

## 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 29<sup>th</sup> 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

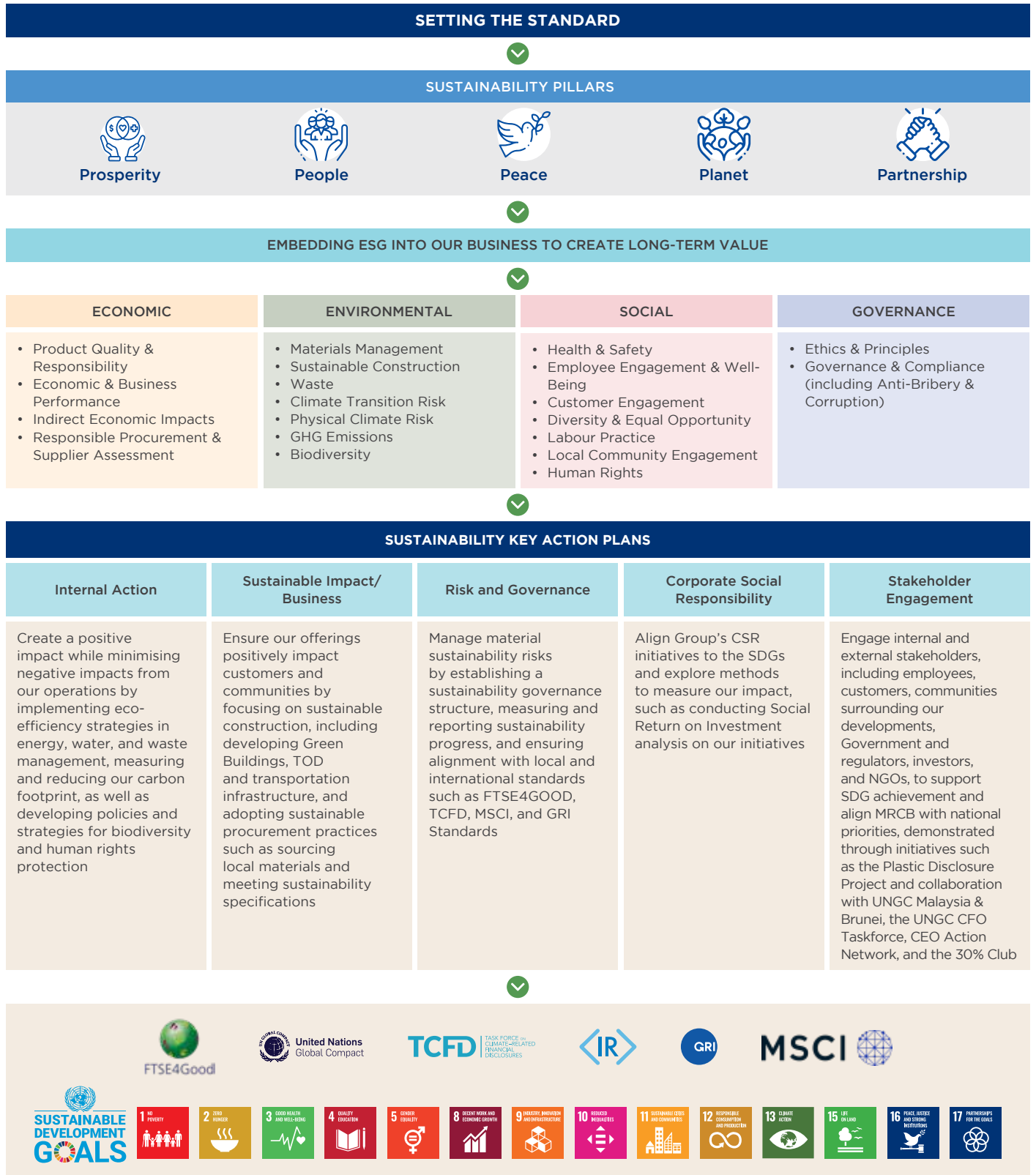
Our drive for sustainability is made possible through the visionary leadership that starts with our Board and Management team. Their leadership sets the tone at the top in steering the company towards responsible business conduct that resonates through the organisation, influencing the way we operate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



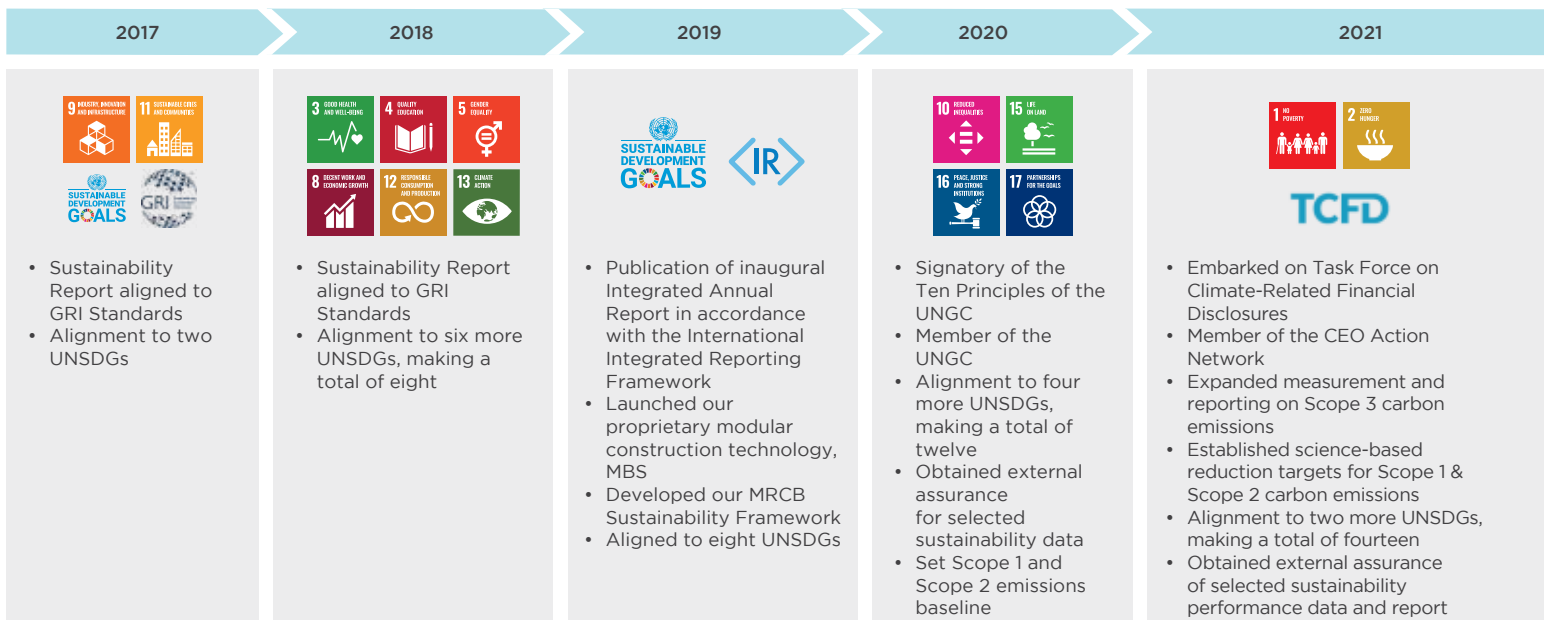
**Building Liveable & Resilient Communities, Strengthening Environmental Stewardship, Driving Sustainable Growth**

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><b>People</b> Foster collaborative relationships and nurture community well-being</p>	<p><b>Green Building</b> Develop green-certified buildings and sustainable TOD that integrate living and working spaces around transportation hubs</p>	<p><b>Net Zero Carbon by 2050</b> Aim to significantly reduce greenhouse gas emissions across our operations</p>
 <p><b>Planet</b> Champion eco-friendly innovations for environmental stewardship</p>	<p><b>Infrastructure Excellence</b> Build world-class infrastructure to improve connectivity</p>	<p><b>Sustainable Procurement</b> Prioritise environmentally responsible and ethical sourcing of materials and services</p>
 <p><b>Partnership</b> Cultivate strategic alliances to provide innovative solutions</p>	<p><b>Eco-Design Standards</b> Integrate eco-friendly designs and adopt sustainable construction methods</p>	<p><b>Industry Leadership</b> Set standards in sustainable practices and innovation within the industry</p>
 <p><b>Prosperity</b> Strive for economic growth benefitting all stakeholders</p>	<p><b>Stakeholder Engagement</b> Engage and develop lasting partnerships with key stakeholders</p>	<p><b>Inclusive Community Development</b> Develop projects that enhance community well-being and inclusivity</p>
 <p><b>Peace</b> Uphold integrity and openness in all business dealings</p>		<p><b>Eco-Friendly Construction</b> Advance new technologies and methods such as MBS for sustainable construction</p>
		<p><b>Socio-Economic Contribution</b> 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 (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"> <li>• Focused on CSR efforts aimed at providing relief and long-term support for impoverished and vulnerable communities</li> <li>• Contributed RM5.3 million to CSR initiatives in 2023</li> <li>• 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</li> <li>• Engaged in the creation of secure and decent jobs for marginalised and vulnerable people</li> </ul> <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"> <li>• Provided food aid to underprivileged and indigenous families, different-abled communities, orphans, undocumented foreigners, refugees, and students</li> <li>• Increased quality of life for vulnerable and marginalised groups</li> </ul> <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"> <li>• Prioritised health and safety in all business operations by enforcing stringent safety standards and systems, and uphold Quality, Environmental, Safety, and Health (QESH) Policy</li> <li>• Provided continuous safety training to safeguard our workforce and the public</li> <li>• Promoted healthy lifestyles by organising programmes that focus on employees' physical and mental well-being</li> </ul> <p> <i>Our commitment and initiatives to ensure safety at the workplace can be found at Health &amp; Safety, Employee Engagement &amp; 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"> <li>• Provided conducive learning environments by renovating and upgrading dilapidated schools and libraries</li> <li>• Provided lunches, books, and uniforms for underprivileged children</li> <li>• Leveraged our skills and expertise to build necessary infrastructure, such as schools, as required by the nation</li> <li>• Provided financial aid for children with special needs through the CADS Enhancement Centre programmes that specialises in workshops and trainings for special needs children</li> <li>• Collaborated with CIDB and Akademi Binaan Malaysia in TVET to enhance construction programmes with a focus on modular construction</li> <li>• 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</li> </ul> <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"> <li>• Introduced empowerment programmes and more flexible policies to promote gender equality</li> <li>• Ensured women's effective representation and equal opportunities for leadership at all levels of decision-making across business activities</li> <li>• Implemented policies and practices that are free from and prevent gender bias across the Group and our communities</li> </ul> <p> <i>Our women empowerment programmes can be found at Diversity &amp; 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"> <li>• Developed TOD and infrastructure projects that generate significant economic multipliers, provide ample employment opportunities, and contribute substantially to national economic development</li> <li>• Provided employees competitive remuneration packages, coupled with training opportunities for career advancement and development</li> <li>• 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</li> </ul> <p> <i>Our investment in our human capital can be found at Employee Engagement &amp; Wellbeing and Diversity &amp; 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"> <li>Utilised Design and Planning Policy to integrate sustainable design</li> <li>Utilised our MBS technology to integrate sustainability into our construction</li> <li>Patented our MBS technology to 20 countries to promote innovation and technology use in the industry</li> </ul> <p> <i>Our technology in modular construction can be found at Our Performance: Engineering, Construction, &amp; 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"> <li>Provided our female workforce a safe work environment fitted to their needs, i.e. Mother's Room for nursing mothers</li> <li>Addressing the gender pay gap and striving towards achieving 30% female representation on the Board level</li> <li>Contributed to the underprivileged through Yayasan MRCB and supported the Orang Asli community in Royal Belum, Gerik, Perak</li> <li>Provided employment to prisoners/offenders through the PEKA@MRCB Programme</li> </ul> <p> <i>Our initiatives to attract and retain female talent can be found at Employee Engagement &amp; Wellbeing and Diversity &amp; 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"> <li>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</li> </ul> <p> <i>Our operational activities that contribute to sustainable urban living can be found at Our Performance: Property Development &amp; Investment/Engineering, Construction &amp; 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"> <li>Implemented QESH Policy at project sites, which includes the practice of the 3Rs (Reduce, Reuse, and Recycle)</li> <li>Tracked water and energy usage and waste generated at project sites, and implement improvement strategies</li> <li>Conducted training courses and toolbox talks regularly to educate site workers and employees on safety on construction sites</li> <li>Leveraged use of MBS modular and sustainable construction materials</li> </ul> <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"> <li>• Measured and disclose our carbon dioxide (CO<sub>2</sub>) emissions (Scope 1 and Scope 2) and working towards validating our science-based reduction targets</li> <li>• Reported Scope 3 emissions generated by our employee transportation and supply chain</li> <li>• Monitored energy, water consumption, and waste generation and developed strategies to increase energy efficiency and reduce waste in all business operations</li> <li>• Conducted TCFD assessments to measure physical and transition risks of climate change to our business and developed strategies to overcome them</li> </ul> <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"> <li>• 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</li> </ul> <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"> <li>• Committed to upholding peace, justice, and strong institutions in company and supply chain</li> <li>• Ensured good corporate governance by complying with best practices as outlined by Malaysian Code on Corporate Governance and other governance frameworks</li> <li>• Operate an ISO 3700:1 Certified Anti-Bribery Management, as well as providing channels for whistleblowing and reporting grievances</li> <li>• Zero tolerance towards bribery and corruption, as articulated in our Anti-Bribery and Corruption Policy</li> </ul> <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"> <li>• Adopted universal Ten Principles, as a signatory of the United Nations Global Compact (UNGC) Network Malaysia &amp; Brunei</li> <li>• Active member of the CEO Action Network's (CAN) Diversity, Equity &amp; Inclusion (DEI) workstream and elected to co-lead this DEI workstream within CAN</li> <li>• Signatory to the UNGC CFO Principles on Integrated SDG Investments and Finance to promote the Sustainable Finance agenda</li> </ul> <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><b>Review of data</b></p>	<ol style="list-style-type: none"> <li>1. Quarterly update of emissions reduction data by business divisions. This is then presented to the Board during quarterly Board meetings</li> <li>2. SMC members presented updates of their respective Division’s emissions reduction initiatives/strategies</li> </ol>
<p><b>Policy expansion</b></p>	<ol style="list-style-type: none"> <li>1. Embedded Human Rights Policy clauses in our standard supply chain contracts</li> <li>2. Developing Sustainable Data Management Policy &amp; Procedure</li> </ol>
<p><b>Supply chain ESG readiness</b></p>	<ol style="list-style-type: none"> <li>1. Launched UN Global Compact ESG START Assessments to evaluate supply chain’s ESG readiness</li> <li>2. Amended standard supplier contracts to include clauses to provide sustainability data when requested</li> </ol>
<p><b>DEI initiatives</b></p>	<ol style="list-style-type: none"> <li>1. Co-led CEO Action Network (CAN) DEI workstream and hosted CAN DEI Workstream sharing and discussion session on DEI Implementation Guide draft</li> <li>2. Conducted three gender parity workshops for Senior Managers             <ol style="list-style-type: none"> <li>i. Gender Parity Workshop 1: Unconscious Bias</li> <li>ii. Gender Parity Workshop 2: Gender Equality &amp; Equity</li> <li>iii. Gender Parity Workshop 3: Male Allyship</li> </ol> </li> </ol>