

# SUSTAINABILITY STATEMENT

## OUR SUSTAINABILITY JOURNEY

On behalf of Atrium REIT, the Manager recognises the impact its operations has on economic, environmental, and social factors. With the introduction of Sustainability Reporting, we view this as an opportunity for building trust and stronger relationship with both internal and external stakeholders, which at the same time leads to process improvements through embedding sustainability elements in its business operations and in current and future practices.

The Manager has identified key personnel to help drive the sustainability initiatives. As such, a Sustainability Working Group at the management level has been set up to spearhead sustainability efforts within the Company.

## HOW WE IDENTIFIED OUR SUSTAINABILITY THEMES

We worked closely with all our internal and selected external stakeholders to determine sustainability risks and opportunities with particular focus given to economic, environmental, and social risk factors.

We understand that each stakeholder has different requirements and concerns, therefore we engaged our stakeholders in various ways to further understand their concerns, interests, and obstacles. Thereafter, we take necessary actions to address these issues which are summarised in the following table:

Stakeholder	Goals	Engagement	Stakeholder Concerns	Action
Tenants	<ul style="list-style-type: none"> <li>Fostering strong relationship</li> </ul>	<ul style="list-style-type: none"> <li>One on one meetings</li> <li>Bi-annual visits (joint inspection)</li> </ul>	<ul style="list-style-type: none"> <li>Maintenance of building</li> <li>Prompt response</li> </ul>	<ul style="list-style-type: none"> <li>Scheduled maintenance of buildings</li> <li>Prompt notification</li> <li>Dedicated property manager</li> </ul>
Unitholders	<ul style="list-style-type: none"> <li>Providing transparent and up-to-date disclosure of information</li> </ul>	<ul style="list-style-type: none"> <li>Annual General Meeting</li> <li>Unitholders' meeting (as and when required)</li> </ul>	<ul style="list-style-type: none"> <li>Transparency of dealings</li> <li>Real time information on material disclosure</li> </ul>	<ul style="list-style-type: none"> <li>Adopting the most current corporate governance guidelines, adherence, and compliance to the SC REIT Guidelines, Bursa Malaysia Main Market Listing Requirements, and the Malaysian Financial Reporting Standards</li> </ul>
Employees	<ul style="list-style-type: none"> <li>Providing an environment with equal work opportunities</li> </ul>	<ul style="list-style-type: none"> <li>Festive celebrations</li> </ul>	<ul style="list-style-type: none"> <li>Opportunity to interact within the organisation</li> <li>Conducive working environment</li> </ul>	<ul style="list-style-type: none"> <li>Consistent and effective implementation of staff activities to establish trust and loyalty</li> </ul>

Resulting from this, our key themes and mottos of Sustainability were identified and are as follows:

- Fostering Strong Relationship with Tenants
- Human Capital Management
- Health and Safety
- Electricity, Water, and Paper Conservation

# **SUSTAINABILITY STATEMENT (CONT'D)**

## **A. ECONOMIC**

### **Fostering Strong Relationship with Tenants**

#### **Asset Enhancement Initiatives ("AEI")**

For the year under review, Atrium REIT carried out the following AEI to generate better rental 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 involve the followings :

- constructing a new raised warehouse floor and installing loading bays and dock levellers for the ease and speed in loading and unloading of goods;
- raising the warehouse height so that the tenant could install pallet racking system to fully utilise the vertical storage space;
- changing the entire warehouse lighting system to the T-5 lighting system that is more energy efficient and cooler compared to the traditional highbay lighting system; and
- changing the roof to dual layer clip system to reduce potential water leakages as well as providing better insulation to reduce overall heat in the warehouse.

## **B. ENVIRONMENT**

As a property owner, Atrium REIT has minimal involvement in sustainability initiatives within the tenants operations at their property. Nonetheless, we have put in place initiatives surrounding environmental sustainability within the Manager's office.

### **Electricity, Water and Paper Conservation**

We have placed reminder posters at water outlet areas, electrical switches, and print stations of our office with the aim of communicating the importance of conservation and the management's direction, tone and views on minimising our 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. Paper usage can be tracked, however it is not strictly monitored at present.

## **C. SOCIAL**

### **Human Capital Management**

The success of our operations lies with our people. The Manager has put in place robust talent management strategies to attract, cultivate and retain talent with the right skill set to support our continuous growth. We encourage a more open culture among employees across all levels within the Manager. We are proud to declare 100% employee retention rate for 2017 (2016: 100%). All employment policies and practices in place strictly abide by the Employment Act 1955 and other legal statutory provisions.

## SUSTAINABILITY STATEMENT (CONT'D)

### Health and Safety

Atrium REIT acknowledges the significance of safeguarding the health and safety of its employees, as well as the tenants in its properties. Bi-annual building inspections are conducted by the Property Manager (Hartamas Asset Management Sdn Bhd - HAMSB) with representatives from the Manager and tenants to highlight the status and condition of maintenance of facilities within the properties. Dedicated personnel are allocated by the Property Manager for every property to encourage prompt action in attending to tenant related matters.

### 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 summarised in the table below:

Code of Ethics and Conducts	Fraud Policy	IT Policy	Whistleblowing Policy
Outlining specific conduct requirements for the following: <ul style="list-style-type: none"><li>• General business ethics</li><li>• Conflict of interest</li><li>• Confidentiality information</li><li>• Gifts and entertainment</li></ul>	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

### PLANS FOR FY2018

As for FY2018, formalising the governance and reporting structure at management and board level to continue embedding sustainability efforts within our processes and reporting, defining areas of responsibilities revolving Sustainability, and identifying Key Performance Indicators within each theme is our top priority.

We believe that a move towards embedding sustainability in the company is only possible with a supportive culture and strong leadership. It is the leaders within an organisation such as Board members and the Chief Executive Officer, who need to provide strong stewardship towards incorporating sustainability into an organisation's business strategies and applying a sustainability lens to business decisions while pushing the focus beyond compliance.