

MRCB

Strengthening Growth Through Diversification



VISTA, Gold Coast, Australia



LRT3 Project, Malaysia



The Symphony Centre, Auckland, New Zealand

What You'll Find In This Report

02 Basis of This Report

Overview of MRCB

10 2023 Key Highlights

12 Awards and Recognition

45 Key Highlights of Our Stakeholder Engagement Activities In 2023

How We Create Sustainable Value

46 Membership & Partnership

48 Determining Our Material Matters

How We Create Sustainable Value

120 Our Approach to Sustainability

132 Our Performance: Social

172 Our Performance: Environment

Additional Information

278 GRI Content Index

283 Independence Assurance Opinion Statement

287 Performance Data Table

Basis of This Report

SCOPE AND BOUNDARIES

This Integrated Annual Report provides an overview of Malaysian Resources Corporation Berhad's (MRCB or the Group) performance and key achievements throughout the reporting year and should be read in conjunction with the accompanying 2023 Financial Report for a comprehensive understanding of MRCB during the year under review. It provides insights into the strategies deployed to create value for our stakeholders and the management of our material matters, as well as the risks and opportunities related to the business.

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

The reporting process has been guided by the principles contained in the International Financial Reporting Standards (IFRS) Foundation's <IR> Framework and the Malaysian Code on Corporate Governance 2021. The report has also been prepared in accordance with the Global Reporting Initiative (GRI) Universal Standards 2021, and is guided by the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) and Bursa Malaysia Securities Berhad's

Sustainability Reporting Guide. The financial statements were prepared in accordance with the IFRS, Malaysian Financial Reporting Standards (MFRS), the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and the Malaysian Companies Act 2016.

REPORTING PERIOD

This report covers the financial year starting 1 January 2023 and ending 31 December 2023.

FINANCIAL AND NON-FINANCIAL REPORTING

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

ASSURANCE APPROACH



MRCB's Integrated Annual Report outlines its corporate journey in creating long-term sustainable value for all our stakeholders, and is guided by the <IR> Framework issued by the International <IR> Council. Certain key sustainability data contained within this Integrated Annual Report were verified by an independent third party, and their assurance statement can be viewed on pages 283 to 286. MRCB's accompanying Financial Report is audited by an independent third party, PricewaterhouseCoopers PLT, which has audited our financial statements. Their audit opinion can be viewed on pages 10 to 16 of the 2023 Financial Report.

FORWARD-LOOKING STATEMENTS

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

Material Matters

Governance

-  EP Ethics & Principles
-  GC Governance & Compliance








Economic

-  PQR Product Quality & Responsibility
-  EBP Economic & Business Performance
-  IEI Indirect Economic Impacts
-  RPSA Responsible Procurement & Supplier Assessment

Social

-  HS Health & Safety
-  EEW Employee Engagement & Well-Being
-  CE Customer Engagement
-  DEO Diversity & Equal Opportunity
-  LP Labour Practice
-  LCE Local Community Engagement
-  HR Human Rights

Environment

-  MM Materials Management
-  SC Sustainable Construction
-  W Waste
-  CTR Climate Transition Risk
-  PCR Physical Climate Risk
-  GHGE GHG Emissions
-  BIO Biodiversity

FEEDBACK

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

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Head of Sustainability & Investor Relations
Email: johan_aly@mrcb.com

Growth Principles & Key Action Plans

- 

Strengthen Core for Sustainable Returns

 - ▶ Ensure Steady Pipeline of Projects
- 

Diversification & Operational Expansion

 - ▶ Geographical Expansion
 - ▶ Enter into New Markets
- 

Technology Adoption & Innovation

 - ▶ Achieve Lean & Efficient Operations
 - ▶ Leverage MRCB Building System (MBS)
- 

Quality Products & People

 - ▶ Uphold Good Governance
 - ▶ Develop a Skilled Workforce

Stakeholders

- 

Clients/Customers
- 

Shareholders/ Investors/Analysts
- 

Employees
- 

Government/ Regulatory Bodies
- 

Local Communities/ Civil Society/NGOs
- 


Suppliers/ Sub-contractors
- 

Media


UNSDGs Adopted

- 
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Our Six Capitals

- 


Human Capital

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


Intellectual Capital

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


Natural Capital

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

Social & Relationship Capital

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

Financial Capital

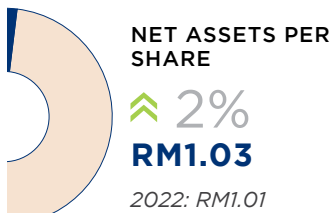
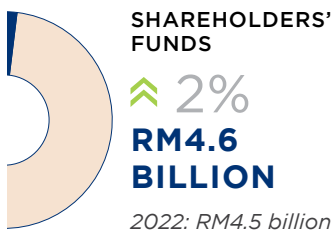
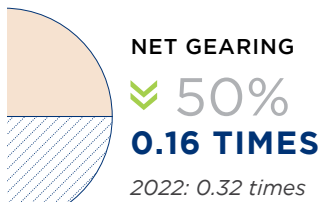
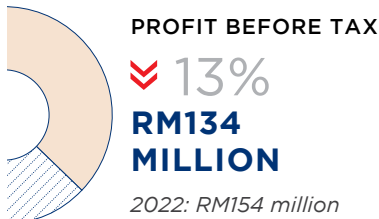
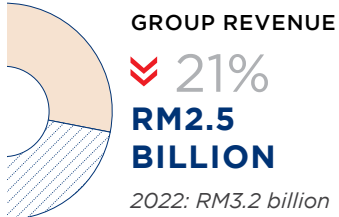
The consistent flow of financial income generated by our operations is key to MRCB's survival. While a large portion of our earnings are channelled back into new developments, they are also used to create value for stakeholders. This includes delivering dividends to shareholders, providing income to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

Manufactured Capital

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

2023 Key Highlights

FINANCIAL HIGHLIGHTS



BUSINESS HIGHLIGHTS

GROSS DEVELOPMENT VALUE OF LAND BANK
RM31 BILLION

TOTAL LAND BANK	EXTERNAL CLIENT CONSTRUCTION ORDER BOOK	ACHIEVED PROPERTY SALES OF	LRT3 PHYSICAL CONSTRUCTION PROGRESS
1,148 ACRES	RM26.1 BILLION	RM831.3 MILLION	92%

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) HIGHLIGHTS

MSCI ESG RATING **A**

FTSE4Good Index Score **3.6**
from 3.2 in 2022

ZERO Cybersecurity & Customer Data Breaches

ZERO Lost Time, Minor Injuries & Major Injuries

38% of MRCB employees are women

Achieved **81%** CLASSIC score for TRIA Residences @ 9 Seputeh

Complied with Malaysian Code on Corporate Governance

41 out of 43 Practices

4 out of 5 Step-Ups

49% Reduction in Scope 1 & Scope 2 Carbon Emissions Intensity from 2020 baseline

Achieved a **5-STAR** SHASSIC rating for our PRIMA Brickfields development from CIDB

Total prisoners/offenders upskilled via PEKA@MRCB Programme **460**

AWARDS

- ESG POSITIVE IMPACT AWARDS
Gold Award for Governance, Reporting & Transparency (Large Corporation Category)
- THE EDGE ESG AWARDS 2023
Silver for Most Consistent Performer Over Five Years
- UN GLOBAL COMPACT NETWORK MALAYSIA & BRUNEI FORWARD FASTER SUSTAINABILITY AWARDS
Partnership for the Goals Recognition for PEKA@MRCB Programme

Awards and Recognition

PROPERTY DEVELOPMENT

1. **The Star Malaysia Developer Awards (MDA) 2023**
4th rank, Top-of-the-Chart Award
2. **PropertyGuru Asia Property Awards (Australia) 2023:**
 - a. Best Boutique Developer – MRCB International
 - b. Best Lifestyle Development (Queensland) – 26 VISTA
 - c. Best Eco Friendly Apartment Development – 26 VISTA
3. **The Edge Malaysia Property Excellence Awards 2023**
1060 Carnegie – Outstanding Overseas Project Award

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG)

4. **Australasian Reporting Awards 2023**
Gold Award for MRCB's Integrated Annual Report 2021
5. **ESG Positive Impact Awards 2022**
Gold Award for Governance, Reporting & Transparency in the Large Corporation Category
6. **The Edge ESG Awards 2023 (In Partnership with Bursa Malaysia and FTSE Russell)**
Silver for Most Consistent Performer Over Five Years
7. **UN Global Compact Network Malaysia & Brunei's (UNGCMYB) Sustainability Celebration Night 2023**
Partnership for the Goals Recognition for PEKA@MRCB Programme



2c.



2b.



4.



5.



6.



7.



KEY HIGHLIGHTS OF OUR STAKEHOLDER ENGAGEMENT ACTIVITIES IN 2023

Integrated ESG Engagement Sessions

In 2023, we continued to integrate ESG matters into analysts’ briefings and other investor meetings instead of being discussed separately. However, ESG matters continued to garner interest from the financial and professional community. This led to the Investor Relations team to conduct one (1) ESG session with an analyst and to participate in six (6) ESG-specific conferences in which a total of 582 investors/analysts/fund managers/other professionals participated. These conferences helped to provide insights into MRCB’s ESG strategy, performance and our future plans. They also served as knowledge-sharing platforms between MRCB, other corporates, and sustainability experts. An ESG Brief is also updated frequently and made available at www.mrcb.com.my

Qualitative assessments to gather feedback were also conducted at the end of each meeting, and participants were unanimously satisfied with the ESG sessions.

Press Conferences

Several on-site press conferences were conducted to engage with the media and communicate certain initiatives to the public in 2023.

<p>28</p> <p>January 2023</p> <p>Soft launch of the showcase of Shah Alam Sports Complex Development Project (KSSA)</p> <hr/> <p>NO. OF MEDIA PERSONNEL</p> <p>25</p>	<p>17</p> <p>February 2023</p> <p>Kwasa Damansara City Centre Exhibition and Groundbreaking ceremony</p> <hr/> <p>NO. OF MEDIA PERSONNEL</p> <p>20</p>	<p>30</p> <p>May 2023</p> <p>Memorandum of Understanding with CIDB on Technical and Vocational Education and Training (TVET)</p> <hr/> <p>NO. OF MEDIA PERSONNEL</p> <p>5</p>	<p>25</p> <p>June 2023</p> <p>Back To School Programme at Sekolah Jenis Kebangsaan Tamil Landang Midlands</p> <hr/> <p>NO. OF MEDIA PERSONNEL</p> <p>5</p>
<p>4</p> <p>July 2023</p> <p>LRT3 Site Visit by Ministry of Transportation</p> <hr/> <p>NO. OF MEDIA PERSONNEL</p> <p>20</p>	<p>18</p> <p>July 2023</p> <p>Groundbreaking ceremony of the Chuping Valley Industrial Area project in Perlis</p> <hr/> <p>NO. OF MEDIA PERSONNEL</p> <p>20</p>	<p>14</p> <p>October 2023</p> <p>White Cane Day 2023 at Penang Sentral</p> <hr/> <p>NO. OF MEDIA PERSONNEL</p> <p>4</p>	<p>31</p> <p>October 2023</p> <p>Launch of our third digital library, Pustaka KL Digital Madani@Bandar Sri Permaisuri</p> <hr/> <p>NO. OF MEDIA PERSONNEL</p> <p>10</p>

Responsible Procurement & Supplier Assessment

Our commitment to having a sustainable supply chain includes appointing foreign suppliers only when it is necessary for the business. Engaging local suppliers over foreign suppliers helps reduce transportation costs and carbon emissions. Out of our 231 appointed suppliers throughout 2023, 228 were local suppliers, and 99.6% of our procurement budget was spent on these local suppliers.

In 2023, we partnered with UNGC to implement supply chain sustainability readiness assessments and to improve our Scope 3 carbon emissions reporting.

UNGC Communication on Progress (CoP) 2023

In our commitment to the UNGC and its Ten Principles, MRCB completed its annual submission of the CoP report in November 2023, which can be found on UNGC's website. The report consists of a statement on the initiatives undertaken this year with respect to human rights, labour, environmental, and anti-corruption.

MEMBERSHIPS & PARTNERSHIPS

CEO Action Network (CAN)

MRCB joined the CEO Action Network (CAN) in 2022. CAN is a closed-door peer-to-peer informal network of CEOs and Board members focused on sustainability advocacy, capacity building, action, and performance. CAN represents over 20 critical sectors with 70 members. It consists of a working group with two workstreams on Policy Advocacy, and Awareness & Capacity Building; with MRCB being part of the latter workstream. In September 2021, we joined CAN members to pledge and publicly announce 14 Collective Commitments to be achieved under three categories, namely environment, people, and governance by 2023 or within three years of signing up with CAN. Our initiatives, which are aligned to CAN's and the country's goal to achieve a Net Zero energy future and achieve Malaysia's Shared Prosperity Vision by 2030, can be read in Our Approach to Sustainability section on pages 120 to 131, as well as our Social section on pages 132 to 170 and Environmental section on pages 171 to 200.

In 2023, MRCB was appointed to co-lead the CAN Diversity, Equity & Inclusion workstream.

30% Club Malaysia

As part of MRCB's strengthening commitment towards championing Diversity, Equity & Inclusion (DEI), in 2023, we joined the 30% Club Malaysia, which is a global business-led campaign founded in the United Kingdom to advocate for gender parity in boardrooms and senior leadership. The Malaysian Chapter works to catalyse real transformation in Corporate Malaysia, with a primary focus on facilitating at least 30% women representation on the boards of companies listed on Bursa Malaysia.

EUROCHAM Malaysia

EUROCHAM Malaysia was established as a primary link between EU businesses and the Malaysian government and the business community. It facilitates trade and investment between Europe and Malaysia. MRCB became a member in the first quarter of 2022.

Climate Governance Malaysia (CGM)

CGM is the Malaysian chapter of the World Economic Forum's Climate Governance Initiative (CGI), with the aim to help steer companies through an effective climate transition strategy. MRCB became a member in 2023 and is committed to aligning its strategies on climate change with the broader goals set by the CGI.

British Malaysian Chamber of Commerce (BMCC)

The British Malaysian Chamber of Commerce (BMCC) helps to advance bilateral trade relations between the United Kingdom and Malaysia and aims to provide channels for businesses to reach Southeast Asian markets and the region. MRCB has been a member since 2017.

Unit Peneraju Agenda Bumiputera (TERAJU) under Ministry of Economy

TERAJU acts as the Main Coordinator of the high-trajectory Bumiputera Socio-Economic Agenda and plays a role in encouraging Bumiputera participation in high-impact strategic industries towards creating a sustainable Bumiputera development ecosystem, with a fair, equitable, and inclusive economic distribution. During the year, MRCB participated in several discussions and focus groups to support the empowerment of local communities.

Minority Shareholders Watch Group (MSWG)

MRCB ensures equitable treatment for all shareholders, including minority shareholders, safeguarded by the Minority Shareholders Watch Group (MSWG). MSWG upholds the rights of minority shareholders in Malaysia's capital market, including the right to access information, the right to express opinions, and the right to seek redress. Over the years, MSWG has actively participated in MRCB's Annual General Meetings.

Malaysian Institute of Corporate Governance (MICG)

MRCB has been a member of the Malaysian Institute of Corporate Governance (MICG) since 2017. As part of its commitment to uphold best practices in corporate governance, MRCB adheres to the standards and guidelines set by the MICG. This membership aids in enhancing corporate accountability and transparency, thereby ensuring that the rights and interests of all shareholders are protected.

UNGC Network Malaysia & Brunei (UNGCMYB)

MRCB has proudly been a participant of the United Nations Global Compact Network Malaysia and Brunei (UNGCMYB) since 2020. We are committed to upholding the UNGC's Ten Principles in our business operations, focusing on human rights, labour, environment, and anti-corruption. Being part of UNGCMYB enables us to align our strategy with universally accepted principles and contribute to building a better world.

Malaysia Australia Business Council (MABC)

Supported by its co-patrons, the Malaysian Minister of International Trade and Industry and the Australian High Commissioner to Malaysia, the MABC plays a critical role in advancing bilateral trade and investment between Malaysia and Australia. MRCB has been a member since 2020.

Determining Our Material Matters

We understand the need to focus our efforts on material matters that are most significant to the business and to its stakeholders. Our business strategy and resource allocation are guided by the most impactful material issues, identified through a materiality assessment which we aim to conduct every two years. To remain vigilant, we supplement the materiality assessment with annual reviews to ensure our identified economic, environmental, social, and governance (ESG) impacts remain relevant.

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



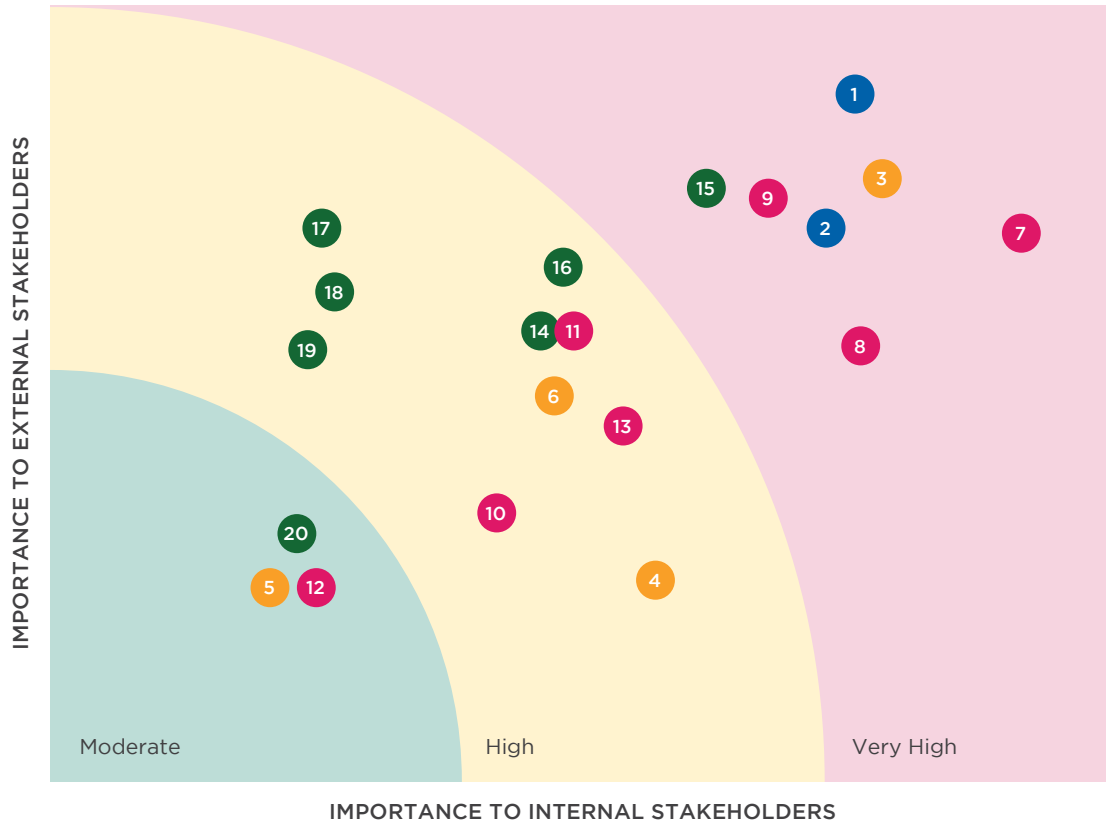
Our 2023 review, including benchmarking against local and regional peers, risk assessments, and alignment with frameworks like the Bursa Malaysia Sustainability Reporting Guide (3rd Edition) and GRI Standards, confirmed that all 20 previously identified material matters outlined in 2022 remain relevant to our strategic goals and stakeholder expectations. As there have been no changes in our core business activities since the previous review, we deemed that these 20 matters still best represent our impact on the economy, environment, and society. The results of this review, including the prioritisation and mapping of these material matters, are further detailed on page 51.

OUR MATERIAL MATTERS AND DEFINITIONS

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

Governance	
<p>1 Ethics & Principles</p>	Upholding values, principles values, principles, standards, and practices to act ethically as a sustainable business. This includes anti-bribery, anti-corruption, and anti-competition practices within its operations, protection of data privacy, and professional conduct with others such as suppliers and customers.
<p>2 Governance & Compliance</p>	Compliance with applicable laws and regulations relating to listing requirements and our industry, as well as other instruments concerned with environmental and socio-economic standards that allow us to obtain the licenses and approvals to operate.
Economic	
<p>3 Product Quality & Responsibility</p>	Quality of products and services, and actions that directly affect stakeholders, the community at large, and the environment.
<p>4 Economic & Business Performance</p>	Economic value generated and distributed to stakeholders as a direct result of an organisation's performance.
<p>5 Indirect Economic Impacts</p>	Our ability to contribute additionally, either monetarily or non-monetarily, that comes from any impact and spillover effect of MRCB's projects on the local communities (e.g. increased productivity through its TOD that shorten commutes and generate more employment opportunities) or deliberate initiatives through CSR activities.
<p>6 Responsible Procurement & Supplier Assessment</p>	Meeting MRCB's needs for materials, goods, utilities, and services in an environmentally friendly, responsible, and ethical way.
Social	
<p>7 Health & Safety</p>	Integrating principles of health and safety throughout our business operations and in the lifecycle of our products.
<p>8 Employee Engagement & Well-Being</p>	Engaging with our employees to ensure talent attraction and retention for a skilled workforce. This entails providing training, benefits, and a healthy work environment.
<p>9 Customer Engagement</p>	Enhancing our products and services by understanding clients' and customers' preferences and providing an overall positive customer experience to maintain our reputation.
<p>10 Diversity & Equal Opportunity</p>	Providing equal opportunities to all employees and empowering women and minorities in the workplace. Diversity pushes innovation through the exchange of ideas and perspectives and strengthens our organisation.

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



Legend

- Governance
- Economic
- Social
- Environment

Very High

- 1 Ethics & Principles
- 7 Health & Safety
- 3 Product Quality & Responsibility
- 2 Governance & Compliance
- 8 Employee Engagement & Well-Being
- 9 Customer Engagement
- 15 Sustainable Construction

High

- 16 Waste
- 11 Labour Practice
- 13 Human Rights
- 14 Materials Management
- 6 Responsible Procurement & Supplier Assessment
- 17 Climate Transition Risk
- 18 Physical Climate Risk
- 19 GHG Emissions
- 10 Diversity & Equal Opportunity
- 4 Economic & Business Performance

Moderate

- 20 Biodiversity
- 12 Local Community Engagement
- 5 Indirect Economic Impacts

MATERIALITY ANALYSES AND DISCUSSION

Building upon the foundation established in 2022, our 2023 materiality review reaffirmed the continued relevance of all 20 identified material matters to both our strategic goals and stakeholder expectations. This alignment was further validated through benchmarking against industry peers and relevant frameworks, including the Bursa Malaysia Sustainability Reporting Guide and GRI Standards, as well as considering emerging risks and trends.

The five consistently very high-ranking material matters – Ethics & Principles, Governance & Compliance, Product Quality & Responsibility, Health & Safety, and Customer Engagement – remain central to our operations. This reflects the core values of our business, which is heavily regulated and reliant on stringent quality and safety standards, while also acknowledging the importance of competitive advantage through responsive customer engagement. Dedicated initiatives addressing these matters can be found on pages 78 to 85.

In 2022, we also witnessed two noteworthy shifts in materiality priorities. Employee Engagement & Well-Being and Sustainable Construction both ascended from high to very high importance. This shift highlights the growing focus on mental well-being and employee satisfaction, alongside the increasing demand for eco-friendly construction practices and responsible consumerism. To address the growing importance of Employee Engagement & Well-Being, in 2023 we organised Skip-Level Employee Engagement sessions with Senior Management aimed at providing a platform for open communication. Six (6) separate sessions were conducted with our C-Suites (Chief Corporate Officer, Group Chief Operating Officer and Group Chief Finance Officer) involving 162 selected employees to engage and interact with the C-suites. It was an opportunity to get insights into the company, understand the outlook

and future plans as well as a chance to get career and self-development advice from our top leadership.




























In 2023, we continued to communicate and create awareness throughout our supply chain on MRCB’s Human Rights Policy that was developed in 2022. We strengthened our Human Rights Policy to further safeguard the rights of all individuals involved in our operations. Specific initiatives undertaken in this area can be found on page 140 to 170.

Our commitment to Sustainable Construction remains unwavering. The MRCB Building System (MBS) and our adherence to Green Building Certification criteria continue to guide our practices. In 2022, we saw the further development of our new Sustainable Design and Planning Policy. The policy will be applicable to the design and development of residential and commercial properties, including new and refurbished buildings and infrastructure. Climate change, embodied carbon, pollution and resource management, and sustainable procurement have been considered in our design strategies and policy development.

By continuously monitoring and adapting our materiality focus, we ensure our sustainability efforts remain aligned with the evolving needs of both our business and our stakeholders. With this firm foundation, we move forward towards a future built on responsible principles and impactful action.

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

Materiality	Key Enterprise Risks (KER)	Relevant Stakeholders	Corresponding GRI Indicators	SDGs
Governance				
Ethics & Principles	KER 001 – Project Delivery Risk KER 004 – Business Continuity Risk KER 005 – Environmental, Social, and Governance (ESG) Risk KER 006 – Regulatory Risk	   	205: Anti-corruption 206: Anti-competitive Behaviour	 

Materiality	KER	Relevant Stakeholders	Corresponding GRI Indicators	SDGs
Governance				
Governance & Compliance	KER 006 – Regulatory Risk KER 005 – Environmental, Social, and Governance (ESG) Risk	  	2-27: Compliance with laws and regulation 307: Environmental Compliance 419: Socioeconomic Compliance	 
Economic				
Product Quality & Responsibility	KER 008 – Quality Risk	  	2-25: Process to remediate negative impact 201: Economic Performance	
Economic & Business Performance	KER 001 – Project Delivery Risk KER 002 – Liquidity Risk KER 009 – Concentration Risk	 	201: Economic Performance	 
Indirect Economic Impacts	KER 003 – Marketing Risk KER 008 – Quality Risk	 	203: Indirect Economic Impacts	
Responsible Procurement & Supplier Assessment	KER 001 – Project Delivery Risk KER 005 – Environmental, Social, and Governance (ESG) Risk	 	204: Procurement Practices 308: Supplier Environmental Assessment 414: Supplier Social Assessment	 
Social				
Health & Safety	KER 007 – Safety, Health & Environment Risk KER 005 – Environmental, Social, and Governance (ESG) Risk	  	403: Occupational Health & Safety	 
Employee Engagement & Well-Being	KER 004 – Business Continuity Risk		401: Employment 404: Training and Education	  
Customer Engagement	KER 003 – Marketing Risk KER 008 – Quality Risk	 	418: Customer Privacy	

Materiality	KER	Relevant Stakeholders	Corresponding GRI Indicators	SDGs
Social				
Diversity & Equal Opportunity	KER 004 - Business Continuity Risk KER 005 - Environmental, Social, and Governance (ESG) Risk		405: Diversity and Equal Opportunity	
Labour Practice	KER 001 - Project Delivery Risk KER 004 - Business Continuity Risk KER 005 - Environmental, Social, and Governance (ESG) Risk	 	G4 Sector Specific - Construction and Real Estate Sector Disclosures	
Local Community Engagement	KER 008 - Quality Risk KER 005 - Environmental, Social, and Governance (ESG) Risk		413: Local Communities	
Human Rights	KER 004 - Business Continuity Risk KER 005 - Environmental, Social, and Governance (ESG) Risk	 	400: Social	
Environment				
Materials Management	KER 001 - Project Delivery Risk KER 007 - Safety, Health & Environment Risk KER 005 - Environmental, Social, and Governance (ESG) Risk	 	301: Materials	
Sustainable Construction	KER 001 - Project Delivery Risk KER 007 - Safety, Health, & Environment Risk		302: Energy 303: Water and Effluents 305: Emissions	
Waste	KER 001 - Project Delivery Risk KER 005 - Environmental, Social, and Governance (ESG) Risk KER 007 - Safety, Health, & Environment Risk		306: Effluents and Waste	
Biodiversity	KER 005 - Environmental, Social, and Governance (ESG) Risk		304: Biodiversity	
Climate Transition Risks	KER 005 - Environmental, Social, and Governance (ESG) Risk		300: Environmental	
Physical Climate Risks				
GHG Emission				

Our Approach to Sustainability

Building Meaningful Places for a Better Tomorrow

OVER THE PAST TWO DECADES, OUR VISION OF SUSTAINABILITY HAS ALWAYS FOCUSED ON SETTING THE STANDARD TO CREATE LASTING VALUE. OUR PURPOSE HAS BEEN CLEAR FROM THE START, WHICH IS TO DEVELOP SPACES THAT WILL NOT ONLY CONNECT COMMUNITIES AND DRIVE COMMERCE, BUT ALSO PROMOTE A SUSTAINABLE AND VIBRANT ENVIRONMENT FOR COMMUNITIES TO THRIVE.

This vision meant that every project we undertook was an opportunity to build with a conscience, ensuring that our developments would stand the test of time and serve the needs of future generations. Today, that legacy continues, underpinned by a deep-rooted commitment to transforming communities into innovative and sustainable urban developments that connect and empower people.



An artist's impression of the aerial view of Kwasa Damansara City Centre



Sustainability is fundamental to MRCB's purpose, shaping our approach to progress and innovation. Our journey, which began over half a century ago, reflects a commitment to innovation, social integration, and environmental stewardship. MRCB's corporate mission 'To Build Meaningful Places for a Better Tomorrow' is deeply rooted in a sustainability-first mindset. We believe in creating more value through our projects than the resources we utilise, a principle that we consider in our business model and is integral to our corporate identity. Our early adoption of Environmental, Social, and Governance (ESG) principles has positioned us to better withstand market volatilities and global challenges. These standards serve as a compass for both our landmark projects and our everyday operations.

A Vision of Sustainable Construction

As pioneers in Transit Oriented Development (TOD) in Malaysia, we recognise the significant role we play in building sustainable communities. KL Sentral, once a modest railway godown, now stands as Malaysia's premier central business district and integrated transport hub, a transformation made possible through our application of TOD principles. The rejuvenation of KL Sentral is a reflection of our sustainability-driven approach that redefined the concept of TOD in Malaysia. Here, MRCB demonstrated how urban spaces can be designed to uphold environmental balance, facilitate economic growth, and enhance societal well-being all at once. KL Sentral has been a catalyst for urban renewal, raising living standards, and transforming the area into a sought-after locale for business and leisure. With enhanced connectivity and premium developments, property values in the surrounding vicinity of KL Sentral have increased markedly.

KL Sentral is also a prime example of MRCB's Green Building strategy, incorporating energy and water efficiency, smart technologies, and green innovation into the buildings and infrastructure. In fact, over 20 years ago, MRCB was the first company to achieve Singapore's BCA Greenmark Green Building certification in Malaysia, for its Platinum Sentral development in KL Sentral. Today, KL Sentral is distinguished as having the country's highest number of green buildings. KL Sentral's success is being replicated in our other TOD projects, including PJ Sentral Garden City, Penang Sentral, and Kwasa Sentral in Malaysia, as well as The Symphony Centre in New Zealand.

Apart from developing Green Buildings, over the years MRCB has also invested in innovative solutions such as District Cooling Systems (DCS) plants. DCS plants centralise the production of chilled water used for large-scale air conditioning systems, supplying multiple buildings within a defined area. This shared infrastructure eliminates the need for individual cooling systems to be built within each building, vastly reducing overall energy consumption and carbon emissions. MRCB's DCS plants in KL Sentral, PJ Sentral, Penang Sentral, and Kwasa Damansara, for instance, have achieved significant energy savings compared to segregated conventional cooling systems, while providing reliable and efficient cooling to numerous buildings within the area.

Innovation Driving Sustainability

Innovation and foresight are key drivers of our sustainability approach. This is evident in our proprietary construction technologies and processes that are aligned to five United Nations Sustainability Development Goals. The MRCB Building System (MBS), our proprietary modular construction technology, is a prime example of how we leverage innovative technology to minimise our environmental impact. MBS has already been licensed and utilised in developments in Hong Kong and Singapore. Our upcoming Residensi Tujuh will be the first residential development in Malaysia to fully utilise this modular technology. By optimising construction processes, we can significantly reduce construction waste that goes to methane emitting landfills, reduce the energy consumed and the carbon emissions emitted in the construction process, as well as significantly improve safety and quality standards. This supports our goal to deliver high-quality, sustainable urban buildings efficiently.

This approach of embedding sustainability with innovation is reflected in our ambitious approach to project management and execution. When tasked with transforming the Bukit Jalil National Sports Complex into Kuala Lumpur Sports City in 2017, we saw an opportunity not just to meet a challenging deadline, but also to set new standards in sustainable construction. With only 18 months to deliver what typically would be a 36-month project ahead of the 29th Southeast Asian (SEA) Games, we embraced the challenge with innovative architectural redesigns and eco-conscious redevelopment plans.

The accelerated completion was made possible through the coordinated efforts of various construction disciplines and an expanded team, streamlining processes to surpass normal project timelines without compromising quality. This exemplifies MRCB's commitment to setting new standards and our proactive stance in sustainable urban development, even under tight deadlines.

Collaborative Leadership to Set Standards

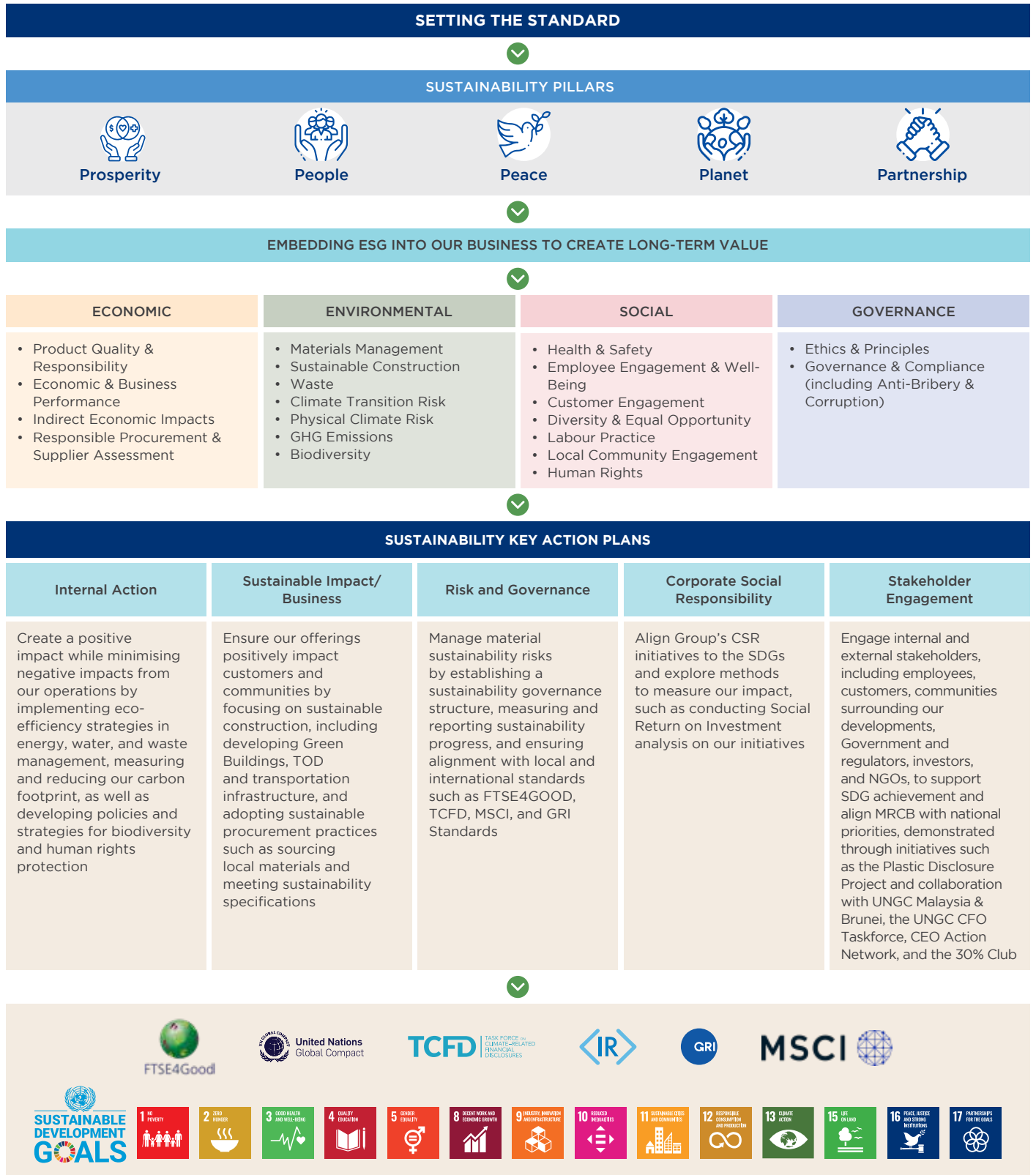
Our drive for sustainability is made possible through the visionary leadership that starts with our Board and Management team. Their leadership sets the tone at the top in steering the company towards responsible business conduct that resonates through the organisation, influencing the way we operate on every level.

We regularly reassess our sustainability goals and ESG performance indicators to stay agile and responsive to the ever-changing expectations of our stakeholders and the global market's fluctuating conditions. MRCB takes a collaborative approach to sustainability, actively engaging with a wide range of stakeholders on this journey. Our stakeholders extend from our customers and employees to government agencies and the wider community. These collaborations are designed to cultivate a mutual understanding of sustainable development and to align our goals with the broader societal and environmental objectives. This strategic alignment ensures that our projects not only contribute to immediate economic growth, but also to the long-term welfare of the communities we serve.

Recognising the imperative to future-proof our business, MRCB has instituted regular materiality assessments to prioritise risks, refine strategies, and integrate innovative green technologies and circular economy solutions. Our continuous advocacy for climate action among our stakeholders exemplifies this commitment. We have embarked on the Task Force on Climate-Related Financial Disclosures (TCFD) and this year, we are reporting the results of our quantitative analysis to assess the most material physical climate risks on our assets for more robust climate risk disclosures and strategies. Through multi-stakeholder collaboration, we strive to amplify our social impact, aligning our objectives with broader societal and environmental goals while driving the race to zero emissions.

MRCB's story is one of continuous progress, a relentless pursuit of excellence that does not just meet the benchmarks but sets the standards. MRCB's vision is 'To Build Meaningful Places for a Better Tomorrow', where each project, innovation and community initiative is about building a sustainable legacy for the future. Our proactive, strategic, and collaborative approach to sustainability is not just about facing the future, but about shaping it.

MRCB's Sustainability Framework



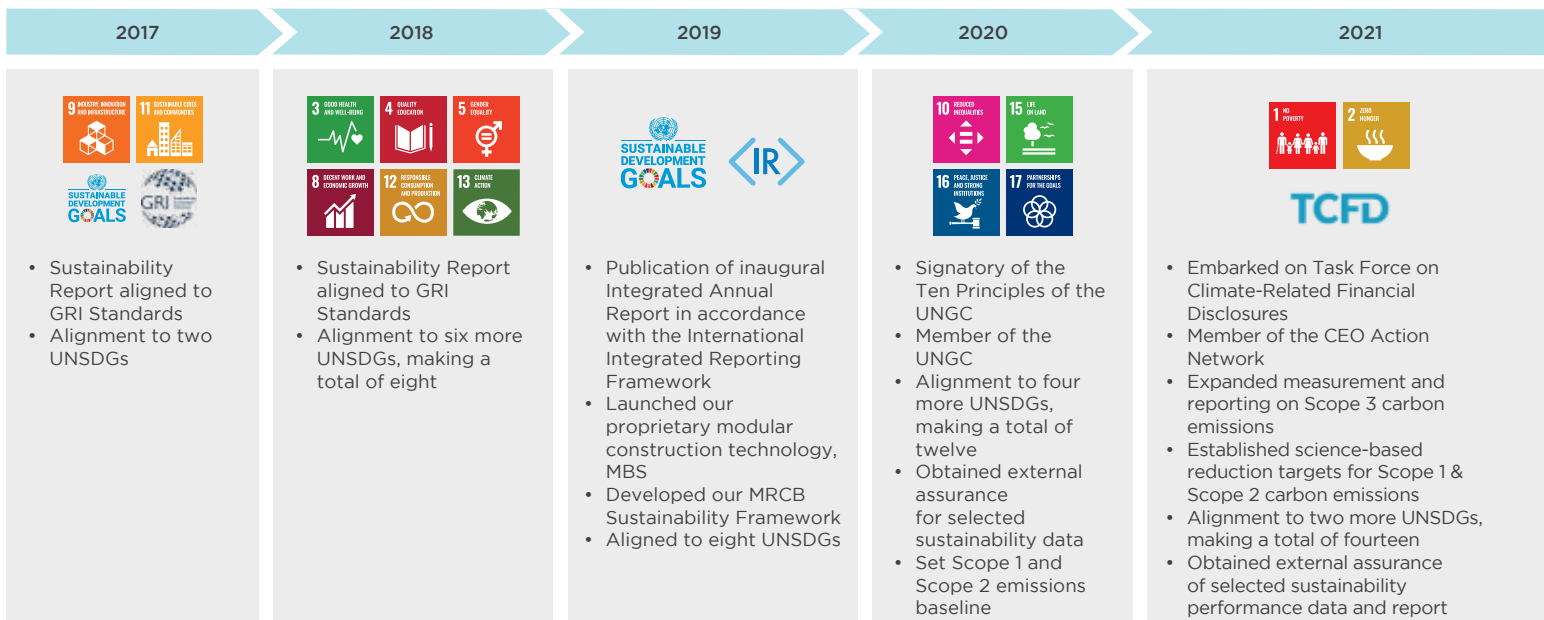
Building Liveable & Resilient Communities, Strengthening Environmental Stewardship, Driving Sustainable Growth

MRCB's vision - Building Meaningful Places for a Better Tomorrow lays the groundwork for fostering our commitment to building a sustainable and resilient business. Our Sustainability Framework, rooted in ESG principles, aligns with our climate-action commitments to drive sustainable growth for lasting value. This Framework harmonises with the United Nations Sustainable Development Goals (UN SDGs) and incorporates global benchmarks. MRCB Sustainability Framework encompasses Economic, Environmental, Social, and Governance (ESG), which was built upon 20 refined materials to drive holistic business sustainability.








KL Sentral Central Business District, MRCB's pioneering Transit-Oriented Development (TOD)

OUR SUSTAINABILITY JOURNEY



Building Resilient Communities, Strengthening Environmental Stewardship, Driving Sustainable Growth

Our Sustainability Pillars	Embedding ESG Into Business	Creating Long-Term Value
 <p>People Foster collaborative relationships and nurture community well-being</p>	<p>Green Building Develop green-certified buildings and sustainable TOD that integrate living and working spaces around transportation hubs</p>	<p>Net Zero Carbon by 2050 Aim to significantly reduce greenhouse gas emissions across our operations</p>
 <p>Planet Champion eco-friendly innovations for environmental stewardship</p>	<p>Infrastructure Excellence Build world-class infrastructure to improve connectivity</p>	<p>Sustainable Procurement Prioritise environmentally responsible and ethical sourcing of materials and services</p>
 <p>Partnership Cultivate strategic alliances to provide innovative solutions</p>	<p>Eco-Design Standards Integrate eco-friendly designs and adopt sustainable construction methods</p>	<p>Industry Leadership Set standards in sustainable practices and innovation within the industry</p>
 <p>Prosperity Strive for economic growth benefitting all stakeholders</p>	<p>Stakeholder Engagement Engage and develop lasting partnerships with key stakeholders</p>	<p>Inclusive Community Development Develop projects that enhance community well-being and inclusivity</p>
 <p>Peace Uphold integrity and openness in all business dealings</p>		<p>Eco-Friendly Construction Advance new technologies and methods such as MBS for sustainable construction</p>
		<p>Socio-Economic Contribution Boost local economies through sustainable business practices and job creation</p>

2022

2023



- Published TCFD-aligned qualitative climate and transition risk disclosures
- Expanded reporting on Scope 3 carbon emissions to 64% of supply chain by value
- Developed Climate Strategy Framework
- Developed Human Rights Policy aligned with the International Labour Organisation Core Conventions and Labour Standards
- Obtained external assurance of selected sustainability performance data and report
- Achieved FTSE4Good Bursa Malaysia Index score of 3.2
- Aligned to 14 UNSDGs
- Set Net Zero Carbon 2050 target and short, medium, and long-term emissions reductions targets







- Published TCFD aligned quantitative Climate Physical Risk disclosures
- Conducted supply chain ESG readiness assessments through UNGC ESG START
- Member of Climate Governance Malaysia
- Signed a Memorandum of Co-operation between Bursa Malaysia and the London Stock Exchange to become an early adopter of its Centralised Sustainability Intelligence (CSI) Platform
- Inclusion of Human Rights clauses and obligations to provide sustainability data into our standard supplier contracts
- Continued expansion of Sustainable Design Policy
- Co-lead CEO Action Network's (CAN) Diversity, Equity and Inclusion (DEI) workstream
- Expanded Scope 3 carbon emissions data collection from supply chain to 88% from 64% by value
- Obtained external assurance of selected sustainability data
- Increased overall FTSE4Good Bursa Malaysia Index score from 3.2 to 3.6
- Achieved "A" in MSCI ESG ratings
- Aligned to 14 UNSDGs

Alignment to United Nations Sustainability Development Goals

As a responsible leader in the property and construction sectors, MRCB acknowledges the importance of contributing to global sustainable growth efforts. We have diligently integrated the United Nations Sustainable Development Goals (SDGs) into our business strategies. The 14 SDGs we focus on are carefully chosen based on MRCB's economic, environmental, social, and governance impacts. Our initiatives are strategically tailored to make significant contributions to specific goals as outlined by the SDGs, reflecting our commitment to sustainable development and corporate responsibility.

In 2017, we selected two SDGs, which were SDG 9 (Industry, Innovation, and Infrastructure) and SDG 11 (Sustainable Cities and Communities). These are intrinsically related to our role as a TOD developer and aligned with our values and business goals. In 2018, we identified six additional SDGs which reflected our strengthened efforts to build a sustainable business. In 2020, we expanded further to include SDG10 10 (Reduced Inequalities) and SDG 15 (Life on Land). We also recognised SDG 16 (Peace, Justice, and Strong Institutions) and SDG 17 (Partnerships for the Goals), as key drivers by establishing trusting relationships with relevant government agencies and institutions to help drive the SDGs. In 2021, we further expanded our integration of the SDGs with the inclusion of SDG 1 (No Poverty) and SDG 2 (Zero Hunger), which we continue to address through our numerous corporate social responsibility programmes.



SDGs Description	Our Responses and Contributions
 <p>Contribute to poverty reduction by empowering individuals and communities through MRCB's CSR initiatives, and Yayasan MRCB, including community development, education, and skill-building programmes, coupled with engagements with local communities for targeted interventions</p>	<ul style="list-style-type: none"> • Focused on CSR efforts aimed at providing relief and long-term support for impoverished and vulnerable communities • Contributed RM5.3 million to CSR initiatives in 2023 • Since 2019, the PEKA@MRCB programme has effectively enhanced employability of low-risk offenders, successfully providing upskilling and employment opportunities to more than 460 individuals • Engaged in the creation of secure and decent jobs for marginalised and vulnerable people <p> <i>Our CSR initiatives can be found at Local Community Engagement on pages 161 to 166</i></p>
 <p>Recognise that supporting basic human needs to achieve zero hunger is essential for ensuring holistic human rights protection</p>	<ul style="list-style-type: none"> • Provided food aid to underprivileged and indigenous families, different-abled communities, orphans, undocumented foreigners, refugees, and students • Increased quality of life for vulnerable and marginalised groups <p> <i>Our contributions towards the underprivileged and indigenous people can be found at Community Engagement with Orang Asli, page 165</i></p>

SDGs Description	Our Responses and Contributions
 <p>Promote health and well-being to ensure safe, healthy living and working environments in our development projects, reflecting our commitment to the welfare of our communities and employees</p>	<ul style="list-style-type: none"> • Prioritised health and safety in all business operations by enforcing stringent safety standards and systems, and uphold Quality, Environmental, Safety, and Health (QESH) Policy • Provided continuous safety training to safeguard our workforce and the public • Promoted healthy lifestyles by organising programmes that focus on employees' physical and mental well-being <p> <i>Our commitment and initiatives to ensure safety at the workplace can be found at Health & Safety, Employee Engagement & Wellbeing, pages 133 to 149</i></p>
 <p>Enhance community development and foster a more informed and sustainable society through fostering education and lifelong learning</p>	<ul style="list-style-type: none"> • Provided conducive learning environments by renovating and upgrading dilapidated schools and libraries • Provided lunches, books, and uniforms for underprivileged children • Leveraged our skills and expertise to build necessary infrastructure, such as schools, as required by the nation • Provided financial aid for children with special needs through the CADS Enhancement Centre programmes that specialises in workshops and trainings for special needs children • Collaborated with CIDB and Akademi Binaan Malaysia in TVET to enhance construction programmes with a focus on modular construction • We developed and handed over three libraries to Dewan Bandaraya Kuala Lumpur, namely Pustaka KL@Lembah Pantai in 2015, Pustaka KL@Medan Idaman in 2017, and a digital library, the Pustaka KL Digital Madani@Bandar Sri Permaisuri in 2023 <p> <i>Our value creation for our local community can be found at Local Community Engagement, pages 161 to 166</i></p>
 <p>Recognise women's contribution in the industry and are committed to promoting the advancement of women, especially in fields related to property development, engineering, and construction</p>	<ul style="list-style-type: none"> • Introduced empowerment programmes and more flexible policies to promote gender equality • Ensured women's effective representation and equal opportunities for leadership at all levels of decision-making across business activities • Implemented policies and practices that are free from and prevent gender bias across the Group and our communities <p> <i>Our women empowerment programmes can be found at Diversity & Equal Opportunity, pages 152 to 158</i></p>
 <p>Focus on developing TODs that stimulate local economies, create job opportunities, and support economic sustainability, while strengthening inclusive employment policies that promote fair and equal treatment</p>	<ul style="list-style-type: none"> • Developed TOD and infrastructure projects that generate significant economic multipliers, provide ample employment opportunities, and contribute substantially to national economic development • Provided employees competitive remuneration packages, coupled with training opportunities for career advancement and development • Upheld the rights of all stakeholders as outlined in MRCB's Human Rights Policy, complying with local and international laws to protect workers' rights, ensuring a safe working environment, and firmly oppose forced labour, modern slavery, and child labour <p> <i>Our investment in our human capital can be found at Employee Engagement & Wellbeing and Diversity & Equal Opportunity, pages 140 to 149 and 152 to 158 respectively</i></p>

SDGs Description	Our Responses and Contributions
 <p>Develop and construct Green Buildings, and where possible, make efforts to incorporate sustainable construction features in our infrastructure projects</p>	<ul style="list-style-type: none"> Utilised Design and Planning Policy to integrate sustainable design Utilised our MBS technology to integrate sustainability into our construction Patented our MBS technology to 20 countries to promote innovation and technology use in the industry <p> <i>Our technology in modular construction can be found at Our Performance: Engineering, Construction, & Environment, on pages 110 to 119</i></p>
 <p>Strive to bridge social and economic disparities by cultivating workforce diversity and community inclusivity, and through the development of accessible, equitable urban environments</p>	<ul style="list-style-type: none"> Provided our female workforce a safe work environment fitted to their needs, i.e. Mother's Room for nursing mothers Addressing the gender pay gap and striving towards achieving 30% female representation on the Board level Contributed to the underprivileged through Yayasan MRCB and supported the Orang Asli community in Royal Belum, Gerik, Perak Provided employment to prisoners/offenders through the PEKA@MRCB Programme <p> <i>Our initiatives to attract and retain female talent can be found at Employee Engagement & Wellbeing and Diversity & Equal Opportunity on pages 140 to 149 and 152 to 158 respectively</i></p> <p> <i>Our contribution to our local community can be found at Local Community Engagement, on pages 161 to 163</i></p>
 <p>Contribute to sustainable urban living by connecting communities and businesses, integrating developments with mass public transport systems to encourage walking and public transport use thereby reducing GHG emissions and vehicular traffic in cities</p>	<ul style="list-style-type: none"> Involved in the construction of rail and road infrastructure, Green Buildings, and housing that reduces carbon emissions, connects communities, and provides opportunities for the general public to live comfortably and affordably in thriving cities <p> <i>Our operational activities that contribute to sustainable urban living can be found at Our Performance: Property Development & Investment/Engineering, Construction & Environment, on pages 94 to 118</i></p>
 <p>Implement sustainable resource management and consumption practices, and promote sustainable construction in our development projects, emphasising recycling, energy efficiency, and the use of environmentally friendly materials</p>	<ul style="list-style-type: none"> Implemented QESH Policy at project sites, which includes the practice of the 3Rs (Reduce, Reuse, and Recycle) Tracked water and energy usage and waste generated at project sites, and implement improvement strategies Conducted training courses and toolbox talks regularly to educate site workers and employees on safety on construction sites Leveraged use of MBS modular and sustainable construction materials <p> <i>Our strategy to protect the planet can be found in the Environmental section on pages 172 to 199</i></p>

SDGs Description	Our Responses and Contributions
 <p>Actively engage in climate action initiatives aimed at reducing GHG emissions and promoting resilience in urban planning</p>	<ul style="list-style-type: none"> • Measured and disclose our carbon dioxide (CO₂) emissions (Scope 1 and Scope 2) and working towards validating our science-based reduction targets • Reported Scope 3 emissions generated by our employee transportation and supply chain • Monitored energy, water consumption, and waste generation and developed strategies to increase energy efficiency and reduce waste in all business operations • Conducted TCFD assessments to measure physical and transition risks of climate change to our business and developed strategies to overcome them <p> <i>Our strategy to protect the planet can be found in the Environmental section on pages 172 to 199</i></p>
 <p>Prioritise biodiversity conservation in our development projects, actively integrating green spaces and ecological considerations into urban planning</p>	<ul style="list-style-type: none"> • Acknowledged and commit to the Ramsar Convention and the five principles stipulated in Malaysia's National Policy on Biological Diversity where applicable to our business operations <p> <i>Our strategy to protect the planet can be found in the Environmental section on pages 172 to 199</i></p>
 <p>Foster transparent accounting business practices, practice good corporate governance, ensure ethical conduct, and promote peaceful and inclusive societies through responsible urban development</p>	<ul style="list-style-type: none"> • Committed to upholding peace, justice, and strong institutions in company and supply chain • Ensured good corporate governance by complying with best practices as outlined by Malaysian Code on Corporate Governance and other governance frameworks • Operate an ISO 3700:1 Certified Anti-Bribery Management, as well as providing channels for whistleblowing and reporting grievances • Zero tolerance towards bribery and corruption, as articulated in our Anti-Bribery and Corruption Policy <p> <i>Our updates in upholding good governance can be found at Corporate Governance Overview Statement on pages 214 to 254</i></p>
 <p>Engage in collaborative partnerships with various stakeholders, including government, industry peers, and community organisations, to achieve sustainable development goals through innovative and responsible urban projects</p>	<ul style="list-style-type: none"> • Adopted universal Ten Principles, as a signatory of the United Nations Global Compact (UNGC) Network Malaysia & Brunei • Active member of the CEO Action Network's (CAN) Diversity, Equity & Inclusion (DEI) workstream and elected to co-lead this DEI workstream within CAN • Signatory to the UNGC CFO Principles on Integrated SDG Investments and Finance to promote the Sustainable Finance agenda <p> <i>Our tone from the top approach to sustainability commitment, strategy, and targets can be found at Approach to Sustainability on pages 120 to 131 and Corporate Governance Overview Statement on pages 214 to 254</i></p>

SUSTAINABILITY GOVERNANCE

The Board of Directors (Board) and Senior Management are responsible for sustainability and for overseeing the development and adoption of the Group Sustainability Strategy, and its related policies and risk mitigation plans with support from MRCB’s Sustainability Management Committee (SMC). To ensure accountability, key sustainability matters have also been embedded in the Key Performance Indicators (KPI) of the Senior Management team, which are linked to their remuneration. The Board Charter specifically outlines the Board’s duty to foster sustainability as a key factor in driving MRCB’s business success. This involves considering Environmental, Social, and Governance (ESG) aspects in our business strategies.



The Board has appointed the Chief Corporate Officer (CCO) to strategically manage sustainability and ensure its effective integration into the Group’s operations. The Board-approved SMC supports the CCO in addressing climate-related risks and opportunities, aids in sustainable development planning, and oversees risk management. The SMC is chaired by the CCO and comprises Division and Department Heads from MRCB’s core operations and corporate functions. The CCO’s role includes managing key sustainability issues and keeping the Board informed about sustainability challenges, including climate risks and opportunities. Sustainability updates, including SMC meeting outcomes, are regularly discussed and deliberated at the quarterly Board meetings as a permanent agenda item.



Key Initiatives from 2023 Sustainability Management Committee (SMC) Meetings

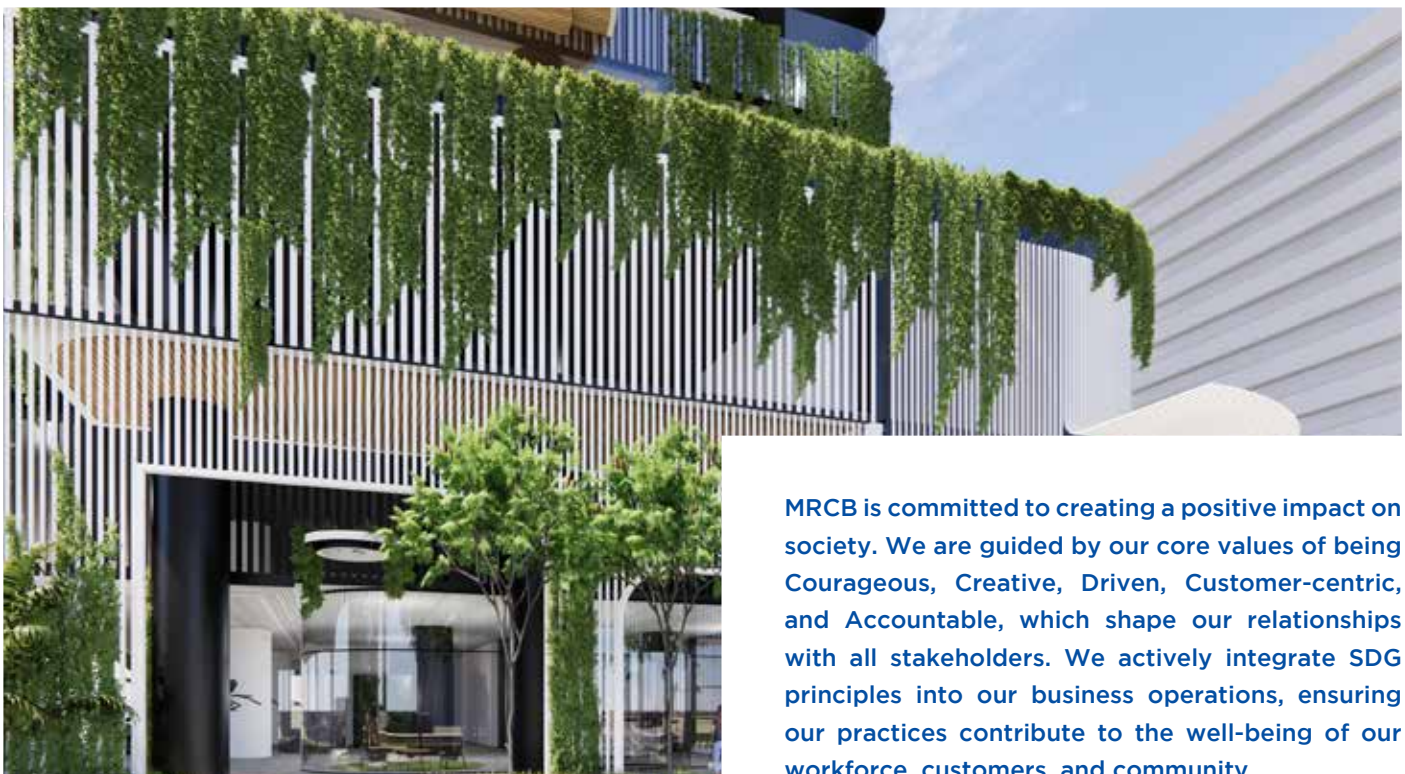
<p>Review of data</p>	<ol style="list-style-type: none"> 1. Quarterly update of emissions reduction data by business divisions. This is then presented to the Board during quarterly Board meetings 2. SMC members presented updates of their respective Division’s emissions reduction initiatives/strategies
<p>Policy expansion</p>	<ol style="list-style-type: none"> 1. Embedded Human Rights Policy clauses in our standard supply chain contracts 2. Developing Sustainable Data Management Policy & Procedure
<p>Supply chain ESG readiness</p>	<ol style="list-style-type: none"> 1. Launched UN Global Compact ESG START Assessments to evaluate supply chain’s ESG readiness 2. Amended standard supplier contracts to include clauses to provide sustainability data when requested
<p>DEI initiatives</p>	<ol style="list-style-type: none"> 1. Co-led CEO Action Network (CAN) DEI workstream and hosted CAN DEI Workstream sharing and discussion session on DEI Implementation Guide draft 2. Conducted three gender parity workshops for Senior Managers <ol style="list-style-type: none"> i. Gender Parity Workshop 1: Unconscious Bias ii. Gender Parity Workshop 2: Gender Equality & Equity iii. Gender Parity Workshop 3: Male Allyship

Our Performance Social

MRCB is committed to creating a future where everyone can thrive. Our strategy is rooted in building inclusive societies, empowering individuals, and nurturing communities that are more resilient and harmonious. We see social sustainability as a key driver in expanding opportunities for all, both now and in the future. By aligning our social goals with economic and environmental sustainability, we aim to pave the way for shared prosperity and well-being for everyone in our communities.

October 2022	July 2023	August 2023
MRCB joined the CEO Action Network's (CAN) Diversity, Equity & Inclusion (DEI) workstream to collaborate with leading companies to elevate DEI awareness, enhance relevant policies, and implement strategic interventions to foster positive change in Malaysia's workforce	MRCB joined the 30% Club Malaysia, a global business-led campaign advocating gender parity in boardrooms and senior leadership. We are committed to gender equality and working with other leading companies to foster meaningful progress in corporate Malaysia	MRCB appointed as Co-Lead of the CAN DEI workstream to jointly lead members in developing DEI guidelines tailored to the varying readiness and capabilities of member organisations and other Malaysian companies

A Commitment to Empowering Our People, Customers, and Communities



MRCB is committed to creating a positive impact on society. We are guided by our core values of being **Courageous, Creative, Driven, Customer-centric, and Accountable**, which shape our relationships with all stakeholders. We actively integrate SDG principles into our business operations, ensuring our practices contribute to the well-being of our workforce, customers, and community.

Building Social Sustainability and Inclusion

Health & Safety



ZERO
Lost Time, Minor Injuries,
and Major Injuries

Employee
Engagement and
Wellbeing



Average training hours
per employee
6.4 HOURS
compared to 4.6 hours in
2022

Customer
Engagement



Achieved **80%**
overall customer service
excellence score
ZERO
substantiated complaints
of customer privacy or data loss

Labour Practice



ZERO VIOLATIONS
of labour rights have
been reported in our
value chain

Local Community Engagement



RM5.32 MILLION
has been contributed to improve community quality, including:

- Education: **RM4.8 million**
- Community Development & Wellbeing: **RM273,000**

Human Rights



Incorporated human
rights clauses into supply
chain contracts

HS Health & Safety

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

The nature of engineering and construction activities exposes workers to various types of safety risks such as working at heights, falling objects, noise from construction activities, risk of electrocution from temporary wiring, and the operation of machinery and equipment.

To safeguard the well-being of our workers at our project sites, we have implemented an Occupational Health and Safety Management System, ISO 45001:2018, to guide practices towards ensuring safety and health at the workplace. We also ensure the constant communication of health and safety matters through our toolbox talks and pre-task briefing sessions at our construction sites, electronic direct mail communication, videos playing at waiting areas in our offices, and notices and posters at strategic areas around our construction sites. Communication is also conducted in the native language of our workers, and our sub-contractors are encouraged to voice out any concerns they may have regarding safety.

In response to the COVID-19 pandemic, we have heightened our focus on health and safety. We continue to abide by the stringent health and safety measures that we implemented during the pandemic. These practices now form our new baseline in health and safety standards, which we have integrated into our standard operating procedures (SOPs) at all our workplaces. We are continuously working to enhance these SOPs.

We conduct an evaluation of vital safety controls and processes annually to assess gaps and institute improvements. In 2023, we enhanced our health and safety SOPs to prevent our workers from being exposed to heat stress while working outdoors in heatwaves, which have become more frequent with climate change. Our leadership-driven safety culture aims to provide a secure work environment for everyone.

Quality, Environmental, Safety, and Health (QESH) Policy

We strive to deliver world-class products and services by focusing on exceptional quality for our clients. We work with independent consultants to verify the health and safety aspects of our designs, as well as adhere to various established systems:

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

We have implemented a Quality, Environmental, Safety, and Health (QESH) Policy that outlines our commitment and QESH strategies to minimise the environmental impact of our activities and protect the safety and health of our employees, contractors, and the general public. We also acknowledge that occupational health and safety is a legal requirement, and any non-compliance will expose the Company to legal, financial, and reputational damage.

Under our wholly-owned construction subsidiary, MRCB Builders Sdn Bhd, 100% of the operations achieved ISO 9001:2015, ISO 14001:2015, and ISO 45001:2018 in 2023

QESH Strategies

We review and strengthen our QESH Policy from time to time, which demonstrates our commitment to minimising the environmental impact of our activities and protecting the safety and health of our employees, contractors, and the public. Our QESH objective sets performance benchmarks that are aligned with industry standards:

- Occupational Safety and Health Act (Amendment) 2022
- Factories and Machinery Act (Repeal) 2022
- Construction Industry Development Board Act 1994
- MRCB's Construction Safety Requirements for Contractors

QESH Objective Target and Performance in 2023

QESH Objective Target	Annual Target	2023 Performance
ESH Rating/SHASSIC CIDB Rating	More than 80%	93%
Non-Conformance Reports (NCR)*	85% closed in less than 7 days	100%
Incident Rate	Less than 2.5	0
Stop Work Order (by clients or relevant authorities)	0	0
Fatality	0	0

* i.e. ESH Inspection and ESH Intern

Safety and Health Assessment System in Construction (SHASSIC)

MRCB has adopted SHASSIC, an independent assessment developed by Malaysia’s Construction Industry Development Board (CIDB), to assess safety and health practices at construction sites. The system consists of document checks (20%), physical site inspections (60%), and employee interviews (20%). SHASSIC scores from 90% to 100% signify an excellent Occupational Safety and Health (OSH) management system planned and implemented with a proactive commitment from top management to always manage Occupational Safety and Health (OSH). Scores of 80% to 89.9% mean exceptionally good OSH management systems planned and implemented with evidence of good commitment from top management to manage OSH at all times. In 2023, MRCB’s PRIMA was assessed and achieved SHASSIC certification with a score of 93%, equivalent to a 5-star rating.

	2022	2022	2023
ESH Rating/SHASSIC			
CIDB Rating	72%	87%	93%
<i>Project Sites</i>	<i>Sentral Suites</i>	<i>Alstonia</i>	<i>PRIMA</i>

Environment, Safety, and Health Governance

The Executive Vice President (EVP) of Security, Group Chief Operating Officer (GCOO), and Group Managing Director (GMD) oversee health and safety. The Board monitors these matters, receiving an Environmental, Safety, and Health Report as a standard agenda item at all quarterly Board Meetings.

Environment, Safety, and Health (ESH) Committee

We have also established an ESH Committee at MRCB’s headquarters. This committee includes an advisor, a chairperson, a secretary, and management representatives from each department.

We also have ESH Committees at our operational sites, as required by the Occupational Safety and Health (Safety and Health Committee) Regulations 1996 and have developed committees at five development locations – Lot 349, TRIA 9 Seputeh, KWASA C8 Plot 2, PRIMA Brickfields, and SUKE CA2. Monthly meetings were held by the ESH Committees, chaired by the Heads of Projects, including representatives from sub-contractors.

To achieve improvements in our overall occupational health and safety performance, the Board reviews detailed data across the following areas:

- Accidents/incidents that have occurred
- Notice of Improvement/Prohibition (NOI/NOP)
- Number of Stop Work Orders (SWO) issued, ESH Audits, ESH inspections & inductions, and ESH Training (in-house and external)

The ESH committee meets at least once every quarter. The objectives of the ESH Committee are:

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

MANAGING SAFETY AT THE WORKPLACE

Hazard Identification, Risk and Opportunity Assessment, and Determining Control (HIRADC)

MRCB has an established HIRADC SOP for its headquarters, buildings, and infrastructure projects. HIRADC applies to all activities and personnel, including sub-contractors and visitors. HIRADC analysis is reviewed at least once annually at the headquarters and half-yearly at project construction sites. HIRADC is conducted whenever there are changes to the condition of activities, introduction of new materials or any new activities, and modification works.

Emergency Response Plans

Our Emergency Response Plans are designed to bring together all the means and procedures for a rapid response in case of emergency situations, such as falling from a height, fires, explosions, landslides, chemical spills, and floods. These measures also include actions to be observed by every employee to act safely, for example, the issuance of a Stop Work Order (SWO) immediately for serious emergencies involving fatalities, structural collapses, or transmission line accidents. This is to prevent any further escalation, prevent additional injuries, and ensure the safety of everyone in dangerous situations.

In an emergency, many people and authorities are mobilised, including the Royal Malaysian Police (RMP), Fire & Rescue Department (BOMBA), and ambulance service. Effective communication is essential, as is following the chain of communication when an event activates the Emergency Response Plan. The Emergency Communication Flowchart starts from the person who discovered the emergency event and extends to all internal and external stakeholders required for assistance and onward action.

Occupational and Non-Occupational Health Services

MRCB prioritises the health and well-being of its employees. We offer occupational and non-occupational health/medical services to address significant non-work-related health concerns, including facilitating services to promote mental health and well-being. We promote involvement by communicating services and initiatives to employees via email and our Human Resources portal.

These activities are detailed in the Employee Engagement and Well-being section of this report on pages 140 to 149.

Environmental, Safety & Health (ESH) Training

In 2023, a total of 873 employees, site workers, and contractors participated in 36 training sessions and courses across ten different modules which had an emphasis on safety.

	2021	2022	2023
Number of employees, site workers, and contractors trained on health and safety standards and other ESH-related matters	794	507	873

Training Modules:

- Permit to Work
- Working at Height
- ESH training - risk management and HIRADC
- Site Machinery Inspection Training (excavator, dump truck)
- You See You Act Campaign
- Lifting Awareness
- Barge Crawler Crane Inspection Training
- BOBCAT Tele Handler Training
- Mobile Crane Inspection Training
- Chemical Awareness

Auxiliary Police and Security Personnel Training

We provide a safe and secure environment for our employees, tenants, and visitors. Our Auxiliary Police and Security Guards are trained and dedicated to protecting people and property, and intervening in situations involving violence, aggression, or other inappropriate behaviour.

We also conducted Disability Equality Training (DET) and Disability-Related Service Training (DRST) for 160 Auxiliary Police officers and Security Guards in March 2023. This initiative aimed to increase their awareness and responsiveness to the needs of visitors and commuters with disabilities, fostering a safer and more inclusive environment.



Auxiliary Police being trained to assist a person in a wheelchair



Auxiliary Police being trained to assist the visually impaired



Instructor teaching Auxiliary Police the sign language

Health & Safety Culture

HEALTH AND SAFETY ACTIVITIES IN 2023

10
induction programmes conducted by ESH representatives, attended by **247** new employees, including the Heads of Departments



Engineers and main contractor representatives conducted **2,355** pre-task talk briefings before commencement of work



ESH officers, site supervisors, and subcontractors conducted **398** Toolbox Session Briefings



459 employees participated in ESH surveys



181 of our workforce, including **97** foreign labourers, participated in training on specific work-related hazards such as Working at Height and Waste Management

35 of our workforce participated in the You See You Act Campaign



Safety Incidents

In 2023, we recorded one first-aid case and two near miss cases, summarised in the table below. Our total manhours decreased by 52% as more projects were completed in 2023 (TRIA 9 Seputeh, Sentral Suites, and PRIMA). We achieved five out of five QESH objectives in 2023, with PR1MA Brickfields achieving over 1 million man-hours without Lost Time Injury (LTI).

With effective prevention and preparedness, MRCB was not affected by any incidents of injury or non-compliance with regulations concerning the environment in the reporting period. Our safety and health performance has been assured by an independent party, BSI Services Malaysia (disclosed on pages 280 to 284 of this report).

Man Hours	2021	2022	2023
Engineering, Construction & Environment (ECE)	8,450,077	8,258,636	2,976,648
Property Development & Investment (PDI)	269,030	674,162	1,280,925
Total	8,719,107	8,932,798	4,257,573

Type of Incidents	2021	2022	2023
Ill Health	0	0	0
Near Miss	0	2	2
First-aid Cases	1	0	1
Medical Treatment	0	0	0
Minor Injuries	4	0	0
Major Injuries	1	1	0

Type of Incidents	2021	2022	2023
Fatality	2	0	0
Lost Time Injury (LTI)	3	1	0
Environmental Incident	0	0	0
Property Damage	1	1	0
Dangerous Occurrences	1	0	0
Fire	0	0	0
Stop Work Order (SWO) Received from Authorities	1	1	0
Notice of Prohibition (NOP) Received from Authorities	7	0	0

Incident	Project	Remarks
Near Miss	Kuala Pahang	A rock boulder fell from a trailer when the driver swerved to avoid a pothole. We communicated stricter height requirements for trailer fences, addressed safe rock loading procedures with the transporter, and conducted awareness training on safety measures to prevent future incidents. No injury was reported.
Near Miss	Kuala Pahang	A small rock fell off a lorry. Investigation on root cause was conducted and communicated to the transporter to avoid a recurrence. No injury was reported.
First-aid Cases	Kuala Pahang	A diver was stung by a jellyfish during the laying of geotextile activity. After topical first aid treatment, no further treatment was necessary.

Safety Matrix

Safety matrixes allow us to enhance our safety protocols, minimising the risk of accidents and incidents. This tool is used to assess and prioritise risks at the project sites and help us to evaluate the potential impact of risks and the likelihood of the risks occurring. In our efforts to reduce injuries and accidents at our project construction sites, we continue conducting various checks by our internal safety audit and inspection teams.

Corrective actions are taken to prevent the recurrence of any incident, such as providing refresher training courses on safe lifting, properly inspecting lifting gear before work commences, and ensuring full supervision of the lifting plan by the supervisor. We encourage workers or employees to report any incidents that have occurred without fear of repercussions for reporting the incident, to ensure the well-being of everyone at our project sites.

Safety performance at our project sites:

Safety Matrix	2021	2022	2023
Incident Rate* (Incidents per thousand workers)	1.83	1.63	0
Rate of Recordable Work-Related Injuries (Injury Rate) (Injuries per million man-hours worked)	1.18	0.12	0.34
Lost Time Incident Rate (LTIR) (Incident per million man-hours worked)	0.36	0.12	0
Fatality Rate	0.24	0	0

- * Reporting period follows the Management Review Meeting (September of the previous year to August of the subsequent year)
- The safety and health performance data applies to our ECE segment (MRCB Builders) unless otherwise stated
- LTI includes employees and contractors at project sites

Key definitions:

Health and Safety Indicators	Health and Safety Definition
Ill Health	Identifiable, adverse physical, or mental condition arising from and/or made worse by a work activity and/or work related situation
Near Miss	Any accident at place of work which has potential to cause injury to any person or damage to any property
First-aid Cases	Cases in which first aid is delivered at the workplace, and where no further medical treatment is required by medical practitioners
Medical Treatment	Cases where medical treatment by medical practitioners is given but no medical leave and/or admission to the ward is required
Minor Injuries	Injuries causing incapacity for 4 days or less, with no hospitalisation is required
Major Injuries	Injuries causing incapacity for more than 4 days and/or any injury that requires hospitalisation
Fatality	Injury leading to immediate death or death within 1 year of the accident
Environmental Incident	<ul style="list-style-type: none"> Minor: Simple contamination with localised effects for short duration Major: Simple contamination with widespread effects to heavy contamination with localised effect for extended durations Catastrophic: Very heavy contamination with widespread effects for extended durations
Property Damage	<ul style="list-style-type: none"> Minor: Incident with damage to properties with estimated cost below RM150,000 Major: Incident with damage to properties with estimated cost from RM150,000 to RM500,000 Fatal/Catastrophic: Incident with damage to properties with estimated cost of above RM500,000
Dangerous Occurrences	An occurrence arising out of or in connection with work and is of a class specified in Schedule 2 of the Notification of Accident, Dangerous Occurrence, Occupational Poisoning, and Occupational Disease (NADOPOD)

Our Workforce

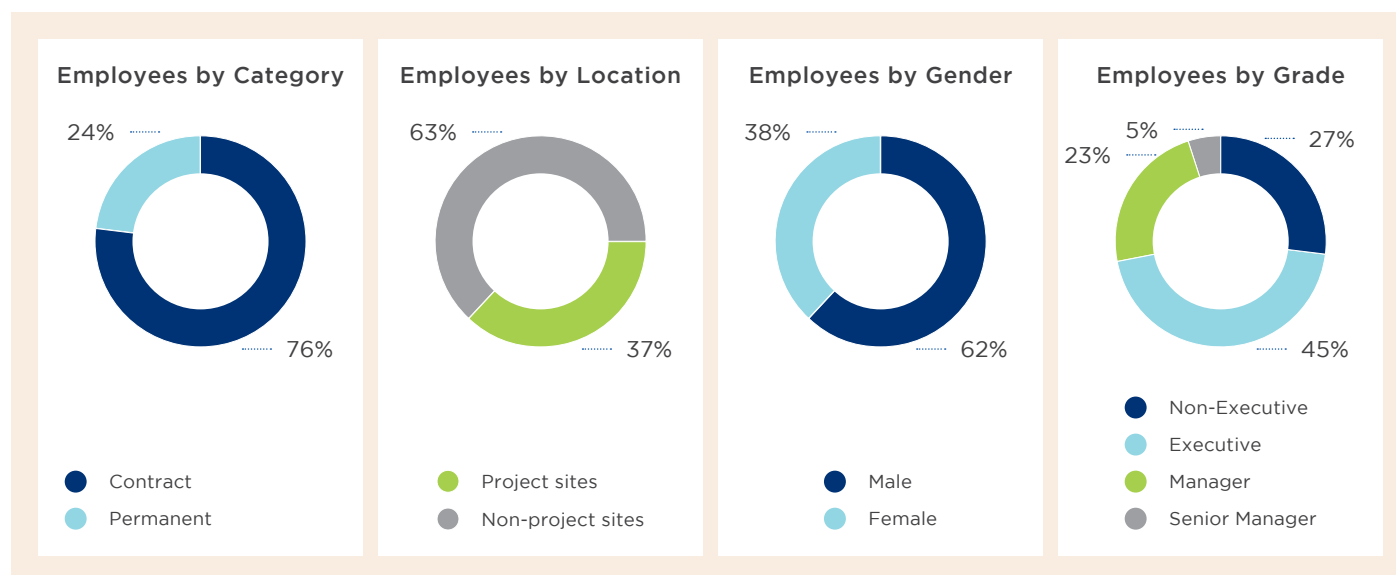
Our workplace management strategy focuses on fostering a stable and skilled workforce, essential for our value creation process and crucial in achieving our strategic goals. On average in 2023, MRCB had 1,669 employees working across the various business operations and locations in Malaysia. The increase in the employee count from 2022 to 2023 reflects the assimilation of employees of the Setia Utama LRT 3 Sdn Bhd (SULRT), after it became a 100% owned MRCB subsidiary company.

	2021	2022	2023
Average number of employees for the year	1,587*	1,401*	1,669

* excluding SULRT employees

Employees by Age Group	2021	%	2022	%	2023	%
<30	461	29%	275	20%	253	15%
30-50	969	61%	965	69%	1178	71%
>50	159	10%	161	11%	238	14%

Employees by Gender	2021	%	2022	%	2023	%
Male	984	62%	786	56%	1,039	62%
Female	603	38%	615	44%	630	38%

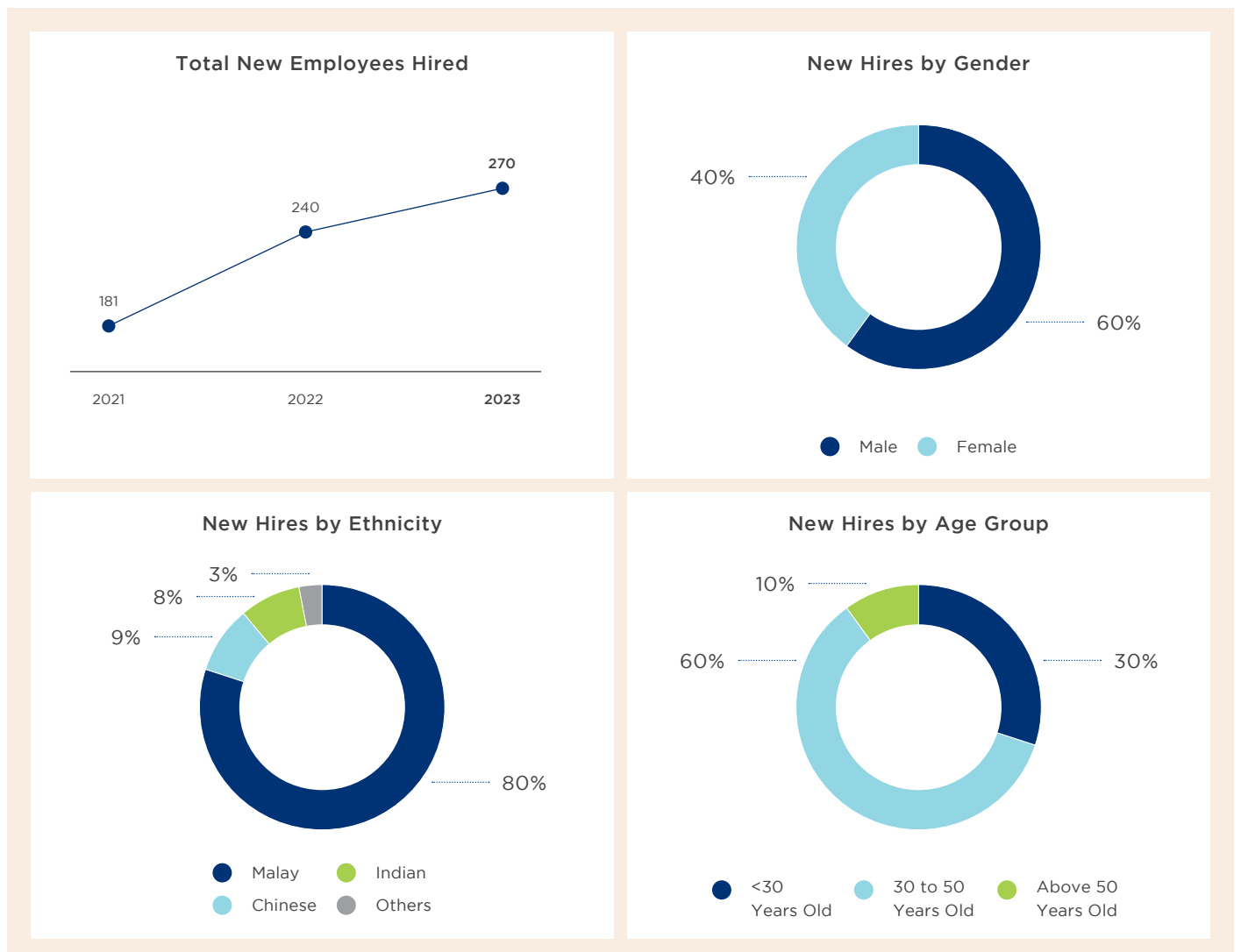


Quality Hires and Employee Turnover

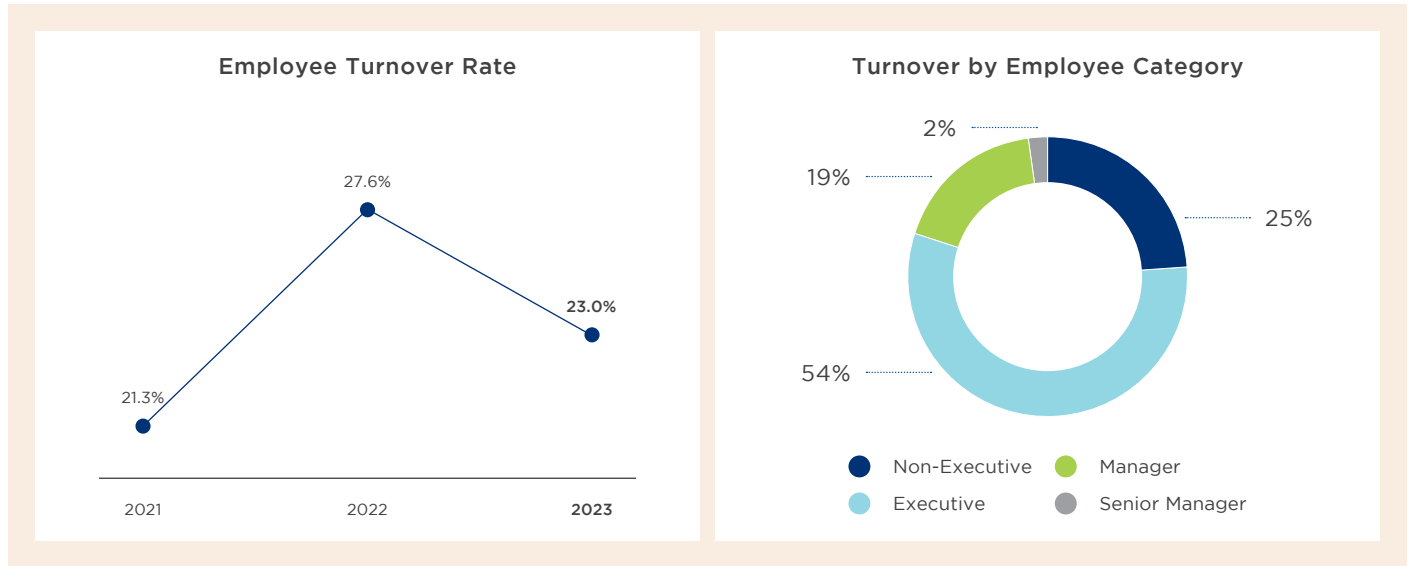
We adopt a strategic and forward-thinking approach to hiring talent, carefully evaluating candidates based on how well they meet our work needs and align with our strategy for growth. This approach allows us to allocate the relevant time and resources needed to efficiently attract competent candidates without causing downtime for the company. The recruitment plan clearly defines the objectives and requirements for each specific job role to support targeted hiring.

MRCB hired 270 new employees in 2023, up 12% from 2022. The hiring pattern is typical of our project-based business structure, with staff often hired for the duration of a project and leaving once their role or function in the project is completed. The Property Development & Investment and Engineering, Construction & Environment business divisions accounted for 76% of these new hires.

We ensure equal opportunities for growth and advancement for male and female employees. Our approach, based on merit, allows us to acknowledge and reward individuals based on their contributions, skills, and abilities rather than gender.



In 2023, MRCB's staff turnover rate improved from 27.6% in 2022 to 23% in 2023.



Graduate Employability Programme (GEP)

We focus on hiring and nurturing local talent to support Malaysia's employment sector, including fresh graduates. We continuously enhance our Graduate Employability Programme (GEP) to support graduates from local and international universities and focus on developing their practical and managerial skills. The GEP aims to support them with the relevant knowledge and skills particular to the property development and construction industry so that they will be future assets in this sector.

In 2023, we accepted 45 fresh graduates from various local and foreign universities into the GEP to provide them with training and exposure and help improve their employability. The graduates are given paid training and work experience for a period of 8 months to 1 year. Additionally, they are also put through a 10-day soft-skills training programme which includes modules on grooming and etiquette, communication and networking skills, values, organisational adaptability, critical and creative thinking, sustainability, and entrepreneurship.

Our GEP initiative is also in line with the Ministry of Entrepreneur Development and Cooperatives' Professional Training and Education for Growing Entrepreneurs (Protege) Development Programme. This initiative aims to improve the employability of fresh graduates and allows us to cherry-pick the best graduates in the programme for our own talent development needs.

Employee Benefits and Welfare

MRCB strives to adopt best industry practices regarding employee benefits and wellness. This includes offering annual leave, medical insurance coverage, and various allowances based on the employee's role. We continuously review and update our benefit packages to keep them competitive and suitable for our employees.

Key benefits provided to MRCB's full-time employees

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



Pro-family benefits

MRCB offers pro-family benefits, ensuring a supportive work environment that balances professional responsibilities with family commitments. We comply with the recent updates in Malaysia's Employment Act (Amendment) 2022, which now mandates paternity leave in addition to maternity leave. In 2023, 100% of our female employees and 95% of male employees returned to work and remained employed 12 months after their parental leave concluded.

Parental Leave

Parental Leave	2021	2022	2023
Total number of employees entitled to parental leave, by gender			
Male	96	574	811
Female	39	330	401
Total number of employees that took parental leave, by gender			
Male	74	31	42
Female	37	24	27



Family Care Leave

We offer Family Care Leave, allowing staff who are primary caregivers for a terminally ill family member to take paid or unpaid leave. In 2023, no employees took family care leave. However, five employees did request arrangements to work from home (WFH) to care for terminally ill immediate family members.

Employee Well-Being

Lower Pricing for Long-term Medication

For employees who regularly purchase long-term medication for particular ailments, we leverage our resources to secure the best possible pricing for them, so that they are able to manage their healthcare costs more effectively.

Mid-Month Payout and Earned Wage Access

As part of our ongoing efforts to improve the well-being of employees, we introduced two pay-roll-related services in September 2023 to help manage monthly expenses, emergencies, or any unplanned expenditures between paydays for employees earning below RM5,000 per month. The first is the Mid-Month Payout (MMP) service which automatically advances 15% to 20% of an employee's salary in the middle of the month. This benefits about 800 employees.

The second payroll-related service is the Earned Wage Access (EWA) service, which is open to all employees regardless of basic salary. This service allows employees to access and withdraw a portion of their earned salaries between scheduled paydays by using the Mulaaa application on their personal devices. Employees can withdraw up to a maximum of RM2,000 or 50% of their basic salary, whichever is lower, with each transaction incurring a very small fee payable to the application service provider. To date, approximately 6% of our employees are using this service to help manage monthly commitments and other unforeseen expenses.

Employee Engagement Programme

Effective communication is key to shaping the right workplace culture and enhancing employee satisfaction. We value an engaged workforce and use various communication tools, including staff newsletters, emails, digital and print signages, video displays in office areas, an HR portal, WhatsApp, and Microsoft Teams, to keep our team connected and informed.

We also organise regular talks, health and sports events, as well as social gatherings to keep our employees engaged and connected. These activities strengthen team bonds and promote a healthy balance between work and leisure.



In November, our former Non-Executive Chairman, Datuk Seri Amir Hamzah Azizan, presented certificates to honour the dedication of 106 staff who participated in the National Day Parade 2023 in Putrajaya. During the appreciation ceremony, he praised the commitment, enthusiasm, and teamwork displayed by the 106 staff, emphasising the importance of unity and the company's spirit in presenting its strength to the nation during the parade.

Leadership Talk - **STRENGTHENING RELATIONSHIPS WITH LEADERS**

We organised Skip-Level Employee Engagement sessions with Senior Management aimed at providing a platform for our employees to connect with them, promoting open communication and encouraging feedback.

Six separate sessions were conducted with our C-Suites (Chief Corporate Officer, Group Chief Operating Officer, and Group Chief Finance Officer) involving 162 selected employees from the middle management and executive categories. It was an opportunity to get insights on the company's strategy, understand the outlook and future plans, as well as a chance to get career and self-development advice from our top leadership.

1. Chat with Group Chief Financial Officer, Ann Wan Tee
2. Chat with Group Chief Operating Officer, Kwan Joon Hoe
3. Chat with Chief Corporate Officer, Amarjit Singh Chhina



Building Well-being and Community:

MRCB'S EMPLOYEE ASSOCIATIONS

The Kelab Kebajikan dan Rekreasi MRCB (KKRM) is an independent employee association dedicated to enriching the lives of MRCB's staff by promoting a healthy lifestyle and fostering team building.

It organises events and initiatives that encourage employees to prioritise a healthier lifestyle and build strong teamwork through activities such as sporting events and tournaments, and treasure hunt competitions. KKRM helps employees reduce stress, develop healthy lifestyles, and maintain a positive outlook, ultimately benefiting both the individual and the Company.



MRCB employees exploring a forest skywalk adventure



Group shot of MRCB team during a guided nature trekking activity



Aid contribution to low-income residents of Kuala Pahang



MRCB employees taking part in a Zumba exercise class

Pertubuhan Khairat's purpose is to unite members in mutual support, promoting virtues, unity, and ethical behaviour. The organisation focuses on assisting members with welfare and organising social activities based on Islamic values. Pertubuhan Khairat provides financial assistance in the event of a member's or their dependents' death, supporting the deceased's family with funeral expenses during their bereavement. These activities aim to unite members through shared religious experiences and provide support. In 2023, Pertubuhan Khairat sponsored Badal Haji for seven members' deceased dependents, totalling RM21,000.

Employee Engagement Survey

In May 2023, we launched a new Group-wide employee survey, focusing on engagement metrics such as inter-colleague connections, supervisor-employee communication, and workplace purpose.

The Online Employee Survey Covered Ten Key Areas

- Trust and Confidence in our Leadership, Authority, Empowerment, and Employee Enablement
- Relationship with Immediate Superior
- Collaboration with Colleagues
- Opportunities for Learning and Development
- Performance Management, Talent Pool, and Employee Retention
- Pay and Benefits
- Respect and Recognition
- Employer Branding
- Sustainability



We conducted pre-survey focus groups with 30 non-desk employees, including our Auxiliary Police, security guards, parking attendants, and office support staff, to test and refine the Bahasa Malaysia survey version for better inclusion. As up to 20% of our workforce in front-line roles do not have access to emails or computers, we provided laptops and in-person support for approximately 300 employees during 10 survey sessions across Kuala Lumpur, Klang, and Penang.

The three-week survey achieved a 93% response rate from our employees. Results showed high engagement scores in Authority, Empowerment and Employee Enablement, Relationship with Immediate Superior, and Collaboration with Colleagues. Recognising the survey as a perception gauge, we have developed plans to improve our communication and engagement in areas where the scores could be improved.

Training and Development

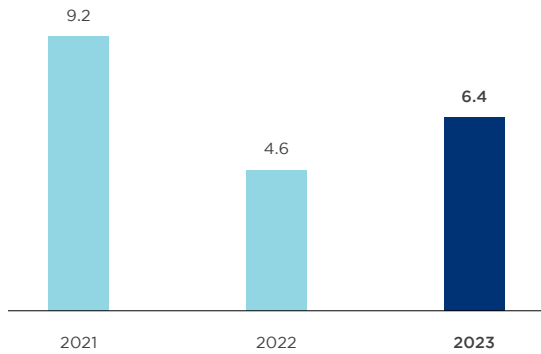
In 2023, we conducted training totalling 8,884 hours.

Our training hours decreased from 15,338 in 2022 to 8,884 in 2023, a reduction of 42%. This decrease was primarily attributed to the successful completion of the MRCB People Transformation Accelerator Programme (PTAP) in 2022.

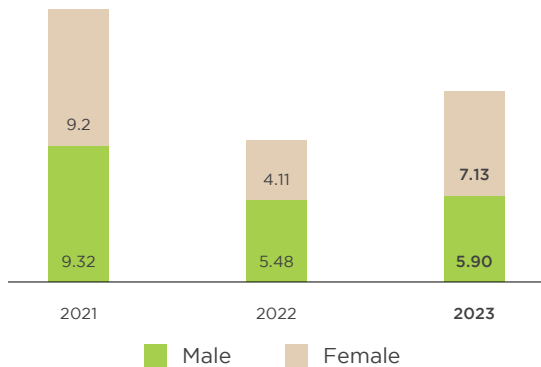
The PTAP was a comprehensive Group-wide training initiative designed to equip employees with critical skills and knowledge. Given its extensive nature, the programme accounted for a significant portion of the training hours logged in 2022.

	2021	2022	2023
Total training hours, including for interns, GEP, and consultants (hours)	11,229	15,338	8,884
Total training hours by employee category (hours)	Non-Executive	2736	628
	Executive	3,517	4,876
	Manager	5,748	2,498
	Senior Manager	1,565	882
Total training development cost (RM)	1,353,652	905,651	568,516
Average training and development expenditure per full time employee (RM/employee)	1,106	272.21	411.67

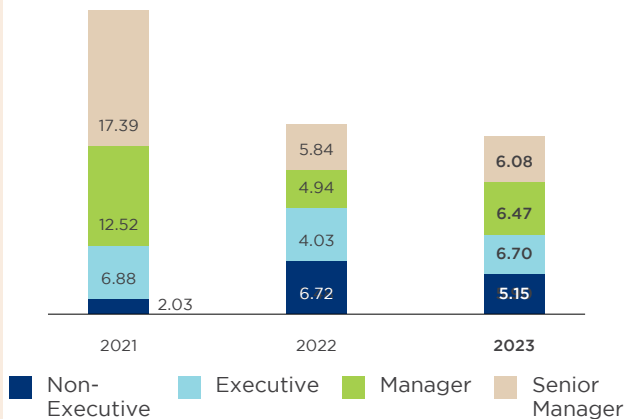
Average training hours per employee



3-year average training hours by gender



3-year average training hours by grade



Sustainability Programmes

As part of MRCB’s strategic focus in embedding sustainability as a core aspect of business and operations, we offer programmes to equip our employees with relevant sustainability-related knowledge and skills.

Introduction to Sustainability

Course covers various facets of sustainability, including Diversity, Equity, and Inclusion (DEI), and human rights.

UNGC Academy Learning Portal

Offers employees access to 50 sustainability-focused courses. Topics include climate change and environment, Sustainable Development Goals, gender equality, human rights, and decent work.

Succession Planning Programme

Learning and Development Centre (LDC)

We focus on growing our talent bench to strengthen our leadership and talent pipeline. Our LDC offers e-learning with in-house developed modules designed by experienced employees and subject matter experts, that can be accessed anytime for their self-paced learning, giving employees the flexibility to manage their time and learning obligations.

Identifying the right talent for succession planning is important to prepare skilled and compatible leaders of the future. In 2023, we initiated a new selection process to identify potential candidates suitable for succession planning for 27 key leadership positions in MRCB. The candidates were assessed using psychometric testing tools developed by Saville Assessment to evaluate their personality, working styles and preferences, and behavioural tendencies. These tools are widely considered one of the strongest indicators of a candidate’s future performance and culture fit.

To understand the specific needs of these positions, we conducted job profiling of the 27 positions, which included discussions with Heads of Departments (HODs) about the requirements of successors. After a filtering process based on employees with the best Saville Assessment ratings, we engaged in a nomination process with the HODs to select talents that fit the requirements we were looking for in future leaders of the identified job roles.

Succession Planning Programme (cont.)

In 2024, the identified talents shortlisted will be enrolled in a talent development programme designed to prepare them for these future leadership roles. The six to 10 months development programme will focus on enhancing their leadership skills and effectiveness, navigating through changes, strategic communications and management, and how to demonstrate and spearhead collaboration across the organisation. The programme will also include intervention modules with a mixture of business games, classroom learning, project presentations, and coaching.

Regular Performance and Career Development Reviews

MRCB conducts an annual performance review of all employees against their Key Performance Indicators (KPIs) set at the beginning of the year. In 2023, 100% of our employees had their performance reviewed.

We align the performance evaluations of our Senior Management with financial goals, and MRCB's ESG material matters to ensure that our organisational goals are fully integrated with our sustainability aspirations. These priorities are cascaded down to all employees and are tracked to ensure a cohesive and accountable performance.



Producing Quality Products to Ensure Customer Satisfaction

Quality is important to MRCB as it not only reflects our commitment to excellence, but also ensures the longevity, safety, and customer satisfaction of all our construction and development projects. We adhere to CIDB's construction industry standard Quality Assessment System in Construction (QLASSIC). The QLASSIC is a standardised system designed to measure and evaluate the workmanship quality of building construction projects. This system follows the Construction Industry Standard (CIS 7:2006), setting benchmarks for various construction elements. The evaluation process involves site inspections to ensure construction practices meet these established standards. QLASSIC's approach encourages contractors to adopt a philosophy of 'Do Things Right the First Time and Every Time'.

MRCB targets achieving a QLASSIC score between 70-75%, with a score of 70% being recognised as good. This goal reflects MRCB's commitment to maintaining high standards in construction quality, which aligns with the QLASSIC criteria to ensure that its projects not only meet but exceed the minimum quality expectations.

QLASSIC Scores for MRCB's projects:

Project Sites	2023
Residential - Sentral Suites	71%
Residential - TRIA Residences @ 9 Seputeh	81%

Apart from the QLASSIC assessment, MRCB has implemented the Pre-Delivery Inspection (PDI) process, where our internal staff conduct thorough inspections of properties before they are handed over to purchasers, clients, and customers. This process mandates that our team ensures adherence to the best industry practices, including allocating at least two months to conduct any required rectification work prior to handover. We proactively learn from past project defects to ensure these errors are not repeated in future designs.

Customer Relationships

Building strong, enduring customer relationships is integral to our business strategy. We see every interaction as an opportunity to connect, understand their needs, and work together to develop solutions that meet their requirements.

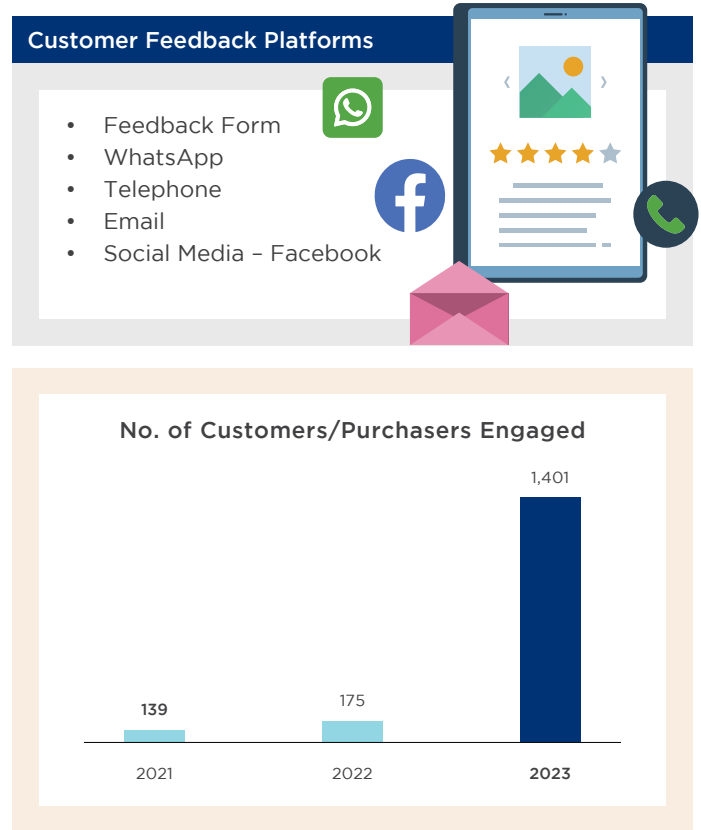
We prioritise direct engagement with our customers and adhere to policies and guidelines that ensure a response to any customer feedback or complaint within three working days. Our customers are able to reach out to us through multiple feedback platforms, including WhatsApp, telephone, email, and social media channels. In 2023, we received zero substantiated complaints concerning breaches of customer privacy and losses of customer data, which has been assured by BSI Services Malaysia Sdn Bhd, our independent third party sustainability data assurer.

Customer Experience

We also leverage strategic collection and analysis of data to measure customer satisfaction so that we can improve and drive positive changes. We engage with our customers regularly, tracking progress and making necessary adjustments to our strategies. This includes developing actionable plans tailored to the insights gathered from our customers.

We conduct targeted surveys to further our understanding of customer expectations and satisfaction. These surveys are designed to gather valuable feedback on various areas, including the facilities and offerings at the malls we manage, as well as the performance of our appointed solicitors, agents, and in-house sales staff. This feedback is crucial in allowing us to meet and exceed customer expectations.

In 2023, our team expanded their reach and engaged with 1,401 customers, including 432 purchasers of the Sentral Suites, VIVO, TRIA, Kalista, and Alstonia residential projects. The number of customers engaged increased by seven fold, reflecting our Customer Service Excellence strategies to better understand, meet expectations, and address concerns from customers.



Customer Satisfaction Survey Scores

Customer Satisfaction Survey	2021	2022	2023
Overall Purchasers	Achieved 95% for 1060 Carnegie in Melbourne, Australia	Achieved 85% for 1060 Carnegie in Melbourne, Australia	Achieved 80% for the Sentral Suites, VIVO, TRIA, Kalista, and Alstonia projects
Call Centre	100% Satisfied	100% Satisfied	100% Satisfied

Increasing Brand Awareness

Brand awareness is crucial in improving marketability, influencing consumer behaviour, and business success. Good branding creates a distinct identity, builds trust, provides a competitive advantage, increases customer loyalty, and influences customer purchase decisions. Brands with high awareness are perceived as more valuable and trustworthy, leading to higher pricing power and increased profitability.

At MRCB, we do our best to showcase best practices and increase brand awareness and quality. The awards we won for our property development projects in 2023 demonstrate our efforts in this direction and can be viewed on pages 12 and 13.

DEI

Diversity, Equity, and Inclusion

We value the benefits of a diverse workforce, where employees bring various perspectives shaped by their distinct backgrounds and experiences. We focus on equitable employment practices, ensuring employee engagement, fair compensation, and abundant opportunities for skills development and competency enhancement.

Our Diverse Workforce

MRCB upholds Diversity, Equity, and Inclusion in the workplace, as stated in our Employee Handbook. Our workforce is diverse, including employees from various ethnic groups such as Malays, Chinese, Indians, and others. Currently, there are no employees at MRCB who are classified as disabled.


	2021*	2022*	2023
Employees by Gender			
Male	62%	56%	62%
Female	38%	44%	38%
Employees by Ethnicity			
Malay	79%	78%	78%
Chinese	11%	11%	12%
Indian	7%	7%	7%
Others	3%	3%	3%
Employees by Age Group			
<30	29%	20%	15%
30-50	61%	69%	71%
>50	10%	11%	14%

* Average data for the year; excludes SULRT employees

Way Forward to Attract and Retain More Diverse Talent

In the engineering and construction industry, the gender disparity is skewed towards a higher ratio of male employees, primarily attributable to the nature of the work involved. A considerable part of the industry's activities centres around demanding physical work at our construction sites, which gets labelled as a 'dirty, dangerous, and difficult' (3D) sector. These roles have traditionally been male-dominated.

MRCB's investment in modular construction technology through its MRCB Building System (MBS) helps to transform the image of the industry, as construction is undertaken under cover in a controlled manufacturing environment, creating a much safer and more conducive working environment. This encourages individuals who might not have otherwise considered a career in construction, including women.

 More information of our MBS technology can be found on page 195 of this Integrated Annual Report

Gender Parity Workshops

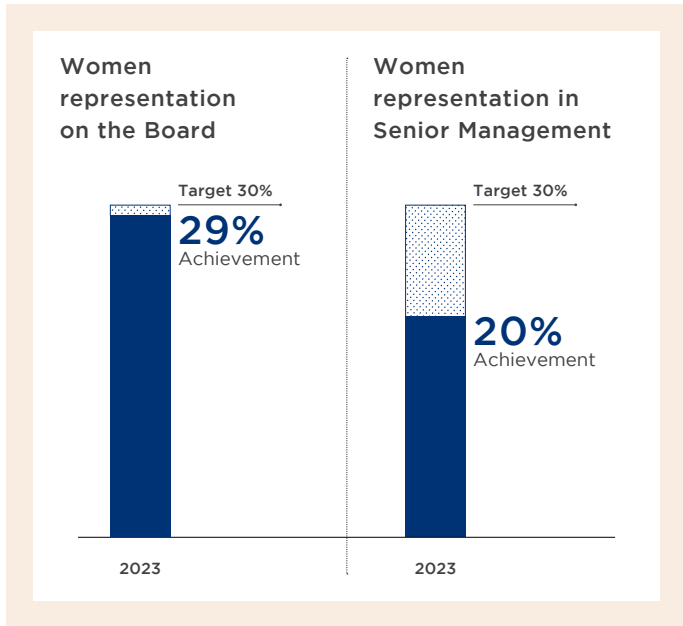
MRCB co-leads the CAN DEI workstream that collaborates to formulate guidelines for diversity, equity, and inclusion among its member organisations. This initiative supports UN SDG 5, which aims for gender equality, empowering women and girls, and ending discrimination against women and girls by 2030.

In 2023, we organised a Gender Parity Programme comprising three separate but related workshops for all General Managers to improve awareness and encourage self-generated initiatives to improve female representation within their spheres of influence.

1 st Workshop	2 nd Workshop	3 rd Workshop
<p>Unconscious Bias</p> <p>Participants 70% of General Managers</p> <p>Objective To help participants understand and be aware of unintentional biases, predisposed perspectives, and subsequently premature or unfair decision-making</p>	<p>Gender Equality and Equity</p> <p>Participants 70% of General Managers</p> <p>Objective To explain how efforts to improve equality would not be adequate without understanding and improving equity</p>	<p>Male Allyship</p> <p>Participants 60% of Male General Managers</p> <p>Objective Specifically designed to encourage male General Managers to mitigate, if not counter, micro-aggression and other now non-acceptable behaviours among traditional male leadership</p>



Women in Leadership



We are committed to increasing female representation on the Board and in Senior Management, in line with our support of SDG 5: Gender Equality and SDG 8: Decent Work and Economic Growth. We have implemented a Succession Planning Programme that identifies and nurtures female talent for leadership positions.

Supporting Women’s Well-being in the Workplace

Women comprise 38% of our workforce, and we recognise that most of the household burden often falls on the shoulders of women. By encouraging working mothers to continue participating in the workforce, MRCB believes that this is aligned with improving the well-being of children. As stated in the Convention on the Rights of the Child, children have the right to ‘life survival and development’. We, at MRCB, equip working mothers with the tools required to raise their children. Our initiatives and benefits for working mothers ensure that as a responsible employer, we support working parents.

Benefits to Support Women at Work

<p>Three months of paid maternity leave</p> <ul style="list-style-type: none"> Female employees are entitled to up to 98 days of paid maternity leave 	<p>Designated Mother’s Room</p> <ul style="list-style-type: none"> Rooms are provided at the Headquarters for nursing mothers returning to work 	<p>Financial support for labour delivery</p> <ul style="list-style-type: none"> Employees who have just given birth may claim up to RM6,250 to assist with their delivery bills Newborns receive cash gifts 	<p>Staggered and shortened work hours</p> <ul style="list-style-type: none"> Employees are entitled to opt for flexible work hours to fit their needs better Expecting mothers are entitled to opt for shortened work hours that allow them to attend to their health and well-being 	<p>Safe and Respectful Workplace Conduct</p> <ul style="list-style-type: none"> Sexual Harassment Policy in place Formal complaint process that promptly investigates in a strictly confidential and fair manner Necessary and appropriate actions taken to remedy any form of harassment
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Taking Care of our Employees' Mental Health

We recognise the daily challenges our employees face, which may include marital or financial problems, difficulties at home, work stress, career setbacks, and other personal issues. To support our employees' overall well-being, we offer confidential counselling services conducted by professional counsellors, aligned with SDG 3: Good Health and Well-Being.

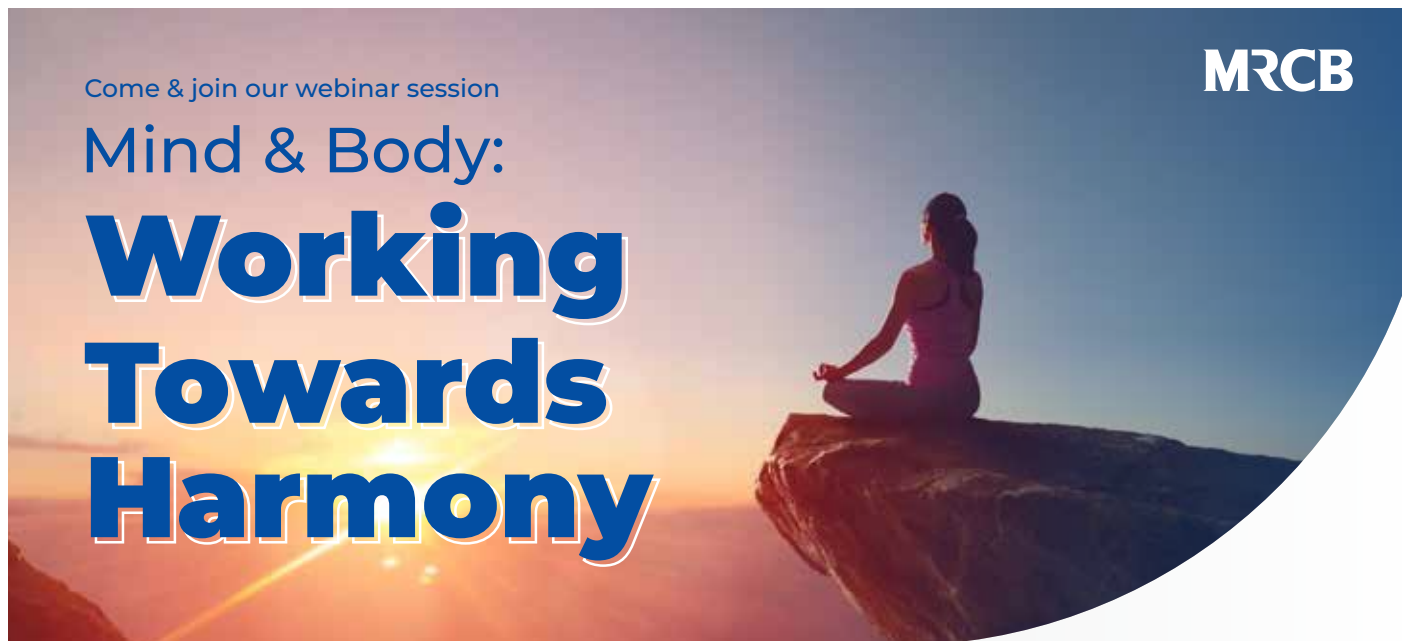


32 HOURS

**of counselling were given to
29 employees from December 2023 to February 2024**

Building on the success of this programme since 2019, and based on positive and anonymous feedback, MRCB will continue to engage with registered counsellors to provide counselling services to employees throughout 2024.

In November 2023, we also conducted a webinar for our staff called 'Mind & Body: Working Towards Harmony'. More than 100 employees learned tips and strategies for healing mind and body and achieving harmony from a clinical psychologist.



An example of an internal poster on a mental health and wellbeing event communicated to employees

Building a More Inclusive and Equitable MRCB

“We tend to overestimate ourselves, thinking that we leaders do not have a shred of bias in our bones,” said an MRCB general manager. “But we all do. We must identify, recognise, and manage these biases so we can all be even better leaders.”



MRCB is committed to Diversity, Equity, and Inclusion (DEI) and has taken steps to advance it within the Group and the broader Malaysian business community.

In March 2023, MRCB conducted Disability Equality Training and Disability Related Service Training for 160 Auxiliary Police officers and Security Guards at Kuala Lumpur Sentral Station (SSKL). This training helped the officers and security guards to be more aware, alert, and attentive to visitors and commuters with disabilities, making SSKL a more inclusive space for everyone.

MRCB also joined the 30% Club Malaysia in July 2023, which is a global business-led campaign advocating gender parity in boardrooms and senior leadership, whereby MRCB is committed to gender equality and is working with other leading companies to drive this change in Malaysia.

In August 2023, MRCB was appointed to be Co-Lead for the CEO Action Network’s (CAN) DEI workstream to jointly lead members to discuss and formulate DEI guidelines that recognise various readiness levels and abilities to implement DEI programmes and targets among its member organisations.

IN AUGUST 2023,
MRCB APPOINTED

**CO-LEAD FOR
THE CEO ACTION
NETWORK (CAN)
DIVERSITY, EQUITY
AND INCLUSION
WORKSTREAM**

IN OCTOBER AND
NOVEMBER 2023, MRCB
CONDUCTED

**GENDER PARITY
WORKSHOPS
FOR GENERAL
MANAGERS**

TO IMPROVE GENDER
EQUITY IN THEIR
RESPECTIVE AREAS



1. Security Guards at Kuala Lumpur Sentral Station learning to help wheel chair users to navigate a single step up
2. MRCB staff with members of CAN - sharing best practices for building a more inclusive workplace
3. Senior male General Managers attending the Male Allyship Workshop
4. Building a culture of inclusion at a Gender Equality and Equity Workshop

Throughout October and November 2023, MRCB conducted Gender Parity Workshops for General Managers, helping its managers understand how unconscious bias affects their perspectives and actions, appreciate gender equality and equity, and learn about male allyship. These workshops help provide them with the necessary tools to come up with ways and means to improve gender equity in their respective areas of influence, leveraging on the opportunity for MRCB to 'Set the Standard' in the Malaysian property and construction industry.

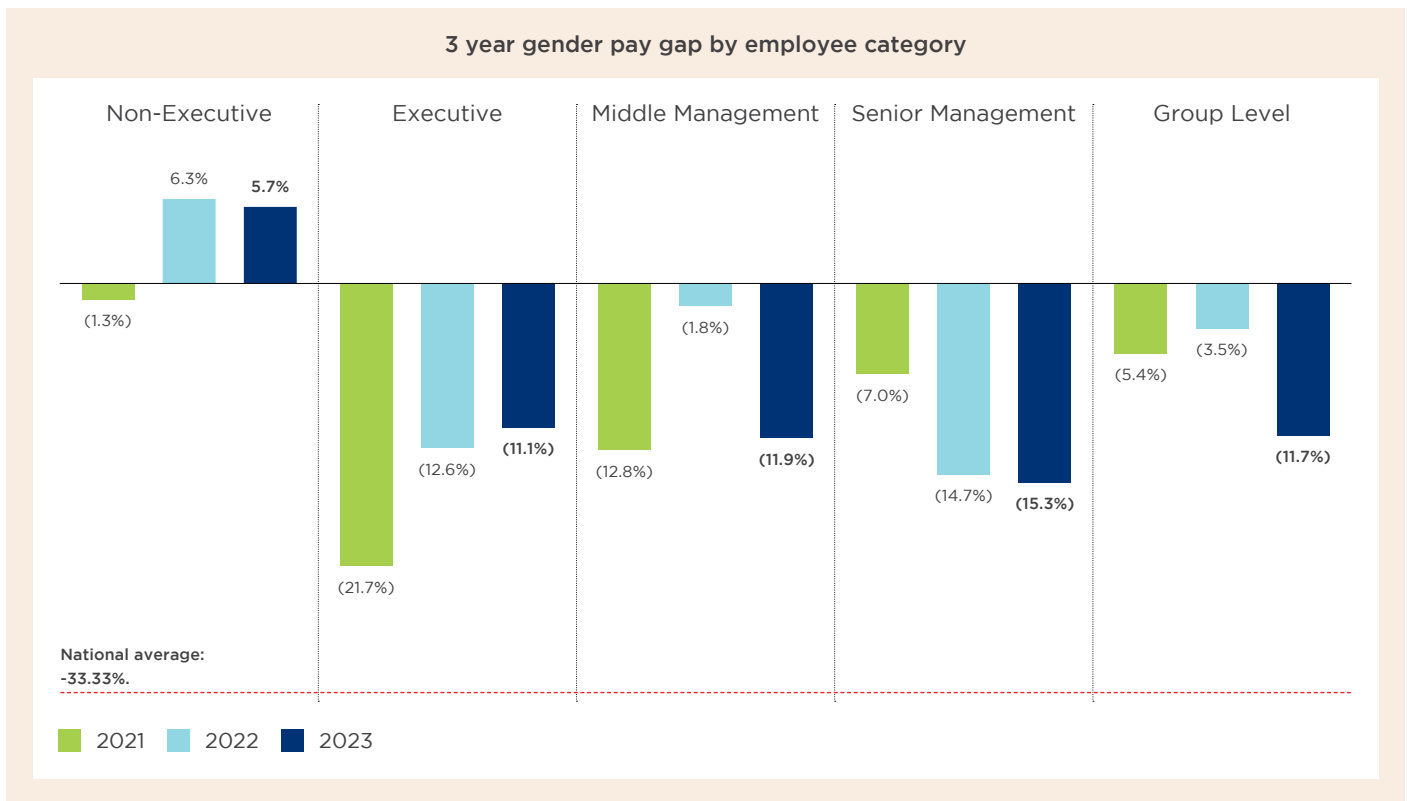
From empowering our employees through comprehensive training programmes and Gender Parity Workshops, to advocating for broader industry-wide change through initiatives like the 30% Club Malaysia and the CAN DEI workstream, MRCB's ongoing efforts to build a more inclusive and equitable future not only strengthens our business, but also creates positive changes throughout the Malaysian community.

Taking Action: Driving Gender Pay Equality

As part of our commitment to SDG 8: Decent Work and Economic Growth, we track the gender pay gap as a key metric to gauge our efforts in achieving pay equity, going beyond just adhering to local regulations. Our approach currently involves measuring the unadjusted pay gap, which looks at the average pay differences between female and male employees without taking into account factors such as job type, education, or experience that can affect the gap.

The salary and benefits paid to women compared to men in MRCB is 0.88:1, significantly better than the national average of 0.67:1 reported by the Department of Statistics Malaysia (DOSM). Furthermore, the national gender pay gap is -33.33%. This means that despite the increase in our gender pay gap, MRCB still provides a more equitable pay structure compared to the national average.

The nature of our business in the construction sector typically attracts male employees due to the physical demands and the technical skill sets often associated with construction work. This industry has historically seen a higher concentration of male employees, especially in skilled and technical roles, where specific expertise and physical requirements are perceived as a prerequisite. Consequently, the wide gender pay gap reflects these sector-specific trends and the challenges in attracting a more gender-diverse workforce to roles traditionally dominated by men.



LP

Labour Practices

Compliance with Laws, Rules, and Regulations

We are committed to respecting labour rights and following ethical employment practices, ensuring fair treatment and proper compensation for our employees. We ensure that our labour practices continue to protect our employees' health, safety, and well-being as enshrined in our Code of Conduct and Human Rights Policy.

These documents and others related to human resources and ethics, such as our Quality, Environmental, Health, and Safety Policy (QESH Policy), are designed to support our social performance responsibilities to our customers, vendors, and suppliers/contractors.

MRCB strictly abides by the Malaysian Employment Act 1955, which prohibits exploitative labour practices, and the Children and Young Persons (Employment) Act 1966, which forbids the employment of children under the age of 14 or young persons under the age of 16.

This commitment extends to our external stakeholders including customers and suppliers/contractors, especially when entering into new commercial agreements with us.

Fair and Lawful Employment Practices

In support of SDG 8: Decent Work and Economic Growth, MRCB does not tolerate discrimination against race, gender, age, religion, or nationality and any form of harassment or bullying in our work environment. Any individual who would like to report incidents of bullying and harassment can refer to our Whistleblowing Policy and use the whistleblowing e-form available on our website. We comply with fair and lawful employment practices throughout the company and our supply chain. We provide equal opportunities and protect our employees from discrimination, bullying, sexual harassment, intimidation, threats, retention of identity documents, wage garnishment, debt bondage, and abusive working and living conditions. At a minimum, we adhere to national wage and working hour requirements in all of our locations. We also adhere to the International Labour Organisation's standards for child labour and the minimum working age. We respect our employees' freedom of association and right to collective bargaining.

Hiring skilled foreign workers involves conducting interviews and selections in the source country, a task arranged by the subcontractor. Once they arrive, foreign workers undergo a six-month probationary period before becoming skilled workers.

Currently, we have

**31 DIRECTLY
EMPLOYED
FOREIGN WORKERS**

working across our project sites

Foreign Labour Living and Working Conditions

We are committed to the well-being of our labour and ensure that they are provided with adequate accommodation and comfortable living conditions. Where possible, we offer Centralised Labour Quarters (CLQs) equipped with various welfare amenities such as a management office building, guard house, surau, and recreational sports facilities.

All our CLQs meet the local authorities' standards for water supply and fire safety regulations. To maintain these standards, we regularly conduct spot checks and audits on our CLQs to ensure they comply with all regulations. In 2023, assessments were conducted on identified site to evaluate labour and working conditions of workers at these locations.

Sexual Harassment Campaign

MRCB is against all forms of harassment in the workplace, including sexual harassment. Section 81H of the Employment Act Amendment 2022 also requires employers to display a notice raising awareness of sexual harassment in the workplace. We promote our campaign through posters that are prominently displayed at all times.

The campaign aimed to educate our people on how to recognise it and the proper channels for reporting and addressing it.



An example of an internal poster on sexual harassment communicated to employees

A Sexual Harassment Policy and a formal complaint process is in place and all complaints are promptly investigated in a strictly confidential and fair manner. Necessary and appropriate actions are taken to remedy any form of harassment that is reported.

Providing Access to Remedy

Our Code of Business Ethics (COBE) commits to creating an inclusive workplace, valuing each individual's contributions and ensuring a safe space for self-expression. We have a zero-tolerance policy towards discrimination and harassment of any kind, including race, gender, age, religion, disability, or nationality. Employees and the public are encouraged to report any workplace issues, including misconduct, through established channels. Our COBE is publicly available on our corporate website.

No discrimination against any individual or group because of their race, religion, gender, or disability, or any violations of labour rights was reported in 2023.

Investigation and Action

We take a stringent stance on all forms of non-compliance, including breaches of anti-bribery regulations, company policies, human rights, and our Code of Business Ethics (COBE). For external parties, non-compliance may result in actions such as contract termination. Legal action may be pursued if MRCB's interests are harmed due to such non-compliance by individuals or organisations.

A dedicated team investigates all reported grievances and concerns, keeping the whistleblower informed of progress and actions taken. Based on the investigation findings on employees, disciplinary action, if necessary, follows the Limits of Authority and relevant policies/procedures on disciplinary measures, which may include termination of employment contracts.

In cases involving suspected corruption, legal breaches, or other criminal activities, the Company will report the matter to the appropriate authorities and cooperate fully with any investigation.

Addressing the impact on suppliers, MRCB's Human Rights Policy outlines remedial actions for violations. Concerns about suppliers are addressed through supplier performance management. We encourage business partners to utilise their own grievance processes for remediation. Confirmed violations may lead to actions such as contract termination or dismissal.

Transparency plays a crucial role in MRCB's corporate governance. We ensure that the Audit and Risk Management Committee and the Board are promptly notified of disclosures, investigation outcomes, and actions taken.

Grievance Mechanism

MRCB provides a range of grievance mechanisms and reporting channels across operational and company-wide levels. These channels facilitate the identification and prompt investigation of potential and actual human rights impacts, ensuring timely and appropriate actions. These grievance mechanisms are detailed on the Group's intranet and offer a clear and transparent framework for addressing workplace-related grievances. This process is typically managed through an internal complaint system. Reports submitted through our grievance mechanism will be handled confidentially and without reprisal.

Whistleblowing Mechanism

Reporting of any improper conduct can be made through the following channel:

Email: whistleblowing@mrcb.com

e-Form: [whistleblowing e-form](#)

Incidents of bullying and harassment can be reported using the whistleblowing e-form available on our website, in line with our Whistleblowing Policy.

LCE

Local Community Engagement

We are deeply committed to actively supporting the communities in which we operate. We do this through stakeholder engagement strategies, various initiatives, and partnerships with NGOs to create sustainable and inclusive environments, foster education and skills development, and promote health and well-being.

Our outreach to the local community continued in 2023 under Yayasan MRCB, MRCB’s foundation that was established to increase the quality of life for the underprivileged through education and financial assistance. Founded in 2015, Yayasan MRCB has organised numerous impactful programmes covering various aspects, including health care, skills empowerment, community well-being for physically challenged individuals, and uplifting the Orang Asli community.

EDUCATION



Pustaka Digital DBKL	RM4.7 million was invested in a fully digital library for the local community in Bandar Sri Permaisuri, Cheras, Kuala Lumpur, benefitting 9,600 members of all levels of society
Malaysian Student Leaders’ Summit (MSLS) XVII 2023	RM7,500 was contributed to developing future leaders and benefitted around 16,000 students
MRCB-adopted schools and Kuala Lumpur City Hall (DBKL)	RM11,250 was contributed towards 150 books titled ‘The Sultan Nazrin Muizzuddin Shah’s Titah Book Series II’, purchased and distributed to MRCB Foundation’s adopted schools and the one Wilayah Library managed by DBKL, which benefitted 1,200 students and members of the public
Pusat Kreatif Tuanku Bainun (PKK)	RM15,000 was invested in 160 primary and secondary school students from underprivileged backgrounds to join ‘ArtSpire’ a programme to develop culinary, visual arts, drama, speech, and music skills
UiTM Cawangan Perak Property Management Department	RM500 was contributed to support a Property Talk 2023 Roadshow, where 300 members of the community were exposed to the property sector
Maahad Tahfiz Dhiya’ul Islah (MTDI)	RM5,000 was contributed to refurbish a building that benefitted 50 students
Sekolah Jenis Kebangsaan (Tamil) Ladang Midlands, Shah Alam, Selangor	RM20,775 was contributed to 173 qualified students from underprivileged and B40 income group for their ‘back-to-school’ supplies
Apartment Abdullah Hukum, Bangsar, Kuala Lumpur	RM9,750 was allocated to 150 students qualifying for ‘back-to-school’ supplies
Persatuan Tuisyen Anak Malaysia	RM39,990 was spent on B40 children
Hospital Permai, Johor Bharu, Johor	RM5,000 was donated for Deepavali and Christmas celebrations for 650 psychiatric patients
Sekolah Kebangsaan Desa Setapak, Kuala Lumpur	RM2,670 was invested in a mushroom cultivation project that will create opportunities for 89 disabled students to become self-sustaining entrepreneurs

COMMUNITY DEVELOPMENT AND WELL-BEING



Pahang State Government's Pesta Kuantan	RM50,000 was spent to aid 15,000 local SMEs and the local community in participating in the tourism industry programme, Pesta Kuantan
Low-income Residents of Kuala Pahang	RM10,000 was contributed to increase the quality of life for 50 low-income families with household equipment and necessities, including food supplies, through Kelab Kebajikan dan Rekreasi MRCB
Unit Latihan Vokasional St Nicholas' Home Penang's White Cane Day 2023	RM6,630 was contributed to raise awareness and advocate for the rights of people with visual disabilities , attended by 150 people
Akaun Amanah Kemanusiaan Rakyat Palestine by the Prime Minister's Office	RM150,000 was donated for Palestinian refugees
Transit Gelandangan Kuala Lumpur	RM6,042 was donated for 100 homeless individuals under the 'We Care We Share' Programme
Persatuan Pusat Jagaan Kasih Sayang, Kampar, Perak	RM3,000 was donated for six beneficiaries
Pusat Pemulihan Dalam Komuniti Kasih Templer (Autisma)	RM2,872 was spent to aid 40 autistic persons
Persatuan Dakwah & Kebajikan Disa Mahabbah	RM25,000 was channelled towards six months of food baskets for 67 B40 families
KRT Taman Sri Langat, Kajang Selangor	RM1,677 was contributed towards food baskets for 20 B40 families
Pusat Jagaan Beribuan Kasih	RM2,535 was contributed for the supply, delivery, and installation of a shelving rack at the centre, benefitting 42 residents
Padang Townhouse, Taman Kajang Utama, Kajang, Selangor	RM5,000 was donated to improve public facilities, benefitting 503 residents
Pusat Jagaan Al-Fikrah Malaysia	RM5,000 was donated to support activities for 70 residents at the centre

HEALTHCARE



Medical Treatments	<p>RM10,000 was donated for medical procedures at the Institut Jantung Negara (IJN), benefitting 15 B40 cardiology patients</p> <p>RM10,000 was contributed towards medical treatment for a Spinal Muscular Atrophy infant patient</p> <p>RM5,000 was donated for 12 months of financial assistance for medical expenses for B40 patients worth RM5,000</p>
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Building Inclusivity Through Our Projects

We centre our projects around creating inclusive spaces, ensuring everyone, especially individuals with disabilities, experience comfort and ease of access. In our building designs, we consider the ease of access and navigation, following disability access standards to provide equitable access for all.

In our upcoming redevelopment projects of Stadium Shah Alam and KL Sentral Station, we are committed to enhancing accessibility. These improvements are designed not only to benefit individuals with disabilities, but also to cultivate an inclusive environment for everyone who visits or utilises these spaces.

Creating Social Spaces

As part of our social responsibility to foster learning and access to information, MRCB constructed Kuala Lumpur's first fully digital library, Kuala Lumpur Digital Library in Bandar Tun Razak, which opened to the public in 2023. This cutting-edge facility, managed by Kuala Lumpur City Hall (DBKL), offers over 4,400 electronic books. It features 28 desktop computers, 10 iPads, an interactive children's section, and several private meeting rooms for group studies or project discussions.



MRCB's CSR Initiatives

EMPOWERING COMMUNITIES THROUGH DIGITAL LITERACY

Our steadfast commitment to community development and education forms the bedrock of our Corporate Social Responsibility (CSR), rooted in the belief that our actions today should foster positive change and build enduring, sustainable value.

RM4.7 million

was invested to foster learning and access to information for our local community in the Klang Valley through the first fully digital library

MRCB, as part of its CSR initiative for Dewan Bandaraya Kuala Lumpur, developed and handed over two libraries, namely Pustaka KL@Lembah Pantai in 2015 and Pustaka KL@Medan Idaman in 2017. On 31 October 2023, a third library, Pustaka KL Digital Madani@Bandar Sri Permaisuri, was inaugurated by the Prime Minister's wife and Member of Parliament for Bandar Tun Razak, Dato' Seri Dr. Wan Azizah Wan Ismail.

Situated in the heart of Bandar Sri Permaisuri, this pioneering Digital Library in Kuala Lumpur goes beyond offering access to books, but serves as a platform for community empowerment, engagement, and social interaction while fostering a vibrant reading culture in the community. With the addition of digital

recreational facilities such as gaming areas, interactive visual projections, iPads, iMacs, and PC stations, it reflects our forward-thinking approach to engage users, particularly the younger generation. This design makes the library a dynamic, interactive, and appealing space for individuals of all ages.

As we continue to pursue our CSR efforts, we hope that our dedication to Build Meaningful Places for a Better Tomorrow will benefit the community and create a long-lasting impact. By reaching out to underprivileged communities and providing them with equal access to learning from the wealth of information and resources housed within the library, MRCB tackles the issue of digital inequity head-on.



>4,400

electronic books



28

desktop computers



10

iPads



Beyond ebooks, MRCB's first fully digital library offers access to online courses, research tools, and expert help, benefitting members of all levels of society

Community Engagement with Orang Asli

Yayasan MRCB, in collaboration with the Malaysian Relief Agency Perak, undertook an engagement with the Orang Asli community in Royal Belum, Gerik, Perak. This community engagement involved setting up a mobile clinic that provided health screenings, health awareness, and educational sessions for approximately 600 Orang Asli residents of Kampung Sungai Kejar. MRCB employees volunteered their time to make this programme successful, taking part in educational activities for children, leading knowledge-sharing sessions, organising sports activities, and preparing meals for families.

MRCB'S SUPPORT FOR THE ORANG ASLI COMMUNITY

ORANG ASLI
BENEFICIARIES

**600
INDIVIDUALS**

2022: 200 individuals

MRCB
VOLUNTEERS

**35
VOLUNTEERS**

2022: 27 volunteers



Village children received donations of educational materials, toys, and snacks

Building on the momentum of the past year, it is important not to forget those who require our support

On New Year's Eve, in partnership with the Malaysian Relief Agency Perak, Yayasan MRCB organised a meaningful initiative with the Orang Asli community residing in Royal Belum State Park, Perak. Our endeavour reached out to more than 150 indigenous families in Bongor Village and delivered essential household provisions, healthcare examinations, and vital hygiene education to the community.

Recognising the importance of recreation and enjoyment, fun and engaging sports activities were held for the children, keeping them active and entertained. To bring smiles and shared laughter, MRCB also hosted an indoor movie screening, providing a welcome dose of entertainment for the whole community.

Investing in the future of the Orang Asli children, donations of educational materials and toys were given to the villager's kindergarten, fostering a love for learning and equipping them with valuable tools. In regard to the importance of proper nutrition, warm and nutritional meals were cooked and served to over 150

families, ensuring everyone had a satisfying and celebratory New Year's Eve.

Bongor Village, located at the furthest reaches of Royal Belum State Park and lacking basic amenities such as electricity, holds a special significance for us. Past collaborations, from 2018 onwards have forged a connection with the Orang Asli community, making this outreach a continuation of a shared journey, marked by familiar faces and a renewed commitment to their well-being. Our fundamental goal was to connect with them, uplift their spirits, and try to make a positive impact on their lives.

Over a period of three days, our MRCB staff volunteers not only provided necessary aid and contributions, but also dedicated quality time to educate, participate in activities, and share meals with the community members.

By reaching out to the Orang Asli community, MRCB hopes to build a more inclusive and equitable society, to ensure that no one is left behind in the journey towards progress.

Upskilling Workforce in the Construction Industry

As part of our commitment to sustainable construction, we actively advocate for it across the construction industry. In 2023, we collaborated with the Construction Industry Development Board and Akademi Binaan Malaysia to improve Technical and Vocational Education and Training (TVET) construction programmes and develop custom upskilling opportunities for young Malaysians. The initiative focused on modular construction and MRCB Building System (MBS), MRCB's patented modular construction method that significantly reduces waste and carbon emissions, and the industry's dependence on foreign labour reliance.

Our investment in enhancing these TVET programmes brings economic and social advantages, equipping young Malaysians with essential skills to reduce youth unemployment. These programmes will help to create a skilled, market-ready workforce that supports innovative and sustainable construction methods.

We also provide simulation-based training that is conducted in a safe and controlled environment for learners that mirrors real-world conditions without the associated risks. Our tower crane training which will commence in 2024, will provide hands-on experience using real cranes installed at the ground level to ensure easy accessibility and safety. This facility is installed at the Bandar Saujana Putra fabrication yard and is the only such facility in central Malaysia under the Akademi Binaan Malaysia.

Partnering on the Advancing Industrial Collaboration Programme (ICP)

MRCB's ICP is an initiative guided by the National ICP established by the Ministry of Finance (MoF) in 2014. It is designed to align business endeavours with Malaysia's economic objectives. It connects overarching macroeconomic frameworks, such as Malaysia's Five-Year National Development Plans and the Malaysian Industrial Masterplan, with the nation's economic goals.

Through the ICP, MRCB has been a key player since 2019, particularly in the LRT3 rail project, by providing RM20 million in grants, and overseeing, advising, and providing consultations with the ICP Project Providers (IPPs). To qualify for the ICP, IPPs must introduce a unique product or service that has never been executed in Malaysia and conduct a feasibility study on its impact. The selection process is rigorous, with a panel of approvers that includes representatives from MoF, Prasarana Malaysia Berhad (the LRT3 project owner), and the Technology Depository Agency (TDA).

The programme aims to foster economic growth and create job opportunities, while also developing a knowledge-based economy. MRCB has awarded a total of 64 contracts to the IPPs, with an average value of between RM250,000 to RM500,000 per project.

One notable project is MRCB's collaboration with MAHSA University to introduce environmentally friendly mosquito control kits to combat the spread of Aedes mosquito and lower the levels of dengue in the community. Unlike traditional methods that rely on harmful pesticides, these kits use environmentally friendly means to control the mosquito population.

Other projects include a medical artificial intelligence augmentation software now being used in the Sungai Buloh Hospital. It is a device used to assist therapists in improving movements in autistic children and a digital project management and data sharing platform. All 64 ICP projects awarded by MRCB are targeted to be completed by August 2024.

We also adhere to all international agreements preventing child labour and are committed to human rights and anti-slavery principles, regulations, laws, as well as best industry practices. In upholding human rights, MRCB's Whistleblowing Policy is also applicable to individuals and communities whose rights are impacted by our business activities (please refer to page 220 for details on our Whistleblowing Policy). In 2023, MRCB is pleased to report no incidents related to non-compliance of human rights principles and labour standards.

Adhering to Policies, Guidelines, and Frameworks

Our commitment to human rights is enshrined in our Code of Business Ethics and Human Rights Policy. These documents and others related to human resources and ethics, such as the Health and Safety Policy, are designed to support and respect basic human rights. This commitment extends to our external stakeholders including customers, vendors, and suppliers. When entering into new commercial agreements with us, they are required to acknowledge and adhere to our code, ensuring the fundamentals of human rights are respected and upheld throughout our value chain. Our MRCB Human Rights Policy is published on our website and guides our human rights journey, reinforcing our commitment to global guidelines and frameworks such as:

- United Nations Global Compact (UNGC) Ten Principles
- United Nations Guiding Principles (UNGPs) on Business and Human Rights
- International Labour Organisation (ILO) 8 Core Conventions
- United Nations Convention on the Rights of the Child (UNCRC)

We respect the rights of our employees, workers employed by others in our operations, and our communities through our commitments which include, but are not limited to the following:

- Child Labour and Promoting Access to Education
- Forced Labour, Adopting Responsible Recruitment, and Fair Living Wage

- Freedom of Association and Collective Bargaining
- Equality of Opportunity and Treatment, Non-Discrimination, and Non-Harassment
- Human Capital Development
- Safety and Health at Work
- Indigenous People and Local Communities' Land Rights

The following policies and programmes have been established to support us in our human rights journey:

- Human Rights Commitment
- Human Rights Policy
- Code of Business Ethics
- MRCB Employee Handbook
- Quality, Environmental, Safety, and Health Policy
- UNGC's 'ESG Start' assessment for suppliers

This commitment extends to our external stakeholders including customers and suppliers/contractors, especially when entering into new commercial agreements with us. They are required to acknowledge and adhere to our code, ensuring the fundamentals of human rights are respected and upheld throughout our value chain.

Strengthening Supply Chain

In 2023, we initiated a supply chain management programme in alignment with the United Nations Global Compact (UNGC) to promote sustainable business practices to suppliers. This programme includes screening all new vendors and suppliers against social criteria outlined in our human rights policy, including forced and child labour.

Additionally, clauses outlining MRCB's expectations regarding human rights are integrated into our standard supply chain contracts. Non-compliance with these expectations, if unremedied, will lead to the termination of supplier contracts.

PEKA@MRCB Programme:

Promoting a Second Chance Society

The PEKA@MRCB programme, launched on 26 November 2019, is a collaboration with the Malaysian Prison Department and MRCB. Since its inception, there have been a total of 460 prisoners/offenders who have enrolled in the programme, and 120 of them have gone on to become employed by MRCB.



Prisoners/Offenders being enrolled on the PEKA@MRCB Programme

As part of our inclusivity initiatives, our PEKA@ MRCB programme launched in 2019 is still ongoing to support selected prisoners/offenders by providing upskilling and employment opportunities. The programme is part of the Yellow Ribbon initiative spearheaded by the Ministry of Youth and Sports in collaboration with the Malaysian Prison Department and MRCB. Due to the connection between poverty, incarceration, and inequality, we believe that the programme provides those from underprivileged backgrounds with positive opportunities. This initiative is crucial for reducing poverty, fighting discrimination in the labour market, and lowering the risk of re-offending by helping these individuals re-enter, obtain jobs, and re-integrate into society.

Our Human Rights Policy ensures that they are treated with respect and without discrimination. Participants are provided proper accommodation, transportation, and four meals daily. They are also provided with a minimum basic salary, annual and medical leave benefits, and insurance coverage. Since its inception in 2019, 460 prisoners/offenders have participated in this programme.

The programme's effectiveness is evident in the numerous awards and recognitions it has received.



PEKA, WHICH STANDS FOR ‘PELUANG KEDUA ANDA’, PROVIDES UPSKILLING AND EMPLOYMENT OPPORTUNITIES FOR SELECTED OFFENDERS WHO ARE NEARING THE END OF THEIR PRISON SENTENCE AND ARE PLACED AT THE INMATE REINTEGRATION CENTRES THROUGHOUT THE COUNTRY

PEKA, which stands for ‘Peluang Kedua Anda’, provides upskilling and employment opportunities for selected offenders who are nearing the end of their sentence period, which is at least 24 months, and are placed at the Inmate Reintegration Centres throughout the country.

These offenders, called ‘Orang DiSelia’ (ODS), which translates to “supervised person” and refers to current detainees or persons under supervision who are undergoing a rehabilitation programme as part of their sentence, instead of serving their entire sentence in prison. They are selected to participate in this voluntary programme after a thorough screening process.

The programme helps to reduce poverty by providing income-generating opportunities for the ODS, who face discrimination and stigma in the labour market. By upskilling and giving them a chance to earn a decent living, the programme also reduces the risk of them re-offending and ending

up back in prison, due to their inability to secure gainful employment.

Recognising the challenges ex-offenders face, the PEKA@MRCB programme embraces a multi-faceted approach. Firstly, it strives to bridge the gap between society and those who have been incarcerated, aiming to dispel negative stereotypes and cultivate understanding. Secondly, it empowers ex-offenders with valuable skills and practical training, offering them a path to gainful employment and financial stability. This, in turn, fosters renewed confidence and self-belief, laying a foundation for successful reintegration into society. Lastly, the programme carves out a dedicated space within the construction industry for ex-offenders, unlocking valuable job opportunities and facilitating their return to the workforce. Through these interwoven objectives, PEKA@MRCB seeks to create a holistic support system that grants ex-offenders a genuine second chance and empowers them to build brighter futures.



ODS working at a construction site

Benefits received by the ODS who participate in this programme



Real work experience at the construction site to enhance their experience and employability when their sentence ends



Producing competent skilled workers following training accredited by the Construction Industry Development Board to increase their employability and fill the shortage of skilled workers in the construction industry



Reducing the unemployment rate among ODS who have been released



Reducing the tendency of ODS to re-offend, due to the lack of job opportunities for ex-offenders



In recognition of its success in helping ex-offenders reintegrate into society, the PEKA@MRCB programme has won numerous awards and certifications:

● **NOVEMBER 2021**

SECOND CHANCES AND OPPORTUNITIES FOR PEOPLE TO EXCEL (SCOPE) AWARD

by Human Resource Development Corporation (HRDF)

● **SEPTEMBER 2022**

BEST EMPLOYER AWARD AT THE PAROLE & COMMUNITY SERVICE AWARDS

by Social Security Organisation (PERKESO) and the Malaysia Productivity Corporation

● **SEPTEMBER 2023**

CERTIFICATE OF APPRECIATION

from the Ministry of Human Resources and Malaysian Prison Department for Civilised Humane Culture Development Centre

BEST EMPLOYER AWARD 2022 BY THE PAROLE AND COMMUNITY SERVICE AWARDS

held during the Corporate Smart Internship (CSI) Appreciation Night by the Malaysian Prison Department

● **NOVEMBER 2023**

PARTNERSHIP FOR THE GOALS RECOGNITION AWARD

by the UN Global Compact Network Malaysia & Brunei's (UNGCMYB) Forward Faster Sustainability Awards

The PEKA@MRCB programme has helped countless ex-offenders reintegrate into society and find meaningful employment. These ex-offenders are paving the way for successful reintegration, proving that second chances can be a reality.

In a world where labels stick and opportunities are scarce, the PEKA@MRCB Programme offers a practical path for ex-offenders, often burdened by stigma and a lack of job prospects, to find a chance to break free from the vicious cycle of unemployment and recidivism. The programme provides real work, real wages, and a real opportunity to contribute. They earn not just a paycheck, but a chance to rebuild their lives, having repaid their debt to society, and step out from under the label of 'ex-offender'.

	2021	2022	2023
Cumulative number of inmates who participated in the PEKA@MRCB programme	231	345	460

Our Performance

ENVIRONMENTAL

MRCB is firmly committed to driving a greener future in the course of its business. We adopt a comprehensive and pragmatic approach towards achieving Net Zero Carbon by 2050 in alignment with the Paris Agreement and in support of Malaysia’s national target of achieving Net Zero for Scope 1, 2, and 3 by 2050. This goal involves an integrated strategy to optimise resource utilisation, reduce greenhouse gas emissions, enhance energy efficiency, and transition towards a cleaner and more sustainable future. Our approach to environmental sustainability aligns with our aim to build a more resilient future, drive positive change within the industry and bring to life our purpose to ‘Build Meaningful Places for a Better Tomorrow’.



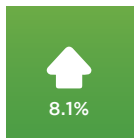
Artist’s impression of Alstonia Garden Heights

OUR ENVIRONMENTAL PERFORMANCE

CARBON EMISSIONS INTENSITY REDUCTION AGAINST 2020 BASELINE



CARBON EMISSIONS ABSOLUTE INCREASE AGAINST 2020 BASELINE



Driving a Greener Future

MRCB Material Matters: Environmental

Climate Change and Emissions



CTR

PCR

GHGE

page 173

Resource Management



MM

SC

W

page 192

Ecological Impact



BIO

page 199

A COMMITMENT TO ENVIRONMENTAL STEWARDSHIP

A PRIMARY DRIVER OF MRCB'S ENVIRONMENTAL STRATEGY IS OUR RESPONSE TO CLIMATE CHANGE, WHICH HAS BEEN A MAJOR FOCUS IN RECENT YEARS. AS A KEY PLAYER IN THE CONSTRUCTION INDUSTRY, WE RECOGNISE THE IMPACT OF OUR BUSINESS ON THE ENVIRONMENT AND OUR INFLUENCING ROLE IN DRIVING SUSTAINABILITY EFFORTS WITHIN THE INDUSTRY. WE HAVE MADE PROGRESSIVE STRIDES IN IMPLEMENTING STRATEGIES TO REDUCE THE IMPACT OF OUR OPERATIONS ON THE ENVIRONMENT. OUR GOAL TO ACHIEVE NET ZERO CARBON BY 2050 UNDERSCORES THIS COMMITMENT TO ENVIRONMENTAL STEWARDSHIP.

CLIMATE CHANGE AND EMISSIONS

We address the impact of our business on the environment through our Climate Strategy Framework, which is aligned with Malaysia's commitment to the Paris Agreement, national goals, and climate change policies. We aim to achieve Net Zero Carbon for Scopes 1 and 2 by 2040 by reducing our greenhouse gas (GHG) emissions and exploring waste-to-energy and clean energy solutions. We recognise the challenges in addressing Scope 3 emissions, which are beyond our direct control, particularly operating in an industry that utilises cement and steel, materials that emit some of the highest emissions in their manufacturing processes. Therefore, we aim to reduce 25% of our Scope 3 emissions by 2030, working with our business partners and the vendors in our supply chain. Our short, medium, and long-term emissions reduction targets are set out on page 177. MRCB complies with applicable laws and guidelines, such as the Environmental Quality Act 1974. In 2023, we received zero environmental fines or penalties and zero incidents of non-compliance related to environmental laws and regulations.

CTR
PCR
Climate Transition Risk / Physical Climate Risk

MRCB'S CLIMATE RISKS & OPPORTUNITIES ALIGNED TO TCFD FRAMEWORK

We recognise the need to accelerate actions to address the climate crisis and to contribute to global efforts and Malaysia's commitment to the Paris Agreement to limit the global temperature increase to below 1.5°C, which in the long run, helps improve the Company's resilience to potential climate impacts. Managing climate-related risks, as well as maximising the opportunities from climate change, will be important to help ensure a sustainable long-term future for our operations.

Our climate journey started in 2019, by expanding the boundaries of GHG emissions accounting and reporting and organising workshops with our employees and management to discuss climate-related risks and opportunities, to develop a climate strategy based on the best international practices and expectations.

Here we aim to present a holistic picture of how we identify, manage, and respond to the financial implications of climate-related risks and opportunities according to the TCFD recommendations. This is the third disclosure of climate-related financial risks and opportunities aligned to TCFD recommendations. We are committed to continually improving our disclosures and climate performance by providing annual updates according to TCFD requirements, ensuring transparency to our stakeholders.

TCFD disclosure recommendations are structured around four core elements of organisational operations: governance, strategy, risk management, and metrics and targets.



TCFD Disclosure: Governance

Our Board has oversight of our sustainability agenda including climate-related matters (risks and opportunities). Climate-related risks are embedded into the Group's Key Enterprise Risks (KER), which are approved by the Audit & Risk Management Committee (ARMC) and the Board, and are specifically monitored under KER5: Environmental, Social, and Governance Risk.

We have also embedded sustainability-related risks into our risk registers as part of our Enterprise Risk Management Framework under KER 5 Environmental, Social, and Governance Risk to ensure that environmental, social, and governance matters are fully integrated into our business operations and day-to-day activities across the organisation.



For further details, refer to pages 71 to 72

The Chief Corporate Officer (CCO) has been identified by the Board to provide dedicated focus to manage sustainability strategically, including the integration of sustainability considerations in the operations of the Group. To assist the CCO in executing this mandate, the Sustainability Management Committee (SMC) was established with the approval of the Board to address our climate-related risks and opportunities, support strategic planning for sustainable development, and manage overall risks. The SMC comprises Heads of Divisions/Departments for all of MRCB's core operations and corporate functions. The CCO is designated as its Chairman and manages the material sustainability matters and ensures the Board stays abreast with and understands the sustainability issues, including climate-related risks and opportunities. Outcomes arising from the SMC meetings and other updates on sustainability matters are provided at all quarterly Board meetings as a permanent agenda item, where they are discussed and deliberated by the Board.

To identify, manage, and report on material sustainability risks within the MRCB group, we have set up a structure for sustainability governance, prepare the annual sustainability report and reporting to relevant sustainability indexes (e.g.: FTSE4Good, MSCI, GRI), and report on sustainability progress quarterly through our ESG brief published on our website.

Sustainability performance has also been embedded into the Senior Management's Key Performance Indicators (KPIs), which are linked to their remuneration. These climate-related targets are also cascaded to employees within the Group and reviewed annually.

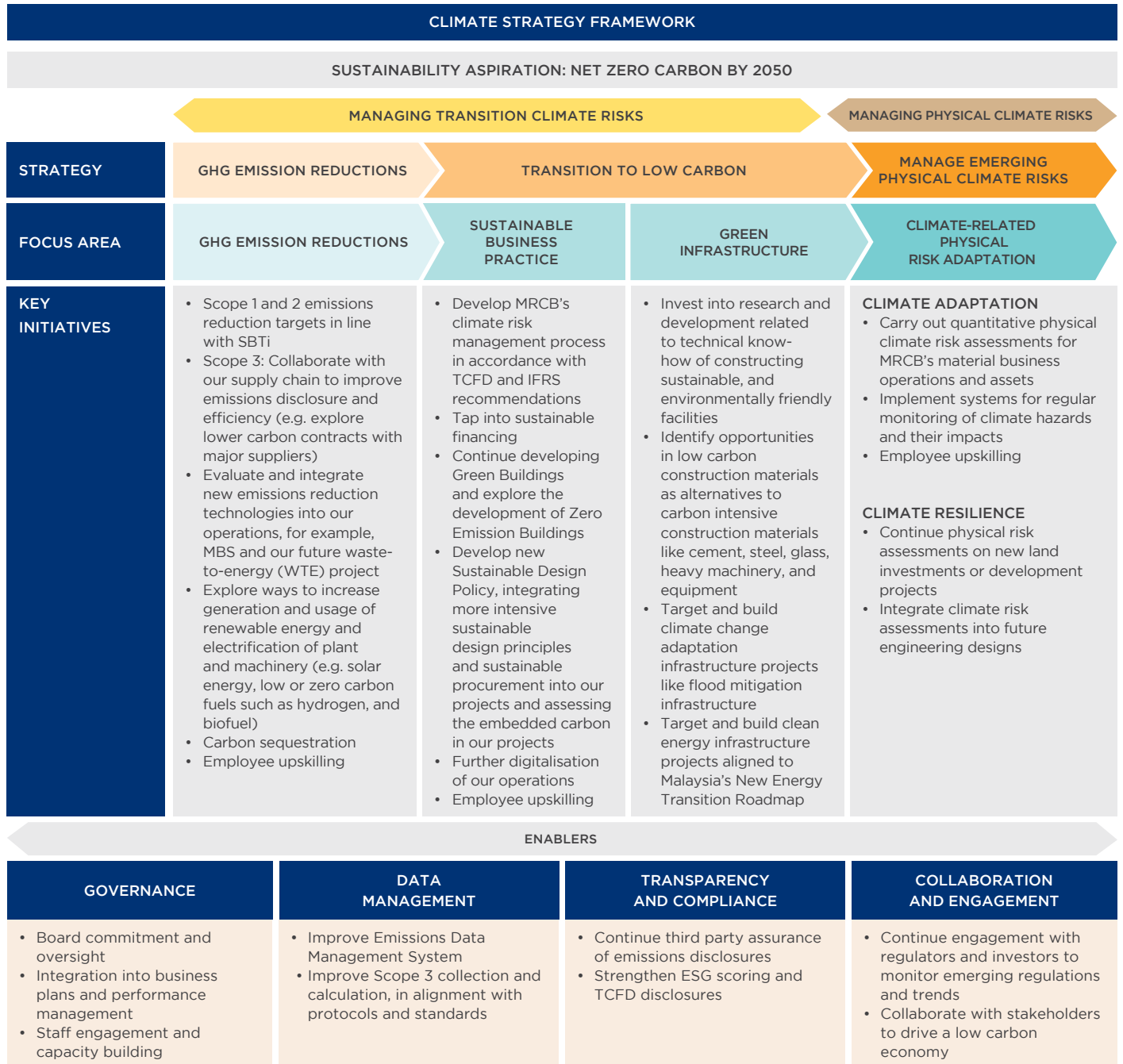


For more details on our Sustainability Governance, refer to page 130

TCFD Disclosure: Strategy

MRCB has established a Climate Strategy Framework aimed at addressing environmental and climate challenges while ensuring sustainable business growth. We aim to reach Net Zero Carbon by 2050 and are developing strategies to improve our operational eco-efficiency in energy, water, resource use, and waste management. These strategies include initiatives to decrease both direct and indirect emissions, support the transition to a low-carbon economy, and adapt to climate change.

Our framework is aligned with global climate frameworks such as the Task Force on Climate-Related Financial Disclosures (TCFD), Science-Based Targets initiative (SBTi), and the Greenhouse Gas (GHG) Protocol. We aim to significantly reduce our GHG emissions from the 2020 baseline levels. By 2025, we target a 21% decrease in Scope 1 and 2 emissions. Our mid-term goal for 2030 includes a 42% reduction in Scope 1 and 2 emissions and a 25% cut in Scope 3 emissions. By 2040, our ambition is to achieve a 90% reduction in our Scope 1 and Scope 2 emissions and a 50% reduction in our Scope 3 emissions.



MRCB has a history of sustainable development, notably through Green Buildings and TODs. Through our proposed Sustainable Design and Planning Policy, we aim to integrate sustainable design aspects, explore incorporating Zero Energy Building concepts, and expand our proprietary low-waste modular construction technology, MBS. We intend to perform Embedded Carbon Assessments on new projects to reduce emissions from construction materials and their production processes.

Since 2011, we have been implementing and managing District Cooling Systems (DCS) to supply air conditioning across a network of buildings. To date, we have successfully launched four DCS plants within our projects. The advantages of using DCS are considerable, including significant energy savings, reduced overall lifecycle expenses, and a decrease in carbon emissions.


TCFD Disclosure: Risk Management

We recognise that TCFD recommends organisations to describe the resilience of their business strategies to climate-related risks and opportunities, taking into consideration the physical impacts of climate change and a transition to a lower-carbon economy. We conducted a qualitative assessment of the Group's physical and transition risks after undertaking a climate scenario analysis in 2022 (detailed on page 178, 179 & 183) and a quantitative analysis of the most material physical climate risks on our most material assets.

 *The results are detailed on pages 180 to 182*

Climate-related risks are embedded into the Group's Key Enterprise Risks (KER), which are approved by the Audit and Risk Management Committee and the Board, and are specifically monitored under KER5: Environmental, Social, and Governance Risk.

In addition, we have expanded our material matters to include more climate-related matters, which are now expanded into Climate Transition Risk, Physical Climate Risk, and GHG Emissions.

 *For more details on our material matters, refer to pages 48 to 54*

Climate change risks are managed under the Group's Enterprise Risk Management framework and embedded into our risk registers. All departments and business units need to consider the impact of physical climate risks on their operations, monitor their risk indicators, and prepare action plans to mitigate such risks. These are reviewed by the operating units every quarter.

Our climate change risk controls include the quarterly reporting of our GHG emissions to the Board.

TCFD Disclosure: Metrics and Targets

We recognise the crucial role the business community can play in minimising the risk climate change poses to the future of our planet. In 2023, our GHG emissions calculation was in accordance with the World Business Council for Sustainable Development (WBCSD) and World Resources Institute's (WRI) GHG Protocol.

MRCB has also committed to setting science-based targets and has established a yet-to-be-validated target to reduce Scope 1 and Scope 2 carbon emissions by 4.2% annually, against our 2020 baseline. Our targets are aligned with the 1.5°C scenario and Malaysia's commitment to the Paris Agreement.

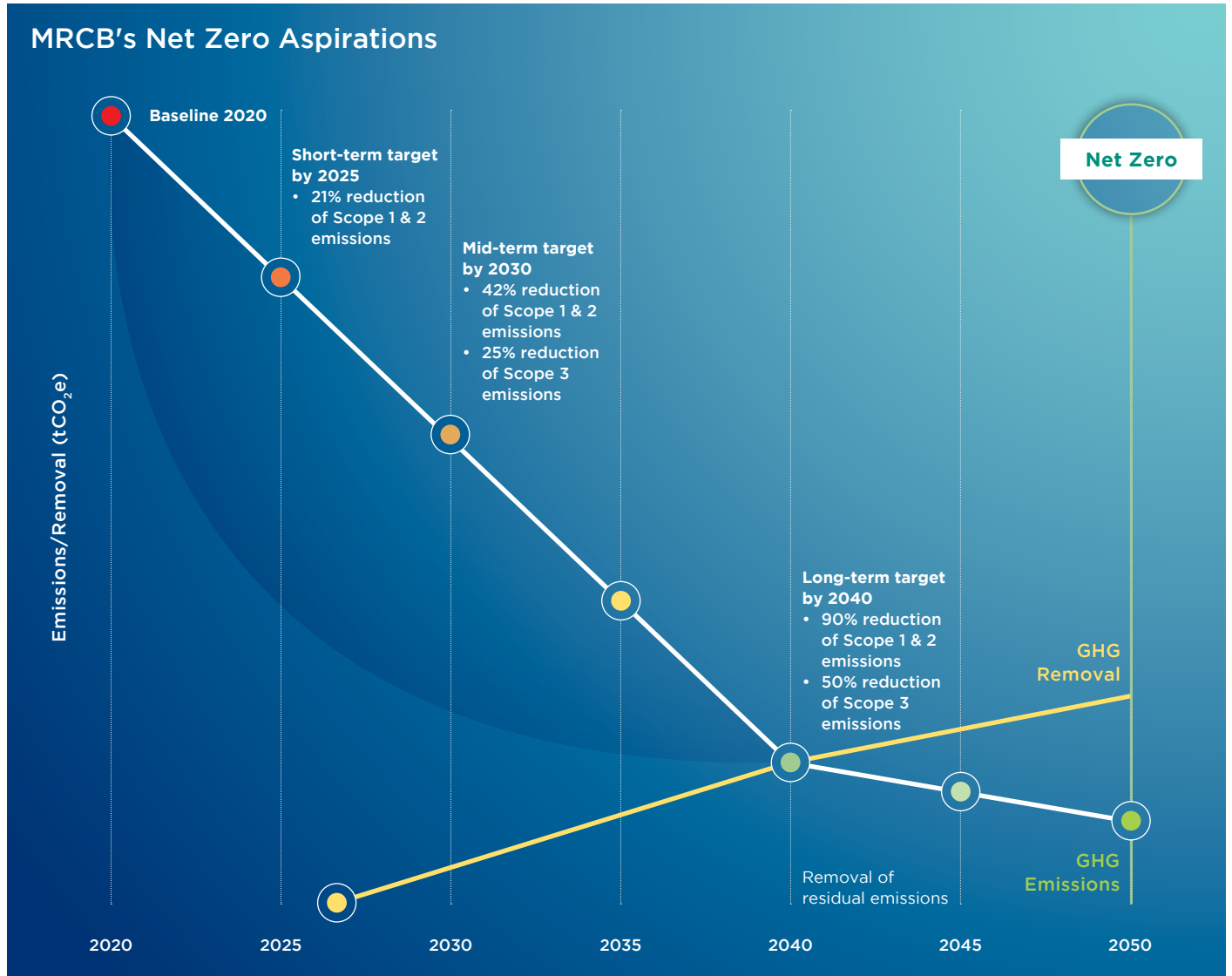
We aspire to achieve Net Zero emissions by 2050. We have also set interim emissions reduction targets as follows:

- Short-term target by 2025: 21% reduction of our Scope 1 and 2 emissions
- Mid-term target by 2030: 42% reduction of Scope 1 and 2 emissions, and 25% reduction of Scope 3 emissions
- Long-term target by 2040: 90% reduction of Scope 1 and 2 emissions, and 50% reduction of Scope 3 emissions
- Net Zero in Scope 1, Scope 2, and Scope 3 by 2050

We calculate our carbon emissions in accordance with the World Business Council for Sustainable Development and World Resources Institute's (WBCSD/ WRI) GHG Protocol. Our environmental performance data is measured and reported quarterly in our ESG brief which is published on our website.

We also manage the eco-efficiency of our energy, water, and waste through ISO 14001 Environmental Management System and our QESH Policy. 100% of ongoing construction sites operated by the Engineering, Construction & Environment (ECE) Division are ISO 14001:2015 certified.

The disclosure of our Scope 1, 2, and 3 carbon emissions reduction performance against our 2020 baseline and other environmental performance data can be found on pages 184 to 191, and 196 to 199 of this report.



TCFD/IFRS S2 Journey: Next Steps

We intend to continue expanding our disclosures of our climate related risks and opportunities annually, as per TCFD/IFRS S2 recommendations to ensure full transparency to all our stakeholders. To further strengthen our understanding and reporting, we also plan to conduct a financial quantification of our risks and opportunities related to our transition risks. We will also select priority Scope 3 GHG emissions categories to establish a Scope 3 GHG baseline. This will be complemented by a gap analysis to identify areas for improvement to comply with IFRS S2 sustainability reporting framework, should it be introduced in Malaysia.

CLIMATE RELATED RISKS AND OPPORTUNITIES ASSESSMENT

Physical Risk Assessment

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

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

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

- A review of the regional and country level data and literature to identify the key risks our businesses may be exposed to, as well as those that may require further validation in the respective areas of interests.
- The key hazards and risks identified were then evaluated in further detail with respect to the specific locations of MRCB’s assets. Baseline natural hazard data and climate change projections for key climate indicators were extracted using geospatial information for each asset location. The baseline natural hazards were then defined into High, Medium, and Low categories, with the climate change projection data evaluated and qualitatively superimposed on the baseline hazard data to estimate future hazards under RCP 4.5 and 8.5, with respect to our business units. Following that, high level implications of each natural hazard on our business units were identified along with feasible mitigation measures for adaptation.

Preliminary Physical Risk Assessment Results

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

Criteria or Identification of Physical Risks	
1. Acute	2. Chronic
<p>Under the baseline scenario, many of the selected hazards were found to be event-driven, including increased severity of extreme weather events:</p> <ul style="list-style-type: none"> • Urban Floods 0-5 years (high risk baseline and future scenarios) • Riverine Floods 0-5 years (high risk baseline and future scenarios) • Landslides 0-5 years (based on average number of precipitations triggered landslides per year per square kilometre during 1980-2018) • Water Stress 5-10 years (low water stress at present, however high water stress is projected by 2030) • Cyclones >10 years (although cyclones are seldom reported in this region, BAU climate change projections indicate an increase in intensity and frequency of cyclones in the Pacific Ocean basin, therefore some of the asset locations may be affected in the future) 	<p>Longer-term shifts in climate patterns (e.g. sustained higher temperatures) that may cause sea level rise or chronic heat waves:</p> <ul style="list-style-type: none"> • Coastal Floods >10 years (low risk of cyclones leading to storm surge at present) • Heat Waves >10 years (hazard classification is based on the daily maximum Wet Bulb Globe Temperature, which is provided as frequency-severity data in the raster format)

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

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

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

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

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

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

Physical Risk Financial Quantification

Urban flood, water stress, and drought were identified as the material climate-related physical risks to MRCB's assets. As a result, further analysis was conducted to quantify the financial impacts of flood, water stress, and drought on land values in 2030 (medium-term time horizon) and 2050 (long-term time horizon) against Shared Socioeconomic Pathways (SSPs) 1–2.6 and SSP 5–8.5 scenarios. SSP1 represents a low carbon scenario where the world is gradually shifting to a more sustainable path and there are low challenges to mitigation and adaptation. SSP5 represents the worst-case scenario where there are challenges to mitigation and adaptation measures are not being implemented. Water stress and drought analysis considers data derived from the World Resources Institute (WRI) and variables from other sources. Flood depth data and flood damage curves have been derived from Fathom and the EU Joint Research Centre (JRC), respectively.

To determine the climate-related financial impacts to MRCB, a discount to the forecast compound annual growth rate (CAGR) of our landbank was imputed to account for the impact of extreme weather events which were extrapolated to 2030 and 2050.

Water Stress and Drought

Climate change and associated water security concerns have cost consequences on property values and business losses across Malaysia. This is exacerbated by factors such as rapid urbanisation, unsustainable water management practices, and intensifying competition for limited water resources, driving socio-economic vulnerabilities in the region.

The financial impact of water stress and drought for MRCB's selected assets were calculated to determine the anticipated diminution of land values. The higher the water stress, the more significant impact on the land value. To reflect this, we used an adjusted CAGR that decreases as water stress levels increase. The future value of land in the years 2030 and 2050 are calculated by considering the CAGR and adjusted CAGR, and finally taking the difference between the two resultant values.

Modelling results for water scarcity represent the additional financial impact relative to baseline conditions (i.e., present day), and show a lower increase of land value due to the increased risk of water stress under SSP1-2.6 and SSP5-8.5 scenarios. Based on the physical risk assessment conducted, we anticipated the potential financial impact of water stress and drought on MRCB's assets for best and worst case scenarios as per the table below:

Scenario	Impact on Land Value	
	2030	2050
SSP 1-2.6 (Low emissions)	-0.16%	-0.71%
SSP 5-8.5 (High emissions)	-0.16%	-0.71%

Floods

Floods in Malaysia are one of the most prominent disasters affecting the country every year, and this includes urban flooding. This natural disaster is exacerbated by factors such as deforestation, urbanisation, and climate change which can significantly impact land value by causing damage to property, infrastructure, and agricultural land, while also increasing insurance costs and reducing investor confidence in the affected areas.

The financial impact of flooding for MRCB’s selected assets was calculated to determine anticipated losses on land values. A lower increase in the land value was calculated by accounting for the flood damage associated with the flood depth on the original land value. Three probabilities in flood return periods were considered in this assessment: 1-in-20 years flood return (high probability), 1-in-100 years flood return (medium probability), and 1-in-500 years flood return (medium probability). Using probabilistic flood projections, we assessed the possible impact on MRCB’s assets if flooding of a particular magnitude or frequency were to occur, and the findings are set out below:

Scenario	Probability in Flood Return Period	Impact on Land Value		
		Baseline	2030	2050
SSP 1-2.6 (Low emissions)	1-in-20 Years	-7%	-7%	-16%
	1-in-100 Years	-8%	-11%	-17%
	1-in-500 Years	-8%	-11%	-17%
SSP 5-8.5 (High emissions)	1-in-20 Years	-7%	-7%	-16%
	1-in-100 Years	-8%	-11%	-17%
	1-in-500 Years	-8%	-11%	-17%

Mitigation and Adaptation Measures to Physical Climate Risks

Risks	Impact	Adaptation Measures
Flooding	<p>Higher risk of increased financial losses due to damages caused to asset, resource availability, reduced comfort levels, and health and safety as described below:</p> <ul style="list-style-type: none"> • Permanent loss of coastal land due to sea level rise and coastal erosion • Intensification of coastal flooding due to sea level rise makes coastal land unsuitable for development • Existing assets may get impacted due to intensified flooding affecting the stability of structures due to erosion and other associated infrastructure such as roads utilities due to intrusion of salt water • Reduced demand for assets in locations which are perceived as susceptible to flooding hazards 	<ul style="list-style-type: none"> • Site level flood risk assessment to be conducted to estimate the high flood level across the site and develop mitigation and adaptation measures • Project may implement early warning systems against floods • Liaising and coordinating with local authorities/municipal agencies for ensuring preparedness and response for storm water management and flood related emergencies, which may in turn directly or indirectly affect MRCB assets • Floods as one of the hazards in the general emergency preparedness and response plan

Risks	Impact	Adaptation Measures
Water Scarcity	<ul style="list-style-type: none"> Reduced availability of water over various phases of a project, such as construction and operation Increased cost of sourcing water from alternate sources Increased expenditure on water efficient technologies, water treatment systems, and other infrastructure Properties in water stressed areas may have a lower value 	<ul style="list-style-type: none"> Water risk assessment and water auditing may be conducted Explore opportunities for rainwater harvesting Water saving fixtures may be installed at the facilities Opportunities for the use of recycled water for non-contact purposes (e.g. flushing, cleaning, etc.) may be explored Explore opportunities for adopting and implementing water stewardship

Preliminary Transition Risk Assessment

We have conducted qualitative transition risk assessments based on analysis of emerging trends. We conducted scenario analysis for transition risks and opportunities against two scenarios from the World Energy Outlook 2021, published by the International Energy Agency - Annual Pledge Scenario (APS) and Sustainable Development Scenario (SDS). Our methodology assigned each identified climate risk and opportunity to a 'scenario indicator' to allow for the evolution of risks to be tracked under the base case (APS -2.1°C) and low carbon (SDS -1.8°C) scenarios, over a long-term time horizon. The analysis covered our 3 - three core business activities, namely Property Development & Investment (PDI), Engineering, Construction & Environment (ECE), Facilities Management (FM), and Parking Services (PS). These scenarios represent the range of events that are reasonably foreseeable and which are common across the segments. The identified transition risks and opportunities are as set out on the next page.

Category	Preliminary Scenario	Likelihood			Impact		
		PDI	ECE	FMP	PDI	ECE	FMP
POLICY & LEGAL	<ul style="list-style-type: none"> ● SHORT TERM - GREEN BUILDING INDEX: Growing interest and adoption of Green Building practices in Malaysia could affect MRCB's costs and demand Financial Impact: CAPEX, OPEX 	High	High	Medium	Positive	Positive	Positive
	<ul style="list-style-type: none"> ● MEDIUM TERM - EMISSIONS REDUCTIONS AND ENERGY EFFICIENCY POLICY: Possibility of increased capital and operational costs due to new infrastructure and technology adoption due to related regulatory compliance Financial Impact: CAPEX, OPEX 	High	High	High	Adverse	Adverse	Adverse
	<ul style="list-style-type: none"> ● MEDIUM TERM - CARBON PRICING: Malaysia will be likely to apply the carbon pricing mechanism which will affect MRCB's operational costs Financial Impact: CAPEX, OPEX 	High	High	High	Adverse	Adverse	Adverse
MARKET	<ul style="list-style-type: none"> ● SHORT TERM - NICHE MARKET: Increasing corporate and consumer demand for sustainable products and services Financial Impact: CAPEX, OPEX 	High	High	High	Positive	Positive	Positive
	<ul style="list-style-type: none"> ● LONG TERM: STRANDED ASSETS: Real estate assets may lose their value prematurely due to transition to low carbon economy Financial Impact: OPEX, REVENUE 	High	High	Medium	Adverse	Adverse	Adverse
TECHNOLOGY	<ul style="list-style-type: none"> ● SHORT TERM - RENEWABLE ENERGY IMPLEMENTATION: The steady decline of renewable energy implementation costs and improvements in efficiency will create external pressure on MRCB to adopt RE infrastructure in its projects Financial Impact: CAPEX 	High	High	Medium	Adverse	Adverse	Adverse
	<ul style="list-style-type: none"> ● MEDIUM TERM - GREEN CONSTRUCTION MATERIALS: Requirements for the use of low carbon building materials will continue to grow, which will increase capital costs Financial Impact: CAPEX 	High	High	Medium	Adverse	Adverse	Adverse
	<ul style="list-style-type: none"> ● LONG TERM: ELECTRIC VEHICLE (EV) AND INFRASTRUCTURE: Expected growth for EVs in Malaysia require supporting infrastructure to be established in real assets which will affect MRCB's strategy to mitigate the risk and capture this as an opportunity Financial Impact: CAPEX 	Medium	Medium	High	Adverse	Adverse	Adverse

PDI – Property Development & Investment
 ECE – Engineering, Construction & Environment
 FMP – Facilities Management & Parking Services

Scale for Likelihood
 ● Low ● Medium ● High

Scale for Impact
 ● Positive ● Adverse

The initial findings of our assessment indicated that regulations driven by the transition to low carbon economy may pose a higher risk to our businesses, resulting in either an increase in operating costs from taxes, raw material costs, R&D costs, labour costs, or an increase in capital expenditure for deploying lower energy technologies/options. Contrarily, our MBS is a proprietary modular construction system, which we believe has significant potential for our businesses to profit from due to the low carbon economy transition. Due to the rising demand in Green Buildings and infrastructure, we are strongly positioned to differentiate ourselves from the other carbon intensive products and services currently offered in the market, which will further improve our market share and influence over our targeted business sectors.

MRCB follows the GHG Protocol for its GHG Inventory, reporting on direct emissions (Scope 1), indirect emissions from purchased electricity (Scope 2), and other indirect emissions (Scope 3). Our Climate Strategy Framework, detailed on page 175, states our reduction targets. Our aim is to accurately measure, monitor, and report our emissions to set and achieve reduction targets. We limit our GHG emissions calculations to our operations in Malaysia, including subsidiaries, using the operational control approach to only account for emissions where we can apply our policies.

Our calculation methodology is in accordance with the WBCSD and WRI's GHG Protocol. An organisational boundary was set to include our operations in Malaysia only and also using the operational control approach. In line with this approach, it is necessary to account for the emissions of those sources over which we have full authority to implement our corporate policies and strategies. Our calculation references include the 2006 IPCC Guidelines for National Greenhouse Gas Inventories and the IPCC 6th Assessment Report, utilising the latest local emissions factors and data which are the 2020 National Energy Balance Report and the Energy Commission's Grid Emission Factor (GEF) for 2017-2021.

	Emissions Reported in 2022	Additional Emissions Reported in 2023
Scope 1	Emissions related to fuel consumption from: <ul style="list-style-type: none"> - Project sites (stationary combustion of petrol and diesel) - Company vehicles (mobile combustion - assumed all are petrol based) 	Emissions from company vehicles (mobile combustion) is broken down by petrol and diesel consumption
Scope 2	Emissions from purchased energy and electricity consumed - by our project sites (ECE), buildings (FM), parking sites (PS), and offices	-
Scope 3	Emissions from the following categories: <ul style="list-style-type: none"> - Downstream Leased Assets - Employee Commuting (assume all are petrol based) - Business Travel (air and land) - Purchased Goods and Services** (accounting for 64% of our supply chain by value* in 2022) 	Emissions from the following categories: <ul style="list-style-type: none"> - Fuel- and Energy-Related Activities - Employee Commuting (broken down by petrol and diesel consumption) - Purchased Goods and Services (accounting for 88% of our supply chain by value* in 2023)

Note: Our GHG inventory excludes operations outside of Malaysia.

- ECE - Engineering, Construction & Environment
- PDI - Property Development & Investment
- FM - Facilities Management
- PS - Parking Services
- Offices - Headquarters, Sales Gallery, SULRT3 Offices, and Offices at VIVO 9 Seputeh

* Refers to the amount of certified work undertaken by our contractors/ sub-contractors

** Re-categorised - To be in line with GHG Protocol Standards (previously disclosed as fuel- and energy-related activities)

Since we began disclosure of GHG emissions in 2020, we have received independent assurance on our Scope 1 and Scope 2 emissions annually. In 2023, our Scope 3 emissions were assured for four categories, namely Downstream Leased Assets, Business Travel, Employee Commuting, and Fuel- and Energy-Related Activities.

In 2023, our GHG profile showed that Scope 1, 2, and 3 accounted for 9.6%, 46.7%, and 43.7% of our overall GHG emissions, respectively. It should be noted that the percentage attributed to our Scope 3 emissions only represents what we are able to measure and disclose during the period under review. This disclosure is expected to rise as we work closely with our supply chain to increase disclosures.

GHG Emissions Summary

Absolute Emissions	Unit	2020	2021	2022	2023	Variance against 2020 (%)
Scope 1	tCO ₂ e	1,983	1,838	2,061	3,851	↑ 94.2%
<u>Breakdown by activity</u>						
Fuel consumption from site activity	tCO ₂ e	1,436	1,237	1,478	3,420	↑ 138%
Fuel consumption from company vehicles ^(a)	tCO ₂ e	547	601	582	431	↓ 21.2%
<u>Breakdown by Greenhouse Gases</u>						
Carbon Dioxide (CO ₂)	tCO ₂	1,963	1,818	2,040	3,831	↑ 95.2%
Methane (CH ₄)	kgCH ₄	9,284	9,792	9,825	6,625	↓ 28.6%
Nitrous Oxide (N ₂ O)	kgN ₂ O	9,877	10,103	10,406	13,352	↑ 35.2%
Hydrofluorocarbons (HFCs)	tHFCs	-	-	-	-	-
Perfluorocarbons (PFCs)	tPFCs	-	-	-	-	-
Sulphur Hexafluoride (SF ₆)	tSF ₆	-	-	-	-	-
Nitrogen Trifluoride (NF ₃)	tNF ₃	-	-	-	-	-
Scope 2	tCO ₂ e	18,920	16,144	17,396*	18,751	↓ 0.9%
Purchased electricity	tCO ₂ e	18,920	16,144	17,396*	18,751	↓ 0.9%
Scope 1 + 2	tCO ₂ e	20,903	17,982	19,457*	22,602	↑ 8.1%
Scope 3	tCO ₂ e	241	6,045	13,590	17,520	-
<u>Breakdown by category</u>						
Downstream Leased Assets ^(b)	tCO ₂ e	-	5,097	5,247	6,030	-
Employee Commuting ^(c)	tCO ₂ e	-	773	988	472	-
Business Travels ^(d)	tCO ₂ e	-	-	190	127	-
Purchased Goods and Services**	tCO ₂ e	241	156	7,165	6,877	-
Fuel- and Energy-Related Activities	tCO ₂ e	-	-	-	4,014	-
Cumulative Emissions (Scope 1 + 2 + 3)	tCO ₂ e	21,144	24,007	32,932	40,121	-

Notes:

Note - Sum figures may not match due to decimal points

* Changes due to late billing received for one of the parking services site

** Category correction: previously disclosed as fuel- and energy-related activities

^(a) Assumed all company vehicles are petrol-based from the year 2020 to 2022

^(b) Leased assets of 4 buildings managed by MRCB, namely CelcomDigi Tower, Plaza Alam Sentral, Stesen Sentral Kuala Lumpur (SSKL), and Penang Sentral

^(c) Based on employee fuel card consumption. Assumed all vehicles are petrol-based for the year 2021 and 2022

^(d) Business travel includes both air and land travels, calculated using the passenger distance and emission factors from UK Department for Environment Food and Rural Affairs (DEFRA) 2023

Higher Scope 1 and 2 Absolute Emissions

Our total Scopes 1 and 2 emissions for 2023 amounted to 22,602 tCO₂e, which is an increase of 16.2% compared to 2022, and an 8.1% rise compared to the 2020 baseline. The majority (78.4%) of our Scope 2 emissions come from the Facilities Management (FM) segment, followed by the Parking Services (PS) segment (11.7%). The operation of Stesen Sentral Kuala Lumpur (SSKL) contributed 38.8% of FM's emissions.

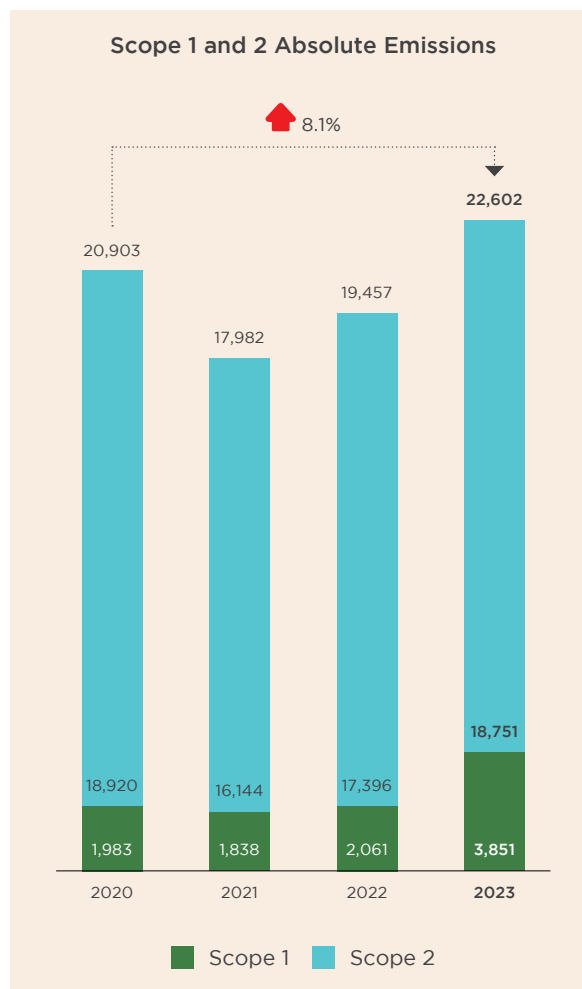
The higher emissions in 2023 can be attributed to several factors. In the FM segment, the return to full operations and working from the office saw the SSKL chillers running back at full capacity in 2023 to accommodate the demands of a daily pedestrian footfall that returned back to pre-pandemic numbers. The chillers at Penang Sentral also operated at higher levels, due to an increased footprint following the opening of the new KTM linkway.

PS experienced an increase in emissions as two of its sites, namely PJ Sentral and VIVO 9 Seputeh, reported full-year emissions for the first time. The previous year saw these sites beginning their operations only in the latter half of the year, with PJ Sentral starting in July 2023 and VIVO 9 Seputeh in September 2023, which inevitably led to a rise in absolute emissions.

The Sungai Pahang Rehabilitation Project started in early 2023 and the emissions from this project were significantly higher compared to any of our other projects due to the nature of the project. This project is located at the mouth of Sungai Pahang, which is in the South China Sea, and almost all of the site activities use machinery that is fueled by diesel. The work progress is very much dependent on diesel-powered land machinery and marine vessels. This project contributed 3,132 tCO₂e or 81.3% and 91.6% of the Scope 1 emissions for the Group (3,851 tCO₂e) and the ECE division (3,420 tCO₂e).

Lower Scope 1 and 2 Emissions Intensity

We are making progress towards our Net Zero Carbon Emissions by 2050 aspiration as our GHG emissions intensity reduced by 48.9% compared to our 2020 baseline. The lower reduction in emissions intensity compared to 2022 was due to increased energy use by the FM division, which returned to full operational capacity in 2023 as described earlier. This included utilising all its chillers as KL Sentral Station normalised to its pre-pandemic foot traffic levels. While this operational ramp-up contributed to higher energy use, our overall reduction in emissions intensity signifies effective measures and strategies in place towards our Net Zero aspiration. In addition, our revenue in 2023 was lower than the previous year due to large projects completed in late 2022 and in the first half of 2023, resulting in lower revenue for the Group for the calculation of the Group's emissions intensity.

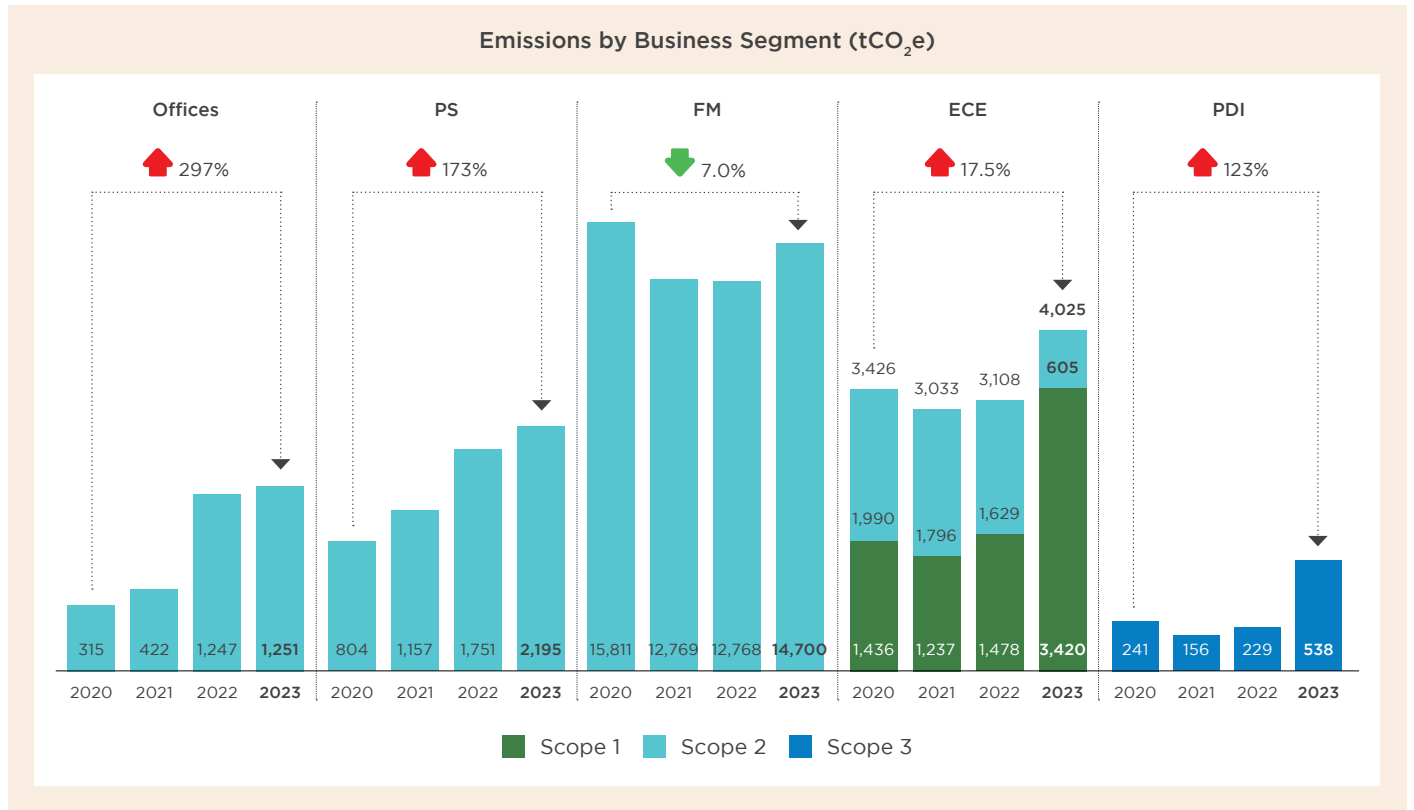


	2020	2021	2022	2023	Variance against 2020 (%)
Scope 1 and 2 emissions (tCO ₂ e)	20,903	17,982	19,457	22,602	↑ 8.1%
Revenue (RM Million)	1,199*	1,448*	3,205*	2,537	↓ 111.6%
Emissions Intensity	17.4*	12.4*	6.1	8.9	↓ 48.9%

* Updated emission intensity calculation to account revenue from all business segments (including 'Others'). This change provides a more accurate picture of the Group's overall emissions intensity. The updated figures variance less than 1% compared to the figures reported in IAR2022

Emissions by Business Segments

The following chart shows the absolute carbon emission (tCO₂e) by business segments (excluding company vehicles) in the last four years.



Scope 3 Emissions

Scope 3 emissions, which are emissions associated with activities not within our operational control from our supply chain, constitute our biggest GHG impact. MRCB adopts the Corporate Value Chain (Scope 3) Standards of the GHG Protocol to identify GHG reduction opportunities, track performance, and engage with suppliers at the corporate level. MRCB has initiated reporting on five categories of Scope 3 emissions that cover Downstream Leased Assets, Employee Commuting, Business Travel, Purchased Goods and Services, and Fuel- and Energy-Related Activities. We face challenges with poor definitions of Scope 3 emissions boundaries, which is a common issue, and are not able to rely on them with a high degree of confidence. However, we acknowledge the importance of reporting on Scope 3 emissions and will continue to explore avenues to influence reductions, focusing on where we can have the most impact.

Employee Commuting refers to emissions generated by employees travelling to and from work. We adopt the fuel-based method, which involves determining the amount of fuel consumed and applying the appropriate emission factor for that fuel. The coverage for employee travel applies only to middle management and above, based on their fuel card entitlement and usage.

Downstream Leased Assets refer to emissions from the operation of assets that are owned by MRCB and leased to other entities that are not already included in Scope 1 and Scope 2 reporting. The assets refer to our tenanted buildings in 2023, namely CelcomDigi Tower, Plaza Alam Sentral, Penang Sentral, and SSKL. The emissions are determined based on the total electricity consumption attributed to the leased entities.

Scope 3 Emissions by Categories (tCO₂e)



Energy Consumption

We continued to implement energy reduction initiatives across the organisation, including continuing to install LED lighting in buildings managed by the FM Division.

In 2023, our FM Division also conducted an Energy Audit to provide visibility on our energy use. We launched an Energy Savings Programme focused on voltage optimisation, which enhances the efficiency of electrical equipment. By optimising a building’s electrical supply, we are able to reduce energy consumption, costs, and its carbon footprint.

The Division also installed High Volume Low Speed (HVLS) fans to improve cooling and air circulation in large open spaces such as the KL Sentral Station concourse and Penang Sentral. This significantly lowers energy consumption compared to traditional air conditioning and Mechanical Ventilation (ACMV) systems.

MRCB also embarked on the installation of solar photovoltaic (PV) panels on the rooftop of Penang Sentral. We adhered to the allowable maximum capacity of 75% of the maximum demand or 60% of the current transformer rating and rooftop size.

We began purchasing Renewable Energy Certificates (REC) through the Green Electricity Tariff (GET) programme offered by Tenaga Nasional Berhad in February 2022. This programme enables users to both support and utilise electricity generated from renewable sources. Up until the end of July 2023, we consistently utilised renewable energy sources for three of our managed buildings which were the CelcomDigi Tower, Plaza Alam Sentral, and Penang Sentral.

We subscribed to a monthly allocation of 1,206,000 kilowatt-hours of electricity generated sustainably for these three properties. From August 2023 onwards, we opted back to the Imbalance Cost Pass Through (ICPT) system as the surcharge rate for the ICPT was significantly lower than GET. Moreover, our primary strategy is to reduce our energy consumption and improve our energy efficiency through internal organic actions and we do not use RECs to offset our carbon emissions.

	2022	2023
GET Purchased	12,881,689 kWh	8,192,369 kWh
GET Attributable to MRCB	10,833,912 kWh	6,742,998 kWh

Fuel Consumption

Fuel sources for our operations come from generators or equipment at project sites, company vehicles, and employee fuel cards. Although fuel use within our control comes to just 17% of total emissions, we are actively seeking reduction strategies. This includes looking at options such as switching to biofuel or using power grid electricity instead of diesel generators.

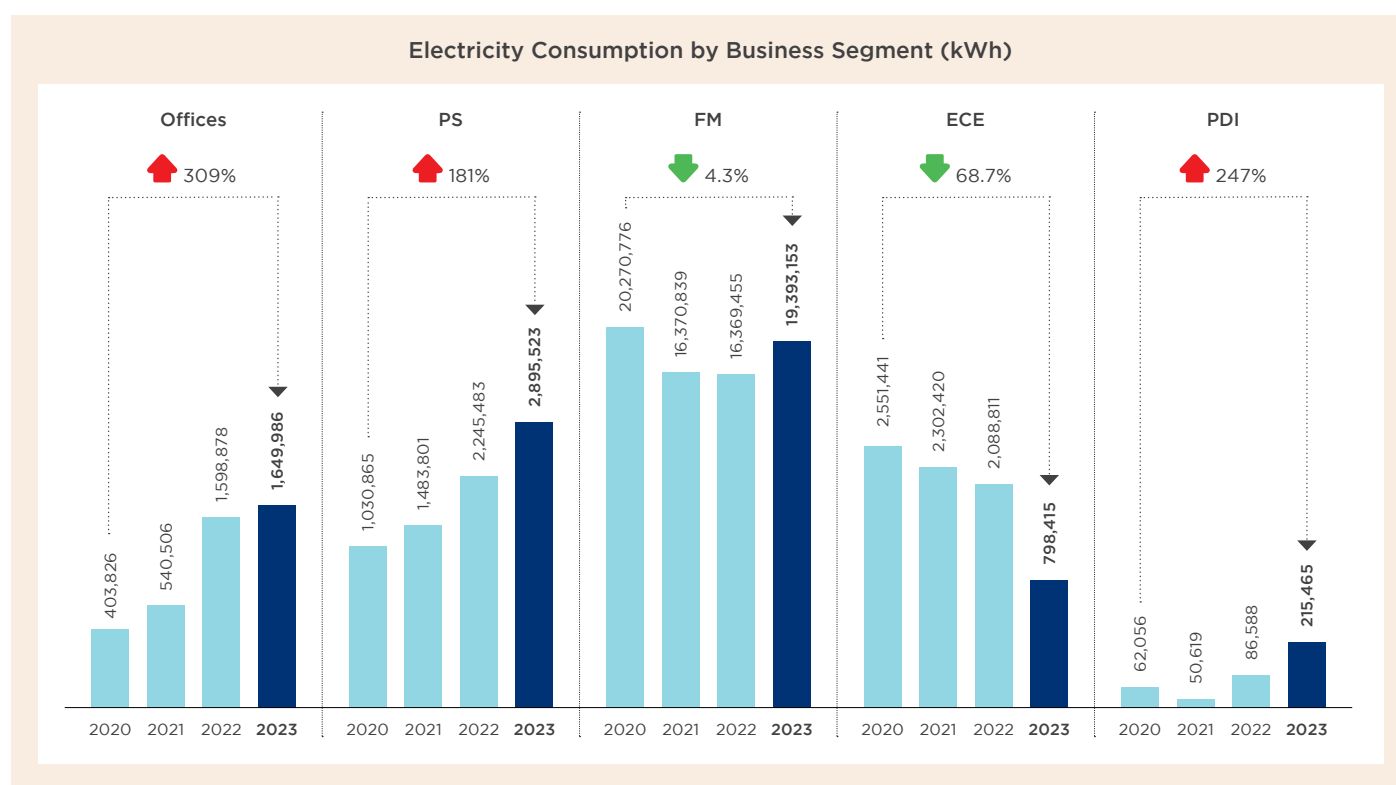
The significant increase in diesel consumption this year is mainly due to the nature of the Sungai Pahang Project. Since this project is located at the mouth of Sungai Pahang which is in the South China Sea, almost all of the site activities use machineries that is fuelled by diesel as they are very much dependent on diesel powered land machineries and marine vessels. We have also improved our reporting in 2023 by breaking down the fuel consumption by diesel and petrol for registered vehicles and employee commuting.

Source		Diesel (L)				Petrol (L)			
		2020	2021	2022	2023	2020	2021	2022	2023
Machineries at Project Sites	ECE	521,790	447,283	536,198	1,239,504	377	3,463	2,019	5,822
	PDI	69,100	42,028	58,107	135,550	1,542	289	1,103	757
Company Vehicles		-	-	-	100,818	277,970	305,436	295,964	76,461
Employee Commuting		-	-	-	9,087	-	392,695	502,323	227,293
Total Fuel Consumption (L)		590,890	489,311	594,305	1,484,959	279,889	701,883	801,408	310,333

Note: Employee commuting was first reported in 2021 and was based on employee fuel card consumption

Absolute Electricity Consumption

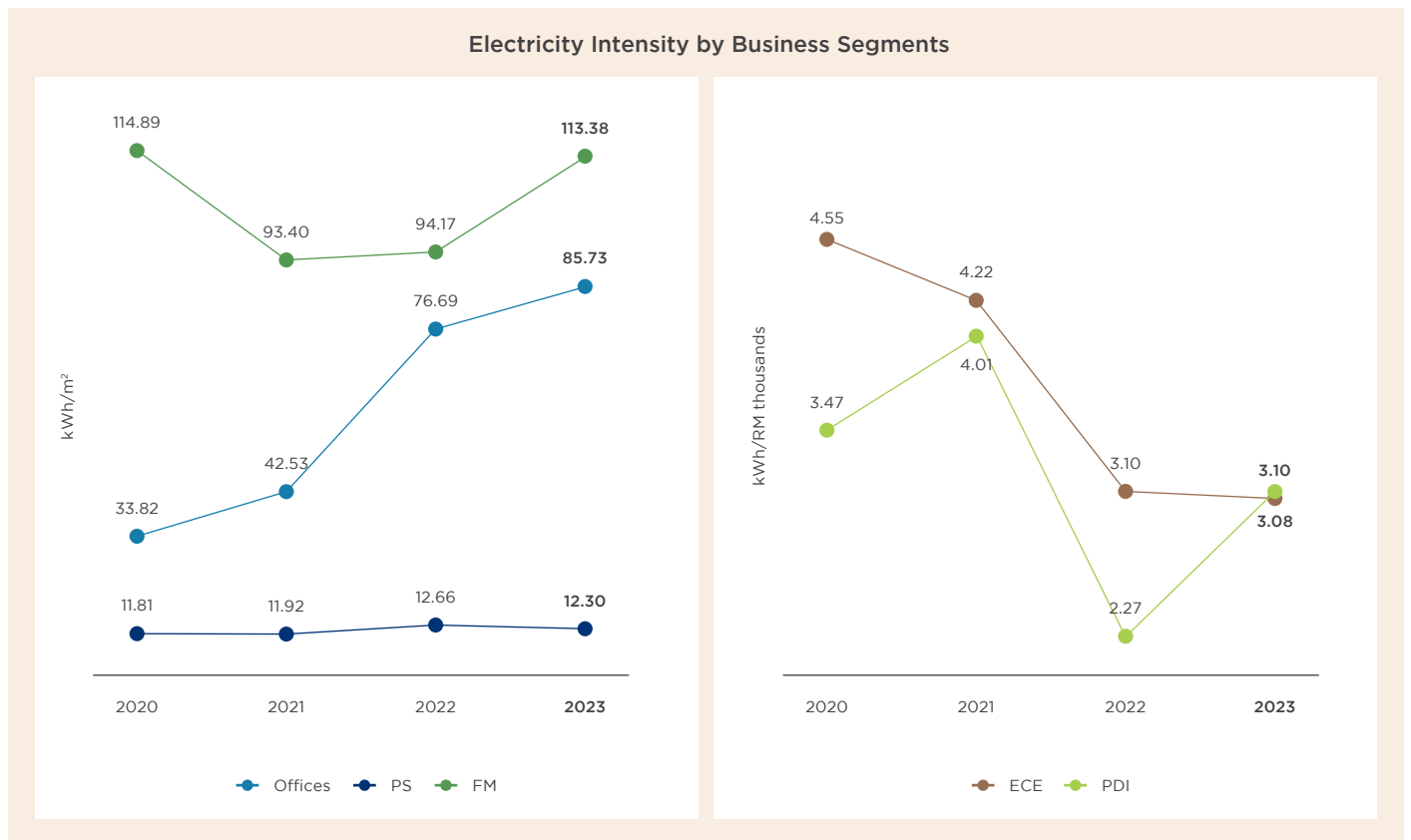
Electricity consumption increased by 11.3% in 2023 over 2022 due to a return to full-scale operations for the first time since the baseline year of 2020, which happened to be the year of the pandemic. During this period, widespread remote work led to reduced on-site energy use. However, the broadening of the category for 'Offices' since the publication of our 2021 Integrated Annual Report to include our Sales Gallery, and in 2022 for our offices at VIVO 9 Seputeh and the SULRT3 offices, dramatically increased the absolute electricity consumption, with levels tripling compared to 2020. The expansion of PS, which now manages more sites than before, has also played a crucial role in the increased electricity demand and consequently its consumption.



	Offices	PS	FM	ECE	PDI	Total
2020	403,826	1,030,865	20,270,776	2,551,441	62,056	24,318,964
2021	540,506	1,483,801	16,370,839	2,302,420	50,619	20,748,184
2022	1,598,878	2,245,483	16,369,455	2,088,811	86,588	22,389,214
2023	1,649,986	2,895,523	19,393,153	798,415	215,465	24,952,541
Variance against 2020 (%)	↑ 309%	↑ 181%	↓ 4.3%	↓ 68.7%	↑ 247%	↑ 2.6%

Electricity Intensity

The electricity intensity, particularly in FM, has increased over the last two years, however in comparison to the 2020 baseline, the electricity intensity was lower due to the energy-saving initiatives we have implemented over the years. Recognising that FM is a significant consumer of electricity, primarily to ensure the comfort of customers and the public at our facilities, these measures have been crucial in reducing our energy footprint. In contrast, the expansion of our office locations and the return-to-work movement in 2022 led to an increase in the use of air conditioning systems and lighting during office hours.



	2020	2021	2022	2023	Variance against 2020 (%)
Offices (kWh/m²)	33.818	*42.531	*76.688	85.732	↑ 153.5%
PS (kWh/m²)	*11.812	11.924	12.660	12.297	↑ 4.1%
FM (kWh/m²)	114.885	93.396	94.172	113.379	↓ 1.3%
ECE (kWh/RM' Thousand)	4.545	4.222	3.097	3.084	↓ 32.1%
PDI (kWh/RM' Thousand)	3.473	4.005	2.272	3.096	↓ 10.9%

Note: Revenues for ECE and PDI Intensity refer to the amount of certified work done/undertaken in the business segments
 * The intensity figure has been revised to reflect the improvement in accuracy of the floor area

RESOURCE MANAGEMENT

As a construction company, our operations demand intensive resource use. We actively manage resources to address the needs of our large-scale projects sustainably. Our approach includes optimising energy and water consumption during construction and in our operations management. We also focus on minimising landfill impact through effective waste management, and emphasise the principles of reduce, reuse, and recycle across the organisation.

MM Materials Management

We engage in responsible sourcing and usage of raw materials, with a focus on supply chain traceability and certification to avoid negative impacts on the environment and human rights. In 2023, we drafted a new Sustainable Design and Planning Policy, which sets specific requirements for materials in our property development projects and promotes local sourcing to ensure we minimise embodied carbon and the carbon emissions resulting from transportation.

This policy aims to incorporate sustainability throughout the design and development stages of our projects. We prioritise eco-friendly materials that minimise resource use, enhance reusability, and improve cost-efficiency. Our teams will need to assess the embedded carbon in our projects during the design stage and work to reduce it. We will also monitor the quantities of materials used in each project to ensure sustainable sourcing without compromising quality or durability.

We are committed to promoting sustainable practices in our supply chain. To achieve this, we partnered with the United Nations Global Compact (UNGC) to conduct sustainability readiness assessments across our supply chain. This inclusive approach, which includes our SME suppliers, allows us to assess their readiness and develop strategies to help enhance their sustainability progress. Ultimately, our goal is to foster a sustainable construction ecosystem for the benefit of all.

SCM Sustainable Construction Materials

Green Building

We recognise the built environment’s impact on energy and water consumption, as well as GHG. To mitigate these effects, we adopt the Green Building approach, which involves constructing and managing buildings in a way that reduces their environmental impact and enhances sustainability. This includes efficient use of resources such as energy and water, utilising sustainable building materials, and incorporating design elements that reduce carbon emissions and waste. We ensure adherence to Green Building Certifications in our property development projects. The five Green Building rating systems are:



Malaysia’s Green Building Index (GBI)



Malaysia’s Green Real Estate (GreenRE)



Malaysian Carbon Reduction and Environmental Sustainability Tool (MyCREST)



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



Singapore-based Building Construction Authority (BCA) Green Mark

Project	Sustainability Accreditation	Building Management System (BMS)	Smart Metering	Installation of Solar PV*
PLATINUM SENTRAL	GBI NRNC DA Certified and BCA Green Mark Platinum	Yes	Yes	Yes - Solar PV panel (23 x 2.304 kWp)
PJ SENTRAL - CELCOM TOWER	GBI NRNC DA Certified and LEED BD+C CS Gold	Yes	Yes	No
PJ SENTRAL - MBSB CORPORATE HQ	GBI NRNC DA Certified and LEED BD+C CS Gold	Yes	Yes	No
MENARA JLAND	GBI NRNC DA Gold	Yes	Yes	No
HARD ROCK HOTEL, DESARU	GBI NRNC DA Certified and LEED BD+C NC Silver	Yes	Yes	No
DESARU CONFERENCE CENTRE	GBI NRNC DA Certified and LEED BD+C NC Silver	Yes	Yes	No
WESTIN DESARU RESORT	GBI NRNC DA Certified and LEED BD+C NC Silver	Yes	Yes	No
VIVO 9 SEPUTEH (SOHO)	GBI RNC DA Certified	No	No	No
VIVO 9 SEPUTEH (RESIDENCES)	GBI RNC DA Certified	No	No	No
PJ SENTRAL - MYIPO CORPORATE HQ	GBI NRNC DA Certified	Yes	Yes	No
SENTRAL SUITES	MyCREST ONE STAR and GreenRE RNC DA Bronze	No	No	No
MENARA CIMB	GBI NRNC CVA Certified	Yes	No	No
SENTRAL RESIDENCES	GBI RNC CVA Gold	No	No	No
MENARA SHELL	GBI NRNC DA Silver, and LEED ID+C Commercial Interior Gold	Yes	Yes	No
MENARA SHELL & ASCOTT SENTRAL	LEED BD+C CS Platinum	Yes	Yes	No
Q SENTRAL	GBI NRNC DA Gold	Yes	Yes	Yes - Solar PV panel (total 120 kWp)
TRIA 9 SEPUTEH	GBI RNC DA Certified	No	No	No
EPF HQ, KWASA DAMANSARA	GreenRE NRNC Platinum	Yes	Yes	Yes - Solar PV panel (total 417 kWp)

Notes:

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

BD+C	Building Design & Construction	LEED	Leadership in Energy and Environmental Design (United States)
ID+C	Interior Design & Construction		
DA	Design Assessment		
NRNC	Non-Residential New Construction		For details on assessment criteria and rating scale: https://www.usgbc.org/leed
RNC	Residential New Construction	MyCREST	Malaysian Carbon Reduction and Environmental Sustainability Tool (Malaysia)
CVA	Certification and Verification Assessment		For details on assessment criteria and rating scale: http://www.cidb.gov.my/index.php/en/bidang-utama/pembinaan-mampan/mycrest
GBI	Green Building Index (Malaysia)		
	For details on assessment criteria and rating scale: https://new.greenbuildingindex.org/how/assessment		
GreenRE	A green rating tool set up to promote sustainability in the property industry (Malaysia)	BCA Green Mark	Building and Construction Authority (Singapore)
	For details on assessment criteria and rating scale: https://greenre.org/index.html		For details on assessment criteria and rating scale: https://www1.bca.gov.sg/buildsg/sustainability
		Smart Metering	Smart metering refers to separate sub-meter for internal energy monitoring

Green Infrastructure

Where possible, we integrate sustainability principles into our infrastructure designs. The Construction Industry Development Board (CIDB) of Malaysia awarded our LRT3 project with a 5-Star Sustainable INFRASTAR Rating (Design). This rating evaluates infrastructure projects based on critical sustainability factors, including land use, equipment impact, resource, and waste management at construction sites.

Building Information Modelling (BIM)

We utilise BIM, which executes software for clash detection, in our construction processes. This technology allows us to address constructability issues and synchronise various construction disciplines before beginning the actual building process. As a result, we can achieve reductions in construction costs, waste, and energy usage. In line with our commitment to sustainable construction materials, we have shifted from using timber formwork to system formwork. This change not only increases efficiency, but also shortens the construction time.

Industrialised Building Systems (IBS)

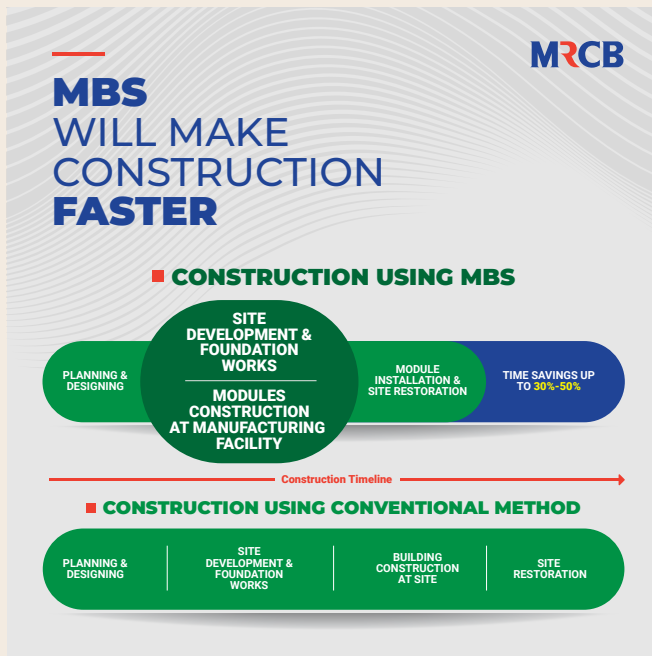
Our adoption of Industrialised Building Systems (IBS) at project sites aligns with the criteria set by CIDB. Through IBS, we aim to meet the CIDB IBS assessment score for our projects. The CIDB IBS assessment's goal is to offer a structured and systematic method to consistently measure IBS usage. CIDB is promoting IBS in private sector projects, particularly targeting new developments in the Klang Valley with a value of RM50 million or more to achieve a minimum IBS Score of 50. Our projects, such as TRIA 9 Seputeh, Sentral Suites, and the National Film Development Corporation Malaysia (FINAS) project have exceeded the minimum threshold, indicating higher productivity, reduced waste and site labour, and superior quality, as outlined in CIDB's guidelines.

Project	CIDB IBS Score
FINAS Headquarters	52.0
TRIA 9 Seputeh	51.1
Sentral Suites	51.4

MRCB Building System (MBS)

We developed the MRCB Building System (MBS), which is an innovative approach to sustainable construction. The MBS combines Prefabricated Prefinished Volumetric Construction (PPVC) with a unique Candle-Lock Connection System, allowing most building components to be prefabricated off-site. This method is expected to significantly reduce on-site construction activities, thereby minimising waste and energy consumption. MBS will also enhance project efficiency by shortening construction timelines by up to 50% and its controlled off-site fabrication will improve overall building quality. MBS will not only deliver higher-quality buildings more efficiently, but also significantly cut waste, energy use, and carbon emissions during construction.

MRCB's proprietary MBS system aligns with five UNSDGs



Enhanced Site Safety

- 85% of construction work done off-site at ground level, significantly reducing injury risks associated with working at heights



Skilled Local Labour

- Reduces reliance on unskilled foreign labour and attracts skilled local workers to the industry

Efficient Construction Time

- Concurrent off-site component fabrication and on-site activities halve construction time



High-Quality Assurance & Control

- Off-site construction in a controlled environment ensures higher quality control



Reduced Material Wastage

- Adopting a manufacturing approach with streamlined processes and effective inventory management cuts down landfill waste



Lower Environmental and Energy Impact

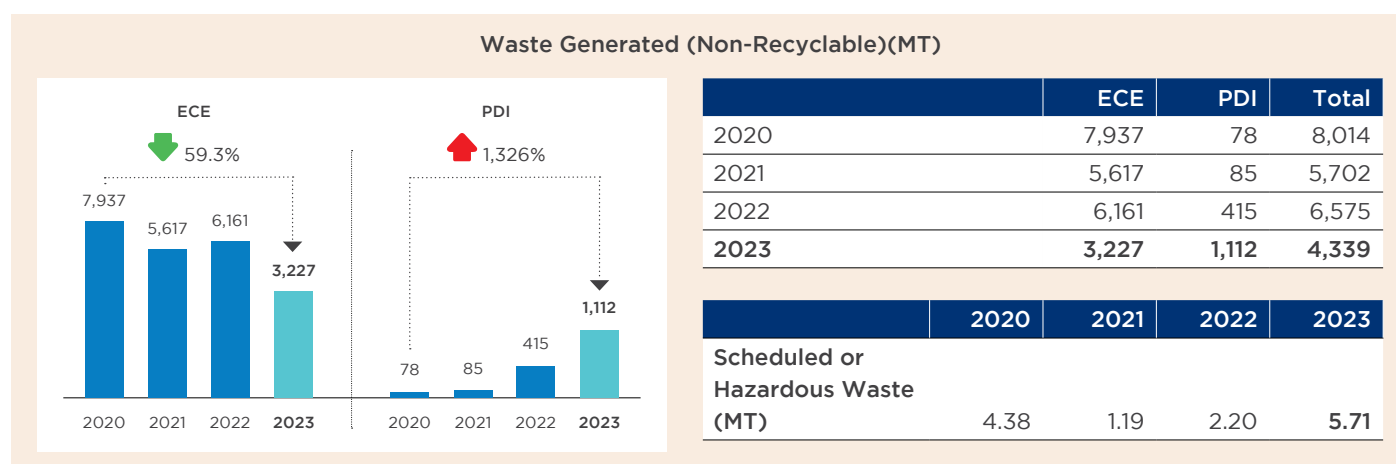
- Decreases noise, dust, and truck movements on-site, leading to a more efficient construction that consumes less energy than traditional methods



Waste

MRCB’s operations, primarily from construction, produce domestic and construction waste that is disposed in landfills. We engage a third-party waste management vendor to handle all our non-recyclable waste, which is disposed in accordance with local waste regulations. In line with SDG12 on waste management, we strive to reduce resource use and construction waste generation. We recycle materials such as scrap metal, timber, and other recyclables to cut down on the use of virgin resources. Concrete waste is repurposed as crusher runs for access roads and filling potholes on-site to reduce hazards and accidents. Unsuitable concrete waste is sent to licensed landfills for disposal. We also store and return wooden pallets from brick supplies to suppliers for reuse.

Apart from domestic and construction waste, our projects produce scheduled waste, which is managed in accordance with the Environmental Quality (Scheduled Wastes) Regulations 2005. This waste is appropriately stored, labelled, and disposed of by the Department of Environment’s (DOE) licensed contractors. The contractors will safely carry out the waste treatment process before disposal, once it accumulates to a certain amount or over time. Under our ISO 14001-compliant Environmental Management System, our QESH Policy commits to conserving natural resources. This involves efficient and effective material and resource use within our facilities, encompassing non-renewable sources such as water and electricity.



Waste Recycled/Diverted from Landfills

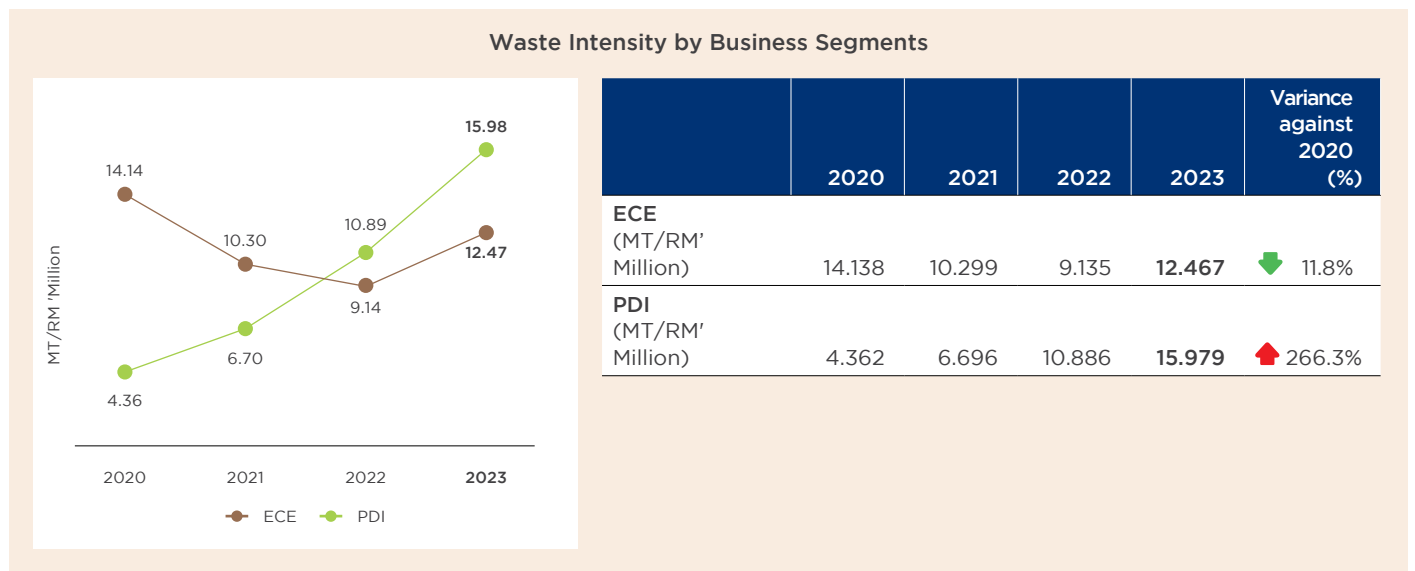
We adopt the 3Rs (Reduce, Reuse, and Recycle) strategy at our construction sites, segregating recyclables and reusable waste. This practice has significantly reduced the amount of waste sent to inert waste landfills. We sell off scrap materials such as aluminium, power cables, scrap reinforcement bars, plastic barriers, galvanised pipes, and lighting fixtures to other companies, further diverting waste from landfills. We are improving our recycling initiatives by heightening waste awareness and efficiency.

	2021	2022	2023
Scrap Materials	97 tonnes	558 tonnes	383 tonnes
Others	1 portable cabin	<ul style="list-style-type: none"> • 16 portable cabins • 17,208 m² of scrap formwork 	7 portable cabins

While we have effectively diverted waste from landfills, our primary goal is to reduce the total amount of waste produced. We are committed to enhancing our waste tracking and monitoring system across all project sites to further our commitment to waste minimisation.

Waste Intensity

The significant increase in waste intensity for the PDI Division is due to the increase in development projects for the year. In 2023, the waste consumption associated with the FINAS project had been accounted for under the PDI Division, which was previously included in the ECE Division’s metrics. The following table and chart show waste intensity by business segments in the last four years.



Water Management

Our construction activities are heavily reliant on a consistent and effective water supply. Given that the majority of our operations are mainly in Selangor and the Federal Territory, we source our water from a third-party water supplier predominantly from Air Selangor Sdn Bhd, a key municipal provider responsible for the collection, production, distribution, and water reclamation services in Selangor and the Federal Territory. Air Selangor draws water from the Selangor River, Langat River, and Bernam River, before treating it to an acceptable standard for distribution. Therefore, we assume that all our water withdrawal comes from surface water.

Our primary water risk is supply disruption, particularly in Selangor, which is known for the occasional unscheduled interruptions. A preliminary analysis using the WRI Aqueduct Water Risk Tool indicates that 83% of MRCB’s assessed assets may face high water stress between 2030 and 2050. Future water availability assessments in these areas will consider local consumption patterns and expected changes. Following the TCFD framework, our climate risk assessment identifies water stress as a long-term critical risk. However, as MRCB neither operates nor owns assets in water-stressed regions at present, we have not established specific targets for these areas.

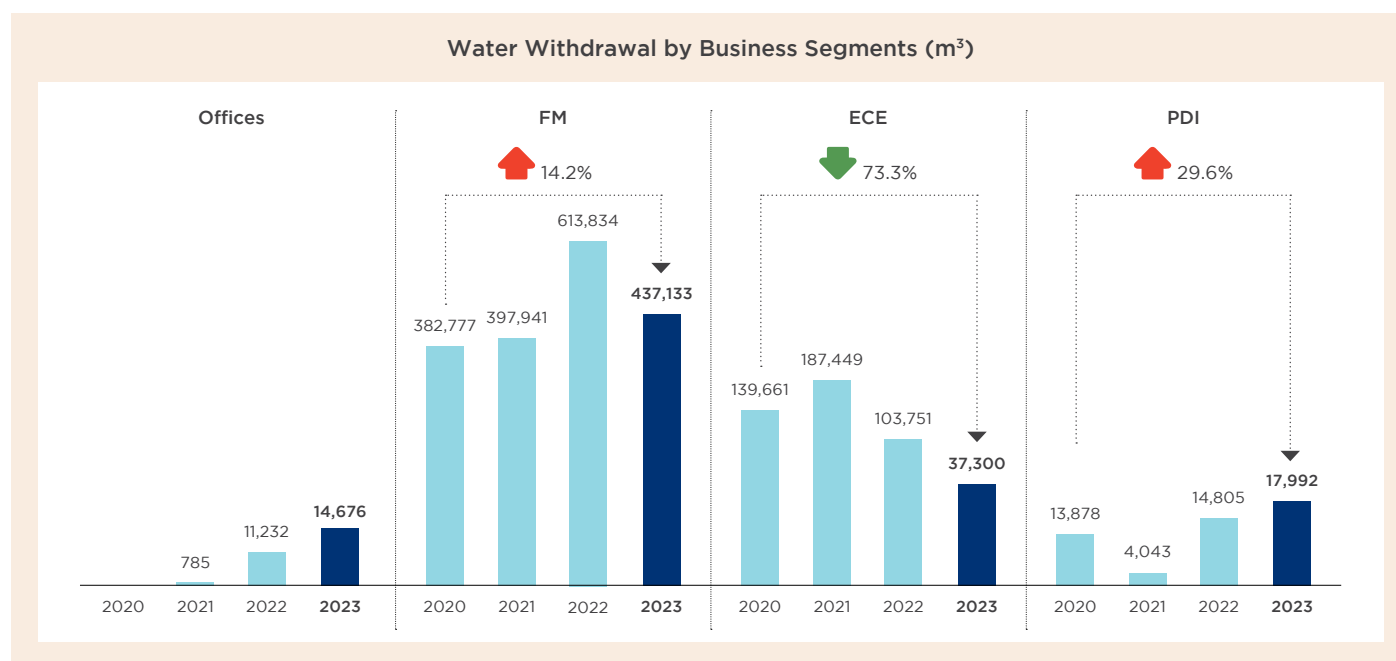
We continuously monitor and manage wastewater quality to protect our water sources. Our control measures include temporary drainage systems, silt traps and grease traps to handle surface or stormwater runoff and effluent at our project sites. Grease traps, are also utilised to manage effluent discharge from the canteens at our sites. We strictly prohibit direct discharge of untreated sewage into drains or waterways, and regularly maintain and desilt our systems to ensure their effectiveness.

We regularly monitor and test water quality at discharge points to ensure compliance with regulatory standards and maintain water quality from our construction activities. Our compliance with local environmental laws is reflected in zero fines or penalties for water-related non-compliance in 2023.

Our QESH Policy underlines our commitment to minimising resource consumption, including water. Implementing water recycling at our project sites involves thoroughly understanding water sources and demands, and selecting suitable treatment and reuse options to ensure the recycled water meets quality standards and is used safely and appropriately. We use recycled water safely and appropriately, primarily for washing vehicles at wash troughs at our project sites to help keep the roads and surrounding areas of our projects clean and safe for all users.

The ECE Division experienced a decrease in water consumption over the year. This reduction can be attributed primarily to the completion of several large-scale projects, which naturally led to a lower need for water in construction activities.

The PDI Division, on the other hand, saw an increase in water consumption due to the initiation of more development projects throughout the year. Water consumption associated with the FINAS project has been accounted for under the PDI Division for 2023, which was previously included in the ECE Division's metrics.



	Offices	FM	ECE	PDI	Total
2020	-	382,777	139,661	13,878	536,316
2021	*785	397,941	187,449	4,043	590,218
2022	**11,232	613,834	103,751	14,805	743,622
2023	***14,676	437,133	37,300	17,992	507,101
Variance against 2020 (%)	-	↑ 14.2%	↓ 73.3%	↑ 29.6%	↓ 5.4%

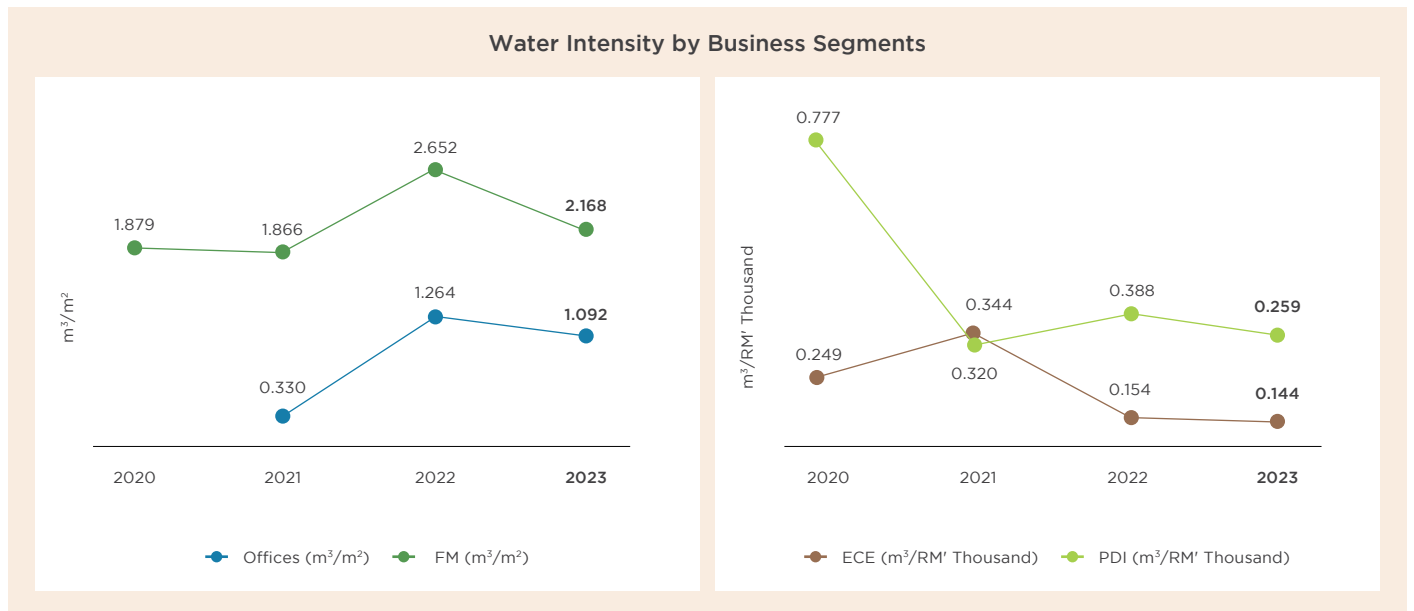
* Sales Gallery only

** Sales Gallery and SULRT3 Offices only

*** Sales Gallery, SULRT3 Offices, and Offices at VIVO 9 Seputeh

Water Intensity

The following table and chart show water intensity by business segments in the last four years.



	2020	2021	2022	2023	Variance against 2020 (%)
Offices (m³/m²)	-	0.330	1.264	1.092	-
FM (m³/m²)	1.879	1.866	2.652	2.168	↑ 15.4%
ECE (m³/RM' Thousand)	0.249	0.344	0.154	0.144	↓ 42.2%
PDI (m³/RM' Thousand)	0.777	0.320	0.388	0.259	↓ 66.7%

ECOLOGICAL IMPACT

BIO Biodiversity

Our Biodiversity Statement which is available to view on our website, expresses our commitment to minimising environmental harm and protecting biodiversity in our urban development projects. We adhere to the Ramsar Convention and Malaysia’s National Policy on Biological Diversity, which prioritises sustainable management. Our approach includes conducting Environmental Impact Assessments (EIA) on our projects in high biodiversity areas. We are continuously improving our practices, developing action plans, and updating policies to bridge any gaps in biodiversity conservation.

GRI Content Index

DISCLOSURE		LOCATION	NOTES & OMISSION
GRI 2: General Disclosures 2021			
2-1	Organizational details	4-5 ,11, 201	
2-2	Entities included in the organization's sustainability reporting	2, 11	
2-3	Reporting period, frequency and contact point	2	
2-4	Restatements of information	140, 152, 184-186, 191	
2-5	External assurance	283-286	
2-6	Activities, value chain and other business relationships	6-9, 11 3, 148-155 of Financial Report	
2-7	Employees	140	
2-8	Workers who are not employees	142, 159, 168-171	
2-9	Governance structure and composition	202-210, 217	
2-10	Nomination and selection of the highest governance body	242-248 https://www.mrcb.com.my/corporate-governance.html	
2-11	Chair of the highest governance body	204	
2-12	Role of the highest governance body in overseeing the management of impacts	220-226, 231, 249-254	
2-13	Delegation of responsibility for managing impacts	211-213, 234-235	
2-14	Role of the highest governance body in sustainability reporting	130, 220-221	
2-15	Conflicts of interest	204-213, 220, 228, 263 https://www.mrcb.com.my/corporate-governance.html	
2-16	Communication of critical concerns	151, 160, 220, 264	
2-17	Collective knowledge of the highest governance body	235-239	
2-18	Evaluation of the performance of the highest governance body	239-241 https://www.mrcb.com.my/corporate-governance.html	
2-19	Remuneration policies	246, 308	
2-20	Process to determine remuneration	246-247, 273-274, 308	
2-21	Annual total compensation ratio	247	
2-22	Statement on sustainable development strategy	16-28, 126-129	

DISCLOSURE		LOCATION	NOTES & OMISSION
GRI 2: General Disclosures 2021			
2-23	Policy commitments	159-160, 167, 219-221, 261-267	More policies and commitments can be found at https://www.mrcb.com.my/corporate-governance.html and https://www.mrcb.com.my/sustainability/sustainability-statements.html
2-24	Embedding policy commitments	159-160, 167, 219-221, 261-267	
2-25	Processes to remediate negative impacts	160, 220	
2-26	Mechanisms for seeking advice and raising concerns	151, 160, 220, 264	
2-27	Compliance with laws and regulations	159, 167, 173, 199	
2-28	Membership associations	46-47	
2-29	Approach to stakeholder engagement	37-45	
2-30	Collective bargaining agreements	159, 167	
GRI 3: Material Topics 2021			
3-1	Process to determine material topics	48, 52	
3-2	List of material topics	49-50	
3-3	Management of material topics	120-199, 214-277	
GRI 201: Economic Performance 2016			
201-1	Direct economic value generated and distributed	58-59, 91, 133	
201-2	Financial implications and other risks and opportunities due to climate change	178-183	
201-3	Defined benefit plan obligations and other retirement plans	130-131 of the Financial Report	
201-4	Financial assistance received from government	141-142 of the Financial Report	
GRI 203: Indirect Economic Impacts 2016			
203-1	Infrastructure investments and services supported	161-166, 168-171	
GRI 204: Procurement Practices 2016			
204-1	Proportion of spending on local suppliers	46, 58-59	
GRI 205: Anti-corruption 2016			
205-1	Operations assessed for risks related to corruption	73-74, 263	
205-2	Communication and training about anti-corruption policies and procedures	60, 74, 84, 263	
205-3	Confirmed incidents of corruption and actions taken	263	

DISCLOSURE		LOCATION	NOTES & OMISSION
GRI 302: Energy 2016			
302-1	Energy consumption within the organization	188-190	
302-2	Energy consumption outside of the organization	187-188	
302-3	Energy intensity	191	
302-4	Reduction of energy consumption	190-191	
GRI 303: Water and Effluents 2018			
303-1	Interactions with water as a shared resource	196-198	
303-2	Management of water discharge-related impacts	196-198	
303-3	Water withdrawal	198	
303-5	Water consumption	198	
GRI 304: Biodiversity 2016			
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Not applicable	No project located in high biodiversity value outside protected areas
304-2	Significant impacts of activities, products and services on biodiversity	Not applicable	
304-3	Habitats protected or restored	Not applicable	
304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	Not applicable	
GRI 305: Emissions 2016			
305-1	Direct (Scope 1) GHG emissions	185-187	
305-2	Energy indirect (Scope 2) GHG emissions	185-187	
305-3	Other indirect (Scope 3) GHG emissions	187-188	
305-4	GHG emissions intensity	186	
305-5	Reduction of GHG emissions	185-187	
305-6	Emissions of ozone-depleting substances (ODS)	Not applicable	Shall improve the disclosures in the future
305-7	Nitrogen oxides (NO _x), sulfur oxides (SO _x), and other significant air emissions	185	
GRI 306: Waste 2020			
306-1	Waste generation and significant waste-related impacts	196-197	
306-2	Management of significant waste-related impacts	196-197	
306-3	Waste generated	196-197	
306-4	Waste diverted from disposal	196	
306-5	Waste directed to disposal	196	

DISCLOSURE		LOCATION	NOTES & OMISSION
GRI 308: Supplier Environmental Assessment 2016			
308-1	New suppliers that were screened using environmental criteria	Not applicable	Developing environmental criteria in our pre-qualification process
GRI 401: Employment 2016			
401-1	New employee hires and employee turnover	141-142	
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	143-144	
401-3	Parental leave	143	
GRI 403: Occupational Health and Safety 2018			
403-1	Occupational health and safety management system	131-134	
403-2	Hazard identification, risk assessment, and incident investigation	135, 138	
403-3	Occupational health services	136	
403-4	Worker participation, consultation, and communication on occupational health and safety	136-137	
403-5	Worker training on occupational health and safety	136	
403-6	Promotion of worker health	136	
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	133	
403-8	Workers covered by an occupational health and safety management system	137-139	
403-9	Work-related injuries	137-139	
403-10	Work-related ill health	137-139	
GRI 404: Training and Education 2016			
404-1	Average hours of training per year per employee	147-148	
404-2	Programs for upgrading employee skills and transition assistance programs	148-149	
404-3	Percentage of employees receiving regular performance and career development reviews	149	
GRI 405: Diversity and Equal Opportunity 2016			
405-1	Diversity of governance bodies and employees	202	
405-2	Ratio of basic salary and remuneration of women to men	158	

DISCLOSURE		LOCATION	NOTES & OMISSION
GRI 406: Non-discrimination 2016			
406-1	Incidents of discrimination and corrective actions taken	159-160	
GRI 408: Child Labor 2016			
408-1	Operations and suppliers at significant risk for incidents of child labor	159	We adhere to the minimum working age in all of our locations
GRI 409: Forced or Compulsory Labor 2016			
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	159	We adhere to national wage and working hour requirements in all of our locations
GRI 410: Security Practices 2016			
410-1	Security personnel trained in human rights policies or procedures	136	
GRI 413: Local Communities 2016			
413-1	Operations with local community engagement, impact assessments, and development programs	161-166, 168-171	
GRI 414: Supplier Social Assessment 2016			
414-1	New suppliers that were screened using social criteria	Not applicable	Developing social criteria in our pre-qualification process
GRI 416: Customer Health and Safety 2016			
416-1	Assessment of the health and safety impacts of product and service categories	150	
GRI 418: Customer Privacy 2016			
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	133, 150	

Independent Assurance Opinion Statement

For Malaysian Resources Corporation Berhad



Malaysian Resources Corporation Berhad (MRCB) Integrated Annual Report 2023

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

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

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

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

Scope

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

1. The assurance covers part of the report and focuses on systems and activities of MRCB and its subsidiaries during the period from 1st January 2023 to 31st December 2023 (the “Reporting Year”), for the following sustainability subject matter.
 - Scope 1 Emission:
 - Fuel consumption from stationary combustion
 - Fuel consumption from mobile combustion i.e., company-owned vehicle
 - Scope 2 Emission: Electricity consumption (owned and managed assets)
 - Scope 3 Emission:
 - Category 2 – Fuel and energy related activities
 - Category 6 – Business Travel
 - Category 7 – Employee Commuting
 - Category 13 – Downstream leased assets
 - Health and Safety Data
 - Safety Matrix / Performance – Incident Rate, Rate of Recordable Work-Related Injuries
 - Lost Time Incident Rate and Fatality Rate
 - Number of employees trained on health and safety

- Employment
 - Diversity and Equal Opportunity
 - Total hours of training by employee category
 - Anti-corruption
 - Water Consumption
 - Customer Privacy
2. The evaluation of the nature and extent of the MRCB's adherence to all four reporting principles: Inclusivity, Materiality, Responsiveness and Impact and the reliability of specified sustainability performance information in this report as conducted in accordance with type Type 1 Moderate Level of Assurance engagement.

Opinion Statement

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

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

Methodology

Our objective was to gather evidence that forms the basis of our conclusion. We conducted the following activities:

- Conducted a top-level review of issues raised by external parties that could be pertinent to MRCB's policies to ensure the accuracy of statements in the Report.
- Engaged in discussions with managers and staff regarding MRCB's approach to stakeholder engagement. Direct contact with external stakeholders was not established.
- Conducted interviews with staff involved in sustainability management, report preparation, and provision of report information.
- Reviewed key organizational developments.
- Reviewed supporting evidence for claims made in the reports.
- Assessed MRCB's reporting and management processes concerning the principles of Inclusivity, Materiality, Responsiveness, and Impact.

Conclusions

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

Inclusivity

Inclusivity is demonstrated in the Report through MRCB's engagement with significant stakeholders via various channels. These include procedures for handling complaints, grievances, and consultations; negotiations and interactions with stakeholders prior to any land development or acquisition, stakeholder meetings, community engagement processes, self-assessment questionnaires, supplier audits and onsite verifications among others.

MRCB's operations involve ongoing engagement with stakeholders through diverse methods. The Report provides comprehensive coverage of economic, social, and environmental aspects relevant to stakeholders, demonstrating a fair level of disclosure. In our professional assessment, MRCB upholds the principle of Inclusivity. Moreover, areas for improving the Report were addressed by MRCB prior to the issuance of this opinion statement.

Materiality

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

Responsiveness

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

Impact

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

Assurance Level

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

Responsibility & Limitations

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

Competency and Independence

The assurance team was composed of Lead Auditors and Carbon Footprint Verifiers experienced in industrial sector, and trained in a range of sustainability, environmental and social standards including AA1000 AS, ISO14001, ISO 45001, ISO14064 and ISO 9001. BSI is a leading global standards and assessment body founded in 1901.

For and on behalf of BSI: Verifier of the Report:



Ms Evelyn Chye Managing
Director



Mr. Shaiful Rahman
Lead Assessor

2nd April 2024

Performance Data Table

From Bursa ESG Reporting Platform

Indicator	Measurement Unit	2023
Bursa (Anti-corruption)		
Bursa C1(a) Percentage of employees who have received training on anti-corruption by employee category		
Total employee	Percentage	98.40
Bursa C1(b) Percentage of operations assessed for corruption-related risks	Percentage	100.00
Bursa C1(c) Confirmed incidents of corruption and action taken	Number	0
Bursa (Health and safety)		
Bursa C5(a) Number of work-related fatalities	Number	0
Bursa C5(b) Lost time incident rate ("LTIR")	Rate	0.00
Bursa C5(c) Number of employees trained on health and safety standards	Number	873
Bursa (Labour practices and standards)		
Bursa C6(a) Total hours of training by employee category		
Senior Management	Hours	882
Middle Management	Hours	2,498
Executive	Hours	4,876
Non-Executive	Hours	628
Bursa C6(b) Percentage of employees that are contractors or temporary staff	Percentage	76.00
Bursa C6(c) Total number of employee turnover by employee category		
Senior Management	Number	9
Middle Management	Number	71
Executive	Number	206
Non-Executive	Number	96
Bursa C6(d) Number of substantiated complaints concerning human rights violations	Number	0
Bursa (Energy management)		
Bursa C4(a) Total energy consumption	Megawatt	24,952.54
Bursa (Supply chain management)		
Bursa C7(a) Proportion of spending on local suppliers	Percentage	99.60
Bursa (Diversity)		
Bursa C3(a) Percentage of employees by gender and age group, for each employee category		
Age Group by Employee Category		
Senior Management Under 30	Percentage	0.00
Senior Management Between 30-50	Percentage	48.00
Senior Management Above 50	Percentage	52.00
Middle Management Under 30	Percentage	0.00
Middle Management Between 30-50	Percentage	76.00
Middle Management Above 50	Percentage	24.00
Executive Under 30	Percentage	15.00
Executive Between 30-50	Percentage	78.00
Executive Above 50	Percentage	7.00
Non-Executive Under 30	Percentage	32.00
Non-Executive Between 30-50	Percentage	58.00
Non-Executive Above 50	Percentage	10.00

Internal assurance

External assurance

No assurance

(*)Restated

Indicator	Measurement Unit	2023
Bursa (Diversity)		
Gender Group by Employee Category		
Senior Management Male	Percentage	80.00
Senior Management Female	Percentage	20.00
Middle Management Male	Percentage	66.00
Middle Management Female	Percentage	34.00
Executive Male	Percentage	48.00
Executive Female	Percentage	52.00
Non-Executive Male	Percentage	79.00
Non-Executive Female	Percentage	21.00
Bursa C3(b) Percentage of directors by gender and age group		
Male	Percentage	71.00
Female	Percentage	29.00
Under 30	Percentage	0.00
Between 30-50	Percentage	29.00
Above 50	Percentage	71.00
Bursa (Community/Society)		
Bursa C2(a) Total amount invested in the community where the target beneficiaries are external to the listed issuer	MYR	5,321,522.00
Bursa C2(b) Total number of beneficiaries of the investment in communities	Number	102,044
Bursa (Water)		
Bursa C9(a) Total volume of water used	Megalitres	0.507101
Bursa (Data privacy and security)		
Bursa C8(a) Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Number	0

Internal assurance

External assurance

No assurance

(*)Restated



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