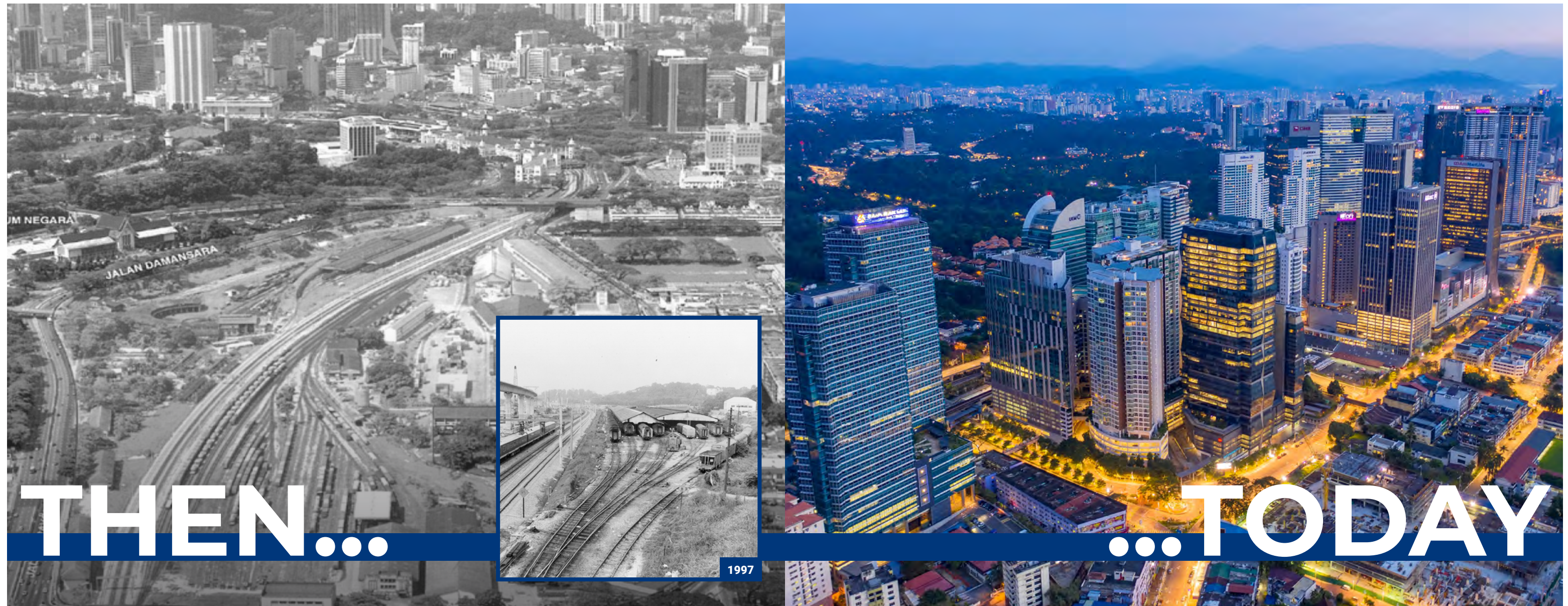


OUR APPROACH TO SUSTAINABILITY

OUR APPROACH TO SUSTAINABILITY



A WORD ON OUR SUSTAINABILITY PHILOSOPHY

MRCB has played a significant part in shaping infrastructure and transforming urban spaces in Malaysia. Our business is built on the philosophy that what we do today should bring positive change and create long-term sustainable value for generations.

This philosophy challenges us to think beyond the requirements of today and consider how our projects will be resilient to the needs of tomorrow.

When we first started in 1968, the term 'sustainability' did not feature in our strategies and business plans. Nevertheless, we had always intrinsically moved towards incorporating tenets of sustainability from the onset - in the planning, designing and development of our projects.

Our approach and how we conduct our business have been our raison d'être, which is to build meaningful places for a better tomorrow. This means contributing to a sustainable future of economic prosperity, social progress, and environmental protection. Today, this approach has been institutionalised as part of our core business strategy.

OUR APPROACH TO SUSTAINABILITY

INFLUENCING SUSTAINABLE PROGRESS

When we were first tasked in 1996 to develop Kuala Lumpur's central intercity railway station and the surrounding spaces in the suburbs of Brickfields, we approached the project the way we always have - by asking how can what we do have a positive and resilient impact on generations to come.

The KL Sentral development had to be purpose-built to be future-ready by incorporating innovation and smart-and-green concepts.

More than building Transit Oriented Developments (TODs), we knew that we wanted our project to connect communities, foster commerce, invigorate social integration, and be a thriving, inclusive hub for integrated urban living and working.

Today, KL Sentral connects the nation via the country's only integrated transportation hub, Stesen Sentral, and serves as the city's next-generation Central Business District. It incorporates MRCB's Green Initiative, which embeds environmentally sustainable resource management for energy and water efficiency, leverages smart technologies and solutions, and integrates green features and innovations. In fact, KL Sentral is known to have the highest number of green buildings in the country.

But more than that, the KL Sentral development spurred urban regeneration, contributing towards a better quality of life in the area, and carving a reputation as a sought-after commercial and residential hub. The value of properties in the surrounding area has risen over the past two decades, benefiting from

new high-end developments, connectivity and prime commercial development. A key spillover effect of KL Sentral's progress has been catalysing economic activities for businesses of all scales, from multinationals to mom-and-pop shops, and wealth generation for the community.

This, in part, also demonstrates our role as a nation builder. Building connectivity and transforming communities, empowering economies and driving social integration. As the pioneer of TODs in Malaysia, we have exerted influence to sustainably progress the neighbourhoods in our TODs, which include Petaling Jaya (PJ) Sentral Garden City, Penang Sentral and Kwasa Sentral, so that they too can transform into thriving communities.

PUSHING BOUNDARIES TO FUEL EXCELLENCE

Looking back, two words play an important role in charting our sustainability journey from when we started to where we are today. They are the 'why' and the 'not'.

While the 'why' is essential to understand the motivations behind doing certain things, the 'why not' pushes us to think further than the proverbial box. We have constantly challenged ourselves to go further and ask 'why not'. Our sense of purpose and direction determines what we do and why we do it, but our ability to ask ourselves, 'why not' pushes our determination to greater heights of achievements.

We landed the contract in 2017 to upgrade and refurbish the Bukit Jalil National Sports Complex, now known as Kuala Lumpur Sports City, just 18 months before the 29th Southeast Asian (SEA) Games, a project that would ordinarily take 36 months to complete. We took the opportunity to incorporate cutting-edge innovative architecture that leveraged sustainability into redesigning and redeveloping the sports hub that aims to bring people together for sport, live entertainment and community events.



An artist's impression of The Symphony Centre in Auckland, New Zealand – our first TOD overseas

But we also asked ourselves, why not do this monumental project in a shorter-than-expected timeline while ensuring we upheld the highest quality expected of MRCB?

Taking sustainable actions for us means constantly taking a hard look at our processes and value chain, and evaluating whether we can do better. In construction project management, different trades are usually brought to the site separately according to the project sequentially. However, to deliver this project ahead of time, we worked on various trades in different parts of the site in tandem, which saved time immensely.

We also cut down on time drastically by expanding the breadth of the team working on the project. For instance, design engineering usually takes half a year to

complete but we did it within two and a half months. There were 23 contractors, 20 consultants, and 1,800 construction workers, all working closely and in tightly scheduled shifts to complete the project.

We not only delivered the rejuvenated KL Sports City in time for the 29th SEA Games, but we did it to many notable international awards and accolades. Also, an excellent reflection of our firm commitment to responsible business operations was receiving the CIDB 5-Star Award for Safety. This Award recognised our emphasis on health and safety, which resulted in zero on-site accidents. We were also conferred the ISO Standards Awards for adhering to stringent standards throughout our project – a mark of MRCB's culture of complying with crucial safety and quality standards.

By asking 'why not', we continue to inculcate a culture that pushes the envelope to deliver excellence and sustainability in all that we do. In 2023, we will be institutionalising this approach in our Design Policy, which will guide us to embed sustainability considerations at every design stage. This will include considering where materials are sourced from, what materials we use to ensure sustainability and reduce the impact to global warming, whom we work with that share our sustainability mindset, and what types of innovations we embed that uphold sustainability, among others.

A JOURNEY OF CONTINUOUS LEARNING

Through the ups and downs since we started in 1968, we remain driven by our philosophy to build meaningful, sustainable

places. To be a catalyst that connects communities, facilitates urban mobility, and spurs commerce, thereby helping to foster greater socioeconomic activity and social integration. We have an important role to play in contributing to a sustainable future for all.

For these past 54 years, we have continued to learn and adapt, pushing boundaries and pioneering innovations. Many of our innovations come from the need to solve pain points and drive towards a more sustainable way of operation.

In addressing the challenges of manpower constraints, meeting tight project delivery times, reducing material wastage, and safety and quality requirements, we developed a proprietary modular construction building system called the MRCB Building System (MBS). This innovative system allows projects using this technology to be constructed offsite before being taken to the development sites, where they will be stacked and locked into position using our patented Candle-Loc Connection System.

The MBS will be pivotal in addressing sustainability issues in the construction industry and helping to reduce carbon emissions. Given the importance of a system such as this in mitigating the construction sector's negative environmental impact, we are advocating the wider adoption of MBS within the construction sector.

We have also leveraged our engineering capabilities to provide river and coastal rehabilitation and flood mitigation solutions. This is done using MRCB's proprietary Pressure Equalisation Module (PEM) system, which has been well-utilised in several beaches in Malaysia. This system has been instrumental in improving these coastlines suffering from erosion and helped in conserving biodiversity while at the same time enhancing the recreational value of tourism-related activities.

OUR APPROACH
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The completed Sungai Pahang restoration project Phase 3 (Package 2)

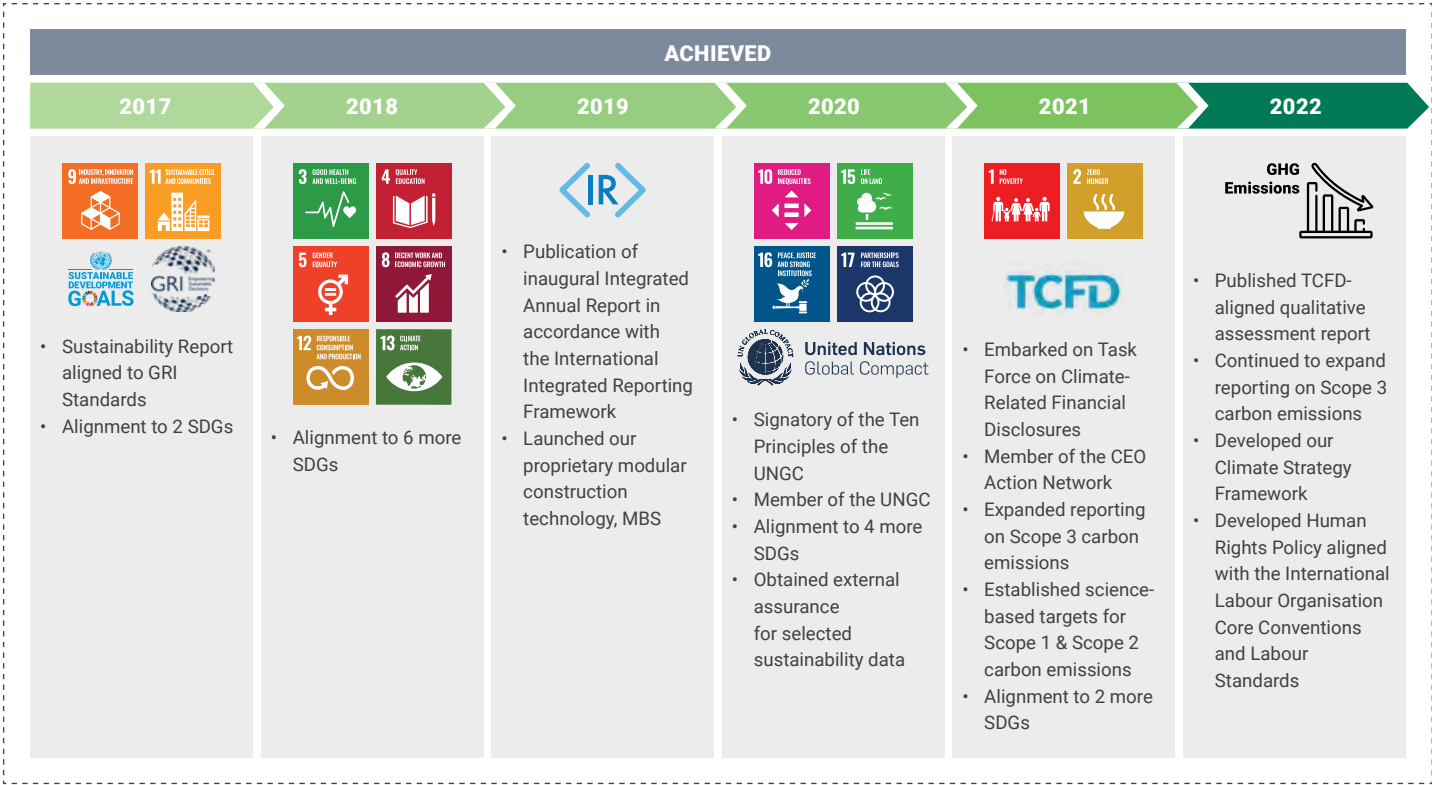
SUSTAINABILITY FOR TOMORROW

Ours is a business here for the long term. For us, sustainability is a journey. However, we know that we can go further. We will continue to address matters that can close gaps and drive our sustainability journey further. This is important not only for sustainability reasons but because they are central to our business performance. We will continue our robustly applied approach to sustainability, rooted in our purpose, mindful of the need to influence positive and sustainable transformation where we operate.

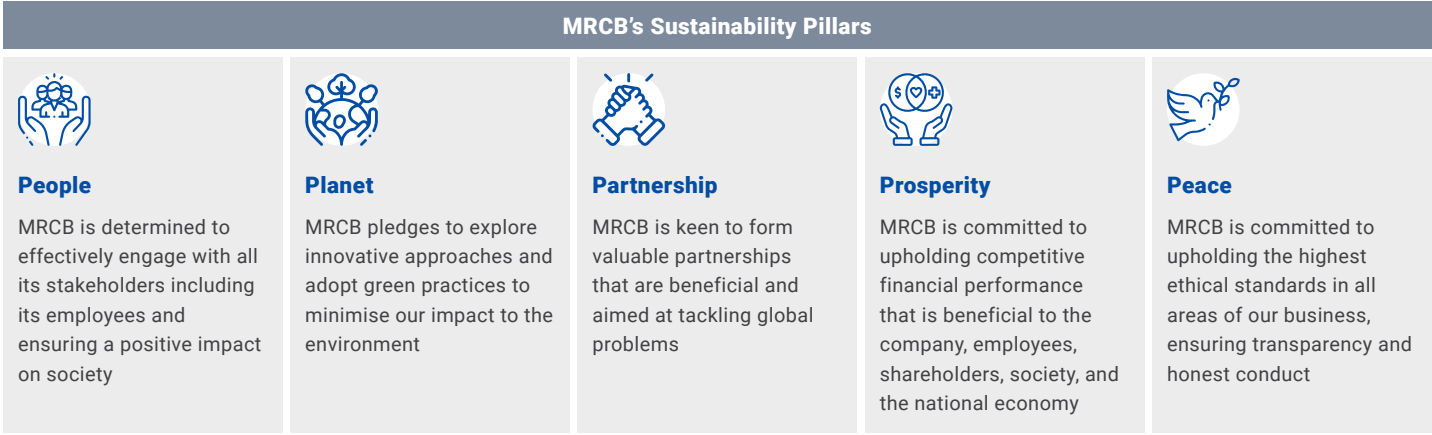
Measurable change is important to keep us on track on this journey and stand up to scrutiny from our stakeholders. The following sections review our sustainability efforts for the year and our expectations ahead.



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



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AIMING FOR NET ZERO CARBON BY 2040 WITH OUR CLIMATE STRATEGY FRAMEWORK

MRCB has developed a high-level Climate Strategy Framework with the objective of responding to environmental and climate change challenges, while working to sustain our business growth and operability. Our aspiration is to achieve Net Zero Carbon in Scopes 1 and 2 by 2040. We are committed to significantly improve our operations, particularly our eco-efficiency of energy, water, resource use, waste, as well as reducing our carbon footprint and pollutants. We also have several initiatives in our strategy to reduce our direct and indirect emissions, while transitioning to a low-carbon economy and adapt to climate change.

We align ourselves with international climate-related frameworks such as Task Force for Climate-Related Financial Disclosures (TCFD), Science-Based Targets initiative (SBTi) and the Greenhouse Gas (GHG) Protocol. We have a track record of sustainable development through our development of Green buildings and TODs. We aim to continuously increase the intensity of our green and sustainable design principles through the development of a new enhanced Sustainable Design Policy, including exploring the implementation of Zero Energy Building (ZEB) where possible, and expanding our innovative lower waste modular construction technology, MBS. We also aim to conduct Embedded Carbon Assessments of our new projects in the future, to identify the emissions associated with the construction materials and their manufacturing processes, to find ways to reduce them.

Our construction and operation of District Cooling Systems (DCS) to provide air-conditioning for a network of buildings stretches back to 2011. To date, we have commissioned a total of four DCS plants for our developments. The benefits of DCS include significantly enhanced energy savings, lower lifecycle costs and reduced carbon emissions.

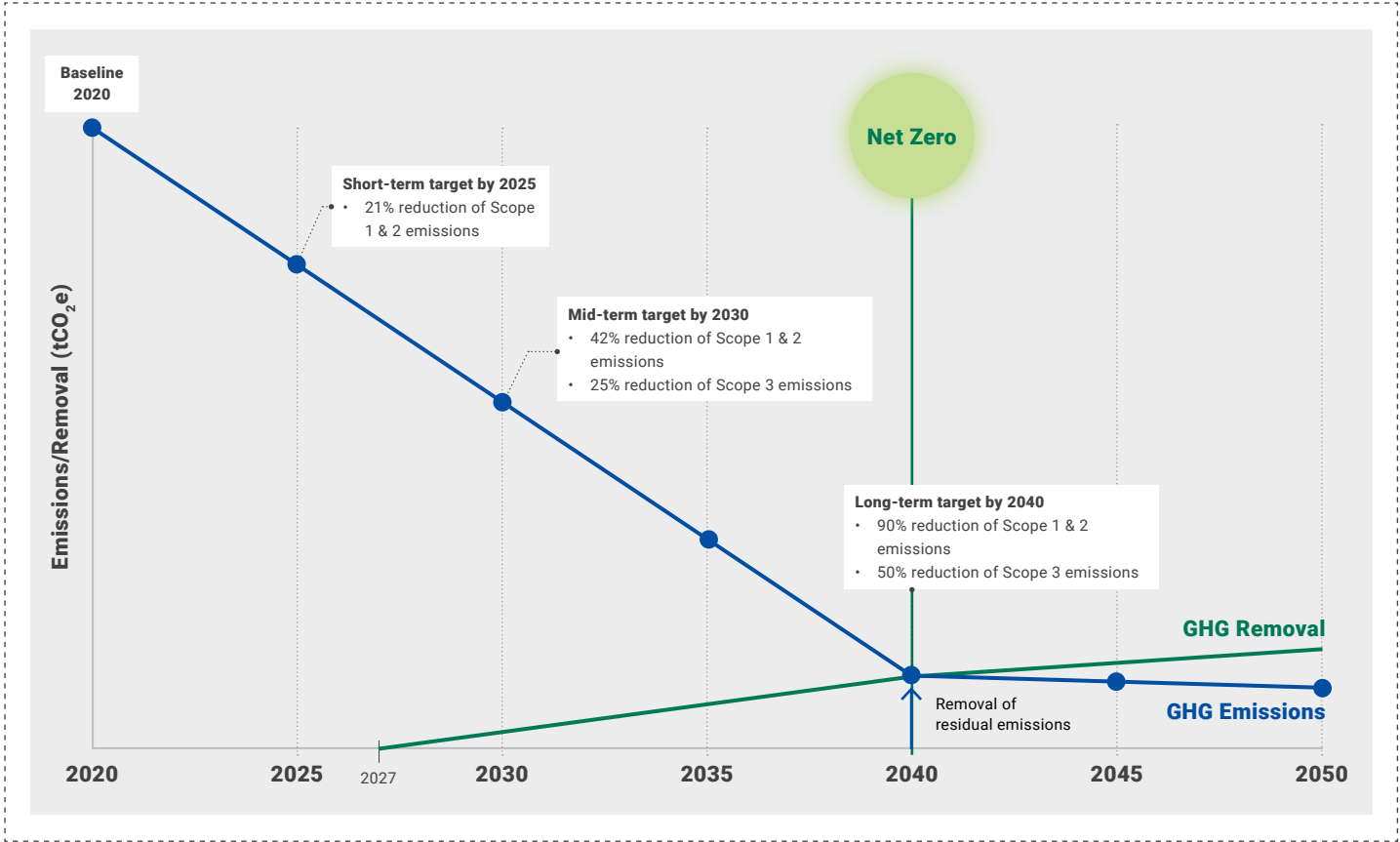
Another important initiative is our planned entry into the waste-to-energy market, which will result in diverting household waste away from landfills to generate energy and removing harmful emissions. This project will enable us to reduce GHG emissions by 0.79 to 0.96 tCO₂e per tonne of third-party household waste decomposing in landfills, according to research by the European Environment Agency and Asian Development Bank, mitigating our own overall GHG emissions.

Based on our GHG emissions reduction aspirations, using our 2020 baseline, we have set a short-term target of a 21% reduction of our Scope 1 and 2 emissions by 2025, and a mid-term target of a 42% reduction of Scope 1 and 2 emissions, as well as a 25% reduction of Scope 3 emissions by 2030. By 2040, we aspire to achieve Net Zero emissions through reducing most of our Scopes 1 and 2 emissions, reducing 50% of Scope 3 emissions and removing all of our residual emissions.

Climate Aspiration	Net Zero Carbon by 2040 (Scope 1 and Scope 2)				
Strategy	Managing Transition Climate Risks			Managing Physical Climate Risks	
	GHG Emissions Reductions	Transition To	Low Carbon	Manage Emerging Physical Climate Risks	
Focus Areas	Scopes 1, 2 and 3	Sustainable Business Practices	Green Infrastructure	Climate-related Physical Risk Adaptation	
Key Initiatives	<ul style="list-style-type: none">Absolute Scope 1 and 2 emissions reduction targets in line with SBTiScope 3: Collaborate with our supply chain to improve emissions disclosure and efficiency (e.g. explore lower carbon contracts with major suppliers)Evaluate and integrate new emissions reduction technologies into our operations, for example, MBS and our future waste-to-energy (WTE) projectExplore ways to increase generation and usage of renewable energy and electrification of plant and machinery (e.g. solar energy, low or zero carbon fuels such as hydrogen, biofuel)Carbon sequestration	<ul style="list-style-type: none">Develop MRCB's climate risk management process in accordance with TCFD recommendationsTap into sustainable linked loans and finances as the world shifts into a low carbon economyContinue developing green buildings and explore the development of ZEBDevelop new Sustainable Design Policy, integrating more intensive sustainable design principles and sustainable procurement into our projectsFurther digitalisation of our operations	<ul style="list-style-type: none">Invest into research and development related to technical know-how of constructing sustainable, environmentally friendly facilitiesIdentify opportunities towards using low carbon construction materials as an alternative to carbon intensive construction materials like cement, steel, glass, heavy machinery and equipment and assessing the embedded carbon in our projectsContinuously improve the efficiency of our DCS	<div>Climate Adaptation</div> <ul style="list-style-type: none">Carry out quantitative physical climate risk assessments for MRCB's material business operations and assetsImplement systems for regular monitoring of climate hazards and their impacts	<div>Climate Design</div> <ul style="list-style-type: none">Continue physical risk assessments on new investments or development projectsIntegrate climate risk assessments into future engineering designs
Enablers	Governance	Data Management	Transparency and Compliance	Collaboration and Engagement	
	<ul style="list-style-type: none">Board commitment and oversightIntegration into business plans and performance managementStaff engagement and capacity building	<ul style="list-style-type: none">Improve Emissions Data Management SystemImprove Scope 3 collection and calculation, in alignment with protocols and standards	<ul style="list-style-type: none">Continue third party verification of emissions disclosuresStrengthen TCFD disclosures and ESG scoring	<ul style="list-style-type: none">Continue engagement with regulators and investors to monitor emerging regulations and trendsCollaborate with stakeholders to drive the low carbon economy	

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MRCB's Net Zero Aspirations



SUSTAINABLE GOVERNANCE

We have developed a governance structure dedicated to sustainability, one that complements our existing organisational structure and underscores the importance of embedding the SDGs into the organisation's overall management and operations.

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. To ensure accountability, key sustainability matters have also been embedded in the KPIs of the Senior Management team, which are linked to their remuneration.

The Board Charter includes the Board's responsibility to promote sustainability as a driver of business performance, through appropriate environmental, economic, social and governance considerations in the Group's business strategies, which includes, among others, the following:

- 01

Establishing and overseeing the implementation of a sustainability framework in support of the Group's vision, with clear strategies, priorities, and targets;
- 02

Incorporating sustainability considerations when exercising its duties, including among others, the development and implementation of business plans, major plans of action, and risk management;
- 03

Reviewing and approving sustainability policies and procedures in support of the Group's sustainability framework and strategy; and
- 04

Overseeing the institutionalisation of sustainability within the Group.

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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 the quarterly Board meetings as a permanent agenda item, where they are discussed and deliberated by the Board.



KEY INITIATIVES ARISING FROM THE 2022 SMC MEETINGS

We have embedded sustainability-related risks into our risk registers as part of our Enterprise Risk Management Framework under KER 5 Environmental, Social & 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. We are also working towards developing a Diversity, Equity and Inclusivity (DEI) Policy with the ultimate goal to have a truly diverse workforce, equitable processes and inclusive initiatives and programmes across the company.

As our business operations and activities involve numerous suppliers and contractors, we believe the most effective way to make a significant impact in addressing human rights and environmental issues is by embedding relevant clauses into our supply chain contracts. This initiative will be implemented in 2023.





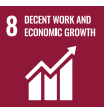

In 2022, we enhanced our internal communications relating to sustainability and conducted sustainability campaigns, not only to spread awareness, but also to spark conversations and cultivate a sustainability-aware culture amongst our employees.

During the year, the core operational divisions also reviewed and fine-tuned their plans and strategies to reduce carbon emissions and waste, as well as consumption of energy and water.

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SDG	Description
	<ul style="list-style-type: none">We regularly provide financial aid, household necessities, and aid for medical treatment to the most vulnerable segments of society, including for families that were affected by the COVID-19 pandemic.We collaborate with other bodies and NGOs to extend our reach and ensure help is targeted to those most in need.
	<ul style="list-style-type: none">We believe zero hunger is a basic human right and provide food aid to underprivileged and indigenous families, different-abled communities, orphans, undocumented foreigners, refugees, and students.
	<ul style="list-style-type: none">We prioritise health and safety in our business operations by adopting rigid safety standards and systems, as well as implementing a Quality, Environmental, Safety and Health (QESH) Policy, in addition to providing continuous safety training to protect our employees, sub-contractors, clients and the general public.We promote healthy lifestyles by organising programmes that focus on our employees’ physical and mental well-being.
	<ul style="list-style-type: none">We provide conducive learning environments by renovating and upgrading dilapidated schools and libraries.We provide lunches, books, and uniforms for underprivileged children.We leverage on our skills and expertise to build necessary infrastructure, such as schools, as required by the nation.We provide financial aid for children with special needs through the CADS Enhancement Centre programmes that specialises in providing workshops and trainings for special needs children.
	<ul style="list-style-type: none">We acknowledge 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 by introducing empowerment programmes and more flexible policies to promote gender equality.We ensure women’s effective representation and equal opportunities for leadership at all levels of decision-making across business activities.
	<ul style="list-style-type: none">Our TOD and infrastructure development projects create large economic multipliers, provide numerous employment opportunities, and contribute to the development of the national economy.We provide competitive remuneration packages to our employees in addition to training opportunities for career growth and development.We believe in the rights of all our stakeholders as guided by our Human Rights Policy, which promotes a safe and secure working environment for all workers, including foreign labour. The Policy, which is aligned to local and international laws and conventions, also highlights MRCB’s firm stand against any form of forced labour, modern slavery, and child labour.
	<ul style="list-style-type: none">We develop and construct green buildings, and where possible make efforts to incorporate sustainable features in our infrastructure projects.

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SDG	Description
	<ul style="list-style-type: none">We strive to reduce gender inequalities by providing our female workforce a safe work environment fitted to their needs, i.e. Mother’s Room for nursing mothers, closing the gender pay gap and striving towards achieving 30% female representation on the Board level.We believe in giving back to less-privileged Malaysians, and through Yayasan MRCB have channelled our contributions or donations to the underserved communities, such as orphanages, the differently abled, Orang Asli, and B40 category families.We provide employment to prisoners/offenders through our PEKA@MRCB Programme.
	<ul style="list-style-type: none">As a leading urban property and TOD developer, we contribute by connecting communities and businesses, reducing GHG emissions in cities and promoting sustainable lifestyles by encouraging people to walk and travel using public transport by integrating our developments with mass public transportation infrastructure, removing vehicles from the roads.We are 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.
	<ul style="list-style-type: none">We implement our QESH Policy at project sites, which includes the practice of the 3Rs (Reduce, Reuse, and Recycle).We track water and energy usage and the waste generated at our project sites and implement strategies to improve efficiency and reduce the waste produced.We deliver training courses and toolbox talks regularly to educate our site workers and employees on how to work safely on our construction sites.
	<ul style="list-style-type: none">We commit to tackling climate change as articulated in our Climate Change Statement.We measure and disclose our carbon dioxide (CO₂) emissions (Scope 1 and Scope 2) and will validate our science-based reduction targets.We have begun reporting our Scope 3 emissions generated by our supply chain.We record our energy, water consumption and waste generation and are currently planning ways to increase our energy efficiency as well as reduce waste across all our business operations.We have embarked on conducting TCFD assessments to measure the physical and transition risks of climate change to our business and develop strategies to overcome them.
	<ul style="list-style-type: none">We acknowledge and commit to the Ramsar Convention and the 5 principles stipulated in Malaysia’s National Policy on Biological Diversity where applicable to our business operations, as articulated in our Biodiversity Statement.
	<ul style="list-style-type: none">We believe strong corporate governance is the foundation of building a resilient and sustainable business, as well as providing us with a competitive advantage.We commit to upholding peace, justice, and strong institutions.We ensure good corporate governance by complying with best practices as outlined by Malaysian Code on Corporate Governance and other governance frameworks, achieving ISO 37001:2016 re-certification for our Anti-Bribery Management System (ABMS), as well as providing channels for whistleblowing and reporting grievances.We have zero tolerance towards bribery and corruption, as articulated in our Anti-Bribery and Corruption Policy.
	<ul style="list-style-type: none">We engage with our stakeholders and create trusting and beneficial partnerships that drive the SDGs further.As a signatory of the United Nations Global Compact (UNGC) Network Malaysia & Brunei, we have adopted its universal Ten Principles that guide us on our sustainability journey.We are a member of the CEO Action Network (CAN) and a signatory to the UNGC CFO Principles on Integrated SDG Investments and Finance to promote the Sustainable Finance agenda.