

# Value Creation & Sustainable Development Goals

Our approach in delivering long-term value to our stakeholders is underpinned by our core values, purpose, strategy and measures of success. This forms the basis of our value creation model, which illustrates the process in which we transform our capitals into valuable outcomes for our diverse stakeholders. In doing so, we regularly engage with our tenants, investors, employees, suppliers and other stakeholders to understand how to meet their expectations. To generate maximum value, it is imperative that our strategy is tied to the purposeful roles that stakeholders play in our operations. Therefore, to illustrate how we have positively impacted and contributed value to our stakeholders, we have mapped our material matters to the United Nations' Sustainable Development Goals (UN SDGs).



# Value Creation & Sustainable Development Goals



Creating and sustaining value involves action and communication between the Manager and stakeholders. In managing the Fund, we strive to uphold inviolable business ethics and integrity to enhance our accountability and credibility. This is vital to ensure business sustainability. We continue to focus on SDG#16 – *Peace, Justice and Strong Institutions*. We have various internal controls and processes in place to support the targets of SDG#16 to prevent corruption and bribery within the organisation. These controls include the development and implementation of our Code of Conduct, Whistle-blowing Policy, Supplier Code of Conduct, as well as our ABC Policy. These protocols govern the conduct of both internal and external stakeholders, including our employees, suppliers and service providers. Please refer to the *Business Ethics* sustainability matter on pages 123 to 125 and *Cybersecurity & Data Protection* sustainability matter on pages 126 to 128 for further information.

## OUTPUTS AND VALUE CREATED IN 2023      UN SDGs      TRADE-OFFS & INTERDEPENDENCIES

- Improvement in revenue and net property income: RM288.4 million and RM245.4 million respectively
- Economic value distributed: RM193.9 million
- DPU: 8.65 sen
- Liquidity: RM592.7 million
- Value of committed sustainability-linked financing: RM490.0 million

**Value to Stakeholders**  
Source of sustained growth through financial market confidence and Unitholders' continued access to returns



Financial Capital largely serves as the input for the other capitals, which include investing, enhancing and maintaining our properties (Manufactured Capital), investing in our people (Human Capital), and funding initiatives to reduce our carbon footprint (Natural Capital). As a REIT, we are also committed to growing our Financial Capital to ensure consistent and competitive distributions to our Unitholders.

- Total space under management: 13.4 million sq. ft.
- Major AEI completed: 1
- Development project completed: 1
- Successfully raised tenant occupancy rate by 2 percentage points to 97% and achieved a positive rental reversion of 5.8%
- Secured renewals for 1.53 million sq. ft. of space (representing 97% tenant retention rate) and commenced new tenancies for 1.91 million sq. ft. of space during the year
- Obtained final green building certification for 1 property and provisional green building certifications for 2 buildings

**Value to Stakeholders**  
A strong value proposition through emphasis on strategic locations and development projects that meet tenants' requirements and expectations



In addition to having stringent due diligence processes for potential acquisitions, we also undertake proactive AEIs for our existing properties to maintain, refurbish and enhance the value of the Fund's portfolio. These rely heavily on our Financial Capital and Human Capital.

- Total number of beneficiaries of our community investment initiatives: 85
- Proportion of qualified suppliers that are local entities: 100%
- Total number of suppliers increased by 8.4%
- Total procurement value (excluding government-related expenses) increased by 136% to RM205.6 million
- No. of suppliers and/or contractors removed from our panel due to non-compliance with the Supplier Code of Conduct: 4
- Annual tenant satisfaction survey average score: 7.61 out of 10 (target score: 7 out of 10)
- No. of green lease (i.e., tenancy agreement featuring ESG considerations): 1
- Incorporated ESG components into the fit-out and refurbishment guide of the Renovation Manual

**Value to Stakeholders**  
Business opportunities and growth through strong partnerships with tenants, suppliers and regulators, along with being a responsible and ethical community participant



As a responsible corporate citizen, we recognise the importance of regular and meaningful engagements with our stakeholders, namely our tenants, contractors, suppliers, and the community around us, to maintain healthy stakeholder relationships.

In line with our commitment to reduce our carbon footprint, we also involve our tenants, contractors and suppliers to create value for Natural Capital.

In our pursuit of growing our Financial Capital, we also actively contribute to the surrounding communities through our Community Activity & Partnership Initiatives.

- Total employee training hours: 957.5 hours
- Average training hours per employee: 12 hours
- Proportion of employees receiving regular performance and career development reviews: 100%
- New hires rate: 5%
- Employee turnover rate: 2%
- Gender pay ratio for middle and senior management (male to female): 1.0 : 1.1
- No. of work-related fatalities, lost time injuries (LTI), restricted work, medical treatment cases, or first aid cases: 0
- No. of fines or sanctions for non-compliance with OHS-related laws and regulations: 0

**Value to Stakeholders**  
Employer of choice by ensuring inclusive opportunities, safety and well-being, and a differentiated provider of relevant space for tenants



Human Capital is one of the most important assets in growing our property portfolio. The Manager invests in its employees through training and development, competitive and fair remuneration packages, employee engagement activities, and by looking after their well-being.

- Proportion of employees who underwent PDPA-related training: 100%
- Proportion of employees who underwent cybersecurity-related training: 70%
- No. of cases of cybersecurity breaches: 0
- *Hello Axis* tenant satisfaction ratings average score: 4.31 out of 5 (target score: 4 out of 5)
- Responded to 91% of service request tickets raised from multi-tenanted properties and 97% of tickets from single-tenanted properties within 24 hours

**Value to Stakeholders**  
Preferred business partner by strengthening relationships with real estate agents and business owners, and by providing superior and reliable customer service to tenants



Amid rapid digitalisation, we have actively explored opportunities to digitalise our business operations, from our daily routine tasks, to engaging with our stakeholders through virtual platforms.

As this exposes Axis-REIT to cybersecurity risks, we actively invest in enhancing our IT security systems and cybersecurity defences, which include educating our people on cybersecurity awareness to effectively manage such risks.

- Total reduction in energy consumption vs. baseline year: 13.5%
- Total reduction in Scope 1 and Scope 2 GHG emissions vs. baseline year: 15.2%
- Increase in water consumption vs. baseline year: 6.7%
- Increase in general waste generated vs. baseline year: 22.8%
- Total waste recycled at multi-tenanted buildings: 42,710 kg
- Waste reused or recycled at development projects: 88,150 kg

**Value to Stakeholders**  
Strengthening the Fund's resilience and adaptive capacity to changes in the availability and consumption of natural resources over the short-, medium-, and long-term for all stakeholders



We have made a commitment to look 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, and we are actively exploring and implementing measures to achieve this. This will directly impact our Financial Capital and Manufactured Capital.

Concurrently, we are also encouraging our tenants, contractors and suppliers to uphold similar commitments to create long-term sustainable value for our collective Natural Capital.