

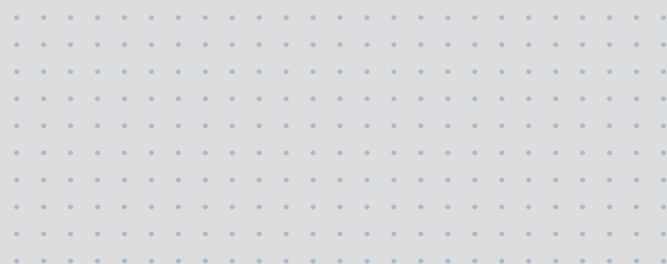


8 Tuas Avenue 20, Singapore

AIMS AMP Capital Industrial REIT Management Limited as manager of AIMS AMP Capital Industrial REIT (“AA REIT”) (the “Manager”) is pleased to present our second annual sustainability report which details our environmental, governance and social performance for the financial year from 1 April 2017 to 31 March 2018 (“FY2018 Report”).

The FY2018 Report has been prepared in accordance with the Global Reporting Initiative (“GRI”) Standards Core option. The GRI standards were chosen as they are the first global standards for sustainability reporting. This report is also aligned with the Sustainability Reporting Guide as set out in Practice Note 7.6 of the Mainboard Listing Rules of the Singapore Exchange Securities Trading Limited (“SGX-ST”).

The scope of the FY2018 Report covers all properties owned by AA REIT in Singapore (where the Manager and AA REIT are headquartered).



We welcome your questions and feedback on the FY2018 Report and any aspect of AA REIT’s performance. Please contact us at:

[investorrelations@aimsampcapital.com](mailto:investorrelations@aimsampcapital.com)

Please visit AA REIT’s website for our inaugural sustainability report.

[www.aimsampcapital.com](http://www.aimsampcapital.com)



## Sustainability Board Statement

GRI 102-14

The Board of the Manager believes that conducting business in a responsible and efficient manner is the key to long-term success. We recognise the need to be accountable to our stakeholders in building a business that is sustainable and resilient in the long run, while complying with environmental regulations and improving the quality of life. Accordingly, we are delighted to present the FY2018 Report, which demonstrates AA REIT's sustainability performance, progress and efforts over the past financial year.

The Manager has established a Sustainability Council ("SC"), which works under the guidance of the Board to ensure sustainability measures are implemented across the business. The SC will measure and review progress towards our sustainability goals and engage stakeholders to ensure targets are met.

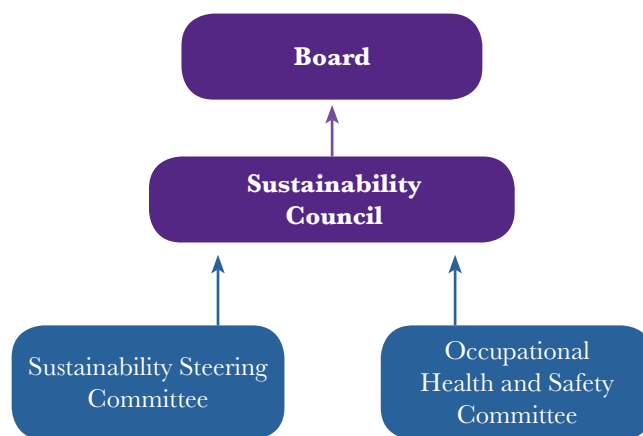
### Environment

The Manager is committed to alleviating and reducing the impact that AA REIT's business has on the environment. To support these efforts, the Manager has started integrating sustainable practices in regular operations. We have identified energy as one of the main material aspects and have taken initiatives such as mandating Building and Construction Authority ("BCA") Green Mark compliance for all new developments and using e-tools for stakeholder engagement to reduce our energy consumption. In the FY2018 Report, we have reported on our water consumption, and have commenced efforts to improve water efficiency in our operations. We consistently aim to identify areas where we may mitigate our impact on the environment by enhancing our operational practices.

### Social

We value the importance of a skilled and high quality workforce in order to ensure the long-term success of our business. We have invested in training our employees to promote professional and personal growth so that they are up-to-date with the latest market trends and developments. We also reward employees who uphold our values within the organisation.

### Sustainability management structure



Effective Occupational Health and Safety ("OHS") management is a subset of risk management and it has been proven to be correlated with improved productivity and staff morale. The Manager has therefore taken several initiatives to create a safe and healthy work environment for all our employees. We have set up an OHS Committee to ensure we identify potential hazards and take appropriate preventive actions. We provide our staff with regular OHS-related training and programmes to engage them and inculcate a positive and safe working culture.

### Governance

Corporate governance is at the heart of our business and key in achieving our sustainability goals. Building a system in which high standards are upheld and best practices are applied business-wide is essential to our long-term performance. We strive to maintain integrity, transparency, accountability and discipline in all our practices and have put in place a robust governance framework to ensure we meet our objectives.

We thank our stakeholders for their continued support in every aspect of our business, and look forward to sharing our new initiatives and improvements as part of our sustainability journey.



## Sustainability at AA REIT

GRI 102-9 | 102-11 | 102-18 | 103-2



1A International Business Park, Singapore

Our aim is to create long-term value for all our stakeholders. We are committed to giving back to the community and making positive contributions to the economy in which we operate. To help us to achieve this, we have considered several approaches which are embedded in our sustainability policy:

- observe and comply with all relevant legislation, regulations, and codes of practice;
- consider sustainability issues in key impact areas and integrate these considerations into business decisions;
- ensure all the Manager's employees are aware of its sustainability initiatives and are committed to implementing, supporting, and measuring these activities; and
- review, report and continuously strive to improve sustainability performance.

We have put in place relevant policies, programmes and procedures to manage sustainability efficiently across all our functions. We ensure all the Manager's employees are aware of the above by providing appropriate training and assigning clearly defined roles and responsibilities.

The Manager employs a risk-based management approach, which involves reviewing policies periodically, reporting compliance levels and taking adequate measures to prevent breaches. We believe that to meet our sustainability goals and live by our values, we need to integrate best practices into our day-to-day operations and are aiming to do so via tracking of energy consumption of our properties and possible future initiatives for water and waste management.

### Sustainability governance

The SC is responsible for leading our sustainability initiatives and in advising the Manager's Board of Directors on the best business strategies in relation to the adoption, implementation and monitoring of various sustainability policies and programmes.

Under the SC, we have a Sustainability Steering Committee and an OHS Committee. The OHS Committee advises and makes recommendations to support AA REIT's and the Manager's health and safety matters.

### Sustainability across supply chain

As we are accountable to our stakeholders, we endeavour to ensure that appropriate risk management, key internal controls and procedures are in place during the procurement of goods and services.

In FY2018, we have a pool of approximately 350 active suppliers, including facility managers, maintenance service providers, contractors, professional consultants and financial institutions which are mainly based in Singapore. Our suppliers are selected based on criteria such as reputation, professional expertise, track record, pricing, financial standing and compliance with legal requirements. Where feasible and applicable, we will obtain at least three quotes for a procurement. If the contract sum is substantial, we will conduct a pre-qualification and tender process. The tender will be awarded to the supplier that has best met all the necessary criteria.

In the future, we also aim to incorporate sustainability measures into our value chain and consider environmental factors wherever possible.



## Stakeholder engagement

GRI 102-40 | 102-42 | 102-43 | 102-44

The Manager believes it is essential to engage with stakeholders and understand the material issues that are most important to them. Given the diversity of our stakeholders, we have identified the key groups based on importance, representation, responsibility, dependency and proximity to AA REIT's business.

We maintain regular dialogue with our main stakeholders and strive to integrate their valued input into our sustainability strategy.

We continuously seek to improve our communication channels with stakeholders and strengthen our relationship with them. In FY2018, we conducted a survey to obtain feedback from stakeholders on our inaugural sustainability report for the financial year from 1 April 2016 to 31 March 2017 ("FY2017 Report"). We have received positive feedback from the survey and have addressed stakeholders' proposed areas for improvement in the FY2018 Report.

Stakeholder	Concerns raised	Modes of engagement	Frequency of engagement
 <b>Unitholders/ investors</b>	<ul style="list-style-type: none"> <li>Economic performance</li> <li>Anti-corruption</li> <li>Occupational health and safety</li> </ul>	Engagement through formal survey Dedicated investor relations team Dedicated investor relations section in AA REIT website Quarterly announcement of financial results Quarterly results briefing for analysts Regular financial and non-financial performance updates on the SGX Annual General Meeting Regular investor meetings via investor conferences, face-to-face meetings and non-deal roadshows	Biennially Periodically Periodically Quarterly Quarterly Periodically Annual Periodically
 <b>Bankers (financiers of AA REIT)</b>	<ul style="list-style-type: none"> <li>Economic performance</li> <li>Energy</li> <li>Environmental compliance</li> </ul>	Engagement through formal survey Email updates and regular informal communication through phone or face-to-face meetings	Biennially Periodically
 <b>Tenants</b>	<ul style="list-style-type: none"> <li>Economic performance</li> <li>Environmental compliance</li> <li>Market presence</li> </ul>	Engagement through formal survey Regular site visits, face-to-face meetings and phone calls Routine notices/email updates Targeted sponsorship to support tenants' corporate events	Biennially Periodically Periodically Periodically
 <b>Property managers</b>	<ul style="list-style-type: none"> <li>Energy</li> <li>Training and education</li> <li>Anti-corruption</li> </ul>	Engagement through formal survey Regular meetings Email updates and phone calls	Biennially Bi-monthly Periodically
 <b>Bond holders</b>	<ul style="list-style-type: none"> <li>Occupational health and safety</li> <li>Energy</li> <li>Anti-corruption</li> </ul>	Engagement through formal survey Face-to-face meetings	Biennially Periodically
 <b>Board of Directors</b>	<ul style="list-style-type: none"> <li>Economic performance</li> <li>Anti-corruption</li> <li>Environmental compliance</li> </ul>	Engagement through formal survey Board meetings Email updates and regular informal communication through phone Directors' orientation and training	Biennially Quarterly Periodically Periodically
 <b>Senior management and team members</b>	<ul style="list-style-type: none"> <li>Economic performance</li> <li>Employment</li> <li>Training and education</li> </ul>	Engagement through formal survey Training and team building activities Department meetings Performance review	Biennially Periodically Monthly Annually





## Materiality assessment

GRI 102-46 | 102-47 | 103-1

The Manager defined the scope of the FY2018 Report content based on the principles of materiality, stakeholder inclusiveness, sustainability context, and completeness.

To identify the key material matters for the FY2018 Report, we conducted a materiality assessment last year to define key aspects and indicators necessary for business sustainability. Guided by an external sustainability consultant, we have involved all our identified key stakeholders in our assessment. The key stakeholders of the Manager and AA REIT were engaged through various platforms including formal surveys. We consolidated their feedback and consulted the SC to prioritise the material aspects identified based on the importance to external stakeholders and the impact we are making towards the economy, environment and society. We are committed to updating the materiality assessment on a biennial basis.



## Material aspects and indicators identified



### Economic

#### Material aspects

Economic Performance

#### List of GRI indicators

201-1 Direct economic value generated and distributed

#### Aspect boundary

Within organisation



### Environment

#### Material aspects

Energy

#### List of GRI indicators

302-1 Energy consumption within the organisation

#### Aspect boundary

Common areas of properties with operational control

#### Material aspects

Water

#### List of GRI indicators

303-1 Water withdrawal by source

#### Aspect boundary

Common areas of properties with operational control



### Social

#### Material aspects

Occupational Health and Safety

#### List of GRI indicators

403-1 Workers representation in formal joint management-worker health and safety committees

#### Aspect boundary

Within organisation and tenants

#### Material aspects

Training and Education

#### List of GRI indicators

404-1 Average hours of training per year per employee

#### Aspect boundary

Within organisation



## Environment

The Manager is committed to conducting its business in a responsible and efficient manner. Our goal is for our operations to have minimal impact on the environment. To demonstrate this commitment, we have incorporated green practices into our daily business activities.

At present, approximately one third of AA REIT's Singapore portfolio (by net lettable area) is BCA Green Mark compliant. Furthermore, we are exploring the feasibility of all new developments undertaken by AA REIT to achieve BCA Green Mark Gold or higher.

We endeavour to promote environmentally-friendly habits and drive awareness amongst our employees through good practices such as encouraging double-sided printing, use of eco-friendly products and placing recycling bins in the office. AA REIT's annual reports are printed on FSC Certified paper.

In our upcoming annual general meeting on 26 July 2018, we will be seeking Unitholders' approval to distribute AA REIT's annual report by electronic means to further reduce our carbon footprint.

## Energy

GRI 103-1 | 103-2 | 103-3 | 302-1

Excessive energy consumption is one of the major contributors to greenhouse gas emissions globally and the environmental and climate challenges faced today. In accordance with the Paris Agreement in December 2015, Singapore has pledged to reduce its emissions intensity by 36 per cent by 2030 compared to 2005 levels. AA REIT is prepared to do its utmost to help reduce its emissions and continues to look for avenues where we can innovate to further reduce our emissions and energy usage.

## Our approach

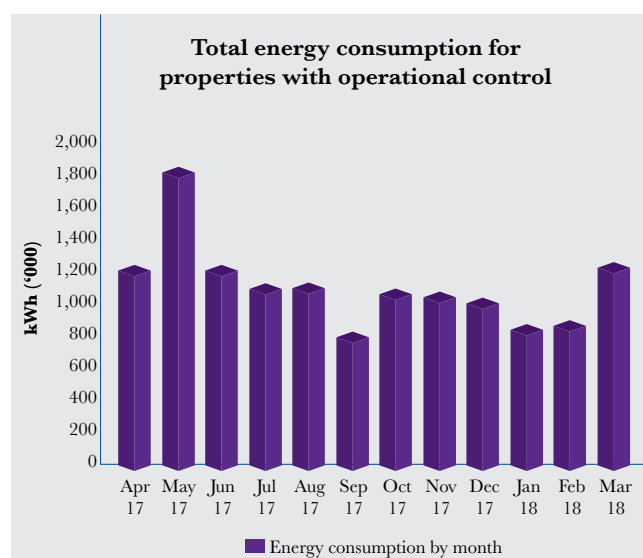
The built environment contributes to a major part of global energy use, which translates to added costs to the business. We continuously strive to improve our performance and consistently monitor the effectiveness of our investments in sustainable installations such as LED lights, energy efficient equipment, motion detectors for lights and sensors to monitor consumption.

## FY2018 performance

The FY2018 Report covers the energy consumption of 19 out of 27 properties in our portfolio, over which we have operational control (FY2017: AA REIT had operational control over 17 out of 27 properties in its portfolio). The data presented below included common areas (building services, corridors and perimeter lighting). The energy consumption was from non-renewable sources (electricity) only and our electricity consumption was based on meter reading.

The total energy consumption for FY2018 was 12,772,248 kWh for the 19 properties based in Singapore. This was approximately a 16 per cent increase from last year mainly due to AA REIT taking over operational control of more properties including five phases of 20 Gul Way which reverted to multi-tenancy leases since December 2016, the expiry of the master lease at 3 Tuas Avenue 2 as well as the commencement of operations at 8 Tuas Avenue 20 which obtained its Temporary Occupation Permit on 29 August 2017. The graph below shows the energy consumption per month for FY2018.

Additional energy efficiency initiatives such as the installation of motion sensors and LED lights at 1 Bukit Batok Street 22 and 3 Toh Tuck Link were rolled out in FY2018.



## FY2019 target

We aim to complete the installation of LED lights and other energy efficient fittings at selected properties in the upcoming financial year. For the redevelopment of 3 Tuas Avenue 2, we will be targeting to achieve Green Mark Gold certification by BCA.



## Environment

### Water

GRI 103-1 | 103-2 | 103-3 | 303-1

The Manager is committed to the sustainable management of water and we understand our responsibility to address the local and global challenges present with regard to water scarcity and the need to conserve water. Therefore, in FY2018 we have decided to track and analyse our water consumption so that we can take necessary, appropriate steps to help reduce our water consumption. The results are also shared with our employees to educate them on the importance of running a sustainable business and encourage them to adopt good practices with regard to day-to-day operations and water consumption.

#### Our approach

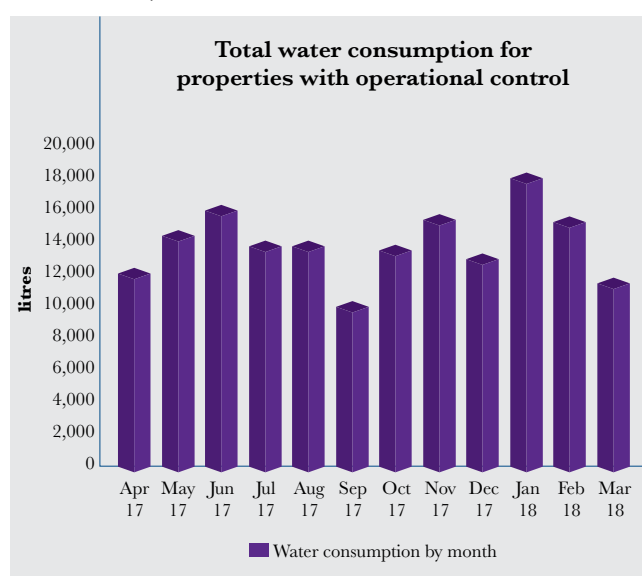
The Manager has started to track the water consumption of the properties in AA REIT's portfolio over which we have operational control and will continue to monitor and track water usage. We are a Public Utilities Board ("PUB") Friend of Water Steward and participated in Singapore World Water Day 2018 held on 3 March 2018. The Manager's staff had pledged to the PUB to conserve water by adopting best practices in their daily habits. In addition, the Manager will install water efficient fittings in its newly developed properties.



Singapore World Water Day held on 3 March 2018

#### FY2018 performance

We measured the total volume of water consumed for our Singapore operations. Only municipal water was utilised and the total volume consumed was 164,674 litres for the 19 Singapore-based properties over which we have operational control. This data was derived from meter reading. The graph below shows the water consumption breakdown by month.



#### FY2019 target

We are an active advocate of water conservation and aim to progressively achieve Water Efficiency Basic Certification for all eligible buildings in AA REIT's portfolio. Moving forward, all water fittings are to be upgraded to those with at least three-tick Water Efficiency Labels to be water efficient.



## Social

### Occupational Health and Safety

GRI 103-1 | 103-2 | 103-3 | 403-1

We make it our utmost priority to provide a safe working environment for all our employees. This encompasses both the physical safety and well-being of our workforce. We actively promote occupational health and safety by implementing various strategies that drive awareness, minimise workplace injuries and encourage the overall well-being of our employees, as detailed below.

#### Our approach

We established an OHS Committee in FY2017, which is responsible for managing and initiating our OHS activities such as organising full body medical health screenings for our staff. Our OHS Committee currently comprises four members from various departments and represents approximately 18 per cent of our workforce. This committee operates at an organisational level. We have trained our staff to identify potential hazardous situations and report them to the OHS Committee for their timely action.

#### FY2018 initiatives

A number of initiatives were completed in FY2018 including activities set out as part of the OHS programmes in our FY2017 report. These are as follows:

- Upgraded and maintained existing first aid kit;
- Stocked up on 3M N95 masks in preparation for hazy conditions and finalised the Guidelines for the Protection of Employees against the effects of Haze at Workplaces in our business continuity plan;
- Sent two staff members to attend a Certified Standard First Aid and Automated External Defibrillator (“AED”) Provider, run by Singapore Heart Foundation;
- Ensured proper maintenance of fire extinguishers at the workplace;
- Conducted an internal office campaign to educate staff on workplace health and safety including proper desk ergonomics and sitting posture;
- Provided fruits for staff on a weekly basis to promote healthy eating; and
- Encouraged the adoption of healthy lifestyles both at the office and in employees’ personal lives.

#### FY2019 target

In recognition of our efforts, we obtained bizSAFE level 1 certification this year. The Manager aims to consistently improve our performance and achieve bizSAFE level 2 certification in the next financial year.

### OHS programmes

#### AA REIT 10th Anniversary Celebration

In conjunction with AA REIT’s 10th year anniversary celebration, the Manager launched a workplace health and safety campaign for tenants. As part of the campaign, the Manager distributed brochures containing health and safety at work tips and apples to tenants at our properties.



#### National Steps Challenge

In conjunction with Health Promotion Board’s (“HPB”) National Steps Challenge Season 3 which started on 28 October 2017 and ended on 30 April 2018, the Manager organised an intra-company steps challenge where staff were divided into teams to compete. The OHS committee assisted all staff and their families to collect the free step trackers issued by HPB.





## Social

### Staff health and wellness programmes in FY2018



1

**4 May 2017**

#### Healthy eating at the workplace

Staff attended a talk by a nutritionist/dietician about healthy eating and the benefits of adopting a good diet regardless of their busy schedules.



2

**9 October 2017**

#### Preparedness for terrorist attacks, CPR, AED and fire safety

The staff attended a seminar where experts shared valuable information on core lifesaving skills, safety tips and essential emergency procedures with greater emphasis on practical hands-on engagements.

3

**9 January 2018**

#### The window to your overall health

A lunchtime health and wellness seminar was held where an optometrist was invited to give the staff an informative and insightful talk into their overall health based on the condition of their iris.



## Social

### Training and Education

GRI 102-7 | 102-8 | 103-1 | 103-2 | 103-3 | 404-1

We believe our employees are our most valuable asset and we recognise the importance of providing ample opportunities for their personal and professional development. By nurturing our employees, we help them perform to the best of their abilities as valued and empowered team members.

#### Our approach

We keep our employees abreast of the latest industry and career developments through professional courses and on-the-job training throughout the year. Some of these courses include:

- Wolters Kluwer: Overcoming New Challenges in Corporate Secretarial Practice - 2017 Update
- REIT Association of Singapore (“REITAS”) Inaugural REIT Management Course
- Excel training for data analysis and reporting

We also ensure that our employees are made aware of the importance of sustainability in our industry by conducting events such as the Sustainability Strategy Lab for them. It helped them understand the current sustainability trends in the industry and develop a sustainability roadmap for the next three years, including an action plan.

We hope to keep providing opportunities to our employees to continuously grow and develop skills that are relevant to our industry.



8 September 2017 – Deloitte Sustainability Strategy Lab

#### FY2019 target

We have increased our average training hours per employee per annum from 22 hours to 37.6 hours this year, which surpassed our FY2018 target of 25 hours. We hope to attain an average training hours of at least 26 hours per employee per annum in the upcoming financial year.

#### FY2018 statistics

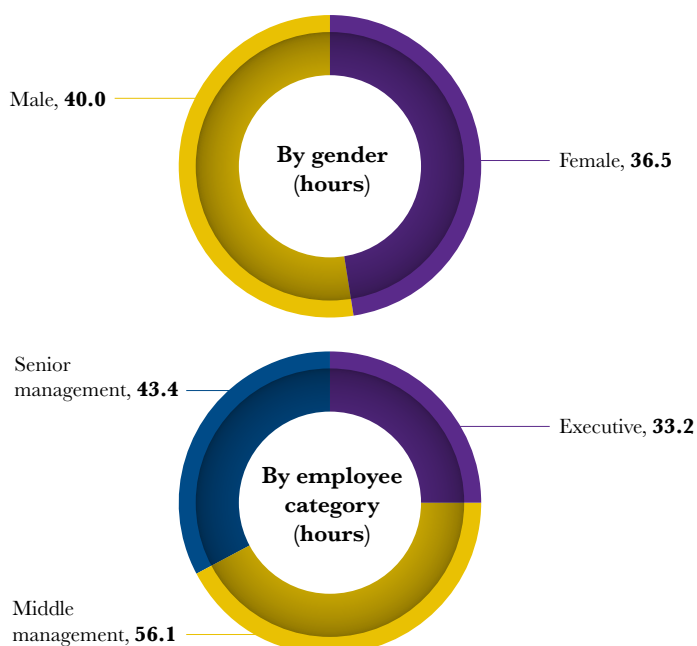


Note: All our employees are permanent employees based in Singapore.

#### Average training hours per employee per annum

**37.6 hours**

Average training hours per employee per annum





## Community engagement

The Manager believes that investing in the communities we operate in is a crucial part of our sustainability strategy. We are committed to creating a difference through our business and strive to inculcate a culture of responsible corporate citizenship in our organisation. Starting from FY2017, the Manager launched its Blessed for Good (“BFG”) project where the Manager adopted two elderly care centres, namely Fei Yue Senior Activity Centre (Holland Close) and Golden Years Centre (St Luke’s Eldercare). Both care centres are also classed as Voluntary Welfare Organisations (“VWO”) by the Ministry of Social and Family Development, being non-profit organisations providing welfare services and/or services benefitting the community at large. Under the BFG project, employees were given up to two days’ paid leave per year to undertake voluntary work in these adopted centres.



On 18 August 2017, the Manager’s employees brought seniors from St Luke’s Eldercare (Golden Years Centre) for an outing to Gardens by the Bay followed by a luncheon.



On 25 August 2017, the Manager’s employees brought seniors from Fei Yue Senior Activity Centre for an outing to Jurong Bird Park.

For the upcoming financial year ending 31 March 2019 (“FY2019”), the Manager has adopted a new VWO centre, XiSer CareServe (formerly known as Tai Pei Social Service) (“XiSer”).

Since 2006, XiSer has operated as a step-down care facility caring for long staying patients from Institute of Mental Health in Buangkok Green Medical Park. XiSer was established to care for persons with mental disorders requiring long term care and support, regardless of race or religion. Most of XiSer’s residents are either destitute individuals who have been rejected by their families or whose families do not have the means or are unable to care for them.



## Awards and recognition

We are proud to have been recognised for our efforts in sustainability and governance. These awards provide an external benchmark for measuring our performance and reinforce the importance of our commitment to upholding the highest standards and best practices across the business.



### Gold Award for Excellence in Governance, CSR, ESG and Investor Relations

AA REIT was awarded the Gold Award at the Asset Corporate Awards 2017, in recognition of the Manager's continued commitment to uphold high standards of corporate governance, corporate social responsibility, environmental responsibility and investor relations.



### Shareholder Communications Excellence Award

In recognition of adoption of good corporate governance and investor relations practices, AA REIT was awarded the Shareholder Communications Excellence Award (Mid Cap) by the Securities Investors Association (Singapore) ("SIAS") at the SIAS 18<sup>th</sup> Investors' Choice Awards 2017.



### Traditional Annual Report Award (Honors)

As a testament to the Manager's transparent approach and active engagement with investors, analysts, media and the general investment community, AA REIT was awarded the Traditional Annual Report Award (Honors) at the 2017 International ARC Awards.



## GRI content index

General standard disclosures		
GRI standard	Disclosure	Chapter, page reference, performance and/or explanation for omissions
GRI 102: General Disclosures 2016	<b>Organisation profile</b>	
	102-1	Name of the organisation
	102-2	Activities, brands, products and services
	102-3	Location of headquarters
	102-4	Location of operations
	102-5	Ownership and legal form
	102-6	Markets served
	102-7	Scale of the organisation
	102-8	Information on employees and other workers
	102-9	Supply chain
	102-10	Significant changes to organisation and its supply chain
	102-11	Precautionary principle or approach
	102-12	External initiatives
	102-13	Membership of associations
	<b>Strategy</b>	
	102-14	Statement from the most senior decision maker of the organisation
	<b>Ethics and integrity</b>	
	102-16	Values, principles and norms of behaviour
	<b>Governance</b>	
	102-18	Governance structure
	<b>Stakeholder engagement</b>	
	102-40	List of stakeholder groups
	102-41	Collective bargaining agreements
	102-42	Identifying and selecting stakeholders
	102-43	Approach to stakeholder engagement
	102-44	Key topics and concerns raised
	102-45	Entities included in the consolidated financial statements

General standard disclosures			
GRI standard	Disclosure		Chapter, page reference, performance and/or explanation for omissions
GRI 102: General Disclosures 2016	<b>Reporting practice</b>		
	102-46	Defining report content and topic boundaries	52, 56
	102-47	List all material topics	56
	102-48	Restatements of information	Restated total values for energy consumption for FY2017. Reported value: 11,945,641 kWh; actual value should be: 11,025,987 kWh
	102-49	Changes in reporting	Additional material issue: 303-1: Water 13-17, 101-104, 109-115
	102-50	Reporting period	52
	102-51	Date of the most recent report	May 2017
	102-52	Reporting cycle	52
	102-53	Contact point of questions regarding the report	52
	102-54	Claims of reporting in accordance with GRI standards	52
	102-55	GRI content index	64 - 65
	102-56	External assurance	We are not seeking external assurance for this reporting period.
Material topics			
Economic			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	7-9, 54, 56
	103-2	Direct economic value generated and distributed	
	103-3	Evaluation of the management approach	
GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed	123-180
Environment			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	54, 56, 57
	103-2	The management approach and its components	
	103-3	Evaluation of the management approach	
GRI 302: Energy 2016	302-1	Energy consumption within the organisation	57
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	54, 56, 58
	103-2	The management approach and its components	
	103-3	valuation of the management approach	
GRI 303: Water 2016	303-1	Water withdrawal by source	58
Social			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	54, 56, 59
	103-2	The management approach and its components	
	103-3	Evaluation of the management approach	
GRI 403: Occupational Health and Safety 2016	403-1	Workers representation in formal joint management-worker health and safety committees	59
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	54, 56, 61
	103-2	The management approach and its components	
	103-3	Evaluation of the management approach	
GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee	61