OUE LIPPO HEALTHCARE LIMITED

Sustainability Report

For the year ended 31 December 2017

WHO WE ARE

OUE Lippo Healthcare Limited ("**OUE Lippo Healthcare**") provides high quality and sustainable healthcare facilities through our capabilities in the acquisition, development, management and operations of healthcare facilities. These facilities include medical centres, day surgeries, hospitals, nursing homes and retirement communities.

We believe we can make a difference through good understanding of the present and future healthcare needs of the patient and his or her community. Our promise is delivered through our human talents, lean processes, technology and quality management.

BOARD STATEMENT

The Board of Directors is pleased to present our first Sustainability Report.

The Board oversees, monitors and approves key sustainability related matters. The Board is supported by the Sustainability Steering Committee ("**SSC**"), which comprises key senior management personnel of the Group.

Our Sustainability Report is aligned to the SGX-ST Listing Rules 711A and 711B – Sustainability Reporting Guide and references the internationally recognised Global Reporting Initiative ("**GRI**") Standards (2016). We have adopted the GRI Standards (2016) as this is a well-known and globally-recognised sustainability reporting framework.

We recognize how the alignment of healthcare and sustainability principles can enhance the function, practicality, effectiveness, perception and value of our healthcare services and facilities. We believe that it is important for us to focus on the areas where we can have the most impact. Therefore, the Board validated the results of a materiality assessment that was conducted to identify where to concentrate our sustainability efforts in areas which support our business strategy. In addition, we set out our performance for 2017 and targets for 2018.

SUSTAINABILITY AT OUE LIPPO HEALTHCARE

In 2017, we focused on the formalisation and standardisation of our sustainability approach. We focused our efforts in areas where we can have the most impact. This means looking at how we manage our physical assets, our human resource practices and compliance with our Code of Business Conduct and Ethics. Going forward, we will expand our focus to other areas.

ABOUT THIS REPORT

This inaugural sustainability report addresses the material environmental, social and governance ("**ESG**") factors from 1 January 2017 to 31 December 2017.

Reporting Standard

The report is referenced to the GRI Standards (2016) and is also in compliance with the requirements of the SGX-ST Listing Rules 711A and 711B.

Reporting Scope

The Group's operations are divided into Healthcare Services and Property Investments.

Under Healthcare Services, we own and operate the Wuxi New District Phoenix Hospital ("**Wuxi Hospital**") in Wuxi, China. We also supply and distribute pharmaceutical products and medical equipment in China.

The Wuxi Hospital is a 163-bed hospital and specialises in internal medicine, cardiology, general surgery, orthopaedics, ophthalmology, urology, dermatology, gynaecology, paediatrics and health screening.

Under the Property Investments segment, we own a portfolio of 12 nursing home facilities located across Japan, in the cities of Sapporo, Nara, Kyoto and Nagano. The facilities are leased to and operated by independent operators. The majority of residents at the facilities are on long-term stay basis of more than 10 years.

We have investment properties under development, which include land adjacent to the Wuxi Hospital, land at Dujiangyan, China, which can be developed into an integrated healthcare facility, as well as land at Jalan Kia Peng, which is strategically located within the Kuala Lumpur City Centre. The land in Kuala Lumpur can potentially be developed into an integrated mixed-used development comprising specialist medical suites, upscale retail space and serviced residences.

In this report, we focused on the material ESG factors for our Japan nursing homes, corporate human resource practices and compliance with our Code of Business Conduct and Ethics.

Feedback

Enquires, comments or feedback on our sustainability performance and inaugural sustainability report can be sent to info@ouelh.com.

ASSESSING MATERIALITY WITH OUR STAKEHOLDERS IN MIND

Engaging with our stakeholders

We engage with our stakeholders through various channels and some of the stakeholder engagement methods are summarised in the table below. Such engagements allow us to better understand the expectations and interests of our stakeholders.

Stakeholders	Engagement Methods
Shareholders, investors, analysts and the media	• Release of financial results, announcements, press releases, annual reports and other relevant disclosures through SGXNET and our corporate website • Annual General Meetings • Extraordinary General Meetings, where necessary
Customers	• Meetings with operators of the Japan nursing home facilities • Feedback from patients of the Wuxi New District Phoenix Hospital
Employees	• Training and development programs • Annual performance reviews • Recreational and team building activities
Government and Regulators	• Industry networking functions • Regulatory audits • Compliance with mandatory reporting requirements

Material ESG Factors selection

The SSC identified the material ESG factors in collaboration with an external consultant and with reference to our Enterprise Risk Management framework. Based on the reporting scope as described above, the material ESG factors identified are:

1 Economic performance
2 Active ownership of assets
3 Talent management
4 Compliance with our Code of Business Conduct and Ethics

The above ESG factors will be discussed in this report, except for Economic Performance. On our economic performance for the financial year ended 31 December 2017, please refer to our 2017 Annual Report and quarterly results announcements.

ACTIVE OWNERSHIP OF ASSETS

We actively review our asset portfolio with the view of optimising the value of our assets. In this report, we will focus on our 12 nursing home facilities in Japan.

Asset Management

Proactive asset management helps to ensure regulatory compliance and management of reputational and operating risks. We conduct regular assessment of our assets and work closely with each nursing home operator to identify key issues, as well as to provide updates on applicable laws and regulations so as to ensure that our assets meet the required safety and regulatory standards.

The master lease agreements with the operators define the responsibility between the asset owner and the lessee for repairs and maintenance of the nursing home facilities. Our management team in Japan, as the asset manager, prepares a maintenance capital expenditure ("**CAPEX**") plan based on the requirements of the master lease agreements and regulatory requirements. The budget for the maintenance CAPEX plan is reviewed and approved by our Singapore Head Office.

In 2017, we completed some of the following key maintenance CAPEX works.

- Repairs and updates to lifts, elevators, steps and passageways
- Maintenance of external façade/brickwork and windows
- Maintenance of fire exits
- Repair of water pipes
- Repair of air filtration system

Our 2017 Performance
We assessed 100% of our assets and developed a maintenance CAPEX plan for each asset.

2018 target
We aim to continue to review and assess 100% of our assets and develop a maintenance CAPEX plan for each asset.

TALENT MANAGEMENT

We believe that our employees are a key factor of our success and we place significant emphasis on the recruitment and development of individual employees so that each employee can reach their maximum potential and make a positive contribution to the Group. We also endeavour to create a working environment where our employees feel valued and respected.

Fair employment

We abide by the Tripartite Alliance for Fair & Progressive Employment Practices ("**TAFEP**") guidelines in our recruitment and selection process. We are committed to employing qualified candidates without any discrimination against age, gender, race, marital status or religion.

Learning, development and performance review

Providing learning and development opportunities for our staff is an important tool to keep our staff both fully skilled and satisfied in their roles. Training programs for staff are recommended by line managers. These requests are reviewed and approved by the Human Resources team. Each year, all eligible staff receive annual performance appraisals, during which their unique development needs are assessed and addressed. Addressing their development needs is key to ensuring that we develop and retain our key talent.

Staff wellbeing

Investing in the wellbeing of our employees is part of creating a working environment which respects individuals and acknowledges achievements. Our employees are entitled to benefits such as:

- Term life, hospitalisation and surgery, and travel insurance
- Annual staff dinner and staff gatherings

Our 2017 Performance
We completed 100% performance appraisals for all our staff[1].

2018 target
We aim to conduct 100% performance appraisals for all our staff[1].

COMPLIANCE WITH OUR CODE OF BUSINESS CONDUCT AND ETHICS

We are committed to maintain high standards of business conduct and uphold integrity and honesty of our operations. Our Code of Business Conduct and Ethics ("**Code**") sets out the expectations of employees in relation to issues such as fraud, bribery, segregation of duties and anti-competitive conduct. Upon commencement of employment, all employees are required to sign a certificate of compliance to indicate their willingness to adhere to the Code.

We also have in place a whistle-blowing policy to provide a channel for employees to report concerns about possible fraud and other forms of misconduct. We do not permit retaliation or harassment of any kind against individuals for complaints submitted that are made in good faith. All complaints or concerns received are investigated by the Head of Internal Audit, who reports to the Chairman of the Audit and Risk Committee.

Our 2017 performance
No confirmed incidents of non-compliance resulting in a fine or penalty.

2018 target
No confirmed incidents of non-compliance resulting in a fine or penalty.

[1] The scope is based on employees at the Singapore corporate office.

GRI CONTENT INDEX

GRI Standards (2016)		Notes/Page number(s)
General Disclosures		
Organisational Profile		
102-1	Name of the organisation	OUE Lippo Healthcare Limited (“**OUE Lippo Heathcare**”)
102-2	Activities, brands, products, and services	Annual report 2017, OUE Lippo Healthcare, inside cover Annual report 2017, Property overview, page 04 Annual report 2017, Corporate information, page 19
102-3	Location of headquarter	Annual report 2017, Corporate information, page 19
102-4	Location of operations	Annual report 2017, Property overview, page 04 Annual report 2017, Corporate information, page 19
102-5	Ownership and legal form	Annual report 2017, OUE Lippo Healthcare, inside cover Annual report 2017, Financial Highlights, page 20
102-6	Markets served	Annual report 2017, Property overview, page 04 Annual report 2017, Financial Highlights, page 20
102-7	Scale of the organisation	Annual report 2017, Property overview, page 04 Annual report 2017, Financial Highlights, page 20
102-8	Information on employees and other workers	Sustainability report 2017, Talent management, page 4 – 5
		There is no significant variation in employment numbers during the reporting period.
102-9	Supply chain	Sustainability report 2017, Active ownership of assets, page 4
102-10	Significant changes to organisation and its supply chain	There is no significant change to the organisation and its supply chain during the reporting period.
102-11	Precautionary principle or approach	OUE Lippo Healthcare does not specifically address the principles of the Precautionary approach.
102-12	External initiatives	OUE Lippo Healthcare is not part of any external sustainability initiatives.
102-13	Membership of associations	OUE Lippo Healthcare is a member of the Singapore Business Federation.

Strategy		
102-14	Statement from senior decision-maker	Sustainability report 2017, Board Statement, page 1
Ethics and Integrity		
102-16	Values, principles, standards, and norms of behaviour	Annual report 2017, Chairman's statement, page 23 Sustainability report, Board Statement, page 1
Governance		
102-18	Governance structure	Annual report 2017, Chairman's statement, page 23 Annual report 2017, Corporate governance report, page 33
Stakeholder Engagement		
102-40	List of stakeholder groups	Sustainability report 2017, Engaging with our stakeholders, page 3
102-41	Collective bargaining agreements	None of our employees are covered by collective bargaining agreements.
102-42	Identifying and selecting stakeholders	Sustainability report 2017, Engaging with our stakeholders, page 3
102-43	Approach to stakeholder engagement	Sustainability report 2017, Engaging with our stakeholders, page 3
102-44	Key topics and concerns raised	OUE Lippo Healthcare has not disclosed the key topics and concerns that have been raised through stakeholder engagement and may do so in future periods.
Reporting Practice		
102-45	Entities included in the consolidated financial statements	Annual report 2017, Financial Highlights, page 20
102-46	Defining report content and topic Boundaries	Sustainability report 2017, About this report, page 2
102-47	List of material topics	Sustainability report 2017, Engaging with our stakeholders, page 2
102-48	Restatements of information	Not applicable
102-49	Changes in reporting	Not applicable
102-50	Reporting period	1 January 2017 – 31 December 2017
102-51	Date of most recent report	Not applicable
102-52	Reporting cycle	Annual

102-53	Contact point for questions regarding the report	Sustainability report 2017, About this report, page 2
102-54	Claims of reporting in accordance with GRI Standards	Sustainability report 2017, About this report, page 2
102-55	GRI content index	The GRI content index is laid out on pages 6 to 8
102-56	External assurance	OUE Lippo Healthcare has decided not to seek external assurance at this point.
Management Approach		
103-1	Explanation of the material topic and its boundary	Annual report 2017, Chairman's statement, page 23 Sustainability report 2017, Active ownership of assets, page 4 Sustainability report 2017, Talent management, pages 4 to 5 Sustainability report 2017, Compliance with business conduct and ethics, page 5
103-2	The management approach and its components	
103-3	Evaluation of the management approach	
Material Topics		
Economic Performance		
201-1	Direct economic value generated and distributed	Annual report 2017, Chairman's statement, page 23 Annual report 2017, Financial Highlights, page 20
Anti-corruption		
205-3	Confirmed incidents of corruption and actions taken	Sustainability report 2017, Compliance with business conduct and ethics, page 5
Environmental Compliance		
307-1	Non-compliance with environmental laws and regulations	Sustainability report 2017, Compliance with business conduct and ethics, page 5
Training and Education		
404-3	Percentage of employees receiving regular performance and career development reviews	Sustainability report 2017, Talent management, pages 4 to 5
Socioeconomic Compliance		
419-1	Non-compliance with laws and regulations in the social and economic area	Sustainability report 2017, Compliance with business conduct and ethics, page 5