

SUSTAINABILITY STATEMENT



OUR COMMITMENT TO SUSTAINABILITY IS MANIFESTED THROUGH A SLEW OF ACTUATED PRACTICES, EVERY SINGLE DAY, IN EACH AND EVERY ONE OF OUR HOSPITALS, AND RETIREMENT AND AGED CARE CENTRES.



CREATING VALUE THROUGH SUSTAINABILITY

At KPJ Healthcare Berhad (KPJ), our sustainability ethos is guided by the value we seek to create for our ecosystem of interconnected stakeholders. To ensure that the creation of value remains at the crux of all our efforts, we have embedded the Economic, Environmental and Social (EES) sustainability approach into our business and operations.

Our commitment to sustainability is manifested through a slew of actuated practices, every single day, in each and every one of our hospitals, and retirement and aged care centres. It is evident through our patient-centric clinical care, as we strive to deliver safe and excellent services to our customers by ensuring we have the highest standards of clinical governance and processes in place.

With advanced technology shaping medical breakthroughs in this day and age, we seek to remain ahead of the curve by leveraging on technology to improve our efficiencies and deliver cutting edge healthcare and medical solutions. Equally important is ensuring access to quality healthcare, as we enable people to have quick and convenient access to both pharmaceutical and non-pharmaceutical products by expanding the reach and network of our pharmacy services.

In the exemplary work at our medical university, we are doing our part in nurturing future medical professionals in Malaysia. Going green is the theme all responsible corporates and individuals have committed to, as we look for innovative means to minimise our carbon footprint in our bid to green the planet, a goal that KPJ's environmental initiatives are grounded on. Our social or people philosophy is tempered with the same compassion and care we have for our patients, as evident through the various community outreach programmes we participate in, along with the prioritisation of health and safety in our hospital network.

Our staff's utmost dedication and commitment play a tremendous role in ensuring that our network of hospitals remain compliant with the highest accreditations and certifications standards in the healthcare sector. We believe in taking care of our employees, to provide them the support and opportunities they require to continue doing their best on the job, bearing in mind the high level of care they provide to a wide cross section of society on a daily basis.

KPJ's approach to sustainability goes beyond compliance. It is how we differentiate ourselves from the pack, and remain an industry leader as the largest and most preferred healthcare provider in Malaysia.

SUSTAINABILITY STATEMENT



GOVERNANCE STRUCTURE

BOARD OF DIRECTORS



Provides Oversight

SUSTAINABILITY & RISK COMMITTEE



SUSTAINABILITY COORDINATORS (HOSPITALS CEO/GM)



- Reviews sustainability updates and reporting
- Recommends changes in sustainability policies, standards and procedures
- Recommends implementation to the Board
- Key management personnel who meet at least four times annually

For more information on our governance structure for sustainability, please refer to our Corporate Governance Report on our website www.kpjhealth.com.my

OUR SUSTAINABILITY GOALS

ADHERENCE TO REGULATORY REQUIREMENTS

Complying with local and international healthcare related quality and regulatory standards

ANTI-CORRUPTION

Upholding the principles of transparency and accountability, and fighting corruption in all we do

RESPONSIBLE PRODUCTS AND SERVICES

Ensuring that our products and services positively impact lives, especially in the areas of privacy, health and safety

ETHICAL BEHAVIOUR

Preserving ethical business practices across the Group

ENERGY AND RESOURCES MANAGEMENT

Reducing our carbon footprint while improving our management of resources

COMMUNITY INVESTMENT

Creating positive social impact on communities by contributing to their socio-economic well-being

OCCUPATIONAL SAFETY AND HEALTH

Anticipating, recognising, evaluating and controlling hazards arising at the workplace that could impair the health and well-being of our people

WORKFORCE INCLUSION AND DIVERSITY

Building and nurturing a diverse and inclusive workforce, including at Board and Management level

TALENT MANAGEMENT

Implementing effective talent management strategies to strengthen our workforce and ensuring continuous succession planning, with a sharp focus on our consultants and key healthcare professionals

SUSTAINABILITY STATEMENT

SUSTAINABILITY MATERIALITY FOR 2017



ECONOMIC

- Materiality Economic 1 - Patient Satisfaction
- Materiality Economic 2 - Delivering Safe and Excellent Clinical Services
- Materiality Economic 3 - Improving Efficiency with Technology
- Materiality Economic 4 - Access to Quality Healthcare
- Materiality Economic 5 - Nurturing Future Medical Professionals
- Materiality Economic 6 - Certification, Accreditation and Standards



ENVIRONMENTAL

Materiality Environmental 1
- Waste Management

Materiality Environmental 2
- Water Management

Materiality Environmental 3
- Electricity Consumption



SOCIAL

- Materiality People 1 - Community Outreach
- Materiality People 2 - Our Workforce
- Materiality People 3 - Training and Career Development
- Materiality People 4 - Employee Benefits and Welfare
- Materiality People 5 - Employee Engagement
- Materiality People 6 - Diversity
- Materiality People 7 - Safety at the Workplace

SUSTAINABILITY STATEMENT

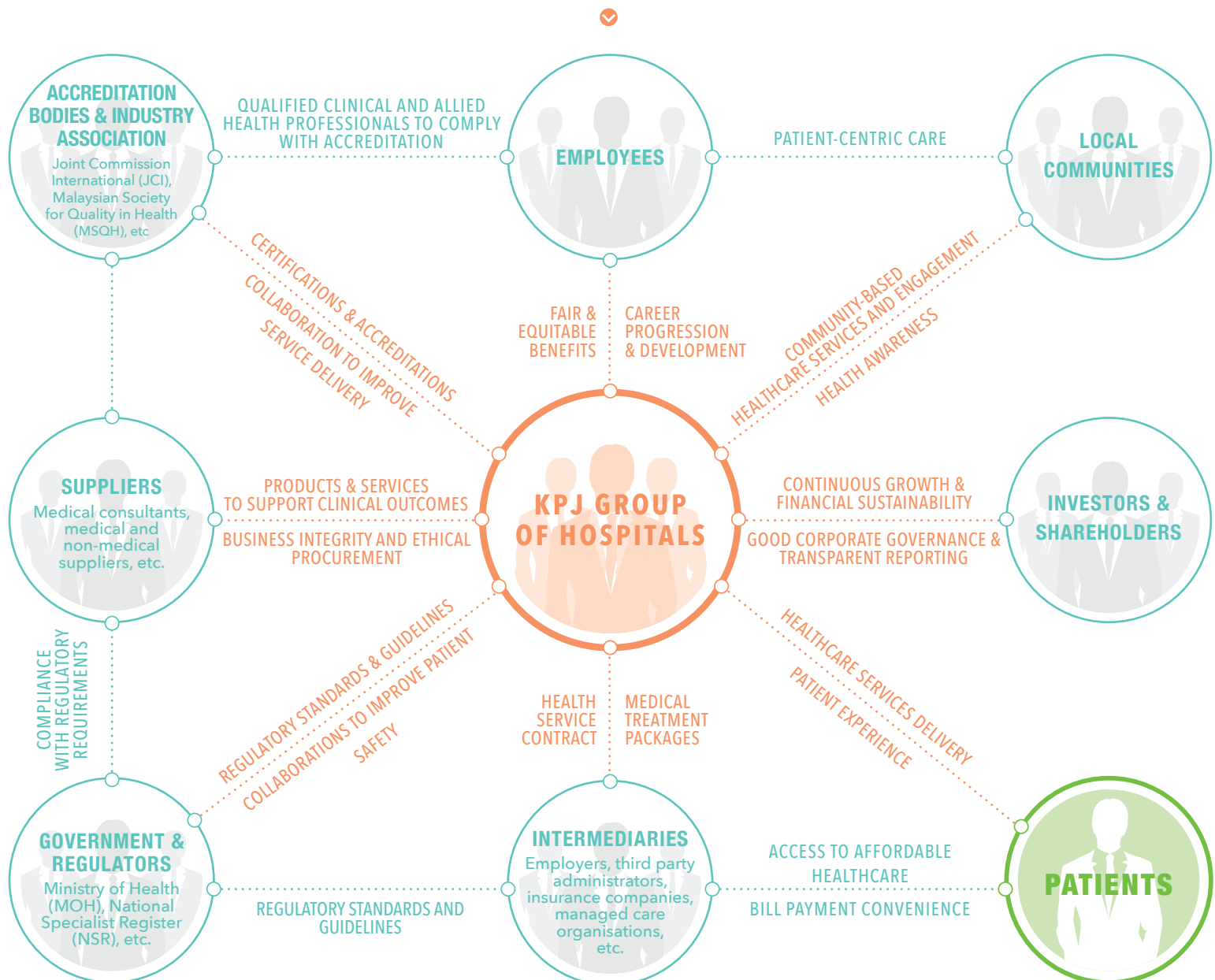
RESPONDING TO OUR STAKEHOLDERS

The evolving healthcare landscape presents a multitude of challenges for healthcare service providers such as KPJ. It is incumbent upon us to adapt, innovate and refine our business model, healthcare services and clinical processes to mitigate the negative impact of these challenges. These include the need to improve the patient experience in our quest to provide patient-centric medical services, as we create value through medical technology innovations which cascade through our network of hospitals.

We also need to take on board external macroeconomic considerations, such as responding to healthcare policies and complex regulations, within a world with changing disease patterns. Ultimately, we need to provide affordable and accessible healthcare for the communities we provide our services to.

KPJ navigates this complex healthcare landscape through sustained engagement with our stakeholders, as we seek to understand various groups' needs, while sharing our perspectives with them.




OUR STAKEHOLDER ECOSYSTEM






SUSTAINABILITY STATEMENT

OUR STAKEHOLDER ENGAGEMENT



In 2017, we conducted a thorough and detailed analysis of our key stakeholders, along with the areas of concern and our response to stakeholder expectations.

	Stakeholder Relevance	Methods of Engagement	Key Feedback/Expectations	KPJ's response to stakeholder expectations
 Patients	<p>Patients are the cornerstone of KPJ's business and it is very important to enhance the quality of life of our patients by providing comprehensive high-quality healthcare services. KPJ strives to be the most trusted provider of healthcare services in Malaysia.</p>	<ul style="list-style-type: none"> • Customer Satisfaction Survey • Corporate & hospitals' website • Comprehensive integrated social media • Health-related information magazines • Health Awareness Day • Brochure with hospital information 	<ul style="list-style-type: none"> • Delivery of quality healthcare • Best possible clinical outcomes • Facilities and technology of international standards • Patient experience • Respecting the needs and satisfaction levels of patients • Health awareness and information • Patient and family engagement during the recovery process 	<ul style="list-style-type: none"> • Standardised Customer Satisfaction Index, to enable comparative measurement of patient satisfaction among KPJ's hospitals and benchmark them with previous years' achievement • The quality and safety of patient care is a material issue for KPJ • KPJ contributes towards a sustainable healthcare system through improved patient access and maximising the use of technology in patient safety to maintain patients' loyalty
 Employees	<p>Employees are a valuable human capital and their trust and respect are vital to KPJ's success. We listen and respond to our employees needs and concerns through effective communication. KPJ invests in our employees welfare and programmes as a preferred employer of choice.</p>	<ul style="list-style-type: none"> • Town hall meeting such as Corporate Address • Annual employee performance review • Staff wellness and recognition programmes • Talent Management Day • Employee Engagement Survey 	<ul style="list-style-type: none"> • Training and development of employees • Recognition and competitive remuneration • Ethical leadership • Fair and equitable benefits • Recruitment and retention of skilled staff • Provide positive workplace culture and a safe workplace 	<ul style="list-style-type: none"> • Fair and equitable benefits and welfare provision • Every employee is committed to ethical behavior set in the Group's Code of Ethics and Business Conduct. • Safety at the Workplace • The Group aims to minimise KPJ's environmental impact and guides employees in the identification and management of all risk and opportunities through sustainability awareness program
 Suppliers	<p>In order to deliver high quality healthcare services, we are dependent on a large and diverse range of suppliers such as medical consultants and medical and non-medical suppliers. The Group relies on its suppliers to deliver products and services of the highest quality in line with internal, regulatory and accreditation agency standards.</p>	<ul style="list-style-type: none"> • Consultant - Management Meetings • Regular Meetings with medical & non-medical suppliers • Contract negotiations • Product demonstrations and evaluations 	<ul style="list-style-type: none"> • Compliance with applicable regulatory requirements and quality standards • Availability of products and services and ability to provide support • Cost effectiveness • Fair and transparent negotiations • Appropriate use of technology 	<ul style="list-style-type: none"> • The Group is focused on streamlining and centralising our procurement processes to improve efficiency and cost effectiveness • Formal procurement processes apply regarding tenders, contracting and preferred supplier agreement • Overall responsibility for clinicians lies with Clinical Governance Framework • Contracted vendors and suppliers for medical and non-medical products are required to adhere to KPJ's Corporate Integrity Agreement (CIA) and KPJ Safety, Health and Environmental policy

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	Stakeholder Relevance	Methods of Engagement	Key Feedback/ Expectations	KPJ's response to stakeholder expectations
 Government & Regulators	<p>Our business model relies on full compliance with healthcare and other regulations. The Group engages with various government bodies on a continuous basis.</p> <ul style="list-style-type: none"> Key government bodies include the Ministry of Health (MOH), Department of Occupational, Safety and Health (DOSH), Department of Environment (DOE), Ministry of Human Resources (MOHR), along with Ministry of Higher Education (MOHE) for KPJ's education arm KPJUC. 	<ul style="list-style-type: none"> Licence applications Inspection of facilities Active engagement on healthcare legislation Representation on government bodies eg: <ul style="list-style-type: none"> i. Dean of School of Nursing KPJUC is appointed as a Member on Malaysian Nursing Boards 	<ul style="list-style-type: none"> Cost of private healthcare Enforcement to improve on patient safety (Malaysian Patient Safety Goals) Addressing training needs and skills shortage Regulatory reform relating to hospital planning Awareness on safety measure for employee Promoting Environmental Sustainability 	<ul style="list-style-type: none"> KPJ's adherence to regulatory requirements and strategic response to the healthcare market is embedded into our Group's management and operations, and cascades down to all our business units
 Investors & Shareholders	<p>KPJ's primary objective is to create value for our shareholders as the owners and providers of equity capital to the business. The Group is accountable to its stakeholders, and reporting to shareholders and the public by providing effective communication of our Operational and Financial Performance.</p>	<ul style="list-style-type: none"> Financial Results Investor Relations Presentations Corporate website Analyst meetings General Meetings (AGM/EGM) Participation in Investor Roadshows/ conferences 	<ul style="list-style-type: none"> Continued growth and financial sustainability Clear and transparent reporting Good Corporate Governance 	<ul style="list-style-type: none"> Consistent financial and non-financial performance Timely reporting of results, and statistics pertaining to operational and financial performance Transparent disclosure of corporate responsibility, integrity and accountability as enshrined in Malaysian Code on Corporate Governance 2017
 Local Communities	<p>KPJ is committed to sustainable long-term engagement with the communities within which our network of healthcare services operates. We practice an engagement policy of mutual understanding, trust and reliability. Significant investment in social healthcare services and education is made annually.</p>	<ul style="list-style-type: none"> Klinik Waqaf An-Nur (KWAN) Static Clinic and Mobile Clinic Baby Hatches Educating the Public 	<ul style="list-style-type: none"> Health awareness Affordable and accessible healthcare Development of communities with solidarity, social welfare, health and safety 	<ul style="list-style-type: none"> Continuous investments in identified community engagement programmes Expanding reach of social healthcare services targeting urban poor and rural areas

SUSTAINABILITY STATEMENT

	Stakeholder Relevance	Methods of Engagement	Key Feedback/Expectations	KPJ's response to stakeholder expectations
 Intermediaries	<p>All role players in healthcare funding, such as employers, third party administration, insurance companies and managed care organisations, with privately insured patients remaining the Group's largest client base.</p>	<ul style="list-style-type: none"> Regular meetings regarding possible cost savings, clinical quality and healthcare delivery improvements Contract negotiations 	<ul style="list-style-type: none"> High quality of services rendered in hospitals to garner high patient satisfaction levels The price/cost of healthcare in private hospitals especially in medical treatment packages and services Revised contracts and agreements 	<ul style="list-style-type: none"> Corporate Client Management is a fundamental part of our Customer Service philosophy, particularly in relation to intermediaries with regards to activities and performance In terms of quality and patient safety, KPJ shares relevant information to address healthcare intermediaries concerns
 Accreditation Bodies & Industry Association	<ul style="list-style-type: none"> 20 of KPJ's hospital are MSQH accredited hospitals. MSQH is an accreditation body with the vision of advocating, promoting, and supporting continuous quality improvements and safety in the Malaysian healthcare arena. As at 7 March 2018, there are 62 accredited government hospitals and 56 accredited private hospitals in Malaysia. KPJ accounts for 36% of the accredited private hospitals in Malaysia. 4 of KPJ's hospitals are JCI accredited hospitals and KPJ represents 36.4% of the accredited private hospitals in Malaysia. KPJ is a member of the Association of Private Hospitals Malaysia (APHM), which plays an important role in achieving the objective of raising of standards of medical care within the country. 	<ul style="list-style-type: none"> Membership of industry and representation on the following bodies: <ol style="list-style-type: none"> KPJ's Board serves as a President in MSQH KPJ Senior Management serves as a Treasurer in MSQH KPJ's President & Managing Director serves as a Vice-President in APMH KPJ's Board serves as a Treasurer in APMH KPJ Medical Director and Senior Management serves as Board in APMH Group Chief Nursing Officer of KPJ serves as Nursing Committee Member in APMH KPJ's Board serves as Specialty Subcommittee Medicine of Pediatric Respiratory Medicine in National Specialist Register (NSR). Participation in conferences as speakers and sponsors. 	<ul style="list-style-type: none"> KPJ Policy approach to accreditation of industry wide communicated through APMH vis-à-vis MOH, MOF, etc. 	<ul style="list-style-type: none"> We complied with the MSQH 5th Edition Accreditation Standard in relation to hospital accreditation



ECONOMIC



LAUNCHED IBM WATSON FOR ONCOLOGY IN MALAYSIA

First private healthcare provider in Malaysia to launch the cognitive online platform for cancer treatment.



CUSTOMER SATISFACTION

88%

Customer Service Index score improved from 86.1% in 2016.



ANTI-FALL SYSTEM

Innovative anti-fall system developed by Kedah Medical Centre resulted in decreased of patient falls.



TRAINING ON CUSTOMER SERVICE

9,395 employee trained

70% of total employee in 2017 were trained in customer service.



NEW ACCREDITED HOSPITAL

2 hospitals

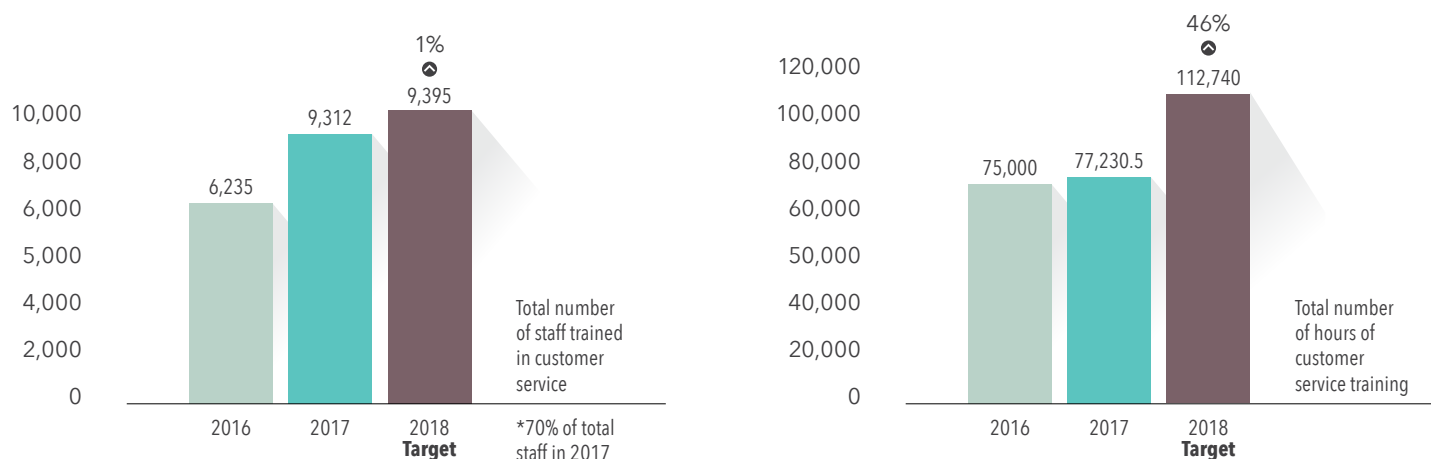
achieved MSQH accreditation.

Our quest is to run a network of hospitals which focuses on creating value through patient-centric benefits, as the long-term value proposition upon which our business model is founded.

SUSTAINABILITY STATEMENT | ECONOMIC

MATERIALITY ECONOMIC 1 - PATIENT SATISFACTION

At KPJ, we place our patients at the heart of all we do, in tune with our patient-centric approach to healthcare, which is guided by heartfelt compassion and the provision of the highest quality healthcare services. Patient satisfaction is an integral component of our business model – it contributes value to our KPJ brand, making it synonymous with a high quality healthcare experience. To attain the high bar we have set ourselves, we are keenly focused on improving teamwork amongst our employees, within a hospital and workplace culture that emphasises continuous improvements in communication levels between patients and our clinical and administrative staff.



Tools for Improving Service Quality at KPJ



CUSTOMER FEEDBACK

To enhance our customer service quality, we continuously monitor our customer service levels through regular feedback mechanisms at the service unit level. Our practice is to collect feedback from patients upon their discharge. Throughout the year under review, we conducted regular online customer surveys each quarter, along with SQM External Survey audits on these surveys to ensure they are conducted according to best practices and provide an accurate reflection of our quality of services. The Service Environment Audits are also conducted to ensure that our hospitals' facilities meet the highest healthcare industry service level standards as performance indicators for our network of hospitals. In 2017, our customer satisfaction survey recorded a summary result performance of an average of 87% for KPJ Group of hospitals.

Customer Service Index



CORPORATE CLIENT MANAGEMENT








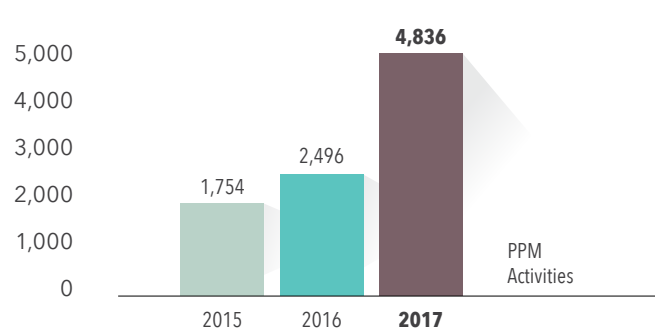
Established in 2004, KPJ's Corporate Client Management (CCM) division is focused on tapping into new corporate market segments to augment our revenue stream with healthcare coverage provided by employers. Centralised at Group-level, the CCM function is managed from end-to-end covering strategic partnerships, client servicing, improving operational integration with insurance providers and third party administrators. To add to the value proposition for our corporate clients, in 2017 the CCM team conducted a total of 1,420 visits to directly engage with corporate clients and develop further business opportunities. We also regularly conduct health screening activities with key clients such as physical tests by physiotherapists, vision care tests, occupational, safety and health screenings, breast cancer awareness with mammogram screening for their employees. In 2017, more than 1,600 CCM guests attended KPJ's annual corporate 'Hari Raya' open house.



KPJ SERVICE QUALITY COACH PROGRAMME

The KPJ Service Quality Coach programme is available in all of our hospitals, and allows for employees to participate in intensive training focused on customer services. The training is conducted by external consultants and produce a cohort of Service Quality Coaches who then proceed to train their fellow colleagues within the respective departments and hospitals. Since its implementation, we have produced a total of 53 dedicated Service Quality Coaches.

SUSTAINABILITY STATEMENT | ECONOMIC

 CUSTOMER SERVICE WORKSHOP	<p>KPJ's SQM division is primarily responsible for implementation and management of strategic measures to embed and cultivate a service oriented mindset amongst our employees through our culture and service innovation. In progressing our customer service strategy, SQM also provides customer service training for our staff. In 2017, a total of 33 workshops featuring external speakers were conducted, with more than 1,000 KPJ employees participating in them.</p>								
 SQM MENTORING PROGRAM	<p>SQM has certified 16 mentors to guide and coach staff in excellence customer service delivery. It is a structured programme designed to equip the candidate with the right mind set, tools and techniques to conduct one to one mentoring and counselling.</p>								
 SQM PORTAL	<p>Three training modules were implemented on the SQM Portal during the year, namely the Patient Communication Management System, the SQM External Customer Survey and the Customer Initiatives knowledge base. More details are available within this section of this Annual Report on page 64.</p>								
 STANDARD PEOPLE PRACTICE	<p>Our Standard People Practice (SPP) is a manual outlining best practices in customer service and provides KPJ Service Quality Coaches a reference point when they train their peers. In 2017, we began the process of converting our SPP Manual into accessible videos for our employees. We have also begun inroads into developing a Grooming Programme with the aim of this being delivered by our Service Quality Coaches. As well as that, an additional 14 new SPP recitals have been developed and are in the approval stage of implementation.</p>								
 KPJ CARE CARD	<p>KPJ Care Card, our loyalty programme card initiative was fully implemented in all hospitals in 2017 to offer returning customers the rewards of frequent use of services. This initiative breeds customer loyalty and ensures KPJ remains the preferred healthcare services provider of choice. In 2017, 22,367 customers signed up for KPJ Care Card. The card in its initial phase, will served as a discount card.</p>								
 PLANETREE	<p>The Planetree project was conducted to improve our service and employee engagement levels toward patient centric care. Planetree, a non-profit organisation helps healthcare providers around the world to transform healthcare delivery. Two KPJ hospitals have received Planetree affiliation, KPJ Ampang Puteri and KPJ Damansara for actively practicing the 10 components, which are human interactions, human touch, nurtition and nurturing, healthy community, architecture & design, information & education, healing arts, social support, complimentary therapy, and spirituality.</p>								
 PLANNED PREVENTIVE MAINTENANCE	<p>At KPJ, we utilise Planned Preventive Maintenance (PPM) approach in managing our network of hospitals to ensure that our medical devices and equipment are well maintained and in prime condition. Since 2015, KPJ has engaged intrapreneur company Pride Outlet Sdn Bhd to conduct PPM activities for our hospitals. We began the project with eight of our hospitals in the central region of Malaysia, and in 2017 expanded it to our hospitals in the southern and northern regions as well. During the year, there were 4,836 PPM activities, an increase of 94% from 2,496 in 2016.</p> <div data-bbox="491 1787 1146 2116">  <table border="1"> <thead> <tr> <th>Year</th> <th>PPM Activities</th> </tr> </thead> <tbody> <tr> <td>2015</td> <td>1,754</td> </tr> <tr> <td>2016</td> <td>2,496</td> </tr> <tr> <td>2017</td> <td>4,836</td> </tr> </tbody> </table> </div>	Year	PPM Activities	2015	1,754	2016	2,496	2017	4,836
Year	PPM Activities								
2015	1,754								
2016	2,496								
2017	4,836								

SUSTAINABILITY STATEMENT | ECONOMIC



CASE STUDY ON ADMISSION & DISCHARGE AVERAGE WAITING TIME



Study conducted on 18
KPJ hospitals on admission and
discharge waiting times

2016  2017

Comparison period of the first
half of 2016 against the first half
of 2017



Reduced average of waiting
time for cash paying patients

 **2.24 hours** ➔ **0.95 hours**
per patient for admission

 **1.64 hours** ➔ **0.82 hours**
per patient for discharge

Reduced average waiting time
for non-cash paying patient

 **2.91 hours** ➔ **1.50 hours**
per patient for admission

 **2.84 hours** ➔ **1.56 hours**
per patient for discharge

SQM Portal

1 Patient Communication Management System (PCMS)

To further improve patient satisfaction, in 2017 we focused on upgrading and refining our Patient Communication Management System (PCMS) as a tool for the Group to achieve higher levels of performance in our Service Level Management of complaints.

We have used PCMS to create an extremely important and useful knowledge base for our hospital personnel to refer to when faced with similar cases of complaints and identifying follow through actions. This ensures a consistently high level of service, attuned to the needs of our patients in responding to the issues which are important to them.

Through PCMS, we are able to monitor the trend of complaints, along with the performance of individuals, departments and hospitals with regards to the timeliness of complaints resolutions. In addition, we can detect whether complaint rates are decreasing, in which areas or issues, and take the corrective actions and measures to achieve greater organisational efficiencies across the board.

Bearing in mind the digital age we live in and our customers' preference for online access, in late 2017 we structured a plan which will link PCMS to the KPJ website. This move allows our customers online access to our complaints process. Moving forward into 2018, we will be putting the plan in motion and expect to further improve our workflow management and enhance our customer service satisfaction levels.

2 SQM External Customer Survey

The portal also contains the program called SQM External Customer Survey, whereby automated surveys can be conducted. The majority of the Group's hospitals have already begun using the online survey method.

Additional system enhancements will include the ability to conduct online surveys to track patient satisfaction and measure patient loyalty through the use of net promoter score surveys. This is anticipated to be completed in 2018.

3 Customer Initiatives

The service initiatives module of the SQM system acts as a knowledge base to share hospitals' service enhancements and promote innovation of initiatives throughout the Group. We plan for SQM to have a similar program as the Quality Circle Competition, where hospitals will showcase their best initiatives. This competition will be included in the next KPJ Quality Convention in 2018.

"War Against Waiting Time"

An inevitable reality of the healthcare sector is that patients will have to contend with waiting time before they are able to see the clinicians or specialists they require, or access follow-up services and medicinal and non-pharmaceutical products. However, we are mindful to keep waiting times as short as possible, and for our patients and their families not to end up wasting their precious time in pursuing the quality healthcare service they seek.

To keep waiting times a comfortable proposition for our customers, each KPJ hospital comes with facilities in the reception, lobby and other waiting areas providing for a pleasant space and experience. We provide people with reading materials, complimentary coffee and tea, free WiFi or TV entertainment, and other amenities to accommodate their needs as much as possible.

Our hospitals meticulously manage the flow of patients, with each staff given a specific role within the patient journey, beginning from the patient's arrival, till they seek treatment. This process flow is based on LEAN Management principles, and is aimed at reducing waiting times

SUSTAINABILITY STATEMENT | ECONOMIC



as much as possible. To ensure that our hospitals deliver on measurable improvements, each hospital has its own target to achieve with regards to the admission and discharge of both cash paying and non-cash paying patients.

Through the rollout of our hospital network expansion strategy, we have increased our bed capacity in our hospital from 2,929 beds in 2016 to 3,052 beds in 2017. Our hospital expansions have also taken into account current patient trends where the demand for single rooms at some KPJ's hospital at almost 90% of occupancy rate.

MATERIALITY ECONOMIC 2 - DELIVERING SAFE AND EXCELLENT CLINICAL SERVICES

Within the healthcare sector, the delivery of clinical services comes with its attendant safety risks. Our commitment is to ensure that we deliver safe clinical services, in line with our priority of offering excellent healthcare outcomes to our patients. We have in place extensive measures, processes and procedures to ensure that we reduce, or at the very least limit incident rates within the MOH and international benchmark.

Our clinical governance processes also extend to reduce incidents of patient safety related to medical errors and patients who fall in the course of their stay at our hospitals. We believe in mitigating the risks within the area of patient safety by identifying the potential risks and implementing measures which reduce the likelihood of these incidents occurring.

Clinical Incidents

Safety and quality form the central tenets of quality healthcare delivery, revolving around the principle of causing no harm. Despite this, clinical incidents do occur in the delivery of patient

care, as a result of unforeseen events which cause, or has the potential to cause, harm to a patient. These include patient falls and medication-related incidents. Known as clinical incidents, the underlying principle with regards to them for healthcare service providers such as KPJ is to minimise the risk, or reduce the rate of these incidents.

At KPJ, our staff are required to report all clinical incidents, and proper investigations or Root Cause Analysis (RCA) will be carried out to determine the causes. Based on the outcome of the investigation, we then implement corrective and preventive actions in order to minimise or reduce these incidents throughout our network of hospitals. We ensure that the lessons learnt from all incidents are communicated amongst the Group, both at management and staff levels, along with the corrective measures identified.

Clinical Incidents per 1,000 inpatient days	2017	2016	Var (%)
Clinical Incidents	0.83	0.88	(5.68)
Inpatient Falls	0.21	0.22	(4.54)

Note: Restated to reflect changes in classification of certain components of clinical incident indicator in 2017

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REDUCING PATIENT FALLS

Our assessment of patient falls in our hospitals revealed that the majority of high risk inpatient falls boiled down to a number of contributing factors.



PATIENT FACTOR

Patient had sudden giddiness
/lost of balance/weaknesses
/patient feeling disoriented
/delirium/dementia
/failed to call for assistance.



STAFF FACTOR

Not providing adequate information and follow ups.

Based on the outcome of our assessment, we came up with a number of strategies aimed at reducing patient falls as follows:

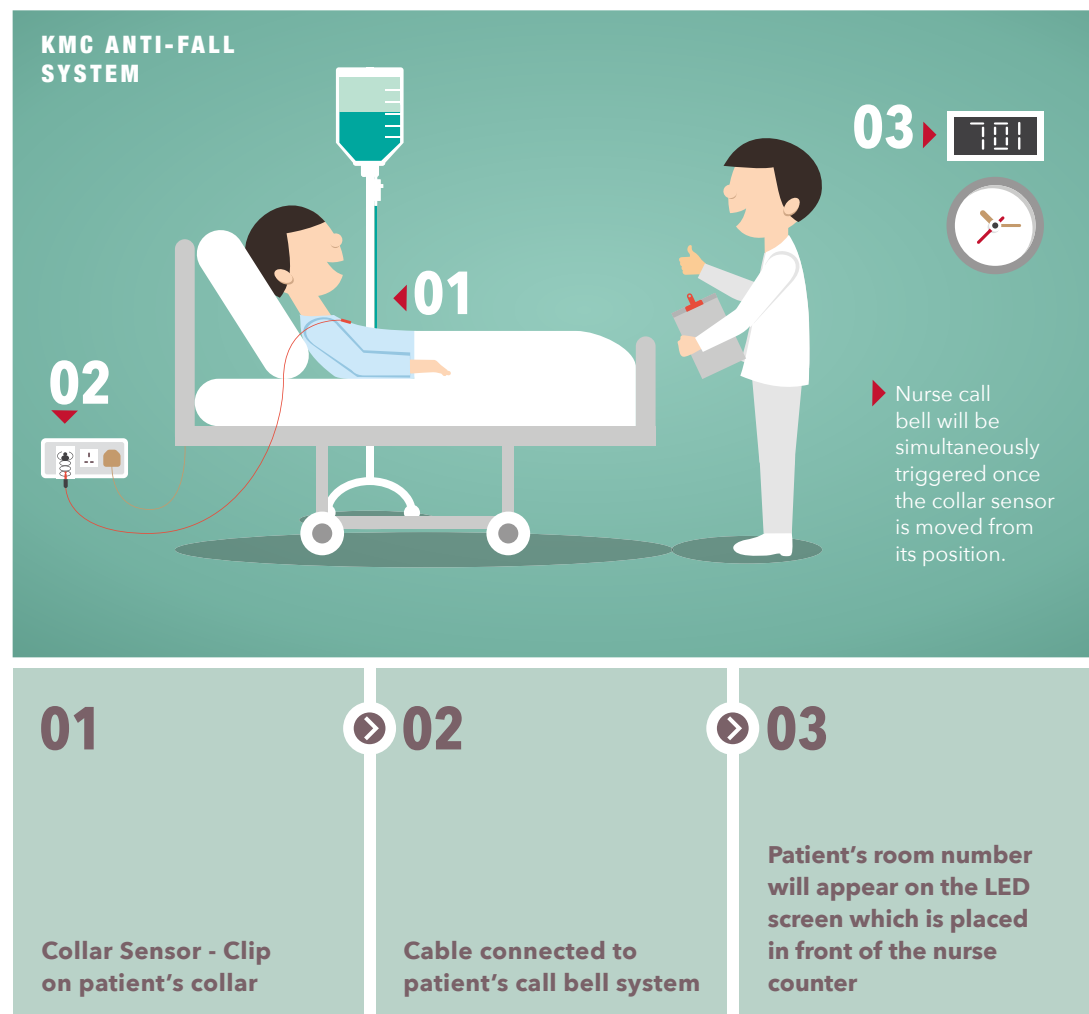
- To continuously assess and re-assess a patient's fall risk level especially after any invasive procedure or changes in their general condition
- Integrating fall prevention measures into the nursing care plan
- Engaging with consultants, patients and family members with regards to fall preventive measures and safety initiatives
- Initiatives from the hospitals such as anti-fall systems and ongoing awareness campaigns and programmes on the issue

Our next initiative to patient safety is Early Warning System/Sign (EWS). EWS helps to identify early sign of deterioration to enable early intervention leading to fewer Code Blue.

With regards to ensuring the safety of infants within the hospital, we have begun using the Radio Frequency Identification (RFID) programme for correct baby identification. The tag applied to a newborn to match the correct baby to the correct mother and the baby cot. RFID is being implemented at the most popular hospitals for maternity services namely, KPJ Damansara Specialist Hospital, KPJ Tawakkal Specialist Hospital, KPJ Sentosa KL Specialist Hospital and KPJ Seremban Specialist Hospital.

Fall Prevention Innovation

Anti-fall Collar Sensor used for adult with high risk to fall patient is a home grown gadget to detect risk to fall and enable early intervention to prevent patient fall. Since its pilot in Kedah Medical Centre (KMC) there has been tremendous decrease in inpatient fall. This innovation has been cascaded to all hospital within the Group.



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Hospital Acquired Infections (HAI)

The occurrence and undesirable complications from health care-associated infections have been well recognised in literatures for the last several decades. Intravascular device related infections and infections acquired through the respiratory tract are among the most common HAI in critically ill patients with comorbidity. HAIs are worth preventing in terms of benefits in morbidity, mortality, duration of hospital stay, and cost. The hands of healthcare providers are the commonest vehicles by which microorganisms are transmitted between patients and peers.

Infection control program are cost-effective and hand hygiene is accepted as the single most important measure in infection control. The World Alliance for Patient Safety advocates a "clean care is safer care" program, hence we have embarked on educational interventions promoting good hygiene and aseptic techniques that have generally proven to be successful. A creative approach to engage patient is to involve Patient for Patient Safety (PFPS) and one of the initiatives was to orientate and empower patients to ask the healthcare provider whether they have performed hand hygiene before rendering the care due upon them.

Hand hygiene compliance rate for the Group achieved the target set by MOH at 75% and more. Hand hygiene audit is conducted using WHO's guideline on the 5 moments when healthcare providers should perform hand hygiene.

Malaysian Patient Safety Goals (MPSG)

Compliance to 13 MPSG among the hospital within the Group has shown improvement. However targets of zero for medication error and near misses have not been met. Nevertheless, we remain committed to review our current safety measures and identify ways to enhance processes through innovation. Data on the 13 MPSG have been submitted to Malaysia Patient Safety Council on an annual basis.

Antimicrobial Stewardship (AMS)

KPJ uses Antimicrobial Stewardship as one of the key strategies to overcome antimicrobial resistance. AMS is considered an essential practice element for healthcare service providers in gate-keeping judicious antimicrobial use. It involves the careful and responsible management of antimicrobial use, an issue which is becoming increasingly more important with antimicrobial resistance having been identified as a major threat by the World Health Organisation (WHO) due to a lack of new antibiotics in the development pipeline coupled with infections caused by multi-drug resistant (MDR) pathogens becoming very difficult to treat.

We began our work in this area back in September 2015 during a Medical Workshop when KPJ made a decision to adopt 10 Antibiotic Stewardship Policy statements adopted from MOH's "Protocol on Antibiotic Stewardship Program in Healthcare Facilities 2014" with an additional two policy statements specifically for KPJ's network of hospitals.

In 2016, a series of AMS workshops were organised for the Group's Pharmacists and Lab Managers in order for them to develop KPJ's Guidelines on Antibiotic Panel Testing, Antibigram Reporting and Antibiotic Usage Reporting. The Guideline focuses on surveillance and feedback mechanisms on specific antibiotic resistance and consumption. Its objective is to provide practical recommendation on reporting antibiotic resistance and consumption surveillance. In 2017, the Group made further inroads into this area by organising meetings and workshops for all pharmacists and lab managers.

The implementation of the policies will be divided into 2 phases over a period of 10 years.

**MALAYSIAN PATIENT SAFETY GOALS****GOAL NO.1**

To implement Clinical Governance

GOAL NO.2

To implement the WHO's 1st Global Patient Safety Challenge: "Clean Care is Safer Care"

GOAL NO.3

To implement the WHO's 2nd Global Patient Safety Challenge: "Safe Surgery Saves Lives"

GOAL NO.4

To implement the WHO's 3rd Global Patient Safety Challenge: "Tackling Antimicrobial Resistance"

GOAL NO.5

To improve the accuracy of patient identification

GOAL NO.6

To ensure the safety of transfusions of blood and blood products

GOAL NO.7

To ensure medication safety

GOAL NO.8

To improve clinical communication by implementing a critical value programme

GOAL NO.9

To reduce patient falls

GOAL NO.10

To reduce the incidence of healthcare associated pressure ulcers

GOAL NO.11

To reduce Catheter-Related-Bloodstream Infection (CRBSI)

GOAL NO.12

To reduce Ventilator Associated Pneumonia (VAP)

GOAL NO.13

To implement an Incident Reporting and Learning System

SUSTAINABILITY STATEMENT | ECONOMIC

Phase 1 – Year 2016-2020

Below are the policy statements which will be implemented in Phase One. Five policy statements are adopted from MOH and two policy statements are specifically designed for KPJ Group of hospitals

No.	Policy Statement
1.	Formulation of AMS team in each hospital. (AMS is part of the Hospital Infection and Antibiotic Control Committee (HIACC))
2.	Surveillance and feedback mechanism on specific antimicrobial consumption
3.	Streamlining antibiotic usage
4.	Initiation of IV-to-Oral Switch Programme
5.	Education on AMS program via CME antibiotic awareness campaign

Additional 2 policy statements by KPJ hospitals

No.	Policy Statement
1.	Excellent diagnostic microbiology services in order to support AMS
2.	Comprehensive prevention and control of infection (PCI) activities

Quality Nursing

Nurses form the biggest group of healthcare professionals and play a vital role in patient care. It is a known fact that Nurses, are the heart of healthcare. KPJ Nurses use their skills and knowledge to focus on improving the patient experience of care, improving the health of populations and being cost effective.

KPJ Nurses pave their career path by being awarded credentialing privileges to work in specialized areas while awaiting post graduate certification programs. They pursue their commitment to enhance their nursing leadership skills and scope through continuous education through Degree, Master's and PhD nursing programs.

With the development and acquisition of new hospitals and centres, nurse leaders identify opportunities to develop successors to be ready to take up new nursing leadership roles based on the established career pathway.

Technology advancement through KCIS have drastically changed how nurses manage data and deliver nursing care as they experience significant improvements due to the real-time information accessibility. This is achieved as KCIS allow nurses to retrieve patient information faster than conventional methods, facilitating timely test scheduling and treatment.



MATERIALITY ECONOMIC 3

- IMPROVING EFFICIENCY WITH TECHNOLOGY

Through the use of innovative technological advances, KPJ intends to transform our healthcare service provision in order to become an internationally acknowledged and recognised healthcare service provider. Our adoption of technological innovations is the result of KPJ Healthcare's Digital Transformation and Innovation Programme and spearheaded by our New Products and Services Unit established in 2016. In the long-term, the adoption of Information Technology (IT) and the use of modern advanced technology-based healthcare solutions will drive the growth of the Group, as we deliver greater positive outcomes to our patients.

SUSTAINABILITY STATEMENT | ECONOMIC



2016



3,834

2017



5,778

Oncology patients in Malaysia seeking treatment at KPJ hospitals.

IBM Watson for Oncology

2017 was a groundbreaking year for KPJ as we were the first private hospital in Malaysia to adopt the innovative cognitive computing platform IBM Watson for Oncology to provide insights which will help doctors deliver evidence-based cancer treatment options.

We obtained licences for **FIVE** of our specialist hospitals to use the cognitive platform, namely,

01



KPJ Damansara
Specialist Hospital

02



KPJ Ampang Puteri
Specialist Hospital

03



KPJ Johor
Specialist Hospital

04



KPJ Ipoh
Specialist Hospital

05



KPJ Sabah
Specialist Hospital

Eight KPJ Oncology Consultants have been awarded licences by IBM to conduct the system.

The adoption of IBM Watson represents KPJ's commitment to expand its Oncology services at its leading hospitals. However, the cost of this investment not be passed down to our patients. Our absorption of the costs is for the benefit of our patients specifically and our Oncologist in the Group.

Year-on-Year Growth of

51%

in Oncology patients

SUSTAINABILITY STATEMENT | ECONOMIC



Quick Facts:

IBM Watson for Oncology

- Developed by IBM in collaboration with Memorial Sloan Kettering Cancer Centre (MSK) in the US to summarise key medical attributes of a patient and provide information to oncologists to help them deliver treatment options based on training from MSK oncologists.
- Watson for Oncology ranks the treatment options, linking to peer-reviewed studies curated by MSK.
- Provides physicians access to medical literature through its database which contains more than 300 medical journals, 200 textbooks and 100 million patient records which can provide doctors with insights on different treatment options.
- Available as a cloud-based software-as-a-service technology which allows doctors to access it as needed.
- Part of the larger Watson platform and is the only commercially available artificial intelligence (AI) platform tackling a broad range of health challenges.
- Used in more than 80 hospitals in 11 countries around the world, now including Malaysia.

Benefits of Adoption

IBM Watson for Oncology offers KPJ a host of benefits with its adoption, as it allows for greater efficiencies and better treatment outcomes. It is currently available to help oncologists develop treatment plans for breast, lung, colorectal, cervical, ovarian, gastric, prostate and bladder cancers. By end 2018, 90% of cancers will be covered by the system, thus offering our cancer patients better treatment options to enhance chances of recovery.

	Benefit Area	Cognitive Capability
Care Quality	Provides best evidence based treatment	<ul style="list-style-type: none"> • Captures best known practice to provide personalised, evidence based treatment recommendations
	Promotes Patient Safety	<ul style="list-style-type: none"> • Accounts for comorbidities • Extracts and visualises precautions and contraindications
	Standardised care	<ul style="list-style-type: none"> • Scales oncology expertise with all oncologists
Efficiency	Reduces prep time	<ul style="list-style-type: none"> • Natural language processing through cancer-specific patient summarisation
	Reduces senior oncology oversight	<ul style="list-style-type: none"> • Literature and treatment ranking and scoring

KPJ's Clinical Information System (KCIS)

Introduced in 2009, KPJ's Clinical Information System (KCIS) was one of our earlier technological investments aimed at reducing waiting times for our customers by providing them a seamless patient experience covering registration, diagnosis, treatment, follow-up care and electronic orders. Since its inception, a total of 17 KPJ hospitals are now using the information management system. Benefits include increased efficiency at our hospitals, as well as improved patient safety through the reduction of medication errors and the minimisation of risks. We have also adopted Electronic Medical Record (EMR) as part of a range of new IT solutions utilising cloud based technology. In 2017, we upgraded the system from KCIS to KCIS2, that will be rolled out to all hospitals by end of 2018.

Security in Patient Data

In 2017, the upgrading of the security of patients' data through User Access Matrix (UAM) had been discussed by the KPJ IT Strategic Committee. It was determined that the UAM would be applied in KCIS2 (KCIS2 UAM) and management selected KPJ Kajang and KPJ Perlis for the pilot project for KCIS2 UAM in 2018. KCIS2 UAM is based on MOH User Access Policy (UA Policy) and guidelines in place since December 2011. The purpose of the policy includes maintaining the confidentiality of electronic patient information and to set standard guidelines for system design and implementation.

The UA Policy fulfils the legal requirements of various laws, regulations, rules and circulars including The Medical Act 1971, The Malaysian Medical Council (MMC) Ethical and Guidelines and Ministry of Health Circulars and Guidelines such as Management of Patient Records in Hospitals and Medical Institutions (2010) and ICT Security Policy (2010). More information on KCIS can be found within the Management Discussion and Analysis on pages 39 to 40 of this Annual Report.



SUSTAINABILITY STATEMENT | ECONOMIC

EMBRACING



INNOVATION

01

3D Printing

3D printing is a rapidly expanding area of medical technology which has demonstrated huge potential in the provision of medical healthcare services. In 2016, we had identified areas we intended to explore within the new burgeoning specialty, namely the use of the technology at KPJ KL Dental Specialist Centre, a first in Malaysia. More details on the outcomes this project can be found within our Management Discussion and Analysis on page 32 of this Annual Report.

Online Appointment Booking System

02

Introduced in May 2016, our online appointment booking system is now operational in 12 KPJ hospitals as at end 2017. The benefits of the system includes reduced waiting times for patients, as well as greater efficiencies within our hospitals.

In 2017, we integrated our KPJ Healthcare mobile application into the system. The mobile app assists our customers to book appointments with doctors at KPJ hospitals.

Innovation And Initiatives

03

To encourage an innovation led culture within KPJ, a key component of the performance requirement for our hospitals since 2014 is to deliver on service innovations and initiatives. We introduced a service initiative database in 2016 to maintain a record of all our hospitals' initiatives on a single platform. This allows for knowledge sharing within the Group, and for our hospitals to adopt service innovations across the board. In 2017, we recorded more than 1,400 service innovations and initiatives across the group.

In 2017, KPJ joined the Value Innovation Platform (VIP) Malaysia program spearheaded by Malaysia Digital Economy Corporation (MDEC) in collaboration with Rainmaking Innovation UK. The VIP program is a government initiative to assist corporations plan their digital innovation and transformation strategies our collaboration with MDEC will facilitate KPJ's digital innovation initiatives in the coming years.

Online Pharmacy

04

In 2017, we introduced our online pharmacy with non-pharmaceutical products going live for online purchasing. Our plan for 2018 is to extend our online pharmacy to allow for e-prescription for the purchase of pharmaceuticals. Patients who access the online pharmacy will be able to request for their prescriptions to be refilled. It also allows patients to view their prescription history securely online. Once the request has been verified, patients are then able to self-collect their medications at the nearest KPJ hospital KPJ Healthshoppe, or opt for mail delivery, whichever is more convenient for them. More details on this initiative can be found in our Management Discussion and Analysis on page 30 of this Annual Report.

Employee Innovation Day Talks

05

Inculcating an innovated mindset and culture forms a crucial thrust of our transformation strategy. A key way we encourage the adoption of an innovation led culture within KPJ is through our monthly Innovation Day talks which we continued with in 2017.

MATERIALITY ECONOMIC 4 - NURTURING FUTURE MEDICAL PROFESSIONALS

KPJ Healthcare University College (KPJUC) is the vehicle through which KPJ is contributing towards building capacities in the medical profession in Malaysia through medical and healthcare education. The institution, which has been providing education for healthcare professionals for 27 years, offers 33 programmes from foundation to postgraduate level of studies such as Masters in Medicine, PhD in nursing and other allied health courses.

Academic Healthcare Centre

As a healthcare-focussed university college, we emphasised hands on skills training in the real clinical environment at KPJ hospitals. This is the hallmark of our programme and is an invaluable asset for our students, offering them the opportunity to put their theoretical knowledge into practice.

In 2017, we propose a new initiative to adopt the concept of an Academic Health Center (AHC) in KPJ hospital. An AHC is an institution that integrates a medical school, one or more other health professional schools and one or more teaching hospitals or health systems. It is proposed that KPJ Seremban Specialist Hospital (KPJ Seremban) to be the first private hospital to adopt this AHC concept. KPJUC and KPJ Seremban will collaborate to transform the hospital into an integrated center with tripartite mission i.e. excellent healthcare services, education and research.

By bringing KPJUC's academics and KPJ Seremban clinical professionals together, we can have a greater impact in fostering excellent healthcare initiatives and increasing the innovation pipeline. Through enhancement of research at KPJ Seremban, we can create an environment for quicker translation of research to human health. Through education activities, we will be able to train future health professionals with new competencies that impact population healthcare delivery. There are also immense evidence that adopting the AHC concept, will result in long term financial benefits for the hospitals.

SUSTAINABILITY STATEMENT | ECONOMIC



HOW DOES IT CREATE VALUE FOR KPJ?



AHC QUICK FACTS

1. Brings together academics and healthcare professionals in a real world setting
2. Through the AHC, KPJ is playing its role as a leading academic medical center in the region
3. Allows for scientific and clinical expertise engagement in healthcare delivery
4. Allows KPJ to identify and overcome unmet medical/ healthcare needs
5. Integrates big data into our healthcare delivery system through the use of patient data, biological materials and other information for database capabilities
6. Allows students access to cutting-edge technologies, treatment modalities and informatics
7. Benefits hospital through greater prominence and long-term financial benefits



GOVERNANCE AND STRUCTURE

- KPJUC and KPJ Seremban to set up a special Committee to oversee the running of AHC
- Representatives from KPJUC Schools/Centres to participate in some of the hospital's Committees

Programmes under AHC

Department/ School	Proposed Activity/ Involvement	Benefits
Physiotherapy	Clinical attachment (staff) • Outpatient services	KPJUC • Enhancement of clinical skills KPJ Seremban • To have more manpower on certain days at the rehab centre
Medical Imaging	Continuous Professional Development (CPD) training	KPJUC • Provides training to all radiographers • To obtain more CPD trainings KPJ Seremban • Save valuable time in providing training for radiographers
Pharmacy	Outpatient • Counselling provided for medication	KPJUC • Students to use it as an observation platform for clinical practice in certain modules • Staff can enhance their medication counselling skills KPJ Seremban • Improve services on advising patients on their medication KPJUC • Students exposed to real life scenarios KPJ Seremban • Better patient management with the implementation of multidisciplinary ward rounds
Nursing	Home nursing • Assist the hospital in providing home nursing services (staff) Staff Attachment • Update on National Nursing Audit and Patient Safety Goals	KPJUC • Students able to enhance home nursing skills KPJ Seremban • Ability to overcome inadequacy of staff numbers for home nursing KPJUC • Staff are regularly updated on the latest policy and audit processes
Business Management	CPD training • Training medical record staff KCIS • Access for KCIS	KPJUC • More CPD courses and revenue KPJ Seremban • Less focus in providing training for medical record staff
Centre for Global Professional and Social Development (CGPS)	CPD training • Focus on soft skills training	KPJUC • More CPD points and revenue KPJ Seremban • Less focus on providing all SPP/ SBAR and related training

SUSTAINABILITY STATEMENT | ECONOMIC

**135**

ongoing research projects

**46**

research completed

**23**

medical research published in local and international publications:

Research & Development

Medical research and development is how a healthcare services provider such as KPJ can differentiate itself from its competitors and remain ahead of the curve. As well as that, insights gleaned from research and development activities also benefit the healthcare industry in general. A total of RM50,000 is allocated for new research annually, excluding external grants requested by the medical school or project teams throughout the year. In 2017 KPJUC completed its first KPJ Online Journal which showcases the publications of research output from its lecturers and consultants. An additional of RM80,000 was allocated in 2017 for new research projects as a sign of our ongoing commitment to herald breakthroughs in medical innovations in Malaysia.

Education Sponsorship








At the same time, we offer support to talented and ambitious young people who wish to establish a career for themselves in the field of Nursing. Among these supports are our full and partial scholarship programmes for staff from hospitals who have consistently performed in their daily tasks. In 2017, we sponsored a total of 281 staff and students from various programmes. Of these, 93 sponsorships were allocated for staff to continue their studies in Post-Basic Nursing Programme.

**IN 2017,**
85%

of KPJUC students received PTPTN loans as the main financial source to fund their education.

However, they also had the opportunity to be sponsored by KPJ Hospitals and other sponsors throughout their studies.

Post-Basic Nursing Programme

3	40	13	17	7	93
					TOTAL
Professional Certificate in Education Teaching for Nursing & Professional	Professional Certificate in Critical Care Nursing	Certificate in Renal Nursing	Certificate in Paediatrics Nursing	Advanced Diploma in Midwifery Nursing	
3	 Post-Basic Certificate in Renal Nursing (Johor Bahru Campus)		10	 Post-Basic Certificate in Orthopaedic Nursing	

SUSTAINABILITY STATEMENT | ECONOMIC

No.	Financial Aids	Dec 2017	Dec 2016	Var (%)
1.	KPJ Group – fully sponsored	266	243	9
2.	KPJ Group – partial with PTPTN	11	16	(31)
3.	KPJ Group – partial with self-sponsored	1	3	(67)
4.	KPJ Group (85 % only)	3	2	50






No.	Financial Aids	Dec 2017	Dec 2016	Var (%)
5.	PTPTN	1,998	2,262	(12)
6.	MARA	33	33	0
7.	Others	124	158	(21)
Total		2,436	2,717	(10)



Secured Employment

Since the inception of KPJUC, 75% of our graduates have secured employment in our hospitals and other subsidiaries. Our graduates are also sought after by our local and international competitors. As we continue with the expansion and upgrading of our network of hospitals in line with our growth strategy, our need for suitably qualified healthcare professionals will grow in tandem. Through KPJUC, we are ensuring continuous and sustainable access to a ready talent pool of trained and qualified graduates with established knowledge of KPJ operations and standards.

Summary Graduate Employment 2011 – 2017

No.	School	Total Graduates	Employer		
			KPJ Hospitals	Private Hospital/Clinic	Other Employer
1.	 School of Medicine	3	3	-	-
2.	 School of Nursing	1,296	1,177	59	57
3.	 School of Pharmacy	720	64	86	434
4.	 School of Health Sciences	744	72	122	527
5.	 School of Business and Management	40	13	5	6
Total		2,803	1,329	272	1,024

* Inclusive of Diploma, Degree and Master students

SUSTAINABILITY STATEMENT | ECONOMIC

MATERIALITY ECONOMIC 5 - ACCESS TO QUALITY HEALTHCARE

Ensuring access to comprehensive, quality healthcare services is of paramount importance in the promotion and maintenance of health, and the prevention and management of disease. In line with this, Malaysia has identified achieving universal access to healthcare as one of the focus areas of the 11th Malaysia Plan 2016 - 2020. As part of the healthcare ecosystem in Malaysia, private healthcare services providers play an important role in achieving this goal through the expansion of capacities and increasing accessibility to healthcare. Part of KPJ's approach towards increasing access to quality healthcare lies in our strategic plans to expand our healthcare network in Malaysia. However, we also work towards increasing healthcare access in other areas as laid out below.

Medical Air Services

For rural communities living in remote areas, access to healthcare can prove to be difficult if they do not have a local health services clinic close by. Increasing access to quality healthcare for rural communities is therefore vital in achieving universal access to healthcare, where all segments of the population have access to quality healthcare regardless of their geographical location.

In December 2017, KPJ Sabah Specialist Hospital (KPJ Sabah) made inroads in expanding access to its healthcare services through a strategic collaboration with a third party vendor to provide medical air services to transport patients from Sandakan to KPJ Sabah, in Kota Kinabalu to seek treatment. The services will be extended to transfer patient from Tawau and Lahad Datu as well. As part of the service, a medical team from KPJ Sabah is onboard the aircraft to accompany the patient during the flight, providing any necessary emergency and stabilising medical treatments as required.

The hospital received its' first patient on 16 December 2017, transferred from Sandakan to Kota Kinabalu. The maximum capacity for the helicopter is one pilot, one medic and one patient whereas the capacity for the light aircraft is one pilot, one medic, one patient and three passengers. The maximum load is 647 kg and the oxygen cylinder allowable weight is 5 kg per cylinder.

Improving Access to Pharmacies

An integral element of the value proposition of accessing quality healthcare is the creation of a long-term sustainable system of support services in the form of pharmacies for the dispensation of medications and non-pharmaceuticals. Having effective and efficient pharmaceutical services ensures the quality and safety of medicine authenticity and promotes high value and effective care of our patients.

In 2017, KPJ expanded its network of retail pharmacies by launching three new KPJ Healthshoppe that offer comprehensive and unique product range in a fresh welcoming ambience with open concept that maximise interaction with customers and merchandise. The outlets located at KPJ Selangor, KPJ Damansara and KPJ Pahang. Moving on into 2018, we plan to launch another four KPJ Healthshoppe at KPJ Penang, KPJ Ipoh, KPJ Johor and KPJ Bandar Dato' Onn.

In line with ensuring the continuous adoption of IT in our service provision, we have launched online kpjshoppe in 2017, where almost 800 items available for customers to purchase online with value differentiation on top of the standard over the counter (OTC) and supplementary products. You can read more about this initiative on page 30 of this Annual Report, within the Improving Efficiency with Technology section of our Sustainability Statement.

Caring for the Aged

The ageing population demographic is a global trend and Malaysia is no exception. By 2050, it is estimated that 23.5% of the Malaysian population will be over 60 years old.* At KPJ, we foresaw the rising demand for healthcare services related to the aged care niche in 2011 along with the National Policy for Older Person 2011 by the Ministry of Women, Family and Community Development, and we commenced our Senior Living Care initiative. Since then we have added senior living care homes to our stable of services, with four facilities that provide assistive nursing care services within a home like atmosphere for senior citizens. These services are available at the following:

No.	Senior Living Care Initiatives	Year of Initiative
1.	Jeta Gardens Retirement Resort, Brisbane, Australia	2011
2.	Sibu Geriatric Health and Nursing Centre, Sibu	2011
3.	KPJ Tawakkal Health Centre, Kuala Lumpur	2014
4.	KPJ Kuantan Health Centre, Pahang**	2018

* Source : Global Age Watch Index 2015

** Opened in February 2018

No.	Senior Living Care Residents by Age Group (Malaysia)	%
1.	51-60 years	4%
2.	61-70 years	13%
3.	71-80 years	40%
4.	81-90 years	30%
5.	91-100 years	13%

SUSTAINABILITY STATEMENT | ECONOMIC



Health Tourism

Medical tourism has shown strong growth in Malaysia, largely due to the excellent healthcare services available here. Malaysia has consistently been ranked as having among the best healthcare in the world by various international organisations, for example, by International Living which ranked Malaysia as having the best healthcare in the world in 2017.*

At KPJ, medical tourism is one of the key growth drivers we have identified as part of our strategic long-term growth plan. In line with this, KPJ has developed medical tourism hubs comprising 11 hospitals including KPJ Bandar Dato' Onn, in Johor Bahru spread across four regions across Malaysia – northern, central and southern regions of Peninsular Malaysia, as well as Sabah, and Sarawak. To ensure that our staff within KPJ's medical tourism hubs are able to attentively provide for international patients' needs, we employ staff at the following hospitals who are able to communicate in foreign languages:

- KPJ Ampang Puteri Specialist Hospital - Arabic, Korean and French
- KPJ Tawakkal Specialist Hospital - Arabic
- KPJ Damansara Specialist Hospital - Japanese and Arabic
- KPJ Penang Specialist Hospital - Thai
- KPJ Johor Specialist Hospital - Bahasa Indonesia

* Source : <https://internationalliving.com/countries-best-healthcare-world/>

MATERIALITY ECONOMIC 6 - CERTIFICATION, ACCREDITATION AND STANDARDS

KPJ is unreservedly committed to ensuring that its hospitals are accredited by recognised bodies such as Joint Commission International (JCI) and Malaysian Society for Quality in Health (MSQH). As at end 2017, 18 KPJ hospitals have been MSQH-accredited and two newly accredited hospitals (KPJ Sabah and KPJ Pahang) were added to the list in March 2018. Currently, we have 20 MSQH-accredited and four KPJ hospitals have been JCI-accredited. Our Integrated Management System (IMS) integrates the ISO 9001:2015 (Quality Management System), ISO 14001:2004 (Environmental Management System) and OHSAS 18001:2007 (Occupational Safety and Health Management System) where all hospitals are fully certified.

We have in place robust processes to ensure that our hospitals are compliant with accreditation requirements (e.g. MSQH 5th edition). You can read more on this in the Principle Risks section on page 102 of this Annual Report.

Personal Data Protection

We believe that an integral part of a strong governance culture is protecting the privacy of our customers' data. As from 15 November 2013 till end 2017, we have been in full compliance with the legal principles pertaining to personal data protection under the Personal Data Protection Act 2010 (PDPA). More details on activities aimed at ramping up our Governance and Data Integrity can be found in our Management Discussion and Analysis on page 39 of this Annual Report.



ENVIRONMENTAL



ENERGY

Total electricity consumption

119,661,200 kwh

for 4,764,109 sq ft.



AVERAGE ENERGY CONSUMPTION

25.26 kwh per sq ft

achieved target of not more than
27.69 kWh per sq ft.



WATER

Total water usage

1,096,918

9,843 employees.



AVERAGE WATER CONSUMPTION

111m³ per employee

achieved target of not more
than 111 m³ per employee.



WASTE

Total waste collected and disposed

1,190,888 kg

for 2,329,530 patients.



AVERAGE OF WASTE GENERATED

0.5 kg per patient

achieved target of not more than
0.5 kg per patient.

Our commitment to environmental stewardship is grounded on the need to mitigate the healthcare sector's environmental impact by effective resource management in the the provision of medical services to the community.

SUSTAINABILITY STATEMENT | ENVIRONMENTAL



OUR WASTE MANAGEMENT PRACTICES

- Training our nurses and other hospital staff on proper clinical waste disposal methods
- Appointment of a clinical waste disposal contractor whose operations are in compliance with MOH & DOE regulatory standards
- Recycling non-clinical waste such as paper and other recyclable items
- Carrying out waste disposal according to environmental regulations
- The handling, labelling, storage, packaging and collection are conducted according to Environmental Quality Act 1974 (Act 127) and subsequent amendments' requirements, as well as subsidiary legislation referring to scheduled waste
- Waste is removed daily by dedicated vehicles and the designated collection areas are kept clean and locked

MONITORING OUR ENVIRONMENTAL IMPACT

The healthcare industry is one which offers the public an essential service, and plays a substantial role in the socio-economic development of a country. Healthcare services in its various specialities and sub-specialities are consumed by a wide base of consumers from all segments of the population. With hospitals forming the major venue for the provision of these services, it is inevitable that these have an environmental impact as a result of the various activities conducted under its roof.

Hospitals are typically large buildings, operating 24 hours a day, seven days a week. Its various energy intensive activities result in both hazardous and non-hazardous waste, which could contribute to a large carbon footprint if not vigilantly monitored. At KPJ, we are mindful of the role we play as environmental stewards, and use and manage our resources in a responsible manner. Our initiatives within this area are designed to minimise our environmental aspect and impact through stringent compliance with all relevant regulations and best practices.

We believe in maintaining the highest standards of health and safety for our patients, employees and visitors, and comply with, if not exceed, all safety and health standards and requirements, along with fire safety and environmental regulations.

The quantitative environmental data in this section for 2017 refers to the 18 MSQH accredited hospitals. Despite having 20 MSQH hospitals, only data from 18 hospitals were included as the 2 newly accredited hospital was only added to the list in early 2018.



KPJ Penang supported the Largest Tecoma Tree Planting Event on 27 August 2017, organised by Seberang Prai Municipal Council's (MPSP) which earned it an entry in the Malaysia Book of Records (MBR). 50 employees of KPJ Penang together with Government bodies, NGOs and the local community planted 3,000 Tecoma trees, also known as Sakura Malaysia.

SAFETY, HEALTH AND ENVIRONMENT

The KPJ network of hospitals practise a robust Safety, Health and Environment (SHE) policy and complies with the Integrated Management System (IMS) quality certification, which covers the OHSAS 18001 standard for employee health and safety, the EMS 14001 environmental standard and the ISO 9001 standard for quality management. To maintain our quality certifications, we undergo internal and external audits annually.

Within our 20 MSQH-accredited hospitals, each has its own committee which oversees SHE policy and all related procedures. Our SHE policy statement encompasses areas such as energy and water consumption, as well as conventional and hazardous waste disposal.

SUSTAINABILITY STATEMENT | ENVIRONMENTAL

MATERIALITY ENVIRONMENTAL 1 - WASTE MANAGEMENT

KPJ has in place comprehensive processes with regards to the management of waste generated from our hospital activities. While the majority of waste produced is general waste, some clinical waste is hazardous and requires stringent protocols in its disposal. We are mindful that the improper disposal of waste at a healthcare facility could cause a health hazard or disease outbreak. In protecting our patients, employees, visitors and the community at large, we ensure that all our waste is disposed of in a responsible manner.

In 2017, the amount of hazardous waste produced from our hospitals increased from 1,170,870 kg in 2016 to 1,190,888 kg in 2017 due to an increase in patients' activities. However, our hazardous waste generated per patient remained at 0.5 kg.

AIR QUALITY MANAGEMENT

Hospitals are complex environments and the management of indoor air quality (IAQ) requires special attention to ensure healthy IAQ levels. A myriad of involved factors need to be considered in maintaining healthful IAQ such as temperature, humidity, as well as chemical and biological contaminants that can affect a person's health and well-being.

Our patients' conditions result in them possessing air contaminants in their systems which can lead to potential infections of the people who surround them, allergic reactions, viruses, respiratory problems and other diseases and health issues. Airborne chemical and microbiological contaminants are another area of concern.

Bearing all this in mind, KPJ has implemented stringent control and mitigation measures crucial to ensure high IAQ levels through our various IAQ programmes such as:

- Restricting air movement in and between various departments
- Ensuring property humidity and temperature levels for various hospital areas
- Complying with specific requirements for ventilation and filtration to dilute and remove contaminants from the air
- Regular upkeep of the Air Handling Units (AHU) by replacing filters in a timely manner
- Decontamination of ventilation ducts and making sure that all related mechanical aspects are maintained in accordance with the hospital's requirement and standards

RADIATION MANAGEMENT

A number of medical equipment used within a hospital's premises emit radiation, such as Diagnostic Imaging, Radiotherapy and Oncology Services. These pose to people within its vicinity the risk of exposure to harmful levels of radiation which could result in radiation burn, acute radiation syndrome and cancer.

KPJ is extremely mindful of the dangers associated with radiation exposure and has in place a set of measures designed to comply with safety regulations such as:

- Compliance with the Atomic Energy Licensing Act 1984 (Act 304)
- Annual application for a Class C licence under the Radiation Protection (Licensing) Regulations 1986 from MOH to operate radiation emitting equipment
- A Quality Assurance Programme (QAP), guided by the Atomic Energy Licensing (Basic Safety Radiation Protection) Regulations 2010, to ensure our performance and safety standards meet specific requirements to provide a safe environment for our patients and staff



HAZARDOUS WASTE (Clinical waste)(kg)

FY2017	FY2016	FY2015
1,190,888	1,170,870	976,136



NO. OF PATIENTS SERVED

FY2017	FY2016	FY2015
2,329,530	2,289,990	2,294,318



TOTAL WASTE (kg/patient)

FY2017	FY2016	FY2015
0.51	0.51	0.43

SUSTAINABILITY STATEMENT | ENVIRONMENTAL



TOTAL WATER CONSUMPTION (Cubic metre, m³)

FY2017	FY2016	FY2015
1,096,918	1,021,647	1,025,804



NO. OF EMPLOYEES

FY2017	FY2016	FY2015
9,843	9,189	9,062



TOTAL WATER CONSUMPTION (m³/employee)

FY2017	FY2016	FY2015
111	111	113



TOTAL ELECTRICITY CONSUMPTION (kilowatt per hour, kWh)

FY2017	FY2016	FY2015
119,661,200	104,610,410	97,756,675



TOTAL AREA OF KPJ HOSPITALS (sq ft)

FY2017	FY2016	FY2015
4,764,109	3,966,948	3,966,948



TOTAL ELECTRICITY CONSUMPTION (kWh/sq ft)

FY2017	FY2016	FY2015
25.12	26.37	24.64

NOISE MONITORING

Noise is defined as unwanted sound, independent of loudness that can produce undesirable physiological or psychological effect in an individual, and that may interfere with the social ends of an individual or group. High hospital noise levels hinder patient recovery.

Ambient noise includes all sounds present in the environment. We are guided by the requirements of the Environmental Quality Act 1974, Part IV, regarding the Prohibition and control of pollution, and Regulation 23 on Restrictions on noise pollution.

Limit

Not Exceeding 65.0 dB(A) for Daytime
Not Exceeding 55.0 dB(A) for Nighttime

As stated in Guidelines for Environmental Noise Limits and Control by Department of Environment (DOE) Malaysia and as per Guidelines for Control of Occupational Noise 2005 (DOSH).

The following parameters were measured:

- Equivalent Continuous Sound Level (LAeq)
- Statistical Indices (LA10, LA50 and LA90)
- Maximum Noise Level (LAmax)
- Minimum Noise Level (LAmin)

MATERIALITY ENVIRONMENTAL 2 - WATER MANAGEMENT

It would be impossible for a hospital to operate efficiently and provide the high quality care patients require without an adequate supply of water. Many of our hospital facilities are water intensive by nature, such as our cooling equipment, plumbing, cleaning and medical process rinses.

At the same time, we are mindful of the pressures placed on municipal water supplies, and the need to contribute to national environmental mitigation measures such as the reduction of energy used to treat and deliver water supply. Therefore, KPJ encourages all its hospitals to proactively conduct water saving initiatives, not just to drive down costs, but also to contribute towards a green culture.

Among our water saving initiatives are the monitoring and tracking of water leakages, as well as installation of water-flow limiters. In 2017, we retained our levels of water consumption per employee of 111 cubic metre. For 2018, we maintain our target of water consumption of not more than 111 m³ cubic metre per employee.



SUSTAINABILITY STATEMENT | ENVIRONMENTAL

MATERIALITY ENVIRONMENTAL 3 -ELECTRICITY CONSUMPTION

The nature of a hospital's activities inevitably result in high electricity consumption patterns, as it serves the needs of patients, staff and visitors, within a facility which is open 24/7. In a typical hospital, electricity is used within sophisticated heating, ventilation and air conditioning (HVAC) systems to control temperatures and air flow. As well as that, many energy intensive activities occur in attending to laundry, medical and lab equipment use, sterilisation, computer and server use, food service and refrigeration.

At KPJ, we have implemented measures to increase our energy efficiency, in order to improve our bottom line and free up funds to invest in new technologies and improve patient care. We regularly run campaigns to increase staff awareness on energy efficiency and electricity saving initiatives. Our e-idea platform encourages our employees to contribute their suggestions on energy conservation measures.

During the year, we initiated our pilot project focussing on energy saving systems at KPJ HQ. The upgrading of the chiller system at KPJHQ was conducted with a total cost of RM3 million.

In 2017, our electricity consumption increased to 119,661,200 kWh from 104,610,410 kWh in 2016 due to an increase in the number of new hospital service areas and the expansion of our hospital network. However, our average electricity consumption per sq ft decreased by 5% or 1.25kWh from 26.37 kWh to 25.12 kWh. Moving into 2018, our target is to limit our electricity consumption to not more than 26.37 kWh per sq ft.

INITIATIVES FOR THE REDUCTION OF ENERGY CONSUMPTION

All hospitals are directed to adopt the sustainability strategies and initiatives on electricity management and reported and discussed at the hospitals' Board Meetings. The initiatives are scheduled and to be carried out systematically until 2019.

Initiatives	Action
Upgrading chiller system	During the year, we initiated our pilot project focusing on energy saving systems at KPJ HQ. Consequently, electricity consumption decreased by 14% or 76,506 kWh between November 2017 and December 2017. A few hospitals have planned to upgrade their chillers in 2018/2019.
Replacement of light bulbs with LEDs	Most of the hospitals have started replacing the lighting system to LEDs since 2016. The high usage areas are the lobby and corridor which require 24 hours lighting. This is also includes entrances and emergency exit signs.
Installation of timers	Hospitals identified areas and allocated shutdown schedule within every floor or area. The shutdown is controlled by timers. For example, the electricity at Administration Services will be off from 6.00 pm till 8.00 am and the air conditioning system will be shutdown from 8.00 pm till 8.00 am.



SOCIAL



KLINIK WAQAF AN-NUR

RM13MIL

provided services to 124,310 patients
from underprivileged communities.



WOMEN EMPOWERMENT

30%

of management positions
held by women.



EMPLOYEES

11,594

in 25 hospitals.



TRAINING & DEVELOPMENT

RM12.2MIL

on employee training
and development programmes.



TRAINING HOURS

40hours

employees spent and average of 40 hours
on training, exceeding the mandatory 30
hours of training per year.

Our healthcare services form an important element of the communities we operate in. KPJ's 'Care for Life' philosophy is founded on community care and outreach, centred around a compassionate approach to their wellbeing.

SUSTAINABILITY STATEMENT | SOCIAL



KLINIK WAQAF AN-NUR

MATERIALITY PEOPLE 1 - COMMUNITY OUTREACH

All our community outreach programmes have been designed in tandem with Governmental policies and efforts to engender community development, solidarity, social welfare, health and safety. Our sustained initiatives cover complimentary basic health screenings, public health talks and campaigns that promote healthy lifestyles and good hygiene for assisted orphanages, homes for senior citizens and the underprivileged. We also make regular zakat (Islamic Tithes) contributions and donations. In 2017, KPJ's community investment totalled RM8.4 million.

Community engagement is undertaken through our Klinik Waqaf An-Nur (KWAN) clinics, which is driven by our Talent Management Services, and other community programmes planned by our individual business units and departments. Funding for our community programmes are sourced from business operation profits and local religious authorities, for example, The Zakat or Islamic Tithes Department, partnerships with other institutions, as well as funds raised from the general public and employees.



Community Outreach Programme: KPJ Kajang's CEO and team distributed bubur lambuk for berbuka puasa at Tol Sungai Ramal on 13 June 2017.

KLINIK WAQAF AN-NUR (KWAN)

Our flagship initiative KWAN represents KPJ's solution to provide quality healthcare services for poor and low-income households. Through KWAN, and other specialist healthcare facilities such as dialysis, rehabilitation and medical testing lab centres in urban areas, we are providing access to quality medical treatments and diagnosis to a segment of the community who cannot afford private healthcare services.

KWAN provides charity outpatient clinics and dialysis centres for underprivileged communities where patients are charged a fee of only RM5 for a regular outpatient visit and a minimum of RM90 for dialysis services. Treatment is provided by qualified medical consultants and includes the cost of any prescribed medications.

In ensuring the provision of charitable healthcare services in line with high Islamic values and culture, we identified 12 reputable partners from State Religious Authorities and leading non-governmental organisations (NGOs). In 2017, we initiated the creation and development of KWAN as an Islamic NGO through a number of community activities such as "Majlis Sambutan Hari Raya Bersama Masyarakat di Masjid", "Majlis Berkhatan Sempena Cuti Sekolah", Medical Screening Programmes and health talks via our identified network of partners.

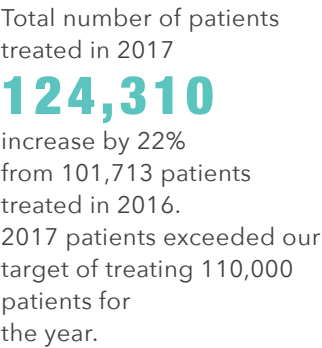
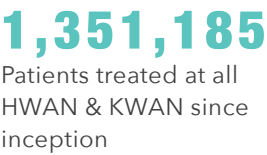
We were able to expand the reach of our dialysis services with the donation of four new dialysis machines from our partner Bank Muamalat in May 2017 to Hospital Wakaf An-Nur in Pasir Gudang. As at December 2017, 9 HWAN/KWAN dialysis centres with 75 machines provide dialysis services to 167 active haemodialysis patients.

As well as that, we worked in collaboration with three of our partners, namely Lembaga Zakat Selangor, Perbadanan Waqaf Selangor with Bank Muamalat (Waqaf Selangor Muamalat) and Yayasan Semesta Berdaftar to manage and operate our mobile clinics which provide healthcare services to underprivileged rural and urban communities.

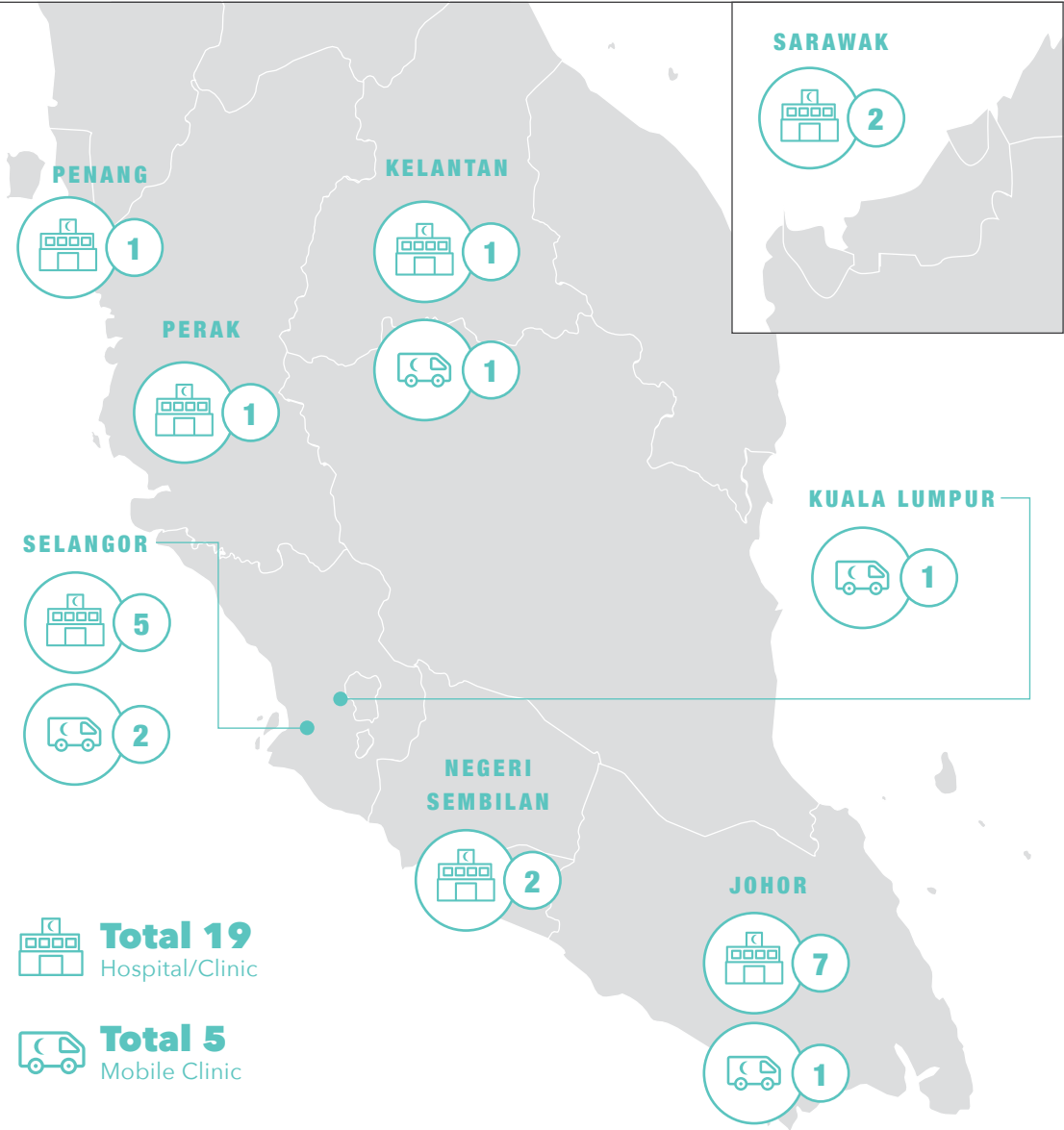
To date, a total of 1 Hospital Waqaf An-Nur (HWAN) and 18 KWAN are available throughout Malaysia. In 2017, KPJ spent approximately RM13 million to provide clinical resources and medications to KWAN.

The list of KWAN hospitals can be found at our corporate website www.kpjhealth.com.my under CSR section.

SUSTAINABILITY STATEMENT | SOCIAL



HWAN / KWAN LOCATIONS BY STATE



Total 19
Hospital/Clinic

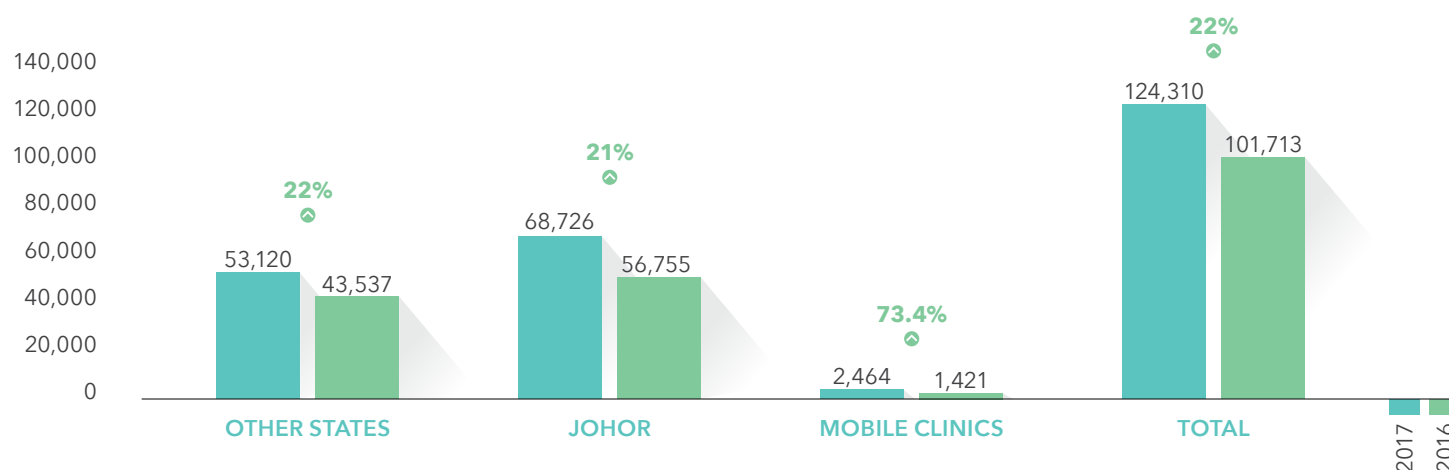
Total 5
Mobile Clinic

IN 2017

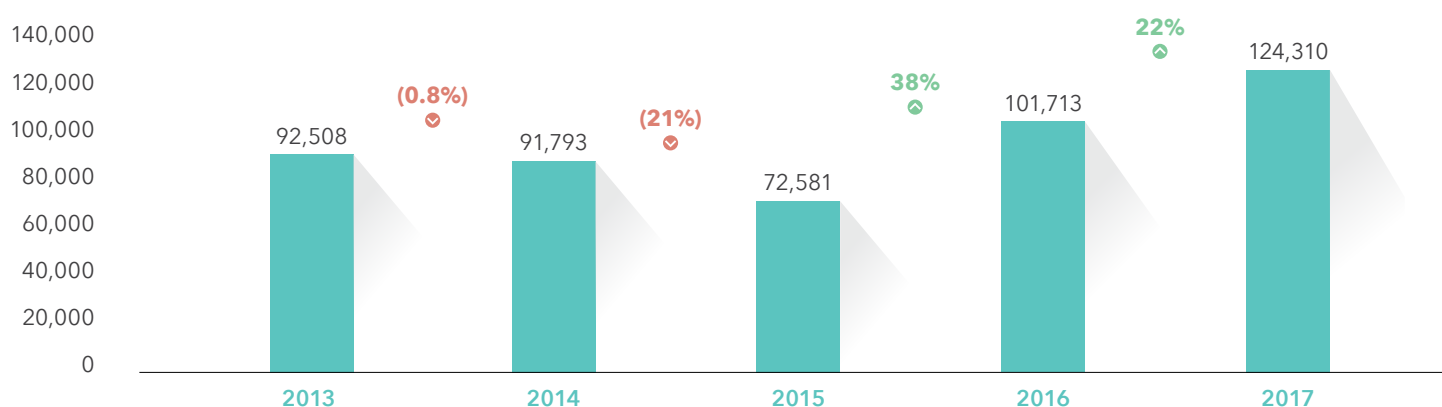
- KWAN facility in Seberang Jaya which is managed by KPJ Penang underwent upgrading works to enhance its services.
- Opened 2 new mobile clinics
 - In joint venture with Waqaf Selangor Muamalat and managed by KPJ Perdana located in Kota Bahru, Kelantan.
 - Mobile clinic associated with Hospital Waqaf An-Nur in Pasir Gudang, Johor.

SUSTAINABILITY STATEMENT | SOCIAL

KWAN/HWAN PATIENT STATISTIC BY LOCATION & SERVICES



KWAN/HWAN TOTAL PATIENT STATISTIC



PATIENTS NO. BY MOBILE CLINICS AS AT DECEMBER 2017

No.	Mobile Clinics	Partner	2017	2016	Var (%)
1.	KPJ Selangor	Lembaga Zakat Selangor (LPZ)	474	664	(28.6)
2.	KPJ Damansara	Waqaf Selangor Muamalat (WSM)	447	340	31.5
3.	KPJ Tawakkal	Yayasan Semesta Berdaftar (YSB)	829	417	98.8
4.	KPJ Perdana*	Waqaf Selangor Muamalat (WSM)	705	.	
5.	HWAN Pasir Gudang**	Waqaf An-Nur Corporation (WanCorp)	9	0	-
	Total		2,464	1,421	73.4

* Operational in July 2017

** Operational in December 2017

SUSTAINABILITY STATEMENT | SOCIAL

BABY HATCHES IN
9 KPJ HOSPITALS

- KPJ Ipoh Specialist Hospital
- KPJ Johor Specialist Hospital
- KPJ Damansara Specialist Hospital
- KPJ Tawakkal Specialist Hospital
- KPJ Seremban Specialist Hospital
- KPJ Penang Specialist Hospital
- KPJ Perdana Specialist Hospital
- KPJ Kuching Specialist Hospital
- Damai Specialist Hospital



BABY HATCHES

It has been estimated that a baby is found abandoned in Malaysia once every four days.* Academics and non-governmental organisations (NGOs) also surmise that the estimated rate of child abandonment is increasing, along with the infanticide rate as many of these unwanted babies are left in dangerous and unhealthy places.

In line with Governmental policy to provide an avenue for mothers or parents of unwanted babies to safely absolve themselves of their parental responsibility, KPJ opened our first baby hatch in 2010. To date, we now have baby hatches in nine KPJ hospitals throughout Malaysia.

The baby hatches are a collaborative endeavour with the Social Welfare Department (JKM) and OrphanCare, a child protection NGO. Since its launch in 2010, we have received 28 babies through our baby hatches. Babies found in the baby hatch are placed for adoption through a regulated process overseen by OrphanCare and JKM in Peninsular Malaysia, whereas in East Malaysia, this process is overseen by JKM only.

We also provide mothers, guardians or other family members who find it difficult to provide for the baby and are considering abandoning them with help through discussion, sharing of information and counselling from nurses or social care staff. This is conducted under a strict privacy protocols to alleviate the social stigma attached to baby abandonment for adoptions.

* Source : Based on study conducted by Dr Salmi Razali, a psychiatrist and senior lecturer at Monash University, titled "Estimated and Inferred Infanticide and Infant Abandonment Rates for Malaysia", using police statistics from 2007 to 2011.

SUSTAINABILITY STATEMENT | SOCIAL

EDUCATING THE PUBLIC

Public education and awareness goes a long way towards the prevention and early detection of disease and other health ailments. In this regard, KPJ is cognisant of its role in helping disseminate information pertaining to healthcare through public education programmes. Our education and awareness initiatives include public health screening sessions, health talks, safety and other events.

We regularly hold talks and seminars in public venues, with booths that offer basic health screening services such as blood glucose and cholesterol tests, as well as blood pressure and body mass index (BMI) monitoring. Through our sustained efforts, we are doing our part in cultivating greater health awareness amongst Malaysians.

In 2017, we conducted a number of safety and health awareness campaigns by our hospitals such as:

- **Global Hand Hygiene Celebration "Fight Antibody Resistance, It's In Your Hands"**

On 5 May 2017, the World Health Organisation launched a campaign themed "Fight Antibody Resistance, It's In Your Hands". The objective of this annual campaign is to focus on the fight against antibiotic resistance in the context of hand hygiene and infection prevention and control (IPC) programmes. Hand hygiene is at the core of effective IPC to combat antibiotic resistance, and awareness campaigns each year is one important aspect of improving behaviour in line with IPC best practices. In 2017, the campaign materials are all co-branded with 'Antibiotics, handle with care' to demonstrate unity between antimicrobial resistance and IPC efforts.

- **Due to a fire incident at Darul Quran Ittifaqiyah Tahfiz Center Tahfiz School, Kampung Datuk Keramat, Kuala Lumpur** in 14 September 2017 which killed more than 20 people, the Group encouraged all hospitals to organise Fire Safety Activities for Tahfiz Schools within their own region. The Fire Safety Activities included fire drills, fire evacuation and the provision of free extinguishers.

- **Regular blood donation drives** to help sustain supplies at the National Blood Bank. Public response was very encouraging.

MATERIALITY PEOPLE 2 - OUR WORKFORCE

Our employees present the face of our organisation in the dissemination of our healthcare services. It is through their hard work and efforts that we are able to garner the reputation of being the healthcare provider of choice in Malaysia. As the human capital driving our long-term growth strategies, we are committed to remaining an employer of choice within the healthcare industry by providing them the support they require to upskill themselves and advance their career within the Group.

We have in place clear enunciated policies and procedures with regards to solving grievances. In 2017, we resolved all 74 employee complaints brought to our attention. To assist our employees identify improvements which will further their career, we regularly conduct performance and career development reviews.

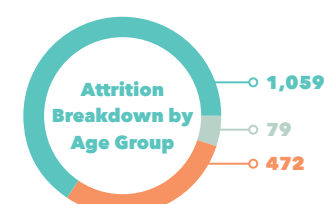
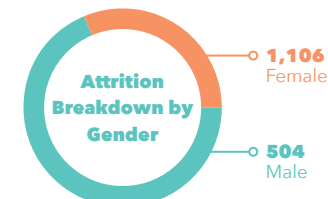
To ensure their continuous professional growth and development, KPJ is singularly focused on investments employing a holistic approach towards talent management through programmes such as:

- Fair and equitable benefits and welfare provisions
- Development growth through training and career programmes
- Engaging employees, encouraging a 'speak up' culture
- Cultivating a positive workplace culture and environment
- Facilitating work-life balance
- Creating a safe workplace
- Promoting diversity and inclusion within the workplace

KPJ WORKFORCE IN 2017

- 11,594 employees serving in 25 hospitals in Malaysia
- Provided healthcare services to more than 2.7 million patients
- Invested RM 12.2 million on employee training and development programmes, an increase of 18% from 2016.

* Note: Total employees and respective calculations do not include specialist medical consultants at KPJ Hospitals. Only resident medical officers are included in the total employee count. It only covers employees in KPJ hospitals in Malaysia.

Attrition level
2017 - 12%

● Under 30
● 30-50
● Above 50

SUSTAINABILITY STATEMENT | SOCIAL

KPJ WORKFORCE
IN 2017

- Total KPJ workforce growth in 2017 (Malaysia): 13,054
 - Full Time/Permanent employee
 - Female: 10,348
 - Male: 2,706
 - Part Time/Non-Permanent: 16
 - Contract Staff (Management Training Program (MTP))
 - Female: 9
 - Male: 5
 - New Hires
 - Female: 1,250
 - Male: 876
 - Professional manpower* increased by 5% to 8.26 employees, to maintain optimal 4:1 manpower-to-bed ratio
- 5,744 Gen Y employees with opportunity to engage with Senior Management
- 585 Employees on KPJ's Living Well Programme

* Professional manpower consists of Medical Officers, Nurses and Allied Health employees

BUILDING A CULTURE
OF CORPORATE INTEGRITY

The maintenance of a corporate culture with the highest standards of governance lies in a great part, in the way our employees conduct their duties and responsibilities on the job. In line with KPJ's Corporate Integrity pledge, we have emphasised on the need for our employees to conduct themselves with integrity, through ethical practices, compliance and adherence to good corporate governance practises in their dealings with both internal and external parties.

Our Code of Ethics and Business Conduct sets out the standard of behaviour we expect of our employees, and each member of our staff is expected to take an oath of the "Service Pledge" declaration at our annual staff assembly or "PEDOMAN" (Perhimpunan, Dialog dan Anugerah Tahunan Anggota Pekerja) held in our hospitals. As well as that, all our employees are also expected to acknowledge e-integrity pledge in the Employee Self Service (ESS) portal. While at Group level, all hospitals and companies under the KPJ umbrella are requested to sign an Integrity Pledge with their suppliers, contractors and other related third parties.

In August 2017, we have introduced a new Human Resource Information System (HRIS) module, the "Declaration of Assets. It is compulsory for all staff members to complete two declaration of asset form of Initial declaration and Subsequent declaration, to submit via ESS or manual form. The declaration of asset is necessary to promote transparency and to prevent any conflict of interest, corruption and also mismanagement. This is also a requirement by JCorp.

For more information on how we ensure our employees practise the principles of good governance on their job, please refer to the Principle Risks section on page 100 of this Annual Report.

MATERIALITY PEOPLE 3 - TRAINING
AND CAREER MANAGEMENT

We believe in providing our employees with opportunities for growth and development to advance in their medical professions or move up the ladder into management levels.

In 2017, KPJ invested a total of RM12.2 million in employee training and development programmes, an increase of 18% compared to RM10.3 million in 2016.

We have in place a number of programmes aimed at grooming the potential of our staff, such as our Operations Manager programme, a comprehensive, hands-on management and leadership training programme to groom future hospital CEOs. The programme is open to employees from various backgrounds, such as medical officers, nurses, allied health professionals as well as accountants and human resource professionals. It provides our employees structured and informed access to further their career within the Group. KPJ subscribes to the JCorp Succession Planning programme which ensures that successors are identified for all managerial positions. This provides a pipeline of potential leaders who are readily accessible whenever there is a suitable position available as we continuously expand operations.

To ensure our staff access continuous training and development opportunities, we have made it mandatory for each staff to undergo at least 30 hours of training per year, as well as making training part of their Key Performance Indicator performance evaluation. These training programmes cover areas such as customer services, fire safety and corporate culture, and are either conducted internally or through external moderators. A total of 2,919 employees at non-executives level also received training in 2017.

TRAINING HOURS

Employees received an average of 40 hours of training, exceeding the mandatory 30 hours of training per year.

TRAINING HOURS BREAK-
DOWN BY GENDER

FEMALE:
264,400 hours
(6,610 employees)

MALE:
62,040 hours
(1,551 employees)

TRAINING HOURS BREAK-
DOWN BY STAFF CATEGORY

MANAGER:
30,840 hours
(771 employees)

EXECUTIVE:
178,840 hours
(4,471 employees)

**EXECUTIVE ASSISTANT
(NON-EXECUTIVES):**
116,760 hours
(2,919 employees)

SUSTAINABILITY STATEMENT | SOCIAL

In 2017, our employees received an average of 40 hours of training, exceeding the mandatory 30 hours of training per year. Our total Human Resource Development Fund (HRDF) utilisation was 82% for 2017, compared to 88% the previous year. Although no new hospitals subscribed to the scheme, there were expansions in our existing hospital network through increases in the number of beds and introduction of new services which resulted in new staff hires. This resulted in an overall increase in subscription.

MATERIALITY PEOPLE 4 - EMPLOYEE BENEFITS AND WELFARE

To remain an employer of choice, KPJ maintains a comprehensive schedule of employee benefits and welfare, which is tied to our staff's contributions and level of productivity towards achieving the Group's objectives.

Besides competitive salaries and benefits we offer our full-time employees the following:

- Annual medical screening for employees aged 45 and above
- Inpatient and outpatient medical costs which cover spouses and dependents (children)
- Maintained employer EPF contribution up to 15% since 2015 for employees that have been in service a minimum four years
- Employee Share Option Scheme (ESOS) for employees with at least three years of service in the Executive category and above. To date, a total of 36,382,000 million shares have been allocated for the scheme. Employees in Executive Assistant category are given cash consideration each year over a five-year period (2015-2019).
- Sponsorship as study support for employees' children pursuing higher education healthcare-related at KPJUC. A placement in KPJ hospitals upon graduation is provided subject to their final result.

We also provide parental leave for our employees, to support them with their family duties and obligations. In 2017, 90 male employees who were entitled to two days leave utilised their entitlement, compared to 64 in 2016. While within our female employee base, 1,018 women entitled to 60 days leave utilised their leave compared to 864 in 2016.

In 2016, KPJ had introduced the Living Well programme for our employees, to help those diagnosed with critical lifestyle-related illness such as diabetes and hypertension, or those with BMI that fall within the Pre-Obese to Obese I - III category. Through our programme, employees can access up to date information on their health status, thus empowering them to make better lifestyle choices and decisions. In 2017, a total of 585 employees were on the programme, compared to 625 in 2016, indirectly showing an increase positive lifestyle.



Advocating Work-Life Balance

KPJ's principle for work-life balance is grounded on the belief that it should provide all employees with the tools they require to successfully manage their work and family commitments. This goes a long way towards ensuring high employee satisfaction levels, and also contributes to our positive retention rates.

Among our ongoing work-life balance initiatives are:

- Flexible working hours
- Onsite crèches for our staff's children childcare which are open 24/7 to accommodate nurses working on shifts
- Promoting healthy living attitudes amongst our employees through voluntary wellness and health initiatives such as our BMI programme
- Since 2013, we have provided employees in certain functions the option to work staggered hours and start the day later
- Time off for personal matters
- Special parking for pregnant employees
- Work from home programme for employees in Information Technology (IT) Services, for up to two days in a week. We are considering expanding this initiative to other departments.

MATERIALITY PEOPLE 5 - EMPLOYEE ENGAGEMENT

The healthcare sector is a people-intensive industry requiring medical care workers to employ a compassionate approach in the provision of treatment and care for their patients. The emotional commitment of our healthcare professionals forms the crux of their discretionary effort in ensuring best patient healthcare outcomes by going the extra mile when they interact with our patients and their families.

KPJ has maintained consistently high levels of employee engagement in order to harness the benefits these offer our business. Underpinning our efforts is our desire to cultivate and encourage a sense of unity and solidarity among our people, as part of the larger KPJ family.

SUSTAINABILITY STATEMENT | SOCIAL



Our employee engagement efforts centre around initiatives which tie in with life events and issues which are fundamental to our people. These include personalised birthday e-mail messages, festive greetings, condolence messages in the event of the passing of a loved one and group e-mails focusing on topics which are meaningful to our staff.

In 2017, we conducted a series of employee engagement programmes in order to enhance the employee experience at KPJ as follows:

Talent Management Open Day - The Talent Management Open Day is an annual event held at all hospitals and companies as a way for employees to engage directly with the Talent Management (TM) team. We also invite companies and government agencies to have their own open booths to provide our employees with the opportunity to manage their personal finances all within office premises. These include insurance companies, banks, EPF, Tabung Haji, ASB, etc so employees get a chance to manage their personal finances all within the office premise.

TM Roadshow 2017 - Our Group TM visited all KPJ hospitals and companies in Malaysia to highlight new policies and incentives for employees. An integrity talk focusing on integrity and ethics at the workplace, whistle blowing procedure, Corporate Integrity Agreement and employee declaration of assets was also conducted at the visits.

KPJ Sports Carnival 2017 - KPJ organised the 15th KPJ Sports Carnival in December 2017. The KPJ Sports Carnival celebrates teamwork and the spirit of competition amongst KPJ employees. Six contingents consisting approximately 1,500 employees took part in the five days event. The overall winner was the Team Wangsa Dragon from our Central group of hospitals with a gold medal tally of 15.

KPJ Pedoman 2017 - This annual event is looked forward to by all our employees. Pedoman is an acronym for Perhimpunan Dialog dan Amanat, which has its' beginnings at our parent company JCorp in 1985. This interactive sharing and communication platform, provides an avenue for employees to share, give feedback and engage in a dialogue with the President & Managing Director of KPJ Healthcare Berhad.

SUSTAINABILITY STATEMENT | SOCIAL

KPJ Top Up Fund - In 2017 a medical top up fund was extended to employees under the KPJ Group. The objective of the fund is to ease the burden of excess medical bills that employees and their dependents may face due to unforeseen circumstances. As such, an allocation of up to RM1.5 million has been set aside for utilisation throughout the Group.

MATERIALITY PEOPLE 6 - DIVERSITY

At KPJ, we leverage on the skills, talents and perspectives of our diverse workforce, as an enabler of organisational improvements. The majority of our employees are women, comprising a total of 81% of our workforce. Of these, 30% are at management levels. Basic salary ratio of Men to Women is 1.4:1.

To ensure high retention rates of our female workforce, we have strong work-life balance programmes to help them manage their dual obligations to their job and their family. As at end 2017, our retention rate of women with at least five years of service with KPJ stood at 51% or 5,294 employees.

Other ongoing commitments in ensuring a diverse workforce is embodied through programmes that celebrate diversity such as the flexWorkLife.my initiative by TalentCorp and the Ministry of Women, Family and Community Development.

The KPJ Employee Handbook provides guidance to our people on our recruitment and promotion pathways, which is based on merit and achievements and free of any form of discrimination. We employ a strict approach in undertaking disciplinary action against any employee that commits sexual harassment at the workplace, regardless of whether it is on or outside of the company's premises.

Through KPJ's diversity policy, we aim to increase the racial and ethnic diversity of our workforce, and have initiated a Diversity and Inclusion Programme in line with this.

This programme allows for us to liaise with a recruitment agency to increase our pool of ethnic Chinese candidates for our workforce.

We have participated in campus job fairs at private universities in the Klang Valley to reach out to a more diverse pool of potential job candidates. Among them are New Era University, Monash University and the Intercampus Career Fair. As well as this, we have also reached out to students from INTI University and Colleges, TAR College and Taylors University. Beyond the Klang Valley, we reached out to a pool of public university candidates by taking part in the SL1M (Skim Latihan 1Malaysia) Career Fair at University Malaysia Sabah in Sabah, and University Pendidikan Sultan Idris in Perak.

In keeping up with the times, we are leveraging on digital platforms to reach out to the Millennial Generation through job advertisements on the KPJ Job Portal, LinkedIn and our Facebook page. In 2017, we received 2,016 expressions of interest from potential candidates through our online job advertisement media.

In ensuring inclusivity and diversity in terms of persons with disabilities and old age pensioners, we have in place a Persons with Disabilities (Orang Kurang Upaya or OKU) recruitment drive. This includes a collaboration with SOCSO under the "Return to Work Programme" to give the disabled and pensioners the opportunity to return to work and share their experiences and perspectives on the job.

We are equally committed to diversity at Executive Committee (EXCO) and Hospitals' Management (HM) which include Medical Directors. As at end 2017, we have achieved 36% female representation on our EXCO and 30% female representation on our Hospitals' Management.

DIVERSITY OF BACKGROUND

 **36%**
female representation in EXCO

 **30%**
female representation in HM

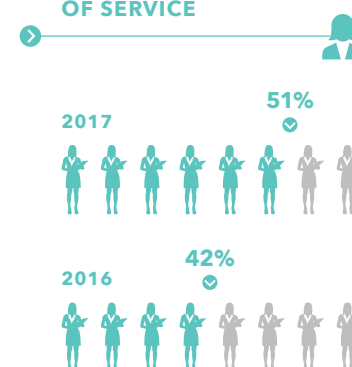
AN INCLUSIVE WORKFORCE

 **2**
Disabled staff

 **11**
Visually impaired staff

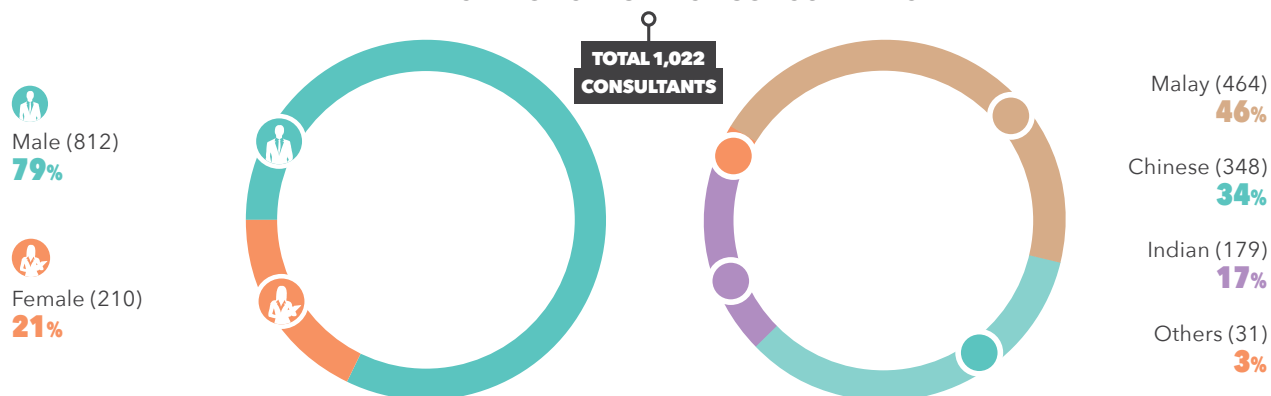
- 6 hospitals with onsite creches
- BMI programme resulted in 4% decline in 2017 in the number of our employees categorised as pre-obese and obese

RETENTION RATE OF WOMEN WITH MORE THAN 5 YEARS OF SERVICE



SUSTAINABILITY STATEMENT | SOCIAL

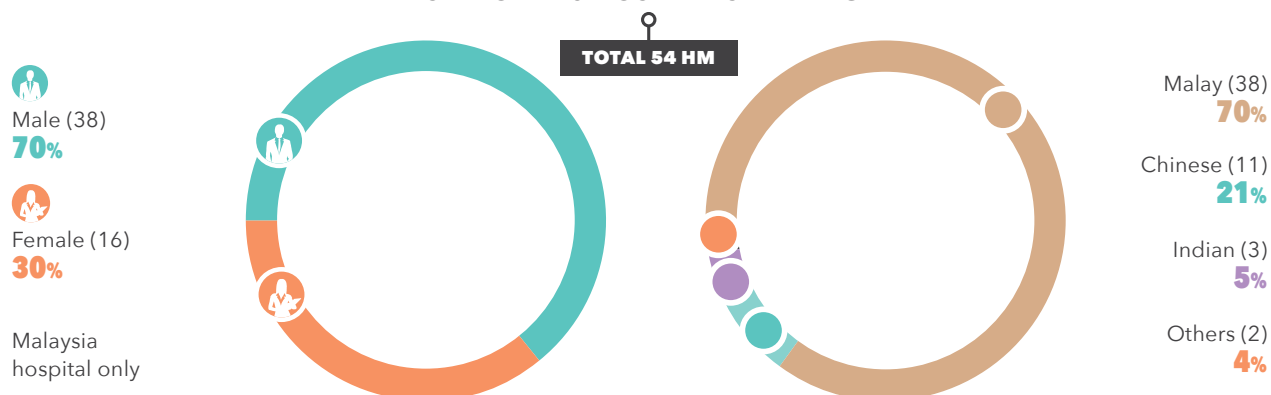
DIVERSITY OF SPECIALIST CONSULTANTS



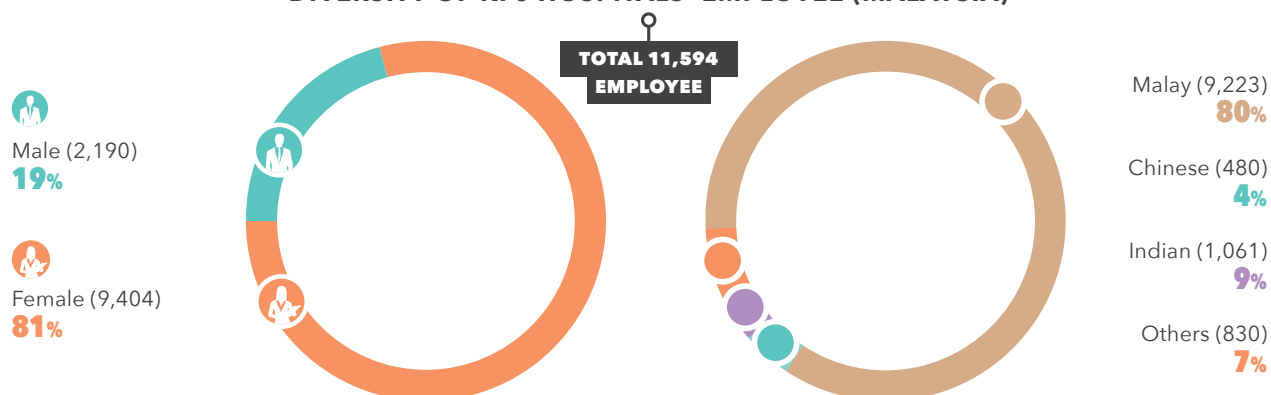
DIVERSITY OF EXECUTIVE COMMITTEE



DIVERSITY OF KPJ HOSPITALS' MANAGEMENT



DIVERSITY OF KPJ HOSPITALS' EMPLOYEE (MALAYSIA)



SUSTAINABILITY STATEMENT | SOCIAL

MATERIALITY PEOPLE 7 - SAFETY AT THE WORKPLACE

The maintenance of the highest standards of health and safety at the workplace is of critical importance within the healthcare sector as the precursor towards providing high quality healthcare services.

KPJ's health and safety initiatives are embedded into a large number of our policies and systems, and constitute an integral part of the way we manage and maintain our operations. These can be found within the Integrated Management System of our JCI- and MSQH-accredited hospitals which covers OHSAS 18001:2007.

As well as that, our SHE Policy covers planned and preventive maintenance, safe and proper disposal of sharp and hazardous materials, as well monitoring the exposure levels of staff working within radiation and diagnostic imaging services. In addition we have a vaccination policies for Thypoid and Hepatitis B for clinical and support services staff.

Our Safety and Health Officers are registered with the Department of Occupational Safety and Health (DOSH)

Malaysia and have undergone DOSH-recognised safety training programmes as provided by the National Institute of Occupational Health and Safety (NIOSH) Malaysia.

Additionally, KPJ has adopted the Hazard Identification, Risk Assessment and Risk Control (HIRARC) system to identify potential hazards, and to assess and control risks of injury or harm due to the exposure of these hazards.

We conduct regular training programmes for our employees on the latest OSH practices and procedures, sharing information pertaining to this area across our network of hospitals, to ensure greater adoption of preventive measures. This includes sharing experiences of incidents such as fire and other emergencies, as well as disaster action plans. Our contracted vendors and suppliers are also required to adhere to our health and safety standards.

We diligently track our employee health and safety incidents and are committed towards achieving zero incidents. In 2017, we recorded 13.2% decrease in OSH-related incidents. At present, all our hospitals report their OSH-related incidents to DOSH.

2017 INITIATIVES TO REDUCE HEALTH AND SAFETY INCIDENTS IN KPJ HOSPITALS

No.	Hospitals initiatives to reduce incidents
1.	Promote staff to wear suitable footwear
2.	Conduct awareness training on workplace safety
3.	Good housekeeping practice i.e clear access way, signage for wet slippery areas
4.	Improve lighting for safe movement
5.	Limit access to high risk areas
6.	Installation of mirrors at all corners
7.	Safety campaigns with JKPP, JKJR, SOCSO, BOMBA. etc
8.	Measures to reduce staff burn-out eg. Reschedule duty roster

OSH RATES

	2017	2016	Var (%)
Fatality Rate	0	0	-
Incident Rate	12.5	14.4	(13.2)
Frequency Rate	5.1	5.8	(12.1)
Severity Rate	19.9	19.9	-
Occupational Poisoning and Disease Cases	0	0	-
Total man-hours worked	24,568,128	22,935,744	

Note: Types of incidents recorded include slips and falls, fall from height, sharp injury, chemical spills, burns, electrical incidents and other office-related incidents as required to be reported under OSH (Notification of Accident, Dangerous, Occurrence, Occupational Poisoning and Occupational Disease) Regulations 2004.