

STAKEHOLDERS ENGAGEMENT

ENGAGEMENT WITH STAKEHOLDERS (2023)

INVESTMENT COMMUNITY

ANALYST BRIEFINGS



EXTRAORDINARY GENERAL MEETING

INTERVIEW



FINANCIAL INSTITUTIONS

POTENTIAL BUSINESS PARTNERS

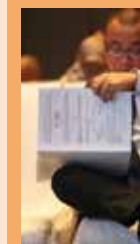


FOREIGN PARTNERSHIPS



LOCAL PARTNERSHIPS

TRUSTEE



STAKEHOLDERS ENGAGEMENT

ENGAGEMENT WITH STAKEHOLDERS (2023)

REGULATORS



BOARD AND EMPLOYEES



EMPLOYEES



COMMUNITY



CORPORATE SOCIAL RESPONSIBILITIES



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OVERVIEW

Damansara REIT Managers Sdn Berhad (“the Manager” or “DRMSB”) is pleased to present the Al-’Aqar Healthcare REIT (“Al-’Aqar”, “the REIT” or “the Fund”) sustainability statement for the year 2023. Covering disclosures for the reporting period of 1 January 2023 to 31 December 2023 (“FY2023”), this statement outlines how environmental, social and governance (“ESG”) considerations influence our operations, commitments and business strategies as a healthcare REIT.

In a business landscape where investors increasingly make investment decisions based on strong ESG criteria, a holistic strategy is essential to better serve stakeholder needs and navigate the intricate spectrum of ESG risks and possibilities. Moreover, as REIT stakeholders place greater influence on corporate ESG performance, Al-’Aqar REIT remains steadfast in our dedication to creating long-term sustainable value for stakeholders.

MILESTONES SHAPING OUR ESG PROGRESS

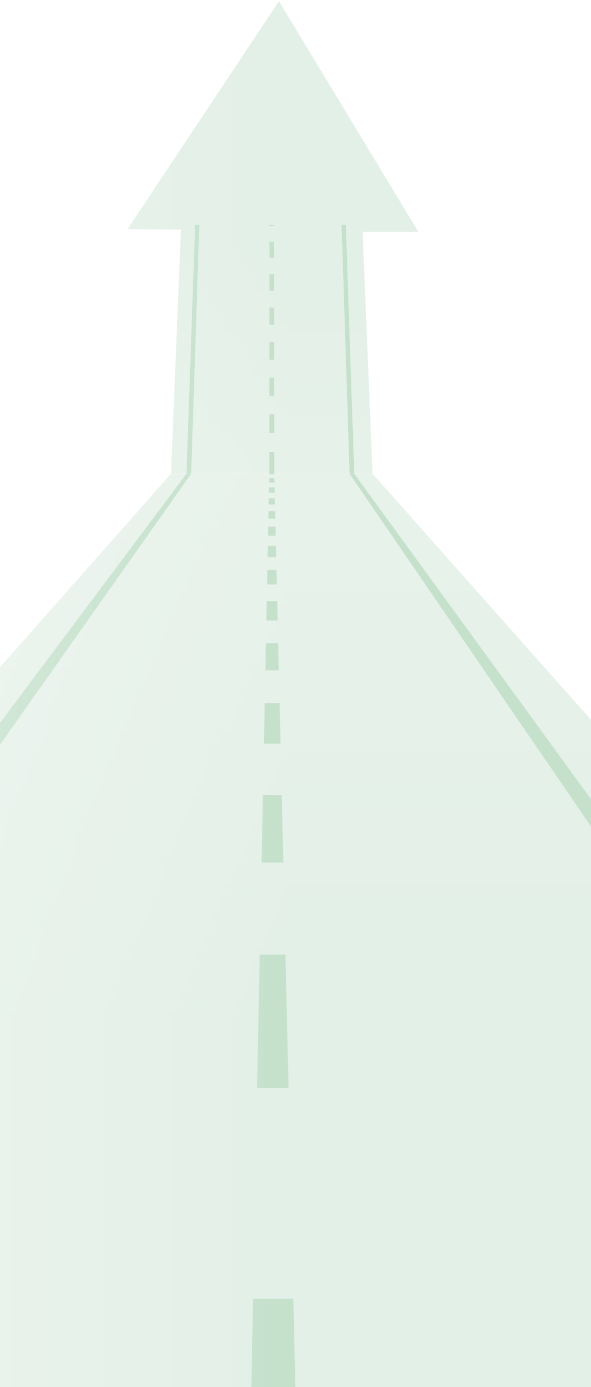
In line with our goal of incorporating sustainability considerations into our operations, we began implementing the recommendations set out by the Task Force on Climate-related Financial Disclosures (“TCFD”) this year. Adopting TCFD recommendations provided us with a methodical reporting framework that served to enhance our understanding of climate-related risks and opportunities. We also extended our greenhouse gas (“GHG”) disclosures to include Scope 3 emissions, providing a more comprehensive oversight of our emissions data.

Furthermore, we conducted a materiality reassessment and streamlined our materiality matrix with Bursa Malaysia’s 11 common sustainability matters, ensuring coherent sustainability reporting and aligning our material concerns with peer REITs and current trends. Supplier screening and evaluation on environmental impact was also conducted this year, allowing us to ensure adherence to environmentally responsible practices throughout our supply chain.

In the current year, we established a Board Sustainability Committee (“BSC”) to support the Board of Directors in overseeing the Group’s sustainability objectives, policies, and practices, ensuring alignment with legal requirements. Additionally, we established a Sustainability Management Committee (“SMC”) which is specifically committed to overseeing sustainability targets, policies, practices, and management systems. The SMC delivers comprehensive quarterly reports to the BSC on significant sustainability matters, encompassing reviews of pertinent policies and frameworks.

Al-’Aqar REIT proactively embraces environmental stewardship. A preliminary assessment towards obtaining the Green Building Index (“GBI”) certification has been carried out, centred around five hospitals: KPJ Damansara Specialist Hospital, KPJ Puteri Specialist Hospital, KPJ Ipoh Specialist Hospital, KPJ Perdana Specialist Hospital and KPJ Kajang Specialist Hospital.

The introduction of a green lease by Al-’Aqar REIT marks an innovative step, covering criteria such as Energy Usage, Chemical Usage, Renewable Energy, Waste Management, Data Sharing, Water Conservation, Cost Provision, Sustainable Procurement and Sustainable Transportation. This integration of sustainability principles aligns the REIT’s operations with eco-friendly practices while setting a standard for responsible and sustainable real estate management, emphasising the Fund’s deep commitment to a future grounded in sustainability.



OVERVIEW

REPORTING SCOPE AND BOUNDARY

The Manager's influence over ESG matters within the properties remains limited as our 24 tenants are bound by a single net lease agreement with KPJ Group. This statement therefore serves as a summary of Al-'Aqar's sustainability performance, focusing specifically on our company headquarters.

REPORTING FRAMEWORK

This statement was prepared with reference to the Main Market Listing Requirements ("MMLR"), Sustainability Reporting Guide (3rd Edition) and Illustrative Reporting Guide issued by Bursa Securities. Our reporting practices are further guided by the Global Reporting Initiative ("GRI") Standards and the United Nations Sustainable Development Goals ("UN SDGs"), ensuring the reliability of our disclosures.

This report also marks the beginning of the phased alignment with Task Force on Climate-related Financial Disclosures ("TCFD") recommendations.



ASSURANCE STATEMENT

The Manager acknowledges the importance of independent assurance in ensuring trustworthy data and is considering acquiring third-party verification for future statements. In the interim, our data has undergone internal verification by the Sustainability Management Committee to ensure accurate reporting to the best of our ability.

FEEDBACK

Our commitment to transparent reporting and sustainable practices is strengthened by the input we receive from external sources. Thus, we highly value any feedback on our performance, sustainable initiatives or the statement itself.

Feedback can be submitted via an email contact on our website.

A SYNOPSIS OF OUR SUSTAINABILITY ACCOMPLISHMENTS

ROBUST CORPORATE GOVERNANCE

100% of operations were assessed for corruption related risks and recorded **Zero** incidents of corruption



Zero employee dismissal due to non-compliance with the Anti-Bribery and Anti-Corruption ("ABAC") Policy

96% of employees received anti-corruption training



Zero cases of data breach incidents recorded

SUSTAINABLE TRUST FUND

100% of procurement budget spent on local suppliers



50% of new suppliers were screened using environmental criteria while **61%** suppliers were assessed for their environmental impact

ENVIRONMENTAL STEWARDSHIP



Emissions reduction

Recorded a **5%** reduction in Scope 3 emissions



Energy reduction

Total energy consumption reduced by **5%**

STRONG SOCIAL RELATIONSHIPS



Employees received **920** hours of training in total

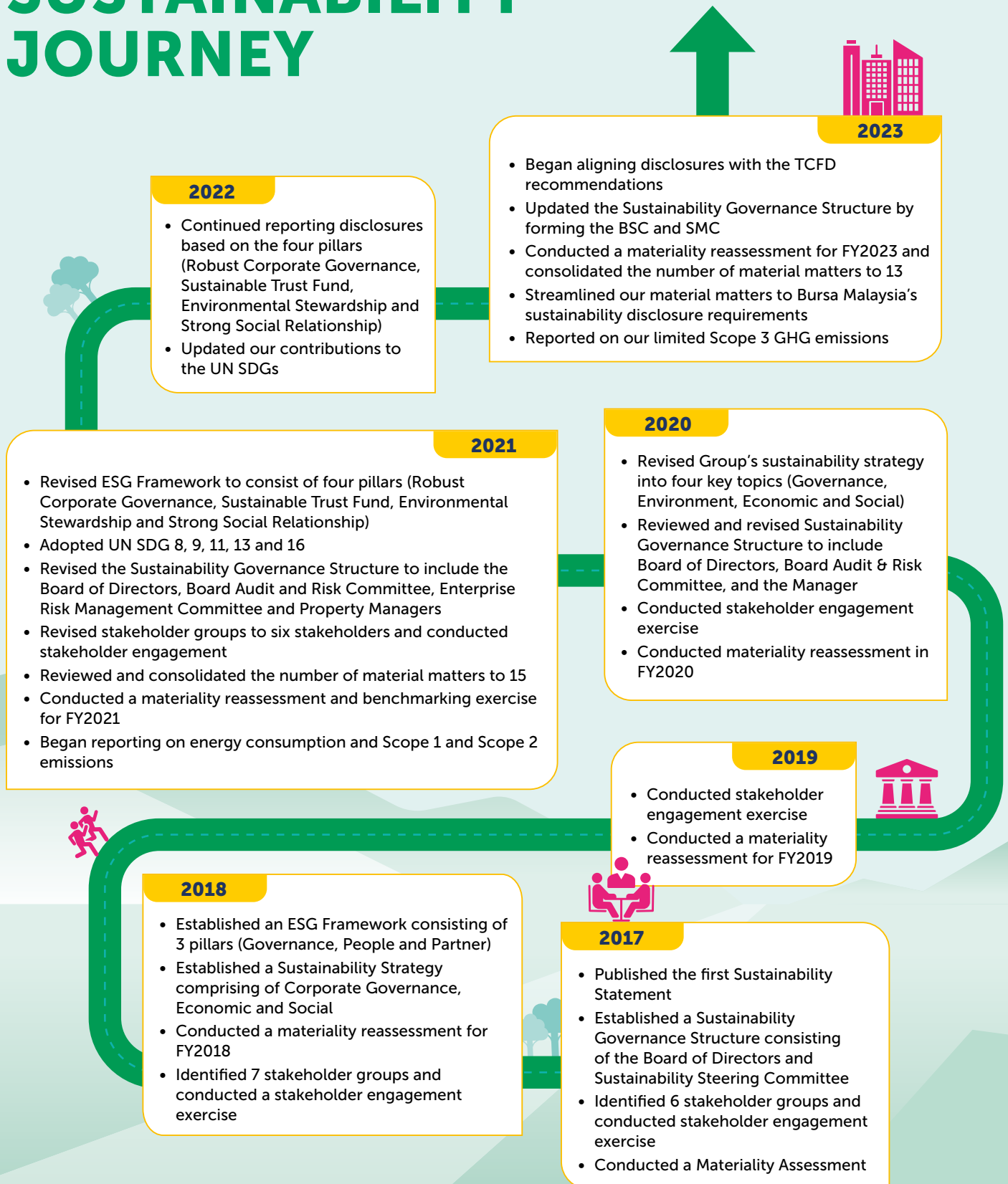


Recorded **Zero fatalities** across the Fund



Invested a total of **RM8,700** on community initiatives

NAVIGATING OUR SUSTAINABILITY JOURNEY

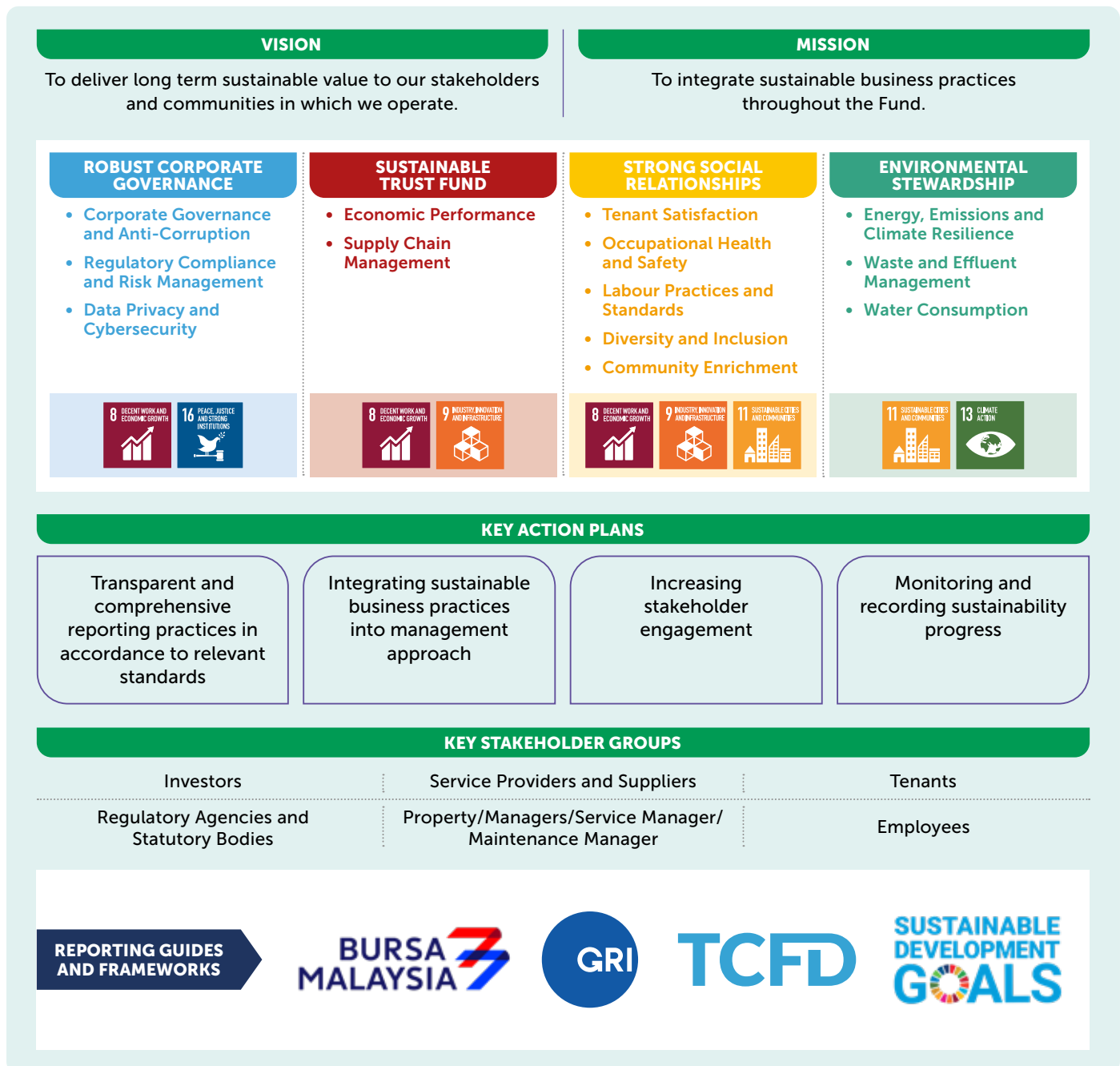


OUR APPROACH TO SUSTAINABILITY

ESG FRAMEWORK

Developed with the ultimate goal of advancing sustainability throughout Al-‘Aqar, our Sustainability Framework guides the integration of ESG considerations throughout the REIT’s strategic plans and administration. Our vision to deliver enduring sustainable value within our operations exerts considerable influence over this framework.

Aligned with four sustainability pillars encompassing 13 material sustainability matters, these pillars are reinforced by meaningful action plans that further bolster our sustainable strategy. They are also aligned with relevant UN SDGs and reporting frameworks.

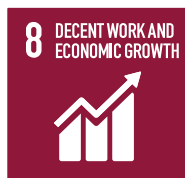


OUR APPROACH TO SUSTAINABILITY

OUR CONTRIBUTION TO THE UN SDGs

Enacted by the United Nations, the Agenda for Sustainable Development stands as a global guideline steering us towards a more equitable world by 2030. At its core are the 17 SDGs, interconnected goals that address economic growth, social inclusion and environmental protection. These goals serve as catalysts for collaborative efforts within international communities, propelling lasting positive change.

At Al-`Aqar, we incorporate five goals most resonant with our aspirations. Within this statement, we outline our progression towards this commitment, discussing our sustainability initiatives linked to the pertinent SDGs.



8.7 | Measures to eradicate forced labour, modern slavery and child labour

8.8 | Protect labour rights and promote safe working environments

- Competitive benefits provided for all employees
- 100% of employees received performance review
- A total of 919.5 training hours recorded



9.4 | Upgrade infrastructure to make them sustainable, with increased resource-use efficiency

- Tenant satisfaction survey conducted annually, with average score of 84% recorded



11.6 | Reduce the adverse per capita environmental impact of cities by paying attention to municipal and waste management

- Continuously monitored the effluents produced by KPJ Hospitals through reviewing monthly effluent reports.



13.1 | Strengthen resilience and adaptation to climate-related hazards

- Records Scope 1, Scope 2 and Scope 3 GHG emissions
- Committed to raise awareness among employees about responsible water use



16.5 | Substantially reduce corruption and bribery

- Established Code of Conduct and Business Ethics, Anti Bribery and Anti Corruption Policy, as well as Whistleblowing Policy
- Review of risks on a quarterly basis based on the Enterprise-Wide Risk Management ("ERM") Policy and Framework.

KEY ESG PERFORMANCE INDICATORS

Our Key Performance Indicators (“KPIs”), grounded in the JLG 2030 ESG Roadmap, function as precise metrics to assess sustainability development and performance across our ESG pillars.



Achieved



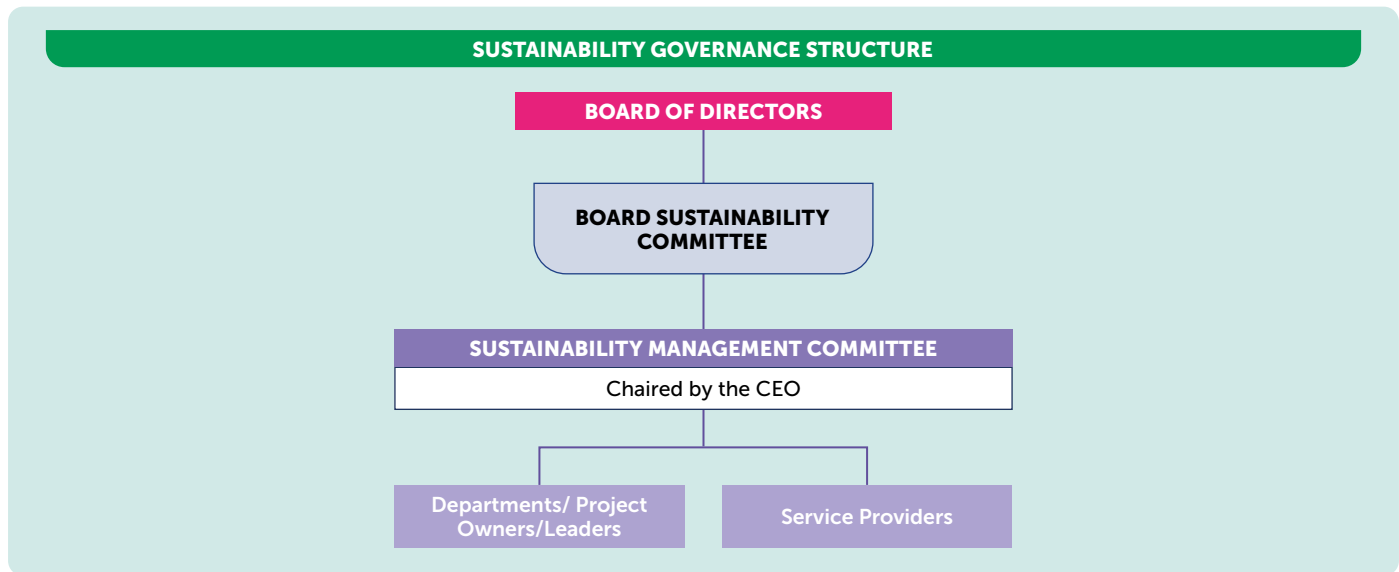
Ongoing Progress

MATERIAL MATTERS	FY2023 TARGETS	FY2023 ACHIEVEMENTS
ROBUST CORPORATE GOVERNANCE		
Corporate Governance and Anti-Corruption	Maintain 30% female participation on the Board of Directors.	14% of the Board consists of women
	Provide training and regular communication on the ABAC Policy for 100% of DRMSB employees.	96% of employees received training in FY2023
Regulatory Compliance and Risk Management	Conduct one internal risk management review to incorporate ESG risk and opportunities into DRMSB's risk management framework.	Included 'opportunities of green energy' within the current risk profile
Data Privacy and Cybersecurity	Conduct refresher trainings on cybersecurity issues for 100% of employees.	A Cyber Security Awareness Training session was conducted in FY2023
	Maintain zero incidents of cybersecurity breaches or data loss across DRMSB.	Zero incidents of cybersecurity breaches or data loss across Al-`Aqar was recorded
STRONG SOCIAL RELATIONSHIPS		
Tenant Satisfaction	Maintain the tenant satisfaction survey at Al-`Aqar REIT with a minimum score of 85% achieved.	We attained a satisfaction score of 84% in our tenant survey
Occupational Health and Safety	Maintain zero fatalities, permanent disabilities or major injuries across DRMSB operations.	Zero fatalities and one injury recorded at Al-`Aqar
	100% of DRMSB employees to receive OHS-related training/briefings to raise awareness about best practises in the office working environment.	8% of total employees underwent training on health and safety standards
	100% of employees at Al-`Aqar REIT to receive a briefing on the latest relevant SOPs to mitigate potential workplace incidents.	OSH Guideline was provided to all staff
Labour Practices and Standards	Provide training/briefing on human rights topics and issues for 100% of employees.	A sexual harassment education programme was conducted
	Record zero incidents of human rights infringement throughout DRMSB operations.	Zero complaints regarding human rights violations recorded
ENVIRONMENTAL RELATIONSHIPS		
Energy, Emissions and Climate Resilience	Al-`Aqar REIT to perform GBI assessments at our managed properties.	GBI assessments have been conducted on 20.8% of Al-`Aqar properties

KEY ESG PERFORMANCE INDICATORS

SUSTAINABILITY GOVERNANCE STRUCTURE

Al-'Aqar REIT's Board of Directors ("the Board") charts our sustainability direction, providing strategic direction on the REIT's overall sustainability strategies and performance. Supported by both the Board Sustainability Committee ("BSC") and the Sustainability Management Committee ("SMC"), the Board evaluates and approves proposed sustainability initiatives. Meanwhile, the Head of Departments and Project Owners convene to discuss the results of their monitoring efforts concerning sustainability initiative implementation and target achievement.



BOD

- Has oversight of Damansara REIT Managers Sdn Bhd's ("DRMSB") sustainability strategies and key targets.
- Ultimate statutory and fiduciary responsibility for decision-making relating to the functions and duties of the Committee.

BSC

- Assists the Board in fulfilling their oversight responsibilities in relation to the Group's objectives, policies, and practices in respect of sustainability and compliance with statutory requirements.

SMC

- Develops, executes, monitors, improve and audits sustainability targets, policies, practices, working principles, and management systems regularly.
- Identify emerging issues, their potential for impacting the business, and how the business should respond.
- Ensures sustainability work plans are well-aligned with business needs.
- Reports to the BSC on material sustainability matters quarterly.
- Reviews the relevant policies and frameworks, as well as provide recommendations on the DRMSB's policy and performance in relation to the environment, health, safety, and community relations.
- Review the effectiveness of the system for monitoring compliance with laws and regulations, along with the results of the management's investigation and follow-up on any instances of non-compliance.

Departments/ Project Owners/ Leaders

- Executes ESG initiatives and reports to SMC.
- Assesses the effectiveness of the sustainable initiatives put in place, and monitors and maintains records on these initiatives.

KEY ESG PERFORMANCE INDICATORS

STAKEHOLDER ENGAGEMENT

Stakeholders are integral to our business, shaped by and influencing the REIT’s decisions. This interdependence underscores the necessity for transparency and mutual understanding between both parties to establish sustainable business operations. To accomplish this, the Manager frequently engages with key stakeholder groups to develop a deeper understanding of their evolving expectations and needs. Through proactive engagement such as this, it enables timely addressal of concerns and fosters a mutually beneficial, long-term relationship.



Investors

Influences share prices, liquidity, dividend yields, cost of capital, portfolio strategy and the overall market perception of the REIT

LEGEND: ● Every three years ● Yearly ● Half-yearly ● Quarterly
● Monthly ● Ongoing ● As and when required

KEY CONCERNS:	<ul style="list-style-type: none"> Corporate Financial Performance Corporate Governance 	<ul style="list-style-type: none"> Investor Relationship Management 	<ul style="list-style-type: none"> Environmental matters Safety of assets
ENGAGEMENT METHODS:	<ul style="list-style-type: none"> Annual General Meeting ● Corporate website ● 	<ul style="list-style-type: none"> Annual & quarterly reports ●● Investor relations briefings ● 	<ul style="list-style-type: none"> Investment criteria/ policy ●
OUR RESPONSE:	<ul style="list-style-type: none"> Annual auditing Uphold good governance practices 		



Regulatory Agencies and Statutory Bodies

Sets the compliance requirements and legal frameworks

KEY CONCERNS:	<ul style="list-style-type: none"> Compliance with Regulations Labour Practices 	<ul style="list-style-type: none"> Transparency and Disclosure
ENGAGEMENT METHODS:	<ul style="list-style-type: none"> Quarterly compliance report ● 	<ul style="list-style-type: none"> Announcement, Notification & Reporting ●●● Compliance audit ●
OUR RESPONSE:	<ul style="list-style-type: none"> Ensure compliance with latest laws and regulations 	



Service Providers and Suppliers

Provides essential services and goods for property management and operations

KEY CONCERNS:	<ul style="list-style-type: none"> Transparent Procurement Process 	<ul style="list-style-type: none"> Business ethics
ENGAGEMENT METHODS:	<ul style="list-style-type: none"> Evaluation & Performance Reviews ● 	<ul style="list-style-type: none"> Compliance with MACC Act ● Procurement Policy ●
OUR RESPONSE:	<ul style="list-style-type: none"> A representative from DRMSB is present during supplier interviews to ensure adherence to the Manager’s ESG-related policies and regulations 	

KEY ESG PERFORMANCE INDICATORS



Property Managers/ Service Manager/ Maintenance Manager

Property managers oversee property operations and tenant relations, service managers coordinate essential services, and maintenance managers manage physical upkeep in the REIT.

KEY CONCERNS:	<ul style="list-style-type: none"> Maintenance Summary
ENGAGEMENT METHODS:	<ul style="list-style-type: none"> Monthly reports ● Quarterly meeting ●
OUR RESPONSE:	<ul style="list-style-type: none"> Senior management team conducts regular discussions with all managers to discuss issues for improvement Maintenance Managers provide monthly updates to the REIT



Tenants

Tenants enhance the REIT's financial performance through rent and significantly impact property success and reputation through their satisfaction.

KEY CONCERNS:	<ul style="list-style-type: none"> Rental Demised premises in good and tenantable repair and maintenance
ENGAGEMENT METHODS:	<ul style="list-style-type: none"> Monthly reports ● Annual building audit ● Engagement sessions ●
OUR RESPONSE:	<ul style="list-style-type: none"> Tenants are engaged through a Performance Evaluation of the services facilitated by the Property or Maintenance Manager The Maintenance Manager conducts formal engagement sessions with tenants to address questions or concerns raised by the tenants



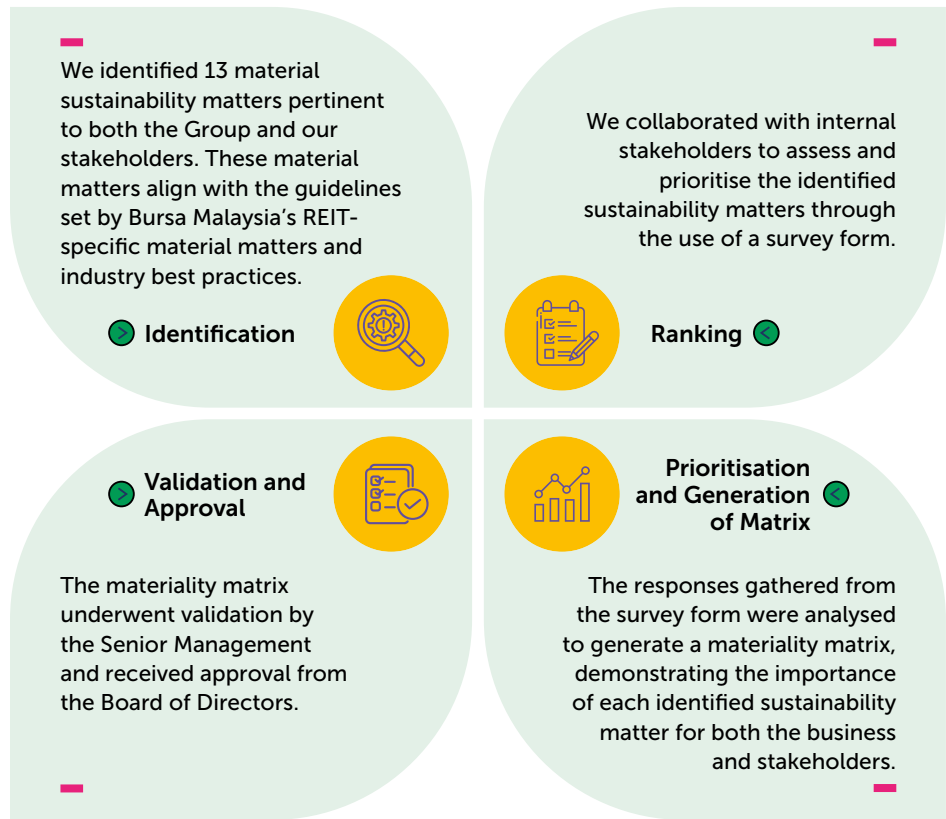
Employees

Individuals employed by Al-'Aqar to manage and operate the properties within the portfolio.

KEY CONCERNS:	<ul style="list-style-type: none"> Staff performance and development Business strategies/ objectives/ achievements Staff wellbeing Employee benefits
ENGAGEMENT METHODS:	<ul style="list-style-type: none"> Performance appraisal and career development plan ● Townhall ● Revision of salary package ● Work-life balance ●
OUR RESPONSE:	<ul style="list-style-type: none"> Al-'Aqar offers opportunities for career progression and skills enhancement, along with competitive benefits to attract and retain talented employees

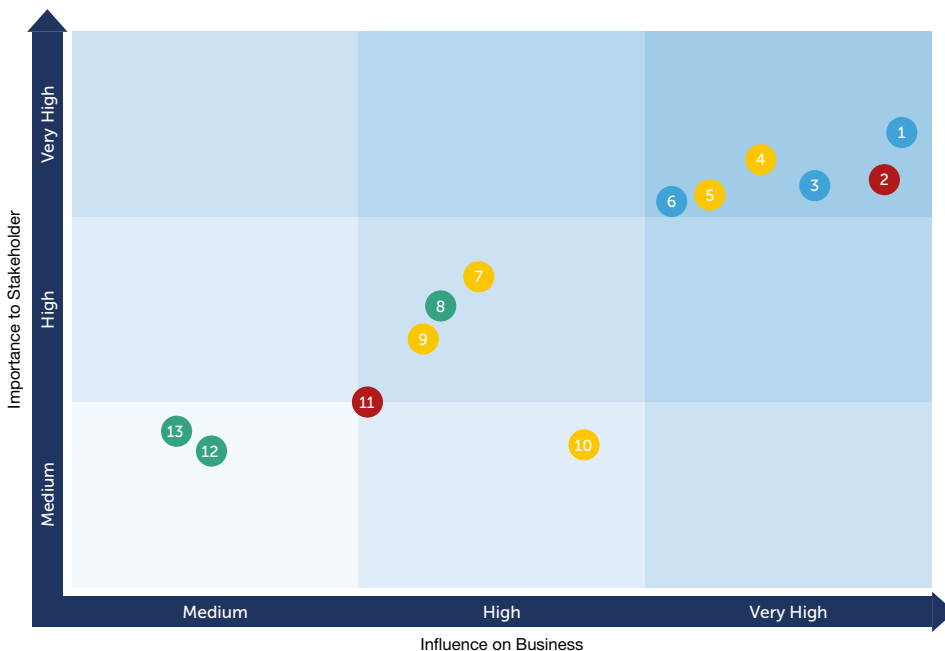
INSIGHTS INTO OUR MATERIALITY ASSESSMENT

Keen understanding of the sustainability risks significant to DRMSB and our stakeholders is essential for accurately prioritising material topics. Therefore, we conducted a reassessment of material sustainability aspects through a four-step process this year as described below. We enhanced our focus by including an additional material matter, Data Privacy and Cybersecurity. This expansion aligns with the requirements in Bursa Malaysia’s Main Market Listing Rules, ensuring that we remain aligned with the current sustainability landscape.



MATERIAL SUSTAINABILITY MATTERS

The top five material matters most crucial to the Fund are **Corporate Governance and Business Ethics, Economic Performance, Regulatory Compliance and Risk Management, Tenant Satisfaction** and **Data Privacy and Cybersecurity**.



ROBUST CORPORATE GOVERNANCE

- 01 Corporate Governance and Anti-Corruption
- 03 Regulatory Compliance and Risk Management
- 06 Data Privacy and Cybersecurity

SUSTAINABLE TRUST FUND

- 02 Economic Performance
- 11 Supply Chain Management

STRONG SOCIAL RELATIONSHIPS

- 04 Tenant Satisfaction
- 05 Occupational Health and Safety
- 07 Labour Practices and Standards
- 09 Diversity and Inclusion
- 10 Community Enrichment









ENVIRONMENTAL STEWARDSHIP

- 08 Energy, Emissions and Climate Resilience
- 12 Waste Management
- 13 Water Consumption

INSIGHTS INTO OUR MATERIALITY ASSESSMENT







MAPPING THE MATERIAL SUSTAINABILITY MATTERS

We illustrated the connections between our sustainability efforts by connecting each of the material matters to the relevant SDGs and significant stakeholder groups.

MATERIAL MATTERS	DESCRIPTION	STAKEHOLDERS	UN SDGs
ROBUST CORPORATE GOVERNANCE			
Corporate Governance and Anti-Corruption	Values, principles, standards and norms that are critical towards business sustainability.	Investors, Tenants, Regulatory Agencies & Statutory Bodies, Employees	 
Regulatory Compliance and Risk Management	Strategies in managing operational, financial and compliance risks to ensure sustainable long-term growth as well as efforts to adhere to laws, regulations, guidelines and specifications relevant to business operations.		
Data Privacy and Cybersecurity	Prioritising data privacy and cybersecurity is crucial to safeguard property and financial information, ensuring trust and mitigating risks associated with digital transactions and communications.		
SUSTAINABLE TRUST FUND			
Economic Performance	Strategies in managing financial performance, as well as managing the indirect economic impacts of infrastructure investments and the services supported.	Investors, Tenants, Employees, Local Communities	 
Supply Chain Management	Management of supply chain activities to maximise value for customers and tenants, as well as ensure that products or services provided by suppliers meet the standards and requirements of the Manager.	Investors, Service Providers and Suppliers	
STRONG SOCIAL RELATIONSHIP			
Tenant Satisfaction	Initiatives to ensure that all properties are comfortable, safe, and meet the standards of all tenants and customers.	Tenants	 
Occupational Health and Safety	Measures taken to prevent workplace accidents or injuries, and to maintain a safe and conducive working environment.	Employees, Tenants, Regulatory Agencies & Statutory Bodies	
Labour Practices and Standards	Respecting and protecting the rights of all employees, service providers and suppliers, local communities and other stakeholders. Providing personal and professional benefits, training, and development opportunities to all employees.	Employees, Local Communities	
Diversity and Inclusion	Promoting a diverse and inclusive workplace where every employee, regardless of gender, race and ethnicity, is treated with dignity and respect.	Employees	

INSIGHTS INTO OUR MATERIALITY ASSESSMENT

MAPPING THE MATERIAL SUSTAINABILITY MATTERS (CONT'D)

MATERIAL MATTERS	DESCRIPTION	STAKEHOLDERS	UN SDGs
STRONG SOCIAL RELATIONSHIP			
Community Enrichment	Building strong relationships through regular engagement activities, to promote the well-being of local communities.	Employees, Local Communities	 
ENVIRONMENTAL STEWARDSHIP			
Energy, Emissions and Climate Resilience	Efforts made on responsible energy management and usage to reduce the impacts on climate change.	Investors, Tenants, Property/ Service/ Maintenance Manager	
Waste Management	Managing waste to reduce its generation and ensure that it is disposed of Properly.	Investors, Tenants, Local Communities, Regulatory Agencies & Statutory Bodies, Property/Service/ Maintenance Manager	 
Water Consumption	Managing water to reduce its consumption.	Investors, Tenants, Property/ Service/ Maintenance Manager	

INTEGRATING CLIMATE-RELATED CONSIDERATIONS

Providing a consistent approach to climate-related reporting, the TCFD framework allows us to provide insights into climate-related risks and opportunities for stakeholders. Al-`Aqar REIT is dedicated to integrating TCFD's four core elements into our sustainability strategy, enhancing our risk disclosures and improving how we address climate-related risks.

GOVERNANCE

Acknowledging the influence of climate change on REIT operations, the Manager has integrated climate considerations into our decision-making processes. These efforts are guided by initiatives overseen by both the Board and endorsed by the BSC and SMC.



Board of Directors

- The Board provides strategic oversight concerning the sustainability strategies, policies, and performance of the REIT, which includes considerations related to climate issues.
- The Board approves ESG Key Performance Indicators (KPIs), encompassing climate-related metrics.



Management

- The SMC proposes sustainability strategies and initiatives to the Board, including those related to climate concerns.
- The SMC evaluates and supervises the implementation of sustainability initiatives and performance, which encompasses climate-related considerations.

STRATEGY

Al-`Aqar's climate-related risks fall under transition risks and physical risks. Transition risks pertain to challenges associated with the transition towards a sustainable, low-carbon economy while physical risks emanate from the direct consequences of climate change.

Transition Risks

Transition Risks	Potential Impact	Opportunities
Policy and Legal	<ul style="list-style-type: none"> • Potential expenses resulting from penalties and fines. 	Conforming to or surpassing anticipated environmental regulations enables us to seamlessly access new markets and preemptively address potential legal issues.
Technology	<ul style="list-style-type: none"> • The adoption of new technologies in healthcare facilities for energy efficiency or renewable energy sources may require investments and pose risks associated with technology changes. 	Investing in energy-efficient technologies and practices can lead to cost savings and contribute to a lower carbon footprint.
Market	<ul style="list-style-type: none"> • Reduced revenue due to increased costs. • Economic shifts, such as recessions, can impact property valuations and rental revenues. A less robust economic climate may result in elevated vacancy rates, diminished demand, and financial difficulties for the REIT. 	Through effectively communicating and promoting our dedication to sustainability, we can set ourselves apart and draw in clients who prioritise environmental consciousness.
Reputation	<ul style="list-style-type: none"> • Investors and tenants are placing growing emphasis on sustainable and climate-resilient properties. Failing to meet these expectations can result in discontent and harm to the reputation of the entity. 	Opportunity exists to elevate Al-`Aqar's reputation by pioneering climate-conscious operations.

INTEGRATING CLIMATE-RELATED CONSIDERATIONS

STRATEGY (CONT'D)

Physical Risks

Physical Risks	Potential Impact	Opportunities
Acute	Healthcare facilities may face increased risks from extreme weather events such as hurricanes, or floods, potentially leading to property damage, disruptions in operations, and increased insurance costs.	Performing thorough risk assessments, developing emergency response plans, and investing in resilient infrastructure are crucial steps in mitigating the immediate risks.
Chronic	Persistent environmental shifts, such as rising temperatures and changes in precipitation patterns, pose continual challenges in terms of: <ul style="list-style-type: none"> • infrastructure • availability of resources • health of workers 	Implementing climate-resilient infrastructure and building designs can enhance the REIT's ability to withstand extreme weather events and other climate-related impacts can help alleviate the long-term impacts.

RISK MANAGEMENT

ESG risk considerations are integrated into our risk management framework, where the Board receives support from our BSC and SMC to systematically manage risks. Our robust risk management processes enable the identification and assessment of the primary climate-related risks we are exposed to.

METRICS AND TARGETS

The metrics and targets integral to the REIT's strategic and risk management processes are employed to address climate-related risks and opportunities. To guide our efforts, JLG Group established a comprehensive 2030 ESG Roadmap, complete with a set of key performance indicators ("KPIs"), to actively reduce our emissions and minimise waste generation.

Al-'Aqar REIT measures carbon emissions, energy and water usage, representing carbon emissions in tCO₂e, electricity in kWh, and water in m³. We monitor and disclose emissions under Scope 1, Scope 2 and Scope 3, continuously tracking GHG emissions across our operations and consistently enhancing TCFD disclosures to align with relevant recommendations and regulatory requirements.



ROBUST CORPORATE GOVERNANCE

Ensuring good governance is fundamental to upholding transparency, accountability and effective management in REIT operations. A well-designed governance structure serves as a guide for decision-making that mitigates risks and safeguards the interests of both the REIT and our tenants



- Corporate Governance and Business Ethics
- Regulatory Compliance and Risk Management
- Data Privacy and Cybersecurity

- **100%** of operations were assessed for corruption related risks
- **Zero** incidents of corruption recorded
- **96%** of employees received anti-corruption training
- **Zero** employee dismissal due to non-compliance with the ABAC Policy
- **Zero** cases of data breach incidents recorded




ROBUST CORPORATE GOVERNANCE

CORPORATE GOVERNANCE AND BUSINESS ETHICS

Good governance serves as the key to maintaining rigorous ethical conduct, ensuring accountability through effective risk management, performance assessment and exemplary leadership. As such, the Manager staunchly advocates the principles of excellent governance, striving to uphold operational integrity while safeguarding the interests of our stakeholders and tenants.


OUR APPROACH

Internal SOPs covering account business development, internal controls, risk management, compliance, IT, talent management, finance and operations play a pivotal role in ensuring the Fund’s seamless daily operations. This is further reinforced by the Manager’s Code of Conduct and Business Ethics (the “Code”) which define the professional conduct expected of the Fund’s associates and employees. The Code includes clear guidelines and stipulates disciplinary actions for incidents of non-compliance. Augmented by policies such as the Whistleblowing Policy, Anti-Bribery and Anti-Corruption Policy (“ABAC”) and Manual, these measures collectively contribute to robust governance. Employees are well-informed about these policies and procedures through various channels, including mail, briefings, training sessions and posters.



ABAC Policy

- Upholds conformity to the Malaysian Anti-Corruption Act 2009
- Outlines and informs of the Manager’s principles and guidelines with regards to money laundering, gifts, entertainment and hospitality expenses,
- Fortified by our No-Gift, No-Entertainment Policy
- Internally circulated among staff through briefing and training, and published on the corporate website for external communication




Whistleblowing Policy

- Aligns with the Whistleblowers Protection Act 2010
- Provides a secure mechanism for reporting non-compliance and misconduct within Al-`Aqar REIT
- Reports are treated impartially and confidentially, and any instances of malicious intent in reporting are addressed appropriately.

ANTI-BRIBERY AND CORRUPTION INITIATIVES



Conduct refresher, briefing and training sessions



Maintain due diligence procedures



Ensure integrity pledges by business partners

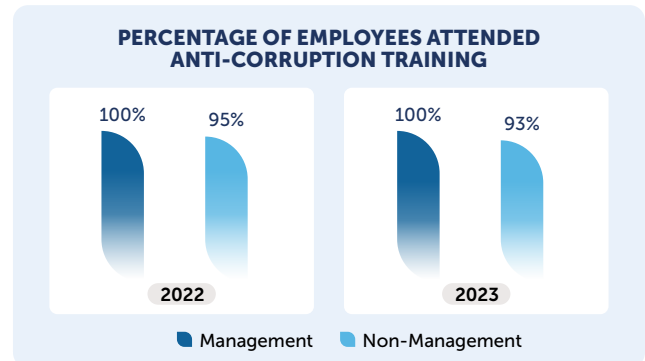


Conduct risk assessments

OUR PERFORMANCE

Employees are equipped with anti-corruption awareness through training, with 96% of the workforce in attendance this year.

We conducted corruption-related risk assessments on 100% of internal operations, compiling all findings into an integrity risk register that was presented to the Board Audit Risk Committee (“BARC”) and the Board Investment Committee (“BIC”).



ROBUST CORPORATE GOVERNANCE

CORPORATE GOVERNANCE AND BUSINESS ETHICS (CONT'D)

OUR PERFORMANCE (CONT'D)

The operations in Al-Aqar REIT have been assessed against 15 corruption risks.

Fraud	Charitable and political donations, sponsorship	Embezzlement
Bribery & Kickbacks	Money Laundering	Environmental Corruption
Government Interaction	Procurement Practices	Recruitment
Facilitation Payments	Collusion	Cyber Corruption
Gifts, entertainment & hospitality	Conflict of Interest	Country of Operation

In FY2023, the Manager reported zero incidents of corruption or non-compliance. Additionally, we recorded zero whistle blowing reports and zero employee dismissal due to non-compliance with the ABAC Policy.

(Source: Corporate Services)

REGULATORY COMPLIANCE AND RISK MANAGEMENT

Beyond preserving the integrity of our corporate processes, upholding steadfast regulatory compliance fortifies the Fund's vigilance against potential risks and opportunities. By guaranteeing stringent regulatory compliance at our REIT operations, we also safeguard the interests of our stakeholders, fostering increased overall trust and further bolstering brand perception.

Effective risk management also empowers the Fund, enabling the identification and proactive preparation against potential risks, thereby future-proofing the business as a REIT. Thus, Al-'Aqar REIT commits to embedding risk management processes throughout our endeavours, ensuring a holistic approach to addressing and mitigating potential risks.

OUR APPROACH

i. Regulatory Compliance

The REIT complies with relevant national laws, regulations, and guidelines.

- Capital Market Services Act 2007
- Main Market Listing Requirements
- Guidelines on Listed REITs
- Guidelines on Islamic Capital Market Products and Services
- Income Tax Act 1967
- EPF Act 1991
- Malaysia Code on Corporate Governance ("MCCG")
- Guidelines on Corporate Governance for Capital Market Intermediaries

The Manager ensures strict compliance with relevant legal and statutory requirements through meticulous management of a compliance report delineating the requirements of various acts, risk treatments, mitigation plans and risks ratings. To further fortify these efforts, the Manager employs legal specialists for advice, trains staff members on legal requirements and assigns external consultants to undertake all internal audits, preserving objectivity.

ROBUST CORPORATE GOVERNANCE

REGULATORY COMPLIANCE AND RISK MANAGEMENT (CONT'D)

OUR APPROACH (CONT'D)

i. Regulatory Compliance (Cont'd)

Al-'Aqar REIT tenants are also obligated to abide by stipulated legal requirements and agreements, encompassing laws such as the Uniform By-Laws 1984, the Fire Services Act 1988 and the Lease/Tenancy Agreement. As such, to ensure requirements are upheld within the properties, the Fund conducts scheduled monitoring and instructs Maintenance Managers to provide updates through a Monthly Report. Each building's licencing status is detailed within the report, with the renewal process managed by the lessee and falling under the oversight of KPJ HQ.

Remaining well-informed of developments in the regulatory landscape is of chief importance. Beyond obtaining regular legal and secretarial updates to stay abreast of the latest changes, the Board, as well as management personnel, are encouraged to attend talks and seminars whenever necessary. Furthermore, the Manager receives notifications on relevant changes from Bursa Malaysia, the Securities Commission and the Malaysian REIT Managers Association ("MRMA").

To ensure compliance with applicable laws and requirements throughout Al-'Aqar REIT, initiatives related to compliance are communicated through multiple channels. Internally, these initiatives are disseminated during management meetings, briefings and through announcements. Externally, information is shared via Annual General Meetings, analyst briefings, the corporate website and annual reports. Those requiring further clarification regarding these initiatives can direct their questions to a designated individual via email.

ii. Risk Management

Risk management at Al-'Aqar REIT is overseen by the BARC, with support from the Enterprise Risk Management Committee ("ERMC"). Tasked with inculcating risk management into the Manager's day-to-day operations, they also identify risk parameters, appetite, profiles, treatment options, action plans and indicators.

Adhering to the Enterprise Risk Management ("ERM") Policy and Framework, the Manager conducts quarterly risk assessments where findings are systematically catalogued in a comprehensive risk register. Additionally, the Manager conducts risk assessments on the REIT's suppliers which cover social, labour, health and safety, tax and data protection issues.

Risk owners are responsible for reporting on the current status of risks and the progression of corresponding mitigation measures. These risk owners also identify any new potential operational risks as well as develop mitigation plans, presenting them to the ERMC and at the weekly Management Committee meetings. The ERMC works to effectively communicate such risks and mitigation plans, meeting on a quarterly basis.

OUR PERFORMANCE

The Fund is pleased to report that due to our consistent effort to uphold regulatory compliance, we recorded zero incidences of non-compliance. Additionally, no high risk was identified during the supplier risk assessment.

(Source: Compliance & Risk)

ROBUST CORPORATE GOVERNANCE

DATA PRIVACY AND CYBERSECURITY

The digitalisation of services is an increasingly ubiquitous feature in businesses across sectors. This expanding virtual landscape emphasises the imperative for strong data privacy and cybersecurity measures. Functioning primarily as a healthcare REIT, the Manager is committed to safeguard customer and patient data confidentiality through various initiatives.

OUR APPROACH

The Manager ensures stringent adherence to the Personal Data Protection (“PDP”) Policy and has implemented a user access rights matrix. Additionally, a Cyber Security Procedure was put into action, incorporating essential cyber security measures as a guide for appropriate steps in the event of a data or security breach.

We conduct a Data Recovery test on an annual basis to verify the adequacy of our backup systems, ensuring data resiliency in the event of any unforeseen circumstances. The Manager continued to implement a number of business continuity strategies with regard to digital transformation which has enabled the Fund to continually adjust in an evolving REIT sector.

OUR DIGITAL TRANSFORMATION STRATEGY



Installed backup software and data protection



Utilised VPNs to protect network connections



Usage of Microsoft 365 cloud storage



Implemented IT disaster recovery plan, drills, and data recovery tests

In FY2023, we organised a Cyber Security Awareness Training session to enhance employees’ understanding of cyber risks and equip them with the knowledge to safeguard against threats encountered on the internet. Participants also gained valuable insights into managing and securing their accounts and passwords.

OUR PERFORMANCE

In FY2023, zero complaints regarding breaches of customer privacy or data loss were recorded.

(Source: Corporate Services)



SUSTAINABLE TRUST FUND

REITs are a unique vehicle for stakeholders to participate in real estate investments and income generation. At Al- 'Aqar REIT, we are committed to delivering sustainable growth for our tenants and the communities surrounding our portfolio assets through prudent investments and efficient supply chain management.

8 DECENT WORK AND ECONOMIC GROWTH

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

- **Economic Performance**
- **Supply Chain Management**

- **100%** of procurement budget spent on local suppliers
- **50%** of new suppliers were screened using environmental criteria
- **61%** suppliers were assessed for their environmental impact



SUSTAINABLE TRUST FUND

ECONOMIC PERFORMANCE

As a healthcare REIT, our efforts to provide long-term value for our unitholders and tenants hinge on the robust growth and financial performance of our organisation. Upholding the value of our healthcare real estate assets enhances the Fund's appeal to potential investors and guarantees tenant satisfaction. Furthermore, our financial performance has a significant influence on our capacity to broaden our portfolio, allowing us to pursue expansion opportunities and further contribute to the success of our stakeholders.

OUR APPROACH

Our property selection process during the acquisition stage is guided by a set of processes and criteria. This involves prioritising tenants at the forefront of innovation and strategically focus on assets with a forward-looking and high-tech profile. We also incorporate assets that align with ESG principles into our portfolio.

Indirect economic impacts emanate from the financial transactions and cash flows between an organisation and its stakeholders. These extend to investments in infrastructure and the services facilitated by these investments. As a healthcare-focused real estate player, we positively contribute to the communities we serve.



Developing Expertise
Advancing skills and expertise in healthcare services within professional networks and operational areas.



Stimulating the Economy
Spurring economic development in the surrounding areas.



Generating Employment Opportunities
Increasing healthcare, technical, maintenance and pharmaceutical jobs in the supply or distribution chain.

OUR PERFORMANCE

In the fiscal year 2023, the Fund diligently maintained the positive trajectory achieved in the previous year's financial performance. Notably, the Fund remained self-sufficient, continuing its commendable record of not relying on any financial assistance from the government.

	FY2022	FY2023
Economic value generated (revenue)	RM 104,587,721	RM 115,250,328
Retained economic value (Profits)	RM 54,626,818	RM 71,543,213

(Source: Finance)

SUPPLY CHAIN MANAGEMENT

Ensuring the seamless flow of materials, services and resources essential for property maintenance and management is vital for optimising operational efficiency within the Fund. Additionally, we strategically prioritise suppliers with environmentally friendly practices, thereby aligning with our overarching ESG objectives.

OUR APPROACH

The majority of KPJ hospitals operate under a consolidated net lease agreement. Under this arrangement, tenants bear the responsibility for all supply chain decisions and property expenditures, engaging directly with contractors or service providers. To ensure adherence to internal and regulatory policies, it is mandatory to have a representative from the Manager present during the interview process with potential vendors.

SUSTAINABLE TRUST FUND

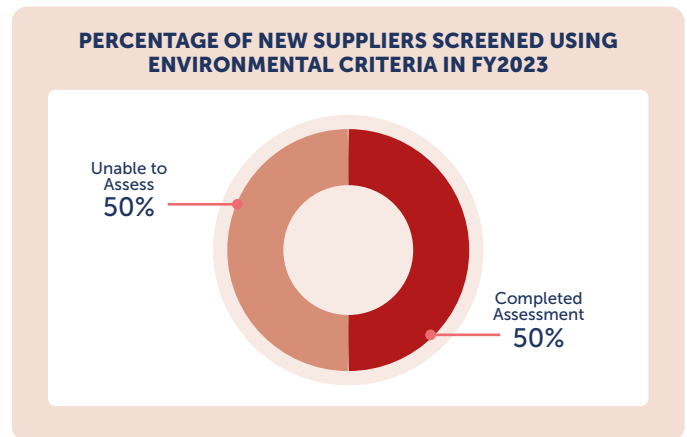
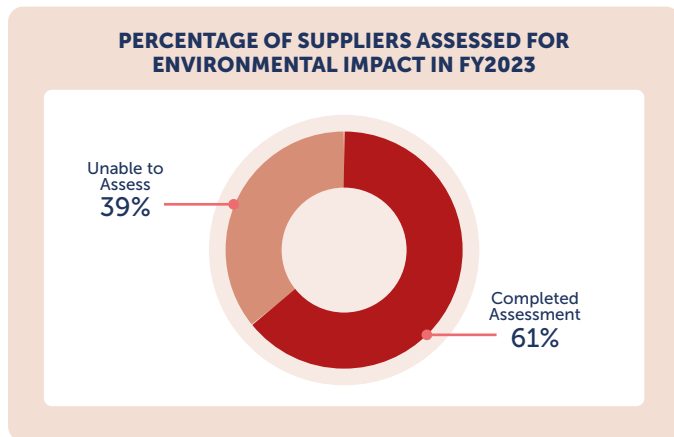
SUPPLY CHAIN MANAGEMENT (CONT'D)

OUR APPROACH (CONT'D)

Aligned with our strategy for local economic support, we prioritise local suppliers, ensuring quality and contributing to community economic development. In 2023, we initiated a screening mechanism to assess new suppliers based on environmental criteria and began evaluating suppliers for their environmental impacts. This proactive approach reflects our commitment to sustainability and our ongoing efforts to integrate environmentally responsible practices into our supply chain management.

OUR PERFORMANCE

From 2021 to 2023, Al-‘Aqar REIT consistently allocated 100% of our procurement budget to local suppliers. This year, we evaluated the environmental impacts of 61% of our suppliers, with environmental criteria applied to the screening process for 50% of our new suppliers.



(Source: Business Development)



STRONG SOCIAL RELATIONSHIPS

By proactively addressing the social issues that are important to our tenants and employees, Al-[^]Aqar REIT is uniquely positioned to encourage lasting positive social impact, as the Manager of the physical environment hosting communities where people work and live.

8 DECENT WORK AND
ECONOMIC GROWTH



9 INDUSTRY, INNOVATION
AND INFRASTRUCTURE



11 SUSTAINABLE CITIES
AND COMMUNITIES



- Tenant Satisfaction
- Occupational Health and Safety
- Labour Practices and Standards
- Diversity and Inclusion
- Community Enrichment

- Employees received a total of **920** training hours
- Recorded **zero fatalities** across the Fund
- Invested a total of **RM8,700** on CSR



STRONG SOCIAL RELATIONSHIPS

TENANT SATISFACTION

On an annual basis, our tenants engage in a Performance Evaluation Survey of the services facilitated by the Property or Maintenance Manager. They are invited to rank their satisfaction on a scale of one to five, where one signifies “very unsatisfactory” and five denotes “very satisfactory”. The evaluation encompasses categories such as professionalism and management team, service quality and communication effectiveness.

The Manager also engages with the hospitals through diverse communication channels, enriching our understanding of their perspectives, expectations and behaviour. A notable platform is the biannual Property Management Meeting, a formal setting where the Maintenance Manager addresses concerns raised by tenants and issues pertaining to tenant-property owner relationships. Tenants are encouraged to express their honest opinions regarding the Property or Maintenance Manager to ensure a transparent and collaborative relationship. This year, meetings were held on 10 May and 2 August, 2023.

Furthermore, the designated Maintenance Manager is mandated to conduct an annual building inspection. Subsequent to the inspection, a detailed report is submitted to the tenant who is obligated to address the provided comments. Designed to offer constructive recommendations to the hospitals, these inspections ensure the Fund’s assets are consistently well-maintained, guaranteeing that the building and equipment are kept in optimal and safe condition.

This audit is performed on the following physical assets and environmental services.

- Air conditioning and ventilation
- Firefighting systems
- Water supply systems
- Lifts
- Staff and manpower
- Preventive planned maintenance master programme
- Statutory requirements and licence status

OUR PERFORMANCE

This year, the overall results of the Performance Evaluation were very satisfactory at 84%.

(Source: Operations)

OCCUPATIONAL HEALTH AND SAFETY

As a healthcare REIT, the safety and well-being of our people and tenants are prime priority, deeply ingrained in our Occupational Safety and Health (“OSH”) strategy. We are driven to cultivate safe and healthy workplace environments, minimising the risk of accidents and ensuring the overall security of our premises and properties.

OUR APPROACH

Our OSH strategy propels our efforts to inculcate a culture that advocates accident prevention, safety and risk management throughout the REIT operations. This is further augmented by the tenant’s OSH culture which combine for greater awareness and transparency.

We implemented a stringent OSHA Guideline at our headquarters to uphold OSH practices in every aspect of our operations. Furthermore, we established an Emergency Response Team at individual properties.

STRONG SOCIAL RELATIONSHIPS

OCCUPATIONAL HEALTH AND SAFETY (CONT'D)

OUR APPROACH (CONT'D)

Inspections are routinely conducted by an appointed Safety and Health Officer (“HSO”) at each KPJ Hospital every two or three years. Additionally, a designated HSO is assigned at our headquarters under the purview of the Manager.



The Fund remains the impetus behind the advancement of an OSH-centric culture throughout our REIT operations. To fortify health and safety measures, fire drills and emergency evacuation procedures were systematically executed across our properties in FY2023. These fire drills were organised by the Joint Management Bodies (“JMB”) of our headquarters, with tenants given advanced notice of the emergency and evacuation procedures through physical notice.

OUR PERFORMANCE

In FY2023, two employees underwent training on health and safety standards, mirroring the efforts of two employees in the previous year. This underscores our consistent dedication to maintaining a safe working environment.

	FY2021	FY2022	FY2023
Number of Work-related Fatalities	0	0	0
Number of Lost-Time Injuries	0	2	1
Total Number of Hours Worked	0	52,000	50,000
Lost Time Incident Rate	-	7.69	4.00

(Source: Corporate Services & Property Manager)

LABOUR PRACTICES AND STANDARDS

Organisational growth and progression are intrinsically tied to the productivity of our employees. As a responsible employer, the Fund is a strong proponent of upholding human rights and prioritising employee well-being. Through focusing on the needs of our employees, we foster high performance and innovation, making for a resilient and prosperous organisation.

STRONG SOCIAL RELATIONSHIPS

LABOUR PRACTICES AND STANDARDS (CONT'D)

OUR APPROACH

Human Rights and Labour Standards

The Fund is cognisant of the potential social impacts that may arise over the course of our day-to-day REIT activities and business partnerships. Consequently, we proactively address human rights issues, maintaining a steadfast zero-tolerance stance against modern slavery and child labour within the REIT and our supply chains. The Fund also abides by the Malaysian Labour Laws, including the Employment Act 1955, and expects those collaborating with us or working on our behalf to comply with these regulations. Thus, we carefully balance safeguarding human rights values with generating mutual stakeholder benefits. In FY2023, we conducted a training programme on workplace sexual harassment to raise awareness, inform employees about reporting procedures and foster mutual respect among the workforce. Posters were displayed across the workplace to serve as visual aids, reinforcing a respectful and inclusive work environment.

Prior to implementing significant operational changes, employees receive an advanced notice of a minimum of two to four weeks. This communication ensures that employees have sufficient time to adapt and prepare for the upcoming changes.

Human Capital Development

At Al-`Aqar REIT, our human capital development strategy revolves around building employee capacity, implementing succession planning, encouraging leadership development and maintaining effective performance management. This strategy is implanted at every level, with the Manager collaborating closely with our leaders, operation teams and business managers to drive our growth strategy and meet constantly evolving workforce expectations.

By providing opportunities for employees to develop both their technical and personal skills, we prepare them for future roles, ensuring the Fund cultivates and retains talent over the long term. To further contribute to their personal development and skill management, the Manager utilises regular performance reviews for our employees with defined performance metrics. Performance reviews ensure employee career satisfaction and serve as motivational incentives for staff to perform efficiently and productively. Furthermore, we conducted an employee survey to gather valuable insights, aiding us in making informed decisions to improve employee satisfaction, enhance engagement, and bolster overall organisational effectiveness.

ESG TRAINING PROGRAMMES CONDUCTED IN FY2023

Roundtable Discussion- Understanding ESG & How to Integrate into Business Practice	ESG, Stakeholder Capitalism and Sustainable and Responsible Investment (SRI)	Bursa Malaysia's enhanced sustainability reporting requirements	
IFRS S1 and S2 : Beyond compliance	SIRIM ESG SEMINAR 2023 - Driving ESG to Advance the Nation	Green House Gas (GHG) Training Assessment - Scope 1, 2 & 3	Bursa Malaysia Advancing Malaysian PLCs' ESG Journey- FTSE 4Good Rating and Centralised Sustainability Intelligence (CSI) Platform

STRONG SOCIAL RELATIONSHIPS

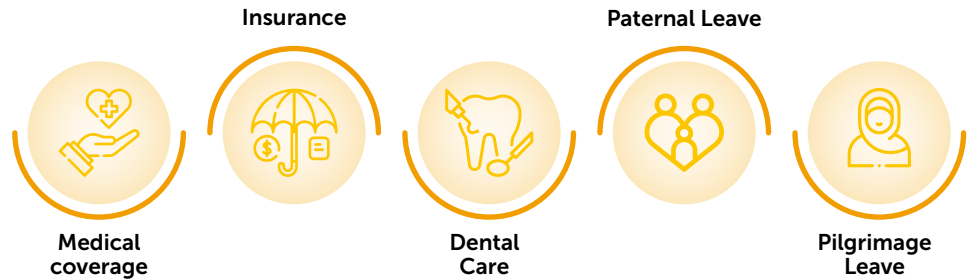
LABOUR PRACTICES AND STANDARDS (CONT'D)

OUR APPROACH (CONT'D)

Human Capital Development (Cont'd)

The Manager is also dedicated to comprehensively addressing worker needs, providing an attractive, holistic remuneration package designed to enhance their quality of life and their financial stability, supporting a productive workforce.

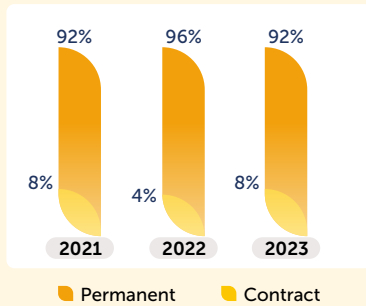
BENEFITS PROVIDED



OUR PERFORMANCE

In FY2023, 92% of our workforce held permanent positions, indicating stability and commitment within the REIT. In addition, the Manager recorded three turnovers in this reporting year, resulting from one voluntary resignation and two retirements.

PERCENTAGE OF PERMANENT AND CONTRACT EMPLOYEES

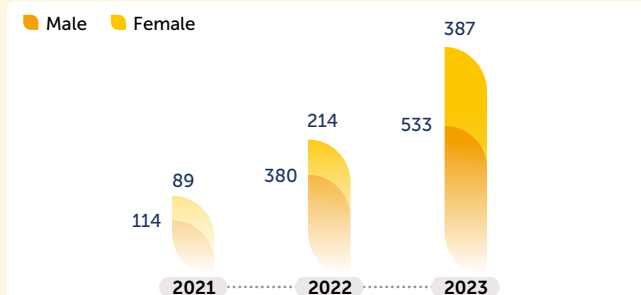


TURNOVER BY EMPLOYEE CATEGORY

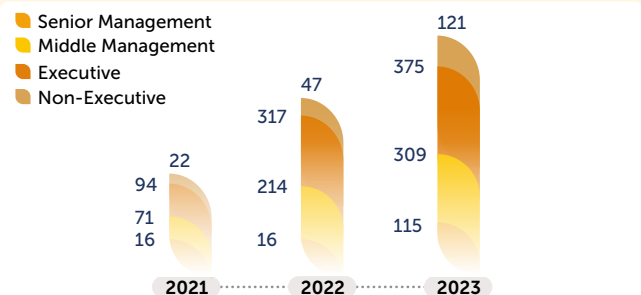
	FY2021	FY2022	FY2023	REMARKS
Senior Management	0	1	0	No Contract Renewal
Management	1	0	0	Separation Scheme
Executive	2	1	1	Voluntary Resignations
Non-Executive	1	0	2	2021: Voluntary Resignation 2023: Retirement
Total	4	2	3	
Turnover Rate	15%	8%	12%	

In FY2023, we continue working to equip our workers with essential skillsets that keep them competitive and adaptable in constantly evolving business environments, with a total of 919.5 hours of training provided to employees. In addition, 100% of our employees received performance reviews this year.

TOTAL TRAINING HOURS BY GENDER



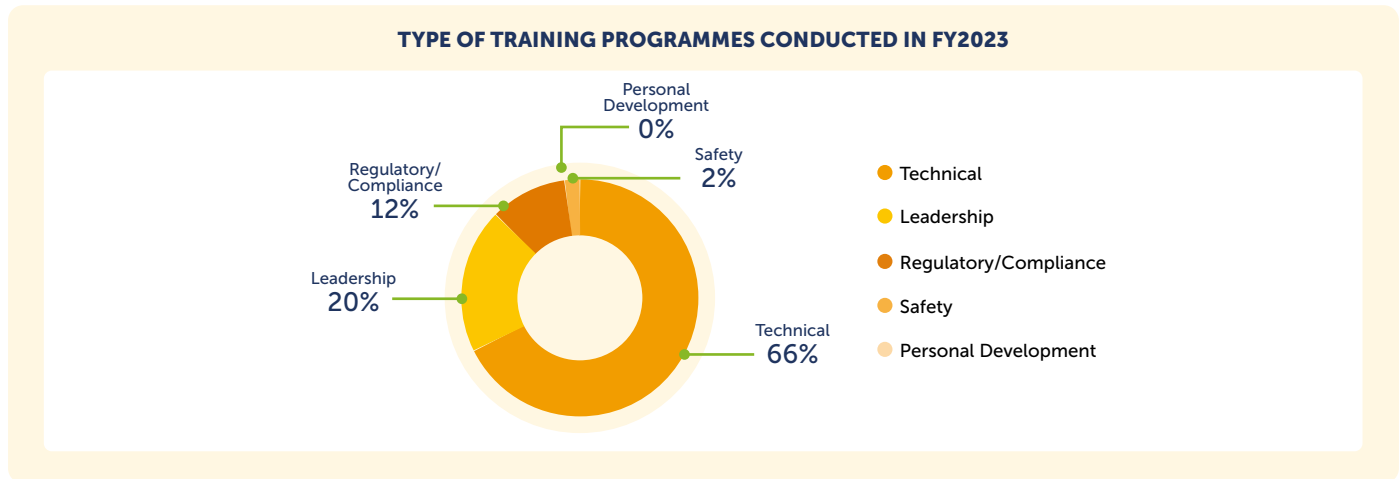
TOTAL TRAINING HOURS BY EMPLOYEE CATEGORY



STRONG SOCIAL RELATIONSHIPS

LABOUR PRACTICES AND STANDARDS (CONT'D)

OUR PERFORMANCE (CONT'D)



As of FY2023, there have been no complaints regarding human rights violations.

(Source: Corporate Services)

DIVERSITY AND INCLUSION

Workforce diversity is a source of varying skills, mindsets and experiences, enriching our grasp on stakeholder expectations and providing us with a competitive advantage among REITs. Recognising this, the Manager is committed to cultivating a culture of equal access to opportunities where every individual can fully realise their potential, propelling the Fund’s collective innovative capabilities.

OUR APPROACH

We persist in developing an inclusive workplace environment that ensures merit-based career advancement opportunities and promotes employee collaboration to harness the inventiveness of our workforce. The success of this endeavour hinges on strengthening mutual respect and understanding among employees. Therefore, Al-’Aqar REIT actively respects and values each employee, encouraging them to report any instance of discrimination to the Human Resource department which promptly addresses such issues.

Moreover, gender diversity remains a focal point of our business strategy, and we steadily work towards supplementing women’s representation among our leadership. Aligning with the Malaysian Code of Corporate Governance (“MCCG”), our objective is to achieve a minimum of 30% women directors.

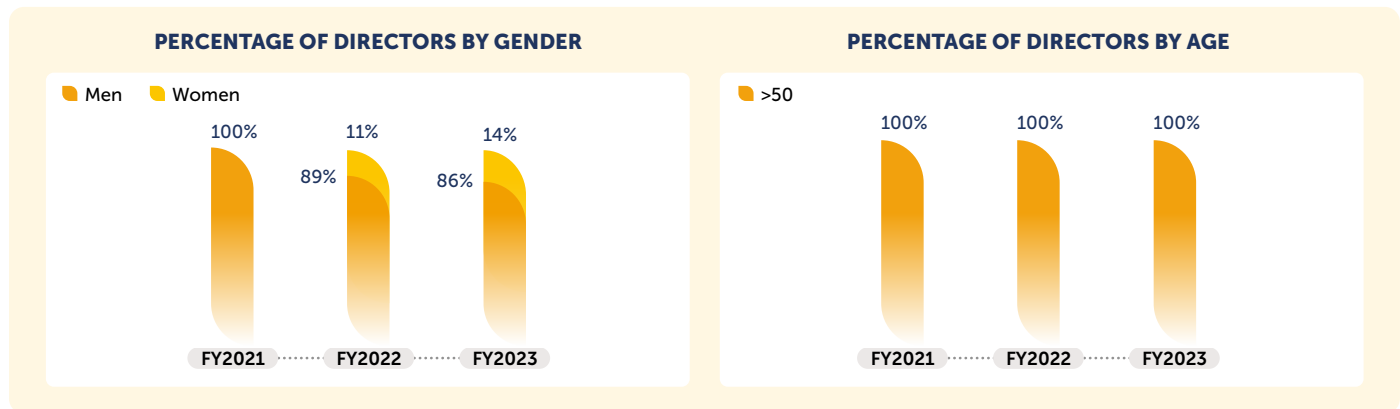
STRONG SOCIAL RELATIONSHIPS

DIVERSITY AND INCLUSION (CONT'D)

OUR PERFORMANCE

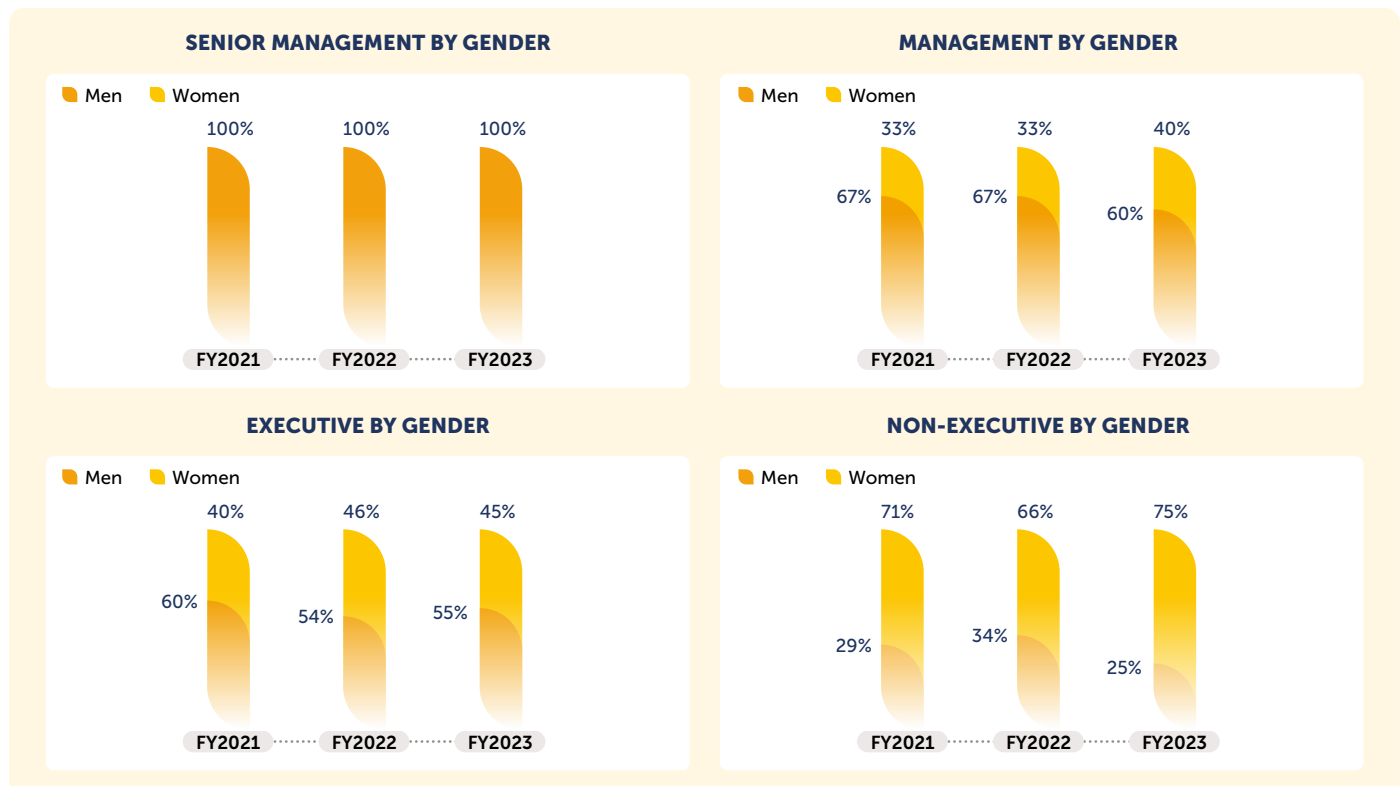
i. Board Composition

The Manager promotes gender diversity within the Board, emphasising its importance in ensuring adherence to the recommendations set forth by the MCCG in the future.



ii. Workforce Diversity

In FY2023, our total workforce comprised 25 employees, with a distribution of 60% men and 40% women, highlighting a balanced gender representation within the organisation.

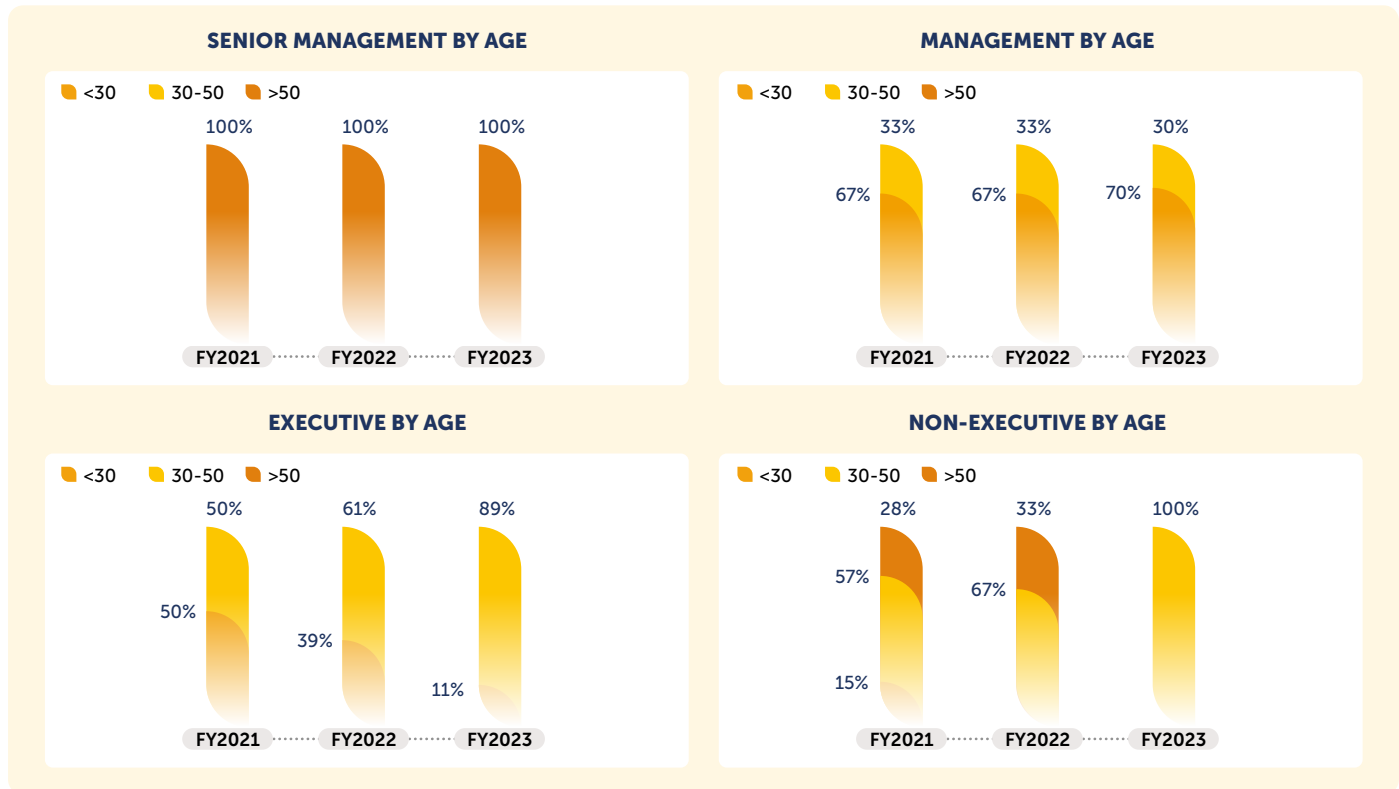


STRONG SOCIAL RELATIONSHIPS

DIVERSITY AND INCLUSION (CONT'D)

OUR PERFORMANCE (CONT'D)

ii. Workforce Diversity (Cont'd)



(Source: Corporate Services)

COMMUNITY ENRICHMENT

Our advocacy for individual development and human rights extends beyond our properties and workforce to the communities we serve. The Manager strives to engage in social responsibility initiatives that go beyond securing our social license to operate, facilitating meaningful connections through tailored initiatives that address the socioeconomic needs of our community.

OUR APPROACH

Although the Manager does not engage in CSR activities at the property level, it actively participates in independent initiatives at the DRMSB/ HQ level. In FY2023, the headquarters implemented two CSR programmes, laying the foundation for ongoing improvement in the coming years. Specifically, we made donations to the Sai Pandian Orphanage Home and organised a prayer event with the community.

RM8,700
was invested in the community in FY2023.

73
people benefited from the CSR programme.

(Source: Corporate Services)



ENVIRONMENTAL STEWARDSHIP

Given the direct financial impact environmental concerns have on our business performance, we remain steadfast in integrating sustainable practices into our REIT operations. The Manager handles issues pertaining to waste management, climate change, and the use of energy and water, understanding the potential impact of our practices within our built environment.

11 SUSTAINABLE CITIES
AND COMMUNITIES



13 CLIMATE
ACTION



- Energy, Emissions and Climate Resilience
- Waste and Effluent Management
- Water Consumption

- Total energy consumption reduced by **5%**



- Recorded a **5%** reduction in Scope 3 emissions



ENVIRONMENTAL STEWARDSHIP

ENERGY, EMISSIONS AND CLIMATE RESILIENCE

Over the years, climate change has steadily exerted worsening pressure on the global environment and economy. As such, taking immediate action to address this climate emergency has become more important than ever. Backed by climate science and in support of the global Climate Change Agenda such as Net-Zero by 2050, Al-'Aqar works to promote initiatives that support our transition to a low-carbon economy.

OUR APPROACH

Aligning with KPJ's targets to source 10% of energy from renewable sources and reduce GHG emissions by 25% by the year 2025, the Management has initiated preparations for a rooftop solar PV project. This initiative will involve installations at five KPJ hospitals during the pilot phase.

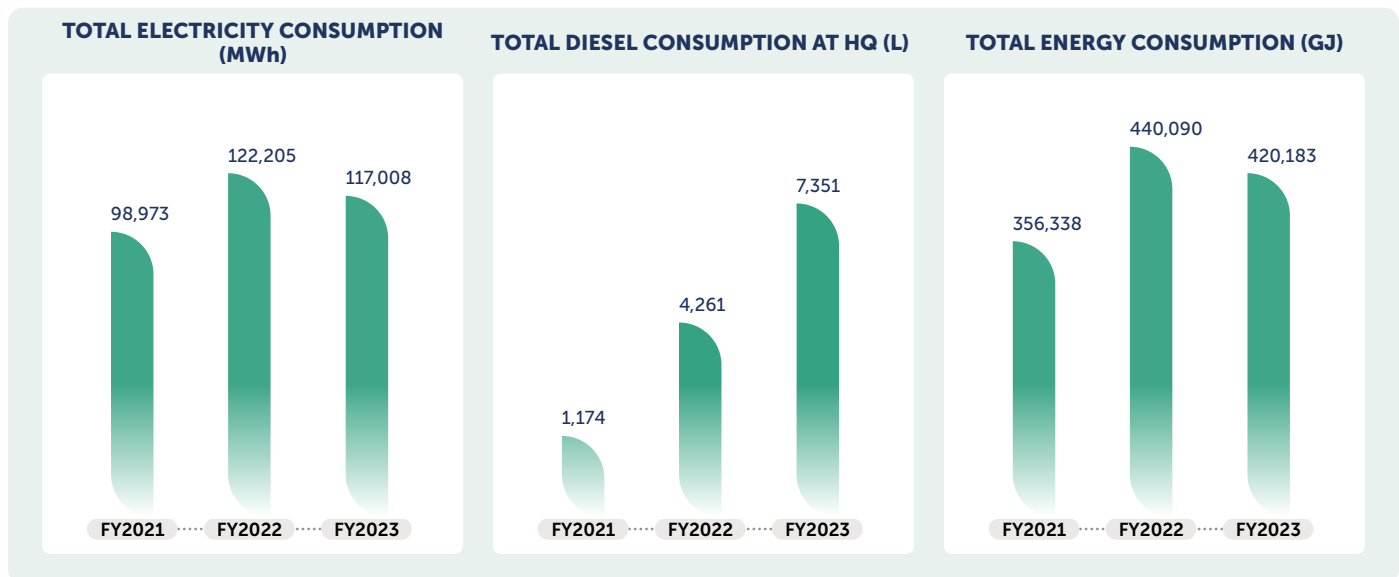
To effectively manage our carbon emissions, the REIT continues to monitor our GHG emissions, tracking the progress of our initiatives and pinpointing opportunities to minimise emissions. This year, we recorded Scope 1, Scope 2 and Scope 3 emissions.

The Fund remains committed to a flexible and remote working arrangement, contributing to lower occupancy rates at our offices. In alignment with our energy efficiency goals, unoccupied office areas undergo energy-saving measures, with lights and air-conditioning systems switched off.

OUR PERFORMANCE

i. Energy Management

In FY2023, the Fund's total energy consumption constituting diesel and procured electricity from the national grid amounted to 420,183 GJ, reflecting a 5% reduction compared to the previous year. This decrease can be attributed to a slight reduction in electricity consumption.



(Source: Operations, Maintenance Manager)

ENVIRONMENTAL STEWARDSHIP

ENERGY, EMISSIONS AND CLIMATE RESILIENCE (CONT'D)

OUR PERFORMANCE (CONT'D)

ii. GHG Emissions

Emissions associated with Scope 1 are a result of diesel fuel consumed to power our company vehicles. Scope 2 emissions are indirect emissions arising from our consumption of grid energy. For Scope 3, it encompasses indirect emissions generated from our leased assets and business travel.

The Manager recorded a total of 91,214 tCO₂e, reflecting a 5% decrease from FY2022. The Fund's Scope 1 emissions increased by 73% to 19.8 tCO₂e, while Scope 2 emissions rose by 21% to 23.9 tCO₂e. Additionally, Scope 3 emissions experienced a slight decrease of 5%.



Note: Scope 3 emissions were calculated based on business travels, the electricity consumption of our leased assets, and the treatment of their effluents. Business travel emissions included those from the transportation of employees for business-related activities in cars and motorcycles not owned or controlled by Al-'Aqar in FY2023 only.

(Source: Corporate Services and Maintenance Manager)

ENVIRONMENTAL STEWARDSHIP

WASTE AND EFFLUENT MANAGEMENT

As a healthcare REIT, the Manager is conversant of the potential hazards arising from waste generated by medical institutions. Hospitals manage medical waste, including proper identification, labelling, storage and transportation. Comprised of pathogenic wastes, clinical wastes or quarantined materials, SW404 is treated in compliance with DOE guidelines, while non-clinical waste is disposed of at licensed facilities. Implementing stringent waste management practices is imperative to safeguard against both environmental and health risks for the community at large.

OUR APPROACH

While we do not monitor the waste generated within the Fund’s property portfolio or HQ, the Manager is committed to upholding waste management practices in alignment with relevant regulations. In particular, the Maintenance Manager ensures that each hospital conducts waste management procedures in adherence to the standards set within the Environmental Quality Act 1974, the National Water Services Commission Act 2006 (ACT 654) and the Water Services Industry Act 2006.

The Manager is strategically planning to integrate AI-based Reverse Vending Technology across eight KPJ hospitals, an innovative vending machine that is equipped to accept both PET bottles and aluminium cans through a unified chute.

WATER CONSUMPTION

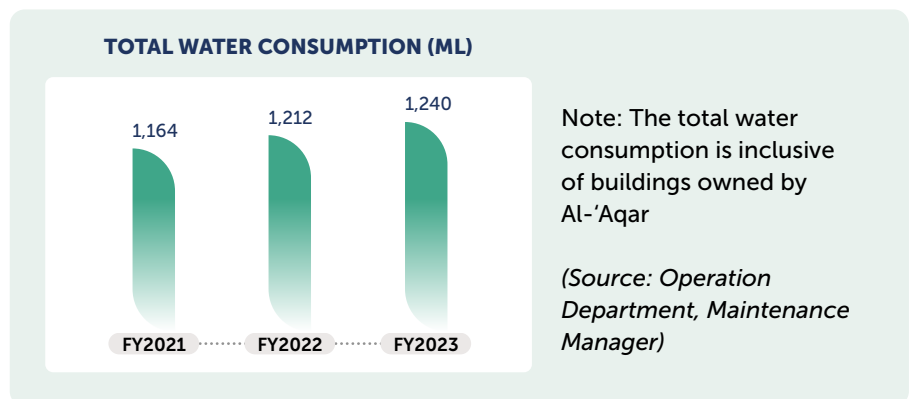
Water is fundamental to sustaining life and supporting human health, and its management is becoming increasingly significant as global populations grow and climate patterns shift. Efficient water management is important to alleviate water scarcity concerns and is essential for guaranteeing a sustainable future.

OUR APPROACH

The Fund’s headquarters is situated in an office space that is not directly controlled by the Manager. Hence, our water consumption is only included in our monthly rental fees. Acknowledging the emerging risks of water scarcity and our commitment to addressing this issue, the Fund continues to actively promote heightened awareness of responsible water use to minimise wastage of this vital resource.

OUR PERFORMANCE

The quantity of water consumption at the headquarters is not actively monitored, but we track the water consumption of 22 leased healthcare buildings. In FY2023, the recorded water consumption was 1,236 megaliters, showing a slight increase of 2% from the previous year.



MOVING AHEAD

*In the face of
accelerating climate change,*

Al-`Aqar remains resolute and focused on advancing our sustainability journey. Our commitment is evident through our promotion of sustainable practices and vigilant management of ESG risks and opportunities in our REIT operations. As we continue our sustainability journey, it is our intention to fortify our ESG performance to foster positive economic growth and deliver value to our stakeholders in the years ahead.



PERFORMANCE DATA TABLE

ROBUST CORPORATE GOVERNANCE

INDICATOR	UNIT	FY2021	FY2022	FY2023
Corporate Governance and Anti-Corruption				
Bursa C1(a) Percentage of employees who have received training on anti-corruption by employee category				
• Management	%	0	100	100
• Non-Management	%	0	95	93
Bursa C1(b) Percentage of operations assessed for corruption related risks	%	N/A	N/A	100
Bursa C1(c) Confirmed incidents of corruption and actions taken	Number	0	0	0
Data Privacy and Cybersecurity				
Bursa C8(a) Number of substantiated complaints concerning breaches of customer privacy or losses of customer data	Number	0	0	0

SUSTAINABLE TRUST FUND

INDICATOR	UNIT	FY2021	FY2022	FY2023
Supply Chain Management				
Bursa C7(a) Proportion of spending on local suppliers	%	100	100	100
Sector Specified (REITs) S6(a) - Percentage of new suppliers that were screened using environmental criteria	%	-	-	50
Sector Specified (REITs) S6(b) - Percentage of suppliers assessed for environmental impacts	%	-	-	61

STRONG SOCIAL RELATIONSHIPS

INDICATOR	UNIT	FY2021	FY2022	FY2023
Occupational Health and Safety				
Bursa C5(a) Number of work-related fatalities	Number	0	0	0
Bursa C5(b) Lost time incident rate ("LTIR")	Rate	-	7.69	4.00
Bursa C5(c) Number of employees trained on health and safety standards	Number	-	2	2
Labour Practices and Standards				
Bursa C6(a) Total hours of training by employee category				
• Senior Management	Hours	16	16	115
• Middle Management	Hours	71	214	309
• Executive	Hours	94	317	375
• Non-Executive	Hours	22	47	121
Bursa C6(c) Total number of employee turnover by employee category				

PERFORMANCE DATA TABLE

STRONG SOCIAL RELATIONSHIPS (CONT'D)

INDICATOR	UNIT	FY2021	FY2022	FY2023
• Senior Management	Number	0	1	0
• Management	Number	1	0	0
• Executive	Number	2	1	1
• Non-Executive	Number	1	0	2
Bursa C6(d) Number of substantiated complaints concerning human rights violation	Number	0	0	0
Diversity and Inclusion				
Bursa C3(a) Percentage of employees by gender and age group, for each employee category				
Gender group by employee category				
• Senior Management (Men)	%	100	100	100
• Senior Management (Women)	%	0	0	0
• Management (Men)	%	67	67	60
• Management (Women)	%	33	33	40
• Executive (Men)	%	60	54	55
• Executive (Women)	%	40	46	45
• Non-Executive (Men)	%	29	34	25
• Non-Executive (Women)	%	71	66	75
Age group by employee category				
• Senior Management (<30)	%	0	0	0
• Senior Management (30-50)	%	0	0	0
• Senior Management (>50)	%	100	100	100
• Management (<30)	%	0	0	0
• Management (30-50)	%	67	67	70
• Management (>50)	%	33	33	30
• Executive (<30)	%	50	39	11
• Executive (30-50)	%	50	61	89
• Executive (>50)	%	0	0	0
• Non-Executive (<30)	%	15	0	0
• Non-Executive (30-50)	%	57	67	100
• Non-Executive (>50)	%	28	33	0
Bursa C3(b) Percentage of directors by gender and age				
Men	%	100	89	86
Women	%	0	11	14
<30	%	0	0	0
30-50	%	0	0	0

PERFORMANCE DATA TABLE

STRONG SOCIAL RELATIONSHIPS (CONT'D)

INDICATOR	UNIT	FY2021	FY2022	FY2023
>50	%	100	100	100
Bursa C6(b) Percentage of employees that are contractors or temporary staff	%	8	4	8
Community Enrichment				
Bursa C2(a) Total amount invested in the community where the target beneficiaries are external to the listed issuer	RM	-	-	8,700
Bursa C2(b) Total number of beneficiaries of the investment in communities	Number	-	-	73

ENVIRONMENTAL STEWARDSHIP

INDICATOR	UNIT	FY2021	FY2022	FY2023
Energy, Emissions and Climate Resilience				
Bursa C4(a) Total energy consumption	GJ	356,338	440,090	420,183
Bursa C11(a) Scope 1 emissions in tonnes of CO ₂ e	tCO ₂ e	3.2	11.5	19.8
Bursa C11(b) Scope 2 emissions in tonnes of CO ₂ e	tCO ₂ e	20.6	19.8	23.9
Bursa C11(c) Scope 3 emissions in tonnes of CO ₂ e (business travel and employee commuting)	tCO ₂ e	77,372	95,501	91,455
Waste Management				
Bursa C10(a) Total waste generated	Metric tonnes	-	-	-
Bursa C10(a)(i) Total waste diverted from disposal	Metric tonnes	-	-	-
Bursa C10(a)(ii) Total waste directed to disposal	Metric tonnes	-	-	-
Water Consumption				
Bursa C9(a) Total volume of water used	ML	1,164	1,212	1,236

GRI CONTENT INDEX

Statement of use	AL-`Aqar Healthcare REIT has reported the information cited in this GRI content index for the period 1 January 2023 to 31 December 2023 with reference to the GRI Standards.
GRI 1 used	GRI 1: Foundation 2021

GRI STANDARD	DISCLOSURE	LOCATION (PAGE)
GRI 2: General Disclosures 2021	2-1 Organisational details	41
	2-2 Entities included in the organisation's sustainability reporting	42
	2-3 Reporting period, frequency and contact point	42
	2-5 External assurance	42
	2-6 Activities, value chain and other business relationships	41, 42
	2-7 Employees	70-71
	2-8 Workers who are not employees	68
	2-9 Governance structure and composition	48
	2-10 Nomination and selection of the highest governance body	48
	2-11 Chair of the highest governance body	48
	2-12 Role of the highest governance body in overseeing the management of impacts	48
	2-13 Delegation of responsibility for managing impacts	48
	2-14 Role of the highest governance body in sustainability reporting	48
	2-16 Communication of critical concerns	57
	2-25 Processes to remediate negative impacts	57
	2-26 Mechanisms for seeking advice and raising concerns	57
2-27 Compliance with laws and regulations	57	
2-29 Approach to stakeholder engagement	49-50	
GRI 3: Material Topics 2021	3-1 Process to determine material topics	51
	3-2 List of material topics	51
	3-3 Management of material topics	<i>Throughout</i>
GRI 201: Economic Performance 2016	201-2 Financial implications and other risks and opportunities due to climate change	54-55
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	62-63
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	57-58
	205-2 Communication and training about anti-corruption policies and procedures	57
	205-3 Confirmed incidents of corruption and actions taken	57-58
GRI 302: Energy 2016	302-1 Energy consumption within the organisation	73
	302-2 Energy consumption outside of the organisation	73
	302-4 Reduction of energy consumption	73

GRI CONTENT INDEX

GRI STANDARD	DISCLOSURE	LOCATION (PAGE)
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	75
	303-2 Management of water discharge-related impacts	75
	303-4 Water discharge	75
	303-5 Water consumption	75
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	74
	305-2 Energy indirect (Scope 2) GHG emissions	74
	305-3 Other indirect (Scope 3) GHG emissions	74
	305-5 Reduction of GHG emissions	74
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	74
	306-2 Management of significant waste-related impacts	74
	306-4 Waste diverted from disposal	74
	306-5 Waste directed to disposal	74
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	68
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	68
	401-3 Parental leave	68
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	65-66
	403-2 Hazard identification, risk assessment, and incident investigation	65-66
	403-3 Occupational health services	65-66
	403-4 Worker participation, consultation, and communication on occupational health and safety	65-66
	403-5 Worker training on occupational health and safety	66
	403-6 Promotion of worker health	65
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	65
	403-9 Work-related injuries	66
	403-10 Work-related ill health	66
	GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee
404-2 Programmes for upgrading employee skills and transition assistance programs		68-69
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	70-71
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	69

GRI CONTENT INDEX

GRI STANDARD	DISCLOSURE	LOCATION (PAGE)
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programmes	71
	413-2 Operations with significant actual and potential negative impacts on local communities	62
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	60

TCFD CONTENT INDEX

TCFD RECOMMENDATION	REFERENCES/ LOCATION
Governance	Sustainability Statement FY2023, Page 54
Strategy	Sustainability Statement FY2023, Page 54 to 55
Risk Management	Sustainability Statement FY2023, Page 55
Metrics and Targets	Sustainability Statement FY2023, Page 55