



SUSTAINABILITY STATEMENT



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SUSTAINABILITY STATEMENT

(cont'd)

MESSAGE FROM THE CEO

Three years ago, we embarked on our sustainability reporting journey with the aim to connect with our stakeholders and to demonstrate our commitment to drive business performance sustainably while considering the long-term impact of our operations on the stakeholders and communities that we serve. As a continuation to our commitment, we are pleased to present our 2019 Sustainability Statement ("Statement").

Our primary objective is to ensure that MRCB-Quill Real Estate Investment Trust ("MQREIT")'s asset portfolio provides our unitholders with long-term and sustainable distribution of income, achieving long-term growth in the net asset value per Unit. We strive to achieve 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 the resiliency of MQREIT's business. Our four strategic initiatives – Property Management Strategy, Leasing Strategy, Capital Management Strategy and Investment Strategy – guides our sustainable growth. We are cognisance of the evolving office market space environment in Malaysia and have welcomed a renowned co-working space operator to occupy 70,000 sq.ft. of prime office space at Platinum Sentral.

WELCOME TO OUR 2019 SUSTAINABILITY STATEMENT

Our business model also factors in the impact that our day-to-day activities have on the society and environment.

As a responsible corporate citizen, we are committed to continue to take care of and give back to the community in which we operate in. We have implemented community projects which focus on improving the lives of the vulnerable groups in society, which includes children and women from underprivileged background. We provide financial aid to children to meet their immediate needs and education. We are proud to have garnered the participation of all our employees in this year's corporate social responsibility project.

Energy generation is one of the largest emitters of greenhouse gases ("GHG") which in turn contributes to climate change. We are conscious on our business impact to the environment and are committed to reduce our footprint through energy and water conservation initiatives as well as investments in green buildings, energy efficient systems and clean energy. In FY2019, our solar panels at Platinum Sentral were replaced with a total maximum capacity of 159,200 Watt to achieve greater efficiency in clean energy generation.

Moving forward, we will continue engaging our stakeholders to understand their needs and incorporate them into our business strategies. We will also continue to learn from the best sustainability practices to improve our sustainability performance, sharing our achievement in subsequent reporting.

Yong Su-Lin
Chief Executive Officer



SUSTAINABILITY STATEMENT

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ABOUT MQREIT.

[GRI 102-13]

MQREIT is a Real Estate Investment Trust ("REIT") incorporated in Malaysia and listed on the main board of Bursa Malaysia Securities Berhad ("Bursa Malaysia").

Managed by MRCB Quill Management Sdn. Bhd. ("we", "MQM" or the "Manager"), MQREIT is established to acquire and invest in commercial properties, with the goal to provide our unitholders with long-term and sustainable distribution of income and potential capital growth.

As at 31 December 2019, MQREIT owns 10 commercial properties in Malaysia with a combined value of RM2.14 billion. The locations of MQREIT's properties are illustrated in Figure 1.

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

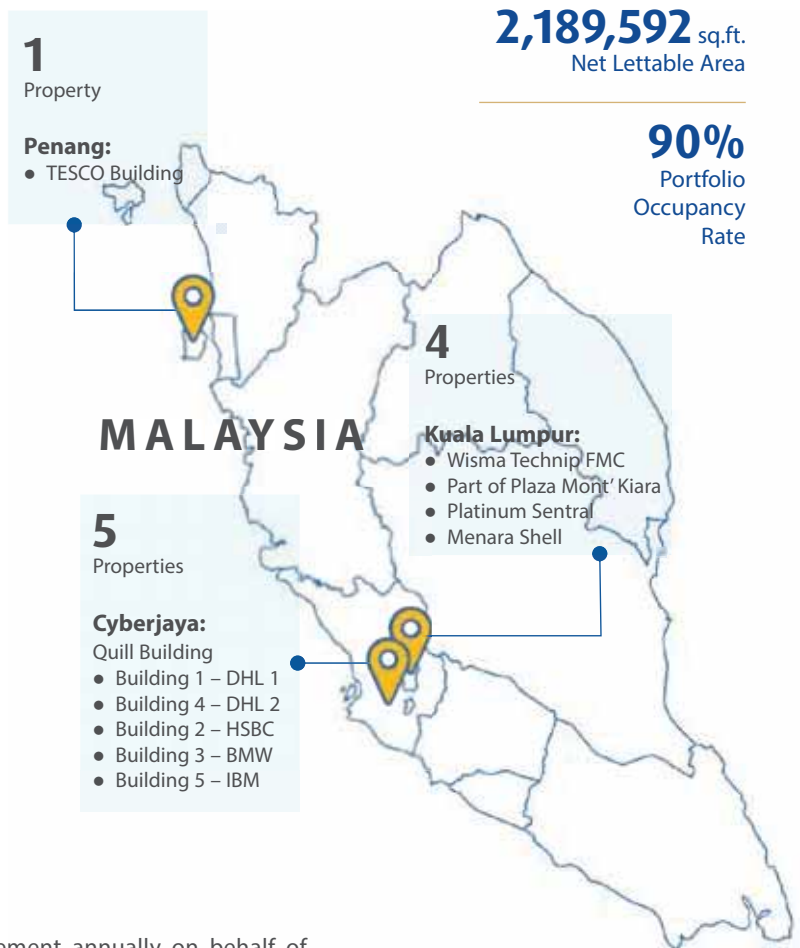


For more information on MQREIT's structure, refer to Pg. 4



For more information on MQREIT's properties, refer from Pg. 13 to 26

Figure 1: Location of commercial properties



ABOUT THIS STATEMENT.

[GRI 102-46, 102-50, 102-51, 102-52, 102-53, 102-54, 102-56]

As the Manager, we prepare a Sustainability Statement annually on behalf of MQREIT. This is our third Sustainability Statement in our sustainability journey which serves to transparently communicate our sustainability performance and initiatives with our stakeholders.

Reporting Period and Scope

This Statement features our sustainability performance and initiatives from 1 January 2019 to 31 December 2019 and covers all of MQREIT's operations in Malaysia which we have direct managerial control, except for Tesco Building Jelutong Penang which is fully self-managed by the tenant.

Reporting Framework

This Statement has been prepared in accordance with the Global Reporting Initiatives ("GRI") Standards: Core option, Bursa Malaysia's Sustainability Reporting Guide (2nd edition) and Main Market Listing Requirements.

Independent Assurance

We are committed in strengthening the sustainability reporting process and our management team has applied their collective mind to the preparation of this Statement. The development of this Statement is supported by adequate internal controls. Notwithstanding our existing internal controls, we recognise the importance of independent verification and we intend to seek independent assurance on our key sustainability indicators in the future.

Get in touch

We value and welcome all stakeholders' feedbacks. For any queries relating to this Statement, please feel free to contact:

Ms. Joyce Loh
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Sustainability Governance.

[GRI 102-16, 102-18, 102-20, 102-32]

Institutionalising sustainability in the organisation requires committed leadership, clear direction and strategic influence. This will not be possible without a robust corporate governance framework.

We acknowledge that good governance is essential to protect the best interests of the unitholders and crucial to the success of our business. Our corporate governance framework (Figure 4) – overseen by our Board – ensures accountability, oversight and review on the implementation of our strategy and the management of our economic, environmental and social (“EES”) risks and opportunities.

Our Board sets the tone from the top and is ultimately accountable for the integration of sustainability in our day to day business to ensure sustainable growth. Our sustainability governance structure is presented in Figure 5.

The Board considers the economic, environment and property industry risk, reviews and approves all investment decisions.


The management regularly reviews operations of the Manager and MQREIT to ensure appropriate controls are in place to manage risks. Such risks and controls are further monitored by the Audit Committee (“AC”) and Board.

The AC addresses and acts on comments by the auditors of MQREIT and reports to the Board.

To mitigate the potential loss of value of unitholder’s investments in MQREIT, all transactions are rigorously analysed prior to execution i.e. in understanding the risks involved and for relevant controls and measures to be implemented within the guidelines and parameters set by the Board.

Where significant risks are identified for a particular property investment, independent and specialised consultants are brought in to conduct comprehensive due diligence exercise.

It is a pre-requisite for all major investment proposals to include a detailed risk assessment, and where appropriate, sensitivity analysis and management’s proposed risk mitigation or control strategies.



For more information on our corporate governance, refer to our Corporate Governance Report which is available on our website at www.mrcbquillreit.com and our Corporate Governance Overview Statement from Pg. 66 to 76.

Figure 4: Corporate Governance Framework

Sustainability Governance Structure



Figure 5: Sustainability Governance Structure

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(cont'd)

Stakeholder Engagement.

[GRI 102-40, 102-41, 102-42, 102-43, 102-44]

We define key stakeholders as individuals, companies and/or groups who could significantly affect or being affected by our business operations. We understand that effective engagements with our stakeholders will provide us insights into matters that they are most concerned with, which sets the basis for effective strategy development. Therefore, we are committed to strengthening relationships with our key stakeholders through constructive dialogue on material matters and consider their feedbacks in our decision-making. The outcome of our engagements with our key stakeholders is summarised in the table below:





| Stakeholder | Engagement objective | Engagement method | Stakeholder's concern and/or interest | Our response | Relevant material matter |
|---|---|--|---|--|---|
| 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 briefing ■ Investor conferences | <ul style="list-style-type: none"> Timely and transparent disclosure of information and announcements Accessibility to management/Investor Relations ("IR") team Profitability and financial health of MQREIT | <ul style="list-style-type: none"> Improved responsiveness towards feedback and queries | <ul style="list-style-type: none"> Governance Sustainable Business Growth and Financial Performance |
| Employees  | <ul style="list-style-type: none"> To provide fair and equal opportunities To provide employee development and career progression | <ul style="list-style-type: none"> ■ Employee survey ■ Quarterly employee appraisals ■ One-on-one meetings ■ Team meetings | <ul style="list-style-type: none"> Employee welfare and benefits Work opportunity and career advancement Financial health of the company | <ul style="list-style-type: none"> Transparent, open and consistent approach to appraisals Feedback sessions with senior management Training, team building, and staff retreats | <ul style="list-style-type: none"> Talent Attraction and Retention Sustainable Business Growth and Financial Performance Health and Safety Employee Capacity Building |
| 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"> Adherence to legislations and guidelines affecting the REIT Continuous learning through the promotion/marketing of Securities Industry Development Corporation courses (Securities Commission) | <ul style="list-style-type: none"> Professional consultants/advisers are appointed to assist us during the consultations | <ul style="list-style-type: none"> Regulatory Compliance Employee Capacity Building |
| Industry Associations  | <ul style="list-style-type: none"> To be a contributing member to the industry sectors' professional objectives | <ul style="list-style-type: none"> ■ Consultation and feedback sessions | <ul style="list-style-type: none"> Fair representation of industry's needs and demands to regulators through consultation with government authorities | <ul style="list-style-type: none"> Active membership involvement and contribution | <ul style="list-style-type: none"> Regulatory Compliance |

Table 1: Stakeholder engagement

Engagement frequency:

■ Annually ■ Quarterly ■ As and when required

SUSTAINABILITY STATEMENT

(cont'd)






| Stakeholder | Engagement objective | Engagement method | Stakeholder's concern and/or interest | Our response | Relevant material matter |
|--|--|---|---|---|---|
| Investment Community  | <ul style="list-style-type: none"> › To engage existing and potential investors to provide information which allow these investors to make sound investment decisions in relation to MQREIT | <ul style="list-style-type: none"> ■ One-on-one meetings ■ Investor conferences ■ Annual reports ■ MQREIT website | <p>Profitability and financial health of MQREIT</p> <hr/> <p>Timely and transparent disclosure of information and announcements</p> <hr/> <p>Accessibility to management or IR team</p> | <ul style="list-style-type: none"> › Improved responsiveness towards feedback and queries | <ul style="list-style-type: none"> › Governance › Sustainable Business Growth and Financial Performance |
| 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 | <p>To provide sustained support after the completion of each CSR project</p> <hr/> <p>Financial assistance to NGOs</p> | <ul style="list-style-type: none"> › Alignment of goals of charities with our CSR Objectives › Continue to maintain relationship with charitable organisations | <ul style="list-style-type: none"> › Health and Safety › Community Partnerships and Activities |
| 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 | <p>Maintenance of the properties</p> <hr/> <p>Quick response time by property managers</p> | <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 | <ul style="list-style-type: none"> › Health and Safety › Quality of Assets and Services |
| 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 meeting (AGM) ■ Annual reports ■ MQREIT website ■ Announcements on Bursa Securities ■ Interactions with IR personnel | <p>Profitability and financial health of MQREIT</p> <hr/> <p>Timely and transparent disclosure of information and announcements</p> | <ul style="list-style-type: none"> › Sound investment and capital management strategy › Tested leasing and property management capabilities › Robust corporate governance procedures | <ul style="list-style-type: none"> › Governance › Sustainable Business Growth and Financial Performance |
| 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 | <p>Fair and transparent selection of vendors</p> | <ul style="list-style-type: none"> › Professional approach in reviewing proposals from vendors | <ul style="list-style-type: none"> › Quality of Assets and Services |

Table 1: Stakeholder engagement

Engagement frequency:

■ Annually ■ Quarterly ■ As and when required

SUSTAINABILITY STATEMENT

(cont'd)

Materiality assessment.

[GRI 102-21, 102-29, 102-47, 102-49]

Our sustainability efforts are focused on strengthening our business growth, driving positive social engagement and maintaining environmental conscientiousness. Material matters are factors that can have a present or future impact on our ability to deliver sustainable value to MQREIT and our stakeholders.

Materiality assessment provides the foundation of our sustainability direction, helping us to prioritise and focus on matters that have significant EES impacts on MQREIT's business as well as our stakeholders.

Our materiality assessment considers both internal and external factors affecting our business, including risks and opportunities. We conduct a full materiality assessment once every three years, or as and when required if there are any significant change in our business operations or external operating environment. We will be conducting a full materiality assessment in FY 2020. We also perform annual materiality review and the outcome is validated by our CEO and the Board. Our materiality assessment process is presented in Figure 2.

Materiality Assessment Process

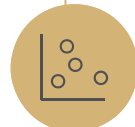
Identification

A list of relevant economic, environmental, social and governance matters were identified through analysing internal and external sources of information such as peer benchmarking, stakeholder engagement outcome, media reviews, external market and megatrends analysis as well as MQREIT's strategy.



Prioritisation

The identified matters were rated and prioritised after robust discussion via an anonymous voting exercise by the representatives from various departments, taking into consideration both internal and external stakeholders' perspective. As a result, a materiality matrix was developed.



Validation

The material matters and materiality matrix identified in the prioritisation stage were presented to our CEO and the Board for validation and approval.



Review

Material matters that were approved by the Board will continue to be re-assessed in subsequent reporting period to ensure that reported topics remain relevant and material.

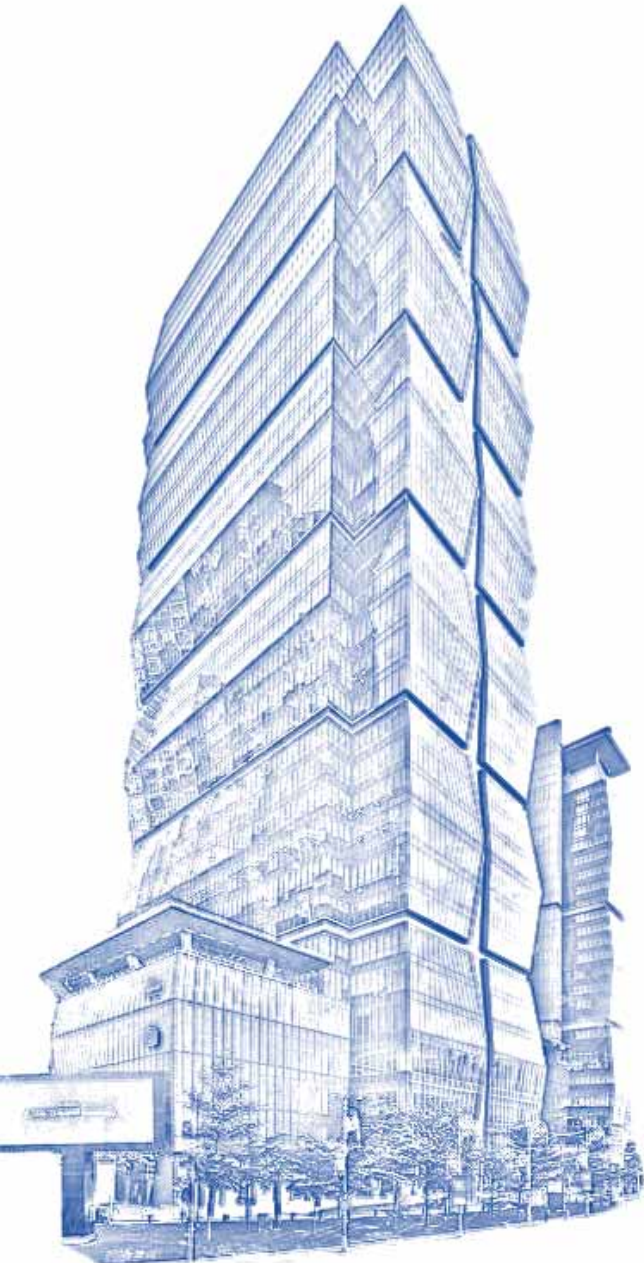


Figure 2: Materiality Assessment Process

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In FY 2019, we reviewed and updated our materiality matrix considering the external operating environment. The changes are reflected in our updated materiality matrix (Figure 3) and validated by the Board. For this Statement, we will be discussing each material matter according to the three sustainability pillars: Economic, Environmental and Social.

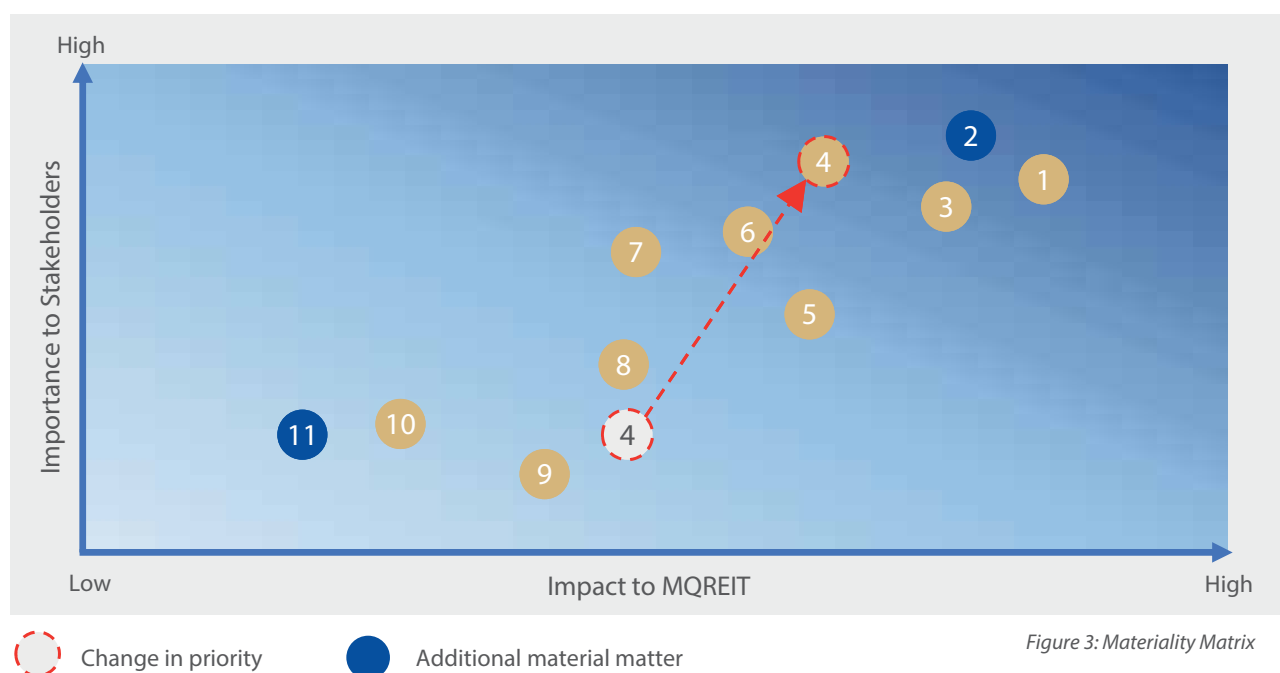


Figure 3: Materiality Matrix

| Material Matter | Definition |
|--|--|
| 1 Regulatory Compliance | Compliance to building, REITs and other regulatory requirements, such as environment, financial, labor, health and safety, listing rules, authority guidelines, public announcements, etc. |
| 2 Sustainable Business Growth and Financial Performance | Concerns an organisation's impacts on the economic conditions of its stakeholders, and on economic systems at local, national, and global levels |
| 3 Anti-Corruption | Corruption is defined as the abuse of entrusted power for private gain. Discusses activities that promote transparency and guard against various forms of corruption (e.g. bribery, extortion, fraud, undue pressure or influence) |
| 4 Quality of Assets and Services | Attention to quality of MQREIT's assets and services in which can translate to satisfaction level of tenants. Tenants can be assured that the properties are in a comfortable and safe environment throughout the tenancy period |
| 5 Talent Attraction and Retention | Retaining and attracting the appropriate subject matter experts in the organisation, given the context of larger competitors who can potentially offer greater growth opportunities and remuneration |
| 6 Leadership and Succession Planning | Risk of losing key personnel who has strong knowledge of current business model, future growth direction and past performance. May also impact on institutional investors' confidence who value track record and stability |
| 7 Governance | The systems and procedures that an organisation has in order to manage economic, environmental and social performance |
| 8 Health and Safety | Anticipation, recognition, evaluation and control of risks concerning health and safety for all employees, tenants and visitors to our properties |
| 9 Employee Capacity Building | Providing employees with market knowledge to help support growth opportunities in new areas. Particularly important in current economic climate in Malaysia, where there is fierce competition in the market |
| 10 Water Management | Minimising water leaks and water usage to provide cost savings to the organisation as well as answering to the nation's call on water conservation |
| 11 Energy and Carbon Footprint | Efficient use of energy to minimise carbon emissions and provide cost savings to MQREIT and the tenants |

Table 2: Material Matters

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(cont'd)

Economic.

7 Governance

Ethical Business Conduct

Conducting business responsibly builds trust, minimises risk, and enhances our reputation. Our corporate governance framework is supported by comprehensive guidelines, policies and procedure – for one, the Board has established a Code of Business Ethics which aims to inculcate ethical corporate culture and provides guidelines on conducting our daily business with honesty and uncompromising integrity.

The Code of Business Ethics applies to all our employee and Directors, and is part of the employee's Terms and Conditions of Service. It covers regulatory and procedural compliance, conflict of interests, confidentiality and liability of employee, amongst others. We disseminate the Code of Business Ethics to all Directors and employees upon their appointment or employment.

In addition, we seek to uphold strong organisational values (Figure 6) and ensures that these values are embraced by all our employees and cascaded to the new joiners during their orientation. Our employees are regularly reminded of these values through email reminders, display on TV screen at common areas and during town hall meetings.

1 Regulatory Compliance

[GRI 103-1, 103-2, 103-3, 307-1, 419-1]

We place utmost priority in ensuring compliance with all relevant laws and regulations as our license to operate. We strictly adhere to all applicable laws and regulations mandated by relevant authorities to provide confidence to our stakeholders.

Our Corporate Secretariat, Legal and Finance departments work closely to monitor the effectiveness of internal controls in managing compliance performance. External consultants are appointed as internal auditor to review our internal processes.

Since 2018, we have an internal compliance officer responsible for managing and monitoring compliance with all applicable rules and regulations such as the Securities Commission ("SC")'s Licensing Handbook and Guidelines on Listed Real Estate Investment Trust, Bursa Malaysia's Main Market Listing requirements, as well as the General Tax Compliance by the Inland Revenue Board of Malaysia, amongst others.

This year, we have included the principles of anti-modern slavery in all our service agreements, in which both MQREIT and service providers shall comply with the relevant rules and regulations. We have informed all service providers on the compliance of this clause.

To keep up with the latest developments on relevant laws and regulations, our employees attended trainings organised by Bursa Malaysia, SC, the Malaysia Institute of Accountants and reputable law firms.



Figure 6: Organisational Values

The relevant laws and regulations we adhered to include, but are not limited to the followings:

- **Malaysian Anti-Corruption Commission (MACC) Act 2018**
Introduced corporate liability for corruption offences, which applies to Malaysian commercial organisations
- **Malaysian Employment Act 1955**
Prohibits exploitative labour practices
- **Income Tax Act 1967 and Public Rulings**
Imposition of income tax that includes collection and recovery of tax, tax refund, offences and penalties, and exemptions, remissions and other relief
- **Children and Young Persons (Employment) Act 1966**
Forbids the employment of children under the age of 14
- **Occupational Safety & Health Act 1994**
Secure the safety, health and welfare of persons at work
- **Anti-Trafficking in Persons and Anti-Smuggling of Migrants Act 2007**
Prohibit in child labour, slavery, servitude and forced or compulsory labour, and human trafficking
- **Environmental Quality Act 1974**
- **Construction Industrial Development Board Act 1994**
- **Electricity Supply Act 1990 (PW4)**

In FY2019, we maintained zero incidences of reported non-compliance with laws and regulations. We strive to maintain this record in the years ahead.

3 Anti-Corruption

[GRI 103-1, 103-2, 103-3, 205-3]

Corruption stifles business growth, posing significant financial, operational and reputational risks to our business. Therefore, we do not tolerate bribery or any forms of corruption in our operations. We hold our employees, business partners and directors to high ethical and compliance standard through our Code of Business Ethics.

To demonstrate the commitment to uphold the Anti-Corruption Principles for Corporations in Malaysia, our employees have signed to the Corporate Integrity Pledge by the Malaysia Anti-Corruption Commissions ("MACC"). Furthermore, we have implemented the Whistleblowing Policy and Policy on Giving and Receiving Gifts to encourage reporting on misconducts and to provide guidelines on acceptance and acknowledgement of gifts by employees respectively. These policies are communicated to our employees via emails at least once a year and to our service providers, suppliers, vendors and tenants through an anti-corruption clause in all agreements we execute.

On 4 May 2018, the MACC (Amendment) Act 2018 (the "Act") was gazetted. The Act introduced the corporate liability provisions which imposes strict liability on commercial organisation and requires organisations to have in place adequate procedures designed to prevent associated persons from undertaking corrupt practices. With that in mind, We are currently developing our Anti-Bribery and Corruption Policy based on the Guidelines on Adequate Procedures ("GAP"), issued by the Prime Minister's Department, which would incorporate the five principles identified as "TRUST". Mandatory ethics and compliance trainings will be provided to the Board, employees, property manager and their employees to educate and reinforce their commitment to ethical practices.

For this financial year, we have neither recorded any complaints nor received fines pertaining to improper conduct or corruption.



SUSTAINABILITY STATEMENT

(cont'd)



Total Asset Value:

RM2.21 billion

Realised Revenue FY2019:

RM162.07 million

Distribution Per Unit:

6.80 sen

Weighted average lease expiry:

4.9 years

The Edge Billion Ringgit Club Award 2019:

Highest growth in profit after tax over 3 years under the REIT category

2 Sustainable Business Growth and Financial Performance

[GRI 103-1, 103-2, 103-3, 201-1]

As the Manager, we strive to ensure that MQREIT's portfolio assets provides the unitholders with long-term and sustainable distribution of income, achieving long-term growth. The success of MQREIT would also contribute to the development of our nation through payments to the government as well as the creation of direct and indirect employment opportunities.

MQREIT generates value through rental income from the 10 commercial properties, as well as car park income. Our approach to ensure sustainable business growth is guided by our four strategic initiatives – Property Management Strategy, Leasing Strategy, Capital Management Strategy and Investment Strategy.

Despite the challenging property landscape in Malaysia, we remained resilient. In FY 2019, MQREIT recorded realised revenue of RM162 million as compared to RM179 million a year ago, representing a 6.5% decline. The value we generated through our operations allowed us to declare and pay Distribution Per Unit of 6.80 sen for this financial year. The direct economic value generated and distributed by MQREIT is presented in Table 3.



For more information on our economic performance, refer to our Management Discussion and Analysis section from Pg. 27 to 36.

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2 Sustainable Business Growth and Financial Performance

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



| | FY 2017 RM | FY 2018 RM | FY 2019 RM |
|--|--------------------|--------------------|--------------------|
| Value generated | | | |
| Revenue, finance income, gain on divestment of investment property | 182,588,523 | 179,041,503 | 164,687,987 |
| Less: Property operating expenses | (41,655,789) | (31,594,183) | (30,769,769) |
| Less: Other operating expenses | (789,457) | (948,463) | (922,599) |
| Total value generated | 150,143,277 | 146,498,857 | 132,995,619 |
| Reconciliation: | | | |
| Total realised income net of taxation | 88,006,515 | 84,653,758 | 72,107,547 |
| <i>Add:</i> | | | |
| Finance costs | 39,484,739 | 39,774,798 | 38,976,163 |
| Manager's fees | 13,458,072 | 13,253,725 | 12,760,955 |
| Trustee's fees | 688,676 | 685,921 | 676,287 |
| Quit rent and assessment | 8,505,275 | 8,130,655 | 8,474,667 |
| Total value generated | 150,143,277 | 146,498,857 | 132,995,619 |
| Payments to the Manager and Trustee | | | |
| - Manager's fees | 13,458,072 | 13,253,725 | 12,760,955 |
| - Trustee's fees | 688,676 | 685,291 | 676,287 |
| Payments to government | | | |
| - Quit rent and assessment | 8,505,275 | 8,130,655 | 8,474,667 |
| Payments to providers of capital | | | |
| - Income distribution | 89,605,200 | 86,600,067 | 72,881,244 |
| - Finance costs | 39,484,739 | 39,774,798 | 38,976,163 |
| Economic value retained | (1,598,685) | (1,946,309) | (773,697) |
| Total value distributed | 150,143,277 | 146,498,857 | 132,995,619 |

SUSTAINABILITY STATEMENT

(cont'd)

Environmental.

10 Water Management

[GRI 103-1, 103-2, 103-3, 303-1, 303-5]

Water is crucial for our daily operations; we use water for essential building services such as air-conditioning, washroom facilities, cleaning, landscaping and for fire protection at all MQREIT's properties. The main source of water supply for MQREIT's properties is from municipal water.

In recent years, water supply disruptions or shortages have been more frequent and prolonged in Malaysia, especially in the Klang Valley, due to repair and maintenance work as well as higher demand from both the increasing population and industry. These water cuts could disrupt our operations and cause inconvenience to our tenants. Therefore, we take proactive measures to conserve water and to ensure sufficient water reserve in the event of water cut.

The property manager of each building is responsible to manage, monitor and report on monthly water usage through the Asset Control Group ("ACG") report. Unusual increase in water consumption will be promptly investigated, and appropriate remedial measures shall be taken. Regular checks are also conducted by property managers to ensure all equipment are in good conditions and to replace old pipes, install self-closing taps and repair any leaky pipes to conserve water.

The water use for air-conditioning system accounts for majority of our overall water usage. A monthly maintenance check is performed to ensure that air-conditioning system is operating at optimum levels at all properties. We also regularly monitor our reserve tank to ensure sufficient reserve to sustain our operations during water shortage. The water tanks at each MQREIT's properties have the capacity to allow us to carry on business as usual for at least 2 days at each building. We will purchase water from other source during prolonged period of water cut.

This year, we achieved our target of 2% year-on-year reduction in overall water consumption as compared to last year. There are minor fluctuations in water consumption for each property which is mainly due to the corresponding increase or decrease in occupancy. In FY 2019, we have installed a rainwater harvesting system at Quill Building 4 which collects and reuses rainwater for landscaping and flushing of toilets. This move will further reduce our demand for municipal water.

Currently, we are developing our Water Management Policy which would act as the formal guideline for water management at MQREIT. Moving forward, we aim to install and replace water filtration system for all our buildings to ensure clean water quality for consumption purposes. We also intend to replace existing toilet taps with water efficient taps at Platinum Sentral which will reduce our water usage. We aim to further reduce our water consumption by 1% from FY2020.



Figure 7: Total water consumption and water intensity

| Property | Water consumption (m³) | | | Water intensity (m³/sqm.) | | |
|-----------------------|------------------------|----------------|----------------|---------------------------|-------------|-------------|
| | FY 2017* | FY 2018* | FY 2019 | FY 2017* | FY 2018* | FY 2019 |
| Quill Building 1 DHL1 | 8,603 | 8,691 | 8,693 | 1.00 | 1.01 | 1.01 |
| Quill Building 2 HSBC | 4,339 | 3,960 | 4,745 | 0.25 | 0.23 | 0.28 |
| Quill Building 3 BMW | 11,312 | 10,975 | 11,841 | 1.04 | 1.00 | 1.09 |
| Quill Building 4 DHL2 | 9,239 | 9,642 | 9,506 | 1.00 | 1.05 | 1.03 |
| Quill Building 5 | 8,246 | 9,842 | 1,359 | 1.09 | 1.30 | 0.18 |
| Wisma Technip | 19,435 | 12,454 | 15,350 | 0.90 | 0.58 | 0.71 |
| Plaza Mont' Kiara | 1,379 | 1,228 | 882 | 0.11 | 0.10 | 0.07 |
| Platinum Sentral | 54,434 | 55,595 | 45,854 | 1.23 | 1.26 | 1.04 |
| Menara Shell | 55,339 | 51,724 | 61,489 | 1.07 | 1.00 | 1.20 |
| TOTAL | 172,326 | 164,111 | 160,070 | 0.94 | 0.90 | 0.87 |

Table 4: Water consumption and water intensity

* Prior years amounts have been restated to reflect actual consumption. Estimates were used for November and December in previous years as data were not readily available at the point of reporting.

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11 Energy and Carbon Footprint

[GRI 103-1, 103-2, 103-3, 302-2]

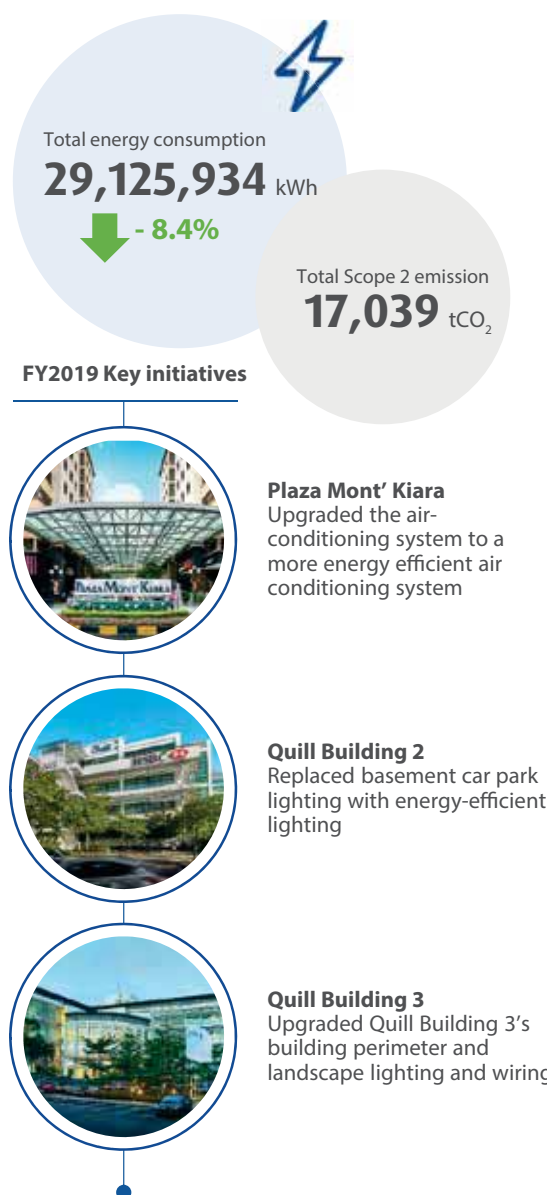
Energy generation is one of the main contributors to greenhouse gas emissions globally. We are committed to reduce our environmental footprint through improving energy efficiency and investing in clean energy.

Our main source of energy is from electricity supplied by the local utility companies. Additionally, we have generators powered by diesel at all MQREIT's properties as back-up electrical system during utility outage, but the energy consumptions and corresponding GHG emissions from these generators are negligible. Our main source of carbon emission is from electricity purchased. The property manager of each building manages, monitors and reports on the monthly electricity consumption through the ACG report. The property manager is also responsible to identify opportunities for improving energy performance.

In FY 2019, we have implemented several key initiatives which include replacing the solar power system at Platinum Sentral with a maximum capacity of 159,200 Watt, doubling the capacity of the previous system. We subscribe to the Feed-in-Tariff ("FiT") for Solar PV programme which allow us to sell the renewable energy we produced to the contracted Distribution Licensee. Some of our other key initiatives for the year are highlighted on the right.

For FY 2020, we intend to develop an Energy Management Policy to guide the implementation of energy conservation and management initiatives. Furthermore, we plan to replace all lighting fixtures in common areas and toilets of Menara Shell and Platinum Sentral with energy efficient lightings. We are also looking at upgrading Quill Building 2's Building Automation System ("BAS") for air-conditioning to further optimise energy consumption of the cooling system.

We target to reduce our electricity consumption by 2% year-on-year.



| Property | Energy consumption (kWh) | | | Energy intensity (kWh/sqm.) | | | Carbon emission (tCO ₂)* | | |
|------------------------------|--------------------------|------------|------------|-----------------------------|---------|---------|--------------------------------------|---------|---------|
| | FY 2017 | FY 2018 | FY 2019 | FY 2017 | FY 2018 | FY 2019 | FY 2017 | FY 2018 | FY 2019 |
| Quill Building 1 DHL1 | 4,829,396 | 4,519,207 | 4,595,957 | 563 | 527 | 536 | 2,825 | 2,644 | 2,689 |
| Quill Building 2 HSBC | 812,993 | 873,146 | 909,089 | 47 | 50 | 53 | 476 | 511 | 532 |
| Quill Building 3 BMW | 8,816,566 | 7,242,719 | 7,181,163 | 809 | 665 | 659 | 5,158 | 4,237 | 4,201 |
| Quill Building 4 DHL2 | 5,192,777 | 5,062,322 | 4,815,665 | 563 | 549 | 522 | 3,038 | 2,961 | 2,817 |
| Quill Building 5 | 2,667,755 | 2,443,915 | 451,787 | 351 | 322 | 59 | 1,561 | 1,430 | 264 |
| Wisma Technip | 3,010,364 | 2,733,335 | 2,368,990 | 139 | 126 | 109 | 1,761 | 1,599 | 1,386 |
| Plaza Mont' Kiara | 749,276 | 652,179 | 664,039 | 62 | 54 | 55 | 438 | 382 | 388 |
| Platinum Sentral | 3,231,385 | 3,112,525 | 2,962,583 | 73 | 70 | 66 | 1,890 | 1,821 | 1,733 |
| Menara Shell | 5,874,103 | 5,168,693 | 5,176,661 | 113 | 99 | 100 | 3,436 | 3,024 | 3,028 |
| TOTAL | 35,184,615 | 31,808,041 | 29,125,934 | 192 | 173 | 159 | 20,583 | 18,608 | 17,039 |

Table 5: Energy consumption, energy intensity and carbon emission (scope 2)

* Carbon emission from purchased electricity (Scope 2) is calculated based on the emission factors from the [2017 CDM Electricity Baseline For Malaysia](#) report by Malaysian Green Technology Corporation

SUSTAINABILITY STATEMENT (cont'd)

Social.

5 Talent Attraction and Retention

Our employees are integral to the success of MQREIT. Their diverse skill sets and experience, professionalism as well as commitment forms part of our competitive advantage that enables MQREIT to grow sustainably. We understand retaining key employees ensures tenant satisfaction, effective succession planning and organisational knowledge sharing. Therefore, we place great emphasis on attracting and retaining talents through our provision of competitive remuneration packages as well as a fair and conducive working environment that allows employees to realise their true potential.

Employment

[GRI 102-8, 102-41, 103-1, 103-2, 103-3, 401-1, 401-2, 401-3]

We strive to be an employer of choice by promoting diversity, equality, personal development, mutual trust, and teamwork at workplace. This is reflected in our General Policies and Code of Conduct of the employees' handbook.

Our recruitment practices are fair and we do not discriminate against any attributes and characteristics of individual. We value diversity and inclusion and the benefits they bring to our business in achieving our objectives. We seek to attract the right skills and talents to meet the business needs of MQREIT.

As at 31 December 2019, we have a total of 18 employees (FY 2018: 18), of which 8 of them are on temporary contract. During the year, we recorded 1 new hire and 1 turnover. Our workforce comprises 67% female and 33% male. Majority of our employees (83%) are below the age of 50. None of our employees are covered by collective bargaining agreement due to the nature of our business.



Figure 8: Employee breakdown by gender

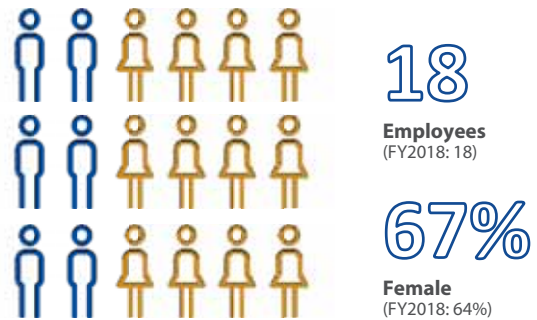


Figure 9: Employee breakdown by age group

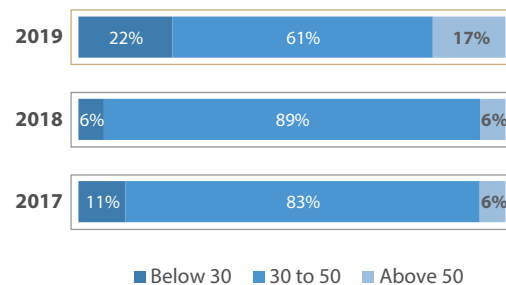


Figure 10: Employee breakdown by employee category

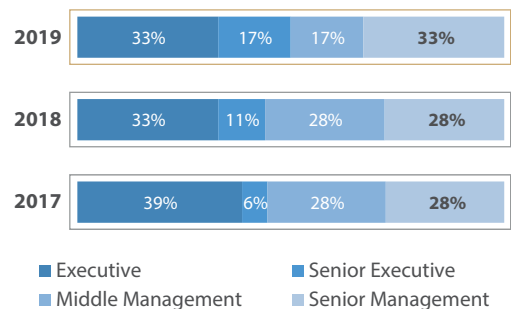
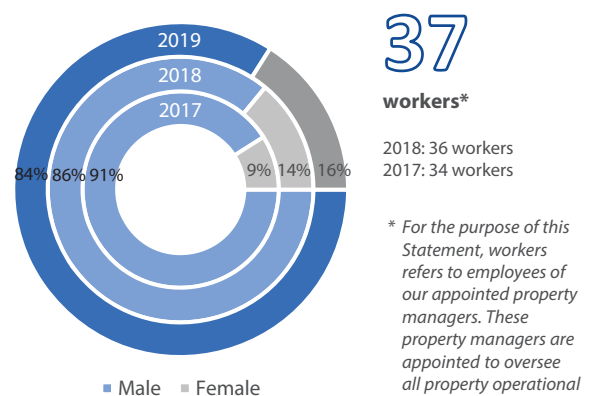


Figure 11: Worker breakdown by gender



SUSTAINABILITY STATEMENT

(cont'd)

5 Talent Attraction and Retention



Durian session with employees and vendors

Employee benefits and well-being

We provide competitive and attractive benefits for our employees. Some of the benefits that our employees are entitled to include:

| Type of benefits | Detail of benefits |
|---------------------------|---|
| Insurance | <ul style="list-style-type: none"> Group term life insurance (including dependant) Disability and invalidity insurance Surgical and hospitalisation insurance |
| Leaves | <ul style="list-style-type: none"> Annual leave Parental leave Maternity leave Compassionate leave Prolonged illness leave Family care leave Examination leave |
| Wellness | Outpatient and health screening |
| Flexible work arrangement | Staggered working hours |
| Subsidy and reimbursement | <ul style="list-style-type: none"> Professional membership subsidy Parking subsidy Broadband subsidy Mobile phone bill reimbursement |

Table 6: Employee benefits

Becoming a parent is a life-changing event for many. We care for and support our employees in this joyous milestone by providing flexibility of shorter working hours for pregnant employees as well as 90 days and 5 days of paid maternity leave and paternity leave respectively. We believe that our small gestures would bring large positive impact in building healthy families and in facilitating mothers to get back to the workforce.

The number of employees who took the maternity and paternity leave is as follows:

| Family leave | FY 2017 | FY 2018 | FY 2019 |
|-----------------|---------|---------|---------|
| Paternity leave | 0 | 0 | 0 |
| Maternity leave | 1 | 2 | 0 |

Table 7: Number of employees who took maternity and paternity leave

We care for our employees' physical and mental well-being as we believe a healthy workforce is a productive one. We support work-life balance by providing flexible working arrangements for our employees.

Employee engagement

Listening to our employees allows us to understand their grievances and improve on the way we do things. We encourage two-way communication between management and employees to build an inclusive workplace based on trust and respect. All employees receive their performance appraisal once annually.

In addition, 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.

SUSTAINABILITY STATEMENT

(cont'd)

5 Talent Attraction and Retention

Employee engagement

In addition, to foster healthy working relationships amongst colleagues, we organised many engagement activities throughout the year including treasure hunt activity, weekly yoga sessions, birthday luncheons, festive dinner and parties. We also encourage our employees to volunteer in corporate social responsibility ("CSR") activities.

In 2019, our employees volunteered on weekends as teacher's aid for the English Tutoring Programme Centre in collaboration with Windsor Language for the less fortunate children at Rumah Ozanam Klang, St. Bernadette's Home, and Rumah SVP Klang Home. We have been sponsoring this programme since 2017 and have contributed RM173,000 since then. We also provide donation to the tune of RM90,000 and RM105,000 to Yayasan Ozanam and Persatuan Kebajikan Kanak-Kanak Kajang respectively to support the immediate needs of children from vulnerable groups.



6 Leadership and Succession Planning

[GRI 103-1, 103-2, 103-3, 401-1]

We believe that strong leadership is central to a successful organisation and developing the next generation of leaders is crucial to ensure we have the right people with the right skills, capabilities, and experiences, in the right place at the right time.

MQM's Nomination and Remuneration Committee is responsible to assess and appoint our Board of Director by considering the relevant skill sets, qualification and experience. The same considerations apply to the appointment of our senior management. Details of our Board are available in the Profile of Directors section of this annual report.

This year, we recorded zero turnover of our senior management. We aim to retain our leaders through our employee retention plan while at the same time, develop our employees to take on leadership roles in the future through on-the-job experience and training programme.

9 Employee Capacity Building

[GRI 103-1, 103-2, 103-3, 404-1, 404-2]

Investing in our employee capacity building is a win-win for both the employees and us. On one hand, employee who receives the necessary training will have greater understanding of the subject, acquire new competencies and in turn build their confidence. Their confidence will allow them to perform their job at a higher level which contributes to the performance of our business. In addition, employees who receive regular trainings would have higher job satisfaction which also helps us retain our key talents.

Our training and development plan is guided by Malaysian Resources Corporation Berhad ("MRCB") Group's training and development policies (Figure 12). Our employees are given access to MRCB Group's diverse training platforms and programme (Table 8) which present a great opportunity for our employees to attain valuable skill sets.

In 2019, we invested around RM33,000 in various training programme to develop our employees' competencies, skills and knowledge to meet current and future business needs. Furthermore, all relevant employees have achieved the 2019 company-wide target of 20 Continuing Professional Education ("CPE") points for each Capital Markets & Services Representative License Holders and all employees have received an average of 35 training hours per employee.

SUSTAINABILITY STATEMENT

(cont'd)

9 Employee Capacity Building

| | | |
|--|---|--|
| <p>General Policy on Training and Development</p> <p>Provide guidance on the administration of internal training and development programmes that are coordinated by the HR Department for MRCB Group and its subsidiaries. The policy is also applicable to training conducted by external trainers to enhance employee's skills.</p> | <p>Training and Development Policy Guidelines (Internal In-House Training Programme)</p> <p>Policies on eligibility and procedures for nomination for in-house training.</p> | <p>Training and Development Policy Guidelines (Practical Industrial Training)</p> <p>Policies on eligibility and procedures for application of practical training programmes.</p> |
|--|---|--|

Figure 12: MRCB Group Training and Development Policies

| Training platform and programme | Description |
|---|---|
| MRCB Training Academy | Provides a year-round calendar of skills-based and technical trainings which are designed purposefully for all employees across levels. The focus of this year's training is with a more targeted effort aimed at improving English proficiency among employees. |
| MRCB Learning Zone | An e-learning platform that hosts 111 e-learning courses that promote continuous learning at each individual's pace and convenience whilst tailoring to their learning needs. The courses include topics relating to leadership, work ethics, emotional intelligence, writing and communication skills, entrepreneurship, teamwork and self-motivation. |
| Industrial Practical Trainings - Environmental, Health and Safety ("ESH") Trainings | Offers a list of EHS trainings for the year such as Chemical Hazard Risk Assessment, Effective Safety Committee where employees are given the opportunity to enrol 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. |

Table 8: Training Platforms and Programmes

Figure 13: Average hours of training per year per employee

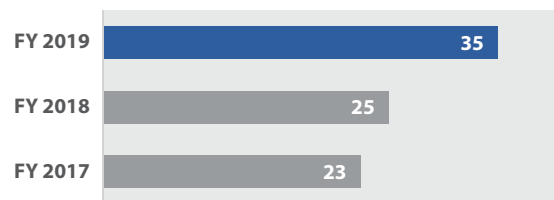


Figure 14: Average hours of training per year by employee category

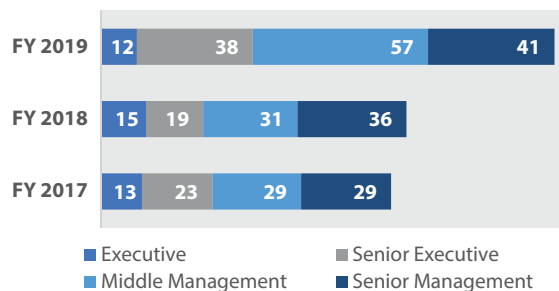
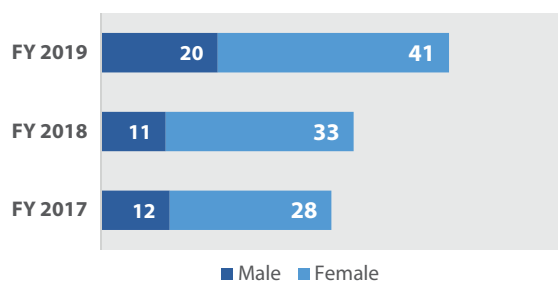


Figure 15: Average hours of training per year by gender



SUSTAINABILITY STATEMENT

(cont'd)

8 Health and Safety
[GRI 403-2, 403-5, 403-6, 403-9, 403-10]

We are committed to provide and ensure a safe and healthy environment for all of our employees, tenants, visitors, community, supply chain vendors and contractors.

Our health and safety policy is designed based on the health and safety principles illustrated in Figure 16. It guides the management of all health and safety issues, complying with the relevant laws and regulations. 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 (“OSH Act”) and all applicable regulations. We comply with the requirements sets out by the Department of Safety and Health (“DOSH”) and receive periodic checks for office environment to ensure ongoing compliance.

We work closely with our tenants, visitors and communities to ensure that the buildings are properly maintained, and measures are in place to prevent health and safety hazards.



Figure 16: MQREIT Health and Safety Principles



Fire drill at Platinum Sentral

Retails, Offices and Carparks

Prior to any renovation and fit-out of the tenanted spaces, the tenants are required to conduct a risk assessment. The building or property managers will check to ensure it is well maintained with clear signages of all hazards. The property manager will conduct regular inspections or spot checks on site periodically to identify and prevent any potential health and safety hazards. This is also to ensure compliance with the OSH Act. We have also established an Emergency Response Team trained in first aid and equipped with fire-fighting abilities to respond to health and safety risks.

This year, we have developed an emergency response plan for Menara Shell to guide emergency response at Menara Shell in the event of an emergency, to prevent any casualties and/or injuries. At Quill Building 2 - HSBC, we also upgraded the staircase design to prevent accumulation of rainwater at common areas such as staircase for safety purposes.

SUSTAINABILITY STATEMENT

(cont'd)

8 Health and Safety

Retails, Offices and Carports

The table below highlights the key activities conducted in collaboration with external parties such as the Fire and Rescue Department of Malaysia ("BOMBA") and tenants to create awareness and protect the health and safety of our building stakeholders.

| Category | Activity | Objective | Property | No. of Attendees |
|---|--|--|---|--|
| Health and Safety Awareness Events | 12th Shell Malaysia and Safety Partner Organisations' CEO HSSE Forum | Discuss and create awareness on the topic of Care, Dilemmas and Risk Nominalisation | Menara Shell | 250 |
| | Shell Safety Day 2019 | Discuss and create awareness on the topic - Together We Make Goal Zero Possible! | Menara Shell | 50 |
| Health and Safety Communication | Yearly fire evacuation drill briefing | Communicate and alert on the building's emergency respond plan and route with the Building Management Office ("BMO") Emergency Response Team and Tenants' Floor Warden | Platinum Sentral | 33 |
| | Menara Shell emergency response team | Communicate the roles and responsibilities of Emergency Manager, Evacuation Controller, Floor Marshalls, First Aiders and Emergency Response Team | Menara Shell | 80 |
| | Building safety briefing | Communicate building's health and safety requirements and procedures to all tenant's vendors, contractors prior to issuance of work permits and commencement of work | Menara Shell | All contractors, vendors, suppliers and caterers |
| | Tenants wellbeing | Communicate with tenants and contractors on Menara Shell's smoke-free policy during safety briefings | Menara Shell | All tenants |
| | Health and Safety Training | Emergency Response Team Training | Train our Property Manager's team as Emergency Response Team, in collaboration with BOMBA | HQ |
| | First Aid Training | Prepare and train our employees in providing emergency care to an injured person | HQ | 9 |
| | Basic Life Support Training | Train our employees in giving Cardiopulmonary resuscitation ("CPR") during life-threatening emergencies such as cardiac arrest | HQ | 9 |
| | Fire Safety Training | To prepare and train our employees in fire safety procedure | HQ | 23 |
| Emergency Preparedness | Annual fire drill and evacuation exercise | Prepare stakeholders to respond and manage crisis during emergency | Platinum Sentral and Menara Shell | All tenants |

Table 9: Health and Safety Activities

SUSTAINABILITY STATEMENT

(cont'd)

8 Health and Safety



Fire Life Safety in Buildings Seminar conducted on 9 December 2019

Health and safety grievances

We have in place various channels for external stakeholders to raise their concerns involving health, hygiene and safety protection matters, as follows:

| Channel | Description |
|--------------|--|
| Telephone | Stakeholders can call the BMO and request to speak to a stakeholder contact officer or obtain property manager's contact details. |
| Email | Grievances can be escalated to the respective property manager's email which can be obtained from the respective BMO. |
| Face-to-face | Stakeholders can raised their grievances directly to the property managers. 24-hour Auxiliary Police and/or security guard personnel are also on duty at the main lobby counter. |

Table 10: Health and Safety Grievance Channel

Every case will be acknowledged, investigated, addressed and followed up until the case is closed or until satisfactory resolution is reached upon. There were zero case reported through these channels in 2019 and the preceding two years.

Health and safety performance

In 2019, there were no reported case of fatalities and work-related injuries. In addition, we have not observed any incidence of non-compliance with regulations concerning health and safety.

4 Quality of Assets and Services

[GRI 103-1, 103-2, 103-3, 205-3]

We place strong emphasis on the quality of MQREIT's assets (i.e. MQREIT properties) and our services as we believe they are the main contributing factors for attracting new tenants and retaining existing ones, especially in this current competitive property landscape. Having high quality assets will also alleviate MQREIT's reputation as an outstanding REIT with well managed and sought after properties.

Property highlight

We are proud to own two award-winning platinum certified green buildings in our portfolio, namely Platinum Sentral and Menara Shell. We invest in these green buildings for their environmental benefits as well as the growing demand from reputable organisations. According to Leadership in Energy and Environmental Design ("LEED"), green buildings consume 25% less energy and 11% less water.



Menara Shell is a Grade A office building, designed with energy efficiencies and green features, and has been accorded LEED platinum certification. In addition, it is also accredited with MSC Malaysia Status. The building features a Thermal Energy Storage System, which uses rain water and the environment's temperature to regulate the internal temperature of the building. Menara Shell has won the Best Office Award of the Malaysia Property Press Award 2015 (MPPA 2015) and top place at the International Real Estate Federation (FIABCI) Malaysia Property Award 2015.

Platinum Sentral was accorded the BCA Green Mark Platinum full certificate on 1 October 2014. It has received multiple awards over the years, such as the World Gold Winner of the FIABCI World Prix D'Excellence Awards 2014 (Sustainable Development Category) as well as the winner of the FIABCI Malaysia Property Award™ 2013 (Sustainable Development Category).



SUSTAINABILITY STATEMENT

(cont'd)

4 Quality of Assets and Services

Asset enhancement

We continuously maintain and enhance the quality of our properties to ensure that our tenants and visitors are satisfied. Guided by our asset enhancement policy, our yearly asset enhancement plan is tabled to the Board for approval. Our main asset enhancement initiatives for 2019 are as follows:

1 Platinum Sentral

Enhancement was made to Platinum Sentral Lobby to enhance the building atmosphere. Artistic decorations and landscape was added to the Block D and Block C lobby area.

Before



After



2 Wisma Technip

16 units of Energy Efficient Initial Elite Plus Jet Hand Dryer was installed at Wisma Technip for toilets at Level 2 to Level 9. This will help reduce paper and energy consumption.

Before



After



3 Quill Building 2 - HSBC

Tenant reported near miss incident at staircase no. 2 and 5 after rainwater splashed on the staircases. We carried out upgrading work with the proper level gradient to divert the rainwater discharge out to ensure no water ponding would occur and keep the staircases dry at all time for safety precaution.

SUSTAINABILITY STATEMENT

(cont'd)

4 Quality of Assets and Services

Asset enhancement

Moving forward, further enhancement work is anticipated for Quill Building 1 - DHL 1, Quill Building 4 - DHL 2, Menara Shell and Platinum Sentral subject to approval by the Board and relevant authorities. The enhancement would focus on improving aesthetics, safety and energy management, as follows:

| Property | Future initiative |
|--|---|
| Menara Shell | <ul style="list-style-type: none"> Refurbish lobby and driveway entrance to improve space utilisation and traffic flow Refurbish toilets across all floors |
| Platinum Sentral | <ul style="list-style-type: none"> Refurbish lobby, driveway entrance and retail area to improve aesthetic Upgrade outdoor courtyard area to improve safety Upgrade lighting system to improve lighting access in darker areas Refurbish toilet |
| Quill Building 1 - DHL 1 and 4 - DHL 2 | <ul style="list-style-type: none"> Implement integrated building management system to improve operational efficiency Perimeter fencing to improve security Refurbish toilets (Quill Building 1 - DHL 1) |

Table 11: Future initiatives on asset enhancement

Supply chain management

We work closely with our suppliers and contractors in enhancing the quality of our assets. To ensure that the quality of services and products that we procure consistently meet our requirements, we have implemented the Service Provider Pre-Qualification Policy and Services Contractor Evaluation Policy for all our properties except for Tesco Penang as it is fully managed by the tenant.

Service Provider Pre-Qualification Policy

Pre-qualification is required for all service providers to ensure the appointed service providers possess the financial, technical and manpower capability to carry out the appointed tasks. The assessment criteria is as follows:

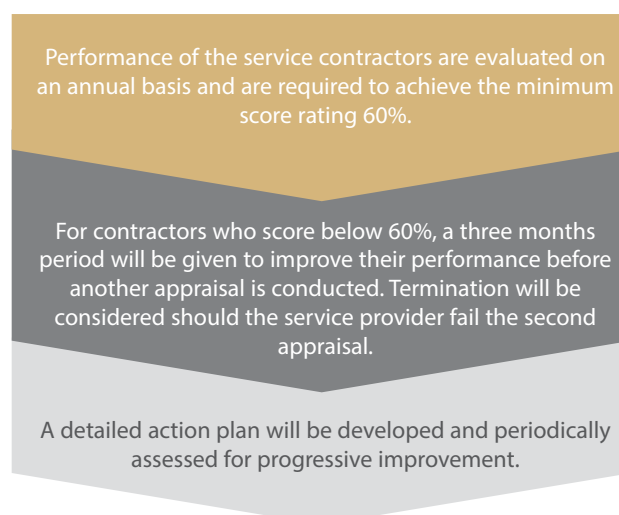
- Financial Capacity
- Technical Experience
- Machinery and Equipment
- Insurance
- Manpower
- Major Client
- Certificate (e.g. ISO and OHSAS)

Services Contractor Evaluation Policy

Standard performance appraisal is adopted to re-evaluate the performance of the service contractors and improvement on a yearly basis.

Upon awarding of contract, we will conduct on-going monitoring on the contractor or service provider's service level to ensure the service quality meets our requirements. A standard performance appraisal is conducted annually to re-evaluate the performance of service contractors against a defined set of criteria.

Figure 17: Standard Performance Appraisal



For 2019, 99.9% of our service providers achieved higher than the minimum score rating of 60% as a result of our ongoing efforts to maintain high standards of service.

We prioritise sourcing from local contractor or suppliers within our procurement process where feasible. Local sourcing contributes to the development of our local economy, reduces supply chain costs as well as our environmental footprint. In 2019, 80% of our procurement budget were spent on local suppliers.

SUSTAINABILITY STATEMENT

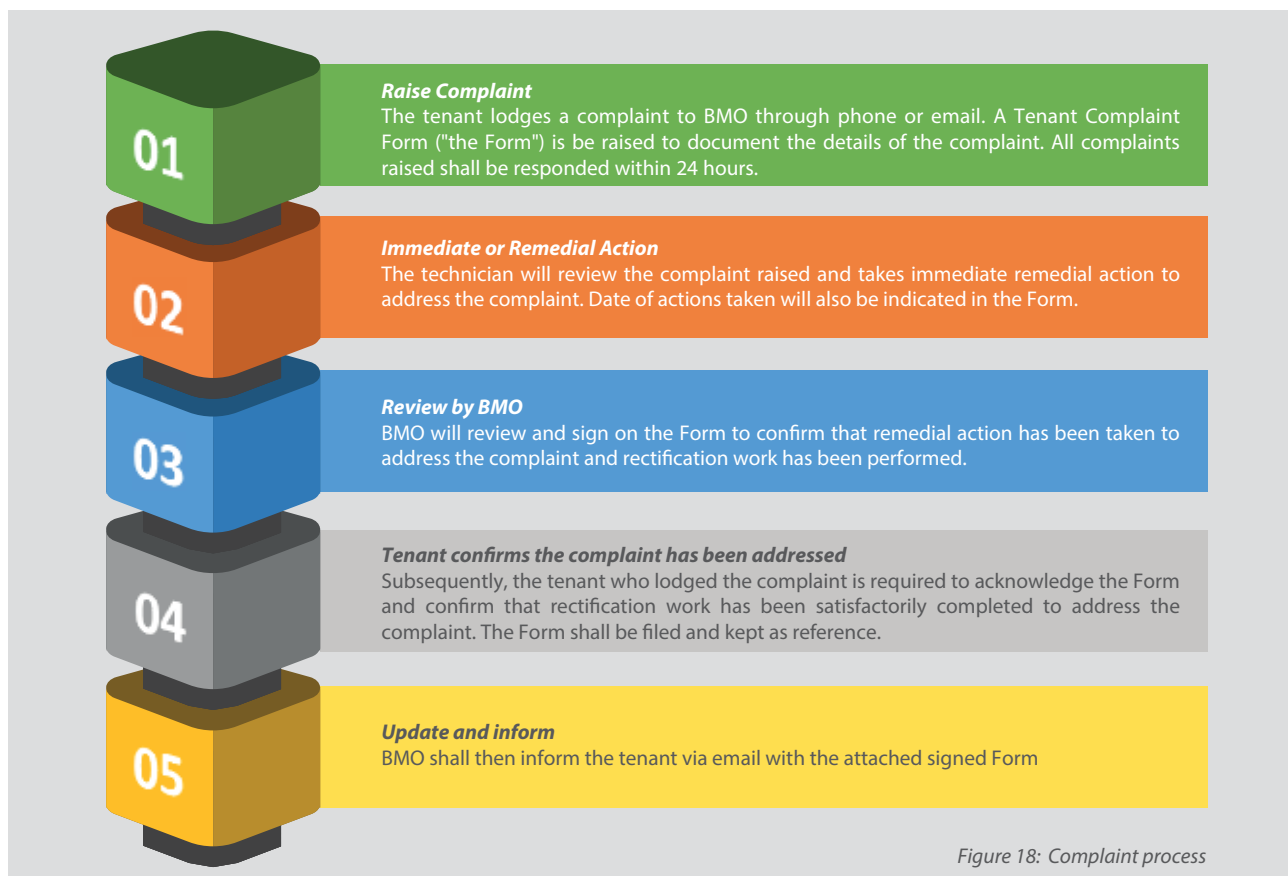
(cont'd)

4 Quality of Assets and Services

Tenant engagement and satisfaction

We believe strong tenant relationship is built through regular and meaningful engagement. Apart from regular briefings and sharing sessions, we also engage our tenants to obtain their feedbacks and address their complaints effectively.

Our Tenant Complaints Policy outlines our approach in managing tenant's feedback and complaints. All tenant complaints are collated through our complaint form system and we strive to respond to them within 24 hours. Furthermore, all complaints are brought up to the ACG during the monthly discussions on operational matters including recommendations for improvement by the property managers to improve tenant satisfaction. Our complaints management process is as follows:



In 2018, we embarked on the implementation of the Computerised Maintenance Monitor System ("CMMS") to track complaints raised more efficiently. In 2019, the CMMS system was implemented in Menara Shell and we aim to roll-out to other properties with more than 10 active tenants progressively. Among the benefits of the CMMS system include:

- Reduce downtime and repair costs
- Prevent duplication of rectification works through data that was previously input
- Track maintenance records of work orders
- Analyse data and detect recurring problems
- Manage work orders efficiently
- Eliminate paperwork
- User friendly and enhance productivity

Number of complaints

1,658 ↓ -10%

In 2019, we received 1,658 complaints (2018: 1,845 complaints), a 10% reduction compared to 2018. All the complaints received during the year have been fully resolved as at 31 December 2019. Amongst our properties, Platinum Sentral and Menara Shell received the most complaints: 683 and 408 respectively. Our target for 2020 is to reduce the number of complaints for these two properties by 5% from 2019 through more proactive daily and weekly operational or maintenance work.

SUSTAINABILITY STATEMENT

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