

ABOUT THIS 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 2022 Financial Report for a comprehensive understanding of MRCB during the year under review. It provides insights into 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 Financial Reporting Standards (IFRS) Foundation’s <IR> Framework and the Malaysian Code on Corporate Governance 2021. The report has also been prepared in accordance with Global Reporting Initiative (GRI) Universal Standards 2021, and is guided by the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) and Bursa Malaysia Securities Berhad’s Sustainability Reporting Guide. The financial statements were prepared in accordance with the 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 2022 and ending 31 December 2022.

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 overseen by the IFRS Foundation. 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 232 - 234. 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 2022 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.

Yazmin Islahudin
Senior Manager, Chief Corporate Officer’s Office
Email: yazmin.islahudin@mrcb.com

UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS (UNSDGs) ADOPTED



NAVIGATING THIS REPORT

MATERIAL MATTERS

Governance



Economic



Social



Environment



GROWTH PRINCIPLES & KEY ACTION PLANS



STAKEHOLDERS



Our Six Capitals

MC MANUFACTURED CAPITAL

The Group's physical assets are located in strategic areas of growth. As a Transit Oriented Development (TOD) developer, 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 methods and new technologies, which enables the Group to deliver high-quality products in an efficient, timely and ethical manner.

FC 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.

NC 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, reduce material consumption and our carbon footprint. Additionally, we own urban land banks within strategic development areas critical to our success.

HC 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.

IC INTELLECTUAL CAPITAL

MRCB has created a strong brand of innovative excellence. Our Intellectual Capital is vital in solidifying our market position and competitive strengths. 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.

SRC 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.

OUR APPROACH TO SUSTAINABILITY



THEN...

A WORD ON OUR SUSTAINABILITY PHILOSOPHY

MRCB has played a significant part in shaping infrastructure and transforming urban spaces in Malaysia. Our business is built on the philosophy that what we do today should bring positive change and create long-term sustainable value for generations.

OUR APPROACH
TO SUSTAINABILITY

This philosophy challenges us to think beyond the requirements of today and consider how our projects will be resilient to the needs of tomorrow.

When we first started in 1968, the term 'sustainability' did not feature in our strategies and business plans. Nevertheless, we had always intrinsically moved towards incorporating tenets of sustainability from the onset - in the planning, designing and development of our projects.

Our approach and how we conduct our business have been our *raison d'être*, which is to build meaningful places for a better tomorrow. This means contributing to a sustainable future of economic prosperity, social progress, and environmental protection. Today, this approach has been institutionalised as part of our core business strategy.

OUR APPROACH TO SUSTAINABILITY

INFLUENCING SUSTAINABLE PROGRESS

When we were first tasked in 1996 to develop Kuala Lumpur's central intercity railway station and the surrounding spaces in the suburbs of Brickfields, we approached the project the way we always have - by asking how can what we do have a positive and resilient impact on generations to come.

The KL Sentral development had to be purpose-built to be future-ready by incorporating innovation and smart-and-green concepts.

More than building Transit Oriented Developments (TODs), we knew that we wanted our project to connect communities, foster commerce, invigorate social integration, and be a thriving, inclusive hub for integrated urban living and working.

Today, KL Sentral connects the nation via the country's only integrated transportation hub, Stesen Sentral, and serves as the city's next-generation Central Business District. It incorporates MRCB's Green Initiative, which embeds environmentally sustainable resource management for energy and water efficiency, leverages smart technologies and solutions, and integrates green features and innovations. In fact, KL Sentral is known to have the highest number of green buildings in the country.

But more than that, the KL Sentral development spurred urban regeneration, contributing towards a better quality of life in the area, and carving a reputation as a sought-after commercial and residential hub. The value of properties in the surrounding area has risen over the past two decades, benefiting from

new high-end developments, connectivity and prime commercial development. A key spillover effect of KL Sentral's progress has been catalysing economic activities for businesses of all scales, from multinationals to mom-and-pop shops, and wealth generation for the community.

This, in part, also demonstrates our role as a nation builder. Building connectivity and transforming communities, empowering economies and driving social integration. As the pioneer of TODs in Malaysia, we have exerted influence to sustainably progress the neighbourhoods in our TODs, which include Petaling Jaya (PJ) Sentral Garden City, Penang Sentral and Kwasa Sentral, so that they too can transform into thriving communities.

PUSHING BOUNDARIES TO FUEL EXCELLENCE

Looking back, two words play an important role in charting our sustainability journey from when we started to where we are today. They are the 'why' and the 'not'.

While the 'why' is essential to understand the motivations behind doing certain things, the 'why not' pushes us to think further than the proverbial box. We have constantly challenged ourselves to go further and ask 'why not'. Our sense of purpose and direction determines what we do and why we do it, but our ability to ask ourselves, 'why not' pushes our determination to greater heights of achievements.

We landed the contract in 2017 to upgrade and refurbish the Bukit Jalil National Sports Complex, now known as Kuala Lumpur Sports City, just 18 months before the 29th Southeast Asian (SEA) Games, a project that would ordinarily take 36 months to complete. We took the opportunity to incorporate cutting-edge innovative architecture that leveraged sustainability into redesigning and redeveloping the sports hub that aims to bring people together for sport, live entertainment and community events.



But we also asked ourselves, why not do this monumental project in a shorter-than-expected timeline while ensuring we upheld the highest quality expected of MRCB?

Taking sustainable actions for us means constantly taking a hard look at our processes and value chain, and evaluating whether we can do better. In construction project management, different trades are usually brought to the site separately according to the project sequentially. However, to deliver this project ahead of time, we worked on various trades in different parts of the site in tandem, which saved time immensely.

We also cut down on time drastically by expanding the breadth of the team working on the project. For instance, design engineering usually takes half a year to

OUR APPROACH TO SUSTAINABILITY



An artist's impression of The Symphony Centre in Auckland, New Zealand – our first TOD overseas

complete but we did it within two and a half months. There were 23 contractors, 20 consultants, and 1,800 construction workers, all working closely and in tightly scheduled shifts to complete the project.

We not only delivered the rejuvenated KL Sports City in time for the 29th SEA Games, but we did it to many notable international awards and accolades. Also, an excellent reflection of our firm commitment to responsible business operations was receiving the CIDB 5-Star Award for Safety. This Award recognised our emphasis on health and safety, which resulted in zero on-site accidents. We were also conferred the ISO Standards Awards for adhering to stringent standards throughout our project – a mark of MRCB's culture of complying with crucial safety and quality standards.

By asking 'why not', we continue to inculcate a culture that pushes the envelope to deliver excellence and sustainability in all that we do. In 2023, we will be institutionalising this approach in our Design Policy, which will guide us to embed sustainability considerations at every design stage. This will include considering where materials are sourced from, what materials we use to ensure sustainability and reduce the impact to global warming, whom we work with that share our sustainability mindset, and what types of innovations we embed that uphold sustainability, among others.

A JOURNEY OF CONTINUOUS LEARNING

Through the ups and downs since we started in 1968, we remain driven by our philosophy to build meaningful, sustainable

places. To be a catalyst that connects communities, facilitates urban mobility, and spurs commerce, thereby helping to foster greater socioeconomic activity and social integration. We have an important role to play in contributing to a sustainable future for all.

For these past 54 years, we have continued to learn and adapt, pushing boundaries and pioneering innovations. Many of our innovations come from the need to solve pain points and drive towards a more sustainable way of operation.

In addressing the challenges of manpower constraints, meeting tight project delivery times, reducing material wastage, and safety and quality requirements, we developed a proprietary modular construction building system called the MRCB Building System (MBS). This innovative system allows projects using this technology to be constructed offsite before being taken to the development sites, where they will be stacked and locked into position using our patented Candle-Loc Connection System.

The MBS will be pivotal in addressing sustainability issues in the construction industry and helping to reduce carbon emissions. Given the importance of a system such as this in mitigating the construction sector's negative environmental impact, we are advocating the wider adoption of MBS within the construction sector.

We have also leveraged our engineering capabilities to provide river and coastal rehabilitation and flood mitigation solutions. This is done using MRCB's proprietary Pressure Equalisation Module (PEM) system, which has been well-utilised in several beaches in Malaysia. This system has been instrumental in improving these coastlines suffering from erosion and helped in conserving biodiversity while at the same time enhancing the recreational value of tourism-related activities.

OUR APPROACH TO SUSTAINABILITY



The completed Sungai Pahang restoration project Phase 3 (Package 2)

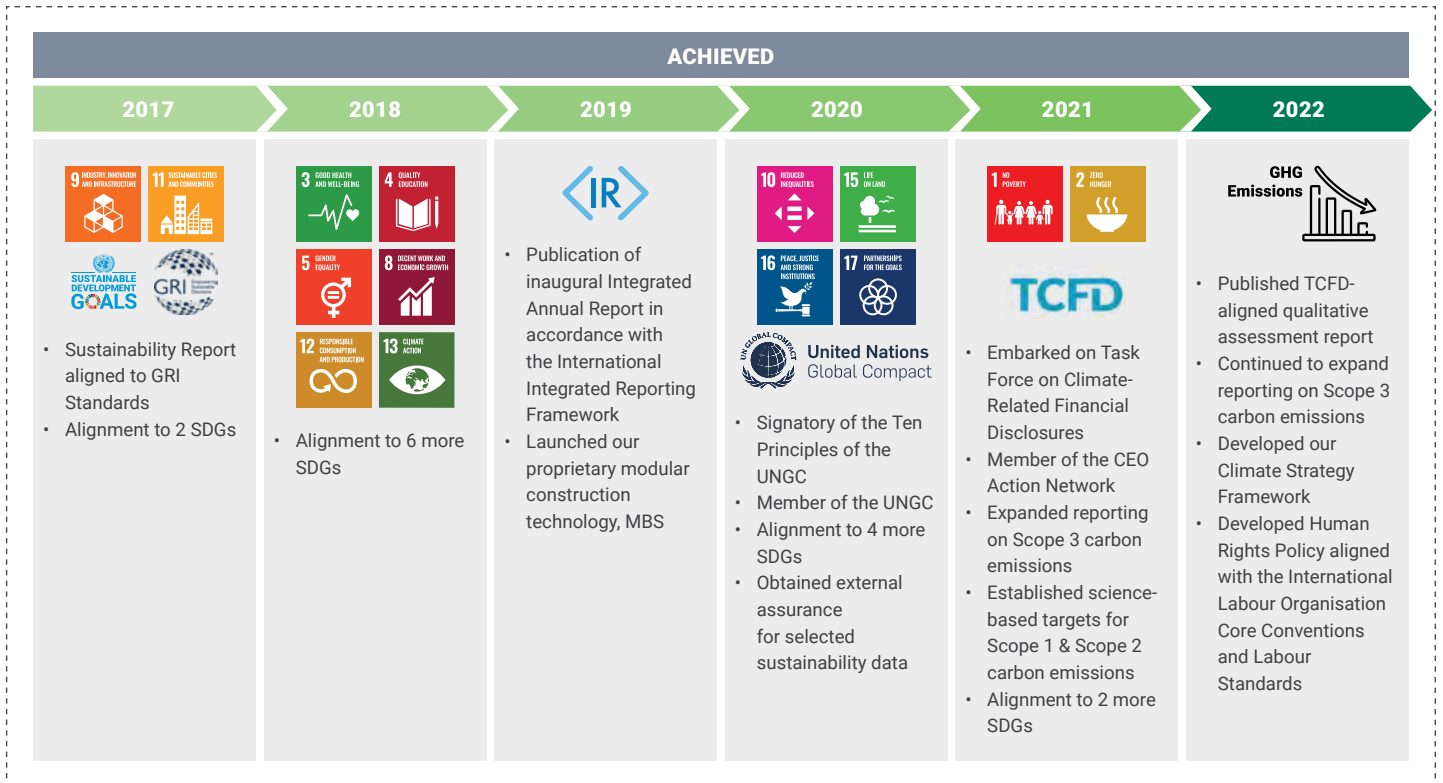
SUSTAINABILITY FOR TOMORROW

Ours is a business here for the long term. For us, sustainability is a journey. However, we know that we can go further. We will continue to address matters that can close gaps and drive our sustainability journey further. This is important not only for sustainability reasons but because they are central to our business performance. We will continue our robustly applied approach to sustainability, rooted in our purpose, mindful of the need to influence positive and sustainable transformation where we operate.

Measurable change is important to keep us on track on this journey and stand up to scrutiny from our stakeholders. The following sections review our sustainability efforts for the year and our expectations ahead.



OUR APPROACH TO SUSTAINABILITY



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



OUR APPROACH TO SUSTAINABILITY

AIMING FOR NET ZERO CARBON BY 2040 WITH OUR CLIMATE STRATEGY FRAMEWORK

MRCB has developed a high-level Climate Strategy Framework with the objective of responding to environmental and climate change challenges, while working to sustain our business growth and operability. Our aspiration is to achieve Net Zero Carbon in Scopes 1 and 2 by 2040. We are committed to significantly improve our operations, particularly our eco-efficiency of energy, water, resource use, waste, as well as reducing our carbon footprint and pollutants. We also have several initiatives in our strategy to reduce our direct and indirect emissions, while transitioning to a low-carbon economy and adapt to climate change.

We align ourselves with international climate-related frameworks such as Task Force for Climate-Related Financial Disclosures (TCFD), Science-Based Targets initiative (SBTi) and the Greenhouse Gas (GHG) Protocol. We have a track record of sustainable development through our development of Green buildings and TODs. We aim to continuously increase the intensity of our green and sustainable design principles through the development of a new enhanced Sustainable Design Policy, including exploring the implementation of Zero Energy Building (ZEB) where possible, and expanding our innovative lower waste modular construction technology, MBS. We also aim to conduct Embedded Carbon Assessments of our new projects in the future, to identify the emissions associated with the construction materials and their manufacturing processes, to find ways to reduce them.

Climate Aspiration	Net Zero Carbon by 2040	
Strategy	Managing Transition Climate Risks	
	GHG Emissions Reductions	Transition To
Focus Areas	Scopes 1, 2 and 3	Sustainable Business Practices
Key Initiatives	<ul style="list-style-type: none"> Absolute Scope 1 and 2 emissions reduction targets in line with SBTi Scope 3: Collaborate with our supply chain to improve emissions disclosure and efficiency (e.g. explore lower carbon contracts with major suppliers) Evaluate and integrate new emissions reduction technologies into our operations, for example, MBS and our future waste-to-energy (WTE) project Explore ways to increase generation and usage of renewable energy and electrification of plant and machinery (e.g. solar energy, low or zero carbon fuels such as hydrogen, biofuel) Carbon sequestration 	<ul style="list-style-type: none"> Develop MRCB's climate risk management process in accordance with TCFD recommendations Tap into sustainable linked loans and finances as the world shifts into a low carbon economy Continue developing green buildings and explore the development of ZEB Develop new Sustainable Design Policy, integrating more intensive sustainable design principles and sustainable procurement into our projects Further digitalisation of our operations
Enablers	Governance	Data Management
	<ul style="list-style-type: none"> Board commitment and oversight Integration into business plans and performance management Staff engagement and capacity building 	<ul style="list-style-type: none"> Improve Emissions Data Management System Improve Scope 3 collection and calculation, in alignment with protocols and standards

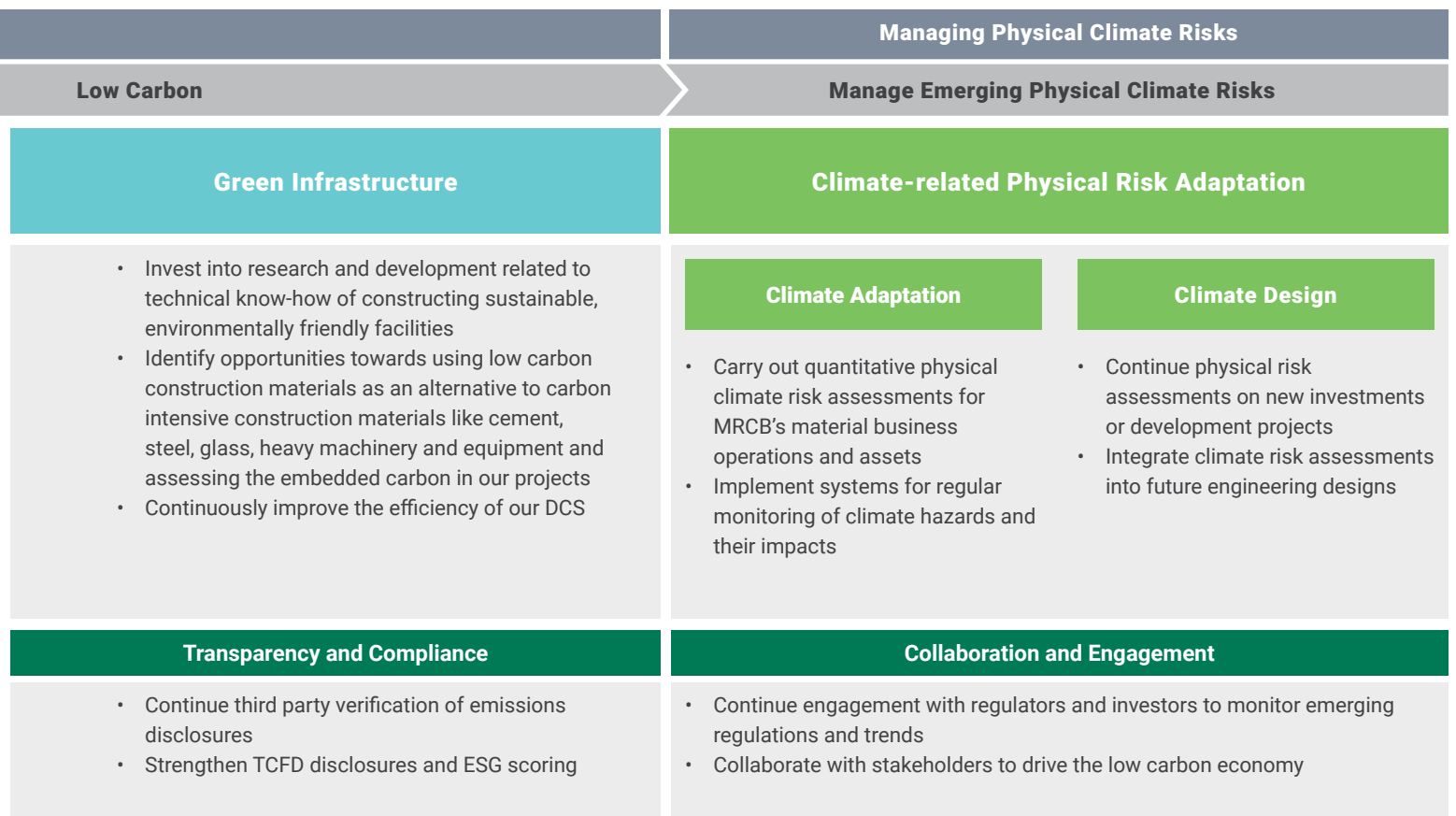
OUR APPROACH TO SUSTAINABILITY

Our construction and operation of District Cooling Systems (DCS) to provide air-conditioning for a network of buildings stretches back to 2011. To date, we have commissioned a total of four DCS plants for our developments. The benefits of DCS include significantly enhanced energy savings, lower lifecycle costs and reduced carbon emissions.

Another important initiative is our planned entry into the waste-to-energy market, which will result in diverting household waste away from landfills to generate energy and removing harmful emissions. This project will enable us to reduce GHG emissions by 0.79 to 0.96 tCO₂e per tonne of third-party household waste decomposing in landfills, according to research by the European Environment Agency and Asian Development Bank, mitigating our own overall GHG emissions.

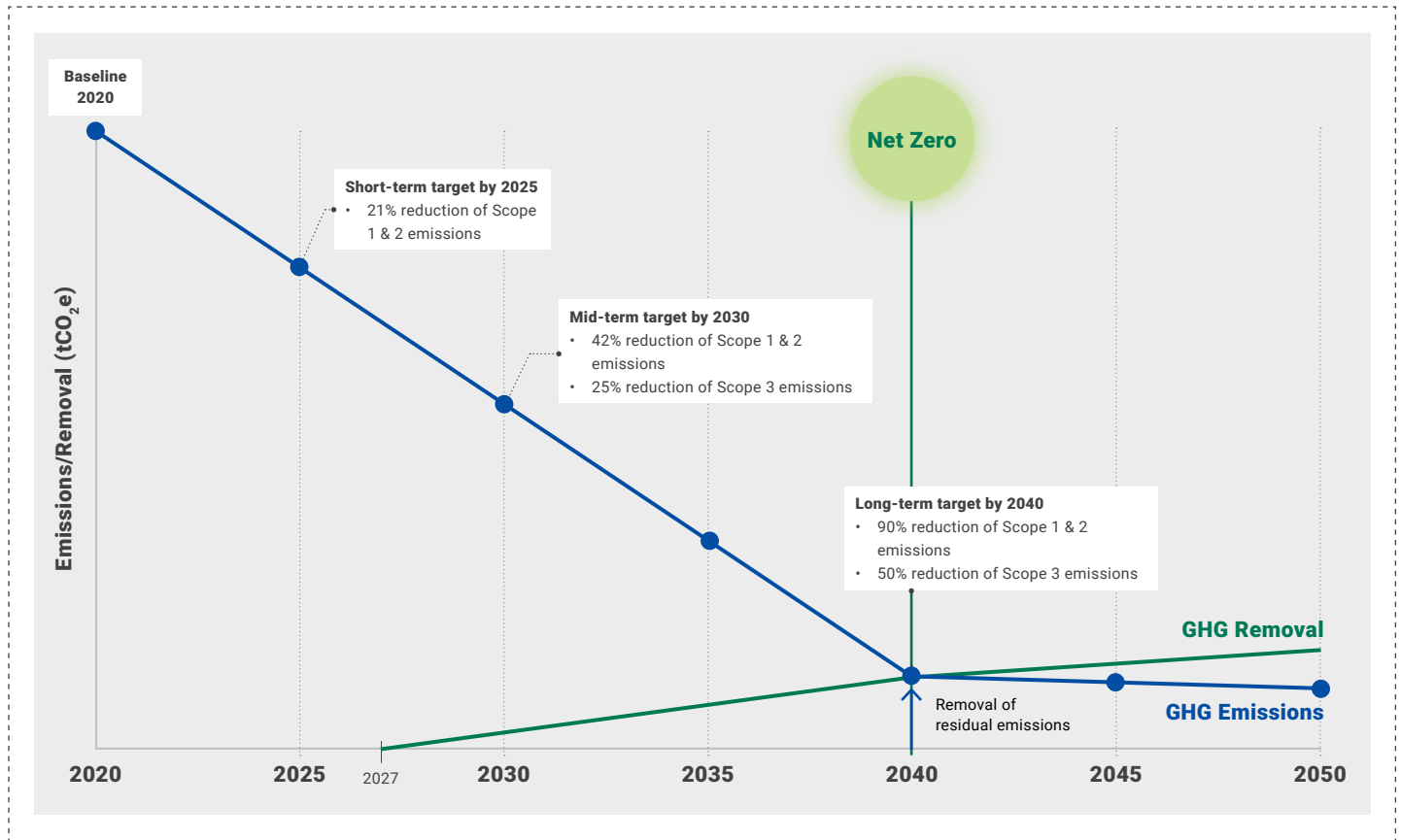
Based on our GHG emissions reduction aspirations, using our 2020 baseline, we have set a short-term target of a 21% reduction of our Scope 1 and 2 emissions by 2025, and a mid-term target of a 42% reduction of Scope 1 and 2 emissions, as well as a 25% reduction of Scope 3 emissions by 2030. By 2040, we aspire to achieve Net Zero emissions through reducing most of our Scopes 1 and 2 emissions, reducing 50% of Scope 3 emissions and removing all of our residual emissions.

(Scope 1 and Scope 2)



OUR APPROACH TO SUSTAINABILITY

MRCB's Net Zero Aspirations



SUSTAINABLE 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. To ensure accountability, key sustainability matters have also been embedded in the KPIs of the Senior Management team, which are linked to their remuneration.

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:

- 01** Establishing and overseeing the implementation of a sustainability framework in support of the Group's vision, with clear strategies, priorities, and targets;
- 02** Incorporating sustainability considerations when exercising its duties, including among others, the development and implementation of business plans, major plans of action, and risk management;
- 03** Reviewing and approving sustainability policies and procedures in support of the Group's sustainability framework and strategy; and
- 04** Overseeing the institutionalisation of sustainability within the Group.

OUR APPROACH TO SUSTAINABILITY

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 with the approval of the Board to address our climate-related risks and opportunities, support strategic planning for sustainable development, and manage overall risks. The SMC comprises Heads of Divisions/Departments for all of MRCB's core operations and corporate functions. The CCO is designated as its Chairman and 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 and other updates on sustainability matters are provided at the quarterly Board meetings as a permanent agenda item, where they are discussed and deliberated by the Board.



KEY INITIATIVES ARISING FROM THE 2022 SMC MEETINGS

We have embedded sustainability-related risks into our risk registers as part of our Enterprise Risk Management Framework under KER 5 Environmental, Social & Governance Risk to ensure that environmental, social and governance matters are fully integrated into our business operations and day-to-day activities across the organisation. We are also working towards developing a Diversity, Equity and Inclusivity (DEI) Policy with the ultimate goal to have a truly diverse workforce, equitable processes and inclusive initiatives and programmes across the company.

As our business operations and activities involve numerous suppliers and contractors, we believe the most effective way to make a significant impact in addressing human rights and environmental issues is by embedding relevant clauses into our supply chain contracts. This initiative will be implemented in 2023.

In 2022, we enhanced our internal communications relating to sustainability and conducted sustainability campaigns, not only to spread awareness, but also to spark conversations and cultivate a sustainability-aware culture amongst our employees.

During the year, the core operational divisions also reviewed and fine-tuned their plans and strategies to reduce carbon emissions and waste, as well as consumption of energy and water.

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 5 sustainability key action plans: Internal Action, Sustainable Impact/Business, 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 APPROACH TO SUSTAINABILITY

Our 5 Sustainability Key Action Plans

03

RISK & GOVERNANCE

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 Standards).

04

CORPORATE SOCIAL RESPONSIBILITY (CSR)

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).

05

STAKEHOLDER ENGAGEMENT






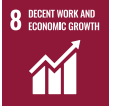

Focuses on both internal and external engagement with key internal and external stakeholders (e.g. employees, customers, communities surrounding our developments, Government and regulators, investors, NGOs, etc.) to help achieve the SDGs and align MRCB with national priorities (e.g. piloting the Plastic Disclosure Project, engagement with UNGC Malaysia & Brunei, the UNGC CFO Taskforce and the CEO Action Network, etc.).

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 2 UNSDGs, Goals 9 (Industry, Innovation and Infrastructure) and 11 (Sustainable Cities and Communities), which are inherently embedded in our role as a TOD developer and well aligned with our values and business goals. In 2018, we identified 6 additional SDGs which reflected our strengthened efforts to build a sustainable business. In 2020, we expanded our goals to include Goals 10 (Reduced Inequalities) and 15 (Life on Land). We also recognised Goals 16 (Peace, Justice and Strong Institutions) 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.

OUR APPROACH TO SUSTAINABILITY

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, including for families that were affected by the COVID-19 pandemic. • We collaborate with other bodies and NGOs to extend our reach and ensure help is targeted to those most in need.
	<ul style="list-style-type: none"> • We believe zero hunger is a basic human right and provide food aid to underprivileged and 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 promote healthy lifestyles by organising programmes that focus on our employees' physical and mental well-being.
	<ul style="list-style-type: none"> • We provide conducive learning environments by renovating and upgrading dilapidated schools and libraries. • We provide lunches, books, and uniforms for underprivileged children. • We leverage on our skills and expertise to build necessary infrastructure, such as schools, as required by the nation. • We provide financial aid for children with special needs through the CADS Enhancement Centre programmes that specialises in providing workshops and trainings for special needs children.
	<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. • We ensure women's effective representation and equal opportunities for leadership at all levels of decision-making across business activities.
	<ul style="list-style-type: none"> • Our 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. • We believe in the rights of all our stakeholders as guided by our Human Rights Policy, which promotes a safe and secure working environment for all workers, including foreign labour. The Policy, which is aligned to local and international laws and conventions, also highlights MRCB's firm stand against any form of forced labour, modern slavery, and child labour.
	<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

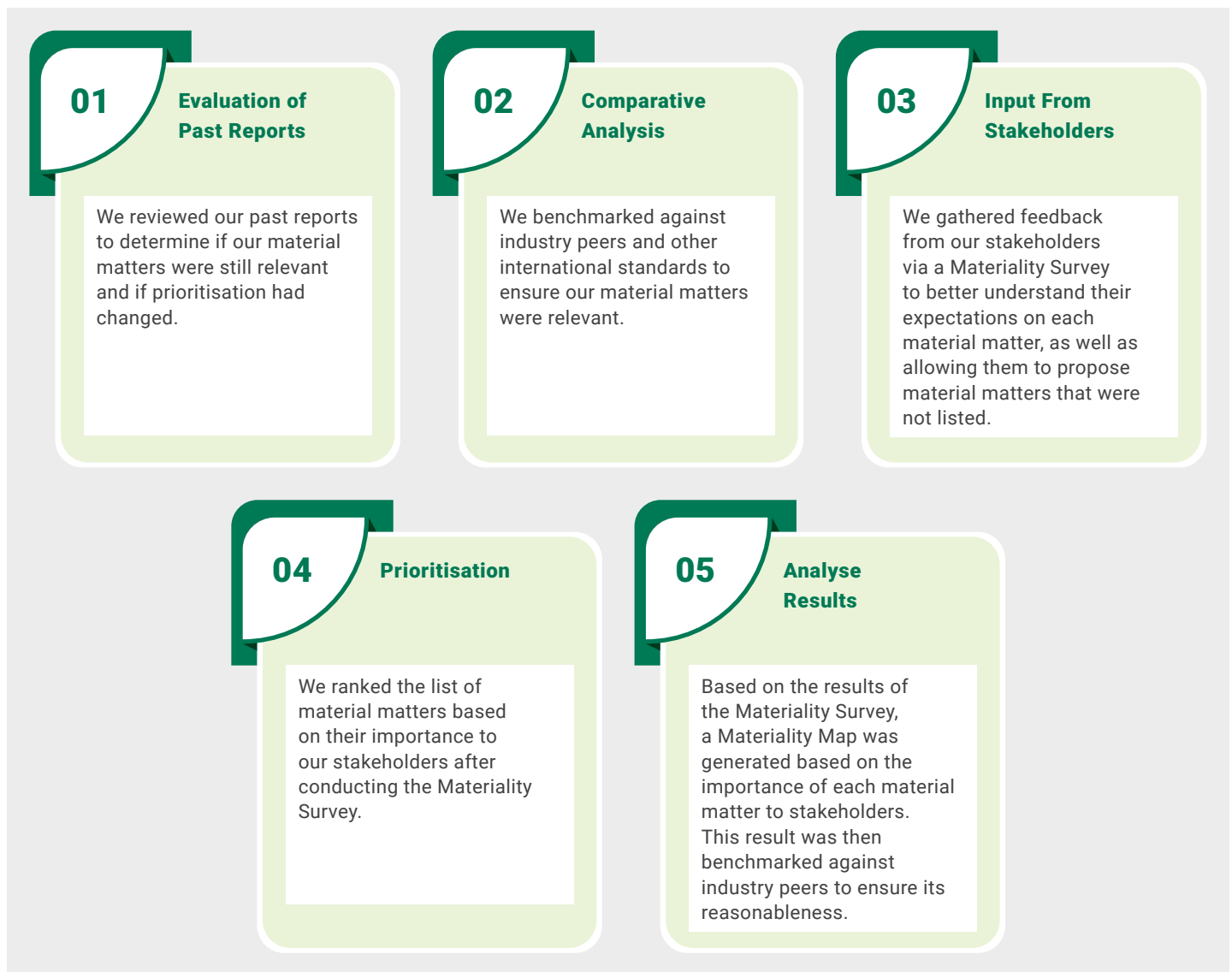
SDG	Description
	<ul style="list-style-type: none"> • We strive to reduce gender inequalities by providing our female workforce a safe work environment fitted to their needs, i.e. Mother's Room for nursing mothers, closing the gender pay gap and striving towards achieving 30% female representation on the Board level. • We believe in giving back to less-privileged Malaysians, and through Yayasan MRCB have channelled our contributions or donations to the underserved communities, such as orphanages, the differently abled, Orang Asli, and B40 category families. • We provide employment to prisoners/offenders through our PEKA@MRCB Programme.
	<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 housing that reduces carbon emissions, connects communities, and provides opportunities for the general public to live comfortably and affordably in thriving cities.
	<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 work safely on our construction sites.
	<ul style="list-style-type: none"> • We commit to tackling climate change as articulated in our Climate Change Statement. • We measure and disclose our carbon dioxide (CO₂) emissions (Scope 1 and Scope 2) and will validate our science-based reduction targets. • We have begun reporting our Scope 3 emissions generated by our supply chain. • 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 physical and transition risks of climate change to our business and develop strategies to overcome them.
	<ul style="list-style-type: none"> • We acknowledge and commit to the Ramsar Convention and the 5 principles stipulated in Malaysia's National Policy on Biological Diversity where applicable to our business operations, as articulated in our Biodiversity Statement.
	<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. • We ensure good corporate governance by complying with best practices as outlined by Malaysian Code on Corporate Governance and other governance frameworks, achieving ISO 37001:2016 re-certification for our Anti-Bribery Management System (ABMS), as well as providing channels for whistleblowing and reporting grievances. • We have zero tolerance towards bribery and corruption, as articulated in our Anti-Bribery and Corruption Policy.
	<ul style="list-style-type: none"> • We engage with our stakeholders and create trusting and beneficial partnerships that drive the SDGs further. • As a signatory of the United Nations Global Compact (UNGC) Network Malaysia & Brunei, we have adopted its universal Ten Principles that guide us on our sustainability journey. • We are a member of the CEO Action Network (CAN) and a signatory to the UNGC CFO Principles on Integrated SDG Investments and Finance to promote the Sustainable Finance agenda.

OUR MATERIAL MATTERS

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

In determining our material matters, a Materiality Assessment was conducted in 2022 to re-evaluate the relevance and priority of our existing material matters in terms of their importance to the business and the influence they have on stakeholders' decision-making.

The step-by-step methodology of our Materiality Assessment is illustrated below:



In conducting our evaluation and comparative analysis, we decided to maintain 17 of the 18 materiality matters identified in 2021 as we felt they still best represent our impact on the economy, the environment and society as our core business activities are unchanged. However, with climate change becoming increasingly important and more nuanced, in 2022 we decided to expand the Climate Change topic into three topics: Climate Transition Risk, Physical Climate Risk and GHG Emissions. This new set of 20 material matters were then included in the Materiality Survey, which was distributed to our internal and external stakeholders. The results of the Survey enabled us to prioritise and map our material matters, as shown on page 59.

OUR MATERIAL MATTERS

OUR MATERIAL MATTERS AND DEFINITIONS

The 20 material matters identified and their descriptions are summarised in the following table:

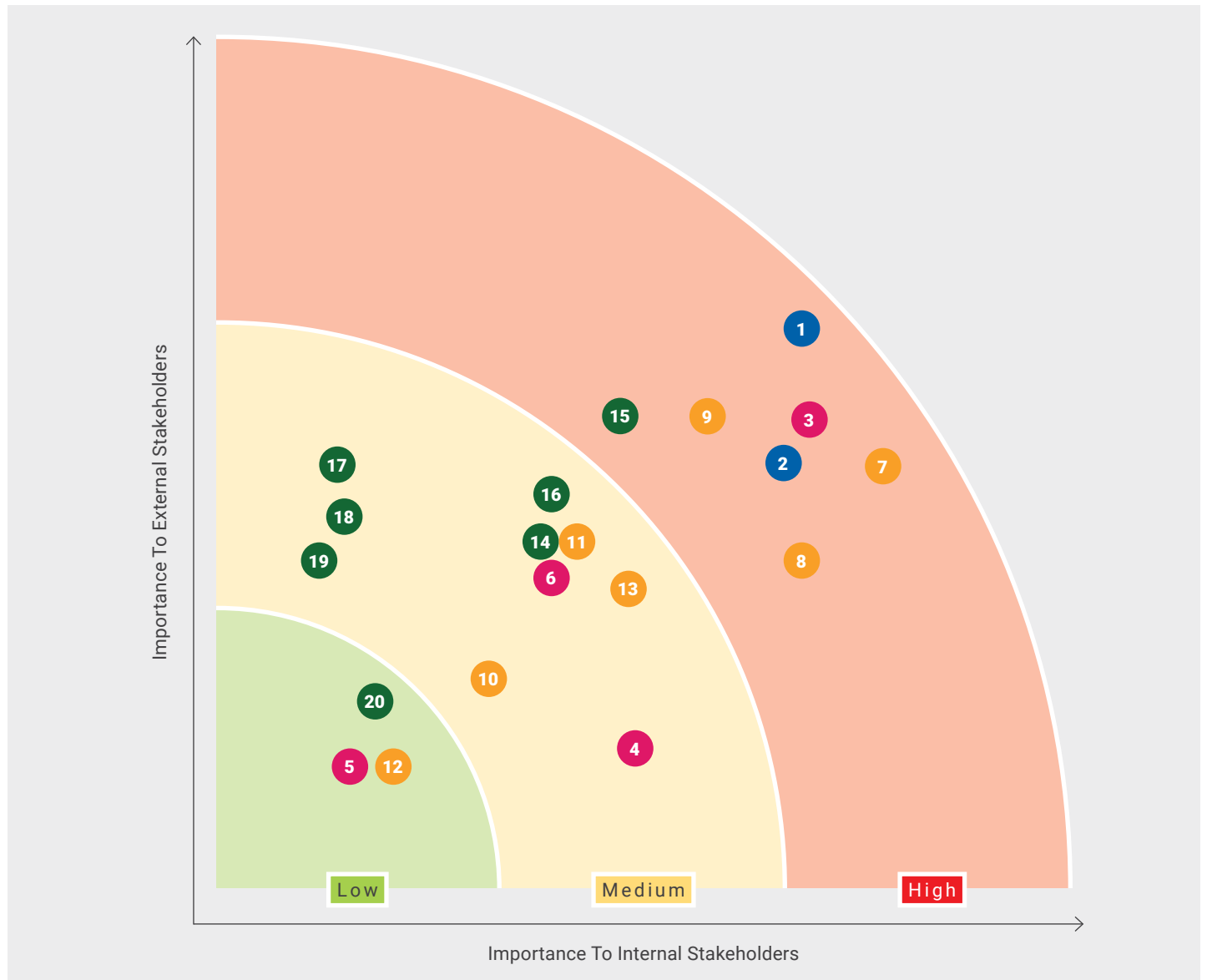
THEME	MATERIALITY	DESCRIPTION
Governance	1 Ethics & Principles	An organisation's values, principles, standards, and practices to act ethically as a sustainable business. This includes anti-bribery, anti-corruption and anti-competition practices within its operations, protection of data privacy, and professional conduct with others such as suppliers and customers.
	2 Governance & Compliance	Compliance with applicable laws and regulations relating to listing requirements, as well as other instruments concerned with environmental and socio-economic standards that provide us with the license to operate.
Economic	3 Product Quality & Responsibility	Quality of products and services and actions that directly affect stakeholders, the community at large, and the environment.
	4 Economic & Business Performance	Economic value generated and distributed to stakeholders as a direct result of an organisation's performance.
	5 Indirect Economic Impacts	An organisation's additional contribution (monetary or non-monetary) that comes from any spillover effect its projects may have on the local communities (e.g. increased productivity and employment through its TODs that shorten commutes and provide access to more employment opportunities) or deliberate initiatives through CSR activities.
	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 business operations and in the lifecycle of products.
	8 Employee Engagement & Well-Being	Engaging with employees to ensure talent attraction and retention for a skilled workforce. This entails providing training, benefits and a healthy work environment.
	9 Customer Engagement	Enhancing products and services by understanding clients' and customers' preferences providing an overall positive customer experience to maintain reputation.
	10 Diversity & Equal Opportunity	Providing equal opportunities to all employees and empowering women and minorities at the workplace. Diversity pushes innovation through exchange of ideas and perspectives and strengthens the organisation.

OUR MATERIAL MATTERS

THEME	MATERIALITY	DESCRIPTION
Social	11 Labour Practice	Carrying out efforts to meet labour standards and improve labour related processes, including hiring of local and foreign labour and participating in initiatives that alleviate socio-economic issues.
	12 Local Community Engagement	Carrying out efforts to proactively engage with the local communities and manage impacts on people in the communities surrounding project construction sites.
	13 Human Rights	Integrating human rights principles in our business operations, conducting due diligence to avoid infringing the rights of others and addressing any negative human rights impacts related to the business.
Environment	14 Materials Management	Responsibly managing consumption of raw materials and enhancing supply chain traceability and certification, to mitigate negative environmental impacts and ensure no human rights violations.
	15 Sustainable Construction	Reducing negative environmental impact through green design in our building and infrastructure development. This includes adhering to relevant green building standards, managing energy and water consumption, integrating sustainable designs and sustainable practices in the construction and operation of buildings and other developments.
	16 Waste	Organisation's implementation of a systematic approach to identify, manage, reduce, and responsibly dispose of or recycle waste throughout the organisation's business operations.
	17 Climate Transition Risk	Importance of the organisation addressing the risks from transitioning from business-as-usual to a lower-carbon economy. This may entail extensive policy, legal, technology and market changes to address mitigation and adaptation requirements related to climate change. (e.g. increased demand for renewable energy, increased usage of electric vehicle charging points, etc.)
	18 Physical Climate Risk	Importance of addressing physical risks resulting from climate change and shifts in climate patterns (e.g. extreme weather events such as floods or chronic heat waves and rising sea levels)
	19 GHG Emissions	Importance of the organisation monitoring and reducing greenhouse gas emissions (e.g. carbon dioxide and methane) into the atmosphere from its business operations.
	20 Biodiversity	Organisation's efforts to minimise harm to local natural ecosystems and biologically sensitive areas from our business operation.

OUR MATERIAL MATTERS

MATERIALITY MAP



Legend

- | | | | |
|------------------------------------|---|-------------------------------|----------------------------|
| 1 Ethics & Principles | 6 Responsible Procurement & Supplier Assessment | 11 Labour Practice | 16 Waste |
| 2 Governance & Compliance | 7 Health & Safety | 12 Local Community Engagement | 17 Climate Transition Risk |
| 3 Product Quality & Responsibility | 8 Employee Engagement & Well-Being | 13 Human Rights | 18 Physical Climate Risk |
| 4 Economic & Business Performance | 9 Customer Engagement | 14 Materials Management | 19 GHG Emissions |
| 5 Indirect Economic Impacts | 10 Diversity & Equal Opportunity | 15 Sustainable Construction | 20 Biodiversity |

OUR MATERIAL MATTERS

MATERIALITY ANALYSES AND DISCUSSION





There were seven (7) material matters ranked as High Importance in our 2022 Materiality Assessment. Out of these seven (7) material matters, five (5) were also identified as being of High Importance in our 2021 Materiality Assessment. These were Ethics & Principles, Governance & Compliance, Product Quality & Responsibility, Health & Safety, and Customer Engagement. We believe these five (5) material matters remain a priority for both our internal and external stakeholders given the nature of our business, which is highly regulated and relies heavily on our compliance to quality and safety standards (Ethics & Principles, Governance & Compliance, Product Quality & Responsibility, and Health & Safety), as well as MRCB operating in highly competitive industries which rely on strong after-sales service and on how well we listen to the needs of our customers (Customer Engagement). MRCB continues to address these material matters through specific initiatives that can be read on pages 82 - 89.

The Materiality Assessment also highlighted two (2) material matters with notable increases in importance: Employee Engagement & Well-Being and Sustainable Construction moved from being of Medium Importance in 2021 to High Importance in 2022. This reflects the growing awareness of the importance of mental well-being and job satisfaction, as well as the increasing demand for environmentally-friendly buildings and construction methods and the rise of “conscious consumerism”.




In efforts to address Employee Engagement & Well-Being, we continued rolling out our annual Employee Engagement Programmes and organised “Light and Easy” sessions between our Senior Management team and employees. These sessions provided employees the opportunity to have open conversations with Senior Management in an informal setting. We also enhanced our Human Rights Policy to ensure the rights of our employees and those working at our sites are always safeguarded. Detailed initiatives to address this material matter can be read on pages 121 - 129.

MRCB has long committed to Sustainable Construction and continues to address this material matter through our MRCB Building System (details can be read on page 156) and our adoption of Green Building Certification (details can be read on page 155). Furthermore, in 2022 we strengthened our commitment towards reducing our negative impact on the environment by developing our Climate Strategy Framework (details can be read on page 22).

As sustainability is well integrated into our business operations, our material matters are also embedded into MRCB’s Enterprise Risk Management system (Key Enterprise Risks), which are also in alignment with the Global Reporting Initiative (GRI) indicators. This is mapped to the corresponding UNSDGs to reflect MRCB’s commitment to championing universal and shared values.

Materiality	Key Enterprise Risk	Relevant Stakeholders	Corresponding GRI Indicators	SDGs
Governance				
Ethics & Principles	KER 001– Project Delivery Risk KER 004– Business Continuity Risk KER 006– Regulatory Risk KER 005– Environmental, Social and Governance Risk		2: General Disclosures 3-3: Management of material topics 205: Anti-corruption	 
Governance & Compliance	KER 006– Regulatory Risk KER 005– Environmental, Social and Governance Risk		2-27: Compliance with laws and regulations	

OUR MATERIAL MATTERS

Materiality	Key Enterprise Risk	Relevant Stakeholders	Corresponding GRI Indicators	SDGs
Economic				
Product Quality & Responsibility	KER 008– Quality Risk		2-25: Process to remediate negative impacts 3-3: Management of material topics 201: Economic Performance	 
Economic & Business Performance	KER 001– Project Delivery Risk KER 002– Liquidity Risk KER 009– Concentration Risk		201: Economic Performance	
Indirect Economic Impacts	KER 003– Marketing Risk KER 008– Quality Risk		203: Indirect Economic Impacts	
Responsible Procurement & Supplier Assessment	KER 001– Project Delivery Risk KER 005– Environmental, Social and Governance Risk		204: Procurement Practices 308: Supplier Environmental Assessment 414: Supplier Social Assessment	 
Social				
Health & Safety	KER 007– Safety, Health & Environment Risk KER 005– Environmental, Social and Governance Risk		403: Occupational Health & Safety	 
Employee Engagement & Well-Being	KER 004– Business Continuity Risk		401: Employment 404: Training and Education	  
Customer Engagement	KER 003– Marketing Risk KER 008– Quality Risk		418: Customer Privacy	
Diversity & Equal Opportunity	KER 004– Business Continuity Risk KER 005– Environmental, Social and Governance Risk		405: Diversity and Equal Opportunity	  
Labour Practice	KER 001– Project Delivery Risk KER 004– Business Continuity Risk KER 005– Environmental, Social and Governance Risk		G4 Sector Specific – Construction and Real Estate Sector Disclosures	 

OUR MATERIAL MATTERS

Materiality	Key Enterprise Risk	Relevant Stakeholders	Corresponding GRI Indicators	SDGs
Social				
Local Community Engagement	KER 008– Quality Risk KER 005– Environmental, Social and Governance Risk		413: Local Communities	   
Human Rights	KER 004– Business Continuity Risk KER 005– Environmental, Social and Governance Risk		400: Social	   
Environment				
Materials Management	KER 001– Project Delivery Risk KER 007– Safety, Health & Environment Risk KER 005– Environmental, Social and Governance Risk		301: Materials	 
Sustainable Construction	KER 001– Project Delivery Risk KER 007– Safety, Health & Environment Risk		302: Energy 303: Water and Effluents 305: Emissions	
Waste	KER 001– Project Delivery Risk KER 005– Environmental, Social and Governance Risk KER 007– Safety, Health & Environment Risk		306: Effluents and Waste	  
Climate Transition Risk	KER 005– Environmental, Social and Governance Risk		300: Environmental	
Physical Climate Risk	KER 005– Environmental, Social and Governance Risk		300: Environmental	  
GHG Emissions	KER 005– Environmental, Social and Governance Risk		300: Environmental	
Biodiversity	KER 005– Environmental, Social and Governance Risk		304: Biodiversity	

OUR PERFORMANCE: SOCIAL

CHAMPIONING WELL-BEING & BUILDING A SUSTAINABLE WORKFORCE

MRCB embraces the basic values of dignity, responsibility, equality, inclusivity, respect, integrity, and transparency in our relationships with stakeholders. In our Human Rights Policy, 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, EQUITY AND INCLUSION



In support of SDG 5: Gender Equality and SDG 8: Decent Work and Economic Growth, MRCB upholds diversity, equity and inclusivity at the workplace as stated in our Employee Handbook. Through our Code of Business Ethics, we are also committed to building workplaces where everyone believes their contribution will be recognised and where they feel safe for self-expression. MRCB does not tolerate discrimination against race, gender, age, religion or nationality and any form of harassment in our work environment. Any individuals who would like to report incidents of bullying and harassment can refer to our Whistleblowing Policy and use the whistleblowing e-form available on our website.

On a company-wide basis, 39% of our employees are female and 61% are male, which is a reflection of the physically demanding nature of our core business, particularly at our construction sites. MRCB has a well-balanced team, with 69% falling in the middle 30-50 years old age group. Our diverse workforce consists of Malays, Chinese, Indians and other ethnicities. None of MRCB's employees are categorised as disabled.

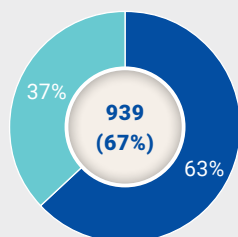


In 2022, MRCB collaborated with Klean to install several Klean Reverse Vending Machines (RVM) around Stesen Sentral Kuala Lumpur. These RVMs incentivises the public to recycle their bottles and cans through a reward system that the public can then exchange for discounts from participating companies.

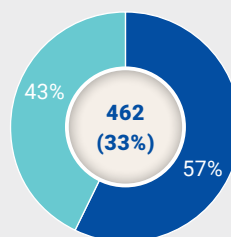
OUR PERFORMANCE:
SOCIAL

Percentage and total number of permanent employees and employees on contract

Male
Female

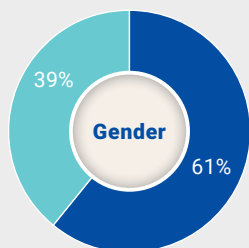


Contract

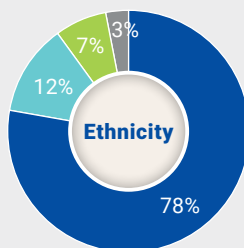


Permanent

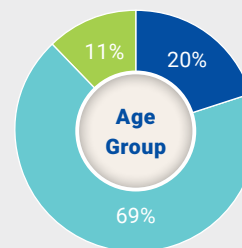
Employees by gender, ethnicity, age group



Male
Female



Malay
Chinese
Indian
Others



<30 years old
30 - 50 years old
>50 years old

Employees by gender and age group for each employee category

	Male			Female			TOTAL
	< 30 years old	30-50 years old	>50 years old	< 30 years old	30-50 years old	>50 years old	
Non-Executive	152	205	31	40	55	7	490
Executive	30	221	26	53	262	17	609
Middle Management	-	109	33	-	77	21	240
Senior Management	-	25	20	-	11	6	62
TOTAL		852			549		1,401

Note:

- Calculations are made based on average count of employees across 12 months and exclude our subsidiary, Setia Utama LRT3 Sdn Bhd.
- We have 41 foreign workers at our project sites and 33 trainees under our GEP that are not considered as employees.
- A Limited Assurance was provided by an independent party, BSI Services Malaysia on our employment-related data (disclosed on pages 232 - 234 of this report).

OUR PERFORMANCE:
SOCIAL

Fostering Inclusivity

In conjunction with the International Day of Persons with Disabilities on 3 December 2022, MRCB held a friendly futsal tournament with the National Blind Football team. The programme, called ‘Kick it with The Visually Impaired!’ was aimed at raising our employees’ awareness of persons with disabilities. All participating players were blindfolded during the entire match, which allowed them to experience the reality of being a blind person. The programme helped our employees better understand the importance of inclusivity and encouraged them to embrace and appreciate diversity.



Promoting Women Empowerment

In celebrating International Women’s Day, the Group conducted an inspirational talk titled ‘Breaking the Bias: A Modern Women with Important Roles’, which resonated perfectly with the 2022 theme ‘Gender Equality Today for a Sustainable Tomorrow’. The insightful session supported SDG 5: Gender Equality and featured two guest speakers, Clinical Psychologist and Health Coach, Dr. Pamilia Andrew, and MRCB’s Head of Group Finance, Noorlida Jelani. This session garnered very positive feedback, with approximately 150 employees participating via an online platform.

MRCB has also set gender diversity targets in its commitment towards adopting SDG 5: Gender Equality and SDG 8: Decent Work and Economic Growth.

Women representation on the Board



Women representation in Senior Management positions




OUR PERFORMANCE: SOCIAL

We will continuously strive to increase female representation in Senior Management positions and endeavor to ensure our experienced female staff are retained. A Succession Planning programme is also underway to ensure talent is identified and developed to take on roles with greater responsibility.

At MRCB, we recognise that the majority of household burden often falls on the shoulders of women. By encouraging working mothers to continue participating in the workforce, MRCB believes that this is aligned to improving the well-being of children. As stated in the Convention on the Rights of the Child, children have the right for “life survival and development.” We, at MRCB, equip working mothers with the tools required to raise their children. Our initiatives and benefits for working mothers ensure that as a responsible employer, we support working parents adequately.

Below are some of the initiatives targeted to support women at work:



Three months paid maternity leave

Female employees are entitled up to 90 days paid maternity leave.

Designated Mother's Room

Rooms are provided at the Headquarters for nursing mothers returning to work.

Financial support for labour delivery

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

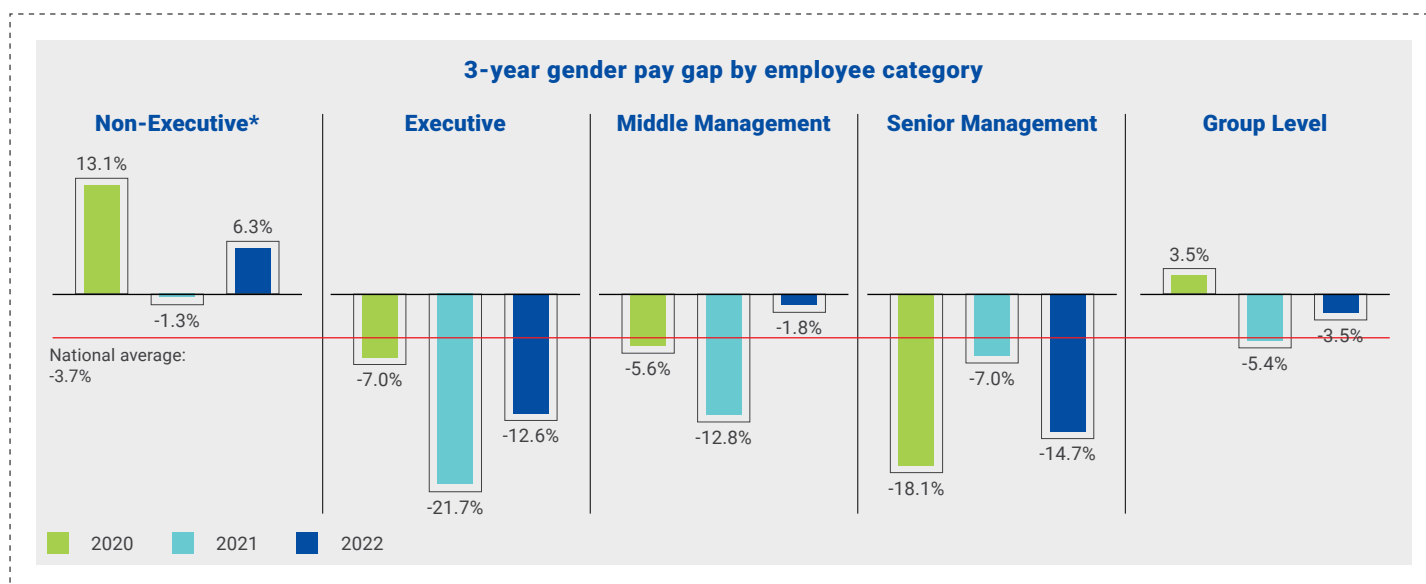
Staggered and shortened work hours

- Employees are entitled to opt for flexible work hours to better fit their needs.
- Expecting mothers are entitled to opt for shortened work hours that allow them to attend to their health and well-being.

Sexual Harassment Policy

A Sexual Harassment Policy and 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 form of harassment.

As a responsible business, MRCB strives to eliminate the gender pay gap addressed in SDG 8: Decent Work and Economic Growth. As an indicator for this aspiration, we measure the gender pay gap to monitor our progress in ensuring pay equity beyond local regulations. Currently, MRCB measures and monitors the unadjusted pay gap, which simply calculates the average differences in pay between its female and male employees without adjusting for various factors such as type of work, education level and experience that might influence the pay gap.



* Corrections made to previous year's data (Non-executive category only)

OUR PERFORMANCE:
SOCIAL

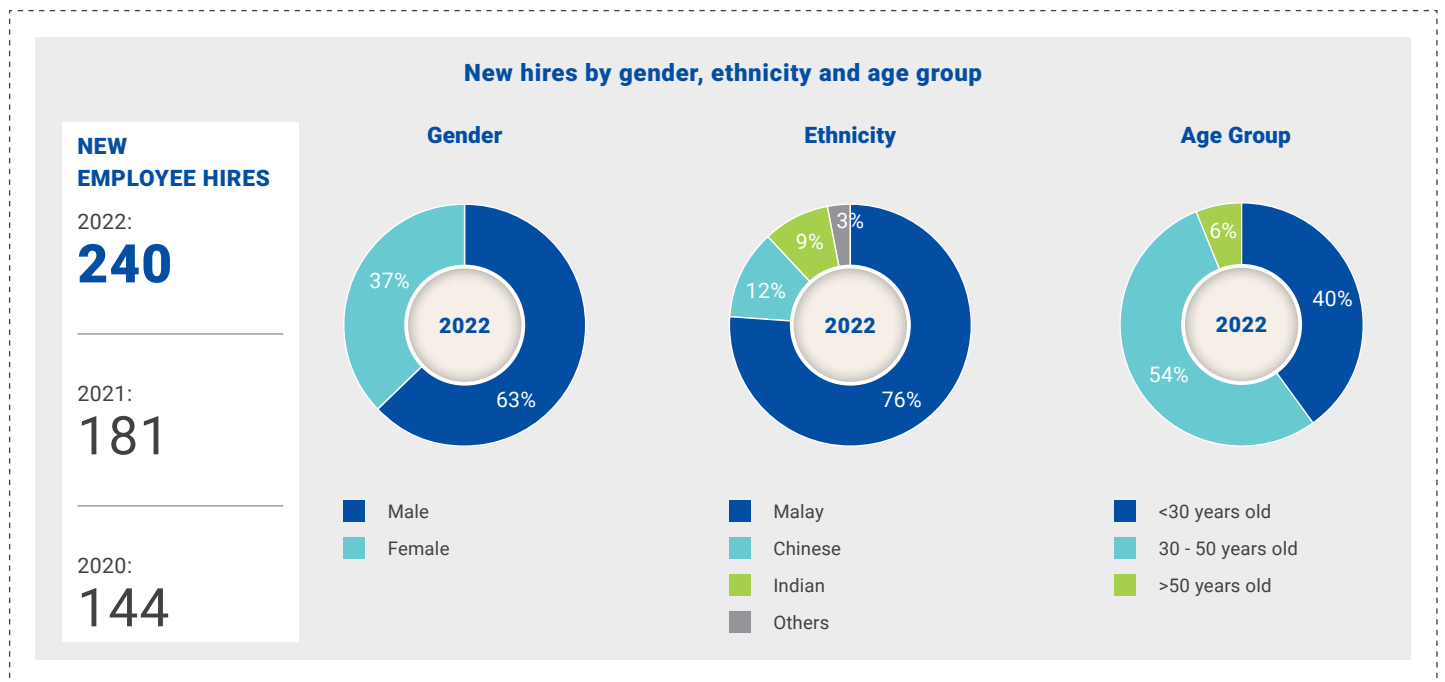
A positive percentage means female employees are on average paid more than male employees, while a negative percentage means female employees are on average paid less. The gender pay gap marginally narrowed from -5.4% in 2021 to -3.5% due to several voluntary resignation of male non-executives, particularly those working as auxiliary police. Nevertheless, the Group’s pay gap is still slightly below the national gap of 3.7%, according to the Department of Statistics Malaysia (DOSM).

BUILDING TOMORROW’S WORKFORCE

Our workforce is the foundation to our continued success and we emphasise recruiting and retaining the right talent through our talent identification, development and succession planning practices.

New Hires & Turnover

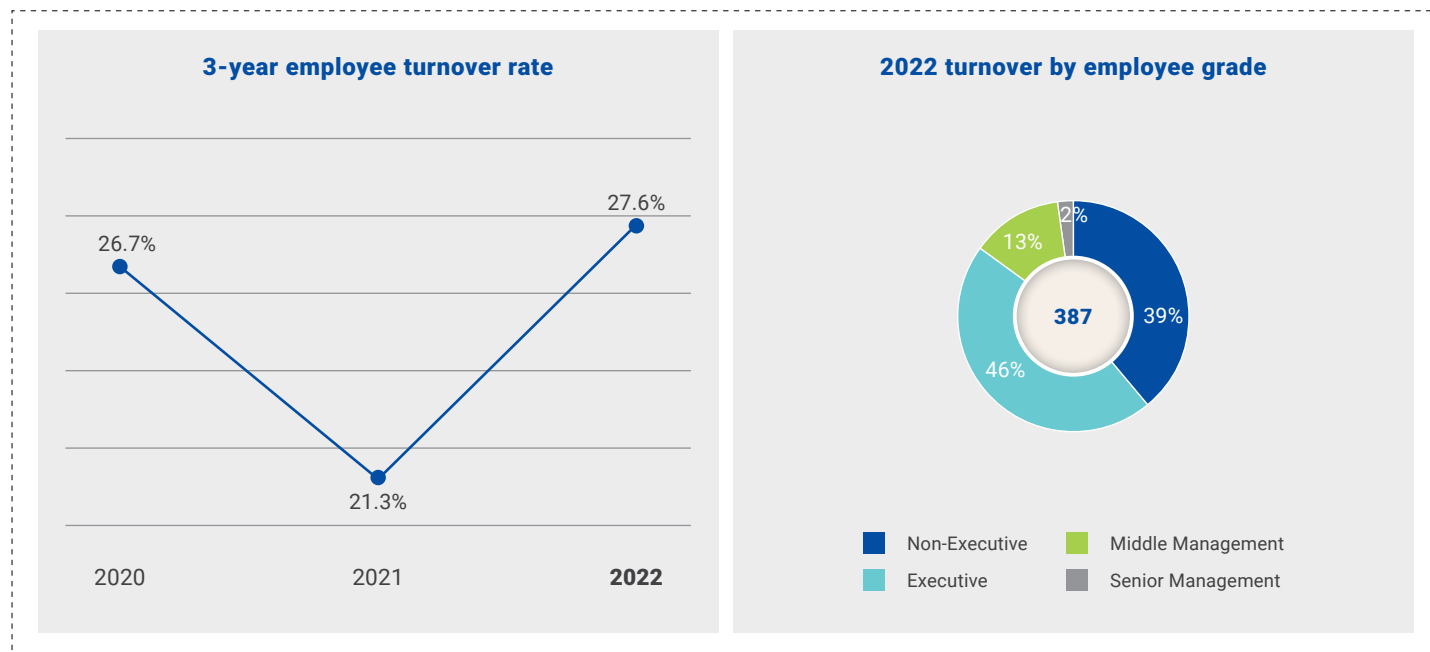
MRCB made 240 new hires in 2022, an increase of 33% from 2021. However, this is an inherent characteristic of our business as most project staff are hired for the duration of a project and will leave upon completion of the project. As a Malaysian company, we are proud to be a top local employer and we have clear commitments to local employment and sourcing. We continue to prioritise local talent to promote and provide opportunities to the talent landscape.



A trend borne out of the COVID-19 pandemic - the Great Resignation – impacted the global workforce in 2021. A study by EY conducted in 2022 entitled “Work Reimagined” showed that 36% of Malaysian respondents are likely to quit in the next 12 months; driven mostly by a desire for higher total pay, better career opportunities and flexibility amid rising inflation, a shrinking labour market and an increase in jobs offering flexible working hours¹. Despite recording a higher employee turnover rate of 27.6% in 2022 compared to 21.3% in 2021, MRCB’s turnover rate remains low compared to the results of the study. 87% of those who resigned in 2022 were voluntary.

¹ EY 2022 Work Reimagined Survey

OUR PERFORMANCE:
SOCIAL



Employee turnover rate by gender, age group and employee grade

	Male			Female			TOTAL
	< 30 years old	30-50 years old	>50 years old	< 30 years old	30-50 years old	>50 years old	
Non-Executive	65	49	6	17	12	2	151
Executive	17	70	8	20	62	1	178
Middle Management	-	30	7	-	11	1	49
Senior Management	-	3	3	-	2	1	9
	258			129			387

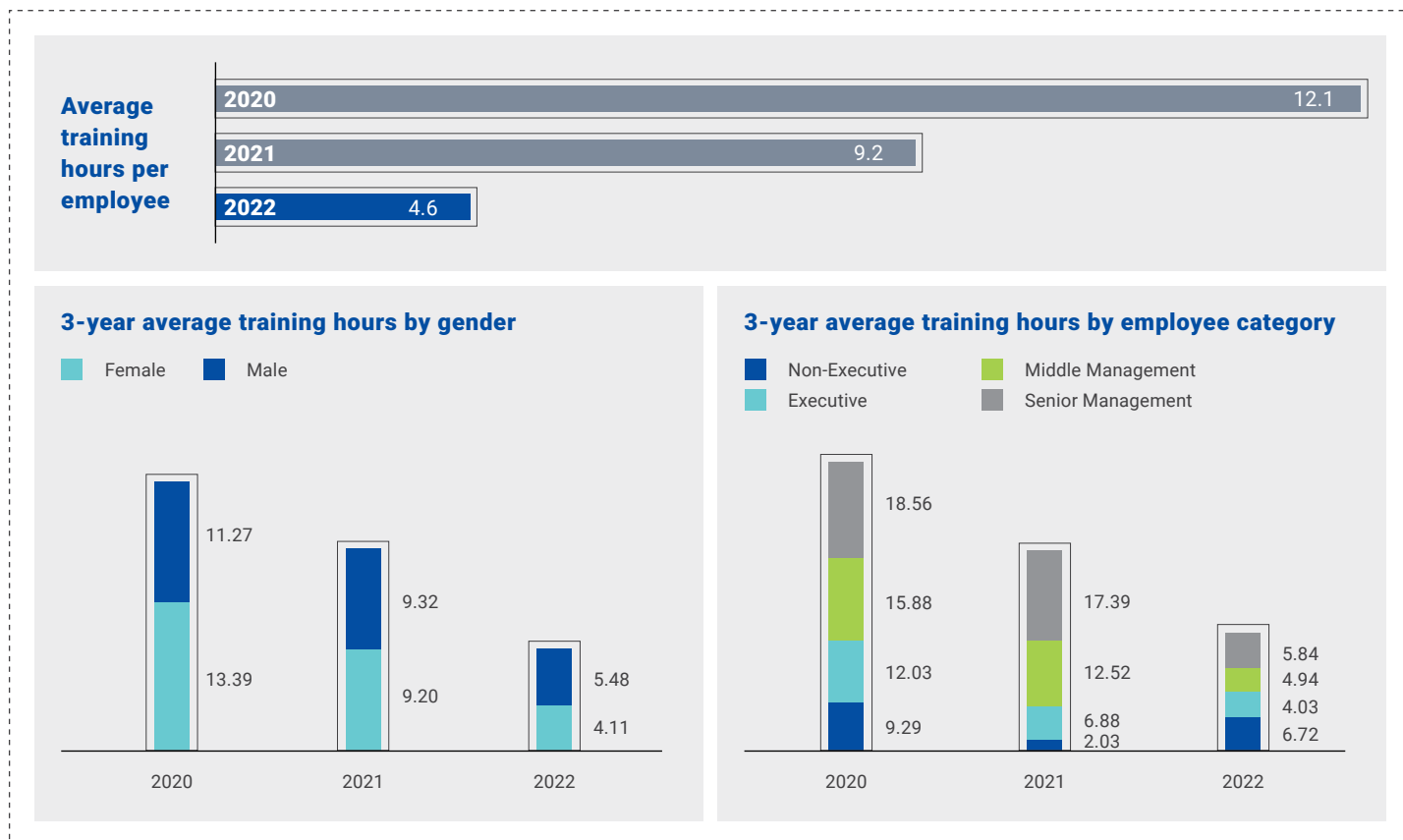
Training & Development

Developing our talent is a key focus for the Group to ensure we have the right people in place to allow us to grow our future leaders and strengthen our talent pipeline. 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 two 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.

In 2022, we conducted a total of 15,338 training hours and RM905,651 was spent on training and development which translated to RM272.21 per full-time employee.

OUR PERFORMANCE:
SOCIAL



3-year total training hours by each employee category

	2020	2021	2022
Total training hours, including for interns, GEP and consultant (hours)	19,990	11,229	15,338
Non-Executive	5,669	351	2,736
Executive	8,580	3,517	8,644
Middle Management	4,271	5,748	3,041
Senior Management	1,188	1,565	917
Total training development cost (RM)	525,000	1,353,652	905,651
Average training and development expenditure per FTE (RM/employee)		1,106	272.21

OUR PERFORMANCE: SOCIAL

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 in 2021. 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 on sustainability. Moving forward, identified courses will be rolled out to selected target groups within the organisation. In addition, we have been engaging with UN Global Compact Network Malaysia & Brunei to help drive our other sustainability initiatives such as exploring their platform to improve our supply chain assessment and data management. 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 Accelerator Programme to drive the Group's transformation strategy through a series of interactive workshops. The purpose of the programme was 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 across the organisation. Subsequently, 9 more workshops were conducted to a total of 348 employees. In 2022, a total of 28 workshops involving 323 executives and senior executives, 256 auxiliary police and 74 security personnel were conducted.

Light & Easy Sessions with Top Management



MRCB conducted several Light & Easy sessions with Senior Management aimed at providing a platform for our employees to connect with them, promoting open communication and encouraging feedback. Three separate sessions were conducted with our C-Suites (Chief Corporate Officer, Group Chief Operating Officer and Group Chief Finance Officer) involving 41 selected participants from the Middle Management level.

Future Leaders Competencies Development Programme (FLCDP)

This program was conducted by Leaderonomics between August 2021 to November 2022. Thirteen talents in our succession pool were initially selected for the programme where they underwent online and classroom training, as well as pre- and post-360 assessments by their direct reports and peers.

Performance and Career Development Reviews

MRCB conducts an annual performance review on all employees against their Key Performance Indicators (KPIs) set at the beginning of the year. In 2022, 100% of our employees had their performance reviewed. This helps us to identify strong performers for our Talent Management Programme and assist employees having difficulty to deliver their goals and optimise their potential. The performance of our Senior Management are also linked to MRCB's ESG material matters such as climate change performance. Their KPIs were cascaded down to the employees, tracked and reported annually.

OUR PERFORMANCE: SOCIAL

Graduate Employability Program (GEP)

Malaysian fresh graduates voted MRCB as the Top Graduate Employer in the Property and Development Industry in 2022. The results of the annual Malaysia's 100 Leading Graduate Employers were based on responses from more than 30,000 young Malaysians. The survey is Malaysia's longest-running annual national careers survey conducted by GradMalaysia. They are part of GTI Media, the world's largest graduate careers media group with almost 30 years of experience helping students and graduates across the United Kingdom, Europe, and Asia. This is a testimony to our efforts in 'Setting the Standard' in employer branding, employer value proposition and positioning MRCB as an employer of choice for graduates seeking careers in the industry. We continued to support young graduates from various local and international universities with the aim to enhance the employability of Malaysian graduates by developing their practical and soft skills. Graduates undergo 8-month to 1-year paid training and work experience. In 2021, we hired 19 graduates, of which 79% were female (figure corrected from 2021 IAR), and in 2022, we hired 33 graduates, of which 61% were female graduates.

Cybersecurity Awareness

Throughout 2022, we conducted a self-paced e-learning Security Awareness Training (SAT) series which consisted of watching 10 videos and answering quizzes at the end of each series. Topics of the series included fundamentals of information security, online scams, cyber espionage, malware and ransomware. The aim was to increase the awareness in maintaining the integrity and confidentiality of sensitive information and preventing threats and potential security breaches that could significantly impact the organisation.

HUMAN RIGHTS & LABOUR PRACTICES

MRCB strictly abides by the Malaysian Employment Act 1955, which prohibits exploitative labour practices, and the Children and Young Persons (Employment) Act 1966, which forbids the employment of children under the age of 14 or young persons under the age of 16. We also adhere to all international agreements preventing child labour and are committed to human rights and anti-slavery principles, regulations, laws as well as best industry practices. In upholding human rights, MRCB's Whistleblowing Policy is also applicable to individuals and communities whose rights are impacted by our business activities (please refer to page 176 for details on our Whistleblowing Policy). In 2022, MRCB is pleased to report no incidents related to non-compliance of human rights principles and labour standards.

MRCB also 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 6 months before they are absorbed as skilled labours. We have 41 foreign labours working at our project sites.

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, 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 and conducive environment for the workers.

Our human rights and labour practices are guided by our newly enhanced MRCB Human Rights Policy, which was published on our website in August 2022. The policy strengthens our commitment to upholding the United Nations Guiding Principles on Business and Human Rights (UNGPs), the United Nations Global Compact (UNGC), the International Labour Organization (ILO) 8 core conventions, and the United Nations Convention on the Rights of the Child (UNCRC). Other influential international initiatives, such as the Organization for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises, International Covenant on Economic, Social and Cultural Rights (ICESCR), and International Covenant on Civil and Political Rights (ICCPR) also guide our approach. We respect the rights of our employees, workers employed by others in our operations and our communities through our commitments which include, but are not limited to the following issues:

- Opposing Child Labour and Promoting Access to Education
- Opposing Forced Labour, Adopting Responsible Recruitment and Fair Living Wage
- Freedom of Association and Collective Bargaining
- Equality of Opportunity and Treatment, Non-Discrimination and Non-Harassment
- Human Capital Development
- Safety and Health at Work
- Indigenous People and Local Communities' Land Rights

Clauses communicating MRCB's expectations of its suppliers with regards to human rights have been embedded into our standard supply chain contracts. Any unremedied failures to comply with these expectations will result in suppliers being terminated.

OUR PERFORMANCE: SOCIAL

PEKA@MRCB Programme

As part of our inclusivity initiatives, our PEKA@MRCB programme launched in 2019 is still ongoing to support selected prisoners/offenders by providing upskilling and employment opportunities. The programme is part of the Yellow Ribbon initiative spearheaded by the Ministry of Youth and Sports in collaboration with the Malaysian Prison Department and MRCB. Due to the connection between poverty, incarceration and inequality, we believe that the programme provides those from underprivileged backgrounds with positive opportunities. It is aimed at helping those who deserve a second chance to be reintegrated back into society after the end of their prison sentences.

Our Human Rights Policy ensures that they are treated with respect and without discrimination. Participants are provided proper accommodation, transportation and three meals daily. They are also provided with a minimum basic salary, annual and medical leave benefits and insurance coverage. Since its inception in 2019, 345 prisoners/offenders have participated in this programme and 120 of them are currently now under MRCB's employment.

EMPLOYEE WELL-BEING AND ENGAGEMENT

Benefits and Welfare

MRCB endeavors to adopt industry 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 industry 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 2022, we recorded two employees utilising this benefit.

Key benefits provided to MRCB's full-time employees

Leave

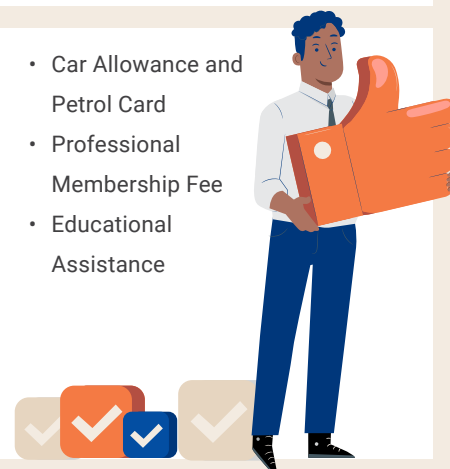
- Annual Leave
- Medical leave
- Emergency Leave
- Compassionate Leave
- Exam Leave
- Marriage Leave
- Prolonged Illness Leave
- Maternity Leave
- Paternity Leave
- Pilgrimage Leave
- Replacement Leave
- Family Care Leave

Medical

- Outpatient Treatment
- Hospitalisation Benefit
- Maternity Benefit
- Executive Health Screening
- Dental Benefit

Others

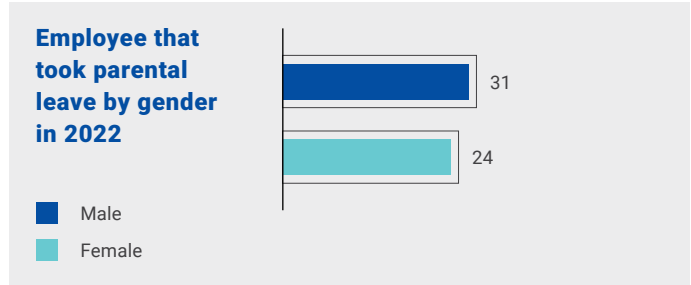
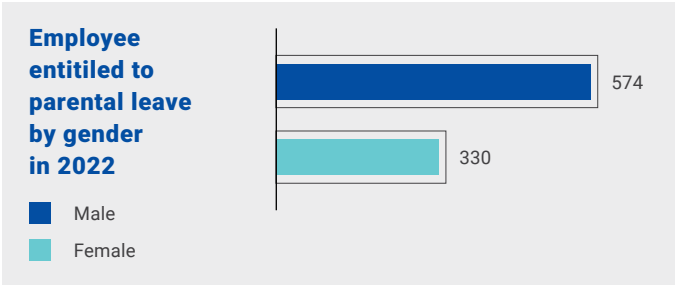
- Mileage Claims
- Hotel Accommodation & Air Travel
- Transfer Allowance
- Flexible Working Hours
- Mobile Phone Bill
- Parking Subsidy
- Broadband Subsidy
- Car Allowance and Petrol Card
- Professional Membership Fee
- Educational Assistance



Pro-family benefits

MRCB provides benefits and adopts welfare practices in line with the nation's pro-family legislation. In 2022, 330 female employees and 574 male employees were entitled to maternity and paternity leave, respectively. Of these, 24 female employees and 31 male employees utilised this benefit, and all returned to work after their leave ended, resulting in a 100% return to work rate. The retention rate for employees that remained employed after 12 months of their parental leave ended is 100% and 97% for female and male employees respectively.

OUR PERFORMANCE:
SOCIAL



Engagement Programmes

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.

Targeted topics such as sustainability matters, internal training and events, health and safety (including mental health awareness) and anti-bribery & corruption reinforcement are continuously curated and communicated to our workforce.

Sustainability Campaign

In 2022, we launched our sustainability campaign by distributing e-Posters to increase employees' awareness by sharing a series of basic knowledge on sustainability such as recommended practices to be more sustainable at home and in the workplace, so that all of our employees have a basic understanding of sustainability, why it is important for them and the organisation, and the roles they can play as individuals every day in helping MRCB meet its sustainability goals. Several other capacity building and upskilling programmes have been lined up in 2023.

Some examples of the EDMs on sustainability emailed to all staff during 2022

CONTINUE TO REACH FOR THE STARS

'5 STAR ENERGY RATING'

As promised in the previous EDM, let's talk about the tips!

Your electricity bills are only going to go higher if you stick to old appliances (more than 10 years of use). That's why we must switch to 5-star energy appliances - to save our pocket and our environment in one long swoop!

Here are some things to consider!

- Size matters - for fridges**
A fridge is the only practical appliance that we must switch on 24/7. To cut emissions and save our pockets, switch to a 5-Star energy fridge. When it comes to buying a fridge, it is important to consider the size.
There is no need to have a big fridge when you have a small family - or regularly dine out.
- Chase away old habits**
Yes, we've been talking about this a lot. But did you switch off your devices, computer or TV? If it is your habit to leave it in standby mode, opt for one with a 5-Star energy sticker.
The Sustainable Energy Development Authority (Seda) Malaysia determined that we waste 2.2 Watt of electricity hourly when our devices are left in standby mode - imagine how much it will cost over a year.
- Keep it chill**
Living in a tropical country like Malaysia has made us Malaysians inseparable from our air-cons and fans.
Air-con obviously harms the environment more than fans, especially in carbon emissions. But if you still enjoy the cold weather vibe, switch to air-con with a 5-Star rating - it takes less energy to chill a room.
Or set your air-con at 24°C - better yet, stick with fans.

Now you know that reducing carbon emissions is not that difficult, start making the first move!

Hey #TeamMRCB,

do you find yourself intimidated by the word **SUSTAINABILITY?**

You're not alone!

Join us as we peel back its layers! Keep your eyes open, engage and let's dive into a sustainable future together!

Stay tuned for more updates!

Hey #TeamMRCB, keliru dengan konsep **KELESTARIAN?**

Jangan risau, **anda tidak keseorangan!** Jom belajar apa itu kelestarian dan bagaimana kita boleh menyumbang ke arah masa depan yang lestari!

Nantikan informasi yang akan datang!

SUSTAINABILITY BUZZWORD

Do you remember what **Greenhouse Gases (GHG)** are?

Carbon Dioxide (CO2) is one of the many gasses that works to trap the Sun's heat close to Earth. If it weren't for CO2, Earth's oceans would be frozen and we would be freezing!

So, why is carbon emission such a viral buzzword these days?

Our largest storage of carbon comes from decaying plants and animals within the earth's crust that we call fossil fuel. When fossil fuels burn, we mostly get three things: heat, water and CO2.

While CO2 is good at keeping us warm and toasty - the drastic rate at which we are releasing it into the atmosphere is causing Earth to get even warmer.

When the amount of CO2 in the atmosphere goes up, Earth's temperature goes up, and in turn the CO2 in the atmosphere goes up even more - creating an endless cycle, which contributes to global warming!

And that's what makes the Earth now hotter than it was a hundred years ago!

Check out this video for more clarity!

Keep an eye out for how we can reduce our carbon emissions using a specific indicator on office and home appliances in the next EDM!

How to have a 'Green' Celebration This Year End?

The festive season is just around the corner and as preparations are in full swing, let's be mindful to be environmentally-friendly while we celebrate!

Here are things to consider this festive month!

- Secret Santa - But Use Your Own Wrapper**
Did you know that if the wrapping paper has metallic foil, glitter or even texture to it, it is not recyclable? So rather than spending money on wrappers that will eventually be ripped apart, opt for old newspapers for rustic vibes.
Even better, you can adopt furoshiki and use beautiful old fabric as a gift wrapper!
- Festive trees - made easier**
You're going all out for Christmas? Then don't always stick with artificial PVC trees. Cut or potted real trees are a much greener option than artificial ones.
But if you have limited space and don't have a green thumb, just pile up books with green covers in the shape of a tree!
- Sustainable Fashion Sense**
You can also apply sustainability to your fashion! If you don't mind having hand-me-down festive attire, you could purchase something vintage from a secondhand store.
Or you could organize a festive attire exchange with similar sized friends - just like a gift exchange but with clothes!
- Watch your waste**
You don't celebrate Christmas but are here to hop on the benefits? We're all in for the discount buys. But don't turn into a panic buyer and buy too much food or decorations. Plan ahead and get your hand on things that you really need.
Make a list of ingredients for the meals you plan to cook and be creative with leftovers. Reuse decorations or make them yourself!

Now you know that enjoying an eco-friendly holiday is not that difficult, start making the first move!

OUR PERFORMANCE:
SOCIAL

Celebration of Hari Raya Aidilfitri & Hari Merdeka

In May 2022, we organised a Hari Raya Aidilfitri Open House – the first physical get-together since the pandemic began. All employees were encouraged to wear Malay traditional outfits, and the event was participated by 1,600 people including our Board members, Senior Management and staff. This event helped promote inclusivity and show our appreciation to all our employees, following two very challenging years during the COVID-19 pandemic.

On 30th August, 500 employees gathered both physically and virtually to celebrate Malaysia’s 65th Hari Merdeka. A special video was played at the event featuring several employees sharing their views on what Merdeka means to them. A poem entitled ‘Teguh Berdiri’ was also delivered from the perspective of a Generation Z person. The campaign kicked off with a series of educational content to educate our employees about the nation which included facts about our national anthem ‘Negaraku’, the coat of arms ‘Jata Negara’ and the Malaysian flag ‘Jalur Gemilang’.



MRCB Wellness and Mental Health Programme

MRCB provides support on improving physical and mental health, and continues to partner with a digital healthcare provider that provides employees access to professional psychologists and health coaches. A mental health workshop was also conducted in conjunction with World Mental Health Day, providing employees tools to manage their mental health such as how to identify symptoms and cope with stress. Employees were also provided a platform to share their views and experiences, helping to dispel the taboo that mental health should be kept secret. One-on-one confidential therapy sessions with a professional clinical psychologist were also offered to employees in September 2022. 10 sessions per day were offered across two days at our headquarters. In 2022, a Free Health Assessment was provided to all employees by our external healthcare provider to determine basic health indicators, which included blood pressure, cholesterol and blood sugar levels. A total of 167 employees participated in checking their health conditions.

The importance of mental health is consistently communicated

**SPEAK OUT
SEEK HELP**

EXCLUSIVE FOR YOU!

As part of our wellness offering, you will be able to schedule a 1-on-1 confidential therapy session with a professional Clinical Psychologist on 13th & 14th of September.

OUR PERFORMANCE:
SOCIAL**Internal Associations or Clubs**

MRCB encourages employees to participate in the company's social and volunteer associations that are physically, spiritually and mentally beneficial. 'Pertubuhan Khairat MRCB' is a volunteer-led charity association consisting of Muslim employees, with the objective of providing help and financial support to families of deceased employees. The 'Pertubuhan Khairat MRCB' also regularly organises motivational talks from renowned Islamic speakers. On the social front, 'Kelab Kebajikan & Rekreasi' (KKRM) organises social and sports activities with the purpose of enhancing teamwork, cooperation and giving back to the community. Activities include badminton sessions, bowling tournaments, fund raising events and an annual treasure hunt. This year, the KKRM Lagenda Treasure Hunt was conducted in September 2022 with the participation of 120 KKRM members. The treasure hunt took place between Kuala Lumpur Sentral Station and Langkawi Island and involved activities that included a sandcastle building competition, prize giving ceremony and dinner by the beach. Cash prizes up to RM10,000 were given to the first, second and third placed winners.

**Flood Preparation and Volunteer Programme**

In anticipation of the year-end monsoon season, the MRCB Flood Committee was set up and a "Flood Preparedness Survey" was conducted in November to gather information that could be used to help the Committee plan and mobilise a disaster recovery programme for any affected employees. A Flood Volunteer Programme was also set up, in which 35 employees volunteered and prepared to assist flood victims by packing basic necessities, clothes and food. While none of our employees were affected by the flooding across the nation in 2022, our volunteers managed to distribute hundreds of boxes to other flood victims. The items donated consisted of 80 boxes of dry food and toiletries, 80 boxes of mineral water, 23 boxes of assorted clothing, 50 sets of cleaning materials and supplies and 1,200 cloth face masks.

Below is a summary of some of our key employee engagement programmes in 2022.

Month	Programme
January	<ul style="list-style-type: none"> • People Transformation Accelerator Program <i>A programme to initiate behavioural change within the work environment</i> • COVID-19 Vaccine Booster Survey
February	<ul style="list-style-type: none"> • Talk on "Welcoming The New Year With Great Mindset!" by a psychologist coach <i>Talk on how to keep mentally focused and driven by optimism in achieving goals and potential</i> • Integrity Awareness Program: Tumbuk Rusuk – "Break The Silence" <i>To provide a better understanding of the importance of integrity in conducting business activities in the workplace and the consequences of committing bribery and corruption-related offenses</i>
March	<ul style="list-style-type: none"> • "How to be Productive at Work" conducted by a clinical psychologist <i>Provided participants with tips and a guide to be more proactive and productive at work</i> • Women's Empowerment Month featuring a virtual talk titled "Breaking the Bias: A Modern Women with Important Roles" with a clinical psychologist and our own Head of Finance
April	<ul style="list-style-type: none"> • Light & Easy session with our C-Suites
May	<ul style="list-style-type: none"> • Staff Hari Raya Aidilfitri Open House
August	<ul style="list-style-type: none"> • Merdeka Celebration & Merdeka Theme Day
September	<ul style="list-style-type: none"> • Mental Health Day Talk & Workshop: "It's Ok to Not Be Ok" • KKRM Lagenda Treasure Hunt
October	<ul style="list-style-type: none"> • Volunteer programme in collaboration with Yayasan MRCB and Malaysian Relief Agency (MRA) Perak, to provide aid to the Orang Asli communities in Gerik
November	<ul style="list-style-type: none"> • Survey on flood preparation to gauge our employees' readiness and how many may be affected • Flood relief efforts through collection and distribution of basic necessities, clothes and food
December	<ul style="list-style-type: none"> • "Kick It with the Visually Impaired!" <i>A futsal tournament with the National Blind Football Team to increase awareness on Persons with Disabilities</i>

OUR PERFORMANCE: SOCIAL

HEALTH & SAFETY

MRCB is committed to providing a safe work environment for all its employees in its offices, facilities and its construction sites. We also recognise that we have a wider responsibility in safeguarding the health, safety and well-being of our sub-contractors, suppliers and the public who have contact with our projects, or live and work in the vicinity of our development projects.

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 our daily "Tool-Box" sessions at our construction sites, electronic direct mail communication, videos displayed at waiting areas in our building, and notices at strategic areas around our construction 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's 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
- To motivate and raise awareness on issues pertaining to Safety and Health (S&H)

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

Under our subsidiary MRCB Builders Sdn. Bhd., 82% of our operations obtained ISO 45001:2018 certification, while 100% are certified by ISO 9001:2015 Quality Management Systems. 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 are committed to continuous improvements and have updated our QESH objectives in 2022 to include the target of Zero Fatalities as follows:

- To achieve minimum 80% SHASSIC CIDB/ESH Audit's rating
- Incident rate less than 2.50. (Please refer to page 132 for details)
- Ensure 85% of Non-Conformance Reports (NCR) are closed immediately (less than 7 days)
- Zero Stop Work Order (SWO) issued by client or relevant authorities
- Target Zero Fatalities

The personnel responsible for health and safety are the Executive Vice President (EVP) of Security, Group Chief Operating Officer (GCOO) 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 as a permanent agenda item. 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 Stop Work Orders (SWO) issued
- ESH Audit, ESH inspection & induction and ESH Training (in-house and external)

OUR PERFORMANCE:
SOCIAL

Managing Safety and Health Risk at the Workplace

We have established an SOP for Hazard Identification, Risk and Opportunity Assessment and Determining Control (HIRADC) for our headquarters and buildings 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. We take a proactive role in identifying potential work-related hazards that could cause high-consequences injuries. To ensure our workplace is always safe, HIRADC analysis is conducted at least once annually at our headquarters and half-yearly at project construction sites or as and when necessary. All risks are properly identified and the necessary precautions are taken before any work is carried out.

We also have an Emergency Response Plan for incidents such as people falling from heights, fires and explosions, landslides, chemical spillage, and floods. For very serious emergency incidents such as fatalities, structure collapse or accidents involving transmission lines, SWO 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 SHASSIC. SHASSIC is an independent method undertaken by the Construction Industry Development Board (CIDB), the 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 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 systems planned and implemented with evidence of good commitment from top management to manage OSH at all times.

The following are MRCB project sites that were assessed and achieved SHASSIC certification in 2022.

Project Sites	SHASSIC Star Ranking
Sentral Suites	72% ★★☆☆
Alstonia	87% ★★★★★

Safety and Health Training

As well as our daily “Tool-Box” sessions, which are briefings of safety measures to supervisors, workers, and safety teams held before commencing their respective duties at our construction sites, safety and health training and development programmes 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 2022, a total of 507 people consisting of employees, site workers and contractors attended 18 training modules in 36 conducted trainings. The training modules are listed below.

Training Modules
• Forklift Safety Training
• ESH Induction for New Staff
• ESH Induction for ODS, Sungai Buloh Prison
• Legal, QESH & HIRADC Training
• Road Roller – Vibration Roller Training
• Working At Height
• Suspended Working Platform
• Accident Investigation Training
• Tips to Become Effective Trainer
• Lifting Awareness Training
• Tower Crane Inspection Training
• Bobcat Training Assessment
• Permit to Work
• Passenger Hoist Safety Operation Training
• Telehandler Safe Operation
• Scheduled Waste Management Training
• Office Safety

OUR PERFORMANCE: SOCIAL

Safety Incidents

All incidents and indicators are evaluated based on the reporting period, except for the incident rate which is effective from September 2021 to August 2022. This is to accommodate the Management Review Meeting (MRM) which is held in October/November of each year. In 2022, we achieved 3 out of 5 QESH objectives.

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 2022, three of our projects (Sentral Suites, PR1MA Brickfields and 9 Seputeh) achieved more than 1 million-man hours without Lost Time Injury (LTI). 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. Our safety and health performance has been partially assured by an independent party, BSI Services Malaysia (disclosed on pages 232 - 234 of this report).

Total man hours at project sites by business segments

Man Hours	2020	2021	2022
Engineering, Construction & Environment (ECE)	6,803,580	8,450,077	8,258,636
Property Development & Investment (PDI)	322,548	269,030	674,162
Total Man Hours	7,126,128	8,719,107	8,932,798

Number of incidents at project sites by type

Type of Incidents	2020	2021	2022
Ill Health	0	0	0
Near Miss	0	0	2
First-aid Cases	1	1	0
Medical Treatment	0	0	0
Minor Injuries	0	4	0
Major Injuries	0	1	1
Fatality	1	2	0
Lost Time Injury (LTI)	2	3	1
Environmental Incident	0	0	0
Property Damage	1	1	1
Dangerous Occurrences	0	1	0
Fire	0	0	0
Stop Work Order (SWO) Received from Authorities	1	1	1
Notice of Prohibition (NOP) Received from Authorities	1	7	0

Safety performance at project sites

Safety Matrix	2020	2021	2022
Incident Rate* (Incidents per thousand workers)	0.3	1.83	1.63
Rate of Recordable Work-Related Injuries (Injury Rate) (Injuries per million man-hours worked)	-	1.18	0.12
Lost Time Incident Rate (LTIR) (Incident per million man-hours worked)	-	0.36	0.12
Fatality Rate	-	0.24	0

- * Reporting period follows the MRM (September of the previous year to August of the current year). Does not include projects which are not ISO 45001:2018 certified.
- The safety and health performance data applies to our ECE segment (MRCB Builders) unless otherwise stated.
- LTI includes employees and contractors at project sites.

OUR PERFORMANCE:
SOCIAL

Safety matrixes allow us to formulate policies and programmes for the prevention and reduction of occupational injuries, illnesses and fatality. They measure the likelihood of unexpected and unplanned occurrences of fatal and non-fatal injuries and illnesses arising out of or in connection with work per thousands of workers. In our efforts to reduce injuries and accidents at our project construction sites, we continue 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 2022, we had one (1) major injury, two (2) near misses, and one (1) property damage. We were also issued one (1) SWO by the Ministry of Health Malaysia (MOH). Following the report of the major incident at MRT V210, a detailed investigation was conducted to determine the root cause of the incident. Corrective actions were taken to prevent the recurrence of the incident such as providing refresher training courses on safe lifting, properly inspecting lifting gears before work commences and ensuring full supervision by the lifting supervisor. We encourage workers or employees to report any incidents that occur without fear of repercussions for reporting to ensure the well-being of everyone at our project sites.

No	Incident	Project	Remarks
1.	Major Incident	MRT V210	A worker was injured while transferring a concrete barrier with a lorry crane. The barrier hit the worker's right forearm which caused a deep laceration. The worker was immediately sent to a nearby clinic for outpatient treatment.
2.	Property Damage	SEJE	During stringing work for Top Line 2, the cross arm bent over causing minor damage.
3.	Near Miss	DASH CB2	A portion of a safety catch net was detached from its bracket and fell on the road shoulder. Investigation conducted identified the cause to be heavy rain and strong winds.
4.	Near Miss	Sentral Suites	Due to unfavorable weather condition, two aluminum panels fell from Level 42 to Podium 8 at Tower 2 of the Sentral Suites development. No injury reported.
5.	SWO	Sentral Suites	SWO issued by Ministry of Health due to larva siding.

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 is delivered at the workplace, and where no further medical treatment is required by medical practitioners
Medical Treatment	Cases 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 1 year of the accident
Environmental Incident	<ul style="list-style-type: none"> Minor: Simple contamination with localised effects for short duration Major: Simple contamination with widespread effects to heavy contamination with localised effect for extended durations Catastrophic: Very heavy contamination with widespread effects for extended durations
Property Damage	<ul style="list-style-type: none"> Minor: Incident with damage to properties with estimated cost below RM150,000 Major: Incident with damage to properties with estimated cost from RM150,000 to RM500,000 Fatal/Catastrophic: Incident with damage to properties with 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)

OUR PERFORMANCE:
SOCIAL

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 make a difference. Our initiatives are aligned not only to our values, but also to the UNSDGs.

Volunteer Programme

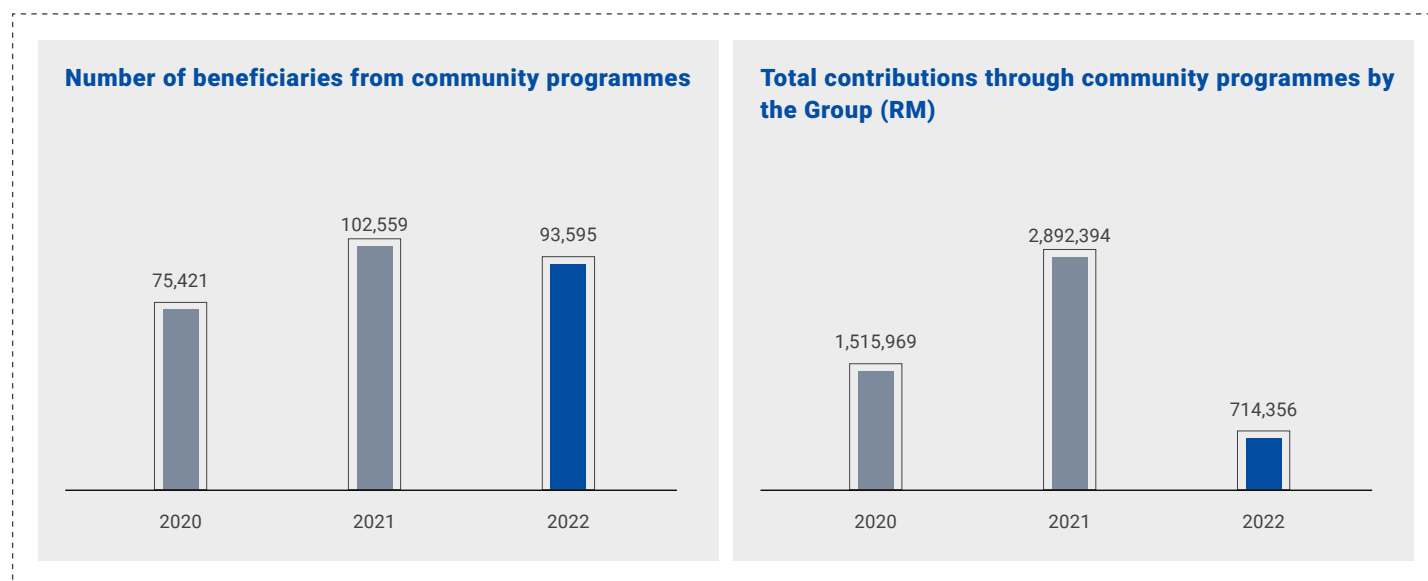
Yayasan MRCB in collaboration with Malaysian Relief Agency (MRA) Perak organised a volunteer programme in October 2022 to provide aid to the Orang Asli communities in Kampung Klewang and Kampung Kuala Sungai Tahan, Gerik. A total of 27 volunteers participated in assisting with medical checkups and medication distribution, organising a coloring contest and telematch games with the children. We also distributed clothes, food, books, toys and other daily necessities to the villagers.









A clothing donation drive and volunteer programme for flood relief efforts were also conducted in 2022, offering physical help after the floods to clean affected households, as well as to pack and distribute daily essentials, food rations and clothes to affected communities.

OUR PERFORMANCE:
SOCIAL**Community Contributions**

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 programs 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 key contributions in 2022 to various beneficiaries such as schools, hospitals, and other organisations, to improve their well-being.

Contribution Description	Beneficiaries	Amount (RM)
Community Well-Being & Development		
	     	
1. Donated an ambulance to Klinik Kesihatan Damak Jerantut	50,000 patients	172,975
2. Donated 6 months' worth of essential food items	300 individuals from 3 Charity Homes: 1) IQ70 Plus centre for mentally challenged children 2) Rumah Sentuhan Budi 3) Pertubuhan Kebajikan Anak Yatim dan Asnaf Teratak Ummi	20,838
3. Donated medical equipments to Unit Hemodialisis (PDRM) in Shah Alam	5 patients	15,809
4. Collaborated with MRA Perak to organise a three-day Community Engagement Programme with Orang Asli	200 Orang Asli	15,000

OUR PERFORMANCE:
SOCIAL

	Contribution Description	Beneficiaries	Amount (RM)
5.	Donated to Hospital Kuala Lumpur (HKL) to help B40 patients pay rental fees for a one-unit halfway home for a duration of 1 year	1,800 B40 patients	9,000
6.	Donated 63 units of food baskets to help the asnaf and B40 communities through the Kuala Lumpur & Selangor Coalition of Women Organisations (KLSCWO)	63 B40 families	8,289
7.	Donated 45 units of food baskets to help the asnaf and B40 communities in Puchong and Seri Kembangan	45 B40 families	6,189
8.	Provided financial assistance to a B40 individual to pay for dialysis treatment	1 B40 individual	6,000
9.	Donated to St. Barnabas Home to support renovation works	100 orphans	5,000
10.	Donated essential food boxes to B40 individuals	1 B40 individual	1,196
11.	Donated 98 packs of iftar meals to frontliners (B40 category) of KLIA	98 B40 frontliners	980
12.	Donated 50 packs of lunch to orphans from Raudhatul Al-Faez	50 orphans	500
13.	Donated to Tabung Amal TYT YDP Pulau Pinang to be distributed to relevant charities and beneficiaries	150 disabled community and B40	15,300
14.	Donated to The Shah Alam Rovers Football Club to support sports and youth activities	120 youths	2,000
15.	Donated to the Malaysian Fire and Rescue Department Welfare Association (JBPM Welfare Association)	50 frontliners	1,000
16.	Contributed to the 50 th Anniversary of Board of Engineers Malaysia	1,000 professionals	5,000
17.	Donated to Kelab Polis Latihan Polis KL	24 trainees	5,000
18.	Donated to support Universiti Pertahanan Nasional Malaysia (UPNM) for their Merdeka Campaign Programme 2022	2,000 university students	10,000
19.	Donated to the Society For The Prevention of Cruelty to Animals (SPCA)	Rescued dogs and cats	15,000
20.	Donated to Persatuan Kontraktor Melayu Malaysia	500 members of PKMM	5,000
21.	Contributed to Badan Amal Kasih Sayang Malaysia (BAKASA) and Badan Kebajikan Keluarga Angkatan Tentera Malaysia (BAKAT) to support the underprivileged	250 underprivileged families	10,000
22.	Contributed to the 'Majlis Makan Malam Ulang Tahun Berita Harian ke-65'	250 media practitioners	1,000
23.	Sponsored and participated in the Majlis Bandaraya Petaling Jaya (MBPJ) Charity Golf Tournament - PJ City Food Bank	200 underprivileged families and 21 children and elderlies from an orphanage and an old folk's home	5,000

OUR PERFORMANCE:
SOCIAL

Contribution Description	Beneficiaries	Amount (RM)
Education		
		
24. Donated to Pusat Kreatif Kanak-Kanak Tuanku Bainun for their 1-year Programme "ArtSpire" for disadvantaged children and youth	166 disabled children	50,000
25. Sponsored students for Malaysian Student Leaders' Summit (MSLS) XVI 2022	500 students	5,000
26. Donated to the Charity Premiere of Big Men In Town in support of quality education for underprivileged communities	500 underprivileged individuals	5,000
27. Contributed cash donation to Persatuan Alumni Kurnia to support their forum called "First Period Talk" for autistic teenagers	150 autistic teenagers from Persatuan Alumni Kurnia	5,000
28. Donated 2 units of computers to SK Seksyen 7 Kota Damansara	130 students	5,000
29. Donated a projector, amplifier and speaker system for SK Kuala Perai to set up a digital studio	150 students	5,000
30. Donated a projector, amplifier and speaker system for SK Pengkalan Jaya to set up a digital studio	150 students	5,000
31. Donated tables and chairs to SK Putrajaya Presint 14(1)	40 students	3,980
Natural Disaster Assistance		
		
32. Donated to victims of a fire incident in Kudat, Sabah	52 B40 families	26,000
33. Donated to Pertubuhan Cakna Rakyat Rantau Panjang to provide food boxes to families affected by floods in Rantau Panjang, Kelantan	10,000 flood victims	25,000
34. Donated to Kelab Sukarelawan Kebajikan Salor to provide food boxes to the families affected by floods in Pasir Puteh and Pasir Mas, Kelantan	5,000 flood victims	10,000
35. Donated 150 units of pillows and blankets to flood victims in Karak, Pahang	150 B40 families	3,300

Note: The list is not exhaustive and as such will not tally with the graphs depicting our annual reach and contributions on page 135.

OUR PERFORMANCE: ENVIRONMENTAL

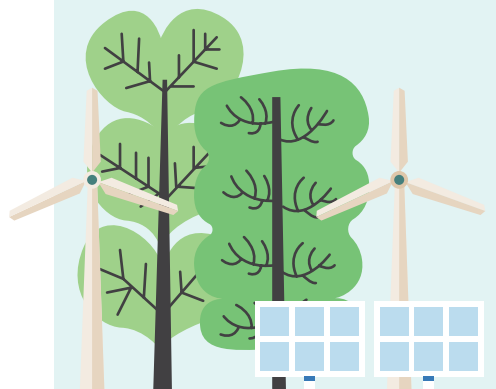
OUR ENVIRONMENTAL PERFORMANCE

Carbon Emissions Intensity Reduction

↓ 65%

Carbon Emissions Absolute Reduction

↓ 8%



Note: Emission changes are measured against baseline year 2020

OUR COMMITMENT TOWARDS NET ZERO CARBON (SCOPE 1 & SCOPE 2) BY 2040

Malaysia, as a nation, has been responsible for only 0.37% of global cumulative anthropogenic CO₂ emissions¹ since 1890². While Malaysia may be a relatively small emitter, its carbon emissions have increased by more than 3-fold in the past three decades to 256.05 million tonnes, representing 0.69% of global emissions in 2021². Being a signatory of the Paris Agreement, Malaysia has pledged to reduce its economy-wide carbon intensity (against GDP) by 45% in 2030 compared to its 2005 baseline and aspires to achieve Net Zero GHG emissions by 2050³.

In alignment with global goals, the Paris Agreement, and the national goal, as well as in support of policies on climate change, our Climate Strategy Framework was created with the objective of responding to environmental challenges, while working to sustain our business activity and operability, and taking advantage of opportunities. While we support Malaysia's national target of achieving Net Zero for Scopes 1, 2 and 3 by 2050, our ambitions are tempered by practical industry and supply chain obstacles that need to be considered to ensure any initiatives we undertake can have a meaningful impact, particularly against the capital we will need to invest in this endeavour. To this end, we have developed a more manageable and implementable target to achieve Net Zero Carbon for only Scopes 1 and 2 by 2040, through reducing GHG emissions that are within our control, our venture into waste-to-energy and neutralising residual emissions. As for Scope 3, it involves emissions associated with activities not within our operational control, and as such, will require more time for us to execute plans to see impactful results coming from any Scope 3 reduction initiatives. A large part of the challenge lies within the fact that Scope 3 reporting requires industry-wide cooperation and commitment to achieve this goal. This is particularly challenging when cement production, a large component of the raw materials used in construction, is one of the highest carbon emitting materials, accounting for 7% of total global carbon emissions. However, while we are not alone in facing these difficulties and defining boundaries, we acknowledge the importance of reducing Scope 3 emissions as much as possible. We therefore aspire to reduce 25% of our Scope 3 emissions by 2030, by collaborating, and if need be, applying pressure on our business partners within our supply chain. We shall conduct a thorough Scope 3 screening of our business to fully understand its profile before focusing on the categories to work on and implementing more ambitious long-term Scope 3 emissions reduction targets.



The facade of the National Stadium completed in 2017, incorporated energy saving LED lights

Source:

¹ Global Carbon Project (2021).

² Our World in Data. Malaysia: CO₂ Country Profile. (www.ourworldindata.org)

³ The Government of Malaysia. 2021. 12th Malaysia Plan.

OUR PERFORMANCE:
ENVIRONMENTAL

We are also developing strategies aimed at managing both transition and physical climate risks and taking advantage of the opportunities aligned with the Task Force on Climate-Related Financial Disclosures (TCFD) framework, and working on initiatives to transition towards a low-carbon economy, as well as addressing climate adaptation. Our climate strategy consists of three (3) key objectives:

WHAT?	WHY?	HOW?
<p>1 Mitigating GHG emissions</p>	<p>The management of fossil fuel and use of non-fossil energy sources such as renewable energy can reduce carbon emissions and pollution, as well as prevent damage to biodiversity and the natural ecosystem.</p>	<ul style="list-style-type: none"> • Reduce and neutralise Scope 1 and Scope 2 carbon emissions by setting science-based carbon emission reduction targets • Reduce Scope 3 carbon emissions by managing our supply chain • Electrification of plants/machineries • Increase usage of certified renewable energy • Source greener construction materials locally • Expand our innovative construction method, MRCB Building System (MBS), and reduce construction waste generated • Incorporate solar panels for common areas of the buildings we manage • Innovate and adopt new emissions reduction technologies such as our future waste-to-energy project • Embark on carbon sequestration • During the construction phase, to continue to use electricity sourced directly from the power grid supply to reduce reliance on diesel generators
<p>2 Transitioning to low carbon</p>	<p>Businesses transitioning to a low carbon business model will need to adjust their processes and policies to ensure adherence to new requirements.</p>	<ul style="list-style-type: none"> • Enhance sustainable business practices through sustainable finance and sustainable procurement • Enhance green infrastructure practices through research & development and utilising low carbon construction materials • Develop internal carbon pricing • Continue developing Green buildings • Increase efficiency of our District Cooling Systems (DCS) plants
<p>3 Managing physical climate risks</p>	<p>Physical risks, such as droughts, floods, extreme precipitation and wildfires, if left unmanaged can lead to catastrophic loss and damages. Malaysia has been and will continue to be vulnerable to extreme weather events that could lead to severe flooding, extreme heat in urban centers or sea level rising around coastal areas. This in turn could threaten water supply and food security.</p>	<ul style="list-style-type: none"> • Climate adaptation to reduce and mitigate against the negative impact of climate change by conducting qualitative and quantitative climate risk assessments, implementing systems to monitor climate change and adjusting existing policies • Design buildings and infrastructure to ensure they are built to withstand adverse impacts from climate change • Ensure air quality, lighting, thermal conditions, and all other ergonomics are optimised for comfort of occupants • Reduce conventional construction methods and opt for our innovative modular construction technology, MBS

For further details, refer to our Climate Strategy Framework on page 22.

OUR PERFORMANCE: ENVIRONMENTAL

MRCB'S CLIMATE RISKS & OPPORTUNITIES GUIDED BY THE 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 qualitatively 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. A summary of our 2022 disclosures are listed below.

TCFD Recommended Disclosures	Our Approach / Where it is Reported
<p>Governance The organisation's governance around climate-related risks and opportunities.</p>	<p>Our Board has oversight of our sustainability agenda including climate-related matters (risks and opportunities). Climate-related risks are embedded into the Group's Key Enterprise Risks (KER), which is approved by the Audit & Risk Management Committee (ARMC) and the Board, and are specifically monitored under KER5: Environmental, Social and Governance Risk. For further details, refer to pages 72 - 81.</p> <p>The Sustainability Management Committee (SMC) was established with the approval of the Board to address our climate-related risks and opportunities, support strategic planning for sustainable development, and manage overall risks. The SMC comprises Heads of Divisions/Departments for all of MRCB's core operations and corporate functions, who provide insight and strategies for emissions reductions initiatives and other sustainability matters. Our Chief Corporate Officer chairs the SMC and reports to the Board on all sustainability and ESG related matters, including climate-related issues and ESG performance, each quarter for further deliberation. ESG matters are a permanent Board Agenda item, and MRCB's GHG emissions, among other indicators, are tracked and presented to the Board.</p> <p>Sustainability performance has also been embedded into the Senior Management's Key Performance Indicators (KPIs), which are linked to their remuneration. These climate-related targets are also cascaded to employees within the Group and reviewed annually.</p> <p>For more details on our Sustainability Governance, refer to page 24.</p>
<p>Strategy The actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning where such information is material.</p>	<p>In 2022, we have developed a high-level Climate Strategy Framework to drive our climate action strategy by focusing on transitioning to a low-carbon economy, reducing our carbon footprint and managing emerging physical climate risks. Our Climate Strategy Framework can be read on page 22.</p> <p>In 2023, MRCB will conduct a detailed quantitative assessment on the financial impacts of our largest assets' exposure to the most material climate risks.</p>

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TCFD Recommended Disclosures	Our Approach / Where it is Reported
<p>Risk Management How the organisation identifies, assesses, and manages climate-related risks.</p>	<p>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 conducted a hotspot analysis of our physical and transition risks, incorporating scenario analysis as recommended by TCFD. Our approach to conducting this qualitative assessment and its results are detailed on pages 141 - 144.</p> <p>Climate-related risks are embedded into the Group’s KERs, which are approved by the ARMC and the Board, and are specifically monitored under KER5: Environmental, Social and Governance Risk.</p> <p>In addition, we have expanded our material matters to include more climate-related matters, which are now expanded into Climate Transition Risk, Physical Climate Risk and GHG Emissions. For more details on our material matters, refer to pages 56 - 62.</p> <p>Climate change risks are managed under the Group’s Enterprise Risk Management framework and embedded into our risk registers. All departments and business units need to consider the impact of physical climate risks on their operations, monitor their risk indicators and prepare action plans to mitigate such risks. These are reviewed by the operating units every quarter.</p> <p>Our climate change risk controls include the quarterly reporting of our GHG emissions to the Board.</p>
<p>Metrics and Targets The metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.</p>	<p>We recognise the crucial role the business community can play in minimising the risk climate change poses to the future of our planet. In 2022, our GHG emissions calculation was in accordance with the World Business Council for Sustainable Development (WBCSD) and World Resources Institute’s (WRI) GHG Protocol.</p> <p>MRCB is also committed to Science-Based Targets initiatives (SBTi) and has established a yet to be validated target to reduce Scope 1 and Scope 2 carbon emissions by 4.2% annually, which is aligned to the 1.5°C scenario. In 2022, we set short, medium and long-term carbon emissions reduction targets, which is disclosed in our Climate Strategy Framework on page 22.</p> <p>We also manage the eco-efficiency of our energy, water and waste through ISO 14001 Environmental Management System and our QESH Policy. 100% of ongoing construction sites undertaken by the ECE Division are ISO 14001:2015 certified.</p> <p>The disclosure of our Scope 1, 2, and 3 carbon emissions reduction performance against our 2020 baseline and other environmental performance data can be found on pages 145 - 156 of this report.</p>

Climate Related Risks and Opportunities Assessment

Physical Risk Assessment

A physical risk assessment of the natural hazards of all of our 30 material assets was conducted to better understand the identified physical risks, and strengthen our strategic resilience against the impacts of climate change under different climate scenarios. This assessment was conducted for the following scenarios over the time horizons of 2030 and 2050:

- 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, which will likely result in severe changes in the climate.

OUR PERFORMANCE: ENVIRONMENTAL

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 assets and business units. Following that, the high level implications of each natural hazard on our assets and business units were identified along with feasible mitigation measures for adaptation.
- In 2023, a quantitative financial risk assessment will be conducted on our largest and most material assets.

Preliminary Physical Risk Assessment Results

Physical risks are multidimensional and complex requiring assessment on each component – hazards, exposure and vulnerability. In our initial approach, our assessment has been conducted qualitatively, assessing selected hazards for discovery of acute and chronic risks that are likely to affect the location of our assets. The results of the qualitative assessment has provided us with a basis to understand the broad risks that may impact our assets, and will require a detailed quantitative analysis to determine asset-specific risks and their financial impact to MRCB. This exercise will be conducted in 2023.

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 the Pacific Ocean basin, therefore some of the asset locations may be affected in the 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)

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A summary of the qualitative assessment of the 30 assets assessed is disclosed below and shows the possible hazard category for each of our assets under the RCP 4.5 and 8.5 scenarios for the baseline year (BSL), as well as in the medium (2030) and long (2050) term.

		MRCB's ASSETS								
		01, 04, 05, 07, 08, 14, 15, 16, 17, 18, 19, 21, 24	02	03	06, 10, 12, 13, 25, 26, 27	09, 11	20	22, 23	28, 30	29
WATER STRESS	BSL	Low	Low	Low	Low	Low	Low	Low	Low	Low
	2030	High	High	Low	High	Medium	High	High	Medium	High
	2050	High	High	Low	High	Medium	High	High	Medium	High
RIVERINE FLOODS	BSL	No Hazard	Medium	No Hazard	No Hazard	No Hazard	No Hazard	High	No Hazard	No Hazard
	2030	No Hazard	Medium	No Hazard	No Hazard	No Hazard	No Hazard	High	No Hazard	No Hazard
	2050	No Hazard	Medium	No Hazard	No Hazard	No Hazard	No Hazard	High	No Hazard	No Hazard
URBAN FLOODS	BSL	High	High	High	High	High	High	High	High	High
	2030	High	High	High	High	High	High	High	High	High
	2050	High	High	High	High	High	High	High	High	High
COASTAL FLOODS	BSL	N/A	N/A	Low	N/A	N/A	N/A	Low	N/A	N/A
	2030	N/A	N/A	Low	N/A	N/A	N/A	Low	N/A	N/A
	2050	N/A	N/A	Low	N/A	N/A	N/A	Medium	N/A	N/A
LANDSLIDES	BSL	No Hazard	No Hazard	High	Low	No Hazard	High	No Hazard	High	Low
	2030	No Hazard	No Hazard	High	Low	No Hazard	High	No Hazard	High	Low
	2050	No Hazard	No Hazard	High	Medium	No Hazard	High	No Hazard	High	High
EXTREME HEAT	BSL	Medium	Medium	Medium	Medium	Medium	Medium	Medium	Medium	Medium
	2030	High	High	High	High	High	High	High	High	High
	2050	High	High	High	High	High	High	High	High	High
CYCLONE AND WIND	BSL	Low	Low	High	Low	Low	Low	Low	Low	Low
	2030	Low	Low	High	Low	Low	Low	Medium	Low	Low
	2050	Low	Low	High	Low	Low	Low	Medium	Low	Low

Legend for Hazard Category ● High ● Medium ● Low ● No Hazard ● N/A

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.

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. Climate risk impacts at the business unit level were then modelled via ‘Influence Weightings’ derived from the likelihood and impact of the various scenario indicators. The analysis covers our three (3) core business activities, namely Property Development & Investment (PDI), Engineering, Construction & Environment (ECE), Facilities Management (FM) and Semasa Parking (SP). These scenarios represent the range of events that are reasonably foreseeable and which are common across the segments.

OUR PERFORMANCE: ENVIRONMENTAL

Identified transition risks and opportunities

Category	Preliminary Scenario	Property Development & Investment		Engineering, Construction & Environment		Facilities Management & Parking		Financial Impact
		Likelihood	Impact	Likelihood	Impact	Likelihood	Impact	
Policy & Legal	<p>Green Building Index: Growing interest and adoption of green building practices in Malaysia could affect MRCB's costs and demand.</p>	Medium	Positive	Medium	Positive	Medium	Positive	CAPEX, OPEX
	<p>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.</p>	Medium	Adverse	Medium	Adverse	Medium	Adverse	CAPEX, OPEX, REVENUE
	<p>Carbon Pricing: Malaysia will be likely to apply the carbon pricing mechanism which will affect MRCB's operational costs.</p>	Medium	Adverse	Medium	Adverse	Medium	Adverse	CAPEX, OPEX, REVENUE
Market	<p>Niche Market: Increasing corporate and consumer demand for sustainable product and service.</p>	Medium	Positive	Medium	Positive	Medium	Positive	CAPEX, OPEX
	<p>Stranded Assets: Real estate assets may lose their value prematurely due to transition to low-carbon economy.</p>	Medium	Adverse	Medium	Adverse	Low	Adverse	OPEX, REVENUE
Technology	<p>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.</p>	Medium	Adverse	Medium	Adverse	Medium	Adverse	CAPEX
	<p>Green Construction Materials: Requirements for the use of low carbon building materials will continue to grow, which will increase capital costs.</p>	Medium	Adverse	Medium	Adverse	Low	Adverse	CAPEX
	<p>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.</p>	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

The initial findings of our assessment indicate that regulations driven by the transition to 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/options. Contrarily, our MBS is a revolutionary modular construction 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 will further improve our market share and influence over our targeted business sectors.

OUR PERFORMANCE:
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FROM DATA TO ACTION: LEVERAGING GHG EMISSIONS REPORTING FOR POSITIVE IMPACT

SCIENCE BASED TARGETS INITIATIVE (SBTi)

MRCB is committed to SBTi and will seek validation for our 2020 baseline year and reduction targets. Using the latest version of the SBTi Tool and through the absolute contraction approach (ACA), we have set an absolute Scopes 1 and 2 emission reduction target of 4.2% annually (42% by 2030), aligned to the 1.5°C scenario. In recognition of our commitment to the SBTi, in 2022, our Chief Corporate Officer, Mr. Amarjit Chhina was recognised as a United Nations Global Compact Malaysia and Brunei (UNGCMYB) Climate Action Fellow for his efforts in driving our sustainability agenda.

ENHANCING OUR 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 from purchased electricity) and Scope 3 (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 emissions is in accordance with the WBCSD and WRI's GHG Protocol. An organisational boundary was set to include our operations in Malaysia only (subsidiaries included) and also using the operational control approach. In line with this approach, it is necessary to account for the emissions of those sources over which it has full authority to implement its corporate policies and strategies. In addition, our calculation references include the 2006 IPCC Guidelines for National GHG Inventories and the IPCC 6th Assessment report. The calculation refers to the appropriate authorities where locally determined emissions factors are used, such as the 2019 National Energy Balance Report and the Grid Emission Factor (GEF) in Malaysia, 2017-2019 published by the Energy Commission. In previous reportings, we referred to the 2017 CDM Electricity Baseline for Malaysia by Malaysia Green Technology and Climate Change Corporation (MGTC). As the latest update on the electricity emission factor has increased from 0.585 kg CO₂/kWh to 0.780 kg CO₂/kWh, we have revised our 2020 and 2021 Scope 2 and relevant Scope 3 emissions accordingly. A Limited Assurance was provided by an independent party, BSI Services Malaysia, covering the emissions performance data (disclosed in pages 232 - 234 of this report).

MRCB aims to continue reducing the carbon footprint of all its operations in all Scopes:

	Emissions reported in 2021	Additional emissions reported in 2022
Scope 1	Emissions related to fuel consumption (stationary combustion of petrol and diesel) from our project sites and company-owned vehicles.	
Scope 2	Emissions from purchased energy, consumed by our offices, sales galleries, project sites (ECE & PDI), parking sites (SP) and buildings (FM).	Emissions from electricity consumed by additional locations: <ul style="list-style-type: none"> • New offices located in VIVO 9 Seputeh • LRT3 project site offices (following the 100% consolidation of the project company)
Scope 3	Emissions from employee commuting and downstream leased assets.	Emissions from business travel (air and land) and fuel- and energy-related activities of our largest suppliers/sub-contractors accounting for 64% of our supply chain by value in 2022*

Note: Our GHG inventory excludes operations outside of Malaysia.

- ECE – Engineering, Construction & Environment
- PDI – Property Development & Investment
- FM – Facilities Management
- SP – Semasa Parking
- Offices – Headquarters in KL Sentral, VIVO 9 Seputeh & LRT3 project site offices
- * Refers to amount of certified work undertaken by our sub-contractors

OUR PERFORMANCE: ENVIRONMENTAL

GHG EMISSIONS

Since our disclosure of GHG emissions in 2020, we have received partial assurance on our Scopes 1 and 2 emissions annually. Our 2020 baseline year, short-term and mid-term targets are to be validated by SBTi by 2024. Our Climate Strategy Framework on page 22 states our reduction targets. Our GHG profile for 2022 showed that Scope 1, 2 and 3 accounted for 6%, 53% and 41% of our overall GHG emissions, respectively. It should be pointed out that the percentage attributed to our Scope 3 emissions only represents what we are able to measure and disclose during the period, and will increase as disclosures by our supply chain increases.

Summary of GHG Emissions

Emissions	Unit	2020**	2021**	2022	Variance against 2020 baseline (%)
Cumulative Emissions (Scope 1, 2 and 3)	tCO ₂ e	21,144	24,007	32,932*	
Scope 1					
Fuel consumption	tCO ₂ e	1,436	1,237	1,478	↑ 2.9%
Company vehicles ^(a)	tCO ₂ e	547	601	582	↑ 6.4%
Total	tCO ₂ e	1,983	1,838	2,061*	↑ 3.9%
Scope 2					
Purchased electricity	tCO ₂ e	18,920	16,144	17,282	↓ 8.6%
Scope 1 + 2	tCO ₂ e	20,903	17,982	19,342*	↓ 7.5%
Scope 3					
Employee Commuting ^(b)	tCO ₂ e	n/a	773	988	
Downstream Leased Assets ^(c)	tCO ₂ e	n/a	5,097	5,247	
Business Travels ^(d)	tCO ₂ e	n/a	n/a	190	
Fuel and energy-related activities (suppliers/sub-contractors)	tCO ₂ e	241	156	7,165	
Scope 3		241	6,025*	13,590	

Notes:

n/a – Not available

* Figures may not match due to decimal points.

** The 2020 and 2021 data has been updated to reflect the revised GHG boundary, after the relocation of projects under PDI into Scope 3 (fuel- and energy-related activities) as PDI acts only as a client and has no operational control of the projects.

(a) Assumes all company-owned vehicle are petrol-based.

(b) Based on employee petrol cards consumption.

(c) Leased assets of 4 buildings managed by MRCB namely Celcom Tower, Plaza Alam Sentral, Stesen Sentral Kuala Lumpur (SSKL) and Penang Sentral.

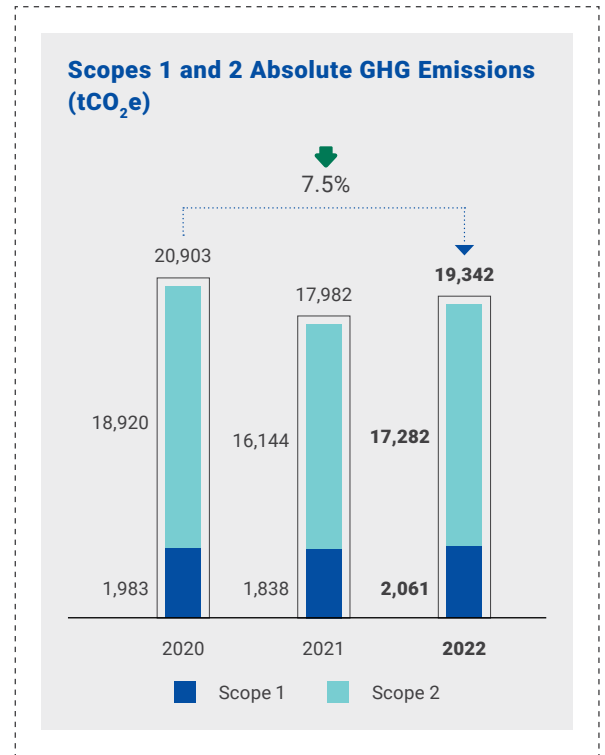
(d) Business travels include both air and land travels, calculated using the passenger distance and emission factors from UK Department for Environment Food and Rural Affairs (DEFRA).

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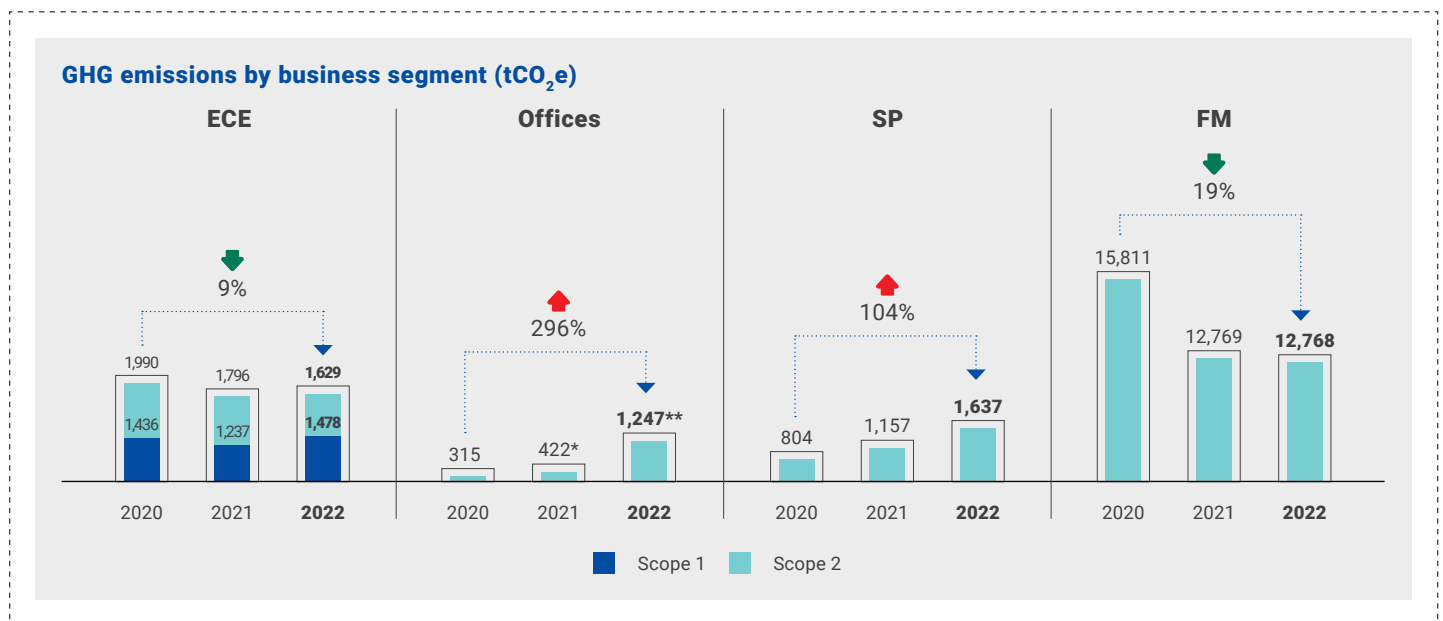
Scopes 1 and 2 Absolute Emissions

In 2022, our total Scopes 1 and 2 emissions amounted to 19,342 tCO₂e, which is an increase of 7.6% compared to 2021, but represent a 7.5% reduction compared to our 2020 baseline. The majority (74%) of our Scope 2 emissions come from our FM segment followed by our ECE and SP segments (both at 9%). The operation of both Plaza Alam Sentral and Stesen Sentral Kuala Lumpur (SSKL) contributed 62% of FM’s emissions. One of our ongoing energy reduction initiatives in SSKL is installing giant ceiling fans to allow better airflow and air circulation to reduce the dependence on air-conditioning units. We also procured Renewable Energy Certificates (RECs) under the Green Electricity Tariff (GET) by Tenaga Nasional Berhad (TNB), Malaysia’s national utility. In 2022, we subscribed to a monthly total of 1,206,000 kWh of electricity generated from renewable sources for three buildings we manage, namely Celcom Tower, Plaza Alam Sentral and Penang Sentral.

Furthermore in 2022, a significant increase from our indirect emissions can be seen in two of our segments, namely Offices and SP services. The increase in the Offices segment was due to the inclusion of new offices located in the Klang Valley. In July 2022, the gradual relocation of employees was underway starting with the relocation of the ECE and PDI Divisions to VIVO 9 Seputeh in Old Klang Road. This was part of an office rationalisation exercise designed to reduce rental expenses. This exercise will be continued through 2023 and is expected to be completed by the 3rd quarter. In addition, our SP commissioned two mechanical parking systems in PJ Sentral, which contributed to the increase in our SP’s Scope 2 emissions.



Scopes 1 and 2 Absolute Emissions by Business Segments (excluding company vehicles)



Notes:

- * The figure differs from that included in the 2021 Integrated Annual Report, as further calculations were made to include the sales gallery category.
- ** Broadening of the existing category to include new offices located in VIVO 9 Seputeh and the LRT3 project site offices following the 100% consolidation of the LRT3 Project company.
- ‘Headquarters’ in 2021 renamed to ‘Offices’ in 2022.
- Emissions from PDI segment has been relocated to Scope 3 as per our assurance process.

OUR PERFORMANCE: ENVIRONMENTAL

Scopes 1 and 2 Emissions Intensity

Our GHG emissions intensity reduced by 65.4% compared to our 2020 baseline. This very significant reduction was due to a massive leap in revenue of approximately RM2 billion in 2022, mainly due to the 100% financial consolidation of the LRT3 project company, as well as more normalised operations following COVID-19-related disruptions and construction site closures in 2021.

Emissions	2020	2021	2022	Variance against 2020 baseline (%)
Scope 1 and 2 emissions (tCO ₂ e)	20,903	17,982	19,342	-7.5%
Revenue (RM' Million)	1,194	1,436	3,195	167.6%
Emissions Intensity	17.5	12.5	6.1	↓ 65.4%

Note: Intensity figures have been recalculated to standardise intensity figure against revenue.

Scope 3 Emissions

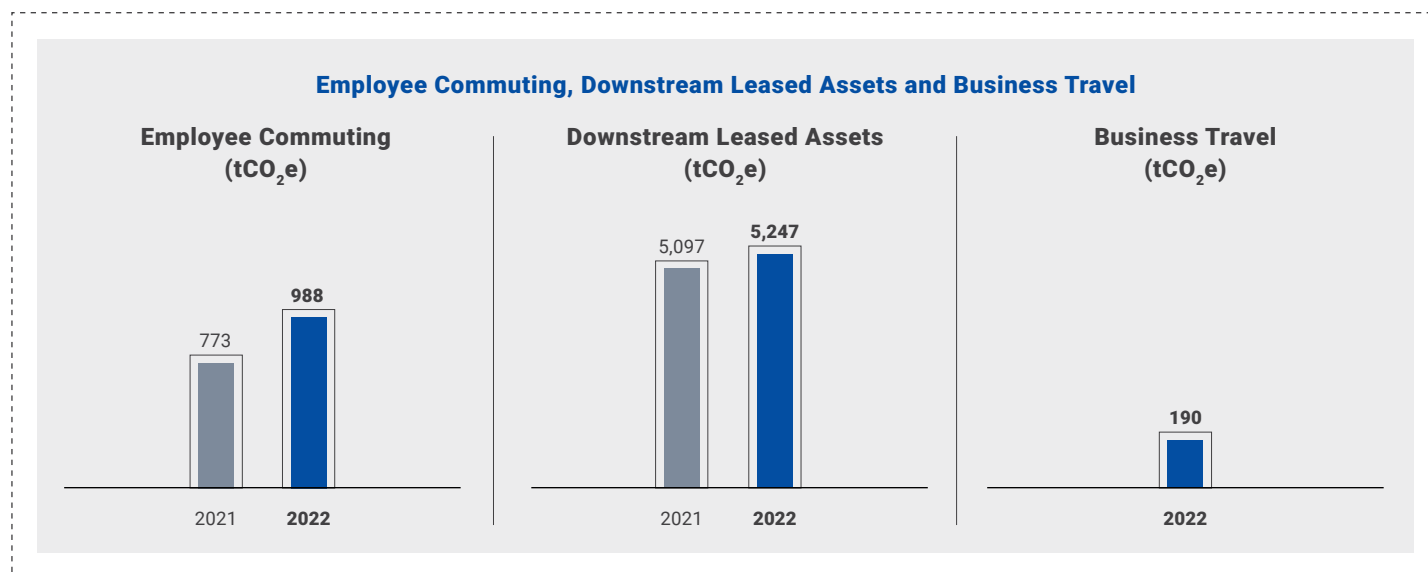
Scope 3 emissions, which are the emissions associated with activities not within our operational control along our supply chain, represent our biggest GHG impact. MRCB adopts the Corporate Value Chain (Scope 3) Standards of the GHG Protocol to identify GHG reduction opportunities, track performance, and engage with suppliers at the corporate level. MRCB has initiated reporting of four (4) categories of Scope 3 emissions that cover Employee Commuting, Downstream Leased Assets, Business Travel and our supply chain. We are also challenged by poor definitions of Scope 3 emissions boundaries (as are others), and are not able to assure them with a high degree of confidence. However, we recognise the importance of reporting on Scope 3 emissions and will continue to look at ways we can influence a reduction wherever possible, focusing on where we can have the most impact.

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. 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 and Scope 2 reporting. The assets refer to our leased buildings and offices in Celcom Tower, Plaza Alam Sentral and SSKL. The emissions are determined based on the total electricity consumption attributed to the leased entities.

Scope 3: Fuel and energy-related activities

In 2022, we expanded our Scope 3 categories to include Business Travel by land and air and fuel and energy-related activities of our supply chain. We identified and collected environmental data from our largest direct sub-contractors by value. Data collected consisted of their fuel, electricity and water consumption and the waste generated from our projects. We then converted the fuel and electricity consumed into our Scope 3 Category 3 emissions. We will continue to monitor our supply chain's environmental performance and embed environmental clauses into our contract, making it mandatory for our contractors or vendors to disclose their environmental performance in relation to our projects.

OUR PERFORMANCE:
ENVIRONMENTAL**Scope 3: Environmental performance of our suppliers/sub-contractors**

	Unit	2022	Emissions (tCO ₂ e)
Fuel consumption			
Diesel	L	1,996,725	5,491
Petrol	L	43,613	84
Electricity consumption	kWh	2,038,375	1590
Scope 3: Fuel and energy-related emissions			7,165

ENERGY, WATER & WASTE**ENERGY CONSUMPTION**

During our SMC meetings, all five main business Divisions shared their ongoing energy reduction initiatives and progress. Some of the initiatives included retrofitting LED lightings at buildings being managed by FM and parking locations, and office space rationalisation as a result of a reducing headcount due to investments made in the digitalisation and automation of tasks.

In 2022, we also procured RECs under the GET programme by TNB. We purchased a total of 12 GWh of electricity generated from renewable sources for three (3) buildings that we own, namely Celcom Tower, Plaza Alam Sentral and Penang Sentral.

Moving forward, we will continue to procure certified renewable energy and increase the use of electricity from renewable sources. However, our primary strategy is to reduce our energy consumption and improve our energy efficiency through internal organic actions.

	2022
GET Purchased	12,881,689 kWh
GET Attributable to MRCSB	10,833,912 kWh

OUR PERFORMANCE: ENVIRONMENTAL

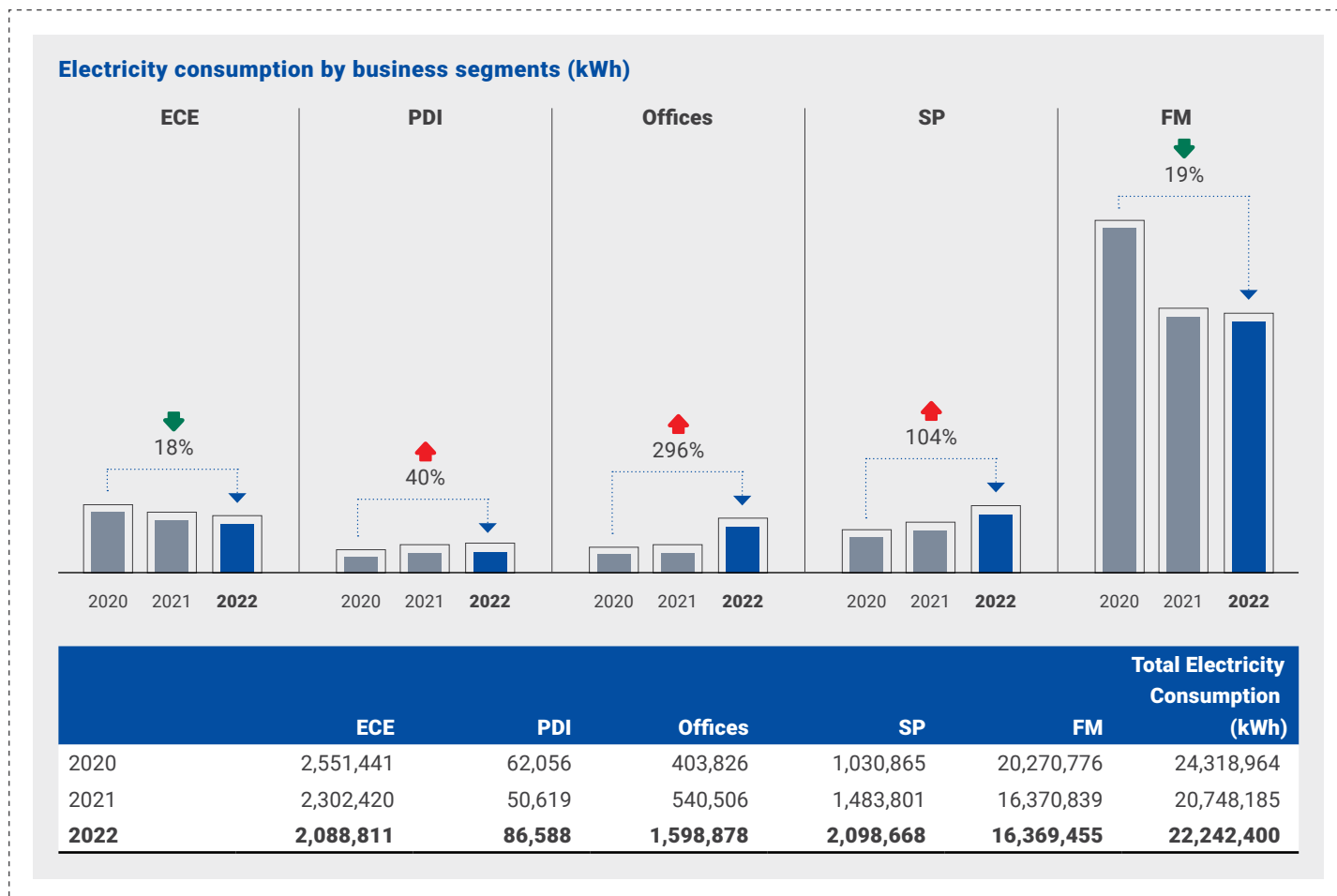
Our fuel sources originate from running generators or plant and machinery at project sites, registered company vehicles and the petrol cards for employees. Although the fuel consumption that is within our control accounts for only 6% of our overall emissions, we are still exploring ways to reduce consumption, for instance opting for biofuel or promptly using electricity directly from the power grid supply to reduce reliance on diesel generators.

3-Year Fuel Consumption

Source	Diesel (L)			Petrol (L)		
	2020	2021	2022	2020	2021	2022
Machineries at project sites	590,890	489,311	594,305	1,919	3,752	3,121
Registered vehicles usage	-	-	-	277,970	305,436	295,964
Employee commuting (Petrol card usage)	-	-	-	-	392,695	502,323
Total Fuel Consumption (L)	590,890	489,311	594,305	279,889	701,883	801,408

Note: Employee commuting was first reported in 2021, and was based on employee petrol card consumption.

3-Year Electricity Consumption



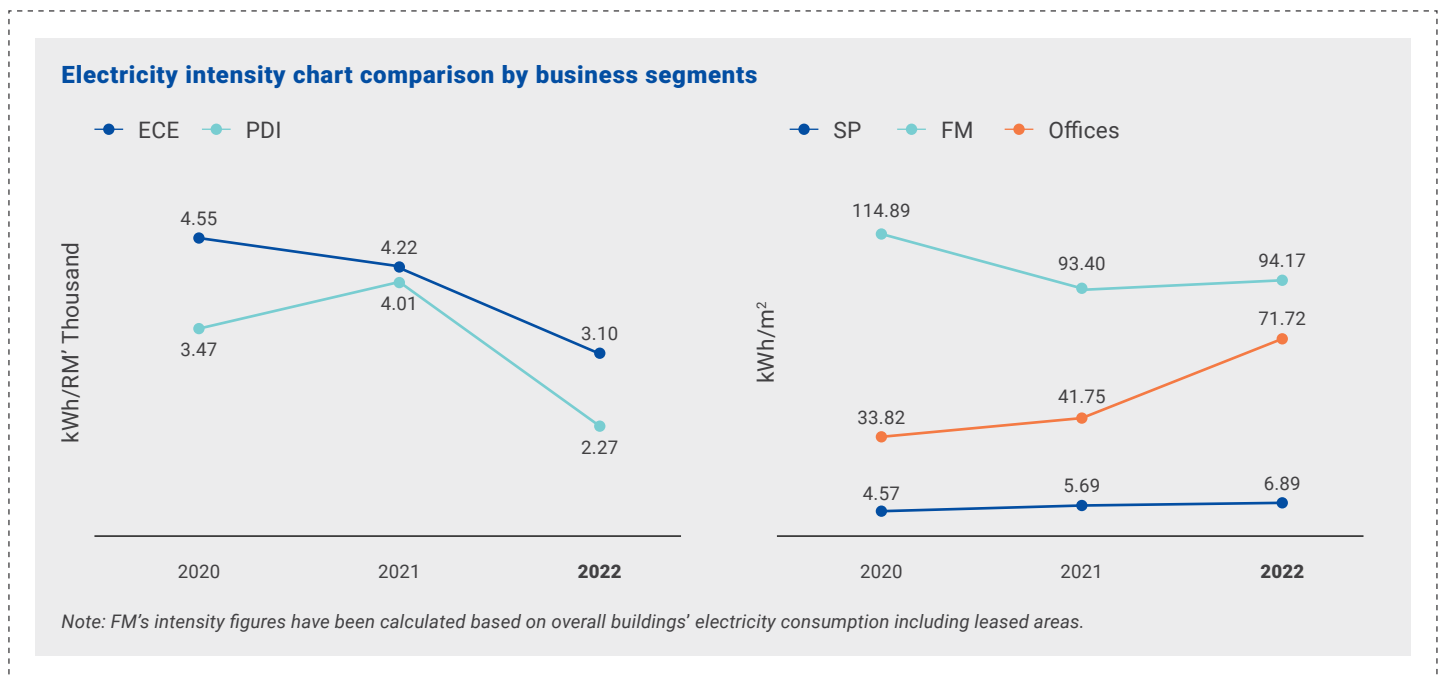
OUR PERFORMANCE:
ENVIRONMENTAL

Electricity Intensity

The following table and charts show electricity intensity by business segments in the last three years. The significant difference to the ECE and PDI segments compared to previous reports are due to the change of intensity calculation using revenues. Our SP services' intensity increment is due to the usage of newly installed mechanical parking systems. In addition, the increase in the offices segment is due to the inclusion of several new locations.

	2020	2021	2022	Variance against 2020 baseline (%)
ECE				
Total consumption (kWh)	2,551,441	2,302,420	2,088,811	
Revenue (RM' Thousand)	561,362	545,404	674,384	
Intensity (kWh/RM' Thousand)	4.55	4.22	3.10	- 31%
PDI				
Total consumption (kWh)	62,056	50,619	86,588	
Revenue (RM' Thousand)	17,868	12,638	38,116	
Intensity (kWh/RM' Thousand)	3.47	4.01	2.27	- 35%
Offices Intensity (kWh/m²)	33.82	41.75	71.72	+ 112%
SP Intensity (kWh/m²)	4.57	5.69	6.89	+ 51%
FM Intensity (kWh/m²)	114.89	93.40	94.17	- 18%

Note: Revenues refer to amount of certified work undertaken in the business segments.



OUR PERFORMANCE: ENVIRONMENTAL

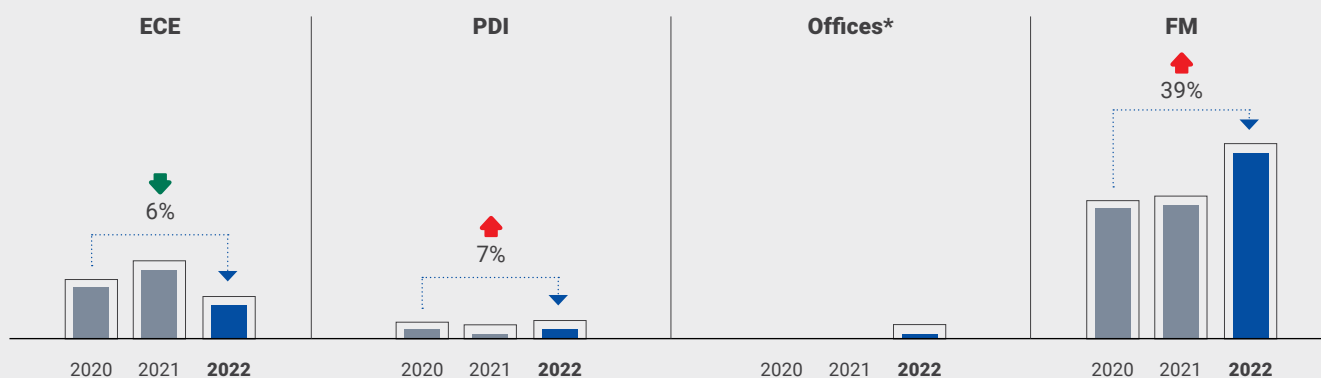
WATER CONSUMPTION

MRCB recognises that efficient water management is key to the economic development of the communities in which we are present, and also a key factor for sustainable development. Water supply to our company is especially vital as our construction activities are water-intensive and highly dependent on an effective and reliable supply of water. The collection, production, distribution and reclamation services of water in Selangor and the Federal Territory are consolidated by a sole water agency, Air Selangor Sdn. Bhd. MRCB predominantly operates in Selangor and the Federal Territory, and we obtain our water from Air Selangor. Air Selangor draws water mainly from Selangor River, Langat River and Bernam River before treating it to an acceptable standard for distribution. Therefore, we currently assume that 100% of our company's water consumption comes from surface water. As part of our water sustainability actions, we have also worked with local authorities on several river rehabilitation programmes such as in Teluk Cempedak, Pahang and our current project in Muara Sungai Pahang.

At present water-related risks are water supply disruptions, as Selangor is one state that can sometimes suffer from unscheduled water supply disruptions. In addition, based on a preliminary assessment using the WRI Aqueduct Water Risk Tool, 83% of MRCB's assets that were assessed were found to potentially be in high water-stressed areas between 2030 and 2050. Evaluation of water availability in the future within these areas may require further assessment considering local water usage patterns and projected changes in water usage. The preliminary qualitative assessment of our climate risks and opportunities guided by the TCFD framework categorised water stress as a long-term acute risk. In general, MRCB does not currently operate nor own assets or facilities within water-stressed areas, hence, no specific target has been set.

We continuously monitor the quality of discharged waste water with the objective of protecting water sources within our boundaries. We implement control measures by having temporary drainage systems and silt traps to deal with issues such as surface or storm water runoff and effluent at our project sites. Grease trap is also utilised to manage effluent discharge from the canteens at our sites. Direct discharge of untreated sewage and sullage into drains or waterways are not permitted. Maintenance of earth drains, and desilting of silt traps are performed regularly to ensure its continued effectiveness. Regular monitoring and testing of water quality at discharge points are conducted to ensure the water quality from our construction activities comply with regulations and standards. We comply with all local environmental legal requirements, and are constantly striving to improve our standards even further. In 2022, we reported zero environmental fines or penalties from our construction sites and we had zero incidents of non-compliance related to water standards or regulations. Our QESH Policy states our commitment to optimise and reduce the consumption of all natural resources, including water. Implementing water recycling at project sites requires a detailed understanding of the water sources and demands, and careful consideration of the appropriate treatment and reuse options. It is important to ensure that recycled water meets appropriate quality standards and is used in a safe and appropriate manner. MRCB only uses recycled water for washing transport vehicles at wash troughs to help keep the roads surrounding our projects (i.e. PR1MA Brickfields and Sungai Besi-Ulu Kelang Elevated Highway Package CA2) clean and safe for all users. Below is our water consumption by business segments; 'Offices' refer to only our sales galleries and LRT3 project site offices. The increase of water consumption in FM resulted from SSKL operations, largely due to a resumption of more normalised economic activity following two (2) years of COVID-19-related movement restrictions and lockdowns.

Water consumption by business segments (m³)



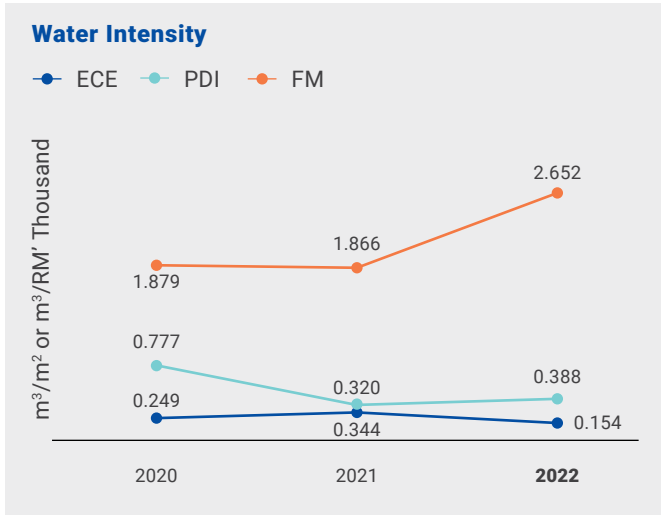
	ECE	PDI	Offices*	FM	Total Water Consumption (m ³)
2020	139,661	13,878	-	382,777	536,316
2021	187,449	4,043	785	397,942	590,219
2022	103,751	14,805	11,232	613,834	743,622

* Broadening of the existing category to include new offices located in VIVO 9 Seputeh and the LRT3 project site offices following the 100% consolidation of the LRT3 project company.

OUR PERFORMANCE:
ENVIRONMENTAL

Water Intensity

The following table and chart show water intensity by business segments in the last three years. Revisions were made to calculate intensity using revenue for ECE and PDI.



	2020	2021	2022	Variance against 2020 (%)
ECE (m³/RM' Thousand)	0.249	0.344	0.154	- 38%
PDI (m³/RM' Thousand)	0.777	0.320	0.388	- 50%
FM (m³/m²)	1.879	1.866	2.652	+ 41%

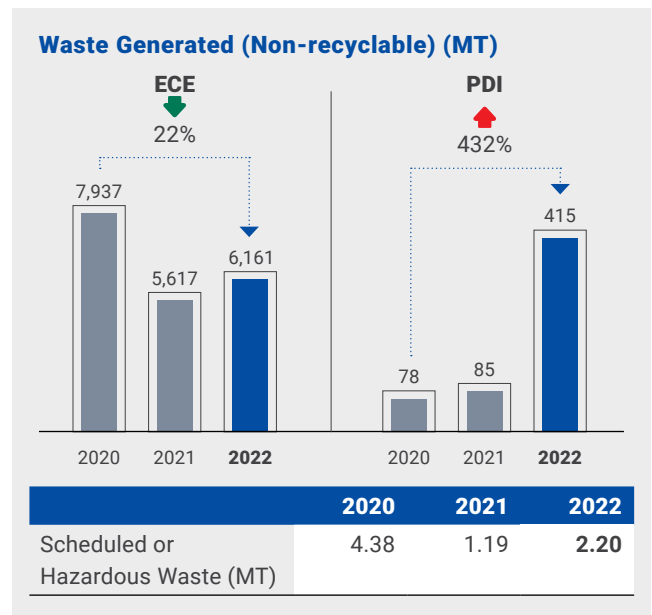
WASTE GENERATED

MRCB's business operations generate domestic waste and solid waste mainly from construction activities that requires disposal in landfills. All of our non-recyclable generated waste are disposed of in accordance with local waste regulations by a third party waste management vendor. To align ourselves to SDG12 on waste management, MRCB aims to minimise the use of resources and generation of our construction waste wherever possible.

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, 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 domestic and 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.

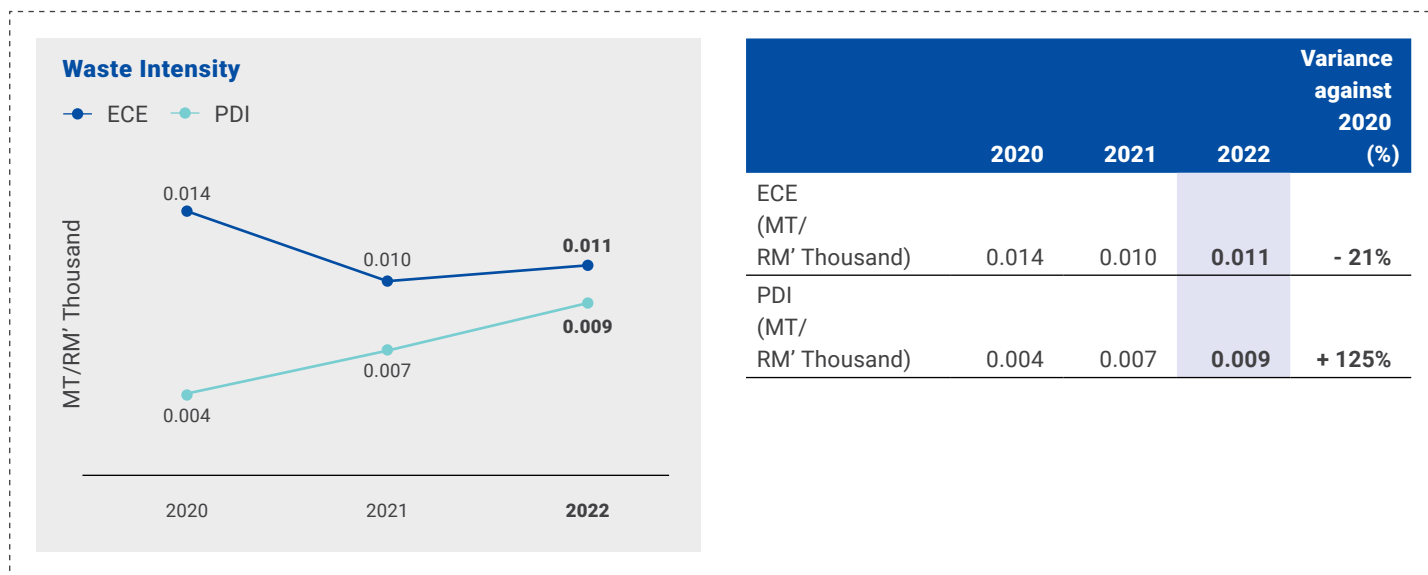
Within our Environmental Management System implemented in accordance with ISO 14001, one of our commitments articulated in the QESH Policy is to promote natural resources conservation by ensuring efficient and effective use of materials and resources within our facility that includes non-renewable sources of water, electricity and many more.



OUR PERFORMANCE: ENVIRONMENTAL

Waste Intensity

The following table and chart show waste intensity by business segments in the last three years. Revisions were made to standardise intensity calculation using revenue.



Waste Recycled/Diverted from Landfills

At our project sites, we practice the 3R (Reduce, Reuse and Recycle) approach in which we segregate recyclables, including reusable waste. This resulted in a substantial amount of waste diverted away from inert waste landfills. Scrap materials from our construction sites such as aluminum cable, power cable, scrap reinforcement bar, plastic barriers, galvanized pipes and lighting fixtures were sold off to other companies and diverted away from landfills. In 2021, 97 tonnes of scrap materials and 1 portable cabin were sold off and diverted away from landfills. In 2022, a cumulative 558 tonnes of scrap materials, 17,208 m² of scrap formwork, plus 16 portable cabins were sold off. Although we were able to divert waste from going to the landfill, our main aim is to reduce the overall waste generated in the first place. Moving forward, we plan to strengthen our waste tracking and monitoring system for all project sites to ease our journey towards waste minimisation.

RESPONSIBLE AND SUSTAINABLE CONSTRUCTION

Green Building

Our built environment is responsible for a large amount of energy and water use, and emissions of greenhouse gases. However, the construction 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 Certifications for all its property development projects. The five (5) Green building rating systems 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); and
- Singapore's Building and Construction Authority (BCA) Green Mark

OUR PERFORMANCE:
ENVIRONMENTAL

Below is a list of MRCB developments that have installed Building Management Systems (BMS), smart metering and solar photovoltaic systems and have received Green building accreditation:

Project	Sustainability Accreditation	Building Management System (BMS)	Smart Metering	Installation of Solar PV*
PLATINUM SENTRAL (LOT E)	GBI NRNC DA CERTIFIED AND BCA Green Mark PLATINUM	Yes	Yes	Yes – Solar PV panel (23 x 2.304 kWp)
PJ SENTRAL – CELCOM TOWER (LOT 8)	GBI NRNC DA CERTIFIED AND LEED BD+C CS GOLD	Yes	Yes	No
PJ SENTRAL – MBSB CORPORATE HQ	GBI NRNC DA CERTIFIED AND LEED BD+C CS GOLD	Yes	No	No
MENARA JLAND	GBI NRNC DA GOLD	Yes	Yes	No
ST REGIS KUALA LUMPUR	GBI NRNC DA CERTIFIED	Yes	No	No
THE DESA DESARU (HARDROCK HOTEL)	GBI NRNC RESORT DA CERTIFIED AND LEED BD+C NC SILVER	Yes	Yes	No
DESARU CONFERENCE CENTRE	GBI NRNC RESORT DA CERTIFIED AND LEED BD+C NC SILVER	Yes	Yes	No
WESTIN DESARU RESORT (WESTIN HOTEL)	GBI NRNC RESORT DA CERTIFIED AND LEED BD+C NC SILVER	Yes	Yes	No
9 SEPUTEH SOHO	GBI RNC DA CERTIFIED	No	No	No
VIVO RESIDENCES (9 SEPUTEH)	GBI RNC DA CERTIFIED	Yes	Yes	No

List of ongoing projects with Green building accreditation:

PJ SENTRAL – MYIPO CORPORATE HQ	GBI NRNC DA CERTIFIED	Yes	Yes	No
SENTRAL SUITES (LOT 349)	MyCREST ONE STAR, and GreenRE BRONZE	No	No	No

List of completed projects with Green building accreditation:

MENARA CIMB	GBI NRNC CVA CERTIFIED	Yes	No	No
SENTRAL RESIDENCES	GBI RNC CVA GOLD	No	No	No
MENARA SHELL (348 SENTRAL)	GBI NRNC DA SILVER, and LEED ID+C Commercial Interior GOLD	Yes	Yes	No
348 SENTRAL (MENARA SHELL & ASCOTT SENTRAL)	LEED BD+C CS PLATINUM	Yes	Yes	No
Q SENTRAL	GBI NRNC DA GOLD	Yes	Yes	Yes – Solar PV panel (total 120 kWp)

Notes:

* Solar Photovoltaic (PV) - Specifications and features are determined by the client.

BD+C Building Design & Construction

ID+C Interior Design & Construction

DA Design Assessment

NRNC Non-Residential New Construction

RNC Residential New Construction

CVA Certification and Verification Assessment

GBI Green Building Index (Malaysia)

For details on assessment criteria and rating scale:
<https://new.greenbuildingindex.org/how/assessment>

GreenRE

A green rating tool set up to promote sustainability in the property industry (Malaysia)

For details on assessment criteria and rating scale: <https://greenre.org/index.html>

LEED

Leadership in Energy and Environmental Design (United States)

For details on assessment criteria and rating scale:

<https://www.usgbc.org/leed>

MyCrest

Malaysian Carbon Reduction and Environmental Sustainability Tool (Malaysia)

For details on assessment criteria and rating scale:

<http://www.cidb.gov.my/index.php/en/bidang-utama/pembinaan-mampan/mycrest>

OUR PERFORMANCE: ENVIRONMENTAL

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 and to reduce the loss of biodiversity 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 its Integrated Annual Report based on the Global Reporting Initiative framework and be involved in multi-stakeholder efforts that support strong ecological principles.

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. Research published by McKinsey suggests that the built environment accounts for approximately 40% of global carbon emissions from fuel combustion and 25% of global greenhouse emissions. Of these, cement production is one of the highest-emitting materials, accounting for 7% of total global carbon emissions. MRCB is in the process of trying to develop a Sustainable Design Policy specifying requirements such as which materials may be used in our property development projects and where they may be sourced from (locally) to ensure we minimise both embedded carbon and the carbon emissions resulting from transportation. We also wish to make sure our supply chain observes sustainable best practices. The policy will also seek to ensure we are able to ascertain the embedded carbon of our projects at the design stage, and attempt to provide a framework and steps that will need to be taken by our teams to reduce this.

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 and energy consumed in a project. Other initiatives to minimise the use of materials is the reduction in the use of timber formwork in favour of system formwork which improves efficiency and reduces construction time.

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 and Sentral Suites projects were assessed, and the scores exceeded the minimum IBS score, reflecting our high productivity level, reduced wastage and site labour, and higher overall quality as listed under CIDB's guidelines. In 2022, our FINAS project scored an IBS score of 52.

Project	CIDB IBS Score
National Film Development Corporation Malaysia (FINAS) headquarters	52.0
TRIA 9 Seputeh	51.1
Sentral Suites	51.4

MRCB also innovated the 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 quantum of waste going to landfills and lowering energy and our carbon emissions during construction. The other benefits are much safer and faster construction.

Advantages of MBS, which is aligned with 5 UNSDGs

<p>Improved Site Safety 90% of works done off-site at ground level in a controlled environment, reducing risk of injuries from working at height</p>	
<p>Skilled Local Labour Less dependency on unskilled foreign labour and attracts more skilled workers to the industry</p>	
<p>Faster, More Efficient Construction Fabrication of building components off-site run concurrently with on-site activities, reducing construction time by up to 50%</p>	
<p>High Quality Assurance & Control Higher quality control at the point of construction due to controlled environment</p>	
<p>Lower Material Wastage Shift towards manufacturing approach with streamlined processes and effective, "just in time" inventory management reduces waste going to landfills</p>	
<p>Lower Environmental Impact, Lower Energy Usage Less noise, dust, truck movement & pollution from site activities and more efficient construction method, which reduces energy consumption compared to traditional construction</p>	

GRI CONTENT INDEX

Statement of use	MRCB has reported in accordance with the GRI Standards for the period 1 January 2022 to 31 December 2022.
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standard(s)	No applicable GRI Sector Standard(s)

GRI	DISCLOSURES	LOCATION (PAGE NUMBER)	NOTES & OMISSION
GRI 2: GENERAL DISCLOSURES 2021			
Organization and reporting			
2-1	Organizational details	5, 11, 157, 241	
2-2	Entities included in the organization's sustainability reporting	2	
2-3	Reporting period, frequency and contact point	2, 132	
2-4	Restatements of information	120, 125, 145 - 148, 151, 152, 154	
2-5	External assurance	2, 229	
Activities and workers			
2-6	Activities, value chain and other business relationships	6-9, 38 - 39	
2-7	Employees	118	
2-8	Workers who are not employees	118, 125, 126	
Governance			
2-9	Governance structure and composition	24 - 25, 158, 173	
2-10	Nomination and selection of the highest governance body	194 - 195	
2-11	Chair of the highest governance body	159	
2-12	Role of the highest governance body in overseeing the management of impacts	176 - 177, 184, 201 - 205	
2-13	Delegation of responsibility for managing impacts	25	
2-14	Role of the highest governance body in sustainability reporting	25, 176 - 177	
2-15	Conflicts of interest	159 - 169, 176, 182, 213	
2-16	Communication of critical concerns	176	
2-17	Collective knowledge of the highest governance body	184, 187 - 192	
2-18	Evaluation of the performance of the highest governance body	219	
2-19	Remuneration policies	24, 19 8- 200, 248	
2-20	Process to determine remuneration	33, 198, 220, 223 - 224, 248	
2-21	Annual total compensation ratio	199	Reported on absolute figure.
Strategy, policies, and practices			
2-22	Statement on sustainable development strategy	30-37	
2-23	Policy commitments	31-33, 44, 120, 125, 130, 208 - 210	
2-24	Embedding policy commitments	76, 125 - 126, 170, 176	
2-25	Processes to remediate negative impacts	120	Partially reported under Sexual Harassment Policy.
2-26	Mechanisms for seeking advice and raising concerns	176, 214	
2-27	Compliance with laws and regulations	125, 132, 152	
2-28	Membership associations	20-21, 55	

GRI CONTENT INDEX

GRI	DISCLOSURES	LOCATION (PAGE NUMBER)	NOTES & OMISSION
GRI 2: GENERAL DISCLOSURES 2021			
Stakeholder Engagement			
2-29	Approach to stakeholder engagement	46 - 54	
2-30	Collective bargaining agreements	Not applicable	MRCB has no unionised staff. As such, there are no collective bargaining agreements in place.
GRI 3: MATERIAL TOPICS 2021			
3-1	Process to determine material topics	56 - 62	Material topics are addressed throughout the report.
3-2	List of material topics		
3-3	Management of material topics		
SERIES 200: ECONOMIC			
GRI 201: Economic Performance 2016			
201-1	Direct economic value generated and distributed	95	
201-2	Financial implications and other risks and opportunities due to climate change	140 - 144	Will be undertaking quantitative assessment in 2023.
201-3	Defined benefit plan obligations and other retirement plans	Financial Report 2022: 42 - 43	
201-4	Financial assistance received from government	Financial Report 2022: 138	
GRI 203: Indirect Economic Impacts 2016			
203-1	Infrastructure investments and services supported	15, 32, 71, 110	
GRI 204: Procurement Practices 2016			
204-1	Proportion of spending on local suppliers	54	
GRI 205: Anti-corruption 2016			
205-1	Operations assessed for risks related to corruption	Not available	Shall improve disclosure in the future.
205-2	Communication and training about anti-corruption policies and procedures	44, 68, 77 - 78, 88	
205-3	Confirmed incidents of corruption and actions taken	176	
SERIES 300: ENVIRONMENTAL			
GRI 302: Energy 2016			
302-1	Energy consumption within the organisation	150	
302-2	Energy consumption outside of the organisation	149	
302-3	Energy intensity	151	
302-4	Reduction of energy consumption	146, 150, 151	
GRI 303: Water 2018			
303-1	Interactions with water as a shared resource	152	
303-2	Management of water discharge-related impacts	152	
303-3	Water withdrawal by source	152	
303-5	Water recycled and reused	152	

GRI CONTENT INDEX

GRI	DISCLOSURES	LOCATION (PAGE NUMBER)	NOTES & OMISSION
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	Not applicable	Currently not material to the business, will improve in the future.
304-2	Significant impacts of activities, products, and services on biodiversity	Not applicable	
304-3	Habitats protected or restored	Not applicable	
304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	Not applicable	
GRI 305: Emission 2016			
305-1	Direct (Scope 1) GHG emissions	145 - 147	
305-2	Energy indirect (Scope 2) GHG emissions	145 - 147	
305-3	Other indirect (Scope 3) GHG emissions	146, 148, 149	
305-4	GHG emissions intensity	148	
305-5	Reduction of GHG emissions	145 - 147	
305-6	Emissions of ozone-depleting substances (ODS)	Not applicable	Currently not material to the business.
305-7	Nitrogen Oxides (NOx), Sulfur Oxides (SOx), and other significant air emissions	Not available	Shall improve disclosure in the future.
GRI 306: Waste 2020			
306-1	Waste generation and waste-related impacts	153	
306-2	Management of significant waste-related impacts	153	
306-3	Waste generated	153 - 154	
306-4	Waste diverted from disposal	154	
306-5	Waste directed to disposal	153	
GRI 307: Environmental Compliance 2016			
307-1	Non-compliance with environmental laws and regulations	152	
GRI 308: Supplier Environmental Assessment 2016			
308-1	New suppliers that were screened using environmental criteria	Not available	In the process of embedding environmental criteria in our pre-qualification assessment.
308-2	Negative environmental impacts in the supply chain and actions taken	Not available	

GRI CONTENT INDEX

GRI	DISCLOSURES	LOCATION (PAGE NUMBER)	NOTES & OMISSION
SERIES 400: SOCIAL			
GRI 401: Employment 2016			
401-1	New employee hires and employee turnover	121 - 122	
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	126	
401-3	Parental leave	126 - 127	
GRI 403: Occupational Safety & Health 2018			
403-1	Occupational health and safety management system	130	
403-2	Hazard identification, risk assessment, and incident investigation	131	
403-3	Occupational health services	131	
403-4	Worker participation, consultation, and communication on occupational health and safety	130	
403-5	Worker training on occupational health and safety	131	
403-6	Promotion of worker health	131	
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	131	
403-8	Workers covered by an occupational health and safety management system	130	
403-9	Work-related injuries	132 - 133	
403-10	Work-related ill health	132 - 133	
GRI 404: Training & Education 2016			
404-1	Average hours of training per year per employee	122, 123	
404-2	Programmes for upgrading employee skills and transition assistance programs	124	
404-3	Percentage of employees receiving regular performance and career development reviews	124	
GRI 405: Diversity & Equal Opportunity 2016			
405-1	Diversity of governance bodies and employees	118, 119	
405-2	Ratio of basic salary and remuneration of women to men	120	
GRI 406: Non-Discrimination 2016			
406-1	Incidents of discrimination and corrective actions taken	125	
GRI 408: Child Labor 2016			
408-1	Operations and suppliers at significant risk for incidents of child labor	Not available	Shall conduct human rights risk and impact assessment moving forward.

GRI CONTENT INDEX

GRI	DISCLOSURES	LOCATION (PAGE NUMBER)	NOTES & OMISSION
GRI 409: Forced or Compulsory Labor 2016			
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	Not available	Shall conduct human rights risk and impact assessment moving forward.
GRI 410: Security Practices 2016			
410-1	Security personnel trained in human rights policies or procedures	230	100% of our auxiliary police underwent Standard Operating Procedure (SOP) training with topics related to human rights.
GRI 412: Human Rights Assessment 2016			
412-1	Operations that have been subject to human rights reviews or impact assessments	Not available	Shall conduct human rights risk and impacts assessment moving forward.
412-2	Employee training on human rights policies or procedures	Not available	
412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	Not available	
GRI 413: Local Communities 2016			
413-1	Operations with local community engagement, impact assessments, and development programs	134 - 137	
GRI 414: Supplier Social Assessment 2016			
414-1	New suppliers that were screened using social criteria	Not available	Shall embed social criteria in our pre-qualification assessment in the future.
414-2	Negative social impacts in the supply chain and actions taken	Not available	
GRI 418: Customer Privacy 2016			
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	216	
GRI 419: Socioeconomic Compliance 2016			
419-1	Non-compliance with laws and regulations in the social and economic area	Not available	Shall improve disclosure in the future.

INDEPENDENT ASSURANCE OPINION STATEMENT

FOR MALAYSIAN RESOURCES CORPORATION BERHAD



INDEPENDENT ASSURANCE OPINION STATEMENT

Malaysian Resources Corporation Berhad (MRCB) Integrated Annual Report 2022

The British Standards Institution is independent of Malaysian Resources Corporation Berhad (hereafter referred to as “MRCB” in this statement) and has no financial interest in the operation of MRCB other than for the assessment and verification of the sustainability statements contained in this report.

This independent assurance opinion statement has been prepared for the stakeholders of MRCB only for the purposes of verifying its statements relating to its environmental, social and governance (ESG), more particularly described in the Scope, below. It was not prepared for any other purpose. The British Standards Institution will not, in providing this independent assurance opinion statement, accept or assume responsibility (legal or otherwise) or accept liability for or in connection with any other purpose for which it may be used, or to any person by whom the Independent assurance opinion statement may be read.

This independent assurance opinion statement is prepared on the basis of review by the British Standards Institution of information presented to it by MRCB. The review does not extend beyond such information and is solely based on it. In performing such review, the British Standards Institution has assumed that all such information is complete and accurate.

Any queries that may arise by virtue of this independent assurance opinion statement or matters relating to it should be addressed to MRCB only.

SCOPE

The scope of engagement agreed upon with MRCB includes the following:

1. The assurance covers part of the report and focuses on systems and activities of MRCB and its subsidiaries during the period from 1 January 2022 to 31 December 2022 (the “Reporting Year”), for the following sustainability subject matter.
 - Scope 1: Fuel consumption from stationary combustion
 - Scope 1: Fuel consumption from mobile combustion i.e., company-owned vehicle
 - Scope 2: Electricity consumption (owned and managed assets)
 - Scope 3: Electricity consumption (leased assets)
 - Health and Safety Data
 - Injury Rate
 - Incident Rate
 - Employment
 - Parental leave
 - Diversity and Equal Opportunity
 - Gender Gap
2. The evaluation of the nature and extent of the MRCB’s adherence to all four reporting principles: Inclusivity, Materiality, Responsiveness and Impact and the reliability of specified sustainability performance information in this report as conducted in accordance with type Type 1 Moderate Level of Assurance engagement.

INDEPENDENT ASSURANCE OPINION STATEMENT FOR MALAYSIAN RESOURCES CORPORATION BERHAD

OPINION STATEMENT

We conclude that the sustainability subject matter of the Report provides a fair view of MRCB's sustainability programmes and performance in the Reporting Year. We believe that the economic, social and environment performance indicators are accurate and are supported by robust internal verification processes.

Our work was carried out by a team of sustainability report assurers. We planned and performed this part of our work to obtain the necessary information and explanations. We considered MRCB has provided sufficient evidence during the assurance processes.

METHODOLOGY

Our work was designed to gather evidence on which our conclusion is based. We undertook the following activities:

- a top-level review of issues raised by external parties that could be relevant to MRCB's policies to check on the appropriateness of statements made in the Report;
- discussion with managers and staff on MRCB's approach to stakeholder engagement. We had no direct contact with external stakeholders;
- interview with staff involved in sustainability management, report preparation and provision of report information;
- review of key organizational developments;
- review of supporting evidence for claims made in the reports; and
- an assessment of MRCB's reporting and management processes concerning reporting against the principles of Inclusivity, Materiality, Responsiveness and Impact.

CONCLUSIONS

A detailed review against the Principles of Inclusivity, Materiality, Responsiveness and Impact is set out below.

INCLUSIVITY

The Report has reflected the fact that MRCB has engaged with its significant stakeholders through various channels such as procedures for handling complaints, grievance, and consultations; negotiations and interactions with stakeholders prior to any development or acquisition of land: stakeholder meeting; community engagement process; self-assessment questionnaires (SAQ), supplier audits, onsite verifications and follow-ups with suppliers; and more.

MRCB'S operation involves various methods of engaging its stakeholders on an on-going basis. The Report covers economic, social and environmental aspects of concern to its stakeholders with a fair level of disclosure. In our professional opinion, MRCB adheres to the principle of Inclusivity. Areas for enhancement of the Report were adopted by MRCB before the issuance of this opinion statement.

MATERIALITY

MRCB publishes sustainability information that enables its stakeholders to make informed judgments about MRCB's management and performance. In our professional opinion, the report adheres to the principle of Materiality and identifies MRCB's material aspects by using appropriate methods of materiality analysis and demonstrating material issues in a matrix form. Areas for enhancement of the Report were adopted by MRCB before the issuance of this statement.

INDEPENDENT ASSURANCE OPINION STATEMENT FOR MALAYSIAN RESOURCES CORPORATION BERHAD

RESPONSIVENESS

MRCB has implemented practices that respond to the expectations and perceptions of its stakeholders. These include sustainability reporting for both internal and external stakeholders. In our professional opinion, MRCB adheres to the principle of Responsiveness. Areas for enhancement of the Report were adopted by MRCB before the issuance of this statement.

IMPACT

MRCB has demonstrated a process on identify impacts that encompass a range of environmental, social and governance topics, and fairly represented the impacts in the report. These processes enable MRCB to assess its impact and disclose them in the sustainability subject matter of the Report. In our professional opinion, MRCB adheres to the principle of Impact. Areas for enhancement of the Report were adopted by MRCB before the issuance of this statement.

ASSURANCE LEVEL

The Type 1 Moderate Level of Assurance provided in our review is defined by the scope and methodology described in this opinion statement.

RESPONSIBILITY & LIMITATIONS

This Integrated Report is the responsibility of the MRCB's management as declared in the responsibility letter. Our responsibility is to provide an independent assurance opinion statement to stakeholders giving our professional opinion based on the scope and methodology described.

COMPETENCY AND INDEPENDENCE

The assurance team was composed of Lead Auditors and Carbon Footprint Verifiers experienced in industrial sector, and trained in a range of sustainability, environmental and social standards including AA1000 AS, ISO 14001, ISO 45001, ISO 14064 and ISO 9001. BSI is a leading global standards and assessment body founded in 1901.

For and on behalf of BSI:



Ms Evelyn Chye
Managing Director

Verifier of the Report:



Mr. Shaiful Rahman
Lead Assuror

12 April 2023