

OUR COMMITMENT TO SUSTAINABILITY

AS ONE OF MALAYSIA'S LEADING URBAN PROPERTY AND INFRASTRUCTURE DEVELOPERS, MRCB RECOGNISES THE RESPONSIBILITY WE SHOULDER IN BUILDING THE NATION'S ECONOMY, DELIVERING ADDED VALUE TO SOCIETY, AND MITIGATING THE IMPACT OF OUR BUSINESS ACTIVITIES ON THE NATURAL ENVIRONMENT. IN LINE WITH OUR LONG-TERM COMMITMENT TOWARDS IMPROVING OUR SUSTAINABILITY DISCLOSURES AND PERFORMANCE, WE ARE THRILLED TO SHARE THE LATEST DEVELOPMENT OF MRCB'S ROAD TO SUSTAINABILITY THROUGH THIS REPORT.

MRCB underwent a year of significant transition in 2018. Along with the changes witnessed in our corporate leadership and transformation of our organisational structure, we took our first critical steps towards integrating sustainability into our corporate culture and reconfiguring our sustainability data compilation process. The experience taught us valuable lessons that helped us obtain a deeper understanding of how sustainability was perceived in the organisation, which sustainability practices were already being adopted and implemented, and what areas could be further improved.

We made efforts to proactively engage with our Heads of Divisions, Departmental leaders and their respective teams to raise awareness of our corporate sustainability goals, which were revamped last year, and to address any questions or concerns they may have regarding MRCB's quest for sustainability. We worked closely with teams of various departments to determine the types of data and information that are available for recording and compiling as well as to identify any policies, standards, guidelines and procedures related to sustainability which may (and may not) be currently implemented at MRCB.

MRCB is indeed grateful for the outstanding support received from our people, who are key to the future success of our corporate sustainability goals and strategy. We are hopeful that efforts to advance our sustainability agenda will enable us to nurture sustainable practices in our corporate culture, and further strengthen our position and reputation in the industry.

The contents of this Statement are divided into five key topics – sustainability goals, governance and framework; materiality; economic impact; social responsibility; and environmental stewardship. The reporting scope and priorities were determined through conducting stakeholder engagement and materiality assessment, identifying sustainability indicators, benchmarking global practices and standards in sustainability reporting, and referring to the latest Bursa Malaysia Sustainability Reporting Guide (2018) as well as Toolkits. The GRI Standards were also instrumental in that they were oftentimes referred to as a key guideline in determining the sustainability indicators used to measure our performance and prepare this report.

SCOPE OF THIS STATEMENT

The coverage of this statement includes all domestic operations of MRCB, consisting of its subsidiaries, of which MRCB has direct control and holds a majority stake.

REPORTING PERIOD

The reporting period covered is from 1 January, 2018 to 31 December, 2018. Where possible, historical information from previous years were included to provide comparative data.

REPORTING CYCLE

Annually

REFERENCES AND GUIDELINES

- Principal Guideline:
 - Bursa Malaysia Sustainability Reporting Guide
- Supporting Guidelines:
 - Global Reporting Initiative Sustainability Reporting Standards (GRI Standards)
 - United Nations Sustainable Development Goals (SDGs)

CONTACT US

We value your feedback and regard your suggestion(s) as an opportunity to learn and improve ourselves. If you have any comments and/or suggestions on our Sustainability Statement, please do not hesitate to send them to Dr. Nur Syafrina Mohd Sharif at the following e-mail address:

nursyafrina@mrcb.com

OUR SUSTAINABILITY GOALS, GOVERNANCE & FRAMEWORK

CONTRIBUTING TO THE GLOBAL GOALS

We perceive sustainability as a never-ending quest that requires the participation of all stakeholders, internally and externally, at every level. In efforts to contribute to global and national initiatives towards sustainable development, MRCB seeks to continuously refine its strategic approach to the UN Sustainable Development Goals (SDGs).

In 2017, we identified Goals 9 (Industry, Innovation and Infrastructure) and 11 (Sustainable Cities and Communities) as the key SDGs that MRCB would be able to contribute to through its core business activities, such as projects involving the construction of safe and reliable infrastructure, as well as those that improve urban amenities, transport connectivity, community well-being and sustainable lifestyles in cities. In 2018, we embarked on identifying six (6) other potential SDGs that are aligned to our values and way of doing business. We are still in the process of implementing specific measures that focus on addressing the global goals. We opine that the various programmes and initiatives we deliver in addition to the sustainable practices already adopted in certain areas of MRCB’s business operations, can contribute to the advancement of select SDGs. The following table displays a list of the eight (8) SDGs that we believe MRCB could have the greatest impact on:

ALL UNITED NATIONS MEMBER STATES ADOPTED THE 2030 AGENDA FOR SUSTAINABLE DEVELOPMENT IN 2015. AT THE HEART OF IT ARE THE 17 SUSTAINABLE DEVELOPMENT GOALS (SDGs) WITH 169 TARGETS, CALLING FOR ACTION BY ALL COUNTRIES TO PROMOTE PROSPERITY WHILE PROTECTING THE PLANET. THE SDGs ADDRESS THE GLOBAL CHALLENGES WE FACE, INCLUDING POVERTY, INEQUALITY, AND ENVIRONMENTAL DEGRADATION, WITH AN AIM TO ACHIEVING EACH GOAL AND TARGET BY YEAR 2030.

SUSTAINABLE DEVELOPMENT GOAL		MRCB'S CONTRIBUTION
<p>SDG 3: Good Health and Well-being</p> 	<p>Ensure healthy lives and promote well-being for all at all ages</p>	<ul style="list-style-type: none"> • We prioritise 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 raising awareness on individual health and fitness. • We manage our construction wastes responsibly and ensure proper storage as well as disposal of hazardous and non-hazardous waste. • We participate in road safety awareness programmes and apply necessary measures to safely regulate traffic at our project sites.
<p>SDG 4: Quality Education</p> 	<p>Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all</p>	<ul style="list-style-type: none"> • We promote and participate in educational programmes that aim at inspiring and motivating young Malaysians to excel in academia. • We “adopt” selected primary schools from the communities that are located in the vicinity of our project sites and offer workshops as well as other learning resources so that students, especially those from underprivileged groups, can improve their grades and pass their exams. • MRCB and Yayasan MRCB have provided financial assistance to various other schools and collaborated with organisations to support education. • We have been involved in renovating and upgrading schools and libraries (i.e. educational facilities) for underprivileged students.
<p>SDG 5: Gender Equality</p> 	<p>Achieve gender equality and empower all women and girls</p>	<ul style="list-style-type: none"> • 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 organise programmes for internal stakeholders that promote women’s empowerment and support their career development in the organisation. • We donate to associations that carry out initiatives focused on empowering women and girls.

OUR SUSTAINABILITY GOALS, GOVERNANCE & FRAMEWORK

SUSTAINABLE DEVELOPMENT GOAL		MRCB'S CONTRIBUTION
<p>SDG 8: Decent Work and Economic Growth</p> 	<p>Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all</p>	<ul style="list-style-type: none"> • The steady growth of our business over the years has allowed us to provide more employment opportunities, especially to locals, and to contribute to the development of the national economy. • We provide competitive salaries and benefits packages to our employees in addition to training opportunities for growth and career development. • We participated in the SL1M programme, which has helped provide industry exposure, training and jobs to Malaysian graduates in need of industry skills and experience.
<p>SDG 9: Industry, Innovation and Infrastructure</p> 	<p>Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation</p>	<ul style="list-style-type: none"> • We develop and construct green buildings, and where possible, make efforts to incorporate sustainable features in our infrastructure projects. • We create employment opportunities for local and foreign workers. Our financial gains also contribute back to the national economy and as a Government-linked Company (GLC), MRCB plays a role in supporting government initiatives, especially in business, innovation, and economic development.
<p>SDG 11: Sustainable Cities and Communities</p> 	<p>Make cities and human settlements inclusive, safe, resilient and sustainable</p>	<ul style="list-style-type: none"> • As a leading urban property developer in 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 infrastructures that enhance the sustainable features of cities, such as public transport systems, green buildings, and affordable housing. • We lend a helping hand to underprivileged groups and communities in cities where we operate our business, through the adoption of schools and philanthropic activities aimed at reducing hardships of vulnerable groups, such as the homeless.
<p>SDG 12: Responsible Consumption and Production</p> 	<p>Ensure sustainable consumption and production patterns</p>	<ul style="list-style-type: none"> • We implement our QESH policy at project sites, which includes the practice of 3Rs (Reduce, Reuse and Recycle). • We have started to track water and energy usage at our project sites and are implementing strategies towards improving efficiency. • Depending on project requirements, our green buildings are built with plans that ensure construction works are carried out sustainably, such as Construction Indoor Air Quality Management Plan, Erosion and Sedimentation Control Plan, Construction Waste Management Plan, Mould Prevention Plan, Environmental Management Practice Plan and Workers' Site Amenities Plan. • 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.
<p>SDG 13: Climate Action</p> 	<p>Take urgent action to combat climate change and its impacts</p>	<ul style="list-style-type: none"> • We keep track of the carbon dioxide (CO₂) emissions of our company vehicles and are exploring the possibility of measuring GHG emissions at our project sites. • We record our energy and water consumption and are currently planning on ways to increase our energy efficiency as well as reduce waste across all our business operations.

In addition to the UN SDGs, we remain strongly committed to promoting and practicing the ten (10) principles of the United Nations Global Compact (UNGC) and shall continue to work on incorporating the principles into our corporate strategies, policies and procedures.

 For details on the UNGC and its 10 principles, visit unglobalcompact.org

OUR SUSTAINABILITY GOALS, GOVERNANCE & FRAMEWORK

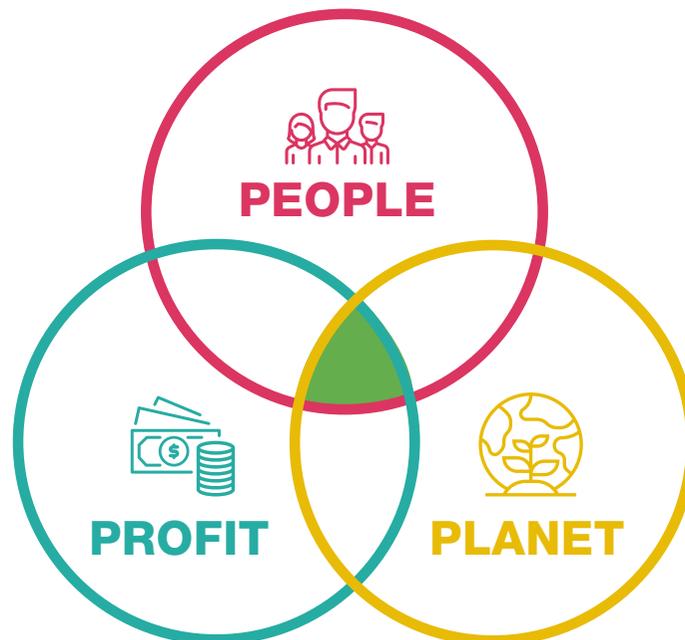
CORPORATE SUSTAINABILITY GOALS

The foundation of our corporate sustainability goals is built on the pillars of sustainable development. We place people, planet and profit at the heart of our sustainability goals, which were constructed in a way that reflects our vision, values and material issues. Regardless of the outcomes of future materiality assessments, the issues that have been incorporated into our sustainability goals will remain important to us as our business grows and evolves year after year. Our sustainability goals are focused on addressing three (3) key areas of responsibility, as elaborated below.

MRCB'S SUSTAINABILITY GOALS

ENGAGEMENT & SAFETY

- MRCB is determined to engage effectively with stakeholders, strengthen our relationships with clients and authorities, support the development of our talent, and foster ties with surrounding communities.
- MRCB will take serious precautions in ensuring employee, client, and public safety at all our project sites and offices.



GOVERNANCE, COMPLIANCE & BUSINESS PERFORMANCE

- MRCB is firmly committed to upholding the highest standards of governance and compliance in all areas of our business as well as adherence to relevant best practices.
- MRCB will endeavour to adopt competitively superior strategies in business and risk management that will lead to financial success while creating benefits not only to our business, employees, and clients, but also to the national economy and society.

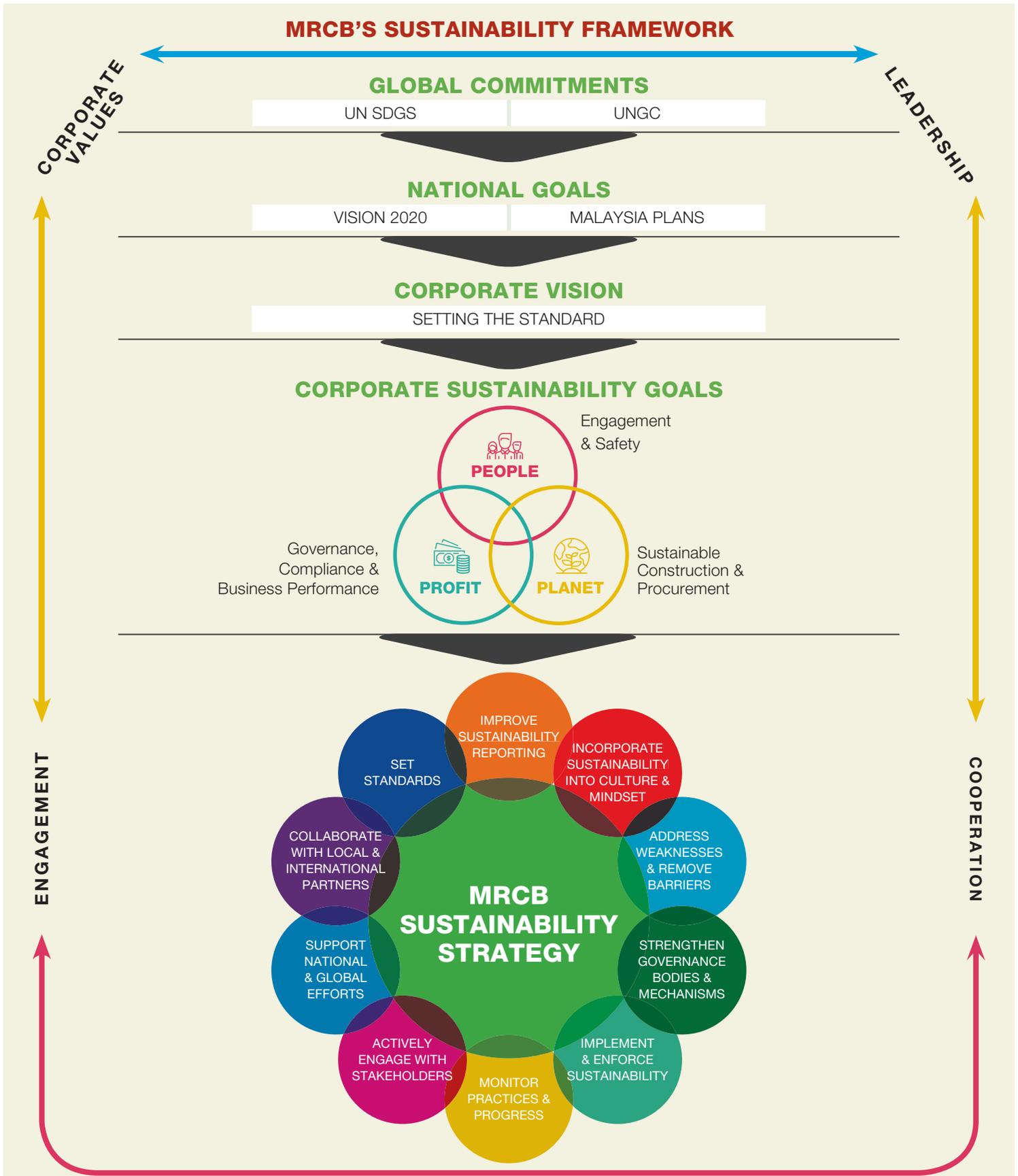
SUSTAINABLE CONSTRUCTION & PROCUREMENT

- MRCB is inspired to explore innovative approaches it could potentially adopt to meet its corporate needs without compromising the health of the environment and well-being of the people.
- MRCB will continuously seek to review and improve our construction methods, tools and materials to perform our best in delivering quality construction work and services with as little negative impact as possible to the environment.

**OUR SUSTAINABILITY GOALS,
GOVERNANCE & FRAMEWORK**

CORPORATE SUSTAINABILITY FRAMEWORK & STRATEGY

Our Sustainability Framework reflects the international commitments, national goals, corporate vision and corporate sustainability goals that we are aiming to achieve as a sustainable business and global corporate citizen. MRCB's Sustainability Strategy, which is integrated into the Framework, is formed by ten (10) interlinked and equally essential objectives that serve to guide us in our quest towards achieving sustainability. Each objective is accompanied by several action plans, which are determined based on MRCB's level of maturity in the sustainability journey, and may thus evolve from time to time.



OUR SUSTAINABILITY GOALS, GOVERNANCE & FRAMEWORK

SUSTAINABILITY GOVERNANCE AT MRCB



OUR APPROACH TO GOVERNING SUSTAINABILITY REMAINS A WORK IN PROGRESS, WHICH WE HOPE TO CONTINUE DEVELOPING AS WE DEEPEN OUR UNDERSTANDING OF THE SUSTAINABILITY ISSUES MATERIAL TO OUR BUSINESS.

MRCB’s Board of Directors holds the responsibility of providing oversight and guidance in the formulation and direction of our corporate strategies and policies. Our Board champions ethical principles and practices, and promotes good governance to ensure the successful delivery of our strategies, thus safeguarding the long-term success and sustainability of the Group. The Board is regularly updated on sustainability issues by our Group Managing Director (GMD) and/or other Senior Management members.

The GMD shoulders the highest level of responsibility for sustainability at MRCB, and takes into consideration all economic, environmental, social and governance dimensions of our business development and direction. Our Chief Corporate Officer (CCO) supports the GMD in overseeing the progress of MRCB’s sustainability efforts.

Our Head of Sustainability leads the development of our sustainability strategy, framework and disclosures, and is responsible for monitoring the overall progress of MRCB’s sustainability performance, providing recommendations for improvement and promoting activities as well as initiatives that foster sustainability at MRCB. Members of our Senior Management are also kept updated on compliance requirements, emerging issues, and other matters related to sustainability in MRCB.

MEMBERSHIP OF ASSOCIATIONS				
Construction Industry Development Board (CIDB)	International Real Estate Federation (FIABCI)	Malaysian Institute of Corporate Governance (MICG)	Minority Shareholders Watch Group (MSWG)	Master Builders Association Malaysia (MBAM)
British Malaysian Chamber of Commerce (BMCC)	Malaysian Employers Federation (MEF)	Real Estate & Housing Developers’ Association Malaysia (REHDA)	The Institution of Engineers, Malaysia (IEM)	Royal Institute of British Architects (RIBA)
Board of Engineers Malaysia (BEM)	Financial Markets Association Malaysia (PPKM)	Institution of Civil Engineers (ICE)	Pertubuhan Arkitek Malaysia (PAM)	Royal Institution of Surveyors Malaysia (RISM)

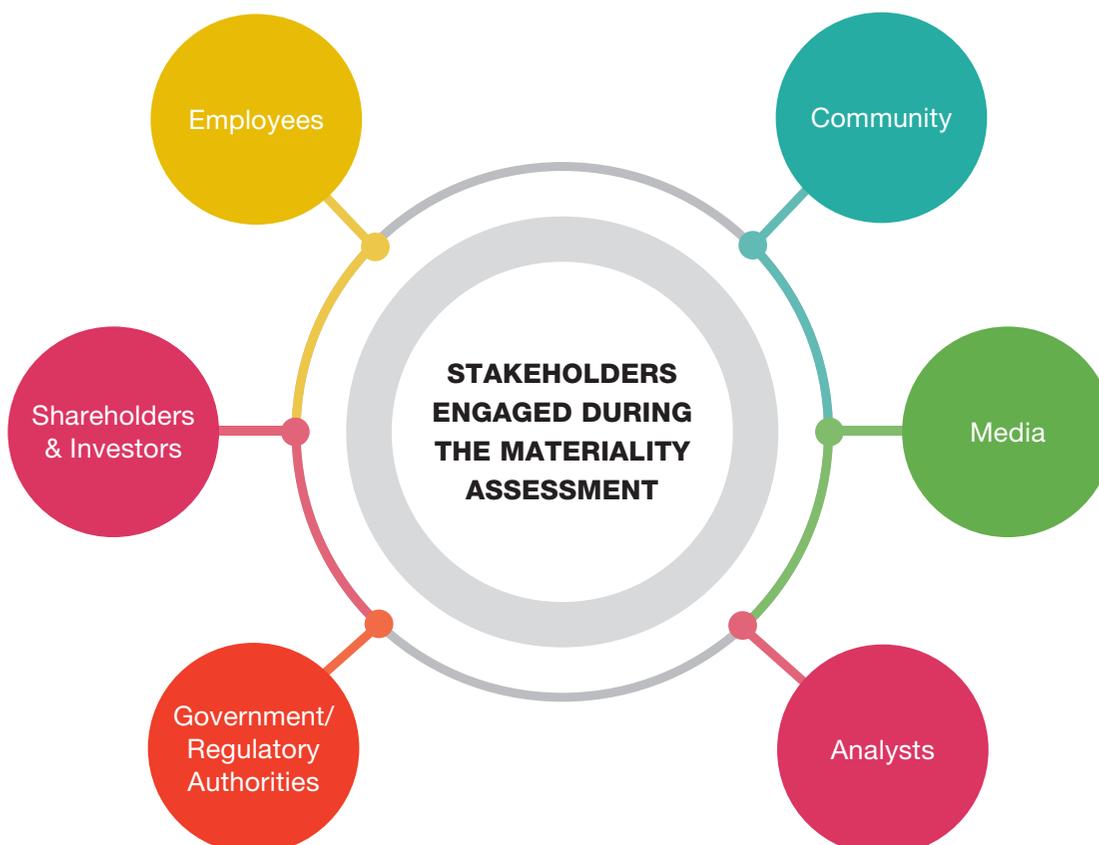
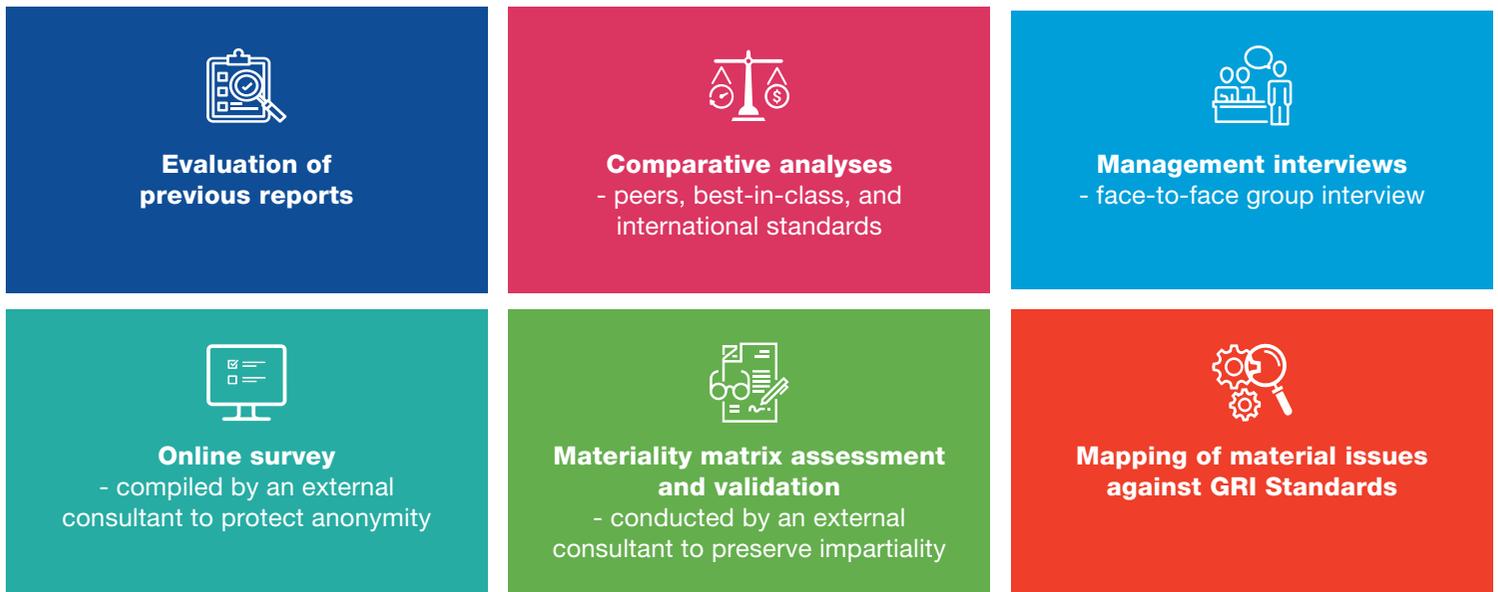
MATERIALITY

MRCB has undertaken considerable work in recent years to gain a better understanding of what internal and external stakeholders expect of MRCB’s sustainability performance, where we should focus our strategy and how to improve our goals. We regularly review and evaluate these material issues to determine if they remain consistent and relevant to the growth of our organisation and if there are any new and emerging issues we need to address.

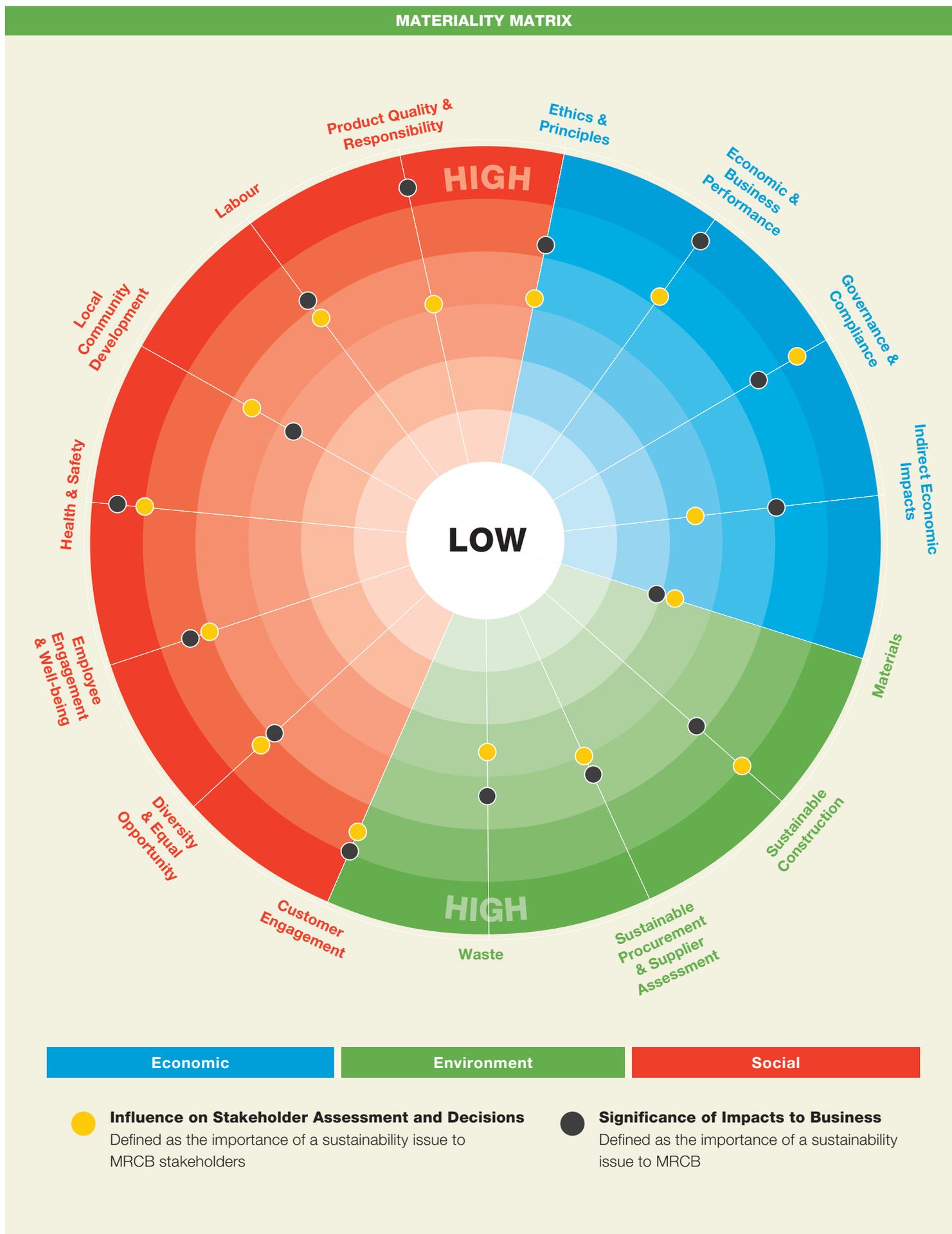
In preparation for this reporting cycle, we referred to our last materiality assessment, which was carried out towards the end of 2017 and used in last year’s report. We believe that the materiality assessment conducted in 2017 is still relevant to our business priorities in 2018 and have thus decided to refer to it again in determining our sustainability indicators as well as in preparing this report. We plan to conduct our next materiality assessment in 2019.

OUR METHODOLOGY

The following steps were undertaken in our materiality assessment:



MATERIALITY



OUR MATERIALITY ISSUES AND DEFINITIONS

SUSTAINABILITY PILLAR	MRCB'S MATERIAL ISSUES	DEFINITIONS
 ECONOMIC	1. Ethics & Principles	An organisation's values, principles, standards and norms that include due diligence carried out by an organisation 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).
	2. Economic & Business Performance	The economic value generated and distributed to stakeholders. Also describes the contribution of the organisation in significant infrastructure investments and services development that improve community welfare and local economies.
	3. Governance & Compliance	Compliance with applicable laws and regulations as well as with other instruments concerned with environmental and socio-economic standards.
	4. Indirect Economic Impacts	The contribution of the organisation in significant nation-building infrastructure investments and services development that improve community welfare and local economies.
 ENVIRONMENT	5. Materials	Efforts to reduce the material intensity and increase the efficiency of the economy. Material consumption (i.e. building materials) relates directly to overall costs of operation and tracking this consumption facilitates the monitoring of material efficiency and costs of material flows.
	6. Sustainable Construction	Reducing the negative environmental impacts and enhancing positive impacts of building design and delivery, which includes adherence to relevant green building standards. Also refers to efforts in managing energy consumption, water usage, and sustainability during the design, construction and operations of buildings as well as of various types of infrastructures, in order to minimise greenhouse gas emissions and reduce costs.
	7. Sustainable Procurement & Supplier Assessment	Efforts to identify and adjust the organisation's procurement practices that can potentially cause or contribute to negative impacts in the supply chain.
	8. Waste	Efforts on proper waste management during operations and 3R practices (reduce, reuse and recycle).
 SOCIAL	9. Customer Engagement	Enhancing product and service delivery to create a positive customer experience. This includes ensuring customer satisfaction and meeting customers' preferences and needs as well as protecting customer data privacy. Also includes an assessment of customer access to accurate and adequate information on the positive and negative economic, environmental, as well as social impacts of the products and services they consume – both from the product and service labelling as well as marketing communications perspective.
	10. Diversity & Equal Opportunity	Equal provision of opportunity to internal and external stakeholders across operations (e.g. customers, employees, suppliers, business partners) on the basis of merit and national policies.
	11. Employee Engagement & Well-being	The level of employee engagement and satisfaction that contribute to talent attraction and retention. Also includes training, benefits, working conditions as well as the availability of effective grievance mechanisms to protect human rights.
	12. Health & Safety	Managing health and safety impacts across the life cycle of a product or service, particularly customer and occupational health and safety.
	13. Local Community Development	Efforts to manage impacts on people in local communities through understanding and investing in their expectations and needs.
	14. Labour	Efforts on improving the process and hiring of foreign labour within the construction industry. This also includes the sustainability of hiring skilled foreign labour.
	15. Product Quality & Responsibility	Quality of products and services that directly affect stakeholders, and customers in particular.

ECONOMIC IMPACT



> Menara MRCB, Putrajaya

FINANCIAL PERFORMANCE IS A CORE INDICATOR THAT REFLECTS OUR SUCCESS AS A BUSINESS ENTITY. AN ECONOMICALLY UNSUSTAINABLE COMPANY, NO MATTER HOW WELL IT PERFORMS SOCIALLY AND ENVIRONMENTALLY, WOULD NOT BE ABLE TO SURVIVE IN THE MARKET FOR LONG. ECONOMIC RESILIENCE IS, THEREFORE, AN ESSENTIAL COMPONENT OF MRCB'S STRIVE FOR SUSTAINABILITY AS IT SECURES OUR PEOPLE, CLIENTS, COMMUNITIES AND SHAREHOLDERS WITH ACCESS TO A PROSPEROUS FUTURE.

The economic impacts shared in this section include those that we consider especially important in the development of MRCB's sustainability strategy. Please refer to page 44 of this report for details on our financial highlights. To read the full disclosure of our financial performance, kindly refer to MRCB's Financial Report 2018.

SIGNIFICANT INDIRECT ECONOMIC IMPACTS

We believe that our financial achievements can have direct and indirect impacts to local communities and economies. In this report, we provide key updates to the projects believed to have indirect economic impacts that are considerably significant.

According to the Global Reporting Initiative (GRI) Standards, an economic impact is a change in the productive potential of the economy that has an influence on a community's or stakeholder's well-being and longer-term prospects for development. Indirect economic impacts are defined as the additional consequences of the direct impact of financial transactions and the flow of money between an organisation and its stakeholders. It can be monetary or non-monetary and involves the impacts of an organisation's infrastructure investments as well as services supported (GRI 2016).

ECONOMIC IMPACT

MASS RAPID TRANSIT LINE 2 (MRT2)

CONTRACT VALUE RM614 million	TARGET COMPLETION 2021	STATUS OF PHYSICAL COMPLETION 35%
--	----------------------------------	---

LIGHT RAIL TRANSIT LINE 3 (LRT3)

CONTRACT VALUE RM5,686 million	TARGET COMPLETION 2024	STATUS OF PHYSICAL COMPLETION 10%
--	----------------------------------	---

TNB HQ CAMPUS (PHASE 1)

CONTRACT VALUE RM65 million	TARGET COMPLETION 2019	STATUS OF PHYSICAL COMPLETION 41%
---------------------------------------	----------------------------------	---

LARKIN STADIUM

CONTRACT VALUE RM60 million	TARGET COMPLETION 2019	STATUS OF PHYSICAL COMPLETION 40%
---------------------------------------	----------------------------------	---

DAMANSARA-SHAH ALAM ELEVATED HIGHWAY (DASH)

CONTRACT VALUE RM400 million	TARGET COMPLETION 2019	STATUS OF PHYSICAL COMPLETION 12%
--	----------------------------------	---

GOVERNANCE AND COMPLIANCE

Businesses are, more than ever, expected to be accountable and transparent. Good corporate governance forms the foundation of a healthy organisation and can set the tone as to how a company operates and behaves, both internally and in the market. A company must also comply with laws and regulations, not only to protect its reputation, but also because failure to do so could result in a variety of penalties that lead to additional costs. Indeed, efficient processes and effective implementation in corporate governance as well as in legal compliance could contribute to advancing business performance.

MRCB is committed to achieving compliance with the Malaysian Code on Corporate Governance (MCCG). Our Corporate Governance Department works closely with the Board, the Company Secretarial Department and other teams to implement measures that ensure accountability and adherence to related best practices. More details

are provided in our corporate governance report which can be downloaded through MRCB's website. The Corporate Governance Overview Statement could also be referred to on page 95 of this report for further details on our approach to governance and the principles we have adopted to lead our corporate governance practices. The Corporate Governance team also engages with various departments to raise awareness on certain company procedures and initiatives. In 2018, 372 MRCB employees were trained on matters related to QESH-MS and ISO 9001:2015.

Meanwhile, our Company Secretarial Department plays an advisory role to the Board, highlighting gaps between corporate governance standards and practices in the company to the Board for direction as well as decision on action plans. Both our Corporate Governance and Company Secretarial departments observe the implementation of action plans agreed by the Board to ensure meaningful application of good governance practices.

Our Regulatory Affairs Department is responsible for ensuring MRCB's business operations, be they local or international, comply with relevant laws and regulations of the country. Indeed, we are aware that regulatory compliance is closely tied to the ability of our business to achieve financial progress. The Regulatory Affairs Department also keeps track of our compliance with license conditions. In 2018, a database was developed to monitor and update the licenses needed for MRCB to operate and carry out its projects.

Assessing and mitigating the potential risks surrounding our business forms a part of our efforts to maintain good governance and compliance, achieve successful outcomes of our projects and minimise the possibility of losses. As such, a Group Risk Management Department was set up in 2018 to establish and implement a structured risk management oversight function for MRCB, which will include enhancement of a corporate risk-awareness culture and development of a Risk Management and Internal Control Framework. In addition, the Enterprise Risk Management Policy and Framework as well as the Project Risk Management Plan of our engineering, construction and environment arm, MRCB Builders, were revised to enhance the risk management process involved in our development projects.



ECONOMIC IMPACT

ETHICS AND PRINCIPLES

ALL DIRECTORS AND EMPLOYEES AT MRCB ARE EXPECTED TO COMPLY WITH OUR CORPORATE CODE OF BUSINESS ETHICS (CODE), WHICH REQUIRES EVERYONE AT MRCB TO OBSERVE THE HIGHEST ETHICAL BUSINESS STANDARD OF HONESTY AND INTEGRITY, AND TO APPLY THESE VALUES TO ALL ASPECTS OF OUR BUSINESS AND PROFESSIONAL PRACTICES. WHILE WE REMAIN COMMITTED TO UPHOLDING THE PRINCIPLES OF INTEGRITY AND TRANSPARENCY, THE HIGH-RISK NATURE OF OUR INDUSTRY EXPOSES MRCB TO A RANGE OF ETHICAL ISSUES.

In this regard, MRCB's Integrity and Discipline Department (IDD) works diligently to ensure that all employees are informed of the company's Code while providing advice and guidance on handling situations in which unethical practices may arise. The Department also keeps track of incidents of corruption and communicates the importance of integrity through media, seminars, programmes and internal memos and serves as a vital contact point for employees to submit reports or complaints on ethics, disciplinary and integrity-related issues. These issues may include bribery, sexual harassment, workplace violence and other actual or suspected violations of any company policies. If an illegal practice has been detected, internal investigations will be conducted and, where necessary, the case would be reported to the police and the Malaysian Anti-Corruption Commission (MACC) for further action.

MRCB is committed to the elimination of fraud and corruption. We expect all business activities to be conducted ethically, honestly and to the highest possible standards of transparency, openness and accountability. MRCB's Prevention of Fraud Manual serves to facilitate the development of controls, policies and procedures that will aid in the prevention and detection of fraud against the Group. The Manual outlines the definition of fraud at MRCB and provides guidance on the implementation of the Prevention of Fraud Policy.



> MRCB Auxiliary Police

ANTI-CORRUPTION INITIATIVES

Under the Malaysian Anti-Corruption Commission Act 2009 (MACCA), bribery and corruption refers to any action that would be considered as an offence of giving or receiving "gratification". Corruption is a great challenge that poses major risks to our business goals and operations. The construction and real estate sectors have reportedly the highest rates of bribery and corruption of any industry. MRCB adopts a zero-tolerance stance toward corruption and firmly believes that addressing it requires concerted action from all. Our employment contracts include clauses on anti-corruption and anti-bribery.

MRCB made a collective pledge in 2017 with the Malaysian Anti-Corruption Commission (MACC) to prevent and eradicate corrupt practices. All our employees signed individual pledges to commit to fighting corruption and complying with anti-corruption laws. In 2018, a total of 1,764 MRCB employees had signed their respective pledges, which were then successfully handed over to MACC's Director of Community Education Division (PenMas) at the MACC Headquarters in Putrajaya.

“

Corruption is understood to include practices such as bribery, facilitation payments, fraud, extortion, collusion, and money laundering; the offer or receipt of gifts, loans, fees, rewards, or other advantages as an inducement to do something that is dishonest, illegal, or represents a breach of trust. It can also include practices such as embezzlement, trading in influence, abuse of function, illicit enrichment, concealment, and obstructing justice.

- GRI Standards (2016)

”

In line with MRCB's corporate initiative to enhance governance and integrity, the IDD embarked on implementing the Anti-Bribery Management System (ABMS) in 2018. The preparation undertaken towards implementing the ABMS began in 2017 and consisted of five stages based on the standards set out in the ISO 37001:2016 Anti-Bribery Management System (ISO ABMS).

One-hour talks on integrity, anti-corruption and bribery continued to be delivered every month to newly recruited staff. Throughout the year, awareness programmes were conducted for all existing staff to raise the overall awareness on integrity, corruption, fraud and bribery. As a result, a total of 237 new hires attended the sessions and 361 employees attended the ISO 37001:2016 Anti-Bribery Management System Training. The training provided MRCB employees with a better understanding of bribery and corruption, measures and controls covered by the Management System, what is expected of them as employees of MRCB and how to manage various real-life situations involving bribery. The ABMS was indeed a Board-level priority at MRCB in 2018 and its implementation has been fully supported by

our top management and Heads of Departments. A revision of the Terms of Reference of the Audit Committee, now renamed the Audit & Risk Management Committee (ARMC), which forms a part of the Board Charter, was approved by the Board of Directors in August 2018. As a result, the ARMC must demonstrate improved leadership and commitment to the ABMS. In November 2018, our Board's Audit Committee approved the Anti-bribery and Corruption Policy, which further underlines MRCB's zero tolerance approach against all forms of bribery and corruption. The policy is set to take effect at a later date.

For 2018, no incident of corruption was recorded. We continue to provide guidance and information to raise our employees' level of awareness on corruption and fraud through induction sessions, training courses and other various programmes.

MRCB is a signatory to the Corporate Integrity Pledge (CIP) and is aligned with CIP's initiatives, as identified by the Malaysian Anti-Corruption Commission (MACC).

WHISTLEBLOWING POLICY

MRCB is committed to developing a culture of openness and honesty in which a person who is aware of a potential malpractice or misconduct is encouraged to report such matters, in good faith and without fear of reprisal and/or retaliation. The Group's confidential whistleblowing channel allows anyone to report misconduct of MRCB employees, including members of our Senior Management. Details of how to make a report have been made available on our corporate website. All reports are promptly investigated and treated with the highest level of confidentiality. We also protect whistleblowers to the extent reasonably practicable and address any alleged or attempted acts of interference, reprisal, retaliation, threats, coercion or intimidation against any whistleblower.

Our Whistleblowing Policy was revamped in 2017 to widen its scope and add greater clarity. This includes strengthening the protection to whistleblowers as well as introducing new whistleblowing channels to encourage employees and members of the public to reach out to the relevant governance parties. Under the ISO ABMS, some revisions to the Whistleblowing Policy were made in 2018.

No cases were reported through the Whistleblowing channel in 2018.

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 and 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 were carried out in 2018 to help employees better understand the implementation of this policy and how to professionally manage various situations involving gifts, such as at dinner events or during seasonal festivities.

AVOIDING ANTI-COMPETITIVE BEHAVIOUR

Healthy competition is needed to make the economy more efficient and dynamic. MRCB abides by the Malaysian Competition Act 2010, which is a law that provides regulatory framework against market manipulation and cartel practices. We strive to ensure that MRCB does not breach this legislation.

MRCB remains committed to CIP's five anti-corruption principles:



SOCIAL RESPONSIBILITY

THE BIGGEST ECONOMIC ENTITIES IN THE WORLD ARE NOT COUNTRIES BUT CORPORATIONS. AS BUSINESSES GROW TO BECOME MORE INFLUENTIAL, CONSUMERS GLOBALLY ARE INCREASINGLY EXPECTING THEM TO CONTRIBUTE TO SOCIETAL WELL-BEING. CORPORATE PERFORMANCE, THEREFORE, IS NOT ONLY DEFINED AND MEASURED EXCLUSIVELY IN TERMS OF ECONOMIC PROFITABILITY, BUT ALSO BY THE COMPANY'S ENVIRONMENTAL AND SOCIAL IMPACTS.

For MRCB, the nature of our business requires us to consider the impact of our key activities and the outcome of our projects on communities and society at large. We are grateful for the trust of our stakeholders in our ability to deliver projects with quality outcomes. Their confidence in our business operations is important to our reputation and future opportunities for growth. As MRCB undergoes its phase of transition in business strategy, corporate structure and approach to sustainability, we remain in a constant state of developing our level of awareness and deepening our understanding of sustainability in the context of our business, as well as the changing landscape of our industry.

Regardless of where we are in the sustainability spectrum, we believe that being a good corporate citizen, whether through philanthropic activities or as part of corporate strategy, is not only the right thing to do but could potentially lead to profitable growth in the long run. We hope that our efforts in delivering positive social impacts will result in win-win scenarios for our business, people, clients, and surrounding communities.

OUR PEOPLE

Learn more about our workforce, employee engagement activities, training and safety standards on pages 61-70.

OUR CLIENTS

For details on our efforts towards improving customer satisfaction, quality standards and systems as well as online engagement, refer to pages 71-72.

OUR COMMUNITY

To know more about our stakeholder engagement strategy, philanthropic endeavours and corporate social responsibility (CSR) activities, go to pages 73-76.



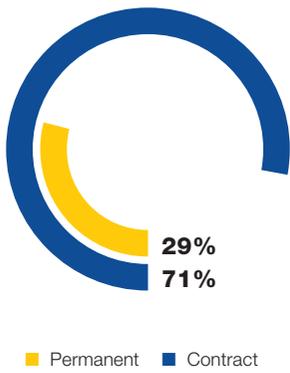
SOCIAL RESPONSIBILITY: OUR PEOPLE

ENGAGED, INSPIRED AND TRULY MOTIVATED EMPLOYEES CAN ACCOMPLISH TWICE AS MUCH AS REGULAR EMPLOYEES. INDEED, THE PEOPLE WITHIN AN ORGANISATION ARE RESPONSIBLE FOR EXECUTING A COMPANY'S STRATEGIES, PLANS, AND PROCESSES. MRCB IS COGNISANT THAT IT IS THE PEOPLE IN OUR COMPANY WHO WILL ULTIMATELY DETERMINE THE SUCCESS OR FAILURE OF OUR BUSINESS.

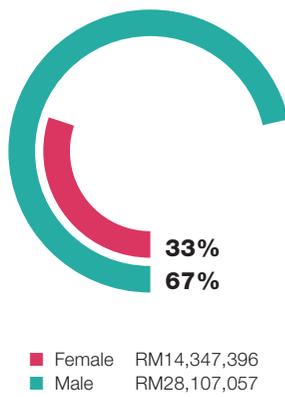
A SNAPSHOT OF MRCB'S WORKFORCE

**TOTAL NO. OF MRCB EMPLOYEES
2,013**

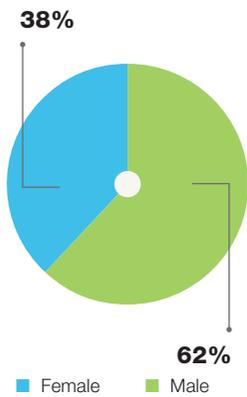
Percentage of employees by employment contract



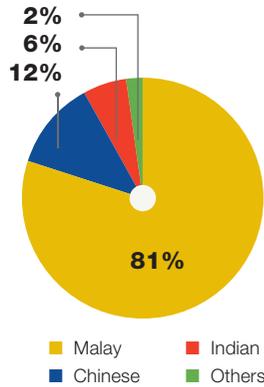
Ratio of basic salary and remuneration of women to men



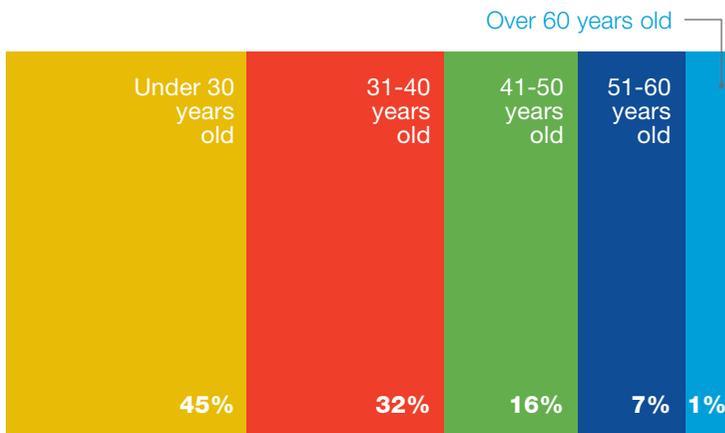
Percentage of employees by gender



Percentage of employees by ethnicity



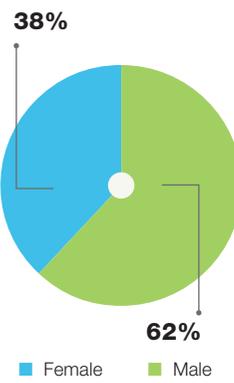
Percentage of employees by age group



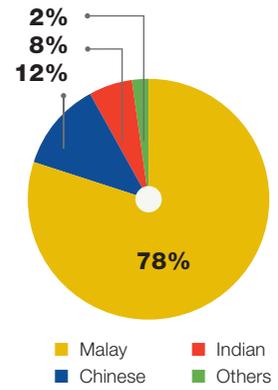
NEW HIRES AND EMPLOYEE TURNOVER

**RATE OF NEW EMPLOYEE HIRES
28%**

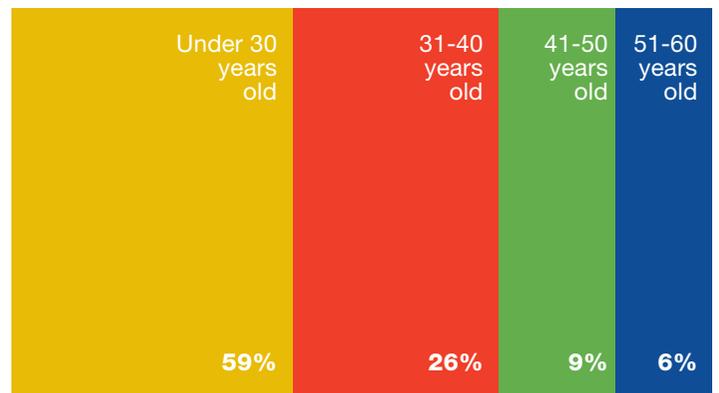
Percentage of new employee hires by gender



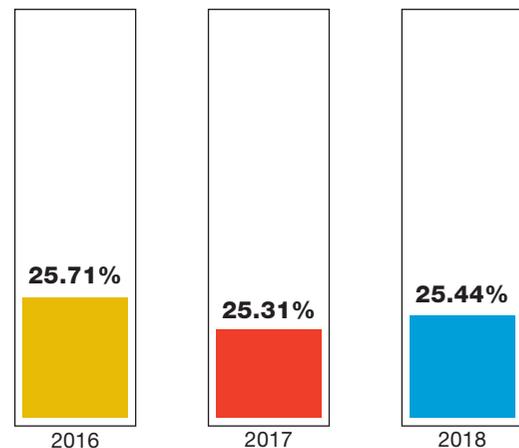
Percentage of new employee hires by ethnicity



Percentage of new employee hires by age group



Employee turnover rates



SOCIAL RESPONSIBILITY: OUR PEOPLE

To align with international best practices and ensure that the figures we disclose are as accurate as possible, we reviewed our approach to calculating the turnover rates for MRCB. The figures displayed reflect the changes that have been applied to our calculations for employee turnover rates of the last three years.

MRCB is a dynamic organisation, with 45% of our workforce under 30 years old and 32% between the ages of 31-40. The younger portion of our employees who leave each year are at an early stage of their career and are thus likely to move and grow in other positions elsewhere. A change in management in the second quarter of the financial year and a strategic realignment beginning in the third quarter, which led to a revision of the organisational structure extending into the fourth quarter of 2018 resulted in the departure of some members of our staff as well. These factors could help account for the turnover rate experienced in 2018, which has slightly increased by 0.13% from the previous year. We continue to make efforts in engaging more effectively with our employees and attracting as well as retaining our pool of talents through fostering career development opportunities as well as positive work experiences for all.

DIVERSITY AND EQUAL OPPORTUNITY

MRCB values diversity and strives to be an organisation in which its people feel involved and connected to the company's vision and success. Through the company's Employee Handbook, all at MRCB are made aware of the corporate policy on diversity and inclusion, which requires every employee at every level to be responsible for ensuring the successful promotion of all aspects of diversity, inclusion as well as appropriate behaviour in the workplace. As MRCB Headquarters is based in Malaysia, Malaysian citizens make up 99.9% of our workforce. We appreciate the wide range of experiences and socio-cultural differences that exist in our MRCB family, and believe that the unique traits of our people add to our strength and resilience as a visionary company. We are pleased to confirm that in 2018, we did not experience any reported incidents of discrimination, and shall continue to work on protecting the well-being of our employees so that no one should have to face any forms of prejudice and discrimination in the workplace.



Board of Directors

MRCB recognises that the best ideas can flourish when an organisation embraces individuals with different views and experiences, thereby reducing "group think". For businesses, broad viewpoints originating from differences in perspectives enable the Board to provide opinions necessary to make the governance and advisory function meaningful. It could also help to spur innovation and organisational creativity.

Diverse boards are better equipped to make strategic decisions both for the company's present and future developments. The appointment of our Board of Directors is determined by MRCB's Nomination and Remuneration Committee, which reviews and takes into consideration each member's skill sets and experience as well as age, cultural background and gender, before recommending the appointment of directors to the Board. In 2018, a few changes occurred in the composition of our Board – two members resigned and one new member was appointed. The Board currently comprises seven directors, of which four are independent (including the Chairman), and two are women.

MRCB has engaged the services of an independent consultant in efforts to widen the search for additional independent and women directors with relevant experience and skill sets. The Nomination and Remuneration Committee will continue to take steps towards increasing the diversity of our Board composition.

 For further details on our current Board members, please refer to pages 86 - 92 of this report.

SOCIAL RESPONSIBILITY: OUR PEOPLE

Empowering Women at MRCB

2018 witnessed a slight increase in the percentage of women in our company's total workforce. Women in Senior Management positions (General Manager and above) currently make up 28% (a 1% increase from 2017) of our total Senior Management workforce.

PERCENTAGE OF MRCB EMPLOYEES IN SENIOR MANAGEMENT POSITIONS BY GENDER			
2017		2018	
FEMALE	MALE	FEMALE	MALE
27%	73%	28%	72%

Women at MRCB, however, still generally earn lesser than their male colleagues due to the roles and job grades they hold in the organisation. To help support the advancement of women in the company, efforts targeted towards addressing an array of women's issues were introduced in 2018.

International Women's Day Workshop: Enhance Your Communication & Negotiation Skills	▶ A one-day programme attended by female employees that was specially designed with an interactive module to enhance women's communication and negotiation skills. The workshop was organised in conjunction with International Women's Day.
Mother's Rooms	▶ Provided at our Headquarters to help support nursing mothers in their transition back to work. The cosy rooms are equipped with comfortable seating, table and electrical outlets located near the chair as well as curtains for extra privacy.
Maternity Benefit	▶ The limit of entitlement per delivery was increased from the range of RM250-RM1,250 (depending on job grade) in 2017, to RM3,000 (for General Managers and below) in 2018.
Maternity & Paternity Leave	▶ Respectively increased from sixty (60) consecutive days in 2017 to ninety (90) consecutive days in 2018 for mothers, and two (2) consecutive days in 2017 to five (5) consecutive days in 2018 for fathers.
Raising Awareness on Sexual Harassment	▶ Many women in Malaysia and around the globe still endure sexual harassment at work, and feel that they are unable to report it for fear of losing their jobs. As a concerned and responsible employer, MRCB places employee health and safety as one of its top priorities and in fostering women's career development, MRCB takes measures to stop and prevent sexual harassment in the workplace. Our Group Managing Director, Imran Salim, delivered a stern message to all employees regarding this matter through his presentation at a townhall gathering and via e-mail. An engaging and informative talk on the topic of sexual harassment was also delivered in collaboration with Malaysia's Department of Labour and the Royal Malaysia Police to help inform and advise employees on what sexual harassment is, as well as how victims could submit a report to enforcement authorities. The event contributed to raising awareness and developing a better understanding amongst MRCB employees on issues surrounding sexual harassment.

SOCIAL RESPONSIBILITY: OUR PEOPLE

EMPLOYEE ENGAGEMENT AND WELL-BEING

In 2018, we ramped up efforts to engage with employees by organising an array of programmes and activities carried out on matters related to their health and well-being.

Well-being Events and Programmes

31 programmes focused on matters related to employee well-being were carried out in 2018. Several of the programmes that were organised are as follows:

- | | |
|---|---|
| ▶ Social Security Organisation (SOCSO) Talk: Benefits of SOCSO for You | ▶ LHDN Talk & Mobile Counter: Income Tax & e-Filing |
| ▶ EPF Talk & Mobile Counter: Effective Financial Planning & Retirement Plan | ▶ Zakat Fitrah Mobile Counter |
| ▶ Tabung Haji Mobile Counter | ▶ MRCB Rayie (Eid-ul-Fitr) Bazaar |
| ▶ Safety Awareness Seminar with CIDB and Malaysian Immigration Department | ▶ Graduate Development Programme: Let's Chat |
| ▶ SOCSO Advocacy Programme: Road Safety Awareness | ▶ Health Screening Programme |
| ▶ Kelab Kebajikan & Rekreasi MRCB (KKRM) Futsal Tournament 2018 | ▶ Zumba Fitness Class |
| ▶ Health Talk & Hands-on Interactive Cooking | ▶ KKRM Badminton Tournament 2018 |
| ▶ Movie Night | ▶ Yoga Class |
| | ▶ Blood Donation Programme |
| | ▶ MRCB Bowling Tournament 2018 |

Employee Benefits

MRCB reviews its corporate benefits packages every now and then to determine whether further improvements could be made to those being offered to MRCB employees. In the past three years, we have made significant progress in benefits offered by MRCB for employee healthcare and paid leave.

<p>LEAVE</p> <ul style="list-style-type: none"> • Annual Leave • Sick Leave • Emergency Leave • Compassionate Leave • Exam Leave • Marriage Leave • Prolonged Illness • Maternity Leave (90 days) • Paternity Leave (5 days) • Pilgrimage Leave 	<p>MEDICAL</p> <ul style="list-style-type: none"> • Outpatient Treatment • Hospitalisation • Dental • Group Insurance • Maternity Benefit • Executive Health Screening 	<p>OTHER ALLOWANCE</p> <ul style="list-style-type: none"> • Mileage Claims • Hotel Accommodation & Air Travel • Subsistence Allowance • Transfer Allowance • Mobile Phone Bill • Parking Subsidy • Broadband Subsidy • Car Allowance and Petrol Card • Group Insurance • Professional Membership Fee • Educational Assistance
--	---	---

SOCIAL RESPONSIBILITY: OUR PEOPLE

CAREER DEVELOPMENT

MRCB supports the lifelong growth and development of our people. We offer a series of professional and personal development opportunities, including access to online learning resources. We encourage continuous learning to develop the potential of our employees and strive to foster a workplace environment in which everyone feels inspired to learn, improve their skills, go further in their careers and achieve their goals.

Training & Learning Opportunities

All MRCB employees are required to attend induction courses upon joining the company. Induction courses are aimed at introducing new employees to the do's and don'ts at MRCB as well as to equip them with knowledge of corporate policies, practices and procedures, including on matters related to environment, safety and health. The induction courses also serve to provide clarification on employee benefits and information on the whistleblowing channel as well as grievance mechanisms made available to them. In addition to the induction courses, we support the internal and external training of our employees, which are in the process of being centralised under the MRCB Talent Development Academy.

Some examples of our employee development programmes include training courses to improve skills in report writing, communications, project management, critical and analytical thinking, customer service, Information Communication Technologies (ICT), and to upgrade their knowledge on site safety, construction standards, green buildings, ISO certifications, anti-corruption initiatives, legal regulations, and sustainability.



I would encourage all of you to start planning for the training courses that you would like to attend next year. If you want to learn about something that you feel would benefit you in your career development, please go for it. If you feel that there's a subject area related to your job that you wish to know more about, please don't be afraid or embarrassed to ask for help and advice. We will support you because we want you to keep learning while you work at MRCB. We want you to get the best out of your experience here with us and to achieve not only professional growth, but also personal growth.



– Imran Salim, Group Managing Director, addressing MRCB employees at the 2018 Townhall Meeting.

MRCB LEARNING ZONE

The MRCB Learning Zone is an e-learning platform that hosts 102 e-learning courses that MRCB employees can access online. Leveraging on the power of digital technology, the courses, designed by Leaderonomics, allow enrolled participants to develop their knowledge and skills in their own time and through their own initiative. The courses include topics relating to leadership, work ethics, emotional intelligence, writing and communication skills, entrepreneurship, teamwork and self-motivation. As at December 2018, 477 MRCB employees participated in the Learning Zone, and 25 participants have successfully completed their chosen courses as well as received certificates of achievement.

SUMMARY OF WORKFORCE TRAINING AT MRCB IN 2018



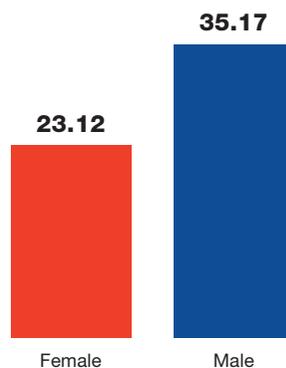
Number of training courses attended **211**

Investment in employee training **RM1,622,059**

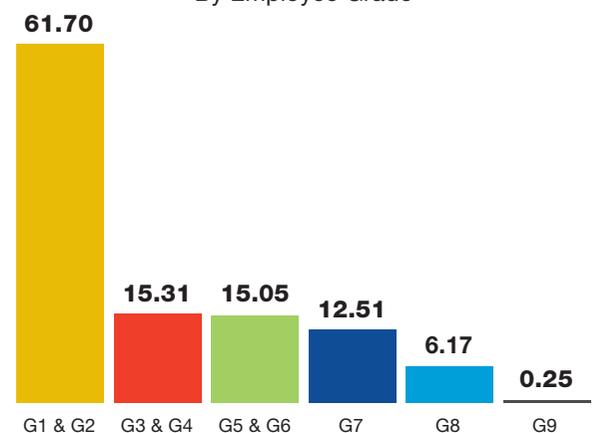
Average hours of training received per employee in 2018 **30.53**

Average hours of training per year per employee

By Gender



By Employee Grade



SOCIAL RESPONSIBILITY: OUR PEOPLE

Setting the Standard: Sustainability as a Business Imperative



An internal Corporate Sustainability training course was delivered for the first time at MRCB in August 2018 by our Sustainability Department. The course was organised as part of MRCB's efforts to engage with employees and introduce them to the principles of sustainable development. The course focused specifically on definitions of sustainability, the UN SDGs, MRCB's sustainability goals, examples from business case studies, and how everyone can play a role in contributing to sustainability. The course received positive reviews and attracted increased interest in the subject matter amongst our employees. We plan to offer the course again in 2019 so that all at MRCB, especially those in leadership positions, would have the opportunity to gain the necessary knowledge, awareness and exposure on Sustainability as well as the issues surrounding it in the context of our business development.

Performance and Development Reviews

At MRCB, we ensure that regular feedback on and from our employees are gathered each year to motivate strong performers and detect performance gaps. Employees are evaluated by comparing their performance to the standards and expectations established during the appraisal period. Performance reviews are mainly conducted to:

- 1 assess the goals achieved for the year based on the agreed annual Key Performance Indicators (KPIs) and targets.
- 2 understand factors that contributed to success and key reasons behind any failure to perform.
- 3 identify the employee's development needs and discuss plans for improvement.

In 2018, 100% of MRCB employees received regular performance and career development reviews as part of their quarterly appraisal. There were also several improvements made to MRCB's performance management system, including a shift from quarterly to biannual appraisals, the introduction of annual targets, and a more robust approach to reviewing the progress of employee performance and competencies. We expect the newly enhanced performance management system to be fully adopted by MRCB employees at all levels by 2019.

Protecting the Rights of Our Employees

MRCB is committed to defending and upholding the welfare of our people. We have implemented policies and procedures on non-discrimination, freedom of association, ethical behaviour and employee grievances. In our efforts to be an ethical and responsible employer, we strictly abide by the Malaysian Employment Act 1955, which prohibits exploitative labour practices, and the Children and Young Persons (Employment) Act 1966 that forbids the employment of children under the age of 14. We also adhere to all international agreements preventing child labour and are committed to human rights and anti-slavery principles, regulations, laws as well as best industry practices. These systems are clearly stated in our employee handbook, which is made available via the company's intranet.

SOCIAL RESPONSIBILITY: OUR PEOPLE

HEALTH & SAFETY

As an urban development company, MRCB is largely involved in engineering and construction projects. We take health and safety matters very seriously and endeavour to allay conditions and behaviours that may contribute to workplace injuries. We are committed to complying with regulatory requirements and standards concerning environment, safety and health, but also strongly believe that everyone should be able to work in a safe and conducive environment.

Health & Safety Standards Implemented at MRCB

MRCB implements the Quality, Environmental, Safety and Health Management System (QESH-MS), operating with system implementation policies of ISO 9001:2015 and ISO 14001:2015 as well as OHSAS 18001:2007.

OHSAS 18001 Occupational Health & Management Systems

is an international standard that provides a framework to identify, control and decrease the risks associated with health and safety within the workplace.



The Environment, Safety and Health (ESH) Department monitors our compliance with regulatory requirements, adopted standards and best practices. Their internal assessments are supported by independent assessments, certifying bodies and director visits with the evaluations compiled in a monthly report that is then distributed to the site manager and shared with Senior Management. The Regulatory Affairs Department provides additional support by ensuring that any licenses needed to operate have been duly obtained.

Quality, Environmental, Safety and Health (QESH) Policy

Through the adoption of QESH-MS, MRCB implements the QESH Policy to minimise the impact of its business activities on the environment and ensure the health and safety of MRCB employees, clients, contractors, visitors, as well as members of the public. In line with the policy, all our Environment, Safety and Health programmes are focused on the following areas:

- | | |
|--------------------------|------------------------------------|
| ➤ Incident Prevention | ➤ Contractor Management |
| ➤ Risk Management | ➤ Emergency Preparedness |
| ➤ Continuous Improvement | ➤ Reduce, Reuse, and Recycle (3Rs) |
| ➤ Communication | ➤ Energy Conservation |

Construction Industry Standards CIS10:2008 Safety Health Assessment System in Construction (SHASSIC)

Supporting the implementation of our QESH Policy is SHASSIC, an independent method adopted at MRCB to assess and evaluate the safety and health performance of a contractor in construction works or projects, which strengthens our systems in addressing critical health and safety-related risks. Through SHASSIC, we monitor the progress of our health and safety practices against our previous years' performance as well as those of the Malaysian construction industry. SHASSIC has indeed been helpful in improving our health and safety practices and in taking necessary corrective actions. The scope of the SHASSIC assessment covers three main components: document checks (40%), site/workplace inspections (40%) and employee interviews (20%). It also examines Occupational Safety and Health (OSH) policy, organisation, and training, Hazard Identification, Risk Assessment and Determining Control (HIRADC), machinery and equipment management, construction materials management, emergency preparedness, accident investigation and reporting, records management and performance monitoring. SHASSIC audits are carried out only when construction projects are undergoing progress completion of between 25% to 75%.

Below is a list of MRCB project sites that achieved SHASSIC certifications from CIDB in 2018:

MRCB PROJECT SITES	SHASSIC STAR RANKING
Sentral Suites	★★★★★
Penang Sentral	★★★★★
PJ Sentral Garden City	★★★★
9 Seputeh	★★★★



Managing Risks at Project Sites

In line with the requirements of ISO 9001:2015, our Enterprise Risk Management (ERM) Policy and Framework and Project Risk Management (PRM) Plan is implemented under MRCB Builders Sdn Bhd (MRCB Builders), which also adopts the ISO 31000 principles, framework and processes.

SOCIAL RESPONSIBILITY: OUR PEOPLE

MRCB Builders reviews and revises its risk management policy on an ongoing basis, so that it can be enhanced and aligned to the MRCB Group Risk Management Framework, relevant risk management best practices, ISO requirements, ISO auditor comments and project requirements, among others. Additionally, effective and transparent risk management activities are continuously embedded in MRCB Builders' business practices. The team is currently embarking on enhancing its risk awareness culture and improving the existing framework, in collaboration with our Group Risk Management Department.

Project Site Initiatives

On top of the standards implemented at MRCB, our project site teams also carry out their own initiatives towards improving and maintaining health and safety at their respective project sites. These include daily Toolbox and weekly Grand Toolbox sessions, which are conducted to inform site workers and personnel on safety issues concerning certain work activities, and to serve as a platform for raising awareness on other ESH-related issues. Monthly safety induction sessions are also conducted to help introduce new workers to the company policy, rules and regulations, and the scope of works at the project site.

Health & Safety Training

All site workers and employees directly involved in the operations of our projects are required to attend the site induction course, which provides general information regarding the project site and key guidelines, policies as well as procedures regarding environment, safety and health matters. The mandatory site induction course is delivered by our ESH Department to all MRCB project teams and site workers.

MRCB SITE INDUCTION COURSE

Objectives of the course:

- To raise individual awareness on ESH matters at project sites.
- To educate site workers on measures for preventing site hazards.
- To inform site workers on legal requirements relevant to ESH matters at project sites.
- To explain the steps that site workers need to follow in cases of emergency.
- To share best practices and examples of bad practices that should be avoided at all project sites.

Topics covered:

- Key information regarding the project site
- Laws & regulations under CIDB, DOSH and DOE
- MRCB's QESH Policy
- Penalties system
- Personal Protective Equipment (PPE)
- Permit to Work (PTW)
- Emergency Response Plan (ERP)
- Hazard Identification, Risk Assessment and Risk Control (HIRARC)
- Environmental Aspects & Impacts (EAI)
- Site activities related to ESH practices
- 5S Management System
- Environmental Management

In addition to the general site induction courses, some employees and contractors are also required to attend specialised induction courses that are focused on their technical areas of work and scope of responsibilities.

Apart from the site induction courses, MRCB offers an array of internal and external training throughout the year that are related to health and safety issues, which employees could register to attend. These include courses in crisis management, legal compliance to the Environmental Quality Act 1974, hazardous materials, CIDB green card application, crawler crane inspection, and many more.

A total of 1,622 MRCB employees, site workers and subcontractors were trained in 2018 by attending 56 ESH training courses that were offered throughout the year.



SOCIAL RESPONSIBILITY: OUR PEOPLE**Health & Safety Incidents**

We regret to inform that despite our efforts to achieve zero life loss, we encountered two (2) cases of fatalities in 2018 that resulted in the loss of two (2) subcontractor workers' lives. Both cases involved foreign workers who had received comprehensive training and information beforehand on health and safety procedures that must be observed at project sites. Following each fatality, all site works were immediately stopped, and thorough investigations were conducted by MRCB, the police and regulatory authorities. The result of the investigations found that one of the deceased workers had decided to work at height without hooking on his safety harness, while the other had experienced a rare accident in which his leg had been unexpectedly caught by the tagline and hoisted into the air while he was working to unload a bundle of rebars. Further site inspection by safety experts and relevant authorities concluded that the incident was unavoidable as it sadly took place in spite of strict safety precautions that were practiced at the project site.

More stringent safety measures have since been applied to all our project sites, and project teams have been constantly reminded to adhere to MRCB's QESH policy and procedures. Indeed, MRCB treats health and safety as an industry-wide issue, therefore we share what we have learned from our experiences and also make efforts to learn from others. To avoid future accidents, MRCB will continue to work on improving its health and safety culture, and on ensuring that subcontractors, supervisors as well as other project team members are well-educated on the correct procedures that all must follow at every project site.

TYPE OF INCIDENT	2016	2017	2018
Fatality	2	0	2
Major Injury	0	2	0
Minor Injury	0	2	1
Fire	0	2	0
Ill Health	0	0	0
First Aid Cases	13	58	34
Near Miss	6	13	2
Property Damage	-	-	8

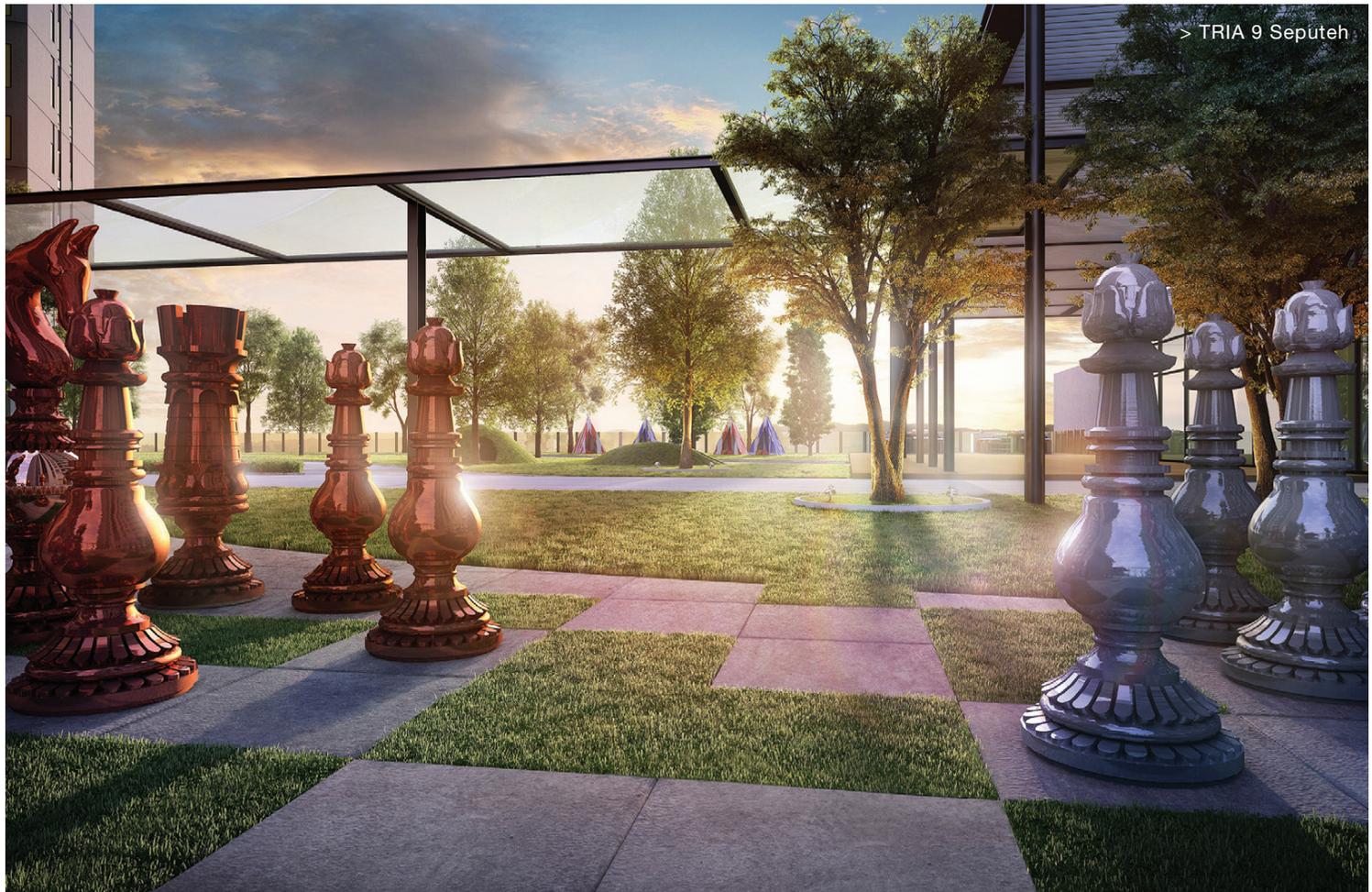
Note:

- **Major Injury:** Injuries causing incapacity for more than 4 days and/or any injury that requires hospitalisation.
- **Minor Injury:** 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 treatment 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 (Major & Minor):**
 - Incident involving damage to properties with estimated cost of RM150,000 to RM500,000 (Major).
 - Incident involving damage to properties with estimated cost below RM150,000 (Minor).

In this report, we disclose incidents involving property damage as we began including it as part of our health and safety data compilation in 2018. Although human injury is not recorded under cases involving property damage, keeping track of such incidents helps us identify risks on human health and safety that could potentially occur as a result of various factors involving machinery, tools, construction materials, and/or other elements such as weather conditions.

Workers Affected by High Risk of Diseases

The presence of dengue larvae was discovered at one of our projects during the first quarter of 2018 and resulted in a short stop work order. Our project site team responded by immediately clearing up all stagnant water on site. Although 460 site workers were affected by the stop work order, fortunately no one was infected by the dengue virus. We have since implemented strict measures to eradicate and prevent future infestations, starting with scheduled maintenance, site inspection, fogging and larviciding. Since the incident, no workers at any of our project sites have been affected by other incidents involving high risk of diseases in 2018.

SOCIAL RESPONSIBILITY: OUR PEOPLE**PROTECTION AGAINST CYBERTHREATS**

With the expansion of the digital age and lessons learnt from increasing cases of privacy breach as well as other forms of cyber-attacks, it is now ever more important for companies to pay closer attention to fortifying online security.

In 2018, MRCB encountered over 90 incidents of phishing attempts. In addition to deploying the Intrusion Prevention System (IPS) to strengthen our information and cybersecurity protection, our IT Department led the implementation of Multifactor Authentication (MFA) for access control, which was completed by the first quarter of 2018. Mock runs for our IT Disaster Recovery Plan are also conducted on an annual basis.

In parallel with the technical measures applied to protecting ourselves and our clients' information from cyber threats, all employees are regularly kept reminded via email alerts, infographics and monthly bulletins covering topics on spam, ransomware, password protection and related matters. The IT Department, in collaboration with the Digital team also produced a video series to raise awareness on the cybersecurity risks that MRCB employees may encounter in the workplace.

Our IT Helpdesk provides help and support to employees seeking to resolve any technology issues, including cybersecurity concerns. A formal mechanism for recording and responding to requests and complaints submitted to the IT Department was implemented in 2018, which has contributed to ensuring that issues get resolved in a more efficient and structured manner.

Moving forward, MRCB will continue to develop its cybersecurity protection through access controls over user ID maintenance and SAP access matrix revalidation.

SOCIAL RESPONSIBILITY: OUR CLIENTS

IN LINE WITH OUR CORPORATE VISION OF SETTING THE STANDARD, MRCB ENDEAVOURS TO ACHIEVE AND MAINTAIN QUALITY STANDARDS IN ALL OUR AREAS OF BUSINESS, ESPECIALLY THE CORE AREAS INVOLVING PROPERTY DEVELOPMENT AND CONSTRUCTION WORKS. WE BELIEVE THAT HIGH QUALITY LEADS TO HIGHER CUSTOMER SATISFACTION, WHICH CAN INCREASE THE CHANCES OF CONTINUED PARTNERSHIP. IN ADDITION TO THE CERTIFIED STANDARDS AND BEST PRACTICES WE HAVE ADOPTED ON MATTERS CONCERNING THE ENVIRONMENT, HEALTH AND SAFETY AT OUR PROJECT SITES AS WELL AS OFFICES, WE ALSO IMPLEMENT STANDARDS THAT GUIDE US IN ENSURING QUALITY IN OUR CONSTRUCTION WORK.

Quality Assessment System for Building Construction Works (QLASSIC)

QLASSIC CIS 7:2014 is a quality standards and assessment system implemented to measure and evaluate the workmanship quality of building construction works based on the Construction Industry Standard. MRCB aims to achieve a minimum QLASSIC score of 70%-75%, subject to the requirements set for each project. All our building projects currently adopt QLASSIC quality standards and some have undergone the CIDB QLASSIC assessment in 2018. We have incorporated QLASSIC in all relevant work inspection checklists under QESH-MS, ensuring that daily inspection works are using the quality standards as reference in carrying out quality assessments. Through the adoption of QLASSIC, defects are identified and attended to in accordance with the implemented quality standards, which therefore ensures all finishes under our scope of work are maintained well above the average requirement.

MRCB will strive to continuously improve our quality standards and construction methods to achieve better quality. A Quality Assurance and Quality Control (QAQC) team is embedded in each of our projects to prevent mistakes and defects in construction works. However, a key challenge that we encounter in striving to maintain quality standards in our construction works is the lack of knowledge on such standards amongst select external service providers, especially subcontractors and site workers. To resolve this issue, the project QAQC teams receive additional guidance and support from the Independent QAQC team under MRCB Builders, who will audit and carefully check the construction quality of the project sites in order to provide feedback on areas that require improvement. A Quality Assessment (i.e. Pre-QLASSIC) will be performed from time to time to prepare the projects for the CIDB QLASSIC assessment. On top of that, briefing sessions focused on quality standards and QLASSIC will be conducted periodically to raise awareness on the standards expected from project teams as well as to share best practices.



In 2018, we received QLASSIC scores of 75% for our Menara MRCB project, 75% for our JLand Tower project and 70% for our Desaru Conference Centre project, earning MRCB three QLASSIC certifications from Malaysia's Construction Industry Development Board (CIDB).



SOCIAL RESPONSIBILITY: OUR CLIENTS

ISO 9001:2015 Quality Management Systems

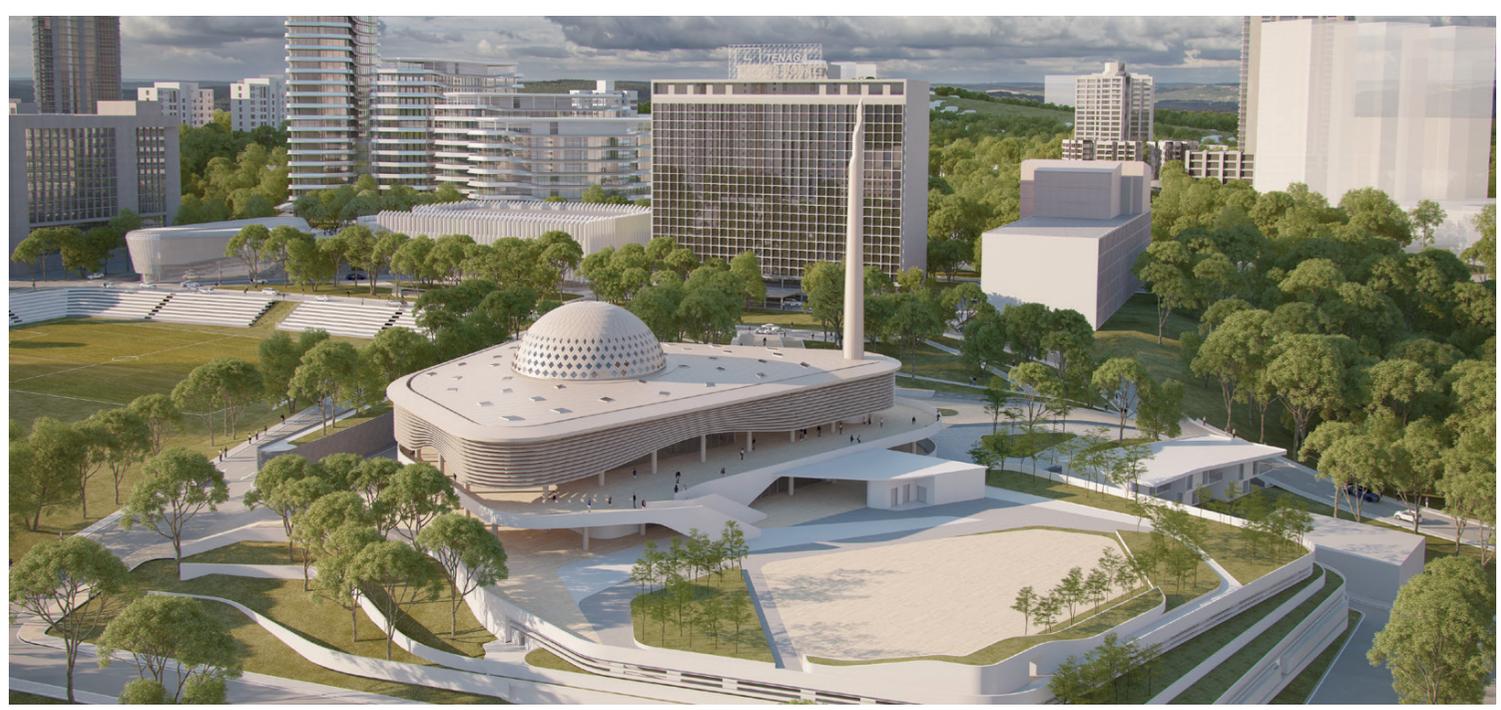
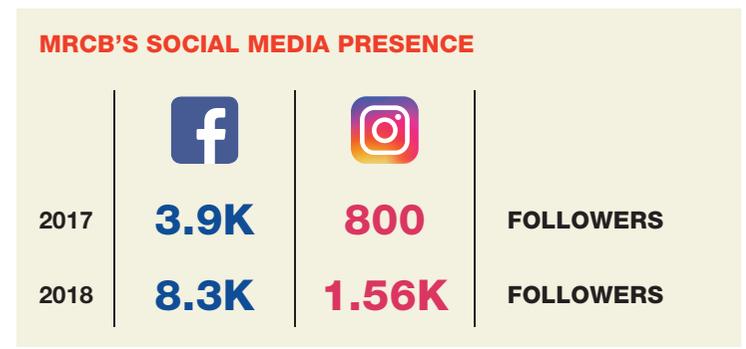
MRCB endeavours to continuously comply with ISO 9001:2015 requirements, through carrying out the following actions:

<p>Internal Quality Audit</p> <ul style="list-style-type: none"> – to ensure compliance to QESH-MS 	<p>▶ Example: An Internal Quality Audit was conducted from July to August 2018 to check the QESH implementation of various departments and project teams. Feedback was given to all related business units for improvement.</p>
<p>External Audit</p> <ul style="list-style-type: none"> – by SIRIM to monitor and provide feedback on implementation of QESH. 	<p>▶ Example: SIRIM Surveillance Audit was conducted in December 2018 to highlight on quality findings for improvement.</p>
<p>Management Review Meeting (MRM)</p> <ul style="list-style-type: none"> – conducted annually to monitor, oversee and review the QESH management system, its on-going implementation and to ensure its continued suitability, adequacy and effectiveness in achieving quality. 	<p>▶ Example: MRM was conducted in October 2018.</p>

Online Engagement

Our Digital Media team was formed in 2017 to oversee and maintain all of MRCB’s digital outputs for both internal and external consumption. The team joined our Corporate Communications Department in 2018 and have spent the year developing MRCB’s corporate and project websites, social media, electronic direct mail (EDM), digital signage, media monitoring and internal communications. As a result, 2018 saw an increase in our digital media activities, including the introduction of MRCB’s e-newsletter (The Standard), photo competition (Oh Snap!), and a series of videos that showcased our projects, delivered holiday greetings as well as raised awareness on issues surrounding cyberthreats.

In 2019, we plan to focus more on generating quality and professional content for other social media platforms such as LinkedIn, and upgrade the methods and services we adopt towards engaging more effectively with MRCB employees, clients as well as communities through digital forms of communication.



Customer Satisfaction Surveys

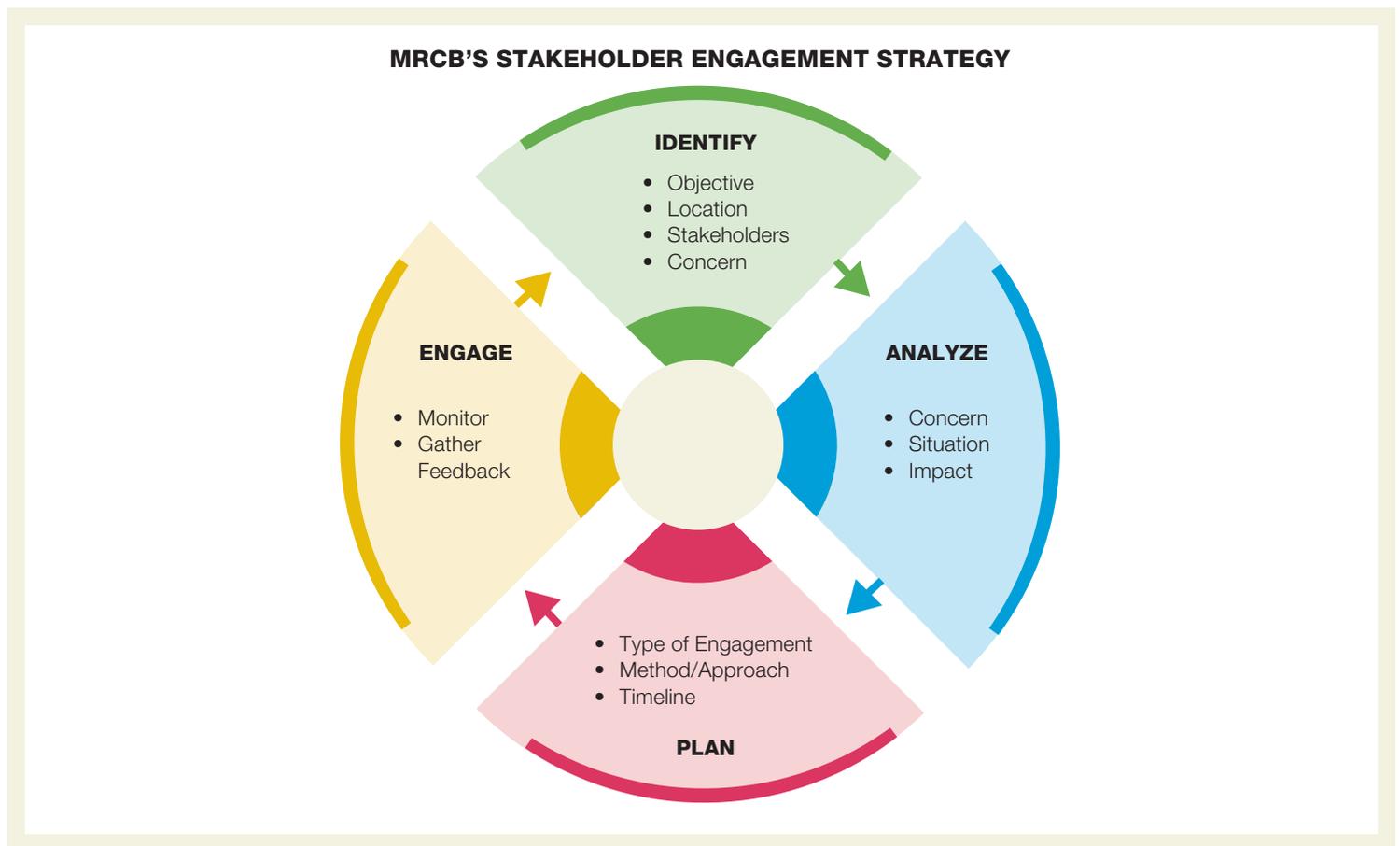
At MRCB, customer satisfaction surveys are conducted six months after a residential or commercial project is completed in order to provide continuously improved services and progressive outcomes. The surveys are also carried out under MRCB business units that are responsible for parking and security services, in efforts to ensure that quality customer service is delivered and to help plan future actions.

SOCIAL RESPONSIBILITY: OUR COMMUNITY

STAKEHOLDER ENGAGEMENT

AS A CORPORATE CITIZEN, MRCB UNDERSTANDS THE IMPORTANCE OF ADOPTING AN EXTERNAL OUTLOOK AND IDENTIFYING THE SUSTAINABILITY ISSUES THAT ARE MOST MATERIAL TO OUR BUSINESS. WE BELIEVE THAT IT IS ESSENTIAL FOR MRCB TO BE A PART OF (NOT APART FROM) SOCIETY, AND THUS HAVE FORMULATED A STAKEHOLDER ENGAGEMENT STRATEGY TO ENSURE THAT WE ENGAGE EFFECTIVELY AS WELL AS REGULARLY WITH THE DIVERSE COMMUNITIES THAT LIVE IN THE SURROUNDING AREAS OF OUR BUSINESS OPERATIONS.

Our Stakeholder Management Department is responsible for identifying the communities that are located within a defined radius of our offices and project sites, and have implemented strategic approaches towards developing win-win relationships with community stakeholders.



COMMUNITY STAKEHOLDERS IDENTIFIED

- Community/Neighbours (inclusive of Residents' Associations)
- Local politicians/parliamentary representatives
- Non-governmental Organisations (NGOs)
- Complainants & members of the public

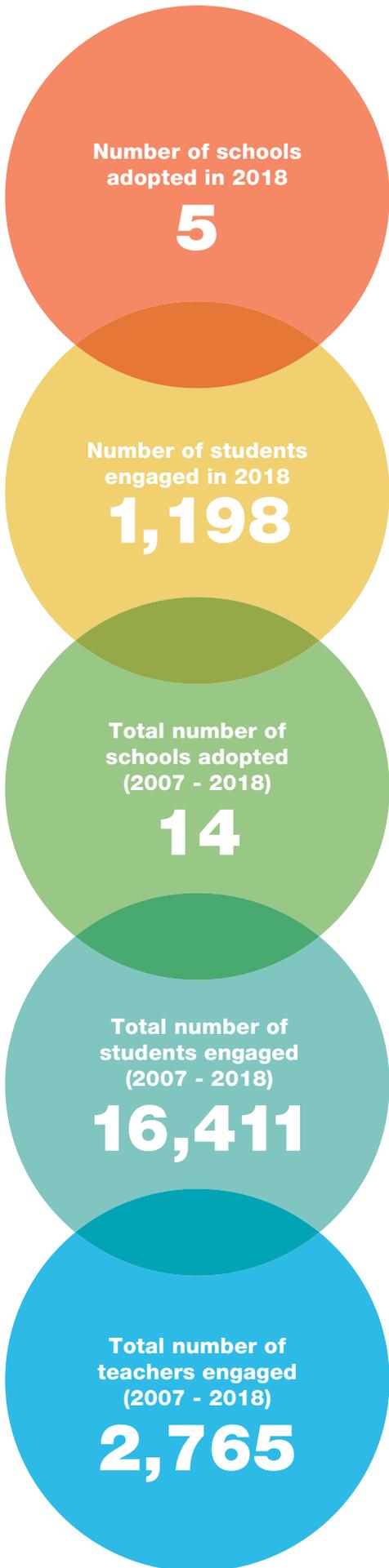
METHODS ADOPTED FOR IDENTIFYING COMMUNITY STAKEHOLDERS

- Location
- Site Visits
- Input from local politicians/parliamentary representatives
- Input from local authorities/government agencies
- Online (search engines & social media)
- News articles
- Complaints from residents/members of the public

GRIEVANCE CHANNELS FOR COMMUNITY STAKEHOLDERS

- Written Correspondence
 - Letter
 - Social media
 - E-mail
- Consultation
 - Telephone
 - Walk-in
- Relationship management
 - Meeting/discussion (formal & informal)
 - Outreach programmes

SOCIAL RESPONSIBILITY: OUR COMMUNITY



PHILANTHROPIC ENDEAVOURS

Yayasan MRCB (or MRCB Foundation) carries out philanthropic activities that support causes related to social issues, education, arts and culture, nation-building and sports, all with special focus on underprivileged children and patients. It was established in 2015 and has since remained as the primary driver of MRCB’s philanthropic initiatives, aiming to improve the lives of surrounding communities and individuals in need. Yayasan MRCB strives to identify programmes that can produce tangible and sustainable results. Some outreach programmes that were organised in 2018 included a visit to Orang Asli (indigenous people) villages, and philanthropic activities organised in collaboration with our Corporate Communications Department, which implements MRCB’s Corporate Social Responsibility (CSR) initiatives. In 2018, Yayasan MRCB contributed a total of RM319,078 through its participation in various programmes, events and activities, as elaborated below.



Supporting Education

Through its school adoption programme, Yayasan MRCB lends a helping hand to primary school students by organising Primary School Achievement Test (UPSR) “clinics”, delivering motivational talks, providing revision books and organising workshops to help prepare students for their UPSR exams.

In 2018, Yayasan MRCB organised a two-day programme for underprivileged Year 6 students at our adopted schools in Kuala Lumpur (KL), Perak and Penang, which are areas located in the vicinity of our property development projects. The programme benefitted more than 300 students, who gained knowledge and exposure to effective studying techniques for four core subjects – Bahasa Melayu, English, Mathematics and Science. Additional tuition classes were also provided to the students to help increase their chances of succeeding in the exams.

We are pleased to report that three of our five adopted schools experienced notable improvements in student pass rates in the Primary School Achievement Test (UPSR) of 2018. However, two schools witnessed a decrease in their 2018 UPSR pass rates compared to the previous year. We hope that through Yayasan MRCB’s continued involvement in the school adoption programmes and assistance in developing learning activities, the rate of students’ achievements could be further improved across all our adopted schools.

SOCIAL RESPONSIBILITY: OUR COMMUNITY

UPSR PASS RATES FOR YAYASAN MRCB'S ADOPTED SCHOOLS

School	Pass Rate (%)			
	2015	2016	2017	2018
SK La Salle 1, Brickfields Kuala Lumpur	64.70	53.90	58.33	27.78
SK La Salle 2, Brickfields Kuala Lumpur	68.50	40.00	50.00	School was merged with SK La Salle 1
SK Iskandar Perdana, Seri Iskandar Perak	76.80	76.90	76.98	70.86
SK Pengkalan Jaya, Butterworth, Penang	78.70	63.20	65.84	70.80
SK Kuala Perai, Butterworth, Penang	63.30	73.30	53.80	70.00
SJK (T) Vivekananda, Brickfields	N/A	72.10	74.60	78.00

Other forms of support by Yayasan MRCB towards educational advancement in 2018 included:

RM5,000

donation to Yayasan Insan & Ilmu to help improve the hostel facilities and appliances, such as fans, curtains, mattresses, desks and other necessary items for 17 students at the Pertubuhan Rumah Amal Al Hijrah.

RM1,224

donation to the Parent Teacher Association (PIBG) of Sekolah Jenis Kebangsaan (Tamil) Vivekananda to support the participation of underprivileged students in a family day marathon.

Sponsorship of school uniforms, bags, stationery and socks amounting to **RM52,800** for 600 underprivileged primary school students in the Titiwangsa area.

RM60,060

donation to the Selangor Cheshire Home in support of its 6-month Economic Empowerment Programme, which is a training programme that helps youths with disabilities gain employment.



Supporting Healthy Lifestyles

Yayasan MRCB supports healthy lifestyles and seeks to promote them through its programmes and activities. In 2018, Yayasan MRCB collaborated with UniKL Royal College of Medicine Perak to organise a community engagement programme with an Orang Asli (Indigenous People) community in Sungai Kejar, Perak. The programme witnessed the participation of 45 volunteers (11 from MRCB) and included a mobile clinic, educational workshops as well as outdoor children's activities aimed at enhancing awareness of good health and hygiene. The Orang Asli community were given the opportunity to meet medical professionals and get free access to basic medical check-up. Yayasan MRCB sponsored a total of RM12,500 towards the programme, which was held for three (3) days and benefitted around 500 members of the Orang Asli community.

Yayasan MRCB's promotion of healthy lifestyles also includes sports. In collaboration with the Malaysian Open Squash Championship 2018, Yayasan MRCB organised its first fundraising event, which successfully raised a total of RM807,000. It then donated RM161,400 to the Squash Racquets Association of Malaysia (SRAM) – the national body for squash in Malaysia that serves as caretakers to the nation's squash development, to promote the sport as well as programmes for underprivileged children.



SOCIAL RESPONSIBILITY: OUR COMMUNITY

MRCB'S CSR INITIATIVES

While most of our philanthropic work is carried out under Yayasan MRCB, the Group organises its own CSR initiatives as well, with special focus on education, community outreach, sports and matters related to our core areas of business such as engineering and construction. These initiatives form a part of our corporate strategy and have been helpful in fostering a positive relationship between the corporation and the communities located in the vicinity of our business operations. Below are some of the organisations that MRCB has contributed to in 2018 and several of the programmes that MRCB was involved in throughout the year.



<p>Society of the Orthopaedically Handicapped Malaysia (POCAM)</p> <p>Donated RM2,000 to help advance the organisation's cause and to lessen their financial burden. POCAM provides job training, medical treatment and education to people with disabilities.</p>	<p>Kelab Sukan dan Rekreasi Komuniti Segamat</p> <p>Contributed RM20,000 to the community's "Back-To-School" programme, which benefitted 200 underprivileged students who received RM100 each in addition to basic school supplies.</p>	<p>Zoo Negara Malaysia</p> <p>Donated RM5,000 to the zoo for its 55th Anniversary Celebration. Zoo Negara Malaysia is a zoo located in Selangor that is managed by the Malaysian Zoological Society, a non-governmental organisation that was established to create the first local zoo for Malaysians.</p>	 <p>Bursa Malaysia Berhad – The Bursa Bull Charge 2018</p> <p>Sponsored RM78,000 for the 5th Bursa Bull Charge. With its rallying call, "The Day The Marketplace Runs for Others", the capital market charity run brought together all capital market players and promoted financial literacy, social entrepreneurship as well as the improvement of underprivileged communities.</p>
<p>The Society of the Blind in Malaysia (SBM)</p> <p>Contributed RM5,000 to the Society, which focuses on securing equal rights and opportunities for the blind community in Malaysia by working on their socio-economic advancement through enabling them to become responsible, useful and productive citizens.</p>	 <p>Society for the Prevention of Cruelty to Animals (SPCA)</p> <p>Sponsored RM30,000 to support the organisation's cause, which is aimed at promoting kindness and preventing cruelty towards animals.</p>	 <p>Majudiri `Y' Foundation for the Deaf</p> <p>Donated RM5,000 to the Foundation, which was established to receive and administer funds for education, youth workshops, scientific research and charity for the Deaf community.</p>	

ENVIRONMENTAL STEWARDSHIP



MAJOR ENVIRONMENTAL ISSUES, SUCH AS LAND DEGRADATION, AIR POLLUTION, DEFORESTATION, WATER MANAGEMENT AND CLIMATE CHANGE HAVE LEFT DEVASTATING EFFECTS ON THE ENVIRONMENT AND PEOPLE, LEADING TO INCREASING COSTS IN DAMAGE, IN ADDITION TO BUSINESS INTERRUPTIONS. AS AN URBAN PROPERTY DEVELOPER, MRCB IS AWARE OF THE INTERACTIONS THAT OCCUR BETWEEN URBAN LIFE AND THE NATURAL ENVIRONMENT.

We understand that a polluted urban environment can produce adverse impacts on the health and quality of life in the urban population as well as contribute to exacerbating the effects of climate change. At the same time, we are also working on building our understanding of how climate change and other environmental issues may impact our business in the near and distant future. While we have yet to identify our environmental risks, we will continue to work on minimising the impact of our business activities on the environment and human health by striving to integrate sustainable construction practices into our daily operations.

SUSTAINABLE CONSTRUCTION

MRCB implements the ISO 14001:2015 Environmental Management Systems and adheres to the General Specifications for Environment, Safety & Health aspects required as a Project Delivery Partner (PDP). To comply with the ISO 14001 standards, we make efforts to mitigate vibration levels and prevent water, air and noise pollution by achieving 100% compliance with the approved ranges determined by Malaysia's Department of Environment (DOE) as well as the guidelines set out by local authorities. We also ensure that all new MRCB employees, site workers and subcontractors involved in construction works at our project sites attend the environmental induction course delivered by our ESH Department.

The sustainable practices we adopt vary from one site to another as we have yet to formulate a Group-wide policy, standard or criteria that requires certain practices to be implemented at all construction sites. Nevertheless, weekly inspections and monthly internal audits are conducted to ensure implementation of best practices and compliance to ISO requirements. The observation reports that are prepared upon completion of site inspections and internal audits have certainly been useful in helping us keep track of the environmental issues that need to be addressed, corrected and monitored at each site.

Transit Oriented Development (TOD)

Equipped with the vast experience and expertise that we attained from developing the iconic Kuala Lumpur Sentral CBD, MRCB has become Malaysia's pioneer developer of TODs, and is leading the way in effecting a paradigm shift in public transport connectivity. Since the beginning of this decade, the world has witnessed an exponential growth of interest in high quality and efficient transit systems. The key idea of TODs is to allow people to live, work and play nearby a transit system that could provide them with access to numerous forms of transit options to meet their daily needs. TODs support mix-land uses such as housing, offices, restaurants, shops and schools that are usually within walking or biking distance, thereby enabling people to save money and time in travelling, as well as encouraging them to reduce their carbon footprints. In this regard, TODs foster sustainable lifestyles and function as networks that knit together communities, cities, and regions.

As a company at the forefront of the nation's growth, we are also mindful of our role in creating positive spillover effects from our developments. We strive to ensure the long-term well-being of the communities we operate in as well as the benefits that could be derived from the outcomes of our projects. For example, when developing our 9 Seputeh project, we constructed the Elevated Link Bridge connecting Old Klang Road to New Pantai Expressway, which enhanced connectivity for the neighbouring communities – namely Pantai Dalam, Kampung Kerinchi, Taman Bukit Angkasa, PPR Sri Pantai, PPR Kampung Limau and Perumahan Pantai Permai – to the primary road network. The bridge has helped to ease traffic and surrounding communities have benefitted through its comprehensive infrastructure. At the same time, the areas located in the vicinity of our developments have experienced overall improvements that continue to contribute towards generating social, economic as well as environmental value.



ENVIRONMENTAL STEWARDSHIP

Green Buildings

Recognising that green buildings can help tackle climate change and other environmental-related issues, we are committed to complying with the criteria and design requirements applied by various Green Certification bodies for projects involving the construction of green buildings. Our Engineering, Construction and Environment Division refers to the MRCB Builders' Green Building Guide (2015) in meeting green building requirements. The four (4) green building rating systems that are adopted in the Guide are as follows:



Malaysia's Green Building Index (GBI);



US Green Building Council's Leadership in Energy and Environmental Design (LEED);



Singapore's Building Construction Authority (BCA) Green Mark; and



Malaysia's Green Real Estate (GreenRE)



CITIES ARE MAJOR CONTRIBUTORS TO CLIMATE CHANGE: ALTHOUGH THEY COVER LESS THAN 2% OF THE EARTH'S SURFACE, CITIES CONSUME 78% OF THE WORLD'S ENERGY AND PRODUCE MORE THAN 60% OF ALL CARBON DIOXIDE AND SIGNIFICANT AMOUNTS OF OTHER GREENHOUSE GAS EMISSIONS, MAINLY THROUGH ENERGY GENERATION, VEHICLES, INDUSTRY, AND BIOMASS USE. AT THE SAME TIME, CITIES AND TOWNS ARE HEAVILY VULNERABLE TO CLIMATE CHANGE.



- UN-HABITAT



The Green Building Guide is circulated to all project sites that are aiming for green building certifications. Keeping MRCB in compliance with green building requirements has also helped us ensure continued compliance with environmental legislations, regulations and project requirements.

A few examples of some basic green criteria and design requirements that MRCB fulfils in the construction of green buildings are as follows:

- Legal disposal of rubbish, organic matters, or any material on the site, in accordance with specifications for environmental protection and construction waste management.
- Installation of efficient lighting in common areas.
- Use of collected rainwater or non-potable water in any permanent landscape irrigation systems to reduce the potable water consumption for landscape irrigation.
- Adoption of building designs, construction practices and materials that are environmentally friendly and sustainable, such as green cements, architectural precast elements, recycled fire door, drain cells from recycled plastic, and so on.
- Use of recycling bins and promotion of recycling habits.

A qualified Green Building Coordinator is assigned within thirty (30) days after a contract is awarded. The coordinator will be responsible for actively monitoring projects through conducting periodic site visits, facilitating fortnightly Green Building coordination meetings, preparing Green Building Monthly Progress Reports, and ensuring all works are in compliance with the green building rating requirements.

ENVIRONMENTAL STEWARDSHIP

Stakeholder engagement also forms an essential element of our green building projects. The green building team under MRCB Builders works with project teams to carry out stakeholder engagement activities during the following phases of a project:



PROPERTIES DEVELOPED BY MRCB WITH GREEN BUILDING CERTIFICATIONS

Completed Projects

DEVELOPMENT/BUILDING	SUSTAINABILITY ACCREDITATION
MENARA CIMB	GBI NRNC CVA CERTIFIED
MENARA SHELL	GBI NRNC DA SILVER and LEED ID+C Commercial Interior GOLD
Q SENTRAL	GBI NRNC DA GOLD
SENTRAL RESIDENCES	GBI RNC CVA GOLD
PLATINUM SENTRAL	GBI NRNC DA CERTIFIED and BCA Green Mark PLATINUM
MENARA MRCB	GBI NRNC DA GOLD
ST REGIS KUALA LUMPUR	GBI NRNC DA CERTIFIED
MENARA SHELL & ASCOTT SENTRAL	LEED BD+C CS PLATINUM

Current Projects

DEVELOPMENT/BUILDING	SUSTAINABILITY ACCREDITATION
PJ SENTRAL - CELCOM TOWER	GBI NRNC DA CERTIFIED and LEED BD+C CS GOLD
PJ SENTRAL - MBSB CORPORATE HQ	GBI NRNC DA CERTIFIED and LEED BD+C CS GOLD
PJ SENTRAL - MYIPO CORPORATE HQ	GBI NRNC DA CERTIFIED
SENTRAL SUITES	Target: MyCrest ONE STAR and Green RE BRONZE
9 SEPUTEH	GBI RNC DA CERTIFIED

Note:

BD+C
CS
CVA
DA
ID+C
NRNC
NC

- Building Design & Construction
- Core & Shell
- Completion & Verification Assessment
- Design Assessment
- Interior Design & Construction
- Non-Residential New Construction
- New Construction

BCA Green Mark
GBI
GreenRE
LEED
MyCrest

- Building Construction Authority Green Mark (Singapore)
- Green Building Index (Malaysia)
- A green rating tool set up to promote sustainability in the property industry (Malaysia)
- Leadership in Energy and Environmental Design (United States)
- Malaysian Carbon Reduction and Environmental Sustainability Tool

ENVIRONMENTAL STEWARDSHIP

MATERIALS

Percentage (%) of Recycled Input Materials at MRCB Green Building Projects

GREEN BUILDING PROJECT	MATERIALS	MATERIALS WITH RECYCLED CONTENT REQUIRED AT TENDER	% OF MATERIALS WITH RECYCLED CONTENT (AT DESIGN STAGE)
PJ SENTRAL – MBSB CORPORATE HQ	Concrete	10%	10.06%
	Steel Bar		
	AAC Blocks		
	Floor Tiles		
	Bricks		
	Frame System		
	Gypsum Board		
PJ SENTRAL – MYIPO CORPORATE HQ	Concrete	10%	31.50%
	Steel Bar		
	Gypsum Board		
	Floor Tiles		
	Steel Bar		
	Cement		
9 SEPUTEH	Concrete	10%	28.70%
	Steel Bar		
	AAC Blocks		
PJ SENTRAL – CELCOM TOWER	Clay Bricks	10%	12.18%
	Steel Bar		
	Ceiling Boards		
	Concrete		



ENVIRONMENTAL STEWARDSHIP

ENERGY AND WATER CONSUMPTION

As part of our on-going efforts to keep track of MRCB's sustainability performance and upgrade our corporate sustainability disclosures, we increased our level of engagement with all departments as well as subsidiaries involved in managing environmental-related data. In 2018, we 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. Through this on-going process, we have been able to gain further details on the various sustainability efforts that our teams have implemented through their own initiative at project sites, and some difficulties that have been encountered in upholding sustainable practices on site. We also began to identify areas of our business operations that could potentially be improved over time as MRCB continues to mature along the road towards sustainability.

Furthermore, we learned that the complex nature of our business presents some challenges in compiling and normalising certain environmental data sets. For example, our use of energy and water is dependent on the number and scale of projects pursued during the year. The total energy and water consumption recorded each year will thus vary as some projects begin and others end. Projects that are at the very beginning or tail-end phases tend to use less energy and water, compared to when they are undergoing more intensive phases of construction. In addition, we encountered barriers in obtaining accurate data on water consumption due to a lack of quantitative data recorded at certain project sites. Thus, comparisons of year over year data may not necessarily reflect the total amount of energy and water that we have consumed or saved over the years. Nevertheless, as we work towards implementing our sustainability framework and strategy, we hope to find ways that could help improve our data compilation process and increase the quality of our sustainability disclosures. In the meantime, we provide in this report a summary of the data that we were able to compile from key departments and operating subsidiaries. The figures are displayed below under MRCB's key areas of operation.

MRCB's Energy Consumption (kWh)

KEY AREAS OF OPERATION	2016	2017	2018
MRCB Headquarters	504,783	496,534	502,739
Property Development	34,954,210	20,998,573	18,320,486
Engineering, Construction & Environment	781,919	1,184,048	1,180,693
Facilities Management & Parking	11,856,794	11,338,442	14,286,552
Infrastructure & Concessions	1,740,737	1,764,682	-
TOTAL	49,838,443	35,782,279	34,290,470

MRCB's Water Consumption (m³)

KEY AREAS OF OPERATION	2017	2018
Property Development	80,110	227,604
Engineering, Construction & Environment	216,655	55,289
Facilities Management	-	342,202
TOTAL	296,765	625,095

Our revived pursuit for sustainability has indeed taught us that much work and attention are still needed at MRCB in raising knowledge and awareness on collecting and monitoring environmental data. Moving forward, 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.

CARBON DIOXIDE (CO₂) EMISSIONS

MRCB does not currently keep track of all its Greenhouse Gas (GHG) emissions at offices and project sites, as we have yet to identify and decide on the most appropriate method for quantifying and monitoring our GHG emissions. The summarised data on fuel consumption below displays the amount of fuel (a combination of petrol and diesel) consumed and the carbon dioxide (CO₂) emitted by MRCB's company vehicles, which are for travelling between offices and project sites. The level of emissions for 2018 appear to be higher than that of 2017, but this may be due to the fact that more subsidiaries and project sites were included and thus quantified in the data compilation process.

MRCB'S FUEL CONSUMPTION & CO ₂ EMISSION	2017	2018
Volume (L)	418,682	422,955
CO ₂ Produced (kg/L)	976,159	986,910

ENVIRONMENTAL STEWARDSHIP

WASTE MANAGEMENT

The total amount of generated waste recorded from our project sites in 2017 was 39,348.05 tonnes. In 2018, we made further improvements in the process of recording and compiling data by distinguishing the waste generated at project sites into three types – construction waste, domestic waste and scheduled waste. A brief description of each type of waste is provided below. Similar to our data on energy and water consumption, the figures disclosed for waste generated at MRCB project sites also depends on the number of projects that were under development during the year as well as the availability of trained personnel that were able to record and submit the necessary details.

Waste Generated at MRCB Project Sites in 2018

	TOTAL IN TONNES (2018)
Construction Waste	9,749
Domestic Waste	790
Scheduled Waste	16
TOTAL	10,555

Note:

Construction waste – Any waste or unusable material generated from construction work

Domestic waste – Waste that is generated as a result of domestic or household activities

Scheduled waste – Any waste listed in the Environmental Quality Act (EQA) 1974

MRCB TRAINING ON ENVIRONMENTAL AWARENESS

All MRCB employees are required to attend an introductory environmental training course, which is integrated into the induction course module, at the beginning of their employment. Subcontractors are also required to attend an environmental training course that places more focus on their unique scopes of work. The subjects covered in the environmental training course are as follows:

For MRCB Employees

- Basic introduction to environmental issues and sustainable development.
- Major environmental challenges occurring at local and global levels.
- Legal & Other Requirements (LOR) related to the construction industry.
- MRCB's QESH Policy and the QESH Management System.
- Good and bad environmental practices in the construction industry.
- Requirements of the Environmental Management System (EMS) ISO 14001:2015.
- Roles of ESH personnel.

For Subcontractors/Site Workers

- Construction Waste Management (CWM).
- Scheduled Waste Management (SWM).
- Erosion Sedimentation Control Plan (ESCP).
- Legal requirements and Aspects/Impacts
- Water, Air, Noise and Vibration (WANVi) parameters monitoring.
- Quality, Environment, Safety & Health Management System (QESH-MS) Policy.
- Oil spillage control mechanisms and related machinery.

ENVIRONMENTAL INITIATIVES AT MRCB PROJECT SITES

MRCB complies with the criteria set for projects involving green buildings, and implements the QESH policy under its Engineering, Construction and Environment Division. We also refer to our sustainability checklists (as elaborated in our 2017 report). In addition to the practices that all project teams are required to adopt, some additional initiatives have been carried out at select project sites. We present below an example of how the monitoring programme for electricity, diesel and water usage was implemented at one of our projects.



CASE STUDY

SENTRAL SUITES

Energy Management

The quantity of diesel and electricity consumed at a project site depends on the type and size of project, the number of workers involved on site, and the construction methods as well as activities adopted. At the beginning of the Sentral Suites project, baseline targets for energy usage were set for each month and served as predictions for electricity and diesel usage on site. An Environmental Engineer or Supervisor will collect the electricity bills and diesel receipts on a monthly basis, and compare them to the set targets. If actual consumption differs more than ten percent (10%) from the set targets, the project site team will evaluate their activities during the reviewed month to identify those that are energy-intensive, so as to determine areas for improvement. Some of the initiatives implemented at project sites to improve energy efficiency throughout the construction process include the following:

I. ELECTRICITY USAGE IN SITE OFFICE

- Limit usage whenever possible (e.g. turn off electricity during lunch hour)
- Avoid overcharging electronic devices at the site office
- Encourage the use of laptops instead of desktop computers
- Increase awareness of site personnel and workers through toolbox talks, briefing sessions, posters and notices.

II. DIESEL USAGE IN SITE ACTIVITIES

- Check for leakage
- Avoid equipment idling time during operation

III. GOOD HOUSEKEEPING

- Ensure equipment is well maintained and operated correctly.
- Weekly checklist for IAQ tasks (and Housekeeping Checklist)

Water Management

The site team at Sentral Suites is primarily focused on reducing potable water use and eliminating water wastage on site, including use of efficient water fittings (certified under WELS with at least a 1 tick rating) for the site office. The team monitors the volume of potable water use via collection of water bills. Through the data compiled, a reduction target that is unique to the project, is determined. If the actual consumption differs more than 10% from the targets, the site team will evaluate their activities during the month to identify which activities are water-intensive. Some of the activities and processes that the team has identified as contributing to water wastage are:

- Suppression of dust on site roads
- Wheel washes
- Site and general cleaning
- Lorry washout
- Washout of ready-mix concrete wagons

The initiatives implemented at the project site to promote good practices in water usage include:

- Toolbox talks to ensure site workers understand the need to conserve water.
- Use of buckets instead of running water to wash tools.
- Site inspections for leaks and wastage
- Awareness-raising efforts such as through posters, etc.
- Efficient water fittings (for site cabin)
- Limiting the usage of water to damp down the access roads
- Using steel plate or stone for site access roads and carparks from the early stage of project works to reduce requirement for damping down of dust.
- Collecting and using rainwater when possible
- Recovering water where possible from wheel washing and reusing it for dust suppression

Other than the monitoring programme implemented on site, the project team conducts a Chemical Spillage and First Aid Drill from time to time, in efforts to raise the skills and awareness of all on-site personnel as well as workers on how to manage emergency situations involving chemical spillage.

ENVIRONMENTAL STEWARDSHIP

SUSTAINABLE PROCUREMENT

Procurement functions and processes at MRCB are managed under several different teams, such as the Group Procurement Department and the Engineering, Construction & Environment Division. In efforts to increase efficiency and reduce risks associated with purchasing and supply management, we are currently working on centralising all procurement functions under one Procurement Department.

Sustainable procurement contributes to promoting corporate accountability and transparency. MRCB has yet to incorporate sustainability principles into our procurement process as we have been placing more focus on expanding our supplier base. We believe this to be important in improving overall returns to shareholders as well as in ensuring the long-term sustainability of our business. Nevertheless, we plan to progressively develop our knowledge of sustainable procurement and intend to adopt more sustainable practices in the procurement process, especially upon centralising our procurement functions. Although we have yet to implement a Supplier Code of Conduct, we are already in the midst of preparing a Vendor Letter of Declaration (VLOD) that sets out MRCB’s expectations of our business partners, which they will be contractually obliged to follow, including compliance with human rights and laws against child labour.



SUSTAINABLE PROCUREMENT MEANS MAKING SURE THAT THE PRODUCTS AND SERVICES WE BUY ARE AS SUSTAINABLE AS POSSIBLE, WITH THE LOWEST ENVIRONMENTAL IMPACT AND MOST POSITIVE SOCIAL RESULTS



- UNITED NATIONS DEVELOPMENT PROGRAMME (UNDP)

SUPPLIER MANAGEMENT

The processes involved in supplier management at MRCB includes registration, preliminary qualification assessment and performance evaluation. As we place importance on establishing business relationships with reliable and capable suppliers, all 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. The objective of the prequalification process is to ensure that contractors, consultants or suppliers participating in MRCB’s projects and activities have the appropriate experience, capabilities and requirements to deliver products or services of a standard that fulfils the Group’s objectives. During the appointment term, the supplier’s performance is evaluated every 6 months to keep track of performance records and facilitate sourcing of quotation for future project requirements. The termination of suppliers is usually due to the expiry of a contract, poor performance or non-compliance to the contract. A total of 49 vendors (i.e. suppliers, contractors, consultants, etc.) were blacklisted in 2018 due to their poor performance. MRCB implements its Group Procurement Policy and the Policy on Pre-Qualification of Contractors, Consultants and Suppliers, which addresses matters related to supplier registration and pre-qualification, purchase requisition, sourcing strategies (quotation, tender or direct negotiation) as well as purchasing methods (purchase order or agreement). The policies are reviewed from time to time.

At MRCB, prequalification is described as a condition for a contractor, consultant or supplier to participate in quotations or tender bids to supply goods and services to the MRCB Group.

GEOGRAPHIC LOCATION OF SUPPLIERS

Due to the location of our headquarters and project offices, our suppliers are mainly based in Malaysia, with a majority located in the Klang Valley (i.e. Greater Kuala Lumpur). Some suppliers that are based out of the Klang Valley area are located in the states of Johor, Perak and Penang, and were appointed because of project requirements and location.

Estimated Number of Suppliers

2,241 registered approved vendors

968
registered suppliers

1,042
registered contractors

231
registered consultants

Type(s) of Suppliers Engaged by MRCB



MRCB'S SELECTION CRITERIA FOR APPOINTMENT OF SUPPLIERS

1. Product package:

- Meet specifications of products or scope of services/works
- Competitive prices
- Delivery term
- Payment term

2. Capability of Supplier:

- Well-established organisation structure
- Financial stability/track records
- Performance/Job/Business experience records
- Certification/Licensing/Registration with Government authorities (if applicable)
- Quality, Environmental, Safety & Health Management System (if applicable)
- Manpower capability & technical competency (if applicable)

In the next phase of our corporate development, we intend to upgrade MRCB's procurement strategy and practices by reviewing the Group's current procurement policy and guidelines as well as its procurement structure and functions. We will also continue to develop our supplier performance monitoring process, and intend to adopt a new procurement system that can be integrated with the supplier portal and financial system at MRCB. As further progress is made in MRCB's supply chain management, we will embark on exploring and identifying our short and long term supply chain risks.