

ABOUT OUR REPORT

SCOPE AND BOUNDARIES

This Integrated Annual Report provides an overview of Malaysian Resources Corporation Berhad's (MRCB or the Group) performance and key achievements throughout the reporting year and should be read in conjunction with the accompanying 2021 Financial Report for a comprehensive understanding of MRCB during the year under review. It offers an understanding of the strategies deployed to create value for our stakeholders and the management of our material matters, as well as the risks and opportunities related to the business.

This report covers the Group's three core business segments: Property Development & Investment; Engineering, Construction & Environment; and Facilities Management & Parking in Malaysia, Australia and New Zealand. However, reporting on our sustainability performance covers only the domestic operations of the Group's three core business segments, which consist of subsidiaries that MRCB has direct control of and in which the Group holds a majority stake. Reporting boundaries extend to the Group's activities and operations in financial and non-financial areas, as well as market risks and opportunities that impact our ability to create value. Where possible, information from previous years has been included to provide comparative data.

The reporting process has been guided by the principles contained in the International Integrated Reporting Council's <IR> Framework and the Malaysian Code on Corporate Governance 2021. The report also provides additional disclosures to comply with the specific requirements of the Global Reporting Initiative (GRI) Sustainability Standards: Core option and is guided by Bursa Malaysia Securities Berhad's Sustainability Reporting Guide. The financial statements were prepared in accordance with the International Financial Reporting Standards (IFRS), Malaysian Financial Reporting Standards (MFRS), the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and the Malaysian Companies Act 2016.

REPORTING PERIOD

This report covers the financial year starting 1 January 2021 and ending 31 December 2021.

FINANCIAL AND NON-FINANCIAL REPORTING

The content of this report includes both financial and non-financial metrics that contribute to our value creation capabilities.

ASSURANCE APPROACH

MRCB's Integrated Annual Report outlines its corporate journey in creating long-term sustainable value for all our stakeholders, and is guided by the <IR> Framework issued by the International <IR> Council. Certain key sustainability data contained within this Integrated Annual Report were verified by an independent third party, and their assurance statement can be viewed on pages 213 - 214. MRCB's accompanying Financial Report is audited by an independent third party, PricewaterhouseCoopers PLT, who have audited our financial statements and whose audit opinion can be viewed on pages 10 - 15 of the 2021 Financial Report.

FORWARD-LOOKING STATEMENTS

This report contains statements that reference future prospects, plans and/or outlooks. These statements should not be taken as definite. Any projections are subject to indeterminate circumstances that may change due to external influences beyond our control; hence, readers are advised not to rely on these statements with absolute certainty.

FEEDBACK

We continually aspire to improve our reporting quality and welcome constructive comments or questions about this report via the following contact.

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UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS (UNSDGs) ADOPTED



OUR SIX CAPITALS



Manufactured Capital

The Group's physical assets are located in strategic areas of growth. As a Transit Oriented Developer (TOD), our value proposition is our ability to integrate commercial, residential and other types of developments around transportation hubs. Our unique disposition allows us to shape small and sustainable cities where different niche segments synergise and deliver value for both businesses and communities. We provide customers with catalytic projects that improve productivity and enhance economic activity and social development and play our role in caring for the environment by constructing responsibly using sustainable materials and new technologies, which enables the Group to deliver high-quality products in an efficient, timely and ethical manner.



Financial Capital

The consistent flow of financial income generated by our operations is key to MRCB's survival. While a large portion of our earnings are channelled back into new developments, they are also used to create value for stakeholders. This includes delivering dividends to shareholders, providing income to employees and investing in the development of communities. Additionally, our Financial Capital is used to drive innovation and growth by investing in research and development, capacity-building and emerging technologies.



Natural Capital

As a responsible company operating within the resource-intensive property development and construction sectors, we are cognisant of the resources we require for our projects. We consciously invest in initiatives that reduce our use of Natural Capital. This includes venturing into renewable energy and innovating new technologies that optimise efficiency and reduce material consumption. Additionally, we own urban land banks within strategic development areas critical to our success.



Human Capital

The skills and diversity of our employees drive our innovative strategies and long-term growth. We invest in the development and well-being of our people, which increases their productivity and performance to help achieve our goals and targets. Our people are also equipped with a diverse set of skills that enable innovation and creativity, as well as allow them to thrive today and well into the future.



Intellectual Capital

MRCB has created a strong brand of innovative excellence. Our Intellectual Capital is vital in solidifying our market position and competitive strength. Our team utilises emerging technologies to engineer and deliver market solutions. We also own intellectual property such as the MRCB Building System (MBS), which is licensed to others and will help revolutionise the industry.



Social & Relationship Capital

Our work relies on the strong bonds we have created with our stakeholders. This includes establishing good rapport with shareholders, regulators, business partners, suppliers, customers and the community. Our relationships are built on mutual understanding, which allows our stakeholders to continue to support and trust the Group, while we strive to always create value for each and every one of them.

NAVIGATING THIS REPORT

MATERIAL MATTERS

Governance

ETHICS & PRINCIPLES	GOVERNANCE & COMPLIANCE
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Economic

PRODUCT QUALITY & RESPONSIBILITY	ECONOMIC & BUSINESS PERFORMANCE	INDIRECT ECONOMIC IMPACTS	RESPONSIBLE PROCUREMENT & SUPPLIER ASSESSMENT
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Social

HEALTH & SAFETY	EMPLOYEE ENGAGEMENT & WELL-BEING	CUSTOMER ENGAGEMENT	DIVERSITY & EQUAL OPPORTUNITY	LABOUR
LOCAL COMMUNITY ENGAGEMENT	HUMAN RIGHTS			

Environment

MATERIALS	SUSTAINABLE CONSTRUCTION	WASTE	CLIMATE CHANGE	BIODIVERSITY
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GROWTH PRINCIPLES & KEY ACTION PLANS



STAKEHOLDERS



OUR APPROACH TO SUSTAINABILITY

MRCB'S SUSTAINABILITY JOURNEY AND CORPORATE SUSTAINABILITY GOALS

Innovation and sustainability are well embedded into our business, notably with the innovation of our modular construction technology, MRCB Building System (MBS), and our role as a TOD developer, that integrates green certified commercial and residential developments around transportation hubs, which encourages the use of sustainable materials and public transportation that helps reduce carbon emissions from personal vehicles. We have taken an increasingly proactive approach in how we report our environmental impact, and are constantly working towards improving our sustainability initiatives.



ACHIEVED				TARGET		
2017	2018	2019	2020	2021	2022	2023-2040
 <ul style="list-style-type: none"> Sustainability Report aligned to GRI Standards Alignment to 2 SDGs 	 <ul style="list-style-type: none"> Alignment to 6 more SDGs 	 <ul style="list-style-type: none"> Publication of inaugural Integrated Annual Report in accordance with the International Integrated Reporting Framework Launched our proprietary modular construction technology, MRCB Building System (MBS) 	 <ul style="list-style-type: none"> Signatory of the Ten Principles of the UNGC Member of the UNGC CFO Taskforce Alignment to 4 more SDGs Obtained external assurance for selected sustainability data 	 <ul style="list-style-type: none"> Embarked on Task Force on Climate-related Financial Disclosures (TCFD) Reporting Member of the CEO Action Network Expanded reporting on Scope 3 carbon emissions Established science-based targets for Scope 1 & Scope 2 carbon emissions Alignment to 2 more SDGs 	 <ul style="list-style-type: none"> Sustainable Procurement Apply for Science-Based Targets initiatives (SBTi) validation Embedding of sustainability in Management's KPIs Expand measurement of Scope 3 carbon emissions to suppliers Enhance Diversity, Equity & Inclusion Programmes 	<ul style="list-style-type: none"> Expand measurement of Scope 3 carbon emissions to 50% of suppliers by 2025 and 100% of suppliers by 2030 Net Zero Carbon (Scope 1 & Scope 2) by 2040

OUR APPROACH TO SUSTAINABILITY

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

MRCB's Sustainability Pillars				
				
People	Peace	Prosperity	Planet	Partnership
MRCB is determined to effectively engage with all its stakeholders including its employees and ensuring a positive impact on society	MRCB is committed to upholding the highest ethical standards in all areas of our business, ensuring transparency and honest conduct	MRCB is committed to upholding competitive financial performance that is beneficial to the company, employees, shareholders, society and the national economy	MRCB pledges to explore innovative approaches and adopt green practices in order to minimise our impact to the environment	MRCB is keen to form valuable partnerships that are beneficial and aimed at tackling global problems

Aiming for Net Zero Carbon by 2040 with a Climate Action Strategy

With increasing concerns on the impact of climate change, MRCB has made it a priority to develop a more robust climate action strategy. In 2020, we developed a Climate Change Statement acknowledging the Principles of the Climate Governance Initiative (CGI). As a responsible business entity, we have developed a roadmap for our sustainability journey (for more details on our Net Zero Carbon performance, please refer to page 126). We are committed to significantly improve our operations, particularly our eco-efficiency of energy, water, waste, as well as our carbon footprint. Here is our list of initiatives we are embarking on and our long-term strategy.

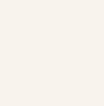
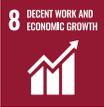
2020 Climate Action Strategy 2040			
Phase 1	Phase 2	Phase 3	
<p>Completed Initiatives</p> <ul style="list-style-type: none"> Developed Climate Change Statement Developed Biodiversity Statement Climate Risk Assessment (CRA) integrated into existing enterprise risk management system Established Scope 1 & Scope 2 carbon emissions baseline Achieved an average 8% reduction in carbon emission intensity for Scope 1 & Scope 2 in 2021 Developed and marketed MRCB Building System (MBS) to reduce carbon footprint and mitigate other sustainability issues in the construction industry 	<p>Ongoing Initiatives</p> <ul style="list-style-type: none"> Conduct capacity building workshops to build awareness on climate change Ongoing development and maintenance of our Board and Management's climate capability Implement reduction strategy for eco-efficiency (energy, water, waste and carbon) Adopt and identify gaps against the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) Commit to Science-Based Targets initiatives (SBTi) by getting validation of our Scope 1 & Scope 2 science-based carbon emission reduction targets Identification of new opportunities within the renewable energy space 	<ul style="list-style-type: none"> Expand capacity and expertise in waste-to-energy, solar and wind farms and water projects Refine MRCB's Green Building Policy and increase the adoption of modular construction Enhance Responsible Procurement by establishing new policies and guidelines for sustainable procurement Expand reporting on Scope 3 carbon emissions Enhance energy reduction initiatives through District Cooling System Plant optimisation, LED retrofitting, and digitalisation 	<ul style="list-style-type: none"> Further identification of Scope 3 emissions Expand into clean energy such as solar and hydrogen power, and source for low and/or zero carbon fuels Transition to electric-powered equipment and machinery Increase acceptable off-set initiatives and develop a Carbon Sequestration Strategy

OUR APPROACH TO SUSTAINABILITY

INTEGRATION OF THE UNITED NATIONS SUSTAINABILITY DEVELOPMENT GOALS (UNSDGs)

As a responsible leader in the property and construction sectors in the country, we recognise the need to contribute to global efforts to achieve sustainable growth. We have made a concerted effort to integrate the UNSDGs in our business decisions. The SDGs selected are based on the economic, environmental, and social impacts of the company, and the initiatives we undertake to contribute to specific goals as defined by the UN.

In 2017, we selected two UNSDGs, Goals 9 (Industry, Innovation and Infrastructure) and 11 (Sustainable Cities and Communities), which are inherently embedded in our role as a Transit Oriented Developer (TOD), and well aligned with our values and business goals. In 2018, we identified six additional SDGs which reflected our strengthened efforts to build a sustainable business. In 2020, we expanded our goals to Goals 10 (Reduced Inequalities) and 15 (Life on Land). We also recognised Goals 16 (Peace, Justice and Strong Governance) and 17 (Partnership for the Goals), as key drivers by establishing trusting relationships with relevant government agencies and institutions to help drive the SDGs. In 2021, we further expanded our integration of the SDGs with the inclusion of Goals 1 (No Poverty) and 2 (Zero Hunger), which we continue to perform through our numerous corporate social responsibility programmes.

SDG	Description
	<ul style="list-style-type: none"> We regularly provide financial aid, household necessities, and aid for medical treatment to the most vulnerable segments of society, especially for families that were affected by the COVID-19 pandemic.
	<ul style="list-style-type: none"> We believe zero hunger is a basic human right and provide food aid to underprivileged indigenous families, different-abled communities, orphans, undocumented foreigners, refugees, and students.
	<ul style="list-style-type: none"> We prioritise health and safety in our business operations by adopting rigid safety standards and systems, as well as implementing a Quality, Environmental, Safety and Health (QESH) Policy, in addition to providing continuous safety training to protect our employees, sub-contractors, clients and the general public. We established comprehensive Standard Operating Procedures (SOPs) to manage COVID-19 outbreaks and provided Rapid Test Kits (RTKs) to all employees for regular self-checks, before allowing them access to our sites and offices. We promote healthy lifestyles by organising programmes that focus on our employees' physical and mental well-being. We developed our Human Rights Statement which articulates our commitment in this area.
	<ul style="list-style-type: none"> We have been involved in renovating and upgrading dilapidated schools and libraries. We provided lunches, books, and uniforms for underprivileged children. We leveraged on our skills and expertise to complete the construction of 35 classrooms for the Ministry of Education in approximately three months.
	<ul style="list-style-type: none"> We acknowledge women's contribution in the industry and are committed to promoting the advancement of women, especially in fields related to property development, engineering and construction by introducing empowerment programmes and more flexible policies to promote gender equality.
	<ul style="list-style-type: none"> Our Transit Oriented Developments (TOD) and infrastructure development projects create large economic multipliers, provide numerous employment opportunities and contribute to the development of the national economy. We provide competitive remuneration packages to our employees in addition to training opportunities for career growth and development.
	<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.

OUR APPROACH TO SUSTAINABILITY

SDG	Description
 <p>10 REDUCED INEQUALITIES</p>	<ul style="list-style-type: none"> We strive to reduce gender inequalities by providing our female workforce a safe work environment fitted to their needs, i.e., Mother's Room for nursing mothers, provide training to our female workforce, closing the gender pay gap and striving towards achieving 30% female representation on the Board level. We believe in giving back to less-privileged Malaysians, and through Yayasan MRCB we have channelled our contributions or donations to the underserved communities, such as orphanages, the differently abled, orang asal, and B40 category families. We provide employment to prisoners/offenders through our PEKA@MRCB Programme.
 <p>11 SUSTAINABLE CITIES AND COMMUNITIES</p>	<ul style="list-style-type: none"> As a leading urban property and TOD developer, we contribute by connecting communities and businesses, reducing GHG emissions in cities and promoting sustainable lifestyles by encouraging people to walk and travel using public transport by integrating our developments with mass public transportation infrastructure, removing vehicles from the roads. We are involved in the construction of rail and road infrastructure, green buildings and affordable housing that reduces carbon emissions, connects communities, and provides opportunities for the general public to live comfortably and affordably in thriving cities.
 <p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p>	<ul style="list-style-type: none"> We implement our QESH Policy at project sites, which includes the practice of the 3Rs (Reduce, Reuse, and Recycle). We track water and energy usage and the waste generated at our project sites and implement strategies to improve efficiency and reduce the waste produced. We deliver training courses and toolbox talks regularly to educate our site workers and employees on how to carry out site inspections and work safely.
 <p>13 CLIMATE ACTION</p>	<ul style="list-style-type: none"> We developed a Climate Change Statement articulating our commitments to tackling climate change. We measure and disclose our carbon dioxide (CO₂) emissions (Scope 1 & Scope 2) and will validate our science-based reduction targets. We record our energy, water consumption and waste generation and are currently planning ways to increase our energy efficiency as well as reduce waste across all our business operations. We have embarked on conducting TCFD assessments to measure the risks of climate change to our business and develop strategies to overcome them.
 <p>15 LIFE ON LAND</p>	<ul style="list-style-type: none"> We developed a Biodiversity Statement acknowledging and committing to the Ramsar Convention and the five principles stipulated in Malaysia's National Policy on Biological Diversity where applicable to our business operations.
 <p>16 PEACE, JUSTICE AND STRONG INSTITUTIONS</p>	<ul style="list-style-type: none"> We believe strong corporate governance is the foundation of building a resilient and sustainable business, as well as providing us with a competitive advantage. We commit to upholding peace, justice and strong institutions.
 <p>17 PARTNERSHIPS FOR THE GOALS</p>	<ul style="list-style-type: none"> We engage with our stakeholders and create trusting and beneficial partnerships that drive the SDG goals further. As a signatory of the United Nations Global Compact (UNGC) Network Malaysia, we have adopted its universal Ten Principles that guide us on our sustainability journey. We are a member of the CEO Action Network (CAN) network and the UNGC CFO Taskforce for the SDGs to promote the Sustainable Finance agenda.

OUR APPROACH TO SUSTAINABILITY

SUSTAINABILITY GOVERNANCE

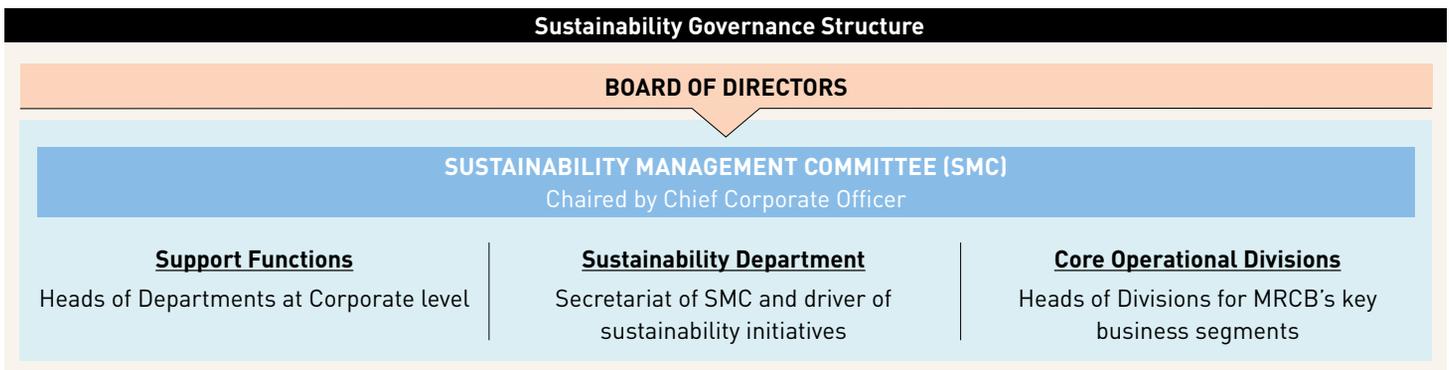
We have developed a governance structure dedicated to sustainability, one that complements our existing organisational structure and underscores the importance of embedding the SDGs into the organisation's overall management and operations.

The Board of Directors (Board) and Senior Management are responsible for sustainability and for overseeing the development and adoption of the Group Sustainability Strategy, and its related policies and risk mitigation plans.

The Board Charter includes the Board's responsibility to promote sustainability as a driver of business performance, through appropriate environmental, economic, social and governance considerations in the Group's business strategies, which includes, among others, the following:



The Chief Corporate Officer (CCO) has been identified by the Board to provide dedicated focus to manage sustainability strategically, including the integration of sustainability considerations in the operations of the Group. To assist the CCO in executing this mandate, the Sustainability Management Committee (SMC) was established to provide advice and assistance to the Board for sound decision making on sustainability issues, as well as facilitate the overall goal towards improving and enhancing the Group's sustainability performance. The SMC consists of our Senior Management, with our CCO designated as its Chairman that manages the material sustainability matters and ensures the Board stays abreast with and understands the sustainability issues, including climate-related risks and opportunities. Outcomes arising from the SMC meetings are updated to the Board each quarter.



OUR APPROACH TO SUSTAINABILITY



MRCB’s Sustainability Framework was developed in alignment with the 2030 Agenda. The Group’s corporate values act as a foundation to the five key sustainability pillars: Internal Action, Sustainable Impact, Risk and Governance, Corporate Social Responsibility, and Stakeholder Engagement.

A 5-Year Roadmap with comprehensive measurable performance indicators were also developed to guide the Group to achieve its sustainability goals. We will focus on generating positive impacts through our internal actions, develop sustainable products that add value to our customers, report and manage material sustainability risks, support innovations that are aligned to the SDGs and strive to have meaningful engagement with key stakeholders.

Our five sustainability focus areas are:

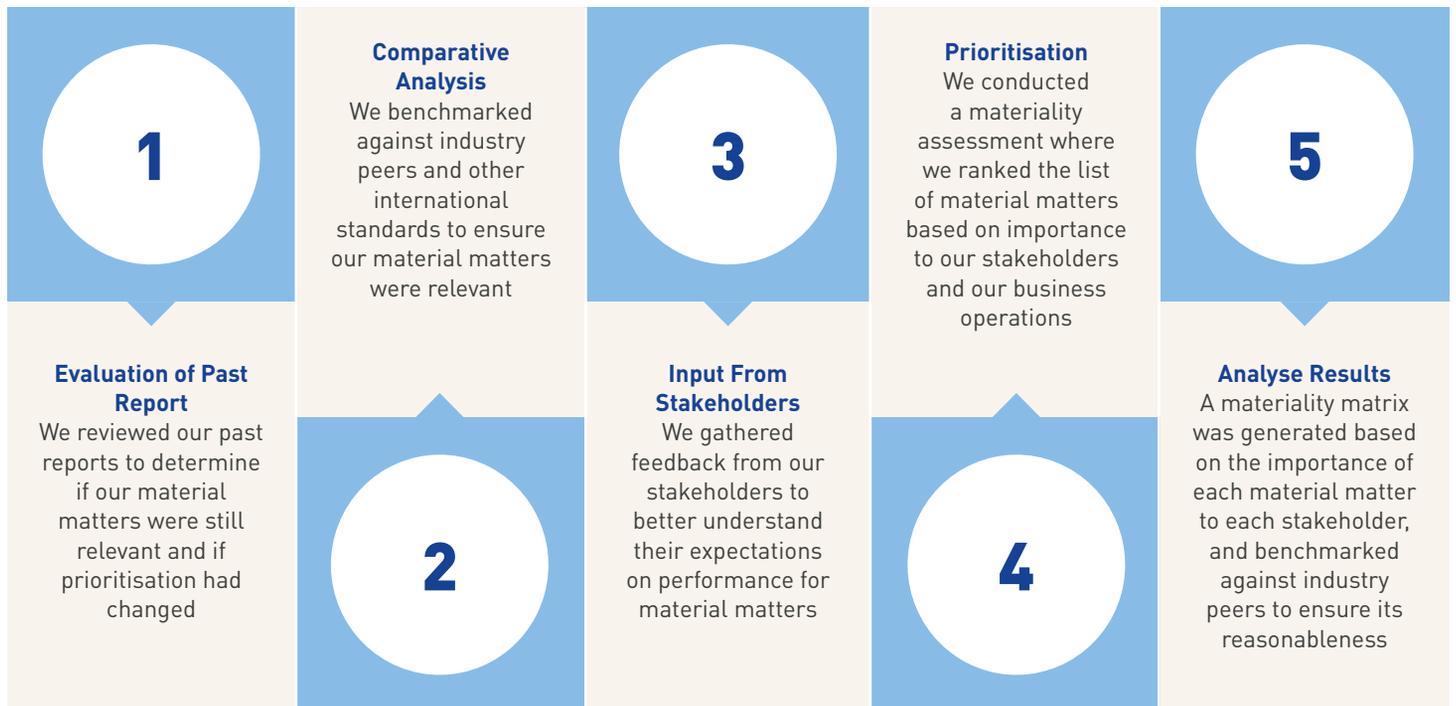
INTERNAL ACTION	SUSTAINABLE IMPACT/BUSINESS	RISK & GOVERNANCE	CORPORATE SOCIAL RESPONSIBILITY (CSR)	STAKEHOLDER ENGAGEMENT
<p>Focuses on how MRCB creates positive impact internally while minimising the negative impacts from our operations. These include strategies to improve eco-efficiency in energy, water and waste, and measuring and reducing our carbon footprint, as well as developing policies and strategies on protecting biodiversity and human rights.</p>	<p>Ensuring that our product offerings generate a positive impact for our customers and communities and covers areas like sustainable construction through the development of green buildings, TODs and transportation infrastructure that can help mitigate climate change, adopting sustainable procurement by ensuring locally sourced materials are specified and materials that meet sustainability specifications are procured.</p>	<p>Process of identifying and managing material sustainability risks within the Group. This requires setting up a sustainability governance structure and measuring and reporting our sustainability progress and ensuring it is reported to our stakeholders in alignment with local and international requirements, indices and standards (e.g.: FTSE4Good, MSCI, GRI Standard).</p>	<p>Aligning the Group’s CSR initiatives to the SDGs and exploring methods to measure our impact (e.g.: conducting a Social Return on Investment analysis on our initiatives).</p>	<p>Focuses on both internal and external engagement with key internal and external stakeholders (i.e., employees, customers, communities surrounding our developments, Government and regulators, investors, NGOs, etc.) to help achieve the SDGs and align MRCB with national priorities (e.g.: piloting the Plastic Disclosure Project, engagement with the UNGC CFO Taskforce, etc).</p>

TO DETERMINE OUR MATERIAL ISSUES

MRCB understands the need to focus efforts on material matters that are most significant to the business and to its stakeholders. We regularly analyse our performance to identify gaps and further evolve our strategy to fit our and our stakeholders' needs in a bid to enhance our business operations.

Following a research and planning stage, we decided to maintain the previous year's material matters which were based on a materiality assessment conducted at the end of 2020, as we felt they still best represented our impact on the economy, the environment and society as our business activities are unchanged. We did however conduct another materiality assessment in 2021 to re-evaluate the priority of each material matter in terms of their importance to the business and the influence they have on stakeholder decision-making given the increasing concerns regarding ESG matters since 2020, both in Malaysia and internationally.

The step-by-step methodology of our materiality assessment which we undertook in 2021 is illustrated below:



OUR MATERIAL ISSUES AND DEFINITIONS

In 2021, we maintained the same 18 material matters that were identified in the previous reporting period. We used weighted ranking to allow stakeholders to identify which material matters were most important to them. There are six material matters located in the Critical area of the materiality matrix from our 2021 assessment. Four material matters that we identified as Critical in 2020, continue to be listed as Critical in 2021. These are 1: Ethics & Principles, 2: Governance & Compliance, 3: Product Quality & Responsibility and 7: Health & Safety. The remaining two material matters that were identified as Critical in 2020, 8: Employee Engagement & Well-Being and 13: Human Rights, have now been listed as High. In 2021, 9: Customer Engagement and 4: Economic & Business Performance have moved into the Critical area, reflecting concerns on business performance amid the pandemic.

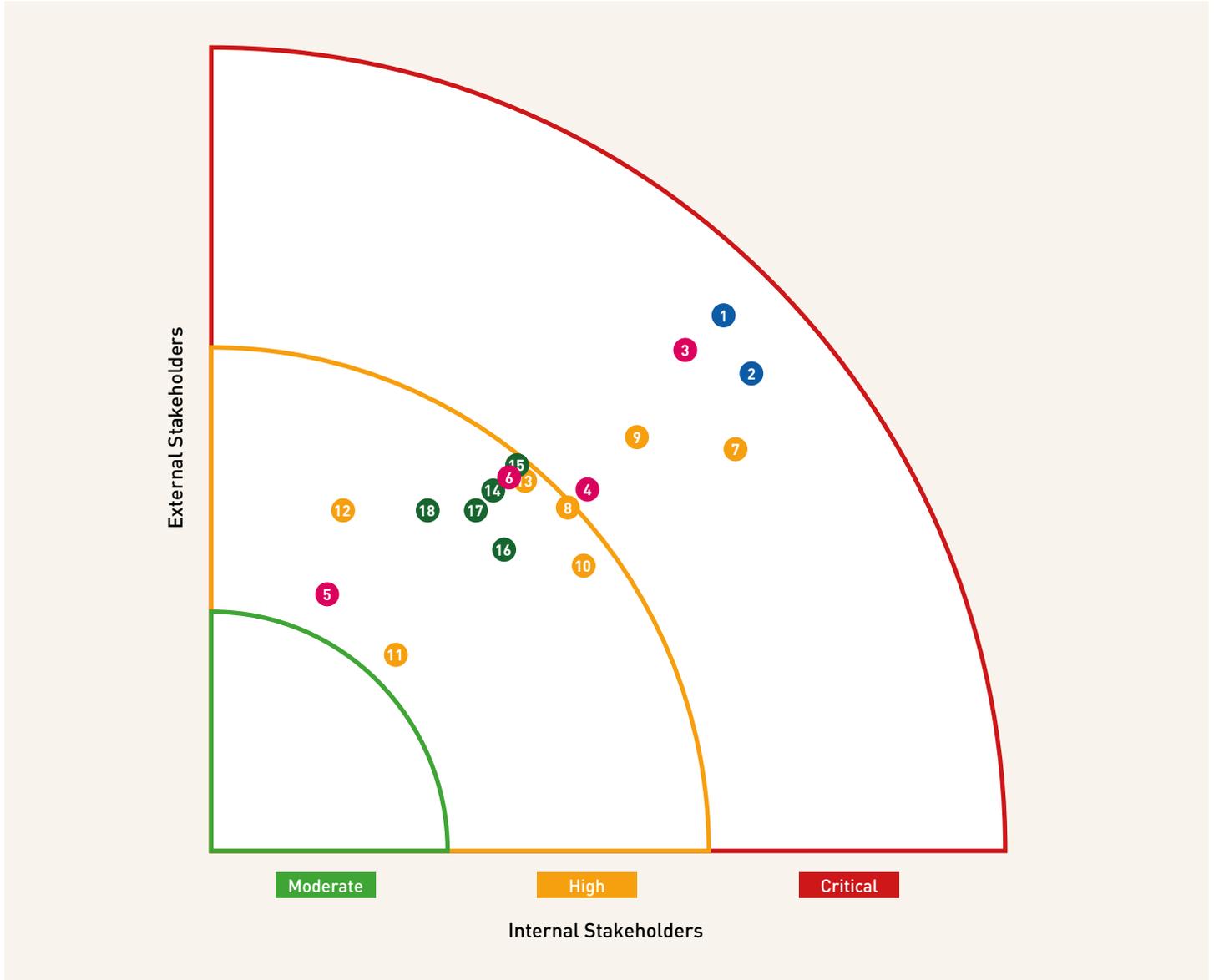
TO DETERMINE OUR MATERIAL ISSUES

The identification of the material issues and definitions are summarised in the following table:

Theme	Ranking	Materiality	Description
Governance	1	Ethics & Principles	An organisation's values, principles, standards and norms that include due diligence carried out in order to uphold human rights principles, prevent bribery, corruption and anti-competition practices within its operations or through its relationships with others (i.e. suppliers, customers).
	2	Governance & Compliance	Compliance with applicable laws and regulations, as well as environmental and socioeconomic standards that provide us with the license to operate.
Economic	3	Product Quality & Responsibility	Quality of products and services that directly affect stakeholders and customers in particular.
	4	Economic & Business Performance	Economic value generated and distributed to stakeholders. Also, describes the contribution of the organisation's significant infrastructure investments and developments that improve community welfare and local economies.
	5	Indirect Economic Impacts	An organisation's additional contribution (monetary or non-monetary) to improve local communities and regional economies.
	6	Responsible Procurement & Supplier Assessment	Meeting the organisation's needs for materials, goods, utilities, and services in an environmentally friendly, responsible and ethical way.
Social	7	Health & Safety	Integrating principles of health and safety throughout our business operations and in the lifecycle of our products.
	8	Employee Engagement & Well-Being	Engaging with our employees to ensure talent attraction and retention for a skilled workforce. This entails providing training and development, benefits, and a healthy work environment.
	9	Customer Engagement	Enhancing our products and services by understanding clients' and customers' preferences and providing an overall positive customer experience to retain customers and maintain our reputation.
	10	Diversity & Equal Opportunity	Providing equal opportunities to all employees. Diversity pushes innovation through exchange of ideas and perspectives and strengthens the organisation.
	11	Labour	Carrying out efforts to improve labour related processes, including hiring of local and foreign labour, and participating in initiatives that alleviate socioeconomic issues.
	12	Local Community Engagement	Carrying out efforts to manage impacts on people in the communities surrounding project construction sites.
	13	Human Rights	Integrating human rights principles in the organisation, preventing infringement of the rights of others and addressing any negative human rights impacts related to the business.
Environment	14	Materials	Carrying out efforts to reduce resource consumption to mitigate environmental impact. How we track and monitor consumption to reduce operational costs.
	15	Sustainable Construction	Reducing negative environmental impact in building design and delivery. Such efforts include adhering to relevant green building standards, managing energy and water consumption, integrating sustainable designs and sustainable practices in the construction and operation of buildings.
	16	Waste	Proper waste management throughout the organisation's business operations including 3R practices (Reduce, Reuse, Recycle).
	17	Climate Change	An organisation's risk and exposure to climate change (i.e. extreme catastrophic events such as floods and droughts), water security, supply chain and impact on workers' productivity.
	18	Biodiversity	Our efforts in minimising harm to nature and biodiversity.

TO DETERMINE
OUR MATERIAL ISSUES

MATERIALITY MAPPING



To further strengthen our commitment to sustainability, we have translated and embedded these materiality issues into MRCB’s Enterprise Risk Management system (Key Enterprise Risks (KERs) and the Group Enterprise Risks (GERs)) which are also in alignment with the GRI indicators. This has also been mapped to the corresponding UNSDGs to reflect MRCB’s commitment to championing universal and shared values.

TO DETERMINE OUR MATERIAL ISSUES

MATERIALITY ANALYSES AND DISCUSSION

Materiality	Key Enterprise Risk (KER)	Group Enterprise Risk (GER)	Relevant Stakeholders	Corresponding GRI Indicators	SDGs
Governance					
Ethics & Principles	KER 006– Regulatory Risk	GER 011– Bribery Risk	 	102: General Disclosure 103: Management Approach 205: Anti-corruption 206: Anti-competitive Behaviour	 
Governance & Compliance	KER 006– Regulatory Risk	GER 010– Governance & Compliance Risk	 	307: Environmental Compliance 419: Socioeconomic Compliance	
Economic					
Product Quality & Responsibility	KER 008– Quality Risk	GER 015– Quality Non-conformance Risk	 	103: Management Approach 201: Economic Performance	
Economic & Business Performance	KER 001– Project Delivery Risk KER 002– Liquidity Risk KER 004– Business Continuity Risk	GER 001– Construction Risk GER 004– Credit Risk GER 008– Climate Change Risk	 	201: Economic Performance	 
Indirect Economic Impacts	KER 009– Concentration Risk	GER 017– Investment Risk	 	203: Indirect Economic Impacts	
Responsible Procurement & Supplier Assessment	KER 001– Project Delivery Risk	GER 002– Procurement & Contractual Risk		204: Procurement Practices 308: Supplier Environmental Assessment 414: Supplier Social Assessment	 
Social					
Health & Safety	KER 007– Safety, Health & Environment Risk	GER 013– Safety & Health Risk	 	403: Occupational Health & Safety	 
Employee Engagement & Well-Being	KER 004– Business Continuity Risk	GER 006– Human Resources Risk		401: Employment 404: Training and Education	  
Customer Engagement	KER 003– Marketing Risk KER 008– Quality Risk	GER 005– High Inventories Risk GER 016– Communication & Reputation Risk		418: Customer Privacy	
Diversity & Equal Opportunity	KER 005– Environmental, Social and Governance (ESG) Risk	GER 009– Sustainability Risk		405: Diversity and Equal Opportunity	  
Labour	KER 001– Project Delivery Risk KER 004– Business Continuity Risk	GER 002– Procurement & Contractual Risk GER 006– Human Resources Risk	  	G4 Sector Specific – Construction and Real Estate Sector Disclosures	

TO DETERMINE OUR MATERIAL ISSUES

Materiality	Key Enterprise Risk (KER)	Group Enterprise Risk (GER)	Relevant Stakeholders	Corresponding GRI Indicators	SDGs
Social					
Local Community Engagement	KER 008- Quality Risk KER 005- Environmental, Social and Governance (ESG) Risk	GER 016- Communication & Reputation Risk GER 009- Sustainability Risk		413: Local Communities	   
Human Rights	KER 005- Environmental, Social and Governance (ESG) Risk	GER 009- Sustainability Risk	   	400: Social	   
Environment					
Materials	KER 001- Project Delivery Risk	GER 001- Construction Risk GER 002- Procurement & Contractual Risk		301: Materials	 
Sustainable Construction	KER 001- Project Delivery Risk	GER 001- Construction Risk GER 002- Procurement & Contractual Risk	 	302: Energy 303: Water and Effluents 305: Emissions	  
Waste	KER 005- Environmental, Social and Governance (ESG) Risk KER 007- Safety, Health & Environment Risk	GER 009- Sustainability Risk GER 012- Environment Risk	 	306: Effluents and Waste	  
Climate Change	KER 005- Environmental, Social and Governance (ESG) Risk	GER 008- Climate Change Risk	   	300: Environmental	
Biodiversity	KER 005- Environmental, Social and Governance (ESG) Risk	GER 009- Sustainability Risk	 	304: Biodiversity	

OUR PERFORMANCE

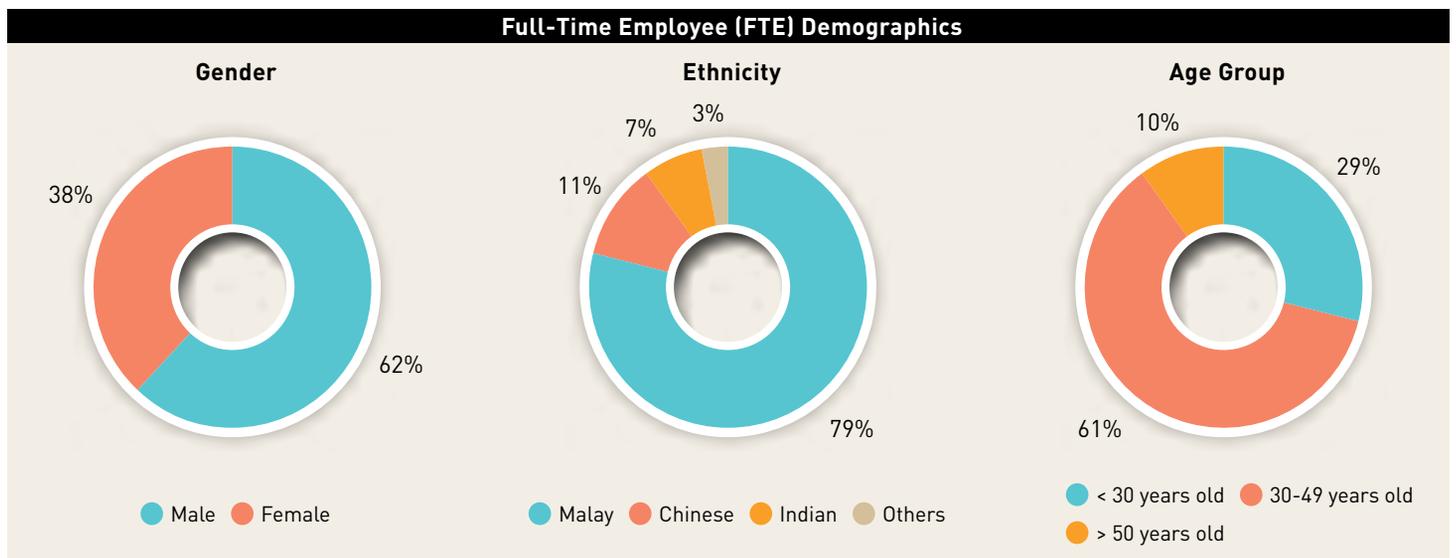
SOCIAL

MRCB embraces the basic values of dignity, responsibility, equality, inclusivity, respect, integrity, and transparency in our relationships with stakeholders. In our Human Rights Statement, we have outlined our commitment to developing a working culture which is aligned to and supports internationally recognised human rights principles and seeks to avoid complicity in human rights abuses. We seek to improve our human rights performance by aligning our working culture to internationally recognised human rights principles contained within the Universal Declaration of Human Rights, the UN Guiding Principles on Business and Human Rights and the ILO Core Conventions on Labour Standards.

DIVERSITY & EQUAL OPPORTUNITY

At MRCB, we promote an inclusive environment at the workplace, supporting SDG 5, Gender Equality and SDG 8, Decent Work and Economic Growth. Every employee is made aware of our corporate policy on diversity and inclusion as stated in MRCB’s Employee Handbook. MRCB recognises the advantages in having a diverse workforce, as it strengthens our abilities and capacity as an organisation through the accumulation of different experiences, perspectives and ideas, which promotes innovation. We protect the well-being of our employees and foster a work environment based on mutual respect. The graphs below illustrate MRCB’s employee distribution by gender, ethnicity and age group. We also include the Gender Pay Gap of women to men.

Approximately 40% of our employees are based in our head office located at Menara Allianz Sentral at Kuala Lumpur Sentral. The remaining employees are located at our surrounding facilities in KL Sentral and Penang Sentral, as well as at multiple project sites. Given the physically demanding nature of the work at our project sites, 62% of our employees are made up of men and 61% of our workforce are in the 30-50 years old age category. We strive to retain experienced talent that can highly benefit the Group. Those below 30 years of age make up 29% of our workforce and we support our young talent by equipping them with the relevant skills and expanding their knowledge in the industry.



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Empowering Women In The Workforce

Championing SDG 5 (Gender Equality), the Group held its virtual MRCB International Women’s Day on 8 March 2021 to celebrate women’s achievements and raise awareness on the importance of gender parity. The theme of the event was ‘Choose to Challenge and Dare to Change’.

MRCB has been implementing practices to cater to women at the workplace. Below are some initiatives targeted to support women at work:

Designated Mother’s Rooms ✓
Rooms are provided at the Headquarters for nursing mothers returning to work.

Staggered Work Hours ✓
Employees are entitled to opt for flexible work hours to better fit their needs.

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

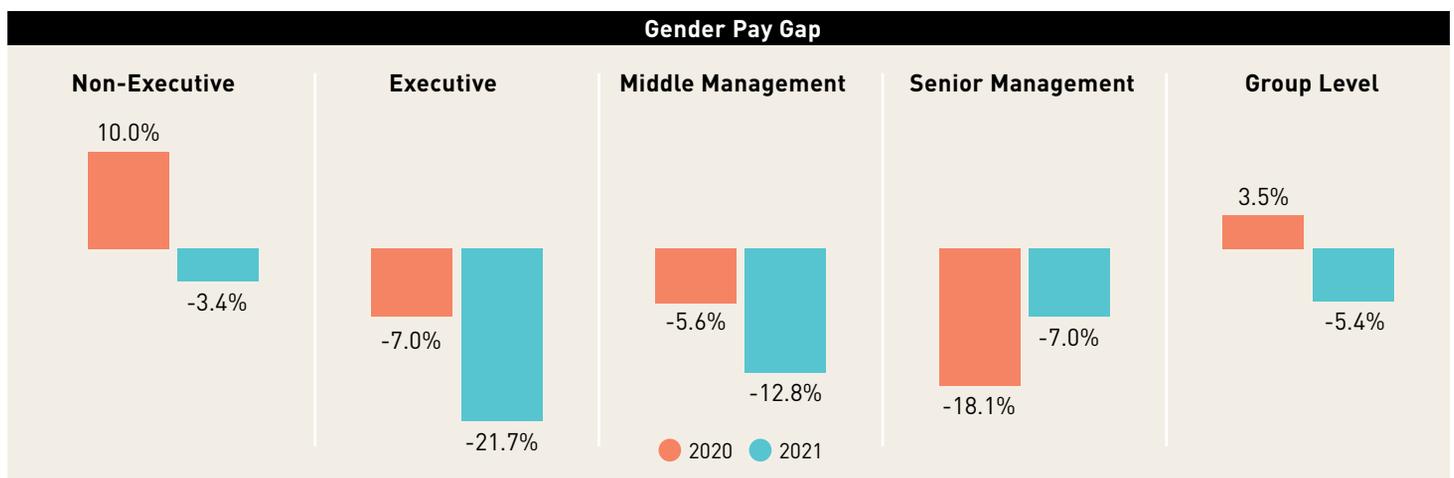
Financial Support for New Mothers ✓
Employees who have just given birth may claim up to RM6,250 to assist with their delivery bills, and new-borns receive cash gifts.

Sexual Harassment Policy and Awareness Sessions ✓
A formal complaint process is in place and all complaints are promptly investigated in a strictly confidential and fair manner. Necessary and appropriate actions are taken to remedy any violations.

Pink October ✓
An awareness session was conducted by a medical oncologist about early detection and prevention of breast cancer amongst employees.

As a responsible corporation, MRCB strives to eliminate the gender pay gap addressed in SDG 8 (Decent Work and Economic Growth). As an indicator for this aspiration, the measure of gender pay gap enables Management to monitor our progress. The indicator measures the gap between the average wage level of all women and all men employed by MRCB. In 2021, the gender pay gap (women to men) increased to 5.4% in 2021, from -3.5% in 2020. A negative percentage means that male employees received lower pay or bonuses than female employees.

While we review new appointments to ensure that we benchmark appropriately, and that offers are commensurate with skills and experience, the increase in gender pay gap was largely attributed to MRCB’s acquisition of George Kent (Malaysia) Berhad’s 50% equity interest in the LRT3 project joint venture company on 13 October 2021. This led to the absorption of 343 LRT3 project construction personnel, who were mostly men with specialised technical expertise, resulting in an increase in average annual salary for men in certain job grades.



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PEKA@MRCB Programme



SDG8 SDG10

The PEKA@MRCB Programme is part of the Yellow Ribbon initiative spearheaded by the Ministry of Youth and Sports in collaboration with the Malaysian Prison Department (MPD) and MRCB, which was launched in August 2019. Since its launch, 231 prisoners/offenders have participated in this programme.



SDG11

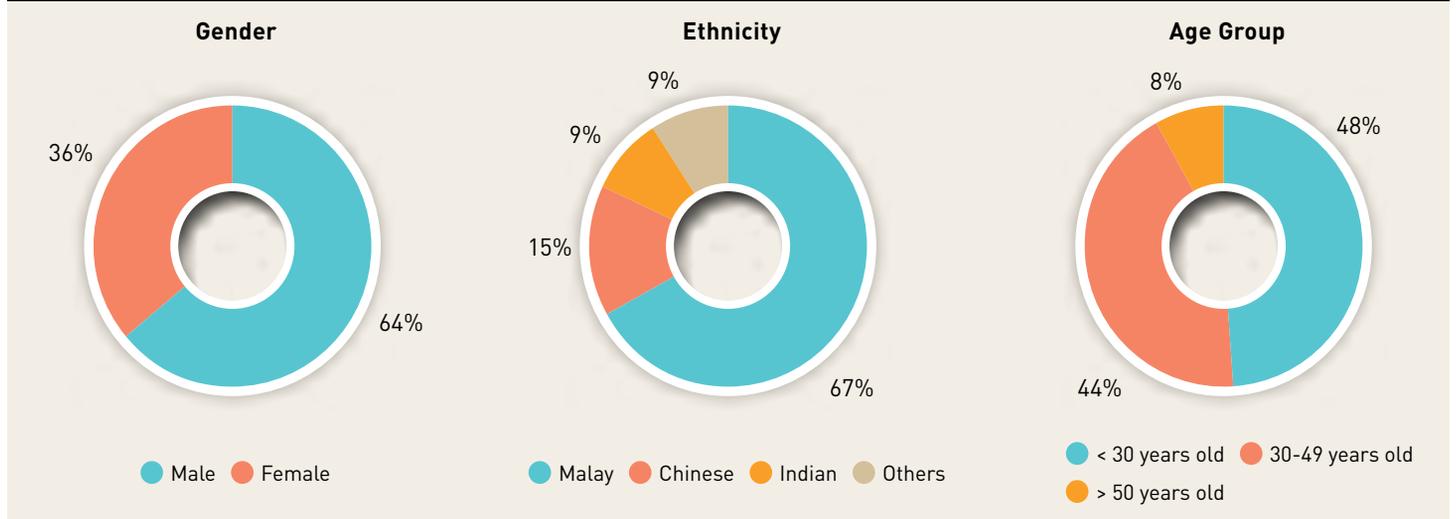
In 2021, we continued to provide upskilling and training opportunities to 54 prisoners/offenders. Training was provided and included a safety induction course by CIDB, and more practical trainings such as welding, brick-laying, and machine maintenance.

CAREER DEVELOPMENT: INVESTING IN OUR PEOPLE

MRCB places great importance on hiring the right talent and retaining them. In 2021, 181 new hires were made, an increase from 144 new hires in 2020. While the construction and engineering industry generally faces higher employee turnover rates due to the nature of work i.e., project completions may lead to employees leaving as their contracts have ended, in 2021 our turnover rate decreased to 21.3% compared to 26.7% in 2020.

We continuously invest in initiatives to ensure we retain talent critical to our business and equip our people with the relevant soft skills and professional training to ensure that they remain relevant, able to advance their career, and add value to our business.

New Employees Hired



Employee Turnover Rate



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Learning and development moved from traditional classroom training to virtual self-directed learning using e-learning platforms during the pandemic. The MRCB Learning and Development Centre (LDC) leveraged on the e-Latih platform developed by the Human Resources Development Fund (HRDF) to further develop the knowledge of employees, providing access to more than 300 courses across various topics. Currently the LDC has 2 different platforms to promote self-paced learning and provide flexibility.

- e-LDC: in-house developed modules designed by experienced employees or subject matter experts; and
- e-Latih: external modules on several topics including personal development, project management, marketing & innovation, leadership, programming, languages, and many others.

Other programmes launched and implemented in 2021 to upgrade and enhance the Group's human capital, include:

UNGC Academy Platform

As part of our efforts to increase our employees' understanding and awareness of sustainability and its Environmental, Social and Governance (ESG) pillars, we launched the UNGC Academy platform at MRCB. The courses available on this platform provide practical guidance for employees to assess, adapt and learn how to embed sustainable business practices aligned to the 2030 Agenda. Since its launch in July 2021, 388 employees completed a basic introductory course to sustainability. Moving forward, identified courses entitled "How to Set Ambitious Corporate Targets", "Accelerate Integration of the 17 SDGs" and "How to Align Your Business Strategy with the Global Goals" will be rolled out to selected target groups within the organisation. This will be a continuous effort to create a workforce that is well-versed in sustainability matters and to embed a culture of sustainability.

MRCB People Transformation Accelerator Programme (PTAP)

MRCB embarked on a People Transformation Programme to drive the Group's transformation strategy through a series of interactive workshops. The purpose of the programme is to align our behaviours, efforts, and purpose to accelerate and sustain the change we envision. It is important that every employee fully understands how their roles and actions contribute to the success of MRCB.

The programme kicked-off in April 2021 with diagnostic interviews with key stakeholders, a focus group with selected employees, and an organisation-wide survey to identify the skills and behaviours required to support MRCB's transformation and strengthen organisational health. The second phase of the programme continued with the PTAP Workshop to develop the

skills and behaviours of our employees. A pilot workshop was conducted in July 2021 to the first 40 participants consisting of Heads of Departments and Managers from different parts of the organisation. Subsequently, nine more workshops were conducted to a total of 348 employees. The programme will be rolled out to the rest of our workforce in 2022.

Future Leaders Competencies Development Programme (FLCDP)

This programme aims to provide accelerated learning and equips the participants with the fundamental knowledge and skills to perform their roles effectively for business and operational excellence. It also offers a comprehensive and holistic learning methodology encompassing e-learning, videos, business simulations, case studies, projects, and group coaching. It consists of 11 modules with 35 work tasks to be completed in the duration of 12 weeks. The selected participants undergo various functions of a business that reflects on the practicalities of working life.

Performance and Career Development Reviews

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

Graduate Employability Programme (GEP)

MRCB Graduate Employability Programme (GEP) is an initiative developed for young graduates from various local and international universities with the aim to enhance the marketability and employability of Malaysian graduates. The GEP consists of 8-months to 1-year paid training, where the trainees undergo and experience real working environment that will improve their skills and capabilities and allows MRCB to identify talented graduates for recruitment. In 2021, 19 fresh graduates, of which 80% were women, were accepted into MRCB's GEP.

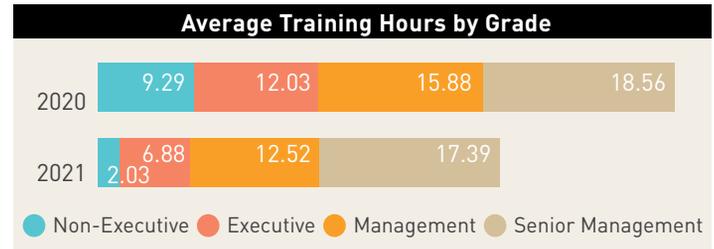
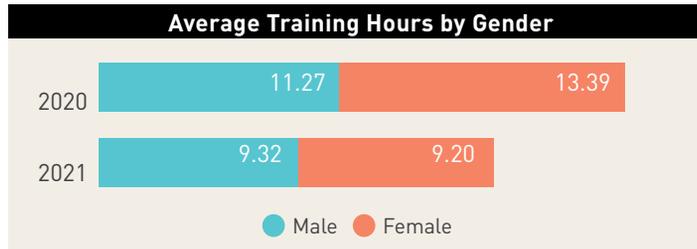
In 2021, a total of

RM1,353,652

was spent on training and development which translated to **RM1,106** per full-time employee.



Average Training Hours Per Employee



EMPLOYEE ENGAGEMENT & WELL-BEING

Benefits

MRCB adopts best practices with respect to benefits and wellness, including annual leave, medical insurance coverage and several types of allowances which differ depending on the position the employee holds within the organisation.

We regularly review our corporate benefits packages to ensure they are competitive and well-suited for our employees. In 2020, we introduced additional benefits such as the Family Care Leave, where paid or unpaid leave is offered to staff who act as the primary caregiver for a terminally ill family member. In 2021, due to the pandemic and the Group’s concern for its employees’ well-being, employees were also given the option to extend their existing healthcare insurance provided by the Group, whereby their coverage could be extended even after they leave the company.

Below, we summarise some of the benefits provided to MRCB’s full-time employees.

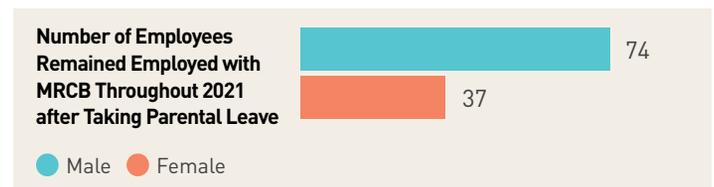
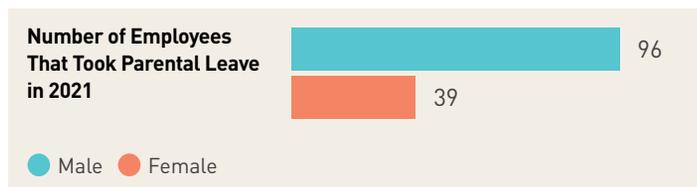
Leave	Medical	Others*
<ul style="list-style-type: none"> Annual Leave Medical leave Emergency Leave Compassionate Leave Exam Leave Marriage Leave Prolonged Illness Leave Maternity Leave Paternity Leave Pilgrimage Leave Replacement Leave Family Care Leave 	<ul style="list-style-type: none"> Outpatient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

* Subject to job grade

Pro-Family Benefits: Parental Leave

We provide parental leave to new parents of 90 consecutive days for women and 5 consecutive days for men, respectively (SDG 5, Gender Equality and SDG 8, Decent Work and Economic Growth).

In 2021, MRCB provided an accumulative 3,990 days of parental leave benefiting 135 staff. All staff returned to work after their parental leave ended, with 82% continuing their employment with MRCB throughout the reporting period. This brings our retention rate after parental leave for female and male employees at 95% and 77%, respectively.



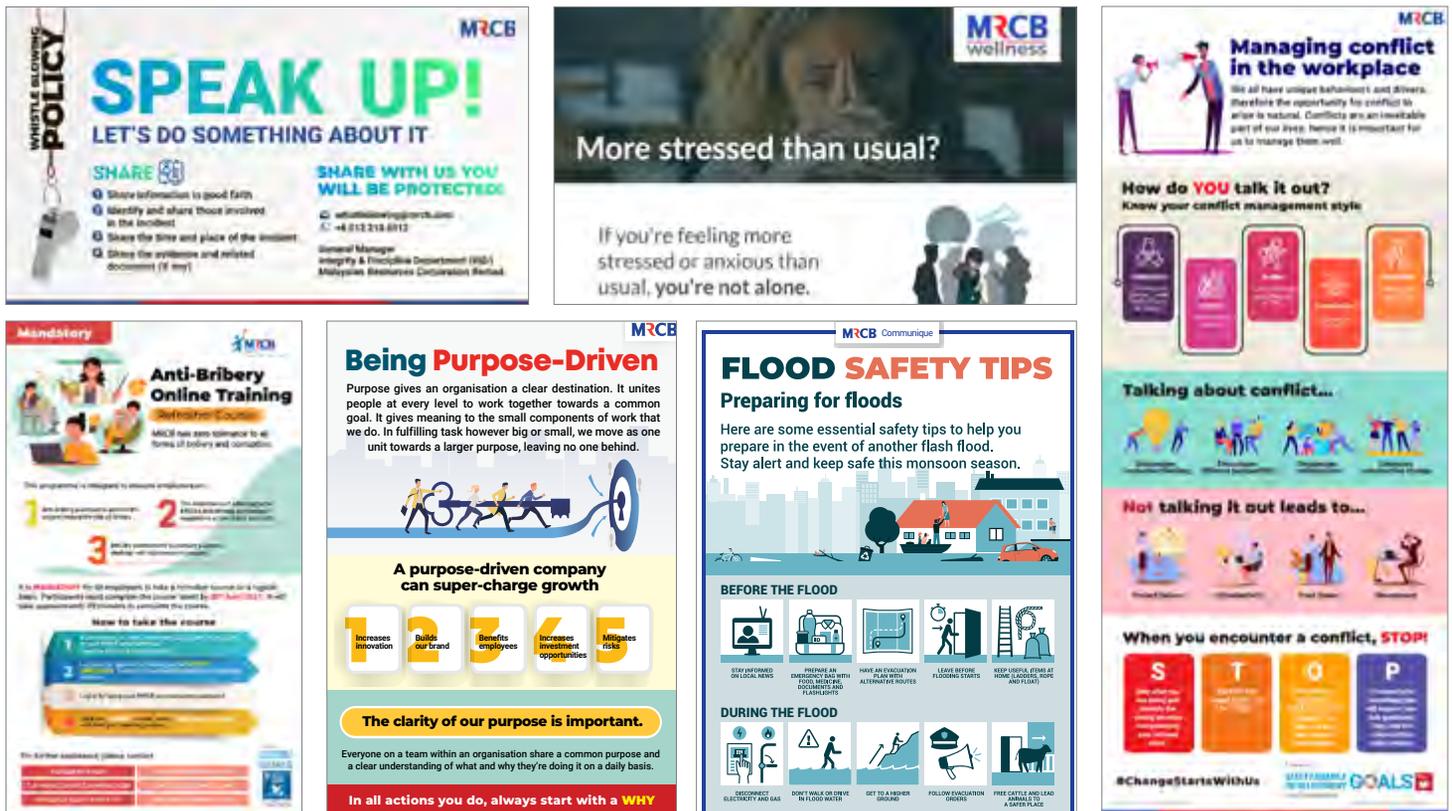
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Creating the Right Culture - Internal communication

Communication is the cornerstone to creating the right culture. We believe in the power of a fully engaged workforce, and have continuously leveraged on numerous communications channels such as staff newsletters, electronic mails, digital and print signages, video displays placed in strategic areas within our offices, HR portal, WhatsApp and Microsoft Teams, despite the challenges presented by the COVID-19 pandemic.

Targeted topics such as sustainability matters, internal training and events, cultural reinforcement, health and safety are continuously curated and communicated to our workforce. These are some examples:



Navigating COVID-19

The unprecedented set of challenges due to COVID-19 were felt globally and demanded organisations be agile to become resilient and support business continuity and growth. Together with social and the climate related uncertainties impacting Malaysia later in 2021, it was important that MRCB employees felt supported. Comprehensive actions were taken by the Group to safeguard the well-being of the employees and maintain their morale.

MRCB Wellness Programme

We partnered with a digital healthcare provider to run our wellness programme, and several virtual employee engagement programs were conducted throughout the year. In the second quarter of 2021, the Group launched a 6-month wellness programme starting with providing one-on-one virtual counselling sessions with licensed

and professional clinical psychologists. Employees were able to book sessions with 12 professional psychologists specialising in multiple areas with the partner’s application and platform, which provides professional health and life coaching services by connecting users to health professionals. The platform combines behavioural science, data science, and digital design to help users achieve a lasting healthy lifestyle. They provide MRCB employees access to a multidisciplinary coaching team consisting of clinical psychologists, dieticians, medical advisors, fitness experts, career coaches and financial planners. The comprehensive and personalised employee assistance programs were aimed at improving our employees’ physical and mental health. Personalised coaching as well as educational articles and videos were offered to all employees through electronic platforms to ensure a continuous growth and learning culture within our organisation.

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MRCB Vaccination drive at KL Sentral CBD

Employee Vaccination Programme

In collaboration with the Ministry of Federal Territories, we successfully organised the MyMedic@Wilayah Mobile Vaccine 2021 and provided free vaccinations to 1,000 employees. The first dose was administered in June 2021, followed by the second dose in July 2021 at Kuala Lumpur Sentral Station with strict Standard Operating Procedures (SOPs) in place. By the end of 2021, 100% of our employees were fully vaccinated. In addition, a booster dose vaccination program was held in December 2021 which 177 employees participated in.

Work-From-Office (WFO) and Standard Operating Procedures (SOPs)

Starting 6 September 2021, 30% of the workforce were allowed to resume working from the office (WFO) following two-week rotations within each department. Only employees who had been fully vaccinated were allowed to enter the workplace whilst adhering to strict SOPs. MRCB conducted biweekly compulsory testing using Rapid Test Kits (RTK) for employees, prior to being allowed to enter the office, ensuring workplace safety for all staff. Proper guidelines were established, and strict actions were taken to ensure the workplace was "COVID-free", including temperature checking and sanitisation stations at all office entry points and all common areas. Project sites had their own stringent SOPs in place, to ensure that our construction sites mitigated the pandemic as much as possible, with stop work and quarantine orders issued to any sites where any worker tested positive.

MRCB's Response to Floods

In December 2021, persistent torrential downpours across the nation resulted in a devastating flood across the country, causing deaths and the displacement of more than 71,000 residents, including many of our own employees in the Klang Valley. MRCB donated more than RM180,000 in cash and in kind, and sent 150 employees as volunteers to assist in food distribution and cleaning efforts to the flood victims, which included 113 of our own employees and 2,690 families in Johan Setia, Taman Sri Muda and the surrounding communities. In addition, compassionate leave was granted to affected employees.

Key Engagement Programmes

Our key employee engagement programmes in 2021 were as follows:

Month	Programme
March	MRCB's International Women's Day
April	Briefing: Zakat Services & My30 Travel Pass
June	Provision for one-on-one remote therapy: virtual counselling session with licensed and professional clinical psychologists
June	MRCB Employee Vaccination Programme (1st Dose)
June	MRCB Employee Vaccination Programme (2nd Dose)
July	COVID-19 Vaccination Status for MRCB Employees: Survey
August	COVID-19 Vaccination Survey Update
August	MRCB celebrating its 50th anniversary: Special issue newsletter
September	Official launch of MRCB Wellness Programme
October	Breast Cancer Awareness Month, a talk with a medical oncologist: Understanding Breast Cancer
November	Talk on "Brighter Days Ahead": Your Financial Well-being Starts Here
November	Talk: Transitioning Back To Your Workplace Effectively
November	Men's Health Awareness: Looking After Your Prostate by a Family Medicine Specialist
December	Kelab Kebajikan & Rekreasi MRCB (KKRM) Treasure Hunt
December	Talk: Building Resilience In The New Normal: It All Starts With A Plan
December	MRCB Employee Vaccination Programme (Booster Dose)
December	Flood Relief Assistance

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HEALTH AND SAFETY

MRCB places high priority on health and safety at the workplace. The nature of engineering and construction activities expose workers to various types of safety risks such as working at heights, falling objects, noise from construction activities, risk of electrocution from temporary wiring and operation of machinery and equipment. To safeguard the well-being of our workers at project sites, we have implemented an Occupational Health and Safety Management System, ISO 45001; 2018, to guide practices towards ensuring safety and health at the workplace. We also ensure constant communication of health and safety matters through electronic direct mail communication, videos displayed at waiting areas in our building, and notices at strategic areas around our sites. Communication is also conducted in the native language of our workers, and our sub-contractors are encouraged to voice out their concerns.

We have also established an Environment, Safety and Health (ESH) Committee at MRCB headquarters. This committee includes an advisor, a chairperson, two deputy chairpersons, a secretary, and management representatives from each department. The committee meets at least once every quarter. The objectives of the ESH Committee are:

- To foster cooperation and consultation between Management and workers;
- To establish a two-way communication channel; and
- To motivate and raise awareness on issues pertaining to the Safety and Health (S&H) aspects.



Daily safety "toolbox" sessions are conducted at construction sites to raise awareness of ongoing safety procedures

Quality, Environmental, Safety and Health (QESH) Policy

At MRCB, we go above and beyond what is required and are committed to delivering world-class services and maintain the highest standards of quality in the services we provide to our clients. Apart from appointing independent design and check consultants to ensure the integrity of our design from a health and safety viewpoint, we also adhere to the following systems:

- ISO 9001:2015 – Quality Management System (QMS)
- ISO 14001:2015 – Environmental Management System (EMS)
- ISO 45001:2018 – Occupational Health and Safety (OH&S) Management System

We have also reviewed our QESH Policy, which articulates our commitment to minimising the environmental impact of our activities and protecting the safety and health of our employees, contractors and the public. The objectives of QESH are to set the performance benchmark against these industry standards. We have updated our QESH objectives in 2021 as follows:

- Achieve minimum 80% SHASSIC CIDB/ESH Audit's rating
- An incident rate of less than 2.50. (Please refer to page 120 for details)
- Ensure 85% of Non-Conformance Reports (NCR) are closed immediately (less than 7 days)
- To ensure zero Stop Work Orders (SWO) are issued by clients or relevant authorities.

The personnel responsible for health and safety are the Executive Vice President (EVP) of Security, Group Chief Operating Officer (GC00) and Group Managing Director (GMD). The Board has oversight of the management of health and safety issues through an Environmental, Safety, and Health Report presented to the Board every quarter. The details and data included in the quarterly report covers the following areas:

- Accidents/incidents that have occurred;
- Notice of Improvement/Prohibition (NOI/NOP);
- Number of SWO issued; and
- ESH Audit, ESH inspection & induction and ESH Training (in-house and external).

Managing Safety and Health Risk at the Workplace

All QESH indicators are evaluated based on the reporting period, except for the NCRs and incident rate which are effective from September 2020 to August 2021. This is to accommodate for the Management Review Meeting which is held in October each year. In 2021, we have achieved three out of four QESH goals stated above.

We have established an SOP for Hazard Identification, Risk and Opportunity Assessment and Determining Control (HIRADC) for our

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headquarters and building and infrastructure projects. HIRADC applies to all routine and non-routine activities and for all personnel having access to the workplace, including sub-contractors and visitors.

HIRADC is conducted whenever there are changes to the condition of activities, introduction of new materials or any new activities and modification works. To ensure our workplace is always safe, HIRADC analysis is conducted at least once annually at our headquarters and half-yearly at project sites or as and when necessary.

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

Safety and Health Assessment System in Construction (SHASSIC)

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

SHASSIC incorporates three (3) main components which are document checks (20%), site/workplace inspections (60%) and employee/construction personnel interviews (20%). SHASSIC scores from 90% to 100% signify an excellent OSH management system planned and implemented with a proactive commitment from top management to always manage OSH. Scores of 80% to 89.9% mean exceptionally good OSH management system planned and implemented with evidence of good commitment from top management to manage OSH at all times.

Below is the list of MRCB project sites that achieved SHASSIC certification in 2020 and 2021.

Year	Project Sites	SHASSIC Star Rating
2020	• TRIA 9 Seputeh – Parcel B	93% ★★★★★
	• SUKE CA2	97% ★★★★★
2021	• Sentral Suites – Lot 349	89% ★★★★★

Safety and Health Training

Safety and health training and development programs are imperative to keep abreast with current relevant regulatory requirements and to equip employees and sub-contractors with competencies and skills necessary to execute their tasks.

In 2021, a total of 794 people consisting of employees, site workers and contractors attended 12 training modules in 33 conducted trainings. The training modules are listed below.

Training Modules

- Working At Height + Site Induction Refresher
- Crawler Crane Inspection Training
- Lifting Awareness Training-rigger & Signalman
- SHE Induction for ODS Sg Buloh-Peka Program
- Internal Auditor Refresher Training
- Train The Trainer - Tips to Become Effective Trainer
- HIRADC Training
- Unsafe Act Unsafe Condition
- Environmental Awareness
- Construction Machinery Inspection Training
- Forklift Safe Operation Training
- Chemical Safety Awareness



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Safety and Health Incidents

Incident rate allows us to formulate policies and programs for the prevention and reduction of occupational injuries, illnesses and fatality. It measures the likelihood of unexpected and unplanned occurrence of fatal and non-fatal injuries and illnesses arising out of or in connection with work per thousands of workers. In 2021, we recorded an incident rate of 1.83, which is lower than Malaysia's Department of Occupational Safety and Health (DOSH)'s acceptable rate of 2.5. We have a target of having zero fatalities and major injuries from our project sites. Due to limitation to obtain third-party information for the Property Development & Investment segment, the reported incident only covers the Engineering, Construction & Environment segment, consequently, the injury rate is only applicable to this segment.

Despite our best efforts to reduce injuries and accidents at project sites and continuing our practice of conducting various checks by independent consultants on our structures, who then endorse the design and conduct site inspections before approval for loading is given, in 2021, we had two (2) fatalities, one (1) major injury, four (4) minor injuries, one (1) first-aid case, one (1) property damage, and one (1) dangerous occurrence. We were also issued one (1) Stop Work Order (SWO) by Majlis Bandaraya Petaling Jaya (MBPJ), and seven (7) Notice of Prohibition (NOP) by the Department of Occupational Safety and Health (DOSH).

Immediate actions were taken to ensure the well-being of those involved and the integrity of our project sites in the aftermath of the incidences. Mitigation measures were also developed, and included, among others, creating a buddy system to ensure safety of workers at all times, ensuring the presence of an MRCB and site consultant representative during the issuance of the Ready To Load Certificate, as well as introducing an additional "hold point" to improve the control system of construction for the crosshead stitching of falseworks.

No.	Incident	Location	Remarks
1	Fatality	DASH CB2	Falsework structure collapsed due to a flaw in the bearing capacity calculation by the third party Professional Engineer for Temporary Works (PETW) prior to the falsework erection
		SEJE, Bahau	Victim slipped and fell 30m to the ground due to failure to properly secure his harness to the horizontal lifeline
2	Major Injuries	Sentral Suites	The injured worker hooked the lanyard to a newly planted rebar that was not designed to take his body weight
3	Minor Injuries	DASH CB2	Three minor injuries from different incidents
		KVMRT2 S210	One minor injury
4	First-aid Cases	Kwasa Sentral (MX-1, Plot H)	One first-aid injury
5	Property Damage	FINAS	Trailer driver accidentally hit the Project Signage resulting it to collapse and damage the Signage supporting structure
6	Dangerous Occurrence	PR1MA Brickfields	The crane's boom collapsed due to unfavorable weather conditions, causing the crane to topple sideways
7	Stop Work Order (SWO)	FINAS	Issued by MBPJ due to noise at construction sites
8	Notice of Prohibition (NOP)	DASH CB2	3 notices were issued by DOSH as consequence to the reassessment of site safety following the incident above.
		Sentral Suites	1 notice was issued by DOSH as consequence to the reassessment of site safety following the incident above.
		SEJE, Bahau	1 notice was issued by DOSH as consequence to the reassessment of site safety following their inspection.
		SUKE CA2	2 notices were issued by DOSH as consequence to the reassessment of site safety following their inspection.

Key definitions:

Health and Safety Indicators	Health and Safety Definition
Ill Health	Identifiable, adverse physical or mental condition arising from and/or made worse by a work activity and/or work-related situation
Near Miss	Any accident at place of work which has potential to cause injury to any person or damage to any property
First-aid Cases	Cases in which first aid was delivered at the workplace, with no further medical treatment required from medical practitioners
Medical Treatment	Only case where medical treatment by medical practitioners is given but no medical leave and/or admission to the ward is required
Minor Injuries	Injuries causing incapacity for 4 days or less, with no hospitalisation required
Major Injuries	Injuries causing incapacity for more than 4 days and/or any injury that requires hospitalisation
Fatality	Injury leading to immediate death or death within one year of the accident
Environmental Incident	Minor <ul style="list-style-type: none"> • Simple contamination with localised effects for a short duration Major <ul style="list-style-type: none"> • Simple contamination with widespread effects to heavy contamination Catastrophic <ul style="list-style-type: none"> • Incident with damage to properties with an estimated cost above RM 500,000
Property Damage	Minor <ul style="list-style-type: none"> • Incident with damage to properties with an estimated cost below RM 150,000 Major <ul style="list-style-type: none"> • Incident with damage to properties with an estimated cost from RM 150,000 to RM 500,000 Fatal/Catastrophic <ul style="list-style-type: none"> • Incident with damage to properties with an estimated cost of above RM500,000
Dangerous Occurrences	An occurrence arising out of or in connection with work and is of a class specified in Schedule 2 of the Notification of Accident, Dangerous Occurrence, Occupational Poisoning and Occupational Disease (NADOPOD)

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We closely monitor construction activities and conduct regular ESH Committee meetings to provide updates on the safety and health conditions at our project sites. In 2021, MRCB achieved 4 million-man hours without LTI (Lost-Time Injury) for TRIA 9 Seputeh project. Frequent safety trainings, awareness campaigns, safety standards and risk assessments resulted in a low injury rate in 2021, at 1.18 injury per million work hours. With effective prevention and preparedness, MRCB has not been affected by any incidents of non-compliance with regulations concerning the environment in the reporting period.

Total Man Hours by Business Segments	2019	2020	2021
Engineering, Construction & Environment	10,634,031	6,803,580	8,450,077
Property Development & Investment	1,348,359	322,548	269,030
Total Man Hours	11,982,390	7,126,128	8,719,107

Type of Incident	2019	2020	2021
Ill Health	0	0	0
Near Miss	2	0	0
First-aid Cases	1	1	1
Medical Treatment	N/A	0	0
Minor Injuries	2	0	4
Major Injuries	0	0	1
Fatality	0	1	2
Environmental Incident	N/A	0	0
Property Damage	0	1	1
Dangerous Occurrences	N/A	0	1
Fire	0	0	0
Stop Work Order (SWO) Received from Authorities	2	1	1
Notice of Prohibition (NOP) Received from Authorities	0	1	7
Lost Time Injury (LTI)	2	2	3

Note - The incidents only covers the Engineering, Construction & Environment segment, due to limitation to obtain third-party information for the Property Development & Investment segment.

Labour

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

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

We take our labour responsibilities seriously and provide adequate accommodation and healthy living conditions for them. Where possible we have Centralised Labour Quarters (CLQs) for accommodation and various welfare facilities for the workers. These facilities include the management office building, guard house, water storage tank, central surau, as well as sports facilities for recreation. All our CLQs comply with the requirements for water supply and fire safety regulations as prescribed by the local authorities. CLQs undergo spot checks and audits periodically, to ensure they comply with all regulations and provide a safe environment for the workers.

ENRICHING THE COMMUNITY

MRCB is constantly finding ways to contribute and improve the socioeconomic status of the community. We identify areas of disparity which the Group can help alleviate and enrich the community. A lot of these initiatives are linked to the SDGs.

Community Contributions (GRI 413-1)

Apart from MRCB's corporate social responsibility (CSR) initiatives, Yayasan MRCB, which is MRCB's Foundation, was established to pursue and provide opportunities in education and financial assistance for the underprivileged. Founded in 2015, Yayasan MRCB has organised numerous impactful programmes to benefit the underprivileged as part of our efforts to enhance stakeholder value, in particular for those located close to our developments. Other CSR programmes include assisting the Orang Asli community, hosting empowerment programmes for youth with physical limitations, sponsoring a halfway home for patients with prolonged illnesses and their caregivers and aiding the most vulnerable in the community during the pandemic. Below is a list of our contributions in 2021 to various beneficiaries such as schools, hospitals, and other organisations, to improve their well-being.

No.	SDG Goal	Programme	Beneficiaries	Amount Spent (RM)
1		Collaborated with Burgernita to sponsor 2 burger kiosks to single mothers, to provide platform for them to generate income and sustain their daily lives	2 B40 families	9,460
2		Contributed RM3,000 to supply food to the underprivileged Orang Asal in Perak	900 Orang Asli	3,000
3		Contributed 3,000 sets of dry food to frontliners	3,000 frontliners and medical officers	8,386
4		Donated 100 boxes of essential food to the underprivileged blind people who registered with Malaysian Association for the Blind.	100 underprivileged visually impaired individuals	9,658
5		Donated food boxes to B40 communities and the underprivileged	3,000 B40 individuals via: <ul style="list-style-type: none"> • Food Aid Foundation • Yayasan Orang Buta Malaysia • Kuala Lumpur and Selangor Coalition of Women Organization (KLSCWO) • Badan Kebajikan Mutiara Putrajaya • Development of Human Resources for Rural Areas (DHRRA) • Malaysian Relief Agency (MRA) • Persatuan Cina Muslim He-Ping • Selangor Cheshire Home • PPR Lembah Pantai • PPR Kota Damansara • Rumah Kasih Harmoni • Pusat Tahfiz AL- Maktabah • Pertubuhan Baitul Rahmah • Pertubuhan Kebajikan Rumah Safiyyah • Pertubuhan Kebajikan Anak Yatim Teratak Ummi • Pertubuhan Kebajikan Ar-Ramaniah • Pertubuhan Kebajikan Darul Jariyah Kg Permata, Rawang 	379,500
6		Donated cooked meals to B40 communities, frontliners, nurses and doctors at COVID-19 Hospitals	8,000 B40 communities, frontliners and medical officers who work at COVID-19 hospitals and PPV centres	80,895
7		Donated basic ingredients to Berkat Kitchen to supply nasi lemak to PPR's residents (200 packs daily for 30 days)	6,000 B40 individuals	5,580

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No.	SDG Goal	Programme	Beneficiaries	Amount Spent (RM)
8		Donated 3 months supply of nasi lemak to PPR's residents (200 packs daily for 3 months)	18,000 B40 individuals	17,310
9		Donated 1-year essential food items to Pertubuhan Kebajikan & Pendidikan Nur Kasih	42 Pertubuhan Kebajikan & Pendidikan Nur Kasih individuals	6,000
10		Sponsored meal to 150 students from SK Iskandar Perdana	150 B40 students from SK Iskandar Perdana	4,500
11		Contributed 1-year medical and necessary sanitary items to a stroke patient	1 differently abled individual	4,656
12		Donated RM100 MyDin vouchers for Hari Raya	40 orphans from Pusat Jagaan Baitus Sofwah	4,000
13		Donated face shields to B40 communities, frontliners, nurses and doctors	3,200 frontliners, B40 and medical officers	6,105
14		Donated RM5,000 to orphanage to cater for household expenses.	300 orphans from Pertubuhan Kebajikan Baitul Hasan Kuala Lumpur	5,000
15		Donated RM5,000 to orphanage to cater for household expenses and utilities.	100 orphans from Lighthouse Children Welfare Home	5,000
16		Donated to a B40 family to cover his household expenses.	4 B40 family members	3,000
17		Donated to a Category 3 COVID-19 patient to assist in household expenses.	6 B40 family members	5,000
18		Donated to a dialysis patient	1 differently abled individual	5,000
19		Donated 1 unit of oxygen concentrator (5L) to Hospital Melaka	Numerous patients in Hospital Melaka	3,800
20		Donated 4 units of powered air-purifying respirators (PAPR) to Hospital Serdang	Numerous patients in Hospital Serdang	28,000
21		Donated 2 units of water dispensers to University of Malaya Medical Centre	300 students from University of Malaya Medical Centre	7,530
22		Donated RM30,000 to refurbish three (3) houses for B40 families	15 B40 family members	30,000
23		Donated necessities to the flood victims	200 flood victims in Johan Setia and Taman Sri Muda	9,298

OUR PERFORMANCE
SOCIAL

No.	SDG Goal	Programme	Beneficiaries	Amount Spent (RM)
24		Contributed cash donation and food aid, which included 7,639 food baskets to B40 families	26,558 B40 families and communities in Bandar Tun Razak, Pulau Pinang, Kelantan, Kinabatangan, Selangor, Perak, Pahang, Melaka, Kuala Lumpur, Terengganu and Putrajaya	1,119,754
25		Renovated and refurbished houses for B40 families in Penang	7 B40 families in Penang	70,000
26	 	Provided 3,019 sets of packed food to staff and residents in COVID-19 quarantine centres, and donated 20 units of industrial fans to Hospital Serdang and renovated Ward 4 in Hospital Sg Buloh.	6,269 COVID-19 patients, frontliners and medical officers in Kuala Lumpur, Putrajaya, Serdang, Sg Buloh and Johor	140,810
27		Donated 255 food baskets and 765 face masks to PERKIWISA	255 vulnerable women and children from Pertubuhan Kebajikan Ihsan Wanita Islam (PERKIWISA)	76,500
28		Provided a monthly supply of food through 461 food baskets to vulnerable women and children in Homes and under NGOs	461 vulnerable women and children from Pusat Jagaan Permata Kasih Abadi (Penang), Rumah Perlindungan Baitul Solehah (Johor), Anbe Sivam Charity Home (Selangor), Rumah Bakti Nur Syaheera (Selangor) and Rumah Jalanan Kasih (Selangor), LoveHome Charity Foundation (Selangor), Home of Peace (Kuala Lumpur), Rumah Summaya (Kuala Lumpur) and Persatuan Rumah Anak Ini Disayangi (Selangor)	56,600
29		Donated 788 food baskets and household and kitchen needs to Orang Asal	788 Orang Asal in Kelang, Ipoh, Taiping, Temerloh, Maran, Raub and Bentong	152,752
30		Donated 1,200 food baskets and 3,200 face masks to underprivileged students	1,200 underprivileged students from Rukun Tetangga (Klang), Persatuan Mahasiswa Kepala Batas and Yayasan Kemiskinan Kinabatangan	110,000
31		Donated 200 food baskets and 200 face masks to persons with disabilities and special needs individuals	200 persons with disabilities and special needs in Teluk Rejuna, Pantai Suri, Pulau Beluru, Pantai Haji Nik Mat in Kelantan	40,000
32		Provided food baskets, household items and hospital beds to disabled individuals and elderly persons	164 disabled individuals and elderly persons in Cameron Highlands, Pahang, Seputeh, Kelantan, and Tasik Gelugor and Butterworth, Penang	34,700
33		Donated 1,130 food baskets and 3,390 face masks to refugees	1,160 refugees from Spoonful of Hope, Suriana Welfare Society, Persatuan Qaseh Seputeh in Klang Valley and Yemeni refugees in Seri Kembangan and refugees in Perak and Penang	315,300
34		Donated to local communities, the public and university students	19,635 persons from local communities: <ul style="list-style-type: none"> • Around Kuala Lumpur and Putrajaya • University students and young professionals at the Youth Economic Forum 2021 • Students from Universiti Sains Malaysia • Retired Senior Police Officers' Association (RESPA), Jabatan Kerja Raya (JKR), Persatuan Kontraktor Melayu Malaysia (PKMM), and Universiti Pertahanan Nasional Malaysia (UPNM) 	60,300
35		Established a PPV at Stesen Sentral Kuala Lumpur for a vaccination drive	1,000 employees	50,000
36		Donated to the Humanitarian Aid to assist refugees	1,500 refugees	25,000
Total			102,559	2,892,394

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OUR COMMITMENT TOWARDS NET ZERO CARBON BY 2040 THROUGH SCIENCE-BASED TARGETS



SDG13



SDG15



Average Carbon Emissions Intensity Reduction in 2021

▼ **8%**

By segment

Building Projects (tCO₂e/m²)

▼ **29%**

Infrastructure (tCO₂e/RM mil)

▲ **21%**

Headquarters (tCO₂e/m²)

▼ **15%**

In 2020, we announced our commitment to achieving Net Zero Carbon by 2040 (in Scope 1 & Scope 2 emissions). This means systematically and diligently measuring, monitoring, and implementing short and medium-term strategies to reduce our Greenhouse Gas (GHG) emission rate, as well as water consumption and waste generated in our operating environment.

Our Net Zero Carbon journey began by measuring and monitoring our Scope 1 & Scope 2 carbon emissions. This includes measuring carbon emissions from diesel and petrol consumption at MRCB's project sites (Scope 1) and measuring indirect carbon emissions from the generation of purchased electricity for operating our Headquarters and core business areas (Scope 2). The Group's carbon emissions are calculated in accordance with the World Business Council for Sustainable Development (WBCSD) and World Resources Institute's (WRI) GHG Protocol, a corporate accounting and reporting standard. This protocol is considered the global best practice for corporate emissions reporting.

We continued to expand our scope of reporting to include Scope 3 emissions in 2021 on employee commuting and downstream leased assets. We also conducted a Supplier Assessment Survey with our largest suppliers to assess their readiness level, as discussed on page 54 of this report. Moving forward, we will implement more rigorous sustainable procurement strategies, by implementing policies and processes that embed sustainability at the project design stage, to ensure only locally sourced materials are specified and materials that meet sustainability specifications are procured. This process will be undertaken in stages, with a realistic and pragmatic timeline.

MRCB is in the process of developing science-based targets for Scope 1 & Scope 2 emissions and will soon be proceeding with the validation process. Using the latest version of the SBTi Tool (version 2.0) and through the absolute contraction approach (ACA), we will be setting an absolute Scope 1 & Scope 2 emission reduction target of 4.2% annually (42% by 2032), aligned to the 1.5°C scenario.

Our commitment towards this goal is further strengthened by a thorough qualitative assessment of the exposure of our assets to climate risks, guided by the Task Force on Climate-related Financial Disclosures (TCFD). This initiative is ongoing and is targeted to be completed by mid-2022 and will focus on: i) climate strategy, ii) governance iii) risks and opportunities and iv) metrics and targets. We have conducted a TCFD assessment to assess our gaps in implementing its recommendations and developed a high-level strategy to address them, as discussed on page 127 of this report.

Electricity and Water Consumption Reduction Initiatives in 2021

Headquarters

Reviewing and approving sustainability policies and procedures in support of the Group's sustainability framework and strategy.

Parking facilities

We retrofitted LED lightings at Q Sentral and PJ Sentral parking areas managed by our subsidiary, Semasa Parking.

Construction sites

We are continuously trying to increase rainwater catchment to be reused for cleaning and plant watering purposes. We are also trying to improve on our waste management practices by improving our waste segregation, monitoring, and recording activities.

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MRCB'S CLIMATE RISKS & OPPORTUNITIES

GUIDED BY THE TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD) FRAMEWORK

As a responsible leader in the property and construction sector in Malaysia, we recognise the need to accelerate our actions to address the climate crisis. A robust climate action plan will contribute to global efforts in limiting the global temperature increase to below 1.5°C, and improve the Group's resilience to potential climate impacts. In 2021, we embarked on our TCFD journey to assess the impact of climate change on our assets and business operations, as well as allow us to disclose our climate risks and opportunities under the TCFD framework. This is our first disclosure of climate-related financial risks.

GOVERNANCE

In order to address our climate-related risks and opportunities, the Sustainability Management Committee (SMC), which comprises Heads from core operational Divisions and support functions, the Sustainability Department, and chaired by the Chief Corporate Officer (CCO), was established with the approval of the Board to oversee the development and adoption of the Group Sustainability Strategy, and its related policies and risk mitigation plans. Further information on the roles and responsibilities of the Board, Senior Management and the SMC in relation to climate risks can be found on page 22 of this Integrated Annual Report.

STRATEGY & RISK MANAGEMENT

We recognise that TCFD recommends organisations to describe the resilience of their business strategies to climate-related risks and opportunities, taking into consideration the physical impacts of climate change and a transition to a lower-carbon economy. As a foundational step, we have conducted a hotspot analysis of our physical and transition risks, incorporating scenario analysis as recommended by TCFD.

Climate Related Risks and Opportunities Assessment

We have used climate-related scenario analysis to explore and develop an understanding of how the physical risks and transition risks of climate change might impact the business over the time horizons of 2030 (baseline) and 2050 (future):

- Representative Concentration Pathway (RCP) 4.5 was selected as it is comparable to Malaysia's Nationally Determined Contributions (NDC), and
- RCP 8.5 was selected to represent the Business as Usual (BAU) scenario, which is considered as the worst case scenario where no efforts are actively taken to reduce GHG emissions.

As a next step, we will adopt the IEA Sustainable Development Scenario (SDS) approach to align with our Net Zero commitment.

The following methodology was adopted for screening high level physical risks:

- A review of the regional & country level data and literature helped us identify the key risks our businesses may be exposed to, as well as those that may require further validation in the respective areas of interests.
- The key hazards and risks identified were then evaluated in further detail with respect to the specific MRCB asset locations. Baseline natural hazard data and climate change projections for key climate indicators were extracted using geospatial information for each asset location. The baseline natural hazards were then defined via High, Medium, Low categories, with the climate change projection data evaluated and qualitatively superimposed on the baseline hazard data to estimate future hazards under RCP 4.5 and 8.5, with respect to our business units. Following that, high level implications of each natural hazard on our business units were identified along with feasible mitigation measures for adaptation.
- During the next phase of this assessment, a robust risk validation & qualification exercise will be conducted which will involve asset specific risk validation and high level financial analysis.

Preliminary Physical Risk Assessment Results

Our ability to forecast each hazard with reasonable certainty is limited, and it becomes less precise over a longer period. Physical risks are multidimensional and complex requiring assessment on each component – hazards, exposure and vulnerability. As our initial approach, our assessment covered selected hazards for discovery of acute and chronic risks.

At this stage, it is more useful for us to understand which hazards are most pressing and to have the assessment more concretely focused on specific short-term impacts at the asset level. This will help us to build a reasonable understanding and to improve certainty on our initial models. Therefore, the physical risks are indicative at the moment.

With regards to extreme heat, there is a moderate risk of increased financial costs due to resource availability and damages caused to assets. Damages include an increased rate of deterioration of construction materials and existing assets requiring frequent maintenance. Water scarcity which was also identified as a risk may lead to increases in expenditure on water efficient technologies and water treatment systems; while properties in water stressed areas may experience a loss of value.

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Criteria or Identification of Physical Risks	
Acute	<p>Under the baseline scenario, many of the selected hazards were found to be event-driven, including increased severity of extreme weather events:</p> <ul style="list-style-type: none"> • Urban Floods 0-5 years (high risk baseline and future scenarios) • Riverine Floods 0-5 years (high risk baseline and future scenarios) • Landslides 0-5 years (Based on average number of precipitations triggered landslides per year per square kilometer during 1980-2018) • Water Stress 5-10 years (low water stress at present, however high water stress is projected by 2030) • Cyclones >10 years (although cyclones are seldom reported in this region, BAU climate change projections indicate an increase in intensity and frequency of cyclones in Pacific Ocean basin, therefore some of the asset locations may be affected in future)
Chronic	<p>Longer-term shifts in climate patterns (e.g., sustained higher temperatures) that may cause sea level rise or chronic heat waves:</p> <ul style="list-style-type: none"> • Coastal Floods >10 years (low risk of cyclones leading to storm surge at present) • Heat Waves >10 years (Hazard classification is based on the daily maximum Wet Bulb Globe Temperature, which is provided as frequency-severity data in the raster format)

Our assessment under the baseline and future scenarios demonstrates that the exposure of the built environment to climate-related disturbances increases over time. All assets will experience some vulnerability to climate hazards particularly due to their dependence on infrastructure such as electricity, water, communications, road connectivity and other essential services. Under the baseline scenario, urban floods and landslides pose a high-risk hazard, while extreme heat and water stress categorised as medium risk and low risk respectively.

We considered cyclones, coastal and riverine floods as non-material hazards at this point of time as these events are difficult to forecast with limited historical evidence locally. Given that climate science is evolving, we will continuously build our capacity to monitor and update the projection for all hazards within major climate models.

Preliminary Transition Risk Assessment

Transition risks assessments are qualitative rather than quantitative and are based on analysis of emerging trends. We conducted scenario analysis for transition risks and opportunities against two scenarios from World Energy Outlook 2021, published by International Energy Agency – Annual Pledge Scenario (APS) and Sustainable Development Scenario (SDS). Our methodology assigned each identified climate risk and opportunity to a ‘scenario indicator’ to allow for the evolution of risks to be tracked under the base case (APS ~2.1°C) and low carbon (SDS ~1.8°C) scenarios, over a long - term time horizon. The analysis covers our 3 core business activities, namely Property Development and Investment (PDI), Engineering, Construction & Environment (ECE), Facilities Management (FM) and Semasa Parking. These scenarios represent the range of events that are reasonably foreseeable and which are common across the segments. The assigning of probabilities are still preliminary and are subject to a consultative risk assessment process.

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No	Category	Preliminary Scenario	Property Development & Investment		Engineering, Construction & Environment		Facilities Management & Parking		Financial Driver
			Likelihood	Impact	Likelihood	Impact	Likelihood	Impact	
1	Policy & Legal	Green Building Index: Growing interest and adoption of green building practices in Malaysia could affect MRCB's costs and demand.	Medium	Positive	Medium	Positive	Medium	Positive	REVENUE
2		Emissions Reductions and Energy Efficiency Policy: Possibility of increased capital and operational costs due to new infrastructure and technology adoption due to related regulatory compliance.	Medium	Adverse	Medium	Adverse	Medium	Adverse	CAPEX, OPEX, REVENUE
3		Carbon Pricing: Malaysia will be likely to apply the carbon pricing mechanism which will affect MRCB's operational costs.	Medium	Adverse	Medium	Adverse	Medium	Adverse	CAPEX, OPEX, REVENUE
4	Market	Niche Market: Increasing corporate and consumer demand for sustainable product and service.	Medium	Positive	Medium	Positive	Medium	Positive	REVENUE
5		Stranded Assets: Real estate assets may lose their value prematurely due to transition to low-carbon economy.	Medium	Adverse	Low	Adverse	Low	Adverse	OPEX, REVENUE
6	Technology	Renewable Energy Implementation: The steady decline of renewable energy implementation costs and improvements in efficiency will create external pressure on MRCB to adopt RE infrastructure in its projects.	Medium	Adverse	Medium	Adverse	Medium	Adverse	CAPEX
7		Green Construction Materials: Requirements for the use of low carbon building materials will continue to grow, which will increase capital costs.	Medium	Adverse	Medium	Adverse	Low	Adverse	CAPEX
8		Electric Vehicle (EV) and Infrastructure: Expected growth for EVs in Malaysia require supporting infrastructure to be established in real assets which affect MRCB's strategy to mitigate the risk and capture this as an opportunity.	Low	Adverse	Low	Adverse	Medium	Adverse	CAPEX

Legend for Scenario Indicator

- Short Term
0-3 years
- Medium Term
3-10 years
- Long Term
>10 years

Scale for Likelihood

- Low
- Medium
- High

Scale for Impact

- Neutral
- Positive
- Adverse

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Our preliminary findings indicate that regulations driven by the transition to a low carbon economy may pose a higher risk to our businesses, resulting in either an increase in operating costs from taxes, raw material costs, R&D costs, labour costs, or an increase in capital expenditure for deploying lower energy technologies. Contrarily, our proprietary modular construction technology, MRCB Building System (MBS) is Malaysia's first Prefabricated Prefinished Volumetric Construction (PPVC) system, and we believe that there is significant potential for our businesses to profit from the low carbon economy transition. Due to the rising demand in green buildings and infrastructure, we are strongly positioned to differentiate ourselves from the other carbon intensive products and services currently offered in the market, which should further improve our market share.

As our understanding develops further, we will undertake a more robust integrated physical and transition risk assessment. In addition, we will separate the analysis for FM into two separate entities to improve the accuracy of reporting.

RISK MANAGEMENT

Through our Enterprise Risk Management process and Environmental Resources Management's proprietary risk assessment tools, we continue to integrate climate related risks and opportunities into our overall business strategy, value chain, and operations to drive continued improvement and to enhance climate resilience.

METRICS AND TARGETS

In 2021, we measured and began reporting our carbon emissions including Scope 3 emissions in accordance with the World Business Council for Sustainable Development (WBCSD) and World Resources Institute's (WRI) GHG Protocol. A third party limited assurance engagement was carried out by SIRIM QAS International Sdn Bhd, covering emissions performance data (disclosed on pages 213-214 of this report). We will continue to improve reporting on other climate-related metrics and targets related to waste and water management (as disclosed on pages 137-140).

As a next step, we will look to further define our climate risks management related metrics and targets and subsequently integrate more climate risk and opportunity analysis within our strategic planning and enterprise risk management.

TCFD JOURNEY: Next Steps

We intend to continue updating our climate related risks and opportunities disclosures annually and applying the recommendations of the Task Force on Climate-related Financial Disclosure (TCFD) in our reporting to our stakeholders to ensure full transparency. Following this initial assessment, subsequent steps in the future will include integration of the identified climate related risks and opportunities into our business strategy and identifying the material financial impacts to our business. MRCB has started developing a climate strategy and will continue the journey by verifying its GHG inventory (including Scope 3 emissions), developing a strategic decarbonisation roadmap (including GHG mitigation / offsetting actions for our businesses), and conducting a quantitative / site-specific risks and opportunities assessment alongside an adaptation plan.

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MANAGING OUR ENVIRONMENTAL IMPACT

MRCB's Greenhouse Gas (GHG) Inventory

MRCB sets its GHG Inventory in accordance with the GHG Protocol, and therefore we report on Scope 1 (direct emissions) & Scope 2 (indirect emissions) separately. This inventory forms part of MRCB's commitment to measure, monitor, report and set targets to reduce its emissions.

Our calculation methodology of GHG emission is in accordance with the World Business Council for Sustainable Development (WBCSD) and World Resources Institute's (WRI) GHG Protocol. An organisational boundary was set using the operational control approach for Scope 1 & Scope 2. In addition, our calculation references include the 2006 IPCC Guidelines for National GHG

Inventories and the IPCC 5th Assessment report. The calculation refers to the appropriate authorities where locally determined emissions factors are used such as the yearly National Energy Balance Report published by the Energy Commission and thematic reports such as the 2017 CDM Electricity Baseline for Malaysia by Malaysia Green Technology and Climate Change Corporation (MGTC).

The process involves assessing, identifying and categorising the source of emissions by their occurrence throughout our value chain. To allow near real-time review of our emissions, activity data was collected on a monthly basis by a designated officer. Our method of calculating carbon emissions for 2020 has also been adjusted accordingly. Below is a summary of our GHG inventory.

MRCB's GHG Inventory									
SCOPE 1: DIRECT EMISSIONS		SCOPE 2: INDIRECT EMISSIONS						SCOPE 3	
Boundary: 100% operational control of construction sites		N/A	Boundary: 100% operational control of construction sites and satellite locations			Boundary: 100% operational control on building and parking management (Semasa Parking) considered		Activities beyond MRCB's operational controls	
Diesel & Petrol Consumption		Electricity Consumption						Selected Categories	
Building Projects	Infrastructure Projects	Head-quarters	Satellite Locations	Building Projects	Infrastructure Projects	Facilities Management	Semasa Parking	Employee Commuting	Downstream Leased Assets
<ul style="list-style-type: none"> • Sentral Suites • PJ Sentral • PR1MA Brickfields • KWASA C8 • TRIA 9 Seputeh • FINAS • KWASA Sentral (MX-1, Plot H) • Alstonia • SIDEC 2D3 	<ul style="list-style-type: none"> • KVMRT2 V210 & S210 • SUKE CA2 • DASH CB2 		<ul style="list-style-type: none"> • Sentral Suites • Alstonia • 9 Seputeh 	<ul style="list-style-type: none"> • Sentral Suites • PJ Sentral • PR1MA Brickfields • KWASA C8 • TRIA 9 Seputeh • Alstonia • SIDEC 2D3 	<ul style="list-style-type: none"> • KVMRT2 V210 & S210 • SUKE CA2 • DASH CB2 	<ul style="list-style-type: none"> • Celcom Tower • Plaza Alam Sentral • Sentral Stesen Kuala Lumpur • Penang Sentral 	<ul style="list-style-type: none"> • Plaza Sentral • Plaza Alam Sentral • Stesen Sentral KL • Level 2, Bangunan MIDA • Lot J, Motorcycle Open Parking, KL Sentral • Q Sentral • Lot F, KL Sentral • PJ Sentral 	<ul style="list-style-type: none"> • Employees' Petrol Card 	<ul style="list-style-type: none"> • Celcom Tower • Plaza Alam Sentral • Stesen Sentral Kuala Lumpur

Note - Satellite Locations in 2021 refers to Sales & Marketing Galleries

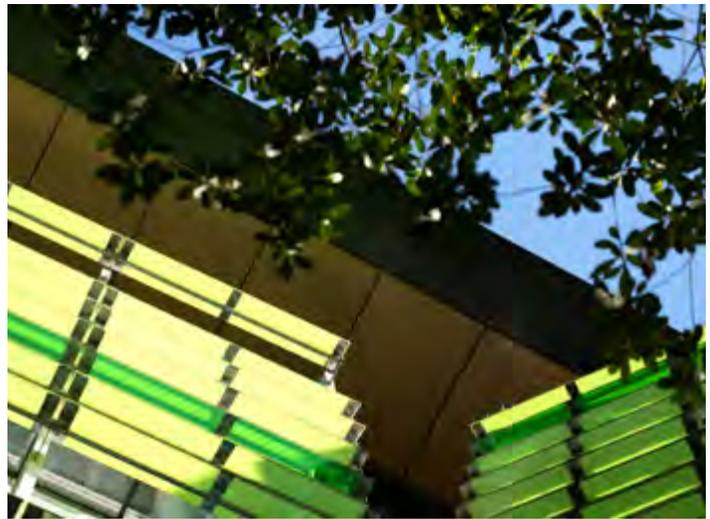
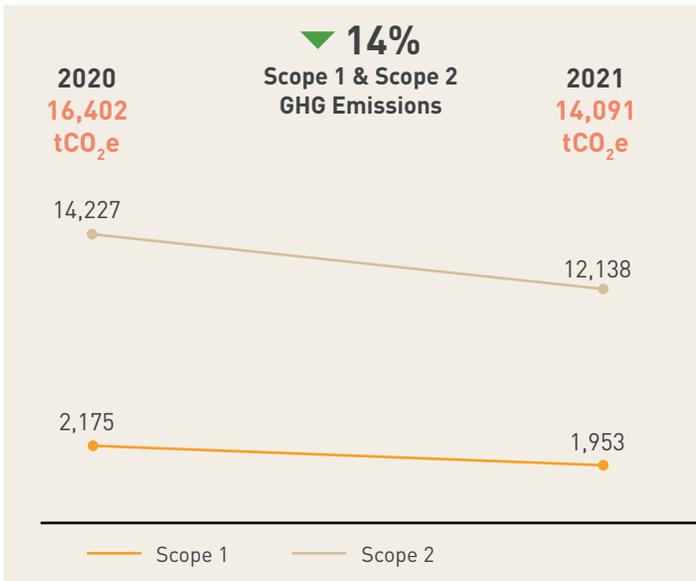
OUR PERFORMANCE

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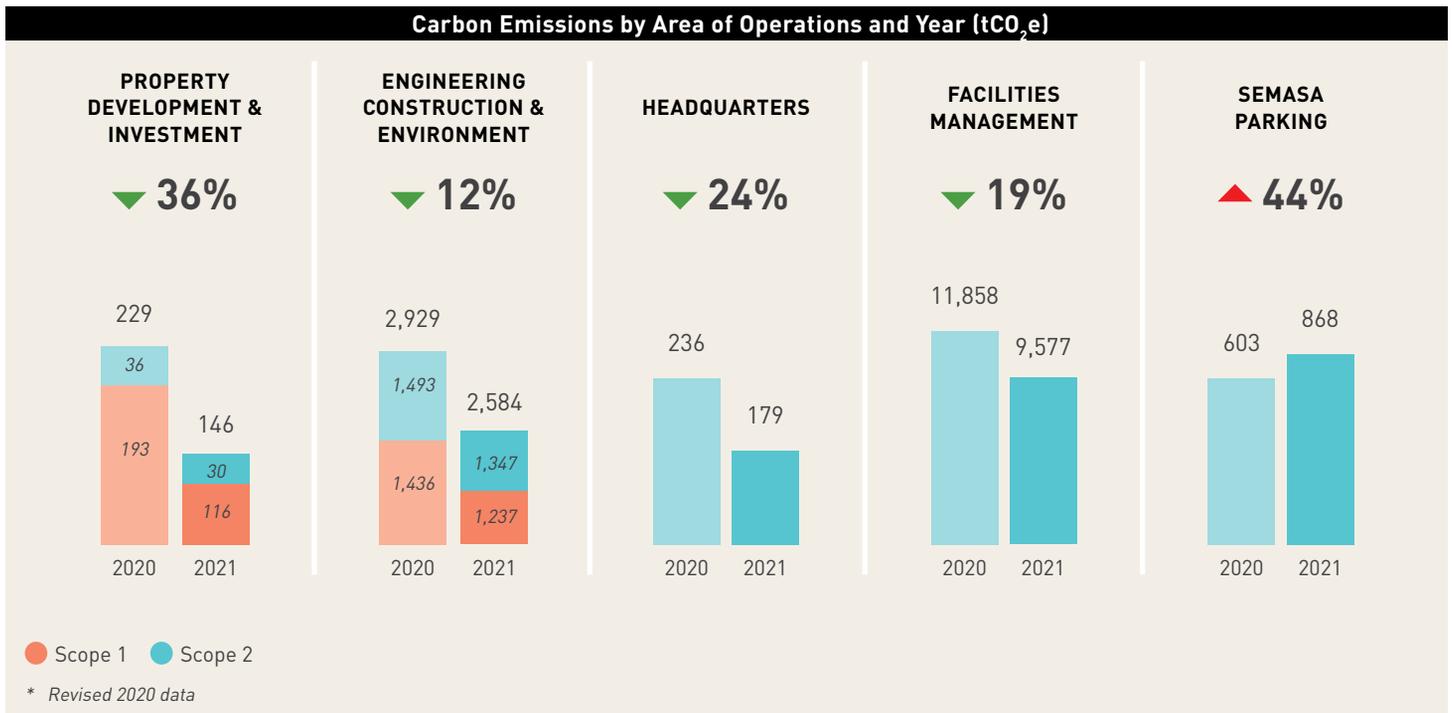
GHG Emissions

We started our journey on GHG emission disclosure in 2020, and although last year’s emissions were partially audited and assured by an independent third party, amendments have been made to the 2020 emissions due to a new method of calculating emission factors recommended by MGTC.

Below are the updated figures for 2020 and 2021.



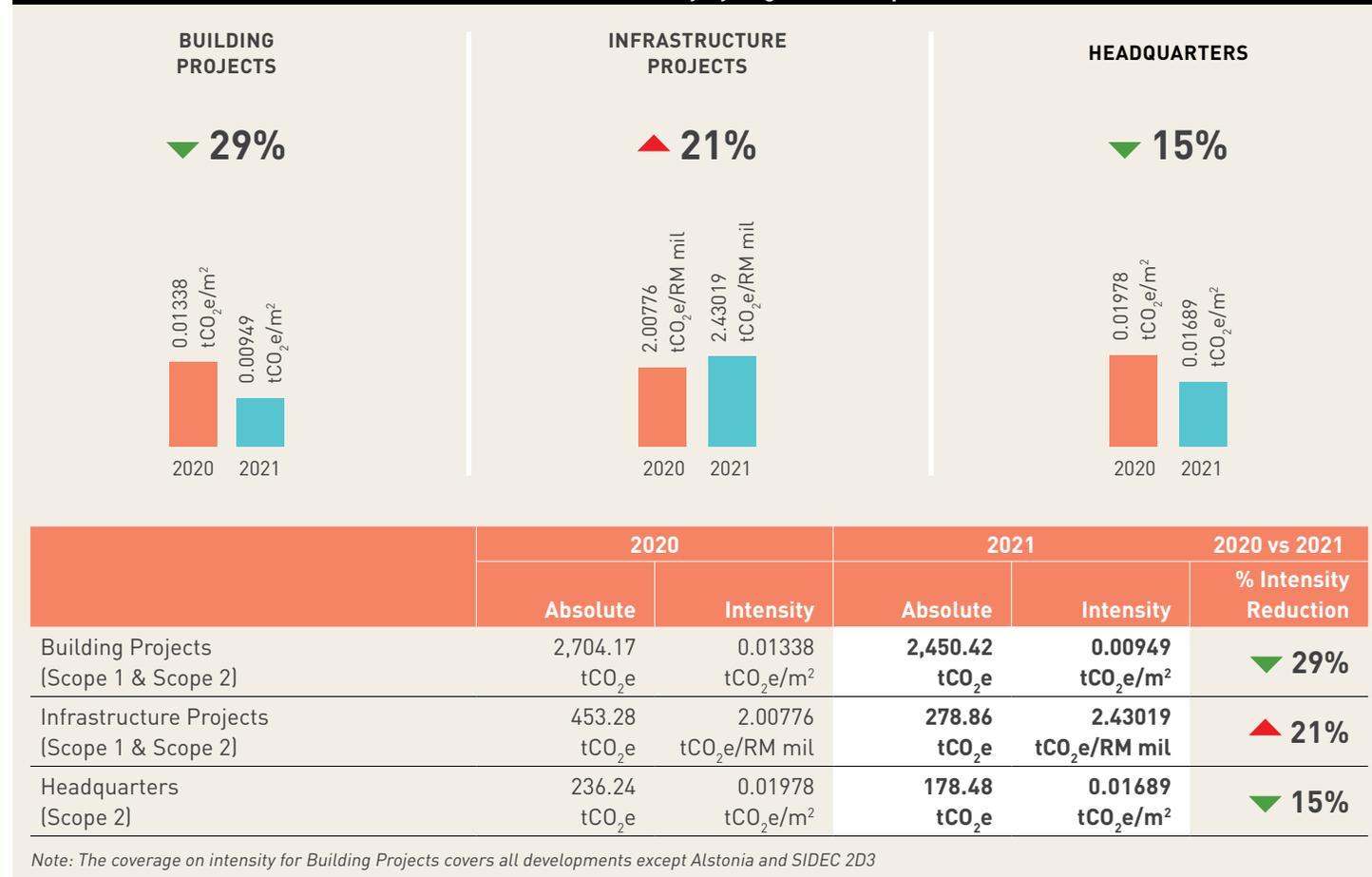
An exterior shot of MRCB's first green office project, Platinum Sentral in KL Sentral CBD



OUR PERFORMANCE ENVIRONMENTAL

We set a 1% intensity reduction target in 2021 for our Scope 1 & Scope 2 emissions across the three segments of our operations, and we were able to achieve these targets with the exception of our Infrastructure Projects. The increase from our Infrastructure Projects was mainly due to projects being at the final phase of construction with progress not fully certified to be recognised as revenue.

Carbon Emissions Intensity by Segments of Operations



We expanded our emission reporting coverage in 2021 by tracking and defining Scope 1 & Scope 2 emissions for our Facilities Management and Semasa Parking's areas of operation. Both areas' intensity would be measured based on emission over gross floor area (tCO₂e/m²) as shown in the following table. We will continue to update our monitoring and improvement initiatives for all our operating areas, as we continue to embark on our Net Zero Carbon journey.

	2020		2021	
	Absolute (tCO ₂ e)	Intensity (tCO ₂ e/m ²)	Absolute (tCO ₂ e)	Intensity (tCO ₂ e/m ²)
Facilities Management (Scope 2)	11,858.40	N/A	9,576.94	0.05464
Semasa Parking (Scope 2)	603.06	N/A	868.02	0.00333

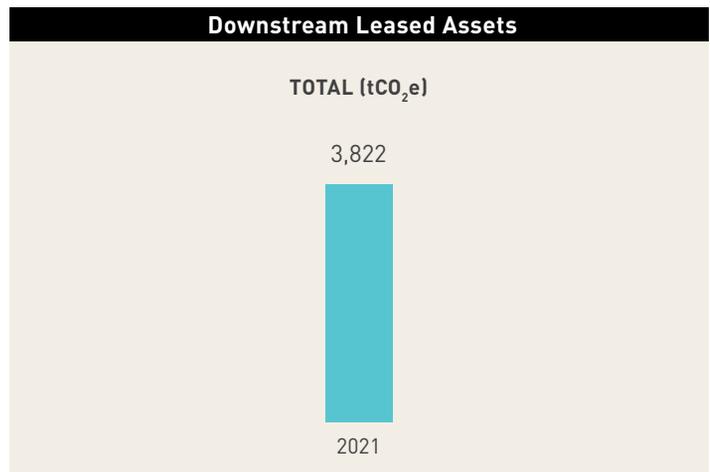
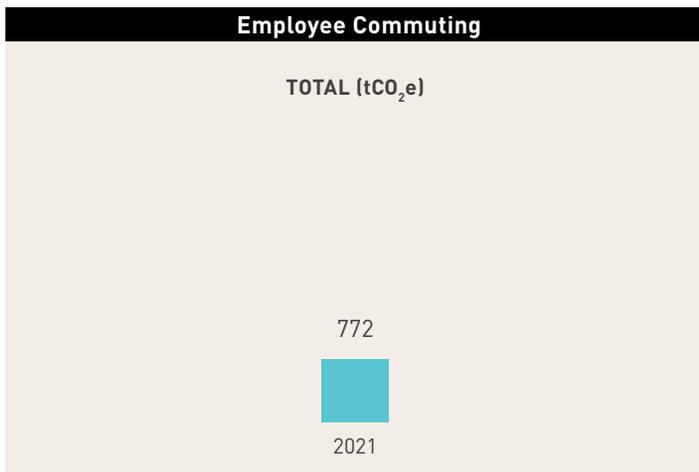
OUR PERFORMANCE

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We also recognised that Scope 3 emissions, which are the emissions along our value chain represents our biggest GHG impacts. MRCB adopts the Corporate Value Chain (Scope 3) Standards of the GHG Protocol to identify GHG reduction opportunities, track performance, and engage suppliers at the corporate level. MRCB has initiated reporting of 2 categories of Scope 3 emissions that covers Employee Commuting and Downstream Leased Assets.

Employee Commuting refers to emissions from the transportation of employees from their homes to their worksites. We adopt the fuel-based method which involves determining the amount of fuel consumed and applying the appropriate emission factor for that fuel. For 2021, the coverage for employee travel applies only to middle management and above based on their petrol card entitlement and usage.

Downstream leased assets refer to emissions from the operation of assets that are owned by MRCB and leased to other entities that are not already included in Scope 1 & Scope 2 reporting. For 2021, the assets refer to leased buildings and offices. The emissions are determined based on the total electricity consumption attributed to the leased entities and applying the appropriate emission factor.



Electricity & Water Consumption and Waste Generated

The complex nature of our business presents challenges in compiling and normalising certain environmental data sets. For example, electricity and water consumption tend to vary depending on the nature, number, stage of construction and scale of projects during the year. Projects at the beginning and end stages of work tend to be less electricity - intensive compared to other phases of construction where more electricity is required.

The recording and timely reporting of all environmental data is critical. For all project sites, the respective Environmental Officers (EO) submit the consumption billing on a monthly basis, while Headquarters and each location under Facilities Management and Semasa Parking submit all environmental data on a quarterly basis.

In 2020 we included intensity figures along with the absolute figures when tracking and representing consumption data for a more realistic analysis of our year-on-year performance for all our construction project sites. The intensity figures in 2020 were set as the baseline figures for our 1% reduction target in 2021.

The intensity figures for our project sites are divided into two categories, which are Building Projects for projects such as Sentral Suites, PJ Sentral, TRIA 9 Seputeh and PR1MA Brickfields, and Infrastructure Projects for projects such as KVMRT2 V210 & S210, DASH CB2 and SUKE CA2. The difference between these two intensity categories is that for Building Projects the intensity figure is consumption data against built-up area (m²) and for Infrastructure Projects it is consumption data against progress revenue/claims (RM Million).

In 2021, we expanded the intensity figures to include the Facilities Management and Semasa Parking. The intensity figures for this Division are its consumption data against built-up area (m²) for all its areas of operation.

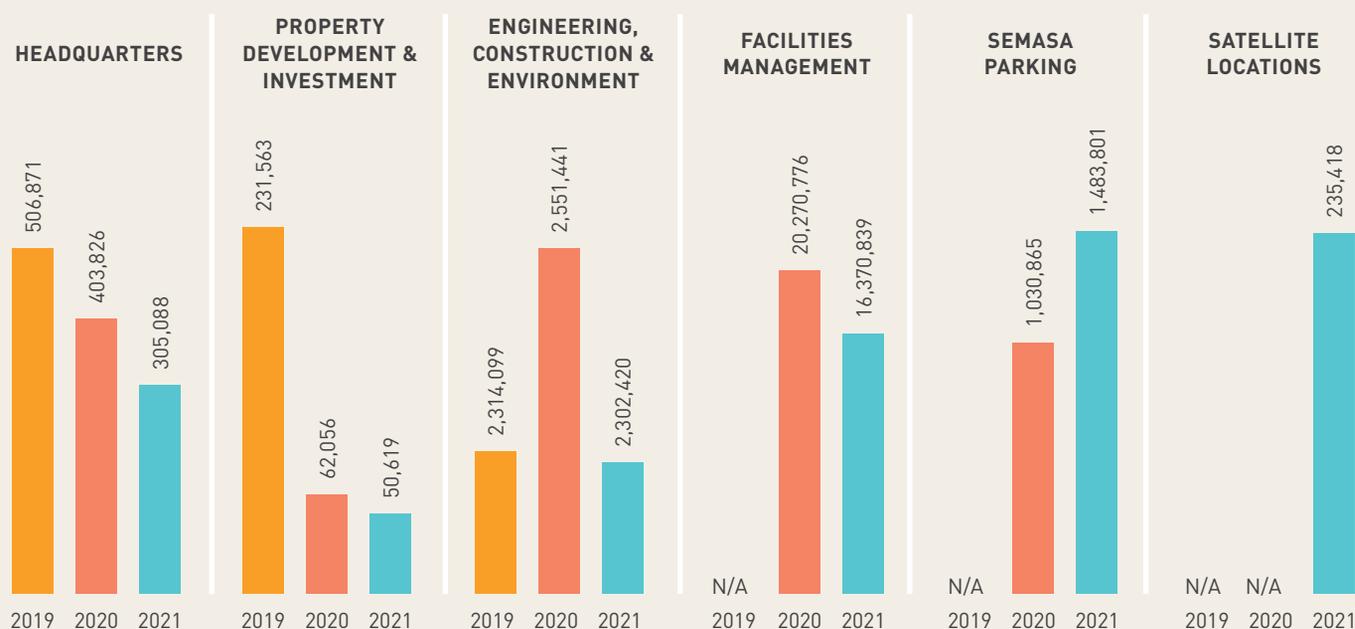
OUR PERFORMANCE ENVIRONMENTAL

Electricity Consumption

In 2021, we noted electricity consumption reductions in almost all MRCB's areas of operations due to the Movement Control Order (MCO) where some of our project sites had to stop work on a few occasions while office-based employees were working from home on a rotational basis throughout the year. Only Semasa Parking recorded an increase, mainly due to the high electricity consumption from the use of mechanical parking bays located at PJ Sentral which began its operation in 2021, as well as more utilisation at their parking sites due to the reopening of more economic activities post-MCOs.

Electricity Consumption by Area of Operations and Year (kWh)

Electricity consumption reduction of ▼ **15%**



Area of operations	2019	2020	2021
Headquarters	506,871	403,826	305,088
Property Development & Investment	231,563	62,056	50,619
Engineering, Construction & Environment	2,314,099	2,551,441	2,302,420
Facilities Management	12,906,952	20,270,776	16,370,839
Semasa Parking		1,030,865	1,483,801
Satellite Locations	N/A	N/A	235,418
Total (kWh)	15,959,485	24,318,964*	20,748,184

* The grand total for electricity consumption for 2020 was revised to improve data accuracy. The restated amount is 9% higher than previously reported.

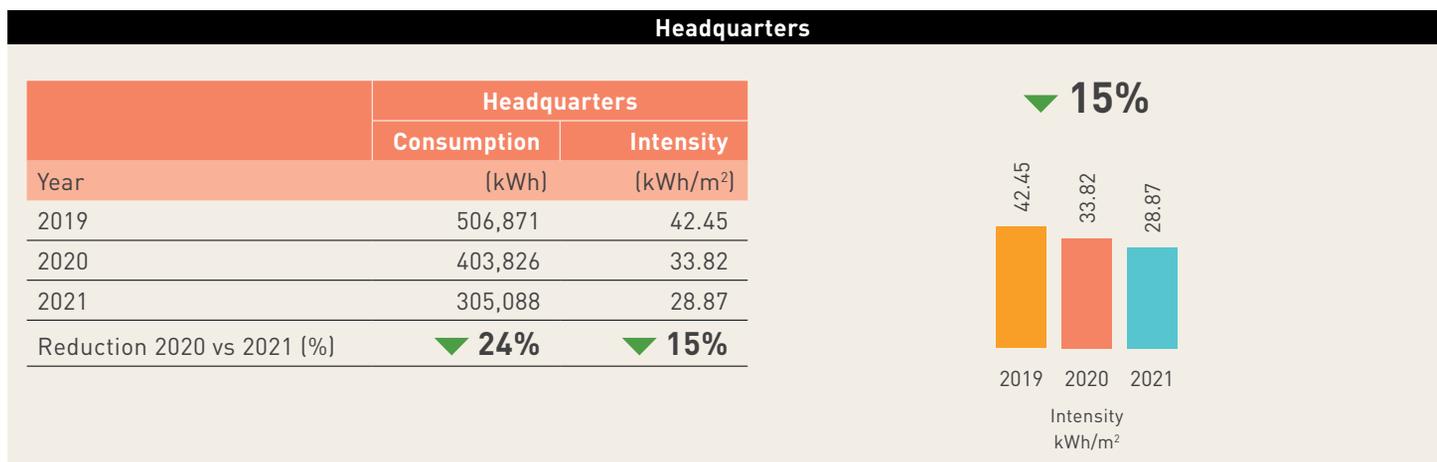
OUR PERFORMANCE

ENVIRONMENTAL

Electricity Intensity

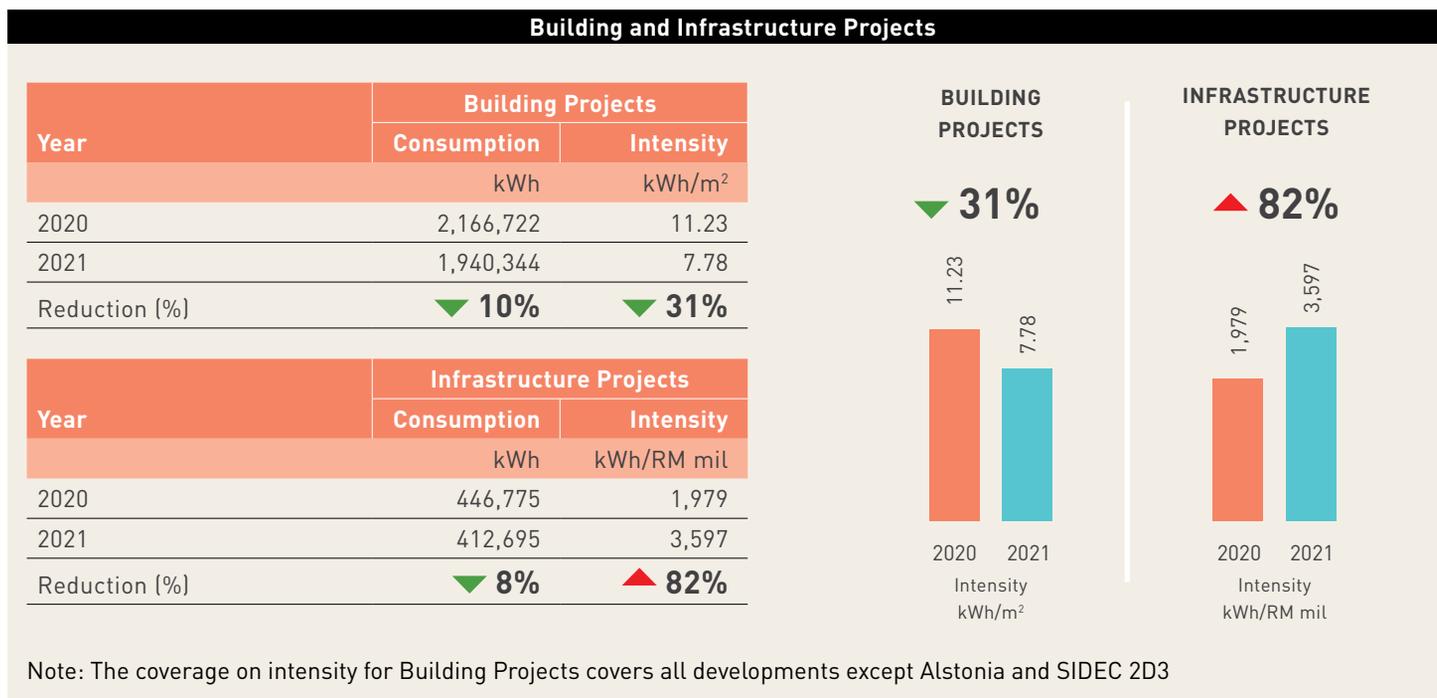
Headquarters

In 2021, we have managed to significantly reduce our electricity consumption and electricity intensity. While this was mainly due to the COVID-19 pandemic and work from home scheme, we continued to identify areas of improvement. In 2021, we have managed to achieve an electricity intensity reduction of 14.64% for Headquarters. The intensity is calculated based on the gross floor area (m²) to improve accuracy in reporting.



Building and Infrastructure Projects

In 2021, we managed to record a 30.73% electricity intensity reduction for our Building Projects, while a 81.74% increase was recorded for Infrastructure Projects. Despite the lower consumption, the increase in intensity from our Infrastructure Projects was mainly due to projects being at the final phase of construction with progress not fully certified to be recognised as revenue.



OUR PERFORMANCE ENVIRONMENTAL

Facilities Management and Semasa Parking

In 2021, from the Division's electricity optimisation efforts, we achieved a 19.24% reduction in electricity consumption in Facilities Management, whereas Semasa Parking recorded an increase of 43.94% for the same period, measured against 2020. The increase from Semasa Parking was mainly due to the high electricity consumption from the use of mechanical parking bays located at PJ Sentral which began its operation in 2021, as well as a higher utilisation rate at its parking sites due to the reopening of more economic activities post-MCOs.

Facilities Management and Semasa Parking

Year	Facilities Management	
	Consumption	Intensity
	kWh	kWh/m ²
2020	20,270,776	N/A
2021	16,370,839	93.40
Reduction (%)	▼ 19%	N/A

Year	Semasa Parking	
	Consumption	Intensity
	kWh	kWh/RM mil
2020	1,030,865	N/A
2021	1,483,801	5.693
Reduction (%)	▲ 44%	N/A

FACILITIES MANAGEMENT

▼ 19%



SEMASA PARKING

▲ 44%



Water Consumption

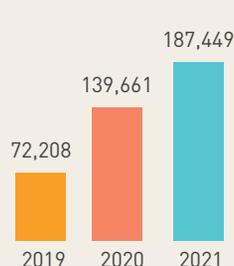
In terms of water, we have noted an increase in consumption across our areas of operations with the exception of Property Development & Investment Division. Headquarters' water consumption and billing are included in the monthly rental and therefore, difficult to track as it is a fixed payment to the building management. We continue to identify areas in which we can improve our performance on water consumption to avoid unnecessary wastage.

Water Consumption by Area of Operations and Year (m³)

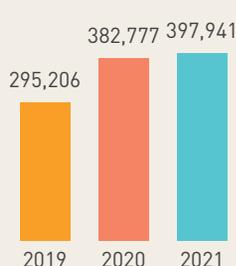
PROPERTY DEVELOPMENT & INVESTMENT



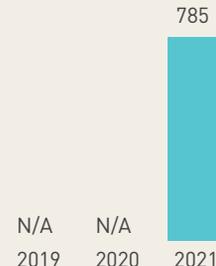
ENGINEERING, CONSTRUCTION & ENVIRONMENT



FACILITIES MANAGEMENT



SATELLITE LOCATIONS



Area of operations	2019	2020	2021
Property Development & Investment	18,379	13,878	4,043
Engineering, Construction & Environment	72,208	139,661	187,449
Facilities Management	295,206	382,777	397,941
Satellite Locations	N/A	N/A	785
Total (m³)	385,793	536,316	590,218

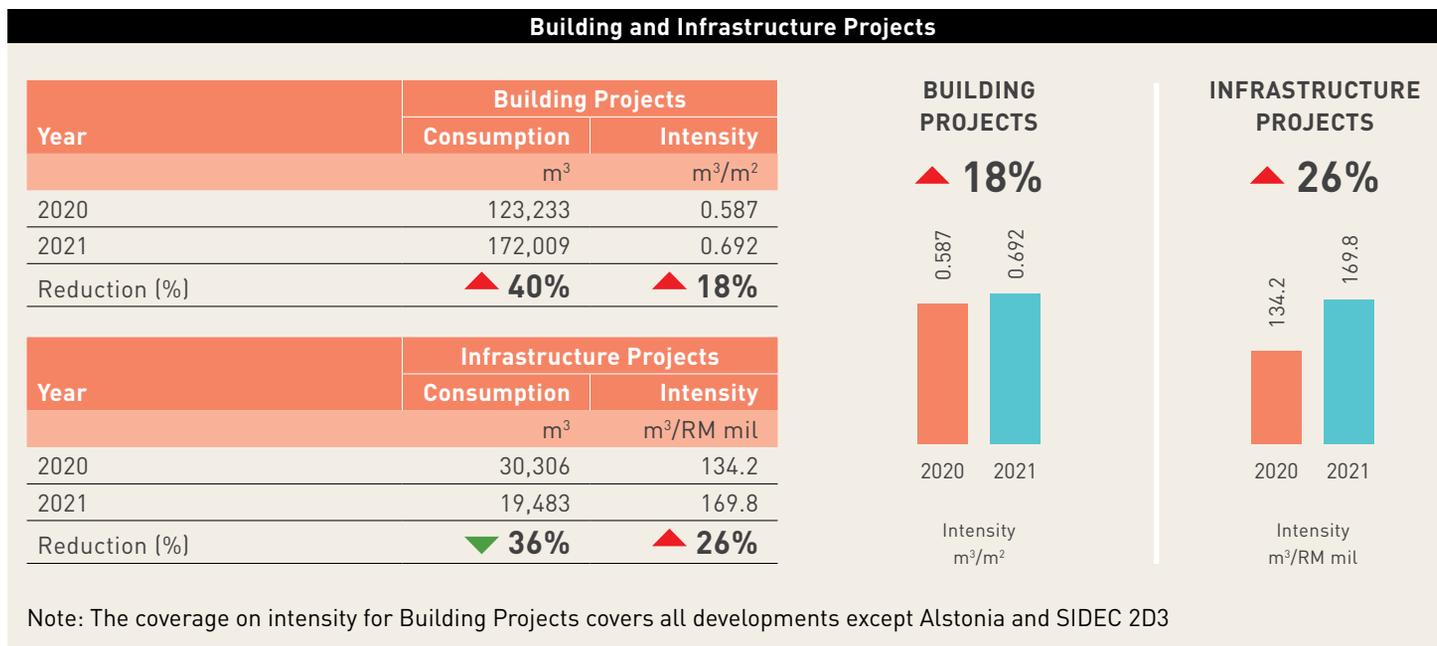
OUR PERFORMANCE

ENVIRONMENTAL

Water Intensity

Building and Infrastructure Projects

As shown in the table below, in 2021, we recorded a 17.77% increase in water intensity for Building Projects, and a 26.49% increase in Infrastructure Projects. Despite the lower consumption, the increase in intensity from our Infrastructure Projects was mainly due to projects being at the final phase of construction with progress not fully certified to be recognised as revenue.



Facilities Management

We recorded a 3.96% increase in water consumption for our Facilities Management Division, as the daily footfall began recovering in our facilities, resulting in higher consumption.



OUR PERFORMANCE ENVIRONMENTAL

Waste Generated

MRCB's business operations generate solid waste mainly from construction activities and requires disposal in landfills. To address this issue and align ourselves to SDG 12 on waste management, MRCB aims to minimise the generation of our construction waste wherever possible.

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

Scrap metal, timber and recyclable waste are sent for recycling to reduce the use of virgin resources in the future. Concrete waste is reused as crusher runs for access roads and to cover potholes within project sites, in order to minimise potential hazards and accidents. In cases where concrete waste is not suitable for reuse, it is sent to a licensed landfill for disposal.

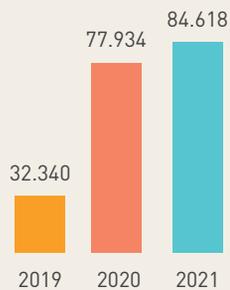
We also ensure wooden pallets that come with the bricks supplied to us are safely stored at sites before returning them to suppliers for reuse.

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

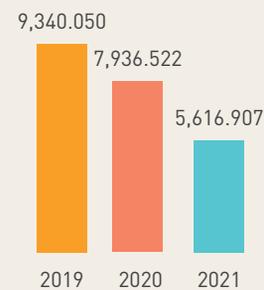
The total amount of overall waste generated in 2021 was 5,702 MT, compared to 8,014 MT in 2020. The decrease was due in part to the lower construction activity resulting from site closures due to COVID-19 and some projects nearing completion. The waste generated figures below are the combination of domestic waste, construction waste and scheduled waste generated from our project sites.

Waste Generated by Area of Operations and Year (MT)

PROPERTY DEVELOPMENT & INVESTMENT



ENGINEERING, CONSTRUCTION & ENVIRONMENT



Area of operations	2019	2020	2021
Property Development & Investment	32.340	77.934	84.618
Engineering, Construction & Environment	9,340.050	7,936.522	5,616.907
Total (MT)	9,372.390	8,014.456	5,701.525

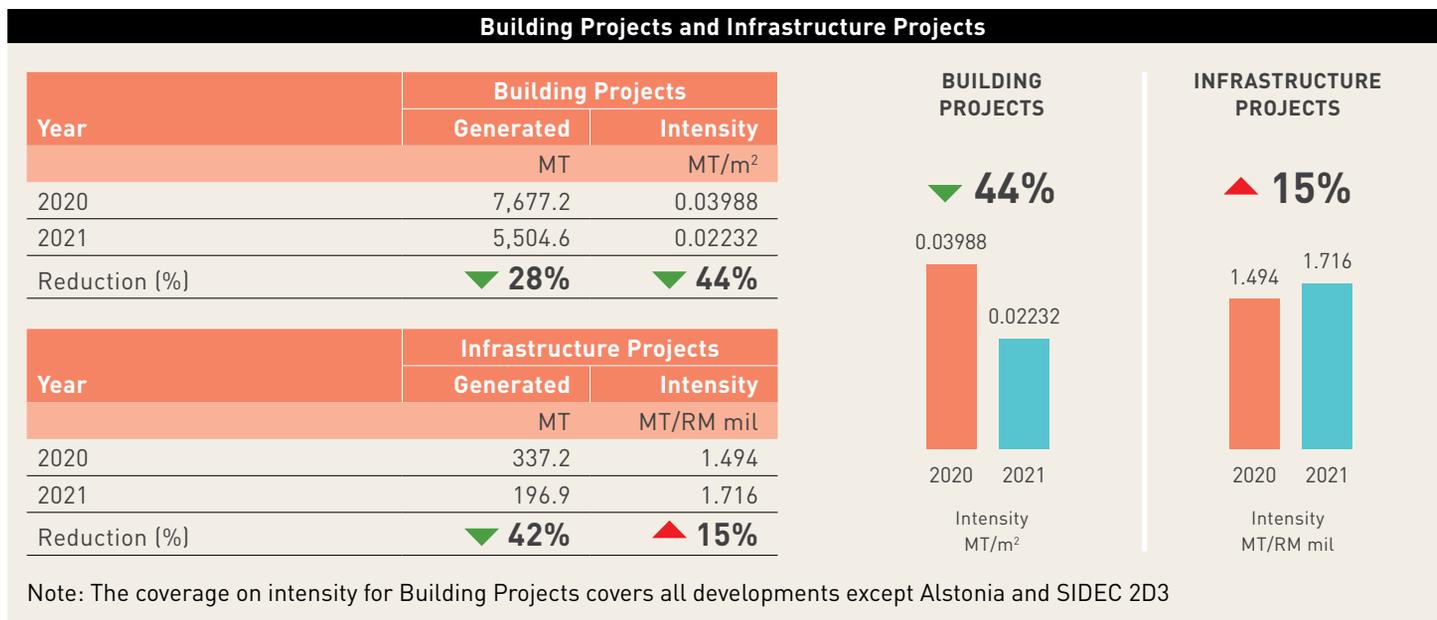
OUR PERFORMANCE

ENVIRONMENTAL

Waste Intensity

Building and Infrastructure Projects

In terms of waste intensity, in 2021, we recorded a 44.05% reduction and 14.89% increase for Building Projects and Infrastructure Projects, respectively. Despite the lower disposal, the increase in intensity from our Infrastructure Projects was mainly due to projects being at the final phase of construction with progress not fully certified to be recognised as revenue.



RESPONSIBLE CONSTRUCTION

Green Building

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

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

For a list of MRCB's green building and infrastructures development, please refer to our <https://www.mrcb.com.my/sustainability/sustainability-statements.html>.

Green Infrastructure



We also strive to embed sustainability considerations into our infrastructure design. The Construction Industry Development Board (CIDB) of Malaysia has conferred the design phase of the LRT3 project with a 5-Star Sustainable INFRASTAR certification, the first rail project in Malaysia to achieve this highest level of certification. Sustainable

INFRASTAR is an objective and evidence-based evaluation system which assesses infrastructure projects on key sustainability factors such as land use, impact of equipment uses, resource and waste management at construction sites.

Biodiversity

Our Biodiversity Statement sets out our commitment to minimise environmental harm through our activities and where possible seeks to identify, assess and (when identified) manage environmental and biodiversity impacts within our operations. We have conducted Environmental Impact Assessments (EIA) in high biological diversity areas such as our projects in Desaru, Johor and taken necessary actions to minimise environmental harm in these areas. Moving forward, where there are gaps, we will strive to address them as far as practicable and review and update company relevant policies (as deemed fit). MRCB will continue to report its biodiversity practices in our Integrated Annual Report based on the Global Reporting Initiative framework and be involved in multi-stakeholder efforts that support strong ecological principles.

OUR PERFORMANCE ENVIRONMENTAL

Sustainable Construction Materials

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

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

The implementation of Industrialised Building Systems (IBS) at project sites uses criteria from CIDB IBS to meet the CIDB IBS assessment score of related projects. The objective of the CIDB IBS assessment is to provide a systematic and structured assessment system to measure the use of IBS in a consistent manner. CIDB is driving the adoption of IBS via private sector projects and are targeting for new developmental projects within Klang Valley worth RM50 million and above to achieve a minimum IBS Score of 50. In 2020, our TRIA 9 Seputeh Project and Sentral Suites were assessed, and the scores exceeded the minimum IBS Score, reflecting our high productivity level, reduced wastages and site labor, and higher overall quality as listed under CIDB's guideline. No IBS scoring was conducted in 2021.

Project	CIDB IBS Score
TRIA 9 Seputeh	51.1
Sentral Suites	51.4

As recognition for our efforts within this area, we are proud to announce that we were awarded the United Nations Global Compact Malaysia and Brunei (UNGCMYB) Sustainability Performance Award 2021 for SDG Ambition Benchmark 6.

This award is in recognition of our innovation of MRCB Building System (MBS), our proprietary modular construction system, which is aligned to five (5) UNSDGs. MBS allows us to deliver higher-quality buildings much more efficiently, reducing the waste going to landfills and lowering energy used during construction.



MRCB's modular construction technology, MRCB Building System (MBS), aligns with the UNSDGs



Improved Site Safety

90% of works done off-site at ground level in a controlled environment, reducing risk of injuries from working at height



SDG3



High Quality Assurance & Control

Higher quality control at the point of construction due to controlled environment



SDG9



Skilled Local Labour

Less dependency on unskilled foreign labor and attracts more skilled workers to the industry



SDG8



Lower Material Wastage

Shift towards manufacturing approach with streamlined processes and effective, "just in time" inventory management reduces waste going to landfills



SDG12



Faster Construction Time

Fabrication of building components off-site run concurrently with on-site activities, reducing construction time by up to 50%



SDG8



Lower Environmental Impact

Less noise, dust, truck movement & pollution from site activities and more efficient construction method, which reduces energy consumption compared to traditional construction



SDG13

GRI CONTENT INDEX

The GRI Content Index lists our disclosures that are aligned to the GRI standard.

GRI Disclosure	GRI Disclosure Description	Coverage	Page(s) in this Index / Additional Information
GRI 102: General Disclosures 2016			
102-1	Name of the organisation	Yes	2
102-2	Activities, brands, products, and services	Yes	2
102-3	Location of the organisation's headquarters	Yes	227
102-4	Number of countries where the organisation operates, and names of countries where either the organisation has significant operations or that are specifically relevant to the topics covered in the report	Yes	2
102-5	Nature of ownership and legal form	Yes	2
102-6	Markets served	Yes	9, 38
102-7	Scale of the organisation	Yes	62
102-8	Information on employees and other workers	Yes	111
102-9	Supply chain	Yes	52
102-10	Significant changes to the organisation and its supply chain	Yes	32 - 33
102-11	Precautionary principle or approach	Yes	We progressively assess the effect of our business on UNSDG
102-12	External initiatives	Yes	18
102-13	Membership of associations	Yes	18
102-14	Statement from senior decision-maker	Yes	30 - 35
102-15	Key impacts, risks, and opportunities	Yes	67
102-16	Values, principles, standards, and norms of behaviour	Yes	190 - 192
102-17	Mechanisms for advice and concerns about ethics	Yes	190 - 192
102-18	Governance structure	Yes	22, 158
102-19	Delegating authority		
102-20	Executive-level responsibility for economic, environmental, and social topics		
102-21	Consulting stakeholders on economic, environmental, and social topics		
102-22	Composition of the highest governance body and its committees		
102-23	Chair of the highest governance body		
102-24	Nominating and selecting the highest governance body		
102-25	Conflicts of interest		
102-26	Role of highest governance body in setting purpose, values, and strategy	Yes	159
102-27	Collective knowledge of highest governance body		
102-28	Evaluating the highest governance body's performance	Yes	159
102-29	Identifying and managing economic, environmental, and social impacts		
102-30	Effectiveness of risk management processes		
102-31	Review of economic, environmental, and social topics		
102-32	Highest governance body's role in sustainability reporting		
102-33	Communicating critical concerns		

GRI CONTENT INDEX

GRI Disclosure	GRI Disclosure Description	Coverage	Page(s) in this Index / Additional Information
GRI 102: General Disclosures 2016 (cont.)			
102-34	Nature and total number of critical concerns		
102-35	Remuneration policies		
102-36	Process for determining remuneration		
102-37	Stakeholders' involvement in remuneration		
102-38	Annual total compensation ratio		
102-39	Percentage increase in annual total compensation ratio		
102-40	List of stakeholder groups	Yes	46 - 54
102-41	Collective bargaining agreements	N/A	MRCB has no unionised staff. As such, there are no collective bargaining agreements in place
102-42	Identifying and selecting stakeholders	Yes	46 - 54
102-43	Approach to stakeholder engagement	Yes	46 - 54
102-44	Key topics and concerns raised	Yes	55, 67
102-45	Entities included in the consolidated financial statements	Yes	13
102-46	Defining report content and topic boundaries	Yes	2
102-47	List of material topics	Yes	56
102-48	Restatements of information	Yes	46, 84 - 89, 122, 131
102-49	Changes in reporting	Yes	131
102-50	Reporting period	Yes	2
102-51	Date of most recent report	Yes	The most recent report dated: 30 April 2021
102-52	Reporting cycle	Yes	2
102-53	Contact point for questions regarding the report	Yes	2
102-54	Claims of reporting in accordance with the GRI Standards	Yes	2
102-55	GRI content index	Yes	209 - 212
102-56	External assurance	Yes	213 - 214
GRI 103: Management Approach 2016			
103-1	Explanation of the material topic and its Boundary	Yes	55 - 59
103-2	The management approach and its components	Yes	38, 67
103-3	Evaluation of the management approach	Yes	We progressively assess the effect of our policies and business operations based on UNSDG
SERIES 300: ENVIRONMENTAL			
GRI 302: Energy 2016			
302-1	Energy consumption within the organisation	Yes	135
302-2	Energy consumption outside of the organisation	Yes	134
302-3	Energy intensity	Yes	136 - 137
302-4	Reduction of energy consumption	Yes	135
302-5	Reductions in energy requirements of products and services		

**GRI CONTENT
INDEX**

GRI Disclosure	GRI Disclosure Description	Coverage	Page(s) in this Index / Additional Information
GRI 303: Water 2016			
303-1	Water withdrawal by source		
303-2	Water sources significantly affected by withdrawal of water	Yes	137
303-3	Water recycled and reused		
GRI 304: Biodiversity 2016			
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Yes	140, Refers to our Biodiversity Statement on our website
304-2	Significant impacts of activities, products, and services on biodiversity		
304-3	Habitats protected or restored		
304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations		
GRI 305: Emissions 2016			
305-1	Direct (Scope 1) GHG emissions	Yes	131
305-2	Energy indirect (Scope 2) GHG emissions	Yes	131
305-3	Other indirect (Scope 3) GHG emissions	Yes	131
305-4	GHG emissions intensity	Yes	131
305-5	Reduction of GHG emissions	Yes	132
305-6	Emissions of ozone-depleting substances (ODS)		
305-7	Nitrogen Oxides (NOx), Sulfur Oxides (SOx), and other significant air emissions		
GRI 306: Waste 2020			
306-1	Waste generation and waste-related impacts		
306-2	Management of significant waste-related impacts		
306-3	Waste generated		
306-4	Waste diverted from disposal		
306-5	Waste directed to disposal		
GRI 307: Environmental Compliance 2016			
307-1	GRI Disclosure Description "Environmental Compliance"	Yes	122
GRI 308: Supplier Environmental Assessment			
308-1	New suppliers that were screened using environmental criteria		
308-2	Negative environmental impacts in the supply chain and actions taken		
SERIES 400: SOCIAL			
GRI 401: Employment 2016			
401-1	New employee hires and employee turnover	Yes	113
402-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Yes	115
401-3	Parental leave	Yes	115

GRI CONTENT INDEX

GRI Disclosure	GRI Disclosure Description	Coverage	Page(s) in this Index / Additional Information
GRI 403: Occupational Health and Safety 2018			
403-1	Occupational health and safety management system	Yes	118
403-2	Hazard identification, risk assessment, and incident investigation	Yes	122
403-3	Occupational health services		
403-4	Worker participation, consultation, and communication on occupational health and safety	Yes	118
403-5	Worker training on occupational health and safety	Yes	119
403-6	Promotion of worker health	Yes	119
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Yes	118
403-8	Workers covered by an occupational health and safety management system	Yes	118
403-9	Work-related injuries	Yes	122
403-10	Work-related ill health	Yes	36, 116
GRI 404: Training and Education 2016			
404-1	Average hours of training per year per employee	Yes	115
404-2	Programmes for upgrading employee skills and transition assistance programs	Yes	114
404-3	Percentage of employees receiving regular performance and career development reviews	Yes	114
GRI 405: Diversity and Equal Opportunity 2016			
405-1	Diversity of governance bodies and employees	Yes	166
405-2	Ratio of basic salary and remuneration of women to men	Yes	112
GRI 414: Supplier Social Assessment 2016			
414-1	New suppliers that were screened using social criteria		
414-2	Negative social impacts in the supply chain and actions taken		
GRI 416: Customer Health and Safety 2016			
416-1	Assessment of the health and safety impacts of product and service categories		
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services		
GRI 417: Marketing and Labelling 2016			
417-1	Requirements for product and service information and labelling		
417-2	Incidents of non-compliance concerning product and service information and labeling		
417-3	Incidents of non-compliance concerning marketing communications		



INDEPENDENT SUSTAINABILITY REPORT ASSURANCE

for Malaysian Resources Corporation Berhad (MRCB)

SCOPE AND OBJECTIVE

SIRIM QAS International Sdn. Bhd., a Conformity Assessment Body in Malaysia, with extensive expertise and experience in the provision of sustainability-related assurance services, was engaged by Malaysian Resources Corporation Berhad (hereafter referred to as MRCB) to perform an independent verification and provide assurance of selected sustainability-related topics for MRCB Sustainability Report 2021. The main objective of the verification process is to provide assurance to MRCB, and its stakeholders of the accuracy and reliability of the information presented in the report. This was established through checking and verifying claims made in the selected sustainability-related topics. Further details provided in Appendix 1 of this statement. The management of MRCB was responsible for the preparation of the Sustainability Report. The objectivity and impartiality of this assurance statement is assured as no member of the verification team and no other employee of SIRIM QAS International was involved in the preparation of any part of the MRCB Integrated Annual Report 2021.

VERIFICATION TEAM

The verification team from SIRIM QAS International consists of:

- 1) Ms. Aernida Abdul Kadir : Team Leader
- 2) Ms. Kamini Sooriamoorthy : Team Member

METHODOLOGY

The verification process was carried out by SIRIM QAS International in March 2022. It involved the following activities:

- Reviewing and verifying the accuracy of data collected from various sources and that are presented in the selected sustainability-related topics;
- Reviewing relevant internal and external documentation;
- Interviewing of key personnel responsible for collating information and writing various parts of the content in order to substantiate the veracity of the claims;
- Evaluating the adequacy of the selected sustainability-related topics against the GRI Standards requirement.

During the verification process, issues were raised, and clarifications were sought from MRCB's working team relating to the accuracy of some of the data and contents contained in the report. The content was subsequently reviewed and revised by MRCB in response to the findings of the verification team. It can be confirmed that changes that have been incorporated into the final version of the selected sustainability-related topics and satisfactorily addressed the issues that had been raised.

LIMITATION

The verification process was subjected to the following limitations:

- Specifically, to the selected sustainability-related topics with limited raw data samples;
- The scope of work did not involve verification of information reported in MRCB's Sustainability Report and Integrated Annual Report 2020;
- The verification was designed to provide limited assurance in reference to International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements other than Audits or Reviews of Historical Financial Information, irrespective of the organization's ability to achieve its objectives, targets or expectations on sustainability-related issues;
- The verification has been remotely carried out as prevention against the COVID-19 infection during the assessment period; and,
- The verification team did not verify any contractor or third-party data.

CONCLUSION

Based on the scope of the assessment process and evidence obtained, the following represents SIRIM QAS International's opinion:

- The level of accuracy of data included in MRCB selected sustainability-related topics is fairly stated;
- The content was prepared in reference to the GRI Standards disclosures;
- The level of sustainability performance information presented in the report was found to be properly prepared;
- The personnel responsible were able to demonstrate the origin(s) and interpretation of data contained in the report.

INDEPENDENT SUSTAINABILITY REPORT ASSURANCE

for Malaysian Resources Corporation Berhad (MRCB)

Statement Prepared by:



AERNIDA ABDUL KADIR

Team Leader
Management System Certification Department
SIRIM QAS International Sdn. Bhd.
Date : 23 March 2022

Statement Approved by:



MOHD HAMIM BIN IMAM MUSTAIN

Senior General Manager
Management System Certification Department
SIRIM QAS International Sdn. Bhd.
Date : 29 March 2022

Note 1:

This Independent Assurance Statement has been issued based on the content verified prior to the approval date. SIRIM QAS International Sdn Bhd shall not be responsible for any changes or additions made after the referred date (23 March 2022).

Appendix 1 The topics and information covered in this assessment is tabulated below: Data reviewed for period between January 2021 to December 2021, unless stated otherwise.	CLASSIFICATION OF DATA		
	HIGH	MEDIUM	LOW
Emissions			
GRI 305-1 Scope 1: Fuel consumption from stationary combustion (with assumptions as reported and defined boundary)			/
GRI 305-1 Scope 1: Fuel consumption from mobile combustion i.e., company-owned vehicle (with assumptions as reported and defined boundary)	/		
GRI 305-2 Scope 2: Electricity consumption (owned and managed assets)	/		
GRI 305-3 Scope 3: Electricity consumption (leased assets)	/		
Health and Safety Data			
GRI 403-9 Injury Rate (January 2021 to December 2021)	/		
GRI 403-9 Incident Rate (September 2020 to August 2021)	/		
Employment			
GRI 401-3 Parental leave	/		
Diversity and Equal Opportunity			
GRI 405-2 Gender Gap	/		

Note 2:

Definition of LOW, MEDIUM and HIGH

LOW – Data and information reviewed has been based on information endorsed by the data owners. Verifiers did not have the access to the source of the data origin. It has been identified as one of the limitations during the conduct of the assessment.

MEDIUM – Data and information has been confirmed with the direct owners. However, the source of the data origin has been based on secondary data which is not accessible by the verifiers during the conduct of the assessment.

HIGH – Data and information reviewed has been confirmed with the direct owners. The source of the data origin was provided during the conduct of the assessment.