

OUR SUSTAINABILITY GOVERNANCE FRAMEWORK



MRCB staff took part in the Merdeka Parade

APPLYING BEST PRACTICES IN THE INTEREST OF MRCB AND ITS STAKEHOLDERS

Sustainable development is a group-wide strategic business objective and we have been systematically embedding sustainability principles throughout our operations. Our governance framework provides the necessary policies, structure, targets and reporting systems to address the material risks and opportunities that sustainable development presents.

MRCB's Group Managing Director (GMD) has operational responsibility for sustainability matters. The sustainability team, led by the Head of Corporate Communications, helps to formulate sustainability policies and is responsible for implementing these across the organisation. The Board is updated regularly on sustainability issues by either the GMD or senior management team.

MRCB's Code of Conduct provides an ethical and legal framework for all employees conducting MRCB business. The code includes policies governing supplier responsibility, environment, health and safety, diversity, anti-bribery and corruption. MRCB implements this code through a variety of training and induction programmes. All new employees must sign to acknowledge the code and its contents. Business units also provide employees with regular training on its contents.

We review sustainability-related risks regularly as part of our corporate risk assessment. This process is fed into our annual review to ensure that our sustainability practices continue to address our key sustainability concerns. Our risk register evolves to keep pace with legislative requirements and industry best practices while addressing stakeholders' interests.

The Global Reporting Initiative (GRI) and the Bursa Malaysia Sustainability Guide are the principal frameworks that guide our sustainability activities. We also encourage independent external evaluations of our sustainability performance by participating in third-party reviews and making these scores or rankings publicly available where applicable.

OUR SUSTAINABILITY GOALS

Our sustainability strategy integrates investment, development, property and infrastructure management to ensure we meet the current and future needs of Malaysia and the wider community.

We have set four strategic sustainability goals. We endeavour to report on the progress made towards each on our website and other printed media.



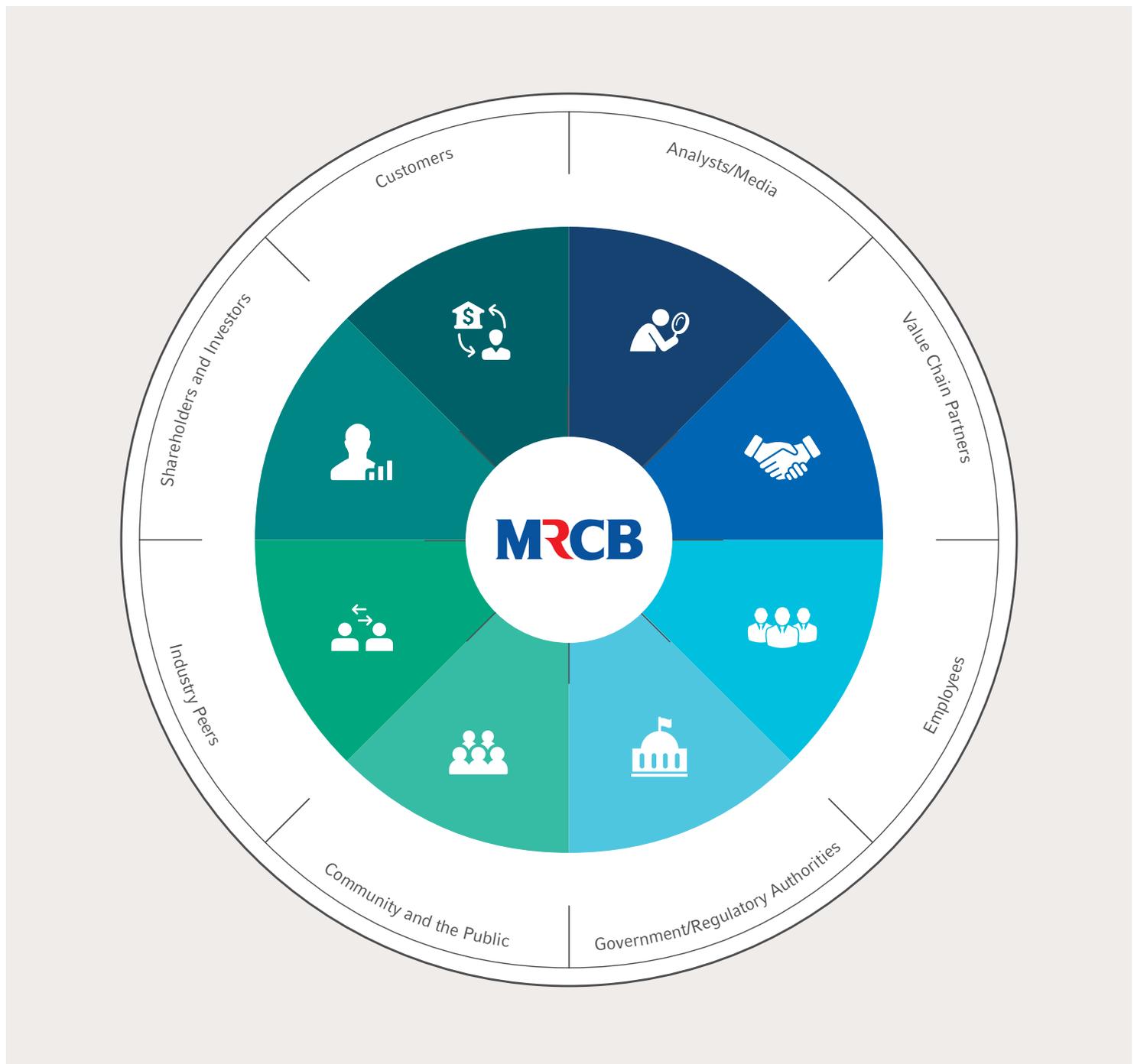
DETERMINING MATERIALITY

In defining material interest, MRCB identifies its economic, social and environmental impacts and identifies the aspects that have the greatest influence on stakeholder decisions. It is essential to identify and understand the most important economic, social and environmental issues for our stakeholders and how these intersect with what we do. This approach ensures that we are always improving as a company.

Our materiality assessment helps us identify the key priorities for our stakeholders and their potential impact on MRCB. The results guide us in our strategic decision-making, stakeholder engagement agenda and reporting framework.

The list with issues of interest was distributed as a materiality survey to a large group of internal and external stakeholders. Each respondent was asked to rank the issues by significance.

Stakeholders Contacted During the Materiality Survey



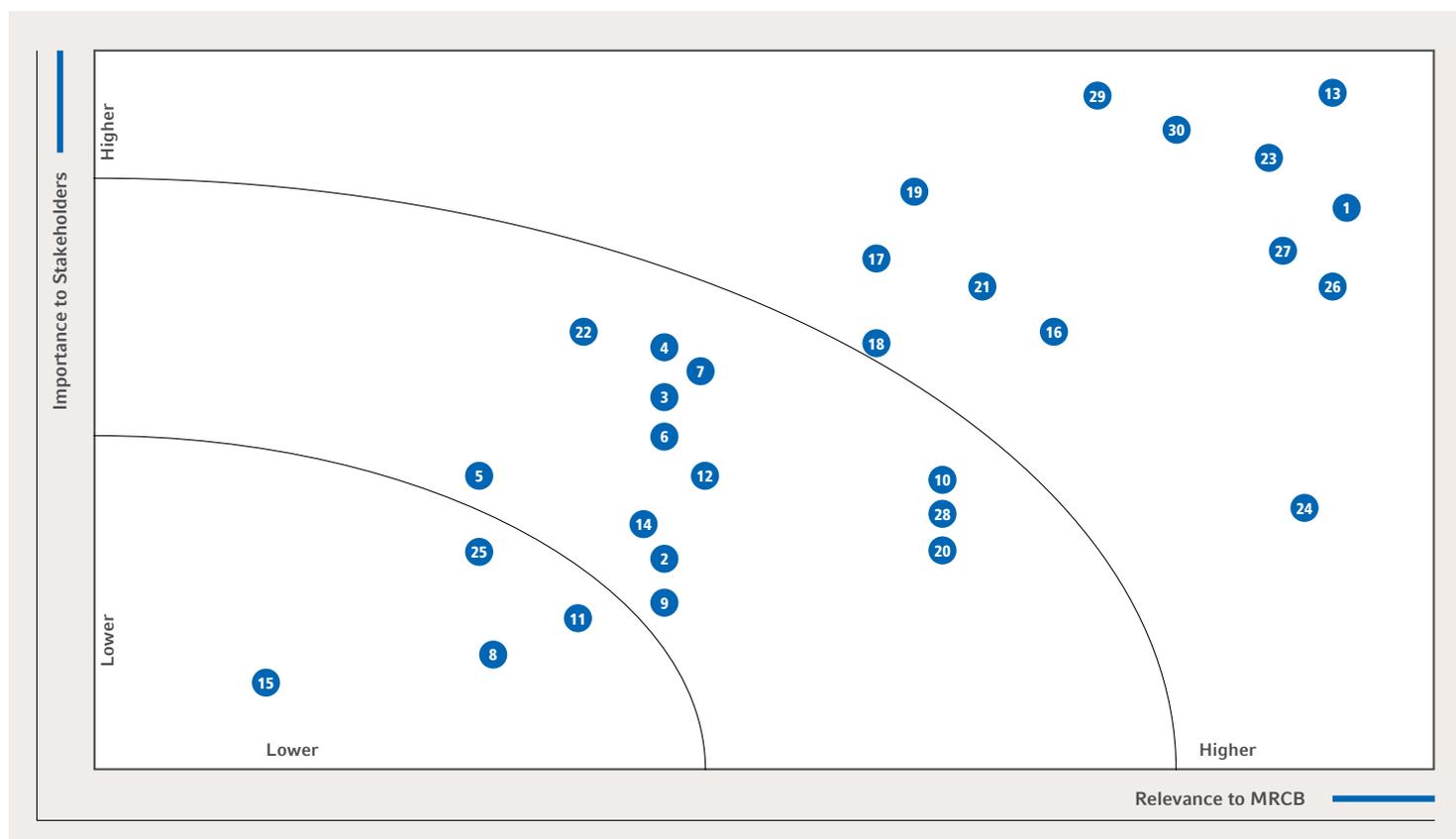
Topics Included in MRCB's Materiality Survey 2016

Economic	Environment	Social: Labour Practices and Decent Work	Social: Human Rights	Social: Society	Social: Product Responsibility
<ul style="list-style-type: none"> 1 Economic & business performance 2 Local hiring 3 Nation building 4 Sustainable procurement & supplier assessment 	<ul style="list-style-type: none"> 5 Materials 6 Energy consumption 7 Water 8 Emissions & climate change 9 Biodiversity 10 Green buildings 11 Environmental awareness programmes 12 Waste 	<ul style="list-style-type: none"> 13 OSH 14 Benefits 15 Unions 16 Diversity & inclusivity 17 Training & career development 18 Employee engagement & satisfaction 	<ul style="list-style-type: none"> 19 Non-discrimination 20 Child & compulsory labour 21 Employer/employee relations 	<ul style="list-style-type: none"> 22 Local community investment 23 Bribery & corruption 24 Anti-competition 25 Employee volunteerism and charities 	<ul style="list-style-type: none"> 26 Quality 27 Customer information 28 Responsible marketing 29 Customer privacy 30 Customer satisfaction

The same survey was completed by representatives from the Board of Directors whose responses represented the relevance to MRCB.

Results

The materiality matrix as shown below represents the outcomes of our 2016 materiality assessment. Areas with the highest priority for stakeholders and the greatest estimated impact on our business appear in the top right of the chart.



ECONOMIC



Advancing the Nation Through Connectivity

Construction work on the Mass Rapid Transit (MRT) Sungai Buloh-Serdang-Putrajaya (SSP) line 2 extending from Sungai Buloh to Putrajaya commenced in 2016. MRCB has won package V210 worth RM648 million. This covers the building and construction of a 2.6km viaduct guideway and other associated works from Persiaran APEC in Cyberjaya to Putrajaya Sentral.

The MRT Sungai Buloh-Serdang-Putrajaya (SSP) Line 2 intersects urban areas with a total population of approximately 2 million people in Sri Damansara, Kepong, Batu, Jalan Sultan Azlan Shah, Jalan Tun Razak, KLCC, Tun Razak Exchange, Kuchai Lama, Seri Kembangan and Cyberjaya.

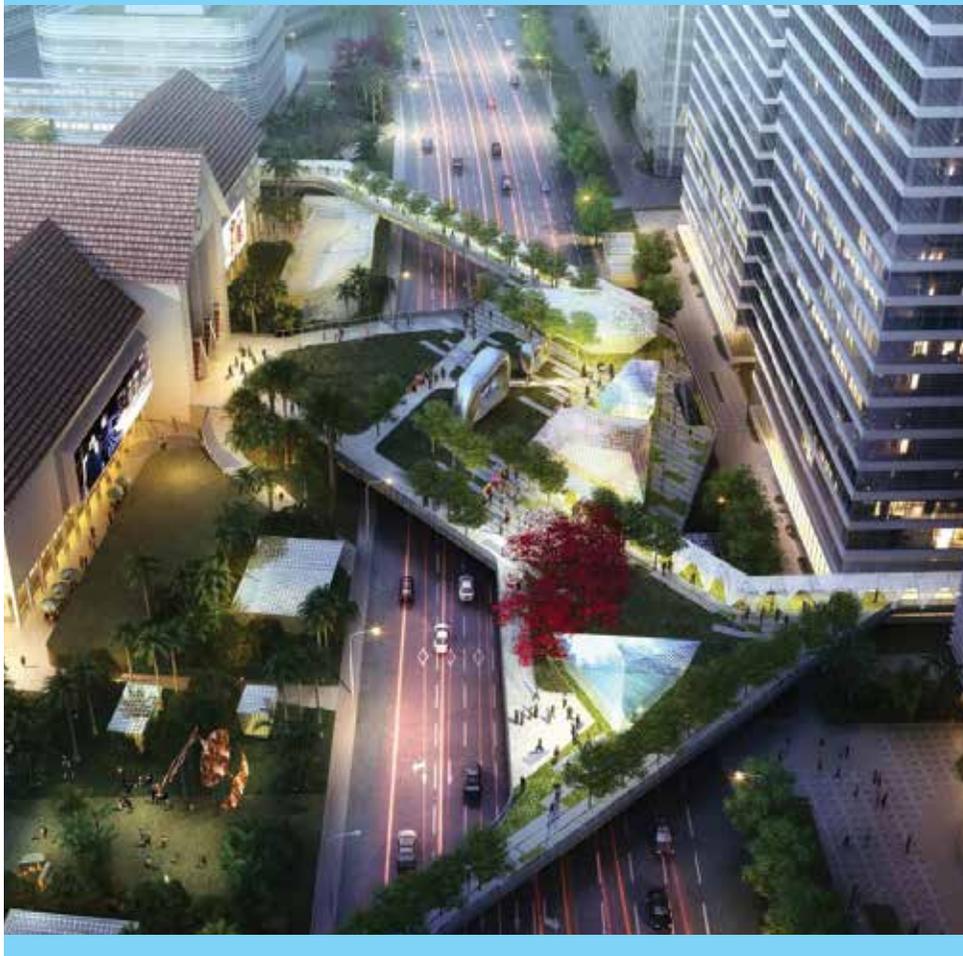
Appreciating Culture and Heritage

MRCB Contributes to DiverseCity

MRCB contributed RM100,000 to DiverseCity: Kuala Lumpur International Arts DiverseCity Festival, which is a signature event in the annual tourism calendar. This five-week festival took place in 24 venues across Kuala Lumpur and attracted 1,400 artists from 24 countries. Contributing to this event is just one example of how we promote cultural awareness. Ticket proceeds were donated back to the creative and artistic teams.

Members of the artistic community were invited to focus on the unique competitive advantages that the region has to offer. The event attracted more than 60,000 visitors. It presented new perspectives as culture is a sustainable development accelerator and its potential has been recognised in the United Nations' 2030 Agenda for Sustainable Development.

Malaysia is arguably the most multicultural nation in ASEAN and was well positioned to host this authentic performing arts festival which showcases the cultures and traditions in the region.



Proposed new linkway to KL Sentral CBD

ECONOMIC

Malaysia's property and construction industries continue to advance the country's economy and social development. MRCB will continue to leverage on its strength as Malaysia's leading urban property and integrated infrastructure developer to advance the industry and build the nation.



The Prime Minister launched the LRT extension line



Land Public Transport (LPT) Symposium

Continuously Supporting the MyVaisahki Festival

Vaisahki is a festival that celebrates the founding of the Sikh community and one of the major festivals in Sikhism. Punjabis celebrated the festival with exuberance and devotion. MRCB donated RM50,000 to the MyVaisahki Festival which was organised by the Malaysian Punjabi Chambers of Commerce and Industries.

Collaboration and Engagement in Developing the Industry

MRCB recently participated in a Graduate Employability Workshop organised by University Malaysia Terengganu (UMT) from 29 to 31 July 2016. MRCB’s Executive Vice President, Dato’ Ishak Hj Mohamad represented Group Managing Director, Tan Sri Mohamad Salim Fateh Din at the workshop. As an industry expert, we were honoured to share our insights with

tertiary students at the event held at Resort World Kijal, Kemaman, Terengganu. Tan Sri Mohamad Salim and other CEO@ Faculty Programme members were chosen to serve as icons for the students. The CEOs were tasked with improving the existing curriculum through knowledge sharing, experiences and best practices and formulating a new integrated assessment through holistic learning. We hope that sharing our knowledge and experiences can contribute to UMT’s graduate employability and ensure that UMT achieves its 65% employability target as set by the ministry.

On a separate occasion, MRCB leaders, including the Group Managing Director and Executive Director, attended a Land Public Transport (LPT) Symposium organised by Suruhanjaya Pengangkutan Awam Darat (SPAD). Land Public Transport (LPT) industry players, policy makers, NGOs, academics, regulators, students

and members of local government and civil society came together to share best practices and insights that will shape the future of LPT and its landscape. Themed “Public Transport: Transforming the Nation”, the symposium aimed to improve connectivity and the travelling lifestyles of members of the local community.

Developing Human Capital for the Nation

MRCB recognises that education is a key factor in building human capital. We support the government’s initiatives, particularly the Graduate Employability Programme, which aims to reduce talent shortages in key areas by 2020.

SL1M is a programme led by the Economic Planning Unit (EPU) of the Prime Minister’s Office. SL1M aims to improve the employability of graduates so they can secure a job upon completion of the training scheme. Graduates improved their lives, and those of their families, for a much brighter future. We developed 101 trainees in 2015 and this number increased to 145 in 2016.



MoU signing with Youth and Sports Ministry



Kwasa Sentral



Penang Sentral

MRCB also signed a memorandum of understanding (MoU) on the KBS-MRCB Partnership Programme. Through this partnership, we will train Institut Kemahiran Belia Negara (IKBN) students or graduates by providing industry exposure through a series of on-the-job training programmes. This employee engagement programme is championed by the Ministry of Youth and Sports. This train-the-trainer programme will also familiarise selected lecturers with technologies being used in the property and construction industry.



PJ Sentral Garden City

During the year, we also signed an MoU with the Ministry of Youth and Sports to offer human capital development opportunities for graduates of the Institut Kemahiran Belia Negara. This effort aims to improve graduates in the construction industry and other fields. The strategic collaboration provides graduates with an opportunity to gain early exposure and acquire the critical skills needed in the industry. The ministry gained the cooperation of 20 companies to improve the institute's graduates.



Bandar Malaysia MoU signing



Handover of LRT extension line

Pioneering Malaysia's Smart Cities Through Transit Oriented Developments (TOD)

The concept of Smart Cities through urban development and regeneration are two defining features of MRCB's business sustainability strategy. This concept has led us to a whole new space offering for living and working in Malaysia's cities.

Benefits of Transit Oriented Development

Reduced Carbon Emissions

Transit Oriented Development (TOD) is at the very heart and soul of sustainability, and brings together compact, walkable communities with high quality rail systems. This creates low carbon lifestyles by enabling people to live, work and play, without depending on a car for mobility. This type of lifestyle reduces energy consumption significantly.

Reduction of Traffic Jams

Leading the nation's TOD concept, we provide greater transit accessibility and a mix of uses within the community fabric. This is an urban development response which helps reduce the congestion and inefficiency of single-use, suburban sprawl.

Improved Quality of Life and Convenience through Connectivity

Through our TOD projects, we connect communities with vibrant, people-centric places in city after city. The public is now demanding for quality urban places served by rail systems. TOD can offer a higher quality of life, because it offers a triple bottom line solution to economic, social and environmental sustainability.

We have built on the lessons, experiences and successes of our first TOD project, the Kuala Lumpur Sentral (KL Sentral) CBD.

We have embarked on other TODs namely the PJ Sentral Garden City, Penang Sentral and Cyberjaya City Centre. We have also secured the Kwasa Sentral project that will feature two MRT stations and an integrated transport terminal.

The successful implementation of these TODs will revolutionise the transport patterns and lifestyles of Malaysians. Travellers can look forward to reduced travelling times and lifestyle-themed developments.

Award Winning TOD Development

In 2016, MRCB received an award for the Best Transit Oriented Development (TOD) at the Property Insight Prestigious Developer Awards 2016 (PIPDA) for its signature transport, residential and commercial hub project, KL Sentral CBD. We were also recognised for our high-quality developments under PIPDA's Top 10 Developers Award category.

This is in addition to numerous accolades that KL Sentral CBD has received in previous years, in recognition of its design and the positive impact it has delivered.

The awards are testament to MRCB's capability as an urban property and infrastructure developer to compete with the best at national and international levels. KL Sentral CBD is Malaysia's number one TOD, offering a vibrant and self-contained city-within-a-city development.

Developing Transport Hub at Bandar Malaysia

MRCB entered a non-binding MoU with Wondrous Vista Development Sdn Bhd and Bandar Malaysia Sdn Bhd to develop an integrated transportation hub terminal at Bandar Malaysia.

The new Kelana Jaya and Ampang LRT Lines Extension Project (LEP) was also officially launched in 2016. This project brings a new important contribution to public reach of the public mass rapid transit line in the Klang Valley. MRCB's wholly-owned subsidiary, MRCB Engineering Sdn Bhd (MESB), was the main contractor for the construction of the new extended line.

ENVIRONMENTAL



We concentrate on minimising Greenhouse Gas (GHG) emissions, reducing and recycling waste, conserving water, efficient energy use, sustainable product design, an environmentally sound supply chain and environmental stewardship.

MRCB's environmental programmes are governed by robust policies, practices and certification including a Safety, Health and Environmental Management System, which is based on ISO 14001. These policies describe management leadership, roles and responsibilities, audit requirements, hazards training, employee participation, KPI tracking and continuous improvement. It covers both investigation and corrective action.

Environmental Conservation

Environmental conservation is important to minimise GHG emissions, which lead to climate change. It also helps reduce pollutants from affecting the air and nearby waterways. Employees are welcome to share any environmentally-friendly ideas with the management.



Q Sentral

ENVIRONMENTAL

Sustainability is a shared responsibility at MRCB. As a leading urban property developer, it is imperative that we constantly strive to minimise the environmental impact from our operations.

Current Green Practices Continued from Previous Years

 <p>PRIORITISING THE PROCUREMENT OF ENVIRONMENTALLY FRIENDLY PRODUCTS</p>	 <p>ENCOURAGING THE USE OF ELECTRONIC COMMUNICATIONS AND SOFT COPY DOCUMENTS WHENEVER POSSIBLE TO REDUCE PRINTING</p>	 <p>DISPLAYING POSTERS THROUGHOUT THE OFFICE TO RAISE ELECTRICITY-SAVING AWARENESS</p>
 <p>POSITIONING COPIERS AT A FEW STRATEGIC LOCATIONS AND PERFORMING NETWORK SCANNING TO SAVE PRINTING COSTS AS FEWER TONERS ARE REQUIRED</p>	 <p>CHECKING AND IMMEDIATELY REPAIRING UNDERGROUND WATER PIPES TO MINIMISE WATER LOSS</p>	 <p>STRATEGICALLY PLACING RECYCLING BINS IN OFFICE BUILDINGS</p>

We invite and encourage our employees to play their roles in minimising wastage. Stickers are placed near all lights switches from levels 30 to 35 of Allianz Towers 1 and 2 to remind employees to switch off lights that are not in use. Similarly, stickers reminding employees to save water are displayed at pantries and toilets on these six floors.

Energy Management

MRCB's approach to energy management consists of managing energy supply and consumption efficiently and effectively. As we are involved in buildings' entire life-cycles, we have developed a good understanding of energy efficiency. It requires a 360° approach and a deep understanding of all building services.

A breakdown of MRCB and its subsidiaries' energy consumption for the past three years is presented in the table below. Energy consumption has reduced significantly following the introduction of a company-wide energy-saving campaign that was rigorously enforced throughout the year.

Company	Energy Consumption (kWh)		
	2014	2015	2016
Seri Iskandar Development Corporation Sdn Bhd	217,255	254,083	59,463
Malaysian Resources Development Corporation Sdn Bhd	543,440	493,606	207,004
MRCB Sentral Properties Sdn Bhd	34,126,859	31,877,797	17,684,449
Semasa Sentral Sdn Bhd	17,308,533	13,719,703	-
MRCB Prasarana Sdn Bhd	2,042,075	1,930,686	1,740,737
MRCB Engineering Sdn Bhd	382,919	15,598	72,149
MRCB Head Office	264,428	-	-
Kuala Lumpur Sentral Sdn Bhd	98,796	20,385	-
Transmission Technology Sdn Bhd	69,423	13,256	-
Synargym Sdn Bhd	-	-	504,783
Excellent Bonanza Sdn Bhd	-	-	5,849,735
Gapurna Land Sdn Bhd	-	-	185,689
Malaysian Resources Sentral Sdn Bhd	6,927	337,433	318,448
348 Sentral Sdn Bhd	-	-	284,955
Sooka Sentral Sdn Bhd	-	-	85,677
Penang Sentral Sdn Bhd	-	-	319,817
MRCB Builders Sdn Bhd	-	-	72,149
Total	55,060,655	48,662,547	27,385,055

Championing Green Development

Green building, or sustainable design, is the practice of increasing the efficiency with which buildings and their sites use energy, water and materials. It also reduces the effect on human health and the environment for the entire lifecycle of a building. MRCB’s green building concepts extend beyond the walls of buildings to include site planning, community and land-use planning. Green development is a rapidly growing field that combines ecological principles with advanced technology.

As the master developer of KL Sentral CBD, MRCB has five spectacular green buildings namely Platinum Sentral, Menara CIMB, Q Sentral, The Sentral Residences, and Menara Shell. They are all built to green specifications and the designs have been certified by local or international certification bodies.

MRCB is now synonymous with its sustainable development strategies. All its developments comply with Green certification bodies such as Malaysia’s Green Building Index (GBI), the US-based Leadership in Energy and Environmental Design (LEED), or the Singapore-based BCA Green Mark (BCA).

MRCB continues to showcase its expertise in Green Building developments in KL Sentral CBD to provide value for building owners, tenants and occupants. The achievements recorded by each green building are summarised in the table below.

Green building achievements

Green Building	Achievements
Platinum Sentral	• Platinum rating for Green Mark
Menara Shell	• Platinum rating for LEED • Silver rating for GBI Provisional Certification
Menara CIMB	• Certified for GBI CVA Certification
Q Sentral	• Gold rating for GBI Provisional Certification
The Sentral Residences	• Gold rating for GBI Provisional Certification

How Our Green Building Features Benefit the Environment

Green Features	Positive Impact to the Environment
Highly efficient ventilation system	Minimising energy usage
Integrating natural energy such as solar power with building power gridline	Use of environmentally friendly materials
Heat recovery wheel reuses waste heat energy	Consuming fewer natural resources
Highly efficient and energy-saving lighting with automatically controlled illumination levels	Energy-efficient design
Generative lifts and motion sensor activated escalators	Low greenhouse and ozone depleting gases

GHG Emissions

MRCB has adopted the internationally-recognised GHG Protocol established by the World Business Council for Sustainable Development and World Research Institute (WRI) for its carbon footprint calculations. Emissions accounting is based on the GHG Protocol classification of direct and indirect emissions.

Scope	Category	Indicators Measured
Scope 1	Direct GHG emissions	• Company-owned vehicles
Scope 2	Indirect GHG emissions	• Electricity consumption
Scope 3	Other indirect GHG emissions	• Air travel

Scope 1 Direct GHG Emissions

GHG emissions from all company owned vehicles are calculated based on consumption of fuel derived from purchases for cars, motorcycles, 4-wheel drives, vans, trucks and other heavy industrial vehicles. The total emissions produced from the use of company-owned vehicles in 2016 was 800.96 MT.

Scope 2 Indirect GHG Emissions

GHG emissions from purchased electricity was derived using the emission factor published by the Malaysian Green Technology Corporation for the Peninsular Grid. In 2016, the total CO₂ emissions resulting from purchased electricity was 20,292.33 MT.

Scope 3 Other Indirect GHG Emissions

GHG emissions resulting from air travel were measured from origin to destination including the number of employees on board, distance and flight class. All short and long-haul flights were included in the GHG calculation. Online tools derived from the WRI GHG Protocol have been used to calculate the CO₂ emissions from air travel. Emissions from business air travel in 2016 was 25.16 MT.



UPSR Clinic for MRCB adopted school students

EDUCATION

MRCB's Support of the PINTAR Programme

PINTAR (Promoting Intelligence, Nurturing Talent and Advocating Responsibility) is a school adoption programme inspired by Yayasan PINTAR. It is undertaken by GLCs and some private corporations in Malaysia. It aims to foster excellence among underprivileged students nationwide.

Through the PINTAR School adoption programme, MRCB contributes funds which are used for motivational and teambuilding programmes as well as educational and academic support programmes. Financial support is also given to promote capability and capacity building, reduce vulnerabilities and societal issues, and upgrade ICT facilities and resources.

In 2016, MRCB donated an additional RM226,000 to its adopted schools for a variety of purposes such as school trips, academic workshops, development programmes, study trips, teachers day celebrations and school carnivals.

The five active schools adopted under MRCB's PINTAR programme in 2016 are:

- SK La Salle 1, Brickfields, Kuala Lumpur
- SK La Salle 2, Brickfields, Kuala Lumpur
- SK Iskandar Perdana, Seri Iskandar, Perak
- SK Pengkalan Jaya, Butterworth, Penang
- SK Kuala Perai, Butterworth, Penang

MRCB’s PINTAR programme has touched more than 24,000 lives including students, teachers, parents and community members in the areas surrounding the adopted schools.

UPSR Pass Rate for MRCB’s Adopted Schools

Name of School	2014	2015	2016
SK La Salle 1, Brickfields, Kuala Lumpur	58.7	64.7	53.9
SK La Salle 2, Brickfields, Kuala Lumpur	71.4	68.5	40.0
SK Iskandar Perdana, Seri Iskandar, Perak	73.6	76.8	76.9
SK Pengkalan Jaya, Butterworth, Penang	66.4	78.7	63.2
SK Kuala Perai, Butterworth, Penang	67.5	63.3	73.3

The results of the majority of schools across the nation showed a downward trend due to a syllabus change introduced by the Education Ministry. The performance of MRCB’s adopted schools remained positive overall.



600 students received back to school supplies from MRCB in 2016



MRCB’s contribution to the PINTAR adoption of schools programme

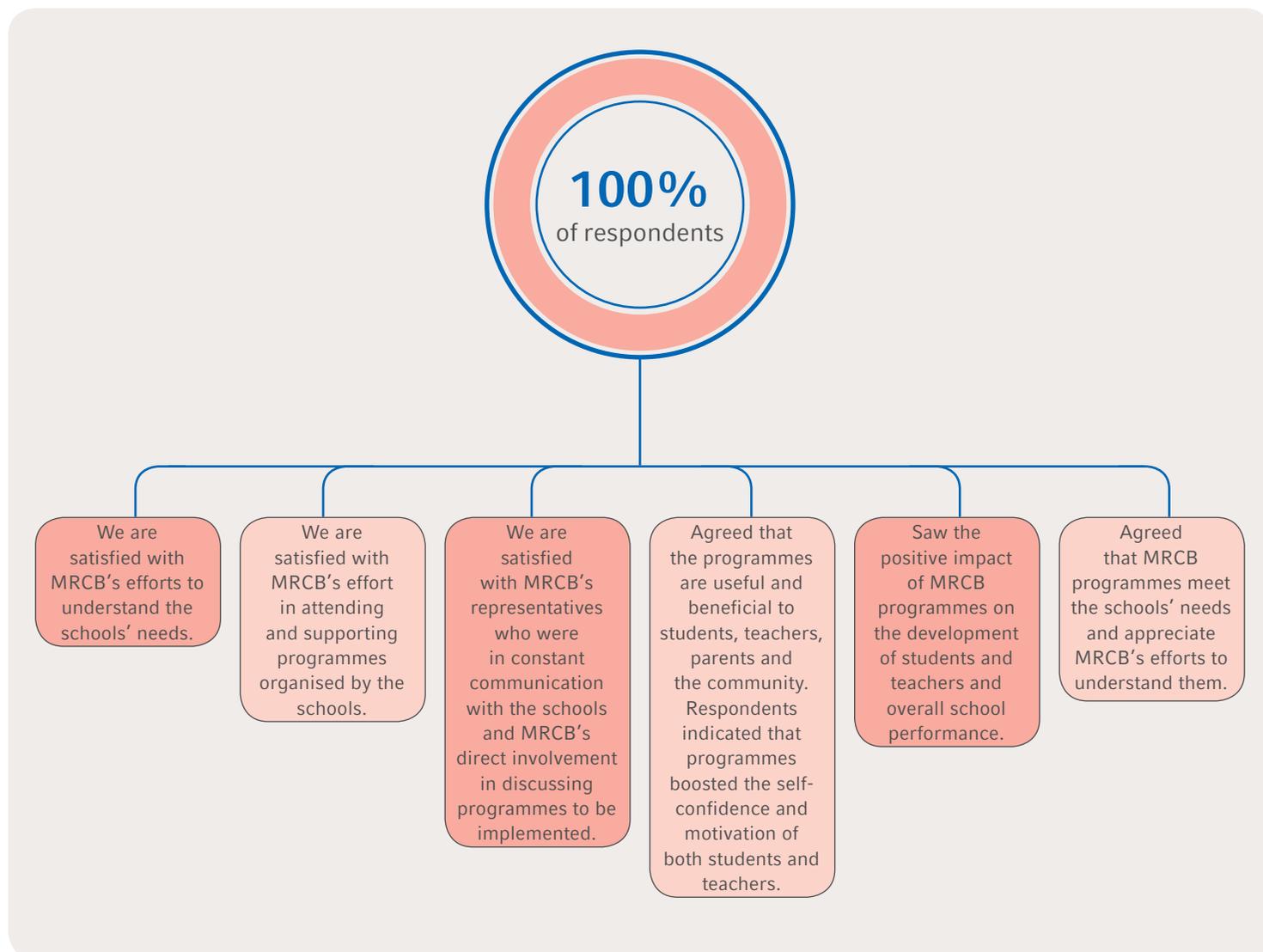


Handover of back to school supplies to students

In 2016, the PINTAR Foundation conducted a satisfaction survey among MRCB adopted schools to gauge the schools’ satisfaction with the programme. The survey was part of PINTAR Foundation’s monitoring and evaluation exercise. The survey measured satisfaction levels for:

- The programmes and activities implemented by MRCB to meet the schools’ needs
- MRCB PINTAR programmes and curriculum
- The impact of MRCB PINTAR Programmes
- MRCB engagement levels with its adopted schools

Highlights of the Survey Findings



Back-to-School

By the end of 2016, 600 students from our adopted schools had received back-to-school supplies. The schools benefiting from our support were Sekolah Kebangsaan La Salle 1, Brickfields; Sekolah Kebangsaan La Salle 2, Brickfields; Sekolah Kebangsaan Iskandar Perdana, Perak; and Sekolah Kebangsaan Kuala Perai, Penang.

Each child received a school bag, uniform as well as shoes and socks, fulfilling their needs for the current school year. More than 24,000 children have benefited from MRCB's school programmes.

MRCB has long been supportive of underprivileged schoolchildren and has adopted numerous schools across the country since 2007. We will continue running more corporate social responsibility programmes through the MRCB Foundation.



Pusat Transit Gelandangan, Kuala Lumpur

COMMUNITY DEVELOPMENT

Homeless Shelter at Jalan Pahang

MRCB designed, developed and built a three-storey homeless shelter on Jalan Pahang, Kuala Lumpur. The construction of the centre, known as Pusat Transit Gelandangan Kuala Lumpur, was completed and successfully handed over to Kementerian Wilayah Persekutuan (KWP) and DBKL on 29 January 2016.

The centre serves as a sanctuary for the homeless and those with problems in Kuala Lumpur, providing a safe haven for people who have nowhere else to turn. This development project contains accommodation, services, welfare, community and commercial programmes. The three-storey building can accommodate 200 people.



Prime Minister Datuk Seri Najib Razak officiated the launch of Pusat Transit Gelandangan

This integrated homeless centre provides the most appropriate platform by:

- Encouraging the homeless to help themselves by improving their lifestyles based on their characteristics.
- Issuing a bid to improve or introduce a new method of improving the homeless situation in Kuala Lumpur.
- Experimenting with the possibility of an integrated welfare shelter that generates its own economy and can 'self-feed'.

Donations and Sponsorships

We all have a responsibility to step up our community support. We proudly support charitable initiatives in the communities in which we operate through donations and sponsorships.

We embrace the diversity of people's social needs, ideas and interests. Our contributions are distributed over a broad range of initiatives including education, community and philanthropic activities.

Significant Philanthropic Contributions Made in 2016

Yayasan PERMATA Negara

The PERMATA Programme focuses on developing education for children and adolescents. It was first initiated in 2007 with the implementation of the PERMATA Negara programme. The PERMATA Programme has since expanded with the implementation of three specific programmes based on education for gifted, bright and talented children: PERMATA Pintar, PERMATA Seni and PERMATA Insan.

PERMATA has also introduced a special programme for teens. Following its successful implementation, Yayasan PERMATA was formed to manage funds from various parties to strengthen the PERMATA programmes.

MRCB sponsored the PERMATA International Conference that was held at the Putra World Trade Centre (PWTC) in Kuala Lumpur. Held from 31 May to 2 June 2016, the conference brought members, speakers, scientists, academics and parents together from all over the world. 15 speakers came from various countries including the United States, Canada and Australia to share their expertise in their particular areas. Delegates joined brainstorming sessions on how to invest in the minds of the young generation through education.

Tabika Kemas

KEMAS focuses on producing local leaders by running development programmes in villages and rural areas. We hope these programmes will boost socio-economic growth in rural communities. KEMAS is under the purview of the Ministry of Rural and Regional Development (Malaysia).

MRCB donated RM100,000 to KEMAS nurseries that were in dire need of repairs and maintenance. Our contributions were used to rebuild and refurbish 108 KEMAS nurseries. We are one of eight GLCs that contributed to a total collection of RM920,000 for this social effort.



YBhg Dato' Haji Ishak Haji Mohamed handing over MRCB's contribution to the Minister of Rural & Regional, Y.Berhormat Dato' Sri Ismail Sabrina Yakub at Kampung Guar, Manor in Perak.



Hari Sukan Negara 2016

ENGAGING WITH THE COMMUNITY

Football Match for Brickfields Schools for Hari Sukan Negara 2016

On 8 October, we held a special football competition for four primary schools in Brickfields in conjunction with Hari Sukan Negara 2016.

The special tournament involved 56 students from SK La Salle 1, SK La Salle 2, Sekolah Kebangsaan Brickfields 1 and Sekolah Kebangsaan Brickfields 2.

The event raised awareness of the importance of leading a healthy lifestyle by inculcating a sports culture and promoting national unity. The match was part of MRCB's ongoing CSR-driven initiative for communities along Jalan Tun Sambanthan, Little India and Brickfields as a whole. The event helped discover untapped talent by identifying students' potential and allowing them to develop their skills in a fun, community-based competition.

UPHOLDING INTEGRITY

On 18 April 2014, MRCB signed the Corporate Integrity Pledge under the sponsorship of the Malaysian Anti-Corruption Commission (MACC). By signing this pledge, MRCB stated its long-term commitment to maintaining a high level of accountability through organisational integrity, transparency and good governance in all aspects of its operations. MRCB also established a new Department of Integrity and Discipline, which renewed its commitment to upholding integrity in its business.

MRCB established several measures that translate its mission and values into operational systems such as codes of conduct, policies, and management processes. These initiatives all improve MRCB's corporate governance, business ethics and corporate social responsibility.

Two of MRCB's senior managers also trained as Certified Integrity Officers with MACC. MRCB also held an executive talk in conjunction with the National Integrity Day.

Whistleblowing

Employees are encouraged to raise their genuine concerns about possible improprieties in the conduct of business, either in financial terms or other malpractices, at the earliest opportunity and in an appropriate manner.

Our whistleblower policy protects the informant from any adverse employment actions which will affect his or her livelihood, provided that the report is made in good faith.

All concerns can be channelled to the Head of Integrity and Discipline Department through any form of communication.

What is Whistleblowing?



Whistleblowing is a disclosure by an employee of mismanagement, corruption, illegality or any other wrongdoing carried out by an individual or group of individuals within the organisation.

Examples of Whistleblowing Communication Channels



TELEPHONE CALL



WHISTLEBLOWING REPORT FORM



EMAIL



IN PERSON TO THE HEAD OF INTEGRITY & DISCIPLINE DEPARTMENT



LETTER OR NOTES

A preliminary investigation is conducted upon receipt of an allegation report. The Head of Integrity and Discipline Department is obliged to submit the investigation reports together with all relevant findings and evidence to the Executive Director. The final report is submitted to the Audit Committee who then reports it to the Board.

No Gift Policy

MRCB Group employees are prohibited from directly or indirectly receiving or providing any gifts, kickbacks or gratuities in any form that may compromise their judgement and decision making.

Any gift offered must be politely declined and returned without causing offence or disrupting business relations. If an external party insists on giving a gift after MRCB's No Gift Policy has been explained to them, the employee must inform them that any gifts will be donated to Yayasan MRCB, immediately.

Non-compliance with this policy is classed as major misconduct and the employee involved will be subjected to disciplinary action, which may lead to dismissal.

SOCIAL: LABOUR PRACTICES AND DECENT WORK



Internal brand launch briefing for staff

SOCIAL: LABOUR PRACTICES AND DECENT WORK

Benefits

MRCB offers an attractive benefits package in addition to a basic salary. The health and wellbeing of our employees are a major concern. We provide comprehensive medical benefits to our employees. All employees have access to free medical consultations, treatment and medicines prescribed by our panel clinics. In emergencies, the cost of treatment from any registered medical practitioner is reimbursed.

Examples of General Benefits Offered to Employees



LEAVE

Annual Leave, Compassionate Leave, Exam Leave, Sick Leave, Prolonged Illness and Pilgrimage Leave

.....



MEDICAL

Outpatient Treatment, Outpatient Specialist, Hospitalisation, Ward Entitlement and Maternity Benefit

.....



OTHER ALLOWANCES

Millage Claims, Overseas Allowance, Transfer Allowance, Educational Assistance, Group Insurance and Car Allowance, for eligible staff

TRAINING AND DEVELOPMENT

Training and development is an important aspect in the growth of MRCB. All personnel are eligible to attend internal in-house training programmes based on Training Needs Analysis (TNA) and nomination by their respective division or departmental head.

MRCB staff may attend external courses after being nominated by their respective heads of division or department and by the Human Resource Department. Typically, these courses are for a long duration and lead to a professional certification examination such as a certificate or diploma.

Summary of MRCB Training Courses Attended in 2016

Type	No. of Courses	No. of Attendees	Man Days	Man Hours	Investment (RM)
Internal Training	23	845	816	6,528	40,555
External Training	160	349	631	5,080	334,054
Total	183	1,194	1,447	11,608	374,609

Examples of Training Programmes in 2016

Internal Training	External Training
MRCB Briefing	Managing Excellent Emergency Response Plan
QLASSIC Awareness Course	Working at Height and in Confined Space
Quality Forum	Contract Management for Constructions Project
CIDB Green Card Training	ISO 14001:2015 Environmental Management
Strategic Workforce Planning	Assessing and Recovering Troubled Projects
QLASSIC Assessor Course	ISO 9001:2015 Interpretation and Application
Best Practices for Effective Safety and Health	Housing Development Laws Governing Developers
Blue Card Training	GBI Facilitator Course
QESF Briefing	Supply Chain Management System
	NIOSH Tenaga Safety Passport
	Construction Excellence: Prefabrication and Modular Buildings

Upgrading Our Learning Zone

A new digital learning platform, named the 'Learning Zone', was introduced to all employees. Learning Zone's main objective is providing various short courses for employees from different grades to improve their personal and professional knowledge and skills. Over 30 courses are available on the platform that cover business etiquette, work ethics and integrity, team motivation, managing difficult clients, engaging habits of great managers, IT skills, communication skills, creative thinking and emotional intelligence.



Briefing the attendees on the benefits of the 'E-Learning Zone' courses

PERFORMANCE DEVELOPMENT REVIEWS

Performance development reviews are a means of appraising employee performance. The objective of the review process is to be able to systematically evaluate an employee's job performance, identify training needs and initiate fair disciplinary proceedings. This process serves as a useful channel of communication between managers and their subordinates.

We conduct annual performance appraisals in addition to informal periodic and ad hoc reviews. This engagement ensures that regular feedback is gathered to motivate strong performers and detect performance gaps. During the appraisal reviews, the overall performance rating that has been determined based on the period's performance is discussed. Emphasis is placed on the individual's competencies, achievements, training and development needs.

AN ENGAGED WORKFORCE

MRCB's success depends on engaged employees who understand, embrace and apply its values to facilitate operational excellence and superior customer service. We encourage employee engagement by promoting a positive work environment and communicating proactively with all employees. We want to create a workplace which our employees enjoy entering each day.

MRCB's Definition of Employee Engagement



Employee engagement is about being fully included as a member of the team, focussed on clear goals, trusted and empowered, supported in developing new skills, thanked and recognised for achievements.

In 2016, our engagement activities included the Annual Shooting Event which was held at Brigid Tengah, Pasukan Gerakan Am in Cheras. A total of 67 senior employees took part in this shooting competition on 12 November 2016. We also bring employees together to celebrate major festivals such as Hari Raya Aidilfitri and Chinese New Year celebrations.



MRCB's team is all set and ready to march at the Merdeka Parade

Unite for the Love of Our Country

On 31 August 2016, 20 employees volunteered to take part in the Merdeka Parade marching team during the 59th National Day celebration. The team was part of more than 600 participants from 24 Government-Linked Companies (GLCs) and private companies.

During the event, there were 10 segments: economy, nationhood, public services, animation, sports, self-esteem, public order, national security, air show and the spirit of unity. Our employees paraded alongside representatives from other GLCs as a part of the economy segment.

Appreciating Our Super Secretaries

MRCB Super Secretaries celebrated its own version of Secretaries Week on 23 May 2016 at Aloft KL Sentral. 29 administrators and secretaries gathered at a dinner talk to learn about self-grooming, styles that will accentuate their looks, the psychology of colours and tips on make-up techniques.

HEALTH, SAFETY AND WELLBEING

MRCB is committed to providing and maintaining a safe place of work. We are committed to a policy of effectively managing all aspects of health, safety and welfare. We maintain a fundamental belief that everyone has the right to return home unharmed at the end of each and every working day.

Our OHSAS 18001 certified health and safety management system ensures that processes are followed to minimise risk. It sets out the core standards that must be followed by employees and subcontractors on site. The safety credentials of our suppliers and subcontractors are scrutinised and assessed prior to their selection. The competency of all staff is maintained by delivering comprehensive training tailored to each individual's role.

Our dedicated Health, Safety and Sustainability team monitors compliance with our safety, health and management system by conducting monthly inspections of every site and delivering internal audits in accordance with a predetermined schedule. These are complemented by a number of independent assessments, certifying bodies and numerous director visits. The outcomes from these evaluations are included in a monthly report which is distributed to the management team and site managers.

All employees and subcontractors must attend basic safety training programmes relevant to their job function.

Main Safety Training Programmes Held in 2016

Training Programme	Date
Managing Excellent Emergency Response Plan (ERP) at the Workplace	27 – 28 January 2016
OSH Management System: MS 1722 & OHSAS 18001 Auditing	18 – 22 April 2016
Site Supervisory Course (SSS)	25 July – 1 August 2016
ERP briefing for ERP Team Members	27 October 2016
Drill Exercise at Allianz Tower	16 November 2016
Fire Prevention Training conducted by BOMBA	9 – 11 December 2016
Command Post Exercise with Majlis Keselamatan Negara, BOMBA, DBKL, Polis, and PPUM	28 December 2016

SHASSIC

Safety and Health Assessment System in Construction (SHASSIC) is an independent method of assessing and evaluating the safety and health performance of a contractor in construction works or projects. At MRCB, SHASSIC assessment covers three main components: document checks (40%), site/workplace inspections (40%) and employee interviews (20%). The assessment also examines OSH policy, OSH organisation, HIRARC, OSH training and promotion, machinery and equipment management, construction materials management, emergency preparedness, accident investigation and reporting, records management and performance monitoring.

Four SHASSIC assessment programmes were conducted at various MRCB sites in 2016.

Details and Scores of SHASSIC Assessment Programmes Conducted in 2016

Projects Sites	Date of Audit	Weightage of Components			Star Ranking (Score 100%)
		Document Check (40%)	Workplace Inspection (40%)	Employee Interview (20%)	
9 Seputeh	19 Feb 2016	31.75	29.87	15.52	77.13% 4 Star
Penang Sentral - Hub	9 Mar 2016	32.38	17.70	15.85	65.93% 3 Star
Johor Land	30 Mar 2016	33.65	16.32	16.07	66.04% 3 Star
Aman Desaru	31 Mar 2016	33.02	17.33	16.12	66.46% 3 Star

Our Safety Performance

	2014	2015	2016
Fire	2	0	0
Property Damage, Dangerous Occurrence & Others	39	46	18
Near Miss	21	3	6
Medical Treatment	14	6	2
First Aid	64	20	14
Fatality	0	0	2

The increase in near miss incidents was largely due to the additional work that commenced in 2016. The two unfortunate fatalities that occurred were isolated incidents. MRCB continues to strictly adhere to all safety standards and requirements as it strives for zero incidences.

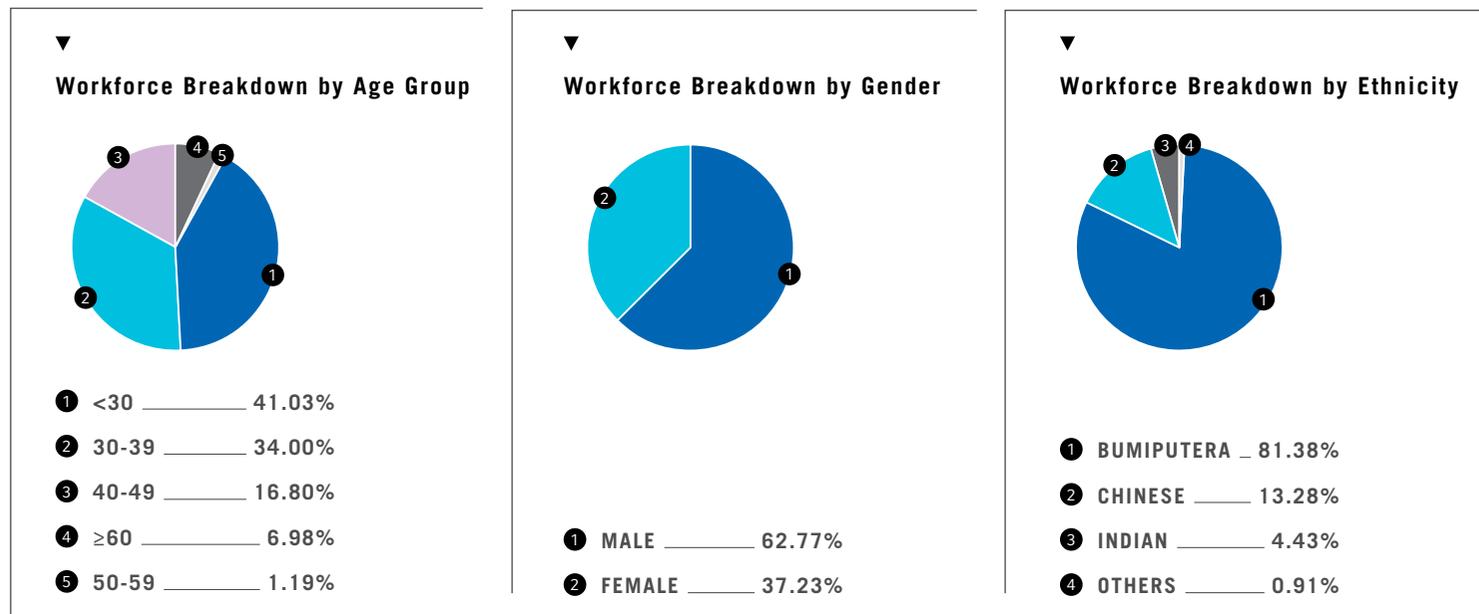
Embracing Diversity

We believe embracing diversity means understanding, respecting and valuing differences. A focus on diversity and inclusion is built into our workplace culture. We know that different opinions spark creativity and help us make better decisions. So, bringing together professionals with diverse backgrounds and varied experience is key to solving challenging problems with innovative solutions. Our current priorities are:

- Continuing to build MRCB’s culture of inclusion, embedding diversity and inclusion concepts and principles in our people process
- Maintaining our focus on gender equity with an emphasis on removing barriers for women to increase their representation in leadership
- Supporting flexible work arrangements including the specific needs of our employees

At MRCB, workplace diversity is more than recognising differences. It is about embracing and accommodating the panoply of ideas, thoughts, perspectives, abilities, needs, styles and cultural backgrounds our people bring to work every day.

Diversity is a prominent topic in all areas of society. However, there is a big misconception that the construction and property industry is a little ‘old-fashioned’ in its attitude to diversity. This is not the case at MRCB as demonstrated in our diversity indicators below.



Protecting the Rights of Our Employees

MRCB recognises its responsibility to protect employees’ human rights. We ensure relevant procedures are respected, implemented and executed throughout all operations including our policies and procedures on non-discrimination, freedom of association, ethical behaviour and employee grievances.

Human rights have been included in our human resources and procurement practices as part of our supplier screening. This policy is clearly stated in our employee handbook which is distributed to all new recruits.

MRCB operations are structured by the Malaysian Employment Act 1955 which prohibits exploitative labour practices. MRCB Group also adheres to the Children and Young Persons (Employment) Act 1966, which prohibits the employment of children under the age of 14 and other applicable international agreements preventing child labour.

SOCIAL: PRODUCT RESPONSIBILITY



MoU signing with Telekom Malaysia Bhd (TM)

Partnering with Telekom Malaysia Bhd (TM) to Deliver Excellent Connectivity to the Public

MRCB's management recently appointed TM as its preferred service provider for telecommunications, ICT and Smart Services. The TM-MRCB collaboration is based on four objectives.

Four Objectives of the TM-MRCB Collaboration

1



Strengthening MRCB's existing telecommunication and ICT infrastructure

2



Promoting Smart City Living

3



Identifying and Implementing Innovation Enablers

4



Co-marketing & Joint Talent Creation Programmes

SOCIAL: PRODUCT RESPONSIBILITY



MoU signing with TM

The collaboration leverages on TM's experience as the nation's most experienced telecommunication and ICT provider along with MRCB's expertise and position in property development.

This MoU allows us to promote Smart City living. MRCB and TM are seeking to jointly develop a Smart City product roadmap for all MRCB property products based on its own business development plans. This roadmap covers all relevant solutions that will promote Smart City living for our products such as smart township services and smart building services. This is especially critical as we specialise in urban development and Transit Oriented Developments (TODs) where more smart city features are now becoming standard requirements.

The goal of building a smart city is to improve the quality of life. Informatics and technology are used to improve the efficiency of services for residents. Our Smart City roadmap must lead the way in creating advanced ICT infrastructure. This infrastructure will become the backbone for systems that can respond to challenges and improve efficiency rather than merely facilitating transactions and services for its residents. We will require many innovation enablers, which will allow us to realise our vision of "Setting the Standard" in the products that we deliver. This MoU with TM is a journey towards this vision.

Purchasing and Procurement Practices

Purchasing decisions must be made based solely on MRCB's best interest. Proper agreements are documented which clearly identify the services or products to be provided, the basis for earning payment and the applicable rate or fee. The payment amount must be commensurate with the services or products provided.

All staff involved in procurement must comply with the tenets of sound procurement practices.

- 1 All vendors must be treated equally and accorded the same information at the same time.
- 2 No information leaks should occur during the procurement process.
- 3 No conflicts of interest through relationships or receipt of gifts must occur and there must be no favouritism of vendors. Any conflicts of interest through relationships or friendships with people in other companies invited to tender must be declared to Corporate Governance. In a situation where there is evidence or suspicion of improper behaviour during the tender process or after its award, it must be reported to Corporate Governance.
- 4 There must be more than one bidder.
- 5 The process must be transparent to ensure the procurement process is auditable, justifiable and can stand up to scrutiny.

Customer Satisfaction Surveys

MRCB conducts Customer Satisfaction Surveys (CSS) on the residential and commercial properties that it develops and manages. A CSS is conducted six months after a residential or commercial project is completed and also for other MRCB business units that are responsible for parking, security services, offices and a shopping complex.

RESPONSIBLE MARKETING

We aim to ensure all marketing and advertising is accurate and truthful. Deliberately misleading messages, omission of important facts, or false claims about our competitors’ offerings are never acceptable. Compliance with our quality processes and safety requirements is essential to maintain our valuable reputation.

We sell our products and services fairly and honestly by stressing their quality and value. We do not use tactics that unfairly undermine the products of competitors. Comparative advertising is only used when comparing MRCB products against the competitor’s own product statements.

ENSURING QUALITY

Operating contractors and suppliers must adhere to our safety standards and specifications. Project delivery is managed, monitored and reported using a number of management tools. Our myCRM software, developed in-house by the Group, monitors every stage of our product lifecycle. The software is continuously evolving and improving to increase its coverage, quality and security.

The results of customers’ inspections of their purchases are entered into this software. Subsequently, this information is made available to the project and management teams to help them rectify and monitor any defects on an ongoing basis.

A process outline of complaints handling from purchasers or tenants is summarised below.

Process to Handle Complaints from Purchasers or Tenants

