

SUSTAINABILITY
Statement

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SUSTAINABILITY STATEMENT

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SUSTAINABILITY STATEMENT

ABOUT THIS STATEMENT

The Board of Directors of the Manager (Board) is honoured to introduce Hektar REIT's Sustainability Statement for the financial year ended 31 December 2023. This comprehensive Sustainability Statement outlines Hektar REIT's performance in the Environmental, Social, and Governance (ESG) spheres, reaffirming our unwavering dedication to the sustainable management of our real estate portfolio. Our overarching vision nurtures and oversees premier shopping centres throughout Malaysia, adhering closely to global best practices to cater to local consumer needs.

Our properties are pivotal community hubs, cultivating connections and fostering daily stakeholder relationships. This annual sustainability statement benchmarks our advancements, underlining our responsibility for set goals and adaptable aspirations. Transparently reporting our short-term or long-term progress helps us achieve our sustainability objectives.



Reporting Period

1 January to 31 December 2023

Reporting Cycle

Annual

Reporting Scope and Boundary

Unless otherwise stated, this Sustainability Statement encompasses the performance metrics of all Hektar REIT properties:

- Subang Parade in Subang Jaya, Selangor
- Mahkota Parade in Melaka
- Central Square in Sungai Petani, Kedah
- Kulim Central in Kulim, Kedah
- Classic Hotel in Muar, Johor
- Wetex Parade in Muar, Johor
- Segamat Central in Segamat, Johor

All social indicators comprise complete data from Hektar Asset Management Sdn Bhd and Hektar Property Services Sdn Bhd. Any references to the "Company", the "Group", "we" and "our" refer to Hektar REIT as a whole unless otherwise indicated in the text.

Reporting Principles and Guidelines

Principle Guideline:

Global Reporting Initiative (GRI) Universal Standards

Additional Guidelines:

- Bursa Malaysia's Sustainability Reporting Guide
- FTSE4Good Bursa Malaysia ESG Index
- United Nations Sustainable Development Goals (UNSDGs)
- International Organization for Standardisation (ISO) 26000:2010 Guidance on Social Responsibility

SUSTAINABILITY STATEMENT

Reliability of Information Disclosed

The Board rigorously reviewed this Sustainability Statement before approving it, assuring the accuracy and credibility of the disclosed information.

In strengthening the credibility of our reporting, selected indicators of this Sustainability Statement has been subjected to an independent assurance in accordance with recognised assurance standards for selected indicators and has been approved by the Board.

The Scope, Subject Matter(s) covered, and Conclusion are provided below:

Type of Assurance	Subject Matter	Scope	Conclusion
Independent Assurance	Indicator 1: Percentage of employees who have received training on anti-corruption by employee category (%)	Hektar Asset Management Sdn Bhd and Hektar Property Services Sdn Bhd	Based on the limited assurance procedures performed and evidence obtained, nothing has come to our attention that would cause us to believe that the Subject Matter for the financial year ended 31 December 2023 is not prepared, in all material respects, in accordance with the Applicable Criteria.
Independent Assurance	Indicator 2: Number of employees trained on health and safety standards (No.)	Hektar Asset Management Sdn Bhd and Hektar Property Services Sdn Bhd	
Independent Assurance	Indicator 3: Total electricity consumption (landlord only) (MWh)	Subang Parade, Central Square, Mahkota Parade, Kulim Central, Wetex Parade, Segamat Central and Classic Hotel	
Independent Assurance	Indicator 4: Total volume of water used (landlord only) (m ³)	Subang Parade, Central Square, Mahkota Parade, Kulim Central, Wetex Parade, Segamat Central and Classic Hotel	

Feedback

As we progress on our sustainability journey, stakeholder support and feedback are invaluable for continual improvement. Please direct any queries and comments to:

Hektar Asset Management Sdn. Bhd. (HAMS B)
 D1-U3-10, Solaris Dutamas
 No 1, Jalan Dutamas 1, Sri Hartamas
 50480 Kuala Lumpur
 Tel : +6 03 6205 5570
 Fax : +6 03 6205 5571
 Email : sustainability@hektarasset.com

SUSTAINABILITY STATEMENT

BUILDING TOMORROW'S SUSTAINABLE REAL ESTATE TODAY

Our sustainability approach encompasses a holistic vision, addressing environmental stewardship, social responsibility and robust governance. These pillars form the cornerstone of Hektar REIT's commitment, integral in driving unitholder return on investment while fostering long-term value for all stakeholders.



Our Purpose:

Creating The Places People Love, Striving Towards A Sustainable Future

Hektar REIT employs a comprehensive framework to integrate sustainability across all facets of the Company. This structured approach encompasses four fundamental aspects: economic, governance, environmental, and social principles. Each element within this framework is a guiding beacon, directing the Company's endeavours towards achieving sustainability across its real estate portfolio.

Focus Areas

Economic & Governance

► Business Ethics

Instilling integrity in the corporate culture by acting in compliance with anti-corruption policies and our whistleblowing policy.

► Investment Management

Maximising and delivering long term economic value to tenants and customers by providing quality assets and services while seeking opportunities for asset enhancement initiatives.

► Risk Management

Developing a robust risk management framework to assess corruption risk exposures, climate-related risks and manage risks across the value chain.



Environment

► Climate Change

Mitigating climate change risks by improving the efficiency of our operations and energy-saving processes.

► Water

Using and managing water responsibly through water-saving initiatives and improving water efficiency.

► Energy Efficiency

Using energy responsibly by implementing energy-efficient features and initiatives at our properties.

► Waste

Managing waste responsibly through recycling and reduction.



Social

► Community

Supporting the community through engagement activities, marketing promotions, social media presence and addressing social issues at our properties.

► People

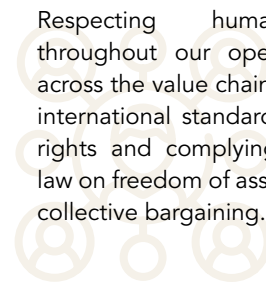
Developing a competitive and sustainable workforce through talent development and embracing diversity and inclusion.

► Safety & Health

Committing to a safe and healthy workplace with our Health & Safety Policy and ensuring a healthy and productive environment for tenants, customers, shoppers, guests, visitors and contractors.

► Human Rights

Respecting human rights throughout our operations and across the value chain, abiding by international standards of human rights and complying with local law on freedom of association and collective bargaining.



SUSTAINABILITY STATEMENT

ENVIRONMENTAL AND SOCIAL MANAGEMENT SYSTEM (ESMS)

In the final quarter of 2023, we enlisted a consultant to conduct an Environmental & Social Due Diligence Audit at Subang Parade. Following the audit, the consultant assisted in formulating the Environmental and Social Management System (ESMS) framework, which we implemented in December 2023.

The ESMS focuses on minimising or preventing adverse environmental and community impacts while maximising opportunities for environmental and social benefit. Subsequently, we aim to implement an ESMS Policy in January 2024. This initiative also emphasises a strong focus on risk mitigation. As part of this comprehensive approach, Hektar REIT has implemented various measures, as illustrated in the chart below.

Measures to Mitigate ESG Risks

ESMS Officer Appointment	We appointed an ESMS officer, supported by a coordinator, who oversees operationalisation within the individual portfolio assets	ESMS Enforcement	We actively enforce the ESMS to oversee contractors' and suppliers' environmental and social performance
Sustainability Training Programme	Developing a Sustainability Training Programme for employees, contractors, tenants and third parties within the supply chain raises awareness of environmental, health, safety and social considerations	Waste Management Plans	We made collaborative waste management plans at each property, involving tenants, with future considerations for water and energy-saving programmes
Enterprise Risk Management Framework (ERMF)	Establishing an ERMF identifies key business operations, fostering a proactive risk management approach	Internal Reporting and Monitoring	Robust internal reporting and monitoring programmes for environmental and social aspects ensure ongoing compliance and effectiveness
ESHS Screening for New Acquisitions	Committing to integrated ESHS screening and due diligence checks for new acquisitions helps identify and address potential environmental and social risks	Audit Commitment	Hektar REIT is committed to auditing its environmental and social performance, demonstrating a dedication to transparency, accountability, and continual improvement in sustainability practices
Safety Processes and Assessments	Detailed safety and emergency risk assessments and safety processes at the operational level consist of semi-annual shopping centre inspections and food safety standards checks at assets with food courts	Social and Environmental Review	We appointed a consultant to conduct comprehensive reviews of the social and environmental practices of our properties

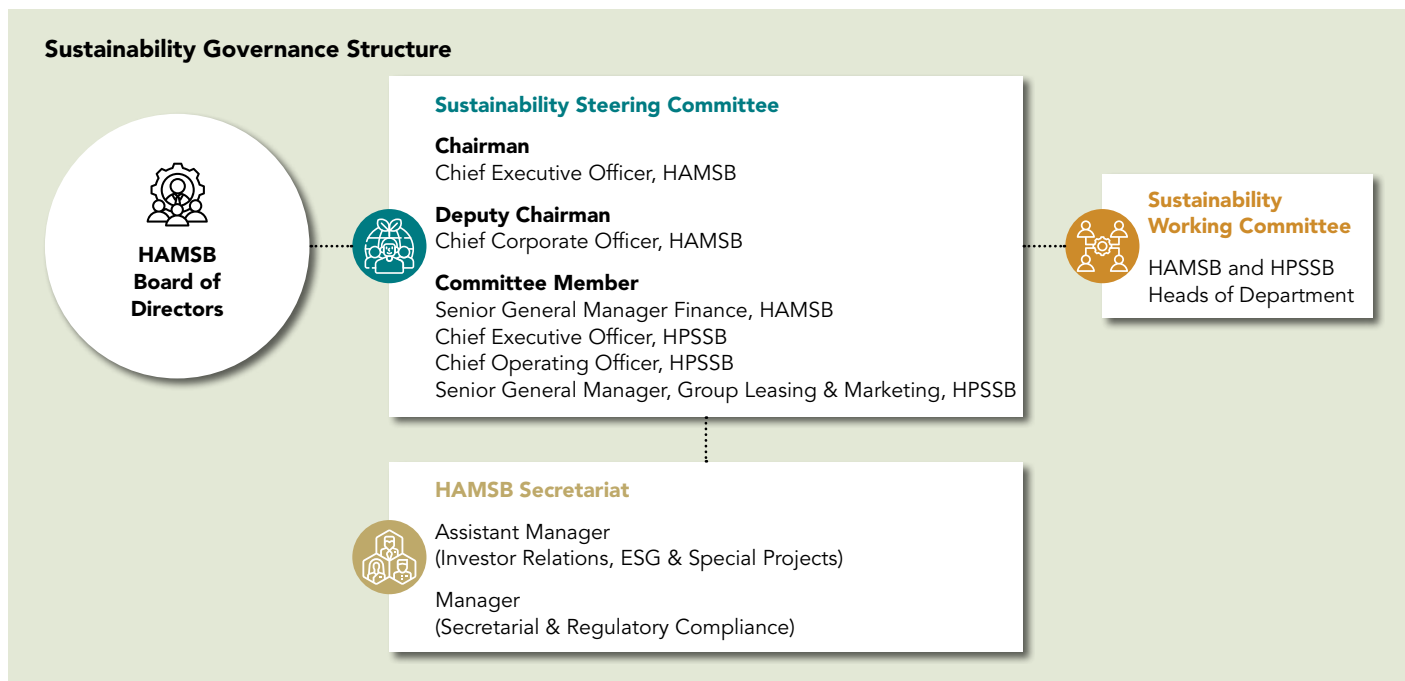
SUSTAINABILITY STATEMENT

SUSTAINABILITY GOVERNANCE

The Board of Directors oversees Hektar REIT's sustainability governance, providing strategic direction and endorsing material matters relevant to the company and stakeholders. Establishing a Sustainability Steering Committee (SSC) enhances accountability. The Chief Executive Officer (CEO) of HAMSMB, the asset manager, chairs the SSC. With support from the Chief Corporate Officer (CCO), this committee includes:

- HAMSMB's Senior General Manager of Finance
- Senior executives from Hektar Property Services Sdn. Bhd (HPSSB), including the CEO, COO, Senior General Manager of Leasing & Marketing

Hektar REIT also formed a Sustainability Working Committee (SWC) comprising dedicated executives and senior managers from key departments. The Board delegated specific responsibilities to these committees to identify, establish and achieve objectives and targets related to significant ESG topics.



We consistently assess sustainability Key Performance Indicators (KPIs) in alignment with Hektar REIT's ESG targets. Active discussions on sustainability matters occur during quarterly meetings, ensuring the Board receives regular updates. The Board also receives a dedicated Sustainability Report on a semi-annual basis.

EFFORTS UNLEASHED, ACHIEVEMENTS UNFOLD

Our unwavering commitment is acknowledged and serves as a testament to outstanding achievements in sustainability, value creation, and impactful contributions, as reflected in the following prestigious awards:

- Gold Award in the REIT category at The Edge Malaysia Awards 2023.
- Gold Award for Outstanding ESG & Dividend Return over the last five years at The Edge Malaysia Awards 2023.
- Company of the Year Award for Best in Sustainability Reporting & Community Support at the Sustainability & CSR Malaysia Awards 2023.

SUSTAINABILITY STATEMENT

STRATEGIC IMPACT: STAKEHOLDER ENGAGEMENT AND MATERIALITY

Prioritising robust stakeholder engagement is the cornerstone of Hektar REIT's sustainability strategy. The company actively involves stakeholders in its sustainability initiatives, including tenants, local communities, investors and employees, engaging in consistent dialogue and inclusive interactions.



Hektar REIT discovers vital aspects of sustainability through a thorough assessment involving our valued stakeholders. This inclusive approach prioritises significant environmental, social and governance factors, guiding sustainability strategies and initiatives to benefit the company and local communities.

MATERIALITY ASSESSMENT AND STAKEHOLDER ENGAGEMENT PROCESS








Our robust materiality assessment process and stakeholder engagement follow internationally recognised frameworks, such as the Global Reporting Initiative (GRI) and Bursa Malaysia's Sustainability Reporting Guide. As stakeholders' views are paramount, we engage with them to understand their expectations concerning our environmental, social and governance policies, strategies and practices.

We follow the stakeholder inclusivity, materiality and responsiveness principles set out in the AA1000 Principles Standard, AA1000 Materiality Report Guidelines and AA1000 Stakeholder Engagement Standard.

Engaging stakeholders enables Hektar REIT to understand diverse perspectives, gather valuable feedback, and align its sustainability efforts with stakeholders' expectations and needs, fostering a collaborative approach to achieving shared sustainability goals. Hektar REIT actively involves stakeholders in diverse sustainability matters through various communication channels and engagement platforms.

Our stakeholders	Issues and concerns	Engagement platforms	Our commitments
Shoppers 	<ul style="list-style-type: none"> Quality of service and facilities Public safety Accessibility Connectivity Comfortable shopping/stay experience 	<ul style="list-style-type: none"> Shoppers' survey Focus group studies Social media Regular shopper events Feedback forms 	To be the neighbourhood and regional shopping centres throughout Malaysia, providing shoppers with conducive retail environments based on international best practices
Tenants and prospects 	<ul style="list-style-type: none"> Maintaining high shopper traffic Maintaining assets Improving the sustainability of assets Offering value for money in renting High occupier satisfaction Safety and well-being Excellent service and property management 	<ul style="list-style-type: none"> Joint events Regular tenant feedback meetings Direct meetings and email exchanges Collaboration on marketing and promotional events Tenant and shopper complaint form 	<ul style="list-style-type: none"> Ongoing responsible upkeep of assets Regular communication and engagement Support for critical tenants' corporate milestone events Responsiveness to tenants' feedback Competitive rental rates and locations On-site security practices

SUSTAINABILITY STATEMENT

Our stakeholders	Issues and concerns	Engagement platforms	Our commitments
Property Managers/ Employees 	<ul style="list-style-type: none"> • Key Performance Indicators for property managers and centre management • Business and operations performance • Business strategy and outlook • Sustainability progress 	<ul style="list-style-type: none"> • Performance appraisals • Training and awareness programmes • Engagement and social activities • Sports and Recreational Club 	<ul style="list-style-type: none"> • Fair and equal employment opportunities • Learning, development and career progression • Safe and healthy working environment • Commitment to diversity and inclusion
Investor community 	<ul style="list-style-type: none"> • Long-term stable and growing distributions and net asset value per asset • Long-term, sustainable and recurring distributions • Responsible asset and capital management • Total investment returns • Strategic outlook and growth prospects 	<ul style="list-style-type: none"> • Quarterly result announcements and analyst briefings • Annual reports • Annual General Meetings • Extraordinary General Meetings • Roadshows, online and offline communications 	Transparent and timely reporting with the issuance of quarterly and annual financial results, with interim updates between the results periods
Suppliers 	<ul style="list-style-type: none"> • Business opportunities • Supplier Code of Conduct • Sustainable procurement practices • Ethical procurement practices • Supplier audits 	<ul style="list-style-type: none"> • Quality of supplies • Occupational health and safety practices • Workers' welfare and well-being • Environmental compliance • Supplier evaluation form 	<ul style="list-style-type: none"> • Request for proposal • Tender interview • Regular meetings and workshops • Suppliers briefing and training programme • Supplier evaluation and audit
Joint Management Bodies 	Day-to-day operations, maintenance and management of common areas and facilities in strata buildings within Hektar REIT's asset portfolio	<ul style="list-style-type: none"> • JMC and MC Voting • Audited accounts and AGM minutes submission to the Commissioner of Building 	Fair, transparent and healthy relationships that deliver value to customers
Community/ NGOs 	<ul style="list-style-type: none"> • Venue sponsors and donations • Philanthropic activities • Social events 	<ul style="list-style-type: none"> • Charity drives, sponsorships, donations and events • Festive and other get-together celebrations • Collaborations • Community engagement 	<ul style="list-style-type: none"> • Support in community development and activities • Creating employment opportunities • Responsible operations
Government, local authorities and regulators 	<ul style="list-style-type: none"> • Compliance with relevant legislation, regulations and policies • Maintaining good standing with relevant authorities 	<ul style="list-style-type: none"> • Stakeholder programmes to advocate sustainable tenant/ consumer behaviours • Advocating best practices 	<ul style="list-style-type: none"> • Representation in industry affiliations • Engagement meetings via industry affiliations • Building and maintaining rapport with local authorities
Media 	<ul style="list-style-type: none"> • Accurate and transparent reporting • REIT branding 	Media and analyst quarterly briefings and retail briefings	<ul style="list-style-type: none"> • Media conferences • Media interviews • Media releases • Corporate website • Social media

SUSTAINABILITY STATEMENT

MATERIALITY ASSESSMENT FOUNDATION

Ongoing due diligence and engagement with internal and external stakeholders help us understand the environmental, social, economic and governance issues significant to Hektar REIT's business and meet stakeholders' needs. We aim to conduct a robust materiality assessment every three years. The process helps Hektar identify, prevent, mitigate and account for:

- Addressing actual and potential negative impacts on the economy, environment and people
- Prioritising these issues as part of our materiality assessment process

In FY2021, a consultant conducted a comprehensive materiality assessment, identifying 17 material issues and eight stakeholder groups. In FY2022, the company reviewed these material topics, considering the absence of significant internal or external changes in its operations, supply chain, and applicable regulations. Based on this assessment, Hektar REIT deemed the material topics still relevant for FY2022.

OUR MATERIALITY ASSESSMENT APPROACH FOR FY2023

We conducted a comprehensive materiality assessment and stakeholder engagement exercise in FY2023. The process included a one-day materiality assessment workshop attended by internal stakeholders from HAMSB and HPSSB, including the management team, heads of departments such as Investor Relations, ESG, Finance, Procurement, Legal, Risk & Assurance, Business Development & Strategy, Secretarial & Regulatory Compliance, Marketing, Leasing and Projects. We appointed an external consultant to facilitate a workshop for the internal stakeholders to identify FY2023 material topics.

The consultant provided a detailed overview of international REITs and local peers, offering crucial insights to comprehend the actual and potential ESG impacts and the sustainability context within the sectors. This information played a vital role in reassessing material topics.

We considered our organisational context, portfolio properties, activities, stakeholder categories and ongoing internal feedback. The materiality assessment workshop identified 16 material topics, prioritising them according to their significance by evaluating impacts from the perspectives of the company, management, employees, and other stakeholders.

We compared the 16 material topics, including Bursa's Common Sustainability Matters, with those identified in FY2022. We split some FY2022 topics for specificity, such as separating waste into wastewater or effluent and waste management. We also reviewed and amended FY2022 topics like "tenants' satisfaction," "customer satisfaction," and "responsible operations," refining them into "high-quality retail estate/property enhancement," "green office practices," "green leasing," and "eco-friendly building materials." Consolidating "Human rights" and "Diversity, Equity, and Inclusion" into one topic, we introduced "Anti-corruption" as a new topic following Bursa guidelines. Additionally, we removed FY2022 topics such as "regulatory compliance," "financial returns and stability," and "Industrial Advancement and Nation building" after an internal review, deeming them already covered by the broader environmental and social matters outlined earlier.

CONFIRMATION OF MATERIAL TOPICS WITH STAKEHOLDERS

After conducting the internal stakeholder workshop, we conducted an online survey for the 16 material topics with key external stakeholders, including shoppers, tenants, suppliers, investors, government, community & NGOs, industry associations, and media. The survey required stakeholders to rate the significance of material topics for each group from moderately to highly critical and provide qualitative feedback on sustainability matters and Hektar REIT's efforts. Positive comments highlighted Hektar REIT's willingness to collaborate with stakeholders in local community programmes across all asset locations.

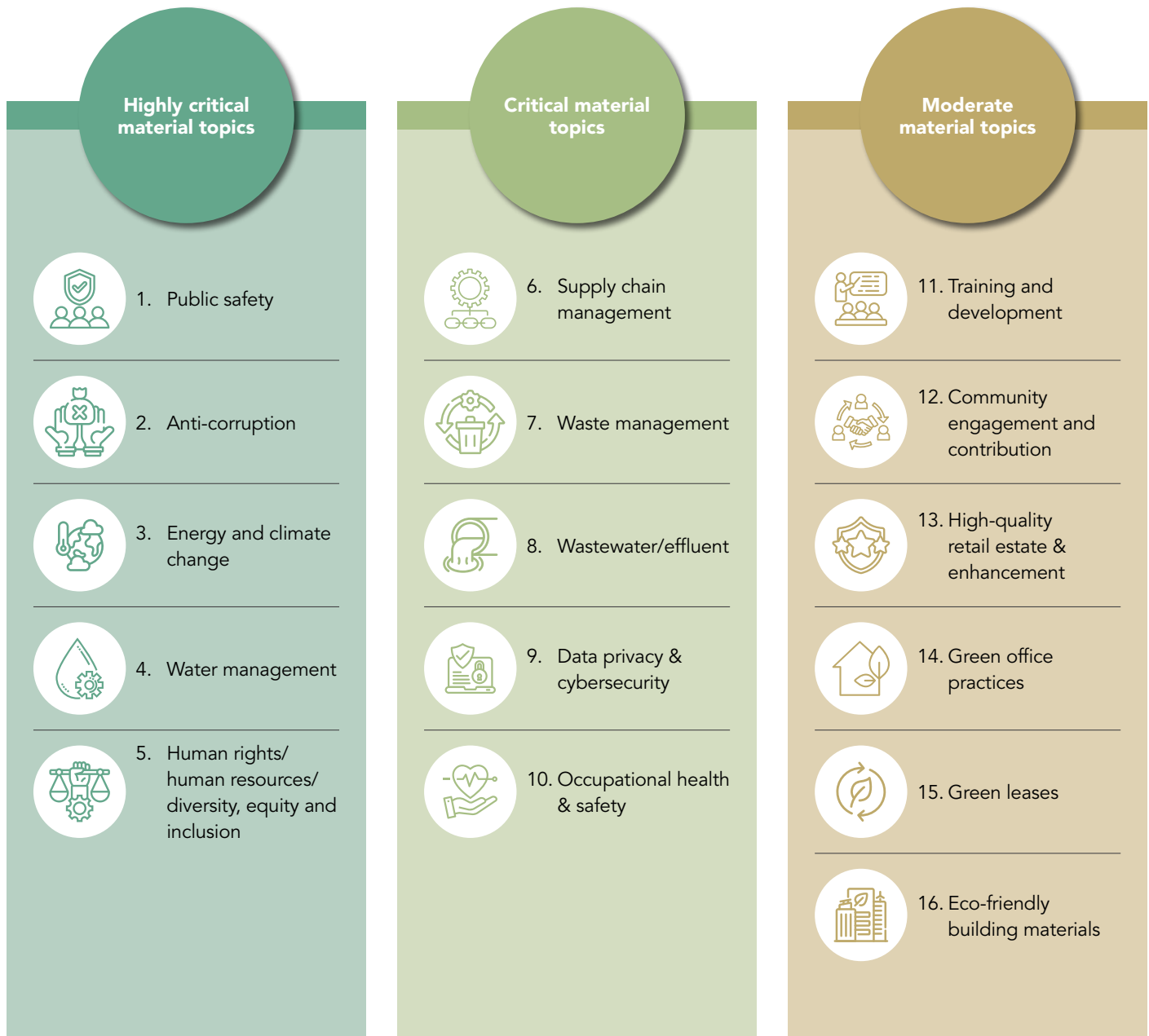
We generated a final combined prioritisation list by analysing internal workshop and external survey data. We tabulated this list in a materiality table, considering its significance to Hektar REIT and internal and external stakeholders.

When comparing the combined prioritised list with the workshop outcomes, we found no significant differences except for anti-corruption, in which external stakeholders ranked higher. We considered this insight in the final review of material topics.

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INTERNAL MANAGEMENT DISCUSSION

After conducting an online stakeholder survey and analysis, we held an internal management discussion to review the finalised list of prioritised material topics. As per the updated Global Reporting Initiative Standards 2021, companies must present a visual representation of their material topics prioritisation, reflecting the discussion outcomes.



SUSTAINABILITY STATEMENT



ECONOMIC RESILIENCE

Hektar REIT is a beacon in economic sustainability, balancing financial success with caring for people and the environment. Guided by astute financial management and a steadfast commitment to long-term value creation, Hektar REIT navigates the dynamic real estate landscape while prioritising stakeholder returns. Emphasising prudent asset management, innovative revenue streams, and proactive risk mitigation, the Manager ensures resilience and adaptability amid market shifts.

Beyond financial metrics, Hektar REIT's economic sustainability extends to generating stable distributions, optimising its capital structure for property enhancement, and embracing ESG practices that fortify accountability and sustainable business performance. Recognising the growing impact of ESG factors on returns, the Manager actively incorporates these considerations, evaluating the financial implications of climate-related risks to ensure sustained success aligned with overarching ESG objectives.

CREATING PLACES WHERE PEOPLE LOVE TO SHOP, DINE AND PLAY

As Malaysia's pioneering retail-focused real estate, Hektar REIT ensures its mall properties' continued stability and success through strategic business measures. These initiatives encompass diligent monitoring of rental strategies, responsible financial management practices, implementing cost-saving programmes and enhancing asset efficiencies. This proactive approach mitigates the potential impact of rising interest rates and inflation on the REIT's operations.

Hektar REIT also prioritises stakeholder engagement, particularly with tenants, by offering competitive rental rates to support their recovery and success. The REIT's dedication extends to upgrading mall facilities to deliver an exceptional retail experience for shoppers and loyal patrons. With a distinct focus on essential and non-luxury goods, strategically situated in neighbourhood-centric locations and employing an exclusive position strategy, our malls secure a devoted customer base within primary trade areas. Their appeal lies in providing value and convenience, catering to the diverse needs of shoppers.

Hektar REIT actively seeks growth opportunities by curating a robust portfolio of retail brands, ensuring sustainable returns through active tenancy management and ongoing revitalization efforts. Long-term strategies include enhancing mall aesthetics to boost dividend yields and maintain sustainable income.

SUSTAINABILITY STATEMENT

ETHICAL BUSINESS CONDUCT

Hektar REIT's comprehensive Anti-Bribery and Anti-Corruption (ABAC) policy thoroughly covers corruption, including various elements such as bribery. We communicate this policy to all employees, suppliers, third parties, intermediaries, and any parties engaged in work with our organisation.

Over the year, we have implemented a collective commitment initiative where every staff member actively participated by signing a pledge. This pledge specifically addresses ABAC principles and adherence to Human Rights standards.

Group HR worked closely with the Risk & Assurance department throughout the year to coordinate an ABAC Policy programme. This collaboration delivers comprehensive training and initiatives that encourage organisation-wide adherence to the policy. We display a reminder poster and a policy statement at the entrance of our office.

Hektar REIT maintains a firm stance on countering all forms of corruption, including fraud, money laundering and bribery, such as acceptance of kickbacks and gifts. Our Board of Directors diligently oversees compliance with anti-corruption policies, prohibiting bribery in any form, monetary or involving public officials. This firm stance against all forms of bribery showcases an unwavering dedication to combating corruption comprehensively.

We embed integrity deeply within our corporate culture, offering comprehensive anti-corruption education and training to all employees and board members. Our Code of Ethics and Conduct is a guiding beacon, communicating our unequivocal stance on ethical business practices.

Understanding and mitigating corruption risks are vital aspects of our risk management strategy. Corruption and bribery risks are essential elements of the Group's risk register. Our detailed comprehension allows us to design mitigation strategies effectively and allocate resources, particularly in high-risk operations.

We continue demonstrating our commitment to addressing environmental challenges, adapting to a changing climate, and capitalising on sustainable opportunities. Hektar REIT ensures compliance with climate-related laws, regulations, and reporting requirements applicable to our industry and operations. It

includes the necessary resources and actions in the business plan to meet these obligations, such as reporting greenhouse gas emissions and disclosing climate-related risks and opportunities.

Conducting thorough corruption risk assessments on intermediaries, contractors, and agents ensures clear communication of our anti-corruption policies to them. Our due diligence process for new and existing business partners includes a comprehensive screening for corruption and bribery. Our forms now incorporate anti-bribery and corruption clauses.

Delivering compliance awareness sessions covering essential aspects such as anti-corruption, conflict of interest, and personal data protection reinforces ethical conduct in business dealings.

All Leasing Application and Vendor/Supplier Registration forms now include anti-bribery and corruption clauses. Employees, suppliers, contractors and business partners also receive regular awareness of the Malaysian Anti-Corruption Act 2009.

WHISTLE-BLOWING

Each employee is responsible for preventing and promptly reporting suspicious activity that may lead to corruption or bribery. Stakeholders are encouraged to report any suspected wrongdoing, including fraud, corruption, financial misappropriation or gross mismanagement, with confidence and in good faith. Hektar REIT has meticulously crafted a comprehensive Whistle-blowing Policy allowing employees and others to report unethical behaviour, suspected corruption, bribery, or fraud within the Company. The Human Resource Department has effectively communicated this policy across the organisation, ensuring employees are well-versed in its application.

Written reports specifying the Designated Recipient can be submitted through a Whistle-blowing Form via email to whistleblowing@hektarreit.com or a hard copy in a sealed envelope. Subsequently, the Audit Committee may take appropriate corrective actions in the best interest of the Group. Hektar REIT trained its managers to manage reports of bullying or harassment effectively. The Group safeguards the confidentiality and identity of those reporting in good faith, ensuring the information is held with utmost confidentiality, within legal limits and practical constraints, by both the Group and the reporting individuals.

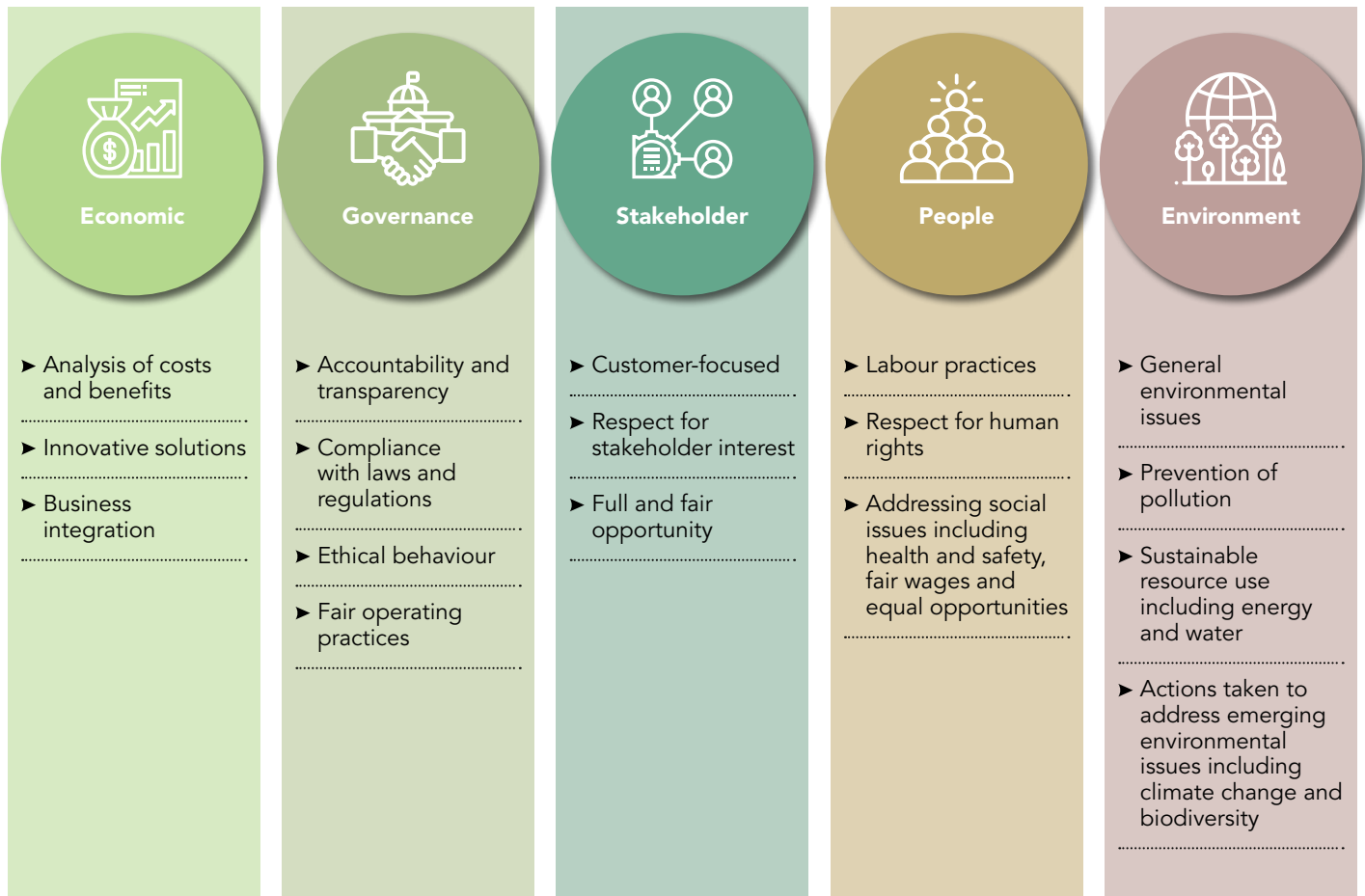
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SUSTAINABLE SUPPLY CHAIN

Our dedication to advancing sustainability extends throughout our supply chain. We proactively identify and handle risks associated with our outsourcing and procurement processes, engaging with numerous suppliers such as facility managers, maintenance service providers, contractors, professional consultants and financial institutions. Embracing local and sustainable sourcing aligns with our company values, enabling us to bolster the local economy while reducing the environmental impact of our operations. We prioritise local suppliers, procuring all our items from them to support their businesses. Furthermore, our tenants comprise local franchisees representing international brands, underscoring our commitment to fostering and championing local enterprises.

We integrate effective sustainability practices throughout our value chain by implementing robust risk management procedures for outsourcing and procurement. Key considerations support our broader sustainability goals during supplier selection: reputation, professional expertise, track record, pricing, financial standing and adherence to legal requirements. Our policy outlines the process for selecting, screening, and managing contractors and supply chain partners, including specific sustainability criteria visually depicted in the following diagram.

Hektar REIT Principles of Sustainable Supply Chain



SUSTAINABILITY STATEMENT

We enforce policies that promote sustainability across our supply chain, urging our key suppliers to adopt leading sustainability practices, including complying with the ABAC policy and meeting environmental standards.

We regularly visit and engage with our current suppliers and contractors, especially during their registration or assessment phase, to ensure ongoing compliance with our standards. Our supplier audits involve spot checks on vendors. Centre Leasing thoroughly inspects tenants' premises before seeking top management approval, ensuring adherence to procurement and leasing protocols.

Hektar REIT actively engages with local communities and tenants, collaborating on various social issues to create a positive and meaningful impact. At our shopping centres, we prioritise shoppers' and tenants' satisfaction and concerns by creating accessible communication channels to ensure effective dialogue. Shoppers and tenants are encouraged to voice their concerns through email or by completing a complaint form at the Customer Experience (CEX) counter. We highly value their feedback and ensure these channels remain readily available to address any queries, issues, or suggestions they may have. These mechanisms serve as crucial pathways for us to promptly acknowledge and resolve concerns, fostering a collaborative and supportive environment within our community.

Active participation in industry associations further strengthens our commitment to engaging with stakeholders and enhancing industry standards. This participation allows us to work with fellow industry partners to navigate change, find opportunities and ultimately develop Malaysia's retail-focused REIT.

A non-exhaustive list of memberships held by the Management of HAMS and HPSSB is listed below.



List of memberships held by the Group and management team

- | | |
|--|--|
| ✓ Malaysian REIT Managers Association (MRMA) | ✓ Global Reporting Initiative (GRI) |
| ✓ Institute of Enterprise Risk Practitioners (IERP) | ✓ Institute of Quality Malaysia (IQM) |
| ✓ Capital Markets Services Representative's Licence (CMSRL) | ✓ Malaysian Hotel Association (MAH) |
| ✓ Institute of Corporate Directors of Malaysia (ICDM) | ✓ Malaysia Shopping Malls Association (PPK) |
| ✓ Malaysian Institute of Corporate Governance (MICG) | ✓ Malaysia Retailers Association (MRA) |
| ✓ Board of Valuers, Appraisers, Estate Agents and Property Managers (BOVEAP) | ✓ Malaysia Retail Chain Association (MRCA) |
| ✓ Institute of Industrial Engineers USA (IIE) | ✓ Bumiputera Retailers Organization (MRO) |
| ✓ Institute of Certified Sustainability Practitioners | ✓ Malaysian Association of Theme Park and Family Attractions (MAFTA) |
| | ✓ The Institute of Internal Auditors Malaysia |
| | ✓ Malaysian Institute of Accountants (MIA) |

SUSTAINABILITY STATEMENT

**ENVIRONMENTAL**

Hektar REIT's commitment to environmental sustainability encompasses vital strategies such as pollution prevention, biodiversity conservation, climate change adaptation, efficient water and waste management, and mindful energy consumption practices.

Fostering partnerships with supply chain partners and tenants while engaging with the community helps us collectively contribute to developing environmentally conscious spaces, ensuring a sustainable legacy for future generations.

Improving Environmental Practices and Operational Sustainability

Driving down energy consumption in our operations



Influencing suppliers and contractors to commit to environmental conservation



Minimising water use throughout our assets



Minimising quantities of waste generated at our assets

ADVANCEMENTS IN ENVIRONMENTAL SUSTAINABILITY INITIATIVES

We demonstrated our commitment to environmental management by implementing Environmental Management Programmes in our assets, particularly the Building Management System (BMS). We utilise the MyHijau-certified Tracer System Controller as the central coordinator for major Air-Conditioning and Mechanical Ventilation (ACMV) equipment. The real-time environmental tracking tool functions are available through a user-friendly web and mobile app interface, allowing us to monitor sustainability performance closely.

Regular inspections and swift resolution of minor issues have significantly improved selected assets. Since implementing this system, we have identified no significant environmental concerns. Building certifications enhance the quality of assets and offer added value to unitholders, positively correlating with returns on investment and tenant satisfaction levels.

SUSTAINABILITY STATEMENT

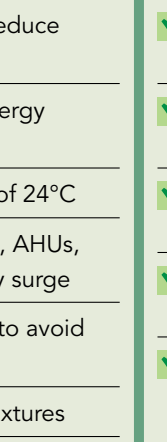
ENERGY MANAGEMENT

In our unwavering dedication, we meticulously address energy use to minimise environmental impact and consistently enhance efficiency. Embracing a steadfast commitment to prioritising energy efficiency and reducing our carbon footprint, our organisation's recent partnership with UEM Edgenta involved a thorough investment-grade energy audit. We have implemented some of the suggested measures in response to the recommendations received. However, we have yet to implement some recommendations, particularly those with high costs or requiring capital expenditures. We are considering or planning these actions, reflecting our commitment to integrating them thoroughly. Beyond cost reduction, the dedication extends to significantly diminishing our carbon footprint and actively contributing to sustainable development.

Initiatives	Centres
<ul style="list-style-type: none"> Upgrading to a more energy-efficient option, such as LED lighting 	Subang Parade, Segamat Central
<ul style="list-style-type: none"> Changing Air Handling Units (AHU) cooling coils to increase energy efficiency Replacing mall lights with energy-saving LEDs 	Mahkota Parade
<ul style="list-style-type: none"> Optimising electricity consumption by reducing maximum demand, Off Peak Tariff Rider (OPTR) and controlled use of chillers 	Subang Parade, Mahkota Parade, Wetex Parade, Central Square, Kulim Central, Segamat Central
<ul style="list-style-type: none"> Reconfiguring and fine-tuning the ACMV equipment by setpoint adjustments, capacity capping and load balancing 	

Continuously monitoring and evaluating these initiatives demonstrates our unwavering commitment to fostering a greener future in real estate management. Providing guidelines and resources for energy-saving measures, conducting energy audits and organizing educational programmes that raise energy conservation awareness incentivises energy-efficient practices among tenants. We proactively address environmental concerns stemming from tenant operations, particularly focusing on energy use. For example, we prioritise energy-efficient LED lighting during the Fit-Out checking and submission process to minimise environmental impact.

Complementing the energy audit recommendations, we introduced several other initiatives across our diverse properties throughout the year to maximise energy efficiency:

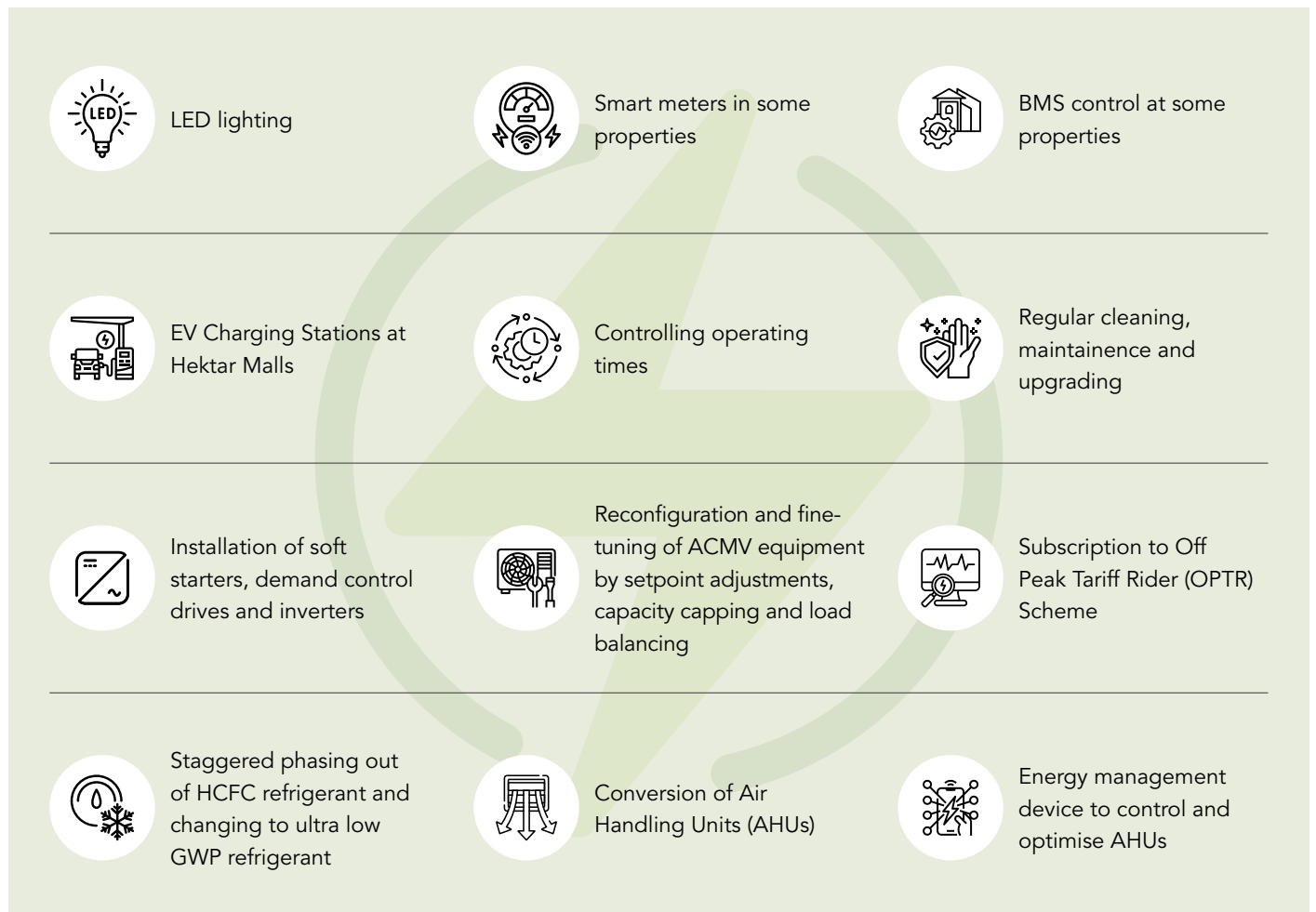
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- Optimising air conditioning sequences to reduce energy spikes during peak times
 - Adjusting chiller plant hours to optimise energy efficiency
 - Maintaining a controlled mall temperature of 24°C
 - Staggering operational hours for escalators, AHUs, and essential machinery to minimise energy surge
 - Minimizing operating hours for equipment to avoid unnecessary energy use
 - Upgrading to high-efficiency LED lighting fixtures
 - Installing motion sensor LED lights in non-customer areas to eliminate wastage
 - Consistently following an on/off chiller schedule for better energy management
 - Turning off unnecessary or unused air conditioning units to prevent electricity wastage
 - Installing timers to align lamp on/off cycles automatically
 - Customising operation hours and installing timers on select compressors for delayed activation and earlier shutdowns

SUSTAINABILITY STATEMENT

We proactively prioritise sustainability and energy efficiency at our assets by replacing equipment with eco-friendly alternatives. This initiative is diligently monitored and managed, even included in our risk register for comprehensive mitigation.

As grid electricity is the primary energy source for our properties, higher electricity consumption results in higher carbon emissions. Addressing energy-related issues by improving the efficiency of properties reduces their carbon footprint and utility costs. Unfortunately, we do not have operational control over tenants' electricity consumption; however, property-level measures enhance the buildings' ecosystem, raise environmental awareness and foster energy conservation.

Examples of Existing Energy-Efficient Features and Initiatives Implemented Across the Portfolio



SUSTAINABILITY STATEMENT

Energy Minimisation Efforts



Chiller Plant System

- Replacing chillers with high-efficiency MyHijau-certified models, efficient new pumps, cooling towers with Variable Speed Drives (VSD), rigorous and detailed setpoints and configuring the Building Automated System (BAS)



Cooling Tower

- Installing Cooling Technology Institute (CTI), ASHRAE 90.1, LEEDS and ISO9001-certified cooling towers
- Designing cooling towers with corrugated and ribbed PVC infill to lower condenser water temperature, maximising air/water contact for efficient heat transfer
- Initiating and modulating the 15kW cooling tower VSD motors and controlling them to operate under 45Hz to deliver optimal efficiency at all times
- Syncing cooling towers with the BMS to work with all other chiller plant equipment



Air Handling Units (AHUs) and Fan Coil Units (FCU)

- Regularly servicing AHUs to align their performance with the energy-efficient chiller plant system
- Following a bi-weekly water cleaning and a quarterly chemical cleaning programme



Lighting

- Retrofitting buildings with energy-efficient fixtures such as LED light fittings and timers to maximise energy savings



Indoor Air Quality

- Monitoring the Indoor Air Quality (IAQ) of buildings to ensure they are within the Department of Occupational Safety and Health (DOSH) limits



Envelope Design

- Painting exterior walls of malls with colours that reduce invisible solar rays by up to 80%, improving the ambient temperature of the buildings
- Using thick concrete walls with higher thermal rejection to reduce heat
- Introducing an overarching focus on energy efficiency and energy sustainability that is one of the boldest among our peers in Malaysia



EV CHARGING

We equipped all six malls within the REIT's portfolio with new EV Charging Bays, totalling 13 bays across the properties. This initiative supports adopting electric vehicles, reducing carbon emissions and local pollution associated with conventional combustion engines, reflecting our commitment to environmental responsibility. Providing these charging stations is convenient for EV owners and significantly promotes cleaner transportation options within the community.



SUSTAINABILITY STATEMENT

WATER MANAGEMENT

In today's landscape of escalating water scarcity, our dedication to reducing consumption and enhancing efficiency is pivotal in maintaining our competitiveness.

Typically, we source water from municipal utilities and track its consumption. Rigorously analysing usage patterns unveils water efficiency optimisation opportunities. As Hektar REIT does not manage properties or operations in water-stressed areas, it does not engage with stakeholders at water-stressed sites.

Our water conservation strategy encompasses various proactive measures. Collaborating closely with property managers, we regularly check water supply systems to prevent leaks and ensure efficient operation. Routine checks of the primary water sources focus on detecting and resolving potential leaks. Actively lowering water pressure also minimises usage, encourages conservation efforts and prevents leaks from burst pipes.

Our ongoing conservation efforts include assessing and evaluating our water performance data. Identifying new water efficiency opportunities remains a priority across our portfolio and recent developments. Regular property portfolio assessments pinpoint improvement opportunities contributing to water savings and reduced consumption.

Additionally, we engage with tenants, providing education and raising awareness about conservation practices, recognising their significant role in water consumption within our properties.

SUSTAINABLE DEVELOPMENT WITHIN THE BUILT ENVIRONMENT

Incorporating sustainable design principles into buildings minimises environmental impact and optimises resource efficiency. These principles include integrating passive design elements, energy-efficient systems and eco-friendly building materials in construction and maintenance.

The synergy of passive design elements collaborates harmoniously to create optimal comfort levels and ensure excellent indoor air quality. Since its establishment, we have continuously enhanced Subang Parade through structural and interior design improvements.

Essential Elements of Passive Design Incorporated in Buildings



Location



Insulation



Orientation



Thermal mass



Layout



Shading



Window design



Ventilation

Through integrating sustainable design principles, energy efficiency initiatives, potential renewable energy integration, community engagement, and a culture of continuous improvement, Hektar REIT contributes significantly to sustainability in the built environment while maintaining its position as a leading retail real estate investment trust in Malaysia.

EMBRACING ECO-CONSCIOUS CHOICES

Integrating green procurement practices across our properties aligns with our core pollution prevention principles. This commitment prioritises environmentally friendly products and services that adhere to stringent environmental criteria, safeguarding natural resources. Encouraging all our malls to adopt green products for daily cleaning and maintenance exemplifies our dedication to sustainable practices and our responsibility for environmental preservation.

WASTE MANAGEMENT

Our business operations produce a notable amount of waste, primarily by tenants, customers, guests, visitors and the general public frequenting our operational properties. Municipal domestic waste is the predominant waste at our malls and hotels. As our portfolio expands, effective waste management becomes pivotal in minimising our operational impact on the environment and ecosystem.

Providing ample large bins facilitates responsible waste disposal by segregating solid and recyclable waste. Specialised contractors manage scheduled waste from sanitary bins. Our approach includes encouraging waste segregation by type, offering barrels for leftover items, and engaging registered contractors for waste collection and disposal in authorised landfills. This meticulous process ensures the appropriate handling and disposal of diverse waste streams, reinforcing our dedication to efficient and responsible waste management practices.

SUSTAINABILITY STATEMENT

INVITING THE COMMUNITY TO BE PART OF OUR WASTE EFFORT

Various programmes invite tenants and the public to join our green journey.

Waste Minimisation Initiatives

- ✓ Conducting #JomKitaRecycle campaigns to raise awareness and encourage waste reduction and recycling practices
- ✓ Displaying hotel welcome notes to encourage guests to adopt environmentally and socially responsible behaviour during their stay
- ✓ Collaborating with tenants to actively reduce landfill-bound waste and collectively minimise waste
- ✓ Strategically placing recycling bins across properties for convenient access and increased participation in recycling initiatives
- ✓ Partnering with third-party contractors on eco-friendly waste management practices
- ✓ Employing information digitally for competitive advantage to reduce paper consumption

We will limit our reporting to the following flagship initiatives.



GO TICKET-LESS

Hektar REIT implemented a paperless parking system in all malls to curb paper waste. This convenient cashless and ticketless parking solution lets visitors pay parking fees with Visa PayWave and e-wallets such as Touch 'n Go. Transitioning to this paperless parking system across all malls has notably reduced paper usage.



REVOLUTIONISING RECYCLING

Subang Parade has introduced two Rebotol & KLEAN Machines, innovative reverse vending machines on the Lower Ground Floor. These machines, powered by the KLEAN app and KLEAN operating system, utilise advanced AI-powered smart Reverse Vending Machine technology. Users can exchange plastic water bottles and aluminium cans for redeemable points for goods and services. During the year, Kulim Central partnered with JCI and MPKK to organise a recycling event at the mall. The "We Care Kulim" initiative invited the local community to participate by exchanging their products through a bartering system. Additionally, we promoted the creative reuse of waste items among the public.

Hektar REIT, through Subang Parade, continued its partnership with Kloth Cares and DRB-HICOM in the fabric recycling movement. We invite shoppers and visitors to recycle unwanted clothes and fabrics by depositing them in the Kloth Bin in the basement car park.

Meanwhile, Classic Hotel implemented a focused initiative to recycle consumables, specifically targeting shampoo bottles and water bottles. Throughout the hotel premises, strategically placed recycling bins are easily accessible for guests, encouraging the separation and responsible disposal of these items. By collaborating with recycling facilities and responsible waste management partners, Classic Hotel ensures that collected bottles undergo proper processing and recycling.

We also strategically place recycling bins throughout all of our malls, providing convenient and accessible locations for visitors to dispose of their recyclable materials responsibly. These bins are part of our commitment to promoting environmental sustainability and encouraging eco-friendly practices within our shopping centres.



SUSTAINABILITY STATEMENT

CLIMATE CHANGE MANAGEMENT

Hektar REIT remains dedicated to mitigating and addressing climate change risks. Acknowledging the profound impact and short- and long-term business risks associated with climate change, we are firmly committed to reducing its impact and improving efficiency by:

- Enhancing operational efficiency to mitigate the effects of climate change
- Collaborating with employees and supply chain partners to implement energy-saving practices
- Conducting a comprehensive assessment of climate change risks

Hektar REIT has incorporated climate-related risk management within its comprehensive risk scorecard framework. This integration shapes our business strategy and determines forthcoming investments in research and technology. The Group's approach to specific climate risk management processes involves a proactive strategy focused on mitigating greenhouse gas emissions, advancing climate engineering, and broadening our understanding of climate systems.

Climate change impacts operating costs (OPEX) and capital expenditure (CAPEX). Fluctuating climate conditions can decrease asset and equipment efficiency, output and performance. This scenario often necessitates additional asset repair CAPEX or counterbalance decreased asset performance. Adhering to environmental regulations often demands supplementary CAPEX for upgrading facilities or equipment, which is essential for managing augmented pollution risks.

Our commitment to addressing climate change involves proactive adaptation strategies to enhance efficiency. We embrace innovative green technologies in our developmental processes and implement measures to improve fuel efficiency. Integrating a tracking system across our properties to monitor emissions, energy consumption, water usage, and waste generation helps us effectively manage and mitigate our environmental impact.

Environmental sustainability stands as a fundamental pillar within Malaysian REIT's (M-REIT) priorities. As an active participant in the M-REIT community, we collaborate with industry peers to tackle growing challenges related to environmental performance, compliance, and efficiency within the real estate sector. These collaborations help us collectively address and overcome our

industry's multifaceted environmental challenges. Our role and involvement in this membership, public policy and regulation, include:

- Identifying pressing environmental issues in climate change, water and waste; and
- Collaborating on solutions that drive improvement within Hektar REIT and our supply chains.

Hektar REIT actively supports efforts to combat climate change and has submitted relevant documentation to join the United Nations Global Compact Network. We hope that by being a member of this esteemed network, we can engage with other business leaders and work collectively on climate change and other social agendas.

We also collaborate with industry associations to influence public policy and regulation development. This collaborative effort extends to working with governments to amplify the movement. By advocating for policies that align with a 1.5°C trajectory and a zero-carbon economy, companies within the initiative urge policymakers to provide the necessary confidence and clarity for businesses to pursue ambitious climate action. The goal is to facilitate a conducive environment for impactful measures against climate change.

We aligned our climate change policy stand with the positions we advocate within the trade associations we are actively involved in as members. In instances where differing opinions arise, we proactively identify these disparities, initiating a process that enables us to recognise areas where there might be gaps and prompt us to explore and adopt new areas of good business practice. This approach ensures our commitment to a coherent and progressive approach to addressing climate change within our industry associations.

The Sustainability Steering Committee, led by Encik Johari Shukri bin Jamil (Executive Director and Chief Executive Officer) and supported by our Chief Corporate Officer, is responsible for managing climate change risks and formulating strategies to manage and reduce our environmental impact. This committee oversees the development of progress reports and proposals concerning energy management, climate change mitigation and pollution reduction. These proposals are fortified with financial indicators and Return on Investment (ROI) calculations, ensuring comprehensive and data-driven decision-making processes.

SUSTAINABILITY STATEMENT

FINANCIAL IMPLICATIONS FROM CLIMATE-RELATED INVESTMENTS

Climate change has significantly influenced the investment landscape at Hektar REIT, prompting a recalibration of our sustainable investment strategy to address its urgency and impact holistically. Strategically managing climate-related risks and opportunities helps us mitigate competitive risks while transitioning towards a low-carbon, climate-resilient economy. Extensive investments in research and development have led to building, machinery, and automation enhancements, including chiller installations and replacing conventional lighting with energy-efficient LEDs.

Our commitment to renewable energy, energy-efficiency improvements (particularly in AHU energy saving and consumption), cooling tower repairs, air-conditioning retrofitting and installing cold water systems highlights our dedication to climate change mitigation.

The Manager continues to invest in various climate change initiatives, such as LED lighting implementation, window tinting, and a Chiller Plant equipped with a Building Management System (BMS) in some properties to minimise energy consumption and foster sustainability.

CARBON FOOTPRINT CALCULATIONS

Consolidation method for calculating the carbon footprint

100% of emissions from wholly-controlled properties

Organisational boundary for calculating the carbon footprint

Accounts for **100%** of GHG emissions from Hektar REIT's asset portfolio

SCOPE 1 COVERAGE: ENTIRE GROUP (100%)

Hektar REIT uses small amounts of diesel to run generators on its properties. CO₂ emissions from diesel consumption were derived from the emission factor published by the IPCC Guidelines for National Greenhouse Gas Inventories.

SCOPE 2 COVERAGE: ENTIRE GROUP (100%)

CO₂ emissions from electricity use were derived using the emission factor published by the Energy Commission Grid Emission Factor for Peninsular 2021.

SCOPE 3 (BUSINESS TRAVEL) COVERAGE: ENTIRE GROUP (100%)

GHG emissions resulting from business travel employee-owned vehicles consisted of both fuel and mileage claims:

- Mileage claims for company-owned vehicles were calculated using the World Resources Institute GHG Protocol tool for mobile combustion Version 2.6.
- Petrol claims were calculated using the emission factor published by the IPCC Guidelines for National Greenhouse Gas Inventories.

Hektar REIT also calculates GHG emissions from point-to-point air travel, considering the number of onboard employees and distance travelled. Performing separate calculations for business and economy class flights, Hektar REIT uses online tools derived from the WRI Greenhouse Gas Protocol to calculate the CO₂ emissions from air travel.

SCOPE 3: EMPLOYEE COMMUTING

Significant CO₂ emissions result from employees travelling to and from the workplace. In 2023, we began estimating the total annual emissions produced by our entire workforce's daily commute. We track these emissions annually.



SUSTAINABILITY STATEMENT

METHODOLOGY

We launched an online survey during the last quarter of 2023 to establish the:

- Most common commuting methods, such as bicycle, bus, train and own vehicle
- Approximate total daily distance travelled each day to work and back
- The type, age, engine size and type of fuel used if employees used their own vehicle

An external consultant conducted the survey online, and we encouraged all employees to respond.

We calculated the emissions of each respondent using a Mobile Combustion GHG Emissions Calculation Tool from the GHG Protocol Initiative. Employees worked an average of 246 days a year, and we used this information to estimate our annual emissions.

RESULTS

Method of Transport	Number of Employees in Sample	Estimated Total Number of Employees in Hektar REIT	% of Employees
Bicycle	1	4	1.43%
Bus	1	4	1.43%
KTM Komuter	1	4	1.43%
Own Vehicle	67	265	95.71%
Total	70	277	100.00%

In 2023, Hektar REIT employees travelled an estimated 2,358,687 km to and from work. The total estimated yearly CO₂e emissions for employees commuting in 2023 was 497.38 tonnes.

Method of Transport	Total Yearly Distance of Sample (km)	Estimated Total Year Distance (km) of Hektar REIT	Total Annual Emissions (tCO ₂ e) of Sample	Estimated Total Yearly Emissions (tCO ₂ e) of Hektar REIT
Bicycle	2,460	9,735	0.00	0.00
Bus	2,952	11,681	0.20	0.78
KTM Komuter	29,520	116,815	3.40	13.45
Own Vehicle	561,126	2,220,456	122.09	483.15
Total	596,058	2,358,687	125.69	497.38





EMISSIONS INTENSITY

Emissions intensity, or carbon intensity, is a better measure of the emissions efficiency of our assets. Hektar REIT expresses emissions intensity as the CO₂e emitted per gross floor area (kgCO₂e/sq.ft.).

SUSTAINABILITY STATEMENT

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD)

Incorporating climate risks and opportunities within our operational policies and asset management secures sustainable, consistent earnings amidst climate-driven changes. Our adherence to TCFD guidelines in governance, strategy, risk management, and metrics highlights our dedication to managing climate impacts transparently, underscoring our proactive approach towards resilient, sustainable business practices amidst evolving climate conditions.

Key Area	Hektar REIT's Approach
Governing Climate-related Risks and Strategy 	<ul style="list-style-type: none"> The Board considers sustainability issues in its strategic formulation, determines material ESG factors and oversees their management and monitoring. The Board sets Hektar REIT's risk appetite or the nature and extent of material risks the Manager is willing to take to achieve its strategic and business objectives. The Board highlighted climate change as a material issue and regularly reviewed related risks as part of the Manager's Enterprise Risk Management (ERM) Framework. The Board is updated on relevant performance metrics, including carbon emissions performance, stakeholders' expectations and regulatory requirements on climate change during the annual Board strategy, business plan meetings and other scheduled Board meetings. Hektar REIT's Sustainability Committee develops, oversees and implements sustainability objectives and strategies.
Strategy 	<ul style="list-style-type: none"> Climate change risk is identified as a key risk in the ERM Framework and includes physical and transitional risks. Our strategy in addressing these climate-related risks and opportunities spans all areas of its real estate life cycle, from the earliest stage of the investment process to design, procurement, construction, operations and redevelopment or divestment. All new investments in operational assets and development projects undergo the EHS Impact Assessment during due diligence to identify any environmental (including climate change) risks and opportunities related to the asset or project site and its surroundings. Hektar REIT develops guidelines for buildings to be more energy efficient, such as setting targets and specifying minimum equipment efficiency. As part of an annual review of its portfolio, Hektar REIT strives to identify assets suitable for redevelopment or AEI to deliver end-to-end premium quality real estate solutions for its tenants and a unique shopping experience for its shoppers.
Risk Management 	<ul style="list-style-type: none"> The Manager conducts an annual risk assessment exercise to identify, assess and document material risks, including relevant ESG risks, key controls and mitigating measures. The management reviews the consolidated material risks and associated controls before presenting them to the Audit and Risk Management Committee and Board. The Manager is considering conducting a scenario assessment study based on the likelihood and potential impact of the issues affecting business continuity and development.
Metrics and Targets 	<ul style="list-style-type: none"> Hektar REIT has tracked and reduced the carbon emissions of its managed and owned operational properties via its Environmental Tracking System. Hektar REIT discloses scope 1, 2 and 3 GHG emissions of its global portfolio and is developing carbon reduction targets. For more information, please refer to page 78 of this Annual Report. The Manager continues exploring new metrics to measure climate-related risks and opportunities, which it will access and adopt where possible.

SUSTAINABILITY STATEMENT



CULTIVATING COMMUNITY BONDS

Hektar REIT is a committed community partner, actively engaging in initiatives that uplift society. Our endeavours foster robust relationships and make impactful contributions. Hektar REIT directs its community investment initiatives toward specific focus areas, namely philanthropic efforts that enhance well-being and fortify local communities. Intertwining business strategy with community investment produces mutually beneficial outcomes.

Hektar REIT extends invitations to its employees to engage in community programmes, providing support, resources and recognition to volunteering employees. We are exploring integrating our employees' volunteer efforts into our performance evaluation system.

COMMUNITY EMPOWERMENT VIA EMPLOYMENT OPPORTUNITIES

Supporting the local community by offering employment opportunities is integral to our commitment. Prioritising local hiring bolsters the economy and elevates living standards. Our inclusive hiring practices prioritise individuals from marginalised backgrounds, ensuring equitable opportunities.

Our apprenticeship and graduate placement programmes address youth unemployment, nurturing a skilled workforce for a brighter future. Hektar REIT remains dedicated to making a meaningful difference and shaping a more prosperous and inclusive society.

SUSTAINABILITY STATEMENT

PRIORITISING CHILDREN'S RIGHTS

As a family-friendly mall destination, we prioritise children's well-being. We uphold Children's Rights and Business Principles, demonstrating our commitment to safeguarding and promoting children's rights in all operations and engagements. Our firm belief lies in creating an environment where children can thrive, access quality education, and explore their limitless potential.

We actively support children's educational rights by engaging in programmes, sponsorships, in-kind donations and close collaborations with schools. We dedicate a significant portion of our community contributions to advancing educational initiatives within institutions.

COMMUNITY-CENTRIC REAL ESTATE

As a REIT, our approach to community contribution stands out for its unique capacity. Beyond traditional forms of support such as donations, philanthropy, in-kind assistance and benefits, we leverage our ownership of space to offer a distinctive contribution. This ownership allows us to sponsor spaces and collaborate with diverse organisations to support various causes.

We foster partnerships with community organisations by providing complimentary event spaces and sponsoring these events. This sponsorship encompasses monetary and non-monetary contributions, including donations and cash support. Giving comprehensive assistance ensures the success and growth of initiatives hosted within our properties.



- Blood donation in collaboration with Kulim General Hospital Blood Bank and other NGOs
- Free cervical cancer screening and awareness camp in collaboration with Kulim General Hospital Obstetrics and Gynaecology Department
- Chinese New Year CSR-Movie Day out with children from Sunshine Home in collaboration with GSC
- Celebrating Women's Day in collaboration with GSC
- Hari Raya CSR-Bubur Lambuk Giveaway in conjunction with Ramadhan
- Hari Raya Open House with children from Rumah Bakti
- Basketball 3-on-3 tournament in partnership with the Basketball Association, local schools and district offices
- Run for Future
- Merdeka Fun Run, in collaboration with Oriental Event
- We Care Kulim
- Chess Tournament 3.0
- Breast Cancer Awareness Campaign
- Deepavali CSR-Movie Day Out with Grace Home Children
- Christmas lunch with children from Shine Home, Yong Ai Homes and Rumah Amal



- Blood donation in collaboration with:
 - Hospital Sultan Abdul Halim
 - Malaysia Hindu Sanggam
 - I-kuan Tao Association
- Kurma giveaway for iftar
- Bubur lambuk giveaway
- Programme Ihya Ramadhan with orphanages
- Aidilfitri Jalinan Kasih Open House with orphanage children
- Health screening test by the National Kidney Foundation

SUSTAINABILITY STATEMENT



- Melaka Smoke-free Programme
- Blood donation in collaboration with St John's Ambulance, Lion Club and Mahkota Medical Centre
- Bubur lambuk giveaway
- Majlis Berbuka Puasa with underprivileged individuals



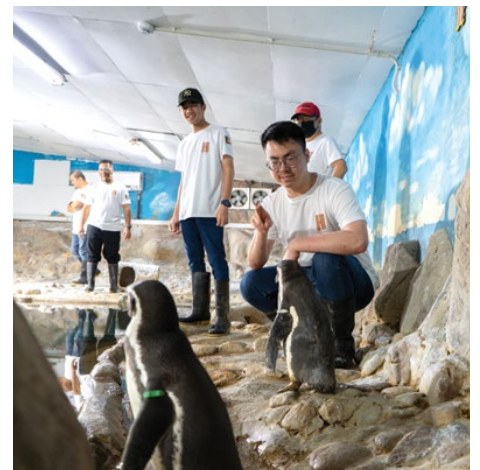
- MBSJ Car Free Day
- Chinese New Year Campaign with Rumah Charis and Rumah K.I.D.S
- Kurma giveaway
- Movie treat and Hari Raya outing for children from Rumah K.I.D.S
- Autism Café Project
- Cash contribution to Kolej Yayasan Saad Orchestra



- Blood donation in collaboration with:
 - St John's Ambulance
 - Wadah Mutiara
 - National Blood Bank
 - Lion Club Segamat Jaya
 - Lion Club Bukit Siput
 - Hospital Segamat
 - Hock Por Sian
 - Buddhist Society
 - JCI
 - Malaysia Red Crescent
 - Kelab Rakan Muda
 - Kelab Kebajikan Segamat
- Iftar with disabled students from the Segamat Education District Office
- Ping Pong Tournament Piala Dr Zaleha
- Karnival Bahasa Melayu by the Education Bureau



- Blood donation in collaboration with:
 - Pertubuhan Penganut Dewa San Lin Sze
 - HPSF Muar
 - Parliament of Bakri
- Kurma giveaway
- Program Balik Kampung dan Pencegahan Jenayah
- Education Fair by Global Education Training & Services (GETS)
- Contributions to Chung Hwa High School fundraising activities
- Hari Kesihatan Mental Sedunia & Hari Pencegahan Bunuh Diri Sedunia 2023
- Halloween Party by Busy Kids



SUSTAINABILITY STATEMENT



UNLEASHING THE POWER: IGNITING POTENTIAL WITHIN OUR DYNAMIC TEAM

Hektar REIT approaches people management with a commitment to nurturing talent and fostering a supportive work environment. Our strategy cultivates a culture that values inclusivity, growth and professional development. We empower our diverse workforce, offering opportunities for skill enhancement and career progression. Prioritising the well-being and growth of employees creates a vibrant atmosphere where each individual's contributions are celebrated and valued.

We ensure our employees understand work ethics and labour standards through our Code of Conduct and company policies and procedures. These documents are globally accessible, presented in English, and translated into Bahasa Malaysia, enabling comprehensive understanding and adherence to these guidelines across our diverse workforce.



No instances of non-compliance with labour standards



No safety incidents related to non-compliance were reported

Our management approach concerning the property portfolio for employees and contractors is committed to addressing various social issues, including:

- Prioritising health and safety measures
- Paying fair wages
- Promoting equal opportunities for all individuals involved in our operations

We uphold these principles to create a conducive and equitable working environment.

SUSTAINABILITY STATEMENT

PRIORITISING LOCAL TALENT

Our hiring policy complies with local labour laws, emphasising local employment to bolster the national economy and combat youth unemployment. Most Group employees are Malaysian nationals, underscoring our dedication to supporting the local workforce.

COMPENSATION AND BENEFIT

Hektar REIT provides extensive employee benefits and compensation packages that adhere to industry benchmarks.

Leave Benefits

Employees receive annual leave and medical benefits, ensuring well-deserved breaks and medical coverage

Medical Benefits

Medical coverage safeguards employees against unforeseen circumstances

Insurance Coverage

Comprehensive coverage includes hospitalization, term life, and personal accident policies

Handphone Allowance

Employees receive an allowance to cover their mobile phone expenses

Managerial Benefits

Managers enjoy additional perks such as a travel allowance, toll, petrol, insurance and maintenance benefits

Hektar REIT's remuneration package extends beyond these specific benefits, including parental leave, mandatory leave, retirement contributions, various allowances, and memberships (club and professional memberships). Executive-level employees receive reimbursement for monthly club subscriptions.

The company's policy complies with local regulations and standards. It supports the principles of a minimum or living wage, ensuring that benefits and compensation packages surpass the requirements stipulated by Malaysian employment laws. Hektar REIT adheres strictly to the principle of equal pay for equal work as mandated by local regulations concerning fair remuneration. This principle is stated in its Human Resources processes.

DIVERSITY AND INCLUSION

Hektar REIT strives to create vibrant spaces where people delight in shopping, dining and entertainment. We prioritise inclusivity within our workforce by recognising the importance of diverse employee talent in serving our varied shoppers, tenants and visitors.

Maintaining a zero-tolerance stance against workplace discrimination, we are committed to nurturing a diverse environment and ensuring equal opportunities. Our dedication to inclusivity spans every aspect of employment, encompassing hiring, placement, promotions, terminations and training initiatives.

OCCUPATIONAL HEALTH AND SAFETY

Our foundational principle is protecting the safety and well-being of our employees, tenants, customers, shoppers, guests, visitors, and contractors. Our commitment surpasses regulatory standards, bolstered by implementing robust safety measures driven by proactive initiatives and industry-leading practices. These measures create welcoming spaces while prioritising the overall welfare of every individual.

As stewards of commercial spaces and destinations, we wholeheartedly recognise our responsibility to cultivate safe and healthy environments for all who interact with our properties. This dedication guides us in upholding a comprehensive safety policy emphasising health, hygiene and security across all properties.

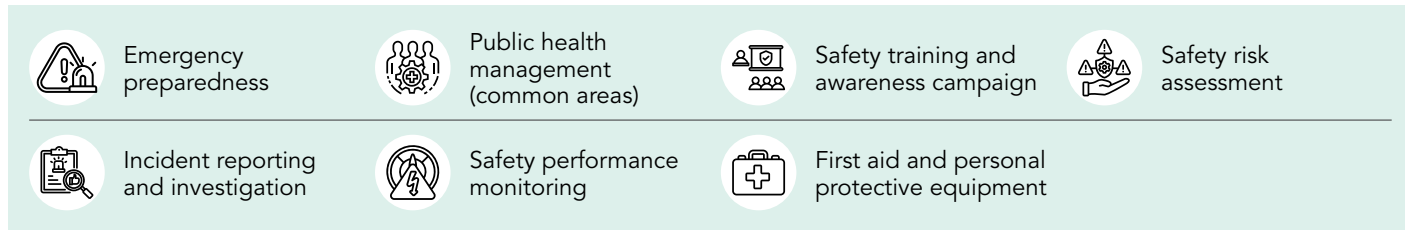
Hektar REIT has implemented an Environmental, Social, Health, and Safety (ESHS) Policy designed to minimise and mitigate impacts, integrate ESHS risk, promote fair treatment, uphold human rights, and ensure safe and healthy working conditions. This policy applies to employees, contractors, suppliers and tenants. A copy of this policy is accessible here.



Scan this QR code
to view ESHS Policy

SUSTAINABILITY STATEMENT

Coverage of Our Health, Hygiene and Safety Protocols



Every asset has a dedicated Safety, Health and Environmental Committee responsible for reviewing and developing property safety and health standards and procedures.

Composition of Our Occupational Safety and Health Committees

Property	Chairman	Secretary	Employer Representatives	Employee Representatives
Corporate (Group)	1	1	12	12
Subang Parade	1	1	5	5
Mahkota Parade	1	1	4	6
Wetex Parade	1	1	5	5
Central Square	1	1	2	3
Kulim Central	1	1	3	3
Segamat Central	1	1	5	4
Classic Hotel	1	1	3	3

Safety training is compulsory for new hires, and we conduct annual sessions for our entire staff. This safety protocol extends to contractors and all those working at our premises, ensuring a comprehensive safety standard across all operations.

Examples of Regular Safety and Health Training and Initiatives

Regular Safety and Health Training	Safety and Health Initiatives
<ul style="list-style-type: none"> Incident Reporting and Analysis Technique First Aider Training Group Safety and Health Induction Training Emergency Response and Emergency Preparedness Training Occupational Safety and Health Coordinator Training Awareness of Occupational Health and Safety Management System ISO 45001:2018 Safety And Health A Priority: Systematic Approach from ISO Standards Perspective Emergency Response Team Training 	<ul style="list-style-type: none"> Fire Drill – Collaborated with BOMBA Safety and Health Campaigns collaborated with NIOSH and BOMBA Program Cegah Jenayah di tempat kerja – Collaborated with PDRM The Role of Community in ensuring Safety and Wellbeing Fire Safety Campaign - Collaboration with BOMBA Kempen Keselamatan Penggunaan Lif dan escalator - Collaborated with DOSH Pest Control Centre Safety and Health Induction

We proactively organise several safety awareness initiatives, collaborating with authorities, industry bodies and the community. Together, our collective efforts promote a healthier and safer society.

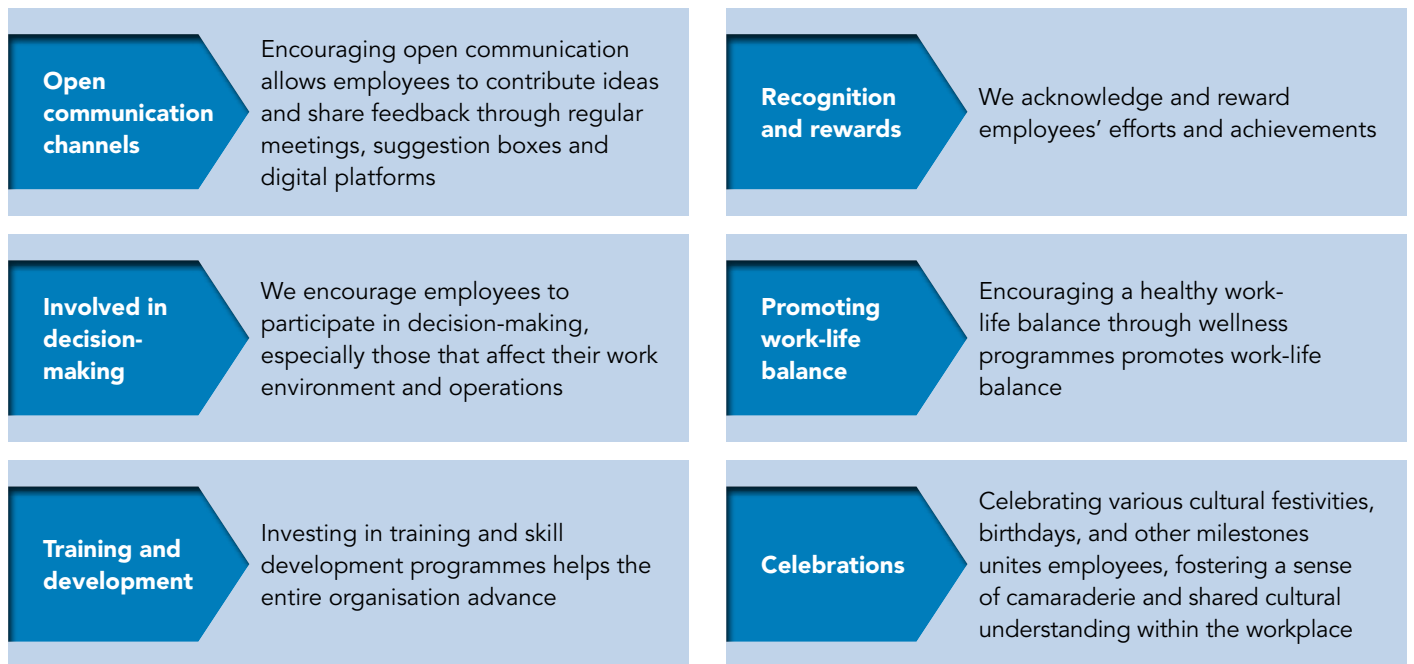
SUSTAINABILITY STATEMENT

MENTAL HEALTH WELL-BEING

Mental health in the workplace is everyone's business. Creating a mentally healthy workplace is positive for all employees, including reduced job stress and an improved work-life balance. Various initiatives, such as mental health awareness and flexible work hours, promote a positive workplace culture to minimise workplace risks related to mental health. Hektar REIT has a principle with targets to reduce excessive working hours and addresses the maximum overtime allowed, aligned with local laws.

AN ENGAGED WORKFORCE

We prioritise initiatives involving employees in the company's values and operations, supported by established structures and goals for fostering employee engagement.



We maintain transparency regarding operational changes by providing a notice period based on the operating situation. Keeping employees informed and involved in any changes that may impact the company's operations promotes a culture of open communication and trust.

EMPLOYEES' VOICE AND FEEDBACK

Hektar REIT prioritises employee satisfaction by conducting a thorough Employee Satisfaction Survey (ESS) through an independent consultant. This survey gathers anonymous feedback covering job satisfaction, culture, leadership and benefits, allowing for unbiased insights. Analysing survey results helps identify trends, enabling the company to create action plans to address concerns and enhance positive aspects highlighted by employees. Driving continual improvement by conducting regular surveys, measuring the impact of changes, and fostering a feedback loop maintains a positive work environment that boosts employee engagement and retention. The overall engagement score was within the normal range, reflecting positive and satisfactory engagement levels.

SUSTAINABILITY STATEMENT

EMPLOYEE TRAINING, CAREER DEVELOPMENT AND REVIEWS

Our workforce benefits from various training modules and ongoing learning avenues, empowering them to excel. We offer professional training opportunities and occasionally sponsor employees pursuing formal certifications. This commitment to continuous development equips our team with the latest knowledge and expertise, fostering a culture of ongoing improvement and excellence within Hektar REIT.

Our talent development programmes improve personal development skills such as communication, time management, leadership and adaptability to nurture a well-rounded workforce. Delivering workshops and coaching empowers individuals, providing employees with the necessary tools to succeed in their careers and lives outside the workplace.

Compliance and Standards Training:

- ISO Standards & Compliance:
 - Environmental Management Systems ISO 14001: 2015
 - Occupational Health and Safety Management Systems ISO 45001: 2018
 - Quality Management Systems ISO 9001: 2015
 - Safety & Health from ISO Standard Perspective
- Legal Compliance:
 - Briefing on Anti Bribery & Corruption, Code of Conduct and Whistle Blowing
- Tax and Law Related to Property Developers, JMB/MC, and Investors

Professional Development Training:

- Leadership and Performance Management
- Business Communication: Spoken and Written Skills
- Insights Into Fit-Outs and More
- International Architecture and Design Conference 2023

Safety and Health Training:

- Fire Safety and Emergency Preparedness:
 - Incident Reporting and Analysis Technique
 - Group Safety and Health Induction
 - Emergency Preparedness and Response Plan
- Occupational Safety:
 - Occupational Safety and Health Coordinator
 - Kursus Asas Organisasi Keselamatan Kebakaran (OKK)

Specialised Skill Development

- Facility Management:
 - Certified In Facility Management Manager (CFMM)
- Environmental Professionals:
 - Certified Environmental Professionals In Sewage Treatment Plant Operation
- Technical Skills:
 - PL300 Microsoft Power BI Data Analyst
- Others:
 - HPS Balanced Scorecard 2023 (Malls + Hotel)
 - Insights Into Fit-Outs And More

Industry Seminars & Webinars:

- Electric Vehicle Charging and Building Protection Systems
- New Industry Trends and Innovations:
 - Secure Your Spot: 'e-invoice' implementation in Malaysia
 - New Kids On The Block 3 Webinar
- Strata Property Management Seminars
- Shopping Mall Management Continuous Education Seminars (SMMCES)

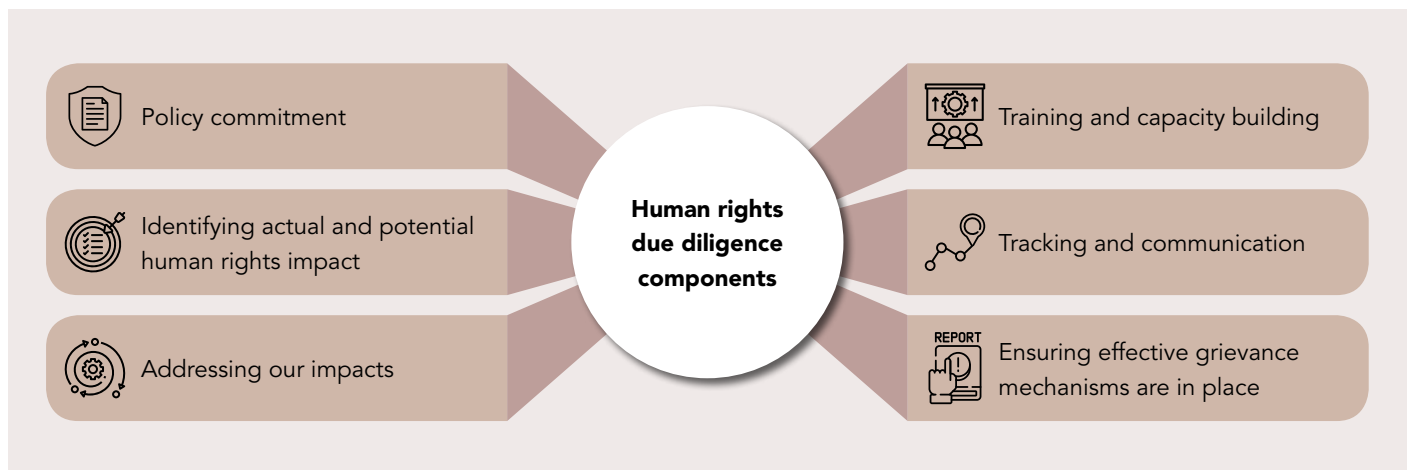
Guided by our human resources processes, we conduct annual performance appraisal exercises for all employees based on merit, providing them valuable feedback for personal and career advancement. We achieved a 100% rate of performing career development and performance reviews for all our employees during the reporting period.

SUSTAINABILITY STATEMENT



UPHOLDING HUMAN RIGHTS

Hektar REIT is committed to upholding human rights. We integrate human rights due diligence into our business processes to mitigate the risk of human rights violations at our properties and throughout the supply chain.



Hektar REIT has recently introduced a comprehensive Human Rights Policy that advocates for promoting human rights across all facets of its operations. This policy applies to all relevant stakeholders, including employees, contractors, suppliers and tenants. It is presented in appropriate languages to ensure a clear understanding of their rights and obligations.

The fundamental human rights principles guide our commitment, as defined by the Employment Act 1955 (revised 2022), the Child Act, and other related acts enforced in Malaysia. Furthermore, it aligns with international standards, including the United Nations Guiding Principles on Business and Human Rights, the Universal Declaration of Human Rights, the International Bill of Human Rights and the International Labour Organisation's Declaration of Fundamental Principles and Rights at Work.

SUSTAINABILITY STATEMENT

Hektar REIT Principles, Codes and Actions Concerning Human Rights and Labour



Freely Chosen Employment

We have zero tolerance for forced, involuntary or exploitative prison, indentured, bonded (including debt bondage), trafficked or slave labour.



Prevention of Child Labour

We have zero tolerance for child labour, defined as work by any person:

- Aged less than 15
- Under age for completing compulsory education
- Under the minimum age for employment

(Whichever is the most stringent in the country of origin)



Working Hours

We comply with local working hours and overtime laws and reduce excessive overtime.



Wages and Benefits

Our worker compensation complies with all applicable wage laws. We exceed the legally mandated minimum living wages, benefits and overtime pay.



Equality and Non-discrimination

Our recruitment and employment practices protect against discrimination based on race, colour, religion, age, gender, sexual orientation, gender identity and expression, ethnicity or nationality, disability, pregnancy, religion, political affiliation, union membership, covered veteran status, protected genetic information or marital status.

The Company improved workforce diversity and equal opportunities and reduced discrimination, including those based on the following:

Race and Traits:

We embrace and celebrate the cultural diversity of all races and their respective festive traditions.

Religion:

Designated prayer rooms at the workplace accommodate various religious practices.

Gender:

Breastfeeding rooms at our properties support nursing mothers.

Age:

We offer equal training, promotion and appraisal opportunities for employees regardless of age.

Disabilities:

We eliminate discrimination in disability hiring and provide feasible assistance and an inclusive work environment. We designed and equipped all malls to be disability-friendly.

Nationality:

We welcome and consider individuals of all nationalities in our hiring process.

SUSTAINABILITY STATEMENT



Eradicating Any Form of Harassment or Abuse

We will maintain a workplace that is free from physical, psychological or verbal abuse, the threat of abuse and sexual or other harassment. Equality and mutual respect characterise our conducive working environment. We have established a grievance mechanism policy that allows employees to report any concerns or violations related to HAMS B and HPSSB's Code of Conduct without fear of retaliation.



Freedom of Association and Collective Bargaining

We comply with local laws on freedom of association and collective bargaining by:

- Maintaining an open-door policy
- Allowing workers to communicate their ideas and concerns with management regarding working conditions and management practices openly without fear of intimidation or reprisal
- Respecting the rights of all workers to collective bargaining, including forming and joining trade unions of their choice, bargaining collectively, engaging in peaceful assembly or refraining from such activities



Health and Safety

We established a Health and Safety management system reflecting ILO Guidelines on Occupational Safety and Health. We strive for a 'Zero Harm' environment for our employees and encourage contractors, suppliers and tenants to achieve the same.



Talent Development

We offer workers an opportunity to grow, learn new skills and develop.



Open and Transparent Communication

Our formal mechanism allows internal and external stakeholders, including individuals and communities impacted by our business activities, to raise their grievances with management, including human rights. Our whistle-blowing channel guarantees anonymity and is available to internal and external stakeholders. We are committed to a remediation process to address adverse human rights impacts we have contributed to or caused.



SUSTAINABILITY STATEMENT

SUSTAINABLE SPACES FOR EVERYONE

Hektar REIT's core mission revolves around transforming the shopping experience into vibrant, immersive destinations where individuals delight in shopping, dining and entertainment. Our commitment extends beyond creating dynamic spaces to being responsible for our esteemed customers and tenants. Our excellent geographical diversification allows us to serve and engage diverse communities, reflecting our dedication to fostering inclusive and thriving retail spaces.

DELIVERING UNPARALLEL SHOPPING EXPERIENCE

Shoppers' delight is at the core of all malls' missions. We distinguish ourselves by fostering close collaboration with our tenants to meticulously plan distinctive and memorable events, particularly during festive seasons. This collaboration revolves around creating standout experiences, providing unique, captivating moments that enhance the shopping journey and leave a lasting impact.

We prioritised easy access to public transportation during the design and development of all properties. We concentrated on strategically locating our malls and providing seamless connectivity for visitors using diverse modes of public transport. Constructing our malls near major highways or roads provided effortless accessibility for individuals commuting from diverse locations. Incorporating this approach into our design and development strategy increased convenience and encouraged sustainable transportation options for patrons to access our malls without difficulty.

All our malls are family-oriented, featuring open spaces, cinemas, and eateries catering to children. They organise school holiday events and other family-friendly activities to enhance patrons' enjoyment during their outings.

Family-Friendly Facilities at Our Malls

 Nappy-changing rooms	 Mom's room	 Designated family parking	 Ramp for strollers
 Play areas	 Kid-friendly eateries, shops and enrichment centres	 Baby strollers rental	

We proactively seek feedback and gather valuable input from tenants and shoppers through various channels, including feedback forms. We also conduct Tenant Assessment Surveys to collect their opinions on the shopping centre's appearance, cleaning service, repair and maintenance services, security management, car park, leasing services and marketing activities. Suggestions, insight, and feedback from tenants and shoppers drive improvement in the malls, allowing us to refine and enhance our offerings and ensure they meet and exceed the needs and expectations of our valued visitors.

SUSTAINABILITY STATEMENT

QUALITY OF ASSETS AND SERVICES

Hektar REIT's asset enhancement decisions incorporate sustainable design and planning whenever feasible. Rigorous environmental and technical assessments ensure structural safety, mechanical and electrical efficiencies, and improved environmental and energy efficiency ratings across our properties.

We collaborate closely with property managers, leveraging technology to monitor and optimise sustainability performance and fine-tune operations for enhanced facility efficiency. Our strict management during renovation and upgrading ensures high-fit-out standards, boosting overall asset performance.

Our commitment to quality and business excellence maximises tenant satisfaction and retention, fostering regular engagement to address ongoing needs. External consultations on cleanliness, convenience, indoor air quality, thermal comfort and natural light availability enable tailored efforts to meet tenants' and shoppers' requirements.

Our proactive strategy involves routine Asset Enhancement Initiatives (AEIs) to complement ongoing maintenance endeavours. These initiatives include refurbishing Air Conditioning and Mechanical Ventilation Systems (ACMV), implementing energy efficiency programmes, expanding Net Lettable Areas (NLA), upgrading public facilities and access roads and enhancing facades. These efforts catalyse continuous improvement in our properties.

CREATING PLACES WHERE PEOPLE LOVE TO SHOP, DINE AND PLAY

Hektar REIT properties are vibrant hubs bustling with events and celebrations. We pride ourselves on bringing people together through diverse happenings, fostering a sense of community and joy.

CELEBRATING CULTURE AND FESTIVITIES

We pride ourselves on crafting delightful experiences for shoppers and tenants during festive seasons such as Chinese New Year, Hari Raya, Deepavali and Christmas. Our malls adorn festive decorations and host diverse special events, including cultural performances, competitions, and themed family activities. These celebrations honour diversity and serve as a platform for tenants to highlight seasonal promotions, enhancing sales during the festive period.

Hektar REIT's Cultural and Festive Highlights

Wetex Parade

Hosted the prestigious KSK International Lion Dance Championship 2023

Kulim Central

Organised a Chinese Gasing and orchestra performance in February 2023

Subang Parade

Distributed complimentary dates and drinks to Muslims for breaking their fast

MALAYSIAN PRIDE

Subang Parade celebrated Malaysia during Merdeka month with vibrant activities to honour the nation's diversity and unity. These activities included the Malaysiaku Merdeka 3D Mural Painting, Merdeka Fest Workshop, Malaysiaku Bazaar and Workshop, events showcasing Malaysian Batik Art and the Borneo Festival.

CELEBRATING CUISINE

Our malls take pride in the country's diverse cuisine as local destinations. Our food festival gathered popular dishes from across Malaysia, attracting food enthusiasts while offering activities that increased sales.

LOCAL COMMUNITY PARTNERS

We actively involve the local community in collaborative joint programmes. For instance, Segamat Central collaborates with PPD Segamat and the Segamat Municipal Council on various programmes. Understanding and meeting the distinctive needs of the community has redefined our malls, transforming them from mere commercial spaces to actively contributing to the neighbourhood's well-being.

Hektar REIT allocated spaces within the mall for community gatherings, workshops and educational events. These areas warmly welcome and encourage local clubs, schools and organisations to use the facilities for various community activities.

SUSTAINABILITY STATEMENT

Wetex Parade joined forces with the Fire Department for a fire safety initiative aligned with the festive season, led by Jabatan Bomba dan Penyelamat Muar. Teaming up with The Store, we conducted educational workshops and hands-on activities to raise fire safety awareness in the community. Wetex Parade remains dedicated to ensuring community safety, extending its commitment beyond festive occasions and into the future through this collaboration with the Fire Department and The Store.

Wetex Parade also hosted the World AIDS Day event organised by KKM Muar, demonstrating our commitment to supporting individuals with illnesses and special needs. In collaboration with Muar Mesra Autism, we also launched a calm room, sensory wall and wheelchair-friendly facilities to enhance inclusivity.

In alignment with MBSJ's Car Free Day initiative, Subang Parade collaborates with MBSJ, the Police, Fire Department, AEON Mall, and other stakeholders to establish a communal space for the Subang Jaya community. This designated space is a venue for weekend activities, featuring complimentary SJMC health screenings and a range of engaging programmes. In line with our enduring commitment to Corporate Social Responsibility (CSR) and active community involvement, Subang Parade pledged a monthly sponsorship of RM3,000 to support this event. Our focus aids the B40 community through MBSJ's Rahmah Basket programme. Our contributions encompass financial backing and active volunteerism with the overarching goal of making a meaningful and positive community impact.

SUPPORTING LOCAL BUSINESS

Hektar REIT actively supports and promotes local businesses by providing space in shopping centres. This assistance encompasses opportunities such as pop-up shops or casual leases, often offered at discounted rates to nearby entrepreneurs. Through these initiatives, Hektar REIT contributes to the economic progress of the neighbourhood and acts as a business platform for the local community.

FEATURING LOCAL ARTISTS

Collaborating closely with local artists and cultural groups, our malls actively contribute to enriching cultural art heritage. For instance, Segamat Central has partnered with PPD Segamat, providing them with a specific area to create murals on the link

bridge and showcase paintings produced by students from the Segamat district. This initiative goes beyond enhancing the visual appeal of our malls; it serves as a tribute to local identity and heritage.

Kulim Central also hosted Paint for Pride Mural Arts Drawing. By transforming the mall into a space that reflects the neighbourhood's character, we aim to preserve and celebrate the cultural art heritage of the community. Wetex Parade hosted a mural painting event to showcase and promote the talents of local artists.

By hosting the Gegar Vaganza Roadshow, Central Square offers substantial support to local talented artists. These artists present their stories and successes to celebrate their achievements and increase their community presence. Such exposure motivates and inspires budding local talents, creating a nurturing environment for their development and acknowledgement within the industry.

UNLOCKING DESTINATIONS: ENHANCING THE TOURISM EXPERIENCE

Central Square hosted the MATTA Fair, a crucial platform for promoting tourism. It showcases diverse travel opportunities, enticing destinations, and exclusive deals for potential travellers and enthusiasts.

TENANT AND VISITOR HEALTH, SAFETY AND SECURITY

The Manager ensures the safety and security of properties by installing security access control systems and closed-circuit television, physically deploying security personnel and introducing measures to comply with health and safety advisories directed by the authorities. The property managers perform regular inspections to ensure a safe environment.

Hektar REIT prioritises tenant and customer safety across all properties. Implementing robust security measures, including 24-hour surveillance, well-trained security personnel, and strategically positioned emergency responders in common areas safeguard public safety. Regularly maintaining safety devices ensures they are functioning correctly. Annual emergency drills equip management staff with the necessary experience to handle unforeseen incidents effectively.

SUSTAINABILITY STATEMENT

All properties have collaborated with the fire brigade (BOMBA) to create an Emergency Response Team (ERT) and conduct specialised fire training courses. This joint effort enhances our organisational preparedness and response capabilities in emergencies. Through this collaboration, our team works closely with experts from BOMBA to develop customised, comprehensive training programmes, which:

- Safeguard the safety and well-being of our personnel
- Contribute to a proactive and resilient approach to addressing emergencies within our operational environment








All of our properties are making significant efforts to enhance security and surveillance systems, including:

- Upgrading the CCTV system to cutting-edge technology, empowering our security teams with improved surveillance capabilities for better monitoring of activities throughout the premises
- Installing panic buttons in the basement carpark
- Security guards patrolling hourly
- Stationing guards at designated levels for enhanced safety measures

These proactive initiatives underline our commitment to creating a safe and secure environment for tenants and customers across all our properties.

A few of our properties plan to transition to License Plate Recognition (LPR) parking systems. We target LPR to be fully operational this year to ensure a safer parking environment.

Social Benefits of LPR

 Improving access control	 Optimising traffic flow
 Detecting unauthorised vehicles	 Offering valuable security data
 Preventing theft	 Reducing manual errors
 Improving surveillance	

ENSURING A SAFE SHOPPING EXPERIENCE AT OUR ASSETS

	✓ Panic buttons at car parks
	✓ Designated ladies-only parking spaces
	✓ 24-hour monitored CCTVs throughout the malls
	✓ Emergency safety buttons inside lifts and on escalators
	✓ 24-hours security patrolling

The Manager conducts regular fire drills and evacuation exercises. Delivering crucial emergency preparedness guidance maximises tenant and visitor safety. All fitting-out works follow approved drawings, comply with regulations and guidelines and prioritise safety and social responsibility. Frequent on-site meetings and tenant inspections further tighten safety measures and regulatory compliance.

CONVENIENCE AND CONNECTIVITY

Hektar REIT focuses on convenience and connectivity in its properties. Mahkota Parade (MP) partners with nearby hotels and hospitals to meet diverse customer needs, providing additional services and amenities conveniently close to the mall. As the only shopping destination within a five-kilometre radius, Mahkota Parade houses supermarkets and department stores such as Family Mart and Parkson, offering customers quality products at competitive prices.

Acknowledging the importance of accessibility, Segamat Central (SC) enhances convenience by linking its shopping mall to the Segamat bus terminal through a covered link bridge. This proactive step diminishes carbon emissions and improves visitor comfort, particularly on rainy days.

Similarly, Central Square is committed to ensuring accessibility for residents by strategically locating the shopping centre for convenient access via public transportation and providing amenities that cater to diverse demographics.

SUSTAINABILITY STATEMENT

DISABLED FRIENDLY

Hektar REIT properties are inclusive and accessible, creating a welcoming environment for the special needs community. All malls are disability-friendly and have facilities that significantly help those with disabilities. These facilities improve accessibility and convenience, ensuring a more inclusive and accommodating environment for all visitors. Our malls have main entrances designed to facilitate wheelchair usage, providing comfortable access for individuals with mobility challenges.

Featuring well-placed ramps, special toilets, elevator facilities, accessible disabled parking, and wheelchair provisions, our malls offer thoughtful amenities appreciated by individuals with disabilities. These accommodations showcase our commitment to intelligent design and accessibility.

Segamat Central actively engages with the disabled community through collaborative programmes with NGOs and government offices. Events in 2023, such as *Iftar Berbuka Puasa* for OKU students and job interview programmes, highlight Segamat Central's dedication to supporting and addressing the needs of individuals with disabilities.

Our malls also provides wheelchairs for visitor convenience, assisting those needing mobility aid. By offering such resources and enhancing infrastructure, Hektar REIT creates an inclusive and friendly environment, ensuring a positive shopping experience for all patrons across our properties.

FAMILY-FRIENDLY MALLS

Hektar REIT cultivates family-friendly environments within its malls. Prioritising the creation of family-oriented spaces, our shopping malls incorporate playgrounds, family lounges and interactive zones. This strategic approach highlights our

commitment to providing families with a welcoming and inclusive atmosphere. Our malls offer diverse amenities, ensuring an enjoyable and hassle-free shopping experience that caters to every family member's needs and preferences.

Our malls have strategically embraced a family-friendly approach by curating diverse tenancy mixes tailored to families' needs and preferences. Understanding the importance of providing a wholesome experience, the malls have incorporated a range of offerings, including family-oriented F&B outlets, dedicated kids' playgrounds, bookstores with a variety of children's literature, specialised baby shops catering to parents' needs, and an array of engaging activities designed for families. This deliberate mix ensures that the malls become destinations where families can indulge in shopping, dining, and entertainment while fostering inclusive and enjoyable environments for all age groups. With this strategy, the malls aim to create lasting memories and become the go-to destinations for families seeking quality time and diverse experiences under one roof.

Mahkota Parade, situated at the heart of Melaka, stands out as a premier family-centric destination. With extensive family-oriented products and services, the mall caters to the diverse needs of visiting families. From department stores, supermarkets, and convenience stores to various food and beverage options, a food court and pharmacies, Mahkota Parade is a convenient one-stop destination where families can find everything they need under a single roof. This comprehensive mix of offerings caters to various aspects of family life, providing accessibility and convenience for shoppers of all ages.

At Segamat Central, our Kids Playland tent provides relaxing spaces for kids and parents. A playground and comfortable family waiting area deliver an enjoyable experience for children and adults.

HEKTAR REIT'S SUSTAINABLE PATH FORWARD

As we grow, we look forward to accelerating our journey toward a resilient, sustainable future. In the following annual reports, we are excited to share our ongoing essential transformation and journey towards being a responsible corporation emphasising people, the planet and performance.

SUSTAINABILITY STATEMENT

SUSTAINABILITY PERFORMANCE REPORT (BURSA ESG LINK PLATFORM)

Indicator	Measurement Unit	2023
Bursa (Supply chain management)		
Bursa C7(a) Proportion of spending on local suppliers	Percentage	100.00
Bursa (Anti-corruption)		
Bursa C1(a) Percentage of employees who have received training on anti-corruption by employee category		
Management	Percentage	88.10
Executive	Percentage	77.59
Non-executive	Percentage	91.60
Bursa C1(b) Percentage of operations assessed for corruption-related risks	Percentage	0.00
Bursa C1(c) Confirmed incidents of corruption and action taken	Number	1
Bursa (Energy management)		
Bursa C4(a) Total energy consumption	Megawatt	28,840.00
Bursa (Water)		
Bursa C9(a) Total volume of water used	Megalitres	453.233000
Bursa (Diversity)		
Bursa C3(a) Percentage of employees by gender and age group, for each employee category		
Age Group by Employee Category		
Management Under 30	Percentage	0.00
Management Between 30-50	Percentage	69.05
Management Above 50	Percentage	30.95
Executive Under 30	Percentage	21.55
Executive Between 30-50	Percentage	68.97
Executive Above 50	Percentage	9.48
Non-executive Under 30	Percentage	22.69
Non-executive Between 30-50	Percentage	53.78
Non-executive Above 50	Percentage	23.53
Gender Group by Employee Category		
Management Male	Percentage	52.38
Management Female	Percentage	47.62
Executive Male	Percentage	36.21
Executive Female	Percentage	63.79
Non-executive Male	Percentage	71.43
Non-executive Female	Percentage	28.57
Bursa C3(b) Percentage of directors by gender and age group		
Male	Percentage	60.00
Female	Percentage	40.00
Under 30	Percentage	0.00
Between 30-50	Percentage	0.00
Above 50	Percentage	100.00
Bursa (Health and safety)		
Bursa C5(a) Number of work-related fatalities	Number	0
Bursa C5(b) Lost time incident rate ("LTIR")	Rate	0.00
Bursa C5(c) Number of employees trained on health and safety standards	Number	129
Bursa (Labour practices and standards)		
Bursa C6(a) Total hours of training by employee category		
Management	Hours	2,268
Executive	Hours	3,235
Non-executive	Hours	1,755
Bursa C6(b) Percentage of employees that are contractors or temporary staff	Percentage	10.11
Bursa C6(c) Total number of employee turnover by employee category		
Management	Number	23
Executive	Number	39
Non-executive	Number	45
Bursa C6(d) Number of substantiated complaints concerning human rights violations	Number	0
Bursa (Community/Society)		
Bursa C2(a) Total amount invested in the community where the target beneficiaries are external to the listed issuer	MYR	372,527.70
Bursa C2(b) Total number of beneficiaries of the investment in communities	Number	0
Bursa (Data privacy and security)		
Bursa C8(a) Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Number	0

Internal assurance

External assurance

No assurance

(*)Restated

SUSTAINABILITY STATEMENT

SUSTAINABILITY PERFORMANCE DATA

Indicator	Unit	2023	2022	2021
Economic				
Supply Chain				
Percentage of local suppliers	%	100%	NA	NA
Proportion of spending on local suppliers	%	100%	99%	99%
New suppliers that were screened using environmental criteria	%	0%	NA	NA
Number of suppliers assessed for environmental impacts	Number	0	NA	NA
Percentage of the company's total property portfolio certified to a recognised building management standard for property	%	0%	NA	NA
Corruption				
Number of staff disciplined or dismissed due to non-compliance with anti-corruption practices	Number	1	0	0
Confirmed incidents of corruption †	Number	1	NA	NA
Cost of fines, penalties or settlements concerning corruption	RM	0	0	0
Total political contributions made during the year	RM	0	0	0
Total employees who have received training on anti-corruption	Number (%)	236 (85.20%)	112 (38.62%)	145 (48.01%)
Total management employees who have received training on anti-corruption	Number (%)	37 (88.10%)	26 (54.17%)	-
Total Executive employees who have received training on anti-corruption	Number (%)	90 (77.59%)	57 (57.00%)	-
Total Non-Executive employees who have received training on anti-corruption	Number (%)	109 (91.60%)	29 (20.42%)	-
Percentage of operations assessed for corruption-related risks	%	0	0	0
† The employee was dismissed.				
Environment				
Energy				
Direct Energy: Diesel	Litres	873	1,788	300
Direct Energy: Diesel	GJ	34	69	12
Total electricity consumption (landlord only) †	MWh	28,840	38,968	33,039
Total electricity consumption (landlord only) †	GJ	103,825	140,285	118,939
Total electricity consumption (landlord and tenants) †	GJ	103,859	140,354	118,951
Total electricity consumption (tenants only) †	MWh	10,616	-	-
Total electricity consumption (tenants only) †	GJ	38,218	-	-
* Conversion coefficients for electricity and diesel to Joules are derived from the Malaysia Energy Commission National Energy Balance 2020 report.				
† In 2021 and 2022, Hektar REIT's electricity comprised Group and tenant consumption. Hektar REIT improved its monitoring processes to separate the energy consumed by its tenants.				
Energy Intensity				
Building Energy Intensity	kWh/ft ²	8.48	8.37	7.10
Emissions				
Scope 1 *	tCO ₂ e	2	5	1
Scope 2 **	tCO ₂ e	21,861	29,538	25,043
Scope 3: Business travel ***	tCO ₂ e	270	246	185
Scope 3: Employee commuting	tCO ₂ e	497	NA	NA
Scope 3: Downstream Leased Assets †	tCO ₂ e	8,047	NA	NA
* CO ₂ emissions from fuel consumption are calculated using the emission factor published by the IPCC Guidelines for National Greenhouse Gas Inventories.				
** CO ₂ emissions from electricity consumption are calculated using the Energy Commission Grid Emission Factor for Peninsular 2021. The Group restated its Scope 2 emissions using this new emission factor to improve the accuracy of its GHG reporting.				
*** CO ₂ emissions from business air travel are estimated using online tools derived from the WRI Greenhouse Gas Protocol. Emissions from fuel claims are calculated using the emission factor published by the IPCC Guidelines for National Greenhouse Gas Inventories. Emissions from mileage claims are calculated using the World Resources Institute (2015). GHG Protocol tool for mobile combustion. Version 2.6.				
† In 2021 and 2022, Hektar REIT's Scope 2 emissions comprised Group and tenant emissions. Hektar REIT improved its monitoring processes to separate the GHG emissions produced by its tenants and now captures these as Downstream Leased Assets.				

SUSTAINABILITY STATEMENT

Indicator	Unit	2023	2022	2021
Emissions Intensity				
Operational intensity	kgCO ₂ e per ft ²	6.43	6.35	5.38
Waste				
Total solid waste disposal	Tonnes	2,709	2,532	2,168
Total waste diverted from disposal	Tonnes	0	0	0
Water †				
Total volume of water used (landlord only)	m ³	453,233	639,815	511,759
Total volume of water used (tenants only)	m ³	161,958	-	-
Total volume of water used (landlord and tenants)	m ³	615,191	639,815	511,759
Total water consumption	ML	615	640	512
† In 2021 and 2022, Hektar REIT's water comprised Group and tenant consumption. Hektar REIT improved its monitoring processes to separate the water consumed by its tenants.				
Water use intensity				
Overall	m ³ /ft ²	0.132	0.137	0.110
Social †				
Workforce Strength				
Total employees	Number	277	290	302
By Gender				
Female	Number (%)	128 (46.21%)	125 (43.10%)	130 (43.05%)
Male	Number (%)	149 (53.79%)	165 (56.90%)	172 (56.95%)
By Age Group				
<30	Number (%)	52 (18.77%)	45 (15.52%)	54 (17.88%)
30-50	Number (%)	173 (62.45%)	186 (64.14%)	186 (61.59%)
>50	Number (%)	52 (18.77%)	59 (20.34%)	62 (20.53%)
By Ethnicity				
Malay	Number (%)	231 (83.39%)	236 (81.38%)	237 (78.48%)
Indian	Number (%)	11 (3.97%)	11 (3.79%)	15 (4.97%)
Chinese	Number (%)	31 (11.19%)	37 (12.76%)	45 (14.90%)
Others	Number (%)	4 (1.44%)	6 (2.07%)	5 (1.66%)
By Nationality				
Malaysian	Number (%)	276 (99.64%)	289 (99.66%)	301 (99.67%)
Non-Malaysian	Number (%)	1 (0.36%)	1 (0.34%)	1 (0.33%)
By Union Membership				
Union members	Number (%)	0 (0.00%)	0 (0.00%)	0 (0.00%)
Non-union members	Number (%)	277 (100.00%)	290 (100.00%)	302 (100.00%)
By Contract				
Permanent	Number (%)	249 (89.89%)	234 (80.69%)	260 (86.09%)
Contractors/Temporary Staff	Number (%)	28 (10.11%)	56 (19.31%)	42 (13.91%)
By Disability				
Disabled staff	Number (%)	0 (0.00%)	0 (0.00%)	0 (0.00%)
Non-Disabled staff	Number (%)	277 (100.00%)	290 (100.00%)	302 (100.00%)
By Employee Category				
Management	Number (%)	42 (15.16%)	48 (16.55%)	45 (14.90%)
Executives	Number (%)	116 (41.88%)	100 (34.48%)	107 (35.43%)
Non-Executives	Number (%)	119 (42.96%)	142 (48.97%)	150 (49.67%)

SUSTAINABILITY STATEMENT

Indicator	Unit	2023	2022	2021
Management Composition				
Females in Management	Number (%)	18 (45.00%)	15 (32.61%)	12 (27.27%)
Females in Top Management	Number	2	2	1
Employee Category By Gender				
Female (manager)	Number (%)	20 (47.62%)	17 (35.42%)	13 (28.89%)
Male (manager)	Number (%)	22 (52.38%)	31 (64.58%)	32 (71.11%)
Female (executive)	Number (%)	74 (63.79%)	69 (69.00%)	73 (68.22%)
Male (executive)	Number (%)	42 (36.21%)	31 (31.00%)	34 (31.78%)
Female (non-executive)	Number (%)	34 (28.57%)	39 (27.46%)	44 (29.33%)
Male (non-executive)	Number (%)	85 (71.43%)	103 (72.54%)	106 (70.67%)
Employee Category By Age Group				
<30 (manager)	Number (%)	0 (0.00%)	1 (2.08%)	1 (2.22%)
30-50 (manager)	Number (%)	29 (69.05%)	32 (66.67%)	34 (75.56%)
>50 (manager)	Number (%)	13 (30.95%)	15 (31.25%)	10 (22.22%)
<30 (executive)	Number (%)	25 (21.55%)	18 (18.00%)	18 (16.82%)
30-50 (executive)	Number (%)	80 (68.97%)	74 (74.00%)	79 (73.83%)
>50 (executive)	Number (%)	11 (9.48%)	8 (8.00%)	10 (9.35%)
<30 (non-executive)	Number (%)	27 (22.69%)	26 (18.31%)	35 (23.33%)
30-50 (non-executive)	Number (%)	64 (53.78%)	80 (56.34%)	73 (48.67%)
>50 (non-executive)	Number (%)	28 (23.53%)	36 (25.35%)	42 (28.00%)
Director Diversity				
Total directors	Number	9	10	10
Directors By Age				
<30	Number (%)	0 (0.00%)	0 (0.00%)	0 (0.00%)
30-50	Number (%)	0 (0.00%)	2 (20.00%)	4 (40.00%)
>50	Number (%)	9 (100.00%)	8 (80.00%)	6 (60.00%)
Directors By Gender				
Female	Number (%)	3 (40.00%)	4 (40.00%)	4 (40.00%)
Male	Number (%)	6 (60.00%)	6 (60.00%)	6 (60.00%)
Turnover				
Total Turnover	Number (rate)	107 (37.74%)	84 (28.38%)	79 (24.84%)
Turnover By Gender				
Female	Number (rate)	44 (34.78%)	37 (29.02%)	44 (31.32%)
Male	Number (rate)	63 (40.13%)	47 (27.89%)	35 (19.72%)
Turnover By Age Group				
<30 Years Old	Number (rate)	28 (57.73%)	27 (54.55%)	24 (39.34%)
30-50 Years Old	Number (rate)	57 (31.75%)	43 (23.12%)	44 (22.06%)
>50 Years Old	Number (rate)	22 (39.64%)	14 (23.14%)	11 (19.13%)
Turnover By Employment Category				
Management	Number	23	18	14
Executives	Number	39	30	24
Non-Executives	Number	45	36	41

* Turnover rates are expressed as the number of employees who left divided by the average number of employees.

SUSTAINABILITY STATEMENT

Indicator	Unit	2023	2022	2021
Voluntary/Involuntary Turnover				
Total Turnover of full-time staff (voluntary)	Number (%)	92 (85.98%)	84 (100.00%)	79 (100.00%)
Total Turnover of full-time staff (involuntary)	Number (%)	15 (14.02%)	0 (0.00%)	0 (0.00%)
Training				
Total time spent on employee development training to enhance knowledge or individual skills	Hours	7,258	2,884	2,106
Total time spent on employee development training for management	Hours	2,268	NA	NA
Total time spent on employee development training for Executives	Hours	3,235	NA	NA
Total time spent on employee development training for Non-Executives	Hours	1,755	NA	NA
Total number of employees attending training	Number	336	NA	NA
Average training hours per year per employee	Hours	22	10	7
Average training days per year per employee	Days	3	1	1
Long-Service Awards				
Below 2 years	Number	103	80	56
2 to 5 years	Number	52	108	131
6 to 9 years	Number	50	40	48
10 years and above	Number	72	63	67
Safety and Health				
<u>Safety Statistics (Employees)</u>				
Fatalities	Number	0	0	0
High-consequence work-related injuries	Cases	0	0	1
Recordable work-related injuries	Cases	0	0	2
Number of days without accident	Days	365	365	362
<u>Safety Statistics (Contractors)</u>				
Fatalities	Number	0	0	0
High-consequence work-related injuries	Cases	0	0	1
Recordable work-related injuries	Cases	0	0	1
Number of days without accident	Days	365	365	363
Lost time incident rate	Rate	0.00	NA	NA
Employees trained on health and safety standards	Number	129	NA	NA
Employees receiving general training, which includes safety	Number	63	NA	NA
Human Rights				
Substantiated complaints concerning human rights violations	Number	0	0	0
Community				
Total amount of corporate or group donations/community investments made to externally registered not-for-profit organisations	RM	372,527.70	292,949.00	170,177.91
Total number of beneficiaries of the investment in communities	Number	NA	NA	NA
Marketing and Labelling				
Incidents of non-compliance concerning product and service information and labelling	Number	0	0	0
Incidents of non-compliance concerning marketing communications	Number	0	0	0
Quality, Data Privacy and Security				
Percentage of the company's total property portfolio certified to a recognised building management standard for property	%	0%	NA	NA
Substantiated complaints concerning breaches of customer privacy and losses of customer data	Number	0	0	0

† All social indicators comprise complete data from Hektar Asset Management Sdn Bhd and Hektar Property Services Sdn Bhd.

SUSTAINABILITY STATEMENT

GRI CONTENT INDEX

Statement of use	Hektar REIT has reported the information cited in this GRI content index for the period 1 January to 31 December 2023 with reference to the GRI Standards.
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GRI 1 used	GRI 1: Foundation 2021
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GRI STANDARD	DISCLOSURE	LOCATION
GRI 2: General Disclosures 2021	2-1 Organisational details	4, 5
	2-2 Entities included in the organisation's sustainability reporting	38
	2-3 Reporting period, frequency and contact point	38
	2-4 Restatements of information	No restatement of information
	2-5 External assurance	85 - 87
	2-6 Activities, value chain and other business relationships	16 - 20
	2-7 Employees	79 - 80
	2-8 Workers who are not employees	79
	2-9 Governance structure and composition	42, 90
	2-10 Nomination and selection of the highest governance body	89
	2-11 Chair of the highest governance body	90
	2-12 Role of the highest governance body in overseeing the management of impacts	91 - 93, 111 - 112
	2-13 Delegation of responsibility for managing impacts	95 - 101
	2-14 Role of the highest governance body in sustainability reporting	42
	2-15 Conflicts of interest	48, 93, 108
	2-16 Communication of critical concerns	102, 116, 117
	2-17 Collective knowledge of the highest governance body	91 - 93
	2-18 Evaluation of the performance of the highest governance body	115 - 116
	2-19 Remuneration policies	115
	2-20 Process to determine remuneration	115, 116
	2-22 Statement on sustainable development strategy	40 - 41
	2-23 Policy commitments	40 - 41
	2-24 Embedding policy commitments	40 - 41
	2-25 Processes to remediate negative impacts	45 - 46
	2-26 Mechanisms for seeking advice and raising concerns	43 - 44
	2-27 Compliance with laws and regulations	40, 48, 49, 66
	2-28 Membership associations	50
	2-29 Approach to stakeholder engagement	43 - 44
	2-30 Collective bargaining agreements	71
	GRI 3: Material Topics 2021	3-1 Process to determine material topics
3-2 List of material topics		43 - 44

SUSTAINABILITY STATEMENT

GRI STANDARD	DISCLOSURE	LOCATION
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	6, 7
	201-2 Financial implications and other risks and opportunities due to climate change	60
	201-3 Defined benefit plan obligations and other retirement plans	65
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	4, 5
	203-2 Significant indirect economic impacts	4, 5
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	78
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	78
	205-2 Communication and training about anti-corruption policies and procedures	48
	205-3 Confirmed incidents of corruption and actions taken	78
GRI 302: Energy 2016	302-1 Energy consumption within the organisation	78
	302-2 Energy consumption outside of the organisation	78
	302-3 Energy intensity	78
	302-4 Reduction of energy consumption	78
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	55
	303-5 Water consumption	79
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	78
	305-2 Energy indirect (Scope 2) GHG emissions	78
	305-3 Other indirect (Scope 3) GHG emissions	78
	305-4 GHG emissions intensity	79
	305-5 Reduction of GHG emissions	78
GRI 306: Waste 2020	306-2 Management of significant waste-related impacts	55
	306-4 Waste diverted from disposal	79
	306-5 Waste directed to disposal	79
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	78
	308-2 Negative environmental impacts in the supply chain and actions taken	49 - 50
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	80
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	65
GRI 402: Labour/ Management Relations 2016	402-1 Minimum notice periods regarding operational changes	67

SUSTAINABILITY STATEMENT

GRI STANDARD	DISCLOSURE	LOCATION
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	65 - 66
	403-3 Occupational health services	66
	403-4 Worker participation, consultation, and communication on occupational health and safety	67
	403-5 Worker training on occupational health and safety	66
	403-6 Promotion of worker health	67
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	66
	403-8 Workers covered by an occupational health and safety management system	66
	403-9 Work-related injuries	81
	GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee
404-2 Programs for upgrading employee skills and transition assistance programs		68
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	79 - 80
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	No case of discrimination reported during this reporting period
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	71
GRI 408: Child Labour 2016	408-1 Operations and suppliers at significant risk for incidents of child labour	70
GRI 409: Forced or Compulsory Labour 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labour	70
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	62 - 63
GRI 415: Public Policy 2016	415-1 Political contributions	78
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	74 - 75
GRI 417: Marketing and Labeling 2016	417-1 Requirements for product and service information and labeling	7, 81
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	81

INDEPENDENT LIMITED *Assurance Report*

to Hektar Asset Management Sdn. Bhd. on Hektar Real Estate Investment Trust's
Selected Sustainability Information for the financial year ended 31 December 2023



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Hektar Asset Management Sdn. Bhd.

D1-U3-10, Solaris Dutamas,
No. 1, Jalan Dutamas 1, Sri Hartamas,
50480, Kuala Lumpur

Dear Sirs,

Independent Limited Assurance Report on Selected Sustainability Information of Hektar Real Estate Investment Trust for the financial year ended 31 December 2023

We, KPMG PLT ("KPMG"), were engaged to provide limited assurance on Hektar Real Estate Investment Trust's ("Hektar REIT") Selected Sustainability Information (the "Subject Matter"), published in Hektar REIT's Annual Report for the financial year ended 31 December 2023 (the "Annual Report"), in the form of an independent limited assurance conclusion as to whether anything has come to our attention that would cause us to believe that the Subject Matter, in all material respects, has not been prepared in accordance with Hektar REIT's definition and calculation methodologies, including any significant inherent limitations (the "Applicable Criteria").

Subject Matter

The Selected Sustainability Information covered by our limited assurance engagement are as follows:

- 1) Percentage of employees who have received training on anti-corruption by employee category (%);
- 2) Number of employees trained on health and safety standards (No.);
- 3) Total electricity consumption (landlord only) (MWh); and
- 4) Total volume of water used (landlord only) (m3).

The boundary of the limited assurance engagement by KPMG on the Selected Sustainability Information for 1) and 2) above covers Hektar Asset Management Sdn. Bhd. and Hektar Property Services Sdn. Bhd. and the boundary for 3) and 4) above covers Hektar REIT's properties namely Subang Parade, Mahkota Parade, Central Square, Kulim Central, Classic Hotel, Wetex Parade and Segamat Central.

Board of Directors and Management's Responsibilities

The Board of Directors (the "Directors") of Hektar Asset Management Sdn. Bhd., ("HAMSB" or the "Manager") and the management of the Manager (the "Management") are responsible for the preparation and presentation of the Subject Matter in accordance with the Applicable Criteria, and the information and assertions contained within it; for determining that the criteria is appropriate to meet their needs; and for establishing and maintaining appropriate performance management and internal control systems from which the Subject Matter is derived.

The Directors and the Management are responsible for the prevention and detection of fraud and error mainly through the implementation and continued operation of an adequate system of internal control.

INDEPENDENT LIMITED ASSURANCE REPORT

to Hektar Asset Management Sdn. Bhd. on Hektar Real Estate Investment Trust's
Selected Sustainability Information for the financial year ended 31 December 2023



Hektar Real Estate Investment Trust ("Hektar REIT")
*Independent Limited Assurance Report on Selected Sustainability
Information of Hektar REIT for the financial year ended 31 December 2023
22 February 2024*

Board of Directors and Management's Responsibilities (continued)

The Directors and the Management are also responsible for ensuring that staff involved with the preparation and presentation of the description of the Subject Matter in the Annual Report are properly trained, ensuring that information systems are properly updated and that any changes in reporting encompass all significant business units.

The Directors and the Management are responsible for disclosing to us their knowledge of: (i) known, actual or possible non-compliance with laws or regulations that have or may have a material effect on the Subject Matter; and (ii) allegations of or suspected fraud or dishonesty committed against Hektar REIT.

The Directors and the Management are responsible to make available to us the Subject Matter and any other information timely to facilitate the completion of the engagement within the required time frame.

The Directors and the Management are responsible for disclosing to us facts that may affect the Subject Matter, of which they may become aware up to the date of the independent limited assurance report.

Our Responsibilities

Our responsibility is to carry out a limited assurance engagement and to express a limited assurance opinion based on the work performed and evidence obtained.

We conducted our engagement in accordance with Malaysian Approved Standard on Assurance Engagements (ISAE) 3000 (Revised), *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information*. This standard requires that we plan and perform procedures to obtain limited assurance that nothing has come to our attention that causes us to believe that the Subject Matter, in all material respects, is not prepared in accordance with the Applicable Criteria.

Procedures Performed

Our limited assurance engagement on the Subject Matter consists of making enquiries, primarily of persons responsible for the preparation of the Subject Matter, and applying analytical and other evidence gathering procedures, as appropriate. These procedures, amongst others, included:

- Enquired Management to gain an understanding of the processes established from which the Subject Matter is derived;
- Interviewed relevant staff responsible for preparing and presenting the Subject Matter in the Annual Report;
- Compared the Subject Matter presented in the Annual Report to underlying sources on a sample basis to determine whether the relevant information has been appropriately disclosed; and
- Read the Subject Matter presented in the Annual Report to determine whether they are in line with our overall knowledge of, and experience with, the sustainability performance of Hektar REIT.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement and consequently the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

INDEPENDENT LIMITED ASSURANCE REPORT

to Hektar Asset Management Sdn. Bhd. on Hektar Real Estate Investment Trust's
Selected Sustainability Information for the financial year ended 31 December 2023



Hektar Real Estate Investment Trust ("Hektar REIT")
*Independent Limited Assurance Report on Selected Sustainability
Information of Hektar REIT for the financial year ended 31 December 2023
22 February 2024*

Our Quality Management and Independence

Our firm applies Malaysian Approved Standard on Quality Management, ISQM 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have complied with the independence and other ethical requirements of the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Inherent Limitations

Due to the inherent limitations of any internal control structure, it is possible that errors or irregularities in the information presented in the Annual Report may occur and not be detected. Our engagement is not designed to detect all weaknesses in the internal controls over the preparation and presentation of the Annual Report, as the engagement has not been performed continuously throughout the period and the procedures performed were undertaken on a test basis.

Conclusion

Our conclusion has been formed on the basis of, and is subject to, the matters outlined in this report.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Based on the limited assurance procedures performed and evidence obtained, as described above, nothing has come to our attention that would cause us to believe that the Subject Matter for the financial year ended 31 December 2023 is not prepared, in all material respects, in accordance with the Applicable Criteria.

Restriction on distribution and use of our report

In accordance with the terms of our engagement, this report on the Subject Matter has been prepared for the Directors for the purpose as described in the first paragraph of this report and for no other purpose. Our report should also not be regarded as suitable to be used or relied on by any other party.

We consent to the inclusion of this report in Hektar REIT's Annual Report in respect of the financial year ended 31 December 2023, to assist the Directors in responding to their governance responsibilities by obtaining independent limited assurance report on the Subject Matter. We will not accept any liability or responsibility to any other party to whom our report is shown or into whose hands it may come.

A handwritten signature in blue ink that reads 'KPMG'.

KPMG PLT
(LLP0010081-LCA & AF 0758)
Chartered Accountants

Petaling Jaya

Date: 22 February 2024