

BUSINESS MODEL

We have an integrated healthcare network that helps to deliver sustainable value to all our stakeholders.

Our inputs

FINANCIAL CAPITAL

IHH has a strong financial position, underpinned by its solid presence in its home and key markets. The Group has good access to capital, proactively invests for growth and generates positive cash flow.

PHYSICAL CAPITAL

With hospitals, clinics and a comprehensive range of ancillary services, we have a definitive presence in the private healthcare sector across all the markets we operate in. In addition, we purchase, deploy and maintain best-in-class medical equipment in our hospitals and clinics offering premium services to our patients.

HUMAN CAPITAL

We have more than 35,000 staff in nine countries around the world. Our talent retention strategy is multi-pronged and covers competitive remuneration packages recognition of good performance and training and development opportunities to enable our staff to remain relevant and motivated.

CLINICAL GOVERNANCE FRAMEWORK

To ensure patients receive the highest possible care, our Board of Directors and the management team have established a clinical governance framework that we employ in all our clinical operations. This framework guides and advises the Board on areas related to clinical quality and continuous improvement initiatives.

INNOVATION CAPITAL

IHH increasingly leverages on intellectual and digital assets to manage our innovation capital. This has brought us benefits in the field of inventory management and patient care to further enhance patient experience.

BRAND CAPITAL

Our "Mount Elizabeth", "Gleneagles", "ParkwayHealth", "Pantai" and "Acibadem" brands are among the most prestigious in Asia, Central and Eastern Europe and the Middle East.

SOCIAL AND RELATIONSHIP CAPITAL

We believe that a strong relationship with our key stakeholders – patients, employees, doctors, business partners, governments and communities – is necessary to sustain our organisation. As part of our stakeholder engagement policy, regular engagement sessions are being held to ensure that important concerns are being attended to.

What we do

Our healthcare services are designed to complement each other. This one-stop continuum of care provides clinical outcomes through realised synergies across the Group.



PRIMARY CARE

Basic healthcare services to meet day-to-day patient needs:

- Outpatient treatment of basic illnesses, routine check-ups and vaccinations by physicians, nurses or family doctors.



SECONDARY & TERTIARY CARE

Secondary care includes:

- Specialist consultation, local surgeries, emergency care, laboratory services, diagnostics and acute treatment.

Tertiary care includes:

- Specialist consultative care, advanced treatment or complex surgery and inpatient care.



QUATERNARY CARE

Quaternary care involves high-intensity complex surgeries such as organ transplants. These highly complex clinical procedures require deeply experienced surgeons and best-in-class intensive care units and facilities.



COMPLEMENTARY ANCILLARY SERVICES

Our range of complementary ancillary services includes comprehensive diagnostics, analytical laboratory testing, therapeutic radiology, physiotherapy, integrated rehabilitation and, most recently, advanced molecular diagnostics.



MEDICAL EDUCATION

Quality education in health and medical sciences trains and develops succeeding generations of nurses, doctors, allied healthcare professionals and other medical and healthcare sector professionals.

Our competitive advantage

Delivering value to our stakeholders

PATIENTS

Patients turn to us for good clinical outcomes and access to the latest medical technology. We ensure speed, comfort and high-quality medical care thanks to highly skilled doctors and specialists who have access to excellent laboratories for diagnostics and other services.

89.9%

Average patient satisfaction index in Malaysia, Singapore and Turkey

EMPLOYEES

In addition to competitive remuneration and a nurturing work environment, IHH provides continuous training and development opportunities for all our employees. This creates a motivated and engaged workforce, both in clinical and business services.

32

hours of training per employee

BUSINESS PARTNERS

We strive to form and develop long-term relationships with our doctors, other healthcare professionals and vendors. The doctors benefit from the use of our best-in-class medical equipment and support from our professional staff, who carry huge passion and empathy in the workplace. IHH mandates that all suppliers and vendors are approved by and registered with the local regulatory body for the sale of health products. We work closely with suppliers who are ethical and committed to the sustainable development of the business.

97%

of payments were made to local suppliers in the first quarter of 2017 in Turkey

SHAREHOLDERS

We reward our shareholders by creating wealth through active stewardship of the company while ensuring strong fundamentals. We believe in the importance of sustainable growth and our earnings have been growing strongly year-on-year.

3.0 sen

Dividend paid in 2017

Our Integrated Healthcare Network

EXEMPLARY CLINICAL GOVERNANCE

AN EXPERIENCED MANAGEMENT TEAM WITH AN EXECUTION TRACK RECORD

STRATEGICALLY PLANNED PROJECT PIPELINES TO BECOME A GLOBAL HEALTHCARE PLAYER

REPUTATION OF HIGH QUALITY SERVICE OFFERINGS TO LOCAL PATIENTS AND MEDICAL TRAVELLERS

MARKET OUTLOOK

When conducting business and strategising for the future, the management of IHH looks carefully at relevant trends to spot opportunities and challenges early so as to be prepared for the future.

Strong demand for private healthcare	As populations age, we will see a rise in chronic diseases and co-morbidity. Demand for healthcare services will surge, creating long waiting times for medical treatment. For example, in Singapore, by 2030, the total number of Singaporeans aged 65 and above will double to 900,000. In developing markets, populations are experiencing longer life expectancies as a result of improving economic prospects and better medical intervention. We believe that our experienced management team, with its proven execution track record, and our strong position as a leading private healthcare solutions provider will enable us to capitalise on growth opportunities in the Asia-Pacific region.	Link to strategy ⊕ Organic growth ⊕ Inorganic growth ⊕ Enhance service offerings
Competition for skilled healthcare professionals	We face intense competition from other healthcare service providers to recruit and retain skilled and qualified healthcare professionals and support staff. The nature of the industry also means that supply will take a longer time to scale up to meet demand. Competition for skilled workers, including but not limited to, qualified healthcare professionals, may require us to enhance our remuneration packages in order to remain competitive in recruiting or retaining our staff. This may significantly increase our wage costs. We believe healthcare professionals and support staff consider several important criteria in choosing their employer of choice, including remuneration, the reputation of the healthcare service provider, the quality of facilities and job satisfaction.	Link to strategy ⊕ Leverage innovation ⊕ Invest in people
Productivity challenges	Increased digitisation and the adoption of innovative solutions can enhance productivity per employee and help address the manpower shortage faced. This will help to improve efficiency, reducing labour intensive tasks. In Singapore, Mount Elizabeth Hospital has implemented an Electronic Meal Ordering System that allows staff to do away with the manual entry and collation of meal orders. This saves 2,227 man hours annually.	Link to strategy ⊕ Invest in people ⊕ Leverage innovation

Increased competition

We face competition from existing and potential new players in the countries we operate. Public and private healthcare operators will continually improve to meet the rising healthcare needs. We will have to innovate and provide better service offerings to maintain our status as a leading premium healthcare provider.

In addition, competitors can also adopt new or disruptive technology to leapfrog and further enhance their service offerings.

We also face the risk that more established international competitors from developed markets may seek entry into the emerging markets in which we operate, through mergers and acquisitions or otherwise, leveraging their experience, scale and resources to gain market share from us, or through a forward integration of their value chains.

Link to strategy

- ⊕ Organic growth
- ⊕ Inorganic growth
- ⊕ Enhance service offerings
- ⊕ Leverage innovation

Technological disruption

Disruptive changes brought about by technology is expected to reshape services delivered by healthcare players such as IHH.

As a group, we strive to keep up with technological advancement in the healthcare industry. Changes in the healthcare industry may require sourcing for and investing in new medical equipment and technology. For example, the Group acquired a molecular diagnostic platform through Angsana Holdings. Cancer patients at Parkway Pantai's hospitals in Singapore can benefit from customised treatment plans and more accurate diagnostics with the help of genomics testing. We continue to acquire new capabilities to propel our business in the long run.

We are also increasingly leveraging on incremental innovation to improve our existing model. For example, the Group has recently introduced tele-consultation for corporate patients to review their executive health screening report with our doctors in Singapore.

Link to strategy

- ⊕ Leverage innovation

Organic growth

Inorganic growth

DESCRIPTION	In our home and key growth markets, we will continue to invest in our expansion pipeline. The growth is backed by our robust balance sheet that allows the Group to consolidate our positions in these markets.	We will make earnings accretive acquisitions in new and existing markets as we expand our presence. Our acquisition efforts are underpinned by the strong cashflow from our home markets and an experienced management team with a proven execution track record.	
PROGRESS IN 2017	In 2017, we opened Gleneagles Hong Kong Hospital and Acibadem Altunizade in Istanbul. Both hospitals are already contributing to our top line. We continue to ramp up operations at our new hospitals in Malaysia – Gleneagles Kota Kinabalu and Gleneagles Medini – to drive growth. We are also expanding our presence in Malaysia with Pantai Hospital Kuala Lumpur's 120 beds to be completed by end 2018 and Pantai Hospital Ayer Keroh's 160 beds by 2020. The expansion of Acibadem Maslak in Istanbul is also expected to be completed in 2018. 2 new hospitals opened this year	Our 2015 acquisitions of Global Hospitals (which has a presence in Chennai, Bengaluru, Mumbai and Hyderabad) and Continental Hospitals in Hyderabad have turned EBITDA positive. We have acquired a 55 per cent stake in Angsana Holdings. Strategically located in Asia with multi-laboratory operations in Singapore, Hong Kong and Malaysia, Angsana provides advanced molecular diagnostics capabilities to our integrated suite of healthcare solutions. 55% controlling stake in Angsana Holdings	
LINK TO PRINCIPAL RISK	⊕ Geopolitical risk ⊕ Foreign exchange risk	⊕ Geopolitical risk ⊕ Foreign exchange risk	

Enhance service offerings

Leverage innovation

Invest in people

We will strengthen our offerings, especially in high acuity services that will drive revenue intensity. We will focus on Centres of Excellence that will carry out complex procedures, such as stem cell transplants, robotic surgery and advanced cardiac and neuro-vascular intervention.	We aim to improve existing business models through incremental innovation while preparing for transformation through disruptive innovation. The Group has a dedicated team exploring different innovations to enhance the delivery of healthcare services.	People are our greatest asset. We ensure that we offer competitive compensation and put in place career pathways for our employees. We also do succession planning to ensure business continuity. We support the development of future healthcare talent in educational institutions. We also explore international exchanges within the Group for employees to learn and share best practices.
In our markets, we continually enhance our Centres of Excellence and integrated healthcare model. One of the initiatives we are exploring is proton beam therapy to improve our cancer treatment solutions. The Group has become one of the largest multi-organ transplant centres in India. Leveraging the medical expertise from its India hospitals, the Group launched its first Pantai-Gleneagles Global Liver programme to provide Malaysians with the option of seeking liver transplant treatments in India.	We continue to lay the foundation for IHH's transformation towards becoming an efficient digital organisation. In Singapore, we implemented projects to increase productivity, one of which is an inventory management system that allows staff to do major stock take of hospital inventory, saving 4,650 man-hours each year. Furthermore, we launched several mobile applications via the "Parkway Digital Health Patient Platform" with the aim of enhancing our patient's experience. One example is the introduction of MyHealth Wallet. This mobile application provides a seamless process for our corporate patients to search for our clinic network across Parkway Shenton facilities. The platform also allows our corporate patients to track clinics and hospital visits, as well as their bills.	At the International Medical University in Malaysia, academic staff get 34 hours of training per year. At Acibadem in Turkey, nurses attend 15 hours of training per month to ensure their skills are up to date. In addition, the Group continues to hire under the Management Associate Programme. This programme offers on-the-job training and multi-disciplinary exposure in both management and hospital administration to young graduates.
1st private hospital in Malaysia to provide liver treatment and transplant services, in partnership with one of our hospitals in India	4,650 man-hours saved	15 hours of training per month for nurses in Turkey
+ Talent and workforce management risk + Cybersecurity risk	+ Cybersecurity risk	+ Talent and workforce management risk

RISK MANAGEMENT

Risk is an unavoidable element of doing business. At IHH, we ensure that there is a high level of risk awareness within the organisation as well as a culture of ownership and compliance throughout the Group.

RISK MANAGEMENT FRAMEWORK

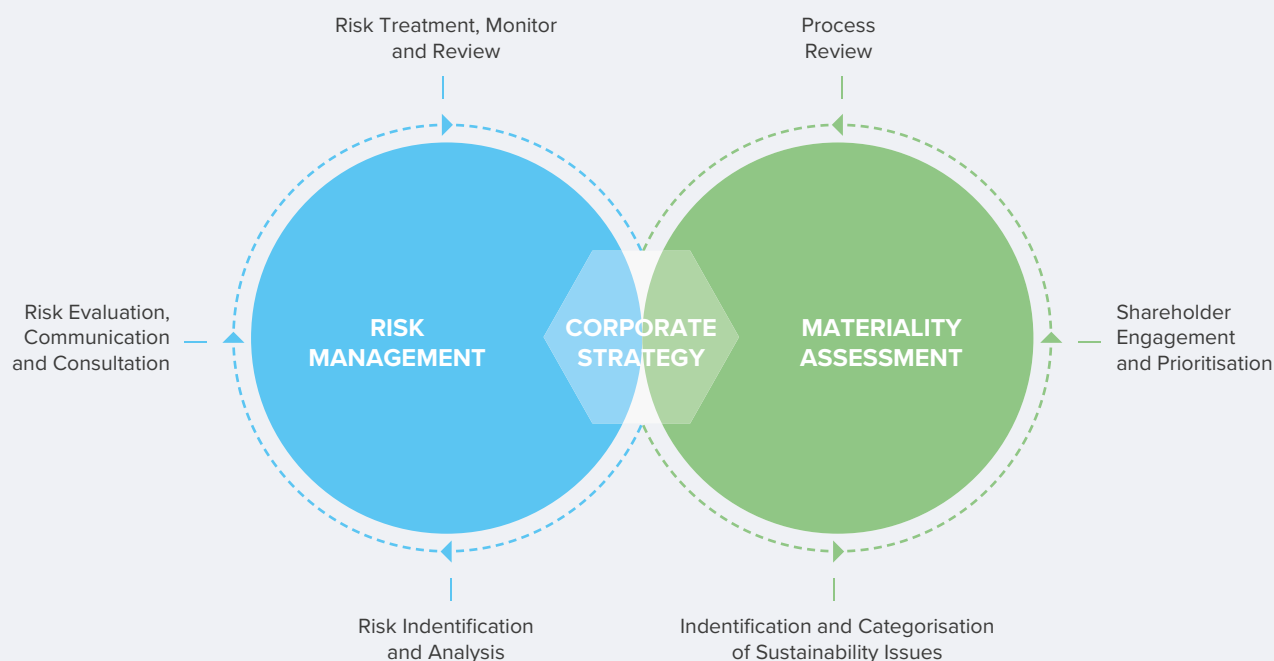
At the Board level, the Audit and Risk Management Committee (ARMC) examines the Group's risk management policies and the mechanisms that identify and mitigate risk that have been set up

by management. Following the evaluation, the committee make its recommendations to the Board.

The Group deploys an enterprise risk management framework on a Group level, as well as at each of its major subsidiaries. The ERM framework

involves the identification, assessment and monitoring of risk and includes planned responses. It incorporates material risks, emerging risks, key risk exposures and risk mitigation plans. On a quarterly basis, updates from the subsidiaries are sent to the Group's ARMC.

Integration of risk management and material matters



We have integrated material sustainability matters into our ERM framework. Using our materiality assessment process, we identify and assess these matters and then rate them using our risk rating criteria based on their likelihood and impact. This allows us to compare sustainability issues with other business

risks. To view our material sustainability matters, turn to page 63.

We have also appointed risk managers to manage the sustainability risks faced by the different IHH entities and the responses needed to counter threats and to take advantage of opportunities.

Annually, we do a risk review that is augmented by an independent audit function to ensure that our risk management framework and our processes are sound and effective.

For more on our risk management strategy, turn to page 161.

PRINCIPAL RISK

The Group has put in place structured and effective risk management system to identify, track and mitigate key risks associated with the Group's operations, thereby enhancing the Group's decision making capabilities and reducing uncertainties associated with executing our strategies. Key risk factors and mitigation measures are as follows:

Key Area	Principal Risk Factor	Description	Mitigation Measures	Material Matters	Trend
Strategic	Geopolitical risk	The Group is subject to political, economic and social developments, conditions and changes in the countries that we operate, which include our home markets of Malaysia, Singapore, Turkey, India and key growth markets of China and Hong Kong.	Our key mitigating strategy includes the diversification of businesses and geographies in the Group. The Group's presence in various countries helps to mitigate the impact of political instability and market volatility in specific country. For countries facing political uncertainties, we continue to actively monitor the situation to ensure the potential adverse impacts are understood and where possible mitigated.	Compliance and regulatory risks	↔
Operational	Talent & Workforce Management	The Group's ability to meet our strategic objectives in delivering comprehensive innovative healthcare solutions is highly dependent on a diverse set of expertise, skill-sets and experience offered by our healthcare professionals from various countries. Inability or failure to recruit and retain key staff could affect the Group's operations.	Talent management and retention strategies are constantly reviewed in accordance with the Group's agile approach in retaining our workforce and attracting new talent to our team. Our learning and development programmes are in place to ensure our employees continuously strive to achieve their full potential.	- Employee welfare - Employee health and safety - Talent retention - Availability of skilled manpower - Training and development	↑
	Cybersecurity Risk	The Group employs information technology (IT) systems to support its business, including the provision of healthcare and telemedicine services. Security breaches and other IT disruptions could interfere with the Group's operations, compromise information belonging to the Group and its patients, employees and partners, exposing the Group to liability which could adversely impact our business and reputation.	Cybersecurity measures are continuously reviewed and upgraded, including monitoring of networks and systems, vulnerability assessments and penetration testing and employee training. Although the Group maintains insurance coverage to mitigate against the various cybersecurity risks where feasible, there can be no guarantee that all costs or losses incurred will be fully insured.	Security and asset protection	↑
Financial	Foreign Exchange Risk	Exchange rate instability could adversely affect our business, financial condition, results of operations and prospects. The Group is exposed to foreign exchange risk on sales, purchases, cash and cash equivalents, receivables and payables, and loans and borrowings that are denominated in a currency other than the respective functional currencies of Group entities.	The Group actively monitors its foreign currency risk and minimises such risk by borrowing in the functional currency as its foreign investments. It also enters into foreign exchange forward contracts and cross currency interest rate swaps to manage its exposure.	- Sustainable international healthcare services - High maintenance cost	↑

Trend indicates change in pre-mitigation risk level over the year:

 Pre mitigation risk increased
  Pre mitigation risk remained unchanged
  Pre mitigation risk decreased

A GROWING BUSINESS

2017 marked a good year for IHH. Significant milestones were achieved in our existing and new markets. We opened Gleneagles Hong Kong Hospital and Acibadem Altunizade, which have contributed to the Group's revenue. We also broke ground for Gleneagles Shanghai Hospital in June.



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FINANCIAL REVIEW



YTD 2017 VS YTD 2016

The Group achieved revenue growth of 11% to RM11.1 billion year-on-year, while EBITDA was flat. Organic growth from existing operations and the opening of hospitals in 2017 led to the increase in revenue. The ramp up of the Bulgaria operations of Tokuda Hospital and City Clinic Group, acquired in 2016 also contributed to the increase in the Group's revenue.

Despite the double-digit revenue growth, EBITDA was flat at RM2.3 billion due to the start-up costs from Gleneagles Hong Kong Hospital and higher operating and staff costs. However, this was mitigated by lower bad and doubtful debt expenses recognised in 2017 of RM38.8 million

compared to RM59.9 million the year before. In addition, the Group recognised a RM13.1 million gain from the divestment of PLife REIT's investment properties in 2016, while there was no such gain in 2017.

The Group's PATMI excluding exceptional items decreased 31% to RM595.3 million as a result of incremental depreciation, amortisation and finance costs associated with the opening of two new hospitals in 2017. Net financing costs also increased as more borrowings and loans were undertaken. The cash was used for working capital, capital expenditure, acquisitions and purchase of investment properties.

Cost management continues to be a priority at IHH. The Group will continue to leverage on an effective cost management

mechanism with three key pillars as the foundation:

1. Achieving synergies from economies of scale and better operational efficiencies;
2. Increasing productivity of our people; and
3. Improving our patient turnaround time

Capital management

Our philosophy is to maintain a strong capital base and ensure IHH's long term financial sustainability. Towards that aim, we will monitor and maintain an optimal debt-to-equity ratio that complies with debt covenants and regulatory requirements. We will continue to build and maintain investor, creditor and market confidence to sustain the future development of our business.

In 2017, the Group incurred RM1.4 billion in capital expenditure (“CAPEX”), in line with the year’s budget and CAPEX strategies.

Liquidity

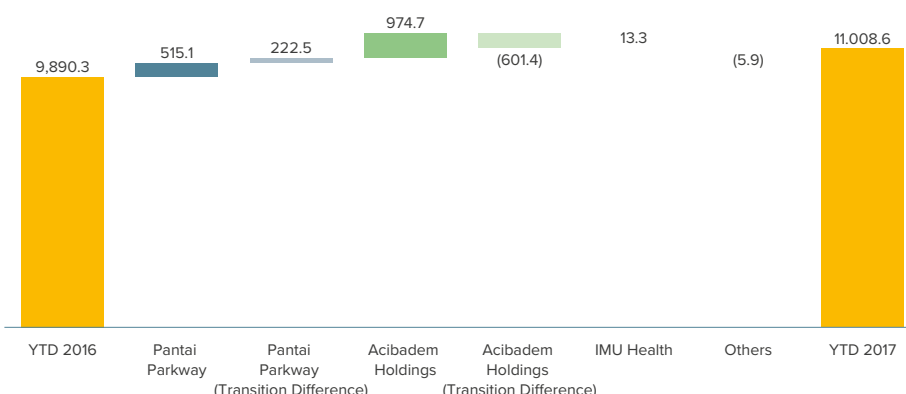
Our current cash, short-term and long-term borrowings and anticipated cash flows from operations will be sufficient to meet our anticipated cash needs. This includes our working capital and CAPEX requirements for the next 12 to 18 months. We will comply strictly with all financial covenants stipulated by our banks and our internal guidelines. We also monitor all cash deposits to reduce counter-party risks across various banks. To ensure that the business has sufficient liquidity to meet its obligations, whilst managing payments, receipts and financial risks effectively, we constantly review the funding strategy for IHH and its subsidiaries.

As at 31 December 2017, we had RM6.1 billion in cash and cash equivalents. Our cash consists primarily of cash on hand, balances and deposits with banks and fixed deposits with a tenure of three months or less. We plan to deploy our cash holdings for potential future capital expenditure, including the maintenance and enhancement of existing facilities and equipment, for working capital and other day-to-day operating purposes.

Our total liabilities amount to RM13.0 billion including short-term borrowings of RM0.7 billion and long-term borrowings amounting to RM6.1 billion as at end-December 2017. We have been able to meet our working capital needs thus far, and we believe we will continue to be able to meet them in the foreseeable future given our robust cash balance, operating cash flow and borrowings.

In July 2017, PPL established a USD2.0 billion Multicurrency Term Note Programme (“MTN Programme”) and issued USD500.0 million (RM2,130.8 million equivalent) in aggregate principal amount of senior perpetual securities bearing semi-annual distribution at a rate of 4.25% per annum under the conditions of the MTN programme.

REVENUE (RM MILLION)

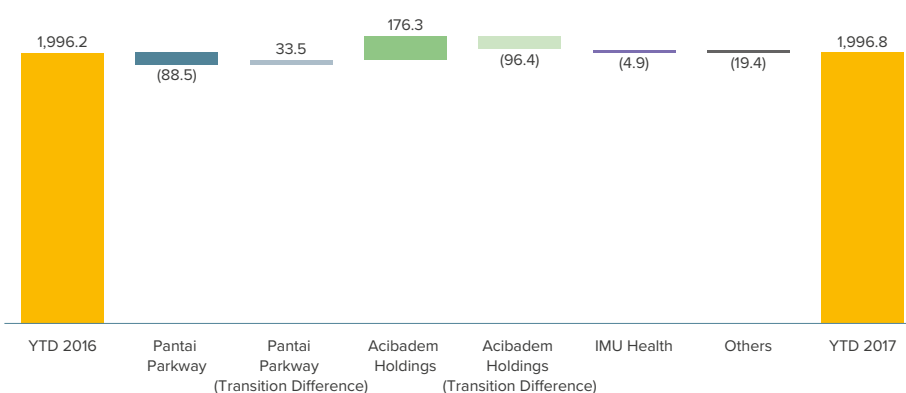


The above figures exclude PLife REIT

YTD 2017 vs YTD 2016

	Actual	At Constant Currency
Parkway Pantai	12%	8%
Acibadem Holdings	11%	28%
IMU Health	6%	6%
IHH Group (Excluding PLife REIT)	11%	15%

EBITDA (RM MILLION)



The above figures exclude PLife REIT

YTD 2017 vs YTD 2016

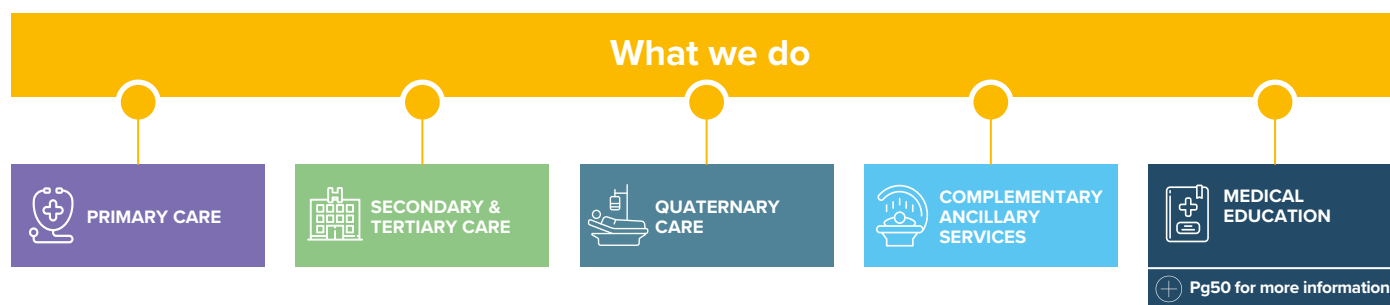
	Actual	At Constant Currency
Parkway Pantai	(4%)	(6%)
Acibadem Holdings	15%	33%
IMU Health	(6%)	(6%)
IHH Group (Excluding PLife REIT)	0%	3%



Healthcare across the globe

HOME MARKET – MALAYSIA

We are the second largest private healthcare provider in Malaysia by the number of licensed beds. We operate two established healthcare brands – Pantai and Gleneagles.



KEY FACTS

Revenue

RM1.8 billion

EBITDA

RM513.8 million

Parkway Pantai operates 14 hospitals in Malaysia – 10 Pantai hospitals and four Gleneagles hospitals. Three of these hospitals – Gleneagles Kuala Lumpur, Gleneagles Penang and Pantai Kuala Lumpur – are JCI-accredited. All of our hospitals in Malaysia are accredited by the MSQH.

IHH also operates Pantai Premier Pathology, a diagnostics and analytical laboratory testing service, and Pantai Integrated Rehab, which provides comprehensive rehabilitation services.

Performance highlights

In Malaysia, our revenue increased by 13% to RM1.8 billion from RM1.6 billion while EBITDA increased 19% to RM513.8 million from RM430.8 million. This is due to the continual ramp up of operations at Pantai Hospital Manjung, Gleneagles Kota Kinabalu Hospital and Gleneagles Medini Hospital. The newest hospitals, Gleneagles Kota Kinabalu Hospital and Gleneagles Medini Hospital, together contributed RM126.2 million to the Group's revenue, a 102% increase over the year before. The two hospitals have turned EBITDA positive, with an EBITDA contribution of RM11.0 million in 2017.

Inpatient admissions increased 2.7% to 197,563 in 2017. Our Malaysian operations have continued to make significant strides in improving revenue intensity. The average revenue per inpatient admission increased to RM6,237, a 10.9% jump as more complex cases were undertaken.

Outlook

The future continues to bode well for Parkway Pantai due to a number of favourable trends, namely an ageing population, increasing life expectancies, rising affluence and an improved case mix. All this suggests that the home markets of Malaysia, Singapore and India will continue to see sustainable growth and demand for private healthcare consumption in the future.

We see Malaysia as one of the Group's high-growth markets, with plans to further grow our presence with expansion plans in the pipeline. Our expansion of Pantai Hospital Kuala Lumpur is scheduled to be completed by 2018, while Pantai Hospital Ayer Keroh's expansion is targeted to be done by 2020. At the same time, we will continue to explore greenfield and brownfield projects to consolidate our position in Malaysia.

Hospital Expansion Pipeline	
Type	Hospital
Expansion	Pantai Hospital Kuala Lumpur Block B Phase 2: 120 bed capacity (by 2018)
Expansion	Pantai Hospital Ayer Keroh 160 bed capacity (by 2020)

OPERATING REVIEW

HOME MARKET – SINGAPORE

We are an established private healthcare provider in Singapore and our “Mount Elizabeth”, “Gleneagles” and “ParkwayHealth” brands are among the most prestigious hospital brands in Southeast Asia, according to branding research specialists Millward Brown and Brand Finance.



KEY FACTS

Revenue

RM3.8 billion

EBITDA

RM1.1 billion

In Singapore, Parkway Pantai operates a network of four JCI-accredited hospitals, namely Mount Elizabeth Hospital, Mount Elizabeth Novena Hospital, Gleneagles Hospital and Parkway East Hospital. With over 900 licensed beds, Parkway Pantai is also one of the largest providers of private inpatient care in the Republic. More than 1,400 specialists are credentialed to admit patients into these four hospitals.

The Group has over 50 clinics under the Parkway Shenton banner in Singapore. We are one of only two private healthcare providers to offer a broad range of integrated services across the primary, secondary, tertiary and quaternary continuum. We also provide ancillary healthcare services through ParkwayHealth Radiology and ParkwayHealth Laboratory.

In addition, Parkway Pantai has an education arm known as Parkway College. Parkway College focuses in the niche fields of nursing, allied health and healthcare management.

Performance highlights

Revenue in Singapore increased 8% to RM3.8 billion from RM3.6 billion as we ramped up operations at Mount Elizabeth Novena Hospital. EBITDA increased 13% to RM1.1 billion from RM0.9 billion.

Inpatient admissions increased 3.2% to 76,459, driven by an increase in local patients. Revenue per inpatient admission increased 7.5% to RM29,127.

Outlook

While Singapore is a relatively developed market, there is potential for growth due to its rapidly ageing population, increasing health awareness (as well as awareness of treatments available), the prevalence of chronic illness and greater affluence. To meet growing demand for high acuity service offerings, we will explore introducing more precise and advanced treatment methods to achieve excellence in clinical outcomes and improve our hospital bed turnover rate.

HOME MARKET – TURKEY

Acibadem Holdings, which IHH holds a 60% share, is synonymous with best-in-class healthcare services in Turkey. It operates more than 3,800 licensed and operational beds in Turkey, Macedonia and Bulgaria. It also runs laboratory and pathology services, stem cell facilities, a range of emergency assistance and home health services, hospital project management and other related services.



KEY FACTS

Revenue

RM3.9 billion

EBITDA

RM617.9 million

Acibadem is Turkey's leading private healthcare provider, offering integrated healthcare services across 21 hospitals and 16 medical centres in Turkey, Macedonia and Bulgaria. It offers more than 3,800 licensed and operational beds.

The Acibadem brand is synonymous with clinical excellence in Central and Eastern Europe, the Middle East and North Africa. Six hospitals under Acibadem Holdings are JCI-accredited. Acibadem also boasts some of the most advanced biomedical technology and equipment in the region.

Performance highlights

Acibadem Holdings registered RM3.9 billion in revenue, compared to RM3.5 billion in 2016. The strong revenue growth was the result of the continuous ramp up of Acibadem Atakent University Hospital and Acibadem Altunizade Hospital. Tokuda Hospital and City Clinic Group in Bulgaria, acquired in 2016, contributed 12 months of revenue in 2017, compared to seven months of revenue in 2016.

Acibadem's existing hospitals and healthcare businesses grew, except for Acibadem Kadikoy Hospital and Acibadem Kozyatagi Hospital, which decanted some patients to the newly opened Acibadem Altunizade Hospital. On a blended basis, revenue from Acibadem Kadikoy Hospital, Acibadem Kozyatagi Hospital and Acibadem Altunizade Hospital increased by RM92.2 million in 2017 as compared to 2016.

Acibadem Holdings' EBITDA grew 15% to RM0.6 billion from RM0.5 billion on the back of higher revenues. Acibadem's EBITDA was partially eroded by higher operating costs arising from medical inflation in Turkey.

Inpatient admissions grew 24.5% to 213,590 in 2017 with contributions from Acibadem Altunizade Hospital, as well as Tokuda Hospital and City Clinic Group in Bulgaria. Meanwhile, revenue per inpatient admission grew 12.0% to RM8,264 in 2017 as more complex cases were undertaken and there was an increase in foreign patients.

Outlook

Acibadem expects patient volumes and revenues to grow with the continued demand and increased affordability of private healthcare. Acibadem Altunizade Hospital will also contribute to Acibadem's revenue as patient volume grows and more complex cases are undertaken. Acibadem Maslak Hospital is currently undergoing an expansion to double its bed capacity. Once completed in the second half of 2018, it is expected to contribute to revenue.

Hospital Expansion Pipeline	
Type	Hospital
Expansion	Acibadem Maslak 195 bed capacity (by 2018)
Greenfield	Acibadem Kartal, Istanbul 120 bed capacity (by 2021)

OPERATING REVIEW

HOME MARKET – INDIA

The Group has seven hospitals and three medical centres with more than 2,000 licensed beds in Bengaluru, Chennai, Hyderabad, Kolkata and Mumbai. This includes a 50/50 joint venture with Apollo Hospitals Enterprise Limited to operate Apollo Gleneagles Hospital in Kolkata and Apollo Gleneagles PET-CT Centre in Hyderabad.



KEY FACTS

Revenue

**RM708.6
million**

EBITDA

**RM13.7
million**

Our strategy has been recalibrated to inorganic growth. This is with a clear focus on targeting specific specialties of multi-organ transplants, gastrointestinal diseases and hepatobiliary procedures of the India market. In March 2015, IHH acquired a 51% stake in Continental Hospitals, which operates a multi-specialty tertiary and quaternary hospital. This was followed by the acquisition of 72% equity on a fully diluted basis in Global Hospitals.

Performance highlights

In India, revenue grew 27% to RM708.6 million. EBITDA decreased to RM13.7 million from a high base in 2016 when the Group recognised a RM12.3 million reversal of provision for doubtful debts on amounts due from an Indian joint venture.

In India, Parkway Pantai's inpatient admissions increased 15.9% to 72,005, while its revenue per inpatient admission increased 2.4% to RM7,780.

Outlook

India is a market of tremendous potential due to its expanding population, an increase in the incidence of lifestyle related diseases and its rising affluence. To set itself apart from other private hospital chains in India, we continue to focus on performing complex treatments, such as multi-organ transplants and the treatment of treating upper gastrointestinal diseases. The Group will continue to introduce new niche specialties to enhance its service offerings. We expect that, over time, volume will ramp up and the case mix will improve.

Parkway Pantai will also look for earnings-accretive opportunities in 2018 to further solidify its footprint in the subcontinent as part of India expansion.

GROWTH MARKET – GREATER CHINA

Parkway Pantai achieved a major milestone for its venture into Greater China by opening its first hospital in the region during the year. This is complemented by another 10 medical centres that we operate.



KEY FACTS

Revenue

RM332.7 million

EBITDA

RM252.0 million loss

CHINA

Our aim is to become one of the leading private healthcare providers in this market. With our portfolio of greenfield hospital projects and primary care clinics, we are among the major international private healthcare players in China.

HONG KONG

Parkway Pantai operates a 500-bed multi-specialty private tertiary hospital, Gleneagles Hong Kong Hospital, located at Wong Chuk Hang on Hong Kong Island South and a flagship medical centre.

Performance highlights

Revenue from our activities in North Asia increased from RM259.2 million to RM332.7 million. Our EBITDA loss widened to RM252.0 million from RM27.9 million due to start-up costs from the opening of Gleneagles Hong Kong Hospital. We expect EBITDA to improve as Gleneagles Hong Kong Hospital ramps up its operations. Gleneagles Hong Kong Hospital was opened in March 2017, and it has begun to contribute to Parkway Pantai's revenue.

Outlook

In Greater China, we have laid firm foundations to make it our fifth home market. Through our greenfield hospital project pipelines, we are looking to capture the tremendous opportunities in this growing region. Gleneagles Chengdu Hospital is slated for opening in early 2019, and Gleneagles Shanghai Hospital is expected to begin operations in 2020. We expect to invest RM1.2 billion in China over the next three years. These investments will be funded by bank facilities and business partners.

Hospital Expansion Pipeline	
Type	Hospital
Greenfield	Gleneagles Chengdu 350 bed capacity (by 2019)
Greenfield	Gleneagles Shanghai 450 bed capacity (by 2020)

OPERATING REVIEW

OTHER ENTITIES – IMU HEALTH

IMU Health Sdn Bhd is the medical and health sciences education arm of IHH. IMU Health manages the International Medical University ("IMU") and International Medical College ("IMC") in Malaysia.

What we do

MEDICAL
EDUCATION

KEY FACTS

Revenue

RM250.4
million

EBITDA

RM80.6
million

IMU was set up as a college in 1992, providing five semesters of medical education to students who would then complete their medical degrees at partner universities abroad. In 1999, it was conferred full university status and could then offer its own medical programme. This gives students the option to complete the course in Malaysia or choose a transfer programme.

Today, IMU has 33 partner universities in the fields of medicine, dentistry, pharmacy, health sciences and complementary medicine (chiropractic and Chinese medicine). The partner universities are in Australasia, the United Kingdom, Ireland, North America and China.

Performance highlights

In 2017, IMU Health's revenue increased 6% to RM250.4million. EBITDA, however, decreased 6% to RM80.6million on the back of higher staff costs and operating and marketing expenses.

Outlook

The proliferation of institutions offering programmes in medicine, dentistry and pharmacy have led to increased competition for IMU.

Nevertheless, there are still opportunities for attracting international students to medicine and selected health sciences programmes. IMU is constantly working to benchmark its programmes to international standards.

IMU and IMC are in the process of setting up programmes that will be delivered via e-learning. IMU has also broke ground on its teaching hospital. The hospital will provide medical and nursing students access for attachments and observations to a hospital, as well as a good patient case mix.

OTHER ENTITIES – PLIFE REIT

The Group holds a 35.69% equity interest in ParkwayLife REIT (“PLife REIT”), one of Asia’s largest listed healthcare REITs by asset size. PLife REIT invests in income-producing real estate and real estate-related assets used primarily for healthcare and healthcare-related purposes. It is managed by Parkway Trust Management Limited.

KEY FACTS

Revenue

**RM134.0
million**

EBITDA

**RM282.7
million**

The Group holds a 35.69% equity interest in PLife REIT, one of Asia’s largest listed healthcare REITs by asset size. PLife REIT invests in income-producing real estate and real estate-related assets used primarily for healthcare and healthcare-related purposes. It is managed by Parkway Trust Management Limited.

PLife REIT owns a well-diversified portfolio of 50 properties with a total portfolio size of approximately S\$1.75 billion as at 14 February 2018.

In Singapore, PLife REIT owns the largest portfolio of strategically located private hospitals, comprising Mount Elizabeth Hospital, Gleneagles Hospital and Parkway East Hospital. In addition, it has 46 assets located in Japan, including one pharmaceutical product distributing and manufacturing facility in Chiba Prefecture, as well as 45 high quality nursing home and care facility properties in various prefectures of Japan. It also owns strata-titled units/lots at Gleneagles Intan Medical Centre Kuala Lumpur in Malaysia.

Performance highlights

Over the course of 2017, PLife REIT undertook three Asset Enhancement Initiatives for its Japan portfolio, proactively addressing the evolving needs of its tenant’s operations. Separately, the REIT completed its second asset recycling exercise in Q1 2017 with the acquisition of five properties in Japan, further supporting tenant and geographical diversification.

For the year under review, external revenue increased by 2% to RM134.0 million, mainly attributable to a full year’s contribution from the nursing home acquired in 2016 and higher yielding properties acquired from the asset recycling exercise completed in Q1 2017. EBITDA decreased 1% to RM282.7 million from a high base in 2016 when it recognised a RM13.1 million gain on the divestment of PLife REIT’s investment properties in 2016.

Outlook

Having developed a robust portfolio of assets despite challenging market conditions over the last decade while continuing to build on its strategies and network, PLife REIT remains in good stead to drive growth and continued success as it charts its course for the next 10 years.

The long-term outlook of the healthcare industry continues to be driven by favourable patient demographics and demand for better quality healthcare and aged care services. Looking ahead, PLife REIT is well-positioned to capitalise on these trends, actively pursuing potential growth opportunities by continuing to build on its strong relationships with leading healthcare operators and looking to optimise its portfolio through asset enhancement and strategic asset recycling initiatives.



A SUSTAINABLE MODEL

IHH continues to maintain the highest level of sustainability effort within the Group. Apart from pursuing good sustainability practices to ensure excellent patient care and clinical outcomes, this year, we have added India to our sustainability reporting coverage. This is part of our disclosure exercises to enhance the visibility of our sustainability effort across all home markets.

SUSTAINABILITY

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OUR SUSTAINABILITY STATEMENT



Our push for excellence is guided by the need to strike a balance between our business objectives and our aspiration to be an exemplary corporate citizen

SCOPE AND BOUNDARY OF REPORTING

As an international premium healthcare service provider and a well-reputed educator of the medical sciences, IHH Healthcare Berhad (“IHH” or “the Company”) recognises that we have a responsibility to secure our future and create long-term shared value for our stakeholders. We are committed to ensuring responsible management and sustainable development across the Group on the Economic, Environmental and Social (“EES”) front.

In line with the amendments to the Main Market Listing Requirements on sustainability reporting issued by Bursa Malaysia Securities Berhad in October 2015, we published our inaugural sustainability statement in 2016.

This year, we are pleased to present our second sustainability statement and its broader scope and reporting boundary, stemming from that of 2016. This statement was prepared in accordance with the Global Reporting Initiative (“GRI”) 4 reporting guidelines and covers the activities carried out during the period 1 January 2017 – 31 December 2017, unless specified otherwise.

Our statement this year has been enhanced to include:

1. IHH’s Environmental Sustainability Measures and Disclosures;
2. GRI Specific Disclosures for the Healthcare Sector; and
3. Our Operations in India.

The scope of our statement extends to the hospitals in our four home markets (Malaysia, Singapore, Turkey and India) and the International Medical University (“IMU”), all of which have been listed in **Table 1**.

Table 1: Scope of IHH’s 2017 Sustainability Statement

Malaysia	Turkey
• Pantai Hospital Sungai Petani (PHSP) • Pantai Hospital Penang (PHP) • Pantai Hospital Ipoh (PHI) • Pantai Hospital Manjung (PHM) • Pantai Hospital Klang (PHK) • Pantai Hospital Kuala Lumpur (PHKL) • Pantai Hospital Cheras (PHC) • Pantai Hospital Ampang (PHA) • Pantai Hospital Batu Pahat (PHBP) • Pantai Hospital Ayer Keroh (PHAK) • Gleneagles Kuala Lumpur (GKL) • Gleneagles Penang (GPg) • Gleneagles Medini (GMH) • Gleneagles Kota Kinabalu (GKK) • International Medical University (IMU)	• Acibadem Adana • Acibadem Altunizade • Acibadem Ankara • Acibadem Atakent • Acibadem Bakirkoy • Acibadem Bodrum • Acibadem Bursa • Acibadem Eskisehir • Acibadem Fulya • Acibadem International • Acibadem Kadikoy • Acibadem Kayseri • Acibadem Kocaeli • Acibadem Kozyatagi • Acibadem Maslak • Acibadem Taksim
Singapore	India
• Mount Elizabeth Novena Hospital (MNH) • Parkway East Hospital (PEH) • Mount Elizabeth Hospital (MEH) • Gleneagles Hospital (GEH)	• BGS Gleneagles Global Hospitals Kengeri (Bengaluru) • Gleneagles Global Health City Perumbakkam (Chennai) • Gleneagles Global Hospitals Parel (Mumbai) • Aware Gleneagles Global Hospitals LB Nagar (Hyderabad) • Gleneagles Global Hospitals Lakdi-Ka-Pul (Hyderabad) • Continental Hospitals (Hyderabad)

OUR SUSTAINABILITY STATEMENT

SUSTAINABILITY VISION

Our vision towards providing sustainable healthcare, education and development has garnered support from IHH's stakeholders. We have built a culture of awareness amongst our employees of what is required by an organisation to thrive in its ecological, social and economic environment within the context of sustainability.

Our vision for sustainable healthcare services focuses on five intrinsic elements as shown below:

	OUR PATIENTS	We aim to constantly improve the quality of medical care we provide to our patients and to introduce, monitor and check processes that ensure patient safety.
	OUR PEOPLE	We aim to provide all our employees with a safe working environment, to inculcate a culture of excellence and high standards of conduct and to provide fair compensation.
	OUR ORGANISATION	We prioritise the health and safety of our employees and patients and have taken measures to ensure this. We also aim to secure a sustainable supply chain in a manner that contributes to the local economy and reduces our carbon footprint.
	OUR ENVIRONMENT	We have introduced measures to ensure sustainable energy consumption, proper waste management practices and resource conservation without compromising on patient safety.
	OUR COMMUNITY	We aim to create a positive impact by improving the health and well-being of the local communities where we operate.

Furthermore, in building towards our vision for sustainability, IHH considers the following measures important:

- To promote the effective management of the healthcare environment;
- To encourage social interaction between patient and healthcare provider;
- To expand healthcare services to emerging markets; and
- To utilise advanced and innovative technology.

SUSTAINABILITY STRATEGY AND ROADMAP

Our hospitals, outpatient centres and other facilities related to healthcare are the entities upon which our core business is built. Backed by a dedicated Board of Directors, a professional management team and a diligent workforce who continue to step up and deliver and leveraging on our strong

brands and network of hospitals, we have navigated the challenging operating environment of 2017.

In each of our home markets, healthcare is integral to the nation's long-term sustainability vision. There is growing recognition of the increasing role that

private healthcare players can play in the markets that we operate. For example, the ageing demographic in Malaysia is influencing the government to rely more heavily on private capital to take Malaysia's healthcare system forward.

Sustainability Strategy 2017



In September 2015, the United Nation's 17 Sustainable Development Goals ("SDG") were unveiled and affirmed by 193 member states including Malaysia, Singapore, India and Turkey – countries where IHH has a strong presence in healthcare. The 17 SDGs, as illustrated on the right, lay the foundation for the achievement of the targets presented in the 2030 Agenda for Sustainable Development.



17 SDGs – 2030 Agenda for Sustainable Development

SUSTAINABILITY STRATEGY AND ROADMAP

As a leader in the healthcare sector, IHH supports the aspirations of the United Nations and the various governments of its home markets. On its part, IHH will integrate the elements of the SDGs into the Group's approach to sustainability. This statement covers IHH's progressive journey towards sustainability, wherein elements of six selected SDGs have been embedded in our operations.

The six SDGs are Good Health and Well-Being (SDG3); Affordable and Clean Energy (SDG7); Decent Work and Economic Growth (SDG8); Industry, Innovation and Infrastructure (SDG9); Responsible Consumption and Production (SDG12) and Peace, Justice and Strong Institutions (SDG16) as shown in the diagram to the right.

Our progress since 2016 has been captured in the diagram below, and, as we grow and increase our presence on a global scale, our responsibility towards the environment, surrounding communities and the economy, both local and international, becomes increasingly relevant. External assurance practices for sustainability reporting have been recommended, and, in light of this, we will be considering this for our future disclosures of sustainability performance data.



Our Sustainability Journey



SUSTAINABILITY GOVERNANCE WITHIN THE GROUP

A robust governance framework underpins our strategic sustainability vision. This framework encompasses our Board of Directors (“Board”), along with our Sustainability Management Committee (“SMC”) and Sustainability Working Group (“SWG”), who together keep us focused and accountable for sustainable practices on a daily basis. The SMC serves as an advisor and sounding board to the Board in fulfilling the Board’s duty in relation to ensuring accountability, oversight and review of the process of identifying, monitoring and managing sustainability matters.

Our Managing Director and Chief Executive Officer (“MD and CEO”) is mandated by the Board to oversee the delegation of duties of the SMC in relation to sustainability reporting. The SMC establishes, monitors, manages, coordinates and implements IHH’s sustainability strategy in keeping with the Group’s annual objectives.

The Board-approved Terms of Reference for the SMC defines its roles and

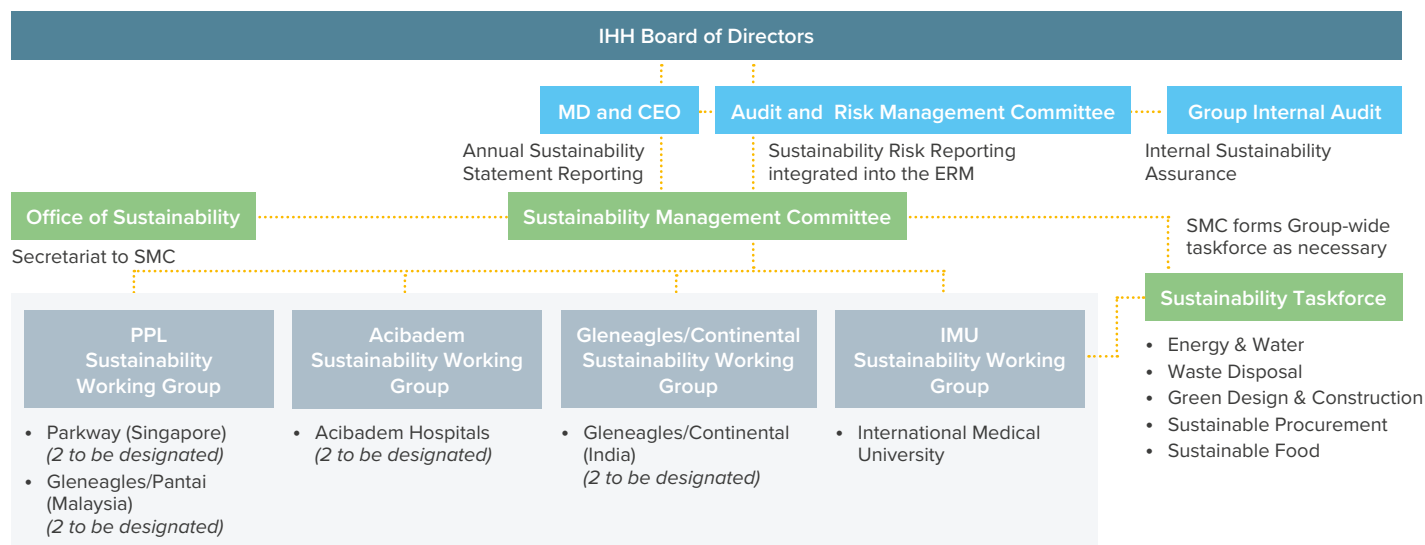
responsibilities, which are supported by the SWG. Its main points are as follows:

- Chaired by the Chief Sustainability Officer, who is the Group Head, Corporate Secretarial and General Counsel and is supported by the:
 - Group Chief Financial Officer
 - Group Head, Risk Governance
 - Group Chief, Human Resource Officer
 - Group Head, Corporate Communications
 - Chief Procurement Officer
- Develop and increase stakeholder awareness (both internal and external) of the need for and benefits of sustainable behaviour.
- Oversee the development and implementation of policies and practices to ensure the Group complies with sustainability obligations and commitments.
- Oversee the development and implementation of operating company-wide processes and procedures (including reporting systems and investigations) to

ensure compliance with the Group’s policies and legal and regulatory obligations relating to sustainability.

- Ensure proper and satisfactory internal systems and controls are in place to identify and manage material sustainability matters in terms of economic, social and environmental risks, and that the Group and its operating companies’ businesses are conducted in a responsible manner.
- Monitor key performance indicators and targets that underpin the Group’s sustainability strategy, which are supported by its operating companies.

Sustainability champions are appointed in each hospital, and they represent their hospitals in their respective country’s SWG. They are responsible for the implementation and monitoring of measures built into the sustainable strategy as supervised by the SMC under the direction of the Board. A Group-wide Sustainability Taskforce supports the SWG in addressing specific sustainability matters with real or potential impact for the Group.



IHH's Sustainability Governance Structure

Numerous operational committees have been set up at Group Level, at IHH hospitals in Malaysia, Singapore, Turkey and India and at IMU. With the objective of addressing issues facing the organisation and encouraging active discussions, these committees provide staff and management a two-way platform for

feedback and decision-making in, amongst others, the following areas:

- Sustainability Management
- Therapeutics and Infection Control
- Medication Management
- Pharmaceuticals
- Infectious Disease Outbreak

- Infection Control
- Pandemic Planning
- Facilities Management
- Security, Safety and Health
- Patient Safety
- Ethics and Internal Complaints
- Transplants
- Quality

ETHICS AND INTEGRITY

We believe in maintaining a robust ethics and compliance programme and educating our workforce on these matters.

ANTI-CORRUPTION

Our Code of Conduct Policy mirrors the Group's stance against corruption and explicitly states that "The IHH Healthcare Berhad Group does not permit or condone bribes, kickbacks or any other illegal, secret or improper payments, transfers or receipts."

A requirement of the Code of Conduct Policy that condemns corruption is that no outside agent of any kind shall be used to circumvent the prohibition against bribes, kickbacks and other illegal, secret and improper payments. Fees, commissions and expenses paid to outside agents must be based upon proper billing, accurate recordkeeping and reasonable standards for services rendered.

IHH and its subsidiaries are committed to a high standard of compliance with accounting, financial reporting, internal controls, corporate governance and auditing requirements.

In 2013, IHH put in place a whistleblowing policy to provide an avenue for its employees to raise concerns in good faith without fear of reprisal.

Another measure that protects the Group from corruption is its internal auditing processes. The Group has an independent internal audit function, reporting directly to the Audit and Risk Management Committee ("ARMC"). It provides an independent and objective assurance on areas of operations reviewed and makes recommendations

based on the best practices that will add value to the Group.

External auditors are selected and hired by the Group, and they are invited to attend meetings of the ARMC and the Group's AGM to provide feedback to our shareholders, if needed, regarding the conduct of the statutory audit¹ and the contents of the audited consolidated financial statements of the company.

In this section, the anti-corruption measures that are implemented and practiced across all IHH entities in Malaysia, Singapore, Turkey and India are described.

Malaysia and Singapore	
Anti-Corruption Policy	Communication on our anti-corruption policies and procedures is relayed through the Human Resources (HR) on-boarding process. Every employee upon joining our hospitals is made aware of our policies and culture to condemn corruption.
Code of Conduct Policy	All payments and transfers of premium and other items of value to employees of other business entities or to the entities themselves should be made openly and must be disclosed and authorised in advance by the principal, the customer and the company. The policy is available online and it applies to all Executive Directors and employees of the Group.
Whistleblowing Policy	IHH's whistleblowing policy enables individuals to raise concerns internally and at a high level if the individual believes there is a case of malpractice or impropriety, which are matters of public interest.
IMU Internal Audit	Internal auditing, which is a review of IMU's control system, is carried out at Group level and operations that are exposed to corruption risks, like procurement and HR, are subject to an internal audit once every three to four years. A review of the revenue cycle (covering processes such as admission and collection) is carried out on a yearly basis.
IMU Gift Policy	The IMU gift policy is available on the IMU Portal (IMU's online platform), and new employees are informed of the IMU Portal during the new staff orientation session.

1. A statutory audit is a legally required review of the accuracy of a company's financial records.

Turkey	
Disciplinary Procedure	The discipline procedure applies to all employees regardless of job category or title. On matters concerning corrupt behaviour, the procedure clearly defines the levels of formal disciplinary actions, depending on the severity of the misconduct (reprimand, severely reprimand or dismiss). The discipline procedure is reviewed in detail during the mandatory corporate orientation programme. A group-wide Discipline Committee is tasked with ensuring adherence to the discipline procedure and supporting Acibadem's commitment to high ethical values and corporate integrity.
Whistleblowing Policy	Defines ways and means for employees to report organisational activities that are suspected of financial and legal misconduct, the falsification of records, fraud and abuse or are against the laws and regulations. Provides an opportunity for safe and confidential whistleblowing and protects the complainants from retaliation and oppression.
Ethical Values Document	The Ethical Values Document is currently being revised to explicitly include the Group's commitment to anti-corruption standards of ethical conduct and integrity. It is reviewed as part of the mandatory employee orientation programme and is signed by every employee.
Internal Audit	The Internal Audit Department assesses all existing operations, and the internal control system covers areas of finance, operations and compliance and provides reasonable assurance that the following objectives have been achieved: • Reliability and integrity of financial reports • Compliance with relevant regulations, policies, procedures and laws • Safeguarding Company assets • Effective and efficient utilisation of Company resources The Internal Audit Department conducts its function based on an Annual Plan which aims to cover all critical and vulnerable areas of operation and locations. Its data collection methodology comprises routine screening, random sampling, criteria based sampling and action upon complaints. The Internal Audit Procedure defines the scope of activities, responsibilities and goals and the guiding principles of the internal audit function.
India	
Internal and External Audits	A platform for controlled self-assessment and internal and external audits, as a lag measure ² .
Directives and Policies	There are departmental and Group level directives that tackle corruption related to business and financial transactions, improper use of company assets, confidentiality and security dealing with suppliers and customers. Policies are framed in a way to prevent the possibility of corrupt practices.
Recruitment and Induction	Appointment letters have a clause, as a lead-measure³, that talks about the company's right to take immediate action in case of any dishonest transactions or any act subversive of good conduct. Recruitment contracts are standardised to prevent favouritism or bias. Talent sourcing and forms of reimbursements go through an established approval mechanism having multiple stakeholders. Employee induction programmes have a reference to the Group's zero-tolerance on corruption in the organisation.
Gift Policy	The gift policy has been standardised and is in line with what is being practised in Malaysia and Singapore.
Whistleblowing Framework	The whistleblowing framework which was established in 2016, is a framework established to create a platform for reporting corrupt practices, if any, and ensures the protection of whistle-blowers.

2. Lag measures are measures that assess the ultimate goal you are trying to accomplish, such as an increase in sales or profits; however, they are always in the past.
3. Lead Measures are predictive, meaning they lead to the accomplishment of the Lag Measure, and influencing, meaning you can do something about them. Lead Measures are about narrowing your focus down to the two or three things that "trigger" success or your end goal.

STAKEHOLDER ENGAGEMENT

IHH believes that proactive engagement with our stakeholders is essential for the growth of the business. By understanding their expectations and responding to their concerns, we aim to strengthen our stakeholders' confidence in us. Stakeholder engagement is also integral to how we assess most material issues towards our sustainability performance.

We regularly engage with our stakeholders through surveys, meetings, town hall meetings, formal partnership and focus groups (see **Table 2**).

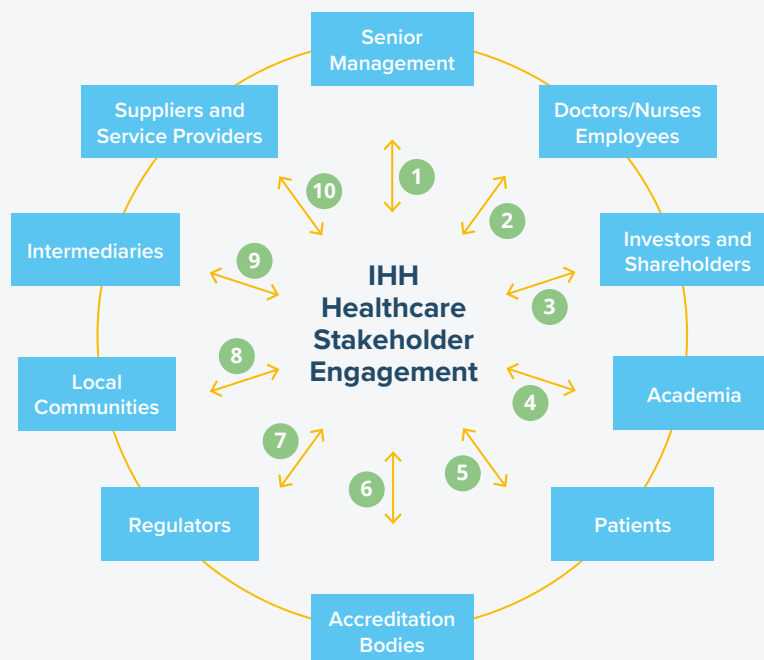


Table 2: Stakeholder Groups and Methods of Engagement

Methods of Engagement

1 • CEO Council Meeting	5 • Patient Satisfaction Survey	9 • Ad-hoc insurance clarification/ requests • Claim Review Meeting • Stewardship/Renewal Meeting • Hospital Empanelment • Collection and Process improvement for claims
2 • Town Hall Meeting • Council Meeting • Focus Group Session • Employee Engagement Survey • Physician Meeting	6 • JCI Audit and Inspection • MSQH Audit and Inspection • NABH Audit and Inspection • MoH Audit and Inspection	
3 • Board Meeting • Annual General Meeting (AGM) • Extraordinary General Meeting (EGM) • Investor Conference	7 • Formal correspondence, meetings and during visits by the regulators to the healthcare facilities	
4 • Town Hall Meeting • Dean/Faculty Meeting • Staff Barometer Survey	8 • Community-based healthcare services and programmes • News bulletins on conventional and digital media, TV and radio	10 • Periodic meetings for product information/ new product introduction • Tender Briefing and Clarification Session • Purchase Committee negotiation with suppliers

IDENTIFYING MATERIAL MATTERS

The risks and opportunities involved in shifting towards greater sustainability present the organisation with complex multi-dimensional and sometimes interconnected issues. Therefore, by developing a robust understanding of what issues are material to our operations, to the environment and to our communities, we can better prevent or mitigate these risks and gain access to the opportunities.

Identifying material matters is the process of identifying EES risks and opportunities.

In 2016, we analysed survey responses from our stakeholders who participated in the engagement, resulting in a materiality matrix that depicted the matters of significance to our business and stakeholders.

We believe that it is important to assess IHH's material sustainability matters every year in order to study any changes in prioritisation and to address those matters that recur as a high priority.

In 2017, as part of our endeavour to identify materiality and to build capacity on sustainability, we carried out an internal assessment with IHH's management in Malaysia, Singapore, Turkey and India.

The outcome of these discussions was a list of our material sustainability matters as presented in **Table 3**. The material matters were then deliberated and prioritised using the weighted ranking method by our SMC and SWG, to configure our Materiality Matrix (see **Figure 1**).

Table 3: Key Material Matters and Indicators for IHH

	Material Sustainability Matters	Key Indicators	
OUR PATIENTS 	• Patient and family safety • Patient satisfaction/expectation • Food quality • Emergency preparedness • Privacy of medical records • Availability of beds • International healthcare services	• Patient Satisfaction Survey • Laboratory readiness • Epidemic response plan	• Disaster preparedness plan • Rational use of medicine • Patients' menu
OUR PEOPLE 	• Employee welfare • Availability of skilled manpower • Training development • Talent retention	• Compliance to Minimum Wage Order • Employee distribution by gender and age • Specific on-the-job training	• Different types of training: Mandatory, Technical, Professional Competence, Leadership, Personal Development and External
OUR ORGANISATION 	• Ethics and integrity • Employee health and safety • Higher hospital infrastructure and employee insurance cost • Compliance and regulatory risks • Security and asset protection • High maintenance cost • Vendor and supplier development • Management of human rights across the value chain • Transparency	• Whistleblowing Policy • Code of Conduct and Business Ethics • Occupational Health, Safety and Environmental Committee • Safety and Health Policy	• Incident reporting mechanism • Security steering committee • DOSH Reported Incidents • Rate of Injury • Lost Time Injury • Approved Vendor Listing • Tender Evaluation Criteria
OUR ENVIRONMENT 	• Energy conservation • Hazardous waste management • Carbon emissions • Green design and construction • Waste disposal • Plastic waste management • Water availability • Innovation	• Energy conservation initiatives • Green building certification (LEED, GBI, Green Mark) • Energy audit • Changing conventional lighting to LED lighting	• Rainwater harvesting system • Waste management • Energy consumption • Using alternative energy resources
OUR COMMUNITY 	• Community development • Affordable treatment and accessibility to medical treatment for our local community	• Free health screening • Khazanah IHH Healthcare Fund	• Health awareness campaign • Volunteer jobs in old folks' home and abandoned children's home

IDENTIFYING MATERIAL MATTERS

IHH'S MATERIALITY MATRIX (2017)

Figure 1: Materiality Matrix for IHH



- | | | | |
|-------------------------------------|-------------------------------------|---|--|
| 1 Patient and family safety | 10 Talent retention | 18 Higher hospital infrastructure and employee insurance cost | 25 Management of human rights across the value chain |
| 2 Compliance and regulatory risks | 11 Availability of skilled manpower | 19 Vendor and supplier development | 26 Transparency |
| 3 Patient satisfaction/expectation | 12 Availability of beds | 20 Food quality | 27 Carbon emissions |
| 4 Emergency preparedness | 13 Privacy of medical records | 21 Innovation | 28 Plastic waste management |
| 5 Security and asset protection | 14 Ethics and integrity | 22 Water availability | 29 Affordable treatment and accessibility to medical treatment for our local community |
| 6 Hazardous waste management | 15 Training and development | 23 Employee welfare | 30 Community development |
| 7 Employee health and safety | 16 Waste disposal | 24 Green design and construction | |
| 8 International healthcare services | 17 High maintenance cost | | |
| 9 Energy conservation | | | |

Based on the Materiality Matrix, we have selected our top 10 material sustainability matters (**Table 4**). Throughout our sustainability statement, we have described our approach in addressing these material matters and thereby strengthening the corresponding six SDG Focus Areas that IHH has selected to embed in the organisation's processes and activities.

Table 4: Top 10 Material Sustainability Matters and corresponding SDGs

Top 10 Material Sustainability Matters	Relevant SDGs
1 Patient and family safety	
2 Compliance and regulatory risks	
3 Patient satisfaction/expectation	
4 Emergency preparedness	
5 Security and asset protection	
6 Hazardous waste management	
7 Employee health and safety	
8 International healthcare services	
9 Energy conservation	
10 Talent retention	

OUR PATIENTS



**Building quality,
safe and sustainable
healthcare services
for our patients**

OUR PATIENTS

IHH is committed to ensuring that the clinical services provided throughout our hospitals are efficient and effective with a focus on patient safety and satisfaction. The International Clinical Governance Advisory Council (“ICGAC”), which is part of our clinical governance framework, was established to provide best-in-class healthcare services to our patients. The ICGAC is an apex advisory committee, which acts as the Advisor to the Board on areas related to clinical care and quality.

PATIENT SATISFACTION SURVEY

In IHH’s Materiality Matrix in 2016, both “patient and family safety” and “patient satisfaction” were identified as high priority to both the management and the stakeholders. Similarly, in 2017, both these materiality matters were of high priority. We regularly seek patient feedback on our services in order to identify their expectations and areas where we fall short. The satisfaction levels of our patients are measured through the Patient Satisfaction Survey, the results of which are reported to Senior Management on a quarterly basis.

In circumstances where a downward performance trend is experienced or foreseen, robust action plans have been executed for continuous improvement and to maintain the performance of the indicators.

Table 5 displays the patient satisfaction index for the first (Q1), second (Q2) and third quarter (Q3) of 2017 for Malaysia,

Singapore and Turkey. Our hospitals in India are currently in the process of implementing a standardised patient feedback and calculation methodology across all units based on what is practised in the aforementioned three home markets. India will be reporting these scores starting January 2018.

Table 5: Patient Satisfaction Index for Q1, Q2 and Q3 (2017)

Country	Patient Satisfaction Index		
2017	Q1	Q2	Q3
Malaysia	88.5%	87.7%	89.9%
Singapore	88.9%	89.8%	88.8%
Turkey	89.2%	90.4%	90.7%

As a healthcare provider, IHH has developed plans and procedures across all four home markets towards ensuring, amongst others, the rational use of medicine, food quality, laboratory readiness, epidemic response and disaster preparedness. IHH recognises the importance of these G4 specific sector indicators as it improves public healthcare effectiveness.



Clear labeling of drugs enhances dispensary operations.

RATIONAL USE OF MEDICINE

Globally, inappropriate drug use has been recognised to cause an increased frequency of side effects, costlier treatments and other complications. In order to encourage rational drug use and create awareness, various rational drug use campaigns, initiated by the

World Health Organisation (“WHO”), have been launched on a global scale. To address these issues, IHH in Malaysia, Singapore, Turkey and India ensures that its hospitals provide their patients with a well-balanced diet and insists on practising the rational use of medicines.

Country	Rational Use of Medicine
Malaysia and Singapore	Multidisciplinary committees have been set up to coordinate policies and monitor the use of medicines • Medical Advisory Board • Medical Quality Assurance Committee • Therapeutics and Infection Control Committee (“TICC”) • Pharmacy and Therapeutic Committee The Pharmacy Division tracks the usage of antibiotics such as Carbapenems⁴ and Vancomycin⁵ and reports this to the TICC. • Upon admission, the Pharmacist will perform medication reconciliation where prescribed medications are reconciled with the patient’s own medications taken prior to admission to look out for duplication, omission or an unintentional change in the dosage or dosage regimen. • A Pharmacist will check the prescription for the appropriateness of the drug, dosage regimen, route of administration, drug interactions, therapeutic duplication and potential cross allergy. • A Pharmacist will provide counselling on the proper use of medications to the patient.
Turkey	The Group-wide Medication Committee and Clinical Pharmacists (permanent members of the Infection and Patient Safety Committee) monitor the rational use of medicines. Additionally, all medication orders have to be approved by a Clinical Pharmacist. As part of the discharge process, Acibadem nurses provide detailed education to the patients and provide them with a Patient Information Form along with the Discharge Form to guarantee correct usage of these drugs. Additionally, the e-prescription system mandates certain information pertaining to medications for the order to be valid. Acibadem developed AStore, an electronic order system that works in conjunction with the automatic drug supply and dispensing system, enabling operational efficiency and patient safety and ensuring the rational use of medicines. The ‘Rational Antibiotic Use Campaign’ led by Acibadem Healthcare Group’s Medical Director and the Chairman of the Infection Control Committee was launched in 2017, targeting healthcare professionals and the general public. The Campaign focuses on respiratory tract infections, specifically those related to the paediatric age group, and a compact guideline for the treatment of respiratory tract infections has been developed. Most of Acibadem’s Physicians are permanent staff with only 5 per cent of all admissions being treated by external Physicians/visiting staff. As a result, it is relatively easy to enforce and ensure the aforementioned rational drug use measures are practiced across operations.
India	The responsibility to prescribe the right medication rests with the admitting Doctor (resident or otherwise) for inpatients. This is supervised by the Head of Department during daily rounds. The Chief Nursing Officer and Medical Director randomly inspect case papers to check if the prescribed medications are administered in the right quantity and frequency. The Medication Use Manual defines the procedures for ordering, dispensing, prescribing and storing as well as for the reporting process in the case of medication error. The Medication Management team monitors compliance to Medication Management policies and ensures safe practice in medication use, which includes blood components, radioactive substances and implants.

4. Carbapenems are antibiotics used for the treatment of infections known or suspected to be caused by multidrug-resistant bacteria.

5. Vancomycin is an antibiotic used to treat a number of bacterial infections. The World Health Organisation’s List of Essential Medicines features the most effective and safe medicines needed in a health system and Vancomycin is on the list.

OUR PATIENTS

Country	Rational Use of Medicine
India	Gleneagles Global Hospitals have the following policies in place to ensure the rational use of medicine in all their hospitals: • Policy on the use of psychotropic and narcotic substances • Policy on the use of chemotherapeutic agents • Policy on the use of radioactive drugs; and • Antimicrobial policy. The Antimicrobial⁶ Policy ensures the following: • Uniform standards and treatment protocols • Antibiotics relevant to the type and sensitivity of organisms that are prevalent locally are chosen • Restriction of indiscriminate use in order to prevent the emergence of drug resistance • Monitoring of the utilisation of restricted antibiotics. The Infection Control Team (Hospital Infection Control Committee Chairperson, Hospital Infection Control (“HIC”) Nurse, HIC link Nurses, HIC Officer and Infectious Disease Specialist), along with the Clinical Pharmacist, closely monitors the rational use of antibiotics as a part of the Antibiotic Stewardship Programme. This policy is reviewed yearly and is applicable across all units of the hospital. Continental Hospitals follows the Antimicrobial Stewardship Programme, which aims to promote and measure the use of the appropriate agent, dose, duration and route of administration of antimicrobial agents. Monitoring is done by Clinical Audit teams from the Infection Control and Pharmacy Department through the restricted antimicrobial forms for 14 restricted antimicrobials. The importance of the rational use of medication is reinforced to all the Consultants during Continual Medical Education (“CME”)⁷ and during internal clinical meetings. There is a module on Medication Management in CME for nurses as well, and it is one of the initiatives towards rational medication use in nursing.

FORMULATING PATIENT MENUS

The quality, nutritional value and sustainability of food has become one of the factors by which patients exercise choice when selecting their healthcare providers. Healthier, more sustainable food in our hospitals helps improve patient recovery time and also encourages positive lifestyle changes outside the hospital for our patients, leading to a positive impact on their health and well-being, as well as on our environment. With this in mind, IHH hospitals provide patient menus that list healthy and nutritious food options and comply with the food quality standards prevalent in Malaysia, Singapore, Turkey and India.

Country	Patient Menus
Malaysia and Singapore	Patient menus are planned based on the principles of a healthy, well-balanced diet, and meal portions are based on what is recommended for the general Asian population. Special consideration is given to reduce saturated fat, trans fat and sodium content by limiting the use of processed food. When needed, a patient’s menu is also individually tailored to complement his or her medical treatment. All our food products are procured from vendors certified by Singapore’s Agri-Food and Veterinary Authority in Singapore or Malaysia’s Ministry of Agriculture who are appointed through a tender process. This ensures the safety of our food supply, including in terms of the use of additives and preservatives in food products and also in terms of food products made from genetically modified food crops.

6. Antimicrobials are those agents that destroy or inhibit the growth of microorganisms, especially pathogenic microorganisms.

7. Continuing Medical Education (CME) refers to a specific form of continuing education that helps those in the medical field maintain competence and learn about new and developing areas of their field.

Country	Patient Menus
Malaysia and Singapore	Annually, each vendor will be assessed for product quality and suitability based on a list of evaluation criteria.
Turkey	APlus, Acibadem's food and beverage subsidiary, only works with suppliers that are certified by Turkey's Ministry of Agriculture, Food and Livestock. Production permits and licenses are required from the companies prior to entering any contracts, and, in order to maintain their certificates, producers need to undergo periodic controls and tests by the Ministry. APlus has developed specifications for critical and high risk food groups, such as meat and flour, and these documents spell out the colour, smell, taste, look, composition, hygiene, packaging, labelling, transportation, storage, sampling and laboratory analysis requirements that suppliers need to meet for their products. APlus, during the course of using a product, conducts random sampling and analysis at accredited food laboratories, and the analysis parameters include chemicals, such as lead, mercury, cadmium, arsenic and melamine; pathogens, such as salmonella, e-coli, and genetically engineered organisms. Failure to meet the standards in these tests is grounds for the rightful termination of contracts with such suppliers.
India	The standard menu offered to patients meets the principles of a balanced diet. Freshly prepared, nutritious and culturally customised food options are provided. The Physician and the Nutritionist collaborate and consider the clinical condition of the patient in order to make suitable dietary recommendations. Drug-food interaction and additional food supplement needs are reviewed collaboratively by the Clinical Pharmacist, Nutritionist and Nurse Managers. A Clinical Pharmacist is also involved in cross-checking the dietary pattern of the patient specific to his or her medication management and the type of drug administered (antibiotics, anticoagulant, enteric coated etc.). If any interaction is noticed, they inform the treating Consultant and educate the patient. Surveillance of water and food quality is conducted regularly, and the reports of the same are presented in the committee meetings. Deviations are reported immediately to the administrative team, and appropriate measures are taken. Inspection of kitchen and storage areas (dry and wet) is conducted regularly, and food handlers are vaccinated for typhoid and other related communicable diseases.

EPIDEMIC RESPONSE PLAN, LABORATORY READINESS AND DISASTER PREPAREDNESS PLAN

At IHH, we recognise the importance of having a response plan for the rapid detection and containment of outbreaks of emerging and dangerous pathogens, of incorporating laboratory readiness and of having a disaster management plan to ensure public health safety and well-being. This section elaborates our plans and measures in place towards managing these risks in Malaysia, Singapore, Turkey and India.

Country	Epidemic Response Plan/Laboratory Readiness/Disaster Preparedness Plan
Malaysia and Singapore	Parkway Laboratory Services ("PLS") in Singapore and Pantai Premier Pathology ("PPP") in Malaysia follow the Parkway Corporate Pandemic Response Plan for the management of highly infectious specimens. Highly infectious specimens are not examined in-house in PLS and PPP. They are sent to designated testing laboratories in accordance with the directives provided by the Ministry of Health for individual novel pathogens.

OUR PATIENTS

Country	Epidemic Response Plan/Laboratory Readiness/Disaster Preparedness Plan
Malaysia and Singapore	An Early Detection System, Containment and Notification are the components of Malaysia and Singapore's Epidemic Response Plan to prevent the spread of infectious diseases. Early Detection System: Patients are screened and health declaration forms completed as part of triage⁸ assessment at entry points (A&E department⁹, Admission Office, Day Surgery Ward and Endoscopy Centre). Containment: Suspected or confirmed patients are promptly directed to isolation rooms for further evaluation. • Healthcare staff shall don appropriate personal protective equipment during contact with the patient until a more definite diagnosis is made. • A Rapid Response Team is activated to assist the healthcare staff to "ring-fence" the patient and to ensure proper infection control and housekeeping measures. • Designated Nurses care for the patients, and there is a no visitor policy. • Patients are transferred to a designated hospital as specified by the Ministry of Health ("MoH") directive. • The affected ward is locked down pending risk assessment. • No visitors, no transferring of patients and no deployment of staff are allowed. The condition of patients and staff is monitored closely. • Notification: Notify the MoH Surveillance Officer, Senior Management and Infection Control Officers of suspected or confirmed patients with emerging and dangerous pathogens. • Singapore has a communication, command and control structure, an additional component to its Response Plan. The roles of designated committees and other bodies in response to the Disaster Outbreak Response System Condition (DORSCON), a colour-coded framework that guides organisations during a pandemic, are defined. • As part of the Disaster Management Plan, disaster drills were conducted for all IHH hospitals in Malaysia. • In Singapore, the disaster drills for all four hospitals were conducted in November 2017.
Turkey	The Epidemic Response Plan describes the actions to control an epidemic, to prevent it spreading to uninfected individuals and to prevent an epidemic from recurring. The plan covers infectious pathogens, as well as chemical, biological, radiation and nuclear dangers that may occur as a result of accidents, natural disasters or deliberate acts. Every Acibadem hospital also has its own Disaster Preparedness Plan. The plan covers internal, external and mixed events (that impact both the community and the hospital) and details communication procedures, coordination with stakeholders, triage, physical measures to be taken, roles and responsibilities, evacuation instructions, gathering sites, security controls and access to medical and other supplies. Disaster drills are performed on a regular basis in all Acibadem hospitals under the supervision of the Group's Quality Directorate at each location. From January to September 2017, across all 16 hospitals, a total of 74 disaster drills were carried out. Acibadem's central laboratory, Labmed Clinical Laboratories ("Labmed"), has its own Disaster Preparedness Plan. This Plan details the expectations, roles and responsibilities of the Disaster Commander and his/her supporting personnel, all of whom work together during a disaster situation.

8. Triage is the process of determining the priority of patients' treatments based on the severity of their condition.

9. A&E Department is the emergency department for patients requiring emergency care for serious and life-threatening illnesses.

Country	Epidemic Response Plan/Laboratory Readiness/Disaster Preparedness Plan
India	The Outbreak Policy defines the processes involved in managing and investigating an outbreak, the roles of the committees involved (Infection Control Committee/Major Outbreak Control Group/Disaster Management Committee) and the differentiation between an acute and non-acute outbreak. The Disaster Management Plan at Gleneagles Global Hospitals defines the emergency codes and its corresponding responses, the key personnel and committees involved (Disaster Management Committee/Emergency Response Teams/Command Centre) and the details of the Disaster Management Plan in a flow chart covering a range of actions from notification to solution management. Preparedness for area specific disasters is also part of the Disaster Management Plan. Continental Hospitals conducted disaster drills on 27 August and 30 October 2017, and Gleneagles Global Hospitals conducted 18 out of the 20 disaster drills planned for 2017. Asia Pacific Society of Infection Control (APSIC¹⁰): Continental Hospitals' Central Sterile Supplies Department (CSSD) was awarded "APSIC CSSD Center of Excellence Award 2015–2016" in February 2017 for demonstrating outstanding leadership in delivering quality disinfection and sterilisation services.

INTERNATIONAL HEALTHCARE SERVICES

In our efforts to strengthen the local economies of the regions where we have a strong healthcare presence and to widen the scope of our business, we have invested considerably in developing infrastructure to facilitate specialised healthcare services to international patients. This section covers our efforts to capture this market as we see the demand for our high-intensity and specialised surgeries both in the country and overseas increasing in the years to come.

Topics	Malaysia and Singapore	Turkey	India
Number of international patients	79,738	30,000	7,000
Percentage of total revenue generated by international patients	21%	10%	13%
Dedicated departments to manage international patients	International Marketing Department for IHH hospitals in Singapore and Malaysia.	Acibadem Health Point, International Patient Centre, International Call Centre	Patient Care Services Team
Awards won in recognition of premium international healthcare services	1. 2017 Asia Pacific Healthcare and Medical Tourism Awards 2. Mount Elizabeth Hospital wins Hospital of the Year Asia Pacific for the second time.	Acibadem was recognised as one of the "Brands that Add Value to Turkey" and won the Gold Award in healthcare category for its initiatives in international healthcare services at the Brand Turkey organised by the Turkish Exporters' Association and Turkey's Ministry of Economy.	–

10. The Asia Pacific Society of Infection Control (APSIC) is a multi-national, voluntary organisation dedicated to the advancement of infection control practices to reduce hospital associated infections, monitor and control emerging and re-emerging infectious diseases and improve patient outcomes.

OUR PATIENTS

Topics	Malaysia and Singapore	Turkey	India
Availability of multi-lingual staff and foreign language interpreters	Singapore hospitals have different nationalities of Nurses and translators. Foreign languages are Bahasa Indonesia, Vietnamese, Burmese, Bengali and Russian.	Acibadem has multi-lingual patient representatives in its hospitals. The foreign languages available are English, Arabic, Russian, Bulgarian, Romanian, Albanian, Serbian, Croatian, Bosnian, Georgian, Azerbaijani, German, Dutch, French, Ukrainian, Italian, Spanish, Macedonian, Kyrgyz, Kazakh and Uzbek. 47 per cent of Acibadem's International Patient Services staff in Turkey are foreigners. The transport department has dedicated staff who can converse in English, Russian, Arabic and Serbo-Croatian. The International Call Centre can receive international calls in three main languages: English, Arabic and Russian. As of July 2017, the Centre had received 11,984 calls in these three languages and had translated 29,509 medical reports.	Indian hospitals have in-house interpreters who can converse in Arabic, French, Russian and Kurdish. Printed literature on the facilities and menus is available in some of these languages as well. For other nationalities, interpreters are sourced depending on the demand from Embassies/Consulates. There are dedicated counters and care services with language interpreters for our international patients.
Partnership with organisational bodies	The Malaysia Healthcare Travel Council, State Tourism Board, Insurance and Third Party Agency partners, Ministry of Health of Bahrain, the Sultanate of Oman, Libya, the United Arab Emirates and overseas medical concierge facilitator.	Turkey's Ministry of Health, Ministry of Finance, Ministry of Culture and Tourism, Foreign Economic Relations Board, Health Business Council, Istanbul Development Agency, National Health Funds, NGOs, Embassies, Consulates, International Insurance and Assistance Companies.	GHDx¹¹, Ministry of Health of the United Arab Emirates, the Kingdom of Bahrain, the Sultanate of Oman and Sri Lanka.

MALAYSIA

Malaysia has become an attractive destination for medical treatment for patients coming from Indonesia, Bangladesh and the Middle East due to factors, such as infrastructure improvement, quality service and price

competitiveness. The Malaysia Healthcare Travel Council confirms that the international demand for Malaysian healthcare services is experiencing a year-on-year growth of 30 per cent. While our local patients continue to be our primary growth driver, international patients serve as an additional growth

catalyst for our Malaysian operations. Other reasons that attract international patients to our hospitals include our differentiated ability to take on complex cases, as well as our ongoing rejuvenation and expansion of existing facilities, such as Gleneagles Kuala Lumpur and Gleneagles Medini.

11. Global Health Data Exchange (GHDx), by the Institute for Health Metric and Evaluation, is the world's most comprehensive catalog of surveys, censuses, vital statistics and other health-related data.

SINGAPORE

The Asia Pacific Healthcare and Medical Tourism Awards recognises organisations in healthcare that have delivered quality healthcare services across the Asia Pacific region. The award also recognises organisations for their efforts in delivering quality care and pushing the boundaries in meeting the needs and expectations of their customers at every stage and in every interaction.

In 2017, Mount Elizabeth Hospital, Gleneagles Hospital and Parkway Cancer Centre in Singapore were conferred the following awards. These awards have increased our access to the international market, especially within the European Union.

Mount Elizabeth Hospital Singapore

1. Hospital of the Year Asia Pacific (second consecutive win)
2. Hospital of the Year Singapore
3. Cardiology Service Provider of the Year (second consecutive win)
4. Neurology Service Provider of the Year

Gleneagles Hospital Singapore

1. Transplant Service Provider of the Year
2. Paediatric Service Provider of the Year
3. Orthopaedics Service Provider of the Year (second consecutive win)

Parkway Cancer Centre

1. Oncology Service Provider of the Year

TURKEY

Acibadem offers a comprehensive range of services for international patients and visitors. It markets medical services and facilities in more than 45 countries, mainly in Europe, America, Africa, Russia, the Middle East and India. Along with the regional sales teams, it cooperates with international insurance and assistance companies, thereby providing service to the clients directly. It mainly focuses on countries within a four hour flight radius and runs its marketing activities mainly in neighbouring countries.

Today, it operates with a network of 40 representative offices in 36 cities and 23 countries and is working on increasing this number to be closer to the patients. Acibadem employs dedicated staff to organise consultations, diagnostic services, billing and insurance, travel and lodging arrangements and language interpretation services for international patients and their companions.

Acibadem's International Patient Services Centre is a "one-stop" service centre and offers healthcare services from the day of request until the time the patients return to their home country. The rapidly growing International Patient Services team comprises patient service specialists and physicians, and they organise the "Healthcare Journey" of international patients according to their needs and expectations.

Acibadem Health Point ("HP") was launched to manage international patient service processes, business development studies, international marketing and communication activities.

Acibadem HP Lounge in Ataturk Airport, which started in 2015, is where each and every patient visiting the facilities is initially welcomed and provided with necessary information.

An additional service provided to patients coming from countries close by, like Bulgaria, is the international transport service by Acibadem HP. The vehicles are delivered upon the request of the patient.

INDIA

Gleneagles Global Hospitals in India offers end-to-end patient care services for its international patients. The international patients come primarily from Oman, Bahrain, Bangladesh, Sri Lanka, Yemen, Kenya, Somalia, Sudan, the Maldives and Myanmar, as well as Europe and the US. In 2017, there was an increase in the flow of patients from the United Arab Emirates, Saudi Arabia, Ukraine and East African nations.

From the time of establishing contact with the hospital, the hospital has dedicated staff to help international patients secure appointments, visas and travel and accommodation arrangements for the patient's stay in India.

Gleneagles Global Hospitals provide international patients the option of receiving further consultations with doctors via telemedicine¹² and video conferencing. The International Patient Care Programme offers special services for patients and their families coming from around the globe.

Additionally, for the convenience of international patients and their families, travel desks and money changers are available at the hospitals.

12. Telemedicine is the use of telecommunication and information technology to provide clinical health care from a distance.

OUR PEOPLE



Building a sustainable workforce

FAIR COMPENSATION

IHH currently employs more than 35,000 people worldwide, and this figure is expected to rise in the next decade. We believe that our employees are our greatest asset, and they are a top priority in building the strength, performance and quality of our healthcare services. We provide them with opportunities to strengthen their skills regardless of gender and race, a safe working environment and competitive compensation packages.

The Group acknowledges that competitive compensation packages and recognition of good performance foster a high performing workforce. As part of our talent retention and talent management strategy, our performance structure is built to ensure pay levels for various job categories are competitive externally and equitable internally. The Group's total compensation and benefits package are regularly reviewed based on the employees' qualifications, expertise, experience and job level.

All IHH entities adhere to the Minimum Wage Regulations stipulated by the country in which they function. The exception to this is Singapore where there is no national minimum wage regulation. **Table 6** lists the minimum wage processes followed by our entities in their respective countries. Across all our operations, there is no differentiation between men and women with regard to standard entry wage.

Table 6: Minimum Wage Standard Disclosure

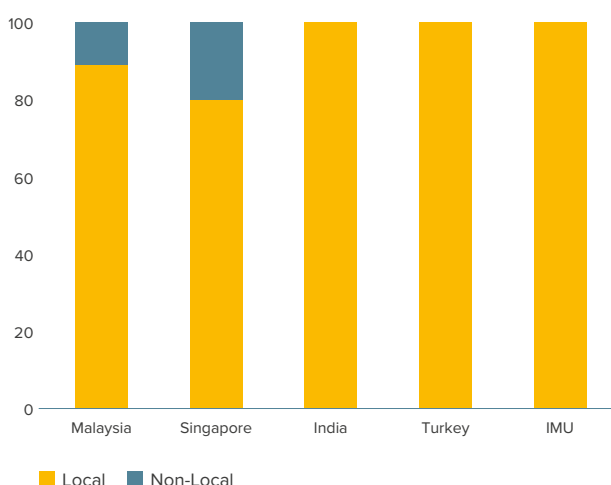
Division	Compliance to Labour Law
Malaysia	Minimum Wages Order 2016
Singapore	The minimum standard entry level wage is based on market competitiveness. Information is gathered from Collective Agreements of hospitals in Singapore and through salary surveys.
India	State Level Minimum Wages 2015
Turkey	Minimum wage levels set by Turkey's Ministry of Labour. The standard entry level wage of a registered Nurse compared to the current minimum wage depends on the location and the department. Compensation schemes for Istanbul hospitals are slightly higher for Anatolia hospitals, given the higher cost of living.

LOCAL REPRESENTATION AT THE SENIOR MANAGEMENT LEVEL

Most of our Senior Managers and leaders of our Group are hired from the local community as they understand and are aware of the healthcare and education needs of their country, taking into account the diversity of cultures, values, traditions and religions that exist within the multi-racial population. Their understanding of the regulatory requirements governing the healthcare and education sector further strengthens their decision-making capabilities, which is essential to maintain quality service and compete in this sector on a local as well as global scale.

Figure 2 shows that Senior Management is 100 per cent local in Turkey, India and IMU, and, in Malaysia and Singapore, the percentage of non-locals within Senior Management makes up to 11 per cent and 20 per cent respectively.

Figure 2: Percentage of Locals in Senior Management



OUR PEOPLE

WORKFORCE ENGAGEMENT AND DISTRIBUTION

IHH’s employee engagement initiatives are aimed at strengthening our connection with our employees and collectively identifying mechanisms to set up the right working environment for them to work to the best of their ability each day.

These initiatives strengthen the commitment of our employees and their motivation to achieve their personal career development goals whilst meeting IHH’s overall business goals and targets. They also create an avenue for employees to provide feedback and innovative ideas that are taken into consideration when making decisions for the Group.

Employee engagement surveys, town halls, open-door engagement sessions, employee wellness programmes, cultural celebration events and educational programmes are some of the employee engagement activities undertaken at IHH hospitals in Malaysia, Singapore, Turkey and India, and in IMU.

Figure 3 represents the distribution of employees by gender for our healthcare workforce in Malaysia, Singapore, Turkey and India, and in IMU.

Figure 3: Employee Distribution by Gender in IHH

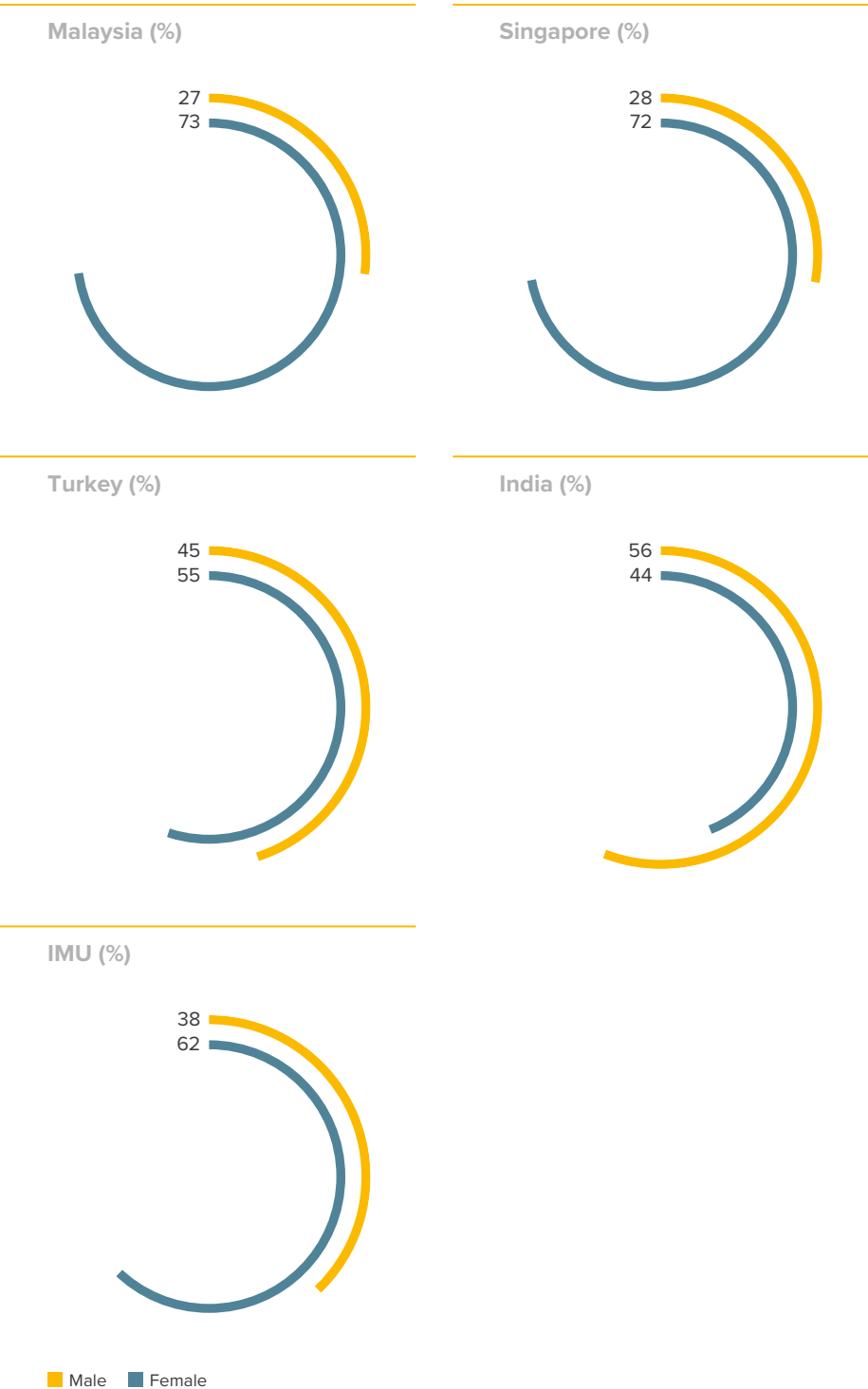


Figure 4 displays the employee distribution by age, (i.e. the percentage of employees below 30 years, within 30–50 years and above 50 years old) for our healthcare workforce in Malaysia, Singapore, Turkey and India, and in IMU.

Figure 4: Employee Distribution by Age in IHH



OUR PEOPLE

BUILDING TALENT

Learning and development are fundamental in building our commitment to quality care. Our programmes are designed for all levels of the workforce within the industry. The Management Associate Programme (“MAP”) and Individual Development Plan (“IDP”) at IHH provide on-the-job training and career development opportunities for young graduates and senior professionals, as well as for the leadership team. MAP is a structured development programme that offers on-the-job training and multidisciplinary

exposure in both management and hospital administration to young graduates. In providing on-the-job training, MAP improves graduate performance, and this reflects positively on our patient satisfaction levels. The performance of the 10-15 Management Associates that are hired annually by the Group is evaluated through a 360 Degree Feedback process by their supervisors and colleagues, and the outcome and progress of this programme are periodically reported to Management. IDP, on the other hand, is built to aid the individual professional development of

employees by providing them with the necessary support to chart their career path with clear objectives and a timeline. Employees participating in IDP find the programme useful and rewarding.

The Group provides annual feedback on employee performance. Performance and appraisals are used to identify individuals of high potential and to identify the specific training required for respective employees through Learning Needs Analysis. This analysis is an assessment to identify the gaps between employees' actual performance levels and expected performance levels.

Malaysia and Singapore		
Types of Training	Attendees	Description
• Performance Management Training • 7 Habits for Highly Effective People • Service Excellence Programme	Malaysia and Singapore Staff	These training programmes equip the people with an understanding of the value of our patients and how to approach them and include topics such as the importance of good listening skills and positive body language, effective methods of handling complaints and how to recognise and deal with different patient characteristics.
• Basic Life Support Certification Training • Nurse Manager's Leadership Programme • Basic Critical Care Training Programme • Structural Perioperative Training Programme • Management and Supervisory Skills Training • Productivity and Quality-Related Skills Training • Technical Service Skills and IT Skills Training • Professional Academic Certifications Training • Overseas Seminars and Conferences	Malaysia and Singapore Nurses*	These skill-based training programmes are essential towards teaching competency skills and preparing the Nurses to provide a range of quality healthcare services to patients.
• Sponsorship Aid for education	Malaysia and Singapore Nurses	Nurses who choose to pursue a part-time degree or Masters in Nursing can apply for sponsorship aid from the organisation. This sponsorship extends to Post Basic and Advanced Diplomas, with additional allowances for Nurses who complete their Post Basic and Degree courses successfully.

* Nurses in Malaysia and Singapore are required to complete at least 32 hours of training each year.

IMU

The academic staff at IMU are offered programmes, such as Fundamentals of Teaching and Learning in Health Professions Education, a Clinical Education Workshop, a Small Group Discussion (Problem-Based Learning), a Mentoring Students and an E-Learning License Workshop, Good Clinical Practice, Research Project Management and an International Medical Education Conference. Programmes, such as the Effective Managers Programme and Coaching for Performance, are offered to Heads of Departments and Managers. The average hours of training per academic staff in 2017 was 34.

TURKEY

Under the HR Directorate, a dedicated Employee Education and Development Department with 12 full-time equivalents ("FTE"¹³) has been set up, and it is responsible for carrying out Acibadem's commitment to capacity and competence building and staff advancement. Below is a summary of the types of training provided to the staff.

80 per cent of the mandatory training provided in 2017 was in-class training and 20 per cent was through distance learning. Distance education is conducted via Acibadem Academy, the proprietary e-learning platform. Accessible through the company's intranet, this portal enables employees

to view offered programmes and schedules, attend classes online, study material, take tests, communicate with other employees and trainers via chat rooms, establish their personal education and development portfolio and access internal and external content on a wide range of topics.

Given their pivotal role in healthcare delivery, the Nursing Directorate has had its own Training and Development Department since 2002, and the Clinical Nurse Educator position was established in 2004. Currently, the department has 20 FTEs, headed by a Nurse Manager who is a post-graduate trained education specialist. On average, Acibadem nurses get around 15 hours of training per month.

Turkey		
Types of Training	Attendees	Description
• Fire Safety • Healthcare Law • Disaster Preparedness • Patient Rights and Responsibilities • Quality Management Training	All Staff	To create a culture of safety and compliance throughout the organisation.
• Psychology of Leadership • Reporting Techniques (Advanced Excel) • Forward and Backward Feedback • Situational Leadership • Coaching Skills in Team Management • Communication Workshop	Management Staff	To support personal development and advancement of managerial capabilities.
• Competency Based Interview Techniques • New Vision in Changing Financial Geography • Managerial Competencies in VUCA¹⁴ Era • Managing Egos • Corporate Change and Innovation • Presentation Techniques in English and Conflict Management	Directors and Assistant Directors	These training programmes cater to the roles, challenges and responsibilities associated with senior management.
• Hand Hygiene • Information Safety and Confidentiality • Environment and Waste Management	All Relevant Staff	To ensure the highest standards of professional competence.

13. FTE or full-time equivalent is a unit that indicates the workload of an employed person in a way that makes workloads comparable.

14. VUCA stands for volatility, uncertainty, complexity and ambiguity.

OUR PEOPLE

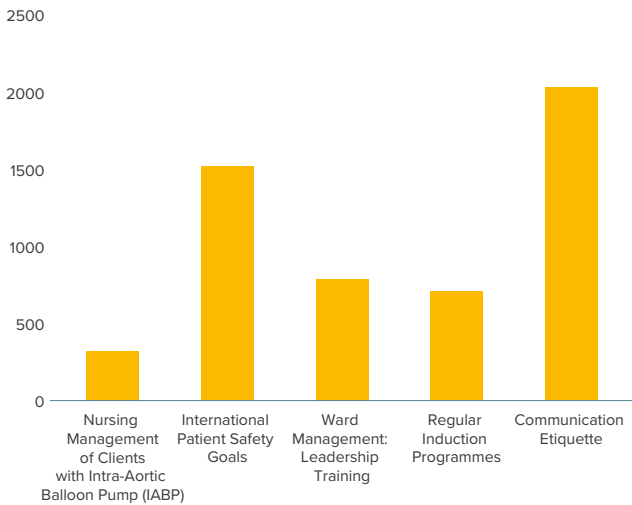
INDIA

In India, the training opportunities provided to the staff include Nursing Management of Clients with Intra-Aortic Balloon Pump (IABP), International Patient Safety Goals, Ward Management: Leadership Training, Regular Induction Programmes and Communication Etiquette. While International Patient Safety Goals, Communication Etiquette and Regular Induction Programmes are provided for all employees, training like Ward Management: Leadership Training is specifically for Nurses, Ward Secretaries and Floor Managers. **Figure 5** displays the number of employees from all the IHH hospitals in India that have attended the aforementioned training from January to August 2017.



Mrs. Bindu George (Director of Nursing) giving away awards at the Nurses Day celebration

Figure 5: Number of employees attending training from Jan–Aug 2017



OUR ORGANISATION



**Building a culture
of sustainability
throughout our
organisation**

OUR ORGANISATION

BUILDING WORKPLACE SAFETY

We recognise that health, safety and security-related concerns affect the ability of our employees to effectively perform their duties. Safety and Health Policies, Incident Reporting mechanisms,

Occupational Safety and Health Committees and other effective measures unique to each of our locations have been introduced. This section covers the initiatives in Malaysia, Singapore, India and Turkey that reflect our commitment

in providing a safe and secure workplace for our employees, patients, visitors, contractors and other stakeholders. See **Table 7** for a summary of these safety measures.

Table 7: Health and Safety Committees in Malaysia, Singapore, Turkey and India

Country	Committees and other safety measures	Role of the Committees and other safety measures
Malaysia	Security Steering Committee Each of the 14 hospitals has an Environment, Health and Safety Committee	- Assists in the development and enhancement of security measures and safety systems at work - Reviews the effectiveness of the security measurement and programmes - Studies the trend of incidents related to security and safety in the workplace and reports them to the employer - Conducts ad-hoc investigations into major security-related incidents. Responsible for overseeing and coordinating all matters relating to occupational health and safety. As per Malaysia's Occupational Safety and Health Act ("OSHA") 1994 requirements, the Environment, Health and Safety Committees meet once in three months.
IMU	Safety and Health Committee ("SHC")	Responsible for supporting and ensuring that safety and health related strategies are effectively implemented. This committee meets on a quarterly basis to report on the safety incidents that occur within IMU facilities and to discuss possible preventive measures. Internal reviews are conducted to ensure compliance with OSHA 1994. As per OSHA's requirements, SHC shall not meet less than once in three months.
Singapore	Facility Management and Safety ("FMS") Committee Two FTEs monitoring workplace safety and the health of the organisation Seven Environment of Care Plans: - Workplace Health and Safety - Security Management - Hazardous Materials and Waste Management - Emergency Management - Fire Management - Medical Technology Management - Utility System Management	- Reduction and controlling of hazards and risks - Prevention of accidents and injuries - Maintaining safe conditions FTEs report the workplace safety and health activities and measures to the FMS Committee. The FMS committee reviews systems, work processes and procedures to support the objectives of these seven Environment of Care Plans and identifies system risk issues, recommends strategies and mitigates the risks by conducting proactive risk assessment for each hospital at least once every year. The FMS Committee meets once every two months.

Country	Committees and other safety measures	Role of the Committees and other safety measures
Turkey	- A Group-wide Occupational Health, Safety and Environment (“OHSE”) Committee - OHSE committees for each of the entities that has more than 50 employees - One OHSE Committee at each of the hospitals	Responsible for overseeing and coordinating all matters relating to occupational health and safety. These committees meet at least four times a year and when needed.
India	Hospital Infection Control Committee Hospital Safety Committee Internal Complaints Committee Ad hoc Sentinel¹⁵ Events Team Risk Management Policy Occurrence Reporting Health and Safety Committee	Prevention measures for Needle Stick Injury (“NSI”) and Blood and Body Fluid (“BBF”) exposure include vaccination and screening. As a precaution to contain infection, isolation is observed for affected staff. Manages and governs radiation exposure, cytotoxic and radioactive exposure, chemical spill exposure and work place injury. Manages and governs harassment and gender issues. Human Resources, Heads of Departments and the Appellate authority are the process owners of this. Governs Annual Health Checks specific to occupational health issue prevention and protection and insurance cover for treatment and emergencies, if needed. The team usually consists of at least six or seven senior employees of Gleneagles Global Hospitals, who are subject matter experts relevant to the sentinel event. Covers all occurrences¹⁶ and near misses¹⁷ involving staff, service users, patients, visitors, contractors or any others to whom the healthcare organisation owes a duty of care. There are two systems of reporting within the hospitals. One involves the Patient Safety Officer and an ad hoc Sentinel Events Team to address the issue at hand. The other involves the Safety Manager.* The Occupational Health and Safety Committees of the Gleneagles Global Hospitals in India meet once in three months. The Risk and Safety Management Committee of Continental Hospitals meets on a bimonthly basis.

* The second system of occurrence reporting is presented in a flow chart in **Figure 8**.

15. A sentinel event is defined as any unanticipated event in a healthcare setting resulting in death or serious physical or psychological injury to a patient that is not related to the natural course of the patient's illness.
16. Occurrence is any event or circumstance which could have or did lead to unintended or unexpected harm, loss or damage to a patient, member of staff or visitor, a Trust, its property assets, its reputation or the environment.
17. Near miss is where an occurrence or combination of circumstances did not result in actual harm, loss or damage but had the potential to cause loss or harm.

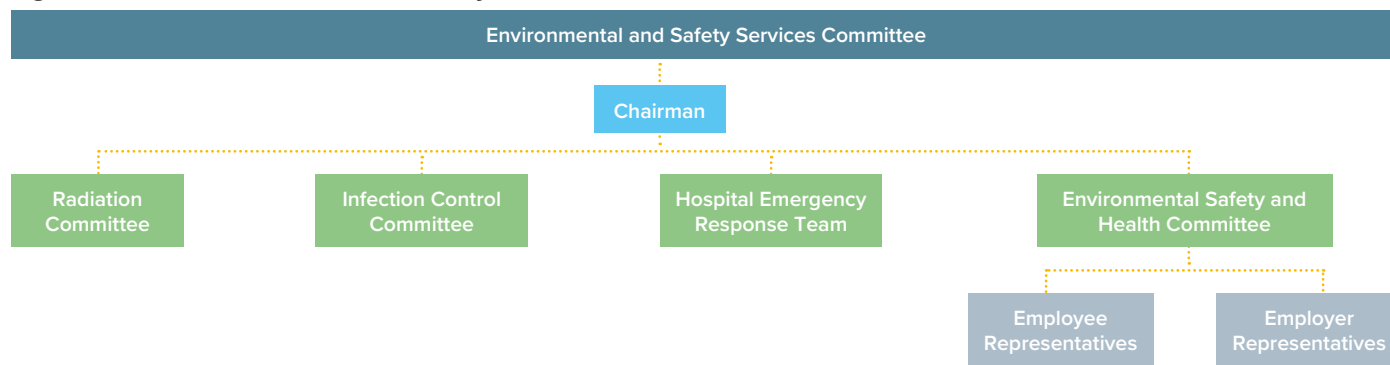
OUR ORGANISATION

OCCUPATIONAL HEALTH AND SAFETY COMMITTEE STRUCTURE

Malaysia

Each hospital in Malaysia has its own Occupation Health and Safety Committee. As an example, **Figure 6** displays the organisational structure of Gleneagles Kota Kinabalu's Committee for Environmental and Safety Services. The other 13 hospitals in Malaysia follow a similar structure wherein top management and employees are well represented.

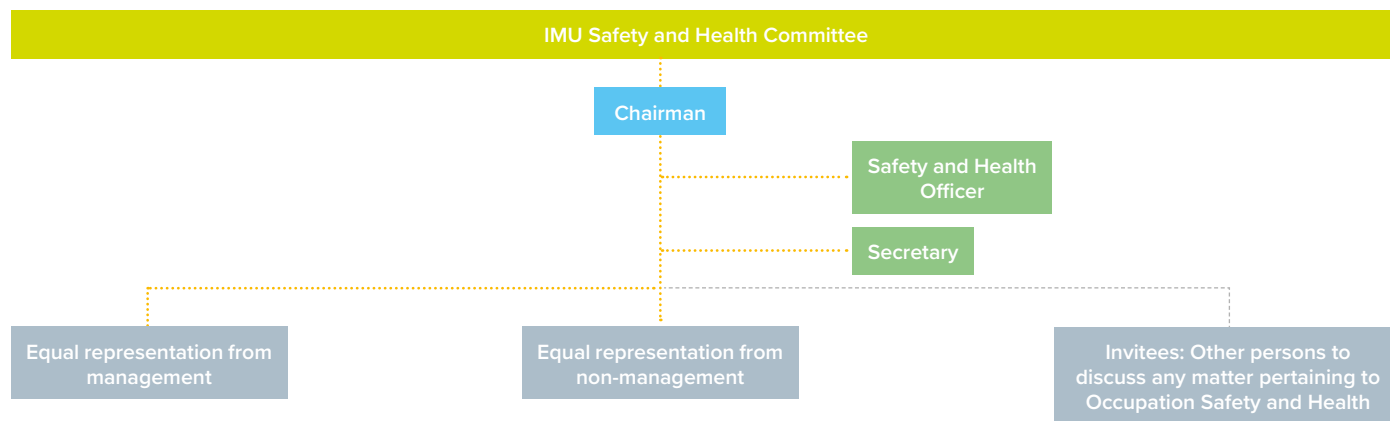
Figure 6: GKK's Environmental and Safety Services Committee structure



IMU

The IMU Safety and Health Committee (SHC), which was established in 2003, is responsible for supporting and ensuring that safety and health related strategies are effectively implemented. **Figure 7** describes the structure of IMU's SHC and the line of reporting therein.

Figure 7: Organisational structure of IMU's Safety and Health Committee



Singapore

The members of the FMS Committee include the Chairperson, Vice Chairperson, Workplace Safety and Health Officer, Laboratory Safety Officer, Radiation Safety Officer and Infection Control Officer. The FMS committee also consists of representatives from the following departments:

- Plant Operations
- Biomedical Equipment
- Environmental Service
- Security
- Nursing
- Fire Safety
- Hospital Operations
- Food, Nutrition and Beverage

Turkey

At the Group-wide Occupational Health, Safety and Environment Committee, the HR Director is the Committee's Chairman and the Quality Director its Secretary.

The Administrative Affairs and Support Services Director, IT and Technical Services Director, Medical Affairs Assistant Director, Operating Rooms and Cardiac Surveillance Units Coordinator and a hospital director are

the other members of the group-wide OHSE committee.

At each hospital, the OHSE committee is chaired by the Hospital Director or Physician in Chief, and the HR Manager is the Committee Secretary. Other members include the Occupational Safety Specialist, Occupational Health Physician, Clinical Quality Specialist, Patient Relations Representative, a charge-nurse and employee representatives. A total of 310 members serve in entity-level OHSE committees, 58 of whom are workforce representatives.

India

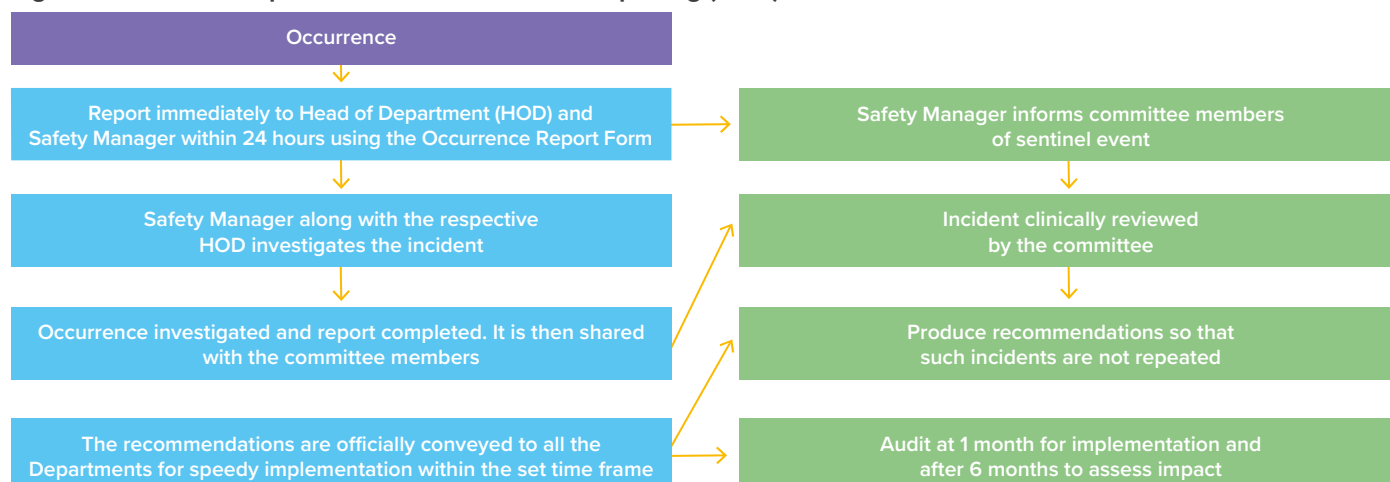
The tenets of the Risk Management Policy on safety are:

- Open reporting of all adverse occurrences, accidents and near misses.
- To have a positive impact in improving patient care, treatment and services and preventing sentinel events.
- To approach occurrence investigations systematically, as set out in this policy, and in particular the thorough

investigation of serious occurrences as defined in this policy.

- To prepare the organisation to understand the causes that underlie any past occurrences and in order to change the organisation's systems and processes to reduce the probability of such an event from recurring.
- To maintain the confidence of the public, hospital staff and accreditation organisations in the accreditation process.

Figure 8: Flow chart representation of Occurrence Reporting (India)



SAFETY AND SECURITY INCIDENT REPORTING

In all of our hospitals there is a process in place for reporting and recording work-related injuries. Work-related injuries in our hospitals are mostly from slips, falls, collisions and heavy lifting.

Malaysia

In Malaysia, investigations on workplace injuries are conducted by the Safety Officer. Any incidents that are clinical, i.e. related to needle pricks or infection-related, will be investigated by the Safety Officer and the Infection Control Committee. In complying with the Occupational Safety and Health Act 1994, these incidents that have resulted in lost time injury¹⁸ will be reported to the

Department of Occupational Safety and Health ("DOSH").

IMU

In the case of IMU, for the first half of 2017, no work-related incidents or injuries reportable to DOSH occurred.

Singapore

There were no fatal injuries reported from the four hospitals in Singapore for the first eight months of 2017. However, it was noted that the main causes of injury are slips, trips and falls, being struck by moving objects and injury caused by manual handling. The Work Safety and Health ("WSH") team is

looking into targeted measures to reduce workplace hazards.

Turkey

None of the work-related injuries during the reporting period were fatal. The occupational injuries included slips, falls, stumbling upon equipment and sometimes minor injuries due to heavy-lifting.

India

Although work-related injuries were reported within the hospitals in 2017, none of the injuries resulted in lost time injury. The causes of injury included needle stick injury ("NSI"), falls and blood and body fluid ("BBF") exposure.

18. A lost time injury (LTI) is an injury sustained by an employee that will ultimately lead to the loss of productive work time.

OUR ORGANISATION

OUR SUPPLY CHAIN

IHH mandates that all suppliers and vendors to the organisation are approved by and registered with the relevant local regulatory body for the sale of health products. It is IHH's practice to procure from duly approved and registered local suppliers as preferred vendors, which will support the local community while meeting the Group's business needs, including lowering operating costs and reducing our carbon footprint. Our preferred suppliers are those who are ethical and committed to sustainable development and have a track record of Health, Safety and Environmental ("HSE") competence.

At the Group Level, all suppliers are selected via proper vendor assessment and evaluation processes as per

organisation policies. For healthcare products, such as medical consumables and devices, vendors must be registered with the local health regulatory body and licensed to supply the approved products or services to the organisation. As such, these vendors supplying healthcare products or services to the organisation are likely to be those with local presence or registered with the local health regulatory body and hence qualified to be included in the organisation's Approved Vendor Listing.

In the case of IMU, for certain projects, the selection of a local supplier is crucial in delivering local on-site maintenance support within a reasonable and shortest lead time, and because it is economically advantageous. By doing so, they are able

to meet the Service Level Agreement ("SLA") and Key Performance Indicator ("KPI") in maintenance-support-turnaround time as part of the overall Tender Evaluation Criteria, which include vendor credibility, technical capability and cost competitiveness.

This trend is also reflected in our procurement operations in Turkey, where 97 per cent of supplier payments in the first quarter of 2017 were made to local suppliers.

In India, we also select local suppliers, and this is true even for high-end medical equipment as these transactions are routed through a local distributor.



Safety and security protocols are overseen by each hospital's Occupation Health and Safety Committee.

OUR ENVIRONMENT



Building environmental sustainability

OUR ENVIRONMENT

Identifying environmental risks and opportunities within the healthcare sector has become a salient part of achieving sustainability. This year we have included, within the scope of sustainability reporting, the initiatives that have been introduced in IHH towards improving our environmental performance.

This section covers three main categories: Green Building, Waste Management and Resource Consumption.

GREEN BUILDING

To achieve sustainability, IHH has addressed challenges with regard to its hospital buildings, including growing complexity, inefficient management and low building performance. WHO defines

the concept of a “healthy building” in terms of a building’s performance (i.e. indoor air quality, thermal comfort, lighting quality and acoustics). Research shows that the hospital environment can provide healing benefits for patients when it is well-connected to the outside environment and has good natural lighting.

Malaysia

Gleneagles Kuala Lumpur has been built and outfitted in accordance to Green Building Index¹⁹ standards. The new annexe is built with the idea of promoting sustainability and environmental consciousness from the ground up. In fact, Gleneagles Kuala Lumpur’s new Block B obtained a Gold GBI rating.

GBI NRNC: HOSPITAL was developed in collaboration with the Ministry of Health and Healthcare Technical Services Sdn. Bhd. It is a bespoke rating tool developed specifically for hospitals and covers six key criteria: energy efficiency, indoor environmental quality, sustainable site planning and management, materials and resources, water efficiency and innovation.

Below is a summary of the sustainable features within Gleneagles Kuala Lumpur that led to it being awarded the Gold GBI Certification.

Sustainable Features in Gleneagles Kuala Lumpur

- Use of low Volatile Organic Compound (VOC) products and non-urea formaldehyde products.
- The use of LED lights, energy efficient lighting control measures and the use of presence sensor controlled lighting to optimise energy saving.
- Set up the Green Maintenance Team to maintain green features.
- The use of energy efficient LED lights reduces strain on the eyes, ensuring greater patient comfort, while reducing the carbon footprint.
- 100 per cent use of water from rainwater harvesting and condensate collection for irrigation.
- Use of water efficient fixtures with a Water Efficiency Labelling Scheme (“WELS”) rating. We target to reduce annual potable water consumption by > 50 per cent.

Singapore

Mount Elizabeth Novena Hospital has incorporated a range of environmentally friendly features that led to it being awarded the Green Mark²⁰ Platinum Award in 2012, which is the highest award in the Green Mark rating system, requiring a Green Mark Score of 90 and above.

Every aspect of the hospital’s design was carefully considered for the prospect of a green building. The hospital was constructed with lush green aerial gardens, extensive landscaping and natural light flowing through single-handed canted rooms, as well as clean air quality through the innovative air-handling system.

The 73,797 sq. m (Gross Floor Area²¹) eco-friendly facility is expected to achieve energy savings of more than 4 million kWh per year.

Besides numerous sustainable features (listed below), Mount Elizabeth Novena Hospital is also the first private hospital in Singapore to implement a paperless documentation system.

Mount Elizabeth Novena Hospital- Green Mark Platinum Award

- Water efficiency and management systems that achieve water savings of about 30 per cent as compared to a conventional building.
- The building features a green roof, which helps to maintain a constant temperature of 34-36°C.

19. Green Building Index (GBI) is Malaysia’s first comprehensive green rating system for buildings and towns, created to promote sustainability in the built-environment and raise awareness of environmental issues.

20. The Green Mark Scheme was launched by the Building and Construction Authority in January 2005 to promote environmental awareness in the construction and real estate sectors.

21. Gross Floor Area (GFA) is the total floor area inside the building envelope, including external wall and excluding the roof.

Mount Elizabeth Novena Hospital- Green Mark Platinum Award

- A climate responsive intelligent façade design reduces heat gain inside the building by more than 20 per cent, resulting in a minimised cooling load and a reduction in the energy required to keep the building cool.
- The use of energy-saving lamps, lighting controls and occupant-sensing lighting systems with high efficiency is expected to achieve total lighting energy savings of about 24.5 per cent.
- The selection of an energy efficient air-conditioning system for the main hospital building with efficiency of 0.625KW/ton.
- The use of energy efficient LED lights reduces strain on the eyes, ensuring greater patient comfort, while reducing the carbon footprint.
- Installed integrated photovoltaic green technology.

Turkey

Acibadem Altunizade Hospital is a LEED²² Gold Certified Green Hospital. By abiding with the requirements in the LEED checklist (listed below), Acibadem Altunizade stands out as a facility that consumes power and water efficiently, ensuring that natural resources are used effectively and the environment is not harmed.

Acibadem Altunizade Hospital- LEED Gold Certification

- Energy consumption is reduced by installing energy-saving features.
- Water consumption is reduced for landscaping areas.
- Rainwater, indoor grey water and condensate are recycled and used.
- Natural resource usage is increased.
- Daylight usage is increased.
- Inner air quality and quantity are increased.
- Healthy and low emission materials are used.
- Increased efficiency of building users is targeted.
- Three hybrid-operating theatres among a total of 18 operating theatres. In the hybrid operating rooms of the hospital, surgeons will be able to use a hybrid operation system that integrates three different diagnostic units (3 Tesla MRI, 128-Slice CT and Robotic Angiography devices) with connection to three operating rooms.

India

With more than 700 beds, Continental Hospitals is one of the largest multi-specialty hospitals in India, and it is the first multi-specialty hospital in India to be LEED certified. To be LEED certified, the hospital is required to meet specific standards in the following areas: sustainable sites, water efficiency, energy and atmosphere, materials and resources, indoor environmental quality, innovation in design and regional priority credits.

Success of Continental Hospitals in Sustainability

- Continental Hospitals is LEED certified for being a green building.
- Continental Hospitals obtained Green OT Certification²³ for its efforts in restricting environmental degradation and ensuring minimal surgery-related complications. The certification focuses on five elements: the hospital's commitment towards optimum patient and environment friendly OT designs, pre-operative activities, during operation and post-operative activities and training and awareness amongst hospital staff.
- Continental Hospitals was awarded with the "Green Hospital of the Year" at the India Green Business Summit and Awards on 19 January 2014 by the Knowledge Resource Development and Welfare Group.

22. LEED (The Leadership in Energy and Environmental Design) green building rating system, developed by the U.S. Green Building Council (USGBC) in 1998, provides a suite of standards for environmentally sustainable construction.

23. Green OT (Operation Theatre) is a certification from Bureau Veritas, a global certification agency that ensures the quality and safety parameters for patients and healthcare workers in the operation theatres.

OUR ENVIRONMENT

WASTE MANAGEMENT

Our healthcare facilities have waste management policies and waste management plans but they differ to suit each country's waste management regulations and requirements. Proper waste segregation is carried out at the hospitals with specific training provided to the staff and Standard Operation Procedures ("SOP") to be followed. Waste management is largely outsourced to licensed and certified waste collectors. The quantity and type of waste, which is

dependent on the hospital's occupancy rate and the types of procedures carried out at the hospital, is closely monitored.

Malaysia

The two types of waste generated by hospitals in Malaysia are clinical and domestic waste. The domestic waste is collected daily by the municipal collector while the daily collection of clinical waste is done by a certified outsourced scheduled waste collector by using a bin exchange system, where the waste

collector swaps the used waste bin for a new bin.

Clinical waste management in IHH strictly complies with Malaysia's Environmental Quality (Scheduled Wastes) Regulations 2005. **Figure 9** is a graphical representation of the total weight of clinical waste generated by IHH hospitals in Malaysia from January to May 2017, and **Figure 10** represents the total weight of domestic waste generated by IHH hospitals in Malaysia from January to May 2017.

Figure 9: Total Weight of Clinical Waste generated by IHH Malaysia Hospitals from Jan–May 2017

Total Weight of Clinical Waste (kg)

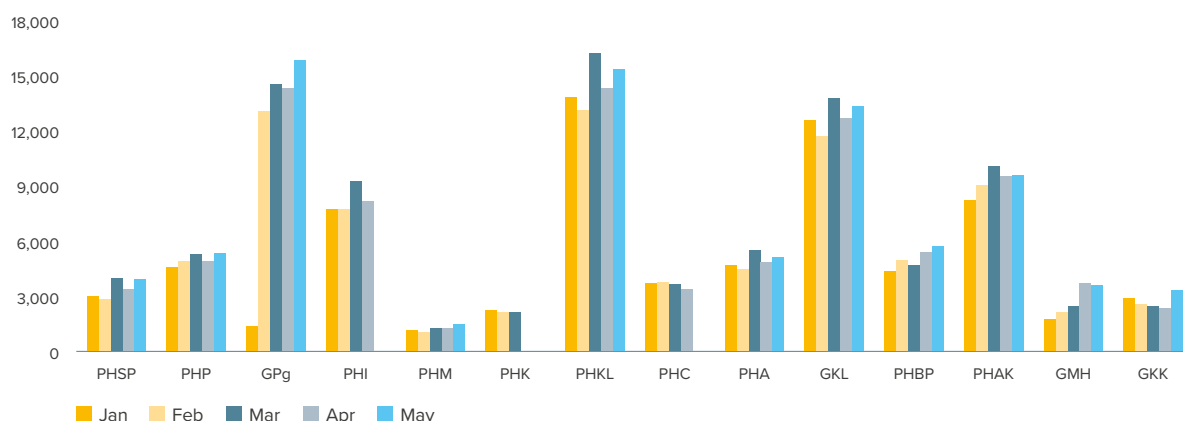
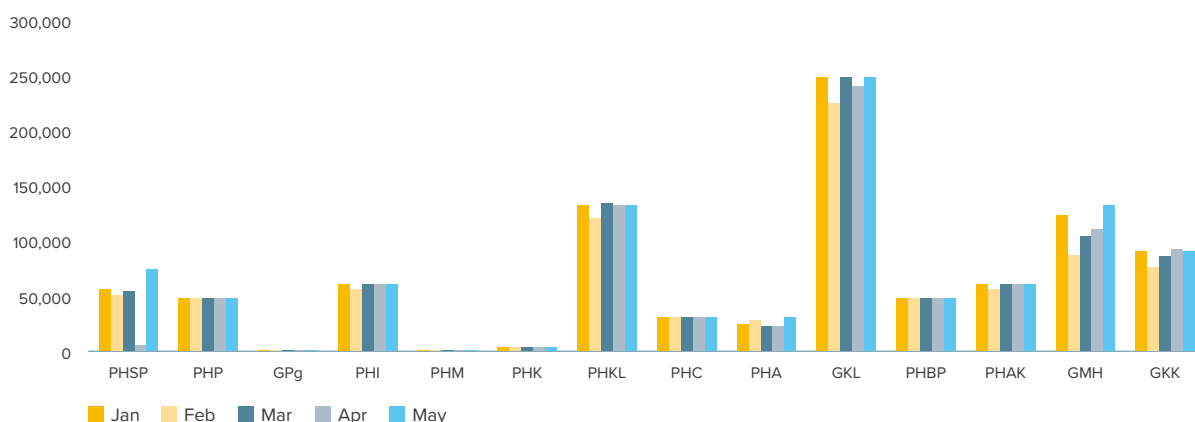


Figure 10: Total Weight of Domestic Waste generated by IHH Malaysia Hospitals from Jan–May 2017

Total Weight of Domestic Waste (kg)



IMU

Waste at IMU is mainly generated from the practical lab sessions done by IMU students. IMU waste can be categorised into two types: clinical and chemical waste. Clinical waste is discharged from departments, such as the research lab, multi-disciplinary labs (“MDLs”) and the oral healthcare and clinical skills and simulation centre. Chemical waste is only generated by the research lab and MDLs.

The disposal of both kinds of waste are outsourced to certified waste management contractors. The waste codes for clinical and chemical waste are SW 404 and SW 421 respectively, as has been defined by the Waste Segregation Guidelines published by Malaysia’s Ministry of Health.

Figure 11 shows the total weight of clinical and chemical waste that was disposed by IMU from January to June 2017.

Singapore

The waste generated at IHH Singapore hospitals is categorised into three types: general waste, cytotoxic waste and biohazard waste. All these types of

waste are segregated within the hospitals prior to the waste collector collecting them. The waste is disposed by engaging an NEA²⁴ licensed waste collector to manage the waste safely and in compliance with the pollution standards under the Environmental Protection and Management Act.

Table 8 shows the disposal method in

Singapore by waste category. The amounts of general, cytotoxic and biohazard waste generated by IHH Singapore hospitals are displayed in **Figures 12, 13 and 14** respectively. Currently, only Gleneagles Hospital Singapore recycles their waste and the weight of their recycled waste is shown in **Figure 15**.

Figure 11: Total Weight of Clinical and Chemical Waste disposed by IMU from Jan–Jun 2017

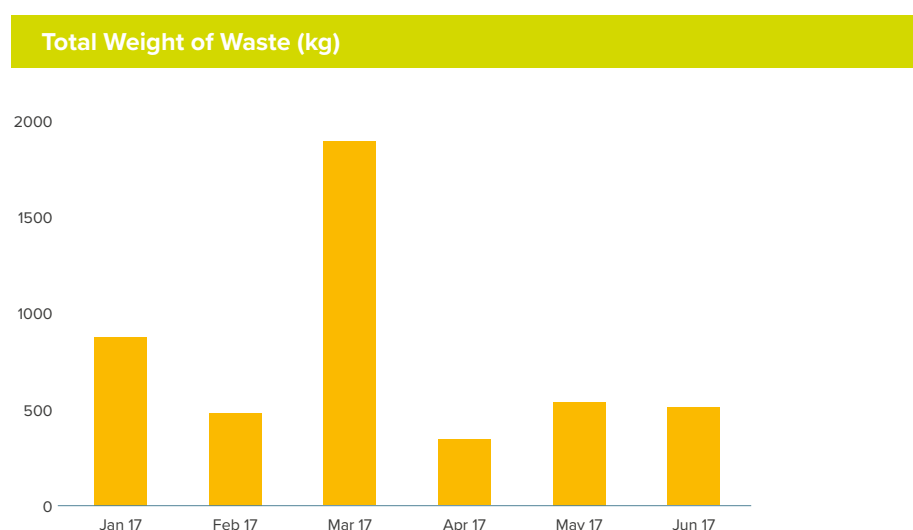


Table 8: Disposal Method by Waste Category in IHH Singapore Hospitals

	General	Cytotoxic	Bio Hazard	Pharmaceutical	Radiation	Infectious	Recycled
MNH	NEA Licensed Waste Collector	NEA Licensed Waste Collector	NEA Licensed Waste Collector	NEA Licensed Waste Collector	NEA Licensed Waste Collector	NEA Licensed Waste Collector	x
MEH	NEA Licensed Collector	NEA Licensed Collector	NEA Licensed Collector	x	x	x	x
PEH	NEA Licensed Collector	x	NEA Licensed Collector	x	x	x	x
GEH	NEA Licensed Collector	NEA Licensed Collector	NEA Licensed Collector	x	x	x	NEA Licensed Collector

24. A National Environment Agency (“NEA”) licensed waste collector is a waste collector that has obtained the a Waste Disposal Facility License from NEA and the Singapore government and complies with the pollution control standards under the Environmental Protection and Management Act.

OUR ENVIRONMENT

Figure 12: Monthly General Waste generated by IHH Singapore Hospitals (Jan–Aug 2017)

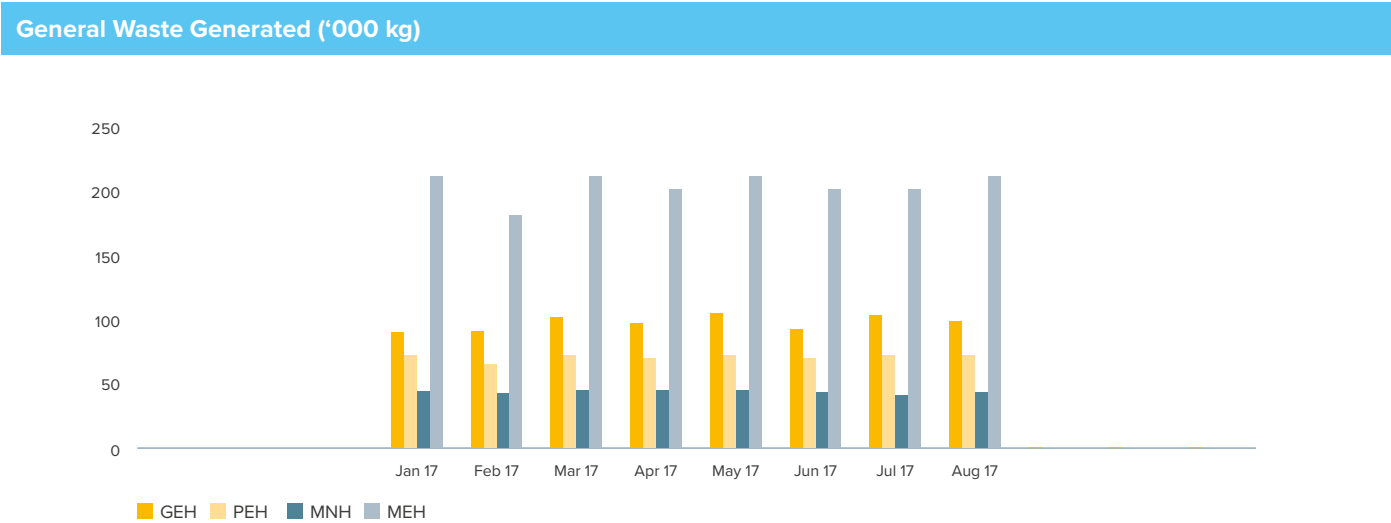


Figure 13: Monthly Cytotoxic Waste generated by IHH Singapore Hospitals (Jan–Aug 2017)

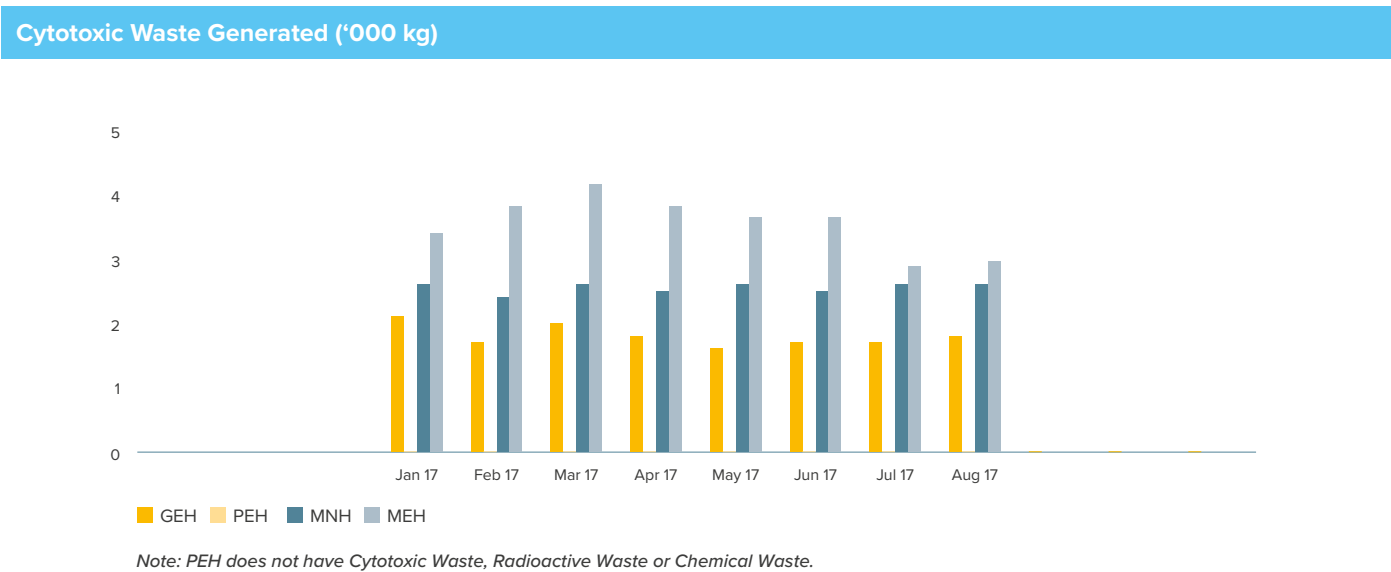


Figure 14: Monthly Biohazard Waste generated by IHH Singapore Hospitals (Jan–Aug 2017)

Biohazard Waste Generated ('000 kg)

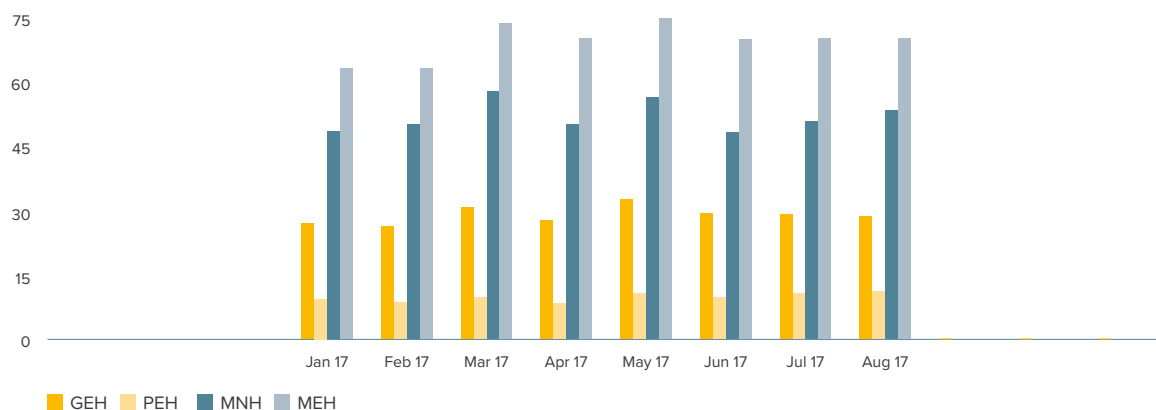
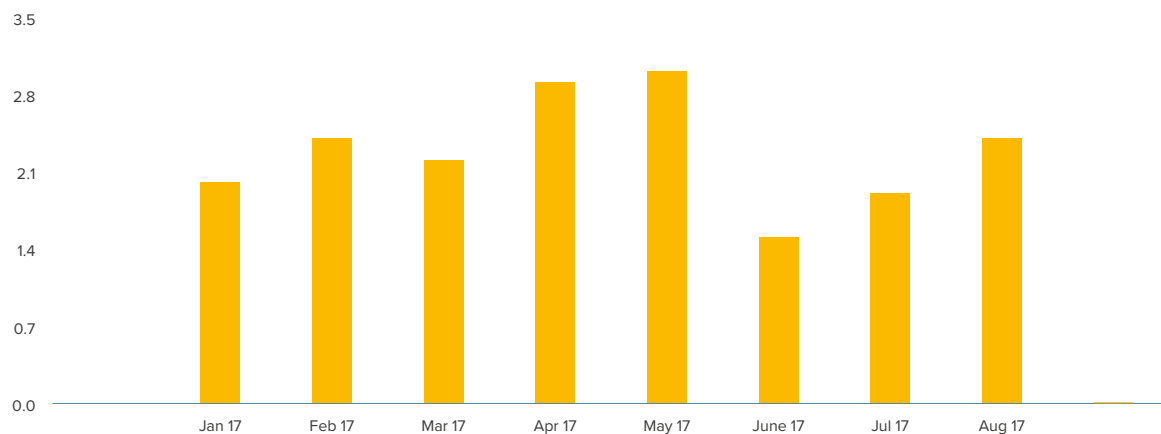


Figure 15: Monthly Waste recycled by IHH Singapore Hospitals (Jan –Aug 2017)

Waste Recycled in Gleneagles Hospitals ('000 kg)



OUR ENVIRONMENT

Turkey

Acibadem's primary goal in terms of environmental consciousness is to produce the least amount of waste possible. The wastes are separated by type at the source and are stored and disposed of following the requirements of Turkey's Environmental Law (No. 2872 and No. 18132) and Acibadem's internal policies and procedures. **Table 9** outlines the types of waste generated and the disposal methods, including waste recycling efforts.

Table 9: Waste generated at Acibadem Facilities, Disposal Methods and Recycling

Types of Waste		Disposal and Waste Recycling Method
Harmless waste	- Domestic waste - Packaging materials	Domestic waste is collected and disposed of by municipalities
Infectious waste	Medical waste	Medical waste is picked up by the city's licensed company for sterilisation or incineration
Dangerous waste	- Battery and power supply waste - Electronic waste (keyboards and monitors) - Cytotoxic waste - Pharmaceutical waste - Laboratory liquid waste - Contaminated package waste - Pressured container waste - Fluorescent lamp waste (mercury containing waste) - Absorbent materials contaminated with dangerous substances - Paint waste - Anti-freeze waste - Oil filter waste - Mineral oil waste - Herbal oil waste	- Batteries are delivered to the Portable Battery Producers and Exporters Institution for appropriate disposal - Waste power supplies are delivered to companies licensed by Turkey's Ministry of Environment and Urbanisation. - Electronic waste is delivered to licensed companies which remove the recyclable parts and offer them for reuse. - Medical waste is picked up by the city's licensed company for sterilisation or incineration. - Cytotoxic and pharmaceutical waste, laboratory liquid chemicals, contaminated packages, pressured containers, fluorescent wastes, materials contaminated with dangerous substances, paint, anti-freeze and oil filters are delivered to licensed companies to be incinerated. - Mineral oil wastes are delivered to licensed companies for oil refining and other uses. - Vegetable oil wastes are delivered to licensed companies for oil refining and other uses.

Expired medicines, a common issue in hospitals, have to be disposed as dangerous waste and collected by licensed companies in special containers to avoid soil contamination. Acibadem utilises a Pharmaceutical Tracking System that includes the due dates of each medication. At the beginning of each month, a report is generated showing the items with due dates closer than 180 days. This enables

users to plan consumption accordingly and undertake actions to prevent wastage. One such action is sharing close-to-due-date medications across locations based on demand and utilisation frequency.

Another process in place to minimise wastage of this kind is the collection and donation of unusable pharmaceuticals to municipality

pharmacies, where they are given to the public, free-of-charge. As per Acibadem's by-laws, none of these safe/usable medications can be used for or charged to other patients. Expired narcotics are delivered to Provincial Health Directorates following a stringent tracking system in order to prevent abuse of a controlled substance amongst staff and community.

India

In India, the Biomedical Waste (Management and Handling) Rules 1998 mandate that hospitals, clinics and other medical and veterinary institutes treat and dispose of biomedical waste in a proper manner, to prevent any adverse effect it may have on humans and the environment. The methods of waste disposal are different for different categories of waste. Hence, the segregation of waste is a necessary step before disposing it. In IHH hospitals in India, waste is segregated into yellow, white, red and black bags to be stored and disposed according to the requirements of the Pollution Control Board. Details of the colour (indicating the type of waste) and its disposal method are described in **Table 10**.

Table 10: Waste Categories and Disposal Methods at IHH India

Waste Category	Disposal Method	Colour Coding
- Human anatomical waste - Animal anatomical waste - Soiled / Infected Waste - Discarded medicine and Cytotoxic Waste - Chemical Waste - Discarded linen, mattresses and beddings contaminated with blood or body fluid - Micro-Biology and Bio-Technology Waste	Incinerable Waste	Yellow
Liquid Waste	Pre-treat and discard into wastewater	Separate collection system leading to effluent treatment system
Sharp Waste	Outsourced for safe disposal	White (Translucent) puncture-proof, leak-proof and tamper-proof containers
Disposable items, such as tubing, bottles, intravenous tubes and sets, catheters, urine bags, gloves, shoe covers, aprons, syringes and vacutainers	Autoclavable waste	Red
General waste	Municipal collection	Black
Glassware (broken/discarded/contaminated glassware, including medicine vials and ampoules) and Metallic Body Implant waste	Outsourced for safe disposal	Blue

RESOURCE CONSUMPTION

Hospitals are typically large buildings that conduct several energy-intensive activities, including sophisticated heating, cooling and ventilation system, computing, medical and laboratory equipment use, sterilisation, refrigeration activities and laundry, as well as food service activities.

Hospitals are the communities' life support system in both times of crisis and times of general healthcare needs. If a power outage occurs, vital power is

still needed to keep life support machines and other necessary healthcare equipment running in order to sustain human life. If hospitals cannot supply power in such situations, patients' lives, especially those who are seriously ill or injured, are at risk. As a result, backup generators, powered either by diesel or natural gas, are a necessity for our hospitals.

Creating a balance between the high-demand of energy required to run our operations and reducing our

consumption is challenging. However, IHH has introduced measures to mitigate the unnecessary use of electricity and improve energy efficiency in our operations in Malaysia, Singapore, India and Turkey, which has in turn reduced our carbon footprint and operating costs. Additionally, our hospitals in different countries have researched and experimented with different initiatives that can lower electricity consumption without jeopardising the safety of our patients.

OUR ENVIRONMENT

Malaysia

With the commissioning of new buildings, increased licensed beds and inefficient heating, ventilation and air conditioning (“HVAC”) in some IHH hospitals, our energy consumption increased by 10.84 per cent from 2015 to 2016. We recognise that reducing energy consumption is a challenge, given the nature of our activities and business, and, to overcome this challenge, we have taken definitive steps and initiatives towards reducing energy consumption in IHH hospitals in Malaysia.

Initiatives to Reduce Energy Consumption

- A 2008 study based on an end-use energy breakdown for hospitals in Malaysia revealed that lighting contributes a major fraction of total energy consumption (about 36 per cent), followed by medical equipment (about 34 per cent). Therefore, we have installed LED lighting for all hospitals, which has led to a 20-30 per cent reduction of electricity consumption in each hospital.
- The Sustainability Achieved Via Energy Efficiency (SAVE) Rebate Programme for Chiller by SEDA²⁵ has been approved in a few hospitals (PSP 2016, GKL 2015, PHAK 2014). With this programme, we changed our existing hospital chillers with new energy-efficient chillers to save refrigerants. For every tonne of refrigerant saved, RM 200 will be rewarded by SEDA.
- We have conducted energy audit²⁶ for all 14 hospitals to reduce energy consumption.
- We have set up energy committees in all 14 hospitals to monitor their electricity consumption and to decide on new plans and policies to reduce energy consumption.
- We have upgraded our backup generators to high-efficiency generators to reduce diesel consumption.
- For the six energy-intensive hospitals (GKL, GPg, GHM, PHP, PHKL, PHAK), an Energy Audit Conditional Grant (embarked under the “RMK-11 Energy Efficiency Projects 2016-2020”) has been approved by SEDA. The condition of this Grant is to achieve a total energy savings of 15 per cent in three years with 2016 as the baseline.

The electricity consumption for Gleneagles Penang and Pantai Hospital Ayer Keroh are compared by using Specific Electricity Consumption (“SEC”). SEC is obtained by dividing electricity consumption (kWh) by total patient census²⁷ to obtain the electricity consumption per in-patient per day. Electricity consumption increases with the increasing number of patients and visitors that occupy the buildings daily. In hospitals, the staff and patients’ use of equipment and lighting drives our demand on the electric grid, through direct energy demand and the need to dissipate waste heat generated by

HVAC systems. Furthermore, energy intensive activities, such as laundry, medical and lab equipment use, sterilisation, computer and server use and food service and refrigeration activities increase with an increase in the number of patients. Hence, we are taking the number of patients/patient census into account when looking at the electricity consumption of our hospitals.

Figure 16 compares the SEC between the baseline reporting period (July to December 2016) and current reporting period (January to June 2017) in Gleneagles Penang, Sustainability

Achieved Via Energy Efficiency (SAVE) Rebate Programme for Chiller by SEDA as an example of how an energy intensive IHH hospital has reduced its electricity consumption with the Energy Audit Conditional Grant. The average SEC for the baseline and current period is 184.2 kWh/In-Patient Day and 178.17 kWh/In-Patient Day respectively. There has been a 3.3 per cent reduction of electricity consumption in the SEC of Gleneagles Penang.

Figure 17 shows the average SEC of Pantai Hospital Ayer Keroh from Jan–Jun 2017 is 116.7 kWh/In-Patient Day.

25. The Sustainable Energy Development Authority of Malaysia (“SEDA”) is a statutory body formed under the Sustainable Energy Development Authority Act 2011 (Act 726). The key role of SEDA is to administer and manage the implementation of the feed-in tariff mechanism, which is mandated under the Renewable Energy Act 2011.

26. An energy audit is a systematic process to understand how and where energy is being used, to explore how to manage it and to identify the energy savings potential.

27. Total patient census reflects the total number of patients treated during the 24-hour period.

Figure 16: SEC of Gleneagles Penang between Baseline and Current Reporting Period

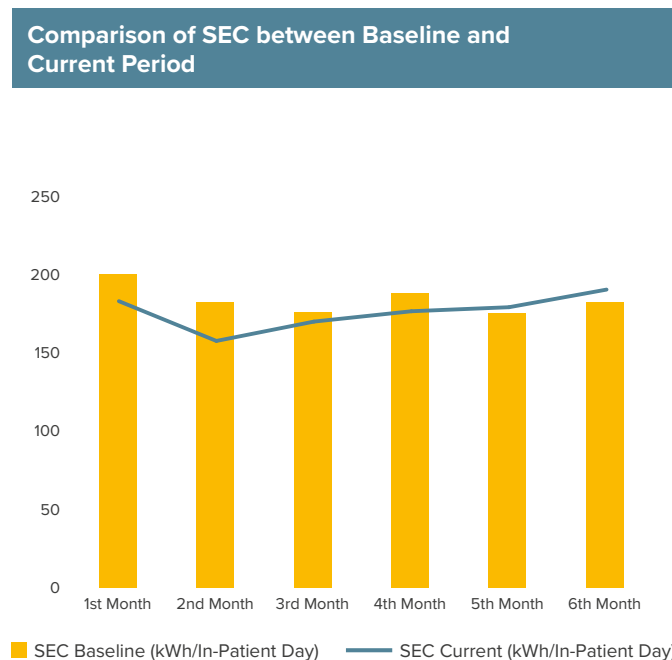
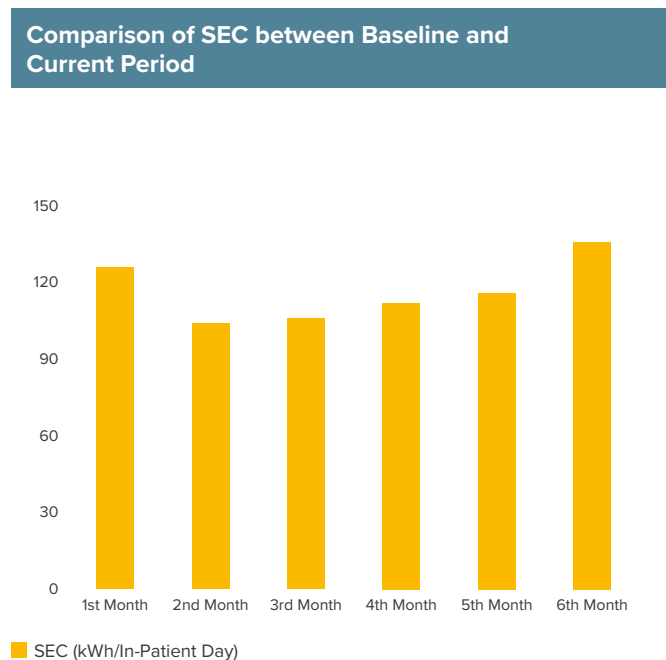


Figure 17: SEC of Pantai Hospital Ayer Keroh from Jan–Jun in 2017



Upgrade to High Efficiency Backup Generator:

In the case of a blackout, a backup generator is vital to keep our medical and life support equipment running for our patients' safety. However, we recognise the negative impact a backup generator has on the environment as it runs on diesel. As a result, we have upgraded the backup generators in Gleneagles Penang, Pantai Hospital Sungai Petani, Pantai Hospital Penang and Pantai Hospital Kuala Lumpur.

Water Consumption: Rainwater Harvesting ("RWHT") systems have been installed to accumulate the deposition of rainwater for reuse in the hospitals. Currently, an RWHT system is installed in Block A of Pantai Hospital Kuala Lumpur and Block B of Gleneagles Kuala Lumpur to reduce non-potable water consumption.

IMU

Energy Conservation Initiatives:

IMU focuses on improving its energy efficiency as a measure towards energy conservation. IMU has implemented a new project to replace all conventional fluorescent lamps with LED lights, which are more energy-efficient. The electricity readings showed a reduction of at least 50 per cent in per kilowatt hour (kWh) after switching to LED.

Another energy conservation measure undertaken by IMU has been to limit how long the chillers are kept running, and, during weekends, the decision on whether to operate the chillers depends on events, if any, and requires approval. In this way, IMU has mitigated the wastage of energy in running the chillers unnecessarily.

Figure 18 compares the electricity consumption in year 2016 with that of 2017. A reduction of 7.61 per cent to 16.73 per cent in electricity consumption is observed when comparing 2016 and 2017 readings on a monthly basis.

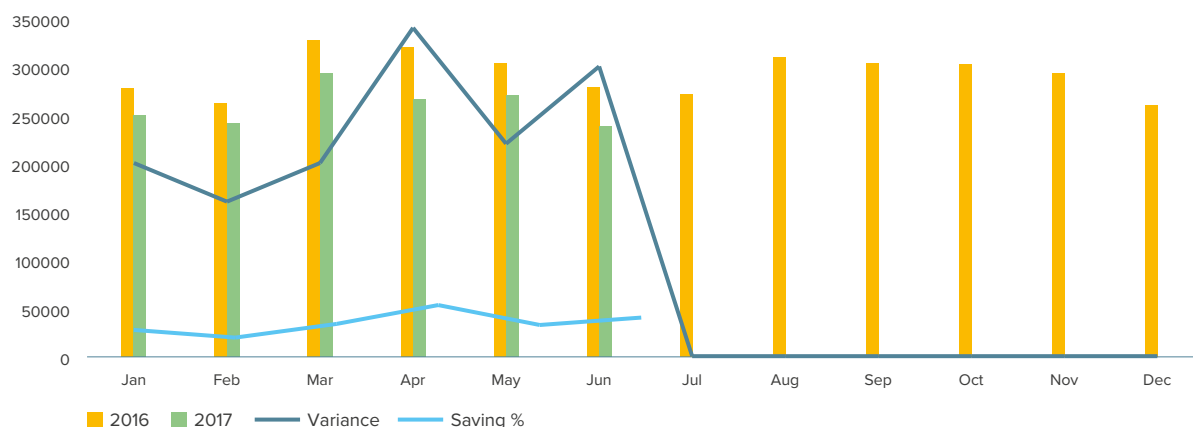


IMU's Pandan Serai Cafe, awarded Grade A and given a 4-star rating by DBKL Health and Environment Department, epitomises effective resource consumption.

OUR ENVIRONMENT

Figure 18: Comparison of IMU Electricity Consumption in 2016 and 2017

IMU Electricity Consumption and Reduction 2016 vs 2017

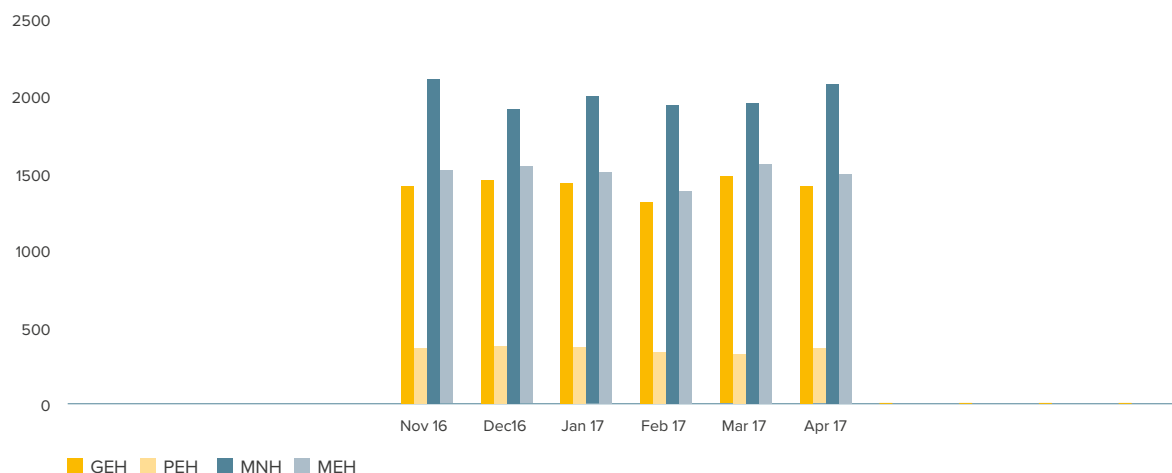


Singapore

The energy performance of a commercial building is measured by its Energy Use Intensity (“EUI”), which is the energy a building uses in one year divided by its total gross floor area. The EUI of healthcare facilities in Singapore generally increased by 10 per cent from 2008 to 2017 due to Singapore’s ageing population needing the use of more medical equipment. However, IHH Singapore emphasises reducing its hospitals energy consumption and, to this end, has implemented energy-saving initiatives. **Figure 19** displays the energy consumption (kWh) of IHH Singapore hospitals from November 2016 to April 2017.

Figure 19: Electricity Consumption in IHH Singapore (Nov 2016–Apr 2017)

Electricity Consumption (kWh)



Initiatives to Reduce Energy Consumption

- Mount Elizabeth Hospital (MEH) has installed LED lighting, which has resulted in SGD20,000 savings per annum compared to the January 2014 baseline expenditure.
- Gleneagles Hospital Singapore (GEH) has installed LED lighting, which has resulted in SGD7,000 savings per annum compared to the January 2017 baseline expenditure.



Gleneagles Hospital Singapore's LED lighting plan extends to its operating theatres.

Turkey

Under the auspices of the Technical Services Directorate, there is a dedicated Energy Management Department headed by a Manager and staffed by two energy specialists. The department's areas of responsibility include energy consumption, energy production and energy market intelligence/market research (to support purchase and technology decisions).

Energy conservation is a top concern, and the Energy Management Department continuously monitors and periodically releases reports on electricity, natural gas and water consumption by location.

Initiatives to Reduce Energy Consumption

- All hospitals, except Ankara, Bodrum, Kocaeli and Taksim, use co-generation systems where electricity is generated using natural gas. The systems produce hot water as a side product, which is then utilised in the boilers for heating and taps/showers. This removes the need for additional energy consumption for water-heating. Co-generation diversifies Acibadem's energy sources, reducing its dependency on electricity, and is less costly compared to retail electricity.
- Increased use of renewable energy sources when it is possible to do so. For example, Acibadem Bodrum Hospital, which is located on the sunny Aegean coast, is equipped with solar panels that are used for hot water supply.
- Robust infrastructure built by employing automation systems for energy, heating/cooling and lighting. These systems enable coding-in parameters (related to time, work load, location, temperature, etc.) that automatically regulate the operation of lights, heaters, coolers and other devices.
- Widespread use of isolation materials to minimise leakage of heat and cool air. Thermo-protective coating in the external façade, hot water pipes, collectors, flanges and valves help maximise the effective and efficient operation of air handling units and climatization systems.
- Sealant technologies and pressure control mechanisms in faucets, toilet flushes and reservoirs minimise leakage and optimise water consumption.
- LED lights and sensor-activated illumination to increase energy efficiency for lighting purposes.

OUR ENVIRONMENT

Acibadem Project Management is the Group subsidiary that constructs all Acibadem facilities, and it is dedicated to using the latest sustainable technologies and materials. In fact, the Group's most recent in-patient facility, Altunizade Hospital, which opened in March 2017, is a LEED Gold Certificate recipient, recognised for its resource efficiency and environmental performance.

In our older buildings, Acibadem Technical Services Directorate upgrades infrastructure continuously to bring it up-to-date and more energy efficient. In fact, the Group has achieved significant strides over the past four to five years in energy efficiency.

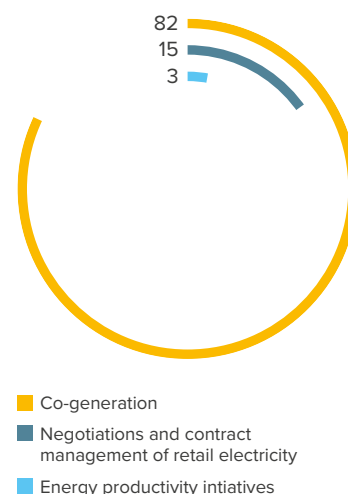
According to the Group's Energy Efficiency Report of Q1 2017, savings amounted to 95,000 TL²⁸ from energy productivity initiatives; 2,468,284 TL from co-generation and 454,512 TL from

negotiations and contract management of retail electricity. A percentage break-up of Acibadem's electricity savings can be seen in **Figure 20**. Accordingly, energy costs (electricity, natural gas, diesel and water), which used to constitute close to 3 per cent of the revenue were reduced to 1.64 per cent, year-to-date 2017.

Water Consumption: The main source of water supply for Acibadem facilities is piped municipal water (however it is not generally potable and has to be treated for human consumption). Another source is wells, depending on the water table level and quality. Our facilities in Bodrum, Bursa, Eskisehir, Adana, Kayseri and our corporate headquarters use wells. Although 20 per cent of the total amount of water consumed is well water, it constitutes only 5 per cent of the total water consumption cost because well water supply is around 40 per cent more cost effective than the piped municipal supply.

Figure 20

Acibadem Electricity Savings (TL)



India

Healthcare is one of the fastest growing sectors in India. As per India's Ministry of Power, there is a huge potential for energy savings in hospitals and healthcare institutions. After manpower and cost of consumables, energy expenditure is a significant issue that healthcare providers focus on. IHH India has been studying and working on initiatives to cut costs and also contribute to reducing its carbon footprint as shown below.

Initiatives to Reduce Energy Consumption

- Aware Gleneagles Global Hospitals, LB Nagar, Gleneagles Global Hospitals, Lakdi-Ka-Pul and Continental Hospitals in Hyderabad have upgraded 90 per cent of CFL bulbs to LED, while Gleneagles Global Health City, Perumbakkam in Chennai is in the process of installing LED lighting in its hospital.
- Aware Gleneagles Global Hospitals, LB Nagar, Continental Hospitals and Gleneagles Global Hospitals, Parel are exploring renewable and alternative energy sources, such as solar and wind.
- BGS Gleneagles Global Hospitals, Kengeri in Bengaluru and Gleneagles Global Health City, Perumbakkam in Chennai will undergo energy audits as a measure to reduce their energy consumption.



Turkey's energy costs were reduced to 1.64 per cent from close to 3 per cent of revenue, year-to-date in 2017.

28. The Turkish lira (TL) is the currency of Turkey.

OUR COMMUNITY



Building resilient communities

OUR COMMUNITY

We recognise that the SDGs embrace all aspects of health, and, through our community engagement programmes and activities, we aspire towards not only realigning IHH's present efforts in relation to the 2030 Agenda but also towards investigating new ways of accelerating gains already made in improving health and well-being.

Through our outreach programmes in Malaysia, Singapore, Turkey and India, we deliver quality healthcare services of enduring and sustainable value to

communities that are vulnerable and in need of support. IHH carries out its corporate social responsibility ("CSR") to create a positive impact on society while maximising the creation of shared value for IHH and our stakeholders.

By improving accessibility to healthcare services, increasing public awareness about healthcare, improving nutrition, funding community projects and partnering with NGOs and local councils, IHH aims to align its contribution towards community welfare in 2017 as

per SDG 3 (Good Health and Well-Being) and SDG 16 (Peace, Justice and Strong Institutions).

In terms of funding, the Khazanah-IHH Healthcare Fund ("the Fund") is a collective commitment towards improving accessibility to healthcare services to the underprivileged and vulnerable communities in IHH's home markets of Malaysia, Singapore and Turkey through a unified platform.

The Fund was disbursed from 2013 and was closed at the end of 2017. The Fund's disbursement is managed by a framework which allocates 70 per cent for the Malaysia operations, 15 per cent for the Singapore operations and 15 per cent for Acibadem.

The Life Renewed Programme, IMU Cares Programme and Acibadem's Dreams Coming True Programme are three key programmes supported by the Fund. These programmes are independently managed by the respective operating units within the home markets of IHH. **Table 11** shows the healthcare distribution of the Fund from January to May 2017 across the two home markets of Malaysia and Singapore. However, in the case of Turkey (also displayed in **Table 11**), the Fund amount of RM7.5 million was allocated for a period of five years.



Table 11: Distribution of Funds in Malaysia, Singapore and Turkey

Home Market	Description of Activities	Total Participants	Amount Sponsored/ Raised (RM)
Malaysia	Free medical treatment for beneficiaries of paediatric cardiology, ophthalmology (cataracts), orthopaedic operations (knee replacement surgery) and oncology surgery (breast cancer).	58	RM873,457
IMU	Community healthcare programmes – Healthcare screenings, community outreach programmes and communal healthcare awareness.	1,531	RM96,777
Singapore	Free cancer screening and medical treatment for needy beneficiaries affected by the top cancers afflicting Singaporeans.	126	RM1,110,809
Turkey	Fertility treatments and procedures to help couples conceive through the Dreams Coming True programme.	2,500	RM7,500,000

Malaysia	
Focus Area	Description
Health Awareness	In May 2017, Pantai Hospital Ampang organised its first “Health is Wealth” Carnival. Organised with the aim of creating awareness of the importance and value of good health, the hospital welcomed participants of all ages to a fun-filled carnival at Padang Kelab Belia, Kampung Baru. A host of health and wellness activities were held at the carnival including: • Complimentary health screenings for blood pressure, body mass index and glucose. • Hospital staff interacted with participants to share the importance of health screening as a preventive measure against common diseases and conditions, like diabetes, obesity and heart disease. A Flexi Clinic was also available at the carnival: • Specialists from the hospital provided free consultations in the areas of Orthopaedics, Optometry, Urology and General Surgery. • These specialist-led sessions helped address many health concerns amongst participants and offered insights into the benefits of regular health screening. • The Doctors shared ways to identify risk factors and hereditary patterns, as well as preventive actions for common illnesses that afflict Malaysian society.
Autism Awareness	On 6 May 2017, Gleneagles Kuala Lumpur held a parenting talk “<i>Raising Young Khalifah with Autism</i>” in collaboration with Young Khalifah²⁹. • A total of 100 participants took part. • It was a full-day talk that addressed the challenges faced by parents of autistic children. • Speech therapy and occupational therapy trial vouchers were given to parents who wished to sign up for the session.
Environmental Awareness	Gleneagles Kota Kinabalu launched the “<i>Clean City, Healthy Community</i>” awareness campaign with Kota Kinabalu City Hall³⁰. On 20 June 2017, a team of 58 hospital employees participated in cleaning up areas surrounding the hospital, as well as areas surrounding KK Times Square, Imago Shopping Mall and along the coastal highway. Moving forward, the hospital, along with its partners, plans to organise clean-up activities on a regular basis.
Flood Relief	In November 2017, 100 staff were deployed from Gleneagles Penang, Pantai Hospital Penang and Pantai Hospital Sungai Petani to provide relief and medical assistance towards the well-being of displaced survivors. The team of volunteers provided medical assistance to flood survivors, assessed stroke patients and patients with minor injuries, covered several evacuation centres and were involved in cleaning up more than 100 houses of flood victims. Additionally, RM500,000 worth of medical supplies was deployed towards the flood relief efforts. The organisations that IHH worked alongside with in coordinating these relief efforts were Mercy Malaysia, Sungai Petani Development and Security Committee and Health District Office, Penang.

29. Young Khalifah is a company that markets Islamic products specifically for children. They design and produce creative and inspired products for kids, mainly centered around Arabic and Islamic themes.

30. Kota Kinabalu City Hall, otherwise known as Dewan Bandaraya Kota Kinabalu (DBKK), is the city council of Kota Kinabalu in Sabah, Malaysia.

OUR COMMUNITY

IMU		
Focus Area	Description	Community Partner
Health Screening and Health Education	Promoted proper oral hygiene practices. Conducted dental screening and treated people with poor oral health.	1. My Father's Home 2. Dignity for Children Foundation 3. Bloomers Training House
	Promoted awareness about head lice infestation. Screened for and eradicated head lice infestation among children in an orphanage home.	1. Ti-Ratana 2. Rumah Titian Kaseh
	Cataract and/or glucose level screening for the elderly.	1. Rumah Victory Elderly Home 2. Rumah Sejahtera Seri Setia 3. PPR Salak Selatan 4. Persatuan Jagaan Orang-Orang Kurang Upaya dan Terbiar Lovely
	Promoted the awareness and prevention of dengue infection.	1. Rumah Victory Children and Youth Home
Academic Education	Improved the level of English among children.	1. Rumah Titian Kaseh 2. United Learning Centre 3. Kampung Sebir
Environment	Promoted recycling and awareness about the proper and safe disposal of used electrical waste. Tree planting activities.	1. IMU (Self-run)
Living and Social Skills	Provided caregiver training on taking care of the elderly.	1. Ti-Ratana 2. Rumah Charis 3. Rumah Victory 4. Rumah Sejahtera Jimah, Lukut 5. Lovely Nursing Centre
Humanitarian Aid	Raised RM203,000 for the event.	1. Home of Peace 2. Rumah Titian Kaseh
Flood Relief	In November 2017, IMU donated five water jets costing approximately RM2,000 to speed up the cleaning process undertaken by Asia-Pacific University-Community Engagement Network ("APUCEN") volunteers towards Penang's flood relief efforts.	1. Universiti Sains Malaysia

Singapore	
Focus Area	Description
Cancer Awareness	On 19 March 2017, underprivileged Singaporeans were offered free cancer screening procedures by Mount Elizabeth Hospital at Tampines Changkat Changi Community Centre. Targeting the top cancers in Singapore, the hospital sponsored 49 mammograms, 40 colonoscopies and 37 pap smears through the “Life Renewed” programme, the hospital’s CSR initiative supported by the Khazanah IHH Healthcare Fund. The programme also sponsored those with positive screening results for further cancer treatment. A total of 126 procedures worth RM279,920 were sponsored through this one event, the first of a series of such events planned for the rest of the year.
Nutrition	On 27 May 2017, Mount Elizabeth Hospitals helped raise money for “<i>Ride for Rations</i>” (organised by Bike-Aid), a donation programme set up to provide monthly food rations to needy families and children. The programme raised RM322,484 in donations to help 380 needy households and 200 school going children at Sunlove Abode, a charity home for the intellectually disabled in Singapore.
Scholarships	Mount Elizabeth Gleneagles Graduate Scholarship with Duke-National University of Singapore (“NUS”) endowed a gift of RM6,260,000 to SingHealth Fund in support of scholarship awards for financially needy Duke-NUS medical students and SingHealth Medical Student Talent Development Award (“SMSTDA”) travel awards for deserving recipients from all three local medical schools. Scholarships are valued at RM31,300 each and are bond-free while travel awards are valued at up to RM9,390 each. The Professorship in Medicine and Healthy Ageing (2015) and Professorship in Geriatrics (2000) are two scholarships for which IHH Singapore has set up an endowment fund of RM9,390,000 and a donation of RM4,695,000 respectively. The former enables NUS to appoint an expert in functional ageing, which encompasses degenerative disorders of the bone, muscle and joints and nervous system while the latter enables the University to engage eminent academics and clinicians who help advance geriatric medicine in Singapore by facilitating teaching and research, as well as the development of clinical and community care in geriatrics.

Turkey	
Community Awareness Building Activities	- Dedicated resources to campaigns, publications, events, workshops and seminars and engaged in various mediums to increase awareness amongst the public on health-related issues. Table 12 provides a summary of the community outreach activities organised by Acibadem hospitals and its corporate departments.
Sponsorships	- Sports sponsorships have always been a key CSR area for the Group. As of Q1 2017, Acibadem was the healthcare sponsor of eight Federations, 12 Turkish sports teams and 14 foreign sports clubs. - Recently, Acibadem became the official healthcare sponsor of the EuroLeague Final Four, a Europe-wide top-tier level professional basketball competition. - On 19 and 20 May 2017 and during the EuroLeague Final games, Acibadem organised a Basketball Sciences Symposium in Istanbul with over 600 participants, including sports medicine specialists, NBA team CEOs and players and leading sports experts.
Donations	- Organised one blood drive from January to June 2017 and received 55 donors. - In collaboration with a local NGO, the Acibadem Social Committee began a book donation campaign among its employees to be donated to 15 underprivileged elementary schools in 15 cities of Turkey on 15 February 2017. - As of May 2017, over 3,000 books were collected and delivered to needy children across the country.

OUR COMMUNITY

Table 12: Acibadem's Community Outreach Activities

Programme	Description
Health Awareness Activities	• Organ donation awareness activities • 23 April 2017 – Turkey's Children's Day activities targeting paediatric patients and the community • Dental and vision screenings at local schools • Cancer Week activities • Heart Week activities • Mother's Day activities • Children's safety in traffic activities • New Year's activities for inpatients • International hospital IVF day
Free Classes/Seminars	• Hand hygiene seminars at local schools • Oral hygiene seminars at local schools • Healthy nutrition seminars at local schools • Skin care in puberty seminars at local schools • First-aid training to staff of local schools • Diabetes School • Birth Preparation Classes • Pregnancy Yoga • Yoga for cancer patients • Seminars organised at local corporations • Public seminars organised in collaboration with local municipalities • Seminars organised within hospitals targeting patients and employees
Free Screening Programmes	• Dental and vision screenings at local schools • Euromelanoma skin cancer screening
Free Publication	• Acibadem Life Magazine (since 2010) • Acibadem Sports Magazine (since 2015) • Pregnancy Diary • Family Health and First Aid Encyclopaedia
Documentary/TV Show	• In collaboration with NTV, a national network, Acibadem has been producing a weekly documentary-drama chronicling real life medical cases since December 2015. • Titled "Life Renewed", 25 episodes have been aired so far with huge success with ratings around 1.65, compared to 0.4-0.5 for documentaries on the channel, and reaching over 500,000 viewers weekly with a total of 12.5 million viewers nationwide. • The mini documentary series featured many interesting cases, raising awareness on diagnosis and treatment of congenital disorders, cancer, rare diseases and organ transplantation.

India		
Focus Area	Programmes	Number of Participants
Medical Camp	Gleneagles Global Health City, Perumbakkam in Chennai organised a free mega medical camp for Muragalla, Atmakur Mandal and Nellore Districts on 19 February 2017.	900
	Gleneagles Global Hospitals, Lakdi-Ka-Pul in Hyderabad organised free health camps at Sikh Gurudwaras in Gowliguda and Ashok Nagar on 14 May 2017.	150
Health Awareness	Aware Gleneagles Hospitals, LB Nagar in Hyderabad launched “Community Connect” on 8 March 2017, which included talks by Cardiologists for patients and their family members on Primary Pulmonary Hypertension.	50
	Aware Gleneagles Global Hospitals, LB Nagar commemorated World Asthma Day 2017 with a 4km walk on 2 May 2017. Titled “Live Breathfully”, the walk underscored the importance of breathing with full lung capacity and was supported by residents of LB Nagar and Saroor Nagar in Hyderabad.	100
	In conjunction with “Live Breathfully”, the hospital also launched a two-day awareness drive, where five ambulance teams travelled through Hyderabad conducting free lung capacity testing for members of the public.	
Medical Support	Gleneagles Global Hospitals, Parel in Mumbai provided medical support, including ambulance services to the Goghari community (Goghari Sports Group) for their sports activities on 28 and 29 January 2017.	400

ACCREDITATIONS AND AWARDS



**Celebrating
an award-winning
organisation**

ACCREDITATIONS AND AWARDS

ACCREDITATIONS

The Group's key hospitals are well recognised for consistently performing complex high-intensity clinical procedures involving highly experienced surgeons and advanced facilities, embracing global best practices and delivering outstanding patient outcomes.

The standard of IHH's healthcare services continues to be acknowledged by reputable international and regional quality accreditation agencies, including the Joint Commission International ("JCI"), the International Organisation for Standardisation ("ISO"), the Malaysian Society for Quality in Health ("MSQH"), the National Accreditation Board for Hospitals and Healthcare Providers

("NABH") in India and Turkey's Ministry of Health National Accreditation.

JCI is one of the most prestigious and respected independent bodies providing international healthcare accreditation services to hospitals around the world. JCI audits take place once every three years. Our hospitals that are accredited by JCI are:

Malaysia	Singapore	Turkey	India
Pantai Hospital Kuala Lumpur Gleneagles Kuala Lumpur Gleneagles Penang	Gleneagles Hospital Mount Elizabeth Novena Hospital Mount Elizabeth Hospital Parkway East Hospital	Acibadem Adana Hospital Acibadem Maslak Hospital Acibadem Sistina Hospital Acibadem Atakent Hospital (awaiting Certification) Acibadem City Clinic Tokuda Hospital Acibadem City Clinic Cardiovascular Center Hospital Acibadem City Clinic Cancer Centre Hospital	Continental Hospitals

ISO 15489 is the first global standard for records management that establishes the core concepts and principles for the creation, capture and management of records. The IHH laboratory that has been awarded ISO 15489 is listed in the table below.

ISO 15189 sets the requirements in laboratory safety measures, as well as

the accuracy and quality demanded of clinical staff in the care and treatment of patients. The IHH laboratories that are awarded ISO 15189 are listed in the table below.

In 2016, the Quality Management System of Gleneagles Global Hospitals Parel's Super Speciality and Transplant Centre was ISO 9001:2008 certified, and the

accreditation is valid till September 2018. To meet ISO 9001:2008 standards, an organisation needs to demonstrate its ability to consistently provide products that meet customer and applicable statutory and regulatory requirements and aim to enhance customer satisfaction through the effective application of the system.

ISO 15489	
Malaysia	Pantai Premier Pathology
ISO 15189	
Malaysia	Pantai Premier Pathology
Singapore	Parkway Laboratory Services ("PLS"), Ayer Rajah Crescent (Clinical and Genetics) PLS, Mount Elizabeth Novena Hospital (Cytology)
Turkey	Acibadem Labmed Clinical Laboratories
ISO 9001:2008	
India	Gleneagles Global Hospitals, Parel

ACCREDITATIONS AND AWARDS

Malaysia

MSQH is recognised by the Ministry of Health Malaysia as the national accreditation body for healthcare facilities and services and is internationally accepted as being on par with those in other countries such as Australia, the United Kingdom and Canada. MSQH audits take place every four years with a mid-cycle (second year) inspection. Our hospitals and clinics that are awarded MSQH status are:

Malaysia		
Pantai Hospital Kuala Lumpur	Pantai Hospital Ipoh	Gleneagles Medini
Pantai Hospital Ayer Keroh	Pantai Hospital Ampang	Gleneagles Kota Kinabalu
Pantai Hospital Penang	Pantai Hospital Batu Pahat	Gleneagles Kuala Lumpur
Pantai Hospital Cheras	Pantai Hospital Manjung	Gleneagles Penang
Pantai Hospital Klang	Pantai Hospital Sungai Petani (awaiting reaccreditation)	IMU Healthcare Clinic

Turkey

Since 2005, the national quality standards scheme has been implemented by Turkey's Ministry of Health and the following 16 Acibadem hospitals have successfully completed their quality audits:

Turkey		
Acibadem Altunizade Hospital	Acibadem Kadikoy Hospital	Acibadem Eskisehir Hospital
Acibadem Taksim Hospital	Acibadem Kozyatagi Hospital	Acibadem Adana Hospital
Acibadem Atakent Hospital	Acibadem Fulya Hospital	Acibadem Bodrum Hospital
Acibadem Kocaeli Hospital	Acibadem International Hospital	Acibadem Bursa Hospital
Acibadem Maslak Hospital	Acibadem Kayseri Hospital	
Acibadem Bakirkoy Hospital	Acibadem Ankara Hospital	

India

NABH in India is a constituent board of the Quality Council of India. It is an accreditation body that functions on par with global benchmarks. NABH accreditation audits are conducted every three years. Our hospitals in India that are accredited by NABH for their laboratories and other healthcare services are:

NABH	Gleneagles Global Health City, Perumbakkam BGS Gleneagles Global Hospitals, Kengeri Aware Gleneagles Global Hospitals, LB Nagar Gleneagles Global Hospitals, Parel (awaiting Certification) Continental Hospitals
NABH (Testing and Calibration of Laboratories)	Gleneagles Global Health City, Perumbakkam BGS Gleneagles Global Hospitals, Kengeri Gleneagles Global Hospitals, Lakdi-Ka-Pul Aware Gleneagles Global Hospitals, LB Nagar Gleneagles Global Hospitals, Parel
NABH (Blood Bank and Transfusion Services)	Gleneagles Global Health City, Perumbakkam Aware Gleneagles Global Hospitals, LB Nagar
NABH (Medical Imaging Services)	Gleneagles Global Health City, Perumbakkam
NABH (Nursing Excellence Certification)	Gleneagles Global Health City, Perumbakkam BGS Gleneagles Global Hospitals, Kengeri Gleneagles Global Hospitals, Lakdi-Ka-Pul (awaiting Certification) Aware Gleneagles Global Hospitals, LB Nagar Gleneagles Global Hospitals, Parel Continental Hospitals
NABH (Emergency Department Certification)	Gleneagles Global Health City, Perumbakkam

While the Reproductive Technology Accreditation Committee Code of Practice (“RTAC”) started as an Australian standard, it has become compulsory for clinics in Singapore, and leading clinics are adopting the RTAC International Code of Practice in South East Asia. The Gleneagles Hospital and the Mount Elizabeth Hospital systems in Singapore are accredited with this Code of Practice.

Yet another proud moment for IHH was when the IMU Bachelor of Science (Hons) Biomedical Science programme obtained a prestigious accreditation from the Institute of Biomedical Science (“IBMS”), UK. Accreditation by the IBMS is an international recognition by the profession of the achievement of quality standards for delivering BSc (Hons) Biomedical Science programmes.

We give importance to certifications and standards as they are crucial in ensuring that all necessary processes and systems are in place during service delivery. All these accreditations are certainly enhancing our reputation for clinical excellence and helping us draw additional patients and doctors to our facilities.

AWARDS

Below is a list of awards that IHH hospitals and IMU have received in Malaysia, Singapore, Turkey and India.

Malaysia	
2017 Education Excellence Awards International Medical University • Tier5: Excellent Setara Rating	
Singapore	
2017 Asia Pacific Healthcare and Medical Tourism Awards Mount Elizabeth Hospital Singapore • Hospital of the Year Asia Pacific (second consecutive win) • Hospital of the Year Singapore • Cardiology Service Provider of the Year (second consecutive win) • Neurology Service Provider of the Year	
Gleneagles Hospital Singapore • Transplant Service Provider of the Year • Paediatric Service Provider of the Year • Orthopaedics Service Provider of the Year (second consecutive win)	
Parkway Cancer Centre • Oncology Service Provider of the Year	
Turkey	
2017 Forbes Best 50 Companies for Women Acibadem Healthcare Group (3 rd place)	2017 Social Media Awards Turkey Acibadem Healthcare Group (Gold)
2017 Best Quality Private Hospital in Turkey Acibadem Healthcare Group (No.1)	2017 Platin Global 100 Award Turkey Acibadem Healthcare Group (72 nd rank)
2017 Fortune 500 “Largest Companies of Turkey” Acibadem Healthcare Group • 1st in Healthcare Sector • 70th for Net Revenue • 8th in Number of Employees • 45th among Istanbul Companies • 32nd in Return on Equity	2017 Brand Turkey “One Breath of Health Award” Acibadem Healthcare Group (Gold)
2017 Capital 500 “Turkey’s Largest Companies” Acibadem Healthcare Group • 1st in Healthcare Sector • 81st in Net Revenue • 12th in Number of Employees • 58th among Istanbul Companies	2017 Webit Awards “Best Innovation for Health for Bulgaria” Acibadem City Clinic
	2017 Economist Magazine “50 Strongest Purchasing Managers in Turkey” Acibadem Healthcare Group Purchasing Director (30 th rank)
	2017 Economist Magazine “50 Most Influential HR Leaders in Turkey” Acibadem Healthcare Group Human Resources Director (18 th rank)
	2017 Fortune Magazine “50 Most Powerful CFOs of Turkey” Acibadem Healthcare Group Chief Finance Officer
India	
2014 India LEED (Leadership in Energy & Environment Design) Continental Hospitals • Green Hospital of the Year	2017 Asia Pacific Society of Infection Control (APSIC) Awards Continental Hospitals • APSIC CSSD Centre of Excellence Award 2015-2016



A RESILIENT FRAMEWORK

With a commitment to maintaining the highest standards of corporate governance, we are constantly keeping tabs on best corporate governance practices. This year, we internalised practices of the Group with the latest Malaysian Code on Corporate Governance. Guided by our corporate values and principles, we are confident that our corporate governance effort will give rise to sustainable value creation for stakeholders.



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PROFILES OF THE BOARD OF DIRECTORS



Tan Sri Dato' Dr Abu Bakar bin Suleiman

Chairman, Non-Independent, Executive

(Retired on 31 December 2017)

Nationality: Malaysian

Gender: Male

Age: 74

Date of Appointment: 30 March 2011

Length of Service: 6 years 9 months (Up to his retirement on 31 December 2017)

Last Date of Re-appointment: 22 May 2017

Work Experience

Tan Sri Dato' Dr Abu Bakar bin Suleiman has served as Chairman and Executive Director of IHH Healthcare Berhad ("IHH") since March 2011 until his retirement on 31 December 2017. Preceding his appointment as Chairman on IHH Board of Directors in 2011, Tan Sri Dato' Dr Abu Bakar was appointed President of IMU Health Sdn Bhd ("IMU Health") in 2001. Following his retirement as President of IMU Health on 31 December 2017, Tan Sri Dato' Dr Abu Bakar has assumed an advisory role with effect from 1 January 2018. Presently, Tan Sri Dato' Dr Abu Bakar is the Chairman of IMU Health and will continue as such.

Prior to this, Tan Sri Dato' Dr Abu Bakar held the position of Director-General of Health, a post which he assumed in 1991 after serving Malaysia's Ministry of Health as Director of Medical Services from 1987. In his earlier role as a consultant nephrologist, he was instrumental in building up the nephrology, renal transplantation and dialysis services at Hospital Kuala Lumpur and other Malaysian hospitals, while heading the Department of Nephrology at Hospital Kuala Lumpur. Tan Sri Dato' Dr Abu Bakar is also the Founding President of both the Malaysian Society of Nephrology and the Malaysian Society of Transplantation.

Academic / Professional Qualification(s)

- Bachelor of Medicine and Bachelor of Surgery (MBBS), Monash University
- Master of Medicine (Internal Medicine), National University of Singapore
- Fellow, Royal Australasian College of Physicians
- Fellow, Academy of Medicine, Malaysia
- Fellow, Academy of Science, Malaysia

Present Directorship(s)

- Medical Defence Malaysia Berhad

Notes

- Does not have any family relationships with any directors and/or any major shareholders of the Company
- Does not have any conflict of interest with the Company
- Does not have any convictions for offences within the past five years other than for traffic offences, if any
- Details of the Directors' attendance at Board meetings are set out in the Corporate Governance Overview Statement on pages 132 to 149 of this Annual Report



Dato' Mohammed Azlan bin Hashim

Chairman, Non-Independent, Non-Executive
Chairman of the Steering Committee

Nationality: Malaysian

Gender: Male

Age: 61

Date of Appointment: 30 March 2011

Length of Service: 7 years (As at 4 April 2018)

Last Date of Re-election: 27 May 2016

Work Experience

Dato' Mohammed Azlan bin Hashim was re-designated from Deputy Chairman of IHH, a position he held since March 2011 to Chairman of IHH Board of Directors on 1 January 2018 following the retirement of the previous Chairman, Tan Sri Dato' Dr. Abu Bakar bin Suleiman on 31 December 2017.

Dato' Azlan previously served as Executive Chairman of the (then) Kuala Lumpur Stock Exchange Group from 1998 to 2004 and in various other senior management roles including at Bumiputra Merchant Bankers Berhad and Amanah Capital Malaysia Berhad.

Academic / Professional Qualification(s)

- Bachelor of Economics, Monash University
- Fellow Member, Institute of Chartered Accountants, Australia
- Member, Malaysian Institute of Accountants
- Fellow Member, Malaysian Institute of Directors
- Fellow Member, The Malaysian Institute of Chartered Secretaries and Administrators

Present Directorship(s)

- Khazanah Nasional Berhad
- Scomi Group Berhad
- D&O Green Technologies Berhad
- Marine & General Berhad (formerly known as Silk Holdings Berhad)

Notes

- Does not have any family relationships with any directors and/or any major shareholders of the Company
- Does not have any conflict of interest with the Company
- Does not have any convictions for offences within the past five years other than for traffic offences, if any
- Details of the Directors' attendance at Board meetings are set out in the Corporate Governance Overview Statement on pages 132 to 149 of this Annual Report

PROFILES OF THE BOARD OF DIRECTORS



Dr Tan See Leng

**Managing Director and Chief Executive Officer,
Non-Independent, Executive
Member of the Steering Committee**

Nationality: Singaporean

Gender: Male

Age: 53

Date of Appointment: 5 April 2012

Length of Service: 6 years (As at 4 April 2018)

Last Date of Re-election: 22 May 2017

Work Experience

Dr Tan See Leng was appointed the Managing Director and Chief Executive Officer of IHH Healthcare Berhad ("IHH") in January 2014 after serving as an Executive Director on the IHH Board for two years. Dr Tan is also the Group CEO and Managing Director of Parkway Pantai Limited, a position he assumed in 2011. He also serves on the Boards of IHH subsidiaries, namely Parkway Pantai Limited, IMU Health Sdn Bhd and Acibadem Saglik Yatirimlari Holding A.S. ("ASYH") Group and a Board Committee of ASYH.

Prior to this, Dr Tan was the CEO of Parkway Holdings Limited from April 2010, a position he rose to fairly quickly after he joined Parkway in 2004 as Chief Operating Officer of Mount Elizabeth Hospital. As a young entrepreneur, Dr Tan founded a private primary healthcare group at the age of 27 and subsequently developed it into the second largest primary healthcare group in Singapore before successfully selling the company to one of the leading global health-plan providers.

With over 27 years of healthcare experience, Dr Tan has served as an active member of various medical committees such as Singapore Ministry of Health's MediShield Life Review Committee. He has been reappointed Adjunct Assistant Professor of Duke-NUS Graduate Medical School Singapore, Office of Education, for the period until 2019. He also serves on the Advisory Board of Lee Kong Chian School of Business at Singapore Management University and on the Board of Parkway Trust Management Limited ("PTM"), an indirect wholly-owned subsidiary of IHH. PTM manages Parkway Life Real Estate Investment Trust which is listed on the Singapore Exchange Securities Trading Limited.

Academic / Professional Qualification(s)

- Bachelor of Medicine and Bachelor of Surgery (MBBS), National University of Singapore
- Master of Medicine (Family Medicine), National University of Singapore
- Master of Business Administration, University of Chicago Booth School of Business
- Fellow, Academy of Medicine, Singapore
- Fellow, College of Family Physicians, Singapore

Present Directorship(s)

- Nil

Notes

- Does not have any family relationships with any directors and/or any major shareholders of the Company
- Does not have any conflict of interest with the Company
- Does not have any convictions for offences within the past five years other than for traffic offences, if any
- Details of the Directors' attendance at Board meetings are set out in the Corporate Governance Overview Statement on pages 132 to 149 of this Annual Report



Mehmet Ali Aydinlar
Non-Independent, Executive

Nationality: Turkish
Gender: Male
Age: 61
Date of Appointment: 24 January 2012
Length of Service: 6 years 2 months (As at 4 April 2018)
Last Date of Re-election: 22 May 2017

Work Experience

Appointed to the Board of IHH Healthcare Berhad (“IHH”) in 2012, Mr Mehmet Ali Aydinlar is also the Chairman and Chief Executive Officer of Acibadem Saglik Yatirimlari Holding A.S., a 60%-owned subsidiary of IHH. He also serves as the Chairman of the Board of the Acibadem group of companies which includes A Plus, Acibadem Project Management, Acibadem Mobile Services and Acibadem Labmed. He is also the Chairman of the Turkish Accredited Hospitals Association.

As of 2015, Mr Aydinlar has been serving on the board of the Foreign Economic Relations Board. This institution is responsible for leading foreign economic relations within the Turkish private sector in a myriad of sectors, as well as for increasing export volume of Turkish businesses and coordinating similar business development activities.

A certified public accountant-turned-entrepreneur, Mr Aydinlar has been recognised for his extensive experience in management and involvement in the healthcare sector since 1993. In 2015, Mr Aydinlar received the “Lifetime Achievement Award” from Bogazici University, one of the most prestigious higher education institutions in Turkey. Prior to this, he was elected “Business Man of the Year” by the same university. Mr Aydinlar was also awarded “The Eminent Services Award of the Grand National Assembly of Turkey” in 2010. He was also chosen to be “The Person with Most Contribution to Development of Healthcare” by the Turkish Healthcare Volunteers Organisation. In 2006, he was named “Male Entrepreneur of the Year” in a survey conducted by Ekonomist Magazine and the “Business Executive of the Year” by Dunya Newspaper and Istanbul University’s School of Business Administration.

Being a philanthropist, Mr Aydinlar is also the Chairman of the Board of Trustees of Acibadem University, an ambitious social responsibility undertaking initiated by Mr Aydinlar to advance healthcare in Turkey through education and research. For two years in a row, Mr Aydinlar was recognised by Capital Magazine for his philanthropic efforts as one of the top business people with the most charitable donations, ranking at number five in 2014.

Academic / Professional Qualification(s)

- Business Administration Degree, Galatasaray Economy and Management College

Present Directorship(s)

- Nil

Notes

- Does not have any family relationships with any directors and/or any major shareholders of the Company
- Does not have any conflict of interest with the Company
- Does not have any convictions for offences within the past five years other than for traffic offences, if any
- Details of the Directors’ attendance at Board meetings are set out in the Corporate Governance Overview Statement on pages 132 to 149 of this Annual Report

PROFILES OF THE BOARD OF DIRECTORS



Chintamani Aniruddha Bhagat

Non-Independent, Non-Executive
Member of the Steering Committee
Member of the Nomination and Remuneration Committee

Nationality: Singaporean
Gender: Male
Age: 48
Date of Appointment: 23 September 2016
Length of Service: 1 year 6 months (As at 4 April 2018)
Last Date of Re-election: 22 May 2017

Work Experience

Appointed to the Board of IHH Healthcare Berhad (“IHH”) in 2016, Mr Chintamani Aniruddha Bhagat is currently the overseeing Executive Director for the Healthcare sector of the Investments Division of Khazanah Nasional Berhad (“Khazanah”) and concurrently leads Khazanah’s India operations. He also serves on certain Boards and Board Committees of IHH subsidiaries under Acibadem Saglik Yatirimlari Holding A.S. Group.

Prior to joining Khazanah, Mr Bhagat spent 14 years at McKinsey & Company in Singapore, including six years as Managing Partner for the Singapore office. He was a leader in the healthcare practice, serving hospital systems across Asia; as well as a leader in the Principal Investor practice, serving several sovereign wealth funds, private equity firms, and family owned businesses. He also founded and led McKinsey’s corporate governance service line. Preceding his time in McKinsey, Mr Bhagat held various positions at an engineering and construction firm in India, which culminated in his role as the Chief Executive Officer for the firm. He is also a qualified architect.

Academic / Professional Qualification(s)

- Master of Business Administration, INSEAD Business School

Present Directorship(s)

- Nil

Notes

- Does not have any family relationships with any directors and/or any major shareholders of the Company
- Does not have any conflict of interest with the Company
- Does not have any convictions for offences within the past five years other than for traffic offences, if any
- Details of the Directors’ attendance at Board meetings are set out in the Corporate Governance Overview Statement on pages 132 to 149 of this Annual Report



Koji Nagatomi

Non-Independent, Non-Executive

Nationality: Japanese
 Gender: Male
 Age: 57
 Date of Appointment: 1 April 2017
 Length of Service: 1 year (As at 4 April 2018)
 Last Date of Re-election: 22 May 2017

Work Experience

Appointed to the Board of IHH Healthcare Berhad (“IHH”) on 1 April 2017, Mr Koji Nagatomi currently serves as the Managing Officer and Chief Operating Officer, Healthcare and Service Business Unit of Mitsui & Co., Ltd (“Mitsui”), at its Tokyo Headquarters. Between 2011 and 2015, he served in the position of General Manager for several of Mitsui’s divisions. These included Mitsui’s Planning and Administrative Division (Machinery and Infrastructure), First Projects Development Division and Corporate Communications Division. In May 2008, he was appointed Deputy General Manager of Toyo Engineering Corporation’s Corporate Planning Unit.

Preceding his tenure at Toyo Engineering Corporation, Mr Nagatomi served as the General Manager of the Infrastructure Project Development Division of Mitsui & Co. (Asia Pacific) Pte Ltd in Kuala Lumpur from December 2003. Prior to that, Mr Nagatomi joined the Project Development Division of Mitsui’s Indonesia Project Section which was based out of Tokyo. He spent eight years at Mitsui & Co. (USA), Inc in Houston under the Plant & Energy Project Development Department after beginning his professional career in 1986 in Mitsui’s Chemical Plant Division.

Academic / Professional Qualification(s)

- Master’s Degree, Chemical Engineering, Graduate School of Engineering Science, Osaka University

Present Directorship(s)

- Nil

Notes

- Does not have any family relationships with any directors and/or any major shareholders of the Company
- Does not have any conflict of interest with the Company
- Does not have any convictions for offences within the past five years other than for traffic offences, if any
- Details of the Directors’ attendance at Board meetings are set out in the Corporate Governance Overview Statement on pages 132 to 149 of this Annual Report

PROFILES OF THE BOARD OF DIRECTORS



Chang See Hiang

Senior Independent, Non-Executive
Member of the Nomination and Remuneration Committee
Member of the Audit and Risk Management Committee

Nationality: Singaporean
Gender: Male
Age: 64
Date of Appointment: 5 April 2012
Length of Service: 6 years (As at 4 April 2018)
Last Date of Re-election: 22 May 2017

Work Experience

Appointed to the Board of IHH Healthcare Berhad ("IHH") in 2012, Mr Chang See Hiang also serves as an Independent Director on the Board of Jardine Cycle & Carriage Limited, a company listed on the Main Board of the Singapore Exchange Securities Trading Limited ("SGX-ST"). Mr Chang has been an Advocate and Solicitor of the Supreme Court of Singapore since 1979, and is a Senior Partner of his law practice, Chang See Hiang & Partners.

Mr Chang previously sat on the boards of five other companies listed on the SGX-ST and one on the Hong Kong Stock Exchange.

Academic / Professional Qualification(s)

- Bachelor of Laws (Hons), University of Singapore

Present Directorship(s)

- Nil

Notes

- Does not have any family relationships with any directors and/or any major shareholders of the Company
- Does not have any conflict of interest with the Company
- Does not have any convictions for offences within the past five years other than for traffic offences, if any
- Details of the Directors' attendance at Board meetings are set out in the Corporate Governance Overview Statement on pages 132 to 149 of this Annual Report



Rossana Annizah binti Ahmad Rashid
Independent, Non-Executive
Chairman of the Audit and Risk Management Committee
Member of the Nomination and Remuneration Committee

Nationality: Malaysian
 Gender: Female
 Age: 52
 Date of Appointment: 17 April 2012
 Length of Service: 5 years 11 months (As at 4 April 2018)
 Last Date of Re-election: 15 June 2015

Work Experience

Appointed to the Board of IHH Healthcare Berhad ("IHH") in 2012, Ms Rossana Annizah binti Ahmad Rashid also serves on the Board and Board Committee of Acibadem Saglik Yatirimlari Holding A.S., an indirect subsidiary of IHH. She is also a Non-Executive Director of Parkway Trust Management Limited ("PTM"), an indirect wholly-owned subsidiary of IHH. PTM manages Parkway Life Real Estate Investment Trust which is listed on the Singapore Exchange Securities Trading Limited.

Ms Rossana currently serves as the Deputy Chairman on the Board of Cycle & Carriage Bintang Berhad, a member of the Jardine Matheson Group, as Non-Independent Non-Executive Director subsequent to her appointment as Country Chairman of the Jardine Matheson Group of Companies in Malaysia in 2016. Concurrently, she also serves as a member of the Investment Panel and the Investment Panel Risk Committee of Malaysia's Employees Provident Fund. In May 2017, she was appointed as an Independent Non-Executive Director of Celcom Axiata Berhad.

Prior to her current roles, Ms Rossana was a career professional holding leadership positions in the telecommunications and banking sectors. She previously served in various senior management roles with TIME dotCom Berhad, Maxis Berhad and RHB Bank Berhad, after beginning her banking career with Citibank Malaysia. With a combined 30 years of experience, Ms Rossana has broad experience in business strategy, identifying sustainable monetisation models, understanding customers and competition, as well as the need for reviewing monetisation models focusing on both revenue management and cost management.

Academic / Professional Qualification(s)

- Bachelor of Arts in Banking and Finance, Canberra College of Advanced Education (now known as the University of Canberra), Australia

Present Directorship(s)

- Cycle & Carriage Bintang Berhad
- Celcom Axiata Berhad

Notes

- Does not have any family relationships with any directors and/or any major shareholders of the Company
- Does not have any conflict of interest with the Company
- Does not have any convictions for offences within the past five years other than for traffic offences, if any
- Details of the Directors' attendance at Board meetings are set out in the Corporate Governance Overview Statement on pages 132 to 149 of this Annual Report

PROFILES OF THE BOARD OF DIRECTORS



Kuok Khoon Ean

Independent, Non-Executive
Member of the Nomination and Remuneration Committee

Nationality: Singaporean
Gender: Male
Age: 62
Date of Appointment: 17 April 2012
Length of Service: 5 years 11 months (As at 4 April 2018)
Last Date of Re-election: 15 June 2015

Work Experience

Appointed to the Board of IHH Healthcare Berhad ("IHH") in 2012, Mr Kuok Khoon Ean is also the Chairman of Kuok (Singapore) Limited and a Director of Kerry Group Limited and Kerry Holdings Limited in Hong Kong. He is also the Chairman and Non-Executive Director of PACC Offshore Services Holdings Ltd, a company listed on the Singapore Exchange Securities Trading Limited ("SGX-ST"). He serves as an Independent Non-Executive Director of Wilmar International Limited, which is listed on the SGX-ST.

Mr Kuok previously served as the Chairman of Shangri-La Asia Limited from April 2008 to August 2013 and remained as a Non-Executive Director till June 2014. He was also Chairman and Executive Director of SCMP Group Limited from January 1998 to January 2013, both of which are listed companies in Hong Kong.

Academic / Professional Qualification(s)

- Bachelor of Economics, Nottingham University, United Kingdom

Present Directorship(s)

- Nil

Notes

- Does not have any family relationships with any directors and/or any major shareholders of the Company
- Does not have any conflict of interest with the Company
- Does not have any convictions for offences within the past five years other than for traffic offences, if any
- Details of the Directors' attendance at Board meetings are set out in the Corporate Governance Overview Statement on pages 132 to 149 of this Annual Report



Shirish Moreshwar Apte

Independent, Non-Executive
Chairman of the Nomination and Remuneration Committee
Member of the Audit and Risk Management Committee

Nationality: British
Gender: Male
Age: 65
Date of Appointment: 3 September 2014
Length of Service: 3 years 7 months (As at 4 April 2018)
Last Date of Re-election: 15 June 2015

Work Experience

Appointed to the Board of IHH Healthcare Berhad ("IHH") in 2014, Mr Shirish Moreshwar Apte is currently also the Independent, Non-Executive, Chairman of Pierfront Mezzanine Fund Pte Ltd. He also serves on the Boards and certain Board Committees of IHH subsidiary, Acibadem Saglik Yatirimlari Holding A.S. He concurrently serves on several Boards of Directors including Commonwealth Bank of Australia, the Supervisory Board of Bank Handlowy, Poland and Fullerton India Credit Company Limited. He is also a Council Member of the Institute of Banking and Finance Singapore.

Prior to his retirement from Citigroup in 2014 as Chairman of Asia Pacific Banking, Mr Apte had built up an impressively extensive 32-year career with Citibank/Citigroup. He held numerous positions with Citibank/ Citigroup serving in Singapore (2011-2013), Hong Kong (2009-2011), London (2003-2009), Poland (1997-2003) and London (1993-1997). He also supervised operations in the Emerging Markets covering Central and Eastern Europe, Middle East, Africa ("CEEMEA") and Asia Pacific. He was appointed head of Citi's Corporate and Investment bank in India, CEO for Citibank Poland, and regional CEO first for CEEMEA and then Asia Pacific. Mr Apte was also a member of Citigroup's Executive and Operating committees from 2008-2012 and the Group's Business Practices committee. He began his career in the banking division of Citibank India in 1981.

Academic / Professional Qualification(s)

- Bachelor of Commerce, Calcutta University
- Master of Business Administration - London Business School (Major in Finance)
- Institute of Chartered Accountants England - Student contract with Touche Ross (now known as Deloitte)

Present Directorship(s)

- Nil

Notes

- Does not have any family relationships with any directors and/or any major shareholders of the Company
- Does not have any conflict of interest with the Company
- Does not have any convictions for offences within the past five years other than for traffic offences, if any
- Details of the Directors' attendance at Board meetings are set out in the Corporate Governance Overview Statement on pages 132 to 149 of this Annual Report

PROFILES OF THE BOARD OF DIRECTORS



Jill Margaret Watts

**Independent, Non-Executive
Member of the Audit and Risk Management Committee**

Nationality: Australian
Gender: Female
Age: 59
Date of Appointment: (As at 4 April 2018)
Length of Service: –
Last Date of Re-election: –

Work Experience

Appointed to the Board of IHH Healthcare Berhad (“IHH”) in 2018, Ms Jill Margaret Watts was previously a Director of the Australian Chamber of Commerce, United Kingdom and the Royal Australian Flying Doctor Service, United Kingdom. She also served on several Industry Boards including NHS Partners Network and the Association of Independent Hospital Operators.

Ms Watts was the Group Chief Executive Officer of BMI (GHG) Health Care Group (“BMI Healthcare”) in United Kingdom from 2014 to 2017. She has close to 40 years of experience in the healthcare industry and has held a number of senior executive roles in Australia and the United Kingdom. Prior to her appointment at BMI Healthcare, she was the Group Chief Executive Officer of Ramsay Health Care, United Kingdom (“Ramsay UK”) for over six years. She was the Chair of NHS Partners Network between 2009 and 2012, where she was actively engaged in influencing governments on the benefits of having strong and vibrant private healthcare sector.

In 2010, Ms Watts was voted as the most influential leader in United Kingdom private healthcare and in 2013 as one of healthcare’s most inspirational women. Under her leadership, Ramsay UK was voted as the best United Kingdom private hospital provider in 2009 and 2013.

Academic / Professional Qualification(s)

- Registered Nurse, Northwick Park Hospital, London, United Kingdom
- Midwifery, Mater Mothers Hospital, Brisbane, Australia
- Grad. Dip Health Administration and Information Systems, University of Central Queensland, Australia
- Master’s in Business Administration, Griffith University, Queensland, Australia
- Wharton Fellow, Pennsylvania University, United States of America

Present Directorship(s)

- Nil

Notes

- Does not have any family relationships with any directors and/or any major shareholders of the Company
- Does not have any conflict of interest with the Company
- Does not have any convictions for offences within the past five years other than for traffic offences, if any
- Details of the Directors’ attendance at Board meetings are set out in the Corporate Governance Overview Statement on pages 132 to 149 of this Annual Report



Quek Pei Lynn

Non-Independent, Non-Executive
(Alternate Director to Mr Chintamani Aniruddha Bhagat)
Member of the Steering Committee
(Alternate to Mr Chintamani Aniruddha Bhagat)

Nationality: Malaysian
 Gender: Female
 Age: 45
 Date of Appointment: 25 October 2012
 Length of Service: 5 years 5 months (As at 4 April 2018)
 Last Date of Re-election: –

Work Experience

Ms Quek Pei Lynn is an alternate director to Mr Chintamani Aniruddha Bhagat on the Board of IHH Healthcare Berhad (“IHH”), a role she assumed on 23 September 2016. She also serves on the Board and Board Committee of IHH subsidiary, IMU Health Sdn Bhd. Prior to her current position in IHH, she was appointed alternate director to YM Tengku Dato’ Sri Azmil Zahrudin bin Raja Abdul Aziz on 25 October 2012 and ceased to be his alternate on 23 September 2016 following his resignation as a Director of IHH. Ms Quek also serves as a Director at the Investments Division of Khazanah Nasional Berhad (“Khazanah”), a position she has held since joining the company in 2007.

Prior to joining Khazanah, Ms Quek served in the Corporate Finance Division at AmlInvestment Bank Berhad for nine years from 1997 to 2006 after beginning her career as an auditor with PriceWaterhouse Coopers in 1994.

Academic / Professional Qualification(s)

- Bachelor of Economics, Monash University, Australia

Present Directorship(s)

- Nil

Notes

- Does not have any family relationships with any directors and/or any major shareholders of the Company
- Does not have any conflict of interest with the Company
- Does not have any convictions for offences within the past five years other than for traffic offences, if any
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PROFILES OF THE BOARD OF DIRECTORS



Takeshi Saito

**Non-Independent, Non-Executive
(Alternate Director to Mr Koji Nagatomi)
Member of the Steering Committee**

Nationality: Japanese
Gender: Male
Age: 46
Date of Appointment: 1 April 2017
Length of Service: 1 year (As at 4 April 2018)
Last Date of Re-election: –

Work Experience

Mr Takeshi Saito is an alternate director to Mr Koji Nagatomi on the Board of IHH Healthcare Berhad ("IHH"), a role he assumed on 1 April 2017. He also serves on certain Boards of IHH subsidiaries under Acibadem Saglik Yatirimlari Holding A.S. Group. Since March 2017, he has been an Executive Assistant to a Representative Director and Executive Vice President of Mitsui & Co., Ltd ("Mitsui").

Mr Saito has spent most of his career in the healthcare industry. Preceding his appointment as an Executive Assistant at Mitsui, he was the General Manager of the Provider Network Department, Medical Healthcare Business Division 1, Consumer Service Business Unit of Mitsui between 2015 and 2016. During that time, he also sat on the Board and EXCO of PPL as an alternate director. In 2009, Mr Saito was seconded to Parkway Group Healthcare as Vice President of Strategic Planning following his appointment as Director of the Medical Healthcare Business Department in Mitsui, where he led the investment in IHH.

Prior to this, in 2007, Mr Saito was appointed Manager of the Strategic Planning/Business Development Department of the Life Science Division at Mitsui, which subsequently became the Medical Healthcare Division in 2008. He also initiated the 10-year plan for the newly formed Medical Healthcare Division.

Academic / Professional Qualification(s)

- Bachelor of Political Science, Keio University, Japan
- Master of Business Administration, Kellogg School of Management Northwestern University

Present Directorship(s)

- Nil

Notes

- Does not have any family relationships with any directors and/or any major shareholders of the Company
- Does not have any conflict of interest with the Company
- Does not have any convictions for offences within the past five years other than for traffic offences, if any
- Details of the Directors' attendance at Board meetings are set out in the Corporate Governance Overview Statement on pages 132 to 149 of this Annual Report

PROFILES OF GROUP MANAGEMENT



Dr Tan See Leng
Managing Director and
Chief Executive Officer,
Non-Independent, Executive

Nationality: Singaporean
Age: 53 (As at 4 April 2018)
Date of Joining: 5 April 2012

Work Experience

Dr Tan See Leng was appointed the Managing Director and Chief Executive Officer of IHH Healthcare Berhad ("IHH") in January 2014 after serving as an Executive Director on the IHH Board for two years. Dr Tan is also the Group CEO and Managing Director of Parkway Pantai Limited, a position he assumed in 2011. He also serves on the Boards and certain Board Committees of IHH subsidiaries, namely Parkway Pantai Limited, IMU Health Sdn Bhd and Acibadem Saglik Yatirimlari Holding A.S. Group.

Prior to this, Dr Tan was the CEO of Parkway Holdings Limited from April 2010, a position he rose to fairly quickly after he joined Parkway in 2004 as Chief Operating Officer of Mount Elizabeth Hospital. As a young entrepreneur, Dr Tan founded a private primary healthcare group at the age of 27 and subsequently developed it into the second largest primary healthcare group in Singapore before successfully selling the company to one of the leading global health-plan providers.

With over 27 years of healthcare experience, Dr Tan has served as an active member of

various medical committees such as Singapore Ministry of Health's MediShield Life Review Committee. He has been reappointed Adjunct Assistant Professor of Duke-NUS Graduate Medical School Singapore, Office of Education, for the period until 2019. He also serves on the Advisory Board of Lee Kong Chian School of Business at Singapore Management University and on the Board of Parkway Trust Management Limited ("PTM"), an indirect wholly-owned subsidiary of IHH. PTM manages Parkway Life Real Estate Investment Trust which is listed on the Singapore Exchange Securities Trading Limited.

Academic / Professional Qualification(s)

- Bachelor of Medicine and Bachelor of Surgery (MBBS), National University of Singapore
- Master of Medicine (Family Medicine), National University of Singapore
- Master of Business Administration, University of Chicago Booth School of Business
- Fellow, Academy of Medicine, Singapore
- Fellow, College of Family Physicians, Singapore

Notes

- Does not have any family relationships with any directors and/or any major shareholders of the Company
- Does not have any conflict of interest with the Company
- Does not have any convictions for offences within the past five years other than for traffic offences, if any

PROFILES OF GROUP MANAGEMENT



Low Soon Teck
Group Chief Financial Officer

Nationality: Singaporean
Age: 53 (As at 4 April 2018)
Date of Joining: 10 January 2016

Work Experience

Mr Low Soon Teck assumed the position of Group Chief Financial Officer of IHH Healthcare Berhad ("IHH") on 10 January 2016. He brings with him over 20 years of experience in finance, legal and general management in leadership roles.

Prior to joining IHH, Mr Low served with the RCMA Group, a commodities supply chain management company, as its Chief Financial Officer between 2013 and 2015. From 1994 to 2013, he was employed in the Kuok/Kerry Group, holding various senior positions in diverse businesses within the group in Hong Kong and Singapore. His last position in the group was as Chief Financial Officer of PACC Offshore Services Holdings Group, the offshore marine arm of the Kuok/Kerry Group. Prior to this, Mr Low served as Group Treasurer at Wilmar International Limited, after its merger in 2006 with Kuok Oils and Grains where he had served as Group Financial Controller following his relocation from Hong Kong to Singapore in 2005.

Whilst Mr Low was based in Hong Kong from 1994 to 2005, he held various positions within the Kerry Group including that of Director of China Operations at SCMP Group, publisher of the South China Morning Post. In this role, he was responsible for business development, newspaper publishing and circulation operations as well as managing a chain of retail convenience stores.

Mr Low began his career as a solicitor in Singapore at a boutique law firm from 1991 to 1993, focusing on corporate and banking laws.

Academic / Professional Qualification(s)

- Bachelor of Laws (Hons) (2nd Upper), National University of Singapore
- Master of Business Administration, University of Chicago, Booth School of Business
- Advocate and Solicitor, Supreme Court of Singapore
- Member of Law Society of England and Wales

Notes

- Does not have any family relationships with any directors and/or any major shareholders of the Company
- Does not have any conflict of interest with the Company
- Does not have any convictions for offences within the past five years other than for traffic offences, if any



Dr Lim Suet Wun
Group Chief Operating Officer

Nationality: Singaporean
Age: 58 (As at 4 April 2018)
Date of Joining: 1 March 2011

Work Experience

Dr Lim Suet Wun was promoted as the Group Chief Operating Officer of IHH Healthcare Berhad ("IHH"), on 1 March 2018.

He brings more than 30 years of experience in healthcare management. Dr Lim has served Parkway Pantai since 2011, first as Executive Vice President Singapore, then as the Chief Executive Officer, Parkway Operations Division, before assuming the role of Group COO of Parkway Pantai.

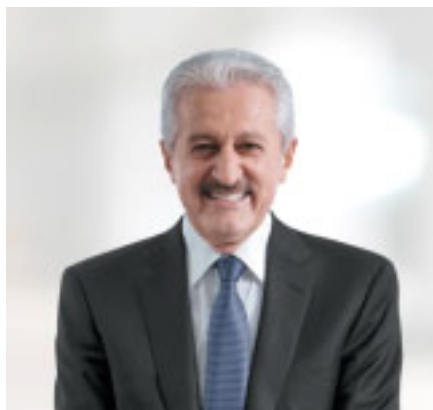
Prior to joining Parkway, Dr Lim was the CEO of the National Healthcare Group and Tan Tock Seng Hospital (TTSH). In 2003, Dr Lim led the TTSH team through the SARS crisis, when the hospital was designated the SARS hospital for the whole of Singapore. For his leadership, he was awarded the Public Service Star by the President of Singapore. Dr Lim was also the former chairman of the Board of the Joint Commission International (JCI).

Academic / Professional Qualification(s)

- Bachelor of Medicine and Bachelor of Surgery (MBBS), National University of Singapore
- Master of Public Health, University of California, Los Angeles
- Master of Business Administration, University of California, Los Angeles

Notes

- Does not have any family relationships with any directors and/or any major shareholders of the Company
- Does not have any conflict of interest with the Company
- Does not have any convictions for offences within the past five years other than for traffic offences, if any



Mehmet Ali Aydinlar

Chairman and Chief Executive Officer,
Acibadem Saglik Yatirimlari Holding A.S
Non-Independent, Executive

Nationality: Turkish
Age: 61 (As at 4 April 2018)
Date of Joining: 24 January 2012

Work Experience

Appointed to the Board of IHH Healthcare Berhad ("IHH") in 2012, Mr Mehmet Ali Aydinlar is also the Chairman and Chief Executive Officer of Acibadem Saglik Yatirimlari Holding A.S., a 60%-owned subsidiary of IHH. He also serves as the Chairman of the Board of the Acibadem group of companies which includes A Plus, Acibadem Project Management, Acibadem Mobile Services and Acibadem Labmed. He is also on the Board of Directors of Parkway Pantai Limited and is currently the Chairman of the Turkish Accredited Hospitals Association.

As of 2015, Mr Aydinlar has been serving on the board of the Foreign Economic Relations Board. This institution is responsible for leading foreign economic relations within the Turkish private sector in a myriad of sectors, as well as for increasing export volume of Turkish businesses and coordinating similar business development activities.

A certified public accountant-turned-entrepreneur, Mr Aydinlar has been recognised for his extensive experience in management and involvement in the healthcare sector since 1993. In 2015, Mr Aydinlar received the "Lifetime Achievement Award" from Bogazici University, one of the most prestigious higher education institutions in

Notes

- Does not have any family relationships with any directors and/or any major shareholders of the Company
- Does not have any conflict of interest with the Company
- Does not have any convictions for offences within the past five years other than for traffic offences, if any

Turkey. Prior to this, he was elected "Business Man of the Year" by the same university. Mr Aydinlar was also awarded "The Eminent Services Award of the Grand National Assembly of Turkey" in 2010. He was also chosen to be "The Person with Most Contribution to Development of Healthcare" by the Turkish Healthcare Volunteers Organisation. In 2006, he was named "Male Entrepreneur of the Year" in a survey conducted by Ekonomist Magazine and the "Business Executive of the Year" by Dunya Newspaper and Istanbul University's School of Business Administration.

Being a philanthropist, Mr Aydinlar is also the Chairman of the Board of Trustees of Acibadem University, an ambitious social responsibility undertaking initiated by Mr Aydinlar to advance healthcare in Turkey through education and research. For two years in a row, Mr Aydinlar was recognised by Capital Magazine for his philanthropic efforts as one of the top business people with the most charitable donations, ranking at number five in 2014.

Academic / Professional Qualification(s)

- Business Administration Degree, Galatasaray Economy and Management College



Prof Abdul Aziz Baba

President,
IMU Health Sdn Bhd

Nationality: Malaysian
Age: 62 (As at 4 April 2018)
Date of Joining: 1 July 2013

Work Experience

Professor Abdul Aziz Baba was promoted as the President of IMU Health Sdn Bhd, a wholly-owned subsidiary of IHH Healthcare Berhad ("IHH"), on 1 January 2018. Since 1 January 2016, he is also the Chief Executive Officer and Vice-Chancellor of IMU Education Sdn Bhd, a wholly-owned subsidiary of IHH, responsible for operating the International Medical University ("IMU"). Prior to assuming this role, Prof Aziz served as Vice President of IMU since 1 November 2013, a role he was promoted to since joining IMU in 1 July 2013 as Vice President with responsibility for the Medical and Dental Programme.

Before he joined IMU, Prof Aziz held several key academic administrative positions at the School of Medical Sciences (SMS) of Universiti Sains Malaysia (USM). These included the positions of Dean (2005-2012) and Deputy Dean (2003-2005). Preceding this he served as a Professor (2000), Associate Professor (1992) and a Lecturer and Clinical Haematologist/ Oncologist at USM's SMS following the completion of his postgraduate training in 1986. During his tenure with USM, Prof Aziz was instrumental in establishing the Clinical Haematology and Stem Cell Transplantation service at USM's teaching hospital, HUSM.

Prof Aziz undertook his undergraduate medical training at the University of Melbourne on a Colombo Plan scholarship and graduated in

November 1979. He subsequently trained in Internal Medicine, Haematology and Medical Oncology at several leading overseas institutions in Singapore, Scotland and Melbourne, Australia.

His past national appointments included that of President of the Malaysian Society of Haematology, Chairman of the National Conjoint Board for Postgraduate Medical Programmes, as well as Chairman of the Specialist Advisory Committee (Clinical Haematology) of the National Specialist Register. Prof Aziz has also been a member of the Malaysian Medical Council (MMC) and has served the MMC on several accreditation visits to local and foreign medical institutions. Currently he serves as a member of the Joint Technical Committee of the Malaysian Medical Council and the Executive Committee of the National Cancer Council Malaysia (MAKNA).

Academic / Professional Qualification(s)

- Bachelor of Medicine and Bachelor of Surgery (MBBS), University of Melbourne, Australia
- Membership of the Royal Colleges of Physicians of the United Kingdom
- Membership of the Royal College of Physicians of Ireland, Dublin
- Fellow of the Royal College of Physicians of Edinburgh (UK)
- Member, Academy of Medicine Malaysia

Notes

- Does not have any family relationships with any directors and/or any major shareholders of the Company
- Does not have any conflict of interest with the Company
- Does not have any convictions for offences within the past five years other than for traffic offences, if any

PROFILES OF GROUP MANAGEMENT



Sharon Teo Fay Lin
Group Chief Human Resources
Officer

Nationality: Singaporean
Age: 49 (As at 4 April 2018)
Date of Joining: 10 March 2017

Work Experience

Ms Sharon Teo Fay Lin joined IHH Healthcare Bhd ("IHH") on 10 March 2017. She has been a Human Resources practitioner with more than twenty years' HR experience across a broad spectrum of pharmaceutical, manufacturing and FMCG MNCs and local enterprises.

Prior to joining IHH, Ms Teo served with Avery Dennison Singapore Pte Ltd in various positions, beginning as the HR Director for its' ASEAN business before leading Integration and Transformation at the East Asia & Pacific level. She was subsequently promoted as the HR Director for the Materials Group at the ASEAN level.

Preceding this, Ms Teo held senior positions in pharmaceutical and healthcare MNCs such as Novartis Asia Pacific Pharmaceutical Pte Ltd, where she served as the Human Resources Manager and Regional Human Resources Manager, Asia Pacific before being promoted as the Head of Talent Management,

Organization Development & Staffing, Asia Pacific. Prior to that, she served at Bausch & Lomb Sdn Bhd, as the Regional Human Resources Administrator, South Asia before rising to the position of Human Resources & Administration Manager, Malaysia & Singapore. Ms Teo began her career at Yeo Hiap Seng (M) Berhad as a Human Resources Executive in 1993.

Academic / Professional Qualification(s)

- Bachelor of Arts in Psychology, Anthropology & Sociology, National University of Malaysia
- Certificate in Personnel Management, Malaysian Institute of Personnel Management
- Leadership Versatility Index Certification and Realise2 Accreditation Programme
- DDI Facilitator Certifications (Leadership Assessment and Targeted Selection)
- 360° Coaching Accreditation & Occupational Climate Survey

Notes

- Does not have any family relationships with any directors and/or any major shareholders of the Company
- Does not have any conflict of interest with the Company
- Does not have any convictions for offences within the past five years other than for traffic offences, if any



Michele Kythe Lim Beng Sze
Group Head, Corporate
Secretarial & General Counsel

Nationality: Malaysian
Age: 50 (As at 4 April 2018)
Date of Joining: 25 April 2013

Work Experience

Ms Michele Kythe Lim Beng Sze joined IHH Healthcare Bhd ("IHH") in April 2013. She brings on board IHH, 25 years' experience in the areas of legal advisory/risk mitigation, corporate secretarial and governance/compliance matters as well as sustainability reporting and associated practices.

Prior to joining IHH, Ms Lim served with Proton Holdings Berhad in various positions beginning with the post of General Manager and later as Chief Legal Counsel, Group Legal, Secretarial and Compliance, where she was a member of the senior management team and Group Management Committees. Preceding this, she held the position of Assistant General Manager for the Legal Affairs and Risk Division of Pengurusan Danaharta Nasional Berhad, the national asset management corporation of Malaysia. Ms Lim commenced her career in 1992 with Messrs. Shook Lin & Bok, one of the largest law firms in Malaysia.

Ms Lim completed the NAM Institute for the Empowerment of Women (NIEW) Women Directors' Training Programme in 2014 and the Senior Management Development Programme of the Harvard Business School in 2009.

Academic / Professional Qualification(s)

- LL.B Hons. (Bachelor of Laws), University of Wales
- Barrister-at-Law, Honourable Society of the Middle Temple, United Kingdom
- Advocate & Solicitor, High Court of Malaya
- Member of the Malaysian Alliance of Corporate Directors
- Licensed Company Secretary

Notes

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- Does not have any convictions for offences within the past five years other than for traffic offences, if any



Audrey Huang Lok Sen
Group Head, Internal Audit

Nationality: Singaporean
Age: 62 (As at 4 April 2018)
Date of Joining: 1 March 2013

Work Experience

Ms Audrey Huang was appointed the Group Head of Internal Audit of IHH Healthcare Berhad ("IHH") on 1 March 2013. In this position, she is responsible for managing the internal audit functions of the Group's overall system of internal controls, risk and governance. Ms Huang bring to the table more than 30 years' experience in auditing, including external audit experience with one of the Big 4 accounting firms as well as internal audit experience with various financial institutions.

Prior to joining IHH, Ms Huang had served as the Head of Internal Audit of Parkway Pantai Limited following its incorporation on 21 March 2011. Before that she was Head of Internal Audit of Parkway Holdings Limited from 21 February 2005.

In 2013, she obtained the Certification in Risk Management Assurance ("CRMA") from the Institute of Internal Auditors, Inc USA, thereby strengthening her portfolio of skills.

Academic / Professional Qualification(s)

- Fellow member of the Association of Chartered Certified Accountants (UK)
- Member of the Institute of Singapore Chartered Accountants
- Member of the Malaysian Institute of Accountants
- Member and Governor of the Institute of Internal Auditors, Singapore

Notes

- Does not have any family relationships with any directors and/or any major shareholders of the Company
- Does not have any conflict of interest with the Company
- Does not have any convictions for offences within the past five years other than for traffic offences, if any



Linda Hoon Siew Kin
Group Head, Risk Governance

Nationality: Singaporean
Age: 55 (As at 4 April 2018)
Date of Joining: 28 June 2015

Work Experience

Ms Linda Hoon Siew Kin joined IHH Healthcare Berhad ("IHH") in June 2015. Her experience gathered over more than 28 years, span the areas of general management, corporate governance, risk management, legal and compliance oversight, insurance procurement, personal data privacy compliance and corporate management.

Prior to IHH, Ms Hoon was in National University Health System Pte Ltd ("NUHS") as Group General Counsel and Board Secretary. At NUHS, she handled legal and risk advisory including overseeing PDPA compliance and actively assisted in the clinical risk management areas of medico-legal claims management. Prior to this, she served as the Group Company Secretary of DBS Group Holdings (listed in Singapore), where she was responsible for handling regulatory compliance and board corporate governance matters. From 1989

to 2005, Ms Hoon served in an engineering services conglomerate, SembCorp Industries Limited (listed in Singapore) and rose to become the Group General Counsel and Group Company Secretary at the corporate office.

Academic / Professional Qualification(s)

- Bachelor of Laws (Hons) (Second Upper), National University of Singapore
- Masters of Law, National University of Singapore
- Masters of Science in Management of Health Industries, Essec Business School (Asia Pacific Campus), Singapore
- Advocate & Solicitor, Supreme Court of Singapore

Notes

- Does not have any family relationships with any directors and/or any major shareholders of the Company
- Does not have any conflict of interest with the Company
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CORPORATE GOVERNANCE OVERVIEW STATEMENT

OUR COMMITMENT TO GOOD CORPORATE GOVERNANCE

IHH Healthcare Berhad (“IHH” or “the Company”) together with its subsidiaries (“the Group”), are committed to achieving and maintaining the highest standards of corporate governance. The Board of Directors (“Board”) strongly believes that sound corporate governance practices are essential for delivering sustainable value, enhancing business integrity, maintaining investors’ confidence and achieving the Group’s corporate objectives and vision. To this end, the Board, Management and staff of the Group affirm their commitment to enhancing shareholder value by way of upholding high standards of corporate governance.

To date, the Group’s corporate governance model adopts the following requirements and guidelines on corporate governance best practices:

- Malaysian Code on Corporate Governance (“MCCG”);
- Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”); and
- Corporate Governance Guide: Moving from Aspiration to Actualisation by Bursa Securities (“CG Guide”).

The Board also subscribes to internal guidelines on corporate disclosure policies and procedures based on the best practices recommended by Bursa Securities. These provide the Group with the appropriate guidance to discharge its disclosure obligations and ensure the Group moves beyond the minimum mandatory disclosure requirements. As the Group maintains a significant presence in the countries it operates in, it also abides by the guidelines of the respective regulators and authorities in these countries.

Pursuant to Paragraph 15.25 of the MMLR, the Board is pleased to present this statement which provides an overview of the application of the Principles set out in the MCCG throughout the Group in respect of the financial year ended 31 December 2017 (“CG Overview Statement”). This CG Overview Statement also endeavours to portray how IHH’s

existing corporate governance measures align with the three Principles of good governance in accordance with the MCCG which comprises (A) Board Leadership and Effectiveness, (B) Effective Audit and Risk Management and (C) Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders. It highlights the areas where the Group has made good progress in adhering to MCCG’s principles, as well as the areas where more work needs to be undertaken to achieve the intended outcomes.

This CG Overview Statement shall be read together with the Corporate Governance Report 2017 which is available on the Company’s website at www.ihhhealthcare.com/corporate-governance.php.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

(I) BOARD RESPONSIBILITIES

Board Leadership

The Board is primarily responsible for oversight and the overall governance of the Group. It carries out its mandate by providing strategic guidance, implementing succession planning, effectively monitoring management goals and ensuring overall accountability for the Group’s growth. The Board held its Board Strategy Retreat (“BSR”) in August 2017 to review the performance of the Group and discuss the strategic intent of the Group over the next five years. The BSR was attended by all members of the Board, Senior Management and the relevant Heads of Department of the Group. Management presented an overview and report card of the Group’s performance over the past two years since the last BSR held in 2015. At the BSR, the Board discussed the strategic plans to deliver growth outcomes for the Group. The BSR included presentations from external consultants on, among others, the developments within the health industry and its change drivers to facilitate the Board’s discussions on the Group’s strategy for the next five years. The outcome of the BSR is that both the

Board and Management had established a shared understanding of the Group’s strategic goals, objectives and actions.

The Board is responsible for ensuring that the Group’s internal controls, risk management processes and reporting procedures are firmly in place. The Board is also committed to acting in the best interests of the Group and its shareholders by exercising due diligence and care in discharging its duties and responsibilities to ensure that high ethical standards are applied at all times. We undertake this through compliance with the relevant rules, regulations, directives and guidelines, in addition to adopting the best practices in the MCCG and CG Guide.

The Board is guided by the Board Charter, documented Terms of Reference (“TOR”) and Limits of Authority (“LOA”), which clearly define the matters that are specifically reserved for the Board, Board Committees and outline the manner in which the day-to-day management of the Company is to be delegated to the Managing Director and Chief Executive Officer (“MD & CEO”) and relevant authority limit. This formal structure of delegation is further cascaded by the MD & CEO to the Senior Management team within the Group. However, the MD & CEO and the Senior Management team remain accountable to the Board for the authority that is delegated, as well as for the performance of the Company and the Group even as the Board continues to monitor the same.

Board Chairman

The Chairman champions good governance and sets the tone of governance for the Board, maintains Board focus towards its goals during or outside of Board meetings and is insightful of current issues within and outside the healthcare industry.

Tan Sri Dato’ Dr Abu Bakar bin Suleiman (“Tan Sri Dato’ Dr Abu Bakar”), our former Non-Independent Executive Chairman, was positioned as an Executive Chairman of IHH given that he was the Executive Chairman of IMU Health Sdn Bhd (“IMU”), a wholly-owned subsidiary of IHH, which is a medical education arm of IHH Group

overseeing the established higher learning institutions of International Medical College and International Medical University in Malaysia. Tan Sri Dato' Dr Abu Bakar has extensive experience in the medical and healthcare sectors which are tied to his qualifications and past experiences as the Director-General of Health and Director of Medical Services under the Ministry of Health in Malaysia. Tan Sri Dato' Dr Abu Bakar retired as Non-Independent Executive Chairman of IHH on 31 December 2017.

Following the retirement of Tan Sri Dato' Dr Abu Bakar, Dato' Mohammed Azlan bin Hashim ("Dato' Mohammed Azlan") was re-designated from Deputy Chairman of IHH, a position he held since March 2011, to Non-Independent Non-Executive Chairman of IHH on 1 January 2018. Dato' Mohammed Azlan has extensive experience in the corporate sector and during his career, has served in various capacities in the financial services industry and investment holding companies. Additionally, Dato' Mohammed Azlan has the skills, knowledge and experience necessary for that of a Board Chairman and he is also the Chairman of several other public listed entities in Malaysia.

Division of Roles and Responsibilities between the Chairman and the MD & CEO

IHH recognises the importance of separating the roles of the Chairman and the MD & CEO. This is reflected in the division of their responsibilities which are clearly set out in the Board Charter. The distinct and separate roles of the Chairman and the MD & CEO, with a clear division of responsibilities, ensures a balance of power and authority, such that no one individual has unfettered powers of decision-making.

The Chairman leads the Board with a keen focus on governance and compliance and is responsible for the overall effective functioning of the Board including the collective oversight of Management. The MD & CEO meanwhile assumes executive responsibility, focuses

on the business, spearheads the day-to-day management of the Company and Group as well as implements the Board's decisions. By virtue of the MD & CEO's position as a Board member, he also acts as the intermediary between the Board and Senior Management.

Company Secretaries

The Company Secretaries of the Company are experienced, competent and knowledgeable, and play an important role in advising the Board on issues relating to corporate compliance with the relevant laws, rules, procedures and regulations affecting the Board and the Group, as well as best practices of governance. The Company Secretaries support the Board in its leadership role, discharge of fiduciary duties and as stewards of governance.

The Directors have ready and unrestricted access to the advice and services of the Company Secretaries. The Board is regularly kept up to date on and apprised of any relevant legislation, regulations and guidelines, as well as any amendments thereto issued by Bursa Securities, Securities Commission, Companies Commission of Malaysia and other relevant regulatory authorities including recommendations on corporate law reform in Malaysia as well as relevant foreign jurisdictions, particularly the effects of such new or amended legislation, regulations and guidelines on the directors specifically and the Group generally.

The Company Secretaries ensure that decisions of the Board and Board Committees are properly documented and relayed to Management to act upon in a timely manner. The Company Secretaries are also responsible for, among others, the operation of the secretariat function, including lodgements with relevant statutory and regulatory bodies, the administration of Board and Board Committee meetings (including preparation of the minutes, matters arising and Board Committee Chairmen's reports), manage processes pertaining to the Company's general meetings, assist the Board in applying the latest corporate

governance practices to meet the Board's needs and stakeholders' expectation.

Board Meetings

To facilitate productive and meaningful Board meetings, the proceedings are conducted in accordance with a structured agenda which is approved by the Chairman prior to each meeting. The structured agenda together with comprehensive management reports and proposal papers are furnished to the Directors at least five working days in advance of each Board meeting. This is to accord sufficient time for the Directors to review the materials and, where necessary, conduct independent analysis or request additional material. However, urgent matters and exceptional circumstances could fall outside these timing requirements and a shorter period for the circulation of the proposal papers would be allowed with the Chairman's consent and approval.

Directors are allowed to participate in Board meetings via tele-conference. All deliberations and decisions made at Board meetings, including dissenting views and whether any Director abstained from voting or deliberating on a particular matter, are duly minuted as records of their proceedings. Draft minutes of Board meetings are circulated to the Directors within one month after each meeting for review.

Apart from the presentation of the financial performance and operations by the respective operating companies' ("OpCos") representatives, the MD & CEO also provides a comprehensive explanation of significant issues relating to the Group's business while the Group Chief Financial Officer ("GCFO") presents the results of the Group's financial performance at every quarterly Board meeting. The Chairmen of the Board Committees would also report to the Directors at Board meetings, on any significant issues noted and/or deliberated by the relevant Board Committees and which require the Board's attention and approval for implementation. Management is also

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invited to present proposals and answer queries raised by the Board as and when required. Management takes immediate action on all matters arising from the

Board meeting and updates the Board on the status of these matters at the next Board meeting or if deemed urgent via circulation of memorandum.

During the financial year under review, the Board met eight times. The details of the attendance of the Board members are as follows:

Director	Designation	Total Meetings Attended
Tan Sri Dato' Dr Abu Bakar bin Suleiman (Retired on 31 December 2017)	Chairman, Non-Independent Executive Director	7/8
Dato' Mohammed Azlan bin Hashim (Re-designated as Chairman on 1 January 2018)	Deputy Chairman, Non-Independent Non-Executive Director	8/8
Dr Tan See Leng	Managing Director and Chief Executive Officer, Non-Independent Executive Director	8/8
Mehmet Ali Aydinlar	Non-Independent Executive Director	5/8
Chintamani Aniruddha Bhagat	Non-Independent Non-Executive Director	8/8
Koji Nagatomi (Appointed on 1 April 2017)	Non-Independent Non-Executive Director	5/6*
Chang See Hiang	Senior Independent Non-Executive Director	7/8
Rossana Annizah binti Ahmad Rashid	Independent Non-Executive Director	7/8
Kuok Khoo Ean	Independent Non-Executive Director	8/8
Shirish Moreshwar Apte	Independent Non-Executive Director	8/8
Quek Pei Lynn (Alternate Director to Chintamani Aniruddha Bhagat)	Non-Independent Non-Executive Director	8/8
Takeshi Saito (Alternate Director to Koji Nagatomi) (Appointed on 1 April 2017)	Non-Independent Non-Executive Director	5/6*
Satoshi Tanaka (Resigned on 1 April 2017)	Non-Independent Non-Executive Director	1/2
Koichiro Sato (Alternate Director to Satoshi Tanaka) (Ceased on 1 April 2017)	Non-Independent Non-Executive Director	2/2

* Directors did not participate in one meeting held during the financial year due to conflict of interest.

The directorships of the IHH Directors in other public listed companies do not exceed the prescribed limits under the MMLR. This ensures that their commitment, resources and time are more focused and enables them to discharge their duties effectively. The Directors should notify the Board within fourteen market days upon accepting any new directorship.

Board Charter

The Board Charter plays a vital role in guiding the Board's focus on matters that are pertinent to the Group, assists the Board in delivering good governance and develops a shared understanding of the Board's role throughout the Company.

The Board had in 2013 formalised a Board Charter setting out the duties,

responsibilities and functions of the Board in accordance with the principles of good corporate governance set out in the policy documents and guidelines issued by the relevant regulatory authorities. The Board Charter is available for reference on the Company's website at www.ihhhealthcare.com.

The Board shall review the Board Charter as and when it deems fit to ensure its applicability to the Company's current situation. The Board Charter was last reviewed and approved for adoption by the Board in May 2016.

The Board Charter aims to ensure that all Directors acting on behalf of the Company are aware of their fiduciary duties and responsibilities as Board members. It also aims to ensure that all Directors understand the various legislations and regulations affecting their conduct and that they apply principles and practices of good corporate governance in all their dealings in respect of and on behalf of the Company. The Board Charter outlines processes and procedures for the Board and its Committees in discharging their stewardship effectively and efficiently.

As outlined in the Board Charter, the Board reserves full decision-making powers on itself in areas such as material acquisitions and disposition of assets, investments in capital projects, material borrowings, related party transactions, treasury policies, risk management policies and key human resource issues. The Board delegates certain matters to the Board Committees as well as the Senior Management of the Company subject to the TORs and/or approving authority limits set by the Board in the LOA. While such delegation has been made, the Board has at all times exercised collective oversight of the Board Committees and Management and conducts regular review of the division of responsibilities to ensure that the Group is able to adapt to changing business circumstances.

Under the Board Charter, the Board, among others, assumes the following roles and responsibilities, which are to be discharged in the best interests of the Company in pursuance of regulatory and commercial objectives:

- **Reviewing and adopting the strategic direction of the Group**
Management will present their proposals and highlight their thought processes and justification for such

proposals. The Board in turn deliberates and determines the Group's strategic and business direction based on the propositions presented by Management.

The Board will be apprised on the progress of the execution of the strategic plan and challenges faced at the Board scheduled quarterly meetings. Please refer to the Strategic Report as laid out on pages 24 to 39 and the Performance Review on pages 45 to 51 of this Annual Report on the Group's business, operations and performance during the financial year under review.

- **Overseeing and evaluating the conduct of the Group's businesses**
The Board and the Audit and Risk Management Committee ("ARMC") review and evaluate the conduct of the Group's businesses at their respective quarterly meetings. The representatives of each major OpCo would be invited to present to the ARMC and Board at the quarterly meetings, the financial performance and operational updates of their respective OpCos. The Board would be apprised of, among others, the macro economic environment and Management's expectations, opportunities and achievements, threats and weaknesses together with the mitigation and action plan. The Board would provide the relevant guidance on the action plan of the Group and allow knowledge and experience sharing between the representatives of different OpCos to bring about a higher level of synergy as well as operational effectiveness and efficiency.

The Board would also track the overall performance of the Group based on the achievements of the key performance indicators as stipulated in the Group's Balanced Scorecard approved by the Board at the recommendation of the Nomination and Remuneration Committee ("NRC"), at the beginning of the financial year.

- **Identifying top tier risks and ensuring the implementation of appropriate systems to manage these risks**

The Board recognises the need for a strong risk management discipline across the Group to ensure achievement of the desired business objectives. The Board also acknowledges that a holistic approach to business management, taking into consideration the economic, environmental and social ("EES") risks and opportunities alongside financial implications, is a measure to generate long term benefits and business continuity.

Each of the OpCos has set up their respective Risk Management division or nominated relevant staff overseeing the risk function ("risk collaborator") who regularly monitors any potential risk that the respective OpCos might face in the operations. The respective OpCos' risk management division or risk collaborator would then report their findings to the IHH ARMC through Group Risk or to Senior Management.

At the Group level, the Group Risk Management department consolidates the risk reports from the respective OpCos and maps the risks identified into the IHH Group Risk Profile. The Group Risk Management department also embeds the precepts of sustainability within the Group by identifying, evaluating and managing material EES risks and opportunities and mapping them into the Group's broader risk management framework. The Group level risk report would then be presented to the IHH ARMC for deliberation on a quarterly basis. The Group Risk Management department would also be invited to present the summary of the risk report to the Board on a half-yearly basis.

The Group has established an International Clinical Governance Advisory Council ("ICGAC") which comprises independent healthcare thought leaders, former academia, practicing professionals from different

CORPORATE GOVERNANCE OVERVIEW STATEMENT

regions and management representatives with clinical quality and ethics background from the respective OpCos, to form a high-level advisory council. The ICGAC seeks to drive exemplary and consistent clinical quality and implement continuous quality improvement projects and initiatives across IHH Group. During the financial year under review, ICGAC has focused on the following four key workstreams:

- (i) Clinical Risk Management Advisory;
- (ii) Quality Assurance and Quality Improvement;
- (iii) Professional Development and Management; and
- (iv) Culture of Improvement and Patient Safety.

Please refer to the Statement on Risk Management and Internal Control as laid out on pages 161 to 167 of this Annual Report on the identification, assessment and mitigation of actual enterprise and clinical risks faced by the Group and the Sustainability Statement 2017 as laid out on pages 54 to 56 of this Annual Report for further details on the efforts undertaken to ensure the Group's business sustainability.

- **Establishing succession plans**
The Group has, under the purview of the Human Capital Management function, embarked on succession planning for key management who play a pivotal role within the Group. The said succession planning programme is created with the aim of driving the supply of sufficient talent pool internally to cater for the Group's expansion plan in various regions. Individual development plans have been established and a slew of other talent management practices are also in place for development of a pool of talent.

The Board, through the NRC, monitors the performance of the Board and Key Senior Management annually as well as reviews and evaluates the suitability of potential candidates and their expertise, to fill any gaps identified.

- **Establishing and implementing a good Investor Relations ("IR") programme and shareholders' communication policy**

The Board recognises that a sound IR programme and shareholders' communication policy is vital in managing investors' and shareholders' interests and perception of the Company.

The Company carries out its IR activities in accordance with its annual IR calendar and the Board is apprised of these activities including the number of investor conferences and non-deal roadshows attended as well as the number of analysts' meetings, on a quarterly basis. Key take-aways gathered from the IR activities, which would also be shared with the Board and Management, always take into account the opinion of the investors and shareholders with the aim of further improving the Group's operational and financial performance as well as to become a better corporate citizen in the community it operates.

Further details on IR activities undertaken during the financial year under review are laid out on pages 168 to 169 of this Annual Report.

- **Reviewing the adequacy and the integrity of the Group's internal control and management information systems**

The Board acknowledges the importance of maintaining sound and effective internal control and management information systems in order to manage and reduce risks that will hinder the Group from achieving its goals and objectives. The internal control and management information systems are embedded within the Group's operating activities.

Assisted by the Group Internal Audit which functions independently of the operations, the Board and the ARMC are able to effectively discharge these control responsibilities.

Please refer to the Statement on Risk Management and Internal Control as laid out on pages 161 to 167 of this

Annual Report on the Group's continuous effort in identification, assessment and management of the weaknesses identified in order to improve the quality of internal control.

Limits of Authority

The LOAs which set out the authority limits to be adhered to as adopted by the Group, are in compliance with the principles of good corporate governance. The LOAs of the major OpCos were developed based on the broad framework of the IHH LOA.

Although the operations of the Company and its subsidiaries are governed by the LOAs, the overall management and control of the business and affairs of IHH Group still vests with the Board.

The day-to-day operations of IHH Group are managed and administered by the Senior Management personnel of IHH Group, subject always to the policies and decisions of the Board.

The LOAs will be updated to meet the changing needs of IHH Group and to ensure compliance with the applicable laws including the MMLR. Any updates that are reviewed, verified and endorsed by the Board will supersede the previous LOA.

Board Committees

The Board delegates specific responsibilities to the respective Committees of the Board, which operate within clearly defined TOR. From time to time, the Board reviews the functions and TOR of Board Committees to ensure that they are relevant and updated in line with the MCCG and other related policies or regulatory requirements.

While the Board Committees have the authority to examine particular issues, they will report to the Board with their decisions and/or recommendations and the ultimate responsibility on all matters lies with the Board. The Committee members are expected to attend each Board Committee meeting, unless there are exceptional circumstances that prevent them from doing so. The minutes of the Board Committee meetings held are presented to the Board for perusal at each scheduled quarterly Board meeting.

During Board meetings, the Chairmen of the various Committees provide summary reports of the decisions and recommendations made at the Committee meetings as well as highlight to the Board any further deliberation that is required at Board level. On Board reserved matters, the Board Committees shall deliberate and thereafter state their recommendations to the Board for its approval. The relevant decisions of the Board Committees are incorporated into the minutes of the meetings of the Board.

The Board has to date established three principal Board Committees namely, the ARMC, NRC and Steering Committee ("SC"). The TOR of each Board Committee is available on the Company's website at www.ihhhealthcare.com.

Audit and Risk Management Committee

The ARMC assists the Board in fulfilling its fiduciary responsibilities relating to the corporate accounting, internal control and risk management processes as well as the management and financial reporting practices of the Group.

The ARMC is chaired by Rossana Annizah binti Ahmad Rashid, an Independent Non-Executive Director, since April 2012.

The composition as well as the summary of meetings attended by the ARMC members and the work carried out by the ARMC in discharging its responsibilities are set out separately in the ARMC Report as laid out on pages 156 to 160 of this Annual Report.

In view of the rapid growth of the Group which has added on to the complexity of the governance structure of the Group as well as the need for more efficient meetings of the various Board and committees of the Board, the Group has undertaken a restructuring exercise during the financial year involving the Board and committees of the Board across the Group ("Streamlining Exercise") to, among others, simplify and streamline the overall governance structure of the Group. Under the Streamlining Exercise, certain identical Board committees established at some of the OpCos of IHH were collapsed and their functions had been or would be

taken over by the respective equivalent IHH Board Committees.

In view of the Streamlining Exercise, wherein the ARMC will be assuming enlarged responsibilities over the Group's financial and risk management oversight functions, beginning 1 July 2018, the ARMC will be split into an Audit Committee and a Risk Management Committee, respectively. This would also be in line with the recommendations of the MCCG on the establishment of a stand-alone Risk Management Committee rather than a combined committee.

Nomination and Remuneration Committee

The NRC assists the Board to review and assess the nomination and selection process as well as the remuneration framework of the Board members and Senior Management, the performance of the Board, the training and development needs of the Board members as well as the succession planning for the Board and the Group as a whole.

The NRC is chaired by Shirish Moreshwar Apte, an Independent Non-Executive Director, who was re-designated as NRC Chairman in place of Chang See Hiang, the Senior Independent Non-Executive Director, who stepped down as NRC Chairman on 19 May 2017 and remained as a member of the NRC.

The composition, a summary of activities of the NRC, selection and assessment of Directors and boardroom diversity are set out separately in the NRC Report as laid out on pages 150 to 155 of this Annual Report.

In view of the Streamlining Exercise and taking into consideration that the Company is encouraged to establish a stand-alone Remuneration Committee, beginning 1 July 2018, the NRC will be split into a Nomination Committee and a Remuneration Committee, respectively.

Steering Committee

The Board established the SC which functions include reviewing the Group's long term and short-term strategies, evaluation of major transactions, material borrowings and any investment project

that any of the Group entities may escalate to the SC for direction.

The SC comprises the following members:

Chairman
Dato' Mohammed Azlan bin Hashim
Members
Dr Tan See Leng
Chintamani Aniruddha Bhagat
Takeshi Saito (Appointed on 1 March 2018)
Quek Pei Lynn (Alternate to Chintamani Aniruddha Bhagat)
Koji Nagatomi (Appointed on 1 April 2017) (Ceased on 1 March 2018)
Satoshi Tanaka (Ceased on 1 April 2017)
Mehmet Ali Aydinlar (Ceased on 1 March 2018)

Code of Conduct

The Board is committed to upholding the highest standards of integrity and behaviour in all activities undertaken by the Group especially in relation to our interactions with customers, suppliers, shareholders, business partners and the communities in which we operate. To this end, the Board has established a Code of Conduct ("the Code") implemented throughout the Group which dictates the ethics and standard of good conduct expected of every Executive Director and employee. The Code is available on the Company's website at www.ihhhealthcare.com.

The Code calls upon all Executive Directors and employees to exhibit the highest levels of professionalism in all aspects of their work even beyond normal working hours and in compliance with all applicable laws, regulations and policies within the Group. It provides a common behavioural framework for all employees of the Group irrespective of their specific job or location, as well as affords professional, ethical and legal guidance to all Directors and employees

CORPORATE GOVERNANCE OVERVIEW STATEMENT

in the conduct of their business and that of the Group. Failure to comply with the Code may result in the commencement of disciplinary proceedings that may lead to termination of employment and/or appointment.

The Code covers areas such as compliance with the law, professional integrity, accurate and complete accounting, bribes, gifts and entertainment, conflicts of interest, the act of diverting, confidentiality and protection of company assets, political and charitable contributions, as well as occupational health, safety and environmental activities. Employees are to direct any questions they have about the Code and its application to their managers or the respective Human Resource departments.

Whistleblowing Policy

IHH and its major operating subsidiaries have implemented a Whistleblowing Policy that seeks to engender an environment where integrity and ethical behaviour are fostered and any malpractice or impropriety within the Group is exposed. This Whistleblowing Policy enables employees to raise concerns internally and at a high level and to disclose information on activities which they believe reflect instances of malpractice or impropriety. It also offers reassurance that the whistleblower will be protected from reprisals or victimization for whistleblowing in good faith. The concerns could include financial malpractice, impropriety or fraud, failure to comply with legal obligation or statutes, bribery, abuse of power, conflicts of interest, theft or embezzlement, misuse of company property, non-compliance with procedure, danger to health, safety and environment, criminal activity, improper conduct or unethical behaviour and the attempts to conceal any of these, among other things. The Whistleblowing Policy is available on the Company's website at www.ihhhealthcare.com.

IHH is committed to treating all such disclosures in a confidential and sensitive manner. The identity of the individual making the allegation will be kept

confidential so long as it does not hinder or frustrate any investigation. Any concern about unethical behaviour or serious misconduct should first be raised with the immediate superior or respective Human Resource department where possible, or via email to governance@ihhhealthcare.com.

Alternatively, employees may choose to write in confidence directly to the MD & CEO of IHH. Where reporting to Management is a concern, then the report should be made in confidence to the Chairman of IHH.

(II) BOARD COMPOSITION

The Board members with their diverse academic qualifications, backgrounds and experiences enable the Board to provide clear and effective leadership to the Group and bring information and independent judgement to many aspects of the Group's strategy and performance, so as to ensure diversity and completeness in its deliberations.

Independent Directors

The Board, as at the date of this CG Overview Statement, consists of eleven members, comprising two Non-Independent Executive Directors, three Non-Independent Non-Executive Directors ("NEDs") including the Chairman, four Independent NEDs and two Alternate Directors. The present composition of the Board and the profile of each Director are set out in the Corporate Information and Profiles of Directors on page 21 and pages 114 to 126 respectively of this Annual Report.

The number of Independent Directors complies with the MMLR, which states that at least two members or one-third of the Board shall be Independent Directors. The Board acknowledges and takes cognisance of the recommendations contained in the MCCG for the board of Large Companies (as defined in the MCCG) to comprise a majority independent directors. The Board believes the current board composition provides the appropriate balance in terms of skills, knowledge, experience and independent elements to promote the interests of all shareholders and to govern the Group effectively.

Notwithstanding that the Board does not comprise majority Independent Directors as recommended in the MCCG, the Independent Directors are able to exercise strong independent judgement and provide independent views and advice in all Board deliberations. During the financial year, the Independent Directors have also challenged certain proposals and assumptions tabled during meetings and provided their independent viewpoints for the benefit of the Company. Their presence provides a check and balance in the discharge of the Board function. Independent Directors' views carry significant weight in all Board deliberations and decision-making. This represents a satisfactory alternative to the requirement of the recommended best practices of having the majority Board members to be Independent Directors. All Independent Directors act independently of Management and are not personally involved in any business dealings of the Company. Neither are they involved in any other relationship with the Group that may impair their independent judgement and decision-making.

Nevertheless, in an effort to further enhance the independence of the Board, the Board aims to increase the number of Independent Directors to a balanced proportion of at least 50% by the end of 2019. Apart from the suitability and availability of potential Board candidates, the Board would also need to take into consideration the size of the Board in its efforts to increase the number of Independent Directors. This is to ensure that the Board would still be able to function efficiently with the increased number of Directors. The Board is in the midst of identifying and will continuously identify suitable candidates to be appointed as Independent Directors of the Company as and when required. The Streamlining Exercise undertaken during the financial year would also minimise or limit the common directorships of the Independent Directors of the Company in Group entities and this would further enhance the Directors' independence and avoid situations of conflict.

Additionally, the Board has also identified a Senior Independent Non-Executive Director, to whom concerns from the other Directors, public or investors may be conveyed. Inquiries or complaints about decisions or actions taken by the Group should be addressed to the Senior Independent Non-Executive Director via email at sid@ihhhealthcare.com.

None of the existing Independent Directors has exceeded a cumulative term of nine years. As part of the succession planning for Independent Directors, efforts are being made to increase the number of Independent Directors on the Board. The nine-year tenure of three Independent Directors will approach in year 2021. The NRC and Board will assess and determine whether to retain any Independent Director who exceeded the nine-year tenure. The Board will comply with the recommendations of the MCCG which state that the tenure of an independent director should not exceed a cumulative term of nine years unless shareholders' approval is obtained for such director to be retained as an independent director or to continue to serve on the board subject to the director's re-designation as a non-independent director.

The Company does not fix the term limit for Independent Directors as the Board believes that there are significant advantages to be gained from long-serving Independent Directors who not only possess tremendous insight but also in-depth knowledge of the Group's businesses and affairs. The Board opines that apart from the length of service, other factors such as a Director's interest, position, associations or relationships are important elements in the review of a Director's independence. As such, the Board through the NRC, assesses the independence of its Independent Directors annually. Furthermore, the sourcing for suitable candidates to assume the role as Independent Directors could be challenging taking into consideration, among others, the availability of talents to meet the required mix of skills of the Board and to link the Board composition to the strategic plans of the Group.

The Board believes that its current Board composition provides the appropriate balance in terms of skills, knowledge and experience to promote the interests of all shareholders and to govern the Group effectively. It also represents the ownership structure of the Company fairly, with appropriate representations of minority interests through the Independent Directors.

Diversity on Board and Senior Management

The Board recognises diversity as a veritable source of strength and values the diversity found in each of our markets. The Company has adopted a Boardroom Diversity Policy which sets out the approach to diversity on the Board including gender, age and ethnic diversity. Besides that, the Company had also put in place the Policy on Nomination and Assessment Process of Board Members which sets out the criteria, process and requirements to be undertaken by the NRC and Board in discharging their responsibilities in terms of nomination, assessment and re-election of the Board members. For new appointments, the candidate is identified not just through the recommendation of the existing Board members, Senior Management and shareholders but also from independent third party referrals. Please refer to the NRC Report as laid out on pages 150 to 155 of this Annual Report for the summary write up on boardroom diversity as well as the nomination and assessment process of Board members.

The Company will also pay due regard to the following criteria in the selection and appointment of Directors and Senior Management:

- (a) Business experience/expertise from diverse industries (e.g. professionals with management experience in a medical services organisation, financial, legal etc.);
- (b) Age and gender diversity;
- (c) Prior board experience;
- (d) Worked in an organisation of comparable scale or complexity; and
- (e) Access to global networks and wide geographical/market experience.

The Group has implemented a Workforce Diversity Policy which is applicable to employees of the Group across all the regions within which IHH operates. The Group will not set any fixed targets around age, gender and ethnic diversity, but will actively work towards having the appropriate diversity based on but not limited to the following strategies:

- (a) recruiting from a diverse pool of candidates for all positions, including senior management;
- (b) reviewing succession plans to ensure an appropriate focus on diversity;
- (c) identifying specific factors to take into account the recruitment and selection processes to encourage diversity;
- (d) developing programs to develop a broader pool of skilled and experienced senior management, including, workplace development programs, mentoring programs and targeted training and development; and
- (e) any other strategies the Board develops from time to time.

The Board is committed to further enhancing skillset, experience, gender, age and ethnic diversity with regards its composition. However, the Board does not specify a target for boardroom diversity as the appointment of Board members should be based on objective criteria, merit and with due regard for diversity. The Board took cognisance of the recommendation in the MCCG for Large Companies' board to comprise at least 30% women directors. Notwithstanding the lack of gender diversity on the Board at this point in time, the Board comprises Directors with diverse backgrounds, expertise, experience and ethnicity, all of whom contribute diverse perspectives and insights on Board decisions. The Board remains committed in its efforts to source for and increase women representation on the Board depending on the availability of the right candidates.

As at the end of the financial year under review, the Board comprised two women Directors, one of whom is an Alternate Director, whereas the Senior Management team of the Company comprised approximately 57% women representation.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Annual Assessment

The Board, through the NRC, had carried out the annual assessment, conducted internally and facilitated by the Company Secretaries/Human Capital Management, covering the following in respect of the financial year under review:

- (a) Board performance as a whole;
- (b) Board Committees such as ARMC and NRC;
- (c) Individual Directors;
- (d) Individual ARMC members;
- (e) Independent Directors;
- (f) MD & CEO; and
- (g) GCFO, external and internal auditors.

During the financial year under review, the NRC has adopted a different assessment approach which focuses on the evaluation of the Board's and Board Committees' effectiveness and also allows for the Directors to make more recommendations for improvement.

The performance of the Board as a whole was evaluated in the areas covering board composition and structure, dynamics and culture, operations, partnership with the executive team, meeting administration and continuous development as well as the effectiveness of the Board Chairman. On top of these, opinion was sought from each Director in relation to other pertinent matters such as the most critical priorities of the Board for the next financial year, ways to improve the Company's performance and suggestions to improve the Board meetings' effectiveness and efficiency.

The Board Committees were assessed based upon the composition and experience of the respective Board Committee members, fulfilment of objectives in line with their respective TOR, effectiveness and efficiency of decision making process, the quality of information communicated to the Board as well as the effectiveness of the Board Committees' Chairman.

Each of the ARMC members was evaluated by the NRC in the areas covering foundational matters, responsibilities, financial literacy and

the understanding of business/industry, significant accounting policies, accounting estimates and financial reporting practices, significant financial and non-financial risks as well as internal control systems and risk management practices. The Chairman of the ARMC was also assessed by the NRC in respect of her ability in discharging her role as the Chairman of the ARMC.

Each Independent Director performed a self-evaluation to affirm their independence from Management. The Independent Directors' self-evaluation forms were then submitted to the NRC for further assessment on their overall performance during the year under review in particular whether the Independent Directors had exercised independent and objective judgement when discharging their duties.

The Directors had conducted self-evaluation centering on areas such as fit and proper, contribution and performance as well as continuous development. Subsequent thereto, the NRC Chairman conducted a one-on-one review session with each participating Director to further engage with the Directors and discuss the feedback given by the relevant Directors.

The duly completed evaluation forms were collated and a summary of the results and all feedback received was tabled to the NRC and ARMC (where applicable) for deliberation prior to recommending the appropriate action to the Board for consideration.

The Board, having reviewed the performance of the respective persons/parties from the evaluation findings, is satisfied that:

- (a) the Board and Board Committees are effective as a whole, considering the required mix of skills, size and composition, experience, integrity, core competencies, time committed and other qualities in carrying out their duties and responsibilities to steer the Group;
- (b) the ARMC has consistently performed well during the financial year and discharged their duties and responsibilities satisfactorily in

upholding the integrity of financial reporting and managing risks in accordance with its TOR. The ARMC members have sound judgement, objectivity, independent attitude, professionalism, integrity, knowledge of the industry and are financially literate;

- (c) the NRC has consistently performed well during the financial year and discharged its duties and responsibilities satisfactorily in accordance with its TOR under the chairmanship of the NRC Chairman;
- (d) the four NEDs of the Company are independent of management and free from any business or other relationship which could interfere with the exercise of independent judgement. The Independent NEDs have continuously brought independent and objective judgement to the Board deliberations;
- (e) each of the Directors including the MD & CEO has the character, experience, integrity, competence and time to effectively discharge their respective roles;
- (f) the GCFO has the character, experience, integrity, competence and time to effectively discharge his role; and
- (g) the external auditors, KPMG PLT, have discharged their duties independently as well as adopted an objective approach in their audit process. The Board has considered the performance of KPMG PLT and was satisfied that KPMG PLT is of calibre and hence, recommended that KPMG PLT be re-appointed as the external auditors of the Company for the financial year ending 31 December 2018.

Based on the assessment of the individual Directors seeking re-election at the forthcoming Eighth Annual General Meeting ("AGM") of the Company and at the recommendation of the NRC, the Board has recommended for the shareholders' to vote in favour of the relevant resolutions with regard to the re-election of the Directors as stipulated in the Notice of Eighth AGM.

The Board is of the view that it is not necessary to engage independent experts to facilitate the Board evaluations for the time being. The NRC will assess the need for an independent expert's evaluation as and when deemed necessary.

Directors' Training

The Board is constantly encouraged to attend programmes and seminars to keep abreast with the latest developments in the industry and marketplace.

During the financial year under review, the Directors participated in various

programmes and forums, which they had individually or collectively considered as relevant and useful in contributing to the effective discharge of their duties as Directors.

The Company Secretary facilitates the organisation of internal and external programmes and Directors' attendance at such programmes and maintains details of the training attended by the Directors.

Koji Nagatomi who was appointed as a Non-Independent Non-Executive

Director in place of Satoshi Tanaka in the Company on 1 April 2017 had attended the Mandatory Accreditation Programme (MAP) on 27 – 28 July 2017.

The training programmes attended by the Directors during the financial year ended 31 December 2017 included areas of clinical governance, risk management, healthcare related matters, hospital operations, leadership and business transformation management, information technology as well as regulatory compliance, the details of which are as follows:

Director	List of Training, Conferences, Seminars, Workshops Attended
Tan Sri Dato' Dr Abu Bakar bin Suleiman (Retired on 31 December 2017)	(i) National Kidney Foundation's 5-Year Strategic Plan (ii) 9th National Paediatric Research Conference on "Engaging Professional in the Dilemma of Paediatric Bioethics" (Keynote Speaker) (iii) Healthcare Forum on "Optimising Malaysian Healthcare Delivery: The Best Forward" (Moderator) (iv) Annual Scientific Meeting of the Academy of Family Physicians (v) IHH Board Retreat (vi) Briefing on Clinical Governance: ICGAC (vii) International Forum (Asia) on Quality and Safety in Healthcare 2017 (viii) International Conference on Clinical & Health Sciences
Dato' Mohammed Azlan bin Hashim	(i) Implications on IHH following the implementation of the new Companies Act 2016 (ii) Companies Act 2016: Overview of the changes and how they affect you and your business (iii) Global Transformation Forum (iv) Acibadem Altunizade Hospital Operation Tour (v) Cyber Security Board Awareness Session (vi) The 10th Malaysian Software Engineering Conference (vii) The Asian Captive Conference 2017 (viii) IHH Board Retreat (ix) Briefing on Clinical Governance: ICGAC
Dr Tan See Leng	(i) Medical Conference (Nucleus Forum) (ii) J.P. Morgan Healthcare Conference (iii) Master Class in Liver Disease – 2017: Liver Diseases & Transplantation – Back to Basics (iv) Implications on IHH following the implementation of the new Companies Act 2016 (v) Global Healthcare Conference (vi) Acibadem Altunizade Hospital Operation Tour (vii) Family Medicine Review Course 2017 (viii) IHH Board Retreat (ix) Briefing on Clinical Governance: ICGAC (x) International Forum on Quality and Safety in Healthcare (xi) Khazanah Megatrends Forum 2017: Cerebrum x Algorithm

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Director	List of Training, Conferences, Seminars, Workshops Attended
Mehmet Ali Aydinlar	(i) Implications on IHH following the implementation of the new Companies Act 2016 (ii) Acibadem Altunizade Hospital Operation Tour (iii) IHH Board Retreat
Chintamani Aniruddha Bhagat	(i) Implications on IHH following the implementation of the new Companies Act 2016 (ii) Acibadem Altunizade Hospital Operation Tour (iii) IHH Board Retreat (iv) Briefing on Clinical Governance: ICGAC
Koji Nagatomi (Appointed on 1 April 2017)	(i) Implications on IHH following the implementation of the new Companies Act 2016 (ii) Mandatory Accreditation Programme (iii) IHH Board Retreat (iv) Briefing on Clinical Governance: ICGAC (v) Globalization of telemedicine
Chang See Hiang	(i) Medical Negligence Update: Recent Landmark Decisions in Singapore (ii) Developments to Singapore's Restructuring and Insolvency Regime (iii) IHH Board Retreat
Rossana Annizah binti Ahmad Rashid	(i) Implications on IHH following the implementation of the new Companies Act 2016 (ii) Thought Leadership Session 2017 (iii) Acibadem Altunizade Hospital Operation Tour (iv) IHH Board Retreat (v) Briefing on Clinical Governance: ICGAC (vi) Parkway Pantai Limited Quality Summit: Creating New Frontiers, Together As One (vii) Khazanah Megatrends Forum 2017: Cerebrum x Algorithm (viii) Employees Provident Fund ("EPF") Investment Seminar 2017 (ix) Training on Malaysian Code on Corporate Governance (x) EPF Private Equity Academy by HarbourVest Partners (Asia) Limited
Kuok Khoo Ean	(i) Implications on IHH following the implementation of the new Companies Act 2016 (ii) IHH Board Retreat (iii) Briefing on Clinical Governance: ICGAC
Shirish Moreshwar Apte	(i) Medical Conference (Nucleus Forum) (ii) Implications on IHH following the implementation of the new Companies Act 2016 (iii) Acibadem Altunizade Hospital Operation Tour (iv) IHH Board Retreat (v) Briefing on Clinical Governance: ICGAC
Quek Pei Lynn (Alternate Director to Chintamani Aniruddha Bhagat)	(i) J.P. Morgan Healthcare Conference (ii) Implications on IHH following the implementation of the new Companies Act 2016 (iii) Acibadem Altunizade Hospital Operation Tour (iv) IHH Board Retreat (v) Briefing on Clinical Governance: ICGAC (vi) McKinsey Asia-Pacific Hospitals Conference 2017
Takeshi Saito (Alternate Director to Koji Nagatomi) (Appointed on 1 April 2017)	(i) Healthcare 2025-Hospital Development & Business Model Evolution (ii) Acibadem Altunizade Hospital Operation Tour (iii) IHH Board Retreat (iv) Briefing on Clinical Governance: ICGAC (v) Globalization of telemedicine

The Board, through the NRC had also assessed the training needs of its Directors by referring to the list of trainings attended by each of the Directors during the financial year under review. The Board was satisfied that the training attended by the Directors in year 2017 was appropriate and aided the Directors in the discharge of their duties. The Directors were encouraged to attend relevant training programmes to enhance their ability in discharging their duties and responsibilities as Directors.

(III) REMUNERATION

Directors' Remuneration

The Group's policy on Directors' remuneration serves to attract, retain and motivate directors of the calibre that the Group needs to manage the Group successfully. To maximise the effectiveness of the remuneration policy, the remuneration package has been carefully aligned with industry practices while upholding shareholders' interests. The aim is to target an appropriate level of remuneration for managing the business in line with the strategy. The component parts of remuneration for the Executive Directors are structured so as to link rewards to corporate and

individual performance. The NRC is responsible for reviewing and recommending to the Board, the policy and framework of the Directors' remuneration and the remuneration package for the Executive Directors. In recommending the Group's remuneration policy, the NRC may receive advice from external consultants. It is the ultimate responsibility of the Board to approve the remuneration of these Directors.

In the case of NEDs, the level of remuneration reflects the experience, expertise and level of responsibilities undertaken by the particular NED concerned. The determination of the remuneration packages of NEDs (whether in addition to or in lieu of their fees as Directors), is a matter for the Board as a whole. Individual Directors do not participate in decisions regarding their own remuneration packages.

The Board has agreed to use market capitalisation ("cap") as the financial metrics to benchmark the NEDs fees as there is a very strong positive relationship between directors' fee and the company's market cap. Market cap includes other qualitative measures such as the status of the company's brands and reputation,

the abilities of the company's management, its market position and potential growth, which would determine the price that investors are willing to pay for the company's stock.

In making the appropriate assessment and then recommendation to the shareholders, the proposed NEDs fees are benchmarked against the Company's peer groups comprising Malaysia-based large cap companies, Singapore-based large cap companies and regional healthcare large cap companies.

Pursuant to the Streamlining Exercise resulting in increased responsibilities undertaken by the NEDs coupled with the increased coverage and footprint of IHH Group operationally, at the recommendation of the Senior Management, the Board (save for the NEDs) recommended for the shareholders to vote in favour of the Ordinary Resolution 6 to effect the proposed revised NEDs fees structure following the Streamlining Exercise, as stipulated in the Notice of Eighth AGM.

The existing and proposed NEDs fees are summarised below:

Structure	Chairman (RM per annum)		Member (RM per annum)	
	Existing	Proposed	Existing	Proposed
Board of Directors	–	600,000	285,000	285,000
Audit & Risk Management Committee ¹	150,000	–	100,000	–
Audit Committee	–	175,000	–	100,000
Risk Management Committee	–	175,000	–	100,000
Nomination & Remuneration Committee ²	90,000	–	60,000	–
Nomination Committee	–	150,000	–	90,000
Remuneration Committee	–	150,000	–	90,000
Steering Committee	90,000	350,000	60,000	100,000

1. The ARMC will be split into an Audit Committee and a Risk Management Committee, respectively with effect from 1 July 2018.

2. The NRC will be split into a Nomination Committee and a Remuneration Committee, respectively with effect from 1 July 2018.

The NEDs who are shareholders of the Company will abstain and have undertaken to ensure that persons

connected to them will abstain from voting in respect of their respective direct and/or indirect shareholding in IHH on

the Ordinary Resolution 6 to effect the proposed revision in the NEDs fees at the forthcoming AGM of IHH.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The details of aggregate remuneration of Directors for the financial year ended 31 December 2017 are as follows:

	Company				Subsidiaries				Group Total RM '000
	Salaries RM '000	Fees RM '000	Bonus, Incentives & Others RM '000	Benefits- in-kind RM '000	Salaries RM '000	Fees RM '000	Bonus, Incentives & Others RM '000	Benefits- in-kind RM '000	
Executive Directors									
Tan Sri Dato' Dr Abu Bakar bin Suleiman (Retired on 31 December 2017)	300	–	–	–	900	–	720	76	1,996
Dr Tan See Leng	2,349	–	17,689	243	2,455	–	11,157	–	33,893
Mehmet Ali Aydinlar	–	–	–	–	–	1,556	5,074	–	6,630
Total	2,649	–	17,689	243	3,355	1,556	16,951	76	42,519
Non-Executive Directors									
Dato' Mohammed Azlan bin Hashim	–	387	–	–	–	694	–	–	1,081
Chintamani Aniruddha Bhagat ¹	–	310	–	–	–	507	–	–	817
Koji Nagatomi ¹ (Appointed on 1 April 2017)	–	246	–	–	–	44	–	–	290
Chang See Hiang	–	409	–	–	–	257	–	–	666
Rossana Annizah binti Ahmad Rashid	–	447	–	–	–	472	–	–	919
Kuok Khoon Ean	–	295	–	–	–	–	–	–	295
Shirish Moreshwar Apte	–	420	–	8	–	296	–	–	724
Quek Pei Lynn ¹ (Alternate Director to Chintamani Aniruddha Bhagat)	–	–	–	–	–	218	–	–	218
Takeshi Saito ¹ (Alternate Director to Koji Nagatomi) (Appointed on 1 April 2017)	–	–	–	–	–	190	–	–	190
Satoshi Tanaka ¹ (Resigned on 1 April 2017)	–	64	–	–	–	–	–	–	64
Koichiro Sato ¹ (Alternate Director to Satoshi Tanaka) (Ceased on 1 April 2017)	–	–	–	–	–	11	–	–	11
Total	–	2,578	–	8	–	2,689	–	–	5,275

1. Fees for representatives of Pulau Memutik Ventures Sdn Bhd and MBK Healthcare Partners Limited / Mitsui & Co., Ltd on the Board are directly paid to Khazanah Nasional Berhad and Mitsui & Co., Ltd, respectively.

Senior Management's Remuneration

There is a guideline and policy in place which defines the pay range (based on market data) of different levels of senior management according to a job grade structure. Group Human Capital Management is currently undertaking a review of the job grade structure to ensure standardisation across the Group to the extent where possible and subject to different geographical and regulatory requirements.

The bonuses and share-based payments accorded to the Senior Management would be determined by the Board, at the recommendation of the NRC, after reviewing the achievement of the key performance indicators of the Group's Balanced Scorecard which was approved by the Board at the beginning of the financial year as well as the individual performance appraisal of each Senior Management. This is to ensure that the remuneration package of the Senior Management is commensurate with their individual performance, taking into consideration of the Group's performance.

The Board is of the view that it is not to the Company's advantage or best business interest to disclose the detailed remuneration of its Senior Management considering the competitive nature of the industry within which we operate and the sensitivities associated with such disclosure. The confidentiality of such information is also crucial for the Group in managing our talent bench effectively.

The NRC will determine the appropriate remuneration for Senior Management of the Company and recommend the same to the Board for consideration. There are numerous determinants of remuneration for an individual and these would be assessed by the NRC and Board to ensure that the remuneration package identified for Senior Management of the Company is fair, equitable and competitive.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

(I) AUDIT AND RISK MANAGEMENT COMMITTEE

The audit, internal control and risk management functions are undertaken by the ARMC. As the ARMC accords adequate attention to the audit, internal control and risk management agendas, these functions were undertaken by a combined ARMC given the similarities of the key responsibilities under audit, internal control and risk management. The ARMC comprises solely of Independent Directors, all of whom have the expertise to oversee risk management matters in an effective manner.

The ARMC is comprised of members from diverse backgrounds with extensive experience in banking, finance, legal practice and corporate governance issues.

The ARMC members are encouraged to attend at least one training in a year with emphasis being exerted on relevant developments in accounting and auditing standards, practices and rules. The ARMC is also apprised of developments in accounting and auditing standards by the external auditors impacting the Company/Group periodically.

Evaluation on External Audit

IHH has an internal policy to perform a major review of external auditors every five years in line with market practice. The experience, capabilities, audit approach and independence of the audit firms are assessed by Management and recommended to the ARMC for appointment or re-appointment. A request for proposal (RFP) to select and appoint the Group external auditors, KPMG PLT, was last conducted for the financial year ended 31 December 2014. Nevertheless, the re-appointment of KPMG PLT as external auditors of the Group is still subject to satisfactory delivery of audit services and re-appointment on a yearly basis at each AGM. Management would conduct

another major review of the external auditors in the financial year ending 31 December 2019.

On an annual basis, Management will review the service levels of the auditors, agree on amendments to their scope of work to address new developments in the business and recommend their re-appointment to the ARMC. All major non-audit services proposed by the auditors are presented to the ARMC to determine if auditors' independence will be compromised.

Additionally, the MD & CEO, the GCFO and the internal auditors would also assess the performance of the external auditors annually via the External Auditor Performance and Independence Checklist covering areas such as objectivity and independence, technical competence and ability, understanding of IHH Group's businesses and industry, resources assigned, capability of the engagement partner and engagement team as well as the ability to provide constructive observations, implications and recommendations in areas needing improvement, particularly with respect to the organisation's internal control system over financial reporting.

The duly completed External Auditor Performance and Independence Checklist would then be submitted to the ARMC for their reference. The ARMC would conduct an annual review and assessment in relation to the appointment and re-appointment of external auditors for statutory audit, recurring audit-related and non-audit related services.

The external auditors, KPMG PLT, had provided a written confirmation to the ARMC that their firm, its engagement partner, engagement quality control reviewer and members of the audit engagement team are independent for the purpose of the audit of the consolidated financial statements of the Company for the financial year ended 31 December 2017, in accordance with the terms of relevant professional and regulatory requirements.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Company has in place a policy contained in the ARMC's TOR that requires a former key audit partner to observe a cooling-off period of at least two years before being appointed as a member of the ARMC to ensure the independence of such appointment, if any.

The Board and the ARMC maintain a formal and professional relationship with the external auditors. For the financial year under review, the ARMC had two meetings with the external auditors without the presence of Management, which encouraged a greater exchange of independent and frank views and opinions as well as dialogue between both parties. The external auditors were also invited to attend the meetings of the ARMC as well as the AGM of the Company to answer the queries that the shareholders may have on the conduct of the statutory audit and the contents of the audited consolidated financial statements of the Company.

Oversight of Financial Reporting

The Directors continually strive to present a clear, balanced and understandable assessment of the Group's financial position, performance and prospects primarily through the audited financial statements, annual report and quarterly announcement of results to shareholders.

The Directors are responsible for ensuring that the financial statements prepared are drawn up in accordance with the provisions of the Companies Act 2016 and the applicable approved accounting standards in Malaysia. In presenting the financial statements, the Company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates.

The Board assisted by the ARMC, oversees the financial reporting processes and the quality of the financial reporting by the Group. The quarterly financial results and audited financial statements were reviewed by the ARMC

and approved by the Board before being released to Bursa Securities and Singapore Exchange Securities Trading Limited ("SGX").

The Directors' Responsibility Statement for the audited financial statements of the Company and the Group is set out on page 172 of this Annual Report. The details of the Company and the Group financial statements for financial year ended 31 December 2017 are presented from pages 174 to 316 of this Annual Report.

(II) RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

Risk Management and Internal Control

IHH recognises that risk is an integral and unavoidable consideration of doing its business. As business and operational risks cannot be wholly eliminated, IHH will continuously foster a high level of risk awareness and compliance culture across the Group.

The Board is fully committed to maintaining a sound system and framework of risk management and internal controls. The Board, through the ARMC, is responsible for governing risks and providing guidance to Management in formulating the risk management frameworks, policies and guidelines. It maintains oversight of all identifiable risks within the Group to ensure that the policies and procedures on risks and internal controls are implemented in accordance with the Group's business objectives. The ARMC evaluates the risk management policies formulated by Management as well as the effectiveness of the mechanisms set in place to identify and mitigate risk. It then makes the necessary risk-related recommendations to the Board for consideration and approval. The ARMC is also responsible for ensuring that the appropriate systems are in place to identify and highlight areas of potential business or operational risk to the Group.

The Group has put in place an Enterprise Risk Management ("ERM") framework to identify, assess, mitigate and monitor

risks and uncertainties associated with the achievement of the Group's business objectives. It outlines the governance principles, structure and accountabilities, as well as policies and limits in managing the Group's key risks. Each major business operating entity or group adopts the ERM framework to systematically identify, evaluate and address key risks affecting its business and regulatory environment.

Risk appetites, including financial, strategic, operational and governance risk appetites, are defined in the Group's ERM Governance Policy. Key risk indicators and risk tolerance levels are also in place for the Management and the Board to regularly monitor key business risks.

This robust framework allows for periodic review of key risks and emerging risks, including financial, operational, regulatory, reputational, cyber security and IT, clinical quality and talent retention/manpower related risks so that pre-emptive actions and risk mitigation plans can be put in place to address and treat these risks. On a quarterly basis, these key risks, internal controls and risk mitigation plans are reported to the ARMC, who in turn will report to the Board on critical risk issues, material matters and recommendations.

Our ERM framework has been developed and validated by external professional firms. References are made to the Singapore Code of Corporate Governance, MCGG and ISO 31000.

Apart from the self-assessment performed by Management on the adequacy and effectiveness of internal controls in mitigating the key risks, independence audits have been performed by the internal auditors on material internal controls such as financial and IT controls. External audits take the form of random checks and site visits by the Ministry of Health to assess compliance to local laws and regulations. In addition to these audits, the hospitals have also embarked on a voluntary third party assessment of its structure,

process and outcome against the Joint Commission International (JCI) requirements for healthcare organisations.

The Statement on Risk Management and Internal Control which provides an overview of the risk management framework and state of internal controls within the Company and the Group is set out on pages 161 to 167 of this Annual Report.

Promoting Sustainability

The Board is cognisant of the need to adopt sustainable practices. In view of the Group's geographically expansive operations, the Board has embarked and would continue on a holistic review of the Company's sustainable practices based on our four-pronged strategy covering Quality Healthcare, Sustainable Growth, New Markets and Eco-Efficiency for the year under review. The Sustainability Statement is laid out separately on pages 54 to 111 of this Annual Report.

Internal Audit

The Group has an independent internal audit function, reporting directly to the ARMC. The Group's internal audit function is undertaken in-house, save for IMU Group. The Group Internal Audit is guided by international standards and professional best practices of Internal Audit to enhance internal audit activities. The Group Internal Audit uses structured risk-based and strategic-based approaches to develop its strategic audit plan which is reviewed and approved by the ARMC annually.

Audrey Huang Lok Sen ("Audrey Huang") is the Group Head, Internal Audit of IHH. Audrey Huang has more than thirty years' experience in auditing, including external audit experience as well as internal audit experience with various financial institutions. Audrey Huang is a Member and Governor of the Institute of Internal Auditors, Singapore, Fellow Member of the Association of Chartered Certified Accounts (UK), Member of the Institute of Singapore Chartered Accountants and Member of the Malaysian Institute of Accountants. In 2013, Audrey Huang

obtained the Certification in Risk Management Assurance (CRMA) from the Institute of Internal Auditors, Inc USA.

There are a total of 35 internal auditors across the Group, including the Group Head, Internal Audit. All the internal auditors have the required qualifications to carry out audit work.

The internal audit function is further disclosed in the ARMC Report and Statement on Risk Management and Internal Control on pages 156 to 160 and pages 161 to 167 respectively of this Annual Report.

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

(I) COMMUNICATION WITH STAKEHOLDERS

Communication with Shareholders and Stakeholders

The Company has a dedicated IR and Corporate Communications Department which maintains active dialogue with key institutional investors and analysts, as well as answers queries from shareholders. The Board has endorsed the IR policy which aims to enforce IHH's commitment to maintain effective and fair communications to the shareholders and stakeholders by updating them of material developments and providing a guideline of processes and procedures upon which IHH can successfully implement its IR programme.

The IR programme is conducted throughout the year to ensure that a series of planned activities are implemented to communicate IHH's strategy, operational performance, financial results and other material developments to the Stock Exchanges (Bursa Securities and SGX), analysts, investors, shareholders and other stakeholders in a timely, open and comprehensive manner.

The Group's Investor Relations Policy is available on the Company's website at www.ihhhealthcare.com.

Corporate Disclosure Policies and Procedure

As a publicly listed company, IHH's Management has the responsibility and is committed to disclose in a timely manner any and relevant information that may have an impact on the Group's share price so that investors can make informed investment decisions. All communications should take into account the recommendations contained in the MCCG and Singapore Code of Corporate Governance 2012, as well as disclosure obligations contained in the MMLR and Mainboard Rules of SGX, where applicable. Being primarily listed on Bursa Securities, the Group will comply with its disclosure obligations expressed in the MMLR and secondary listing obligations as imposed by SGX.

Management will make every effort to provide information that accurately and fairly represents the Group, its management, operations, and financial performance, as well as its future prospects to its shareholders, stakeholders and the general public. This commitment is underpinned by a proactive and interactive IR Programme that centres on effective and open two-way communication between the Group and all its stakeholders through various means, including the Group's corporate website, investor conferences and non-deal road shows across the globe, investor presentation, annual reports, AGM and conference calls both locally and internationally with financial analysts, institutional shareholders and fund managers.

The Group will ensure that it reports IHH's financial results, strategic developments, operational performance and other material operations affecting the Group to the Stock Exchanges (Bursa Securities and SGX), analysts, investors, shareholders and other stakeholders in a timely, open and comprehensive manner.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

All Communication Principles

Transparent

information will be released in a balanced and fair manner

Accurate

information should be complete and accurate when released

Consistent and Timely

all stakeholders will receive the same information through broad public dissemination, which is made as and when possible

Group Corporate Website

IHH's corporate website at www.ihhhealthcare.com provides a dedicated platform for stakeholders to access essential information of the Group. The information on the website, which is updated in a timely manner, includes IHH's corporate profile, individual profiles of Directors and Senior Management, share information both in Bursa Securities and SGX, media releases, quarterly and annual financial statements, investor presentations, dividend policy, annual reports, Constitution, Board Charter, TOR of the Board Committees, corporate governance related policies, corporate news and IHH's global operations and major subsidiaries. The corporate website also has an event calendar which sets out the important dates for stakeholders such as general meetings, release date of financial results and information in relation to dividend entitlement.

Visitors could also receive the latest IHH updates via email or RSS feed through the corporate website. In addition, stakeholders could obtain regulatory announcements made by IHH to Bursa Securities and SGX by clicking on the relevant link available in the corporate website.

Shareholders and investors can make inquiries about IR matters via a dedicated email address at ir@ihhhealthcare.com. The email address is made available on IHH's corporate website.

Integrated Reporting

The Annual Report 2017 has been prepared in accordance with the International <IR> Framework by the International Integrated Reporting Council and the Global Reporting Initiatives (GRI) Sustainability Reporting Guidelines to enhance reporting connectivity while providing stakeholders with a more holistic view of how the Company creates and sustains value.

(II) CONDUCT OF GENERAL MEETINGS

Transparency and accountability to all stakeholders are the key elements of good corporate governance. The fundamental objectives of transparency and accountability are clear communication, as well as relevant and comprehensive information that is timely and accessible by all stakeholders. In this respect, the Company is committed to providing a high standard of dissemination of relevant and material information on

the development of the Group. The provision of timely and relevant information is principally important to the shareholders and investors for informed decision making particularly in periods of financial turbulence and extreme volatility in the market place.

Annual General Meeting

The Company regards the AGM as the principal platform for direct two-way dialogue between private and institutional shareholders with the Board and Management of the Group. The Group aims to ensure that the AGM provides an important opportunity for effective communication with and obtain constructive feedback from the Company's shareholders. Before proceeding with the agenda of the AGM, the MD & CEO would present to the shareholders the operational and financial performance of the Group during the year under review and overview of the growth strategies of the Group moving forward to accord shareholders with a better understanding on their investment.

Shareholders are encouraged to participate in the proceedings and ask questions on the operations of the Group and on any resolutions being proposed.

The Chairman as well as the MD & CEO will provide sufficient time for shareholders' questions on matters pertaining to the Group's performance and seek to explain concerns raised by the shareholders.

Additionally, the queries by the Minority Shareholder Watchdog Group (MSWG) on IHH's business or other pertinent governance issues raised prior to the meetings as well as IHH's feedback are shared with all shareholders during the AGM. The results of the voting of each resolution are also immediately announced to the shareholders in the AGM after the voting process.

The Notice and agenda of AGM together with the Form of Proxy are given to shareholders at least twenty-eight days before the AGM, which gives shareholders sufficient time to prepare themselves to attend the AGM or to appoint a proxy or proxies to attend and vote on their behalf. Each item of special business included in the Notice of AGM is accompanied by an explanatory statement for the proposed resolution to facilitate the full understanding and evaluation of issues involved.

All Directors attend the general meetings of the Company, unless unforeseen circumstances or pressing commitments prevent them from doing so. Any leave of absence must be justified accordingly. The Chairman of the Board Committees

endeavor to attend the general meetings of the Company to address any stakeholder concerns on matters relating to the functions and activities under the purview of their respective Committees. In the event any Director is unable to attend the general meeting, he/she will inform the Board Chairman in advance, then at the meeting, the other Board members (including MD & CEO) will assist in addressing the questions raised.

A summary of the key matters discussed at the general meetings of the Company will be published on IHH's corporate website as soon as practicable after the conclusion of the general meeting.

Electronic Voting

All resolutions intended to be moved at the Company's general meeting would be voted by poll in line with Paragraph 8.29A of the MMLR. The Company would appoint at least one independent scrutineer to validate the votes cast at the general meeting. The results of the poll vote would be announced during the general meeting by the Chairman of the meeting to determine whether the resolutions tabled were carried or vice versa. The Company has implemented electronic poll voting for all resolutions at its Seventh AGM and intends to conduct electronic poll voting for all resolutions at its general meetings moving forward.

The Company is mindful of organising its general meetings at a venue that is

accessible to shareholders and able to cater to the crowd in attendance. There is no facility for shareholders' voting in absentia or remote participation at general meetings available to date. IHH shall be guided by Bursa Securities and other relevant authorities as to how this could be implemented and will explore the availability of such platform/ applications / system to facilitate such remote participation. Where necessary, the Company's Constitution will be amended to allow for voting in absentia.

COMPLIANCE STATEMENT

While sound corporate governance practices and strong internal controls are already in place within IHH, we believe there is always room for improvement and are continuously exploring new measures and opportunities to enhance our system of governance and meet stakeholder expectations. By ensuring we understand and fulfil the evolving needs of our stakeholders, we are committed to continuous strengthening of IHH's position and reputation as a key healthcare provider and to bolstering the Group's efforts to compete effectively in the global arena.

The Board has reviewed, deliberated upon, and approved this CG Overview Statement in line with the principles and recommendations of the MCCG. This CG Overview Statement is made in accordance with the resolution of the Board dated 26 March 2018.

NOMINATION AND REMUNERATION COMMITTEE REPORT

The Nomination and Remuneration Committee (“NRC”) was established on 18 April 2012 in line with the Malaysian Code on Corporate Governance (“MCCG”). Bursa Malaysia Securities Berhad (“Bursa Securities”) had amended the Main Market Listing Requirements (“MMLR”) mandating the establishment of a nominating committee by all the listed issuers with effect from 1 June 2013.

ROLES OF THE NRC

The NRC is primarily to assist the Board in fulfilling its fiduciary responsibilities relating to the review and assessment of the nomination and selection process of Board members and Senior Management, review of the remuneration framework of Board members and Senior Management, review of Board and Senior Management succession plans, assessment of Board, its Committees and each individual Director performance as well as evaluation of the training and development needs of the Board members.

The NRC is governed by a clearly defined and documented Terms of Reference (“TOR”). The NRC’s TOR is reviewed and updated from time to time, as the need arises, to ensure that it remains relevant and up-to-date to be in line with various changes in regulations. The TOR was last reviewed and approved for adoption by the Board in February 2018 and the necessary amendments had been incorporated therein. The TOR of the NRC is accessible for reference on the Company’s website at www.ihhhealthcare.com.

In carrying out its duties and responsibilities, the NRC has the following authorities:

- Perform the activities required to discharge its responsibilities and make recommendations to the Board;
- Select, engage and seek approval from the Board (within the Group’s Limits of Authority) for fees for professional advisers that the NRC may require to carry out its duties;
- Have full and unrestricted access to information, records, properties and employees of the Group;

- Seek input from the concerned individuals on remuneration policies, but no individual should be directly involved in deciding their own remuneration; and
- Have access to the advice and services of the Company Secretaries.

COMPOSITION AND MEETINGS

The NRC is comprised exclusively of Non-Executive Directors, a majority of whom are independent.

In May 2017, Chang See Hiang, the Senior Independent Non-Executive Director, had stepped down as NRC Chairman but he however continues to remain as a member of NRC. Following thereto, Shirish Moreshwar Apte, an Independent Non-Executive Director and a member of the NRC since September 2014 was redesignated as the new NRC Chairman of the Company.

The NRC is composed of members with the appropriate balance and diversity of skills, experience, gender and knowledge. During the year under review, NRC membership was increased to five following the appointment of Kuok Khoon Ean, Independent Non-Executive Director as additional NRC member in May 2017.

In March 2018, Chintamani Aniruddha Bhagat was appointed as a member of NRC following the resignation of Dato’ Mohammed Azlan bin Hashim as member of NRC.

Based on the analysis/findings of the performance evaluation of the NRC, the Board is satisfied that the NRC has consistently performed well and discharged its duties and responsibilities satisfactorily in accordance with its TOR under the chairmanship of the NRC Chairmen.

The NRC has met five times during the year under review. The composition of the NRC and the attendance record of its members for the year under review are as follows:

Director	Designation	Total Meetings Attended
Shirish Moreshwar Apte (Chairman)	Independent Non-Executive Director	5/5
Chang See Hiang (Member)	Senior Independent Non-Executive Director	5/5
Dato’ Mohammed Azlan bin Hashim (Member) (Resigned on 1 March 2018)	Chairman, Non-Independent Non-Executive Director	5/5
Rossana Annizah binti Ahmad Rashid (Member)	Independent Non-Executive Director	5/5
Kuok Khoon Ean (Member) (Appointed on 19 May 2017)	Independent Non-Executive Director	3/3
Chintamani Aniruddha Bhagat (Member) (Appointed on 1 March 2018)	Non-Independent Non-Executive Director	Not Applicable

The NRC meetings were attended by the Managing Director & Chief Executive Officer (“MD & CEO”) and Group Chief Human Resource Officer together with other consultants engaged on particular subject matters, upon invitation, to brief the NRC on pertinent issues.

Minutes of the NRC meetings would be circulated to all members for comments and extracts of the decisions made by the NRC would be escalated to relevant process owners for action. The Chairman of the NRC would provide a report, highlighting significant points of the decisions and recommendations made by the NRC to the Board and significant matters reserved for the Board’s approval would be tabled at the Board meetings. The NRC may call for ad-hoc meetings as and when necessary to follow through on the necessary actions post the Board’s decision or to discuss matters which require urgent decision. Urgent matters which require NRC’s decision may also be sought via circular resolutions together with the proposals containing relevant information for their consideration. During the year, four NRC Circular Resolutions were circulated and approved.

SUMMARY OF ACTIVITIES

During the financial year, the NRC had carried out the following key activities:

- (a) Reviewed the analysis/findings of the performance evaluation of the Board as a whole, Board Committees, individual Directors and Independent Directors in accordance with the performance evaluation criteria set out in the Corporate Governance Guide – 2nd Edition: Towards Boardroom Excellence by Bursa Securities, for the year 2016;
- (b) Assessed the NRC’s composition, performance, quality, skills, competencies and effectiveness as well as their accountability and responsibilities for the year 2016;
- (c) Undertaken an assessment to review the term of office and evaluate the Audit and Risk Management Committee’s (“ARMC”) overall performance and each of its members in discharging its duties and responsibilities in accordance with its TOR;
- (d) Assessed and evaluated the training needs of its Directors to ensure the Directors kept abreast of regulatory changes, other developments and broad business trends;
- (e) Recommended the re-election of Directors at the Seventh Annual General Meeting (“AGM”) to the Board for consideration after taking into account the composition of the board, the required mix of skills as well as the experience and contributions of the individual Directors based on the assessment conducted for the year 2016;
- (f) Assessed the performance measurement and achievement of the key performance indicators of the Group for 2016 against the balanced scorecard which had been approved by the Board in early 2016;
- (g) Deliberated and recommended to the Board for approval, the balanced scorecard for the year 2017;
- (h) Discussed and recommended to the Board for approval, bonus and salary increment for Executive Directors, Management and employees of the Company and key subsidiaries (where applicable) upon assessing the performance of the Company, subsidiaries and employees in 2016/2017;
- (i) Discussed and recommended to the Board for approval, the 2017 Long Term Incentive Plan (“LTIP”) for Executive Directors, Management and employees upon assessing the performance of the Company, the respective operating companies and employees;
- (j) Reviewed and recommended to the Board for approval, the NRC Report for inclusion in the Annual Report 2016;
- (k) Reviewed and recommended to the Board for approval, the appointment of Koji Nagatomi with Takeshi Saito as his alternate on the Board, after having considered their skillset, character, knowledge, expertise and experience, professionalism, integrity and commitment to ensure that the right balance of skills, knowledge, breadth of experience and expertise are reflected in the Board;

NOMINATION AND REMUNERATION COMMITTEE REPORT

- (l) Reviewed and recommended to the Board for approval, the nomination of directorship on the board of key subsidiaries, having considered the candidate's skills, character, knowledge, expertise and experience, professionalism, integrity and commitment;
 - (m) Reviewed and recommended to the Board for approval, the appointment of Senior Management and their corresponding compensation package, having considered the candidates' skillset and experience;
 - (n) Discussed and reviewed the Executive compensation benchmarking report and findings prepared by an external consultant engaged;
 - (o) Reviewed, deliberated and recommended to the Board for approval, the roles and functions of the Board and Board Committees of the Group aiming to simplify and streamline the overall governance as well as to improve the efficiency of the Group ("Streamlining Exercise");
 - (p) Deliberated and recommended to the Board for approval, the renewal of contract of Senior Management of the Group and their corresponding compensation package upon taking into consideration their length of service, professionalism, performance and competence;
 - (q) Reviewed and deliberated the revised succession planning framework and development plan for the key subsidiaries;
 - (r) Deliberated and recommended to the Board for approval, the Board Chairman transition; and
 - (s) Conducted an assessment of the current Board composition against the relevant recommended practices of the new MCCG.
- Subsequent to the financial year ended 31 December 2017, the NRC carried out the following activities:
- (a) Reviewed the results/findings of the performance evaluation of the Board as a whole, Board Committees, individual Directors and Independent Directors in accordance with the performance evaluation criteria set out in the Corporate Governance Guide – 3rd Edition: Moving from Aspiration to Actualism by Bursa Securities, for the year 2017;
 - (b) Assessed the NRC's composition, performance, quality, skills, competencies and effectiveness as well as their accountability and responsibilities for the year 2017;
 - (c) Undertaken an assessment to review the term of office and evaluate the ARMC's overall performance and each of its members in discharging its duties and responsibilities in accordance with its TOR;
 - (d) Assessed and evaluated the training needs of its Directors to ensure the Directors kept abreast of regulatory changes, other developments and broad business trends;
 - (e) Recommended the re-election of Directors at the Eighth AGM to the Board for consideration after taking into account the composition of the board, the required mix of skills as well as the experience and contributions of the individual Directors based on the assessment conducted for the year 2017;
 - (f) Assessed the performance measurement and achievement of the key performance indicators of the Group for 2017 against the balanced scorecard which had been approved by the Board in early 2017;
 - (g) Discussed and recommended to the Board for approval, bonus and salary increment for Executive Directors, Management and employees of the Company and key subsidiaries upon assessing the performance of the Company, subsidiaries and employees in 2017;
 - (h) Discussed and recommended to the Board for approval, the 2018 LTIP grant for Executive Directors, Management and employees upon assessing the performance of the Company, the respective operating companies and employees;
 - (i) Reviewed the NRC Report for inclusion in the Annual Report 2017;
 - (j) Reviewed and recommended to the Board for approval, the appointment of Group Chief Operating Officer and his corresponding compensation package, having considered the candidate's skillset and experience;
 - (k) Reviewed the proposed revision of the Non-Executive Chairman and Directors fees as recommended by Management post the Streamlining Exercise in view of the increased roles and responsibilities of the Non-Executive Chairman and Directors; and
 - (l) Reviewed and deliberated on the Group's succession planning and talent development.

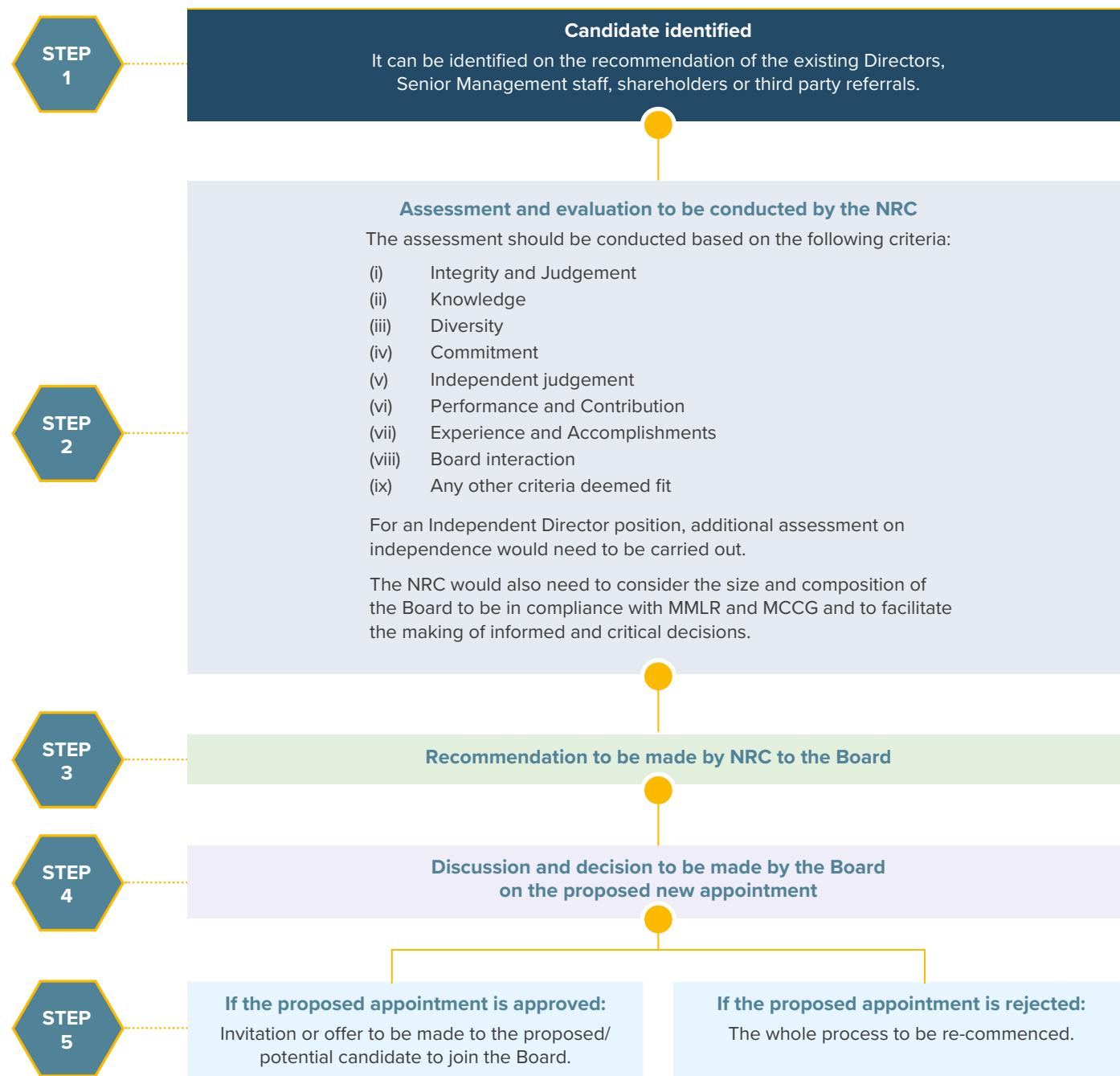
SELECTION AND ASSESSMENT OF DIRECTORS

The Group has adopted the Policy on Nomination and Assessment Process of Board Members ("Policy") that sets out

the process and requirements to be undertaken by the NRC and Board in discharging their responsibilities in terms of the nomination, assessment and re-election of Board members in

compliance with the MMLR and MCCG. The Policy is administered by the NRC.

The process for the appointment of new director is summarised in the diagram below:



NOMINATION AND REMUNERATION COMMITTEE REPORT

During the year under review, the Board approved the following appointments upon the recommendation of the NRC:

- Koji Nagatomi as Non-Independent Non-Executive Director on 1 April 2017 in place of Satoshi Tanaka who resigned on 1 April 2017;
- Takeshi Saito as alternate director to Koji Nagatomi on 1 April 2017; and
- Dato' Mohammed Azlan bin Hashim, the Deputy Chairman of the Company, as the new Chairman to replace and succeed Tan Sri Dato' Dr. Abu Bakar bin Suleiman with effect from 1 January 2018 upon the retirement of Tan Sri Dato' Dr. Abu Bakar bin Suleiman from the Board on 31 December 2017.

RE-ELECTION OF DIRECTORS

The NRC ensures that the Directors retire and are re-elected in accordance with the relevant laws and regulations and the Constitution of the Company.

Pursuant to Article 113(1) of the Constitution of the Company, at least one-third of the Directors (excluding Directors seeking re-election pursuant to Article 120 of the Constitution of the Company) are required to retire by rotation at each AGM provided always that all Directors including the Managing Director and Executive Directors shall retire from office at least once every three years. A retiring Director is eligible for re-election.

Pursuant to Article 120 of the Constitution of the Company, any Director so appointed to fill a casual vacancy or as an addition to the existing Directors, shall hold office only until the next following AGM, and shall then be eligible for re-election but shall not be taken into account in determining the Directors who are to retire by rotation at that meeting.

The Directors recommended to be re-elected at the AGM are subject to

prior assessment by the NRC and are required to give their consent on their re-election prior to NRC and Board meetings. In assessing the candidates, NRC takes into consideration their character, experience, integrity, competence and time to effectively discharge their role as Directors as well as their contribution and performance based on the performance evaluation undertaken during the year under review. NRC's recommendations are thereafter submitted to the Board for deliberation prior to recommending to the shareholders for approval.

Pursuant to Article 113(1) of the Constitution of the Company, Kuok Khoo Ean, Rossana Annizah binti Ahmad Rashid and Shirish Moreshwar Apte shall retire at the forthcoming Eighth AGM. Save for Kuok Khoo Ean, the rest of the Directors have expressed their intention to seek re-election at the Eighth AGM. Hence, Kuok Khoo Ean shall retire upon the conclusion of the Eighth AGM of the Company.

Upon reviewing the results/findings of the performance evaluation undertaken during the year under review for the Board as a whole, Board Committees, individual Directors and Independent Directors, the Board is of the view that the following Directors, who are subject to re-election at the Eighth AGM, have the character, experience, integrity, competence and time to effectively discharge their role as Directors. They have also continuously brought independent and objective judgement in Board deliberations and decisions. In this respect, the Board recommended the shareholders to vote in favour of their re-election at the Eighth AGM pursuant to Article 113(1) of the Constitution of the Company:

- Rossana Annizah binti Ahmad Rashid
- Shirish Moreshwar Apte

Any new Directors appointed prior to the convening of the Eighth AGM of the Company will also be subject to re-election at the forthcoming Eighth AGM pursuant to Article 120 of the Constitution of the Company.

BOARDROOM DIVERSITY

The Company recognises and embraces the benefits of having a diverse Board and sees increasing diversity at Board level as an essential element in maintaining competitive advantage. Thus, the Board will take the necessary measures to ensure that in every possible event, boardroom diversity will be taken into consideration in the board appointment as well as annual assessment.

Gender Diversity

The Company appreciates the benefits of having gender diversity in the boardroom as a mix-gendered board would offer different viewpoints, ideas and market insights which enables better problem solving to gain competitive advantage in serving an increasingly diverse customer base compared to a boardroom that is dominated by one gender.

The Board also takes cognisance of the Malaysian Government's target of 30% women participation on public listed companies' boards by 2020. The Company does not set any specific target for female Directors on the Board but will work towards having more female Directors on the Board. Presently, there are two female Directors on the Board comprising of Rossana Annizah binti Ahmad Rashid, an Independent Non-Executive Director, who is also the Chairman of the ARMC and a member of the NRC and Quek Pei Lynn, Alternate Director to Chintamani Aniruddha Bhagat.

The Company shall provide a suitable working environment that is free from harassment and discrimination in order to attract and retain women participation on the Board.

Age Diversity

The Board acknowledges the benefits of having diversity in the boardroom in terms of age demographics, which would create professional environments that are rich with experience and maturity as well as youthful exuberance. The Board with a wide range of age has the advantage of creating a dynamic, multi-generational workforce with a diverse range of skill sets that are beneficial to the Company.

The Company does not set any specific target for boardroom age diversity but will work towards having appropriate age diversity in the Board.

The Company does not fix an age limit for its Directors given that such Directors are normally reputed and experienced in the corporate world and could continue to contribute to the Board in steering the Company.

The Board is composed of Directors from diversified age groups ranging from the age of forty to seventy which enables the Board to drive the Group in delivering operational excellence. The Board would be able to tap on information from Directors of different age groups in order to have better understanding of the needs and the sensitivities of the stakeholders in their age group.

Ethnic Diversity

The Board recognises that as today's world becomes increasingly global in its outlook and as the marketplace becomes increasingly global in nature, ethnic diversity in the boardroom would be encouraged as it provides advantages that can help a company prosper, including but not limited to, sharing of knowledge in different markets where the Group is operating to enhance the Group's global presence, as well as sharing of viewpoints by Directors from different ethnic backgrounds as when a variety of viewpoints are thrown into the problem-solving mix, new and innovative solutions can be reached.

The Company does not set any specific target for ethnic diversity in the boardroom but will work towards having appropriate ethnic diversity in the Board.

The Board is composed of Directors from different ethnic groups and foreign countries where the Group has significant presence. The Company believes that the Board members from different cultures contribute to more holistic and quality discussions and more effective and feasible ideas compared to a Board with predominantly the same

culture. Having Board members from different ethnic backgrounds widens the Board's perspectives especially when making a decision that touches on issues that are peculiar to a particular ethnic group or country.

The Board is of the view that while promoting overall boardroom diversity is essential, the normal selection criteria based on an effective blend of competencies, skills, extensive experience and knowledge to strengthen the Board should remain a priority. Nonetheless, the Company will work towards achieving the appropriate boardroom diversity mix covering gender, age and ethnicity to enhance its effectiveness and governance performance.

The NRC is responsible in ensuring that the boardroom diversity objectives are adopted in board recruitment, board performance evaluation and succession planning processes.

The Boardroom Diversity Policy is accessible for reference on the Company's website at www.ihhhealthcare.com.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

The Audit and Risk Management Committee (“ARMC”) was established on 18 April 2012 in line with the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”).

ROLES OF THE ARMC

The ARMC is primarily to assist the Board in fulfilling its statutory and fiduciary responsibilities relating to monitoring and management of financial risk processes along with its accounting and financial reporting practices, reviewing the business processes, ensuring the efficacy of the system of internal controls and risk management processes, and in maintaining oversight of both external and internal audit functions for the Group on behalf of the Board.

The ARMC is a Board-delegated committee and empowered by the Board to carry out its duties and responsibilities as set out in the Terms of Reference (“TOR”). The TOR is assessed, reviewed and updated from time to time, as the need arises, to ensure that it remains relevant and up-to-date to be in line with the requirements in the Malaysian Code on Corporate Governance, the MMLR or any other applicable regulatory requirements. The TOR would also be reviewed and updated in the event of changes to the direction or strategies of the Group that may affect the role of the ARMC. The TOR was last reviewed and approved for adoption by the Board in May 2017 and the necessary amendments had been incorporated therein. The TOR of the ARMC is accessible for reference on the Company’s website at www.ihhhealthcare.com.

In carrying out its duties and responsibilities, the ARMC has the following authority:

- Approve any appointment or termination of senior staff members of the internal audit function;
- Convene meetings with the external auditors, the internal auditors or both excluding the attendance of other directors and employees of the Group, whenever deemed necessary and such meetings with the external auditors shall be held at least twice a year;
- Obtain external professional advice or other advice and invite persons with relevant experience to attend its meetings, if necessary;
- Investigate any matter within its TOR, have the resources which it needs to do so and have full and unrestricted access to information pertaining to the Group and the Management whereby all employees of the Group are required to comply with the requests made by the ARMC;
- Have direct communication channels with the external auditors and internal auditors, and also to engage with the Senior Management on a continuous basis, such as the Chairman, the Managing Director and the Chief Financial Officer (“CFO”) of the Group and its operating subsidiaries in order to be kept informed of matters affecting the Group;
- Appoint an independent party to conduct or to assist in conducting any investigation, upon the terms of appointment to be approved by the ARMC;

- Authorise the ARMC Chairman for the time being to carry out the ARMC’s responsibilities as required under the Whistleblowing Policy of the Group; and
- Have access to the advice and services of the Company Secretary.

COMPOSITION AND MEETINGS

The ARMC is comprised exclusively of Independent Non-Executive Directors and no Alternate Director is appointed as a member of the ARMC. The ARMC members come from diverse backgrounds with extensive experience in banking, finance, legal practice and corporate governance issues. The composition of the ARMC is in compliance with Paragraph 15.09(l) of the MMLR.

The composition of the ARMC during the year under review remains the same as in the previous year. The Board believes that the existing ARMC composition provides the appropriate balance in terms of skills, experience, gender and knowledge to ensure the effective functioning of the ARMC. Based on the analysis/findings of the performance evaluation of the ARMC and its individual ARMC members by the Nomination and Remuneration Committee, the Board is satisfied that the ARMC has consistently performed well during the financial year and discharged their duties and responsibilities satisfactorily in upholding the integrity of financial reporting and managing risks in accordance with its TOR. The ARMC members have sound judgement, objectivity, independent attitude, professionalism, integrity, knowledge of the industry and are financially literate.

During the financial year under review, the ARMC held five meetings in total, out of which four were quarterly meetings while the remaining one meeting was

held to review the Audited Consolidated Financial Statements of the Company and Group for the financial year ended 31 December 2016. The composition of

the ARMC and the attendance record of its members for the year under review are as follows:

Director	Designation	Total Meetings Attended
Rossana Annizah binti Ahmad Rashid (Chairman)	Independent Non-Executive Director	5/5
Chang See Hiang (Member)	Senior Independent Non-Executive Director	5/5
Shirish Moreshwar Apte (Member)	Independent Non-Executive Director	4/5

The ARMC meetings were attended by the Managing Director & Chief Executive Officer ("MD & CEO"), Group Chief Financial Officer ("GCFO"), Group Head, Internal Audit and Group Head, Risk Governance together with other members of the Senior Management of the Group and the external auditors, upon invitation, to brief the ARMC on pertinent issues. Senior Management of the Group are also invited to brief and provide clarification to the ARMC on their areas of responsibility for specific agenda items to support detailed discussions during the ARMC meetings.

The external auditors also attended and briefed the ARMC on matters relating to external audit at all five ARMC meetings held during the financial year and provided a high level review of the financial position of the Group at the meetings.

Minutes of the ARMC meetings would be circulated to all members for comments and extracts of the decisions made by the ARMC would be escalated to the relevant process owners for action. At the Board meetings, the Chairman of the ARMC would provide a report, highlighting pertinent issues, significant points of the decisions and recommendations made by the ARMC to the Board and matters reserved for the Board's approval.

SUMMARY OF ACTIVITIES

During the financial year, the ARMC had carried out the following key activities:

Financial Reporting

- (a) Reviewed the unaudited quarterly financial results of the Group including the draft announcements pertaining thereto, significant judgements made by Management, significant matters highlighted and how these matters are addressed for recommendation to be made to the Board for approval. These reviews serve to ensure that IHH's financial reporting and disclosures present a true and fair view of the Company's financial position and performance and is in compliance with the MMLR and applicable accounting standards in Malaysia;
- (b) Reviewed the results, reported issues arising from the annual statutory audit by the external auditors, Management's responses to the audit findings and any changes in or implementation of major accounting policy changes for the financial year ended 31 December 2016;
- (c) Reviewed and made recommendations to the Board for approval, the Annual Consolidated Audited Financial Statements of the Company and the Group for the financial year ended 31 December 2016 to ensure that it presented a true and fair view of the Company's financial position and performance for the year and is in compliance with regulatory requirements;

- (d) Reviewed with the external auditors, their audit plan and strategy for the financial year ended 31 December 2017, outlining among others, the audit scope, methodology and timing of audit, audit materiality, audit focus areas, other audit findings and fraud risk assessment;
- (e) Noted the revaluation of investment properties of the Group which was undertaken by Management to ensure that the current market value of the investment properties was in compliance with MFRS140: Investment Property, prior to the same being tabled to the Board for approval;
- (f) Advised Management on the improvements to be made to the evaluation and reporting processes with regard to merger and acquisition transactions and any accounting treatments;
- (g) Discussed the implications of the Companies Act 2016 resulting in changes to the financial reporting of the Company and the Group;

External Auditors

- (h) Evaluated the performance of the external auditors for the financial year ended 31 December 2016 covering areas such as calibre of external audit firm, independence and objectivity, quality of the processes/performance, audit team, audit scope and planning, audit fees, audit communications and resources which was supported by the assessment conducted by relevant Management members on the experience and opinions of the firm,

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

independence and objectivity, and quality of the processes/ performance of the external auditors. The ARMC having been satisfied with the independence, suitability and performance of KPMG PLT, had recommended to the Board for approval, the re-appointment of KPMG PLT as external auditors for the financial year ended 31 December 2017;

- (i) Met with the external auditors twice without the presence of the Executive Directors and Management during the year under review with the exception of the Company Secretaries, to discuss any issues or reservations arising from the audits and any other matters the external auditors may wish to discuss including but not limited to the system of internal controls and assistance given by the Group's employees to facilitate their audit work;

Internal Audit

- (j) Reviewed and approved the 2017 internal audit plan to ensure that there is adequate scope and comprehensive coverage over the activities of IHH Group and all high-risk areas are audited annually as well as the availability of adequate resources within the internal audit team to carry out the audit work;
- (k) Reviewed the internal audit reports issued by the internal audit function of the major operating companies ("Major OpCos") during the year and presented at quarterly ARMC meetings;
- (l) Monitored the implementation of management action plan on outstanding issues on a quarterly basis to ensure that all key risks and control weaknesses are being properly addressed until the issues are fully resolved and rectified;
- (m) Met with the Group Head, Internal Audit twice without the presence of the Executive Directors and Management with the exception of the Company Secretaries during the year under review to obtain feedback on the audit activities, audit findings and any other related matters;

- (n) Reviewed the Key Performance Indicators, competency and resources of the internal audit function to ensure that, collectively, the internal audit function is suitable and has the required expertise, resources and professionalism to discharge its duties, etc;

Enterprise Risk Management

- (o) Reviewed the Group's consolidated Enterprise Risk Management ("ERM") reports including the Major OpCos ERM reports which covered the Group's ERM governance reporting status, risk profile, key highlights and key actions tracker to ensure that the Group's business activities and risk management methodologies are aligned and enhanced on an ongoing basis. This is to proactively manage the key risk areas that arise with the developments in the external operating environment;
- (p) Reviewed the Risk Governance Work Plan 2017 which comprises risk monitoring and reporting across the Group in the ordinary course, cyber security governance framework, Group insurance renewal and management, medical data privacy framework and risk awareness and culture building;
- (q) Reviewed the reports pertaining to cyber risk prepared by the Group Risk Management team in joint collaboration with the information technology ("IT") team which covered, among others, cyber risk heat map, cyber security tender coverage and updates, implementation of cyber security threat countermeasure components and technical risk assessment resolution aiming to identify and mitigate any potential cyber threat which may impact the Group's IT system;

Regulatory and Clinical Compliance

- (r) Reviewed the Regulatory and Clinical Compliance reports which encompassed the following:
 - (i) establishment of the Regulatory Compliance Framework ("Framework") of a Major OpCo for tracking of statutory obligations and monitoring of compliance with a view to standardise the various country regulations into the common Framework to be rolled out across all other geographies within the Group;
 - (ii) International Clinical Governance Advisory Council's ("Council") interim reports on matters related to clinical governance practices across the Group which accords the ARMC with a better understanding of the performance of the member hospitals with regard to patient safety and clinical quality as well as the progress reports on the activities undertaken within the four workstreams under the TOR of the Council;

Medical/Quality and Clinical Quality Updates

- (s) Reviewed the reports on Medical/ Quality and Clinical Quality Updates which encompassed the following activities:
 - (i) reporting on clinical incidents of Malaysia Operations Division ("MOD") and Singapore Operations Division ("SOD") to facilitate the assessment of the reputational and financial risks as well as the overall impact to the Group, pandemic or infectious diseases and monitoring the outcomes of unusual clinical incidents;
 - (ii) report on the five-year trend of serious reportable events, adverse events and near misses in MOD and SOD;

Related Party Transactions and Recurrent Related Party Transactions

- (t) Monitored the thresholds of the related party transactions and recurrent related party transactions to ensure compliance with the MMLR;
- (u) Reviewed and recommended to the Board for approval, the revisions to the Policy on Related Party Transactions for the Group (“Policy”) as part of the initiative to continuously improve corporate governance within the Group and taking into consideration the amendments of the MMLR, changes following the implementation of the Companies Act 2016 and the changing needs of the Group. The revised Policy accords the ARMC with more oversight over related party transactions and recurrent related party transactions undertaken by the Company and Group;

Verification of the Allocation of Long Term Incentive Plan (“LTIP”) units and Enterprise Option Scheme (“EOS”) options

- (v) Verified the allocation and movement of LTIP units and EOS options respectively for the year 2016 to ensure that it had been carried out consistently according to the approved criteria and matrix stipulated in the respective Bye Laws of LTIP and EOS;

Other Activities

- (w) Reviewed and recommended to the Board for approval, the ARMC Report and Statement on Risk Management and Internal Control for inclusion in the Annual Report 2016;
- (x) Monitored the progress of the implementation of the new IT system and platform throughout the Group and assessed the post implementation review report prepared by an independent party engaged to ensure smooth and successful implementation of the new system and platform;

- (y) Reviewed the IT roadmap of a Major OpCo which includes identifying the main IT initiatives and IT platform priorities across all divisions within said Major OpCo in order to further enhance the IT environment within which the Group operates and ensure that any gaps and weaknesses are addressed based on a systematic and effective approach;
- (z) Reviewed the Group debt and cash position on a quarterly basis (including the treasury and foreign exchange management) of IHH and its subsidiaries to assess the various financial ratios, debt headroom of each of the Major OpCos, projected capital expenditure and funding status, additional financing initiatives as well as foreign currency exposures of the Group in connection with its subsidiaries which are operating abroad and made relevant recommendations to the Board to ensure that the business has sufficient liquidity to meet its obligations, whilst managing payments, receipts and financial risks effectively;
- (aa) Reviewed the summary report of financial assistance provided to the subsidiaries and associates of the Group to ensure that it is fair and reasonable to the Company and is not to the detriment of the Company and its shareholders; and
- (bb) Evaluated the performance of the GCFO of the Company to ensure that the GCFO has the character, experience, integrity, competence and time to effectively discharge his role as the GCFO of the Company.

Subsequent to the financial year ended 31 December 2017, the ARMC carried out the following duties:

- (a) Reviewed the internal audit work plans for the financial year ending 31 December 2018;
- (b) Reviewed the results as well as reported issues arising from the annual statutory audit, Management’s responses to the audit findings and any changes in or implementation of major accounting policy changes for the financial year ended 31 December 2017;
- (c) Reviewed the Annual Consolidated Audited Financial Statements of the Company and the Group for the financial year ended 31 December 2017 and made recommendations to the Board for approval;
- (d) Reviewed the areas of focus highlighted by the external auditors in relation to the statutory audit for the financial year ended 31 December 2017;
- (e) Evaluated the GCFO and internal auditors in connection with their performance for the financial year ended 31 December 2017;
- (f) Considered the re-appointment of external auditors for the ensuing year upon reviewing the suitability and independence of the external auditors. The ARMC had also reviewed and recommended to the Board for approval, the proposed fees for the annual audit, one-time audit related service and non-audit services rendered by the external auditors for the financial year ended 31 December 2017;
- (g) Confirmed and verified the allocation and movement of LTIP units and EOS options respectively for the year 2017 to ensure that it had been carried out according to the criteria and matrix stipulated in the LTIP and EOS Bye Laws;

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

- (h) Reviewed the report of the internal auditors in respect of their audit of the related party transactions and recurrent related party transactions (except transactions exempted by law and/or the MMLR) entered into by IHH and its subsidiaries to ensure compliance with the MMLR;
- (i) Reviewed the revaluation of investment properties of the Group which was undertaken by independent valuers to ensure that the current market value of the investment properties was in compliance with MFRS 140: Investment Property, prior to the same being tabled to the Board for approval;
- (j) Reviewed the ARMC Report as well as Statement on Risk Management and Internal Control for inclusion in the Annual Report 2017;
- (k) Had its first independent session of the year with the external auditors without the presence of the Executive Directors and Management with the exception of the Company Secretaries to discuss any issues or reservations arising from the audit for financial year ended 31 December 2017 including but not limited to the system of internal controls and assistance given by the Group's employees to facilitate their audit work; and
- (l) Had its first independent session of the year with the Group Head, Internal Audit without the presence of the Executive Directors and Management with the exception of the Company Secretaries to obtain feedback on any concerns noted in the course of auditing and feedback on the overall internal audit function of the Group.

GROUP INTERNAL AUDIT FUNCTION

The internal audit function is under the purview of the Group Internal Audit ("Group IA") department. Group IA is independent and reports directly to the ARMC. The internal audit reporting structure within the Group has been organised in such a way where the internal audit function of the Major

OpCos report to the ARMC with a dotted reporting line to Group IA. The Group IA has direct control and supervision of internal audit activities in those subsidiaries that do not have an internal audit function.

Group IA provides independent, objective assurance on areas of operations reviewed, and makes recommendations based on the best practices that will improve and add value to the Group. Group IA identifies, coordinates, monitors and oversees the internal audits that are to be carried out throughout the Group and also provides standards, policies and guidelines and advice to the subsidiaries' internal audit functions to standardise the internal audit activities within the Group.

Group IA adopts a systematic and disciplined approach to evaluate the adequacy and effectiveness of the financial, operational and compliance processes. Structured risk-based and strategic-based approaches are adopted in identifying the internal audit activities that are aligned with the Group's strategic plans to ensure those risks faced by the Group are adequately reviewed. In addition, international standards and best practices are adopted to enhance the relevancy and effectiveness of the internal audit activities.

The internal audit reports are issued to Management for their comments and for them to agree on action plans with deadlines to complete the necessary preventive and corrective actions. The reports and summary of key findings are tabled to the ARMC for deliberation to ensure that Management undertakes to carry out the agreed remedial actions.

Please refer to the Statement on Risk Management and Internal Control as laid out on pages 161 to 167 of this Annual Report on the summary of the work of the internal audit function undertaken during the year ended 31 December 2017.

The total costs incurred by Group IA in 2017, inclusive of all the Major OpCos, was RM7,161,504.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Board of Directors of IHH Healthcare Berhad (“IHH or the Company”), together with that of its subsidiary companies (“the Group”), is committed to maintaining a sound system of risk management and internal control. In accordance with Paragraph 15.26(b) of the Listing Requirements of Bursa Malaysia Securities Berhad, the Board is pleased to provide the following Statement on Risk Management and Internal Control prepared in accordance with the “Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers”.

BOARD RESPONSIBILITY

The Board in discharging its responsibilities, is fully committed to maintaining a sound system of risk management and internal control as well as for reviewing its adequacy, integrity and effectiveness to safeguard shareholders’ investment and the Group’s assets. The system of risk management and internal control by its nature is designed to manage key risks that may hinder the achievement of the Group’s business objectives within an acceptable risk profile. In view of the limitations inherent in any system of risk management and internal control, the systems put in place can only manage risks within tolerable and knowledgeable levels, rather than eliminate the risk of failure to achieve business objectives completely.

CONTROL STRUCTURE

The Board is assisted by the Audit and Risk Management Committee (“ARMC”), which consists of three Independent Non-Executive members of the Board. The Board, through the ARMC, maintains risk oversight within the Group to ensure that the implementation of the approved policies and procedures on risks and controls are as intended. The approved policies and appropriate key internal controls have been put in place to mitigate the key risk areas which have been identified and assessed by the respective departments in charge for the year under review and up to the date of approval of this statement for inclusion in the annual report.

The internal control system covers areas of finance, operations and compliance and provides reasonable

assurance that the following objectives have been achieved:

- (i) Reliability and integrity of financial reports;
- (ii) Compliance with relevant regulations, policies, procedures and laws;
- (iii) Safeguarding of the Company’s assets; and
- (iv) Effective and efficient utilisation of the Company’s resources.

For the year ended 2017, the Board is of the view that the present system of internal control is adequate and has been adhered to, to the best of its ability. The opinion is based on the following key internal controls practiced:

Limits of Authority

The Limits of Authority established by the Group serves to govern the operations of all companies within the Group. It encompasses authorised signatories for Procurement and Payment, Financial Treasury, Human Capital Management, Corporate Transactions, Legal Documentation and Donations. It defines the authority limit for each level of management in the major operating subsidiaries and the Group as a whole. Major capital investment, acquisition and disposal are approved by the Board of the major operating subsidiaries and the Group.

Recommendations by Internal Auditors

The Group has an Internal Audit function to review the effectiveness of the material internal controls of the major operating subsidiaries based on the approved annual audit plan. Unannounced visits are conducted randomly to ensure compliance at all times.

Consequently, Management ensures that the recommendations made by the Internal Auditors to strengthen and improve the internal controls have been implemented.

Budgets and Performance Monitoring

Annual Budgets are prepared by the major operating subsidiaries and approved by their respective Boards and these budgets are then consolidated into the IHH Group Budget and approved by the IHH Board.

The major operating subsidiaries’ performance is presented and discussed at their respective Board meetings on a quarterly basis and are also discussed together with the consolidated IHH Group Performance at the quarterly IHH Board meetings.

Procurement and Project Management

There is a Centralised Procurement function in each major operating subsidiary for major purchases such as hospital equipment, drugs, maintenance expenditures and expansion projects. This ensures adherence to the Group Procurement Guidelines as well as provides leverage on economies of scale during negotiations. Major expenditure is subject to Tender procedures and evaluated by the Tender Committee.

There is also a Centralised Project Management office in each major operating subsidiary to handle and manage major renovation and expansion projects undertaken by the respective major operating subsidiaries.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Legal and Regulatory

The major operating subsidiaries adhere strictly to the applicable Acts and Regulations, as required of an institution operating private hospitals, medical clinics and private higher education and healthcare services. Amongst them, are the established Acts and Regulations such as the Private Hospital and Medical Clinic Act, Private Hospital and Medical Clinic Regulations, Dangerous Drugs and Poison Act, Private Higher Educational Institutional Act, as well as Occupational Safety and Health Act. Quality audits are also conducted by the Quality Assurance function within the hospital and by the Group Accreditation, Standards, Medical Affairs Departments on an ongoing basis.

Fraud Prevention

The Board strives to have zero incidences of fraud with strong internal accounting controls, proper segregation of duties in the work processes and regular audits carried out by the Group Internal Auditors team.

The inherent system of internal controls is designed to provide a reasonable, though not absolute, assurance against the risk of fraud, material errors or losses occurring.

CLINICAL GOVERNANCE

International Clinical Governance Advisory Council (ICGAC)

The Council provides thought leadership and serves as the advisory body for IHH's entities in the areas of patient safety, clinical quality training initiatives, education or related activities to enhance IHH as a premier healthcare institution for long-term sustainability.

In its second year as an independent high-level advisory committee, the Council continues to drive the clinical governance of the Group through current and new clinical quality and continuous quality improvement projects. In the course of the financial year, building the foundation work to the four main pillars of clinical governance remained as focus areas for the Council. These areas comprise clinical risk management advisory, quality assurance and quality

improvement, professional development and management and culture of improvement and patient safety.

Projects initiated in 2016 continues while new projects were introduced. These are as follows:

- Improvement of Emergency Department triage protocols;
 - Implementation of 5-level triaging system to provide an operational model to meet the needs of all patients;
 - The purpose of an effective triaging is to sort incoming patients, prioritizing those needing immediate care from others who can wait;
 - The system was adapted from the Malaysian Emergency Medicine and Trauma Services Policy and the Agency for Healthcare Research and Quality (AHRQ).
- Continuous monitoring of Clinical Indicators;
 - Close monitoring of 10 common clinical indicators for SOD, MOD, ASYH and India;
 - These are quality measures of clinical care indicators which may, when assessed over time, provide a method of assessing the quality and safety of care at a system level; and
 - Embedded in organisational governance systems with an emphasis on using this information to improve patient care.
 - Root Cause Analysis (RCA);
 - RCA is a collective term that describes a wide range of approaches, tools, and techniques used to uncover causes of problems;
 - In 2017, the retrospective review of the RCA studies was performed across Parkway Hospitals in Singapore from 2012 to 2015 for serious reportable events and to evaluate the effectiveness of the recommendations of the RCA reviewers.

- Surveillance of Hospital Acquired Infections (HAI)
 - A program initiated in 2017 to conduct surveillance of Hospital Acquired Infections (HAI) at 17 ASYH hospitals;
 - The objective was to review the current work process of surveillance of hospital acquired infections (HAI) and propose more effective ways of management with regards to patient safety, litigation and economics.

The Council comprises the following members:

1. **Dr Joseph Sheares**, *Cardiothoracic Surgeon, Mt Elizabeth Hospital, Singapore*
2. **Dr Ross Wilson**, *Immediate past Senior Vice President, Chief Medical Officer and Chief Transformation Officer, New York City Health & Hospitals*
3. **Tan Sri Datuk Dr K. Ampikaipakan**, *consultant respiratory physician at Pantai Hospital, Kuala Lumpur*
4. **Dr E.H Akalin**, *Independent academic consultant, Istanbul, Turkey*

CONTROL ENVIRONMENT

The operating structure includes defined delegation of responsibilities to the management of operating subsidiaries. The limit of authority is clearly defined and set out in the Group's policies. These policies and procedures are meant to be reviewed regularly and updated when necessary.

A Whistleblowing Policy is in place within the Group's major operating subsidiaries. This policy encourages employees to report any wrongdoing by any person in the Group to the proper authorities so that the appropriate business action can be taken immediately.

The system of risk management and internal control covers not only financial controls but operational, risk and compliance controls as well. These systems are designed to manage, rather than eliminate, the risk of failure arising from non-achievement of the Group's policies, goals and objectives. Such systems provide reasonable, rather than absolute, assurance against material incidents or loss.

RISK MANAGEMENT

The Group recognises that risk management is an important and integral part of good management and corporate governance practice, and fundamental to driving shareholder value through quality healthcare. Although risks cannot be completely eliminated, effective risk identification and management can reduce the uncertainties associated with executing the Group's business strategies and maximising opportunities that may arise.

Operating Companies and business units have primary responsibility for managing risk exposures. Group Risk is the central resource for managing the portfolio of risks assumed by the Group as a whole, and works closely with business units to strengthen their risk management practices and capabilities. Risk updates are consolidated and analysed for monitoring and reporting to the Group's ARMC on a quarterly basis.

The Group recognises that Enterprise Risk Management ("ERM") is a proactive

management system for anticipating emerging risks and putting in place pre-emptive action plans so that the effect of uncertainties on fulfilling business goals and objectives are minimised. The Group has in place a Risk Management Framework which is consistent with the definition of an 'appropriate framework' in Standard ISO 31000:2009 Risk Management – Principles and Guidelines.

The framework encompasses practices relating to the identification, assessment and measurement, response and action, as well as monitoring and reporting of the strategic and operational control risks pertinent to achieving our key business objectives.



ESTABLISH THE CONTEXT

- Understand business strategy & objectives
- Review business environment
- Understand the risk acceptance criteria
- Identify critical business processes

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Evaluate-Response-Monitor (“E-R-M”) process

For the year ended 31 December 2017, the major risk management activities undertaken during the year were as follows:

1. Reviewed the adequacy and effectiveness of the risk control processes and risk reporting systems;
2. Embedded material sustainability matters into the Enterprise Risk Management (ERM) framework to identify and manage sustainability risks, with the direct involvement of Group Head, Risk Governance as a key member of the IHH Sustainability Management Committee;
3. Integrated operations in Bulgaria and Macedonia into the ERM framework of a major operating company;
4. Consolidated the group insurance programme of a major operating company to benefit from stronger buying power and improve the consistency of insurance management reporting, with the inclusion of India operations division, China hospital construction projects and Group employee benefits insurance;
5. Monitored cost of insurance claims and claims settlement through quarterly claims meeting with insurance service providers as part of the group insurance programme of a major operating company;
6. Performed a risk impact study on vicarious liability of hospitals in medical negligence litigation in Malaysia, assessing the impact on insurance costs and suitable control measures to manage the risk;
7. Enhanced current reporting system of medical malpractice cases for certain geographies and initiated a methodical structure for data analysis and risk trends of claims data submitted to insurers;
8. Performed a Group-wide cybersecurity risk assessment and evaluated risk financing options, leading to the procurement of cyber liability insurance for a major operating company;
9. Supported a major operating company's Cybersecurity Governance Workgroup led by Group Chief Information Officer to strengthen the Group's Cyber & IT Security Framework, adopting a Zero Trust model, Defence-in-Depth protection and Cyber Resilience strategy to ensure uncompromised confidentiality, integrity and availability of our mission-critical information assets;
10. Advised the Special Security Steering Committee of a major operating company providing strategic oversight on physical security policy and programmes across operations, encompassing security risk assessments, annual drills and action plans to enhance physical security measures across all facilities;
11. Established privacy and data protection governance for the Group through a network of country data protection officers, with direct involvement in personal data protection compliance for Singapore operations division;
12. Initiated a regulatory scan of telemedicine legislations and guidelines and formed a Telemedicine Compliance Workgroup to support the Digital Health initiatives for a country operations division;
13. Enhanced the social media crisis management plan for the Group and benchmarked the crisis management plans for a major operating company as part of a wider “core policy” initiative;
14. Commenced risk training and risk reporting for a new hospital in Hong Kong;
15. Organised risk forums for the Singapore and Malaysia operations divisions to create greater awareness of current risk trends in cyber security and digital health, and recent legal developments relating to medical malpractice; and
16. Carried out ad-hoc assignments requested by Senior Management.

GROUP INTERNAL AUDIT

The Group has an independent internal audit function, which is an integral part of the Group's assurance framework, with the function reporting directly to the ARMC. The Group Internal Audit's (“Group IA”) primary mission is to provide an independent and objective assessment of the adequacy and effectiveness of the risk management, internal control and governance processes. The internal audit function within the Group is structured such that the internal audit function of the major operating subsidiaries has a dotted reporting line to the Group IA and reporting line to the ARMC. Audits are performed on all major units or areas in the audit population to provide an independent and objective report on operational and management activities in the Group. Group IA will also perform ad-hoc audits and investigations requested by the ARMC and/or by Senior Management and will follow-up on the implementation of audit recommendations by Management to ensure that all key risks are addressed.

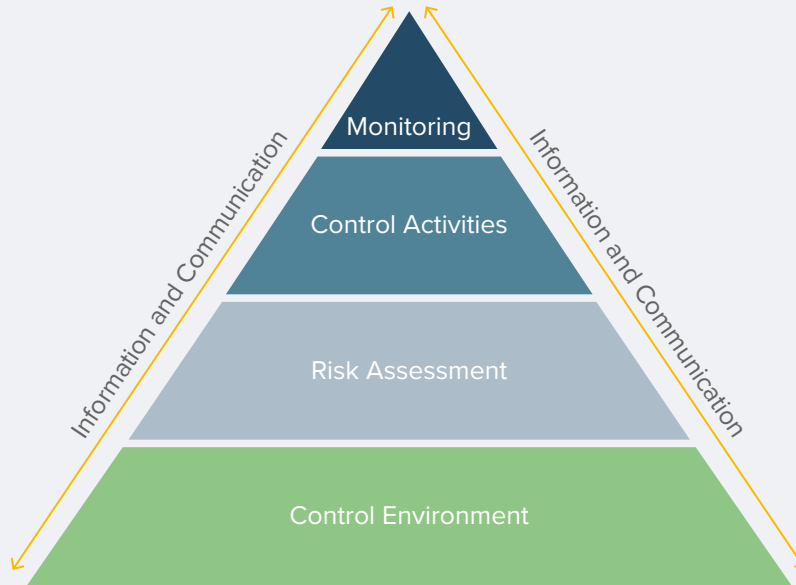
The Annual Internal Audit plans of the Group as developed are reviewed and approved by the ARMC annually.

Group IA highlights significant gaps identified in governance, risk management and control, makes recommendations for improvements and tables management action plans to the ARMC through audit reports and during its quarterly ARMC meetings. Group IA also follows up on the management action plans to address the improvements on a quarterly basis and results of the status are presented at the quarterly ARMC meetings.

Group IA adopts a systematic and disciplined approach to evaluate the adequacy and effectiveness of the Group's governance, internal control and risk management system, using the Committee of Sponsoring Organisations of the Treadway Commission (“COSO”) Internal Control – Integrated Framework.

COSO Internal Control - Integrated Framework

The adequacy and effectiveness of the Group's risk management, internal control and governance processes are assessed and reported according to the following five interrelated COSO components:



For the year ended 31 December 2017, the major internal audit activities undertaken were as follows:

- Developed a risk-based annual audit plan;
- Performed financial and operational audits on revenue cycle management (covering billing, cash and credit collections, credit control, accounts receivable), procurement and inventory, capital and operating expenditure of hospitals, clinics and ancillary departments within the Group;
- Conducted Information Technology ("IT") audits, risk assessment, security and control reviews across the entities of the Group;
- Reviewed the level of compliance with established policies and procedures and statutory requirements to ensure major units comply with the requirements and any non-compliances were highlighted to Management for remediation;
- Witnessed the tendering process for procurement of services or assets of the Group to ensure the activities in the tendering process are conducted in a fair, transparent and consistent manner;
- Carried out ad-hoc assignments and investigations requested by the ARMC and Senior Management; and
- Followed-up on the implementation of the Management Action Plan to ensure that necessary actions have been taken/are being taken to remedy any significant gaps identified in governance, risk management and control.

The review of the adequacy and effectiveness of the internal control process has been undertaken by the internal audit function and necessary actions have been/are being taken to remedy any significant failing or weakness for the financial year under review and up to the date of approval of this statement for inclusion in the annual report.

In the course of performing its duties, Group IA has unrestricted access to all functions, records, documents, personnel, or any other resources or information, at all levels throughout the Group.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

OTHER RISK AND CONTROL PROCESSES

The overall governance structure and formally defined policy and procedures play a major part in establishing the control and risk environment of the Group. Although the Group is a networked organisation, a documented and auditable trail of accountability has been established through various board committees established at operating subsidiaries i.e. ARMC, Nomination & Remuneration Committee and other committees, each with clear Terms of Reference and appropriate limits of authority.

Each major operating subsidiary of the Group is tasked with undertaking these corporate governance and risk management practices as well as implementing the same:

1. A governance and management structure is established within each hospital for functional accountability with operational/functional heads reporting financial, operational (clinical and non-clinical) risks, compliance with statutory and regulatory requirements and reputational risks to the Hospital Chief Executive Officer ("CEO")/ Director;
2. Hospital CEOs/Directors, Business Heads, Country Heads and Corporate Heads report on business operations issues to the Senior Management on a monthly basis. Matters such as nursing issues, clinical/medical incidents with lapses, adverse outcomes, potential legal issues and media exposure, are reported and addressed at the hospital quality meetings chaired by the Hospital CEOs;
3. The Medical Affairs department/ Medical Execution Committee oversees the accreditation as well as the qualifications and experience of our medical practitioners, and will not hesitate to remove their privileges if they are found to be unethical or negligent. They also ensure patient safety and quality of services delivered within the hospitals, and compliance with government regulations;
4. The respective quality committees or councils of the major operating subsidiaries ensures the quality of services and the safety of patients;
5. On a quarterly/monthly basis, the operations divisions are to submit to the Group CEO updates pertaining to clinical/medico-legal cases, information technology ("IT") and hospital development projects and business matters, HR matters, financial performance and analysis, group target savings as well as the outlook for the business and strategic projects. This information will form the body of the Executive Report by the Group CEO to the Board of each major operating subsidiary, ultimately surfacing at the Board of the Group;
6. The development of any potential medico-legal cases are tracked and reported to Senior Management and the Board on a monthly basis and to the ARMC on a quarterly basis. Any significant risk exposures or trends in terms of incident type or case categorisation are highlighted to the Board/ARMC quarterly;
7. Insurance policies relating to workforce compensation, property damage and equipment breakdown, cyber liability and network business interruption, third party liability, professional indemnity and medical malpractice liability, are procured to meet the local regulatory requirements and business requirements of the operational divisions and the wider Group;
8. Financial risk management systems are in place to address credit risk, liquidity risk, market risk, interest rate risk and foreign currency risk;
9. The internal auditors independently audit and report findings on financial, operational and compliance controls to the ARMC or the Board. In addition, on an annual basis, the external auditors perform statutory audit and report findings on financial controls relevant to the statutory audit to the ARMC; and
10. Employees must abide by the Code of Conduct and avoid any dealings or conduct that could be or could appear to be in conflict with the Group's interests unless such business relationships are consented to by the Board.

ADEQUACY AND EFFECTIVENESS OF THE GROUP'S RISK MANAGEMENT AND INTERNAL CONTROL SYSTEMS

IHH's Management is accountable to the Board for the implementation of the processes in identifying, evaluating and managing risk and internal control. In the financial year under review and up to the date of approval of this Statement, the Board has received assurances from the Managing Director and Chief Executive Officer as well as Chief Financial Officer that the Group's system of risk management and internal control is operating adequately and effectively, in all material aspects, based on the risk management and internal control system of the Group.

Taking into consideration the information and assurances given, the Board is satisfied with the adequacy, integrity and effectiveness of the Group's system of risk management and internal control. No material losses, contingencies or uncertainties have arisen from any inadequacy or failure of the Group's system of internal control that would require separate disclosure in the Group's Annual Report. The measures to protect and enhance shareholder value and business sustainability continue to be a focal point of the Group, and therefore, the system of risk management and internal control across the Group continues to be subject to enhancement, validation and regular review.

The Group's system of risk management and internal controls does not cover associates and joint ventures.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

The external auditors have reviewed this Statement on Risk Management and Internal Control pursuant to the scope set out in Recommended Practice Guide ("RPG") 5 (Revised 2015), Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report issued by the Malaysian Institute of Accountants ("MIA") for inclusion in the annual report of the Group for the year ended 31 December 2017, and reported to the Board that nothing has come to their attention that cause them to believe that the statement intended to be included in the annual report of the Group, in all material respects:

- (a) has not been prepared in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, or
- (b) is factually inaccurate.

RPG 5 (Revised 2015) does not require the external auditors to consider whether the Directors' Statement on Risk Management and Internal Control covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system including the assessment and opinion by the Board of Directors and management thereon. The auditors are also not required to consider whether the processes described to deal with material internal control aspects of any significant problems disclosed in the annual report will, in fact, remedy the problems.

INVESTOR RELATIONS REPORT

Our commitment to effective shareholder engagement

IHH recognises the importance of effective communication between the company, its shareholders and the general public. The group believes good, clear and credible communication will foster confidence and a better understanding of our business.

The Company has a dedicated Investor Relations and Corporate Communications Department that facilitates communication between the Company and the investment community. We achieve this through active dialogue and by leveraging on strategic communication platforms to provide comprehensive insights about the Group's strategic developments, financial performance and material operations affecting the Group.

The Investor Relations function builds relationships between the Group and its investment community through different channels in Malaysia and internationally. We engage with shareholders through our Annual Reports and Annual General Meeting, as well as provide disclosures and material announcements on Bursa Malaysia Securities Berhad ("Bursa Malaysia") and Singapore Exchange Limited ("SGX") in a timely and consistent manner.

Senior Management of the Company is actively involved in the Group's extensive investor relations programme that includes holding of regular in-house meetings, hospital visits, investor non-deal roadshows (NDRs) and conference calls both locally and internationally with financial analysts, institutional shareholders and fund managers. Proactive communications

through these platforms keep the investment community abreast of the Company's strategic developments and financial performance. Furthermore analyst briefings and media briefings are conducted when the Group's quarterly and annual results are released.

On a quarterly basis, the Investor Relations Department provides an update to the Board on shareholding details, investor relations activities, recommendations by analysts and comments from the investment community, as well as commentary on share price performance.

The Board has endorsed the Investor Relations Policy, which aims to enforce IHH's commitment towards maintaining effective and timely communications to our shareholders and stakeholders. The Policy mandates that the Group updates its stakeholders on all material developments. The policy also outlines guidelines on the processes and procedures to be followed to ensure the successful implementation of our Investor Relations programme.

GROUP CORPORATE WEBSITE

The Group's corporate website at www.ihhhealthcare.com offers a dedicated platform for stakeholders to access essential information of the

Group. Information available on the corporate website includes IHH's corporate profile, senior management profiles, share information, financial results, dividend policy, annual reports, media releases, investor presentations, Annual General Meeting details and corporate governance-related policies. Our Investor Relations team ensures that the investor relations (IR) section of the website is regularly updated with the latest Group disclosures. Any queries or concerns regarding the Group can be directed to the Investor Relations Department at ir@ihhhealthcare.com.

ANALYST BRIEFINGS FOR QUARTERLY AND ANNUAL FINANCIAL RESULTS ANNOUNCEMENT

In 2017, IHH's Senior Management organised four analyst briefings and one media briefing to discuss and communicate the Group's quarterly and annual financial results with the investment community. This was on top of our timely financial results announcements on a quarterly and annual basis to Bursa Malaysia and SGX. To widen the reach to the investment community, recordings of these conference calls and materials relating to the results announcements were uploaded to the Group's IR website.

The materials included:

- A press release with key operational and financial highlights for the quarter;
- A consolidated quarterly financial report;
- A set of presentation slides with further operational and financial information; and
- A recording of the briefing for on-demand playback.

In addition, the investment community can obtain regulatory announcements made by IHH to Bursa Malaysia and SGX on IHH's IR page.



Management and Chairman at the IHH Annual General Meeting 2017

TABLE OF KEY EVENTS

Key Events	2017	2016	2015	2014
Annual and Quarterly Results Announcement: Teleconference & Webcasts	4	4	4	4
Investor Conferences & Non-deal Roadshows	8	12	18	17
Number of analysts/fund managers met (in-house, conference calls and road shows)	292	443	591	436

CONFERENCES AND ROADSHOWS

For 2017, stakeholder engagements were conducted through investor conferences and non-deal roadshows organised locally or internationally by major

brokerage firms. IHH's Senior Management, fronted by Managing Director and CEO, Dr Tan See Leng, and the Investor Relations team reached out directly to our shareholders and investors to provide updates on the Group's strategic developments, latest

quarterly operational and financial performance, material operations affecting the Group and the business outlook. Senior Management also used these interactions with the investment community to solicit their feedback and perceptions of the Group.

Date	Conference Names	Location	Organisers
9-12 Jan	35 th J.P. Morgan Healthcare Conference: Emerging Markets	San Francisco	J.P. Morgan
24 Feb	CIMB Post Results Luncheon	Kuala Lumpur	CIMB Securities Ltd
6-8 Mar	Morgan Stanley US NDR	New York, Boston	Morgan Stanley
13-14 Mar	Deutsche Bank London NDR	London	Deutsche Bank
29-30 Mar	Credit Suisse Asian Investment Conference	Hong Kong	Credit Suisse
24-25 Jul	Bursa-CIMB Invest Malaysia 2017	Kuala Lumpur	CIMB Securities Ltd
12-13 Sep	24 th CLSA Investors' Forum	Hong Kong	CLSA Singapore Pte Ltd
14 Sep	BOCI Hong Kong NDR	Hong Kong	BOCI Securities Limited

ANALYST COVERAGE

The Company is closely tracked by the investment community. As at 30 March 2018, 26 analysts provided coverage on IHH, reflecting strong interest from sell side equity research houses, both domestic and abroad.

No	Analyst Coverage	No	Analyst Coverage
1	Affin Securities Sdn Bhd	14	KAF Seagroatt & Campbell Sec Sdn Bhd
2	AmlInvestment Bank Berhad	15	K&N Kenanga Holdings Bhd
3	Bank of America Merrill Lynch Global Research	16	M & A Securities Sdn Bhd
4	BIMB Securities Sdn Bhd	17	Macquarie Securities Ltd
5	CIMB Securities Pte Ltd	18	Maybank Kim Eng Securities
6	Citigroup Global Markets Asia	19	MIDF Amanah Investment Bank Bhd
7	CLSA Singapore Pte Ltd	20	Morgan Stanley
8	Credit Suisse Holdings USA Inc	21	Nomura Securities Co Ltd/Tokyo
9	DBS Vickers Securities	22	Public Investment Bank
10	Deutsche Bank AG/Hong Kong	23	RHB Research Institute Sdn Bhd
11	Goldman Sachs India Sec Pte Ltd	24	TA Securities Holdings Bhd
12	Hong Leong Investment Bank Bhd	25	UBS Securities Malaysia Sdn
13	J.P. Morgan Securities (Malaysia) Sdn Bhd	26	UOB Kay Hian Pte Ltd

ADDITIONAL COMPLIANCE INFORMATION

The following information is provided in accordance with Paragraph 9.25 of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities") as set out in Part A of Appendix 9C thereto.

1. UTILISATION OF PROCEEDS

There were no proceeds raised by the Company from corporate proposals during the financial year ended 31 December 2017.

2. EMPLOYEE SHARE SCHEMES

The following are employee share schemes established by our Group

and in existence during the financial year ended 31 December 2017:

- (i) Long Term Incentive Plan ("LTIP") of our Company ("IHH LTIP") for a duration of ten years from 25 March 2011 and expiring on 24 March 2021;
- (ii) LTIP of Parkway Holdings Limited ("Parkway LTIP") for a duration of ten years from 21 April 2011 and expiring on 24 March 2021;
- (iii) LTIP of Pantai Holdings Berhad (now known as Pantai Holdings Sdn Bhd) ("Pantai LTIP") for a duration of ten years from 24 May 2011 and expiring on 24 March 2021;

- (iv) LTIP of IMU Health Sdn Bhd ("IMU LTIP") for a duration of ten years from 25 August 2011 and expiring on 24 March 2021; and
- (v) Enterprise Option Scheme ("EOS") of our Company for a duration of ten years from 22 June 2015 and expiring on 21 June 2025.

(IHH LTIP, Parkway LTIP, Pantai LTIP, and IMU LTIP are collectively referred to as "LTIPs")

Brief details on the numbers of LTIP units / EOS options granted, vested and outstanding since the commencement of the LTIPs and EOS until financial year 2017 ("FY 2017") are as follows:

	LTIPs	EOS
Total number of LTIP units / EOS options granted	60,768,732	23,683,000
Total number of LTIP units / EOS options surrendered / exercised	47,381,045	807,000
Total number of LTIP units / EOS options lapsed / cancelled / opted out	7,329,687	3,337,000
Total number of LTIP units / EOS options outstanding	6,058,000	19,539,000

Granted to Directors and Chief Executive

	LTIPs	EOS
Aggregate number of LTIP units / EOS options granted	14,424,000	14,479,000
Aggregate number of LTIP units / EOS options surrendered / exercised	12,476,000	—
Aggregate number of LTIP units / EOS options outstanding	1,948,000	14,479,000

In accordance with the Bye Laws for the LTIPs and EOS respectively, the total number of shares which may be issued under the LTIPs and EOS to the eligible participants, including Executive Directors and Senior Management of the Company, shall not exceed the aggregate of 2% of our Company's total number of issued shares. Additionally, the total number of shares which may be issued under LTIP units and EOS options granted to a participant, who either singly or collectively with persons connected with him owns 20% or more of the total number of issued shares of our Company, shall not exceed in

aggregate 10% of the total number of shares to be issued under the LTIPs and EOS respectively. None of our Directors and Senior Management, either singly or collectively with persons connected with them, owns 20% or more of the total number of issued shares of our Company.

For FY 2017, the actual percentage of LTIP units granted to Executive Directors and Senior Management of the Company was 30% of the total number of LTIP units granted in 2017. There were no EOS options granted during the FY 2017.

Since the commencement of the LTIP and EOS, the actual percentage of LTIP units and EOS options granted in aggregate to Executive Directors and Senior Management of the Company are 23.7% and 61.1% of the total number of LTIP units and EOS options granted respectively.

There were no LTIP units and EOS options granted to the Non-Executive Directors since the commencement dates of the LTIPs and EOS.

Details of the LTIP units and EOS options exercised during the financial year are disclosed in Note 22 of the financial statements.

3. AUDIT AND NON-AUDIT FEES

The amount of audit and non-audit fees paid or payable to external auditors by the Group and the Company respectively for the financial year ended 31 December 2017 are as follows:

	Audit fees		Non-Audit fees	
	Group RM'000	Company RM'000	Group RM'000	Company RM'000
– KPMG PLT	1,021	373	680	680
– Affiliates of KPMG PLT	5,123	452	775	–
Total	6,144	825	1,455*	680

* Approximately RM1.0 million of the non-audit fees is related to a limited review of the Group's financial statements.

Services rendered by KPMG PLT are not prohibited by regulatory and other professional requirements, and are based on globally practiced guidelines on auditors' independence.

4. MATERIAL CONTRACTS INVOLVING DIRECTORS', CHIEF EXECUTIVE'S AND MAJOR SHAREHOLDERS' INTERESTS

Save as disclosed below and in the financial statements, there were no material contracts entered into by the Company and/or its subsidiaries involving Directors', Chief Executive's and Major Shareholders' interests subsisting as at 31 December 2017 or entered into since the end of the previous financial year:

- (i) A shareholders' agreement dated 23 December 2011 ("Shareholders' Agreement") was entered into among the Company, Integrated Healthcare Hastaneler Turkey Sdn Bhd, Bagan Lalang Ventures Sdn Bhd ("Bagan Lalang"), Hatice Seher Aydinlar and Mehmet Ali Aydinlar, whereby the parties have agreed on, among others, the rights and obligations of the parties regarding the governance of Acibadem Saglik Yatirimlari Holding A.S. and its group ("Acibadem Holding"). Under the Shareholders' Agreement, Mehmet Ali Aydinlar, Hatice Seher Aydinlar and any relatives or heirs of these individuals or their

permitted transferees holding shares in Acibadem Holding or in its group companies ("Aydinlar") have an option to convert Acibadem Holding shares that they hold representing up to 15.0% of the issued share capital in Acibadem Holding into ordinary shares in IHH ("IHH Shares") during a period of ten years from 24 January 2012, provided that such option is exercisable only after the initial public offering of IHH ("Aydinlar Option").

The relative prices of the Acibadem Holding shares to be transferred and the IHH Shares to be issued upon any exercise of the Aydinlar Option, will be based on the fair market valuation of these shares at the time the Aydinlar Option is exercised. If the fair market valuation of these shares will result in a conversion of Aydinlar's Acibadem Holding shares into 20.0% or more than the number of IHH Shares, compared to if the Aydinlar's Acibadem Holding shares were converted by using the share consideration price (per share) paid under the Share Purchase Agreement (referred to in Section 15.6(ii)(a) of the Company's Prospectus dated 2 July 2012) (*adjusted for any impact of subsequent capital increases or other changes to the capital*) ("Original Number"), then the number of IHH Shares which

the Acibadem Holding shares will convert into will be 20.0% more than the Original Number. Likewise if the conversion would result in 20.0% or less than the Original Number, then the number of IHH Shares converted into will be 20.0% less than the Original Number.

Subject to Aydinlar exercising the Aydinlar Option, Bagan Lalang will have a similar right to convert a certain class of Acibadem Holding shares held by Bagan Lalang, representing up to 15.0% of the issued share capital in Acibadem Holding, into new IHH Shares ("Bagan Lalang Option"). The Bagan Lalang Option shall mirror exactly the Aydinlar Option and shall be subject to identical terms and procedures.

5. RECURRENT RELATED PARTY TRANSACTIONS

The recurrent related party transactions of revenue nature incurred by the Group for the financial year ended 31 December 2017 did not exceed the threshold prescribed under Paragraph 10.09(1) of the MMLR.

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors are required by the Companies Act 2016 to prepare financial statements for each financial year. These are to be made out in accordance with the applicable approved accounting standards and to give a true and fair view of the state of affairs of the Group and the Company at the end of the financial year as well as of the results and cash flows of the Group and Company for the financial year.

In preparing the financial statements, the Directors have adopted suitable accounting policies and applied them consistently. The Directors have also made judgment and estimates that are on a going concern basis as the Directors have a reasonable expectation, having made enquiries that the Group and Company have resources to continue in operational existence for the foreseeable future.

The Directors have overall responsibility for taking such steps necessary to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

The Statement by Directors pursuant to Section 251(2) of the Companies Act 2016 is set out in the financial statements.