



A mural masterpiece known as the "Tree of Hope" was commissioned by MRCB Land to rejuvenate an old building along the Old Klang Road.

SUSTAINABILITY STATEMENT

ABOUT THIS STATEMENT

As one of Malaysia's leading urban property and infrastructure developers, Malaysian Resources Corporation Berhad (MRCB or the Group) understands its responsibility to uphold strong standards and shape the industry by practising and promoting sustainable development. MRCB has progressively translated its vision for sustainable growth into initiatives that are embedded in the business' strategy.

During this reporting period, we have had the opportunity to assess our performance and refocus our efforts on achieving business growth and success using the lens of sustainability.

We strive to strengthen our position and reputation in the industry through these efforts, and continue to adapt to the changing social, environmental, and economic conditions.

By incorporating sustainability throughout our value chain and executing our business strategy, we believe we can make a positive impact on our community and the environment.

Format

As part of our efforts to improve transparency, relevant section/subsections are mapped to corresponding GRI Indicators throughout this Sustainability Statement.

Scope of this Statement

102-1, 102-3, 102-4, 102-6, 102-50, 102-52

This statement includes the domestic operations of MRCB under its Property Development & Investment (MRCB Land) and Engineering, Construction and Environment (MRCB Builders) divisions, which consist of subsidiaries that MRCB has direct control of and in which the Group holds a majority stake.

Reporting Period

102-50

The reporting period covered in this statement is from 1 January to 31 December 2019. Where possible, information from previous years has been included to provide comparative data.

Our Reporting Framework

102-54

This statement has been prepared in accordance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (Bursa Securities) and with reference to the Sustainability Reporting Guide issued by Bursa Securities. The framework of the statement, on the other hand, is in line with the reporting standards of the Global Reporting Initiative (GRI).

Feedback

102-53

We value feedback from our stakeholders and will use them to improve our reports and initiatives. To raise questions, concerns, or comments, you may contact:

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Email : renard.siew@mrcb.com

SUSTAINABILITY STATEMENT

OUR APPROACH TO SUSTAINABILITY

Corporate Sustainability Goals

Our approach to sustainability is founded on the five (5) pillars of sustainability: people, planet, partnership, prosperity, and peace. These pillars define our focus areas that align our ambition for sustainable growth with our goals for business success, in the short, medium and long-term.

PEOPLE

MRCB is determined to effectively engage with all its stakeholders including its employees and ensuring a positive impact to society

PEACE

MRCB is committed to upholding the highest ethical standards in all areas of our business, ensuring transparency and honest conduct

PROSPERITY

MRCB is committed to upholding competitive financial performance that is beneficial to the Company, employees, and the national economy and society



PLANET

MRCB pledges to explore innovative approaches and adopt green practices in order to minimise our impact to the environment

PARTNERSHIP

MRCB is keen to form valuable partnerships that are beneficial and aim at tackling global problems

Our Contribution to the United Nations Sustainable Development Goals (UN SDGs)

As a leading property and construction player in the country and as a responsible business, we recognise the need to contribute to global efforts such as the UN SDGs for sustainable development. The business case for sustainability is strong and will enable businesses to better manage risks, anticipate consumer demand, build position in growth markets and strengthen their supply chain.

In 2017, we selected two (2) UN SDGs: Goals 9 (Industry, Innovation and Infrastructure) and 11 (Sustainable Cities and Communities), which are well aligned with our values and business goals. In 2018, we identified six (6) additional SDGs which reflected our strengthened efforts to build a sustainable business. The SDGs selected were based on the economic, environmental, and social impacts of the company, and the initiatives we conduct to contribute to specific goals as defined by the UN. In 2019, we maintained all eight (8) UN SDGs because they continue to represent our aspirations and business direction to build stronger initiatives to achieve the relevant SDG targets.



SDGs

- Prioritising health and safety in our business operations by adopting safety standards and systems as well as implementing a Quality, Environmental, Safety and Health (QESH) policy, in addition to various safety measures to protect our employees, subcontractors, clients and the general public
- We promote healthy lifestyles by organising programmes that focus on employee well-being and safety
- We manage our construction wastes responsibly and ensure proper storage as well as disposal of hazardous and non-hazardous waste



- We promote and participate in educational programmes; aimed at inspiring and motivating young Malaysians to excel in their studies
- We "adopt" primary schools from communities located within the vicinity of our project sites providing them learning resources
- We have been involved in renovating and upgrading schools and libraries for underprivileged children



- We acknowledge women's contribution in the industry and have declared our commitment to promoting the advancement of women, especially in fields related to property development, engineering and construction



- We are able to provide more employment opportunities, especially to locals, and contribute to the development of the national economy
- We embarked on the PEKA@MRCB programme which stands for 'Peluang Kedua Anda' providing employment opportunities for selected offenders who are at the tail end of their prison sentences
- We provide competitive salaries and benefit packages to our employees in addition to training opportunities for career growth and development



- We develop and construct green buildings, and where possible make efforts to incorporate sustainable features in our infrastructure projects
- We use the latest technologies to construct our buildings and pave the way for innovation



- As a leading urban developer of Transit Oriented Developments (TODs), we contribute to connecting communities and businesses, reducing GHG emissions in cities and promoting sustainable lifestyles by encouraging people to walk and travel using public transport
- We have been involved in the construction of infrastructure that enhances the sustainable features of cities such as public transport systems, green buildings and affordable housing.
- We build award winning, environmentally efficient buildings



- We implement our QESH policy at project sites, which includes the practice of the 3Rs (Reduce, Reuse, and Recycle)
- We have started to track water and energy usage at our project sites besides implementing strategies to improve efficiency
- We deliver training courses and toolbox talks regularly to educate our site workers and employees on how to carry out site inspections, dispose hazardous waste in a proper manner, and ensure compliance with the Environmental Quality Act 1974



- We keep track of the carbon dioxide (CO₂) emissions of our company vehicles
- We record our energy, water consumption and waste generation. We are currently planning ways to increase our energy efficiency as well as reduce waste across all our business operations

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OUR APPROACH TO SUSTAINABILITY

Sustainability Governance

We are in the midst of developing a governance structure dedicated to sustainability, one that complements our existing organisational structure and underscores the importance of involving Senior Management to reiterate MRCB's vision for sustainable development. At MRCB, the Senior Management helps promote and recommend activities that strengthen the culture of sustainability throughout the organisation.

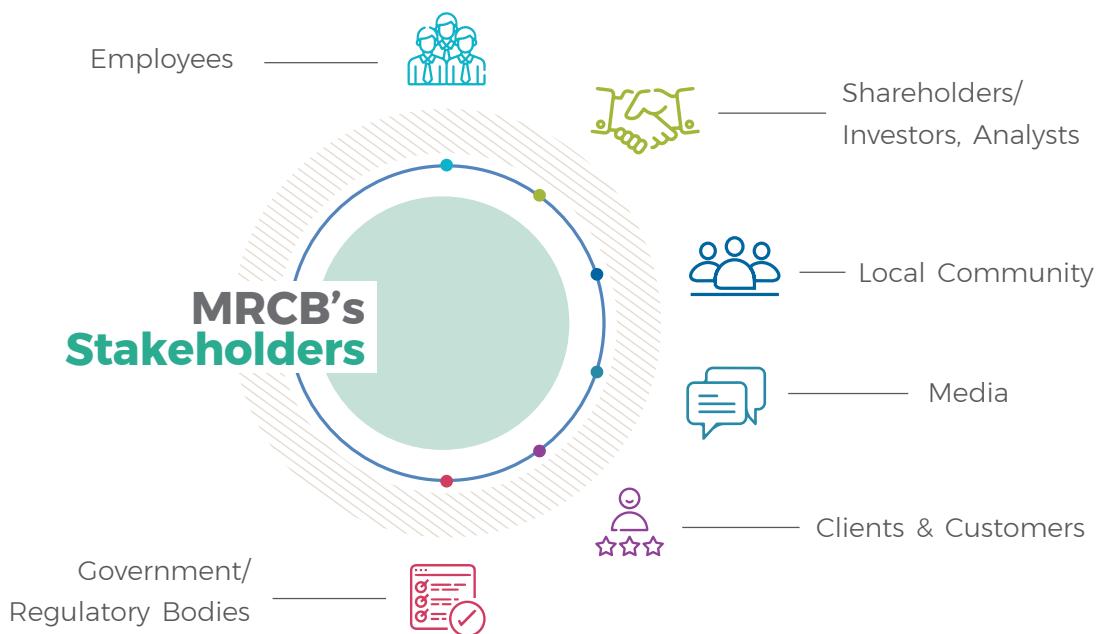
MRCB's Board of Directors (Board) oversees the Group's progress on the economic, environmental and social aspects of sustainability and endorses the direction of the organisation in terms of its approach to sustainability. With Board oversight, sustainability strategies are translated into effective implementation of initiatives throughout the Group.

The Group Managing Director (GMD) along with the Chief Corporate Officer prepare the Group to further improve its year on year sustainability performance and this involves sound decision-making for improvements on aspects of governance, policy and procedure when needed. The GMD develops the sustainability agenda encompassing all aspects, including addressing issues identified in previous years to better enhance MRCB's strategy, and then proposes it to the Board.

Stakeholder Engagement 102-40, 102-42, 102-43, 102-44

Stakeholder engagement is critical in determining business success. Engaging in meaningful dialogue with our internal and external stakeholders is an essential step towards understanding their expectations, concerns and interests regarding our business performance.

Stakeholder feedback is a valuable input that we take into consideration when designing our approach and strategy to propel the sustainable growth of our business. It helps us address concerns raised and identify areas that need improvement.



STAKEHOLDERS	AREAS OF CONCERN	METHODS OF ENGAGEMENT	FREQUENCY	ADDRESSING STAKEHOLDERS' CONCERN
 EMPLOYEES	<ul style="list-style-type: none"> Remuneration and benefits Career development and training opportunities Work-life balance Workplace health and safety 	<ul style="list-style-type: none"> Annual Appraisals Training Programmes Employee Events 	<ul style="list-style-type: none"> Annually Quarterly Throughout the year 	<ul style="list-style-type: none"> Provision of benefits for employees such as annual leave, medical benefits and other benefits Organisation of engagement programmes for employees Provision of opportunities for training and career development
 GOVERNMENT/ REGULATORY BODIES	<ul style="list-style-type: none"> Regulatory Compliance Waste Management Labour Practices Corporate Governance 	<ul style="list-style-type: none"> Inspections by local authorities Workshops Audits 	<ul style="list-style-type: none"> Throughout the year Throughout the year Throughout the year 	<ul style="list-style-type: none"> Management of scheduled waste and non-scheduled waste as per environmental laws and regulations Provision of Centralised Labour Quarters (CLQ) for foreign workers which focuses on their well-being (provision of clean water supply, enhanced fire safety regulations and recreational areas) Establishment of Corporate Governance relevant documents such as Corporate Governance Statements, Anti-Bribery, Code of Business Ethics, Whistleblowing Policy and many more
 CLIENTS & CUSTOMERS	<ul style="list-style-type: none"> Quality and workmanship Product Safety Design and features 	<ul style="list-style-type: none"> Customer Surveys 	<ul style="list-style-type: none"> Throughout the year 	<ul style="list-style-type: none"> QLASSIC assessment Pre-delivery Inspection prior to handing over of products to purchaser Adoption of ISO 9001:2015 Quality Management System Customer Satisfaction Survey
 MEDIA	<ul style="list-style-type: none"> Financial Performance Transparent communications Corporate Strategy 	<ul style="list-style-type: none"> Press Releases Media Networking Sessions 	<ul style="list-style-type: none"> Throughout the Year Throughout the Year 	<ul style="list-style-type: none"> Organisation of Press Releases and Media Networking Sessions
 LOCAL COMMUNITY, CIVIL SOCIETY & NGOs	<ul style="list-style-type: none"> Social Contributions 	<ul style="list-style-type: none"> Donations Community Engagement Programmes 	<ul style="list-style-type: none"> Throughout the year Bi-annually 	<ul style="list-style-type: none"> The Yayasan MRCB conducted various programmes for the community such as: <ul style="list-style-type: none"> Education and financial assistance for underprivileged students Empowerment programme for Orang Asli youth with physical limitations
 SHAREHOLDERS/ INVESTORS, ANALYSTS	<ul style="list-style-type: none"> Economic Performance Corporate Governance 	<ul style="list-style-type: none"> Annual General Meeting Analysts' Briefings Engagement sessions through meetings, conferences and site visits 	<ul style="list-style-type: none"> Annually Quarterly 39 sessions were conducted throughout the year, where we engaged with 126 investment professionals 	<ul style="list-style-type: none"> Provided company updates through: <ul style="list-style-type: none"> Quarterly results briefings Corporate website Investor Relations mobile app One-on-one and group meetings as well as presenting at conferences, both locally and internationally Site visits for investment analyst, eg. Penang Sentral, Kwasa Sentral and the MRCB Building System launch Annual update meetings with Minority Shareholders Watch Group (MSWG) and Malaysian Investor Relations Association (MIRA) Ensured accessibility to Board Members, Senior Management and/or IR team through: <ul style="list-style-type: none"> Media session (AGM) after the Annual General Meetings and Extraordinary General Meetings (EGM) Shareholder access to Board Members and Senior Management before and after the AGM/EGM Direct email and phone access as listed on corporate website

SUSTAINABILITY STATEMENT

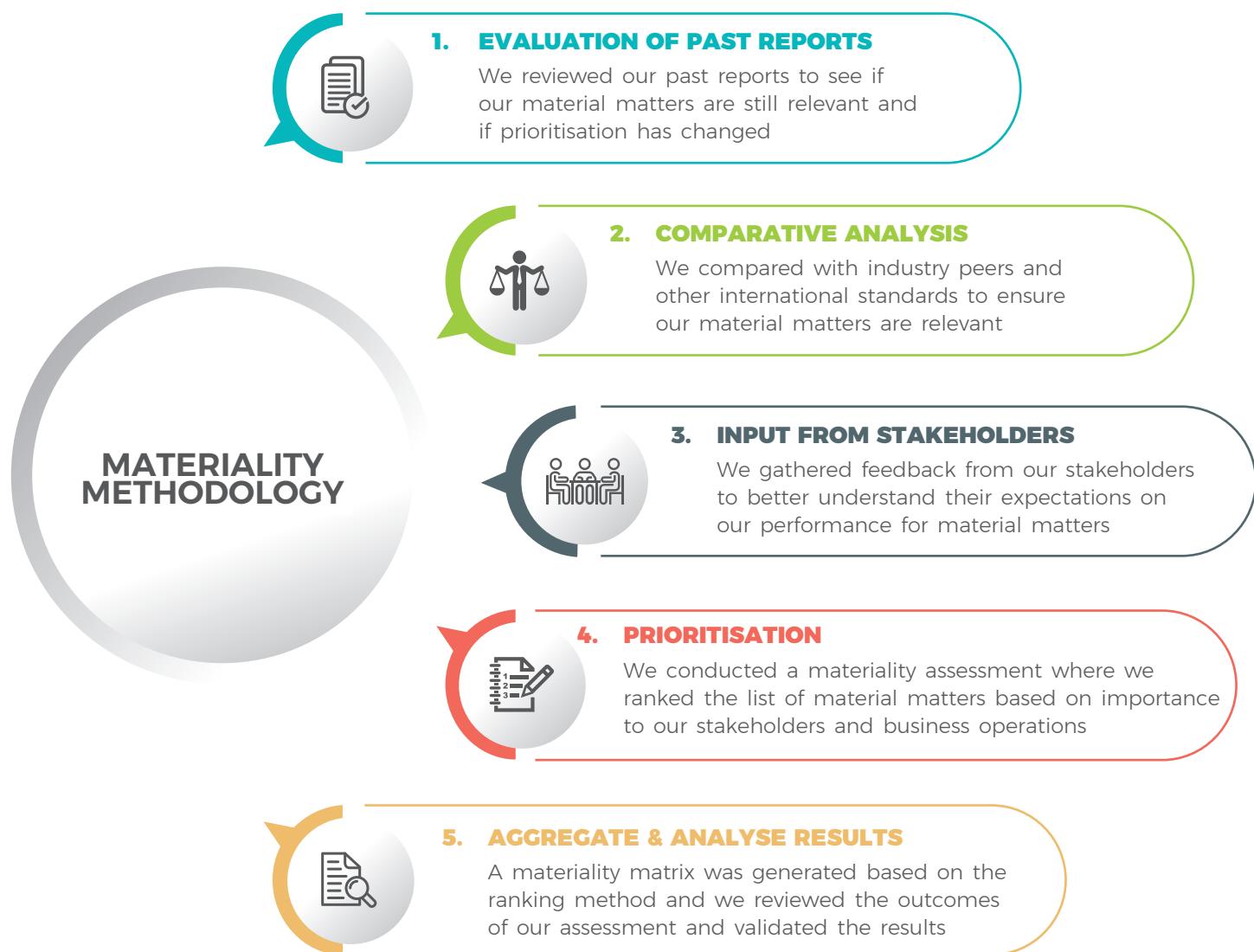
OUR APPROACH TO SUSTAINABILITY

Our Materiality Assessment Process

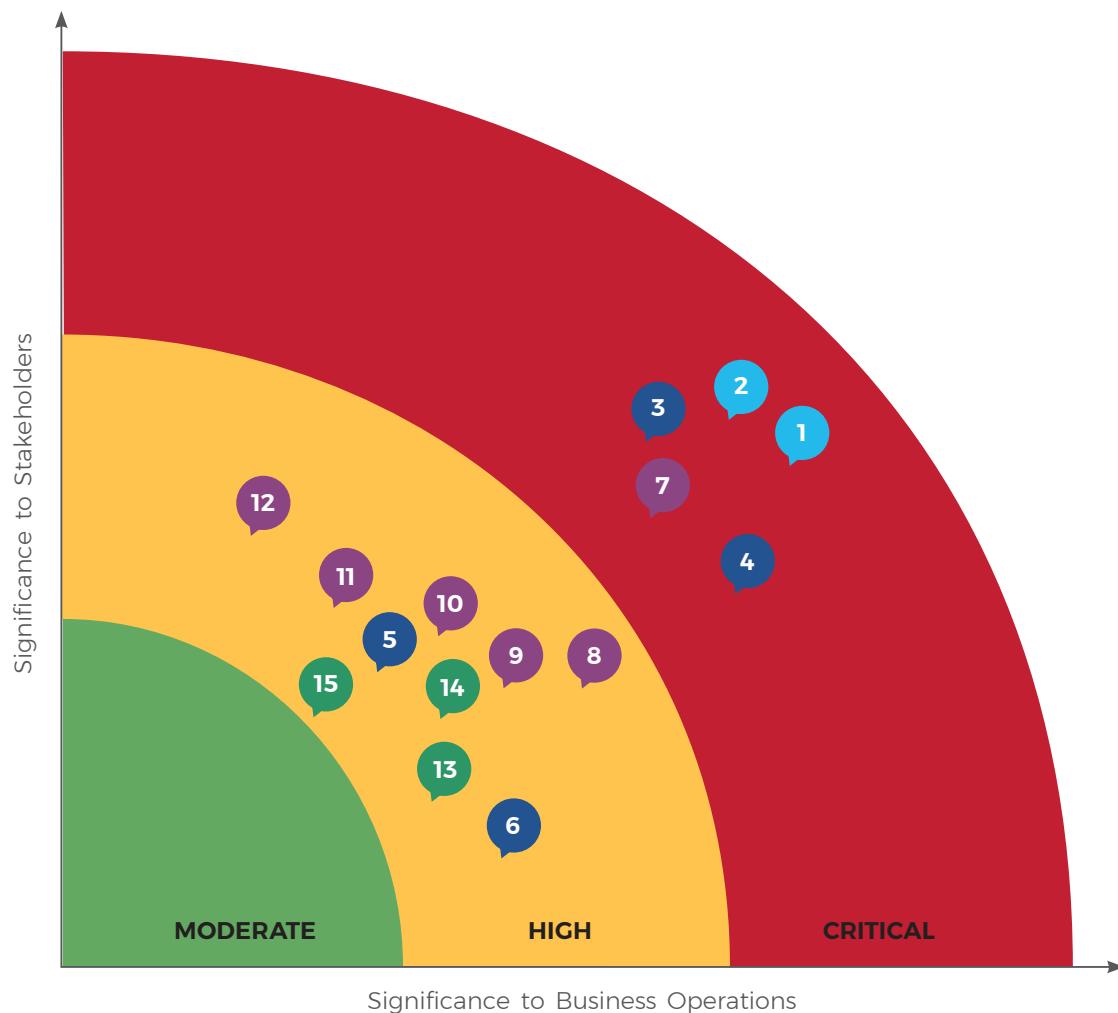
MRCB understands the need to focus efforts on material matters that are most significant to the business and to its stakeholders. We regularly analyse our performance to identify gaps and further evolve our strategy.

As with previous years, we have maintained the same list of material sustainability matters as we feel they best represent our impact on the economy, the environment and society. However, for this reporting period, we have re-evaluated the priority of each of the material matters in terms of their importance to the business and the influence they have on stakeholder decision-making. The last materiality assessment was conducted in 2018 and given the changes in the political and environmental context since then, in the country and internationally, we felt it was timely to re-evaluate.

The step-by-step methodology of our materiality assessment which we undertook is described in the illustration below:



Materiality Matrix



List of Material

- | | |
|--|---|
| | 1 Ethics & Principles |
| | 2 Governance & Compliance |
| | 3 Product Quality & Responsibility |
| | 4 Economic & Business Performance |
| | 5 Indirect Economic Impacts |
| | 6 Responsible Procurement & Supplier Assessment |
| | 7 Health & Safety |
| | 8 Employee Engagement & well-being |
| | 9 Customer Engagement |
| | 10 Diversity & Equal Opportunity |
| | 11 Labour |
| | 12 Local Community Engagement |
| | 13 Materials |
| | 14 Sustainable Construction |
| | 15 Waste |

In 2019, we have maintained all 15 of our material matters that were identified in the previous reporting period, however, based on this year's assessment, the placements of the material issues have changed slightly. This is because we conducted a more accurate assessment, where we solicited feedback from department heads and Senior Management for a more comprehensive view of our priorities. Our method undertook a weighted ranking that allowed for a detailed perspective. The five (5) material matters located in the critical area of the materiality matrix from the 2019 assessment are Ethics & Principles, Governance & Compliance, Economic & Business Performance, Health & Safety, and Product Quality & Responsibility.

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OUR APPROACH TO SUSTAINABILITY

Our Material Issues and Definitions 102-47

The illustration below defines each of our material sustainability matters and the key topics covered under them.



GOVERNANCE

Ethics & Principles

An organisations' values, principles, standards and norms that include due diligence carried out in order to uphold human rights principles, prevent bribery, anti-competition and corruption within its operations or through its relationships with others (e.g. suppliers, customers).



ECONOMIC

Economic & Business Performance

The economic value generated and distributed to the stakeholders. Also, describes the contribution of the organisation in significant infrastructure investments and services development that improve community welfare and local economies.

Indirect Economic Impacts

The contribution of the organisation in significant infrastructure investments and services development that improve community welfare and local economies.



SOCIAL

Employee Engagement & Well-being

Engaging with our employees to ensure talent attraction and retention for skilled a workforce. This entails providing training, benefits, and a healthy work environment.

Health & Safety

Integrating principles of health and safety throughout the organisation's business operations and in the life-cycle of the product.

Local Community Engagement

Efforts to manage impacts on people in surrounding communities at our project sites, through understanding and to contribute to their needs.

Customer Engagement

Enhancing our products and services by understanding clients and customers' preferences, providing an overall positive customer experience to maintain reputation.

Diversity & Equal Opportunity

Equal provision of opportunity to all employees across operations. Diversity pushes innovation through exchange of perspectives and strengthens the organisation.

Labour

Efforts to improve labour related processes including the hiring of local and foreign labour, including participating in initiatives that alleviate socio-economic issues.



ENVIRONMENT

Materials

Efforts to reduce resource consumption to mitigate environmental impact. How we track and monitor consumption to reduce operational cost.

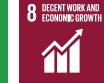
Waste

Proper waste management throughout the organisation's business operations including 3R practices (reduce, reuse and recycle).

Sustainable Construction

Reducing negative environmental impact in building design and delivery. Such efforts include adhering to relevant green building standards, managing energy and water consumption, integrating sustainable designs, and sustainable practices in the construction and operation of the buildings.

- To further illustrate our commitment to sustainability, we have aligned our material sustainability matters to the relevant stakeholder groups, the corresponding GRI indicators and the UN SDGs. The mapping of our matters to the SDGs are based on specific targets that have been outlined by the UN, and that match our current practices and initiatives.

Material Sustainability Matters	Relevant Stakeholders	Corresponding GRI Indicators	SDGs
Governance			
Ethics & Principles	<ul style="list-style-type: none"> Shareholders/Investors and Analysts Employees Government/Regulatory Authorities Customers & Clients 	102: General Disclosure 103: Management Approach 205: Anti-corruption 206: Anti-competitive Behaviour	 
Governance & Compliance	<ul style="list-style-type: none"> Government/Regulatory Authorities Shareholders/Investors and Analysts 	307: Environmental Compliance 419: Socioeconomic Compliance	 
Economic			
Product Quality and Responsibility	<ul style="list-style-type: none"> Shareholders/Investors and Analysts Customers & Clients 	103: Management Approach 201: Economic Performance	 
Economic Business & Performance	<ul style="list-style-type: none"> Shareholders/Investors and Analysts Employees 	201: Economic Performance	 
Indirect Economic Impacts	<ul style="list-style-type: none"> Community Shareholders/Investors and Analysts 	203: Indirect Economic Impacts	 
Sustainable Procurement & Supplier Assessment	<ul style="list-style-type: none"> Customers & Clients 	204: Procurement Practices 308: Supplier Environmental Assessment 414: Supplier Social Assessment	 
Social			
Health & Safety	<ul style="list-style-type: none"> Employees Government/Regulatory Authorities 	403: Occupational Health & Safety	 
Employee Engagement & Well-being	<ul style="list-style-type: none"> Employees 	401: Employment 404: Training and Education	  
Customer Engagement	<ul style="list-style-type: none"> Customers & Clients 	418: Customer Privacy	 
Diversity & Equal Opportunity	<ul style="list-style-type: none"> Employees 	405: Diversity and Equal Opportunity	  
Labour	<ul style="list-style-type: none"> Employees Shareholders/Investors and Analysts Government/Regulatory Authorities 	G4 Sector Specific – Construction and Real Estate Sector Disclosures	 
Local Community Engagement	<ul style="list-style-type: none"> Local Community, Civil Society, and NGOs 	413: Local Communities	   
Environment			
Materials	<ul style="list-style-type: none"> Government/Regulatory Authorities 	301: Materials	 
Sustainable Construction	<ul style="list-style-type: none"> Shareholders/Investors and Analysts Customers & Clients 	302: Energy 303: Water and Effluents 305: Emissions	  
Waste	<ul style="list-style-type: none"> Communities Government/Regulatory Authorities 	306: Effluents and Waste	  

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UPHOLDING STRONG GOVERNANCE

Governance & Compliance 419-1

Transparency and accountability are the twin foundations of a business and imperative if it is to succeed. Corporations are expected today to have exceedingly sound governance practices, at a degree never seen before.

We are cognisant of the expectations of our stakeholders, and by building strong governance and risk management controls, we gain stakeholder trust. We ranked 1st place in the Malaysian Institute in Corporate Governance's "Transparency in Corporate Reporting" report in 2019. MRCB also climbed higher in the Minority Shareholder Watch Group's (MSWG) MSWG-ASEAN Corporate Governance Awards, ranking 33rd in 2019 out of all listed companies, up from 67th in 2018. Thereby, demonstrating our commitment to sound governance practices and the importance we place on operating with accountability.

Risk intelligence at the most fundamental level covers regulatory compliance. Some of the key regulations we adhere to are the Companies Act 2016, Main Market Listing Requirements of Bursa Malaysia Securities Berhad, Malaysian Code on Corporate Governance (MCCG) (see *Corporate Governance Overview Statement on page 86*), requirements of the Environmental Quality Act 1974, Occupational Safety and Health Act 1994, and guided by other best practices and standards such as those outlined in the ASEAN Corporate Governance Scorecard.

However, the cause and effect of the fast-changing political, environmental and economic climate can potentially lead to changes in the regulatory landscape. As a responsible player in the construction industry, we strive to build business resilience and to have a holistic view of the economic, environmental and social risks that could impact our business.

With regards to section 17A of the Malaysian Anti-Corruption Commission Act 2009 on corporate liability, which will come into effect on 1st June 2020, we are fully cognizant of the far-reaching implications of this new provision. In addition to having acquainted ourselves with the contents and principles of this provision, we have put in place adequate procedures as a defense against corporate liabilities for corruption offences committed by persons associated with the Company through the setting up of a robust ISO 37001 certified Anti-Bribery Management System (ABMS).

Our efforts to go beyond compliance to future proof our business is evident in the voluntary practices recommended by the Malaysian Code of Corporate Governance (MCCG) 2017 we have undertaken. MRCB fully supports the recommendations outlined in the MCCG which contains a multitude of Practices and Step-Up Practices to promote good standards of transparency and corporate governance. In 2019 we adopted 29 out of the 32 Practices prescribed by the MCCG and all 4 of the Step-Up Practices that aim to raise the bar even higher for governance practices and processes, going well beyond existing regulatory requirements. (Refer to the *Corporate Governance Overview Statement on page 86*)

Through these efforts, we achieved a score of 95.98% in the 2018 ASEAN Corporate Governance Scorecard, an initiative by the Minority Shareholders Watchdog Group. Led by the Chief Corporate Officer's office, we are actively working with internal and external stakeholders to identify and close the remaining gaps on an annual basis.

Ethics & Principles 205-2

MRCB has policies in place to ensure that its employees conduct business ethically and with integrity. The policy owners are MRCB's Integrity and Discipline Department (IDD) and the Human Resources Department (HR) which ensure employees and other stakeholders adhere to the relevant laws and regulations.

Our Code of Business Ethics (CBE) and the Anti-Bribery and Corruption Policy (ABC Policy or the Policy) govern the Group's business conduct. MRCB's Code and policies are communicated to every employee during the induction programme which includes viewing MRCB's Anti-Bribery Management System (ABMS) and whistleblowing videos. MRCB's website and intranet via the SharePoint platform are also available to employees, where they can learn more about our policies and expectations regarding business conduct.

Anti-Bribery & Corruption

The Group has a zero-tolerance approach to all forms of corruption. In 2019, we are pleased to note that no incidents of corruption or bribery were reported.

Our main safeguard against corruption is our ABMS. This system recognises the requirements of:

- ISO 37001:2016
- Malaysian Anti-Corruption Commission (MACCA) Act 2009
- Companies Act 2016
- US Foreign Corrupt Practices Act 1977 (amended 1998) and
- UK Bribery Act 2010

MRCB's embarked on the journey of establishing the ABMS in 2017. The preparation undertaken towards implementing the ABMS consisted of five stages based on the standards set out in the ISO 37001:2016 Anti-Bribery Management System (ISO ABMS).

In 2019, the ABMS and relevant Policies and Procedure were officially introduced in MRCB:

- i. Anti-Bribery & Corruption Policy
- ii. Due Diligence Guidelines
- iii. Conflict of Interest Policy
- iv. Anti-Bribery Controls for Controlled Organisation and Business Associates Policy
- v. Revised Gifts, Hospitality, Donations and Similar Benefit Policy
- vi. Revised Whistleblowing Policy

As of 31 December 2019, a total of 886 MRCB staff attended ABMS training.

Along with MRCB Corporate Integrity Pledge (CIP), MRCB instills five (5) anti-corruption principles as shown below:



Whistleblowing

MRCB has a Whistleblowing Policy, which is accessible via the company's website that allows individuals to report any misconduct occurring within MRCB and its operations without fear of any reprisals. Internally, we have also established a Grievance Policy and Procedure, where employees can have their complaints or grievances recorded and put into consideration for resolution. A whistleblower can make a disclosure on improper conduct to whistleblowing@mrcb.com. In 2019, two whistleblowing cases (related to employee misconduct) were recorded and were fully investigated.

In addition, MRCB also has a Referral Policy that allows any employee to report incidents such as violation of any applicable laws and regulations to the authorities, including Polis Diraja Malaysia, government bodies or regulatory authorities.

Gifts, Hospitality, Donations and Similar Benefits Policy

MRCB enforces a policy that strictly prohibits employees from directly or indirectly receiving or providing any gifts, kickbacks or gratuities in any form that may compromise their judgement or decision making. Gifts that are offered to any of our employees must be politely declined and/or returned, preferably without causing offence or disruption to business relations. Training sessions and communication programmes have been carried out since 2018 to help employees better understand the implementation of this policy and how to professionally manage various situations involving gifts, such as dinner events or during seasonal festivities.

Data Privacy & Protection

Technology has become increasingly integral to the workplace allowing for effective and efficient collaboration over various platforms and across a vast network of people. However, this also increases the threat and risk of cyber-attacks that can threaten the security of information/data collected and used by the organisation. MRCB has implemented strong cyber security measures to protect the data of the company as well as our clients and other stakeholders. (For more information refer to SORMIC on pages 108 – 116)

In 2019, there were a total of 87 phishing attempts, of which only one (1) employee accidentally clicked on a phishing link. Action was taken and the matter was immediately reported to the IT helpdesk to ensure that they monitored further suspicious activity. To avoid further security breaches, the IT helpdesk disconnected the employee from the network and then followed through with steps to recover and enable a secure network connection.

Our efforts to increase awareness of such threats include employees being regularly alerted about the latest viruses and scams to extract data through email alerts, knowledge sharing through short video clips and monthly bulletins that cover topics like ransomware and password protection. MRCB strives to ensuring that employees are well informed to protect themselves and the company.

SUSTAINABILITY STATEMENT

ECONOMIC CONTRIBUTIONS

Economic and Business Performance 201-1

Economic performance is imperative to the sustainability of the Group as it supports the growth of our business operations. It is a top priority for MRCB as well as for our stakeholders, and as such, appropriate risk management plans and processes have been set in place in order to maximise value returned to our shareholders. Please refer to pages 64 – 69 of this report for full details on our financial highlights. To read the full disclosure of our financial performance, kindly refer to MRCB's Financial Report 2019.

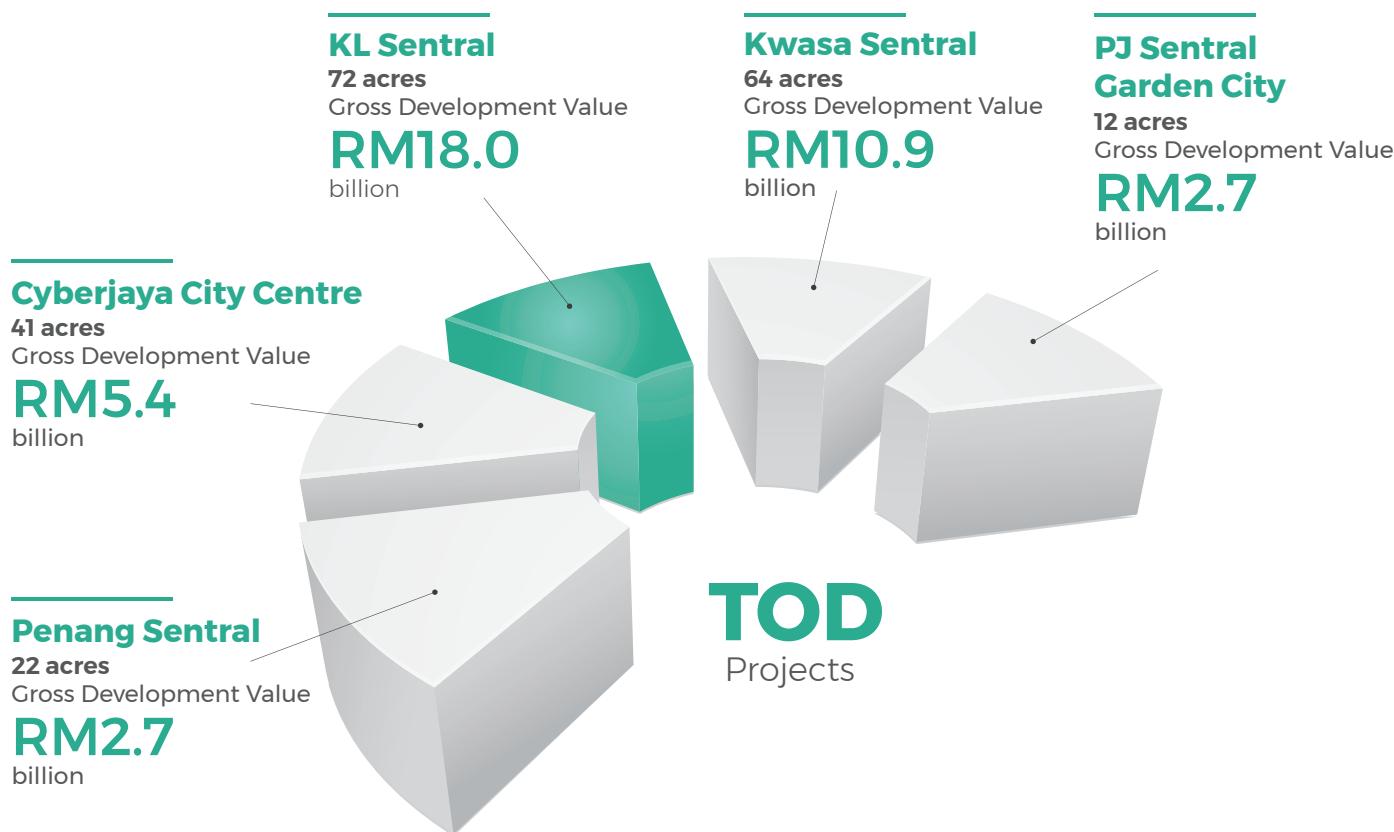
Indirect Economic Impact 203-2

In Malaysia, we are the pioneer of Transit Oriented Developments (TODs) and have led the way in effecting a paradigm shift in public transport connectivity. TODs support mixed use developments where communities of residences, offices, restaurants, shops, hotels, hospitals and schools are all within walking distance from each other and mass transportation hubs.

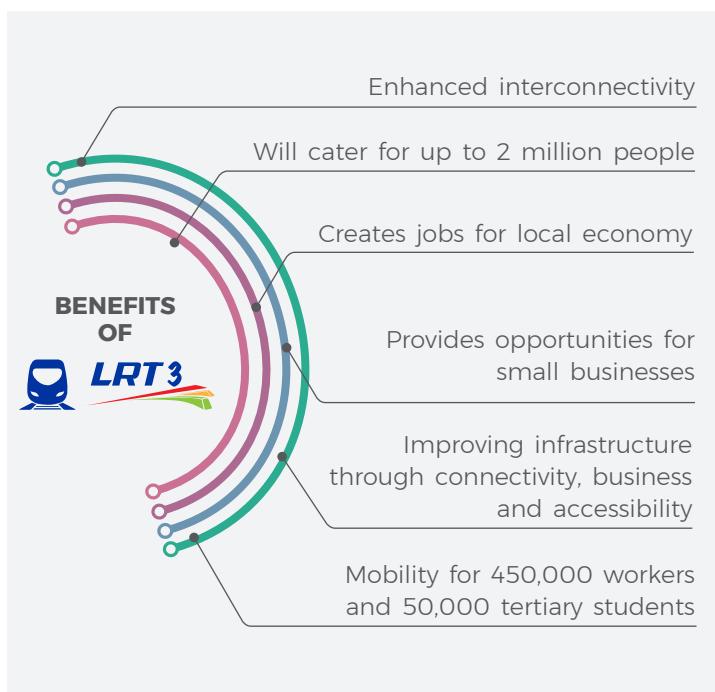
Our developments successfully integrate living and working spaces, and are designed to increase productivity and connectivity while ensuring they are sustainable – our role as a TOD developer naturally incorporate sustainability, as these developments encourage city dwellers to choose urban mass transport infrastructure for commuting, taking motor vehicles off roads thus reducing carbon emissions. In enhancing the public's commuting experience, we also focus on connectivity and convenience, paying particular attention to the proximity and integration of our developments to public transportation.

By developing high density, mixed-use real estate around rail stations, we spur economic development and spearhead environmental initiatives. Improving connectivity and increasing accessibility to public transportation reduces car usage and a concomitant reduction in carbon emissions. The creation of such hubs attracts investors for commercial and retail development thus providing economic benefits to both corporates and retailers.

Our flagship TOD projects include:



For detail on our TODs, please refer to pages 20 – 21



Our 50%-owned subsidiary MRCB George Kent Sdn Bhd (MRCBGK) was appointed by Prasarana Malaysia Bhd to be the turnkey contractor for the design and construction of the Light Rail Transit Line 3 (LRT3). The completion of the LRT3 will cater to over 2 million people, enhancing interconnectivity and mobility for a population of 450,000 workers and 50,000 tertiary students in the Western Corridor of Klang Valley. The design phase of the LRT3 project was conferred by the Construction Industry Development Board (CIDB) with a 5-Star Sustainable INFRASTAR, the highest level certification (See Green Infrastructure page 153).

Additionally, our bridge linking Old Klang Road and the New Pantai Expressway is estimated to benefit 20,000 people by reducing the travelling distance by 3.5km from Pantai Dalam to Old Klang Road, and by 5km from the Subang area to the Klang area.

Our investment in creating sustainable urban ecosystems is significant and we will continue to seize such opportunities to foster economic growth, mitigate negative environmental impact and improve social conditions.

Responsible Procurement & Supplier Assessment 204-1

MRCB recognises the importance of managing procurement and suppliers properly as they are an important part of our operations. We are actively seeking initiatives to enhance the way we procure goods and services.

We ensure that our suppliers are selected from among those with a strong track record and are aligned with our commitment to build a sustainable supply chain. Environmental

impact and transparency of our supply chain are important considerations for the business to be sustainable. Our procedures ensure a transparent supplier selection process. For example, we have a very transparent preliminary qualification assessment and performance evaluation process. All of our suppliers must achieve the minimum points of the preliminary qualification assessment and become registered approved suppliers before they can be invited to submit quotations and be appointed by MRCB. Quotations evaluated by the procurement department have stated justifications for selection, which is then approved by the project team.

MRCB's supply chain management is governed by its Group Procurement Policy and the Policy on Pre-Qualification of Contractors, Consultants and Suppliers. These policies determine how supplier registration and pre-qualification, purchase requisition, sourcing strategies, as well as purchasing methods should be conducted.



Our commitment to have a sustainable supply chain management includes appointing foreign suppliers only when it is absolutely necessary for the business. Engaging local suppliers over foreign suppliers helps reduce transportation costs and carbon emissions. Of our 413 suppliers, 404 are local (contracted from the Klang Valley area with several based in Johor, Perak, and Penang) with 9 having major foreign shareholders incorporated locally. In 2019, 96% of our procurement budget was spent on local suppliers.

To ensure the quality of our deliveries, we apply strict standards where all business partners are vetted using stringent pre-selection criteria and evaluated progressively upon selection. We conduct performance evaluations of our suppliers every six (6) months to ensure that they are on track for project completion.

MRCB is in the midst of commencing development of an E-Procurement system to enable all procurement processes to be electronic, and suppliers can access information in real time, including the status on progress and delays. In the near future, we plan to progressively identify and adopt more sustainable practices to incorporate into our procurement process, as well as embedding sustainable criteria in the evaluation of suppliers.

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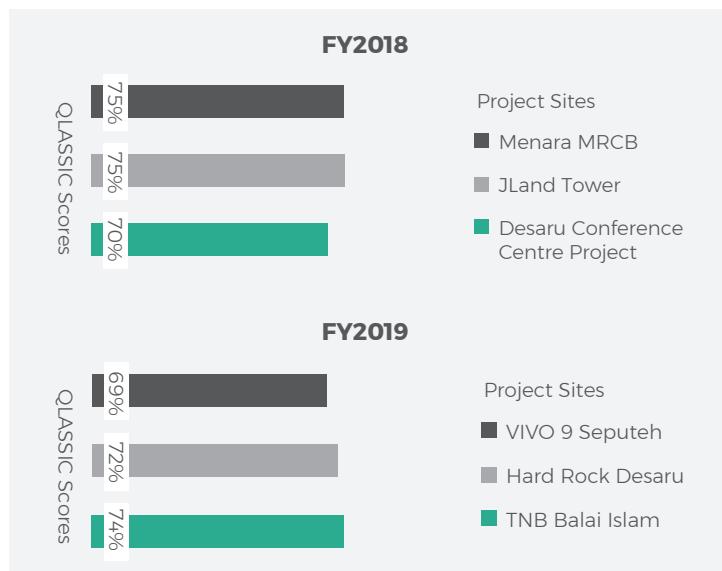
DELIVERING EXCELLENCE

Product Quality and Responsibility

Quality Assessment System in Construction

The Construction Industry Development Board (CIDB) established the Quality Assessment System in Construction (QLASSIC) as a benchmark of workmanship quality of building construction work based on the Construction Industry Standard (CIS). The assessment uses sampling and statistical analysis to determine the score of the workmanship based on the required standard. MRCB aims to achieve a minimum QLASSIC score of 70-75%, subject to requirements set for each project. According to CIDB, a construction project with a 70% QLASSIC Score is considered to be a credible standing.

Below is the QLASSIC Scores for MRCB's projects:



Apart from QLASSIC assessments, MRCB has also adopted the Pre-Delivery Inspection (PDI) which involves inspection of our properties by internal staff prior to handing them over to purchasers, clients and customers. Our in-house team is required to check and ensure best industry practices are implemented, including giving at least two (2) months for PDI and necessary rectification works before the handover. We learn from the defects of completed projects and pay particular attention to avoid repeating them during the design stage in forthcoming projects.



Penang Sentral received the best Purpose Built Category Award at the FIABCI Malaysia Property Award 2019

To reduce defects and enhance the quality of our products, MRCB has developed an in-house new building system known as the MRCB Building System (MBS) that utilises a Prefabricated Prefinished Volumetric Construction (PPVC) System coupled with our patented and unique Candle-Loc Connection System. This allows up to 90% of construction to be fabricated offsite, and the modules are then transported, stacked locked into position at the construction site. The different modules can be configured with 0.02% precision into functional living and non-living units of varying shapes and sizes, allowing it to be used for any type of residential development design.

This system was developed to cater to the ever-changing demands of the industry by predominantly reducing our dependency on unskilled foreign man power and material wastage, while also enhancing quality standards and a 30-50% reduction in project delivery times. Additionally, by moving the construction site to a factory setting, we create a more convenient, safe and efficient workplace that attracts local workers. As a responsible business, we will license MBS to other companies to help overcome the social and environmental issues of construction. (See pages 12 - 15 for more details).

Other initiatives that MRCB has put into practice include a dedicated team in place to oversee the ongoing management and maintenance of the ISO 9001:2015 Quality Management System (QMS). The team identifies, tracks and implements system changes in a timely and consistent manner for the benefit of project teams that use construction materials in their daily operations.

Our projects undergo annual Internal Quality Audit (IQA) to ensure QMS compliance, where the findings are clearly communicated to the project teams and tracked for timely corrective action. All issues are further communicated to the Management Team for their awareness and use in monitoring project performance.

We also engage an external certification body; the Standard and Industrial Research Institute of Malaysia (SIRIM) to conduct an External Quality Audit annually. In addition to the above, the QA/QC teams conduct ongoing inspections.



MRCB received four (4) awards at the Star Property Awards 2019

Customer Engagement

At MRCB, we conduct customer satisfaction surveys after the completion of residential and commercial projects, allowing us to identify gaps and areas for improvement in upcoming projects. The data that we collect from our customer satisfaction surveys during vacant possession handover involves feedback on our projects and services.

In accordance with our policy and guidelines, we respond to every complaint within three (3) working days. We engage with customers and clients by telephone, email, WhatsApp messenger, Residents Mobile Applications, and face-to-face communications for those who walk in. We also held two (2) town hall sessions with home owners at VIVO, 9 Seputeh to understand and address their concerns and complaints.

MRCB Land initiated a loyalty programme called MRCB Land VIP Loyalty Programme which rewards MRCB Land customers with rebates on subsequent property purchases, exclusive invites to talks and events, retail promotions and other discounts.

At MRCB, we do our best to showcase best practices, increase brand awareness and quality. Our efforts in this direction are demonstrated by the awards we received in 2019:

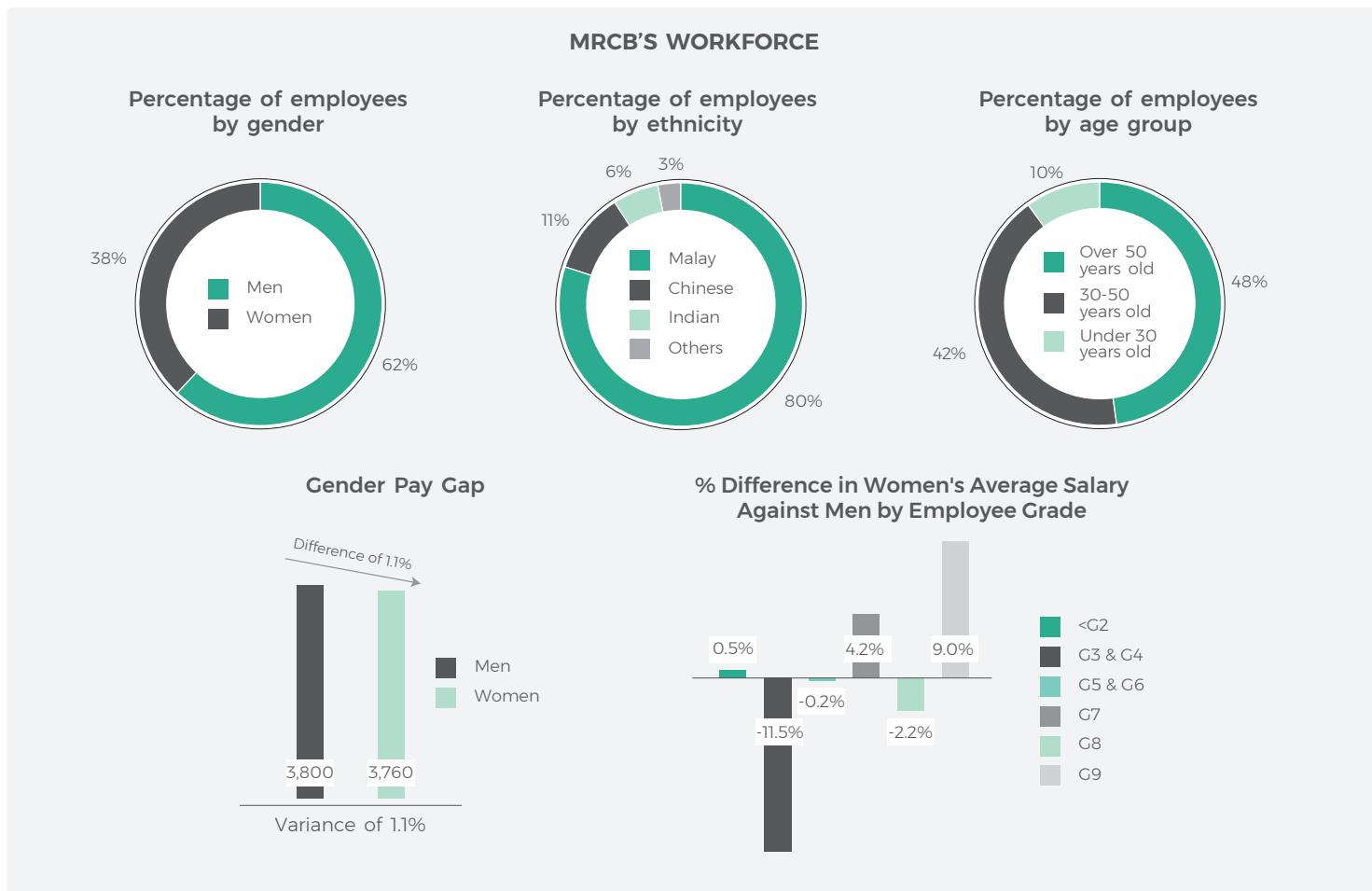
PROJECT	AWARDS WON
Penang Sentral	Starproperty.my Awards 2019 Excellence winner for the Just Walk Award (Best Integrated Development)
Sentral Suites	Straproerty.my Awards 2019 Excellence winner for the Skyline Award (Best High Rise Residential Development)
MRCB	Strarproperty.my Awards 2019 The All-Star Award (Top Ranked Developer of the Year)
MRCB	Strarproperty.my Awards 2019 Reader's Choice Award
MRCB Land	PropertyGuru Asia Property Awards (Malaysia) 2019 Best Developer
MRCB Land	PropertyGuru Asia Property Awards (Malaysia) 2019 Special Recognition in CSR
MRCB Land	PropertyGuru Asia Property Awards (Malaysia) 2019 Special Recognition for Building Communities
TRIA Seputeh	PropertyGuru Asia Property Awards (Malaysia) 2019 Winner for the Best High End Condo/Apartments Development (Klang Valley)
9 Seputeh- VIVO	PropertyGuru Asia Property Awards (Malaysia) 2019 Winner for the Best Mixed-Use Development
Sentral Suites	PropertyGuru Asia Property Awards (Malaysia) 2019 Highly Commended for the Best High End Condo/Apartments Development (Klang Valley)
Kalista Park Homes	PropertyGuru Asia Property Awards (Malaysia) 2019 Highly Commended for the Best Landed Development (Klang Valley)
TRIA Seputeh	PropertyGuru Asia Property Awards (Malaysia) 2019 Highly Commended for the Best Landscape Architectural Design
MRCB Land	Property Insight Prestigious Developer Awards 2019 Top 10 Developers
Sentral Suites	Property Insight Prestigious Developer Awards 2019 Best Luxury High Rise Development
Penang Sentral	FIABCI Malaysia Property Award 2019 Winner for Purpose Built Category

SUSTAINABILITY STATEMENT

SOCIAL RESPONSIBILITY

Diversity & Equal Employment 405-1, 405-2, 406-1

At MRCB, we promote an inclusive environment at the workplace. Every employee is made aware of our corporate policy on diversity and inclusion as stated in MRCB's Employee Handbook. MRCB recognises the advantages in having a diverse workforce, as it strengthens our abilities and capacity as an organisation through the accumulation of different experiences. We protect the well-being of our employees and foster a work environment based on mutual respect. It is through the different perspectives of each individual in our dynamic workforce, that spurs creativity, allowing MRCB to pave the way to innovative solutions. The graphs below illustrate MRCB's employee distribution by gender and by age group. We also include the percentage of basic salary and remuneration of women to men.



As seen above, 48% of our workforce are in the 30-50 years old age category. We strive to retain experienced talents that can highly benefit the Group. Those below 30 years of age make up 42% of our workforce and we strive to support our young talent through equipping them with the relevant skillsets and expanding their knowledge in the industry. The breakdown of our workforce by ethnicity is as follows: Malay (80%); Chinese (11%); Indian (6%) and others (3%).

The variance in overall median remuneration between male and female employees, the gender pay gap, is only 1.1% for the Group.

Given the physically demanding nature of the work at the project sites, a majority of our employees are comprised of men (62%). However, to break this mould, we have invested in initiatives such as training to better equip women in the industry. This way, they are not limited to only certain kinds of jobs and are open to work in any of MRCB's operations. We have managed to increase our percentage of women in senior management positions slowly, which illustrates our efforts in supporting the women in our workforce. The national target by the Ministry of Human Resource is to have 30% of the Board of Directors to be women, and MRCB presently has 29%.

MRCB implements a number of initiatives targeted at addressing the challenges faced by women at the workplace, ensuing their success. Our efforts to encourage the participation and help support the professional development of women at the company is shown on page 141.



EMPOWERING WOMEN IN THE WORKFORCE

Mother's Room 01

Designated private rooms are provided at our headquarters for nursing mothers returning to work. The rooms are equipped with seating tables and electrical outlets for comfort



Staggered Work Hours 02



Employees are entitled to opt for flexible work hours to better fit their needs

Sexual Harassment Awareness Session 03



We conducted a session aimed at raising employee awareness and helping them have a better understanding of the context of Sexual Harassment in the workplace

Kid Care 04

MRCB set up a temporary child care centre due to the closing of over 1,400 schools nationwide due to the haze. Interactive activities were conducted for the children, helping parents unable to find alternative short-term placements for their children

Shortened Work Hours 05

Expecting mothers are entitled to opt for shortened work hours that allow them to attend to their health and well-being



Pink October 06

We conducted a session aimed at supporting and increasing awareness about early detection and prevention of breast cancer amongst employees. The well-being of our staff is of the utmost importance

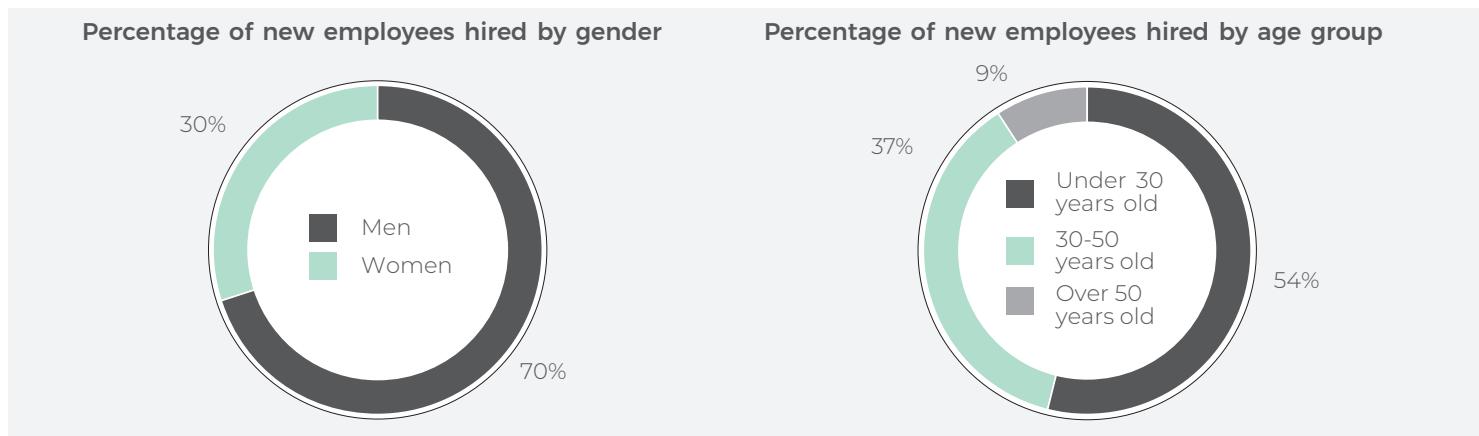
MRCB places importance on respecting people from all socio-cultural backgrounds and does not tolerate discrimination through unequal treatment or harassment, especially on the grounds of gender and ethnicity. In 2019, no incidents of discrimination or harassment were reported. Diversity in the workforce brings different perspectives, valuable experience and different skill-sets to the Group.

SUSTAINABILITY STATEMENT

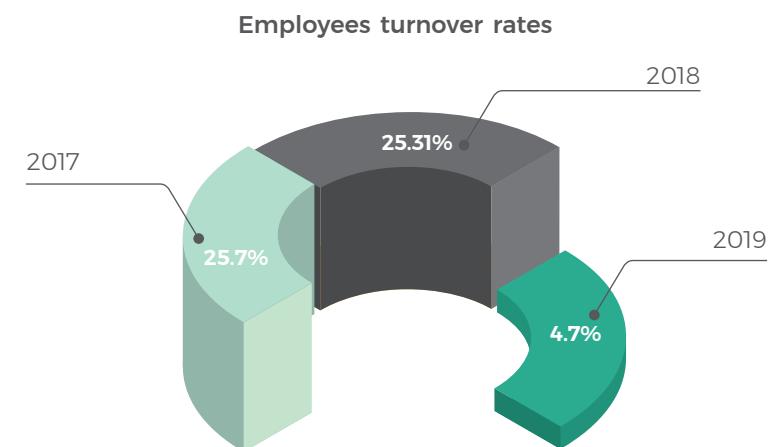
SOCIAL RESPONSIBILITY

The Group strives to hire and retain skilled talents as they are the main drivers of the company. The figures displayed below illustrate new employees hired and the turnover rate for this reporting period.

New Employees Hired



Employee Turnover



Despite the higher turnover rates that the construction and engineering industry generally faces, we have managed to decrease our turnover rate for this year compared to previous years retaining our valued talents.

Employee Engagement and Well-being 401-1 401-2 403-1, 404-1, 404-3

Recognising that MRCB's success is driven by a committed workforce, we strive to empower employees through a supportive corporate culture and comprehensive human capital management approach. We provide safe working conditions and protect employee rights across our businesses.

Programmes

To encourage employee well-being, employer-employee communication and team building, we organised several programmes in 2019. Some of the key programmes are listed in the table below.

List of Employee Engagement Programmes	
<ul style="list-style-type: none"> • HR2U Penang (LHDN & Tabung Haji) • Employee Focus Group • Movie Day • MRCB Merdeka Celebration & Merdeka Theme Day • Distribution of N95 Masks • Treasure Hunt 	<ul style="list-style-type: none"> • Property Power Up Session 2019 • MRCB Counselling Services • Medical and Insurance Roadshow • Health Carnival – AIA Vitality Programme • Perdana Fellows Alumni Association (PFAA) Networking Session with Group Managing Director & Chief Corporate Officer • Graduate Talks by Chief Corporate Officer

Benefits

At MRCB we adopt best practices with respect to benefits and wellness including annual leave and benefits which differ depending on the position the employee holds within the organisation. From time-to-time we review our benefit packages to ensure they are well-suited for our employees and competitive. Below lists some of the benefits provided to MRCB's employees.

LEAVE	MEDICAL	OTHERS
<ul style="list-style-type: none"> ✓ Annual Leave ✓ Sick leave ✓ Emergency Leave ✓ Compassionate Leave ✓ Exam Leave ✓ Marriage Leave ✓ Prolonged Illness ✓ Maternity Leave ✓ Paternity Leave ✓ Pilgrimage Leave ✓ Replacement Leave 	<ul style="list-style-type: none"> ✓ Outpatient Treatment ✓ Hospitalisation ✓ Maternity Benefit ✓ Executive Health Screening ✓ Dental 	<ul style="list-style-type: none"> ✓ Mileage Claims ✓ Hotel Accommodation & Air Travel ✓ Transfer Allowance ✓ Mobile Phone Bill ✓ Parking Subsidy ✓ Broadband Subsidy ✓ Car Allowance and Petrol Card ✓ Professional Membership Fee ✓ Educational Assistance

Career Development

Investing in our workforce is the cornerstone of our business philosophy and growth. MRCB strives to sharpen employees' knowledge with soft skills and leadership training, functional or technical training and E-Learning. Employees have embraced the concept of life-long learning and undergo relevant training based on findings/gaps derived from performance evaluations.

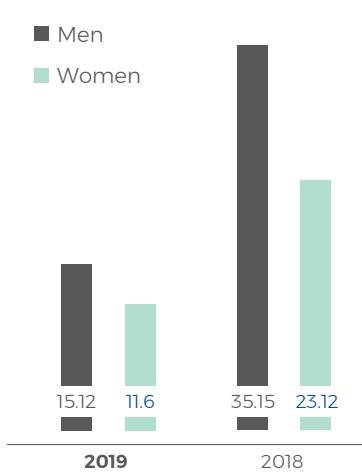
Training and Learning Opportunities

Investing in our workforce is the cornerstone of our business philosophy and growth. MRCB strives to sharpen employee knowledge with soft skill development, technical training and leadership training using different platforms including e-Learning. Our employees have embraced the concept of life-long learning and undergo relevant training based on findings derived from the performance evaluations of our programmes.

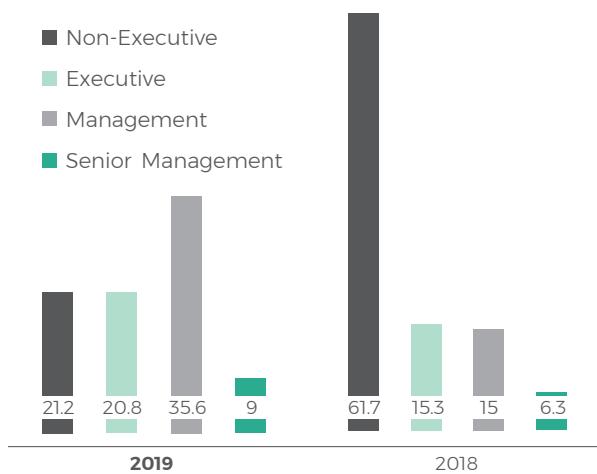
In 2019, we organised dedicated training sessions to enhance technical, analytical and soft skills development among employees. During the year MRCB employees underwent a total of 28,200 training hours which works out to an average of 13.8 training hours per employee. Average training hours by gender and employment category are illustrated in the graphs below. Technical training made up 92.2% of all our training.

The variation in training hours between 2018 and 2019 can be explained by the fact that in 2019, we had focussed our efforts primarily on reassessing our learning methodologies and conducting a skills gap analysis for the MRCB Group.

Average training hours by gender



Average training hours by grade



SUSTAINABILITY STATEMENT

SOCIAL RESPONSIBILITY

Performance and Development Reviews

MRCB employee performance is regularly evaluated to identify strong performers and detect performance gaps in individuals. Performance reviews are conducted to assess goals achieved for the year by employees based on Key Performance Indicators (KPIs). We also identify and design plans to encourage employees who are not performing as well, to optimise their potential. This also allows MRCB to identify key factors that influence employee performance. Since 2017, 100% of our employees underwent performance appraisals.

Health and Safety

403-1, 403-2, 403-4, 403-5, 403-7, 403-8, 403-9, 403-10, 418-1

Our main business activities which involve engineering and construction may expose workers to various types of safety risks such as working at heights, falling objects, noise from construction activities, risk of electrocution from temporary wiring and operation of machinery and equipment. Therefore, in safeguarding the well-being of our workers at project sites, we have implemented an Occupational Health and Safety Management System, ISO 45001: 2018 , to guide practices towards ensuring safety and health at the workplace. We have also established an Environment, Safety and Health (ESH) Committee at MRCB headquarters which consists of management and employee representatives. The committee is responsible for:

- Promoting a positive and safe workplace culture
- Assisting in the development of safety and health rules and safe systems of work
- Reviewing the effectiveness of safety and health programmes
- Reviewing safety and health policies and making recommendations
- Carrying out studies on trends involving accidents, near-misses, dangerous occurrences and occupational poisoning or diseases
- Inspecting the workplace and recommending preventive and corrective measures

Quality, Environmental, Safety and Health (QESH) Policy

At MRCB, we have adopted the Quality, Environment, Safety and Health Management System and we operate in compliance with three management systems: ISO 9001:2015, ISO 14001:2015 and ISO 45001:2018. Stemming from these management systems, we have formulated our QESH Policy to guide the Group and its stakeholders to implement best safety practices which cover the following areas:



Incident
Prevention



Communication



Risk
Management



Contractor
Management
Emergency
Preparedness



Continuous
Improvement

Managing Safety and Health Risk at Workplace

MRCB provides a safe and healthy workplace to its employees and other relevant parties within its premises. We have established a standard operating procedure (SOP) for Hazard Identification, Risk and Opportunity Assessment and Determining Control (HIRADC) for our headquarters, and building and infrastructure projects.

HIRADC applies to all routine and non-routine activities and for all personnel having access to the workplace including sub-contractors and visitors. In addition, HIRADC is conducted if there are changes in the condition of activities, introduction of new materials and for new activities and modification works. In order to ensure our workplace is safe at all times, HIRADC analysis is conducted at least once annually at the headquarters, half yearly at project sites or as and when necessary.

We also have an emergency response plan for incidents such as people falling from heights, fires and explosions, landslides, chemical spillage, floods. For more serious emergency incidents such as fatalities, structure collapse or accidents involving transmission lines, an immediate a stop work order is required to prevent other workers from being in a dangerous situation that may lead to injury. Action plans and crisis reporting systems are clearly defined in the emergency response plan to guide our workers in managing emergency incidents.

Safety and Health Assessment System in Construction (SHASSIC)

MRCB has taken a step further to improve the safety and health culture at construction sites by adopting SHASSIC. SHASSIC is an independent method undertaken by CIDB (regulator of the construction industry in Malaysia) to assess and evaluate safety and health practices and the performance of contractors at construction sites. SHASSIC aims to establish a standard system on safety and health assessment in the construction industry to improve and take preventive and corrective actions on occupational safety and health (OSH) issues.

SHASSIC covers three (3) main components which are document checks (40%), site or workplace inspections (40%) and employee interviews (20%). SHASSIC marks from 85% to 100% signify that potential and significant workplace high risk/hazards are managed and documented. Scores of 70% to 84% mean that potential and significant workplace and high risk/hazards are managed and documented, however a few low risk work activities are neglected. Below is the list of MRCB project sites that achieved SHASSIC certification in 2019.

Project Sites

MRT V210

SHASSIC Star Ranking

84% ★★★★

TNB Balai Islam

93% ★★★★★

Larkin Indoor Stadium

90% ★★★★★

Safety and Health Training

At MRCB, safety and health are of utmost importance. OSH training and development programmes are imperative to keep abreast with current relevant regulatory requirements and to equip employees and sub-contractors with skills necessary to carry out projects. We provide both internal and external training throughout the year to monitor employees and sub-contractors.

In 2019, a total of 1,391 people consisting employees, site workers and sub-contractors attended 66 training modules. The key training modules are listed below.



Safety and Health Incidents

Despite our best efforts to reduce injuries and accidents at project sites, we had a first aid case at TNB Balai Islam, two (2) near miss incidents at PJ Sentral Lot 12 and TNB Balai Islam, and two (2) minor injuries at DASH CB2, in 2019. Another health and safety issue that occurred was when we were issued a stop work order at PJ Sentral Lot 12 due to the detection of some mosquito larvae. These issues were quickly rectified, with work resuming quickly afterwards, and we have been closely monitoring our sites to prevent similar incidents from recurring.

Total Man hours	2017	2018	2019
	22,458,249	15,541,038	5,892,946
Type of Incident	2017	2018	2019
Fatality	0	2	0
Major Injury	2	0	0
Minor Injury	2	1	2
Fire	2	0	0
III Health	0	0	0
First-aid Cases	58	34	1
Near Miss	13	2	2
Property Damage	-	8	0



SUSTAINABILITY STATEMENT

SOCIAL RESPONSIBILITY

Health Safety Definitions

Major Injuries	Injuries causing incapacity for more than 4 days and/or any injury that requires hospitalisation.
Minor Injuries	Injuries causing incapacity for 4 days or less, with no hospitalisation required.
Ill Health	Identifiable, adverse physical or mental condition arising from and/or made worse by a work activity and/or work-related situation
First-aid cases	Cases in which first aid was delivered at the workplace, with no further medical treatment required by medical practitioners.
Near Miss	Any accident at place of work that has the potential to cause injury to any person or damage to any property
Property Damage	Incident involving damage to properties estimated cost of up to RM500,000

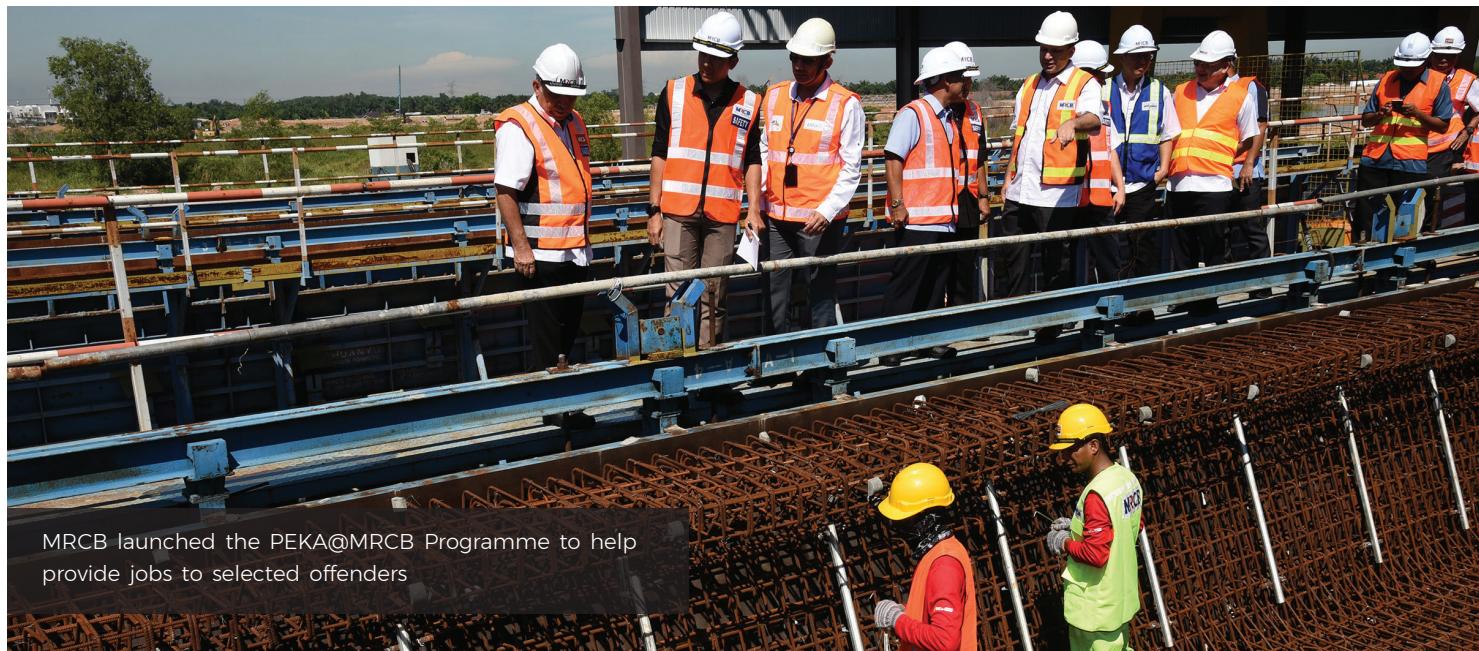
We closely monitor construction activities and conduct regular committee meetings to provide updates on the safety and health conditions at our project sites.

Labour

MRCB ensures the proper management of foreign labour and adheres to relevant regulations. We engage manpower supply companies or sub-contractors when hiring foreign labour to work on our projects.

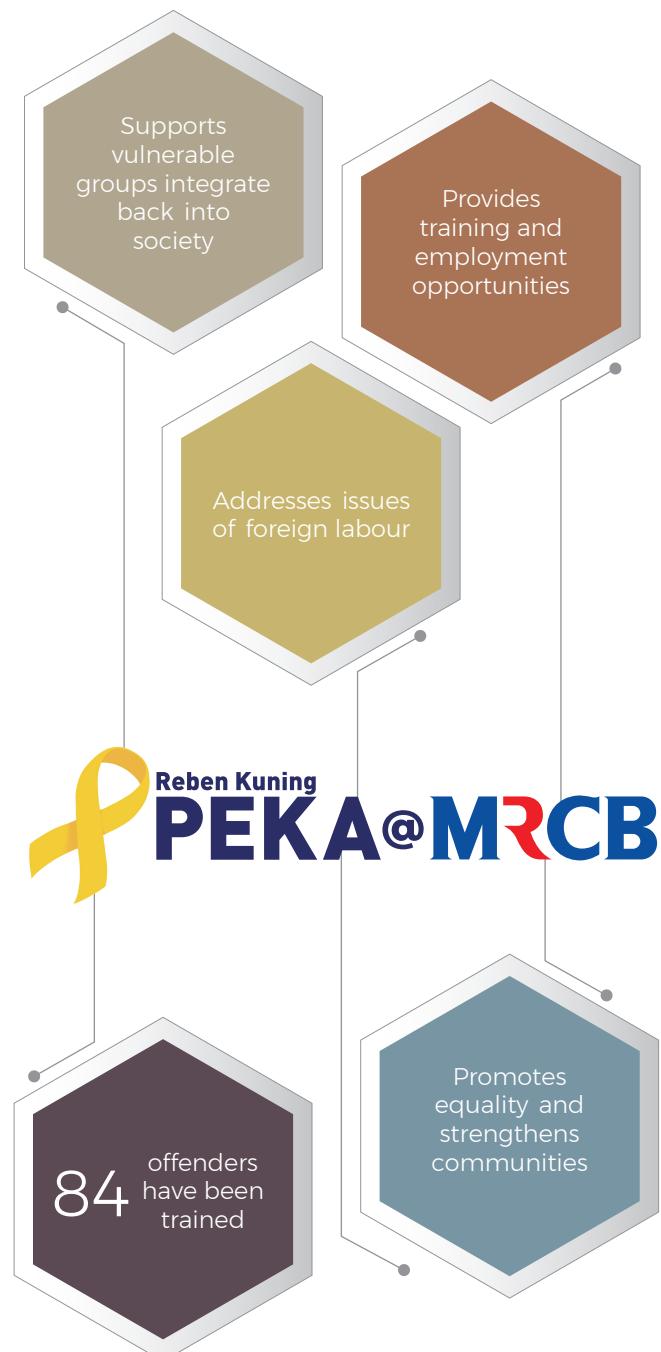
All hiring of foreign labour is done by appointing recruitment agencies via tender or invitation based on their past track records. We strictly adhere to the procedures involved in hiring foreign labour. Hiring of skilled foreign labour is via interviews and selection in the source country arranged by the sub-contractor. Upon arrival, foreign workers undergo a probationary period of six (6) months before we identify them as skilled labour.

We manage our foreign labour responsibly and we provide adequate accommodation and healthy living conditions for them. At each of our project sites, we have Centralised Labour Quarters (CLQs) for accommodation and various welfare facilities for the foreign workers. These facilities include the management office building, guard house, water storage tank, central surau, as well as sports facilities for recreation. All our CLQs comply with the requirements for water supply and fire safety regulations as prescribed by the local authorities.



A large part of sustainability is ensuring the inclusivity of society and all its members, however, this can be challenging for inmates and troubled youth who are often excluded from our communities. The PEKA@MRCB Programme is part of the Yellow Ribbon initiative spearheaded by the Ministry of Youth and Sports in collaboration with the Malaysian Prison Department and Malaysian Resources Corporation Berhad (MRCB). It aims at helping those who deserve a second chance to be reintegrated into society. Introduced by the Ministry of Youth and Sports (KBS), the project was launched in August 2019 to provide these side-lined groups a chance at employment and education opportunities to enable them to be self-sufficient, while also regaining trust and contributing to society. This allows the targeted group to return and serve society without being held back due to their past offenses and mistakes, preventing them from reoffending. MRCB embarked on this initiative, seeing that it will create a positive impact for the youth, the company, as well as society. In addition to helping youth and past-offenders, the programme also helps address our own need for skilled workers.

We are committed to creating positive change where possible and believe that this initiative will have a rippling effect throughout the industry and nation. MRCB was the first to embark on this programme by offering employment opportunities to 84 inmates since the programme was introduced. Candidates are selected through a comprehensive evaluation process before proceeding to receive training. Training is provided so that they become well equipped to work at the construction project sites doing various tasks including welding, machine maintenance and repair of mechanical equipment. MRCB recognises the potential that such a programme holds and is enthusiastic to continue to help youth and past offenders to change their life for the better, while addressing certain social and economic challenges faced by the country. It is our hope that through our adoption, other companies are encouraged to do the same, helping the nation move forward.



SUSTAINABILITY STATEMENT

ENRICHING THE COMMUNITY

MRCB is constantly finding ways to contribute and improve the socioeconomic status of the community. We identify areas of disparity where the Group can help alleviate and enrich the community.

Community Contributions 413-1

Yayasan MRCB is MRCB's Foundation established to pursue and provide opportunities in education and financial assistance for the underprivileged. Founded in 2015, Yayasan MRCB has organised programmes for underprivileged children by providing them with study material, tuition classes and a year-long free meal scheme. Other CSR programmes include assisting the Orang Asli community, hosting empowerment programmes for youth with physical limitations and sponsoring a halfway home for patients with prolonged illnesses and their care givers. Below lists Yayasan MRCB's contributions to various beneficiaries such as schools, hospitals, and other organisations, to support programmes and initiatives that improve their well-being.

Donations/Programmes	Beneficiaries	Donated Amount
Donation of reading materials and calculators to 6 schools (600 students)	SMK Bangsar Integrase SMK Petaling SMK Bukit Bandaraya SMK (P) Methodist SMK Seri Pantai SMK La Salle Brickfields	60,000
Donation of tables and chairs (60 sets)	SMK Bandar Tasik Kesuma	34,140
Renovation of school library	SK Lubok Kelubi	
Donation of 40 sets of tables and chairs and renovation of Orang Kurang Upaya (disabled) toilet facility	SK Dusun Tua	
Renovation of Orang Kurang Upaya (disabled) toilet facility	SK Bandar Rinching	
MRCB Staff Children - 19 pax High Achievers Awards	MRCB STAFF	7,800
Donation to SK Ewa, Langkawi	SK Ewa, Langkawi	20,000
Donation to SK Penghulu Ahmad	SK Penghulu Ahmad	20,000
Donation to SMK Ayer Hangat	SMK Ayer Hangat	30,000
Donation to 100 Asnaf from Langkawi	100 Asnaf	20,000
6-months tuition class for 7 adopted schools from the month of March to September 611 students	SK Pengkalan Jaya, Butterworth SK Kuala Perai, Butterworth SK Iskandar Perdana, Bandar Seri Iskandar, Perak SK La Salle, Brickfields, KL SJK (T) Vivekananda, Brickfields KL SK Seri Bonus, Semarak KL SK Seksyen 7 Kota Damansara KL	60,000
2 DAYS UPSR Clinics for 7 adopted schools Subjects: BM, English, Mathematics and Science	SK Pengkalan Jaya, Butterworth SK Kuala Perai, Butterworth SK Iskandar Perdana, Bandar Seri Iskandar, Perak SJK (T) Vivekananda, Brickfields KL SK La Salle, Brickfields, KL SK Seri Bonus, Semarak KL SK Seksyen 7 Kota Damansara KL	30,136

Donations/Programmes	Beneficiaries	Donated Amount
Sponsorship for one-year lunch for B40 category students from the month of June 2019 to June 2020	SK Pengkalan Jaya, Butterworth SK Kuala Perai, Butterworth SK Iskandar Perdana, Bandar Seri Iskandar, Perak SK La Salle, Brickfields, KL SJK (T) Vivekananda, Brickfields, KL SK Seri Bonus, Semarak KL SK Seksyen 7 Kota Damansara, KL SK Setia Budi, Batu Pahat, Johor SMK La Salle, Brickfields, KL SK Padang Tembak 1, Semarak KL SMK Jalan Bukit Kajang, KL SMK Bandar Baru Sungai Buloh, KL	230,400
Donation of 7 braille units and facility repair	SK Pendidikan Khas Jalan Batu	40,000
Build and upgrade football field and donation for facility repair	SK Temonyong	50,000
Science workshop for 24 pax	Orang Asli children	15,000
Community Engagement programme for Orang Asli community	Kampung Pos Kemar, Perak	13,000
Funding of halfway homes for poor patients from Hospital Kuala Lumpur- one house for a year	Hospital Kuala Lumpur	9,000
Empowerment programme for Youth with disabilities from Cheshire Home Selangor	Youth with disabilities	60,000
TOTAL		699,476



SUSTAINABILITY STATEMENT

ENVIRONMENTAL STEWARDSHIP

Sustainable Construction 302-1, 302-3, 303-5, 305-1

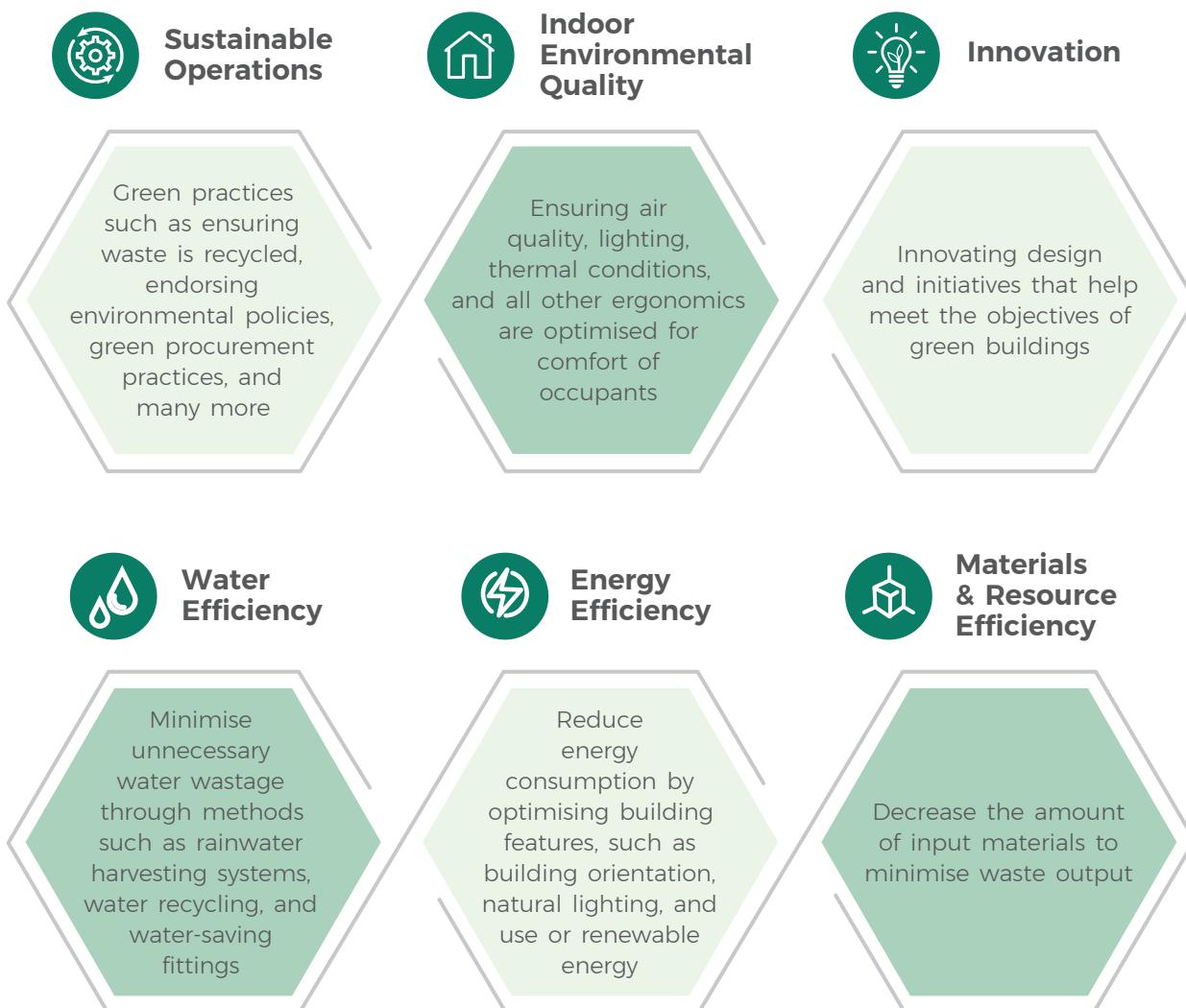
Rapid urbanisation has spurred a rise in commercial and residential development that can result in an adverse impact on the environment, especially if it is carried out irresponsibly. The environmental footprint of our projects as well as the long-term environmental performance of buildings and infrastructure developed by us are our main concerns regarding environmental impact. The impacts of climate change have presented new sets of challenges for the property and construction sector. There is now an increasing need to consider designing buildings that are both low carbon and resilient to the future climate. Therefore, at MRCB, we strive to integrate green practices from the design to delivery stages of our projects.

Green Buildings

Our built environment is responsible for a large amount of energy and water use and emission of greenhouse gases. However, the use of green buildings has led to increased resource efficiency with a multitude of benefits to owners and occupants as well as the environment. In constructing sustainably, MRCB adopts Green Building Certification criteria for projects that require the construction of green buildings. The four (4) green building rating systems adopted are:

- Malaysia's Green Building Index (GBI);
- Malaysia's Green Real Estate (GreenRE);
- Malaysian Carbon Reduction and Environmental Sustainability Tool (MyCrest);
- US Green Building Council's Leadership in Energy and Environmental Design (LEED);

Listed below are the main criteria assessed in order to achieve green building certification:



A Green Building Coordinator is assigned within thirty (30) days after a contract is awarded and he or she is then responsible for actively monitoring the project. The coordinator conducts periodic site visits, facilitates fortnightly Green Building coordination meetings and prepares Green Building monthly progress reports.

Sentral Suites is a residential building that is aimed to be eligible for MyCrest One Star and GreenRE Silver for green building accreditation. MRCB takes its role in responsible construction seriously and therefore, strives towards ensuring building designs and construction are done through green practices. Our project Sentral Suites, managed to achieve this through meeting the following criteria for green building design.



Glazing used was high performance to ensure residential envelope transmittance value (RETV) is below 25W/m²



LED Lightings used for parking and common areas



Inverter type air-conditioner used in each unit



98% of water fittings used have "High Efficient" rating

Green Building Design: Sentral Suites



Compost from horticulture waste used for landscaping



Low volatile organic compounds (VOC) paints and adhesives used for building's internal application



Harvested rainwater used for landscape irrigation



The Industrialised Building System score – 50%

SUSTAINABILITY STATEMENT

ENVIRONMENTAL STEWARDSHIP

List of completed Projects with LEED, GBI and other Green Building Rating Tools:

Development/Building	Sustainability Accreditation	Building Management System (BMS)	MDL programme	Installation of Solar PV*
MENARA CIMB	GBI NRNC CVA CERTIFIED	✓	X	X
SENTRAL RESIDENCES	GBI RNC CVA GOLD	X	X	X
MENARA SHELL (348 SENTRAL)	GBI NRNC DA SILVER AND LEED ID+C Commercial Interior GOLD	✓	✓	X
348 SENTRAL (MENARA SHELL & ASCOTT SENTRAL)	LEED BD+C CS PLATINUM	✓	✓	X
Q SENTRAL	GBI NRNC DA GOLD	✓	✓	✓ Solar PV panel (total 120kWp)

Development/Building	Sustainability Accreditation	Building Management System (BMS)	MDL Programme	Installation of Solar PV*
PLATINUM SENTRAL (LOT E)	GBI NRNC DA CERTIFIED AND BCA Green Mark PLATINUM	✓	✓	✓ Solar PV panel (23 x 2.304 kWp)
PJ SENTRAL - CELCOM TOWER (LOT 8)	GBI NRNC DA CERTIFIED AND LEED BD+C CS GOLD	✓	✓	X
PJ SENTRAL - MBSB CORPORATE HQ	GBI NRNC DA CERTIFIED AND LEED BD+C CS GOLD	✓	X	X
MENARA JLAND	GBI NRNC DA GOLD	✓	✓	X
ST REGIS KUALA LUMPUR	GBI NRNC DA CERTIFIED	✓	X	X
THE DESA DESARU (HARDROCK HOTEL)	GBI NRNC RESORT DA CERTIFIED AND LEED BD+C NC SILVER	✓	✓	X
DESARU CONFERENCE CENTRE	GBI NRNC RESORT DA CERTIFIED AND LEED BD+C NC SILVER	✓	✓	X
WESTIN DESARU RESORT (WESTIN HOTEL)	GBI NRNC RESORT DA CERTIFIED AND LEED BD+C NC SILVER	✓	✓	X
9 SEPUTEH SOHO	GBI RNC DA CERTIFIED	X	X	X
VIVO RESIDENCES (9 SEPUTEH)	GBI RNC DA CERTIFIED	X	X	X
MENARA MRCB	GBI NRNC DA GOLD	✓	✓	X

* Specifications and features are determined by the client

List of Ongoing Projects with LEED, GBI AND other Green Building Rating Tools:

Projects	Sustainability Accreditation	Building Management System (BMS)	MDL Programme	Installation of PV*
PJ SENTRAL - MYIPO CORPORATE HQ	GBI NRNC DA CERTIFIED	✓	✓	X
SENTRAL SUITES (LOT 349)	MyCREST ONE STAR AND GreenRE BRONZE	X	X	X

Notes:

BD+C	Building Design & Construction
DA	Design Assessment
NRNC	Non-Residential New Construction
RNC	Residential New Construction
CVA	Certification and Verification Assessment
GBI	Green Building Index (Malaysia) For details on assessment criteria and rating scale: https://new.greenbuildingindex.org/how/assessment
GreenRE	A green rating tool set up to promote sustainability in the property industry (Malaysia) For details on assessment criteria and rating scale: https://greenre.org/index.html
LEED	Leadership in Energy and Environmental Design (United States) For details on assessment criteria and rating scale: https://www.usgbc.org/leed
MyCrest	Malaysian Carbon Reduction and Environmental Sustainability Tool (Malaysia) For details on assessment criteria and rating scale: http://www.cidb.gov.my/index.php/en/bidang-utama/pembinaan-mampan/mycrest

MDL - Maximum Demand Limiting is a strategy for reducing a building's demand for utilities, e.g. electricity in BMS system. It is a control strategy designed to prevent the demand kW of a facility from going over a predetermined threshold by altering the operation of equipment in a facility

* Specifications and features are determined by the client

Green Infrastructure

We also strive to embed sustainability considerations into our infrastructure design. The Construction Industry Development Board (CIDB) of Malaysia has conferred the design phase of the LRT3 project with a 5-Star Sustainable INFRASTAR certification (the first project in Malaysia to achieve this highest level of certification). Sustainable INFRASTAR is an objective and evidence-based evaluation system which assesses infrastructure projects on key sustainability factors such as land use, impact of equipment use, resource and waste management at construction sites.



SUSTAINABILITY STATEMENT

ENVIRONMENTAL STEWARDSHIP

Materials 301-2

Sustainable construction materials require minimal use of natural resources and have greater reusability, which in turn is cost-effective and improves overall operational efficiency. We monitor the amount of building materials used in every project to maintain sustainable sourcing and building costs. With each project, we ensure a balance of innovative construction practices without affecting the quality and durability of building materials.

Project Sites	Material	% of Material with Recycled Content
SENTRAL SUITES – LOT 349	AAC Blocks Concrete Ceiling Panels Steel Bar	30
WESTIN DESARU RESORT (WESTIN HOTEL)	Steel Bar Ceiling System Floor Tiles Cement	13
DESARU CONFERENCE CENTER	Floor Tiles Steel Bar Cement	11
MENARA JLAND	Concrete Steel Bar BRC Cement	10

In addition, with the implementation of Building Information Modelling (BIM) software for clash detection, we are able to resolve constructability issues and coordinate across all disciplines before construction begins, thereby reducing overall construction costs in a project.

The implementation of IBS at project sites uses criteria from CIDB IBS in order to meet the CIDB IBS assessment score of related projects. The objective of the CIDB IBS assessment is to provide a systematic and structured assessment system to measure the use of IBS in a consistent manner. CIDB is driving the adoption of IBS via private sector projects and are targeting for new developmental projects within Klang Valley worth RM50 million and above to achieve a minimum IBS Score of 50. In 2019, our Sentral Suites and PRIMA Brickfields Projects were assessed and the scores are as shown below:

**SENTRAL SUITES PROJECT
(CIDB IBS SCORE: 50)**

**PRIMA BRICKFIELDS
(CIDB IBS SCORE: 70)**

For details of CIDB IBS assessment criteria and rating refer to:
<http://www.cidb.gov.my/images/content/pdf/cis/CIS18.pdf>

Other initiatives to minimise the use of materials is the reduction in the use of timber formwork in favour of system formwork which reduces construction time, the need for materials on site and cost.

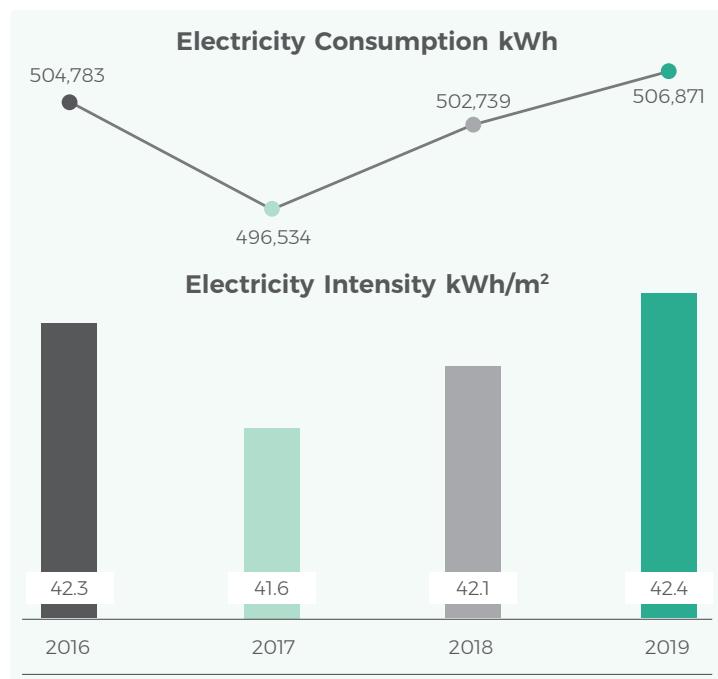
Energy & Water Consumption

In line with constructing sustainably, proper resource management is essential to MRCB's operations. We have conducted a thorough review of the information that our Business Units are able to provide, in order to obtain a better picture of how we are managing and performing in certain areas relating to the environment. We learned that the complex nature of our business presents some challenges in compiling and normalising certain environmental data sets. For example, energy and water consumption tend to vary depending on the nature, number and scale of projects during the year. Projects at the beginning and end stages of work tend to be less energy intensive compared to other phases of construction where more energy is required.

Moving forward, we intend to implement a more comprehensive system of collecting data in our operations. We plan to engage more closely with all teams to foster active participation at all levels, and train our workforce on the importance of recording and submitting environmental data in a timely manner.

Furthermore, where applicable, we try to use energy intensity instead of total energy consumption when tracking and representing consumption data, for a more realistic analysis of our year on year performance.

Since 2016, MRCB's HQ office has managed to maintain its energy use relatively steady and will continue to identify areas in which it can decrease its consumption. The energy use intensity for MRCB'S HQ office since 2016 is presented in the graph below.



The tables below show the energy and water consumption of all our operating Divisions and key MRCB departments.

MRCB's Energy Consumption (kWh)

Area of operation	2017	2018	2019
MRCB Headquarters	496,534	502,739	506,871
Property Development	20,998,573	18,320,486	231,563
Engineering, Construction & Environment	1,184,048	1,180,693	2,314,099
Facilities Management & Parking	11,338,442	14,286,552	12,906,952
Infrastructure & Concessions	1,764,682	-	-
TOTAL	35,782,279	34,290,470	15,959,485

MRCB has been able to progressively decrease its electricity consumption throughout the years, despite the number of projects that it undertakes. We aspire to maintain this trend. Water consumption and billing at MRCB's Headquarters is part of the monthly rental and therefore, difficult to track as it is a fixed payment. We will continue to identify areas in which we can improve our performance on water consumption to avoid unnecessary wastage.

In 2019, the sharp decline in energy and water consumption for Property Development was due to a majority of projects being completed in prior years, while new projects in 2019 were at the early stages where energy and water usage were less intensive.

MRCB's Water Consumption (m³)

Area of operation	2017	2018	2019
Property Development	80,110	227,604	18,379
Engineering, Construction & Environment	216,655	55,289	72,208
Facilities Management	-	342,202	295,206
TOTAL	296,765	625,095	385,793

Climate Change

Extreme and unpredictable weather conditions, floods, droughts, and rising sea levels are among the major climate change challenges that businesses today will have to face. We recognise the impacts that Climate Change has on our business operations as well as stakeholders and our preliminary analysis of both positive and negative impacts on MRCB's operations:

- Increase in 'green' consumers and changing market expectations. There is increasingly more demand for low carbon solutions. This will have implications for the design, construction, maintenance and facilities management of both existing and new business premises. Designing buildings that are both low carbon and resilient to the future climate presents a significant challenge for MRCB. At the same time, this will create new business opportunities, for example where the private sector is able to provide the knowledge, skills and technologies required to help society adapt to such changes. Examples include MRCB's proposed expansion into waste-to-energy solutions.
- Business logistics (supply chains, utilities and transport arrangements) can be disrupted by extreme weather events. This is likely to affect businesses across all sectors to some extent, threatening business continuity. MRCB's businesses that rely heavily on utilities, the transport network or those with inflexible supply networks will be particularly vulnerable.
- People are affected by the weather. Heat has physiological effects; inclement weather can affect concentration and weather patterns influence behaviour and lifestyles. MRCB's workers are exposed to the impacts of heat stress in warmer conditions.
- MRCB's finances could be affected by climate change through the cost of damage, disruption and loss of sales driven by all of the above. Apart from exposure of our current assets to extreme weather events such as floods, there will also be other financial impacts on our business, for example, as investors increasingly take future climate risks into account, access to finance may become a problem if banks start to refuse credit to companies that are not managing climate risk properly. Bank Negara, the Central Bank of Malaysia has formed a Joint Committee on Climate Change (JC3) and are urging local banks to combat climate change with the adoption of responsible lending policies.

SUSTAINABILITY STATEMENT

ENVIRONMENTAL STEWARDSHIP

We have embarked on the following initiatives to address the risks and opportunities of climate change:

1. Reviewing a suitable methodology to measure carbon footprint and establish a baseline target for carbon reduction.
2. Embedding low carbon and sustainability considerations in the design and construction of buildings and infrastructure. MRCB adopts green building criteria across a number of tools such as GBI, GreenRe, MyCrest and LEED (See MRCB's *Green Buildings and Infrastructure* on pages 150 and 153 respectively).
3. Identified the renewable energy segment, and waste-to-energy in particular, as a future market. Malaysia produced 47,218 tonnes of waste in 2019 going to 165 landfills, of which only 8 being sanitary landfills, to store the waste produced nationwide. Malaysia's carbon dioxide (CO₂) emissions was also recorded at 250.3 million tonnes in 2018, the bulk of which came from electricity production, vehicles and waste. With space for landfills growing increasingly scarce, particularly in urban areas, and waste per capita forecasted to increase in line with the nation's population growth, there is an urgent need to move towards more sustainable waste management solutions and clean energy production in Malaysia to reduce the impact on the environment and general well-being of the population.
4. One of MRCB's key innovation is MBS, which allows for projects utilising this technology to be constructed mainly offsite. This reduces construction costs by 10% – 30% through less material wastage and improves resource efficiency (lower fuel usage) at construction sites, which in turn leads to reduced carbon emissions. (Read more on MBS on pages 12 – 15).
5. MBS, which is sustainable and environmentally friendly, also reduces the impact of harsh weather conditions on workers as up to 90% of works can be done offsite in a controlled environment, resulting in higher productivity, lower defects and lower wastage.

Carbon Dioxide (CO₂) Emissions

For 2017 and 2018, MRCB did not keep track of all its Greenhouse Gas (GHG) emissions at offices and project sites. The figures reflected in these two (2) years display the amount of fuel (combination of petrol and diesel) consumed and carbon dioxide emitted by MRCB's registered company vehicles. For 2019, we have expanded the scope of our GHG emissions and included fuel consumption at all our project sites and this is reflected in the significant increase in the amount of carbon emissions reported.

Fuel Consumption & CO ₂ Emissions	2017	2018	2019
Volume (L)	418,682	422,955	898,763
CO ₂ Produced (kG/L)	976,159	986,910	2,097,083

We are still the midst of identifying the most appropriate method for quantifying and monitoring our GHG emissions intensity.

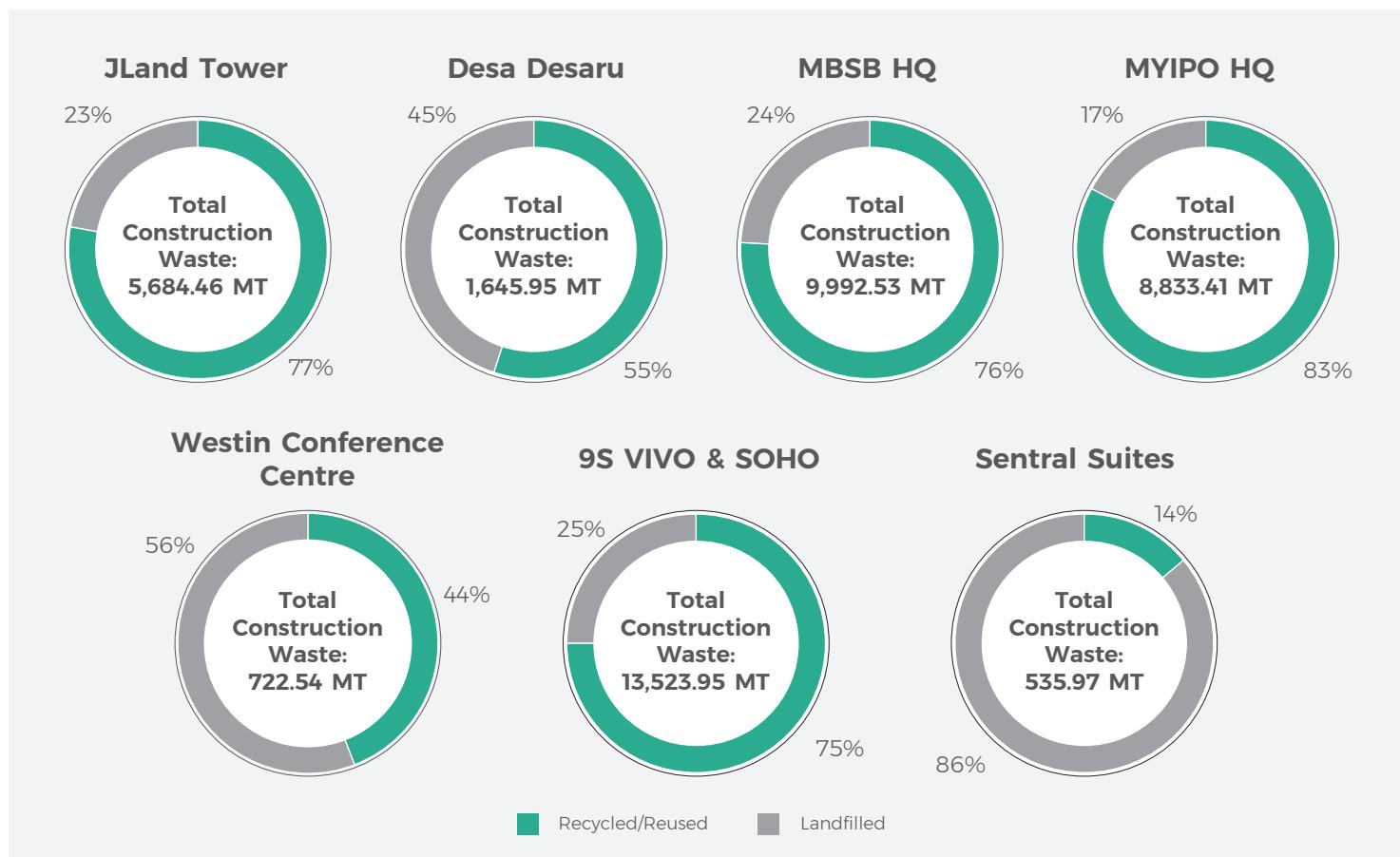
Waste 306-1, 306-2

MRCB's business operations generate solid waste mainly from construction activities. Construction waste is inert in that it is not reactive and will not decompose. Therefore, its generation requires large areas for land disposal. To address this issue, MRCB minimises the generation of construction waste wherever possible.

At our project sites, we practice the 3R (Reduce, Reuse and Recycle) approach in which we segregate recyclables including reusable waste. With this, we managed to reduce substantial amount of waste sent to the inert waste landfill. To facilitate waste segregation at project sites, we provide several bin types for different wastes such as scrap metal, timber, concrete and recyclable waste comprising paper, plastics and glass.

Scrap metal, timber and recyclable waste are sent for recycling to help in reducing the use of virgin resources in the future. On the other hand, concrete waste is being reused as crusher run for access roads and to cover potholes within project sites, in order to minimise potential hazards and accidents. In cases where concrete waste is not suitable for reuse, it is sent to a licensed landfill for disposal. We also ensure wooden pallets that come with the bricks are properly stored at sites before returning them to suppliers for reuse. The total amount of construction waste generated for this year is 40,805.06 MT, compared to last year with 10,555 MT of waste generated. The increase is due to the progress made at our active projects.

Construction Waste Generated Landfilled and Recycled



Other than construction waste, our projects generate scheduled waste which is managed in accordance with the Environmental Quality (Scheduled Wastes) Regulations 2005. Scheduled waste generated is properly stored and labelled at our project sites and disposed when it reaches a certain quantity or duration. We only appoint contractors who are licensed by the Department of Environment (DOE) to collect and transport the scheduled waste for treatment prior to disposal.

Moving forward, we plan to strengthen our waste tracking and monitoring for all project sites, for more comprehensive reporting in the next few years. We also believe a proper tracking system will ease our journey towards waste minimisation.

Conclusion

MRCB is dedicated to incorporating sustainability throughout its value chain. As we progress through our sustainability journey, we continuously seek to identify areas for improvement in our operations to address the gaps in our performance.

This year we have achieved several feats including the development of our MBS that will spearhead sustainable construction by reducing defects and the waste of materials, time, and error. We aspire to set the standard in the industry though this innovation, while mitigating negative impacts to the environment in the construction sector. In addition to this, MRCB has embarked on the PEKA@MRCB Programme, that helped vulnerable groups at a second chance to earn a living and contribute positively to society, while addressing the nation's socio-economic problems regarding unskilled foreign labour. It is evident that MRCB has taken strides in incorporating more elements of sustainability into its operations where possible.

We recognise that the benefits and need for sustainability out-weighs short-term profit and, therefore, will continue to evaluate our environmental and social impacts alongside our economic performance. Throughout this process, MRCB will continue to strengthen its relationship with stakeholders through active engagement to gauge their expectations of the business. Through these efforts we hope to promote the sustainable growth of our business and ensure its long-term success.