

CHAIRMAN'S STATEMENT



Dato' Mohammed Azlan Hashim
Non-Executive Chairman

IHH Healthcare (“IHH”) is committed to deliver world-class healthcare to our patients and to ensure the organisation continues to do so now and in the future. It is paramount that we get our fundamentals right and remain steadfastly committed to grow as a sustainable organisation through effective governance and prudent oversight.

A SUSTAINABLE ORGANISATION

Our vision towards embedding sustainability throughout the value chain focuses on five intrinsic elements – Our Patients, Our People, Our Organisation, Our Environment and Our Community. These elements address aspects of sustainability that are pertinent to the interests of our key stakeholder groups. We endeavour to deliver sustainable and quality patient care, manage healthcare costs and provide a safe and conducive workplace for all staff, all guided by a robust governance framework helmed by astute leaders.

Using a collaborative and multifaceted approach, we are developing a healthier population with a broader sense of responsibility toward the sustainable use of healthcare resources.

It is paramount that we get our fundamentals right and remain steadfastly committed to grow as a sustainable organisation through effective governance and prudent oversight.

11.36

Basic Earnings
per Share (sen)
(Excluding Exceptional Items)

3.0 sen

Dividend per Ordinary Share

IMPROVING SATISFACTION LEVELS

Our patients' involvement is essential in obtaining meaningful feedback on their experience at IHH. Patient satisfaction surveys help identify gaps and develop effective action plans for service quality improvement. The parameters upon which patient (i.e. inpatient and outpatient) satisfaction is assessed at our hospitals include quality of care, the admission process, consultation services, dietary services, food and beverage services, maintenance and security.

Across all our hospital networks, patient satisfaction levels are monitored at the individual hospital regularly. This survey activity provides a benchmark and a target-driven approach to understand patients' expectations and to exceed them, as we have done over the years.

PRINCIPLE OF FAIRNESS

At IHH, we strive to be the employer of choice and continue to invest in talent development to ensure we attract and retain the very best people. We have identified managerial responsibility as one of the key contributors to the long term success of the Group. Managers are expected to set the right example for their teams, both in work ethics and workplace behaviour. In addition, the Group also sends managers for intense and hands-on performance appraisal management training. This allows the managers to better set performance standards and to communicate well with their teams, placing the well-being and the career and personal development of our staff at our heart.

Honesty, trust and fairness are valued as important attributes in the workplace. Corporate town halls are conducted annually across our home markets to

encourage open and transparent lines of communication between executives and employees. Furthermore, we offer our staff competitive remuneration, healthcare benefits, rigorous employee appraisals and a conducive workplace to encourage learning, cultural diversity and development of innovative ideas.

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IHH's Six SDG Focus Areas

Our SDG focus areas are Good Health and Well-Being (SDG3); Affordable and Clean Energy (SDG7); Decent Work and Economic Growth (SDG8); Industry, Innovation and Infrastructure (SDG9); Responsible Consumption and Production (SDG12) and Peace, Justice and Strong Institutions (SDG16).



BUILDING RESILIENCE

There are many challenges that we face in our journey towards strengthening sustainability. These include increasing life expectancies, the rising prevalence of chronic illnesses, inflexible labour markets affecting healthcare provision, the inability to recruit and retain staff due to the stiff competition between hospitals, inadequate governance arrangements in the healthcare sector, large inequalities in healthcare provision and misalignment of care provision with need and geopolitical risks in the countries in which we operate in.

While some of these factors are beyond our control, we are committed to building resilience and embedding a strong corporate culture that enables early adoption, adaptation and innovation to be driven throughout our organisation and into the core of the healthcare services we deliver.

SUPPORTING THE LARGER COMMUNITY

We strive to create a positive impact on society through our corporate social responsibility (CSR) initiatives and outreach programmes in Malaysia, Singapore, Turkey and India. IHH delivers quality healthcare services of enduring and sustainable value to underprivileged communities. We work to improve accessibility to healthcare services, increase public awareness about healthcare, nurture the next generation of healthcare professionals and fund community projects.

WORKING TOWARDS INTERNATIONAL BENCHMARKS

We believe in setting international and national benchmarks to continuously strive to maintain our accreditations and certifications. The high standards of IHH's healthcare services continue to be acknowledged by international and regional quality accreditation agencies, such as Joint Commission International

(JCI), International Standard Organisation (ISO), Malaysian Society for Quality in Health (MSQH) and National Accreditation Board for Hospitals and Healthcare Providers (NABH). In securing these accreditations and certifications, we are motivated to continuously improve on our standards and deliver service focused on patient-centred safety and quality excellence. This also provides us with a leading edge to handle future challenges in producing excellent private healthcare.

UPHOLDING STRICT PRINCIPLES OF CORPORATE GOVERNANCE

Corporate integrity, ethical conduct and accountability are fundamental to build trust within the organisation and between IHH and our external stakeholders, as well as our vendors and suppliers. We are committed to maintain and uphold the highest standard of corporate governance integrity and ethics, which is embedded in our corporate culture.

We have adopted six Sustainable Development Goals outlined by the United Nations into the core of how we work. Our vision is to build a sustainable organisation that delivers long term growth to our stakeholders.

SUSTAINABLE DEVELOPMENT GOALS

Sustainability initiatives offer a strong financial return on investment, as well as intangible benefits of engaging and empowering staff and supporting community health improvement. The 2030 Agenda for Sustainable Development is the world's first comprehensive blueprint for shared peace and prosperity for people and the planet, now and into the future. Recognising that the Sustainable Development Goals (SDGs) embrace all aspects of health, these actions are intended to encourage not only the realigning of present efforts in relation to the 2030 Agenda but also investigate new ways of accelerating gains already made in improving health and well-being.

Our SDG focus areas are Good Health and Well-Being (SDG3); Affordable and Clean Energy (SDG7); Decent Work and Economic Growth (SDG8); Industry, Innovation and Infrastructure (SDG9); Responsible Consumption and Production (SDG12) and Peace, Justice and Strong Institutions (SDG16).

These focus areas reflect our commitment to ensuring sustainability in the short, medium and long term.

PILLARS OF SUSTAINABILITY

Using the Group's main pillars of sustainability – Our Patients, Our People, Our Organisation, Our Environment and Our Community – we have highlighted the material sustainability matters within each pillar that are pertinent to strengthening our commitment. The framework of our sustainability reporting practice has been guided by the Global Reporting Initiative (GRI) Standards – Core Option and GRI Sector Disclosures.

<p>Our patients</p> 	<p>We promote a patient-centred culture, prioritising quality of care, patient satisfaction, food quality and the rational use of medicine, to create an impact on the well-being of our patients and their families.</p>
<p>Our people</p> 	<p>We provide a safe working environment that is conducive to the personal and professional growth of our employees, with a corporate culture built on good communication practices, transparency and integrity.</p>
<p>Our organisation</p> 	<p>We strengthen our international market presence without compromising aspects of quality and sustainability and are responsive to the challenges and changing expectations of stakeholders within the healthcare industry.</p>
<p>Our environment</p> 	<p>We manage our impact on the environment by prioritising the need for strict adherence to environmental regulations governing waste and by improving our energy performance.</p>
<p>Our community</p> 	<p>We dedicate resources and skills to improve the health and well-being of vulnerable sections of the communities in which we operate.</p>

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Since 2016, our journey to build on our practice of sustainability reporting has provided an effective platform for the Group to standardise and work towards accomplishing these common goals.

Every year, we reaffirm our commitment to sustainability. We overcome the challenges of steering the organisation at the Group level and ensure that the plans

and strategies for improved sustainability cascade down to our home markets which are geographically spread out. Since 2016, our journey to build on our

practice of sustainability reporting has provided an effective platform for the Group to standardise and work towards accomplishing these common goals.

WHERE WE WERE		WHERE WE ARE NOW	WHERE WE AIM TO BE
2016	2017	2018	2019
<p>INAUGURAL SUSTAINABILITY STATEMENT</p> <p><i>Scope: Malaysia (including IMU), Singapore and Turkey</i></p> <ul style="list-style-type: none"> • Disclosing Economic and Social Sustainability Indicators 	<p>SUSTAINABILITY REPORT</p> <p><i>Scope: Malaysia (including IMU), Singapore, Turkey and India</i></p> <ul style="list-style-type: none"> • Disclosing Economic, Environmental and Social Sustainability Indicators • Reporting Sector Specific GRI Disclosures • Establishing six United Nations SDG Focus Areas 	<p>INTEGRATED REPORT</p> <p><i>Scope: Malaysia (including IMU), Singapore, Turkey and India</i></p> <ul style="list-style-type: none"> • Selecting key Environmental, Economic and Social Indicators that are pertinent to sustainable healthcare • Reporting in line with GRI Standards – Core Option and Sector Specific Disclosures 	<p>INTEGRATED REPORT</p> <p><i>Scope: Expanding on the scope to include all geographies</i></p> <ul style="list-style-type: none"> • Strengthening the sustainability performance of the Group and commitment to the United Nations SDGs • Reporting in line with GRI Standards – Core Option and Sector Specific Disclosures

It is our priority to maintain this momentum and resilience as we focus on driving performance in our markets for the Group.

BOARD CHANGES

We have made effective changes to the committees given the increased size and complexity of the reporting structure of the Group.

The Nomination and Remuneration Committee has now been separated into two entities: the Nomination Committee and the Remuneration Committee. Likewise, the Audit and Risk Management Committee saw a separation into the Audit Committee and the Risk Management Committee. The objective of these separations is to streamline our governance structure and to live up to our reputation of good corporate governance.

In April 2018, we announced the appointment of Ms Jill Margaret Watts as a Non-Executive Director. Ms Watts was the former Group CEO of BMI (GHG) Healthcare Group and was voted the most influential leader in the United Kingdom's private healthcare sector.

During the year, we saw the departure of Mr Kuok Khoon Ean who retired from the Board after six years. I would like to thank Mr Kuok for his invaluable contribution to IHH.

OUR GRATITUDE

All facets of our businesses are ultimately focused on providing best-in-class care for our patients. This translates into growing the business for our stakeholders. On behalf of the Board, I would like to take this opportunity to celebrate the progress we are making and to thank everyone for their contributions to our continued success in 2018.

To our loyal shareholders, we thank you for your faith in us to represent your interests in the boardroom. Our gratitude also goes to our specialists, consultants and allied healthcare professionals who take pride in their work and who exemplify our Group's mission to give our patients the best possible care, taking our brand names to greater heights.

We would also like to thank our patients for the conviction that you have placed in us as your preferred healthcare partner. It is with this, that IHH will always be, foremost, in the business of building and maintaining trust. It is certainly our privilege to serve you and have you under our care.

Finally, my appreciation goes to our Board members, management team and staff for your dedication to continually transform IHH into the dynamic Group that we envision ourselves to be.

The work that we have done over the year has produced encouraging results, putting IHH in a stronger position to deliver sustainable growth. It is our priority to maintain this momentum and resilience as we continue to focus on driving performance for the Group.

Thank you.

Dato' Mohammed Azlan Hashim
Non-Executive Chairman