

OUR COMMITMENT TO SUSTAINABILITY



Kwasa Sentral

MRCB IS COMMITTED TO DISCLOSING THE PROGRESS OF OUR SUSTAINABILITY JOURNEY AND SETTING THE HIGHEST STANDARDS IN THE SOCIAL, ECONOMIC, AND ENVIRONMENTAL PERFORMANCES OF OUR SECTOR. WE ASPIRE TO RAISE OUR UNDERSTANDING OF SUSTAINABILITY ISSUES SO THAT WE MAY CONTINUE TO GROW AND PERFORM BETTER AS A CORPORATE CITIZEN.

We are currently in the process of reviewing our sustainability approach and intend to explore various ways in which we can improve our sustainability practices and performances across our management and operations.

For this report, we began embarking on obtaining baseline data to measure and subsequently monitor the impact of our projects and activities, which helped us determine our performance and progress in areas considered material to our company and stakeholders. We believe that developing our comprehension of where we stand in our sustainability journey is essential towards identifying potential sustainability opportunities, implementing effective programmes, retaining and attracting talent in our workforce, and instilling the sustainability mindset and practices in our corporate culture – all of which contribute towards raising the MRCB Group's value and reputation.

This statement encompasses five key topics – our sustainability goals and governance, materiality, economic impact, social responsibility, and environmental stewardship. In preparing this statement, we established our reporting scope

and priorities through conducting stakeholder engagement and a materiality assessment, identifying sustainability indicators, referring to global practices and standards in sustainability reporting, and adopting the sustainability guidelines provided by Bursa Malaysia.

While we seek to maintain our compliance to national laws and regulations, we are becoming increasingly aware that more can be done to reduce the harmful impacts of our business activities. In managing and mitigating our footprints, we would like to work more closely with our stakeholders and local policymakers to gain in-depth knowledge on the issues surrounding our business, as well as the wider construction industry.

Through our renewed commitment to sustainability, we aim to accomplish our corporate vision, which is “Setting the Standard”, while contributing to the sustainable development of our business, people, clients, country, and environment. We invite you to join us in this journey.

SCOPE OF THIS STATEMENT

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

REPORTING PERIOD

The reporting period covered is from 1 January, 2017 to 31 December, 2017. Where possible, historical information from previous years were included to provide comparative data.

REPORTING CYCLE

Annually

REFERENCES AND GUIDELINES

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

CONTACT US

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

OUR SUSTAINABILITY GOALS AND GOVERNANCE



THE 1987 BRUNDTLAND REPORT DEFINES SUSTAINABLE DEVELOPMENT AS DEVELOPMENT THAT MEETS THE NEEDS OF THE PRESENT WITHOUT COMPROMISING THE ABILITY OF FUTURE GENERATIONS TO MEET THEIR OWN NEEDS. THE KEY PILLARS OF SUSTAINABLE DEVELOPMENT ARE ECONOMIC, SOCIAL AND ENVIRONMENTAL.

At MRCB, we appreciate global and national efforts to champion and realise sustainable development. In this report, we use the terms “sustainability” and “sustainable development” interchangeably.

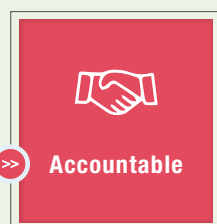
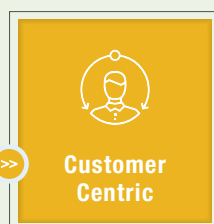
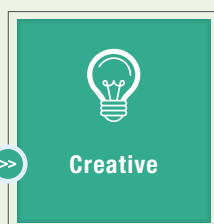
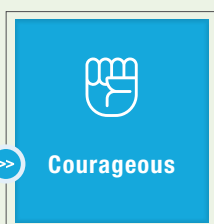
We acknowledge the United Nations Sustainable Development Goals (SDGs) and endeavour to contribute to SDG 9, which emphasises building resilient infrastructure, promoting sustainable industrialisation and fostering innovation. We are specifically aligned to SDG Target 9.1, which centres on the critical need to develop quality, reliable, sustainable and resilient infrastructure, in addition to supporting economic development and human wellbeing.



We are also keen on exploring how we could potentially contribute to SDG 11, which underscores the importance of making cities inclusive, safe, resilient, and sustainable. We believe that these two SDGs are closely related to our core business and would like to work on improving our contribution to these global goals as we progress in our quest for sustainability. We hope to increase our commitment to other SDGs as we continue to develop our indicators and knowledge of the impacts of our business in the context of sustainable development.



OUR VALUES

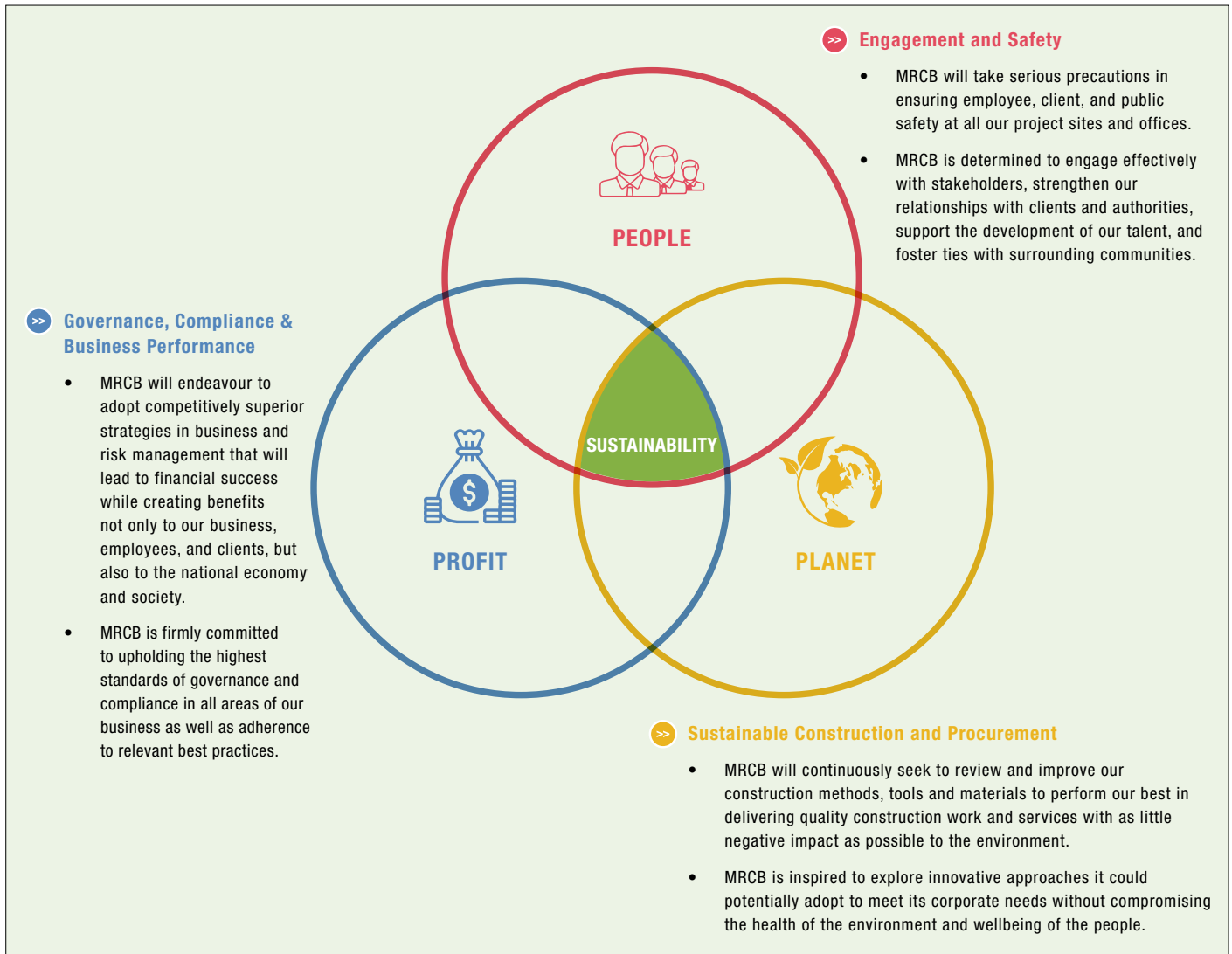


OUR SUSTAINABILITY GOALS AND GOVERNANCE

SUSTAINABILITY GOALS AT MRCB

As one of the largest urban developers in Malaysia, we recognise the important role we play in contributing to the sustainability of our nation's economy, society and environment. We have re-examined and revised our corporate sustainability goals so that they better reflect our vision, values and material issues, while also being in consonance with the core pillars of sustainable development.

MRCB's Sustainability Goals seek to achieve the triple bottom line – placing people, planet and profit at the heart of our journey towards sustainability.



THE UN GLOBAL COMPACT ASKS COMPANIES TO FIRST DO BUSINESS RESPONSIBLY AND THEN PURSUE OPPORTUNITIES TO SOLVE SOCIETAL CHALLENGES THROUGH BUSINESS INNOVATION AND COLLABORATION.

- United Nations Global Compact

In addition to our Sustainability Goals, we do our best to promote and put into practice the ten (10) principles of the United Nations (UN) Global Compact. Through our years in operation, we have made strides in incorporating the principles into our strategies, policies and procedures to ensure we uphold our basic responsibilities to people and the planet in our pursuit for prosperity. Nonetheless, this remains a work in progress as we are continuously learning and evolving the way we do business.



For details on the ten principles of the UN Global Compact, visit unglobalcompact.org

SUSTAINABILITY GOVERNANCE

In efforts to reach above and beyond our Sustainability Goals, MRCB Group is working on further developing and advancing how we govern sustainability across our organisation.

Our Board is responsible for determining the direction of the Group, and provides oversight and guidance in the formulation and refinement of our corporate strategies as well as policies. The Board champions ethical principles and practices, and promotes good governance to ensure the successful delivery of our strategies, thus safeguarding the long-term success and sustainability of the Group. The Board is regularly updated on sustainability issues by our Group Managing Director (GMD) and/or other members of our senior management.

The GMD shoulders the highest level of responsibility for sustainability at MRCB, and takes into consideration all economic, environmental, social and governance dimensions of our business development and direction.

We recently appointed our first Head of Sustainability to lead us in developing our sustainability strategy, framework, policies, and reporting. We are hopeful that efforts to advance our sustainability agenda will enable us to nurture sustainability practices in our corporate culture, and further strengthen our position and reputation in the property and construction industry.



>> MRCB GMD engaging with SL1M trainees

>> MEMBERSHIP OF ASSOCIATIONS

MRCB holds memberships in a number of business and trade associations:

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

MATERIALITY

AS WE STRIVE FOR SUSTAINABILITY, MRCB IS DETERMINED TO MEET STAKEHOLDERS' EXPECTATIONS WHILE GENERATING VALUE FOR SHAREHOLDERS AND ENSURING WE ARE ON TRACK WITH THE COMPANY'S OVERALL BUSINESS STRATEGY.

We performed a materiality assessment to identify issues that are most material to MRCB, and are looking forward to engaging more actively with stakeholders to enhance our ability in addressing those issues. We believe that it is essential to listen to and learn from our stakeholders, in order to strike a balance between their needs and the needs of our business.



>> PJ Sentral Garden City

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IN SUSTAINABILITY REPORTING, MATERIALITY IS THE PRINCIPLE THAT DETERMINES WHICH RELEVANT TOPICS ARE SUFFICIENTLY IMPORTANT THAT IT IS ESSENTIAL TO REPORT ON THEM.

- Global Reporting Initiative

OUR METHODOLOGY

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The following steps were undertaken in our materiality assessment:

>> **Evaluation of previous reports**

>> **Comparative analyses – peers, best-in-class, and international standards**

>> **Management interviews – face-to-face group interview**

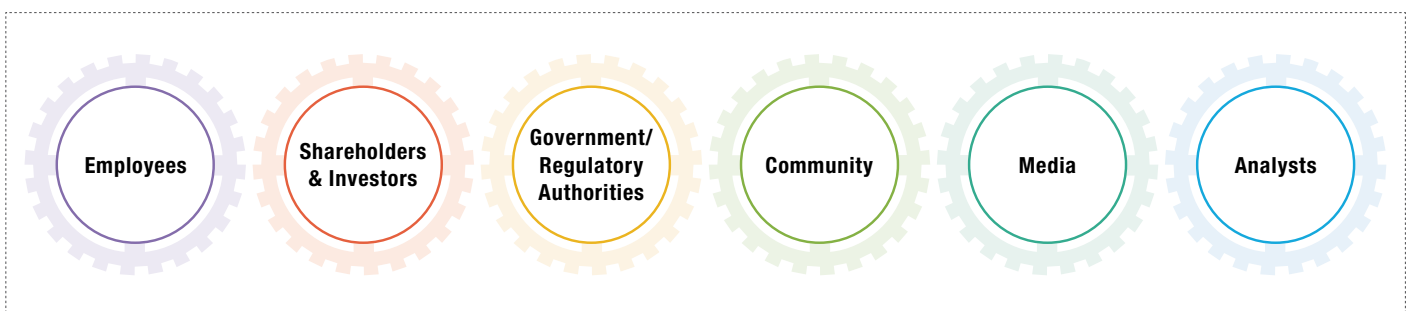
>> **Online survey – compiled by an external consultant to protect anonymity**

>> **Materiality matrix assessment and validation – conducted by an external consultant to preserve impartiality**

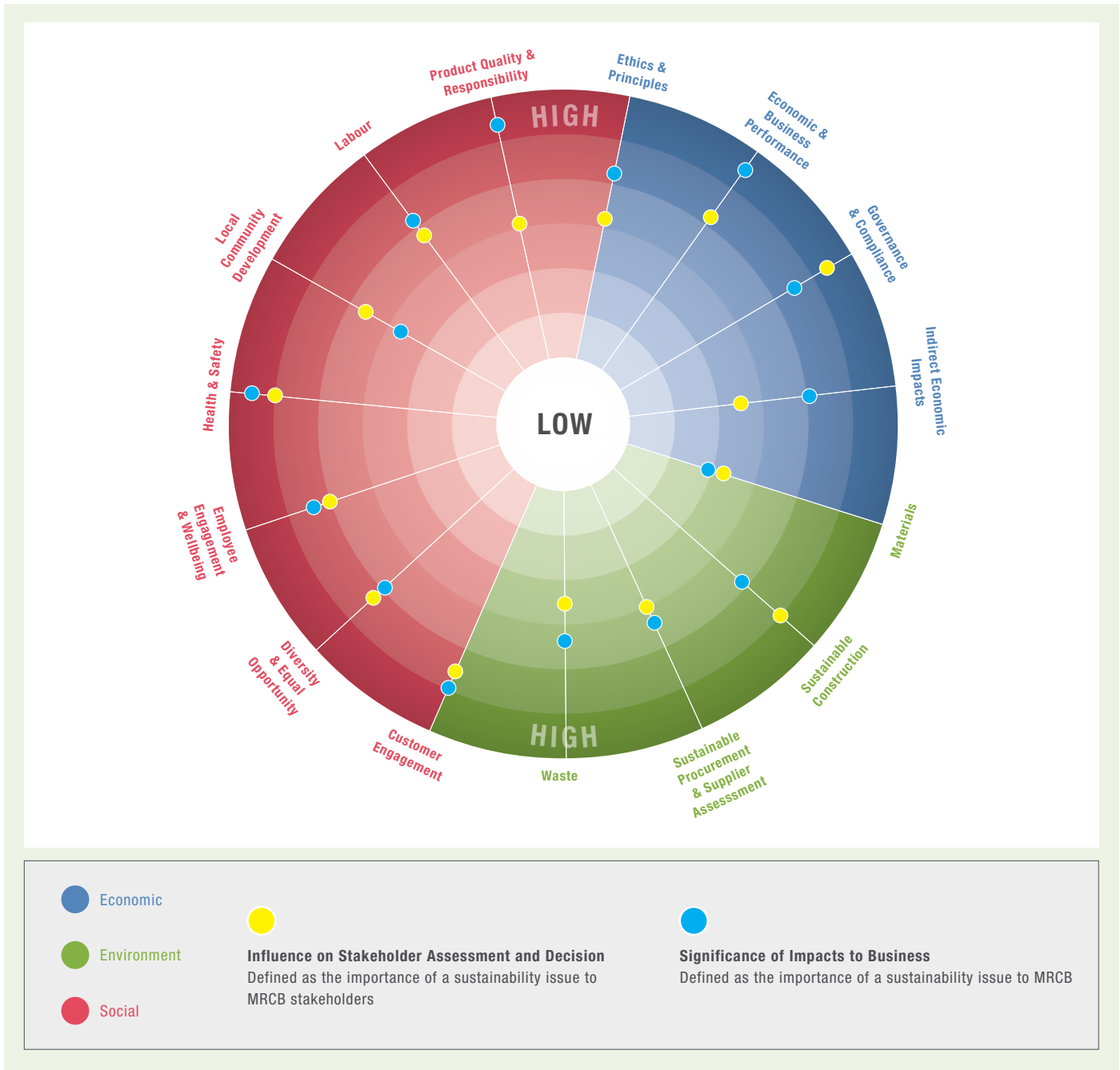
>> **Mapping of material issues against GRI Standards**

STAKEHOLDERS ENGAGED DURING THE MATERIALITY ASSESSMENT

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MATERIALITY MATRIX



In the previous financial year, we identified thirty (30) material issues. However, we decided to reassess our material issues in 2017 to eliminate redundancies, and ensure strategic focus is placed on areas that are considered most significant to our business, as well as most influential to stakeholder assessment and decision.

We present in this report our new materiality matrix, which plots fifteen (15) issues that have been identified as being most material to MRCB, according to the significance of their impacts to our business and their influence on stakeholder assessment and decision. The points that are situated on the outer rings of the circle in the matrix are considered to

be of higher significance to our Group and of higher influence on our stakeholder decisions, while those positioned closer to the inner rings of the circle are lower in significance and influence when compared to our other material issues. Not surprisingly, Governance and Compliance, Health and Safety, and Sustainable Construction appear as the top three material issues, followed closely by Economic and Business Performance, Customer Engagement, and Diversity and Equal Opportunity. These top issues are indeed linked to the core nature of our business, as we place a considerable amount of importance on nurturing and maintaining good governance, legal compliance, public and worker safety, as well as in setting sustainability standards in the industry.

MATERIALITY

OUR MATERIAL ISSUES AND DEFINITIONS

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



ECONOMIC IMPACT

ECONOMIC SUCCESS IS CRUCIAL TO THE ACHIEVEMENT OF OUR SUSTAINABILITY GOALS. FINANCIAL PERFORMANCE IS A KEY PRIORITY AT MRCB AS WE SEEK TO PROSPER IN OUR BUSINESS, GENERATE INCOME FOR OUR EMPLOYEES, ATTRACT NEW CLIENTS, AND TAKE PART IN THE DEVELOPMENT OF A STABLE SOCIETY AS WELL AS A VIBRANT NATIONAL ECONOMY. OUR FINANCIAL ACHIEVEMENTS ENABLE US TO CONTRIBUTE DIRECTLY AND INDIRECTLY TO LOCAL COMMUNITIES AND ECONOMIES.

SIGNIFICANT INDIRECT ECONOMIC IMPACTS

The GRI defines an economic impact as “a change in the productive potential of the economy that has an influence on a community’s or stakeholder’s wellbeing and longer-term prospects for development” (2016). Indirect economic impacts are the additional consequences of the direct impact of financial transactions and the flow of money between an organisation and its stakeholders. It can be monetary or non-monetary, and involves the impacts of an organisation’s infrastructure investments as well as services supported. The following MRCB projects have significant indirect economic impacts.



>> Groundbreaking Ceremony of TNB Balai Islam



This section highlights the economic-related impacts that we consider especially important in the development of our sustainability strategy. Please refer to page 58 of this report for our financial highlights. For full disclosure of our financial performance, kindly refer to our Financial Report 2017.

>> KL Sports City

We are honoured to be involved in leading the revival of the KL Sports City (KLSC). In the first phase of this refurbishment project, the fully-integrated sports hub, with its world-class infrastructures, was successfully completed ahead of schedule, and strictly complies with local and international standards of quality control. It is indeed one of MRCB’s proudest achievements of 2017, as it became the location in which Malaysia hosted the 29th Southeast Asian (SEA) Games and won 145 gold medals.

Upon completion, the KLSC will provide high-performance sports training facilities, a sports rehabilitation science centre, a youth park and youth hostel, a sports museum, a convention centre, a sports-focused retail mall and other public sports facilities. The opportunity to upgrade the KLSC allowed us to play a pivotal role in not only elevating the name and image of our nation, but in supporting local manufacturers, reviving surrounding districts, building transport infrastructure, and implementing initiatives that promote environmental protection.

Our vision for KLSC is for it to be not only the preferred destination for major national and international sporting events, but to connect people and communities through efficient public transport, encouraging members of the public to adopt clean, healthy as well as sustainable lifestyles.



>> KLSC during construction phase



For more details of our involvement in the development of this major project, please refer to pages 48 - 57 of this report.

ECONOMIC IMPACT

>> Cyberjaya City Centre

From its inception as Malaysia's first cybercity, Cyberjaya has developed to become the nation's central technology, creativity, and innovation hub, playing host to multinational corporations, startups, tech companies, training centres, incubators, institutions of higher learning, and modern residential areas. Cyberjaya is now transitioning into its next phase of growth towards becoming a Global Tech Hub and smart city. The Cyberjaya City Centre project, which comprises a land area of 45.3 acres with the Gross Development Value of Phase 1 estimated at RM5.3 billion will complement the city's transformation by providing world-class technology infrastructure and connectivity, increasing the efficiency of public facilities and services, improving safety and quality of life, as well as promoting environmentally sustainable standards and practices. Cyberjaya City Centre includes serviced residences, hotels, a convention centre, and a hybrid-concept shopping mall, while pathways will be lined with trees, and parks as well as street events will serve as areas for communities to gather. The project is in line with the Government's aspiration to empower Malaysians through technology, and MRCB is thrilled to be a part of this highly-anticipated development.



>> Transit Oriented Development (TOD)

Since the beginning of this decade, the world has witnessed an exponential growth of interest in high quality and efficient transit systems. The key idea of TODs is to allow people to live, work and play nearby a transit system that could provide them with access to numerous forms of transit options to meet their daily needs. TODs support mix-land uses such as housing, offices, restaurants, shops and schools that are usually within walking or biking distance, thereby enabling people to save money and time in travelling, as well as encouraging the reduction of their carbon footprints. In this regard, TODs foster sustainable lifestyles and function as networks that knit together communities, cities, and regions.

Equipped with the vast experience and expertise that we attained from developing the iconic Kuala Lumpur Sentral CBD, MRCB has become Malaysia's pioneer developer of TODs, and is leading the way in effecting a paradigm shift in public transport connectivity. We are currently involved in six (6) TOD projects and plan to pursue such projects further.



To know more about the TOD projects we are working on, please refer to page 29 of this report.

>> Mass Rapid Transit Line 2 (MRT2)

The MRT2 project was launched by the Prime Minister of Malaysia, the Right Honourable Dato' Sri Mohd Najib Tun Abdul Razak, in September 2017. We are grateful to have been awarded Package V210 of MRT2 (Sungai Buloh – Serdang – Putrajaya) from MRT Corp, which is valued at RM648 million, and involves the construction and completion of a 2.6km viaduct guideway, in addition to other associated works from Persiaran APEC to Putrajaya Sentral. The new MRT2 line will include 37 stations, 11 of which will be built underground for improved traffic management, and intersects areas such as Sri Damansara, Jalan Sultan Azlan Shah, KLCC, Tun Razak Exchange, Seri Kembangan and further locations towards Cyberjaya. This line is estimated to have a ridership of 529,000 passengers per day, helping to encourage the use of public transport, decreasing traffic congestion currently experienced in Kuala Lumpur and reducing carbon emissions.

>> Light Rail Transit Line 3 (LRT3)

MRCB George Kent Sdn Bhd (MRCBGK) was appointed by Prasarana Malaysia Bhd to be the project delivery partner (PDP) responsible for the design and construction work of the LRT3 project, which commenced in 2017. This project was developed in line with the Greater Kuala Lumpur/Klang Valley (GKL/KV) Land Public Transport Masterplan, and is envisaged to provide two million people with connectivity between Bandar Utama and Johan Setia by 2020. The core of the LRT3's operation structure utilises green technology, featuring a noise reduction system, energy management system, rainwater harvesting technology, and natural air ventilation in the stations' design. With an estimate of 74,000 commuters daily, the LRT3 project will contribute to the country's economic progress by offering a well-connected, convenient, efficient, and sustainable travelling experience between Klang Valley's Western Corridor and the heart of the nation's capital.



> Other Major Projects

TNB Balai Islam & Staff Quarters

Construction of Balai Islam complex, podium carpark block and staff quarters under Phase 1 of the TNB headquarters' campus development at Jalan Bangsar, Kuala Lumpur.

Contract Value: RM40 million
Target Completion: 2018
Status of Physical Completion: 10.16%

Larkin Stadium

MRCB is involved in the building of the Roof Steel Structure and Roofing System that complies with STC45 insulation and "Alpolic System" for the Building Façade. Consists of 7,452 indoors seats and located in Johor Bahru.

Contract Value: RM59 million
Target Completion: 2019
Status of Physical Completion: 8.21%

Damansara-Shah Alam Elevated Highway (DASH)

The outcome of this project will be a 20.1 km, three-lane, dual carriageway expressway that begins at Puncak Perdana, Shah Alam intersection and is expected to cover Shah Alam, Subang, Kota Damansara and Damansara areas. MRCB is undertaking the construction of Package CB2 of this privatisation project.

Contract Value: RM369 million
Target Completion: 2019
Status of Physical Completion: 3.40%

GOVERNANCE AND COMPLIANCE

Regulatory compliance can represent major challenges in our industry and we believe that it ties closely with the ability of our business to progress financially.

As one of the leading urban property and integrated infrastructure developers in Malaysia, we recognise the responsibility we owe to our clients and society in delivering quality construction and services. MRCB is vigilant in its commitment to comply with laws, regulations, and procedures in order to meet legal requirements, manage risks, improve the safety of our workforce and the public, and minimise any detrimental effects of our activities on the environment. Our stakeholders' trust and confidence in our ability to deliver safe and reliable construction work is important to our reputation and future opportunities for growth.

Towards this end, we have appointed a Head of Regulatory Affairs to manage and take responsibility for all regulatory authorisations and compliance obligations for MRCB's operations in Malaysia, as well as for new international markets in the future. In this newly created role, the Head of Regulatory Affairs will identify regulatory issues and risks for management consideration, prepare high level risk mitigation strategies as well as maintain a database to ensure that all licenses are up to date, and that MRCB complies with all license conditions.

Our Corporate Governance Department continues to play its critical role in inculcating sound corporate governance practices, including taking necessary steps to ensure compliance to the Malaysian Code on Corporate Governance (MCCG) and adherence to related best practices. The Corporate Governance Department works closely with our Company Secretarial Department, which plays an advisory role to the Board and highlights gaps between corporate governance standards and corporate governance practices within the company, for direction as well as decisions on action plans. Both our Corporate Governance and Company Secretarial Departments monitor the implementation of action plans agreed by the Board to ensure meaningful application of good governance practices.



>> Anti-corruption pledge and signing event with Chief Commissioner of the Malaysian Anti-Corruption Commission (MACC)

OUR PHILOSOPHY OF CONTINUOUSLY STRENGTHENING AND UPHOLDING STRONG GOVERNANCE RECEIVED EXTERNAL VALIDATION IN 2017, WHEN MRCB WAS RANKED 13TH IN THE MALAYSIAN INSTITUTE OF CORPORATE GOVERNANCE (MICG) SURVEY OF MALAYSIA'S TOP 100 PUBLIC LISTED COMPANIES ENTITLED "TRANSPARENCY IN CORPORATE REPORTING - ASSESSING MALAYSIA'S TOP 100 PUBLIC LISTED COMPANIES"

ECONOMIC IMPACT

ETHICS AND PRINCIPLES

We are resolute in our commitment to upholding and promoting the highest standards of ethical business conduct at home and around the globe. We conduct business based on the principles of fairness, honesty, transparency, decency, integrity and good ethics, which we believe are vital to the success of the Group.

In MRCB, the Integrity and Discipline Department keeps track of incidents of corruption, and communicates the importance of integrity as well as anti-corruption through internal digital media, seminars, programmes

and internal memos. If an illegal practice has been detected, internal investigations will be conducted and, where necessary, the case would be reported to the police and the Malaysian Anti-Corruption Commission (MACC) for further action.

We deliver one-hour talks on integrity, anti-corruption and bribery every month for newly recruited staff. In 2017, a total of 346 new hires attended the sessions. From 2018 onwards, awareness programmes will be conducted for all employees to raise overall awareness on integrity, corruption, fraud and bribery, as part of our efforts to gain the ISO 37001:2016 certification.

Anti-Corruption Initiatives

MRCB is committed to upholding the Corporate Integrity Pledge (CIP)'s five (5) Anti-Corruption Principles for Corporations in Malaysia:

- >> To promote principles of transparency, integrity and corporate governance
- >> To include anti-corruption elements to strengthen its internal procedures
- >> To adhere to the anti-corruption laws
- >> To eradicate all forms of corruption
- >> To support anti-corruption initiatives by MACC and the Government

As a signatory to the CIP, MRCB's overall anti-corruption initiatives align with the CIP initiatives identified by the Malaysian Anti-Corruption Commission (MACC) as integral to the development of integrity and prevention of corrupt activities in the corporate environment.

For the year under review, one (1) confirmed incident of corruption was recorded. The case was internally investigated and reported to the police and MACC for further action. We continue to provide guidance and information to raise our employees' level of awareness on corruption and fraud during induction sessions and training courses. Employment contracts also include clauses on anti-corruption and anti-bribery, which underlines our firm stance against corrupt practices.

In October, 2017, we organised an anti-corruption event in which we made a collective pledge with the MACC to prevent and avoid corrupt practices in our company and business environment. The signing was undertaken in the presence of our GMD and witnessed by the Chief Commissioner of MACC, Tan Sri Dzulkipli bin Ahmad. Subsequently, all our employees also signed individual pledges to commit to corruption prevention.

Additionally, we undertook an Anti-Bribery gap analysis conducted by an independent consultant, Transparency International Malaysia, to further strengthen our transparency and accountability. We conducted the gap analysis to independently assess where we stand in terms of anti-bribery processes and measures, in light of our goal to implement the ISO 37001:2016 Anti-Bribery Management System by the end of 2018. This particular ISO has become increasingly important with more Governments making compliance mandatory to access high-value Government contracts. As the Malaysian Government is one of our major clients, we consider the implementation of the ISO as a way in which we can remain ahead of the curve. It fortifies our governance culture and our position as a leading player in the Malaysian construction industry.

The results of the Anti-Bribery gap analysis revealed that the Group has achieved compliance in most areas relating to strong Anti-Bribery and Anti-Corruption measures. We have a few gaps left to address and are currently underway in implementing the necessary measures and actions.

Whistleblowing Policy

MRCB is committed to developing a culture of openness and honesty in which a person who is aware of a potential malpractice or misconduct is encouraged to report such matters, in good faith and without fear of reprisal and/or retaliation.

The Group's confidential whistleblowing channel allows anyone to report misconduct by MRCB employees, including members of our senior management and Board of Directors. Details of how to make a report are available on our corporate website. MRCB Group assures that all reports will be promptly investigated and treated with the highest level of confidentiality. We shall also protect a whistleblower to the extent reasonably practicable, and address any alleged or attempted acts of interference, reprisal, retaliation, threats, coercion or intimidation against any whistleblower(s).

In 2017, seven (7) cases were reported using the Whistleblowing channel. One (1) case was a false allegation, while two (2) cases related to a phishing scam involving outsiders, were referred to the police. Three (3) cases related to customer services and staff attitude, and the grievances submitted were forwarded to the respective departments. One (1) reported case is still under investigation.

We have since revamped our Whistleblowing Policy to widen its scope and add greater clarity. This includes strengthening the protection to whistleblowers, as well as introducing new whistleblowing channels to encourage employees and members of the public to reach out to the relevant governance parties.

No Gift Policy

MRCB strictly enforces a No Gift Policy, and 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. Gifts that are offered to any of our employees must be politely declined and returned, preferably without causing offence or disruption to business relations. If this is not possible, the gift needs to be registered and sent to the Integrity and Discipline Department, which will send it back or donate the gift to a charity.



SOCIAL RESPONSIBILITY

MRCB RECOGNISES THAT WHILE CORPORATE GROWTH AND PROFITABILITY ARE PIVOTAL TO OUR BUSINESS, THE PURSUIT OF SOCIETAL GOALS ARE FUNDAMENTAL TO OUR RESPONSIBILITIES AS CITIZENS OF MALAYSIA AND OF THE WORLD.

The changing landscape of sustainability and global responses to mounting challenges in economic, social and environmental domains mean that businesses are increasingly expected to take on leadership roles in sustainability issues. As we make efforts to progress in our sustainability journey, we would like to continue improving our awareness of the impacts of our business to social surroundings. We would prefer to create as much positive impacts as we possibly can to society, while working to reduce and ultimately eliminate any negative impacts that could be produced as a result of our business activities. We understand that deeper stakeholder partnerships are essential in our attempts to achieve this.

Indeed, our stakeholders are extremely valuable to us. Their inputs are critical to helping us identify and respond to risks and issues that may affect our business, and are especially important for integrating sustainability within our organisation.



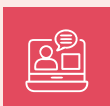
Star Media Group "Raise the Flag" Ceremony

In this section, we disclose details of the relationship we foster with our people, our clients and our community as they form a major part of our group of stakeholders.



OUR PEOPLE

For details of MRCB's promotion of diversity and equal opportunity, health and safety, as well as employee engagement and wellbeing, refer to pages 74 - 80.



OUR CLIENTS

To know more about our customer engagement, and product quality and responsibility, refer to page 81.



OUR COMMUNITY

For information on our philanthropic endeavours and educational support, refer to pages 82 - 84.



SOCIAL RESPONSIBILITY: OUR PEOPLE

A BUSINESS IS ONLY AS STRONG AS ITS PEOPLE. WHILE THE CORE OF WHAT WE DO AT MRCB IS FOCUSED ON BUILDING PHYSICAL STRUCTURES, WE ALSO WORK ON BUILDING RELATIONSHIPS, WHICH IN TURN HELPS US BUILD OUR OVERALL BUSINESS.

MRCB employees are our most valuable asset and so we are continuously searching for ways to improve our approach to attracting and retaining talents, nurturing their career development, and protecting their wellbeing at the workplace, which are important for us in securing our economic sustainability.

DIVERSITY AND EQUAL OPPORTUNITY

We believe that creating an inclusive workplace environment that accepts and values each person's abilities and differences presents opportunities for all employees to achieve their full potential. At MRCB, we embrace diversity by bringing together professionals from diverse ethnic, religious, cultural backgrounds and experiences, including sexual orientation, so we may complement each other's strengths and overcome our challenges together. In 2017, no incidents of discrimination were forwarded for investigation. We hope to continue maintaining a workplace of mutual respect and inclusivity as we develop in our path towards sustainability.

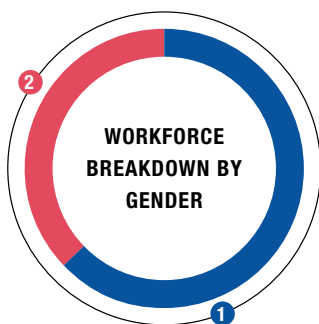


>> SPAD Land Public Transport Symposium 2017

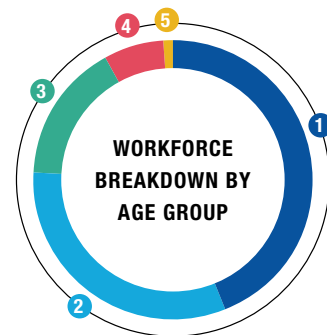
OUR DIVERSITY FIGURES



1	Malay	80%
2	Chinese	12%
3	Indian	5%
4	Others	3%



1	Male	63%
2	Female	37%



1	Below 30 years	44%
2	31-40 years	32%
3	41-50 years	16%
4	51-60 years	7%
5	Above 60 years	1%

Board of Directors

Our Nomination and Remuneration Committee takes into consideration skills, experience, age, cultural background and gender when reviewing and recommending the appointment of directors to the Board. The Board currently comprises eight (8) directors, of which three (3) are independent directors. Two (2) of the eight (8) directors are women. While the Board believes that its present composition and size enables it to discharge its duties effectively and competently, while reflecting diversity in terms of board balance, board tenure, gender as well as experience, the Board is taking steps to further improve its diversity in line with the requirements of the MCG Practices. MRCB has engaged the services of an independent consultant in its effort to widen the search for additional independent and women directors with the relevant experience and skill sets, which can further strengthen the Board.

Empowering Women in Construction

The female share of our company's total workforce is 37%, while women in management positions make up 32% of our total management workforce. As previously mentioned, we have two women (i.e. 25%) on our Board of Directors. The majority of men in our workforce reflects the male-dominated composition of the construction industry. We admit that much more could be done to encourage the participation of women in construction. MRCB fully supports the Government's declaration for 2018 to be the **Year to Empower Women in Malaysia**, and will place more efforts during the year to fostering women's career development, valuing their contribution, and increasing their involvement in high-level decision-making processes.

EMPLOYEE TURNOVER

For the year under review, we hired an average of 55 employees (3%) per month, and experienced an average attrition rate of 2% per month.

Summary of Employee Turnover Rates for the Last Three Years

Year	No. of staff as at 31 st December	Resignation	Percentage
2015	1700	484	28.47%
2016	1777	447	25.15%
2017	1960	473	24.13%

EMPLOYEE ENGAGEMENT AND WELLBEING

MRCB is motivated to providing a workplace environment in which our employees feel inspired to develop their careers, expand their skills, and achieve their goals. We support our employees by offering a wide array of benefits, professional opportunities, and access to learning resources.

Benefits

In addition to our competitive salaries, we offer an attractive benefits package and comprehensive medical care. Our employees are provided with two (2) consecutive days of paternity leave and 60 days of maternity leave. In 2018, we will be extending our maternity leave to 90 days and paternity leave to five (5) days.

>> LEAVE

Annual Leave, Sick Leave, Emergency Leave, Compassionate Leave, Exam Leave, Prolonged Illness, Parental Leave, and Pilgrimage Leave.

>> MEDICAL

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

>> OTHER ALLOWANCES

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

The following table displays the ratio of our basic salary and remuneration by gender:

Gender	Total Gross Pay	Percentage
FEMALE	55,028,885.95	33%
MALE	113,422,806.34	67%
Grand Total	168,451,692.29	100%

Career Development

In 2017, we soft launched the MRCB Talent Development Academy to help employees develop their professional and personal capabilities through a variety of internal and external training courses. All employees are eligible to attend in-house training programmes, which are designed according to our Training Needs Analysis (TNA), upon nomination by their respective division or departmental Head. Employees who show potential will be recommended to attend external courses in a variety of professional disciplines that may result in the achievement of a certificate or diploma. Some examples of our employee development programmes include training courses to improve writing skills, interpersonal skills, ICT skills, an also programmes focused on upgrading their knowledge on integrity, ISO certifications, as well as construction standards, among others. For the financial year of 2017, we achieved an average of 9.3 hours of training per employee.

SOCIAL RESPONSIBILITY: OUR PEOPLE

Summary of Training Courses in 2017

Category	No. of Courses	No. of Attendees	Investment (RM)
Internal Training	52	1468	300,254.44
External Training	185	424	723,486.64
TOTAL	237	1,892	1,023,741.08



MRCB Learning Zone

The “Learning Zone”, which was introduced in 2017, is an e-learning platform that hosts 87 different e-learning courses that any member of staff can take at anytime and anywhere. It is deliberately designed to be inclusive so that anyone, be they a driver or an engineer, could sign up for skills and personal development courses to further their career development. The courses are designed by Leaderonomics. The MRCB Learning Zone leverages on the power of digital technology, offering time flexibility so that employees can develop their skills and abilities at their own initiative. The programme began with 30 courses and has since grown to become one of the most extensive e-learning solutions. Courses offered include topics on leadership, personal development, 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. In April, 2017, one of our Administration Managers, Mohamed Amir Awan, won the E-Learning Student Award at the SME CEO Conference. This achievement encouraged and motivated more employees to enrol in the e-learning courses offered. The number of employees participating in the online courses were recorded at 765 in 2017.

In 2018, we will be formally launching and branding the MRCB Talent Development Academy to deliver more structured classroom training to staff, not just in technical training, but also personal and professional skills development.

We also continue to encourage collaborative programmes with other organisations and institutions to exchange ideas and skills so as to further develop our knowledge and capabilities.

Performance and Development Reviews

We evaluate our employees’ work standard and quality through conducting regular performance reviews. The review process enables us to systematically evaluate an individual’s job performance and identify their training needs. We conduct quarterly performance appraisals in addition to informal periodic and ad-hoc reviews. This form of employee engagement ensures that regular feedback on and from our employees are gathered to motivate strong performers, and detect performance gaps. Employees are evaluated by comparing their performance to the standards and expectations established during the appraisal period. In 2017, 100% of our employees received performance and career development reviews as part of their quarterly appraisal.

Protecting the Rights of Our Employees

MRCB aims to be an ethical and responsible employer. We believe that it is our duty to defend and uphold the welfare of our employees and have thus established policies and procedures on non-discrimination, freedom of association, ethical behaviour and employee grievances. These systems are clearly stated in our employee handbook, which is available on the Group’s intranet.

In addition, MRCB strictly abides by the Malaysian Employment Act 1955, which prohibits exploitative labour practices, and the Children and Young Persons (Employment) Act 1966, which forbids the employment of children under the age of 14. We also adhere to all international agreements preventing child labour, and are committed to human rights and anti-slavery principles, regulations, laws as well as best industry practices.

HEALTH AND SAFETY

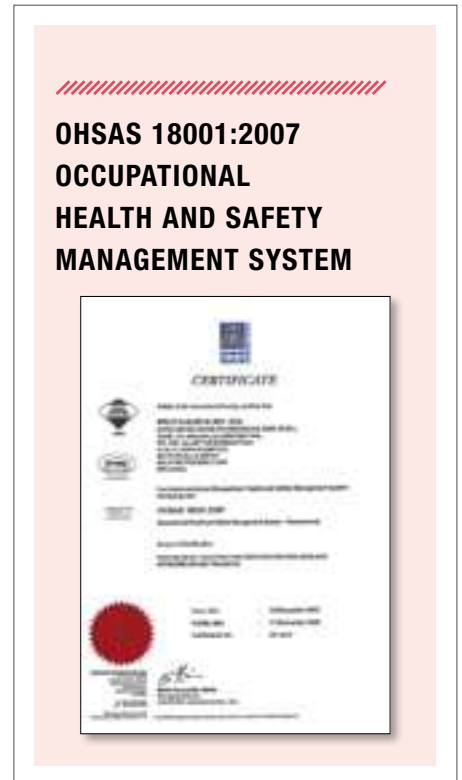
AT MRCB, HEALTH AND SAFETY IS ONE OF OUR MOST SIGNIFICANT MATERIAL ISSUES. DUE TO THE NATURE OF OUR BUSINESS, WE ARE DEDICATED TO ENSURING THAT OUR HEALTH AND SAFETY PRACTICES COMPLY WITH THOSE REQUIRED BY LAW AND ARE ALWAYS SEEKING TO ENHANCE OUR STANDARDS SO THAT THEY ARE IN ACCORDANCE WITH GLOBAL BEST PRACTICES. MOST IMPORTANTLY, WE WANT PEOPLE – ESPECIALLY THE PUBLIC AND OUR WORKERS – TO BE PROTECTED FROM HARM.



3 Million Man Hours without Lost Time Injury appreciation event

MRCB implements the Quality, Environmental, Safety and Health (QESH) Policy. The main aim of this policy is to minimise our environmental impacts and ensure the health and safety of MRCB's employees, clients, subcontractors, visitors, and members of the public.

We are currently operating with system implementation policies of the ISO 9001, ISO 14001 and OHSAS 18001 standards, and have obtained the OHSAS 18001:2007 certification for the Occupational Health and Safety Management System – an international standard which provides a framework to identify, control and decrease the risks associated with health and safety within the workplace.



Our Environment, Safety and Health (ESH) programmes have been developed and implemented with focus on the following areas:

- 1) **Incident Prevention** – increasing and improving awareness of individual obligations in complying with relevant ESH rules and legal requirements. Engage with employees/contractors/workers on daily basis through supervision and inspections.
- 2) **Risk Management** – identifying the ESH hazards and providing the correct control measures to ensure conduct of activities/deliveries/services is in a safe manner.
- 3) **Continuous Improvement** – progressively improving processes, activities, and systems to raise operating standards.
- 4) **Communication** – sharing and promoting information, as well as programmes, to enhance awareness and encourage involvement as well as participation of employees/workers/contractors.
- 5) **Contractor Management** – engaging with potential contractors from the earliest possible stage of development and construction to prepare for effective ESH implementation throughout the projects.
- 6) **Emergency Preparedness** – establishing plans for responding effectively whenever an emergency occurs during operations and enhancing awareness amongst employees/contractors/workers regarding emergency situations.
- 7) **Reduce, Reuse, and Recycle (3Rs)** - conserving resources through implementation of the 3Rs.
- 8) **Energy Conservation** - promoting efficient use of materials and resources.

SOCIAL RESPONSIBILITY: OUR PEOPLE

MRCB's Environment, Safety and Health Department continues to raise awareness of our health and safety practices throughout the Group. They are responsible for monitoring our compliance with relevant regulations and best practices, which are complemented by a number of independent assessments, certifying bodies and director visits. The outcome from these evaluations is compiled in a monthly report that is distributed to the management team and site manager, and reported quarterly to the Board of Directors.

In all our project sites, we strive to achieve zero life loss and reduce incidents involving injury or accidents.

Type of Health & Safety Incident	2015	2016	2017
Fatality	1	2	0
Major Injury	0	0	2
Minor Injury	0	0	2
Fire	0	0	2
Ill Health	0	0	0
First Aid Cases	11	13	58
Near Miss	0	6	13

Following the unfortunate fatalities that were caused by isolated events in 2016, MRCB has since applied stricter compliance to all safety standards and requirements. We are pleased to report that we achieved our 2017 target objective of zero fatalities.

However, in comparison to previous years, we regrettably faced an increase in the number of incidents involving major and minor injuries, fire, near misses and first aid cases, primarily due to the additional projects that were undertaken between 2016 and 2017. Although they are lamentable, these incidents serve as valuable lessons to us. MRCB is ever determined to reduce the number of health and safety issues as well as incidents at our project sites. We are continuously working to develop our workers' level of skills and awareness to ensure they are able to take necessary safety precautions in planning and carrying out construction work, in addition to eliminating and controlling risks at construction sites.

Health & Safety Training

All employees and subcontractors must attend essential safety training programmes relevant to their job functions. To instil a sense of awareness on Health and Safety, we offer internal and external training opportunities to our employees. In addition, accident prevention measures are communicated to every construction personnel, in particular to operators of machines and equipment. During the year under review, a total of 735 MRCB employees attended 45 training sessions.

Our Safety Performance

ALTHOUGH WE SPENT THREE MILLION WORKING HOURS, THREE SHIFTS DAILY FOR 18 MONTHS, NO SAFETY-RELATED INCIDENT WAS REPORTED DURING THE REFURBISHMENT OF THE KL SPORTS CITY. THIS ACHIEVEMENT EARNED US THE **CIDB 5-STAR AWARD FOR SAFETY**



Slings & Rigging Training

Summary of Health & Safety Programmes Planned for 2017

Type of Training	Description	Number of Programmes
Champion Programmes	Designed especially for ESH staff to embark on specific areas of competencies.	14
External Programmes	Identified to enhance staff knowledge & capabilities.	19
Internal Programmes	Designed for site personnel with focus on ESH modules and conducted by an ESH trainer.	12
Total		45

The list below shows some of the training courses, programmes and events related to health and safety that our employees attended in 2017.

Training Course/Programme/Event	
Environmental Quality Act 1974 Compliance Workshop - EIA Projects	Lift Safety Awareness
Construction Industry Development Board Malaysia (CIDB) Training	Master Builders Association Malaysia (MBAM) Annual Safety and Health Conference 2017
Construction Safety Requirement	MRT Blue Card Training
Decoding Environmental Performance Monitoring and Evaluation	NIOSH-TNB Safety Passport (NTSP)
ESH Brainstorming Session	Non-Conformance Report (NCR) Audit Briefing
ESH Internal Audit Training	Office Safety Training
Fire Fighting Training - Emergency Response Plan	Plant and Machinery Inspection - Crawler Crane
First Aider Training	Plant and Machinery Inspection - Mobile Crane
Hazard Identification, Risk Assessment & Determining Control (HIRADC) Training	Plant and Machinery Inspection - Slings and Rigging
ISO 14001:2015 Public Workshop Risk Based Thinking	Seminar on ISO 45001 Occupational Health and Safety Management Systems
ISO 14001:2015 Training: Understanding and Implementation	Symposium on Sustainable Development 2017

The Environment, Safety and Health Department plans to target the participation of 960 employees in 2018. The team is currently running the following programmes to promote and ensure health and safety at construction sites:

- Daily & weekly site safety inspection and meeting by ESH Operation Team
- Safety campaign, external seminars and workshops
- ESH roadshow training (from site to site)

Health and Safety Assessment

In addition to obtaining the OHSAS 18001 certification, we also adopted the Safety Health Assessment System in Construction (SHASSIC) method. The scope of the SHASSIC assessment covers three main components: document checks (40%), site/workplace inspections (40%) and employee interviews (20%). The assessment also examines Occupational Safety and Health (OSH) policy, organisation, training and promotion, Hazard Identification, Risk Assessment and Determining Control (HIRADC), machinery and equipment management, construction materials management, emergency preparedness, accident investigation and reporting, records management and performance monitoring.

SHASSIC is one of the benchmarking exercises we undertake at MRCB to further strengthen our systems in addressing critical health and safety-related risks faced by our employees. MRCB considers it imperative to benchmark our health and safety practices against our previous years' performance, as well as other construction companies in Malaysia, as a basis for improvement and for taking necessary corrective actions. We consider both positive and negative benchmarking outcomes as lessons to us for improving our sustainability initiatives.

ACCORDING TO THE CIDB, SHASSIC IS AN INDEPENDENT METHOD TO ASSESS AND EVALUATE THE SAFETY AND HEALTH PERFORMANCE OF A CONTRACTOR IN CONSTRUCTION WORKS OR PROJECTS

SOCIAL RESPONSIBILITY: OUR PEOPLE

Cybersecurity

WHILE WE ENDEAVOUR TO PROTECT OUR PEOPLE FROM PHYSICAL DANGERS, MRCB IS ALSO AWARE OF INFORMATION SECURITY AND CYBERSECURITY RISKS THAT COULD HAVE DETRIMENTAL EFFECTS ON OUR EMPLOYEES AND BUSINESS. WE HAVE FACED CYBERTHREATS SUCH AS ONLINE SCAMS AND SPREAD OF MALICIOUS SOFTWARE, AND RESPONDED BY TAKING VARIOUS MEASURES TO MITIGATE SUCH RISKS.



In 2017, the Intrusion Prevention System (IPS) was deployed to strengthen our information and cybersecurity protection, and key personnel were sent to attend cybersecurity seminars to increase their awareness of cyber threats and security. In addition, the below actions were implemented as part of our Information Technology (IT) Department's general control improvement and security enhancement:

- Enhanced and strengthened the control over privileges access at application, database and operating systems.
- Improved control over user ID maintenance and overall controls over data backups.
- Established IT Disaster Recovery plan, and will test (mock run) it once every year.
- Updated and approved existing IT policies and procedures (ICT Manual V3) for immediate effect.
- Conducted SAP controls enhancement in key areas.

➤ **Our implementation of Multifactor Authentication (MFA) for access control is also underway and scheduled to be completed by the first quarter of 2018. Furthermore, we plan to address information security and cybersecurity issues in 2018 through the following initiatives:**



Roll out security awareness education for all employees.



Prepare, formalise and execute IT risk assessment.



Disseminate monthly IT/Cybersecurity bulletin to all MRCB employees.



SOCIAL RESPONSIBILITY: OUR CLIENTS

MRCB IS MINDFUL OF THE FACT THAT IN OUR INCREASINGLY CONNECTED AND TRANSPARENT WORLD, OUR UNIVERSE OF STAKEHOLDERS HAS EXPANDED TO INCLUDE A WIDER GROUP OF INDIVIDUALS THAT ARE LINKED THROUGH THE POWER OF TECHNOLOGY AND SOCIAL MEDIA.

We are aware that a Facebook post or tweet could influence perceptions and sway opinions in public as well as in the boardroom. It is thus evermore important for us to engage with, and learn from our clients, so that we may deliver value-added services that increase our client satisfaction, trust and loyalty.

ONLINE ENGAGEMENT

To engage more effectively with our clients, we realised that our digital output needed to be more professionally managed. Therefore in 2017, we announced the setup of our new Digital Media Team, which functions to oversee all of MRCB's digital outputs for both internal and external consumption. The team is also responsible for the management of all our digital platforms, including MRCB's official social media accounts, to ensure we provide quality digital content. We are hopeful that the presence of our Digital Media Team will allow for better quality control and ensure uniformity of our brand across all the various digital platforms.



Special visit of Chief Secretary to the Government of Malaysia at MRCB headquarters & MRT Linkway

CUSTOMER SATISFACTION SURVEYS

MRCB continues to conduct its 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 responsible for parking and security services. In our aim to surpass client expectations, we meticulously study all the survey results we receive to improve ourselves and to plan our next steps. We benchmark the feedback we obtain against those from previous years so that we can put in more strategic efforts towards delivering quality customer experience.

PRODUCT QUALITY AND RESPONSIBILITY

MRCB seeks to achieve full compliance with our quality processes and safety requirements. To demonstrate our ability to consistently provide products and services that meet customer and regulatory requirements, we obtained certification for ISO 9001:2015 Quality

Management Systems. This certification bears testimony to our continual improvement in providing our organisation with the necessary management tools to abide with best quality practices.

In order to preserve our valuable reputation amongst our clients, we also practice responsible marketing. Comparative advertising is only used when comparing MRCB products against a competitor's own product statements. At MRCB, we prefer to market our products and services fairly, as well as honestly, by stressing on their quality and value, as opposed to using tactics that unfairly undermine the products of our competitors. We do not believe in deliberately misleading messages, omitting important facts, or making false claims about our competitors' products and/or services.

Moving forward, we would like to explore how we can potentially market our products through social responsibility strategies, to influence our clients in making a positive difference with their purchases.

ISO 9001:2015 QUALITY MANAGEMENT SYSTEMS





SOCIAL RESPONSIBILITY: OUR COMMUNITY

MRCB STRIVES TO ENGAGE WITH THE GREATER COMMUNITY NOT ONLY IN EFFORTS TO BUILD OUR REPUTATION AND BUSINESS RELATIONSHIPS, BUT TO GIVE BACK TO SOCIETY THROUGH PHILANTHROPIC PROGRAMMES AND ACTIVITIES THAT CONTRIBUTE TO STRENGTHENING COMMUNITIES, ESPECIALLY IN IMPROVING THE LIVELIHOODS OF WOMEN, CHILDREN AND FAMILIES.

PHILANTHROPIC ENDEAVOURS

We make charitable contributions and organise programmes through MRCB Foundation, which focuses on funding education for the underprivileged. The Foundation “adopts” schools, and funds education-based activities in the communities that we operate in. This has been helpful in fostering our relationship with community stakeholders.

The MRCB Foundation also works together with other not-for-profit organisations to support their causes. The table below displays a summary of the continuous role and contributions of the Foundation in its support of other organisations and institutions as well as their causes.



Young Leaders Campaign Programme

Organisation/Programme	MRCB Foundation's Role and Contribution
National Kidney Foundation of Malaysia	Purchased dialysis machines, enabling low-income patients to use them for their periodic dialysis treatments.
Lovely Nursing Centre	Contributed funds to help elderly orphans, destitute and disabled people, as well as mentally-ill patients. The centre currently houses 75 people at two locations located in Petaling Jaya.
Persatuan Sokongan Ibu dan Anak Kurang Upaya Azwar Kuala Lumpur (PSIAKU AZWAR)	Contributed funds to PSIAKU AZWAR, a non-profit association that helps critically disabled children from underprivileged families. Contributions were used for their medical and physiotherapy treatments.
Rumah Kebajikan Anbu Illam	Contributed funds to the home for underprivileged children. At present, 24 boys are residing in the home located in Taman Permata, Gombak.
UPSR Clinics	Organised UPSR Clinics for our adopted schools that were conducted by the Berita Harian Education Unit to improve the students' UPSR passing rate. To date, more than 6,000 students have participated in these clinics, focusing on subjects such as English, Bahasa Malaysia, Mathematics, and Science.
Motivational Activities	Conducted motivational programmes for the students of our adopted schools to build their confidence. Activities included school trips, academic workshops, educational development programmes, as well as courses on studying techniques.
Reading and Study Materials	Sponsored revision books for students in our adopted schools and purchased reading materials for the school libraries.
Ask Dr Concrete	Organised a programme entitled “Ask Dr Concrete” at our adopted schools to promote students' engagement and skills through active learning. The programme was attended by more than 80 students, and led by Associate Professor Ir. Dr. Syuhada Ismail from the Faculty of Engineering, Universiti Teknologi Malaysia (UTM), who was attached to MRCB under “CEO@Faculty 2.0”, a mentoring programme implemented by the Ministry of Higher Education to strengthen industry-academia links and provide industry exposure to young lecturers.
Refurbishment of Special Education Programme and Pre-School Buildings at SJK (T) Jalan Fletcher	Created a conducive learning environment for students at Sekolah Jenis Kebangsaan (T) Jalan Fletcher, Kuala Lumpur, by upgrading the school's special needs classrooms and pre-school buildings. Renovation work, which was completed in May 2017, ensured that school amenities are disabled-friendly, thus enhancing the teaching and learning experience for all.



To learn more about the MRCB Foundation, and how to get involved in its causes, please visit the Foundation's website at the following link: <https://www.yayasanmrcb.org/>



MRCB's Charitable Activities and Donations in 2017

YAYASAN AL-HUSSIN HELP CHARITY GOLF 2017

The HELP Tuition Programme under Yayasan Al-Hussin provides free educational guidance on five main SPM subjects for underprivileged students. This programme reaches out to 20,000 students. The HELP Charity Golf 2017 event was organised to raise funds. MRCB contributed RM10,000 at the event with the objective of providing better educational support to less fortunate students.

THE EDGE KUALA LUMPUR RAT RACE 2017

The Edge Kuala Lumpur Rat Race® was inspired by the Carey Wall Street Rat Race in New York. More than 200 registered charities and NGOs had received Rat Race funds that enabled them to run operations and programmes benefitting the poor, the disadvantaged and the disabled. Alongside our contribution of RM18,000 to the event, MRCB also participated in the race with a team consisting of five (5) runners.

PERSATUAN PANDU PUTERI MALAYSIA

In line with its vision and mission, the Girl Guides Association Malaysia organises various programmes to empower women and girls in Malaysia, and to support them in developing their full potential as leaders and active citizens. As part of MRCB's commitment in supporting their efforts, we contributed RM100,000 to the Association.

UGADI CARNIVAL 2017

The Ugadi Carnival is an annual celebration of the Telugu culture, heritage and traditions within the 500,000 Malaysian Telugu community that resided in the country for more than 150 years. With the objective of supporting diversity and promoting unity, MRCB contributed RM10,000 to the Telugu Association of Malaysia (TAM) for its 4th Ugadi Carnival in Dataran Merdeka, Kuala Lumpur.

GOLF DIGEST MALAYSIA CORPORATE CHALLENGE IN AID OF IJN FOUNDATION 2017

The National Heart Institute (IJN) Foundation helps less fortunate heart patients who are unable to pay for their treatments, and supports research in the field of cardiovascular care. In 2017, Golf Digest Malaysia, in aid of IJN Foundation, organised a Charity Golf Tournament to raise funds for the Foundation's cause. The event was held at TPC Kuala Lumpur, where MRCB contributed RM10,000 to IJN Foundation's charitable initiatives.



>> "Ask Dr Concrete" Programme



>> Handing Over Ceremony to celebrate the successful completion of refurbishment works at SJK (T) Jalan Fletcher



>> Engagement activity with students of SJK (T) Jalan Fletcher



>> Students attending an Excellence Awards ceremony at SK Seri Bonus, a school located in the vicinity of one of our projects, Semarak City.

SUPPORTING EDUCATION

PINTAR (Promoting Intelligence, Nurturing Talent, and Advocating Responsibility) is a school adoption programme organised by the PINTAR Foundation. The programme is supported by corporations in Malaysia, including MRCB, that take part by signing up as members. The aim of the programme is to foster excellence among underprivileged students nationwide.

> Under the PINTAR programme, MRCB Foundation adopted six (6) schools located within the areas of its operations as listed below:

- 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
- SJK (T) Vivekananda, Brickfields

A downward trend in the Primary School Achievement Test (UPSR) results at the adopted schools was observed in 2016, arguably due to a new exam format that was introduced to schools across the country. MRCB Foundation continued to provide assistance to the students in 2017 through programmes such as the UPSR Clinics. With the exception of one school, the pass rates for the adopted schools listed in the table have slightly improved compared to the previous year. MRCB Foundation aims to further develop learning programmes to help increase the rate of student achievements in 2018.

UPSR Pass Rates for MRCB's Adopted Schools

School	Pass Rate (%)			
	2014	2015	2016	2017
SK La Salle 1, Brickfields Kuala Lumpur	58.70	64.70	53.90	58.33
SK La Salle 2, Brickfields Kuala Lumpur	71.40	68.50	40.00	50.00
SK Iskandar Perdana, Seri Iskandar Perak	73.60	76.80	76.90	76.98
SK Pengkalan Jaya, Butterworth, Penang	66.40	78.70	63.20	65.84
SK Kuala Perai, Butterworth, Penang	67.40	63.30	73.30	53.80
SJK (T) Vivekananda, Brickfields	N/A	N/A	72.10	74.60



ENVIRONMENTAL STEWARDSHIP

STUDIES ON WORLD URBANISATION HAVE REPORTED THAT OVER HALF OF THE GLOBAL POPULATION ARE LIVING IN URBAN AREAS, WITH 66% PROJECTED TO BE URBAN BY 2050. AS CITIES IN THE WORLD CONTINUE TO URBANISE, CHALLENGES IN SUSTAINABLE DEVELOPMENT WILL BE INCREASINGLY CONCENTRATED IN CITIES.

Urbanisation is intrinsically linked to the pillars of sustainable development as human habitation results in dramatic changes to the environment.

MRCB is a constituent of the FTSE4Good Index and concedes that as a leader in urban development, it is our duty to be part of the solution. We are continuously exploring a range of approaches towards minimising the impacts of our business activities on the natural environment. In 2017, we began identifying and compiling baseline data for some of our environmental indicators, which we plan to continue reviewing and add on, where relevant, as we move along the road towards sustainability.



1060 Carnegie



SUSTAINABLE CONSTRUCTION

The results of our materiality assessment display Sustainable Construction as one of the top three issues that are most material to MRCB. Sustainable construction can be essential keystones in securing social, economic, and environmental sustainability, as it optimises energy efficiency, limits water consumption, and makes maximum use of recycled, recyclable, and non-toxic materials. It also generates as little waste as possible during the construction process and subsequent occupation.

Green Buildings

The Green Building Index (GBI) defines “green” buildings as those that focus on increasing the efficiency of resource use – energy, water, and materials – while reducing building impact on human health and the environment during the building’s lifecycle, through better siting, design, construction, operation, maintenance, and removal. Green buildings are supposed to be designed and operated in ways that reduce the overall impact of the built environment on its surroundings.

Although we have yet to implement a company-wide environmental policy, MRCB has certainly been putting in efforts to integrate sustainability across the Group, including in setting standards for constructing “green” buildings. We introduced our own Green Building Guide that outlines our contractor’s responsibilities in 2015, and highly encourage sustainable construction practices in our daily operations. Where possible, we integrate sustainable materials into our projects to minimise the usage of water and energy throughout a building’s life cycle. As a result of our pursuit to incorporate sustainable approaches in our construction projects, we have won awards for sustainable design and construction, and have also obtained the ISO 14001 certification – an internationally agreed standard that sets out the requirements for an environmental management system. This certification enables us to address and manage our immediate and long-term environmental impacts, in addition to helping us ensure our compliance with all relevant environmental regulations, legislations, and other requirements.

We also endeavour to comply with the standards set by local and international Green Certification bodies. The Green Certification bodies we currently comply with are as follows:



Malaysia's Green Building Index (GBI)



US-based Leadership in Energy and Environmental Design (LEED)



Singapore-based Building Construction Authority (BCA) Green Mark



WHY GREEN BUILDINGS?

- Designed to save energy and resources, recycle materials and minimise the emission of toxic substances throughout its life cycle.
- Harmonise with the local climate, traditions, culture and the surrounding environment.
- Make efficient use of resources, have significant operational savings and increase workplace productivity.
- Sends the right message about a company or organisation – that it is well run, responsible, and committed to the future.
- Able to sustain and improve the quality of human life whilst maintaining the capacity of the ecosystem at local and global levels.

- Green Building Index (GBI)

ENVIRONMENTAL STEWARDSHIP

>> Properties Developed by MRCB with Green Building Certifications

Completed Projects with Green Building Ratings

Development/Building	Sustainability Achievement/ Rating
Menara CIMB	GBI NRNC CVA CERTIFIED BCA GreenMark GOLD
Q Sentral	GBI NRNC DA GOLD
St. Regis Kuala Lumpur	GBI NRNC DA CERTIFIED
Sentral Residences	GBI RNC DA GOLD
Platinum Sentral	GBI NRNC DA CERTIFIED BCA Green Mark PLATINUM
Menara Shell & Ascott Sentral	LEED BD+C CS PLATINUM
Menara Shell	GBI NRNC DA SILVER LEED ID+C Commercial Interior GOLD

Current Projects with Green Building Ratings

Development/Building	Sustainability Achievement/ Rating
PJ Sentral Garden City – Celcom Tower	GBI NRNC DA CERTIFIED LEED BD+C CS GOLD
PJ Sentral Garden City – MBSB Tower	GBI NRNC DA CERTIFIED LEED BD+C CS GOLD
PJ Sentral Garden City – MyIPO Tower	GBI NRNC DA CERTIFIED
9 Seputeh	Target: GBI RNC CERTIFIED for VIVO, SOHO and Retail
Lot 349, Sentral Suites	Target: MyCrest ONE STAR Target: GreenRE BRONZE
Menara MRCB, Putrajaya	GBI NRNC DA GOLD

Note:

BD+C – Building Design & Construction
ID+C – Interior Design & Construction
DA – Design Assessment
CVA – Completion & Verification Assessment
NRNC – Non-Residential New Construction

NC – New Construction
CS – Core & Shell
MyCrest – Malaysian Carbon Reduction and Environmental Sustainability Tool
GreenRE – a Malaysian green rating tool that was set up to promote sustainability in the property industry



>> Platinum Sentral

Sustainable designs applied at MRCB developments:

- Paints/coatings and adhesives/sealants with low Volatile Organic Compound (VOCs), and certified under approved certification body for all interior application.
- Façade with high performance glazing.
- Low flow/flush sanitary fittings (at least certified with WELS 1 Star).
- Rainwater harvesting system for landscape irrigation.
- Use of green cements to replace Ordinary Portland Cement (OPC), for superstructure works.

Sustainability initiatives implemented at MRCB project sites:

- An Erosion and Sediment Control Plan (ESCP) is developed for each site to control soil erosion, waterway sedimentation and airborne dust generation.
- A waste diversion target is set for each site to recycle at least 50% of construction waste.
- Each project site team develops its own Construction Waste Management (CWM) plan and educates the site personnel and workers to execute the plan. They also implement other applicable efforts (e.g. reuse timber waste for storage boxes/benches/temporary doors) to further increase the amount of waste diverted from landfills. Environmental officers from each project site help to collect necessary data each month to document the results.
- Whenever possible, project sites will opt for and maximise the usage of recycled content materials. Among the materials with high recycled content value are steel bars, concrete, and cement.
- Sites are encouraged to source local products for projects.
- System formwork are used at high-rise developments as they can be reused many times before disposal.
- Construction Indoor Air Quality (IAQ) Management Plan is implemented to prevent future IAQ issues resulting from construction activities.



Erosion and Sediment Control Plan (ESCP) at PJ Sentral Garden City

Sustainability Checklist

TO MITIGATE THE ENVIRONMENTAL IMPACT OF OUR ONGOING PROJECTS, WE BEGAN ADOPTING THE USE OF SUSTAINABILITY CHECKLISTS AT ALL OUR CONSTRUCTION SITES AND OFFICES.

Our sustainability checklists cover action items at MRCB project sites that we are continuously striving to put into practice in order to ensure energy efficiency, water use efficiency and proper waste management. Project supervisors and environmental officers are responsible for conducting a monthly review of each checklist so that the outcomes meet the set target objectives. Below is a summary of the action items that are included in our sustainability checklists.



Energy Efficiency Checklist

- Use energy-efficient tools, equipment and machineries, where possible.
- Adopt energy-saving practices at project sites on a daily basis.
- Maximise natural lighting.
- Example of an action item:
Install wall and ceiling insulation to block heat from the sun.



Water Consumption Checklist

- Use water-efficient tools, equipment and machineries, where possible.
- Exercise water-saving habits and adopt good water conservation practices.
- Recycle water and harvest rainwater.
- Example of an action item:
Use scrapers, squeegees, brooms and brushes to sweep up dirt, spills and slurries, instead of using a hose.



Waste Management Checklist

- Reduce, reuse and recycle materials and waste, where possible.
- Avoid over-ordering materials and stationeries.
- Handle materials with care to avoid damage.
- Ensure proper storage and disposal of hazardous and non-hazardous waste.
- Apply water discharge compliance and preventive measures.
- Example of an action item:
Use cut and bent-to-size rebar instead of cutting and bending at site to reduce steel bar wastage.

ENVIRONMENTAL STEWARDSHIP



>> The Sentral Residences

ENERGY AND WATER CONSUMPTION

We realise that we have yet to reach the optimum level of sustainability standards in our construction methods and materials. Nevertheless, we are always working on improving ourselves, and are already embarking on initiatives for saving energy and managing our consumption of water.

Energy Consumption

The source of most of the energy we use for our business activities derives from fossil fuels. While we explore our options for cleaner sources of energy, we are taking measures, as previously mentioned, to improve our energy efficiency and believe that it has been helpful in reducing our consumption of energy across the Group. In 2017, the total level of energy consumption among all our subsidiaries was lower than the levels recorded in 2016 and 2015. Some of our subsidiaries experienced an increase in energy consumption, but this correlated with an increase in project activities. The surge seen in energy consumption at MRCB Builders, for example, was due to the commencement of the MRT2 project site in 2017.

Energy Consumption of MRCB Subsidiaries (kWh)

MRCB Subsidiary	2015	2016	2017
Seri Iskandar Development Corporation Sdn Bhd	254,083.00	59,463.00	56,216.00
Malaysian Resources Development Corporation Sdn Bhd	493,606.00	506,337.00	510,721.00
MRCB Sentral Properties Sdn Bhd	31,877,797.00	17,684,449.00	12,931,256.00
Semasa Sentral Sdn Bhd	13,719,703.21	11,856,794.00	11,338,442.00
MRCB Prasarana Sdn Bhd	1,930,686.00	1,740,737.00	1,764,682.00
MRCB Engineering Sdn Bhd	15,597.93	72,149.74	34,902.20
Kuala Lumpur Sentral Sdn Bhd	70,825.13	85,772.00	73,337.00
Transmission Technology Sdn Bhd	13,256.22	28,075.00	28,519.00
Synargym Sdn Bhd	-	504,783.00	496,534.00
Excellent Bonanza Sdn Bhd	-	5,849,734.79	4,973,272.00
Gapurna Land Sdn Bhd	-	185,689.00	154,738.00
MRCB Builders Sdn Bhd	-	681,694.00	1,120,627.00
PJ Sentral Development Sdn Bhd	-	-	33,797.00
Malaysian Resources Sentral Sdn Bhd	675,810.10	639,868.23	660,913.92
348 Sentral Sdn Bhd	-	9,623,080.00	1,270,031.00
Penang Sentral Sdn Bhd	-	319,817.00	334,291.53
TOTAL	49,051,364.59	49,838,442.76	35,782,279.65

Fuel Emissions

We have yet to record levels of Greenhouse Gas (GHG) emissions across the Group. However, we keep track of the amount of fuel we burn and the carbon dioxide (CO₂) emitted when travelling between offices and project sites using company vehicles. Moving forward, we shall consider ways in which we could possibly record and potentially reduce the amount of GHGs we emit as a result of our activities.

MRCB Co₂ Vehicle Emissions 2017

Company	Volume (Litre)	CO ₂ Produced (kg/L)
MRCB Lingkaran Selatan Sdn Bhd	25,337.91	60,212.64
MRCB Prasarana Sdn Bhd	8,100.94	18,794.18
Seri Iskandar Development Corporation Sdn Bhd	14,426.68	33,469.89
Transmission Technology Sdn Bhd	54,249.12	125,908.00
MRCB Utama Sdn Bhd	546.61	1,268.13
Semasa Parking Sdn Bhd	2,709.51	6,286.07
Malaysian Resources Corporation Berhad	28,773.66	66,754.90
MRCB Environmental Services Sdn Bhd	48,702.29	112,989.32
MRCB Builders Sdn Bhd	217,142.67	507,108.70
MRCB Engineering Sdn Bhd	18,692.88	43,367.47
TOTAL	418,682.27	976,159.30

Water Consumption

In 2017, we began recording the levels of our water consumption. With the steps that we are taking to mitigate our impact on the environment, we hope to see a reduction in overall water wastage. We are also keen to explore the development of our approach towards managing water consumption at our offices and sites.

Water Consumption at MRCB Project Sites 2017

No	Project Site	2017 (m ³)
1.	PJ Sentral Garden City - Celcom Tower	10,386.46
2.	PJ Sentral Garden City - MBSB Tower, PKNS Tower, MyIPO Tower	58,472.00
3.	Menara MRCB, Putrajaya	1,901.00
4.	NPE Bridge	3,684.00
5.	a. Penang Sentral (Major Infra)	7,502.05
	b. Penang Sentral (Retail Mall)	8,999.24
	c. Penang Sentral (Transportation Hub)	86.00
6.	Johor Land Tower	2,269.00
7.	Aman Desaru	10,500.00
8.	Westin Hotel Desaru, Desa Desaru & Desaru Convention Centre	181,800.00
9.	Lot 349, Sentral Suites	11,166.00
TOTAL		296,765.75

ENVIRONMENTAL STEWARDSHIP

WASTE MANAGEMENT

Our disposal of waste, such as lead batteries or used hydraulic oil, is conducted by licensed Scheduled Waste contractors under the Department of Environment (DOE) on periodical basis, normally between three to six months. The disposal methods of sediment and silt from construction sites are done through desludging and desilting once ponds are two-thirds full. We also prepare e-waste bins at our headquarters for electrical waste, which is disposed by an appointed and licensed contractor.

In managing our waste on site, we ensure that water discharge is filtered to a level of quality within the acceptable limits of the DOE, before it flows to nearby watercourses such as monsoon drains or rivers. Storm water that flows over the site is recorded in the Erosion and Sediment Control Plan (ESCP) prepared by external consultants.

Waste Produced at MRCB Project Sites 2017

No.	Project Site	2017 (Tonne)
1	PJ Sentral Garden City - Celcom Tower	34,913.16
2	PJ Sentral Garden City - MBSB Tower, PKNS Tower, MyIPO Tower	291.47
3	Menara MRCB, Putrajaya	504.59
4	9 Seputeh	1,876.29
5	NPE Bridge	5.46
6	a. Penang Sentral (Major Infra)	14.00
	b. Penang Sentral (Retail Mall)	18.00
	c. Penang Sentral (Transportation Hub)	205.20
7	Johor Land Tower	897.70
8	Desa Desaru	196.22
9	Aman Desaru	255.00
10	Westin Hotel Desaru & Desaru Convention Centre	109.46
11	Lot 349, Sentral Suites	61.50
TOTAL		39,348.05

ENVIRONMENTAL AWARENESS

In addition to applying necessary rules and guidelines at our project sites and offices to help reduce our negative impacts on the environment, we also work on raising the level of awareness amongst our employees, by carrying out training sessions specifically focused on environmental matters in construction.

Some of the training, seminars, and/or conferences that our employees have attended to keep abreast on sustainability requirements, as well as new technologies, are as follows:

- GBI Facilitator Course by Malaysia Green Building Confederation (MGBC)
- GreenRE Manager Course by Real Estate and Housing Developers' Association Malaysia (REHDA)
- Building Sector Energy Efficiency Project (BSEEP) National Conference 2017
- International Architecture, Interior Design and Building Exhibition (ARCHIDEX) 2017

We continuously seek to cultivate responsible, environmentally-conscious habits in our workforce by posting electricity and water-saving reminders at strategic areas around our offices and project sites. We also ensure that workers on site are equipped with knowledge and awareness of relevant environmental matters in construction. Training sessions to all employees and contractors regarding proper environmental procedures are part of our induction exercise, and we regularly hold awareness courses to enhance their understanding of regulations and guidelines on best practices.

Attendance at Site Induction and Environmental Awareness Training for MRCB Project Sites 2017

No.	Project Site	No. of Attendees	
		Site Induction	Environmental Awareness
1	PJ Sentral Garden City - Celcom Tower	628	199
2	PJ Sentral Garden City - MBSB Tower, PKNS Tower, MyIPO Tower	1,669	296
3	Menara MRCB, Putrajaya	760	256
4	9 Seputeh	2,645	86
5	NPE Bridge	78	63
6	a. Penang Sentral (Major Infra)	140	18
	b. Penang Sentral (Retail Mall)	90	11
	c. Penang Sentral (Transportation Hub)	306	12
7	Johor Land Tower	170	60
8	Desa Desaru	400	10
9	Aman Desaru	79	8
10	Westin Hotel Desaru & Desaru Convention Centre	400	15
11	Lot 349, Sentral Suites	28	8
TOTAL		7,393	1,042

Sustainable Procurement

MRCB continues to apply the following guidelines implemented last year in our procurement process. All employees involved in procurement must ensure that:

- There must be more than one bidder.
- Vendors are all treated equally and accorded the same information at the same time.
- No information leaks should occur during the procurement process.
- There is no favouritism of vendors and no conflicts of interest through relationships.
- Any conflicts of interest, through relationships or friendships with people from other companies invited to tender, must be declared. In a situation where there is evidence or suspicion of improper behaviour, either during the tender process or after its award, it must be reported to the Integrity and Discipline Department.
- The process is transparent so that it is auditable, justifiable and can stand up to scrutiny.

SUPPLIER ASSESSMENT

At this stage in MRCB's corporate Transformation Journey, our key priority has been with revamping and expanding our supplier base. This is designed to inject more competition into our procurement and supplier base, in order to help us drive costs down. We have therefore actively been encouraging more suppliers and subcontractors to pre-qualify with us, including taking out advertisements in trade journals and national newspapers to achieve this aim. We believe this is important for us as a business so as to improve overall returns to shareholders and ensure our own sustainability over the longer term. With the appointment of our Head of Sustainability, and once we have adequately expanded our supplier list further down the line, we will look to calibrating our suppliers in terms of their sustainability practices as part of a larger sustainability framework that we intend to introduce.