

Sustainability Statement



ABOUT THIS STATEMENT

As one of Malaysia's leading urban property and infrastructure developers, Malaysian Resources Corporation Berhad (MRCB or the Group) recognises its responsibility in building the nation's economy, delivering added value to society by practising and promoting sustainable business practices. MRCB has progressively translated its vision for sustainable growth into initiatives that are embedded in the business' strategy.

During this reporting period, we have had the opportunity to assess our performance and re-focus our efforts on achieving business growth and success using the lens of sustainability. We strive to strengthen our position and reputation in the industry through these efforts, and continue to adapt to the changing social, environmental, and economic conditions.

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



Menara Shell is one of MRCB's premier green building projects awarded with the US LEED Platinum and Singapore's BCA Green Mark Gold certifications

SCOPE OF THIS STATEMENT

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

REPORTING PERIOD

The reporting cycle is on an annual basis, and the period covered in this report is from 1 January to 31 December 2020. Where possible, information from previous years has been included to provide comparative data. The report also provides additional disclosures to comply with the specific requirements of the Global Reporting Initiative (GRI) Sustainability Standards: Core option. Our most recent report is MRCB Sustainability Report 2019 published in May 2020.



The Alstonia Hilltop Homes development designed according to the natural contours of an exclusive enclave of Bukit Rahman Putra in Selangor

OUR REPORTING FRAMEWORK

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

FEEDBACK

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

Dr Renard Siew
Email: renard.siew@mrcb.com





Independent Sustainability Report Assurance for Malaysian Resources Corporation Berhad (MRCB)

Network Malaysia

INDEPENDENT ASSURANCE STATEMENT FOR MRCB SUSTAINABILITY REPORT 2020

We had conducted a limited assurance engagement on selected performance data and the sustainability report for the financial year 2020 as presented by MRCB.

Responsibilities

Malaysian Resources Corporation Berhad (MRCB)

MRCB is responsible for two areas. Firstly, the collection and presentation of the information in the report. Secondly, the design for implementation, and maintenance of the internal control related to the report's preparation by ensuring it is free from material misstatement, fraud and error.

UN Global Compact Network Malaysia & Brunei (UNGCMYB)

UNGCMYB is responsible to carry out the limited assurance engagement on the selected data and sustainability report, as per our engagement terms with MRCB. We do not accept or assume any responsibility for any other purpose or to any other person or organisation.

Summary of work conducted

The procedures we performed were based on our professional judgment and includes the following steps outlined below:

1. **Reviewed provided documents** by MRCB on social, ethical, environmental, energy and safety aspects of MRCB's performance.
2. **Discussion session with MRCB's sustainability executives and senior managers** to understand the methodology of how and why the data was collected during the reporting period of 1st January 2020 to 31st December 2020.
3. **Assessed performance data for the following metrics:**

<p>a. Energy Utilisation – Fuel Consumption (Diesel/Petrol)</p> <ul style="list-style-type: none"> Reviewed diesel and petrol data provided in excel format Assessed methodology of data mining, as in, the accuracy of the fuel consumption data collected, consolidated and provided by MRCB's sustainability department Reviewed the presentation of greenhouse gas emissions (GHG) data
<p>b. Energy Utilisation – Electricity Consumption</p> <ul style="list-style-type: none"> Reviewed electricity data provided in excel format Assessed methodology of data mining, as in, the accuracy of the fuel consumption data collected, consolidated and provided by MRCB's sustainability department Reviewed the presentation of greenhouse gas emissions (GHG) data
<p>c. Gender Gap and Equality</p> <ul style="list-style-type: none"> Reviewed the aggregation and completeness of total employees by gender, management employees by gender and Board gender diversity
<p>d. Environmental, Health and Safety</p> <ul style="list-style-type: none"> Reviewed the number of recorded incidents, near misses, LTI, fatalities, etc Reviewed non-compliance tracking report Reviewed the calculation of the accident rate disclosed within the Report for consistency and accuracy.

Limitation of review

We express the conclusion and review from a limited assurance engagement approach. The procedures performed in a limited assurance engagement vary in nature and timing from those performed for a full assurance engagement as it is less extensive. Therefore, we do not express a comprehensive assurance opinion.

Due to the COVID-19 crisis pandemic, and the movement control order in place by the Malaysian government authorities, engagements were done via virtual discussions with selected MRCB representatives. Due to the movement control order, site visits were not possible.

MRCB is responsible for preventing and detecting fraud, error, and non-compliance with laws and regulations. Our work should not be relied upon to disclose all such material misstatements, frauds, errors or instances of non-compliance that may occur.

Conclusion

We have reviewed the performance data on selected activities that were presented in the MRCB's sustainability report 2020. We did not find any inaccuracies in the claims made. Based on our scope of review, conclusions are outlined as below according to selected group data provided:

Energy Consumption
<p>MRCB demonstrated a strong foundation and understanding in calculating & reporting GHG value.</p> <p><i>Limitation:</i> Data collection for fuel was defined as fuel purchased instead of fuel consumed. No specification on the machines and equipment.</p>
Gender Gap Equality
<p>MRCB presented good gender equality in terms of pay and numbers of different genders as a whole. Based on the performance data provided, Malaysia Gender Gap Index (MGGI) for MRCB is assumed to be 96.5% above the National Benchmark of 70.9%.</p> <p><i>Limitation:</i> Male is the only gender for certain job grades. High level of variance shown in terms of difference in gender for certain job grades. eg: Grade G1 41.5% (pro-female), Grade G9 34.6% (pro-male).</p>
Environmental, Health and Safety
<p>MRCB performance data reported very low cases of near misses and number of reported first aid cases have dropped significantly.</p>

Our Independence

We did not provide any other services related to MRCB's approach to sustainability reporting in 2020, with the exception from this work.

Recommendation

Selected observations are provided below for areas of improvement for MRCB and these findings have no bearing on the report's conclusions.

We would encourage MRCB to continue this assurance engagement with recommendations taken into considerations as MRCB continues to develop a more comprehensive sustainability report.

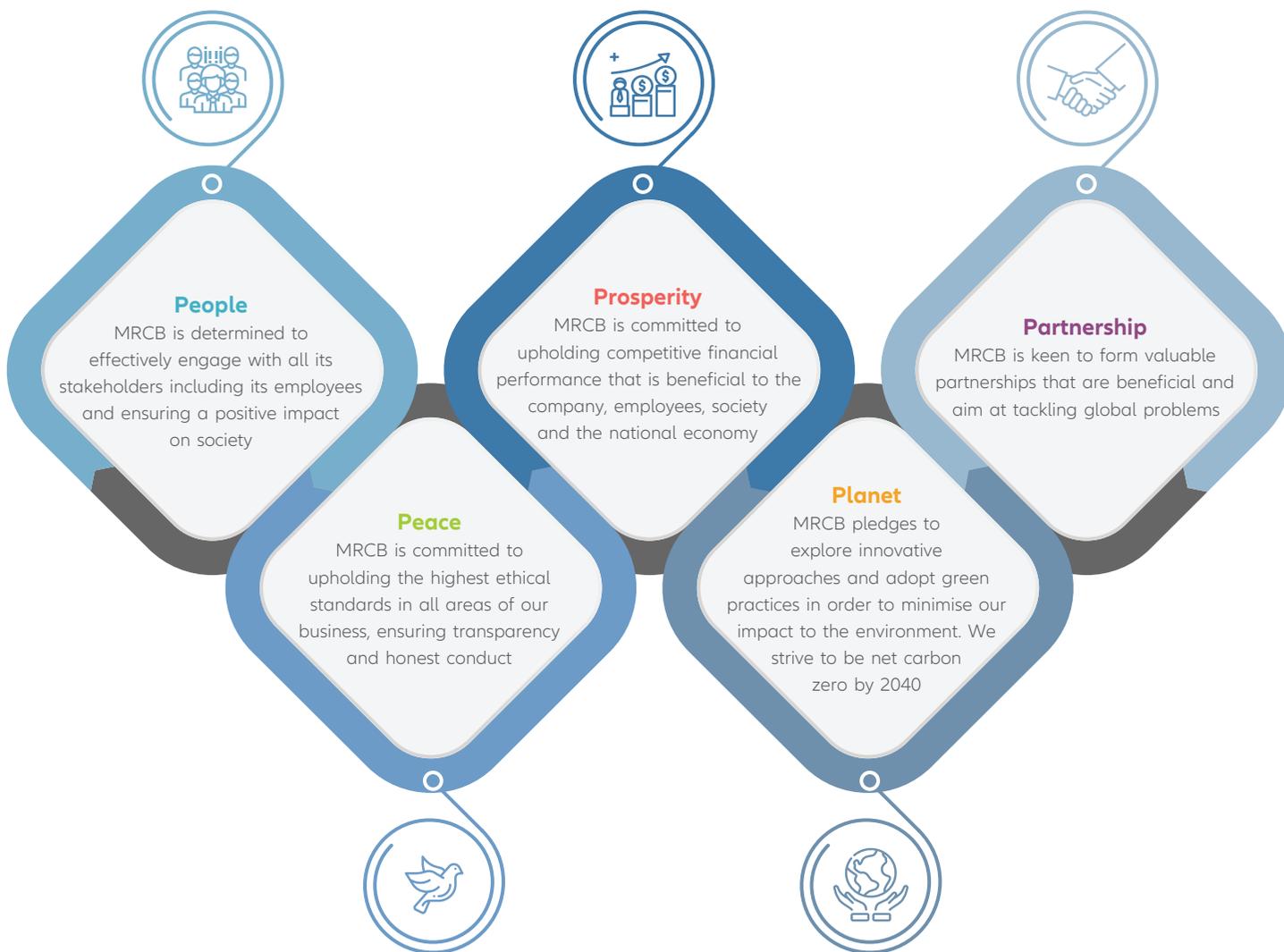
Energy Consumption
<p>Methodology & Data Mining</p> <p>It is recommended for a clear, simple and accurate data mining process for all aspects. The methodology used for diesel and petrol consumption management is recommended to be clearly defined. This includes data collected for fuel is generally assumed as fuel consumed. Details on machine and equipment is recommended to be specified for more accurate information.</p> <p>GHG Emission Control & Presentation</p> <p>In order to have better GHG emission control, historical data is recommended for better comparison. Total GHG emission reduced can be presented with its equivalent for better representation. For example, the amount of carbon emission reduced is equivalent to how many trees are planted.</p> <p>Energy Reduction Program</p> <p>MRCB is encouraged to identify opportunities in reducing their energy consumption both fuel consumption or electricity consumption. The length of the program may be different, which will result in a different range of impact, cost involved and level of engagement of employees. Considerations should be given to adopting the ISO50001 Energy management system. We would encourage MRCB to establish an energy committee to continue monitor, govern and enforce the process and impact for this energy management.</p>
Environmental, Health and Safety (EHS)
<p>For a complete presentation on EHS data, a safety reporting pyramid concept is recommended. Incentive schemes for employees may be introduced to increase engagement and participation for the report.</p> <p>We have noted that the current NCRs are to be closed within 3 days as a KPI. This may lead to employees more focused on KPI rather than actually solving the issue. Therefore, considerations should be given in extending the days to close the NCRs.</p> <p>We would also encourage further understanding on the investigation method used and lesson learnt activities to be shared across in ensuring similar incidents do not repeat.</p>

Our Approach to Sustainability

CORPORATE SUSTAINABILITY GOALS

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

MRCB's Sustainability Pillars



OUR CONTRIBUTION TO THE UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS (UN SDGs)

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

In 2017, we selected two (2) UN SDGs, Goals 9 (Industry, Innovation and Infrastructure) and 11 (Sustainable Cities and Communities), which are well aligned with our values and business goals. In 2018, we identified six (6) additional SDGs which reflected our strengthened efforts to build a sustainable business.

The SDGs selected are based on the economic, environmental, and social impacts of the company, and the initiatives we conduct to contribute to specific goals as defined by the UN. In 2019, we maintained all eight (8) UN SDGs because they continued to represent our aspirations and business direction to build stronger initiatives to achieve the relevant SDG targets.

In 2020, we expanded our goals to include SDG 10, Reduced Inequalities and SDG 15, Life on Land. In addition, we also recognised Goal 16 – Peace, Justice and Strong Governance and Goal 17 - Partnership for the Goals, as key drivers to establish trusting relationships with relevant government agencies and institutions to help drive the SDGs.

MRCB's Contribution to the SDGs



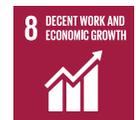
- Prioritising health and safety in our business operations by adopting safety standards and systems as well as implementing a Quality, Environmental, Safety and Health (QESH) policy, in addition to various safety measures to protect our employees, subcontractors, clients and the general public.
- We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



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



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



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



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



- We strive to reduce gender inequalities by providing our female workforce a safe work environment and fitted to their needs, i.e., Mother's Room for nursing mothers as well as providing adequate training to our female workforce i.e. Individual Development Plan (IDP) in 2021.
- We believe in giving back to less-privileged Malaysians through our Yayasan MRCB by giving contributions, donations, trainings to the underserved communities such orphanages, differently abled, Orang Asli, B40 category families and many more.



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



- We implement our QESH policy at project sites, which includes the practice of the 3Rs (Reduce, Reuse, and Recycle).
- We have started to track water and energy usage at our project sites besides implementing strategies to improve efficiency.
- We deliver training courses and toolbox talks regularly to educate our site workers and employees on how to carry out site inspections.



- We have developed a Climate Change Statement articulating our commitments in this area.
- We keep track of all of our carbon emissions (CO₂) across all our business operations.
- We measure our energy, water consumption and waste generation. We are currently developing action plans to increase our energy efficiency as well as reduce waste across all our business operations.



- We have developed a Biodiversity Statement acknowledging and committing to the Ramsar Convention and the five principles stipulated in Malaysia's National Policy on Biological Diversity, where applicable to our business operations.



- We believe strong corporate governance as fundamental to sustain competitive advantage and strengthen the management of sustainability related risks. Our corporate governance practices are outlined in this report on pages 100 – 122.
- We are committed to uphold peace, justice and the establishment of strong institutions.



- We have developed and implemented a stakeholder engagement strategy to create trusting and beneficial partnerships with relevant stakeholders to drive the SDG goals further.
- We have developed a partnership with the United Nations Global Compact Network Malaysia to adopt its universal Ten Principles, and allow them to guide us on our sustainability journey.

Our Approach to Sustainability

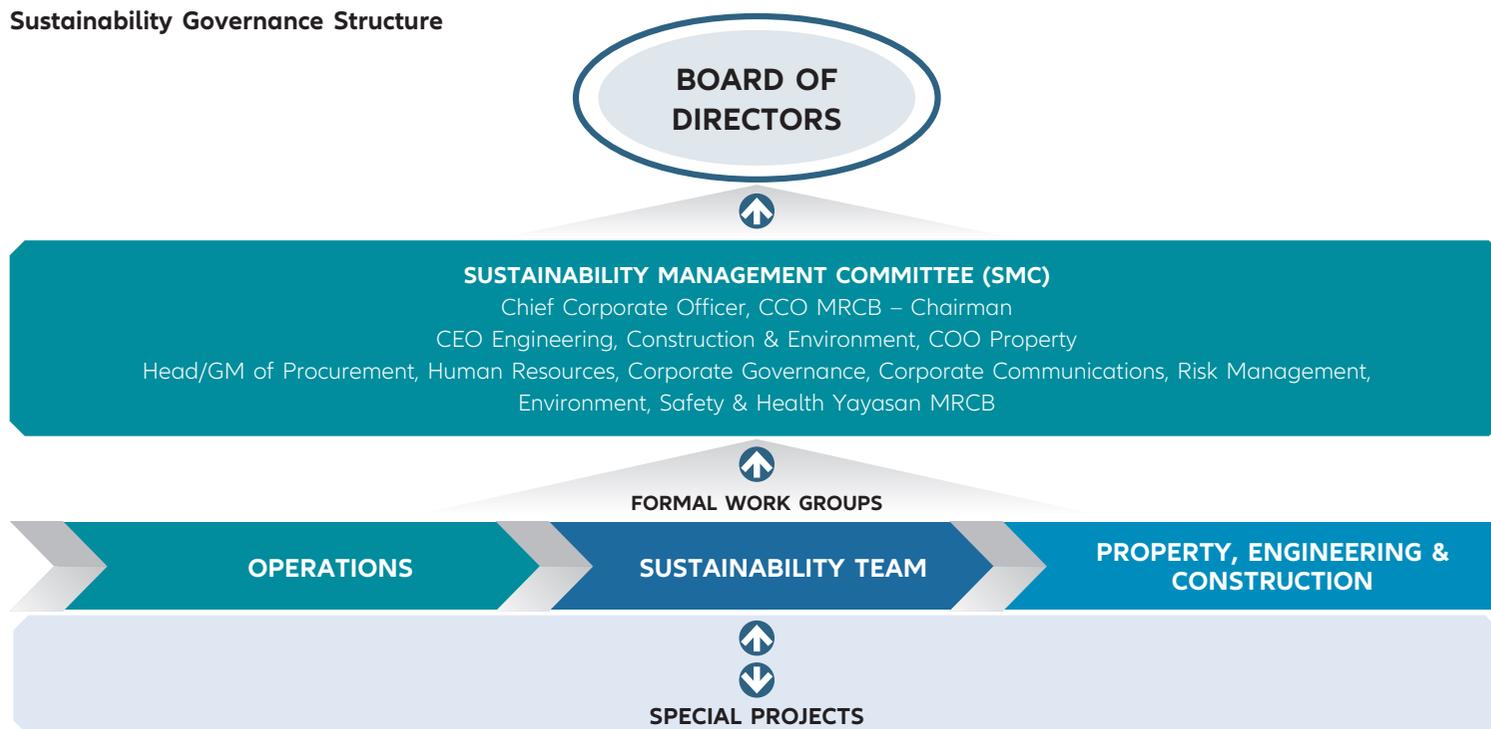
SUSTAINABILITY GOVERNANCE

We have developed a governance structure dedicated to sustainability, one that complements our existing organisational structure and underscores the importance of embedding the Sustainable Development Goals (SDGs) into the organisation’s overall management and operations. The Board of Directors (Board) of the Group envisions and endorses the Group’s sustainability strategic direction.

The Sustainability Management Committee (SMC) was established with the approval of the Board to translate the sustainability strategies into effective implementation of initiatives throughout the Group. The SMC’s objective is to provide advice and assistance to the Board for sound decision making on sustainability issues as well as facilitate the overall goal towards improving and enhancing the Group’s sustainability performance.

The formal working groups managed by the Sustainability team leads the execution of the sustainability agenda for addressing issues identified in previous years and improving on material sustainability issues. Partnerships on special projects are developed to scale best practices and to augment our impact when needed.

Sustainability Governance Structure



MRCB’s Sustainability Framework was developed in alignment with the 2030 Agenda. The Group’s corporate values act as a foundation to the 5 key sustainability pillars: Internal Action, Sustainable Impact, Risk and Governance, Corporate Social Responsibility and Stakeholder Engagement.

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

Our five sustainability focus areas are:

- i) INTERNAL ACTION**
Focuses on how MRCB creates positive impact internally while minimising negative impact from our operations. (eg: measuring our carbon footprint, setting eco-efficiency reduction targets for energy, water & waste, developing a position statement on biodiversity, human rights issues, conducting a Social Return on Investment analysis on our projects)
- ii) SUSTAINABLE IMPACT/BUSINESS**
Ensuring that our product offerings generate positive impact for our customers and communities (eg: sustainable construction through the development of green buildings and infrastructure, sustainable procurement by encouraging suppliers to adopt sustainability practices)
- iii) RISK AND GOVERNANCE**
Process of identifying and managing material sustainability risks within the MRCB Group. This requires setting up a structure for sustainability governance and reporting on sustainability progress, and the preparation of the annual sustainability report and reporting to relevant sustainability indexes (eg: FTSE4Good, MSCI, GRI)
- iv) CORPORATE SOCIAL RESPONSIBILITY (CSR)**
CSR has traditionally taken on a philanthropic lens. There is a need to re-align CSR priorities to the Sustainable Development Goals (SDGs) and re-examine the way that impact is measured (eg: ensuring that our CSR projects are aligned to the aspirations of the SDGs)
- v) STAKEHOLDER ENGAGEMENT**
This focuses on both internal and external engagement with key stakeholders (i.e. employees, customers, government officials, investors, NGOs etc) to help achieve the sustainable development goals (SDGs) and align MRCB to national priorities. (eg: piloting the Plastic Disclosure Project, engagement with the UNGC CFO TaskForce)

MRCB Sustainability Framework

Our Sustainability Purpose
Build Liveable and Resilient Communities, Care for Environment, Drive Sustainable Growth

Our Sustainability Key Action Plans



Aligned to UN Sustainable Development Goals



5 YEAR ROADMAP & KPIs

STAKEHOLDER ENGAGEMENT

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

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

STAKEHOLDER ENGAGEMENT STRATEGY

At MRCB, we recognise that developing partnerships is important to realising our sustainability aspirations. Our stakeholder engagement strategy thus serves as a guide as to how partnerships are pursued and developed, prioritising specific contexts and challenges in alignment with the SDGs.



Our Approach to Sustainability

In addition, our Stakeholder Engagement framework provides a platform for MRCB to curate and shape opportunities that enrich our sustainability efforts, leveraging on our existing mandate and leadership in the construction and property sector. We adopt a 5-step approach in our stakeholder engagement process which constitutes setting forth the vision and reviewing past engagement activities, defining criteria for prioritising stakeholders, identifying specific channels for such engagements, preparing the relevant logistics and identifying operating principles that will guide us in communicating our shared values and to attract like-minded organisations towards collaboration and partnerships (identifying opportunities).

Stakeholders Engagement Process



MRCB Approach in Consultation with Key Stakeholders

 An exhaustive list of our Stakeholder Engagement activities can be read on pages 34 – 37



Employees

Areas of Concern	Methods of Engagement	Frequency
<ul style="list-style-type: none"> • Remuneration and benefits • Career development and training opportunities • Work-life balance • Workplace health and safety 	<ul style="list-style-type: none"> • Annual appraisal • Training programmes • Employee events and engagement sessions • Focus groups and surveys • Electronic direct email • Social media • E-newsletter • Coffee session with Chief Corporate Officer • KPI setting 	<ul style="list-style-type: none"> • Annually • Quarterly • Throughout the year
<p style="text-align: center;">Addressing Stakeholders Concern</p> <ul style="list-style-type: none"> • Benefits for employees • Health and wellness programmes • Organisation of engagement programmes for employees • Training and career development • Employment security during COVID-19 		



Government/Regulatory Bodies

Areas of Concern	Methods of Engagement	Frequency
<ul style="list-style-type: none"> • Regulatory compliance • Waste management • Labour practise • Corporate governance 	<ul style="list-style-type: none"> • Inspections by local authorities • Workshops • Audits 	<ul style="list-style-type: none"> • Throughout the year
<p style="text-align: center;">Addressing Stakeholders Concern</p> <ul style="list-style-type: none"> • Management of scheduled waste and non-scheduled waste as per environmental laws and regulations • Provision of Centralised Labour Quarters (CLQ) for foreign workers which focuses on their well-being (provision of clean water supply, enhanced fire safety regulations and recreational areas) • Establishment of Corporate Governance relevant documents such as Corporate Governance Statements, Anti Bribery, Code of Business Ethics, Whistleblowing Policy and many more • Involvement in national/community initiatives and industry leadership 		



Clients & Customers

Areas of Concern	Methods of Engagement	Frequency
<ul style="list-style-type: none"> • Quality and workmanship • Product safety • Design and sustainability features 	<ul style="list-style-type: none"> • Customer surveys • Engagement activities and roadshows 	<ul style="list-style-type: none"> • Throughout the year • Monthly
<p style="text-align: center;">Addressing Stakeholders Concern</p> <ul style="list-style-type: none"> • QLASSIC assessment • Pre-delivery inspection prior to handing over of products to purchaser • Adoption of ISO 9001:2015 Quality Management System • Customer Satisfaction Survey 		

Our Approach to Sustainability



Media

Areas of Concern

- Financial performance
- Transparent communication
- Corporate strategy

Methods of Engagement

- Press releases
- Media networking sessions

Frequency

- Throughout the year

Addressing Stakeholders Concern

- Organisation of Press Releases and Media Engagement Sessions
- Timely and accurate information on industry and business developments
- Transparency of information



Local Community, Civil Society & Non-Governmental Organisations (NGO)

Areas of Concern

- Social contributions

Methods of Engagement

- Donations
- Community engagement programmes

Frequency

- Throughout the year

Addressing Stakeholders Concern

- The Yayasan MRCB conducted various programmes for the community (see page 175) such as:
 - Education and financial assistance for underprivileged students
 - Empowerment programme for Orang Asli youth with physical limitations
- Continuity of programmes during COVID-19
- Additional support to cope with COVID-19 (see page 26)



Shareholders/Investors, Analysts

Areas of Concern

- Economic performance
- Corporate governance
- ESG and Sustainability

Methods of Engagement

- Annual general meeting
- Analysts' briefings
- Engagement sessions through meetings, conferences and site visits
- Corporate website, Investor relations mobile app

Frequency

- Annually
- Quarterly
- 26 Sessions were conducted in 2020, and we engaged with 127 investment professionals

Addressing Stakeholders Concern

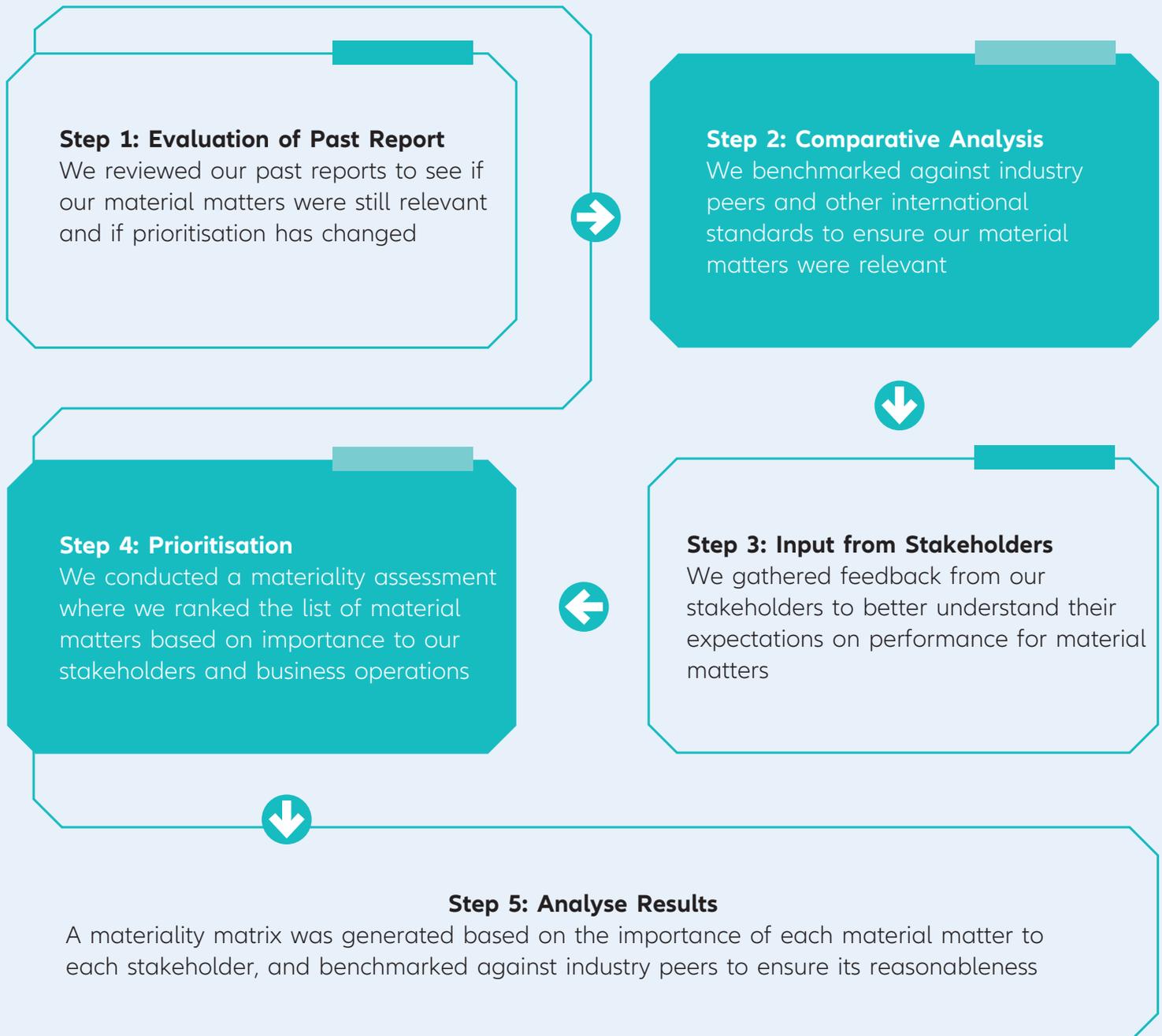
- Provided company updates through:
 - Quarterly results briefings
 - Corporate website
 - Investor Relations mobile app
 - One-on-one and group meetings as well as presenting at conferences, both locally and internationally
 - Annual update meetings with Minority Shareholders Watch Group (MSWG)
- Ensured accessibility to Board Members, Senior Management and/or IR team through:
 - Virtual AGM
 - Direct email and phone access as listed on corporate website
- Greater disclosure on ESG and sustainability reporting
- Good corporate governance demonstrated by adoption of 31 MCCG Practices and all 4 Step-up Practices

OUR MATERIALITY ASSESSMENT PROCESS

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

We have maintained the previous year's material sustainability matters and added three new key issues in 2020: climate change, human rights and biodiversity. For this reporting period, we have re-evaluated the priority of each of the material matters in terms of their importance to the business and the influence they have on stakeholder decision-making. The last materiality assessment was conducted in 2019 and given the increasing concerns regarding ESG matters since then, in the country and internationally, we felt it was timely to re-evaluate.

The step-by-step methodology of our materiality assessment which we undertook in 2020 is illustrated below:



Our Approach to Sustainability

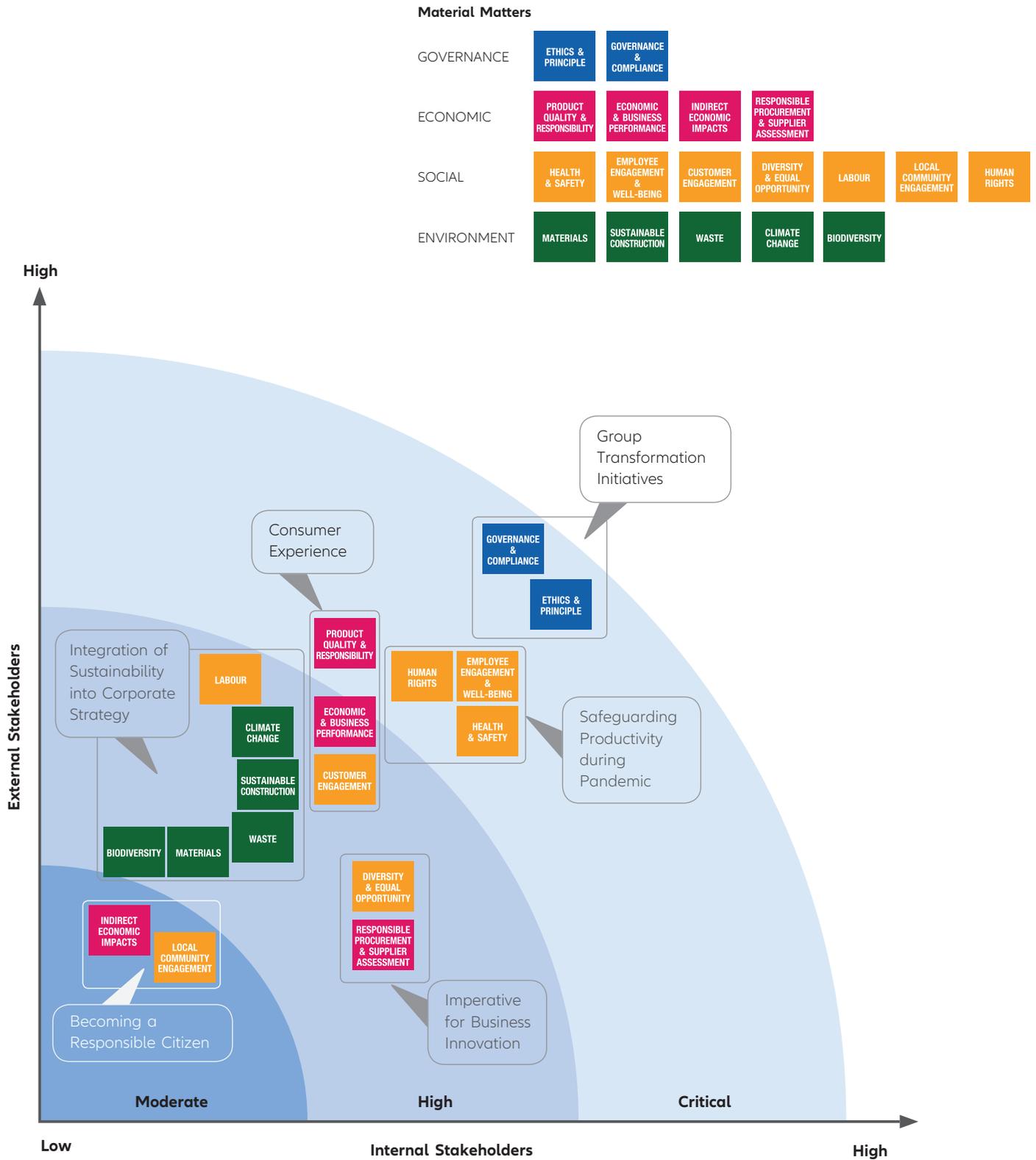
OUR MATERIALITY ISSUES AND DEFINITIONS

In 2020, we included an additional three (3) material matters to our fifteen (15) material matters that were identified in the previous reporting period. We used a weighted ranking to allow stakeholders to identify which material matters were most important to them. The five (5) material matters located in the critical area of the materiality matrix from the 2020 assessment are Ethics & Principles, Governance & Compliance, Product Quality & Responsibility, Employee Engagement & Well-Being, Health & Safety and Human Rights.

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

Theme	Ranking	Materiality	Description
 Governance	1	Ethics & Principles	An organisation's values, principles, standards and norms that include due diligence carried out in order to uphold human rights principles, prevent bribery, anti-competitive behaviour and corruption within its operations or through its relationships with others (i.e. suppliers, customers).
	2	Governance & Compliance	Compliance with applicable laws and regulations as well as with 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 that directly affect stakeholders and customers in particular.
	4	Economic & Business Performance	Economic value generated and distributed to stakeholders. Also, describes the contribution of the organisation in significant infrastructure investments and services development that improve community welfare and local economies.
	5	Indirect Economic Impacts	The contribution of the organisation in significant infrastructure investments and services development that improve community welfare and local economies.
	6	Responsible Procurement & Supplier Assessment	Meeting the organisation's needs for materials, goods, utilities and services in an environmentally friendly, responsible and ethical way.
 Social	7	Health & safety	Integrating principles of health and safety throughout the organisation's business operations and in the lifecycle of the product.
	8	Employee Engagement & Well-Being	Engaging with our 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 our products and services by understanding clients and customers preferences, providing an overall positive customer experience to maintain reputation.
	10	Diversity & Equal Opportunity	Equal provision of opportunity to all employees across operations. Diversity pushes innovation through exchange of perspectives and strengthens the organisation.
	11	Labour	Efforts to improve labour related processes including hiring of local and foreign labour, as well as participating in initiatives that alleviate socio-economic issues.
	12	Local Community Engagement	Efforts to manage impacts on people in surrounding communities at our project sites.
	13	Human rights	Integrating human rights principles in the organisation, act diligently to avoid infringing the rights of others and address any negative human rights impacts related to the business.
 Environment	14	Materials	Efforts to reduce resource consumption to mitigate environmental impact. How we track and monitor consumption to reduce operational cost.
	15	Sustainable Construction	Reducing negative environmental impact in building design and delivery. Such efforts include adhering to relevant green building standards, managing energy and water consumption, integrating sustainable designs and sustainable practices in the construction and operation of buildings.
	16	Waste	Proper waste management throughout the organisation's business operations including 3R practices (Reduce, Reuse, Recycle).
	17	Climate Change	Organisation's risk and exposure to climate change (i.e., extreme catastrophic events – floods, droughts), water security, impact on workers productivity.
	18	Biodiversity	Organisation's effort in minimising harm to nature and biodiversity.

Materiality Mapping and Strategy Clusters



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

Our Approach to Sustainability

Materiality	Key Enterprise Risk (KER)	Group Enterprise Risk (GER)	Relevant Stakeholders	Corresponding GRI Indicators	SDGs
 Governance					
Ethics & Principles	KER 006 – Regulatory risk	GER 011 – Bribery Risk	<ul style="list-style-type: none"> Shareholders/Investors and Analysts Employees Government/Regulatory Authorities Customers & Clients 	102: General Disclosure 103: Management Approach 205: Anti-corruption 206: Anti-competitive Behaviour	 
Governance & Compliance	KER 006 – Regulatory risk	GER 010 – Governance & Compliance risk	<ul style="list-style-type: none"> Government/Regulatory Authorities Shareholders/Investors and Analysts 	307: Environmental Compliance 419: Socioeconomic Compliance	
 Economic					
Product Quality & Responsibility	KER 008 – Quality Risk	GER 015 – Quality non-conformance risk	<ul style="list-style-type: none"> Shareholders/Investors and Analysts Customers & Clients 	103: Management Approach 201: Economic Performance	
Economic & Business Performance	KER 001 – Project delivery risk KER 002 – Liquidity risk KER 004 – Business Continuity risk	GER 001 – Construction risk GER 004 – Credit risk GER 008 – Climate change risk	<ul style="list-style-type: none"> Shareholders/Investors and Analysts Employees 	201: Economic Performance	 
Indirect Economic Impacts	KER 009 – Concentration risk	GER 017 – Investment Risk	<ul style="list-style-type: none"> Community Shareholders/Investors and Analysts 	203: Indirect Economic Impacts	
Responsible Procurement & Supplier Assessment	KER 001 – Project delivery risk	GER 002 – Procurement & contractual risk	<ul style="list-style-type: none"> Customers & Clients 	204: Procurement Practices 308: Supplier Environmental Assessment 414: Supplier Social Assessment	 
 Social					
Health & Safety	KER 007 – Safety, Health and Environment Risk	GER 013 – Safety & Health risk	Employees Government/Regulatory Authorities	403: Occupational Health & Safety	 
Employee Engagement & Well-Being	KER 004 – Business Continuity risk	GER 006 – Human resources risk	Employees	401: Employment 404: Training and Education	  
Customer Engagement	KER 003 – Marketing risk KER 008 – Quality Risk	GER 005 – High inventories risk GER 016 – Communication & Reputation risk	Customers & Clients	418: Customer Privacy	

Materiality	Key Enterprise Risk (KER)	Group Enterprise Risk (GER)	Relevant Stakeholders	Corresponding GRI Indicators	SDGs
Diversity & Equal Opportunity	KER 005 – Environmental, Social and Governance (ESG) risk	GER 009 – Sustainability risk	Employees	405: Diversity and Equal Opportunity	  
Labour	KER 001 – Project delivery risk KER 004 – Business Continuity risk	GER 002 – Procurement & contractual risk GER 006 – Human resources risk	Employees Shareholders/Investors and Analysts Government/Regulatory Authorities	G4 Sector Specific – Construction and Real Estate Sector Disclosures	
Local Community Engagement	KER 008 – Quality Risk KER 005 – Environmental, Social and Governance (ESG) risk	GER 016 – Communication & Reputation risk GER 009 – Sustainability risk	Local Community, Civil Society, and NGOs	413: Local Communities	   
Human Rights	KER 005 – Environmental, Social and Governance (ESG) risk	GER 009 – Sustainability risk	Employees Government/Regulatory Bodies Media Local Community, Civil Society & NGOs	400: Social	   

 **Environment**

Materials	KER 001 – Project delivery risk	GER 001 – Construction risk GER 002 – Procurement & contractual risk	<ul style="list-style-type: none"> Government/Regulatory Authorities 	301: Materials	 
Sustainable Construction	KER 001 – Project delivery risk	GER 001 – Construction risk GER 002 – Procurement & contractual risk	<ul style="list-style-type: none"> Shareholders/Investors and Analysts Customers & Clients 	302: Energy 303: Water and Effluents 305: Emissions	  
Waste	KER 005 – Environmental, Social and Governance (ESG) risk KER 007 – Safety, Health and Environment Risk	GER 009 – Sustainability risk GER 012 – Environment risk	<ul style="list-style-type: none"> Communities Government/Regulatory Authorities 	306: Effluents and Waste	  

Our Approach to Sustainability

Materiality	Key Enterprise Risk (KER)	Group Enterprise Risk (GER)	Relevant Stakeholders	Corresponding GRI Indicators	SDGs
Climate Change	KER 005 – Environmental, Social and Governance (ESG) risk	GER 008 – Climate change risk	<ul style="list-style-type: none"> Government/Regulatory Bodies Clients & Customers Media Shareholders/Investors, Analyst 	300: Environmental	
Biodiversity	KER 005 – Environmental, Social and Governance (ESG) risk	GER 009 – Sustainability risk	<ul style="list-style-type: none"> Government/Regulatory Bodies Local Community, Civil Society & NGOs 	304: Biodiversity	

MRCB is a signatory member of the United Nations Global Compact (UNGC) and seeks to align to its 10 business principles covering core areas such as human rights, labour, environment and anti-corruption. We have mapped our public commitments to these principles in the following table and will be communicating progress across these areas annually:

Human Rights

Principle	Commitment	Public Documents that Underscore our Commitments	GRI Index
<p>Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights.</p> <p>Principle 2: Business should make sure they are not complicit in human rights abuses.</p>	<p>In accordance with our Quality, Environmental, Safety and Health (QESH) Policy, we are committed to providing safe and healthy workplaces and operating in a manner that protects human health and environmental quality in our communities. To protect our communities and the environment, we set the same high standards for our environmental performance at all our locations around the world.</p> <p>MRCB expects its suppliers to conduct their operations in a socially and environmentally responsible manner. In addition to cost and quality, social and environmental performance is used to select and retain suppliers.</p>	<p>Human Rights Statement</p> <p>Quality, Environmental, Safety and Health (QESH) Policy Statement</p> <p>Statement of Commitment to UNGC</p>	<p>Human Rights: GRI 412</p> <p>Risk Management and Operations: Assessed for risks related to corruption.</p> <p>Integrity Helpline: Formal grievance mechanism</p> <p>Community Engagement: GRI 203</p>

Labour

Principle	Commitment	Public Documents that Underscore our Commitments	GRI Index
<p>Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.</p>	<p><i>Collective Bargaining:</i> We respect voluntary freedom of association, including the right to organise and bargain collectively in a manner that is legally compliant. Overall, the compensation and benefits provided by MRCB are designed to enable our employees to meet their basic needs and provide the opportunity to improve their skills and capabilities for raising their social and economic opportunities.</p>	<p>Sustainability Statement Publicly recognises responsibility for the company's impacts on internal and external stakeholders. Define sustainability strategies, goals, and policies in consultation with key stakeholders</p>	<p>Labour/Management Relations: GRI 402-1</p>
<p>Principle 4: Businesses should uphold the elimination of all forms of forced and compulsory labour.</p>	<p><i>Prevention Of Forced And Compulsory Labour:</i> These types of practices are explicitly forbidden within MRCB in line with our policies. Human Resources personnel ensure that slave labour or labour from penal institutions are not used, no matter the host country.</p>	<p>Code of Business Ethics Corporate Governance Statement Conflict of Interest Policy Whistleblowing Policy</p>	<p>Compensation and Benefits: GRI 202-1 Average Hours of Training Per Year Per Employee: GRI 404-1 Employee Development, Training and Education</p>
<p>Principle 5: Businesses should uphold the effective abolition of child labour.</p>	<p><i>Child Labour:</i> Our policies address child labour and are consistent with the UN Global Compact and ILO Convention 138. Potential employees are required to show valid identification and proof of age before they are hired. There is no child labour within our company.</p>	<p>Terms of Reference – Nomination & Remuneration Committee Terms of Reference – Audit and Risk Management Committee</p>	<p>Ratio of Basic Salary and Remuneration of Women to Men: GRI 405-2 Forced or Compulsory Labour: GRI 409 Child Labour: GRI 408</p>
<p>Principle 6: Businesses should uphold the elimination of discrimination in respect of employment and occupation.</p>			<p>New Employee Hires and Employee Turnover: GRI 401-1</p>

Our Approach to Sustainability

Environment

Principle	Commitment	Public Documents that Underscore our Commitments	GRI Index
<p>Principle 7: Businesses should support a precautionary approach to environmental challenges.</p>	<p>Sustainability is an integral part of our vision and values. Our environmental efforts are conducted with the following objectives in mind:</p> <ul style="list-style-type: none"> Supporting our company’s growth and exceeding our customers’ increasing expectations for more sustainable products and services. 	<p>Human Rights Statement</p>	<p>Risk Management and Operations: Assessed for risks related to corruption.</p>
<p>Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility.</p>	<ul style="list-style-type: none"> Improving our operational efficiency, including lowering costs and reducing the environmental footprint of our operations and supply chain. Expanding engagement with our stakeholders on environmental issues. 	<p>Quality, Environmental, Safety and Health (QESH) Policy Statement</p> <p>Biodiversity Statement</p> <p>Climate Change Statement</p>	<p>Risks and Opportunities Due to Climate Change: GRI 201-2</p> <p>Environmental Compliance: GRI 307</p> <p>Effluents and Waste: GRI 306</p>
<p>Principle 9: Businesses should encourage the development and diffusion of environmentally friendly technologies.</p>	<p><i>Initiatives and Achievements:</i> Our achievements in sustainability are the result of committed and innovative leadership.</p> <p>Our public reporting policies of integrity, transparency, and disclosure of sustainability data ensure our stakeholders, and the public are fully informed of our efforts and the results.</p>		

Anti-Corruption

Principle	Commitment	Public Documents that Underscore our Commitments	GRI Index
<p>Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.</p>	<p>Integrity is at the centre of all we do, and it drives our continued success. No matter where we operate, we hold ourselves accountable.</p> <p>MRCB conducts its business in ways that respect the environment and our communities and ensure safe, healthy workplaces for our people.</p> <p>Throughout the decades, the employees of MRCB, have stood firm when our beliefs and values have been tested. Today, each one of us is charged with the responsibility to uphold and extend our standards for ethical behaviour.</p> <p>We have zero-tolerance towards bribery and corruption.</p>	<p>Sustainability Statement</p> <p>Code of Business Ethics</p> <p>Corporate Governance Statement</p> <p>Whistleblowing Policy</p> <p>Conflict of Interest Policy</p> <p>Terms of Reference – Audit and Risk Management Committee</p> <p>No Gift Policy</p> <p>Anti-bribery & Corruption Policy</p>	<p>Ethics and Integrity: GRI 102-16</p> <p>Integrity Helpline: Mechanisms for reporting concerns about unethical behaviour</p> <p>Anti-Corruption: GRI 205</p> <p>Public Policy: GRI 415</p>

KEY HIGHLIGHTS OF STAKEHOLDER ENGAGEMENT FOR FY2020

Plastic Disclosure Project (PDP)

MRCB was one out of ten public-listed companies chosen by the Ministry of Environment and Water to participate in the PDP. By participating in the PDP, we have embarked on a journey of learning how to enhance our strategy and decision making in handling plastic that we use in our construction works which include recovery, recycling, use of recycled content or waste accumulation. We are also studying Malaysia's Roadmap Towards Zero Single Use Plastics 2018-2030 to ensure that we align ourselves accordingly. To quantify these efforts, MRCB is now establishing the baseline for plastic waste management and working towards setting a plastic waste reduction target.

Other plans in the pipeline include developing and implementing a Plastic Management Strategy to further encourage the practice of proper construction and plastic waste segregation, implementing standardised timely data collection, and set reuse, reduce or recycling targets. Under this agenda, we will also promote the adoption of the Extended Producers Responsibility (EPR) concept in the supply chain, improving the engagement with relevant stakeholders on waste management processes and exploring opportunities for office, retail, and TOD's waste management.

Furthermore, we participated in a knowledge sharing session by one of the PDP participants, Universiti Malaya (UM) on their Zero Waste Campaign, coordinated by Ministry of Environment and Water's representative. MRCB was invited along other leading organisations to attend the fruitful discussion in September 2020. Some of the inputs shared were on their governance strategy, coordination between different departments, waste audit methods and many more. The lessons learned and knowledge gathered shall be applied in the Group's future actions.

UNGC Engagement: CFO Roundtable & Taskforce

In strengthening our partnership, we participated in UNGC Malaysia's CFO Roundtable Engagement on Sustainable Finance hosted by the Securities Commission held on 28 of September 2020. The objective of the engagement was to discover key leadership insights in navigating Corporate Sustainability in the New Normal with a focus in the context of Sustainable Financing.

We were then invited to join the UN Global Compact CFO Taskforce for the SDGs, which was launched to put corporate finance at the centre of the Sustainable Finance agenda. The platform brings together multi-sector group of corporate finance leaders from around the world in aligning their sustainability commitments with credible corporate finance strategies to unlock private capital and create real-world impact on the SDGs.

MRCB is the first Malaysian company to join 34 other global companies in the UNGC action platform as a member of the CFO Taskforce. The first deliverable of the Taskforce was the CFO Principles on Integrated SDG Investments and Finance which was launched in September 2020.



Refurbished by MRCB, the Bukit Jalil National Stadium is a world class stadium facility capable of hosting a diverse range of events.

Upholding Strong Governance

GOVERNANCE & COMPLIANCE

Transparency and accountability are the two imperative foundations for a business to succeed. Corporations are expected today to have exceedingly sound governance practices, at a degree never seen before.

We are cognisant of the expectations of our stakeholders, and by building a strong governance culture and putting in place risk management controls, we strive to gain our stakeholders' trust. In 2020, in the 2019 ASEAN Corporate Governance Scorecard (ACGS) Awards, we were recognised as one of the 135 recipients of the ASEAN Asset Class Award for obtaining a minimum score of 97.5 points in the assessment, an initiative by the Minority Shareholders Watchdog Group. Thereby, demonstrating our commitment to sound governance practices and the importance we place on operating with accountability.

Risk intelligence at the most fundamental level covers regulatory compliance. Some of the key regulations we adhere to are the Companies Act 2016, Main Market Listing Requirements of Bursa Malaysia Securities Berhad, Malaysian Code on Corporate Governance (MCCG) (see Corporate Governance Overview Statement on page 100), requirements of the Environmental Quality Act 1974, Occupational Safety and Health Act 1994, and guided by other best practices and standards such as those outlined in the ASEAN Corporate Governance Scorecard.

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

With regards to section 17A of the Malaysian Anti-Corruption Commission Act 2009 on corporate liability, which came into effect on 1 June 2020, we are fully cognisant of the far-reaching implications of this new provision. In addition to having acquainted ourselves with the contents and principles of this provision, we have put in place adequate procedures as a defence against corporate liabilities for corruption offences committed by persons associated with the Company through the setting up of a robust ISO37001 certified Anti-Bribery Management System (ABMS).

Our efforts to go beyond compliance to future proof our business is evident in the voluntary practices recommended by the Malaysian Code of Corporate Governance (MCCG) 2017 we have undertaken. MRCB fully supports the recommendations outlined in the MCCG which contains a multitude of Practices and Step-Up Practices to promote good standards of transparency and corporate governance. As at end-2020, MRCB successfully adopted and applied 31 out of the 32 Practices prescribed by the MCCG, together with 3 out of the 4 optional Step-Up Practices that aim to raise the bar well beyond existing regulatory requirements. The two (2) departures were due to the reduction in the number of Independent Directors on the MRCB Board and on the Audit and Risk Management Committee (ARMC) following Encik Jamaludin's retirement. However, both MCCG Practices have since been re-adopted with the appointment of Datuk Wan Kamaruzaman bin Wan Ahmad as our new Independent Director on 15 April 2021. Conversely, the proportion of women directors on the Board has now dropped to 29%, just under the recommended threshold. We will continue to pursue further improvements in this and other areas, to be reflected within our end-2021 MCCG scores.

ETHICS & PRINCIPLES

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

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

ANTI-BRIBERY & CORRUPTION

The Group has a zero-tolerance against all forms of corruption. In 2020, we are pleased to note that no incidents of corruption or bribery were reported. While no incidents of corruption or bribery were identified, there were three (3) incidents of fraud or abuse reported in 2020.

Our main safeguard against corruption is our Anti-Bribery Management System (ABMS). This system recognises the requirements of:

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

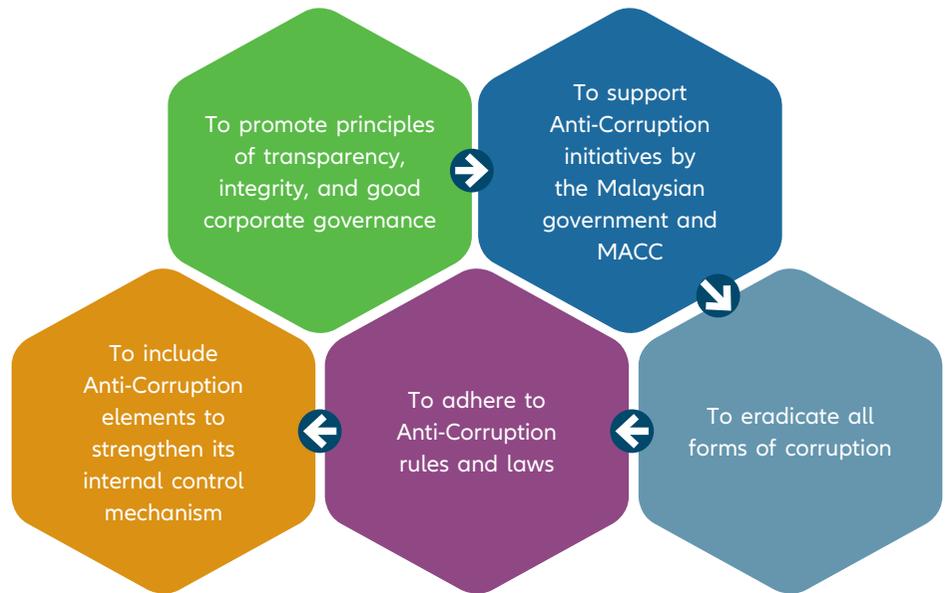
MRCB's embarked on the journey of establishing an ABMS in 2017. The preparation undertaken towards implementing ABMS consisted of five stages based on the standards set out in the ISO 37001:2016 Anti-Bribery Management System (ISO ABMS).

In 2019, ABMS was officially introduced in MRCB. As at 31 December 2020, all 14 departments in MRCB's headquarters were certified for the ISO ABMS. As part of our ABMS, the following policies and procedures were also introduced:

- Anti-Bribery & Corruption Policy
- Due Diligence Guidelines
- Conflict of Interest Policy
- Anti-Bribery Controls for Controlled Organisation and Business Associates Policy
- Revised Gifts, Hospitality, Donations and Similar Benefit Policy
- Revised Whistleblowing Policy

As at 31 December 2020, a total of 319 MRCB staff attended ABMS training and the intention is to roll this out to all of our staff progressively. Since 2018, we have provided ABMS training to 1,381 staff and 94 representatives from 77 companies throughout our value chain. We have also now designed an Anti-Bribery Online Training module via our e-Learning Management Portal system, to ensure full mandatory participation by all our staff on an annual basis. To accommodate the diversity of our employees and to ensure proficiency on the subject, these courses are designed in dual languages.

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



WHISTLEBLOWING

MRCB has a Whistleblowing Policy, which is accessible via the company's website that allows individuals to report any misconduct occurring within MRCB and its operations. The policy also protects against victimisation. Internally, we have also established a grievance policy and procedure, where employees can have their complaints or grievances recorded and put into consideration for resolution. A whistle-blower can make a disclosure on improper conduct to whistleblowing@mrcb.com. In 2020, there were two (2) whistleblowing cases reported.

Internally, we have a Grievance Policy and procedure for employees to register complaints which the organisation then addresses to resolve. In addition, MRCB also has a Referral Policy that allows any individual to report incidents such as violation of any applicable laws and regulations by employees and business associates to the police or regulatory authorities. As an organisation if we detect anything that is illegal, we will report it to the relevant authority.

GIFTS, HOSPITALITY, DONATIONS AND SIMILAR BENEFITS POLICY

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

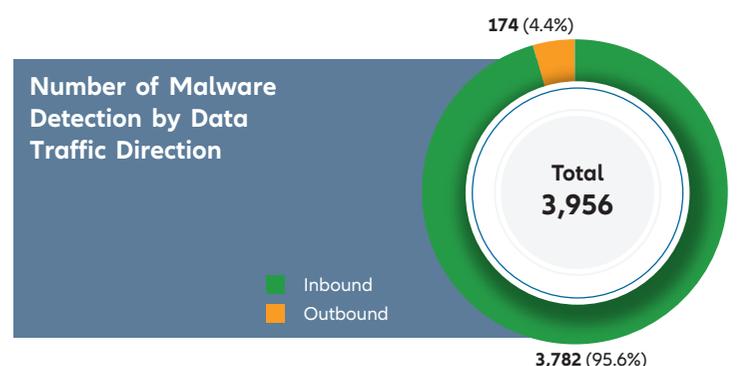
DATA PRIVACY & PROTECTION

Technology has become increasingly integral to the workplace allowing for effective and efficient collaboration over various platforms and across a vast network of people. However, this also increases the threat and risk of cyber-attacks that can threaten the security of information/data collected and used by the organisation. MRCB has implemented strong cyber security measures to protect the data of the company as well as our clients and other stakeholders. (For more information refer to the SORMIC on page 124)

As of 31 December 2020, there were 3,956 malware detections reported with 95.6% being inbound data traffic. Through our use of Microsoft Azure and the embedded Artificial Intelligence features, the frequency and intensity of these occurrence have begun to show a declining trend. In addition, the server downtime in 2020 of 10 hours and 34 minutes was also within our target for network availability of 99% of the time within a calendar year.

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

Server Downtime	
Month	Incident Downtime (hour: mins)
25-Feb	0:32
2-Mar	4:05
19-Mar	0:47
12-Apr	4:35
28-Sept	0:35
Total downtime	10:34



Economic Contributions

ECONOMIC AND BUSINESS PERFORMANCE

Economic performance is imperative to the sustainability of the Group as it supports the growth of our business operations. It is a top priority for MRCB as well as for our stakeholders, and as such, appropriate risk management plans and processes have been set in place in order to maximise value returned to our shareholders. Please refer to page 80 of this report for full details of our financial highlights.

INDIRECT ECONOMIC IMPACT

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

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

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

RESPONSIBLE PROCUREMENT & SUPPLIER ASSESSMENT 204-1

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

We are ensuring that our suppliers are selected from among those with a strong track record and are aligned with our commitment to build a sustainable supply chain. Environmental impact and transparency of our supply chain are important considerations for the business to be sustainable. Our procedures ensure a transparent supplier selection process. For example, we have a very transparent preliminary qualification assessment and performance evaluation process. All our suppliers must achieve the minimum points of the preliminary qualification assessment and become registered approved suppliers before they can be invited to submit quotations and become an appointed supplier of MRCB. Quotations evaluated by the Procurement Department have stated justifications for selection, which is then approved by the project team.

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

Our commitment to have a sustainable supply chain includes appointing foreign suppliers only when it is necessary for the business. Engaging local suppliers over foreign suppliers helps reduce transportation costs and carbon emissions. Of our 424 appointed suppliers throughout 2020, 406 are local (contracted from the Klang Valley area with several based in Johor, Perak, and Penang) and 18 with major foreign shareholdings incorporated locally. In 2020, 92% of our procurement budget was spent on local suppliers.



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

MRCB is in the midst of implementing its E-Procurement system to enable all procurement processes to be electronic, and suppliers will be able to access information in real time, including the status on progress and delays. Soon, we plan to progressively identify and adopt more sustainable practices to incorporate into our procurement process, as well as embedding sustainable criteria in the evaluation of suppliers.

Delivering Excellence

PRODUCT QUALITY AND RESPONSIBILITY

Quality Assessment System in Construction

The Construction Industry Development Board (CIDB) established the Quality Assessment System in Construction (QLASSIC) as a benchmark of workmanship quality of building construction work based on the Construction Industry Standard (CIS). The assessment uses sampling and statistical analysis to determine the score of the workmanship based on the required standard. MRCB aims to achieve a minimum QLASSIC score of 70-75%, subject to requirements set for each project. According to CIDB, a construction project with a 70% QLASSIC Score is considered to be a credible standing. Note that no QLASSIC assessments were conducted in 2020 as all our ongoing projects are now at the Completion of Practical Construction (CPC) stage.

Below is the QLASSIC Scores for MRCB's projects:

FY2018	
Project Sites	QLASSIC Scores
Menara MRCB	75%
JLand Tower	75%
Desaru Conferences Centre Project	70%

FY2019	
Project Sites	QLASSIC Scores
Vivo, 9 Seputeh	69%
Hard Rock, Desaru	72%
TNB Balai Islam	74%

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

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

This system was developed to cater to the ever-changing demands of the industry by predominantly reducing our dependency on foreign manpower and reducing material wastage, while also enhancing quality standards and project delivery times by up to 50%. Additionally, by moving the construction site to a factory setting, we create a more convenient, safe and efficient workplace that attracts local workers. As a responsible business, we will license MBS to other companies to help overcome the social and environmental issues of construction (see MBS on page 38 for more details).

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

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

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

Customer Engagement

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

In accordance with our policy and guidelines, we respond to every complaint within three (3) working days. We engage with customers and clients by telephone, email, WhatsApp, messenger, Residents Mobile Application, and face-to-face communications for those who walk in.

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

Delivering Excellence

At MRCB, we do our best to showcase best practices, increase brand awareness and quality. Our efforts in this direction are demonstrated by the awards we received in 2020 as listed below:

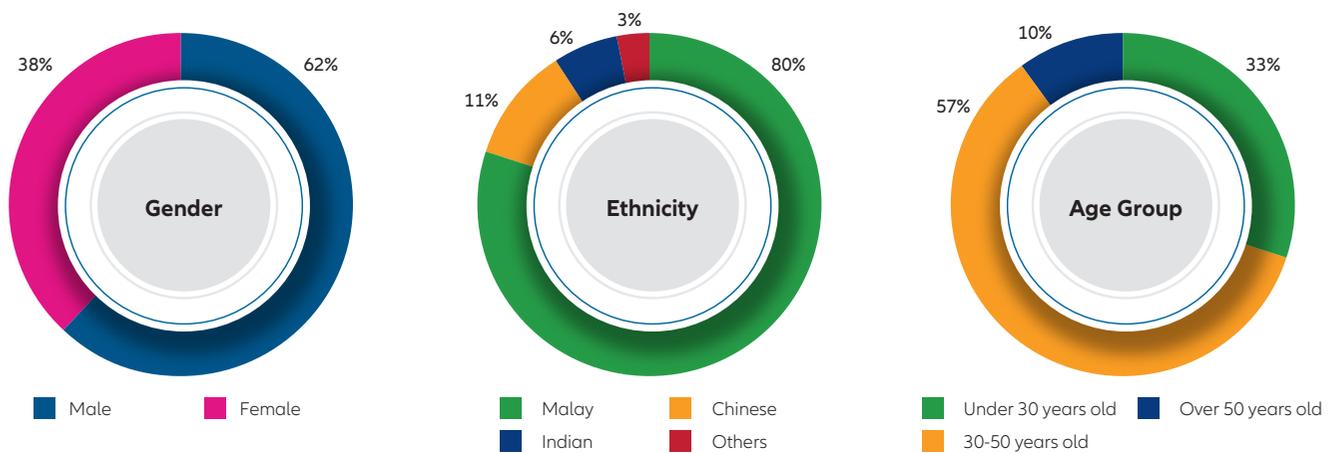
No	Award	Winning Category	Project
1	Property Insight	The Top 100 Property Developer Brand	MRCB
2	Construction Industry Development Board (CIDB)	5-Star Achiever Awards	MRCB Builders Sdn Bhd
3	SIRIM QAS and IQNET	ISO 45001: 2018 (Occupational, Safety and Health Management Systems)	MRCB
4	ARC Awards 2021	Non-Traditional Annual report (Infrastructure Company)	MRCB
5	M100 Leading Graduate Employees 2020	2 nd Runner-Up for Property, Construction and Development	MRCB
6	The Star Property Awards 2020	All-Stars Award (Best Overall Champion)	MRCB
		The Distinctive Build Award (Best Boutique Development – Excellence)	Alstonia Hilltop Homes
		The Proximity Award (Best Integrated Development – Honours)	9 Seputeh
		The Proximity Award (Best Integrated Transit Oriented Development – Honours)	Kwasa Damansara City Centre
		The Family-Friendly Award	9 Seputeh



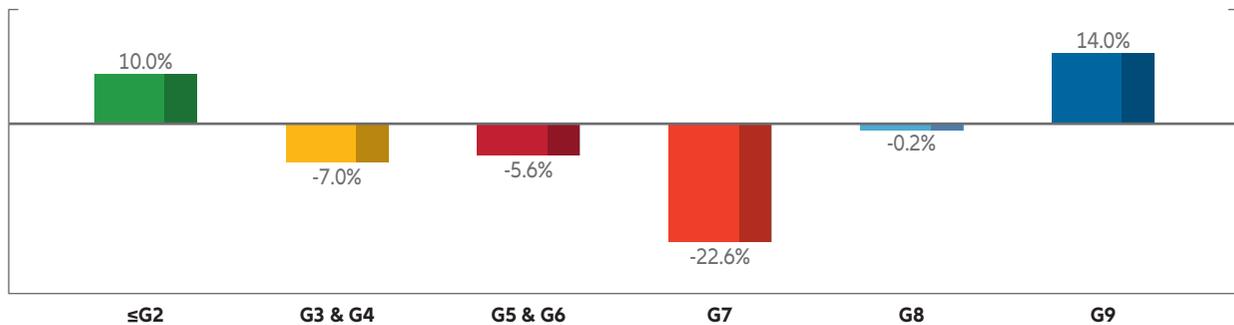
Social Responsibility

DIVERSITY & EQUAL EMPLOYMENT

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



% Difference in Average Annual Female Salary against Men by Employee Job Grade (FY2020)



Note: As of 31 December 2020

Approximately 40% of our employees are based in our head office located at Menara Allianz Sentral at Kuala Lumpur Sentral. The remaining employees are located at the surrounding facilities of KL Sentral and Penang Sentral, as well as at multiple project sites. Given the physically demanding nature of the work at the project sites, 63% of our employees are comprised of men. However, to break this mould, we have invested in a number of initiatives, including training to better equip women for this industry. This way, they are not limited to only certain kinds of jobs and are open to work in any of MRCB's operations. We have managed to increase our percentage of women in senior management positions, which illustrates our efforts in supporting women in the workforce. The national target from the Ministry of Human Resources is to have 30% of the Board to be women, and MRCB has met the target by having 33% women in the Board.

57% of our workforce are in the 30-50 years old age category. We strive to retain experienced talent that can highly benefit the Group. Those below 30 years of age make up 33% of our workforce and we strive to support our young talent by equipping them with the relevant skills and expanding their knowledge in the industry. The breakdown of our workforce by ethnicity is as follows: Malay 80%; Chinese 11%; Indian 6% and others 3%.

The overall mean pay gap between male and female employees, (the Gender Pay Gap) is only 3.5%.

Social Responsibility

EMPOWERING WOMEN IN THE WORKFORCE

Championing SDG 5 (Gender Equality), the Group celebrated International Women’s Day on 6 March 2020 by organising an event with a well-known and respected female figure in Malaysia. An inspirational sharing session with Malaysia’s first astrophysicist, Professor Emerita Dato’ Seri Dr Mazlan Othman was held. She presented the topic ‘Following The Unbeaten Path’ which covers her journey in a male dominated industry, her career as an astrophysicist, and the challenges she overcame to reach where she is today. Our employees were very inspired by her journey.

Moreover, MRCB has implemented a number of initiatives targeted at addressing the challenges faced by women at the workplace. Below describes our efforts to encourage the participation and help support the professional development of women at the company.



Empowering Women in the Workforce
Mother’s Room
 Designated private rooms are provided at our Headquarters for nursing mothers returning to work. The rooms are equipped with seating, tables, and electrical outlets for comfort.

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

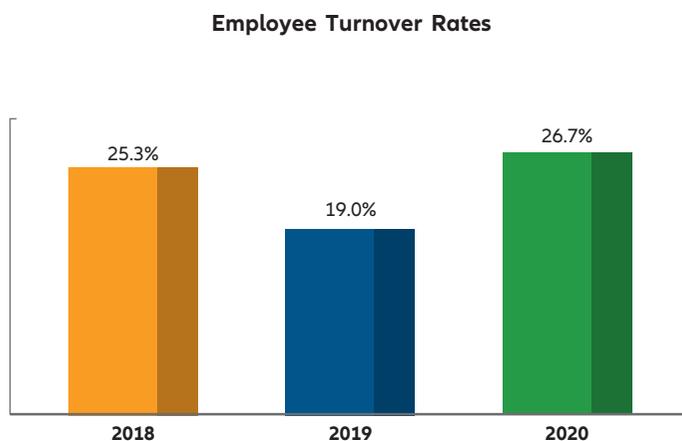
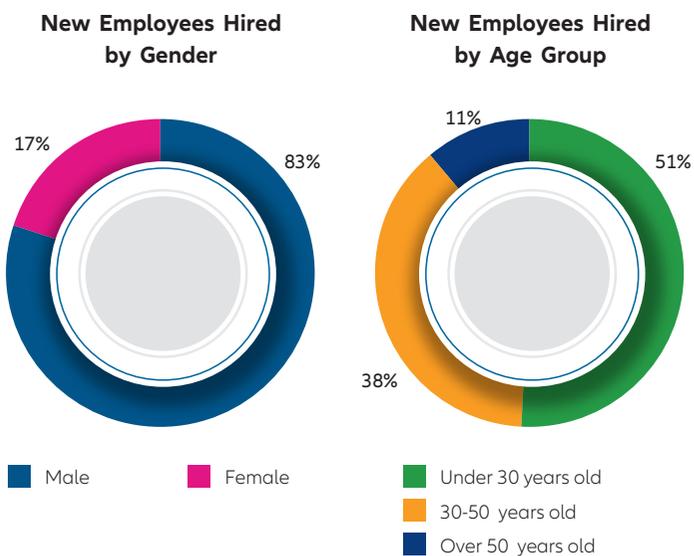
Sexual Harassment Awareness Session
 We conducted a session aimed at raising employee awareness and helping them have a better understanding of the context of Sexual Harassment in the workplace.

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

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

MRCB places importance on respecting people from all socio-cultural backgrounds and does not tolerate discrimination through unequal treatment or harassment, especially on the grounds of gender and ethnicity. In 2020, no incidents of discrimination or harassment were reported. Diversity in the workforce brings different perspectives, valuable experience and different skill-sets to the Group.

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



The construction and engineering industry generally faces a higher turnover rate. In 2020, our employee turnover rate increased to 26.7% compared to 19% in 2019.

EMPLOYEE ENGAGEMENT AND WELL-BEING

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

The COVID-19 pandemic has disrupted the Group and caused us to think differently as we adjust to social distancing practices and a new work environment. In line with the Movement Control Order (MCO) announced by the Government of Malaysia on 16 March 2020 to contain the COVID-19 outbreak, MRCB Group temporarily ceased operations at its project sites and closed its offices from 18 March to 12 May 2020. During this period, majority of the staff worked from home (WFH). We strive to provide a safe working condition at our workplace by implementing a well-thought Standard Operating Procedures (SOPs) which articulated steps that must be taken before resuming work at the office and construction sites.

Programmes

To enhance employee engagement and well-being during this challenging period of 2020, we organised several initiatives to help employees adapt. Some of the key programmes are listed in the table below.

Date	Activity
January	Influenza Vaccination
February	"After 5 with Me" with Mr Lok Ngai Hey
February	Mental Health Counselling Service for MRCB Staff
February	Sustainability Talk: Series 1/2020
March	MRCB International Women's Day
March	Reminder – Personal Hygiene & Due Care: COVID-19 Outbreak
March	Employee Survey – Impact of COVID-19
April	#KKRMPrihatin Relief Fund
April	Movement Control Order (MCO) Impact Survey
August	MRCB Merdeka Celebration & Merdeka Theme Day
September	Merdeka Fair
September	Introducing HR Live Chat Bot
September	Personal Financial Management with AKPK
August – September	Sustainability Masterclass and Workshop
November	e-November 2020: Change the Face of Men's Health

Date	Activity
December	Introducing Logitech Connect and eScan for work support
December	Mental Health Counselling Service for MRCB Staff
December	Change of Insurance Provider Training
December	TeamBinder RFAG Templates – Compulsory Training
December	OneDrive and Sharepoint Online Training

MRCB'S COVID-19 RESPONSE

During the peak of the COVID-19 pandemic in Malaysia, two surveys were conducted to assess the well-being of our employees. One was conducted at the initial stage of MCO and the second survey was conducted after some time to gauge their adaptability to the new norm. The feedback were very significant as almost 80% of our employees responded to the surveys. From the first survey, we were able to identify our shortcomings i.e. some of our frontliners and support staff that did not have corporate emails did not receive information on COVID-19 updates.

HR immediately rectified this by creating a communication group to disseminate all updates quickly to them and provided further assistance to the employees in need. We established a multi-channel communication method for quick information dissemination to all employees. We have also established dual-language communication in Bahasa Malaysia and English, to engage our employees.

Moreover, we provided meals and groceries during the Ramadan month to our frontliners made up of auxiliary police officers, security guards, dispatch staff, parking assistants, and technicians. We also embarked on a fund-raising campaign among staff which raised RM87,277 to help lessen the financial burden of these employees and other eligible recipients. In addition, we personally made calls to check-up on 650 employees who showed signs of vulnerability or distress, and offered free counselling services to them. In 2020, we also introduced a new digital communication platform "HR Live Chat Bot" to provide quicker response to employees' queries and improve our services.

Benefits

At MRCB we adopt best practices with respect to benefits and wellness, including annual leave, medical benefits and mileage claims which differs depending on the position the employee holds within the organisation. From time-to-time we review our corporate benefit packages to ensure they are 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 play the role of the primary caregiver for a terminally ill family member.

Social Responsibility

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

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

* Subject to job grade

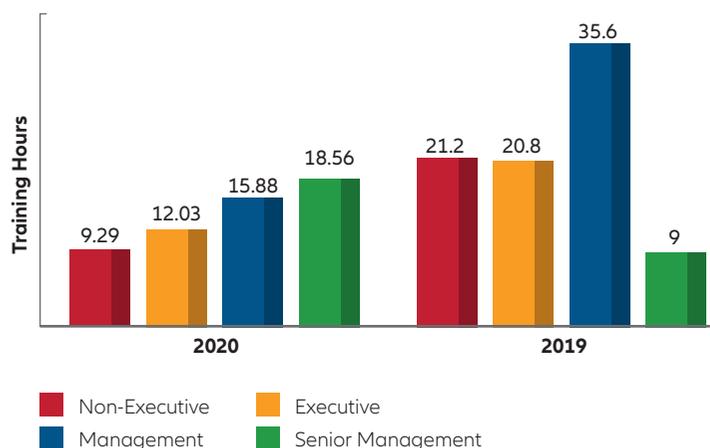
CAREER DEVELOPMENT

Training and Learning Opportunities

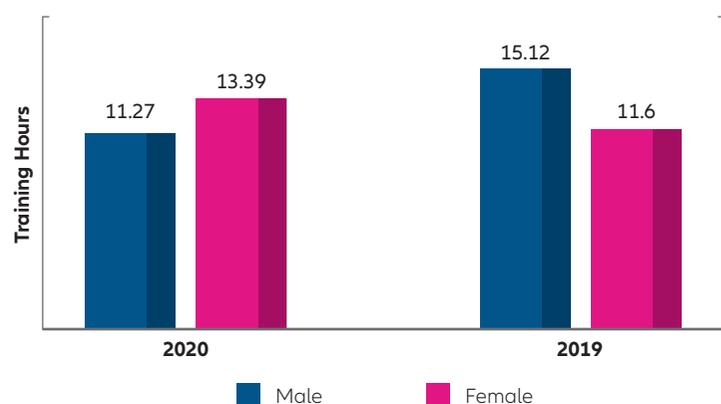
Investing in our workforce is the cornerstone of our business philosophy and growth. MRCB strives to sharpen employee knowledge with soft skill development, technical training and leadership training using different platforms including e-Learning. Aligned with our goals of SDG 8, Decent Work Economic Growth, our employees have embraced the concept of life-long learning and underwent relevant training based on competency gaps identified from their performance evaluation.

In 2020, we organised dedicated training sessions to enhance technical, analytical, and soft skills among employees. Despite COVID-19, which restricted physical training, a total of RM525,000 was spent on training activities in 2020. MRCB employees underwent a total of 19,990 training hours which works out to an average of 12.1 training hours per employee. Average training hours by gender and employment category are illustrated in the graphs below.

Average Training Hours by Job Grade



Average Training Hours by Gender



The senior management received the most trainings in 2020. The higher training hours for senior management were the result of a few initiatives, such as Key Performance Indicator workshop, training on Microsoft Teams and High Performing Leaders’ workshops for the project directors.

Performance and Development Reviews

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

Moving forward into 2021, we are embarking on customising employees’ developmental needs for future progress, where eligible employees will need to complete an online assessment consisting of 4 modules. We value our employees, and the tool is meant to help us map their career and future growth by understanding employees’ skills gaps, to help curate an Individual Development Plan (IDP) for our talents identified as future leaders. Moreover, as part of championing SDG 17, partnering up with UN Global Compact Network Malaysia, we now have full access to the UN Global Compact Academy learning platform for all MRCB’s employees.

SOCIAL RESPONSIBILITY

Health and Safety

Our 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. Therefore, in safeguarding the well-being of our workers at project sites, we have implemented an Occupational Health and Safety Management System, ISO 45001: 2018, to guide practices towards ensuring safety and health at the workplace.

We have also established an Environment, Safety and Health (ESH) Committee at MRCB headquarters. 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 two-way communication
- To motivate and raise awareness on issues pertaining to the Safety and Health (S&H) aspects.

Quality, Environmental, Safety and Health (QESH) Policy

At MRCB, we are committed to delivering world-class services and maintaining the highest standards of quality in the services we provide to our clients. We are currently operating with the following systems in place:

- 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

Stemming from these management systems, we have formulated our QESH Policy (Quality, Environmental, Safety and Health 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. Some of our QESH objectives are:

- Achieve a minimum 80% SHASSIC CIDB/ESH Audit rating
- An incident rate of equal to or less than 2.01 to 2.50. (Incident rate is measure of the frequency with which some event, such as an accident, occurs over a specified time period)
- Ensure 85% of Non-Conformance Reports (NCRs) are closed immediately (less than 3 days) and zero Stop Work Orders (SWO) issued by clients or relevant regulatory authorities.

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. Some of the details/data included in the quarterly report are:

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

Managing Safety and Health Risk at Workplace

MRCB provides a safe and healthy workplace for its employees and other relevant parties within its premises. We have established a standard operating procedure (SOP) for Hazard Identification, Risk and Opportunity Assessment and Determining Control (HIRADC) for our headquarters and building and infrastructure projects. HIRADC applies to all routine and non-routine activities and for all personnel having access to the workplace, including sub-contractors and visitors.

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

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

Safety and Health Assessment System in Construction (SHASSIC)

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

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

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

Project Sites	SHASSIC Star Rating
9 Seputeh - Parcel B	93% ★★★★★

Social Responsibility

Safety and Health Training

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

In 2020, a total of 733 people consisting employees, site workers and contractors attended 18 training modules in 27 conducted trainings. The training modules are listed below.

Training Modules

- 5S Awareness
- Dengue Prevention and Control
- Program Penyahcemar Bersama Bomba
- ISO 45001:2018 Internal Auditor Refresher Training
- PEKA Induction
- COVID-19 Awareness Talk
- Effective ESH Committee Meeting
- Organisasi Keselamatan Kebakaran (OKK)
- Working at Height
- Lifting Supervisor Training
- Lifting Awareness Training
- Forklift & Bobcat Safe Operation Training
- Gantry Crane Safe Operation Training
- Machinery Inspection
- Hot Work
- Signalman and Lifting Awareness Training
- Basic Occupational First Aid, CPR, and AED Training (BOFAC)
- CIDB SHASSIC Auditor

Safety and Health Incidents

MRCB has effectively implemented our QESH policy. We recorded an incident rate at 0.3, which is lower than Malaysia's Department of Occupational Safety and Health (DOSH)'s acceptable rate of 2.5.

Despite our best efforts to reduce injuries and accidents at project sites, we had one (1) fatality at KWASA C8, one (1) first aid case at Lot 12, PJ Sentral and one (1) property damage at SUKE, in 2020. We were also issued two (2) Stop Work Orders (SWO) in 2020, one by Pejabat Kesihatan Daerah (PKD) Sepang at our KVMRT2 S210 project site for spot on larva breeding and the other one by Department of Occupational Safety and Health (DOSH) at SUKE project due to the falling of parapet wall. Following investigations by the Construction Industry Development Board (CIDB), MRCB Builders Sdn. Bhd. (the work package contractor for that section of the SUKE project) and our subcontractor was fined a total of RM180,000 for failing to ensure safety at the construction site. Lessons learnt were shared with all of our operations team and we are closely monitoring our sites to prevent similar incidents from recurring.

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 causing injury to any person or damage to any property.
First-aid Cases	Cases in which first aid was delivered at the workplace, which no further medical treatment required by medical practitioners.
Medical Treatment	Only 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 one year of the accident.
Environmental Incident	<p>Minor</p> <ul style="list-style-type: none"> – Simple contamination with localised effects for short duration. <p>Major</p> <ul style="list-style-type: none"> – Simple contamination with widespread effects to heavy contamination. <p>Catastrophic</p> <ul style="list-style-type: none"> – Incident with damage to properties estimated cost above RM500,000.
Property Damage	<p>Minor</p> <ul style="list-style-type: none"> – Incident with damage to properties estimated cost below RM150,000. <p>Major</p> <ul style="list-style-type: none"> – Incident with damage to properties estimated cost from RM150,000 to RM500,000. <p>Fatal/Catastrophic</p> <ul style="list-style-type: none"> – Incident with damage to properties 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).

We closely monitor construction activities and conduct regular ESH Committee meetings to provide updates on the safety and health conditions at our project sites. MRCB achieved 1 million-man hours without LTI (Loss-Time Injury) for KVMRT2 V210 and KVMRT2 S210 projects.

Type of Incident	2018	2019*	2020
Total Man Hours	15,541,038	11,982,390	7,126,128

Type of Incident	2018	2019	2020
Ill Health	0	0	0
Near Miss	2	2	0
First-aid Cases	34	1	1
Medical Treatment	N/A	N/A	0
Minor Injuries	1	2	0
Major Injuries	0	0	0
Fatality	2	0	1
Environmental Incident	N/A	N/A	0
Property Damage	8	0	1
Dangerous Occurrences	N/A	N/A	0
Fire	0	0	0
Stop Work Order (SWO)			
Received from Authorities	6	2	2
Loss Time Injury (LTI)	2	2	2

Note: As of 31 December 2020.

* The total man hours for 2019 was revised to improve data accuracy. The restated amount was 50.8% higher than previously reported.

Labour

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

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

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

PEKA@MRCB PROGRAMME

A large part of sustainability is in ensuring the inclusivity of society and all its members; however, this can be challenging for prisoners/offenders and troubled youth who are often excluded from our communities. The PEKA@MRCB Programme is part of the Yellow Ribbon initiative spearheaded by the Ministry of Youth and Sports in collaboration with the Malaysian Prison Department (MPD) and MRCB, which was launched in August 2019. In 2020, we provided upskilling training to 156 offenders selected through a comprehensive evaluation process. The types of training provided to the participants include both theoretical, such as safety induction course by CIDB, and practical trainings such as welding, brick-laying, machine maintenance and so on.

An analysis of the Social Return on Investment (SROI) was conducted for the PEKA@MRCB Programme. The objectives of the programme were to provide these sidelined groups an opportunity of employment and education to enable them to be self-sufficient, while also regaining trust and contributing to society. An additional intended outcome is to reduce dependency on foreign labour at our construction sites. The project site chosen for the analysis was the MRCB Builders' Casting Yard in Bukit Jalil for the SUKE project.

The stakeholders involved in the analysis were MRCB, MPD and the participants; with a programme duration of 1 year. An assumption was made that costs were split 60:40 between MRCB and MPD, respectively. By the end of one year, 45 participants secured employment at the Bukit Jalil Casting Yard site.

The additional intended outcome was also achieved as labour was sourced locally, which was especially valuable during the COVID-19 pandemic.

Based on the engagements with our stakeholders and using the SROI Impact Map from The SROI Network, we estimate the SROI of the PEKA@MRCB programme in 2020 to be RM56.20 for every RM1 invested.

MRCB recognises and hopes the long-term benefits will reduce labour shortages and dependency on foreign workers, reduce unemployment amongst past-offenders, helping them to reintegrate into society and change their life for the better. We are optimistic that through our adoption, other companies will be encouraged to do the same, helping the nation move forward.



PEKA@MRCB Programme with the Malaysian Prison Department

Social Responsibility

SUMMARY OF SROI ANALYSIS



Through PEKA@MRCB, we are committed to create positive social impact for our community

Enriching the Community

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

COMMUNITY CONTRIBUTIONS 413-1

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

No.	Donations/Programmes	Beneficiaries	Donated Amount (RM)
1	Refurbished 2 Schools & Playground at IPD Langkawi for KAFA School	<ul style="list-style-type: none"> • SK Kedawang • Kelas Asas Fardhu Ain (KAFA), IPD • SK Padang Matsirat 	475,275.69
2	Contributed 300 sets of family hygiene kits to IMARET	<ul style="list-style-type: none"> • IMARET 	43,485.00
3	Donated to 10 families from Kuala Lipis – Fire incident	<ul style="list-style-type: none"> • Kampung Baru Benta, Kuala Lipis 	30,000.00
4	Back to School Programme – bags, stationeries, Mydin cash voucher	<ul style="list-style-type: none"> • 560 Students 	68,040.00
5	Continuation: Sponsored one year lunch for B40 category students (RM3 X 384 pax X 200 days)	<ul style="list-style-type: none"> • SK Pengkalan Jaya, Butterworth • SK Kuala Perai, Butterworth • SK Iskandar Perdana, Bandar Seri Iskandar, Perak • SK La Salle, Brickfields, KL • SJK (T) Vivekananda, Brickfields, KL • SK Seri Bonus, Semarak KL • SK Seksyen 7 Kota Damansara, KL • SK Setia Budi, Batu Pahat, Johor • SMK La Salle, Brickfields, KL • SK Padang Tembak 1, Semarak KL • SMK Jalan Bukit Kajang, KL • SMK Bandar Baru Sungai Buloh, KL 	10,176.00 8,640.00 8,832.00 9,216.00 8,256.00 9,024.00 8,064.00 9,312.00 9,216.00 8,640.00 10,848.00 10,368.00
6	Donated wheelchair and hospital bed to stroke patient	<ul style="list-style-type: none"> • Batu Pahat, Johor 	2,720.00
7	COVID-19: Contributed PPE and Ventilators through Government Disaster Response Network (GDRN)	<ul style="list-style-type: none"> • Hospitals 	400,000.00
8	COVID-19: Contributed Iftar meal for front-liners	<ul style="list-style-type: none"> • Hospital Kuala Lumpur 	10,000.00
9	COVID-19: Contributed hand sanitizers for B40 communities and frontliners	<ul style="list-style-type: none"> • KL 	10,000.00
10	COVID-19: Contributed food baskets to Orang Asli in Perak	<ul style="list-style-type: none"> • Perak 	6,800.00
11	COVID-19: Contributed hygiene items to NADMA – hand sanitiser, dettol soap and spray	<ul style="list-style-type: none"> • NADMA 	19,899.00
12	COVID-19: Provided financial assistance to MRCB staff (special approval from LHDN)	<ul style="list-style-type: none"> • 569 MRCB Staff 	231,238.00

Enriching the Community

No.	Donations/Programmes	Beneficiaries	Donated Amount (RM)
13	Conducted learning science workshop for 24 pax – Orang Asli kids	• Orang Asli kids	12,000.00
14	Donated of 28 double decker beds and 56 mattresses to SM Teknik Kuantan	• SM Teknik Kuantan	15,090.00
15	Donated to SK Kantan Permai – to support the construction work to build a new assembly hall	• SK Kantan Permai, Kajang	5,000.00
16	Contributed to Dekad Membaca Kebangsaan (Ministry of Education), donated books to 12 schools	<ul style="list-style-type: none"> • Sekolah Kebangsaan Kg Johan Setia • Sekolah Kebangsaan Bukit Rahman Putra • Sekolah Kebangsaan Kampung Medan • Sekolah Kebangsaan Pendamaran Jaya • Sekolah Kebangsaan Kg Pendamar • Sekolah Menengah Kebangsaan Bukit Rahman Putra • Sekolah Kebangsaan Bandar Baru Sungai Buloh • Sekolah Kebangsaan Brickfields (2) • Sekolah Menengah Kebangsaan Kampong Kastam • Sekolah Kebangsaan Mak Mandin • Sekolah Menengah Kebangsaan (P) Air Panas • Sekolah Menengah Kebangsaan Convent Butterworth 	50,000.00
17	Donated to Pengurusan Raudhatul Al-Faez, an orphanage home	• Raudhatul Al-Faez	5,000.00
18	Donated essential foods to Yayasan Orang Buta	• 100 blind people	5,000.00
19	Donated personal protective items to Malaysian Association for the Blind (MAB)	• 66 blind centres	4,982.00
20	Sponsored 3 months meal programme for SK Jalan Baharu, Perai	• 32 students	5,376.00
21	Sponsored 3 months meal programme for SK St Mark, Butterworth	• 32 students	5,472.00
TOTAL			1,515,969.69



MRCB Educational Programme



Yayasan MRCB Trustee Datin Jasmine Handing Over Pack to IMARET

Environmental Stewardship

ENERGY & WATER CONSUMPTION AND WASTE GENERATED

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

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

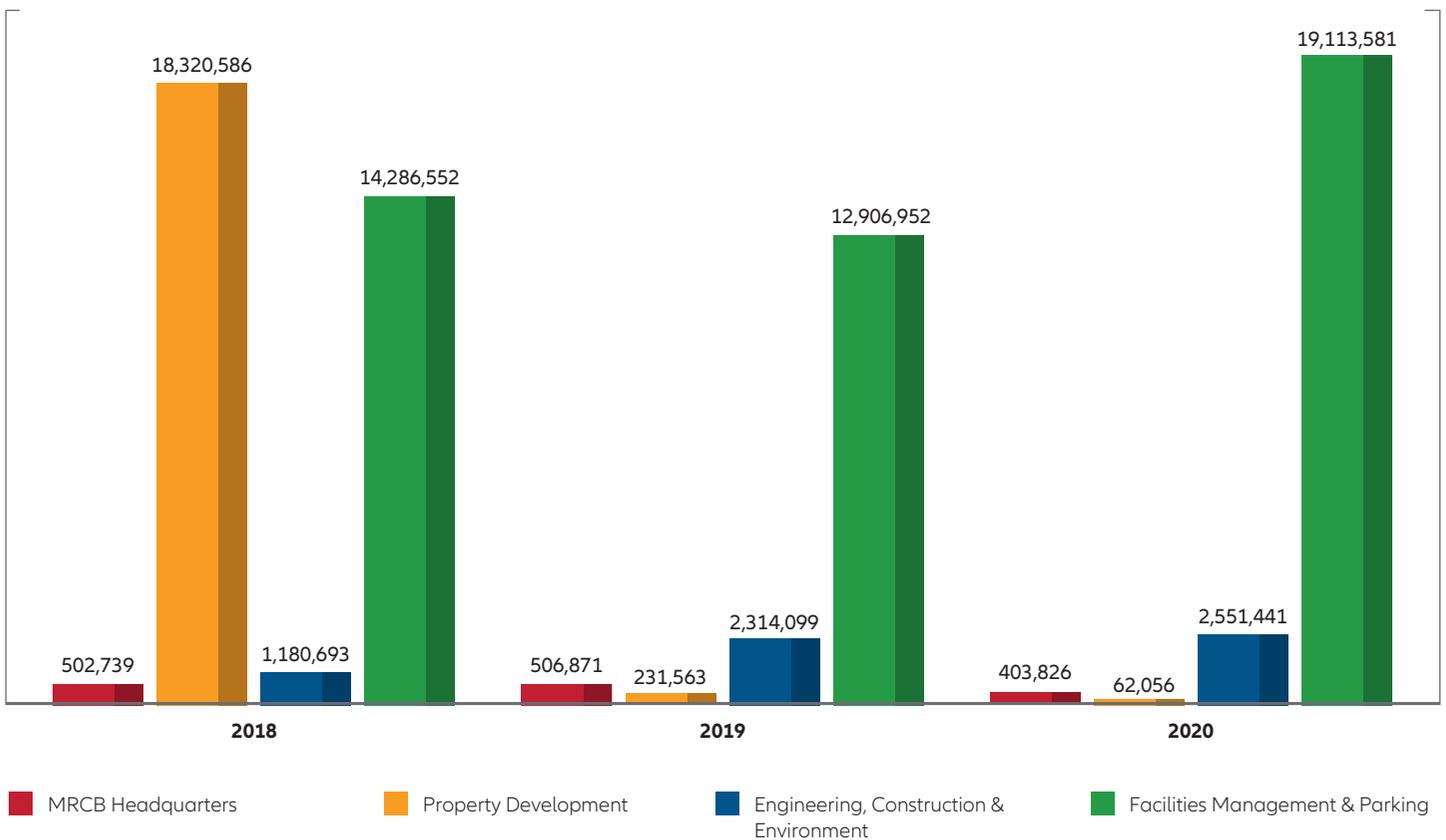
Furthermore, in 2020 we have included intensity figures along with the absolute figures from the previous two (2) years when tracking and representing consumption data for a more realistic analysis of our year-on-year performance for all our construction project sites. The intensity figures in 2020 will be set as the baseline figures for our reduction targets for 2021.

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

Area of operations	2018	2019	2020
MRCB Headquarters	502,739	506,871	403,826
Property Development	18,320,586	231,563	62,056
Engineering, Construction & Environment	1,180,693	2,314,099	2,551,441
Facilities Management & Parking	14,286,552	12,906,952	19,113,581
Total (kWh)	34,290,570	15,959,485	22,130,904

In 2020, we noted energy reduction in MRCB HQ due to the COVID-19 pandemic, where our offices had to be closed for several months as per the Government's order to curb the spread of COVID-19.

MRCB's Energy Consumption (kWh)

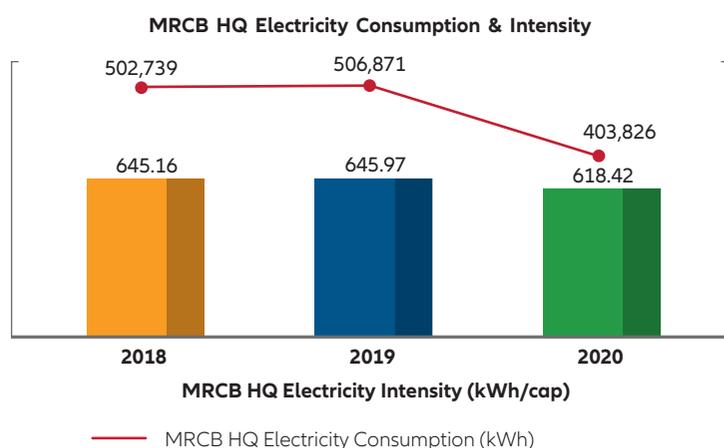


Environmental Stewardship

MRCB'S ENERGY INTENSITY

MRCB HQ

Throughout the years, MRCB's HQ office has managed to maintain its energy use relatively steady and will continue to identify areas in which it can decrease its consumption. The energy intensity for MRCB'S HQ office from 2018 to 2020 is presented in the graph below.



Year	HQ Electricity Consumption (kWh)	HQ Electricity Intensity (kWh/cap)
2018	502,739	645.16
2019	506,871	645.97
2020	403,826	618.42

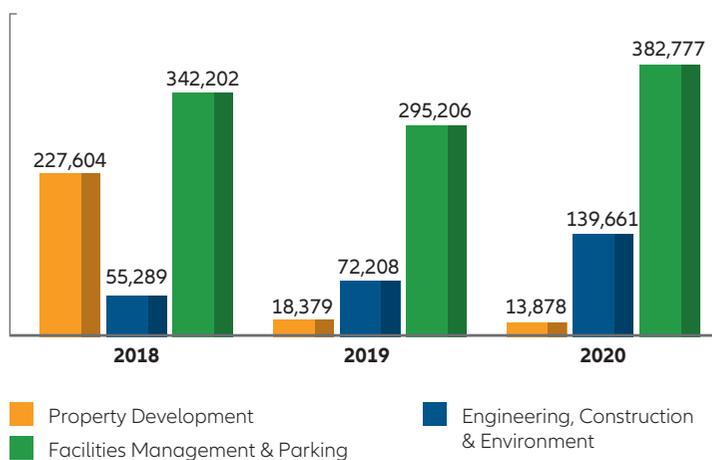
MRCB Projects

As shown in the following table, the energy intensity baseline set for 2020 are 51.2 kWh/m² for building projects and 2,157 kWh/RM (mil) for infrastructure projects. Since this year is the first year that we are reporting the energy intensity of MRCB Projects, the percentage target reduction set for FY2021 is at 1% which is comparable to other companies that we have benchmarked against.

		Building Projects	Infrastructure Projects
Electricity Consumption (kWh)	Quarter 1	617,381	90,234
	Quarter 2	555,084	131,837
	Quarter 3	537,548	114,240
	Quarter 4	456,709	110,464
Electricity Intensity	Unit	kWh/m ²	kWh/RM (Mil)
	Quarter 1	18.71	1,482
	Quarter 2	171.54	2,404
	Quarter 3	8.48	2,013
Quarter 4	6.07	2,728	
Baseline		51.20	2,157
Target Reduction		1%	1%

MRCB'S WATER INTENSITY

MRCB's Water Consumption (m³)



Area of operations	2018	2019	2020
Property Development	227,604	18,379	13,878
Engineering, Construction & Environment	55,289	72,208	139,661
Facilities Management	342,202	295,206	382,777
Total (m³)	625,095	385,793	536,316

MRCB's HQ water consumption and billing are part of the monthly rental and therefore, difficult to track as it is a fixed payment. We will continue to identify areas in which we can improve our performance on water consumption to avoid unnecessary wastage.

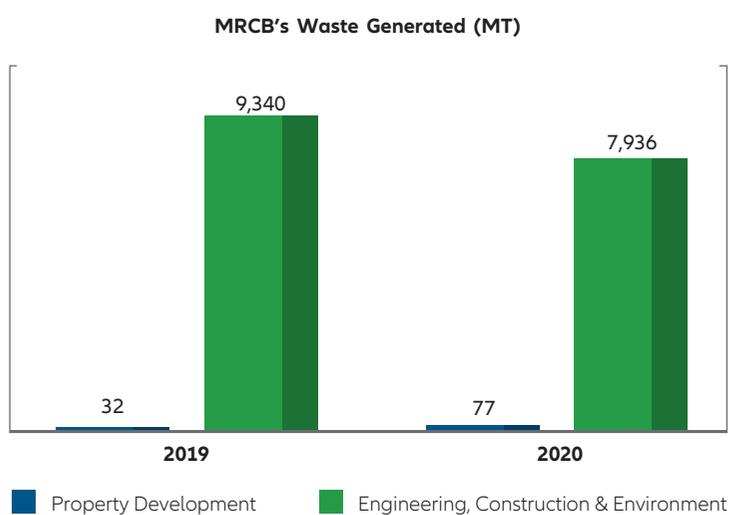
As presented in the following table, the water intensity baseline set in 2020 are 2.37 m³/m² for building projects and 145.54 m³/RM (mil) for infrastructure projects. The percentage reduction targeted in 2021 is 1% in our water intensity.

		Building Projects	Infrastructure Projects
Water Consumption (m ³)	Quarter 1	23,345	6,720
	Quarter 2	28,903	6,178
	Quarter 3	36,369	10,267
	Quarter 4	34,616	7,141
Water Intensity	Unit	m ³ /m ²	m ³ /RM (Mil)
	Quarter 1	0.7041	117.04
	Quarter 2	7.7491	105.32
	Quarter 3	0.5529	182.59
Quarter 4	0.4751	177.21	
Baseline		2.370	145.54
Target Reduction		1%	1%

MRCB'S WASTE GENERATED

MRCB's business operations generate solid waste mainly from construction activities. Construction waste is inert in that it is not reactive and will not decompose. Therefore, its generation requires large areas of land for disposal. To address this issue and align ourselves to SDG 12, MRCB aims to minimise the generation of construction waste wherever possible.

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



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

Scrap metal, timber and recyclable waste are sent for recycling to help in reducing the use of virgin resources in the future. On the other hand, concrete waste is being reused as crusher run for access roads and to cover potholes within project sites, in order to minimise potential hazards and accidents. In cases where concrete waste is not suitable for reuse, it is sent to a licensed landfill for disposal. We also ensure wooden pallets that come with the bricks we order are safely stored at sites before returning them to suppliers for reuse.

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

The total amount of overall waste generated in 2020 was 8,014 MT, compared to 9,372 MT in 2019. The decrease is due to the lack of active projects and the site closures due to COVID-19. We also developed a waste intensity for both building and infrastructure projects.

We have expanded the scope for waste generated in 2020. The waste generated figures exhibited in the table on the left column of this page is the combination domestic waste, construction waste and schedule waste generated from the project sites.

MRCB's Waste Generated – Intensity Figures

The waste intensity baseline set in 2020 for our building projects is 0.06346 MT/m² and 1.607 MT/RM (mil) for our infrastructure projects. The percentage target reduction for our waste intensity in 2021 is 1%.

		Building Projects	Infrastructure Projects
Waste Generated (MT)	Quarter 1	2,688.23	82.88
	Quarter 2	898.39	43.38
	Quarter 3	2,377.34	121.53
	Quarter 4	1,713.24	89.44
Waste Intensity	Unit	MT/m²	MT/RM (Mil)
	Quarter 1	0.08080	1.344
	Quarter 2	0.11603	0.650
	Quarter 3	0.03509	2.211
	Quarter 4	0.02194	2.223
Baseline		0.06346	1.607
Target Reduction		1%	1%

Sustainable Construction

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

In February 2020, the Group's 50%-owned joint venture company, MRCB George Kent Sdn Bhd, became the first engineering and construction company to have been awarded a 5-Star rating under the INFRASTAR accreditation by the CIDB, for the LRT3 infrastructure project.

Environmental Stewardship

Green Buildings

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

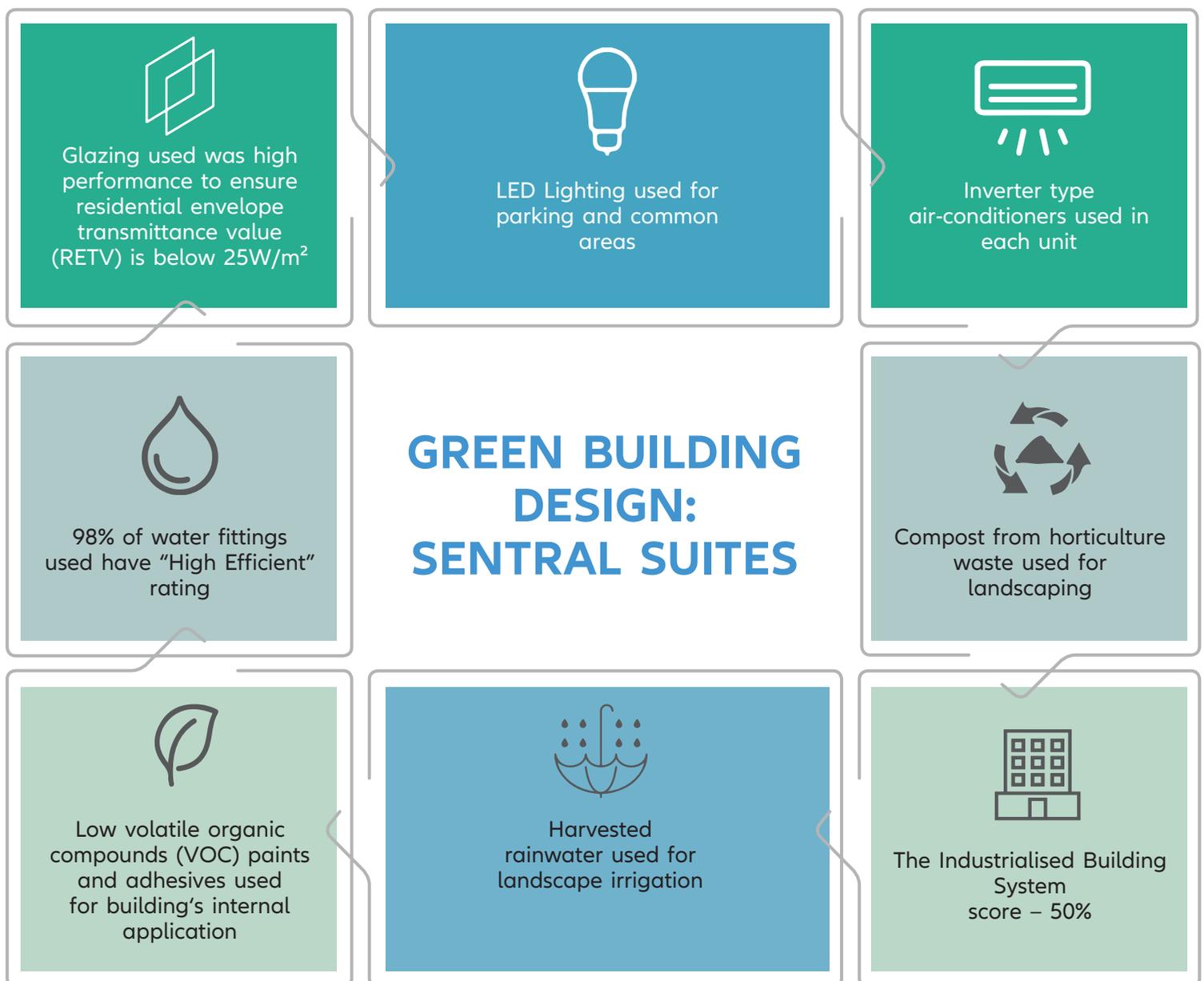
- Malaysia’s Green Building Index (GBI);
- Malaysia’s Green Real Estate (GreenRE);
- Malaysian Carbon Reduction and Environmental Sustainability Tool (MyCrest);
- US Green Building Council’s Leadership in Energy and Environmental Design (LEED).

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



A Green Building Coordinator is assigned within thirty (30) days after a contract is awarded to us who is then responsible for actively monitoring the project with involvement from our project team. The coordinator conducts periodic site visits, facilitates fortnightly Green Building coordination meetings and prepares Green Building monthly progress reports. In 2020, all our commercial development projects achieved a minimum score between 50 to 60 points, therefore readily qualifying for the GBI accreditation.

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



Environmental Stewardship

The table below lists the MRCB developments that have received green building accreditations:

Projects	Sustainability Accreditation	Building Management System (BMS)	Smart Metering Programme	Installation of Solar PV*
PLATINUM SENTRAL	GBI NRNC DA CERTIFIED and BCA Green Mark PLATINUM	Yes	Yes	Yes, Solar PV panel (52.99 kWp)
PJ SENTRAL – CELCOM TOWER	GBI NRNC DA CERTIFIED and LEED BD+C CS GOLD	Yes	Yes	Yes, Solar PV panel (416.83 kWp)
PJ SENTRAL – MBSB CORPORATE HQ	GBI NRNC DA CERTIFIED and LEED BD+C CS GOLD	Yes		
MENARA JLAND	GBI NRNC DA GOLD	Yes	Yes	
ST REGIS KUALA LUMPUR	GBI NRNC DA CERTIFIED	Yes		
THE DESA DESARU (HARDROCK HOTEL)	GBI NRNC RESORT DA CERTIFIED and LEED BD+C NC SILVER	Yes	Yes	
DESARU CONFERENCE CENTRE	GBI NRNC RESORT DA CERTIFIED and LEED BD+C NC SILVER	Yes	Yes	
WESTIN DESARU RESORT (WESTIN HOTEL)	GBI NRNC RESORT DA CERTIFIED and LEED BD+C NC SILVER	Yes	Yes	
9 SEPUTEH SOHO	GBI RNC DA CERTIFIED			
VIVO RESIDENCES (9 SEPUTEH)	GBI RNC DA CERTIFIED	Yes	Yes	
MENARA MRCB	GBI NRNC DA GOLD			

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

Projects	Sustainability Accreditation	Building Management System (BMS)	Smart Metering Programme	Installation of Solar PV*
PJ SENTRAL – MYIPO CORPORATE HQ	GBI NRNC DA CERTIFIED	Yes	Yes	
SENTRAL SUITES	MyCREST ONE STAR, and GreenRE BRONZE			

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

Projects	Sustainability Accreditation	Building Management System (BMS)	Smart Metering Programme	Installation of Solar PV*
MENARA CIMB	GBI NRNC CVA CERTIFIED	Yes		
RESIDENSI SENTRAL	GBI RNC CVA GOLD			
MENARA SHELL	GBI NRNC DA SILVER, and LEED ID+C Commercial Interior GOLD	Yes	Yes	
MENARA SHELL & ASCOTT SENTRAL	LEED BD+C CS PLATINUM	Yes	Yes	
Q SENTRAL	GBI NRNC DA GOLD	Yes	Yes	Yes, Solar PV panel (total 120 kWp)

Notes:

BD+C Building Design & Construction

DA Design Assessment

NRNC Non-Residential New Construction

RNC Residential New Construction

CVA Certification and Verification Assessment

GBI Green Building Index (Malaysia)

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

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

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

LEED Leadership in Energy and Environmental Design (United States)

For details on assessment criteria and rating scale:
<https://www.usgbc.org/leed>

MyCrest Malaysian Carbon Reduction and Environmental Sustainability Tool (Malaysia)

For details on assessment criteria and rating scale:
<http://www.cidb.gov.my/index.php/en/bidang-utama/pembinaan-mampan/mycrest>

Green Infrastructure

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

Biodiversity

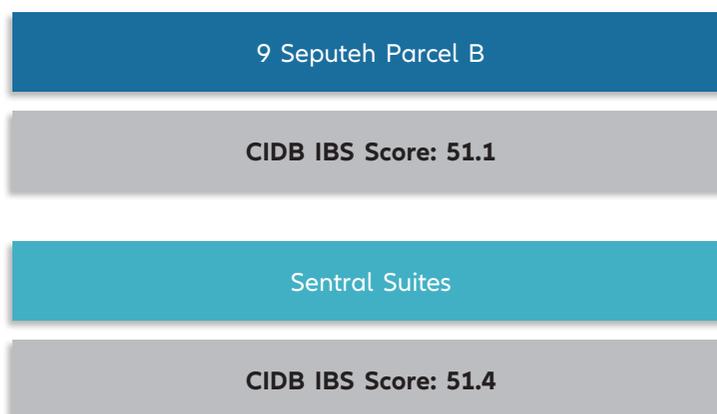
Our Biodiversity Statement sets out our commitment to minimise environmental harm through our activities and where possible seeks to identify, assess and (when identified) manage environmental and biodiversity impacts within our operations. We have conducted Environmental Impact Assessment (EIA) in high biological diversity area 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 the annual Group Sustainability Report based on the Global Reporting Initiative framework, and be involved in multi-stakeholder efforts that support strong ecological principles.

Materials

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

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

The implementation of 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 9 Seputeh Parcel B Project and Sentral Suites were assessed, and the scores were as shown below.



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

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

Percentage of Recycled Input Materials Used for MRCB Projects

Project	Materials	Percentage of Materials with Recycled Content
Sentral Suites	AAC Blocks Concrete Ceiling Panels Steel Bar	30%
Westin Desaru Resort	Steel Bar Ceiling System Floor Tiles Cement	13%
Desaru Conference Centre	Floor Tiles Steel Bar Cement	11%
Menara JLand	Concrete Steel Bar BRC Cement	10%

Environmental Stewardship

Climate Change

Extreme and unpredictable weather conditions, floods, droughts, and rising sea levels are among the major climate change challenges that businesses will have to face. We are fully committed to SDG 13 and recognise the impacts that Climate Change has on our business operations as well as stakeholders:

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

Water Risk Exposure mapped to Aqueduct’s Water Risk Atlas

Indicators	Risk exposure
Water Stress	Low
Water Depletion	Low
Interannual variability of rainfall	Low
Coastal Flood	Low-Medium
Drought	Medium

Generally, our exposure to water stress (measures the ratio of water withdrawal to available renewable water resources and groundwater supplies), and water depletion (measures the ratio of total water consumption to available renewable water supplies) is low. Climate change creates a phenomenon known as “interannual variability” of rainfall; areas that used to get high volumes of water no longer get as much water as they used to in the same year.

Our current exposure to interannual variability of rainfall is assessed to be low. However, based on the Aqueduct tool, our exposure to coastal flood risk ranges between Low-Medium based on the location of our construction sites. The state of Selangor was hit by a shortage of water a few years back and since water security might be a future risk, our drought exposure is assessed to be Medium.

In 2020, we have developed a Climate Change statement acknowledging the Principles of the Climate Governance Initiative (CGI). MRCB plans to adopt the Task Force for Climate Financial Disclosures (TCFD) as recommended by Bursa Malaysia by focusing on four key areas: (i) climate strategy, (ii) governance, (iii) risk and (iv) metrics and targets. In terms of governance, we have established a Sustainability Management Committee (SMC) which reviews the Group’s climate risks and opportunities.

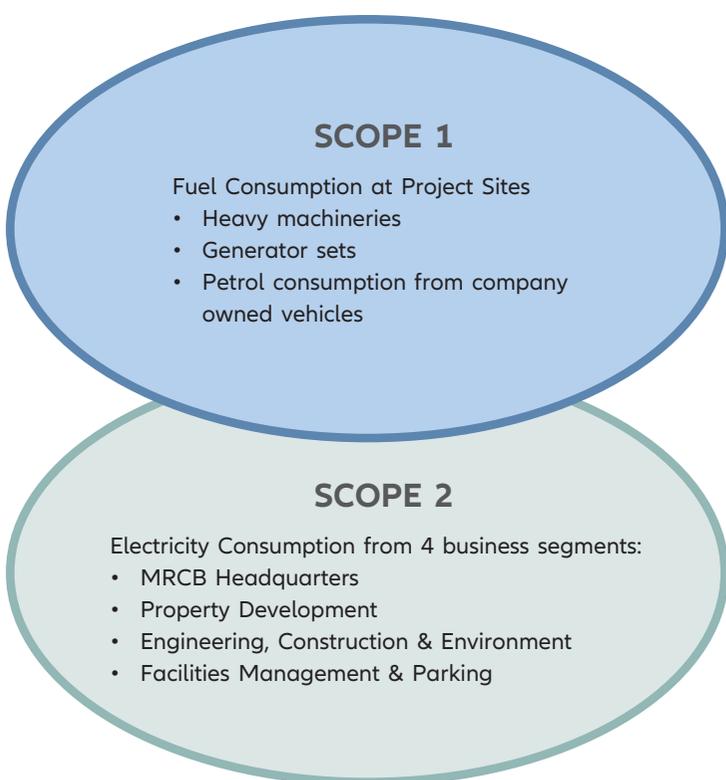
SMC reports to the Board quarterly as it is accountable for the Group’s climate performance. Currently, we have embedded our climate risks into the Group’s Enterprise Risk Management system and are in the process of exploring climate mitigation and adaptation strategies, as well as focus on capability building workshops to build awareness on the implications of climate change.

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

- Adopted a suitable methodology to measure carbon footprint and established a baseline target for carbon reduction (see page 185)
- Embedded low carbon and sustainability considerations in the design and construction of buildings and infrastructure. MRCB adopts green building criteria across a number of tools such as GBI, GreenRE, MyCrest and LEED (see MRCB Green Buildings and Infrastructure on page 180)
- Identified the renewable energy segment, and waste-to-energy, as a future market. Malaysia produced 47,218 tonnes of waste in 2019 going to 165 landfills, of which only 8 being sanitary landfills, to store the waste produced nationwide. Malaysia’s carbon dioxide (CO₂) emissions were also recorded at 250.3 million tonnes in 2018, the bulk of which came from electricity production, vehicles and waste. With space for landfills growing increasingly scarce, particularly in urban areas, and waste per capita forecasted to increase in line with the nation’s population growth, there is an urgent need to move towards more sustainable waste management solutions and clean energy production in Malaysia to reduce the impact on the environment and general well-being of the population.

Carbon Dioxide (CO₂) Emissions

In 2020, the Group's carbon emissions were calculated in accordance with the World Business Council for Sustainable Development and World Resources Institute's (WBCSD/WRI) GHG Protocol, a corporate accounting and reporting standard. This protocol is considered the current best practice for corporate or organisational emissions reporting. Our scope of emissions are as follows; Scope 1: Direct CO₂ emissions from fuel consumption at MRCB's project sites. There were 10 project sites monitored in 2020, all within the Klang valley area. Plus, the petrol consumptions of vehicles owned by the Group. Scope 2: Total CO₂ emitted refers to indirect emissions from purchased electricity. Our sources of electricity consumption are from four business segments; MRCB headquarters, Property Development, Engineering, Construction & Environment and Facilities Management & Parking.



CONSTRUCTION SITES (Building & Infra)

1. KVMRT2 Package S210
2. KVMRT2 Package V210
3. SUKE CA2
4. DASH
5. Lot 349: Sentral Suites
6. Lot 12: PJ Sentral
7. 9 Seputeh (Parcel B)
8. PR1MA Brickfields
9. Kwasa C8 (EPF)
10. FINAS

MRCB's Carbon Map

Based on the table below, we did not acquire the complete data to report accurately on our carbon emissions in 2018 and 2019. However, we improved in 2020 and were able to track our fuel consumption, both diesel and petrol more systematically. Meanwhile, electricity consumption has been consistently tracked for several years.

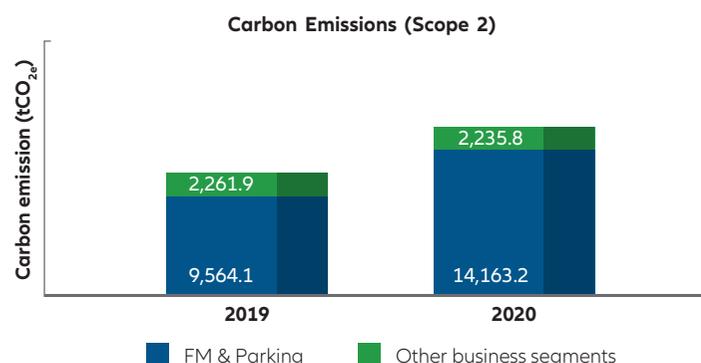
Source of Emission	2019	2020
Scope 1		
Fuel consumption at project sites	✓	✓
Petrol consumption by the Group's registered vehicles	N/A	✓
Scope 2		
Electricity consumption	✓	✓

The table below shows our fuel consumption (Scope 1) by business segments in 2019 and 2020. This year, our fuel consumption decreased by 34% due to Stop Work Orders issued at construction sites and less travelling by employees during the Movement Control Order (MCO).

Business Segments	2019		2020	
	Diesel (L)	Petrol (L)	Diesel (L)	Petrol (L)
Group's registered vehicles		412,339		277,970
Property Development	118,288	685	69,100	1,542
Engineering, Construction & Environment	780,475	120	521,790	377
Total	898,763	413,144	590,890	279,889
Grand Total	1,311,907*		870,779	

* The grand total for fuel consumption for 2019 was revised to improve data accuracy. The restated amount was 31.5% higher than previously reported.

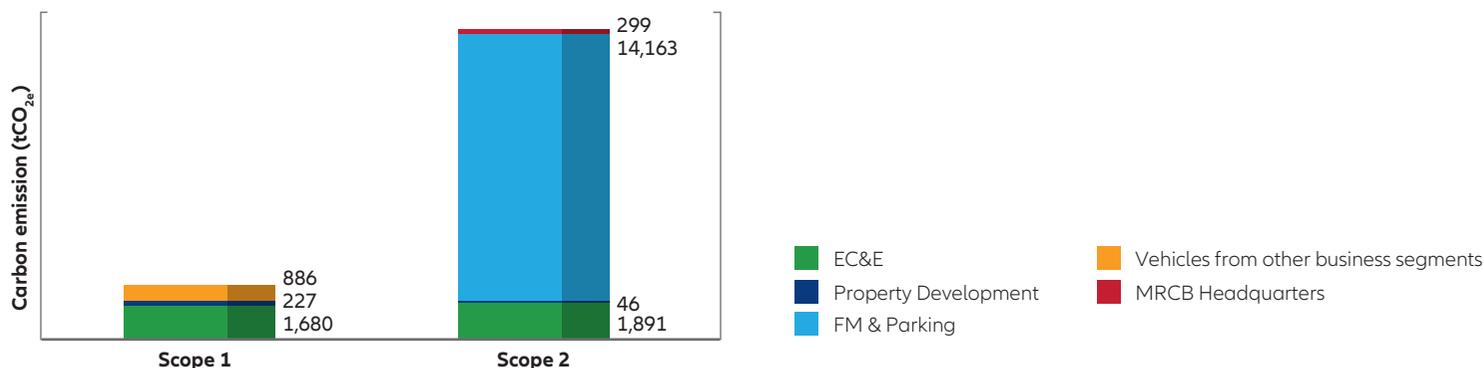
Our analysis reveals that the Scope 2 emissions originating from electricity consumption are greater than emissions from Scope 1 fuel consumption. The majority of the Scope 2 emissions in two consecutive years (2019 and 2020) were from the Facilities Management & Parking segments, which increased by 48% in 2020. The remaining emissions were from MRCB Headquarters; Engineering, Construction & Environment; and Property Development.



Environmental Stewardship

The breakdown of the overall carbon emissions in 2020, as shown below, reveals that 15% of our carbon emissions originate from Scope 1 and 85% from Scope 2. For Scope 1, about 68% of the emissions were caused by the activities at construction sites (fuel consumed for running machineries or generator sets). As for Scope 2, about 86% of the indirect emissions were from the electricity consumed by Facilities Management & Parking segments. Hence, our carbon reduction plan moving forward focuses on our building management and construction activities.

Breakdown of Overall Carbon Emission (FY2020)



The table below shows the summary of carbon intensity by business segments within the Group. This is the first year we are reporting on our carbon intensity and these figures are still preliminary. However, they will act as a baseline for us to set our reduction targets. Currently, our reduction target is set at 1% by the end of 2021 based on benchmarking against other property and construction companies in Malaysia. Moving forward, the Group plans to continue to track and monitor its carbon emissions and aspires to set science-based targets. Also, the Group will be identifying and implementing key emissions reduction opportunities across each business segment.

Table 4: Summary of MRCB’s carbon intensity in FY2020

Designated Zones	Carbon intensity	Unit	Target reduction
– Building Projects	0.0170	tCO _{2e} /m ²	1%
– Infrastructure Projects	2.2552	tCO _{2e} /RM mil revenue	1%
– Headquarters	0.4582	tCO _{2e} /pax	1%

CONCLUSION

MRCB is dedicated to incorporating sustainability throughout its value chain. As we progress through our sustainability journey guided by our 5-year Roadmap, we continuously seek to identify areas for improvement in our operations to address the gaps in our performance.

This year we have made progress on more robust reporting of our carbon and eco-efficiency (i.e. energy, water and waste) footprint and have set targets for reduction.

We have achieved several feats, including the development of our MBS technology that will spearhead sustainable construction. There are a number of key advantages of MBS including requiring 30% less labour, reducing noise, dust, pollution from sites, lowering material wastage, improving site safety and reducing construction time. We aspire to set the standard in the industry through this innovation, while mitigating negative impacts to the environment in the construction sector. For more details on how MBS manages to address key sustainability concerns, please refer to pages 38-39. In addition to this, MRCB has embarked on the PEKA@MRCB Programme, that aims to provide vulnerable groups a second opportunity at employment. It is evident that MRCB has taken strides in incorporating elements of sustainability into its operations where possible.

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

GRI Content Index

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

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102-5	Nature of ownership and legal form	Yes	142
102-6	Markets served	Yes	164
102-7	Scale of the organisation		
102-8	Information on employees and other workers	Yes	167
102-9	Supply chain	Yes	164
102-10	Significant changes to the organisation and its supply chain		
102-11	Precautionary principle or approach		
102-12	External initiatives		
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102-14	Statement from senior decision-maker		
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GRI Content Index

GRI CONTENT INDEX

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103-3	Evaluation of the management approach		
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GRI 304: Biodiversity			
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414-1	New suppliers that were screened using social criteria		
414-2	Negative social impacts in the supply chain and actions taken		
GRI 416: Customer Health and Safety			
416-1	Assessment of the health and safety impacts of product and service categories		
GRI 417: Marketing and Labelling			
417-1	Requirements for product and service information and labelling		