

OUR PERFORMANCE

ENVIRONMENTAL

OUR COMMITMENT TOWARDS NET ZERO CARBON BY 2040 THROUGH SCIENCE-BASED TARGETS



SDG13



SDG15



Average Carbon Emissions Intensity Reduction in 2021

▼ **8%**

By segment

Building Projects (tCO₂e/m²)

▼ **29%**

Infrastructure (tCO₂e/RM mil)

▲ **21%**

Headquarters (tCO₂e/m²)

▼ **15%**

In 2020, we announced our commitment to achieving Net Zero Carbon by 2040 (in Scope 1 & Scope 2 emissions). This means systematically and diligently measuring, monitoring, and implementing short and medium-term strategies to reduce our Greenhouse Gas (GHG) emission rate, as well as water consumption and waste generated in our operating environment.

Our Net Zero Carbon journey began by measuring and monitoring our Scope 1 & Scope 2 carbon emissions. This includes measuring carbon emissions from diesel and petrol consumption at MRCB's project sites (Scope 1) and measuring indirect carbon emissions from the generation of purchased electricity for operating our Headquarters and core business areas (Scope 2). The Group's carbon emissions are calculated in accordance with the World Business Council for Sustainable Development (WBCSD) and World Resources Institute's (WRI) GHG Protocol, a corporate accounting and reporting standard. This protocol is considered the global best practice for corporate emissions reporting.

We continued to expand our scope of reporting to include Scope 3 emissions in 2021 on employee commuting and downstream leased assets. We also conducted a Supplier Assessment Survey with our largest suppliers to assess their readiness level, as discussed on page 54 of this report. Moving forward, we will implement more rigorous sustainable procurement strategies, by implementing policies and processes that embed sustainability at the project design stage, to ensure only locally sourced materials are specified and materials that meet sustainability specifications are procured. This process will be undertaken in stages, with a realistic and pragmatic timeline.

MRCB is in the process of developing science-based targets for Scope 1 & Scope 2 emissions and will soon be proceeding with the validation process. Using the latest version of the SBTi Tool (version 2.0) and through the absolute contraction approach (ACA), we will be setting an absolute Scope 1 & Scope 2 emission reduction target of 4.2% annually (42% by 2032), aligned to the 1.5°C scenario.

Our commitment towards this goal is further strengthened by a thorough qualitative assessment of the exposure of our assets to climate risks, guided by the Task Force on Climate-related Financial Disclosures (TCFD). This initiative is ongoing and is targeted to be completed by mid-2022 and will focus on: i) climate strategy, ii) governance iii) risks and opportunities and iv) metrics and targets. We have conducted a TCFD assessment to assess our gaps in implementing its recommendations and developed a high-level strategy to address them, as discussed on page 127 of this report.

Electricity and Water Consumption Reduction Initiatives in 2021

Headquarters

Reviewing and approving sustainability policies and procedures in support of the Group's sustainability framework and strategy.

Parking facilities

We retrofitted LED lightings at Q Sentral and PJ Sentral parking areas managed by our subsidiary, Semasa Parking.

Construction sites

We are continuously trying to increase rainwater catchment to be reused for cleaning and plant watering purposes. We are also trying to improve on our waste management practices by improving our waste segregation, monitoring, and recording activities.

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MRCB'S CLIMATE RISKS & OPPORTUNITIES

GUIDED BY THE TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD) FRAMEWORK

As a responsible leader in the property and construction sector in Malaysia, we recognise the need to accelerate our actions to address the climate crisis. A robust climate action plan will contribute to global efforts in limiting the global temperature increase to below 1.5°C, and improve the Group's resilience to potential climate impacts. In 2021, we embarked on our TCFD journey to assess the impact of climate change on our assets and business operations, as well as allow us to disclose our climate risks and opportunities under the TCFD framework. This is our first disclosure of climate-related financial risks.

GOVERNANCE

In order to address our climate-related risks and opportunities, the Sustainability Management Committee (SMC), which comprises Heads from core operational Divisions and support functions, the Sustainability Department, and chaired by the Chief Corporate Officer (CCO), was established with the approval of the Board to oversee the development and adoption of the Group Sustainability Strategy, and its related policies and risk mitigation plans. Further information on the roles and responsibilities of the Board, Senior Management and the SMC in relation to climate risks can be found on page 22 of this Integrated Annual Report.

STRATEGY & 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. As a foundational step, we have conducted a hotspot analysis of our physical and transition risks, incorporating scenario analysis as recommended by TCFD.

Climate Related Risks and Opportunities Assessment

We have used climate-related scenario analysis to explore and develop an understanding of how the physical risks and transition risks of climate change might impact the business over the time horizons of 2030 (baseline) and 2050 (future):

- 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.

As a next step, we will adopt the IEA Sustainable Development Scenario (SDS) approach to align with our Net Zero commitment.

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

- A review of the regional & country level data and literature helped us identify the key risks our businesses may be exposed to, as well as those that may require further validation in the respective areas of interests.
- The key hazards and risks identified were then evaluated in further detail with respect to the specific MRCB asset locations. Baseline natural hazard data and climate change projections for key climate indicators were extracted using geospatial information for each asset location. The baseline natural hazards were then defined via High, Medium, Low categories, with the climate change projection data evaluated and qualitatively superimposed on the baseline hazard data to estimate future hazards under RCP 4.5 and 8.5, with respect to our business units. Following that, high level implications of each natural hazard on our business units were identified along with feasible mitigation measures for adaptation.
- During the next phase of this assessment, a robust risk validation & qualification exercise will be conducted which will involve asset specific risk validation and high level financial analysis.

Preliminary Physical Risk Assessment Results

Our ability to forecast each hazard with reasonable certainty is limited, and it becomes less precise over a longer period. Physical risks are multidimensional and complex requiring assessment on each component – hazards, exposure and vulnerability. As our initial approach, our assessment covered selected hazards for discovery of acute and chronic risks.

At this stage, it is more useful for us to understand which hazards are most pressing and to have the assessment more concretely focused on specific short-term impacts at the asset level. This will help us to build a reasonable understanding and to improve certainty on our initial models. Therefore, the physical risks are indicative at the moment.

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

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

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

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

Preliminary Transition Risk Assessment

Transition risks assessments are qualitative rather than quantitative and are based on analysis of emerging trends. We conducted scenario analysis for transition risks and opportunities against two scenarios from World Energy Outlook 2021, published by International Energy Agency – Annual Pledge Scenario (APS) and Sustainable Development Scenario (SDS). Our methodology assigned each identified climate risk and opportunity to a ‘scenario indicator’ to allow for the evolution of risks to be tracked under the base case (APS ~2.1°C) and low carbon (SDS ~1.8°C) scenarios, over a long - term time horizon. The analysis covers our 3 core business activities, namely Property Development and Investment (PDI), Engineering, Construction & Environment (ECE), Facilities Management (FM) and Semasa Parking. These scenarios represent the range of events that are reasonably foreseeable and which are common across the segments. The assigning of probabilities are still preliminary and are subject to a consultative risk assessment process.

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No	Category	Preliminary Scenario	Property Development & Investment		Engineering, Construction & Environment		Facilities Management & Parking		Financial Driver
			Likelihood	Impact	Likelihood	Impact	Likelihood	Impact	
1	Policy & Legal	Green Building Index: Growing interest and adoption of green building practices in Malaysia could affect MRCB's costs and demand.	Medium	Positive	Medium	Positive	Medium	Positive	REVENUE
2		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.	Medium	Adverse	Medium	Adverse	Medium	Adverse	CAPEX, OPEX, REVENUE
3		Carbon Pricing: Malaysia will be likely to apply the carbon pricing mechanism which will affect MRCB's operational costs.	Medium	Adverse	Medium	Adverse	Medium	Adverse	CAPEX, OPEX, REVENUE
4	Market	Niche Market: Increasing corporate and consumer demand for sustainable product and service.	Medium	Positive	Medium	Positive	Medium	Positive	REVENUE
5		Stranded Assets: Real estate assets may lose their value prematurely due to transition to low-carbon economy.	Medium	Adverse	Low	Adverse	Low	Adverse	OPEX, REVENUE
6	Technology	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.	Medium	Adverse	Medium	Adverse	Medium	Adverse	CAPEX
7		Green Construction Materials: Requirements for the use of low carbon building materials will continue to grow, which will increase capital costs.	Medium	Adverse	Medium	Adverse	Low	Adverse	CAPEX
8		Electric Vehicle (EV) and Infrastructure: Expected growth for EVs in Malaysia require supporting infrastructure to be established in real assets which affect MRCB's strategy to mitigate the risk and capture this as an opportunity.	Low	Adverse	Low	Adverse	Medium	Adverse	CAPEX

Legend for Scenario Indicator

- Short Term 0-3 years
- Medium Term 3-10 years
- Long Term >10 years

Scale for Likelihood

- Low
- Medium
- High

Scale for Impact

- Neutral
- Positive
- Adverse

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Our preliminary findings indicate that regulations driven by the transition to a 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. Contrarily, our proprietary modular construction technology, MRCB Building System (MBS) is Malaysia's first Prefabricated Prefinished Volumetric Construction (PPVC) system, and we believe that there is significant potential for our businesses to profit from the low carbon economy transition. Due to the rising demand in green buildings and infrastructure, we are strongly positioned to differentiate ourselves from the other carbon intensive products and services currently offered in the market, which should further improve our market share.

As our understanding develops further, we will undertake a more robust integrated physical and transition risk assessment. In addition, we will separate the analysis for FM into two separate entities to improve the accuracy of reporting.

RISK MANAGEMENT

Through our Enterprise Risk Management process and Environmental Resources Management's proprietary risk assessment tools, we continue to integrate climate related risks and opportunities into our overall business strategy, value chain, and operations to drive continued improvement and to enhance climate resilience.

METRICS AND TARGETS

In 2021, we measured and began reporting our carbon emissions including Scope 3 emissions in accordance with the World Business Council for Sustainable Development (WBCSD) and World Resources Institute's (WRI) GHG Protocol. A third party limited assurance engagement was carried out by SIRIM QAS International Sdn Bhd, covering emissions performance data (disclosed on pages 213-214 of this report). We will continue to improve reporting on other climate-related metrics and targets related to waste and water management (as disclosed on pages 137-140).

As a next step, we will look to further define our climate risks management related metrics and targets and subsequently integrate more climate risk and opportunity analysis within our strategic planning and enterprise risk management.

TCFD JOURNEY: Next Steps

We intend to continue updating our climate related risks and opportunities disclosures annually and applying the recommendations of the Task Force on Climate-related Financial Disclosure (TCFD) in our reporting to our stakeholders to ensure full transparency. Following this initial assessment, subsequent steps in the future will include integration of the identified climate related risks and opportunities into our business strategy and identifying the material financial impacts to our business. MRCB has started developing a climate strategy and will continue the journey by verifying its GHG inventory (including Scope 3 emissions), developing a strategic decarbonisation roadmap (including GHG mitigation / offsetting actions for our businesses), and conducting a quantitative / site-specific risks and opportunities assessment alongside an adaptation plan.

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MANAGING OUR ENVIRONMENTAL IMPACT

MRCB's Greenhouse Gas (GHG) Inventory

MRCB sets its GHG Inventory in accordance with the GHG Protocol, and therefore we report on Scope 1 (direct emissions) & Scope 2 (indirect emissions) separately. This inventory forms part of MRCB's commitment to measure, monitor, report and set targets to reduce its emissions.

Our calculation methodology of GHG emission is in accordance with the World Business Council for Sustainable Development (WBCSD) and World Resources Institute's (WRI) GHG Protocol. An organisational boundary was set using the operational control approach for Scope 1 & Scope 2. In addition, our calculation references include the 2006 IPCC Guidelines for National GHG

Inventories and the IPCC 5th Assessment report. The calculation refers to the appropriate authorities where locally determined emissions factors are used such as the yearly National Energy Balance Report published by the Energy Commission and thematic reports such as the 2017 CDM Electricity Baseline for Malaysia by Malaysia Green Technology and Climate Change Corporation (MGTC).

The process involves assessing, identifying and categorising the source of emissions by their occurrence throughout our value chain. To allow near real-time review of our emissions, activity data was collected on a monthly basis by a designated officer. Our method of calculating carbon emissions for 2020 has also been adjusted accordingly. Below is a summary of our GHG inventory.

MRCB's GHG Inventory									
SCOPE 1: DIRECT EMISSIONS		SCOPE 2: INDIRECT EMISSIONS						SCOPE 3	
Boundary: 100% operational control of construction sites		N/A	Boundary: 100% operational control of construction sites and satellite locations			Boundary: 100% operational control on building and parking management (Semasa Parking) considered		Activities beyond MRCB's operational controls	
Diesel & Petrol Consumption		Electricity Consumption						Selected Categories	
Building Projects	Infrastructure Projects	Head-quarters	Satellite Locations	Building Projects	Infrastructure Projects	Facilities Management	Semasa Parking	Employee Commuting	Downstream Leased Assets
<ul style="list-style-type: none"> • Sentral Suites • PJ Sentral • PR1MA Brickfields • KWASA C8 • TRIA 9 Seputeh • FINAS • KWASA Sentral (MX-1, Plot H) • Alstonia • SIDEC 2D3 	<ul style="list-style-type: none"> • KVMRT2 V210 & S210 • SUKE CA2 • DASH CB2 		<ul style="list-style-type: none"> • Sentral Suites • Alstonia • 9 Seputeh 	<ul style="list-style-type: none"> • Sentral Suites • PJ Sentral • PR1MA Brickfields • KWASA C8 • TRIA 9 Seputeh • Alstonia • SIDEC 2D3 	<ul style="list-style-type: none"> • KVMRT2 V210 & S210 • SUKE CA2 • DASH CB2 	<ul style="list-style-type: none"> • Celcom Tower • Plaza Alam Sentral • Sentral Stesen Kuala Lumpur • Penang Sentral 	<ul style="list-style-type: none"> • Plaza Sentral • Plaza Alam Sentral • Stesen Sentral KL • Level 2, Bangunan MIDA • Lot J, Motorcycle Open Parking, KL Sentral • Q Sentral • Lot F, KL Sentral • PJ Sentral 	<ul style="list-style-type: none"> • Employees' Petrol Card 	<ul style="list-style-type: none"> • Celcom Tower • Plaza Alam Sentral • Stesen Sentral Kuala Lumpur

Note - Satellite Locations in 2021 refers to Sales & Marketing Galleries

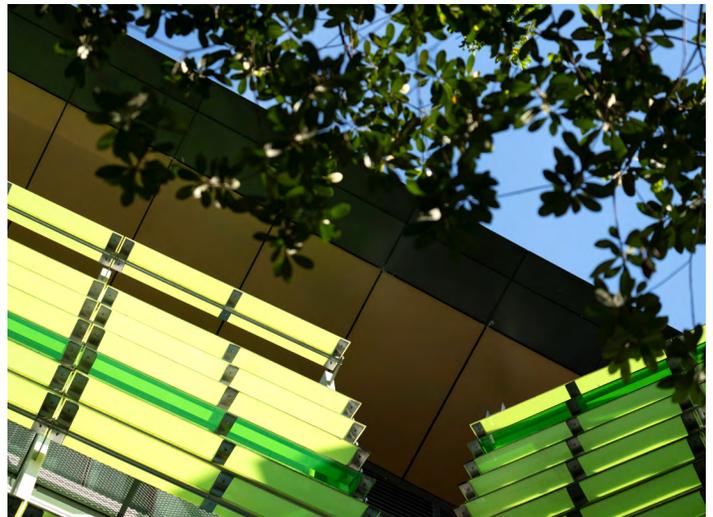
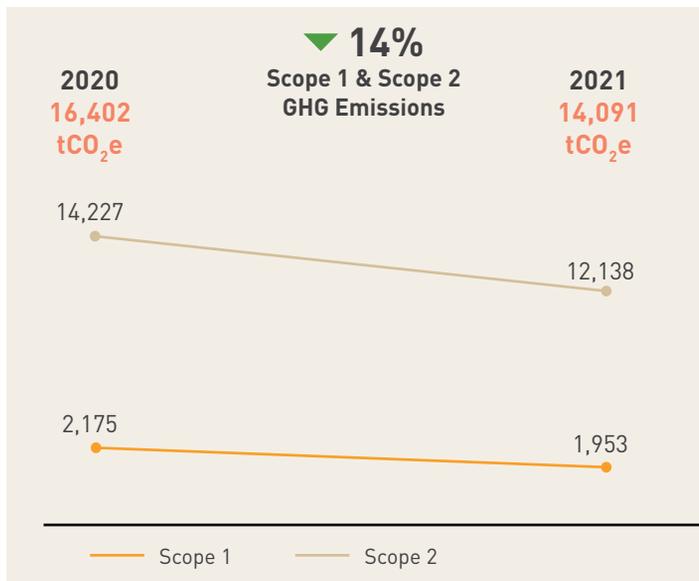
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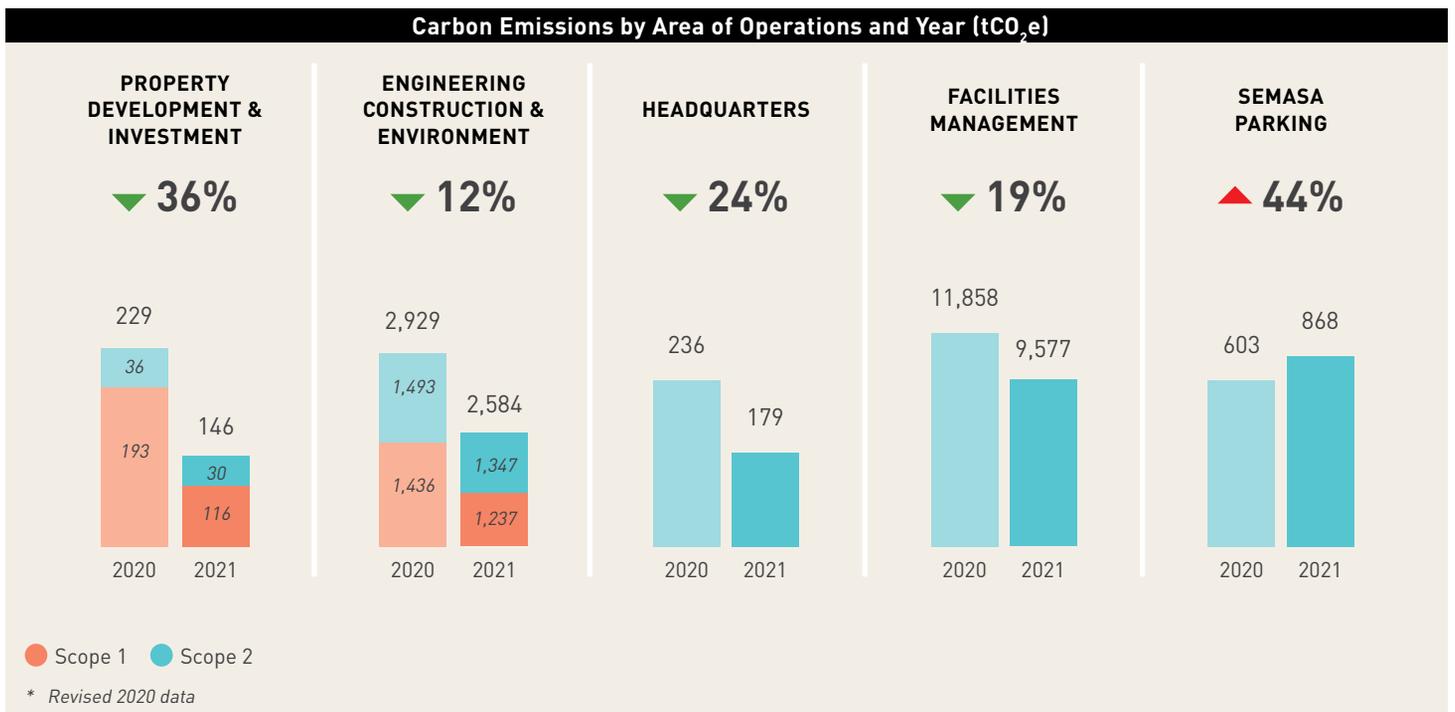
GHG Emissions

We started our journey on GHG emission disclosure in 2020, and although last year's emissions were partially audited and assured by an independent third party, amendments have been made to the 2020 emissions due to a new method of calculating emission factors recommended by MGTC.

Below are the updated figures for 2020 and 2021.



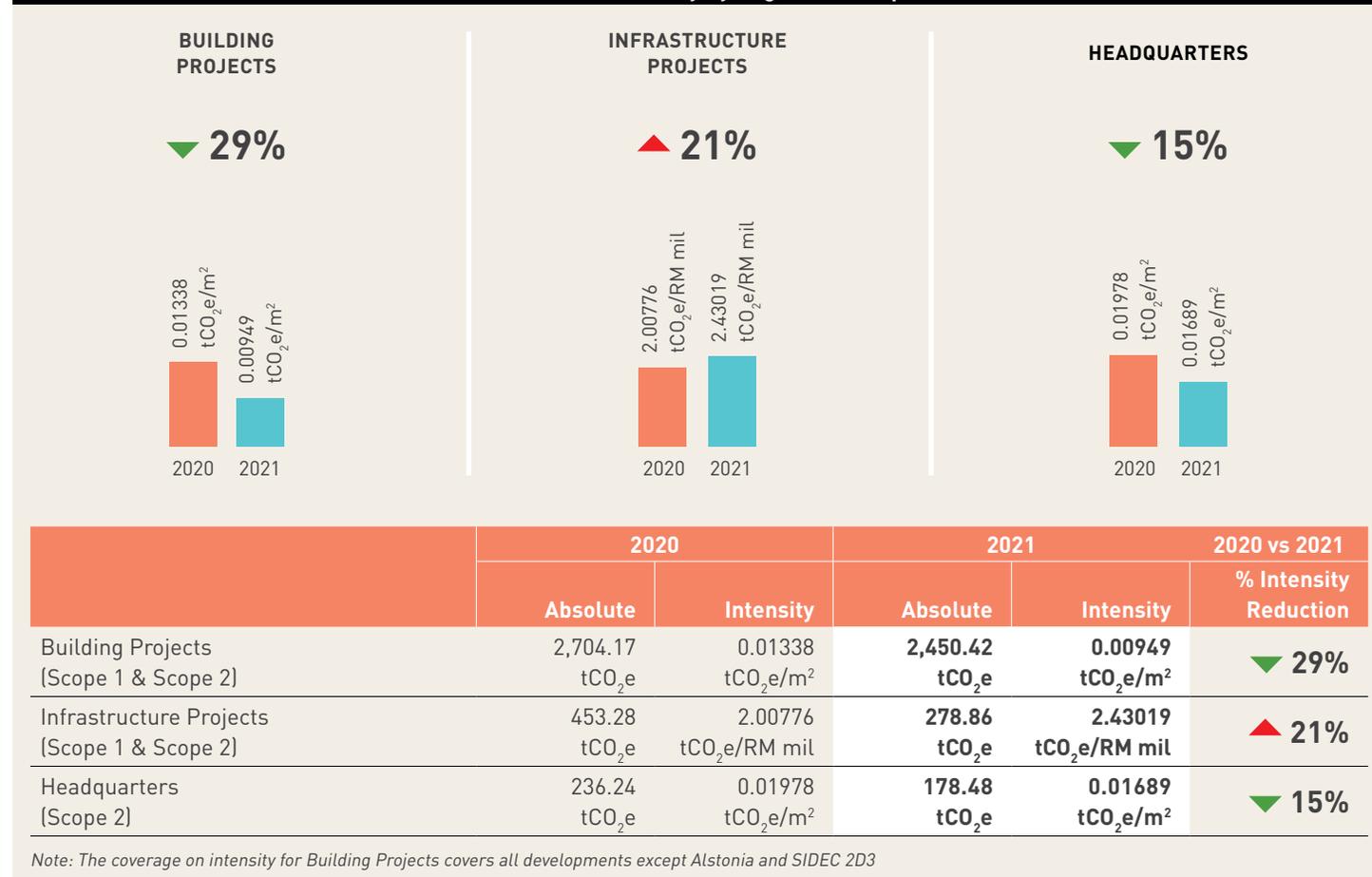
An exterior shot of MRCB's first green office project, Platinum Sentral in KL Sentral CBD



OUR PERFORMANCE ENVIRONMENTAL

We set a 1% intensity reduction target in 2021 for our Scope 1 & Scope 2 emissions across the three segments of our operations, and we were able to achieve these targets with the exception of our Infrastructure Projects. The increase from our Infrastructure Projects was mainly due to projects being at the final phase of construction with progress not fully certified to be recognised as revenue.

Carbon Emissions Intensity by Segments of Operations



We expanded our emission reporting coverage in 2021 by tracking and defining Scope 1 & Scope 2 emissions for our Facilities Management and Semasa Parking's areas of operation. Both areas' intensity would be measured based on emission over gross floor area (tCO₂e/m²) as shown in the following table. We will continue to update our monitoring and improvement initiatives for all our operating areas, as we continue to embark on our Net Zero Carbon journey.

	2020		2021	
	Absolute	Intensity	Absolute	Intensity
Facilities Management (Scope 2)	11,858.40 tCO ₂ e	N/A	9,576.94 tCO ₂ e	0.05464 tCO ₂ e/m ²
Semasa Parking (Scope 2)	603.06 tCO ₂ e	N/A	868.02 tCO ₂ e	0.00333 tCO ₂ e/m ²

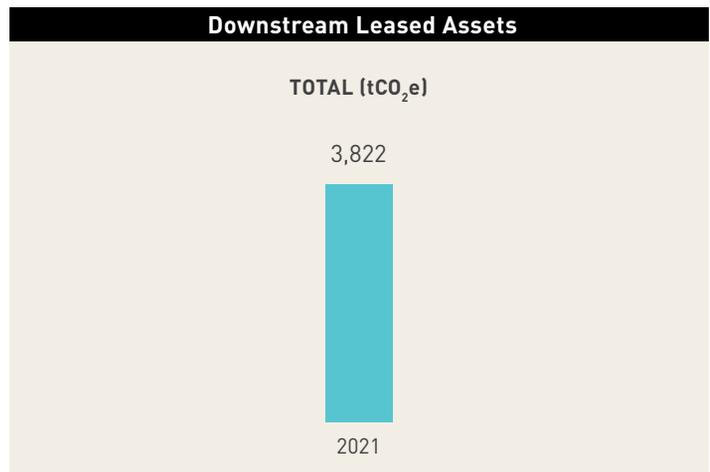
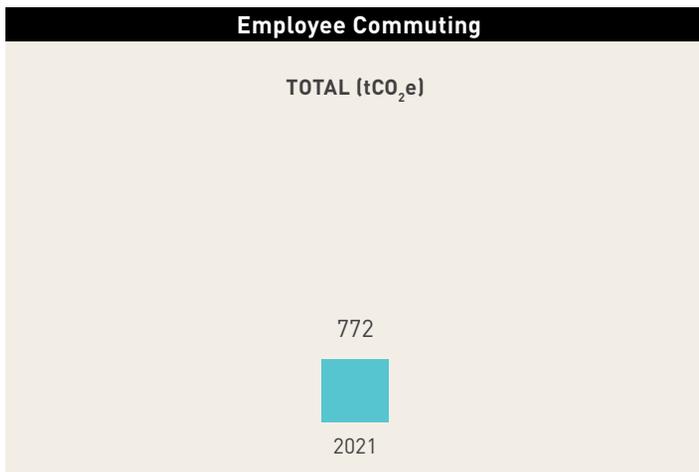
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We also recognised that Scope 3 emissions, which are the emissions along our value chain represents our biggest GHG impacts. MRCB adopts the Corporate Value Chain (Scope 3) Standards of the GHG Protocol to identify GHG reduction opportunities, track performance, and engage suppliers at the corporate level. MRCB has initiated reporting of 2 categories of Scope 3 emissions that covers Employee Commuting and Downstream Leased Assets.

Employee Commuting refers to emissions from the transportation of employees from their homes to their worksites. We adopt the fuel-based method which involves determining the amount of fuel consumed and applying the appropriate emission factor for that fuel. For 2021, the coverage for employee travel applies only to middle management and above based on their petrol card entitlement and usage.

Downstream leased assets refer to emissions from the operation of assets that are owned by MRCB and leased to other entities that are not already included in Scope 1 & Scope 2 reporting. For 2021, the assets refer to leased buildings and offices. The emissions are determined based on the total electricity consumption attributed to the leased entities and applying the appropriate emission factor.



Electricity & Water Consumption and Waste Generated

The complex nature of our business presents challenges in compiling and normalising certain environmental data sets. For example, electricity and water consumption tend to vary depending on the nature, number, stage of construction and scale of projects during the year. Projects at the beginning and end stages of work tend to be less electricity - intensive compared to other phases of construction where more electricity is required.

The recording and timely reporting of all environmental data is critical. For all project sites, the respective Environmental Officers (EO) submit the consumption billing on a monthly basis, while Headquarters and each location under Facilities Management and Semasa Parking submit all environmental data on a quarterly basis.

In 2020 we included intensity figures along with the absolute figures when tracking and representing consumption data for a more realistic analysis of our year-on-year performance for all our construction project sites. The intensity figures in 2020 were set as the baseline figures for our 1% reduction target in 2021.

The intensity figures for our project sites are divided into two categories, which are Building Projects for projects such as Sentral Suites, PJ Sentral, TRIA 9 Seputeh and PR1MA Brickfields, and Infrastructure Projects for projects such as KVMRT2 V210 & S210, DASH CB2 and SUKE CA2. The difference between these two intensity categories is that for Building Projects the intensity figure is consumption data against built-up area (m²) and for Infrastructure Projects it is consumption data against progress revenue/claims (RM Million).

In 2021, we expanded the intensity figures to include the Facilities Management and Semasa Parking. The intensity figures for this Division are its consumption data against built-up area (m²) for all its areas of operation.

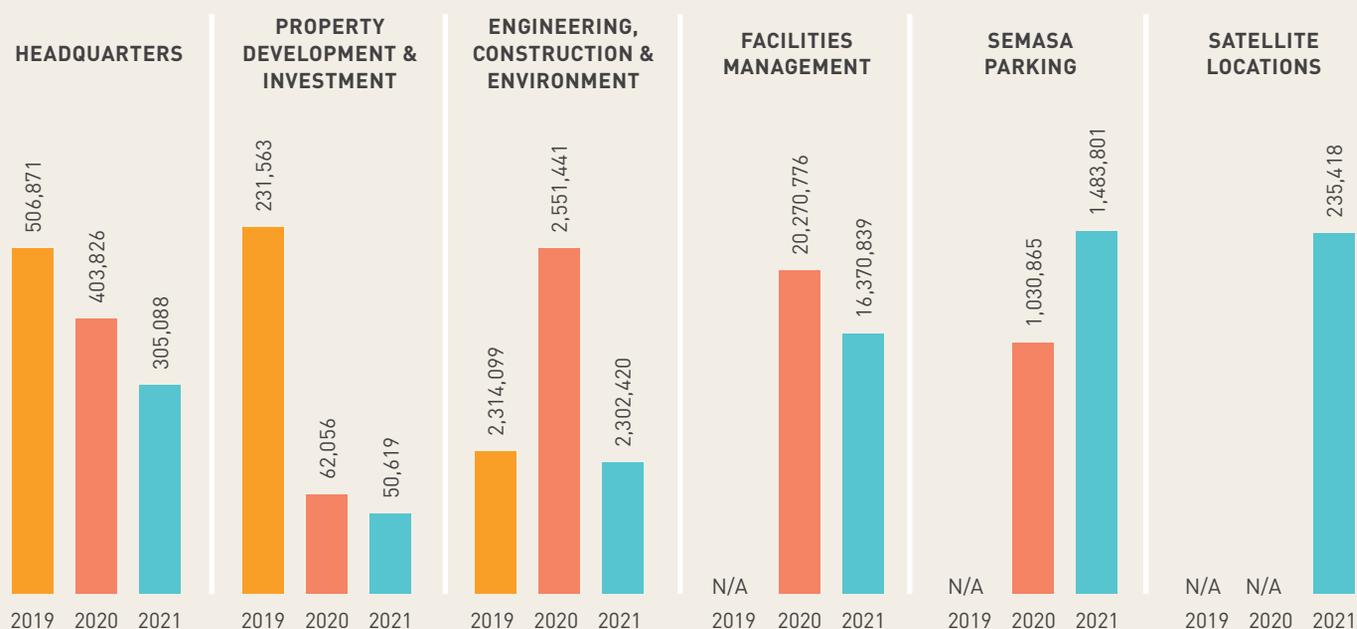
OUR PERFORMANCE ENVIRONMENTAL

Electricity Consumption

In 2021, we noted electricity consumption reductions in almost all MRCB's areas of operations due to the Movement Control Order (MCO) where some of our project sites had to stop work on a few occasions while office-based employees were working from home on a rotational basis throughout the year. Only Semasa Parking recorded an increase, mainly due to the high electricity consumption from the use of mechanical parking bays located at PJ Sentral which began its operation in 2021, as well as more utilisation at their parking sites due to the reopening of more economic activities post-MCOs.

Electricity Consumption by Area of Operations and Year (kWh)

Electricity consumption reduction of ▼ **15%**



Area of operations	2019	2020	2021
Headquarters	506,871	403,826	305,088
Property Development & Investment	231,563	62,056	50,619
Engineering, Construction & Environment	2,314,099	2,551,441	2,302,420
Facilities Management	12,906,952	20,270,776	16,370,839
Semasa Parking		1,030,865	1,483,801
Satellite Locations	N/A	N/A	235,418
Total (kWh)	15,959,485	24,318,964*	20,748,184

* The grand total for electricity consumption for 2020 was revised to improve data accuracy. The restated amount is 9% higher than previously reported.

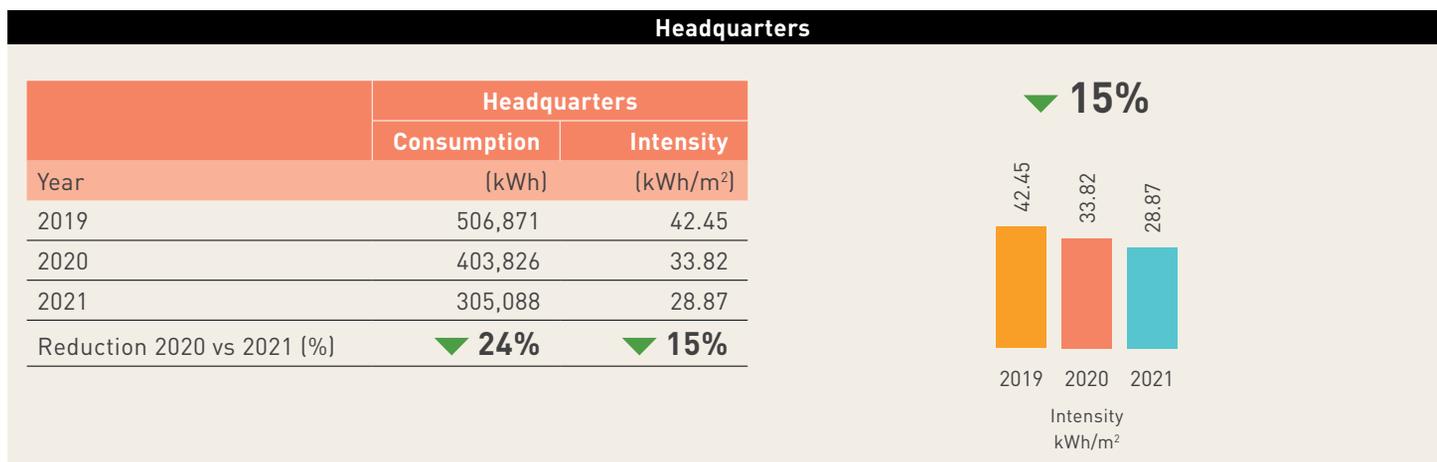
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Electricity Intensity

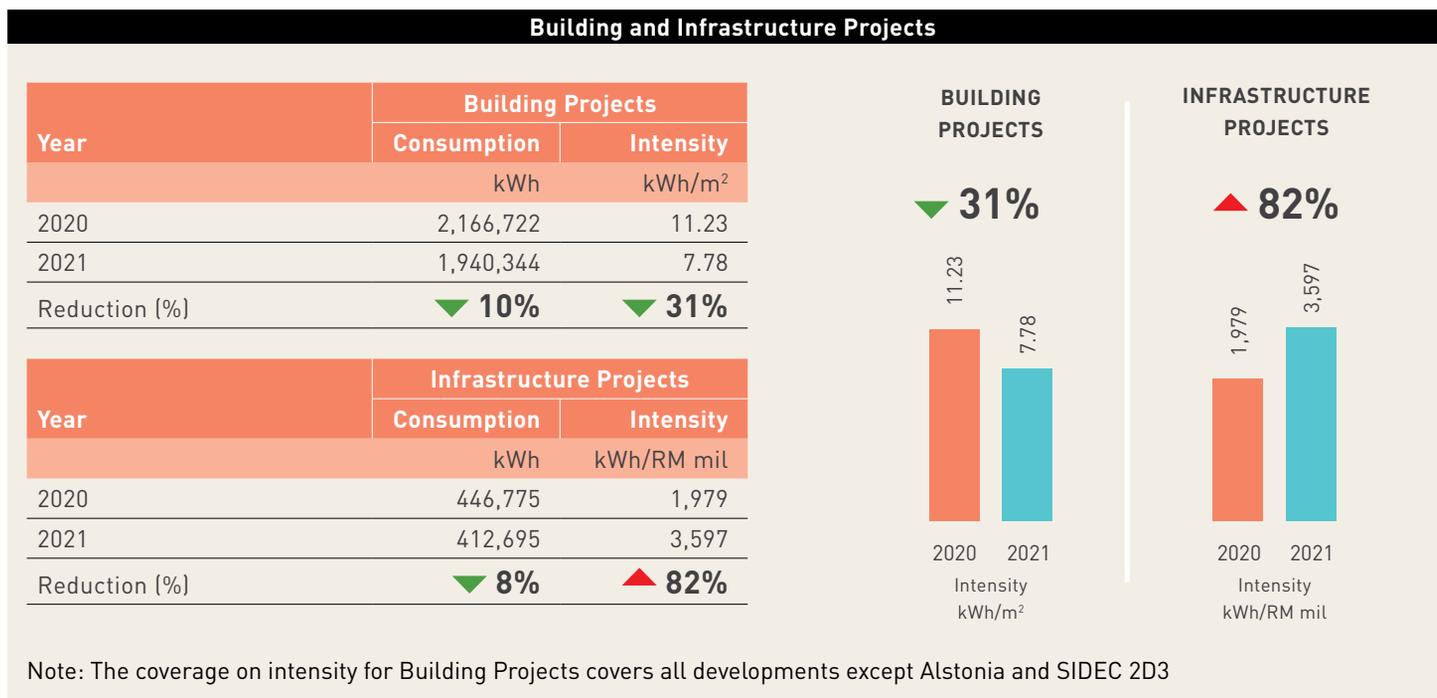
Headquarters

In 2021, we have managed to significantly reduce our electricity consumption and electricity intensity. While this was mainly due to the COVID-19 pandemic and work from home scheme, we continued to identify areas of improvement. In 2021, we have managed to achieve an electricity intensity reduction of 14.64% for Headquarters. The intensity is calculated based on the gross floor area (m²) to improve accuracy in reporting.



Building and Infrastructure Projects

In 2021, we managed to record a 30.73% electricity intensity reduction for our Building Projects, while a 81.74% increase was recorded for Infrastructure Projects. Despite the lower consumption, the increase in intensity from our Infrastructure Projects was mainly due to projects being at the final phase of construction with progress not fully certified to be recognised as revenue.



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Facilities Management and Semasa Parking

In 2021, from the Division's electricity optimisation efforts, we achieved a 19.24% reduction in electricity consumption in Facilities Management, whereas Semasa Parking recorded an increase of 43.94% for the same period, measured against 2020. The increase from Semasa Parking was mainly due to the high electricity consumption from the use of mechanical parking bays located at PJ Sentral which began its operation in 2021, as well as a higher utilisation rate at its parking sites due to the reopening of more economic activities post-MCOs.

Facilities Management and Semasa Parking

Year	Facilities Management	
	Consumption	Intensity
	kWh	kWh/m ²
2020	20,270,776	N/A
2021	16,370,839	93.40
Reduction (%)	▼ 19%	N/A

Year	Semasa Parking	
	Consumption	Intensity
	kWh	kWh/RM mil
2020	1,030,865	N/A
2021	1,483,801	5.693
Reduction (%)	▲ 44%	N/A

FACILITIES MANAGEMENT

▼ 19%



SEMASA PARKING

▲ 44%



Water Consumption

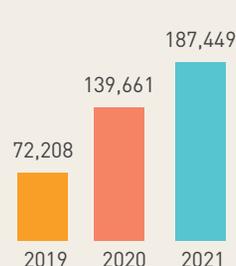
In terms of water, we have noted an increase in consumption across our areas of operations with the exception of Property Development & Investment Division. Headquarters' water consumption and billing are included in the monthly rental and therefore, difficult to track as it is a fixed payment to the building management. We continue to identify areas in which we can improve our performance on water consumption to avoid unnecessary wastage.

Water Consumption by Area of Operations and Year (m³)

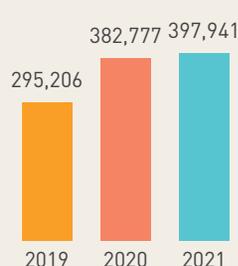
PROPERTY DEVELOPMENT & INVESTMENT



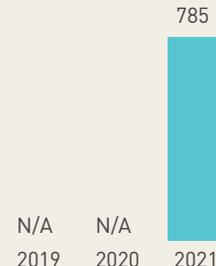
ENGINEERING, CONSTRUCTION & ENVIRONMENT



FACILITIES MANAGEMENT



SATELLITE LOCATIONS



Area of operations	2019	2020	2021
Property Development & Investment	18,379	13,878	4,043
Engineering, Construction & Environment	72,208	139,661	187,449
Facilities Management	295,206	382,777	397,941
Satellite Locations	N/A	N/A	785
Total (m³)	385,793	536,316	590,218

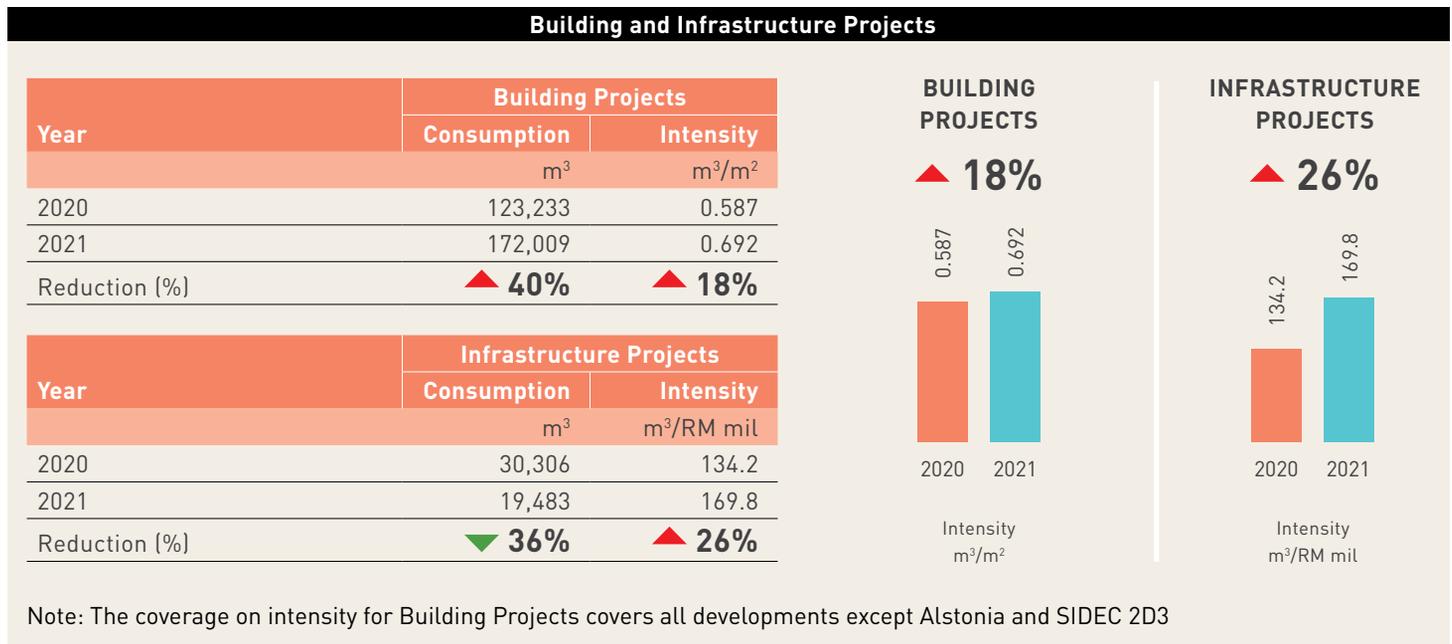
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Water Intensity

Building and Infrastructure Projects

As shown in the table below, in 2021, we recorded a 17.77% increase in water intensity for Building Projects, and a 26.49% increase in Infrastructure Projects. Despite the lower consumption, the increase in intensity from our Infrastructure Projects was mainly due to projects being at the final phase of construction with progress not fully certified to be recognised as revenue.



Facilities Management

We recorded a 3.96% increase in water consumption for our Facilities Management Division, as the daily footfall began recovering in our facilities, resulting in higher consumption.



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Waste Generated

MRCB's business operations generate solid waste mainly from construction activities and requires disposal in landfills. To address this issue and align ourselves to SDG 12 on waste management, MRCB aims to minimise the generation of our construction waste wherever possible.

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

Scrap metal, timber and recyclable waste are sent for recycling to reduce the use of virgin resources in the future. Concrete waste is reused as crusher runs for access roads and to cover potholes within project sites, in order to minimise potential hazards and accidents. In cases where concrete waste is not suitable for reuse, it is sent to a licensed landfill for disposal.

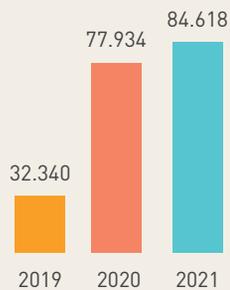
We also ensure wooden pallets that come with the bricks supplied to us are safely stored at sites before returning them to suppliers for reuse.

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

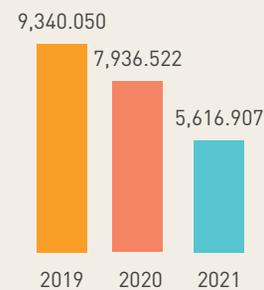
The total amount of overall waste generated in 2021 was 5,702 MT, compared to 8,014 MT in 2020. The decrease was due in part to the lower construction activity resulting from site closures due to COVID-19 and some projects nearing completion. The waste generated figures below are the combination of domestic waste, construction waste and scheduled waste generated from our project sites.

Waste Generated by Area of Operations and Year (MT)

PROPERTY DEVELOPMENT & INVESTMENT



ENGINEERING, CONSTRUCTION & ENVIRONMENT



Area of operations	2019	2020	2021
Property Development & Investment	32.340	77.934	84.618
Engineering, Construction & Environment	9,340.050	7,936.522	5,616.907
Total (MT)	9,372.390	8,014.456	5,701.525

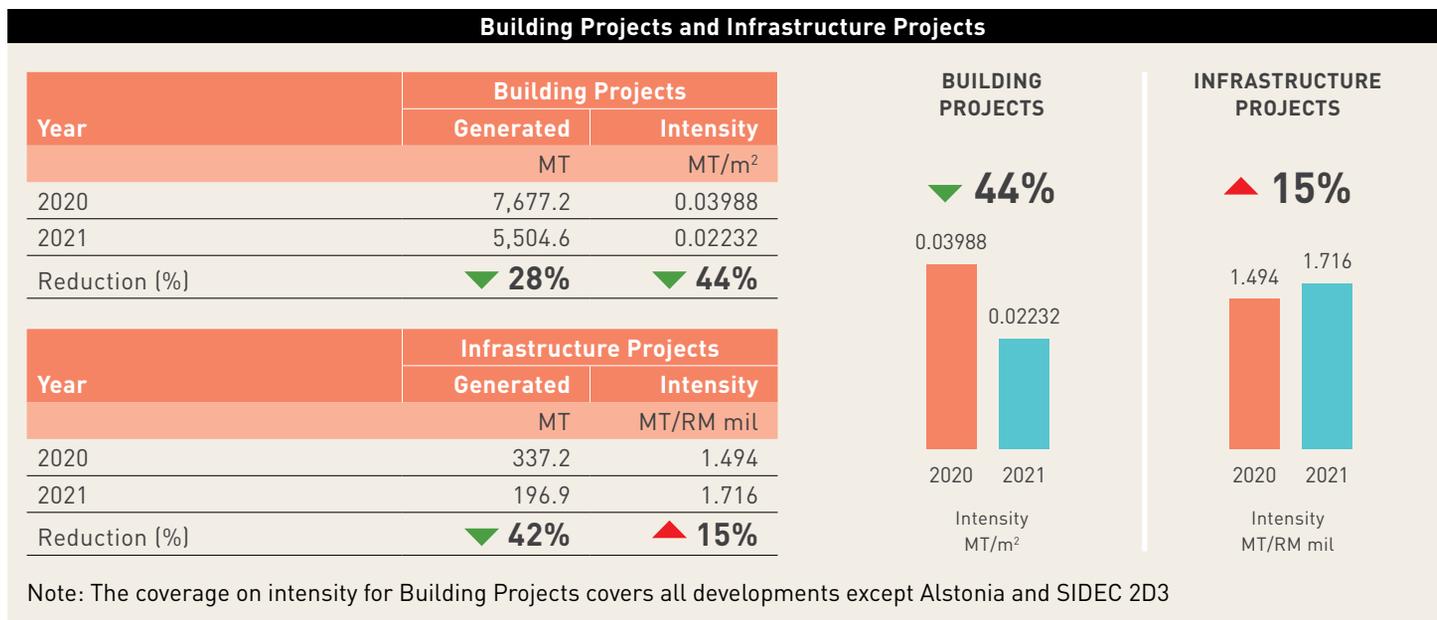
OUR PERFORMANCE

ENVIRONMENTAL

Waste Intensity

Building and Infrastructure Projects

In terms of waste intensity, in 2021, we recorded a 44.05% reduction and 14.89% increase for Building Projects and Infrastructure Projects, respectively. Despite the lower disposal, the increase in intensity from our Infrastructure Projects was mainly due to projects being at the final phase of construction with progress not fully certified to be recognised as revenue.



RESPONSIBLE CONSTRUCTION

Green Building

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

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

For a list of MRCB's green building and infrastructures development, please refer to our <https://www.mrcb.com.my/sustainability/sustainability-statements.html>.

Green Infrastructure



We also strive to embed sustainability considerations into our infrastructure design. The Construction Industry Development Board (CIDB) of Malaysia has conferred the design phase of the LRT3 project with a 5-Star Sustainable INFRASTAR certification, the first rail project in Malaysia to achieve this highest level of certification. Sustainable

INFRASTAR is an objective and evidence-based evaluation system which assesses infrastructure projects on key sustainability factors such as land use, impact of equipment uses, resource and waste management at construction sites.

Biodiversity

Our Biodiversity Statement sets out our commitment to minimise environmental harm through our activities and where possible seeks to identify, assess and (when identified) manage environmental and biodiversity impacts within our operations. We have conducted Environmental Impact Assessments (EIA) in high biological diversity areas such as our projects in Desaru, Johor and taken necessary actions to minimise environmental harm in these areas. Moving forward, where there are gaps, we will strive to address them as far as practicable and review and update company relevant policies (as deemed fit). MRCB will continue to report its biodiversity practices in our Integrated Annual Report based on the Global Reporting Initiative framework and be involved in multi-stakeholder efforts that support strong ecological principles.

OUR PERFORMANCE ENVIRONMENTAL

Sustainable Construction Materials

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

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

The implementation of Industrialised Building Systems (IBS) at project sites uses criteria from CIDB IBS to meet the CIDB IBS assessment score of related projects. The objective of the CIDB IBS assessment is to provide a systematic and structured assessment system to measure the use of IBS in a consistent manner. CIDB is driving the adoption of IBS via private sector projects and are targeting for new developmental projects within Klang Valley worth RM50 million and above to achieve a minimum IBS Score of 50. In 2020, our TRIA 9 Seputeh Project and Sentral Suites were assessed, and the scores exceeded the minimum IBS Score, reflecting our high productivity level, reduced wastages and site labor, and higher overall quality as listed under CIDB's guideline. No IBS scoring was conducted in 2021.

Project	CIDB IBS Score
TRIA 9 Seputeh	51.1
Sentral Suites	51.4

As recognition for our efforts within this area, we are proud to announce that we were awarded the United Nations Global Compact Malaysia and Brunei (UNGCMYB) Sustainability Performance Award 2021 for SDG Ambition Benchmark 6.

This award is in recognition of our innovation of MRCB Building System (MBS), our proprietary modular construction system, which is aligned to five (5) UNSDGs. MBS allows us to deliver higher-quality buildings much more efficiently, reducing the waste going to landfills and lowering energy used during construction.



MRCB's modular construction technology, MRCB Building System (MBS), aligns with the UNSDGs



Improved Site Safety

90% of works done off-site at ground level in a controlled environment, reducing risk of injuries from working at height



SDG3



High Quality Assurance & Control

Higher quality control at the point of construction due to controlled environment



SDG9



Skilled Local Labour

Less dependency on unskilled foreign labor and attracts more skilled workers to the industry



SDG8



Lower Material Wastage

Shift towards manufacturing approach with streamlined processes and effective, "just in time" inventory management reduces waste going to landfills



SDG12



Faster Construction Time

Fabrication of building components off-site run concurrently with on-site activities, reducing construction time by up to 50%



SDG8



Lower Environmental Impact

Less noise, dust, truck movement & pollution from site activities and more efficient construction method, which reduces energy consumption compared to traditional construction



SDG13