

Sustainability Statement

PURPOSE

Sustainability Vision: To build trust and stronger relationship with both external and internal stakeholders, which at the same time leads to process improvements through sustainability elements in its business operations and in current and future practices.

The Business: To maximise income in order to reward unitholders with a competitive rate of return for their investments through regular and stable distributions, and achieving long-term growth in distributions, and achieving long-term growth in distributions and Net Asset Value per Unit.

SCOPE

Our sustainability report covers the economic, environmental and social impacts of all Atrium's properties.

We have made an effort to report on all issues that are material to Atrium, and this report should be read together with our Annual Report 2018. The report contains qualitative and quantitative results for all indicators presented.

REPORTING PERIOD

The scope of this Sustainability Report refers to the period of 1 January 2018 to 31 December 2018, unless specified otherwise.

OUR APPROACH

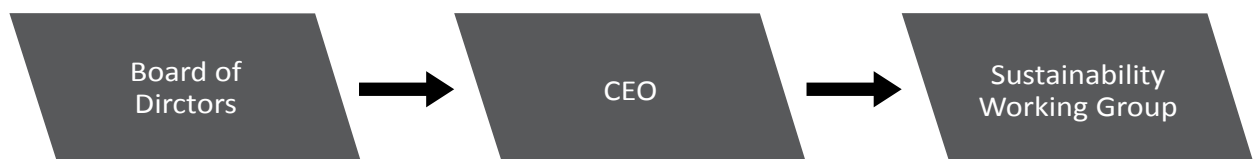
This is Atrium REIT's Sustainability Report, covering responsibilities to stakeholders and commitments to transparency and accountability.

It is aimed at communicating the Group's performance on economic, environmental, and social issues, in recognising the importance of wider engagement with stakeholders in sustainability management. This Sustainability Report is written in accordance with and guided by:

- Bursa Malaysia Main Market Listing Requirements, The Sustainability Reporting Guide.

GOVERNANCE STRUCTURE

As guided by the Group's corporate governance principles, the Board is committed to ensure economic, social, and environmental issues of our stakeholders are managed with sustainability in mind.



Sustainability Statement (cont'd)

Board of Directors responsibility:

- Reviews and approves the Sustainability Report
- Aligning corporate and division priorities, tolerances and strategies

The CEO is responsible for:

- Reviewing and monitoring effectiveness of sustainability treatment measures
- Making the appropriate recommendation to the Board on sustainability management matters

The Sustainability Committee is responsible for:

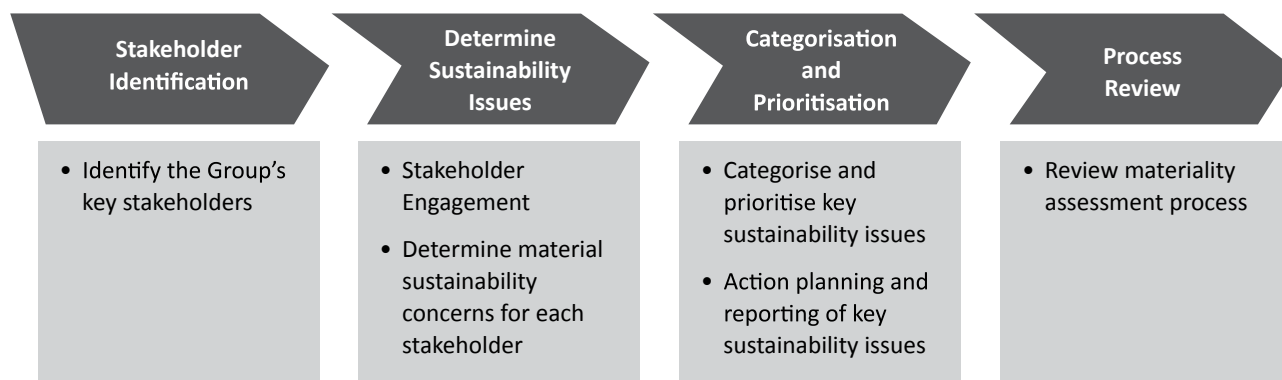
- Materiality Assessment;
- Identification and Monitoring of Initiatives and Actions;
- Execution of Initiatives and Actions; and
- Report

MATERIALITY ASSESSMENT

Our first materiality assessment was conducted under the guidance of independent sustainability consultants with participation and contributions from key personnel from respective departments.

While the materiality assessment did not involve any external stakeholders, key personnel took into consideration both internal and external perspectives during the material matters prioritisation process.

The materiality assessment process adopted a four-step approach as outlined below:



OUR STAKEHOLDERS

Core to the success of our business is our ability to develop strong and meaningful relationships with all our stakeholders. We have put in place various communication channels designed to allow us to regularly engage with our stakeholders so that we can better understand their needs and interests.

Sustainability Statement (cont'd)

A summary of who our key stakeholders are and how we engage them through the year is presented below:

No	Key stakeholders	Methods of Engagement	Frequency of Engagement	Action
1	Tenants/ Property Manager	<ul style="list-style-type: none">• One on one meetings• Joint inspection with property managers	<ul style="list-style-type: none">• When required• Bi-annual inspections	<ul style="list-style-type: none">• Scheduled Maintenance of buildings• Prompt notification• Property Manager reports
2	Unitholders or investors	<ul style="list-style-type: none">• Annual General Meeting• Unitholders' meeting	<ul style="list-style-type: none">• Yearly• Quarterly Reporting• Annual Reporting• When required	<ul style="list-style-type: none">• Presenting the performance and corporate governance of the company as well as compliance to regulatory bodies.
3	Employees	<ul style="list-style-type: none">• Employee appraisal• Festive celebrations	<ul style="list-style-type: none">• Yearly• When required	<ul style="list-style-type: none">• To provide fair and equal opportunities• To ensure employee development and progression
4	Neighbouring businesses and Surrounding Communities	<ul style="list-style-type: none">• Volunteerism	<ul style="list-style-type: none">• Annually	<ul style="list-style-type: none">• To give back to the community in which we operate and improve the welfare of families in need

FOSTERING STRONG RELATIONSHIPS

As we have embarked on Atrium's journey, we have focused our attention in fostering strong relationships, with tenants, unitholders and property manager.

The quality of existing assets and its services must be maintained at the highest level to ensure tenant satisfaction and retention. Periodic meetings are conducted with tenants to determine their satisfactions levels. Also, bi-annual visits are performed together with the property manager to ensure that the Manager is meeting the expectation of Atrium REIT's tenants.

Relationship with unitholders are maintained via the updates provided during the Annual General Meeting (AGM) as well as periodic meetings as and when they are required for further updates.

In maintaining and fostering the abovementioned relationships, we ensure it is highly sustainable with regards to the REIT's going concern.

HEALTH AND SAFETY

Atrium's management will ensure that every reasonable precaution will be taken to ensure health and safety of our employees and of those engaged in business activities on our properties. No job is regarded to be so urgent that health and safety is compromised.

The Property Manager (Hartamas Asset Management Sdn Bhd – HAMSB) conducts bi-annual building inspections with representatives from the Manager and the tenants to highlight the status and condition of maintenance of facilities within the properties.

Dedicated personnel are allocated by the Property Manager to each property to encourage proper action in attending to tenant related matters.

Sustainability Statement (cont'd)

To date, Atrium REIT has carried out the following Asset Enhancement Initiatives (AEI) to generate better yields, maintain occupancy, and create a better operating business environment for our tenants as well as to enhance property condition and value.

ATRIUM SHAH ALAM 3

The AEI of upgrading the facility from an old factory to a Grade A logistics warehouse involved the following:

- Constructing a new raised warehouse floor slab and installing loading bays and dock levelers for the ease and speed in loading and unloading of good; and
- Raising the warehouse height so that the tenant could install pallet racking system to fully utilise the vertical storage space.
- Replacing the warehouse lightings to a more energy efficient lighting system.

ENVIRONMENT

In conjunction with being more environmental friendly, Atrium has placed reminders at water outlet areas, electrical switches, and print stations to communicate the importance of conservation and the management's direction, tone and view on minimizing the impact to the environment.

We constantly remind our employees to save paper and always print on both sides. Email footers have been enhanced to include "think before you print" reminders.

The additional AEI that has been undertaken by Atrium to be sustainable environmentally are as follows:

- Changing the entire warehouse to the T-5 lighting system that is more energy efficient and cooler compare to the traditional highbay lighting system; and
- Changing the roof to dual clip system to reduce potential water leakages as well as providing better insulation to reduce overall heat in the warehouse.

By undergoing these AEIs Atrium has reduced the wastage of energy and water, hence in line with leading an environmentally sustainable vision.

Sustainability Statement (cont'd)

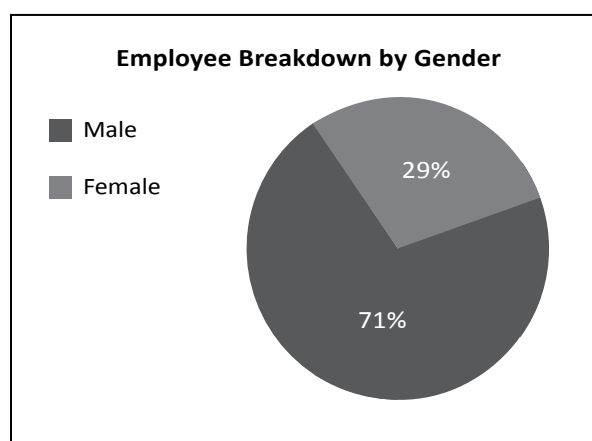
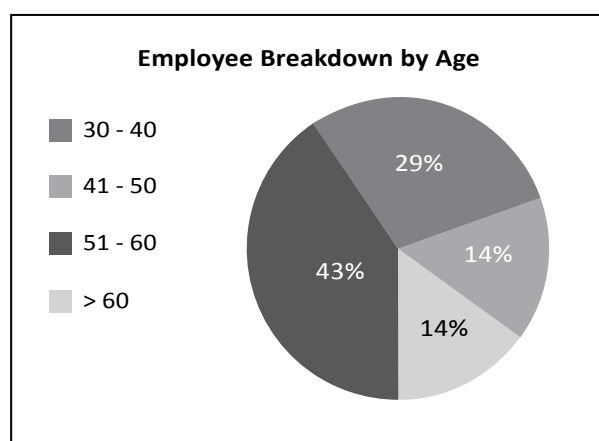
HUMAN CAPITAL MANAGEMENT

We will continue to focus on driving the career development, productivity, and opportunities of our talents. We recognise that continuous development of all talents is the impetus behind our business operations.

In this age of disruption and intensive change, we believe a diverse workforce is essential to achieving our goals. The diversity of our people promotes productivity and innovation. Diversity allows us to better respond in the most strategic and effective manner to increasing demands and expectations of our various stakeholders.

Our employment policies and practices abide by the Employment Act 1995 and other legal statutory provisions. In creating a safe working environment, Atrium strives to actively engage all employees and ensure their physical and mental well-being. One of the ways we do so is by organising employee engagement activities throughout the year to foster greater cohesion amongst our staff. An example of the activities that have been held is shown as below.

In conjunction with these efforts, we are proud to declare 100% employee retention rate for 2018 (2017:100%).



BUSINESS ETHICS AND EMPLOYEE CONDUCT

Atrium REIT instills trust in investors and other stakeholders through its accountability and integrity and upholds strict standards of ethical business conduct by establishing, reviewing and communicating policies and procedures to new and existing employees through mandatory induction programmes and trainings. These policies are summarized in the table below:

Code of Ethics and Conducts	Fraud Policy	IT Policy	w whistleblowing Policy
Outlining specific conduct requirements for the following : <ul style="list-style-type: none">• General business ethics• Conflict of interest• Confidentiality information• Gifts and entertainment	Facilitates the development of controls, which will aid in detection and prevention of fraud	Facilitates and supports authorised access to Company's information	The policy sets forth the conditions and procedures for investigations of allegations of corruption, fraud, and misconduct.