providers. These sessions are conducted during the pre-mobilisation induction training before the issuance of work permits. A total of 48 lessons were conducted for 884 participants in 2023.
- 11 Conducted Cardiopulmonary Resuscitation (CPR) and AED training for employees and procured equipment such as wheelchairs, stretchers, AEDs and additional first aid kits for the ERTs.
- 12 Supported tenants' health-related CSR programmes by way of providing space in our buildings, such as for blood donations, wellness and other health and safety events.
- 13 Conducted annual fire drills with tenants' participation to improve occupants' readiness during actual emergency situations.



Safety Education and Training

Fundamental HSE induction training is compulsory for new employees of the Facilities Management Team and its external service providers and contractors. Contractors undertaking building maintenance, servicing and/or refurbishment work must complete their fundamental HSE training prior to commencing any on-site work.

The Manager also conducts Safety Awareness Programmes for suppliers, contractors and tenants. In 2023, 64 training sessions were conducted, covering various health and safety-related topics. A total of 1,146 participants, comprising employees, suppliers, contractors, and tenants attended these programmes. This year, we included AED training with CPR courses to extend the first aid skills of our people.

In addition to internal programmes, our Facilities Management Team also attended courses for specialised skills and knowledge that were organised by external training providers.

In 2023, a total of



1,146
participants

attended **64 training sessions** covering various health and safety-related topics.



Management of Material Sustainability Matters

An overview of the health and safety training programmes conducted/attended during the year is presented below.

Course Name	Participants	Topics/Coverage	Total Number of Participants
HSE Awareness Training	Tenant's employees	Awareness training on Safety & Environment	16
Fire Protection Systems (FPS)	Representatives of the Property Manager	Fire Safety Requirements for Buildings, Laws & Regulations	31
KeJaRi 4.0 OSH National Seminar & Exhibition	HSSE Manager	National Seminar 2023 organised by DOSH	1
Asia Pacific Occupational Safety & Health Organisation (APOSHO) 2023 Conference	HSSE Manager	Conference for Asia Pacific Occupational Safety & Health Organisation 2023, hosted by the Malaysian Society for Occupational Safety and Health (MSOSH)	1
CPR and AED Awareness Training (2 sessions)	Representatives of the Manager and Property Manager	Basic CPR training with use of AED devices	53
Emergency Response Plan (ERP) & Roles and Responsibilities of ERTs	ERT members at Axis Industrial Facility 1 @ Shah Alam	Training on the ERP and ERT roles & responsibilities to ensure their preparedness during emergency situations	27
Fire Drill & Safety Coordinator briefing (9 sessions)	ERT members and Safety Coordinators (tenant representatives)	Coordination briefing between building ERT members and tenants' Safety Coordinators (point persons designated by tenants)	133
Safety Induction Training (48 sessions)	Contractors/vendors/service providers	Safety requirements, HSE Policy, regulatory requirements, hazard risk assessments	884
TOTAL			1,146

Targets & KPIs

The Manager is pleased to report that we achieved zero work-related injuries in 2023, and did not incur any fines or incidents of non-compliance with OHS regulations.

We attribute this clean record to the success of our health and safety initiatives, and the commitment of our stakeholders in prioritising OHS in their day-to-day operations. We will continue to organise OHS training and awareness programmes, as well as track, report and monitor areas for improvement.

Injury Cases	2023			2022			2021		
	2023	2022	2021	2023	2022	2021	2023	2022	2021
Fatalities	0#	0	0	0	0	0	0	0	0
Lost time injuries	0#	0	0	0	0	0	0	0	0
Restricted work cases/medical treatment	0#	0	0	0	0	0	0	0	0
First aid	0#	0	0	0	0	0	0	0	0
Lost time incident rate	0#	0	0	0	0	0	0	0	0

Non-injury Cases	2023			2022			2021		
	2023	2022	2021	2023	2022	2021	2023	2022	2021
Fire/explosion	0#	0	0	0	0	0	0	0	0
Property/equipment damage	0#	0	0	0	0	0	0	0	0
Environmental pollution	0#	0	0	0	0	0	0	0	0
Summons received	0#	0	0	0	0	0	0	0	0

This data has been subjected to independent assurance. The Independent Limited Assurance Report is included on pages 159 to 161 of this Report.

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Absentee Rate

	2023	2022	2021
Male	1.12% [#]	2.50%	1.04%
Female	1.20% [#]	1.04%	0.91%

Note: The Absentee Rate is the total absentee days divided by the employees' total scheduled working days in the reporting period, expressed as a percentage, as defined by GRI 403: Occupational Health and Safety 2016.



Safe Days

	2023	2022	2021
During the year	365 [#]	365	365
Since 29 August 2019	1,585	1,220	855

Note: Safe days are defined as days with no lost time injuries (i.e. severe injuries where a worker is incapacitated for more than 4 consecutive days).



Non-compliance Incidents/Fines

	2023	2022	2021
Incidents of non-compliance with HSE Policy	0 [#]	0	0
Incidents of non-compliance with applicable laws and regulations*	0 [#]	0	0
Amount in fines incurred for regulatory non-compliance (RM)*	0 [#]	0	0

Note: * In reference to non-compliance to the rules, regulations or by-laws of the relevant local municipal councils/DOSH/BOMBA.

Outlook

We endeavour to continually improve our HSE practices to provide a safe and conducive space for our employees, tenants and visitors. In 2024, we will continue to organise HSE-related training and events for our tenants of multi-tenanted buildings. These will include annual fire drills and AED training to improve occupants' readiness in the event of actual emergency situations.

Towards the end of 2023, there was a resurgence in COVID-19 cases, along with other infectious diseases such as respiratory-related illnesses. The Manager will stay vigilant of the latest health developments and be ready to implement the necessary precautionary measures as directed by MOH to safeguard the health and well-being of our people.

Our HSSE Manager will continue to conduct periodic HSE and human rights audits at our site offices/project sites to assess not just our practices, but also those of our contractors' to identify areas of improvement.

Management of Material Sustainability Matters



Talent Development



Capitals	
Human	Financial Intellectual
Strategic Pillars	Business Risks
Governance	Human Resource & IT
SDGs	GRI
4: Quality Education 5: Gender Equality	404: Training and Education

We take pride in investing in our people, and continuously provide training opportunities for our employees to build their skills and competencies. We firmly believe that the knowledge and expertise of our people are key inputs to how we create value, and that an empowered team is the cornerstone of our achievements. In the past year, we remained committed to upskilling and reskilling our people, and amplified our efforts to invest in their growth and expertise.

The Human Resource department and heads of departments (HODs) are responsible for identifying, developing, and implementing training programmes for their respective team members.

The Manager provides both internal mentoring and coaching programmes, as well as external training by the relevant industry experts. By arming our employees with the latest industry knowledge, technological advancements, and management techniques, we drive operational efficiencies and maintain the Fund's competitive edge in the ever-evolving real estate market. Beyond the enduring advantages of the Fund's operational gains, such upskilling programmes carry intrinsic value to our employees, offering personal development and career advancement opportunities, which also builds employee engagement, satisfaction and loyalty.

Key Initiatives

The Manager undertook the following initiatives in 2023, which are part of ongoing efforts in our talent development programmes:

- 1 Conducting annual performance 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 2023, 100% of our employees undertook the appraisal process.
- 2 Providing both general as well as targeted learning programmes for all employees. These programmes aim to address any competency gaps and to align our employees' capabilities with their personal ambitions and professional needs.
- 3 Assigning a 'buddy' for each new employee to create a support system to help new hires acclimatise to their new roles.
- 4 Providing training opportunities for employees to ensure continuous compliance with the relevant regulations, PDPA, cybersecurity guidelines, as well as health and safety policies. We engaged our retainer solicitors to conduct training sessions on PDPA for Directors and employees in July and September 2023 respectively. The course covered guidelines and best practices to avoid mishandling of personal data and information by all employees. Ongoing training and assessment exercises on the risk of cyber threats were also conducted for all employees to improve cybersecurity defences. Separately, CPR and AED awareness courses were also organised to equip our employees with lifesaving knowledge.

Management of Material Sustainability Matters

Employee Training Programmes

In 2023, the Manager organised various training programmes for its employees. These programmes aimed to develop and retain well-rounded employees who in turn, will strengthen our operations.

Amid a growing, industry-wide emphasis on sustainability, we are also ensuring that our people have the relevant knowledge and capabilities to support the Fund's ESG ambitions. Towards this end, we organised ESG-related workshops and courses to improve our internal ESG capabilities. We also organised online interactive cybersecurity awareness programme to ensure our employees have the necessary know-how and awareness to safeguard our data from potential cyber threats. Topics on essential security, email security, introduction to phishing, malware attacks and mobile device security were covered in the training.

Types of Training Programmes	Type of Programme (Internal/ External)	Platform (Physical/ Virtual)	Frequency	Target Group	Number of Participants
TCFD awareness training	External	Physical	Ad-hoc	HODs and the Marketing & Sustainability Manager	11
Strategy & Risk Workshop	External	Physical	Yearly	HODs and the Marketing & Sustainability Manager	10
Fire Protection System Training	External	Physical	Ad-hoc	Selected Facilities Management employees	31
Cybersecurity Awareness Programme	External	Virtual	Quarterly	Employees with corporate email access	56
CPR & AED Awareness Training	External	Physical	Ad-hoc	Representatives of the Manager and Property Manager	53

Targets & KPIs

Employee Training

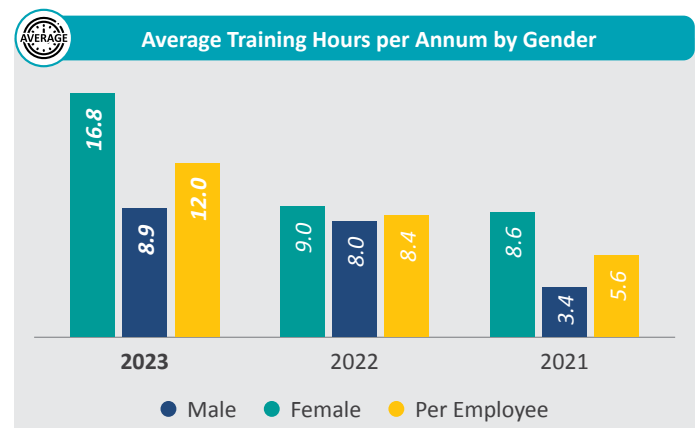
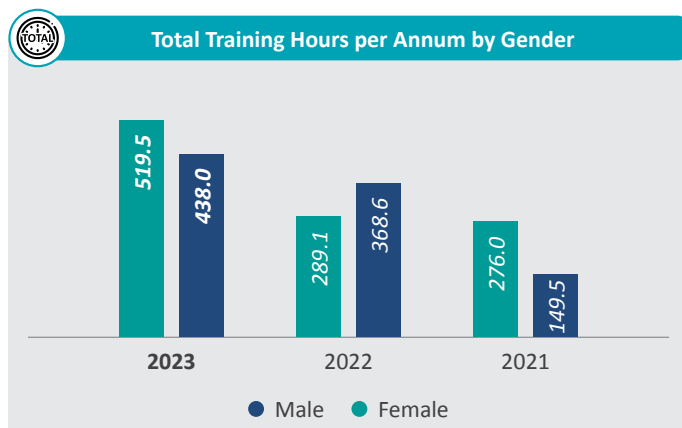


Target:
to ensure all employees attend at least

1 training programme a year

In 2023, 80 employees collectively completed a total of 957.5 training hours, which translates to an average of 12 training hours per person. This was a 42% increase from the 8.4 training hours per employee recorded in 2022.

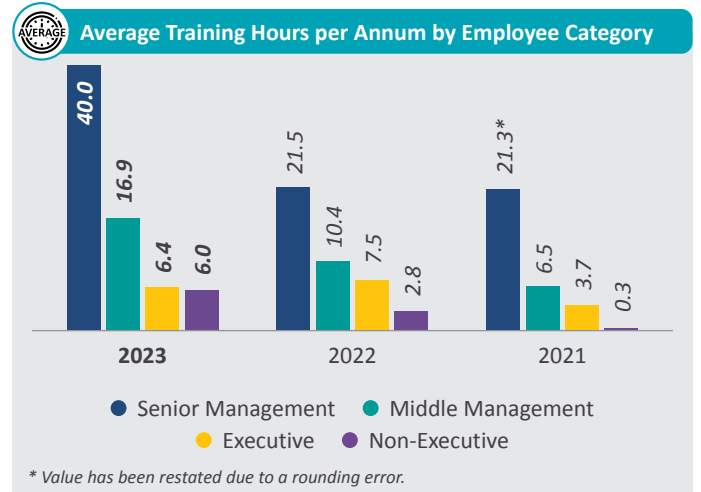
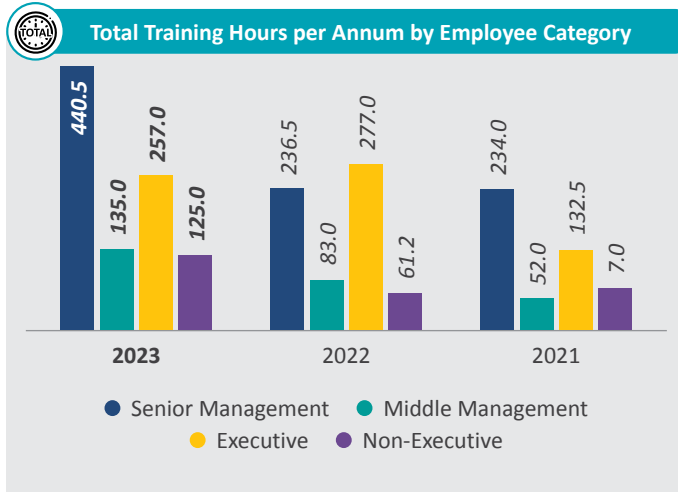
A breakdown of the average number of training hours by gender and employment category are presented in the following tables:



Note:

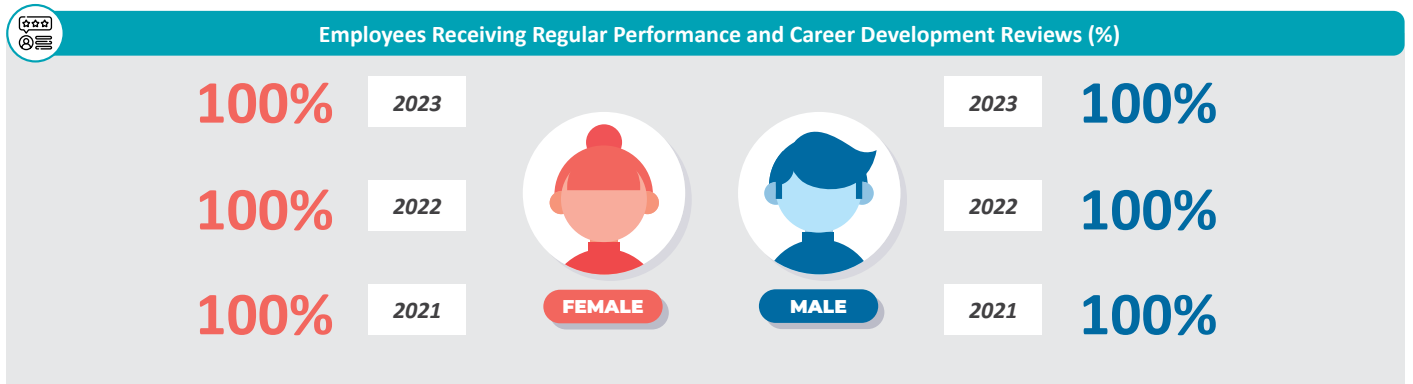
1. Average training hours per employee by employment category is calculated based on the methodology prescribed in the GRI Standards.

Management of Material Sustainability Matters



Note:

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



Type of Employee Training Programme	Total Training Hours
Cybersecurity	42.5
Health and Safety	317
PDPA	80
ESG/Sustainability	152
Risk and Strategy	80
Administrative/Operations	106.5
Regulatory	179.5

Outlook

The Manager will continue conducting the relevant talent development and training programmes to ensure our employees have robust learning and upskilling opportunities. These programmes will focus on the necessary technical competencies and compliance matters, and will be conducted via both physical and virtual courses. We remain committed to upskilling our people to ensure our employees have opportunities for career and professional development, and to ensure their capabilities and skillsets continue to meet the Fund’s evolving needs. We will also see that our employees are supported through the appropriate wellness training programmes to promote employee satisfaction and well-being.

Management of Material Sustainability Matters



Diversity & Inclusion



Capitals	
 Human	 Financial
Strategic Pillars	Business Risks
 Governance	 Human Resource & IT
SDGs	GRI
    	401: Employment 405: Diversity and Equal Opportunity

The Manager champions a diverse workforce across our operations through diversity in gender, ethnicity and cultural backgrounds. Our strength as an organisation is intrinsically linked to our capacity to leverage the diverse thinking, skills, backgrounds, experience and leadership styles of our people. We aim to cultivate an inclusive and meaningful employee experience, where our workforce actively contributes to creating significant environmental and social impacts through their daily efforts. This is achieved by placing strong emphasis on employee welfare and equal opportunities at work.

The Human Resource department manages employee benefits, welfare and handles all employee relations matters within the organisation. These efforts are guided by the Personnel Policy Handbook, which defines the policies and benefits applicable to all employees. We have formalised 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 in the Board Charter.

In 2022, we raised our commitment to diversity and inclusion by integrating them as priorities in our Code of Conduct. The Manager commits to eradicating discrimination based on gender, race, nationality and cultural background. Our policy guarantees equal access to training, support, career progression and compensation for all employees. Complementing our Code of Conduct, guidelines from the Personnel Policy Handbook direct the Manager to cultivate an inclusive workspace that appreciates diversity and ensures equal development opportunities for all employees.

Key Initiatives

In 2023, the Manager remained steadfast in its commitment to advancing diversity and inclusion, ensuring equitable treatment for all employees irrespective of gender race, or employment type, i.e., whether they are permanent or contract employees. Upholding this pledge, the Manager's employee benefits include Group Personal Accident Insurance, disability and invalidity coverage, and comprehensive hospitalisation. Our ongoing efforts reinforce a workplace culture where diversity thrives, and every employee is valued, reflecting our dedication to an inclusive and equitable environment. In a concerted effort to ensure diversity and gender equality among members of the Board, the Manager took the necessary steps to maintain at least 30% female representation at Board level as prescribed by the MCCG. As at 31 December 2023, ARMB had surpassed this with 50% female representation on its Board.

Based on the feedback received from our ongoing employee engagement programmes in 2023, the Manager organised group activities and social events for our employees. These included group hiking and badminton sessions, as well as CPR and AED awareness training, which aimed to improve peer-to-peer engagement and trust, bolster a spirit of cooperation and camaraderie, and promote the well-being of employees through active and outdoor pursuits. The activities were well received, and we recorded a participation rate of approximately 90% in our employee engagement programmes in 2023. The Manager also maintained its open-door policy to encourage employees to convey their suggestions and feedback to the managers without discrimination, and consider their input for improvement.

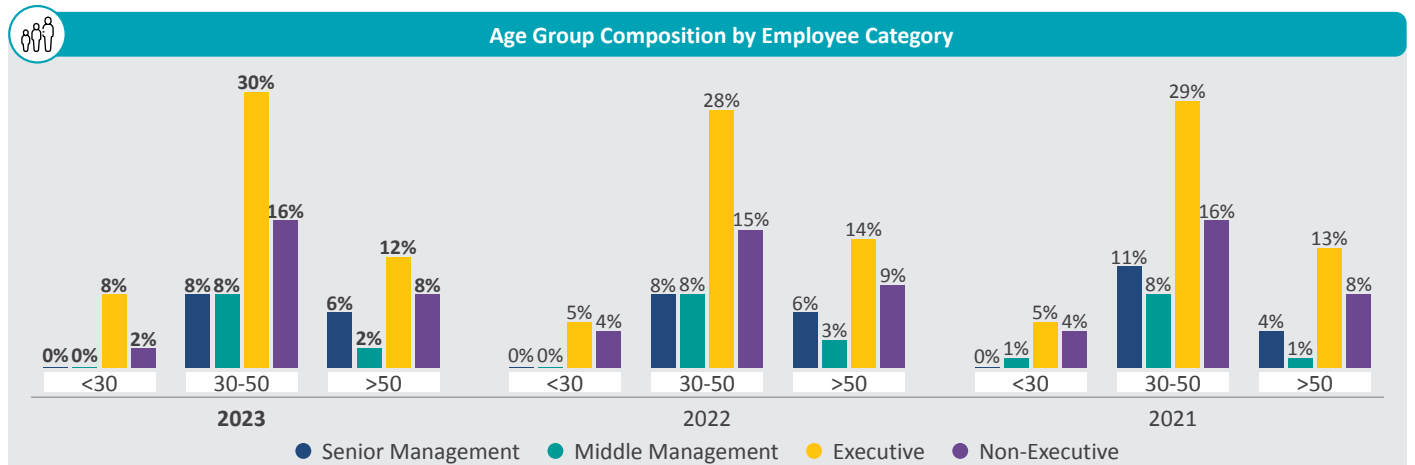
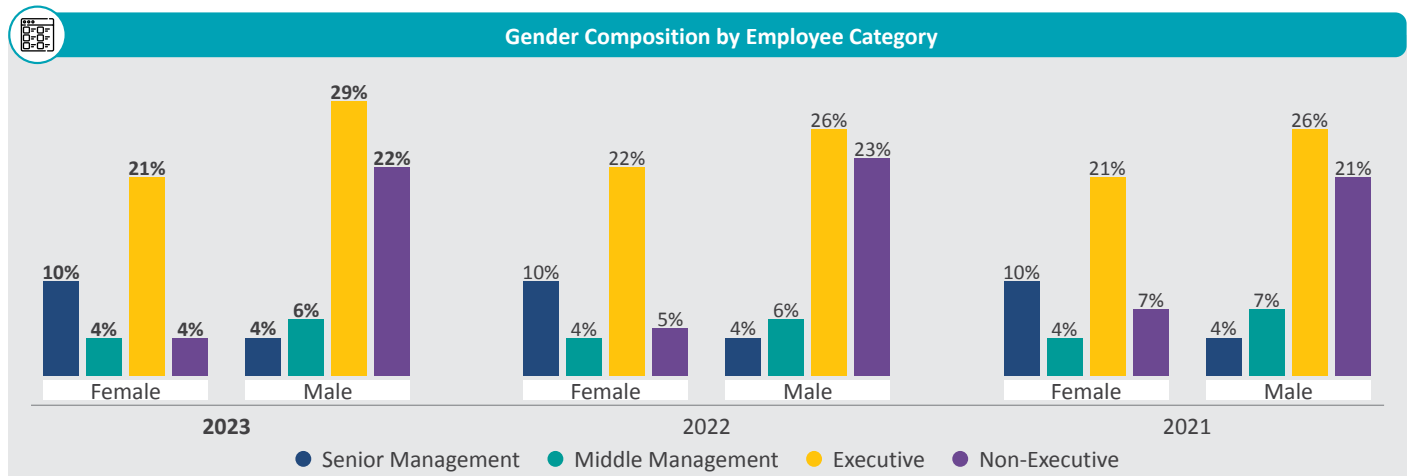
Management of Material Sustainability Matters

Targets & KPIs

In our efforts to promote diversity and inclusion, we have, over the years, maintained a reasonably balanced ratio of female to male employees. In 2023, the proportion of male employees, at 61%, just edged out their female counterparts, who accounted for 39% of our workforce. Having said that, women are well represented at Senior Management level, where 10% of our female employees are appointed in senior management roles vs 4% of men. The bulk of our workforce is between 30 to 50 years of age, boasting a wealth of knowledge and experience gained from years of industry experience.

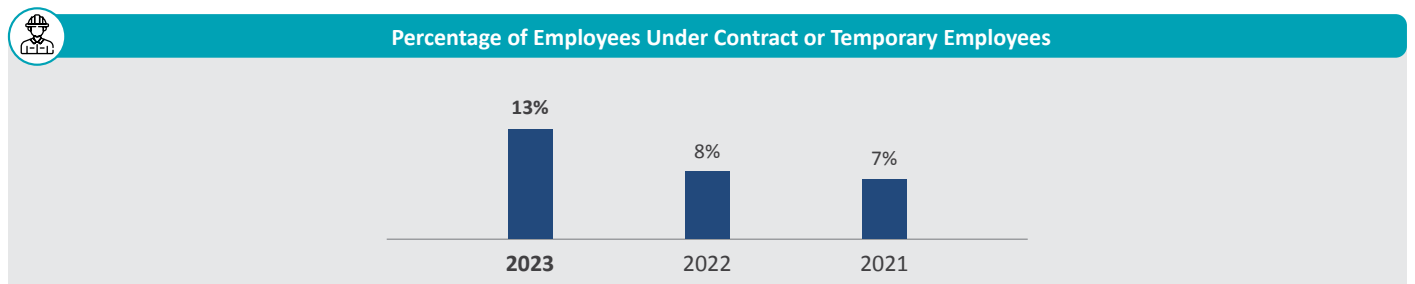


Total Number of Employees:
80

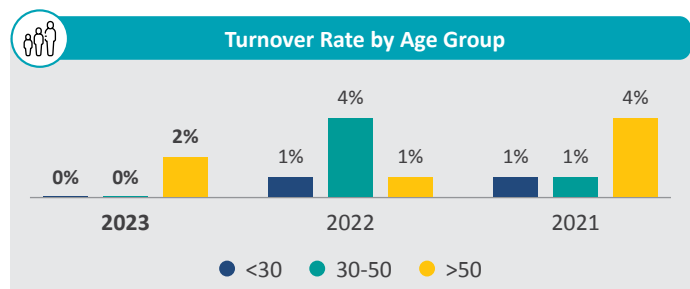
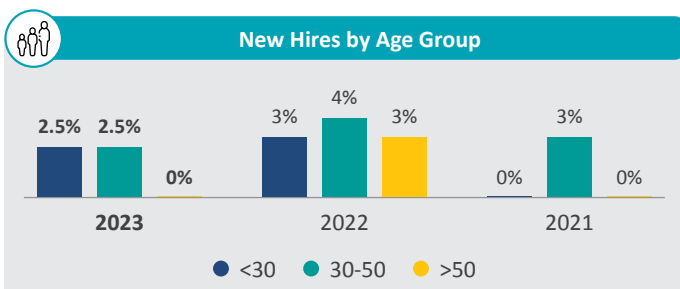
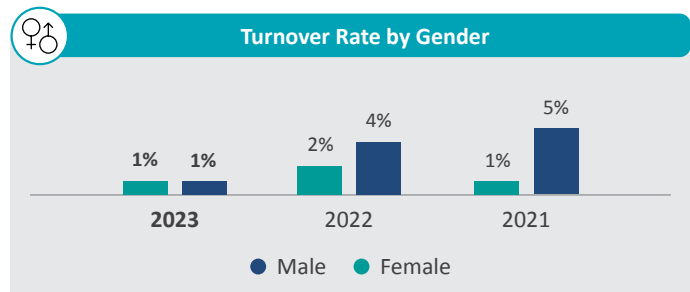
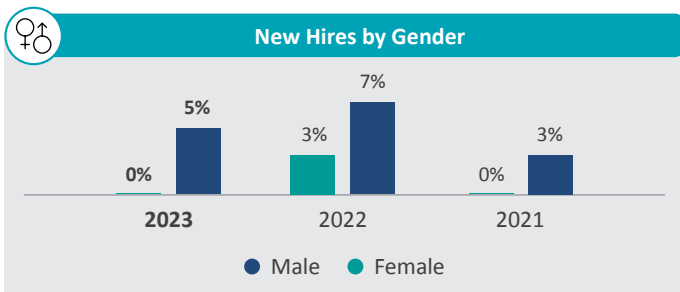
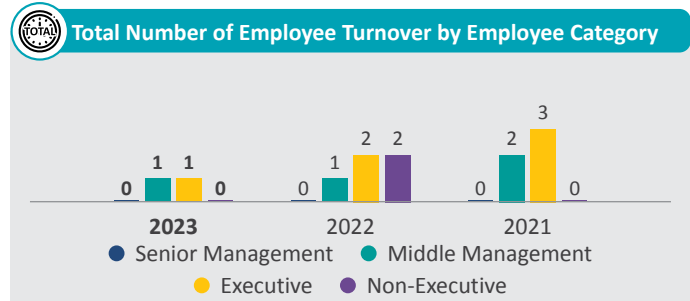
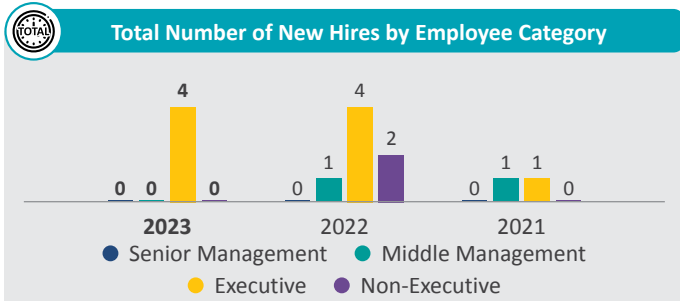


Note:

1. Total headcount as at 31 December: 76 (2021), 78 (2022), 80 (2023).



Management of Material Sustainability Matters



Notes:

- The New Hires Rate is the total number of new employees hired 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).

Notes:

- 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.
- 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).

Parental Leave Statistics by Gender

	2023		2022		2021	
	Female	Male	Female	Male	Female	Male
No. of employees entitled to parental leave	31	49	32	46	32	44
No. of employees who took parental leave	0	1	0	0	1	1
No. of employees who returned to work post parental leave	N/A	1	N/A	N/A	1	1
No. of employees who returned to work post parental leave and remained in employment for 12 months thereafter	N/A	N/A	N/A	N/A	1	1

Management of Material Sustainability Matters

Gender Pay Gap

	Ratio of Basic Salary and Remuneration of Male to Female Employees (Gender Pay Gap)		
	2023	2022	2021
Senior Management	1.0 : 1.1	1.0 : 1.0	1.0 : 1.1
Middle Management	1.0 : 1.1	1.0 : 1.1	1.0 : 1.1
Executive	1.0 : 0.8	1.0 : 0.8	1.0 : 0.8
Non-Executive	1.0 : 0.6	1.0 : 0.7	1.0 : 0.8

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.
3. The tabulated figures have been rounded to the nearest 1 decimal place for standardisation and better data accuracy.

Employee Engagements and Well-Being

We prioritise the well-being of our employees by providing an inclusive environment for our workforce to thrive in. We believe that employee engagement, development and recognition are important to boost productivity in the workplace. Towards this end, we conduct an annual Employee Satisfaction Survey to gauge our employees' satisfaction and to take into consideration their feedback to maintain a high employee retention rate. The survey serves as a platform for our employees to participate in their own career development, by providing a channel for them to share their opinions that will enable us to identify what is required for their professional growth.

This year, we added questions in our Employee Satisfaction Survey to gauge opinions on workplace culture, compensation and benefits packages, and employee engagement activities. We used the data collected from the survey to help us plan for future employee engagement programmes and training. We also tracked employee satisfaction levels and feedback to shape future employee policies and to maintain a high employee retention rate.

Targets for 2024:

 To conduct at least **2** employee well-being trainings.

 To conduct at least **2** employee group activities.

Type of Employee Engagement and Well-Being Programmes	Frequency	Target Group
Annual Dinner	Annual	All employees
Company Trip	Annual	All employees
Private Health Insurance	Annual	All employees
Long Service Award	Annual	Eligible employees
Axis Education Fund	Annual	Eligible employees' children
Fitness activities (badminton and hiking)	Ad-hoc	All employees
Wellness activities (CPR and AED awareness training)	Ad-hoc	All employees

Employee Satisfaction	2023	2022	2021
Number of Employees Who Took the Employee Satisfaction Survey	66 employees (82.5%)	72 employees (92.3%)	N/A
Net Promoter Score	8.29	8.44	N/A

Management of Material Sustainability Matters

Outlook

We will continue to create an inclusive and conducive work environment to boost employee engagement and productivity. In 2024, we aim to improve our employee engagement procedures and initiatives by incorporating feedback received from our ongoing employee engagement programmes.

Given the high participation rate and favourable feedback on the employee health and wellness initiatives held in 2023, namely badminton, hiking, as well as CPR and AED awareness training, we will extend such activities into 2024. We will also continue to sustain a balanced gender composition in our workforce and initiate programmes to attract talents from diverse backgrounds and cultures.



The Manager's employee engagement and well-being programmes

Management of Material Sustainability Matters



Human Rights & Labour Practices



Capitals		Strategic Pillars					
 Social & Relationship		 Facilities Management		 Development		 Governance	
Business Risks							
 Global		 Human Resource & IT		 Real Estate Management			
SDGs			GRI				
 8 DECENT WORK AND ECONOMIC GROWTH			 10 REDUCED INEQUALITIES				
 16 PEACE, JUSTICE AND STRONG INSTITUTIONS			409: Forced or Compulsory Labour 412: Human Rights Assessment				

The Manager upholds the highest standards in labour management and human rights-related practices both within our operations and throughout our supply chain. We are committed to preserving fair, ethical and just treatment of workers, and do not condone any act of forced or child labour within our business operations and across our value chain.

The Manager’s employment practices rigorously comply with Malaysia’s Employment Act 1955, and we are fully committed to safeguarding the rights of our employees and promoting fair labour practices within our organisation and throughout our supply chain. Our policies governing our approach to the preservation of human rights and fair labour practices are embedded in the Manager’s Code of Conduct and extend to our suppliers via our Supplier Code of Conduct.

The Manager adheres to the requirements for working hours, working conditions, freedom of association and minimum wages stipulated under Malaysia’s Employment Act 1955, the Occupational, Safety and Health Act 1994, and other applicable acts and regulations that address human rights in the workforce. We actively promote a healthy work-life balance among employees, and ensure that none of

our employees receive compensation below the prescribed minimum wage. Further, we support and encourage employees to partake in community activities, on the condition that such activities do not create conflict-of-interest situations.

We apply our human rights and fair labour framework to our suppliers, as compliance to human rights and labour practices is essential throughout our supply chain. We believe this is a critical component in safeguarding the reputation and success of the Fund.

This Supplier Code of Conduct mandates our supply chain to uphold the same standards as the Manager, addressing various behaviours, policies and practices that our suppliers and contractors must adhere to. These include fair labour practices, human rights considerations and health and safety policies. It also references our Whistle-Blowing Policy for the reporting of any incidents of non-compliance, including any unlawful or unethical business practices that contradict the framework.

Our Property Management Team conducts annual compliance assessments on suppliers. This framework ensures the alignment and strict compliance of the Manager’s labour practices, as well as those of our contractors and suppliers, with human rights standards

and Malaysia’s employment laws. Our labour practices strictly prohibit any form of child or forced labour within our business operations and across our supply chain.

Details on how we communicate and enforce the Supplier Code of Conduct is presented in the “Responsible Supply Chain” sustainability matter.

The Human Resource department is the custodian of all employment-related matters, ensuring that all our employment practices conform to local employment laws and labour standards.

The Manager maintains an “open door” policy for employees to raise any concerns regarding human rights violations with Senior Management. Our Whistle-Blowing Policy establishes whistleblowing channels to facilitate the reporting of issues such as sexual harassment, discrimination, and endangerment to health and safety, along with other misconduct and malpractices including violations of human rights and fair labour practices. The policy urges employees to report genuine cases of such improprieties to their immediate supervisors. Alternatively, employees can also escalate such reports to the CEO or to ARMB’s Independent Non-Executive Directors, if they feel the handling of the matter would be otherwise compromised.

Management of Material Sustainability Matters

Our Whistle-Blowing Policy was updated in 3Q 2023 to designate our current Independent Directors as recipients of whistleblowing reports, replacing the outgoing independent directors who had stepped down.



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

Initiatives

The Manager has implemented the following initiatives to uphold human rights and fair labour practices:

1 Conducted an assessment on the contractors' compliance with ESG requirements for the Axis Mega Distribution Centre (Phase 2) development project. The assessment was undertaken by our outsourced Internal Auditors in August 2023.

Initiatives implemented to uphold human rights and fair labour practices

2 Formulated and conducted onsite human rights assessments on registered key vendors including vendors involved in major repairs and general cleaning services. These assessments commenced in 2Q 2023.

Targets & KPIs

In 2023, there were no incidents, grievances or complaints relating to discrimination, child labour, or forced labour that were raised to the attention of the Manager by employees or external parties such as suppliers, our communities, or the general public.

	2023	2022	2021
Number of substantiated complaints concerning human rights violations	0	0	0

Outlook

The Manager will continue to protect and uphold human rights and fair labour practices both within and throughout our supply chain. We will monitor our contractors' compliance with ESG requirements through ad-hoc site visits and audits conducted on development projects by our outsourced Internal Auditors. We will also continue to undertake onsite human rights assessments on key registered vendors to identify any incidents of non-compliance for further action.



For more information on our supplier assessments, please refer to the Responsible Supply Chain sustainability matter on pages 120 to 122 of this Report.

Management of Material Sustainability Matters



Community Activity & Partnership



Capitals			
 Social & Relationship			
Strategic Pillars		Business Risks	
 Capital Management	 Governance	 Global	 Human Resource & IT
SDGs		GRI	
		413: Local Communities	

The Manager recognises the impact of Axis-REIT’s business operations on the communities in which we operate. As a responsible corporate citizen, we proactively engage with these communities to understand and address their concerns and needs through our Corporate Social Responsibility (CSR) initiatives and development designs. We endeavour to build trust and mutual respect with these communities, and create long-term values through our CSR efforts and initiatives.

The Marketing & Sustainability Manager drives the Manager’s Community Activity and Partnership efforts, spearheading initiatives 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 in the immediate vicinities of our operations, but also consider and support underserved areas of the country with greater or more urgent needs. In 2023, our community engagement programmes focused on supporting children’s homes near our headquarters. After assessing several potential projects, the Board made the decision to continue a programme that it had initiated in 2022, which provides access for children with disabilities to health-related services. Additionally, the Fund also took on a new initiative, sponsoring the purchase of new van for another children’s shelter in the Petaling Jaya area.

The Manager also recognises that the Fund’s development projects may potentially have significant negative impacts on the surrounding communities, particularly during construction. As such, our appointed contractors regularly engage with local community leaders to understand the community’s concerns and sentiments in order for us to assess and mitigate any negative impacts around our development sites. We also publish our contact details on construction signboards to encourage direct

feedback from the local community, which fosters open communication, builds trust, and addresses concerns directly and more effectively. During 2023, we also worked closely with local authorities to improve the infrastructure fronting our Axis Mega Distribution Centre (Phase 2) development – an initiative which also benefits the local community as a whole.

Key CSR Initiatives

Our CSR initiatives aim to provide direct benefits for their target recipients. Through participation in these initiatives, our employees and tenants also benefit from the opportunity to interact and engage with the communities, understand their emerging needs, and give back to the community. In 2023, the Manager conducted 2 community initiatives and monitored the performance of a long-term project that started in 2022.

Management of Material Sustainability Matters



DONATION OF A VAN FOR A CHILDREN'S SHELTER

Shelter Home for Children, a registered welfare organisation, was established in 1981 to help abused, abandoned, neglected or at-risk children irrespective of race or religion. The home provides protection through its involvement in rescuing and sheltering children from risky and dangerous environments/situations. Upon securing the safety of these children, the home provides a stable, healthy environment to help them overcome any emotional trauma they may carry. Shelter Home for Children currently runs 3 shelters for children, 2 of which are in the Petaling Jaya area and 1 in Kuala Lumpur.

After a detailed needs assessment, the Board chose to sponsor a new, 14-seater van for one of its Petaling Jaya-based homes to replace an existing vehicle that was out of service due to engine failure. Since its handover on 27 December 2023, the new van has been used to transport 11 children to school, to extracurricular activities, to their respective court cases, and for any medical care required. The van supports the home's immediate mobility needs, and contributes to its long-term mission of providing a better future for its wards.



Handover of a van to Shelter Home for Children



PHYSIOTHERAPY AND SPEECH THERAPY FOR CHILDREN WITH DISABILITIES

During 2023, the Fund also sponsored physiotherapy and speech therapy programmes for IQ70+, a home for children with special needs that is registered with the Ministry of Welfare Malaysia and located close to our headquarters in Petaling Jaya. This initiative is an extension to our 2022 programme, where the Fund sponsored weekly physiotherapy and speech therapy sessions for children at IQ70+ over a course of 4 months. As with the 2022 initiative, the 2023 programme also entailed engaging professionally-trained therapists from Pantai Hospital to provide physiotherapy and speech therapy sessions at IQ70+'s home. The 2023 programme ran from June to December 2023, with the Fund reimbursing the hospital directly for its services.

We regularly engage with the caregivers at IQ70+ to track the programme's utilisation and effectiveness. Through this initiative, the Fund sponsored 19 physiotherapy and 23 speech therapy sessions over 6 months. 7 children benefitted from the physiotherapy sessions while another 5 benefitted from speech therapy. The sponsorship helps alleviate IQ70+'s health services costs, which are significant expenses for the home.



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

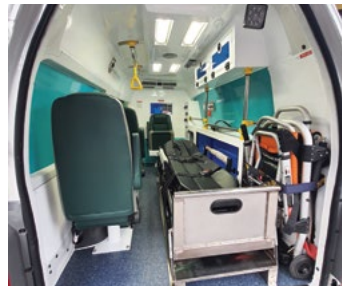
Management of Material Sustainability Matters



HANDOVER OF A FULLY-FABRICATED AND FITTED-OUT AMBULANCE TO ST JOHN AMBULANCE OF MALAYSIA (SJAM)

In 2022, we initiated a partnership with SJAM, which led to the Fund's sponsorship of an ambulance for SJAM's operations in Sabah. Our collaboration with this non-governmental organisation (NGO) on this initiative extended through 2023 for the fabrication and fit out of the vehicle, ensuring strict adherence to the standards set by MOH. The ambulance was officially handed over to SJAM in June 2023 at its headquarters in Cheras, Kuala Lumpur, before being shipped via sea to Kota Kinabalu, Sabah, in October 2023 (after securing the essential permits and registrations).

As of November 2023, the ambulance was fully operational, serving a pivotal role in supporting the emergency medical services of Queen Elizabeth Hospital in Kota Kinabalu. This philanthropic commitment underscores the Fund's commitment to the well-being of our broader community. In the spirit of sustained collaboration, we will receive utilisation statistics of the ambulance over the next 5 years.



Handover of a fully-fabricated ambulance to SJAM

CSR Initiatives	Amount Invested (RM)	Outcome	Target Group and No. of Beneficiaries
Donation of a van for Shelter Home for Children, Petaling Jaya	136,000	Transportation for children for school, extracurricular activities, court appearances and medical care.	11 children residing in 1 of the shelter's 3 homes over an estimated vehicle lifespan of 10 years.*
Sponsorship of health services for children with disabilities at IQ70+	45,000	Providing children with disabilities access to 19 sessions of physiotherapy and 23 sessions of speech therapy over 6 months.	Children benefiting from physiotherapy: 7 Children benefiting from speech therapy: 5
Donation of an ambulance to SJAM	N/A (the investment was captured in 2022)	A much-needed additional emergency ambulance service in Kota Kinabalu.	62**

* The number of children in the home vary over time as it is contingent upon referrals from the Ministry of Welfare and the outcomes of their respective court cases or family circumstances.

**No. of patient beneficiaries of the ambulance service since the vehicle entered service in November 2023 to end-December 2023.

Management of Material Sustainability Matters

Targets & KPIs

CSR Initiative Statistics	2023	2022	2021
Total Amount Invested in CSR (RM)	181,000	192,920	200,000
Total Number of Beneficiaries	85***	12**	N/A*

* Not available due to the nature of the project, which entailed the donation of medical equipment and consumables to government hospitals around the Klang Valley area during the height of the COVID-19 pandemic.

** Does not include the estimated number of beneficiaries of the ambulance service (which only entered service in November 2023).

*** Includes the actual number of beneficiaries from the SJAM ambulance service from November 2023 to end-December 2023.

Outlook

Looking ahead, we will continue to monitor our existing long-term community investments and explore new target communities that are in need of support. Our programmes will continue to focus on health and access to services for underprivileged segments, primarily located around our key operational areas. We have allocated RM200,000 for community investment programmes in 2024.

We will also continue our regular engagement efforts with the communities in which we operate, and continue to explore and identify new potential CSR initiatives through a better understanding of their potential social and environmental issues.