

SUSTAINABILITY REPORT

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SUSTAINABILITY REPORT

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CEO Message

Our primary objective is to ensure that MRCB-Quill REIT's ("MQREIT") asset portfolio provide Unitholders with long-term and sustainable distribution of income, achieving long-term growth in the net asset value per unit. To achieve the above, a well-defined strategy and proper follow through in the execution will be crucial. The combination of the two factors above will create sustainable business operations, drive business performance while taking into account the long-term impact of the operations on the stakeholders and communities that we serve.

Keeping in mind the importance of sustainability in creating value for both MQREIT asset portfolio and stakeholders, we are pleased to present our financial year ("FY") ended 31 December 2018 ("FY 2018") Sustainability Report this year. This report has documented our sustainability performance for FY 2018, with data for FY 2017 and FY 2016 wherever possible.

Our sustainability journey has been enriching for the past 2 years. Since initiating our inaugural sustainability reporting for FY 2017, we recognise the importance of instilling the right sustainability culture that starts within the organisation. In this regard, we will continue to strive to meet our objective through the practice of good corporate governance, sound and responsible business and asset management practices and a forward-looking strategy that will strengthen resiliency of MQREIT's business. In order to ensure that these are encompassed in all business operations, we have in place various strategic initiatives as we forge ahead – Property Management Strategy, Leasing Strategy, Capital Management Strategy and Investment Strategy.

Employees are the key to the success of our business. Hence, our key sustainability initiatives encompass employee attraction and retention, and talent management and succession planning. Our remuneration policy and processes reiterates the Group's corporate philosophy to attract, retain and train the best talents and reward high achievers. This year, the Group has prioritised the development of our sustainability efforts through the improvement of the employee benefits offered. Based on a general benchmarking performed on medical and hospitalisation benefits offered by publicly listed companies in Malaysia, the Group has improved the employee benefits in respect of the insurance coverage, maternity and paternity benefits which had taken effect from 1 April 2018.

MQREIT's sustainability journey will require awareness from all our stakeholders and will be a continuous learning process. Moving forward, we will continue to learn from the best sustainability practices to improve our sustainability performance, sharing our achievement in subsequent reporting.

SUSTAINABILITY REPORT

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Introduction

About the Report

As we progress in this ongoing journey of sustainability, we as the Manager continue to highlight our non-financial performance and initiatives across the nine prioritised Economic, Environmental, Social and Governance (“EESG”) matters for FY 2018. Together with data from previous financial years, we hope to present comparative data that is meaningful for MQREIT’s second Sustainability Report, where possible.

This report has been prepared in accordance with the Global Reporting Initiatives (“GRI”) Standards 2016 – “Core”, covering all of MQREIT’s operations in Malaysia as shown in Figure 1. Our Sustainability Report will be published annually and we endeavor to obtain independent verification of our non-financial performance data reported as we mature in our reporting process.

Figure 1: List of operations within the scope of the report

List of operations within the scope of the report	
Quill Building: <ul style="list-style-type: none"> • Building 1 – DHL1 • Building 4 – DHL2 • Building 2 – HSBC • Building 3 – BMW • Building 5 – IBM 	Wisma Technip
	Part of Plaza Mont’ Kiara
	Platinum Sentral
	Menara Shell

For this report ended 31 December 2018, we have excluded Quill Building 8 – DHL XPJ from the scope as the divestment of this said property was completed during the year. In addition, Tesco Building Jelutong Penang has been excluded as it is fully self-managed by the tenant.

For any queries in relation to this report, please feel free to contact:

Ms. Joyce Loh
 General Manager, Investment and Investor Relations
 603-2859 7175
 joyce.loh@mrcb.com

About the Business

Incorporated in Malaysia and listed on the main board of Bursa Malaysia Securities Berhad (“Bursa Securities”), MQREIT is a Real Estate Investment Trust (“REIT”) managed by MRCB Quill Management Sdn. Bhd. (“MQM” or the “Company” or the “Manager”). The core activities of MQREIT involve the acquisition of and investment in commercial properties in Malaysia with the ultimate goal to provide unitholders with long-term and sustainable distribution of income, as well as, to achieve long-term growth in the net asset value per unit. In April 2018, MQREIT completed the divestment of Quill Building 8 – DHL XPJ, which is aligned with their business strategy to evaluate and rejuvenate property portfolio on an opportune basis. Currently, MQREIT owns 10 commercial buildings comprising five in Cyberjaya, four in Kuala Lumpur, and one in Penang, valued cumulatively at RM2.18 billion as at 31 December 2018. Our properties continues to be managed by Zaharin Nexcap Property Management Sdn. Bhd.

MQREIT is also a longstanding member of the Malaysian REIT Managers Association (MRMA).

SUSTAINABILITY REPORT

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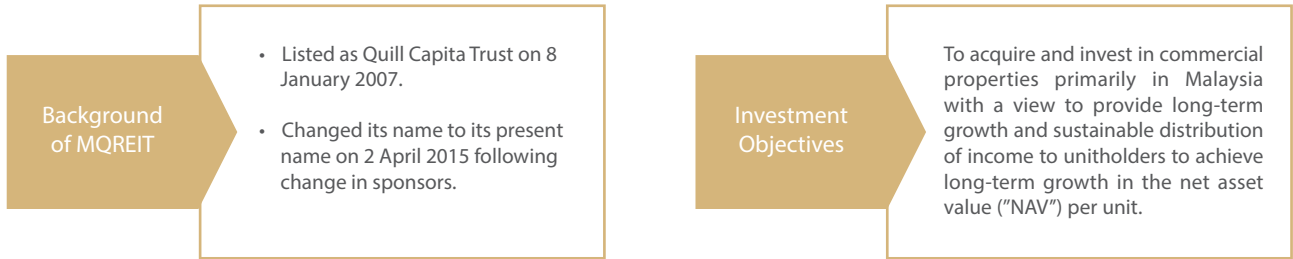
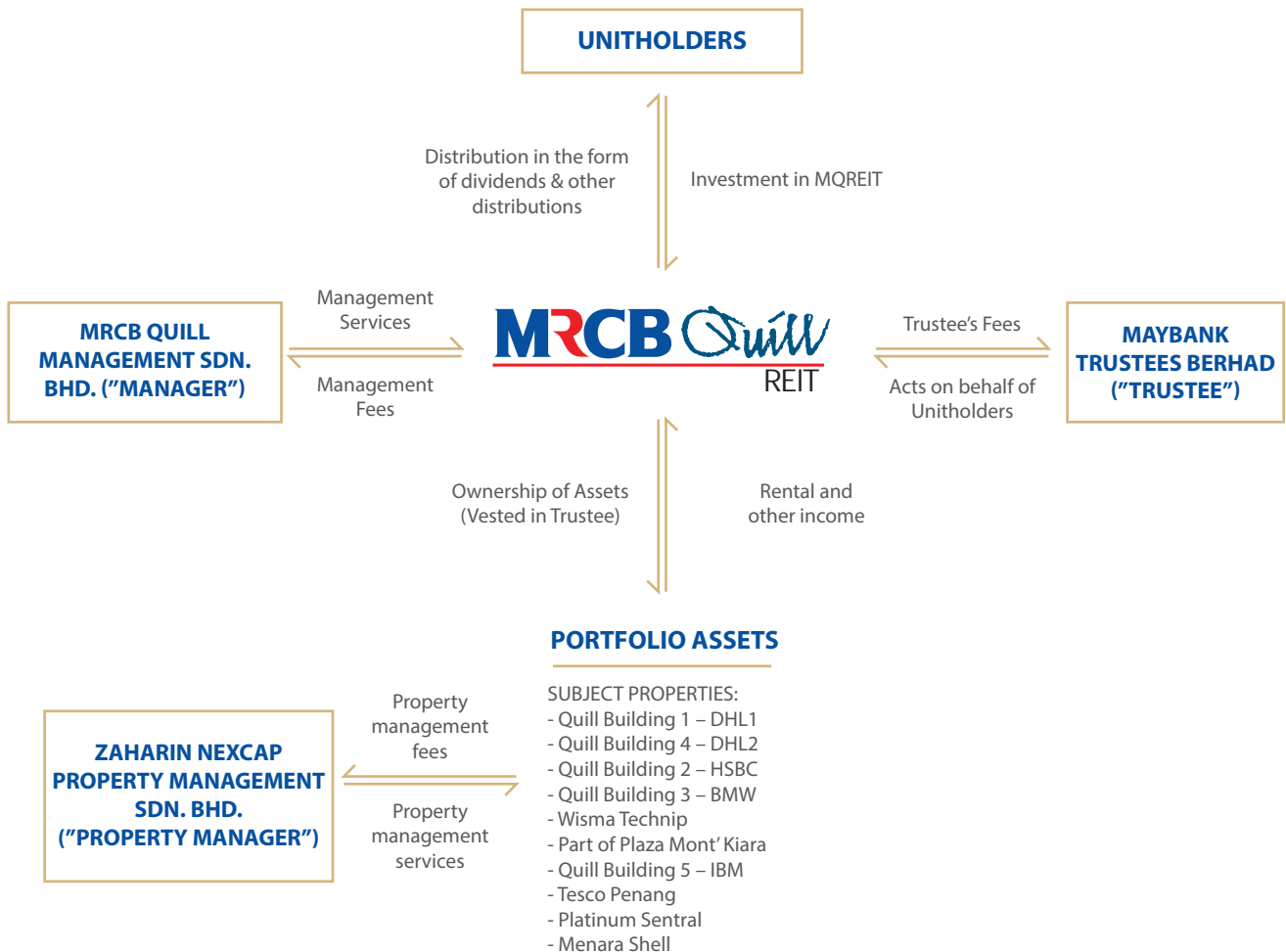


Figure 2: MQREIT Structure



SUSTAINABILITY REPORT

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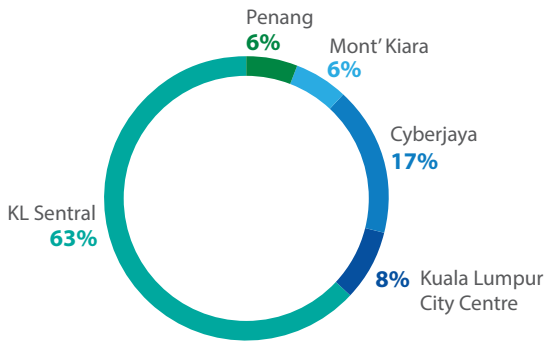


Figure 3: Geographical Diversification (By Valuation)

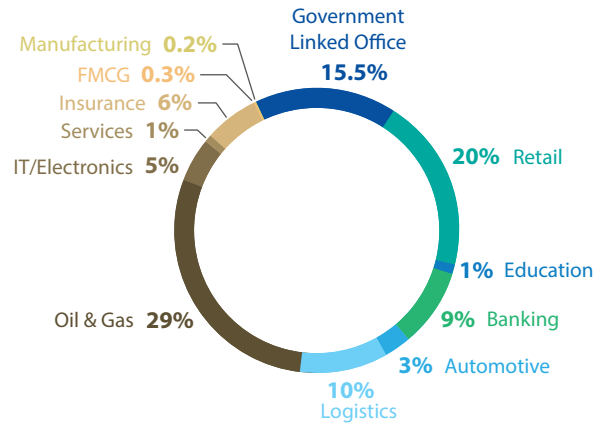


Figure 4: Tenancy Mix (By Net Lettable Area)

Highlights in 2018

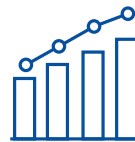
We strive to ensure that the Fund's portfolio assets provides our Unitholders with long-term and sustainable distribution of income, achieving long-term growth.

FINANCIAL HIGHLIGHTS



10

Commercial buildings valued at **RM2.2 billion** as at 31 December 2018



Realised net income of **RM84.65 mil** in FY 2018



RM2.27 billion
Total asset value



Gross revenue of **RM172.53 million** in FY 2018



8.08 sen
Distribution per unit

SUSTAINABILITY HIGHLIGHTS



17

employees receiving an average of

25.3

hours of training for each staff

AWARDS HIGHLIGHTS

Awarded the **Best of the Breeds REITs Award 2018** for Office REIT Malaysia (Gold) in the 5th REITs Asia Pacific Conference 2018



SUSTAINABILITY REPORT

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Sustainability in MQREIT

Materiality Assessment

Following the formal materiality assessment that was conducted in the prior year, the Board of Directors of the Manager (the "Board") has re-assessed the material matters identified and approved this Sustainability Report. The five material matters identified, on top of the four additional matters selected for reporting are accordingly listed in Figure 5.

In developing the contents and quality of the report, the GRI Reporting Principles were also considered:

Stakeholder Inclusiveness	We recognize that is crucial for proactive engagement and effective communication with stakeholders in allowing them to make informed decisions. See page 78 for details.
Sustainability Context	As a REIT with properties primarily in Malaysia, our sustainability context is national and regional. We track sustainability issues through engagements with local communities and the government.
Materiality	Please refer to page 77 for details.
Completeness	Our report covers all properties owned by MQREIT and managed by MQM. More details on our reporting scope is covered on page 74.
Balance	The report is built upon disclosures that are transparent and fair, in ensuring meaningful information and data are provided to readers of the report.
Comparability	The selection of GRI Standards, an internationally recognized and widely adopted framework ensures a level of comparability between peers in the industry.
Accuracy and Reliability	Internal processes, together with assigned responsibilities ensures that data are monitored on a regular basis.
Clarity	The report is developed with clarity in mind, such that readers can easily understand the information disclosed.
Timeliness	Information disclosed is aligned with the period of our financial reporting and the report is published as one of the segments in the Annual Report.

Figure 5: Material and Additional EESG matters



1. Regulatory Compliance
2. Anti-Corruption
3. Governance



4. Talent Attraction and Retention
5. Turnover Rate of Senior Management
6. Health, Hygiene & Safety Protection of Tenants, Visitors and Local Communities
7. Employee Capacity Building



8. Quality of Assets and Services



9. Water Management

SUSTAINABILITY REPORT

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Stakeholder Engagement

The Manager recognizes that a healthy stakeholder engagement is vital for the sustainability of the business. As necessary, the Manager will enhance their communication channels in attempts to better address the key concerns of its stakeholders. Table 1 summarises our approach to stakeholder engagement.

Table 1: Stakeholder Engagement table

Stakeholder	Objective	Mode	Frequency	Stakeholder's key concerns	Our responses
Analysts	<ul style="list-style-type: none"> To provide information to allow analysts to disseminate accurate information to the investment community 	<ul style="list-style-type: none"> One-on-one meetings Analyst briefings Investor conferences 	<ul style="list-style-type: none"> Quarterly When required When required 	<ul style="list-style-type: none"> Timely and transparent disclosure of information and announcements Accessibility to management/ Investor Relations (IR) team 	<ul style="list-style-type: none"> Improved responsiveness towards feedback and queries
Employees	<ul style="list-style-type: none"> To provide fair and equal opportunity To ensure employee development and career progression 	<ul style="list-style-type: none"> Quarterly employee appraisals One-on-one meetings Team meetings Staff retreat/team building retreat Staff briefings 	<ul style="list-style-type: none"> Quarterly As appropriate As appropriate As appropriate As appropriate 	<ul style="list-style-type: none"> Employee welfare & benefits Work opportunity and career advancement 	<ul style="list-style-type: none"> Transparent, open and consistent approach to appraisals Feedback sessions with senior management Trainings, team building and staff retreats
Government	<ul style="list-style-type: none"> To seek clarification from government agencies on the guidelines under their purview To ensure compliance and proper administration of the legislations effecting the operations of the REIT 	<ul style="list-style-type: none"> Consultation meetings together with consultants/ advisers and industry associations Seminars and workshops 	<ul style="list-style-type: none"> On a case-to-case basis As appropriate 	<ul style="list-style-type: none"> Adherence to legislations and guidelines affecting the REIT 	<ul style="list-style-type: none"> Professional consultants/advisers are appointed to assist us during the consultations
Industry Associations	<ul style="list-style-type: none"> To be a contributing members to the industry sectors' professional objectives 	<ul style="list-style-type: none"> To participate in consultation and feedback to regulators 	<ul style="list-style-type: none"> As appropriate 	<ul style="list-style-type: none"> Fair representation of industry's needs and demands to regulators 	<ul style="list-style-type: none"> Active membership involvement and contribution

SUSTAINABILITY REPORT

(cont'd)

Stakeholder	Objective	Mode	Frequency	Stakeholder's key concerns	Our responses
Investment Community i.e. Fund Managers	<ul style="list-style-type: none"> To engage existing and potential investors to provide information to allow these investors to make sound investment decisions in relation to MQREIT 	<ul style="list-style-type: none"> One-on-one meetings Investor conferences 	<ul style="list-style-type: none"> As appropriate As appropriate 	<ul style="list-style-type: none"> Profitability and financial health of MQREIT Timely and transparent disclosure of information and announcements Accessibility to management/IR team 	<ul style="list-style-type: none"> Improved responsiveness towards feedback and queries
Local Community	<ul style="list-style-type: none"> To give back to the community in which we operate, specifically to improve the welfare of needy children To contribute funds to meet the immediate needs of at least 1 children's NGO To involve all staff in the fund raising event 	<ul style="list-style-type: none"> Cash contribution to meet immediate needs 	<ul style="list-style-type: none"> Annually 	<ul style="list-style-type: none"> To provide sustained support after the completion of each CSR project 	<ul style="list-style-type: none"> Alignment of goals of charities with our CSR objectives Continue to maintain relationship with charitable organisations
Tenants	<ul style="list-style-type: none"> To engage existing customers to ensure tenant satisfaction and high retention rate To forge new relationships with potential tenants 	<ul style="list-style-type: none"> Direct feedback from tenants at all stages of the tenancy Regular meetings and discussions 	<ul style="list-style-type: none"> As appropriate When required 	<ul style="list-style-type: none"> Maintenance of the properties Quick response time by property managers 	<ul style="list-style-type: none"> Scheduled maintenance for each property Notify and resolve disruptions caused to tenants promptly Timely response to tenant's queries
Unitholders	<ul style="list-style-type: none"> To proactively provide up-to-date disclosures and information to allow unitholders to make informed decisions on their investments 	<ul style="list-style-type: none"> Annual General Meetings Annual reports Website (www.mrcbquillreit.com) Announcements on Bursa Securities Interactions with IR personnel 	<ul style="list-style-type: none"> Annually Annually As appropriate As appropriate As appropriate 	<ul style="list-style-type: none"> Profitability and financial health of MQREIT Timely and transparent disclosure of information and announcements 	<ul style="list-style-type: none"> Sound investment and capital management strategy Tested leasing and property management capabilities Robust corporate governance procedures in place
Vendors	<ul style="list-style-type: none"> To have fair, proper and transparent dealings with vendors 	<ul style="list-style-type: none"> One-on-one meetings 	<ul style="list-style-type: none"> As appropriate 	<ul style="list-style-type: none"> Fair and transparent selection of vendors 	<ul style="list-style-type: none"> Professional approach in reviewing proposals from vendors

SUSTAINABILITY REPORT

(cont'd)

Governance

As a listed entity, we recognize that good corporate governance is imperative to the long-term sustainability and success of MQREIT. We therefore have in place a robust governance framework (Figure 6) overseen by our Board which manages the Economic, Environmental, Social and Governance (EESG) risks and opportunities that are relevant to MQREIT.

Figure 6: MQM's governance framework



For more information, refer to our Corporate Governance Report which we have published on MQREIT's website (www.mrcbquillreit.com) and submitted to Bursa Securities' website, and our Corporate Government Overview Statement in pages 55 to 64 of our Annual Report.

Managing Sustainability

Headed by our CEO, the Sustainability Working Committee ("SWC") comprising key personnel from each department is responsible for driving sustainability efforts across our organisation. The SWC oversees and monitors the execution of MQREIT's sustainability strategies as well as monitors any EESG risks associated with the business operations and properties. The SWC in close interaction with the relevant stakeholders, will champion and determine the key priorities for the sustainability initiatives for the properties. The CEO is in charge of reporting to our Board every year, updating them on the key developments in the corporate sustainability scene. The Board will continue to re-assess the material matters in the subsequent periods to ensure that reported topics remain relevant and material to MQREIT and approves the yearly sustainability reports.

SUSTAINABILITY REPORT

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Figure 7: Sustainability Governance Structure

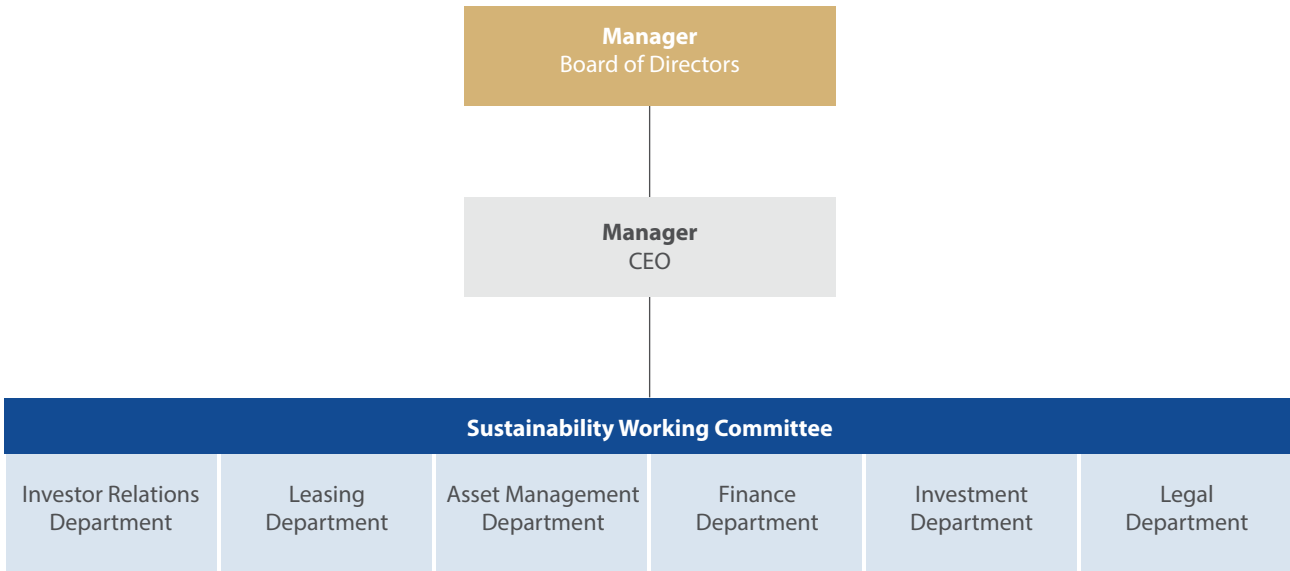


Figure 8: MQM's organisational values



As illustrated in Figure 8, the Manager further seeks to uphold strong organisation values and ensures that these values are cascaded to all new joiners during their orientation programme. The Manager regularly reminds its employees of these organisational values through e-mail reminders, displaying it on the TV screen at the common lobby areas and during town hall meetings.

SUSTAINABILITY REPORT

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Regulatory Compliance

As a management company to a publicly listed REIT, the Manager strictly adheres to all applicable laws and regulations mandated by the relevant authorities which in turn helps to boost investor confidence. We align MQREIT's and the Manager's business practices to be in compliance with the Securities Commission Malaysia ("SC") Licensing Handbook, Bursa Securities Main Market Listing Requirements and Guidelines on Listed Real Estate Investment Trust (issued by the SC) and the general tax compliance.

Further to that, the Manager strictly abides by the Malaysian Employment Act 1955, which prohibits exploitative labour practices, and the Children and Young Persons (Employment) Act 1966, which forbids the employment of children under the age of 14. The Manager is committed to anti-child labour, human rights and anti-slavery principles, regulations and laws and is in deliberation to include such compliance as a clause in all service agreements with our suppliers beginning of next year.

Besides external compliance, our Company Secretariat, Legal and Finance departments work in harmony to ensure that internal controls are present to monitor MQREIT's compliance performance. Additionally, to provide further guidance on the conduct of our business and duties, the Manager has established the Code of Business Conduct in January 2018. Finally, to ensure that our employees are kept updated on relevant rules and regulations, they are sent for regular trainings organized by Bursa Securities, SC, the Malaysian Institute of Accountants and reputable law firms.

There are no known incidents of non-compliances for the past two years. We will strive to keep this up for the years ahead.

Yearly Targets	Actions Taken in FY 2018	Performance in FY 2018
Zero incidences of reported non-compliance with rules and regulations.	<ul style="list-style-type: none"> Appointment of internal compliance officer to report to the Audit Committee and board on a quarterly basis on the compliance of rules and regulations. Developed a compliance checklist. External consultant engaged as an internal auditor. 	 Achieved
To incorporate anti-child labour, human rights and anti-slavery as a clause in all supplier service agreements.	<ul style="list-style-type: none"> Several discussions were held to formalise this as a pre-requisite with existing suppliers/vendors. This will be an on-going process whereby we will endeavour to include this as a standard provision in all new service agreements with new suppliers/vendors. 	 In progress and on-going

SUSTAINABILITY REPORT

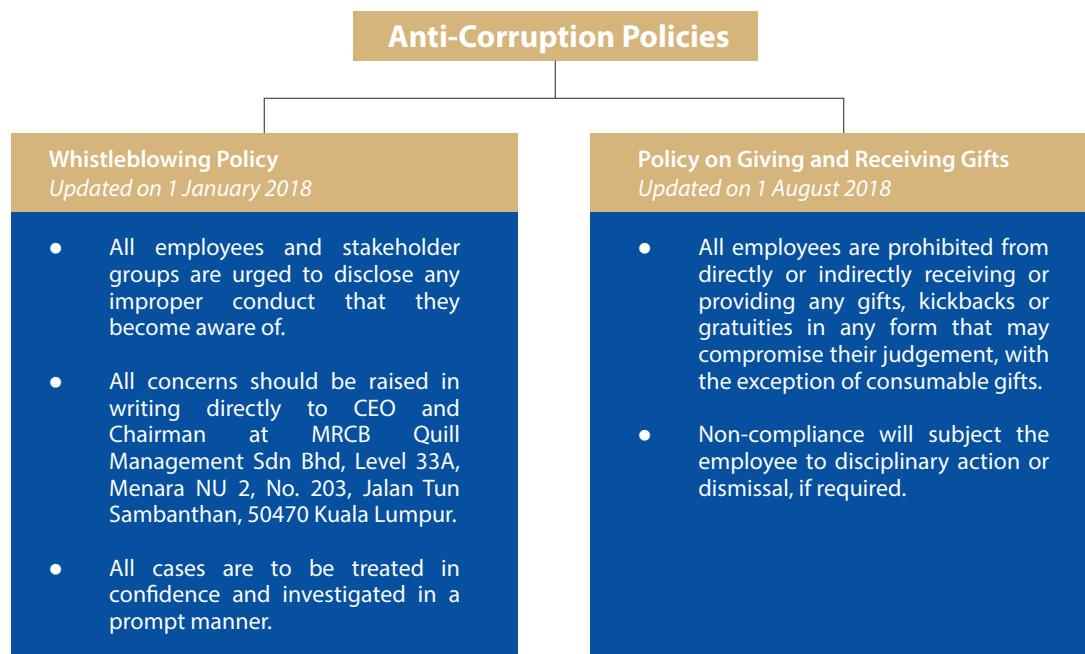
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Economic



Anti-Corruption

In protecting MQM's reputation as a respectable firm, it upholds strict business ethics and integrity in the running of MQREIT's operations. As the Manager, we take a serious view on corruption and will not hesitate to take appropriate action on any persons found to be involved in corrupt activities. Signed to the Corporate Integrity Pledge by the Malaysian Anti-Corruption Commissions in 2017, our employees have pledged to uphold the Anti-Corruption Principles for Corporations in Malaysia and are committed to creating a business environment free from corruption. Furthermore, our corporate policies such as our 'Whistleblowing Policy' and 'Policy on Receiving and Giving Gifts' are communicated via emails at least once a year to ensure that our employees are aware and not vulnerable to committing the prohibited acts as reflected in Figure 9.

Figure 9: Whistleblowing and Giving and Receiving policies



The aforementioned policies also apply to our service providers, suppliers, vendors, tenants and business customers, and they are communicated through an anti-corruption clause in all agreements that we execute. MQREIT is glad to share that the anti-corruption clause has been well received by our tenants and business customers and has maintained its clean record of having zero confirmed incidents of corruptions for both FY 2017 and FY 2018.

Yearly Targets	Actions Taken in FY 2018	Performance in FY 2018
To insert anti-corruption clause in the agreements to be entered by MQREIT with service providers and tenants.	<ul style="list-style-type: none"> • Inserted anti-corruption clause in tenancy agreements entered into between MQREIT and tenants beginning from year 2017. • Inserted anti-corruption clause in service agreements entered into with service providers beginning from year 2018. 	 Achieved
To obtain 100% of employees' signatories in acknowledging receipt of notice on the Giving and Receiving Gift Policy.	<ul style="list-style-type: none"> • Educated our employees through detailed information shared on the Policy of Giving and Receiving Gifts. 	 Achieved

SUSTAINABILITY REPORT

(cont'd)

Environmental

Water Management

Water is an extremely important natural resource and is used for essential building services such as air-conditioning, washroom facilities, cleaning, landscaping and for fire protection in all MQREIT properties. As demand for water is constantly on the rise, we as the Manager is cognisant of the importance of conserving the use of water, and takes multiple proactive measures and initiatives to curb water usage. One of the key measures is the monthly maintenance check to ensure that its air-conditioning system, being the largest contributor to overall water consumption levels, is operating at optimum levels at all properties. The Rainwater Harvesting System (RWHS) which collects and reuses rainwater for landscaping and flushing of toilets was fully installed in Platinum Sentral as part of its green building compliance. This year, the same system was proposed to be installed at Quill Building 4 and installation works has commenced in December 2018. This project is expected to be completed in 2019.

Property Managers of each building are responsible for the management of water in their respective buildings, recording and reporting the monthly water consumption in the Asset Control Group ("ACG") report. Any abnormal hikes in monthly consumption are promptly investigated and appropriate mitigation measures are taken in prevent reoccurrences.



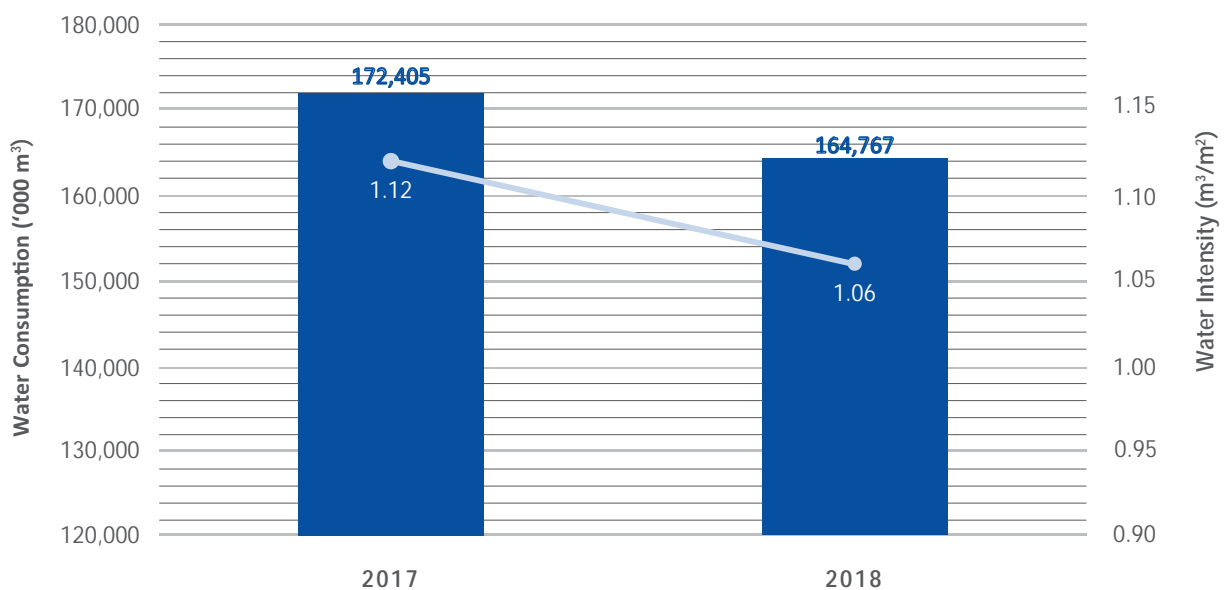
Yearly Targets ¹	Actions Taken in FY 2018	Performance in FY 2018
2% annual water savings from FY 2017.	<ul style="list-style-type: none"> Respective property managers were tasked to conduct regular checks in ensuring all equipments are in good conditions and to replace old pipes, install self-closing taps and repair any leaky pipes. 	 Achieved
Water management policy to be drafted by FY 2019.	<ul style="list-style-type: none"> Asset management managers are tasked to contribute in drafting the Water Management Policy. 	 In progress

Figure 10: MQREIT's water consumption²



¹ Targets are on a perpetual basic unless otherwise stated.

² All water consumed is withdrawn from municipal water supply.

SUSTAINABILITY REPORT

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We are once again pleased to report that we have exceeded our set target in reducing our aggregate water consumption this year as we remain steadfast in our commitment to use water in a more resourceful and efficient manner.

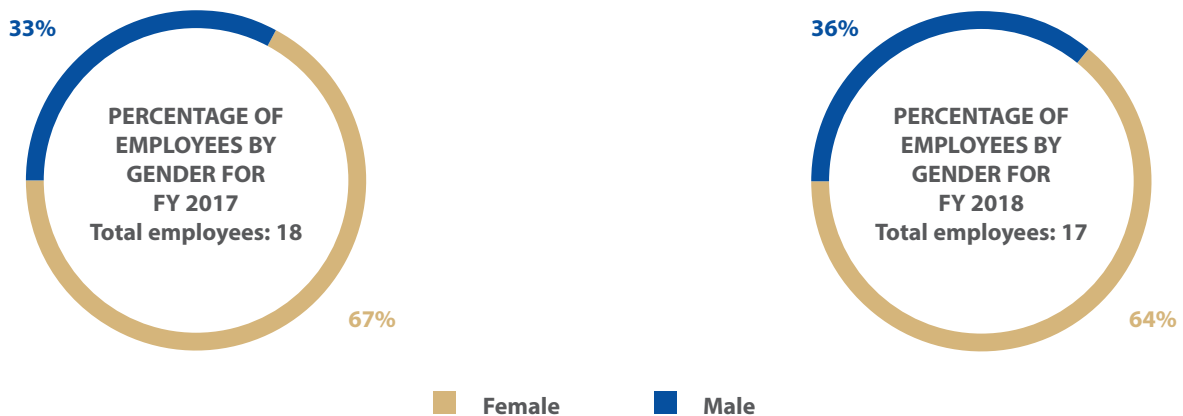
Currently, Wisma Technip, Platinum Sentral and Menara Shell have water filters installed. Moving forward, we plan to assess the suitability of installing water filters in MQREIT's other buildings to be even more effective in our water usage. For 2019, we plan to install water filter in Quill Building 3 – BMW.

Social

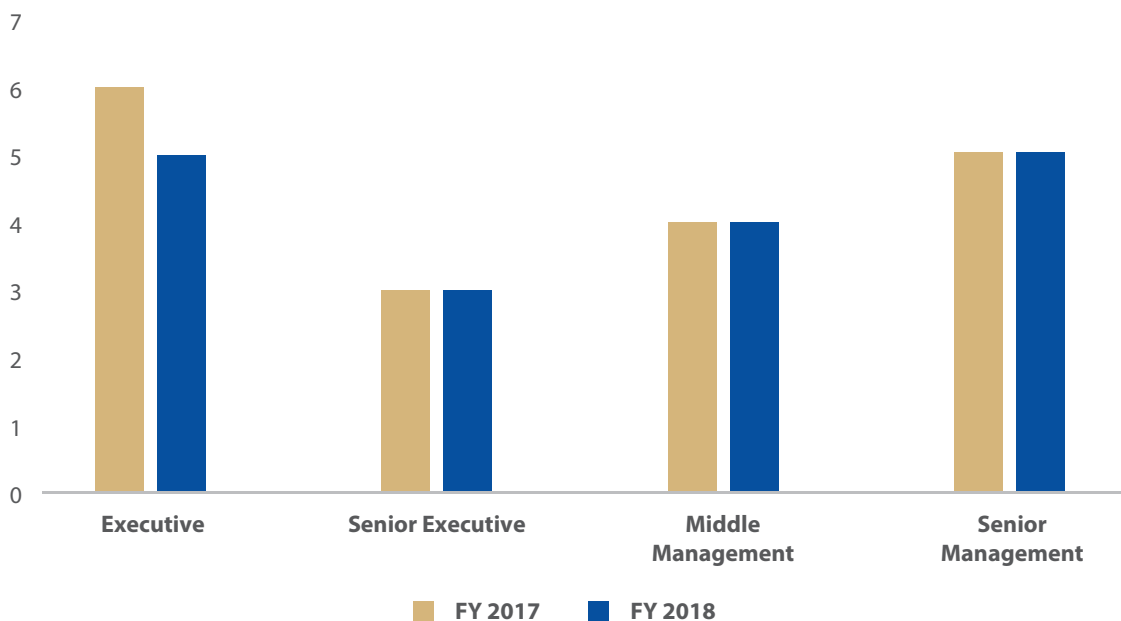
Our People

We value our employees greatly as we believe that they are the key contributors in making MQREIT and MQM a success. It is their skills, professionalism and commitment that provide us with a competitive advantage over our peers. On our end, we are committed to providing each and every one of our employees with a fair and conducive workplace where they can thrive in. We constantly strive to be an employer of choice by promoting diversity, equality, mutual trust and teamwork at the workplace and this is conveyed clearly under General Policies and Code of Conduct of the employees' handbook. None of our employees are covered by collective bargaining agreements due to nature of our business.

Figure 11: MQM's employee profile



No. of Employees by Category



SUSTAINABILITY REPORT

(cont'd)

Figure 12: MQM's worker profile



Turnover Rate of Senior Management

As at 31 December 2018, there was a total of 17 employees (FY2017: 18 employees). During the year, we had 1 new hire, one female executive under 30 years old. Similarly, we had 2 turnovers, a male and female executive both under 30 years old. As at end of the year, we also hired a total of 36 workers³ (FY2017: 34 workers).

We are pleased to report zero turnover rate of its senior management for consecutive two years. MQM continually ensures that compensation packages and staff benefits offered remains competitive and adequate in retaining and attracting employees.

Yearly Targets	Actions Taken in FY 2018	Performance in FY 2018
Zero turnover rate of its senior management.	<ul style="list-style-type: none"> MRCB Group HR carried out a benchmarking of the market with respect to the medical and hospitalisation benefits offered by public listed companies in Malaysia and other government-linked organisations, as well as based on external HR consultant compensation reports in deriving the improved medical and hospitalisation benefits. The increase in maternity and paternity benefit was also provided as the Group wanted to align the Group's benefits with what other government-linked organisations are providing currently. 	<p>● Achieved</p>

³ For the purposes of this report, the workers of the Manager only includes its property managers. A significant portion of the Manager's activities are performed by these appointed property managers who oversees all property operational matters such as proposed repair and replacement of mechanical and electrical works, attend to tenants' complaints, monitor and supervise the performance of service providers, and implement Standard Operation Procedures (SOPs).

SUSTAINABILITY REPORT

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Talent Attraction and Retention

Our hiring practices are fair and just and we do not discriminate against any attributes and characteristics of individuals. In the unfortunate event a grievance arises, we have in place a grievance policy and detailed procedures for employees to seek redress with the aim to promptly resolve and maintain a harmonious employer-employee relationship.

Additionally, we place a great emphasis on the health and well-being of our employees. All employees are entitled to benefits such as the group term life insurance, disability and invalidity insurance coverage, parental leave, outpatient and inpatient medical benefits to full time employees and their dependents, retirement provision and stock options. In view of the increased cost of living, the Group has enhanced several employee benefits with effect from 1st April 2018. These measures will help our employees ease their financial burden, while providing family unity and togetherness through the support of working mothers. The revised employee benefits include an increase in annual insurance coverage to employees and their dependents, extension of maternity leave from 60 to 90 days, implementation of paternity leave up to 5 days for fathers, shorter work hours for pregnant female employees and other additional maternity benefits.



To foster healthy working relationships amongst colleagues, social activities are routinely organized by the Company. Some examples of such events include the Staff and Property Manager Buka Puasa Dinner, a one-off standup comedy event and bimonthly birthday luncheons. Other activities include corporate social responsibility initiatives and sports and fitness programmes organized by the Company to improve overall employee wellness.

Pictures: Employees participating in yoga and fitness programmes



SUSTAINABILITY REPORT

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Yearly Targets	Actions Taken in FY 2018	Performance in FY 2018
Zero validated cases of non-compliance with employment regulations or acts concerning employee rights.	<ul style="list-style-type: none"> • Informal staff meetings with the CEO to get updates on the company's performance and also form as a forum for staff to ask questions and seek clarification on any issues. • Practice open-door policy by the CEO wherein the staff are free to see the CEO on matters concerning work or employment matters. 	 Achieved
Zero unresolved grievance cases which require escalation to the CEO or Chairman.	<ul style="list-style-type: none"> • First point of contact for staff to report any grievance cases will be with the line managers or head of departments. Only in cases where a resolution cannot be achieved, will be escalated to the CEO/Chairman. 	 Achieved

Quotations on: Maternity Leave

"I am very grateful that our maternity benefits are now on par with what government-linked organisations are providing its employees. Longer maternity leave has allowed me to spend more time with my daughter. It also helped me to recover better and return back to work fully recharged. Aside from that, the increased of the cash allowance per delivery also provided us peace of mind during this crucial period of our lives that the financial burden of maternity care and hospitalisation have been alleviated".

- Christie Pun, Leasing Manager

"I am glad that the company has enhance the maternity benefits as it has alleviated the burden of the delivery cost. The increase in maternity leave from 60 days to 90 days has given me the opportunity to have a better mother-child bonding experience with my baby, which is vital for the healthy development of new born babies."

- Leong Foong Yin, Senior Finance Executive

Employee Capacity Building

We believe that a resilient and engaged workforce is a key driver of an organisation's success. Guided by our Group-wide Training and Development policies (Figure 13), we as the Manager is committed to provide adequate and relevant training and development programmes to all employees that will commensurate with their competency, level and work requirements. Furthermore, these training programmes are available to equip them with lifelong skills that can be applied beyond the parameters of work.

SUSTAINABILITY REPORT

(cont'd)

General Policy on Training and Development

Provide guidance on the administration of internal training and development programmes that are coordinated by the HR Department for MRCB and its subsidiaries. The policy is also applicable to training conducted by external trainers to enhance employee's skills.

Training and Development Policy Guidelines (Internal In-House Training Programme)

Policies on eligibility and procedures for nomination for in-house training.

Training and Development Policy Guidelines (Practical Industrial Training)

Policies on eligibility and procedures for application of practical training programmes.

To support our employees in upgrading their current skills sets, funds have been budgeted for external trainings engagements. In addition, we have tapped into MRCB's diverse training platforms so that MQM staff are able to participate in or enroll themselves into the available training programmes which can help them obtain the skill sets necessary to perform their duties at work. These training platforms include:

- **MRCB Training Academy:** Provides a year-round calendar of technical, functional, job-related and soft skills training programs open for all staff. New programs available will be made known to staff through email blasts.
- **MRCB Learning Zone:** Implemented since September 2016, this digital learning platform is accessible both online and offline which aims to promote continuous learning at each individual's pace and convenience whilst tailoring to their learning needs. It not only provides an extensive range of skill and personal development courses for free, but also readily available materials to provide guidance as needed.
- **Environmental, Health and Safety (EHS) Trainings:** Offers a list of EHS trainings for the year such as Chemical Hazard Risk Assessment, Effective Safety Committee where staff are given the opportunity to enroll for, as relevant and necessary, to meet requirements of their work.

All employees are actively encouraged and periodically reminded to participate in the relevant training courses communicated via email by the training coordinators.



Figure 13: MRCB's training and development policies




SUSTAINABILITY REPORT

(cont'd)

CASE STUDY: Safety Training and First Aider Course

Our organisation greatly values the health, safety and well-being of its employees and believes in “Safety First” above everything else. By taking the leap towards inculcating a ‘Safety First’ mindset in our employees, the Manager recognizes the importance in equipping its employees with the necessary knowledge and immediate steps to take during an emergency or in the event of an accident. Hence, we as the Manager has introduced the roll-out of an annual Safety Training and First Aider Course that will be carried out by an external qualified training consultant. At the end of the course, the employee will be a certified first-aider which will be valid for the next two years.

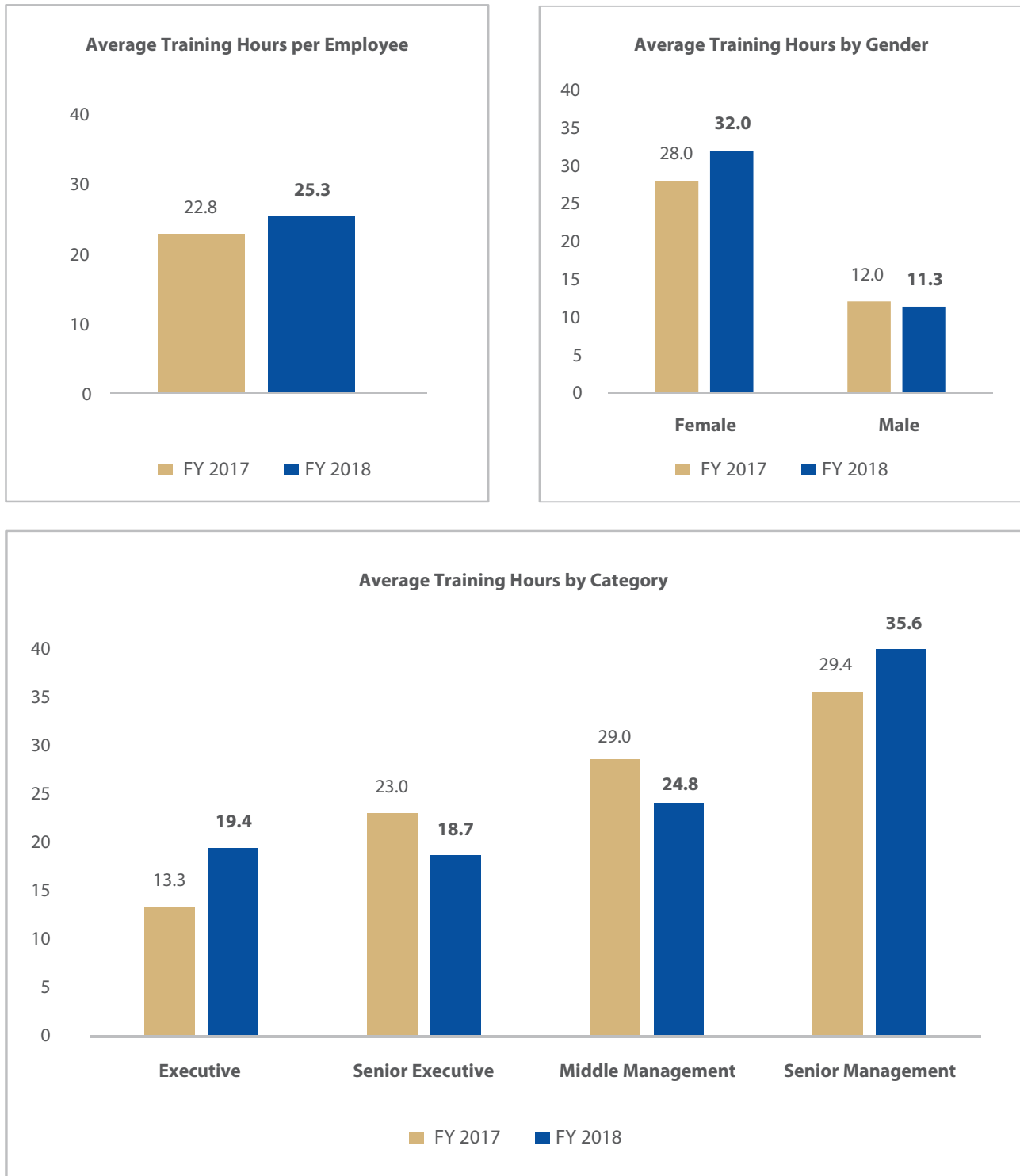
During the year, half of the staff force has attended this compulsory course, which is In line with the requirement set by the management for at least half the employees to attend this course on a yearly basis. The remaining half be scheduled to attend a similar course in the next year.

Yearly Targets	Actions Taken in FY 2018	Performance in FY 2018
To achieve a minimum of 20 CPE points for each Capital Markets & Services Representatives License Holders each year.	<ul style="list-style-type: none"> In instilling in employees a sense of ownership over their training hours and CPE points, the Manager has requested for each employee to submit a self-declared training logbook on a half-yearly basis. This in turn, helps to highlight gaps and will be accordingly addressed. 	 Achieved
To achieve an average of 20 hours of training per year for each employee.	<ul style="list-style-type: none"> To set the tone across the organisation on the importance of achieving an average of 20 hours of training per year, the management may take into consideration the total training hours as a parameter in assessing the performance of the staff. 	 Achieved
Half the number of total staff force to attend Safety Training and First Aider Course each year.	<ul style="list-style-type: none"> Invitation of an external qualified training consultant rather than having the training outside of the office to encourage full participation of employees. 	 Achieved

SUSTAINABILITY REPORT

(cont'd)

Figure 14: MQM's training hours



SUSTAINABILITY REPORT

(cont'd)

Our Communities






Health, Hygiene & Safety Protection of Tenants, Visitors and Local Communities

In developing a positive health and safety culture, we seek to create a collaborative effort by working hand-in-hand with tenants, visitors and communities to ensure that the buildings are properly maintained, and measures are in place to prevent any safety and health hazards.

Health and Safety Policy

All building management team, contractors, their employees, and our direct workforce are required to strictly adhere to the Provision of the Occupational Health and Safety Act, 1994 and all applicable regulations. They are also required to comply with periodic checks by Department of Occupational Safety and Health for office environment to ensure ongoing compliance.

As the Manager, we make a conscious effort to reduce potential hazards and minimize risks by reviewing work procedures and practices and further, place particular attention when reports are raised on hazards identified within the premises. In addition to this, we carry out regular inspections to ensure operational effectiveness and efficiency. Annual audits by external auditors are also carried out to maintain the integrity of equipment and buildings.

Yearly Targets	Actions Taken in FY 2018	Performance in FY 2018
To comply with Occupational Safety & Health Act (OSHA) 1994 and all relevant legislations.	<ul style="list-style-type: none"> Delivered briefings, as required, to all contractors, vendors and visitors to ensure compliance with building safe work procedures. Routine inspection of building facilities, plants and other equipment to ensure that they are in optimal working condition. 	 Achieved
Engage only chargemen who are registered with Energy Commission and contractors who comply with safe work procedures.	<ul style="list-style-type: none"> Internal review process in place to ensure that only qualified chargemen endorsed by the Energy Commission are engaged to manage electrical works for our portfolio's properties. 	 Achieved
Conduct annual fire drill and evacuation exercises for MQREIT properties in coordination with tenants.	<ul style="list-style-type: none"> Annual fire and evacuation drill exercises were conducted for all properties except for Plaza Mont' Kiara⁴ (under strata management) during the year. Specifically for Menara Shell, the exercise was in collaboration with Fire & Rescue Department ("BOMBA"). Held safety training and first-aider course for employees during the year. 	 Achieved
To attain a full compliance for smoke-free building at Menara Shell.	<ul style="list-style-type: none"> Communicated to tenants and contractors that they are required to adhere to the smoke-free policy in the building, contractors are also warned that anyone caught smoking will have their work permit revoked. Spontaneous spot checks conducted. Signages have been installed throughout the premises as a reminder and designated smoking areas were created. 	 Achieved
Improve on the safety procedures to maintain zero incidents rate.	<ul style="list-style-type: none"> Support, promote and raise health and safety awareness and compliance at work place through joint training with tenants, employees and authorised visitors. 	 Achieved

⁴ For Plaza Mont' Kiara (PMK), it is a stratified intergrated mixed development and MQREIT only owns the car park and retail lots within the development. The responsibility of conducting fire drills fall under the purview of the Management Corporation, pursuant to the Strata Management Act.

SUSTAINABILITY REPORT

(cont'd)

In FY 2018 and FY 2017, there have been no incidence of non-compliance with regulations concerning Health and Safety. To further strengthen our efforts in managing the safety of our stakeholders, we are in the process of developing an emergency response plan to be introduced in the year ahead.

CASE STUDY: Fire evacuation and drill at Menara Shell




Menara Shell is a 33-storey high office building erected on a 5 storey podium and 4 storey basement carpark.

On 18 July 2018, we held the annual fire drill and evacuation exercise in conjunction with BOMBA at Menara Shell for all tenants and occupants. With over 2000 occupants accounted for during the exercise, we are proud to say that the said exercise was carried in an orderly and prompt manner. Overall, it took a total of 50 minutes from the time the auxiliary police was informed of the arrival of the BOMBA team at the location to the point the building was announced safe to return to by the Incident Commander.

Two of our anchor tenants at Menara Shell, namely Shell and AmGeneral Insurance also hosted individual "Safety Week". The building management team was invited to participate and conduct one session of building safety procedures with them.



MQREIT has in place the following channels for external stakeholders to raise their concerns, including those involving health, hygiene and safety protection:

Channel	Description of Channel
 Telephone	Stakeholders can call the Building Management Offices and request to speak to a stakeholder contact officer or obtain the property manager's telephone contact number.
 Email	Grievances can be sent to the respective Property Managers' email which can be found from the respective property management's office.
 Face-to-face	Stakeholders can voice their grievance to Property Managers. There is also a 24-hour Auxiliary Police personnel on duty at the main lobby counter.

Every case will be acknowledged, investigated and followed up on before the case is closed. All cases will be duly addressed until a satisfactory resolution is reached upon. There were zero cases reported through these channels in FY 2018 and FY 2017.

SUSTAINABILITY REPORT

(cont'd)

Quality of Assets and Services

As the manager of MQREIT, we close attention is paid towards the quality of our assets and services as we believe that it translates to the satisfaction levels of our tenants. Guided by the policies put in place (Figure 15), tenants can be assured that we continually do our best to upkeep our properties in ensuring a comfortable and safe environment throughout their tenancy period.

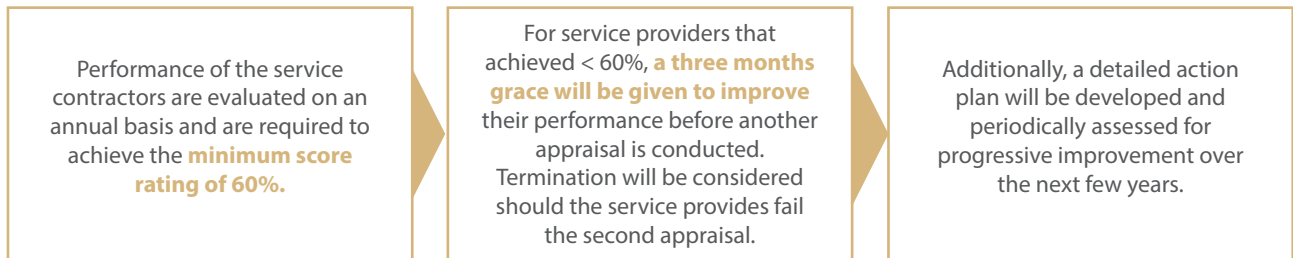
Figure 15: The Manager’s policies on assets, tenants and service providers.



* Policy covers all properties except for Tesco Penang

We have adopted the following approaches in monitoring and tracking the quality of our assets and services offered:

Standard Performance Appraisal



In FY2017, two service providers were terminated for failing the second appraisal. However, we are pleased to share that all our service providers achieved higher than the minimum score rating of 60% in the current year as a result of our ongoing efforts to maintain high standards of service. In the following year, we intend to review the performance in relation to improvements made according to the action plan developed.

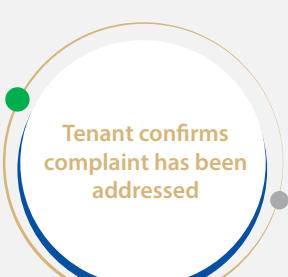
Tenant Complaint Form System

To ensure our tenants enjoy the highest level of satisfaction, all tenant complaints are collated through a complaint form system and are targeted to be responded to within a 24 hour period. In addition, all complaints received are raised to the asset control group which then holds monthly discussions on operational issues and on recommendations proposed by respective property managers in improving tenant satisfaction levels.

Beginning this year, we have also embarked on the implementation of a Computerized Maintenance Monitor System (“CMMS”) for tracking complaints, with Menara Shell being the first building to test out this system. Should CMMS be proven effective, MQREIT will consider rolling out this tracking system for its buildings with more than 10 tenants. In addition, further enhancement to the CMMS can be included such as the integrate automated acknowledgement on the receipt of complaints with unique numbers assigned for tracking purposes.

SUSTAINABILITY REPORT

(cont'd)

Current Process	Narration
 <p>Raise Tenant Complaint Form for each complaint</p>	<p>The tenant lodges a complaint to Property Management ("PM") normally via phone or email. The standard Tenant Complaint Form is raised to specify the name of complainant, date/time of complaint and details of complaint.</p>
 <p>Immediate/remedial action taken to address complaint</p>	<p>The Technician immediately reviews the complaint and takes immediate/remedial action to address the complaint. The Technician will indicate in the Tenant Complaint Form the action that was taken and the date of action taken.</p>
 <p>Review by PM</p>	<p>PM reviews and signs on the Tenant Complaint Form to confirm that remedial action has been taken to address the complaint and rectification work has been performed.</p>
 <p>Tenant confirms complaint has been addressed</p>	<p>Subsequently, the tenant who lodged the complaint is required to acknowledge the Tenant Complaint Form and confirm that rectification work has been satisfactorily completed to address his/her complaint. The Form shall be filed and kept as reference and record.</p>
 <p>After rectification completed, update and inform Tenant via email</p>	<p>PM shall then inform the tenant via e-mail with the attached signed Tenant Complaint Form.</p>
<p>End</p>	

SUSTAINABILITY REPORT

(cont'd)

Property Certifications

MQREIT currently holds a provisional BCA Green Mark Platinum Award for Platinum Sentral and LEED Platinum certification for Menara Shell.

Other Asset Enhancement Initiatives carried out in Year 2018

Item	Building	Asset Enhancement Initiatives Description
1	Platinum Sentral	Solar panels were installed since 2011 on the rooftops to reduce electricity usage and to earn additional income from the generation. During the year, replacement works of internal wiring and electronics were conducted to maintain efficient power generation.
2	Menara Shell	Ongoing upgrade of new toilet pipes.
3	Wisma Technip	Completed the upgrade of driveway and ongoing upgrade of toilets.

CASE STUDY: Wisma Technip - Illustration on the upgrade of driveway which was completed during the year

The upgrading work has enhanced the functionality of the driveway surrounding the building. Prior to the upgrade, the driveway required constant repairing which resulted in operations disruption. Homogeneous tiles were selected as it is more durable compared to previous materials used as it is expected to accommodate high traffic and extreme weather. In addition, the homogeneous tiles are also easy to maintain as it does not require heavy duty chemicals based cleaning products for the general cleaning.

In addition, water proofing works and drainage improvements were carried out prior to laying of the homogeneous tiles. This is expected to improve the durability of the driveways and the base structure of the building parameter.

Before Upgrade





After Upgrade



SUSTAINABILITY REPORT

(cont'd)

Yearly Targets	Actions Taken in FY 2018	Performance in FY 2018
To achieve a minimum of 60% score rating on average in the assessment for the Standard Performance Appraisal.	<ul style="list-style-type: none"> Ongoing monitoring of contractors' service level acts as a thrust for our service contractors to meet, if not outdo their existing service efforts. The building manager keeps regular communication with the service providers in order to facilitate consultation on issues that required improvement when service reports are being submitted. 	 Achieved
To acknowledge and respond to all complaints within a 24 hour period.	<ul style="list-style-type: none"> Implemented the first CMMS in Menara Shell to aid the tracking of complaints in a timely manner. 	 Achieved

GRI Content Index

GRI Standard Disclosure Reference	Description	Section of Report
GRI 102: General Disclosures		
Organisational profile		
102-1	Name of the organisation	Introduction: About the Business
102-2	Activities, brands, products, and services	Introduction: About the Business
102-3	Location of headquarters	Introduction: About the Business
102-4	Location of operations	Introduction: About the Business
102-5	Ownership and legal form	Introduction: About the Business
102-6	Markets served	Introduction: About the Business
102-7	Scale of the organisation	Introduction: About the Business
102-8	Information on employees and other workers	Social: Turnover Rate of Senior Management
102-9	Supply chain	Introduction: About the Business
102-10	Significant changes to the organisation and its supply chain	Introduction: About the Business
102-11	Precautionary principle or approach	Governance
102-12	External initiatives	Earth Hour
102-13	Membership of associations	Introduction: About the Business
Strategy		
102-14	Statement from senior decision-maker	CEO Message
Ethics and integrity		
102-16	Values, principles, standards, and norms of behavior	Governance: Managing Sustainability

SUSTAINABILITY REPORT

(cont'd)

GRI Standard Disclosure Reference	Description	Section of Report
Governance		
102-18	Governance structure	Governance: Managing Sustainability
102-20	Executive-level responsibility for economic, environmental, and social topics	Governance: Managing Sustainability
102-21	Consulting stakeholders on economic, environmental, and social topics	Sustainability in MQREIT: Materiality Assessment
102-29	Identifying and managing economic, environmental, and social impacts	Sustainability in MQREIT: Materiality Assessment
102-31	Review of economic, environmental, and social topics	Sustainability in MQREIT: Materiality Assessment
102-32	Highest governance body's role in sustainability reporting	Governance: Managing Sustainability
Stakeholder engagement		
102-40	List of stakeholder groups	Sustainability in MQREIT: Stakeholder Engagement
102-41	Collective bargaining agreements	Social: Turnover Rate of Senior Management
102-42	Identifying and selecting stakeholders	Sustainability in MQREIT: Stakeholder Engagement
102-43	Approach to stakeholder engagement	Sustainability in MQREIT: Stakeholder Engagement
102-44	Key topics and concerns raised	Sustainability in MQREIT: Stakeholder Engagement
Reporting practice		
102-45	Entities included in the consolidated financial statements	Refer to Annual Report
102-46	Defining report content and topic Boundaries	Introduction: About the Report
102-47	List of material topics	Sustainability in MQREIT: Materiality Assessment
102-48	Restatements of information	No restatements were made for this report
102-49	Changes in reporting	Introduction: About the Report Sustainability in MQREIT: Materiality Assessment
102-50	Reporting period	Introduction: About the Report
102-51	Date of most recent report	This is MQREIT's second report
102-52	Reporting cycle	Introduction: About the Report
102-53	Contact point for questions regarding the report	Introduction: About the Report
102-54	Claims of reporting in accordance with the GRI Standards	Introduction: About the Report
102-55	GRI content index	GRI Content Index
102-56	External assurance	Introduction: About the Report

SUSTAINABILITY REPORT

(cont'd)

GRI Standard Disclosure Reference	Description	Section of Report
GRI 103: Management Approach		
103-1	Explanation of the material topic and its boundary	Sustainability in MQREIT: Materiality Assessment
103-2	The management approach and its components	Governance: Managing Sustainability Governance: Regulatory Compliance Economic: Anti-Corruption Social: Talent Attraction and Retention Social: Turnover Rate of Senior Management
103-3	Evaluation of the management approach	Governance: Managing Sustainability Governance: Regulatory Compliance Economic: Anti-Corruption Social: Talent Attraction and Retention Social: Turnover Rate of Senior Management
Category: Economic		
GRI 205: Anti-Corruption		
205-2	Communication and training about anti-corruption policies and procedures	Economic: Anti-Corruption
205-3	Confirmed incidents of corruption and actions taken	Economic: Anti-Corruption
Category: Environmental		
GRI 303: Water		
303-1	Water withdrawal by source	Environmental: Water Management
GRI 307: Environmental Compliance		
307-1	Non-compliance with environmental laws and regulations	Governance: Regulatory Compliance
Category: Social		
GRI 401: Employment		
401-1	New employee hires and employee turnover	Social: Turnover Rate of Senior Management
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Social: Talent Attraction and Retention
GRI 404: Training and Education		
404-1	Average hours of training per year per employee	Social: Employee Capacity Building
404-2	Programs for upgrading employee skills and transition assistance programs	Social: Employee Capacity Building
GRI 416: Customer Health and Safety		
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Social: Health, Hygiene & Safety Protection of Tenants, Visitors and Local Communities