



MALAYSIAN RESOURCES CORPORATION BERHAD
196801000388 (7994-D)



THE TIME IS NOW

Integrated Annual Report 2021

**WE
BUILD
LIVEABLE,
RESILIENT
AND
SUSTAINABLE
CITIES
TODAY**





**FOR
A BETTER
TOMORROW**

ABOUT OUR REPORT

SCOPE AND BOUNDARIES

This Integrated Annual Report provides an overview of Malaysian Resources Corporation Berhad's (MRCB or the Group) performance and key achievements throughout the reporting year and should be read in conjunction with the accompanying 2021 Financial Report for a comprehensive understanding of MRCB during the year under review. It offers an understanding of the strategies deployed to create value for our stakeholders and the management of our material matters, as well as the risks and opportunities related to the business.

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

The reporting process has been guided by the principles contained in the International Integrated Reporting Council's <IR> Framework and the Malaysian Code on Corporate Governance 2021. The report also provides additional disclosures to comply with the specific requirements of the Global Reporting Initiative (GRI) Sustainability Standards: Core option and is guided by Bursa Malaysia Securities Berhad's Sustainability Reporting Guide. The financial statements were prepared in accordance with the International Financial Reporting Standards (IFRS), Malaysian Financial Reporting Standards (MFRS), the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and the Malaysian Companies Act 2016.

REPORTING PERIOD

This report covers the financial year starting 1 January 2021 and ending 31 December 2021.

FINANCIAL AND NON-FINANCIAL REPORTING

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

ASSURANCE APPROACH

MRCB's Integrated Annual Report outlines its corporate journey in creating long-term sustainable value for all our stakeholders, and is guided by the <IR> Framework issued by the International <IR> Council. Certain key sustainability data contained within this Integrated Annual Report were verified by an independent third party, and their assurance statement can be viewed on pages 213 - 214. MRCB's accompanying Financial Report is audited by an independent third party, PricewaterhouseCoopers PLT, who have audited our financial statements and whose audit opinion can be viewed on pages 10 - 15 of the 2021 Financial Report.

FORWARD-LOOKING STATEMENTS

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

FEEDBACK

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

Yazmin Islahudin
Senior Manager, Chief Corporate Officer's Office
Email: yazmin.islahudin@mrcb.com

UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS (UNSDGs) ADOPTED



OUR SIX CAPITALS



Manufactured Capital

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



Financial Capital

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



Natural Capital

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



Human Capital

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



Intellectual Capital

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



Social & Relationship Capital

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

NAVIGATING THIS REPORT

MATERIAL MATTERS

Governance

ETHICS & PRINCIPLES	GOVERNANCE & COMPLIANCE
---------------------	-------------------------

Economic

PRODUCT QUALITY & RESPONSIBILITY	ECONOMIC & BUSINESS PERFORMANCE	INDIRECT ECONOMIC IMPACTS	RESPONSIBLE PROCUREMENT & SUPPLIER ASSESSMENT
----------------------------------	---------------------------------	---------------------------	-----------------------------------------------

Social

HEALTH & SAFETY	EMPLOYEE ENGAGEMENT & WELL-BEING	CUSTOMER ENGAGEMENT	DIVERSITY & EQUAL OPPORTUNITY	LABOUR
LOCAL COMMUNITY ENGAGEMENT	HUMAN RIGHTS			

Environment

MATERIALS	SUSTAINABLE CONSTRUCTION	WASTE	CLIMATE CHANGE	BIODIVERSITY
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GROWTH PRINCIPLES & KEY ACTION PLANS



STAKEHOLDERS



WHAT YOU WILL FIND

Chapter : 1

WE ARE MRCB

Page 6	Who We Are
	- Purpose
	- Vision
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DELIVERING ON STRONG GOVERNANCE

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IN THIS REPORT



COVER RATIONALE



MRCB cares for the families we build homes for, the communities we build offices and infrastructure for, and every Malaysian we develop cities for, so that they may all live, thrive and prosper together with us.

But more importantly, we care that what we build matters not only for the people of today, but for the generations to come. Which is why we approach our business with long-term sustainability in mind, and make great efforts towards conserving the environment.

Because caring for the future, starts NOW.

The 14 colours that make up the semicircle on the cover of this Integrated Annual Report represent the UNSDGs MRCB adopts. This report is supplemented by our full suite of online publications, which caters for the diverse needs of our broad stakeholder base as part of our comprehensive integrated reporting. These can be accessed at mrcb.com.my.



Scan QR code for more details information

- Page 187** List of Material Contracts
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WHO WE ARE

As one of the country's leading property and construction companies, Malaysian Resources Corporation Berhad (MRCB) has been a key player in the development of the nation's buildings and infrastructure since its listing on Bursa Malaysia in 1971.

At MRCB, we leverage our position as an industry leader and a pioneer in Transit Oriented Developments (TODs) to drive long-term growth. Our aim is to provide vibrant and sustainable city-within-a-city developments through our TODs that focus on pedestrian-oriented communities living and working around high-quality mass transport systems. In competing for large infrastructure projects, we use our skills, expertise and track record to develop high-quality infrastructure in tandem with the population's needs and expectations.



Purpose

To Build Meaningful Places for A Better Tomorrow

Our nation-building role is to transform communities into innovative and sustainable urban developments that connect and empower people.



Vision

Setting the Standard



Mission

Leading the Field Sustainably Through Innovation in Property Development, Engineering and Construction



Values

- Courageous**
 We are courageous in our actions. We take responsibility, challenge and question.
- Creative**
 We are forward thinkers. We encourage new ideas to help us enhance value and stay ahead.
- Driven**
 We are a high performance organisation determined to deliver the best to our customers.
- Customer Centric**
 Every decision must ultimately contribute to improving our customers' experience.
- Accountable**
 We are committed to what we do, standing accountable for every decision we make.



**OUR
COMPETITIVE
STRENGTHS**

OUR PRESENCE



Malaysia

Our property projects are predominantly in Kuala Lumpur and Selangor, with a presence in Penang, Perak and Johor

01



Pioneer of TOD in Malaysia with five TODs in the pipeline

02



Largest listed Bumiputera construction company

03



Strong corporate governance practices, a constituent of the FTSE4Good Index and a signatory to the Ten Principles of the United Nations Global Compact

04



Developed proprietary modular construction technology – MRCB Building System (MBS)

05



Led by a Board and Management team that provide strong leadership, expertise and insights

06



Long pipeline of projects through an urban land bank of 1,008 acres, with a GDV of RM33 billion, an external client construction order book of over RM27.3 billion and a strong balance sheet with a net gearing of 0.28 times



Australia

We have undertaken two property development projects in Melbourne and acquired prime land on the Gold Coast



New Zealand

We were awarded a TOD project in Auckland, scheduled to begin in 2024

WHAT WE DO: OUR EXPERTISE

We deliver our products and services through three core business segments

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PROPERTY DEVELOPMENT & INVESTMENT



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ENGINEERING, CONSTRUCTION & ENVIRONMENT

FACILITIES MANAGEMENT & PARKING



WHAT WE DO: OUR EXPERTISE

PROPERTY DEVELOPMENT & INVESTMENT

MRCB is a leading urban property developer, with a large portfolio of successful integrated commercial and residential developments anchored around transportation hubs. MRCB is the pioneer of TODs in Malaysia through its ongoing flagship and award-winning Kuala Lumpur Sentral CBD project, which has attracted some of the world's leading corporations as tenants due to its high-quality buildings and excellent transportation connectivity. MRCB's other TOD projects – PJ Sentral Garden City, Penang Sentral, Kwasa Sentral and Cyberjaya City Centre – will also feature excellent transportation connectivity and integration at their core. The Group's Property Investment activity is largely through its 27.94% equity stake in Sentral REIT, a commercial property real estate investment trust that owns nine buildings valued at RM2.1 billion as at 31 December 2021.

- Pioneer and leading developer of TODs
- Pre-selling, pre-letting with long-term leases and building bespoke residential and commercial buildings
- Building integrated developments anchored around transportation hubs
- Building green, environmentally efficient buildings

Revenue

RM498.1 million

Property Sales

RM309.8 million

Urban Land Bank

1,008 acres RM33 billion GDV

Property Unbilled Sales

RM0.9 billion

ENGINEERING, CONSTRUCTION & ENVIRONMENT

Designing, building and contracting gives MRCB complete control over its own property development projects, helping the Group ensure that the project's vision is fully realised in terms of quality, budget and timeliness. In addition to constructing world-class commercial and residential buildings, MRCB's Engineering, Construction & Environment Division has an enviable track record as an infrastructure developer, including constructing rail and road transportation infrastructure and high voltage power transmission projects comprising substations, overhead transmission lines and underground cabling. Its environment business undertakes the flood and erosion mitigation of rivers and coastal areas.

- The largest Bumiputera construction company in Malaysia
- Successfully won and completed key national infrastructure and construction projects
- Certified with Quality Management Systems ISO 9001:2015, Environmental Management Systems ISO 14001:2015 and Occupational Health & Safety ISO 45001:2018

Revenue

RM903.6 million

Open Tenders

RM508.3 million

External Client Construction Order Book

RM27.3 billion

Unbilled Order Book

RM19.2 billion

FACILITIES MANAGEMENT & PARKING

MRCB's Facilities Management & Parking operation has successfully established its own brand as a major player in managing, maintaining and providing security services and operating car parks at integrated transportation hubs and high-profile commercial and residential complexes. The Division is also responsible for the facilities management of Stesen Sentral Kuala Lumpur.

- Operates 19 car park sites with access to opportunities within key TODs
- Value-added services include security and an Emergency Response Team

Revenue

RM34.6 million

Manages Over

16,000 carpark bays

OUR TRANSIT ORIENTED DEVELOPMENTS (TODs)

MRCB Development

KL SENTRAL CBD

PJ SENTRAL GARDEN CITY

PENANG SENTRAL

KWASA SENTRAL

CYBERJAYA CITY CENTRE

Leading TOD Developer in Malaysia...

From the outset, MRCB has been clear in its goal to remain the leading TOD developer in Malaysia.

Our interests in 1,008 acres of urban development land with an estimated RM33 billion GDV, coupled with a strong balance sheet, have strengthened our position as a sustainable and dominant player. Our commitment towards sustainable development remains an inseparable part of our business, and we will continue to provide seamless integration between public transport, and working and living areas.



KL SENTRAL CBD

KL Sentral CBD is at the pinnacle of integrated transportation centres across the region and is positioned at the forefront of TODs.

Designed by Dr Kisho Kurokawa – who also designed Kuala Lumpur International Airport – KL Sentral CBD was conceptualised as a “city-within-a-city”, championing an integrated “Live, Work and Play” concept, and has remained MRCB’s crowning jewel for over 15 years.

KL Sentral CBD is an exclusive urban centre built around Malaysia’s largest transit hub. KL Sentral, with its nine different rail lines, offers global connectivity, excellent investment opportunities, business convenience and an international lifestyle. It has been granted the “XKL” Global Destination Code by the International Air Travel Association (IATA) with check-in facilities, enabling quick access to the airport and various destinations around the world. Pre-pandemic, more than 200,000 commuters passed through KL Sentral every day.



PJ SENTRAL GARDEN CITY

This first-of-its-kind TOD project in Petaling Jaya has taken off from the concept of a transit-centric development and will serve as a CBD for Petaling Jaya.

PJ Sentral Garden City, which is geographically located in the centre of the Klang Valley, will be a welcome change from Petaling Jaya’s ageing and decaying facade and landscape. The project seeks to establish a new vision for the urban regeneration of PJ, based on the principles of modern design excellence and social and economic well-being, as well as environmental responsibility. The development adopts the Green Building Index (GBI) Gold standard for individual buildings and the US Leadership in Environmental & Energy Design (LEED) Neighborhood and Township Development Gold rating for the overall development.

Total Acres	2021 Gross Development Value (GDV)
72 Acres	RM18.0 Billion
12 Acres	RM2.7 Billion
22 Acres	RM2.7 Billion
64 Acres	RM10.9 Billion
41 Acres	RM5.4 Billion



The success of KL Sentral CBD prompted MRCB's expansion into the northern region of the Peninsula, culminating in the concept of Penang Sentral.

Situated in Butterworth, it is conceptualised as a mixed development around an integrated multimodal transport hub encompassing the KTMB rail network, the Penang ferry service and intercity buses and taxis, and will be an economic catalyst for the Northern Region (Penang, Kedah, Perlis and Perak). The activation of this transportation hub, which emphasises safety, security and convenience for all users, will enhance comfort and efficiency for commuters and tourists alike. It also offers a centralised ticketing system and a multitude of retail and food and beverage outlets, providing business opportunities for small and medium enterprise players as well as renowned local and international brands.



Its proximity to the Kwasa Sentral and Kwasa Damansara stations along the MRT Line 1 (Sungai Buloh-Kajang) makes Kwasa Damansara a prime location for integrated development projects.

MRCB has been entrusted with establishing Kwasa Damansara City Centre, one of the largest and most exciting developments in Selangor. It will be the main city centre for the Kwasa Damansara township. The project aims to provide a high-quality working and living environment. Other aspects like a sizeable park, jogging-friendly paths that run around the entire project and recreational areas will further enhance this, ensuring it is a liveable commercial development.



The heart of Malaysia's Multimedia Super Corridor (MSC) initiative, the Cyberjaya City Centre development will comprise three zones – Vibrant, Tech & Enterprise and Gateway.

Two major expressways and the MRT Line 2 route (Sungai Buloh-Serdang-Putrajaya), which are currently in the pipeline, will further attract commercial and residential interest in Cyberjaya City Centre.

Each of the three zones caters to a different target market – the Vibrant zone hosts lifestyle amenities such as shopping malls and hotels; Tech & Enterprise will attract technology start-ups and other ICT operations; and the Gateway zone incorporates mixed-used commercial blocks and apartments.

2021

KEY HIGHLIGHTS

01 FINANCIAL HIGHLIGHTS

GROUP
REVENUE

RM1.4 billion

PROFIT
BEFORE TAX

RM61.3 million

DIVIDEND

1.00 sen

NET
GEARING

0.28 times

SHAREHOLDERS'
FUNDS

RM4.5 billion

NET ASSETS
PER SHARE

RM1.01

02 BUSINESS HIGHLIGHTS

GROSS
DEVELOPMENT
VALUE

RM33 billion

URBAN LAND
BANK

1,008 acres

EXTERNAL CLIENT
CONSTRUCTION
ORDER BOOK

RM27.3 billion

TODS
MAKE UP

77% of MRCB'S total GDV

03 SUSTAINABILITY HIGHLIGHTS

GENDER
PAY GAP

5.4%

between male and
female employees

CONTRIBUTION TO
THE COMMUNITY

RM2.9 million

AVERAGE REDUCTION
IN SCOPE 1 & SCOPE 2
CARBON EMISSIONS

8%

EMPLOYEE
VACCINATION RATE

100%

GENDER

Male

62%

Female

38%

A CONSTITUENT OF



FTSE4Good

MSCI ESG RATING

BBB

ALIGNED TO

14 UNSDGs



MALAYSIAN CODE ON
CORPORATE GOVERNANCE

39 out of 43
Practices

3 out of 5
Step-Ups

ZERO

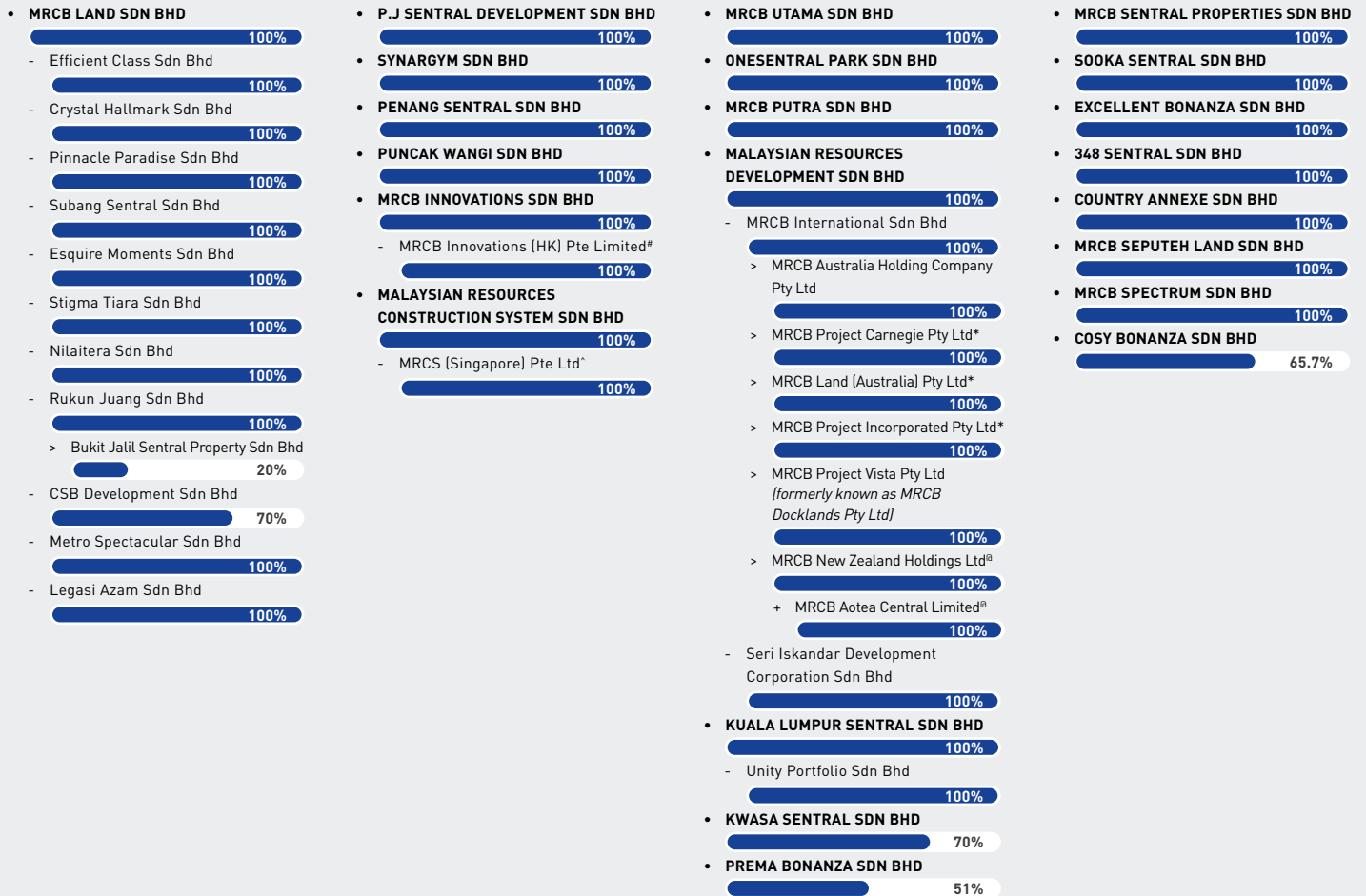
CYBERSECURITY &
CUSTOMER DATA
BREACHES

TOTAL EMPLOYED VIA
PEKA@MRCB PROGRAMME

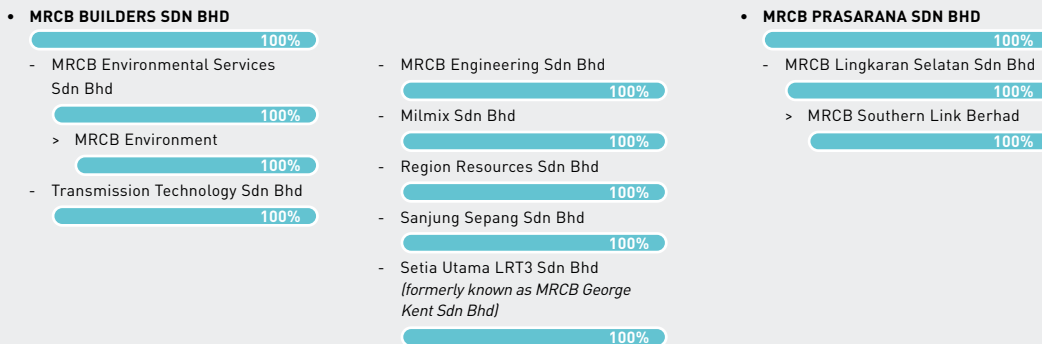
231 prisoners/offenders

HOW WE ARE STRUCTURED

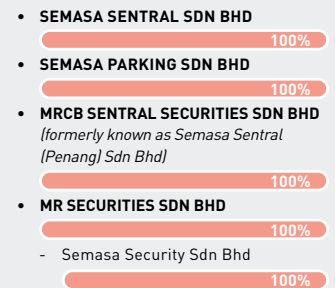
PROPERTY DEVELOPMENT & INVESTMENT



ENGINEERING, CONSTRUCTION & ENVIRONMENT



FACILITIES MANAGEMENT & PARKING



For a complete list of companies in the Group, please turn to pages 155 - 164 (Note 42) of the accompanying Financial Report.

(*) denotes that the company operates in Australia

(#) denotes that the company operates in Hong Kong

(@) denotes that the company operates in New Zealand

(^) denotes that the company operates in Singapore

All other companies operate in Malaysia.

AWARDS AND RECOGNITION

AWARDS RECEIVED IN 2021

UNITED NATIONS GLOBAL COMPACT NETWORK MALAYSIA & BRUNEI

**SUSTAINABILITY
PERFORMANCE
AWARDS 2021**
SDG Benchmark 6
(Corporate Category)



2020 MSWG- ASEAN CORPORATE GOVERNANCE SCORECARD ASSESSMENT

INDUSTRY EXCELLENCE AWARD
Property Sector



iPROPERTY DEVELOPMENT EXCELLENCE AWARDS (iDEA) 2021

COMMUNITY CSR AWARD



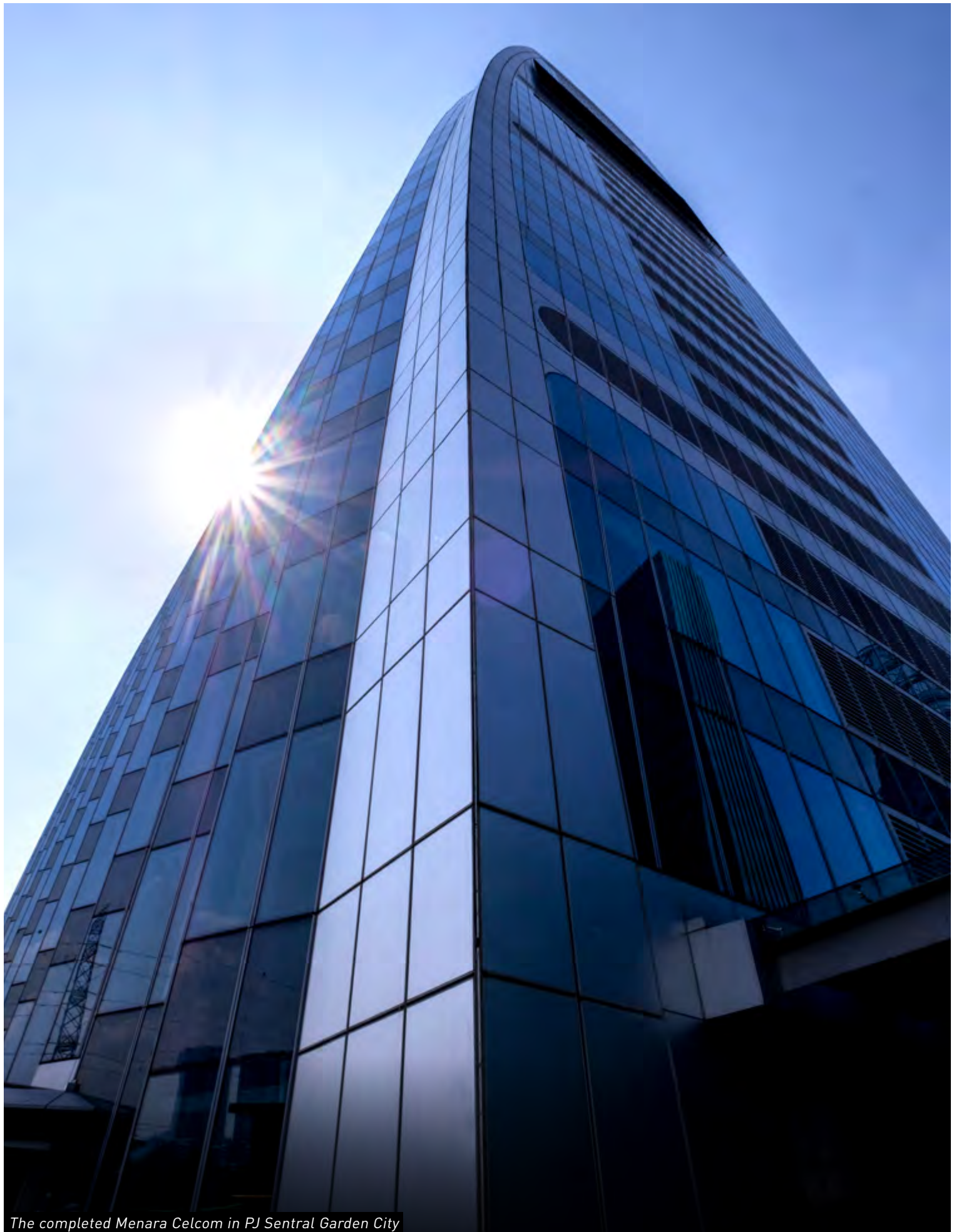
AUSTRALASIAN REPORTING AWARDS 2021

GOLD AWARD



UNITED NATIONS CERTIFICATE OF ENGAGEMENT FOR THE PLASTIC DISCLOSURE PROJECT





The completed Menara Celcom in PJ Sentral Garden City

KEY MILESTONES

Over the years, Malaysian Resources Corporation Berhad (MRCB) has only grown from strength to strength – proof that the Group has been resilient through ever-changing landscapes. Cognisant of the fact that change is a constant, we have always emphasised on the importance of sound values and fundamentals, as well as the need to innovate in order to provide meaningful value to our stakeholders

TOD PIONEER

2001

Stesen Sentral KL opened for operations

Between 2001 and 2006, completed key developments within KL Sentral CBD, such as Suasana Sentral, Hilton Kuala Lumpur, Le Méridien Kuala Lumpur, and Plaza Sentral

2006

KL Sentral CBD awarded MSC Malaysia Cybercentre status

Between 2006 and 2011, completed key developments within KL Sentral CBD, such as 1 Sentral, Sooka Sentral, and Axiata Towers

2011

Completed first Green Office Campus, Platinum Sentral

2013

Completed key developments within KL Sentral CBD, such as Menara Shell, CIMB Tower, Aloft Kuala Lumpur Sentral, and Menara Allianz

2014

Launched first project in Australia, the Easton Burwood

Award of LRT3 fixed price contract to MRCB's 50%-owned MRCB George Kent Sdn Bhd for RM11.4 billion

2017

Raised RM1.7 billion through Rights Issue

Completion of Group re-branding exercise

Embarked on Digitalisation

Signing of the Corruption Free Pledge

2016

Kwasa Damansara infrastructure PDP for RM112.3 million

Private Placement raising RM408.0 million

No-Gift Policy

2015

Kwasa C8 Management Contract for provisional total project sum of RM3.1 billion

Bukit Jalil Management Contract for a provisional total project sum of RM11.0 billion

Launched Penang Sentral

Commenced Anti-Bribery Management System

Disposal of the Eastern Dispersal Link Expressway for RM1.3 billion

Complied with 27 of MCCC's 32 Practices and 2 of the 4 Step-Up Practices

EPF's 80% subscription in Bukit Jalil Sentral Property for RM1.1 billion

Kwasa MX-1 Management Contract for a provisional total project sum of RM7.5 billion

2019

ISO 37001:2016 Certification for the Anti-Bribery Management System

Launched MRCB Building System (MBS)

Launched PEKA@MRCB programme

Complied with 29 of MCCC's 32 Practices and all 4 Step-Up Practices

Licensed our MBS technology to two companies in Hong Kong and Singapore

Ranked 33rd in the Minority Shareholder Watch Group's (MSWG) Top 100 MSWG-ASEAN Corporate Governance Awards

Ranked 1st in the Malaysian Institute of Corporate Governance's 'Transparency in Corporate Reporting' ranking

TRANSFORMATION



SUSTAINABLE INNOVATION

2020

Revised MRCB's mission statement to reflect our focus on sustainability

Embarked on a RM5 billion Sukuk Murabahah Programme

Issued RM600 million in the first tranche of the RM5 billion Sukuk Murabahah

Contributed RM1.5 million to COVID-19 relief efforts

Complied with 31 of MCCG's 32 Practices and 3 of 4 Step-Up Practices

Partnered with the Ministry of Environment and Water to work on the Plastic Disclosure Project

Joined the United Nations Global Compact (UNGC) CFO Taskforce for the SDGs

Became a signatory to the Ten Principles of the United Nations Global Compact

Awarded first MBS project by the Ministry of Education to design and build 35 classrooms for 5 schools in Putrajaya

Received the ASEAN Asset Class Award at the 2019 ASEAN Corporate Governance Assessment Scorecard (ACGS) Awards

2021

Completed the **acquisition of George Kent (Malaysia) Berhad's 50% equity interest in the LRT3 project joint venture company, Setia Utama LRT3 Sdn Bhd (SULSB)** (formerly known as MRCB George Kent Sdn Bhd)

Acquired **683.32 acres of land in Simpang Pulai, Perak** to develop an industrial/logistics park

Awarded first project in New Zealand to **develop the Aotea Central Over Station Development** with a GDV of NZ\$452 million

Purchased **0.766 acres of prime land in the Gold Coast, Australia** with a GDV of AUD296 million, for AUD17 million

Embarked on **Task Force on Climate-related Financial Disclosures (TCFD)** analysis to assess climate risks and opportunities for more robust disclosures

Achieved **an average 8% reduction** in Scope 1 & Scope 2 carbon emissions

Received the **Industry Excellence Award (Property Sector)** for the 2020 MSWG-ASEAN Corporate Governance Scorecard Assessment

Received the **Sustainability Performance Award 2021 for SDG Ambition Benchmark 6** awarded by the United Nations Global Compact Malaysia & Brunei



OUR APPROACH TO SUSTAINABILITY

MRCB'S SUSTAINABILITY JOURNEY AND CORPORATE SUSTAINABILITY GOALS


Innovation and sustainability are well embedded into our business, notably with the innovation of our modular construction technology, MRCB Building System (MBS), and our role as a TOD developer, that integrates green certified commercial and residential developments around transportation hubs, which encourages the use of sustainable materials and public transportation that helps reduce carbon emissions from personal vehicles. We have taken an increasingly proactive approach in how we report our environmental impact, and are constantly working towards improving our sustainability initiatives.



ACHIEVED				TARGET		
2017	2018	2019	2020	2021	2022	2023-2040
 <ul style="list-style-type: none"> Sustainability Report aligned to GRI Standards Alignment to 2 SDGs 	 <ul style="list-style-type: none"> Alignment to 6 more SDGs 	 <ul style="list-style-type: none"> Publication of inaugural Integrated Annual Report in accordance with the International Integrated Reporting Framework Launched our proprietary modular construction technology, MRCB Building System (MBS) 	 <ul style="list-style-type: none"> Signatory of the Ten Principles of the UNGC Member of the UNGC CFO Taskforce Alignment to 4 more SDGs Obtained external assurance for selected sustainability data 	 <ul style="list-style-type: none"> Embarked on Task Force on Climate-related Financial Disclosures (TCFD) Reporting Member of the CEO Action Network Expanded reporting on Scope 3 carbon emissions Established science-based targets for Scope 1 & Scope 2 carbon emissions Alignment to 2 more SDGs 	 <ul style="list-style-type: none"> Sustainable Procurement Apply for Science-Based Targets initiatives (SBTi) validation Embedding of sustainability in Management's KPIs Expand measurement of Scope 3 carbon emissions to suppliers Enhance Diversity, Equity & Inclusion Programmes 	<ul style="list-style-type: none"> Expand measurement of Scope 3 carbon emissions to 50% of suppliers by 2025 and 100% of suppliers by 2030 Net Zero Carbon (Scope 1 & Scope 2) by 2040

OUR APPROACH TO SUSTAINABILITY

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

MRCB's Sustainability Pillars				
				
People	Peace	Prosperity	Planet	Partnership
MRCB is determined to effectively engage with all its stakeholders including its employees and ensuring a positive impact on society	MRCB is committed to upholding the highest ethical standards in all areas of our business, ensuring transparency and honest conduct	MRCB is committed to upholding competitive financial performance that is beneficial to the company, employees, shareholders, society and the national economy	MRCB pledges to explore innovative approaches and adopt green practices in order to minimise our impact to the environment	MRCB is keen to form valuable partnerships that are beneficial and aimed at tackling global problems

Aiming for Net Zero Carbon by 2040 with a Climate Action Strategy

With increasing concerns on the impact of climate change, MRCB has made it a priority to develop a more robust climate action strategy. In 2020, we developed a Climate Change Statement acknowledging the Principles of the Climate Governance Initiative (CGI). As a responsible business entity, we have developed a roadmap for our sustainability journey (for more details on our Net Zero Carbon performance, please refer to page 126). We are committed to significantly improve our operations, particularly our eco-efficiency of energy, water, waste, as well as our carbon footprint. Here is our list of initiatives we are embarking on and our long-term strategy.







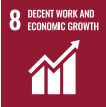
2020 Climate Action Strategy 2040			
Phase 1	Phase 2	Phase 3	
<p>Completed Initiatives</p> <ul style="list-style-type: none"> Developed Climate Change Statement Developed Biodiversity Statement Climate Risk Assessment (CRA) integrated into existing enterprise risk management system Established Scope 1 & Scope 2 carbon emissions baseline Achieved an average 8% reduction in carbon emission intensity for Scope 1 & Scope 2 in 2021 Developed and marketed MRCB Building System (MBS) to reduce carbon footprint and mitigate other sustainability issues in the construction industry 	<p>Ongoing Initiatives</p> <ul style="list-style-type: none"> Conduct capacity building workshops to build awareness on climate change Ongoing development and maintenance of our Board and Management's climate capability Implement reduction strategy for eco-efficiency (energy, water, waste and carbon) Adopt and identify gaps against the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) Commit to Science-Based Targets initiatives (SBTi) by getting validation of our Scope 1 & Scope 2 science-based carbon emission reduction targets Identification of new opportunities within the renewable energy space 	<ul style="list-style-type: none"> Expand capacity and expertise in waste-to-energy, solar and wind farms and water projects Refine MRCB's Green Building Policy and increase the adoption of modular construction Enhance Responsible Procurement by establishing new policies and guidelines for sustainable procurement Expand reporting on Scope 3 carbon emissions Enhance energy reduction initiatives through District Cooling System Plant optimisation, LED retrofitting, and digitalisation 	<ul style="list-style-type: none"> Further identification of Scope 3 emissions Expand into clean energy such as solar and hydrogen power, and source for low and/or zero carbon fuels Transition to electric-powered equipment and machinery Increase acceptable off-set initiatives and develop a Carbon Sequestration Strategy

OUR APPROACH TO SUSTAINABILITY

INTEGRATION OF THE UNITED NATIONS SUSTAINABILITY DEVELOPMENT GOALS (UNSDGs)

As a responsible leader in the property and construction sectors in the country, we recognise the need to contribute to global efforts to achieve sustainable growth. We have made a concerted effort to integrate the UNSDGs in our business decisions. The SDGs selected are based on the economic, environmental, and social impacts of the company, and the initiatives we undertake to contribute to specific goals as defined by the UN.

In 2017, we selected two UNSDGs, Goals 9 (Industry, Innovation and Infrastructure) and 11 (Sustainable Cities and Communities), which are inherently embedded in our role as a Transit Oriented Developer (TOD), and well 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 our goals to Goals 10 (Reduced Inequalities) and 15 (Life on Land). We also recognised Goals 16 (Peace, Justice and Strong Governance) and 17 (Partnership 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 Goals 1 (No Poverty) and 2 (Zero Hunger), which we continue to perform through our numerous corporate social responsibility programmes.

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, especially for families that were affected by the COVID-19 pandemic.
	<ul style="list-style-type: none"> We believe zero hunger is a basic human right and provide food aid to underprivileged 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 established comprehensive Standard Operating Procedures (SOPs) to manage COVID-19 outbreaks and provided Rapid Test Kits (RTKs) to all employees for regular self-checks, before allowing them access to our sites and offices. We promote healthy lifestyles by organising programmes that focus on our employees' physical and mental well-being. We developed our Human Rights Statement which articulates our commitment in this area.
	<ul style="list-style-type: none"> We have been involved in renovating and upgrading dilapidated schools and libraries. We provided lunches, books, and uniforms for underprivileged children. We leveraged on our skills and expertise to complete the construction of 35 classrooms for the Ministry of Education in approximately three months.
	<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.
	<ul style="list-style-type: none"> Our Transit Oriented Developments (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.
	<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.

OUR APPROACH TO SUSTAINABILITY

SDG	Description
 <p>10 REDUCED INEQUALITIES</p>	<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, provide training to our female workforce, 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 we have channelled our contributions or donations to the underserved communities, such as orphanages, the differently abled, orang asal, and B40 category families. We provide employment to prisoners/offenders through our PEKA@MRCB Programme.
 <p>11 SUSTAINABLE CITIES AND COMMUNITIES</p>	<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 affordable housing that reduces carbon emissions, connects communities, and provides opportunities for the general public to live comfortably and affordably in thriving cities.
 <p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p>	<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 carry out site inspections and work safely.
 <p>13 CLIMATE ACTION</p>	<ul style="list-style-type: none"> We developed a Climate Change Statement articulating our commitments to tackling climate change. We measure and disclose our carbon dioxide (CO₂) emissions (Scope 1 & Scope 2) and will validate our science-based reduction targets. 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 risks of climate change to our business and develop strategies to overcome them.
 <p>15 LIFE ON LAND</p>	<ul style="list-style-type: none"> We developed a Biodiversity Statement acknowledging and committing to the Ramsar Convention and the five principles stipulated in Malaysia's National Policy on Biological Diversity where applicable to our business operations.
 <p>16 PEACE, JUSTICE AND STRONG INSTITUTIONS</p>	<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.
 <p>17 PARTNERSHIPS FOR THE GOALS</p>	<ul style="list-style-type: none"> We engage with our stakeholders and create trusting and beneficial partnerships that drive the SDG goals further. As a signatory of the United Nations Global Compact (UNGC) Network Malaysia, we have adopted its universal Ten Principles that guide us on our sustainability journey. We are a member of the CEO Action Network (CAN) network and the UNGC CFO Taskforce for the SDGs to promote the Sustainable Finance agenda.

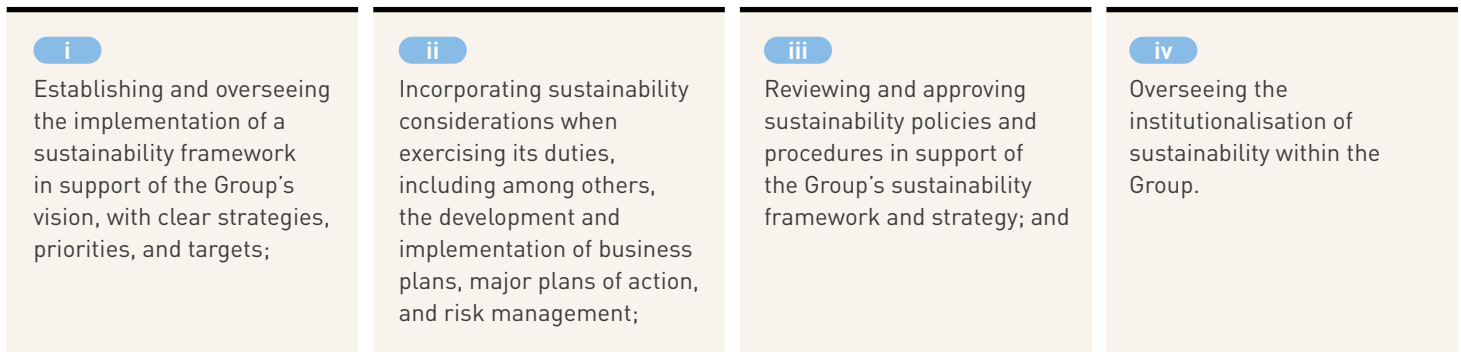
OUR APPROACH TO SUSTAINABILITY

SUSTAINABILITY GOVERNANCE

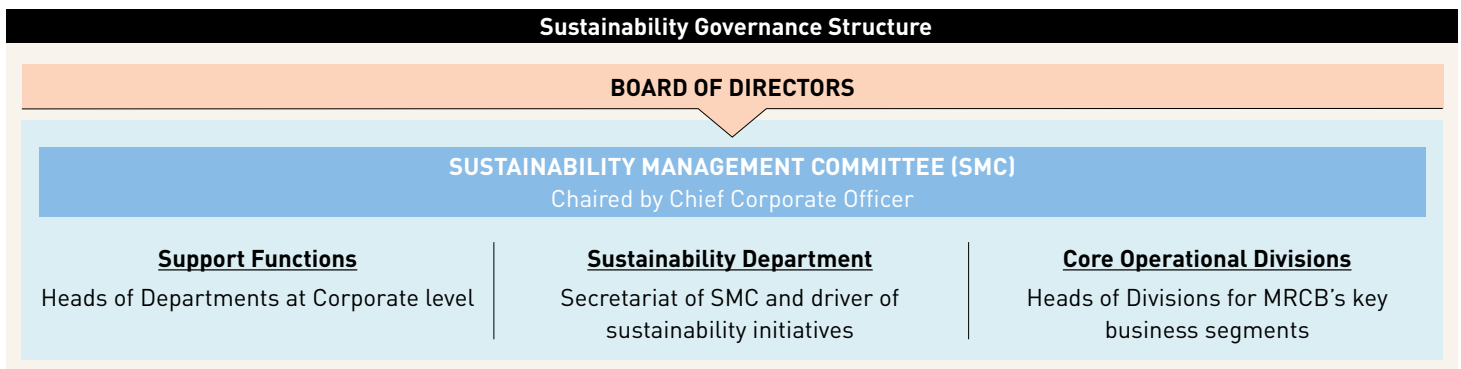
We have developed a governance structure dedicated to sustainability, one that complements our existing organisational structure and underscores the importance of embedding the SDGs into the organisation's overall management and operations.

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.

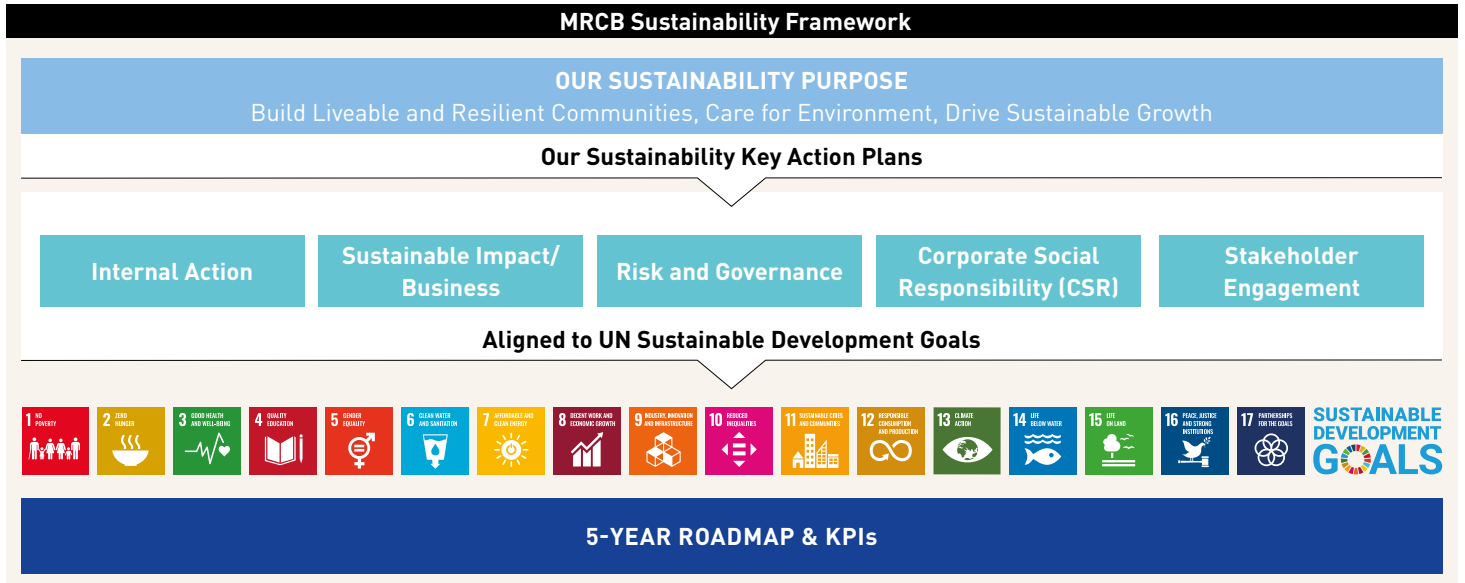
The Board Charter includes the Board's responsibility to promote sustainability as a driver of business performance, through appropriate environmental, economic, social and governance considerations in the Group's business strategies, which includes, among others, the following:



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 to provide advice and assistance to the Board for sound decision making on sustainability issues, as well as facilitate the overall goal towards improving and enhancing the Group's sustainability performance. The SMC consists of our Senior Management, with our CCO designated as its Chairman that 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 are updated to the Board each quarter.



OUR APPROACH TO SUSTAINABILITY



MRCB’s Sustainability Framework was developed in alignment with the 2030 Agenda. The Group’s corporate values act as a foundation to the five key sustainability pillars: Internal Action, Sustainable Impact, Risk and Governance, Corporate Social Responsibility, and Stakeholder Engagement.

A 5-Year Roadmap with comprehensive measurable performance indicators were also developed to guide the Group to achieve its sustainability goals. We will focus on generating positive impacts through our internal actions, develop sustainable products that add value to our customers, report and manage material sustainability risks, support innovations that are aligned to the SDGs and strive to have meaningful engagement with key stakeholders.

Our five sustainability focus areas are:

INTERNAL ACTION	SUSTAINABLE IMPACT/BUSINESS	RISK & GOVERNANCE	CORPORATE SOCIAL RESPONSIBILITY (CSR)	STAKEHOLDER ENGAGEMENT
<p>Focuses on how MRCB creates positive impact internally while minimising the negative impacts from our operations. These include strategies to improve eco-efficiency in energy, water and waste, and measuring and reducing our carbon footprint, as well as developing policies and strategies on protecting biodiversity and human rights.</p>	<p>Ensuring that our product offerings generate a positive impact for our customers and communities and covers areas like sustainable construction through the development of green buildings, TODs and transportation infrastructure that can help mitigate climate change, adopting sustainable procurement by ensuring locally sourced materials are specified and materials that meet sustainability specifications are procured.</p>	<p>Process of identifying and managing material sustainability risks within the Group. This requires setting up a sustainability governance structure and measuring and reporting our sustainability progress and ensuring it is reported to our stakeholders in alignment with local and international requirements, indices and standards (e.g.: FTSE4Good, MSCI, GRI Standard).</p>	<p>Aligning the Group’s CSR initiatives to the SDGs and exploring methods to measure our impact (e.g.: conducting a Social Return on Investment analysis on our initiatives).</p>	<p>Focuses on both internal and external engagement with key internal and external stakeholders (i.e., employees, customers, communities surrounding our developments, Government and regulators, investors, NGOs, etc.) to help achieve the SDGs and align MRCB with national priorities (e.g.: piloting the Plastic Disclosure Project, engagement with the UNGC CFO Taskforce, etc).</p>

CHAIRMAN'S REFLECTIONS

We live in critical times, with climate change fast becoming a real threat to how we live and do business. As an organisation that has always embraced sustainability, we believe that the time for climate action is now.

TAN SRI AZLAN ZAINOL
Chairman



Dear Stakeholders,

2021 continued to be a year of turmoil and turbulence for the entire world as not only did the COVID-19 pandemic persist, but the impact of climate change reverberated around the world, disrupting economies and livelihoods.

As nations continued to grapple with the prolonged health crisis and increasingly frequent weather disasters, I would like to proffer that we at MRCB have strived to manage the difficulties and challenges within our operating environment to the best of our abilities. The pandemic, which remains an unprecedented event in the modern era, has through foresight taught us an important lesson, and we reaffirm our commitment to ensuring we keep our eye on the broader value creation objective and continue adding to the important work of strengthening our sustainability foundation and developing our climate action plans.

A CHALLENGING YEAR

2021 has been more challenging than the previous year with the emergence of new COVID-19 variants amidst global efforts to battle the health crisis through immunisation efforts. As Malaysia, and many other parts of the world, imposed lockdowns throughout the year to contain the spread of the virus, global supply chains were greatly impacted, leading to shortages of important raw materials and increased prices. The ensuing border closures also meant labour shortages for Malaysia, especially for the construction and industrial sectors, which are heavily dependent on foreign labour. Both these issues significantly affected MRCB and

The property development and construction sector met with many setbacks stemming from its dependence on physical labour at project sites and global supply chains.



were exacerbated by the lockdowns and construction site closures which prevented us from constructing anything for a little over two months.

However, despite the operational challenges, we forged ahead with our sustainability agenda and strengthened climate actions to accelerate our transition towards a low-carbon future. This included leveraging innovation and technology to reduce our carbon footprint and to improve operational efficiency through optimised cost and manpower, as well as working to expand our future scope of business to include waste treatment. However, we acknowledge that our organisation will not succeed over the long-term without good corporate governance and social well-being. Hence, we go beyond the operational segment when embedding sustainability practices into our business. We inculcate good corporate governance and create value for our employees and the local communities we serve by fostering diversity, emphasising the occupational health, safety and well-being of our people, including mental wellness, and generating long-lasting positive social impacts.



Take urgent action to combat climate change and its impacts by regulating emissions and promoting developments in renewable energy

STRENGTHENING CLIMATE ACTION

With climate action now being the most discussed issue globally, MRCB is proud to attest to the efforts and commitment we have put in place to lead the industry in pushing forward the Environmental, Social, and Governance (ESG) agenda in 2021. As a member of the United Nations Global Compact (UNGC) CFO Taskforce for the Sustainable Development Goals, we endeavour to walk the talk in embedding ESG in our business management and operations. For a start, we believe in practising transparency and as such, we have been very actively engaging with key stakeholders to make disclosures of our ESG performance, which is also publicly available on our corporate website. We have also established a foothold in

Key Highlights of the Year

MARKET
CAPITALISATION

2020: RM2.1 billion

2021 **RM1.6** Billion

GROUP
REVENUE

2020: RM1,199 million

2021 **RM1,448** Million

PROFIT
BEFORE TAX

2020: RM(154) million

2021 **RM61** Million

DIVIDEND
PER SHARE

2020: RM1.00 sen

2021 **RM1.00** sen

CHAIRMAN'S REFLECTIONS

climate risk disclosure by engaging an external consultant to assess our assets against the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

As an ESG proponent, we truly believe that climate actions by businesses need to start now. The recent floods in Malaysia in December 2021 are just one of the few examples of the negative impacts of climate change. The event, which led to the loss of properties and even lives, disrupted various business operations and supply chains, further impacting the economy that was already reeling from the pandemic, and served as a wake-up call for all industries to take immediate action before it is too late. In 2020, we announced our commitment towards achieving Net Zero Carbon in our Scope 1 & Scope 2 emissions by 2040 and set internal reduction targets for our operations. While our Scope 1 & Scope 2 emissions are currently calculated in accordance with the World Business Council for Sustainable Development and World Resources Institute's GHG Protocol, we now plan to adopt more stringent emission reduction target setting and from this year we have transitioned to science-based targets. In 2021, we began to lay the groundwork to extend our goal to our vendors and suppliers by reaching out to our top suppliers to communicate our plans and assess their readiness levels that could eventually allow us to track their carbon footprint as a means to strengthen our climate action plans. While we are still a long way from being able to measure and monitor carbon emissions produced by our vendors and suppliers, we hope we will eventually be able to disclose



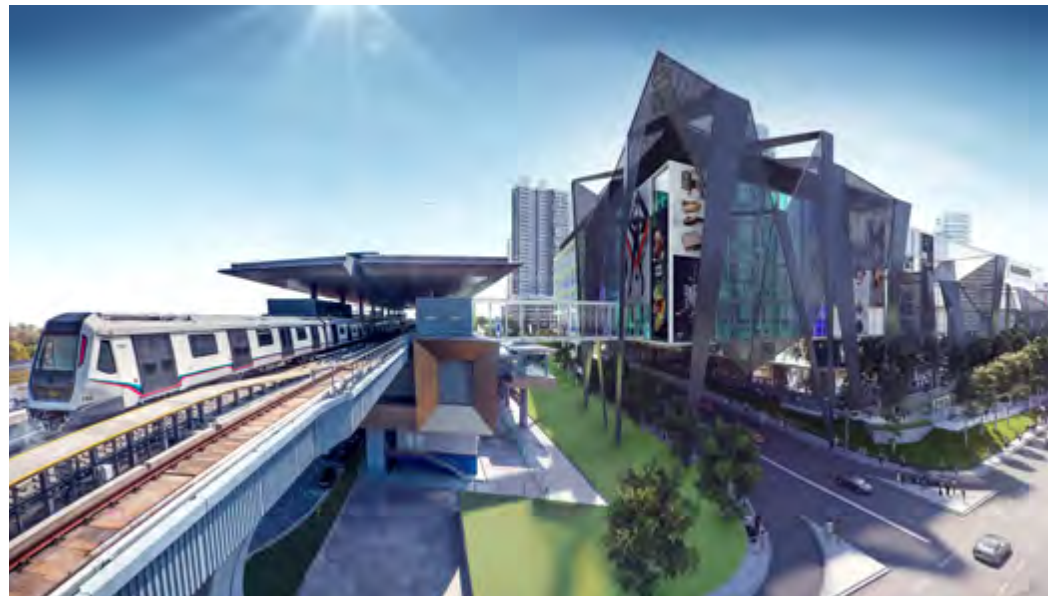
SDG15

Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss

their greenhouse gas (GHG) emissions, which contribute to our Scope 3 emissions. We also canvassed our major suppliers on their human rights policies and other important sustainability related data points, to enable us to develop our sustainable procurement strategy, which will be a key thrust for us in 2022.

As a sustainable developer, our contribution to climate change will not stop at reducing our own direct and indirect carbon emissions as we expand our scope of business into waste treatment. Nationwide, there are 141 landfills, with only 21 of them being sanitary landfills. These landfills, which have an average lifespan of 30 years and require large areas of land, contribute to environmental pollution and release methane gas which traps 72 times more heat than CO₂. With the expected growth in household waste, there is an urgent need for alternative ways to treat waste, in an environmentally-friendly manner, and slowly eliminate landfills completely. To this end, we are pleased to report that our endeavour in developing a waste-to-energy project will soon come to fruition as we reach the final stage of negotiations at the Government level.

I am also pleased to note that we remain a constituent of the FTSE4Good Index, which has been a challenge given our classification as being in a primary industry in the index, where our carbon emissions are a top focus area. It however also indicates that our efforts to manage this matter, in addition to our other sustainability initiatives continue to be recognised.



Artist's impression of the Kwasa Sentral project

LEVERAGING INNOVATION AND TECHNOLOGY TO REDUCE OUR CARBON FOOTPRINT

To accelerate our transition towards a low-carbon future, our efforts are further supported by our very own modular construction technology, the MRCB Building System (MBS). This innovative proprietary technology, which allows the construction of a building to be undertaken offsite in a controlled environment, is widely used in developed countries, and certainly proven its benefits when it enabled us to build 35 classrooms for five schools in approximately three months for the Ministry of Education in Malaysia. This technology reduces our carbon footprint, operational costs and our dependency on foreign workers, which naturally also lowers the risk of accidents at the workplace as up to 90% of the work is carried out at ground level using the MBS technology. We also licensed the MBS technology to two major developers in Hong Kong and Singapore for high-rise developments they are undertaking in those countries. In recognition of our efforts towards sustainability through the deployment of our MBS technology, MRCB received the Sustainability Performance Award 2021 for SDG Ambition Benchmark 6 awarded by the United Nations Global Compact Malaysia & Brunei in December 2021.

Our role as a TOD developer in Malaysia naturally incorporates sustainability and also helps cut carbon emissions, as their heavy integration with mass public transportation infrastructure encourage city dwellers to use public transport for commuting, taking motor vehicles off the roads. In 2021, we were given the opportunity to expand the benefits of TOD beyond Malaysia when we won the tender to develop a TOD in Auckland, New Zealand, which is set to benefit a population of about 170,000 people. Valued at NZ\$452 million (RM1.25 billion), the development is set to begin in 2024.

We also achieved an important milestone in 2021, when Stesen Sentral Kuala Lumpur (SSKL), which is located within our first TOD, KL Sentral, marked its 20th Anniversary. Launched in 2001, SSKL and the surrounding KL Sentral Central Business District (CBD) is one of MRCB's most iconic developments and positioned us as the pioneer TOD developer in Malaysia. The development has helped catalyse the economic boom that we see in the KL Sentral CBD today and will continue connecting communities well into the future.



Build resilient infrastructure, promote inclusive and sustainable industrialisation, and foster innovation



Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all



Make cities and human settlements inclusive, safe, resilient, and sustainable

GENERATING ECONOMIC VALUE

From the economic and business perspective, we are certainly aware of the important role we can play as a developer of properties and infrastructure in helping to advance the economies of entire communities. As such, we continue to market our capabilities in building important drivers of growth such as highways, rail infrastructure and TODs to build the nation and help the country realise its aspirations. Despite setbacks brought about by the Enhanced and Full Movement Control Orders that were reinstated between June and August 2021, we are progressing well in this context, as we will be completing the Mass Rapid Transit Line 2 Package V210, the Damansara-Shah Alam Elevated Expressway (DASH) and the Sungai Besi – Ulu Kelang Elevated Expressway (SUKE) construction projects in 2022.

Another important achievement in 2021 was MRCB's acquisition of George Kent (Malaysia) Berhad's 50% equity interest in the LRT3 project joint venture company, Setia Utama LRT3 Sdn Bhd (SULSB) (formerly known as MRCB George Kent Sdn Bhd), thus taking our ownership to 100%, and allowing us to recognise 100% of the revenues and profits from the construction of this iconic RM11.4 billion infrastructure project. This acquisition will allow us to leverage on our existing resources and harness the economies of scale arising out of owning 100% of the project company, leading to a leaner structure that should improve the margins from the project. In 2021, the LRT3 project managed to achieve 67% physical construction progress and is on track for completion in 2024.

CHAIRMAN'S REFLECTIONS

Beyond this, our strategy going forward is to reduce our overall concentration risk, given that the bulk of our projects are in Malaysia. This is why we have penetrated the New Zealand market, as we continue to look for other opportunities in Australia, where we are already well-established.

CREATING VALUE FOR OUR PEOPLE AND FOR COMMUNITIES

In our bid to build a sustainable future, we prioritise the development and the wellness of our people to ensure a strong workforce as one of our cornerstones. In the year under review, we continued to focus on the key areas for our employees to improve their health and well-being. This included providing professional and social support such as mental health counselling, which we started well before the pandemic hit and was extremely useful during lockdowns to help our people cope with additional mental stress.

As a caring employer, we constantly engage with our employees to meet their needs and reach out to them during challenging times, such as during the floods in December 2021. In developing competent and empathic leaders, we also launched the People Transformation Programme to equip our employees with the mindset and behaviours to accelerate and sustain organisational transformation. This programme, which involved 348 employees in 2021, is set to continue into 2022, along with our other ongoing learning and development programmes. We also introduced new e-learning platforms, namely e-LATiH and an e-learning platform under the UN Global Compact (UNGC) Academy, to promote self-directed learning and encourage a learning culture.

Fundamentally, supporting the local communities in which we operate is equally important in ensuring no one is left behind. In 2021, we contributed approximately RM2.9 million to the underprivileged in cash and in kind via Yayasan MRCB and through MRCB's corporate social responsibility initiatives to various community development programmes, which included efforts to alleviate the negative impacts of the pandemic as well as the devastating floods.

LEADING WITH GOOD GOVERNANCE

The corporate governance landscape continues to advance and evolve in Malaysia, as evidenced by the introduction of the latest edition of the Malaysian Code on Corporate Governance



Ensure healthy lives and promote well-being for all at all ages



Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels



A view of KL Sentral CBD at night

2021 (MCCG 2021) in April 2021. MRCB is fully supportive of these efforts, and has successfully complied with 39 out of the 43 Practices prescribed in MCCG 2021, together with 3 out of the 5 optional Step-Up Practices that aim to raise the bar well beyond existing regulatory requirements.

In light of the continuously changing operational landscape, particularly due to the pandemic and growing concerns on climate change, in 2021 MRCB restructured its Board line-up to better guide the Group through the challenges that lie ahead. As a result, we now have a nine-member strong team that possesses a diverse set of skills, experiences, and know-how that will stand MRCB in good stead. As a direct consequence of this, however, we will fall short in achieving the 30% women participation at the Board-level, with



a representation of only 22%. Nevertheless, we are actively sourcing for new female directors, and plans are underway to close the remaining MCCG 2021 departures that will be reflected within our end-2022 MCCG results.

We first implemented our ISO 37001:2016-certified Anti-Bribery Management System (ABMS) in 2019, and in 2021, we continued to educate our workforce by conducting 10 ABMS workshops for 1,124 employees. In cultivating a “speak-up” culture that encourages the fight against corruption, a whistleblowing webinar was also conducted and attended by 443 employees.

In 2021, the Group was awarded the Industry Excellence Award for the Property Sector in the 2020 MSWG-ASEAN Corporate Governance Scorecard Assessment. The Scorecard covers 146 areas related to good corporate governance practices, 25 areas on bad practices that result in penalties, and 13 bonus areas that identify practices that go above and beyond good corporate governance. We also received a Gold Award at the 2021 Australasian Reporting Awards (ARA) in Melbourne, Australia

for the third time. The Gold Award benchmarks and recognises the world’s best practices in transparent and accountable reporting. Both these independent awards recognised and validated our efforts over the years in upholding the highest standards of corporate governance, transparency and quality of disclosures.

GOING FORWARD

On behalf of the Board of Directors, I would like to extend our appreciation to our employees who have continued to demonstrate dedication and resilience within the most challenging of times. We also thank the authorities, relevant Ministries and regulators for their support. To our shareholders, customers and business partners, thank you for your loyalty and continued trust as we look ahead to a better year in 2022.

To my fellow Board members, your support and insights have provided the Group and its Management with the fortitude to navigate the pandemic. I would like to take this opportunity to thank our former Board members, Puan Rohaya Mohammad Yusof, Encik Hasman Yusri Yusoff, and To’ Puan Janet Looi Lai Heng, who have provided wise counsel during these trying times. I wish them all the very best in all their future endeavours.

I am also proud to welcome our new Board members, Tan Sri Mohamad Salim Fateh Din, Datuk Seri Amir Hamzah Azizan, Encik Mohamad Hafiz Kassim, Dato’ Dr Junaidah Kamarruddin and Puan Lim Fen Nee. We are excited to welcome you on board, and look forward to your wisdom and guidance.

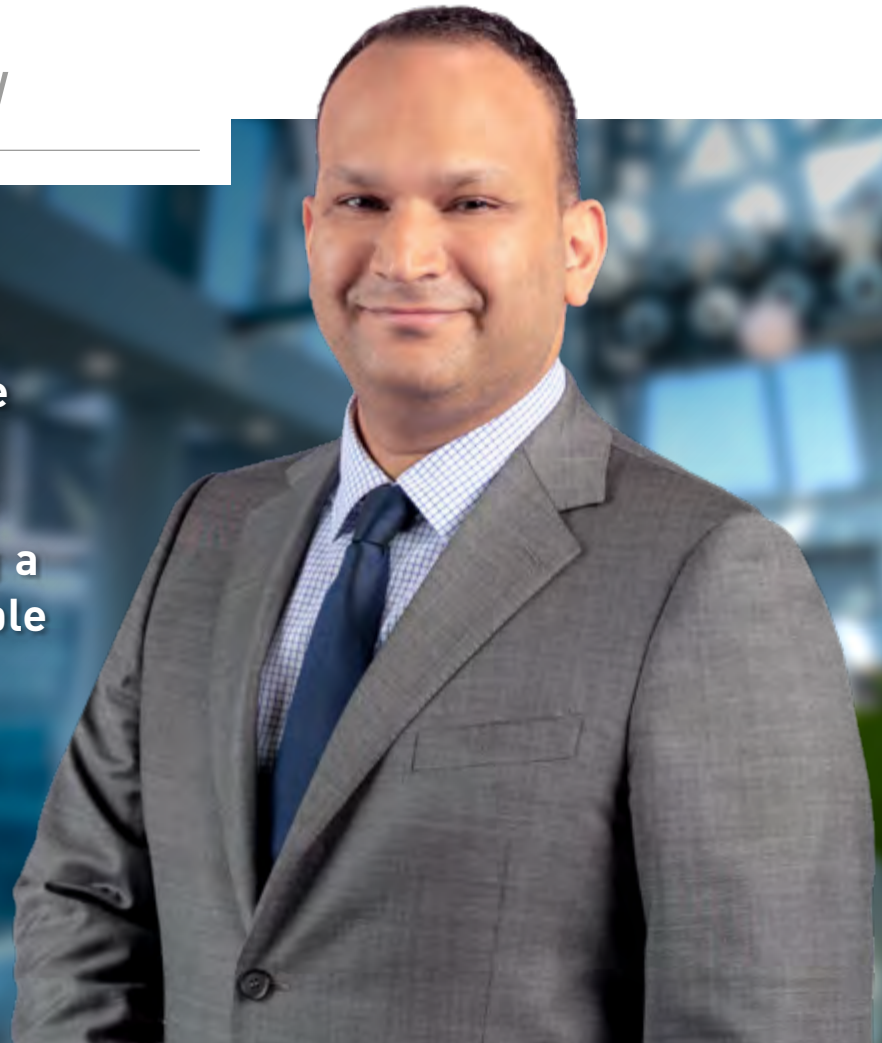
We are also grateful to the Group Managing Director, Encik Imran Salim and his Management team for steadying the ship through difficult times and creating a strong platform to rebound as economic recovery gets underway in 2022.

AZLAN ZAINOL
 Chairman

GROUP MANAGING DIRECTOR'S REVIEW

2021 challenged the world's preparedness for climate change amidst the ongoing pandemic. More than ever, we believe that actions towards becoming a responsible and sustainable business begin now.

IMRAN SALIM
Group Managing Director



YEAR IN REVIEW

The year 2021 has proven to be as challenging, if not more so than the previous year, as the pandemic and its subsequent waves of infections once again disrupted economies and threatened livelihoods. The way the year turned out had also run counter to the narrative that the ongoing global vaccination drive would tame the pandemic to a point where a solid economic recovery could take root as normalcy returned. This was due to the emergence of more transmissible variants, which slowed the recovery momentum as many countries, including Malaysia, went into lockdowns to contain the spread of the virus. The discovery of the Omicron variant in late 2021 also threatened to send many countries into further restrictions in 2022.

In Malaysia, strict COVID-19 movement restrictions were reinstated between the months of June and August 2021 and were more severe than those which took place in 2020, resulting in the closure of whole swathes of the economy, including the construction sector. The impact from the closure of construction sites was fully felt in the third quarter of 2021, which saw a 21% contraction in construction activity despite the low base

recorded the year before. At MRCB, while we were better prepared to manage the disruptions to our business considering the pandemic was no longer an "unprecedented" event, it was nevertheless very challenging as movement restrictions prevented us from operating our construction sites for almost 10 weeks. Even when our project sites were reopened, we were impacted by lower productivity in order to comply with Government-mandated restrictions.

In addition to these challenges, the construction sector continued to be impacted by supply chain related issues that resulted in delays in obtaining building materials, rising prices of materials that impacted costs, as well as shortage of workers due to border restrictions - all of which posed a threat to MRCB's business. However, we prepared for the reopening of our construction sites by organising a Vaccination Drive to fully vaccinate 1,000 of our employees, and closely monitoring the vaccination status of our remaining employees, resulting in a 100% vaccination rate by the end of 2021. A Booster Drive was also organised for 177 employees, to ensure continued protection against the virus and its variants. We further ensured the safety of our employees by

The pandemic control measures and supply chain disruptions contributed to a slowdown of the operations and derailed business plans across most industries and sectors.

Key Highlights of the Year

URBAN LAND BANK

2020: 323 acres

2021 1,008 acres

GROSS DEVELOPMENT VALUE

2020: RM32 billion

2021 RM33 Billion

EXTERNAL CLIENT CONSTRUCTION ORDER BOOK

2020: RM21.7 billion

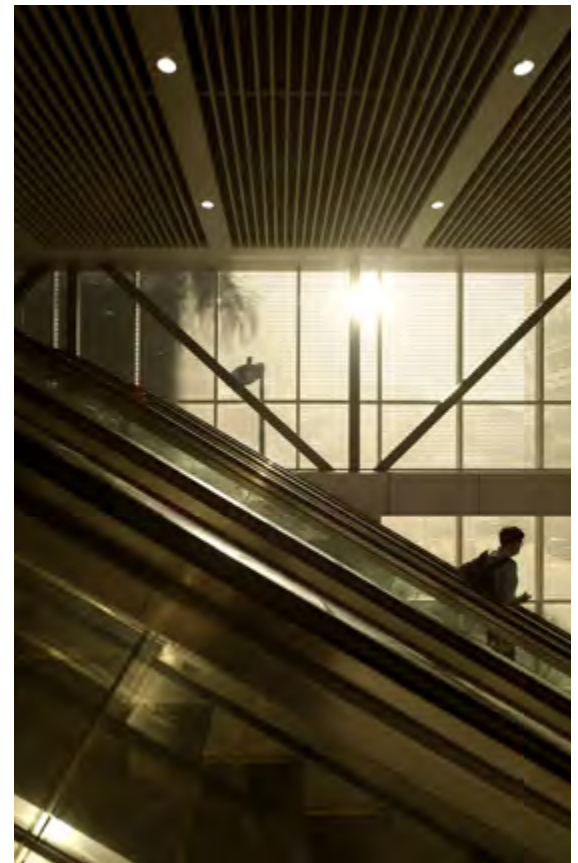
2021 RM27.3 Billion

adhering to the Standard Operating Procedures (SOPs), conducting audits at our work sites, and running regular health screenings by distributing Antigen Rapid Test Kits (RTKs) to employees.

Amidst managing the challenges brought on by the pandemic, the world was also gravely reminded of the urgent need for climate action as a slew of extreme weather disasters hit several countries, leaving many displaced and destitute. In Malaysia, we saw floods destroy towns normally invulnerable to such disasters, with scientists predicting more changes in the size and frequency of heavy precipitation events in the future. We reached out to some of the flood victims, including our employees who were affected, by donating more than RM180,000 in cash and essential items in kind, and sending 150 employees as volunteers to assist in food distribution and cleaning efforts, which involved the mobilisation of lorries, backhoes and water jets to the Johan Setia and Taman Sri Muda areas.

Apart from efforts to assist flood victims, we also continued to help the poor and the vulnerable hit by the pandemic by contributing approximately RM2.9 million through our charitable arm Yayasan MRCB and MRCB's corporate social responsibility initiatives to various community development programmes in the year under review.

During 2021, we continued to push forward our sustainability agenda and set in motion more systemic changes to ensure the Group is driven by transformational change towards creating sustainable value to all stakeholders in the future. This is not only aligned to new requirements introduced in the Malaysian Code on Corporate Governance 2021 (MCCG 2021), but also aligned to the Glasgow Climate Pact announced at the 26th UN Climate Change Conference (COP26), which aims to turn the 2020s into a decade of climate action and support, and which Malaysia has committed to.



KL Sentral CBD features seamless connectivity through its integrated transportation hub

GROUP MANAGING DIRECTOR'S REVIEW

KEY BUSINESS HIGHLIGHTS

In 2021, the Group delivered revenue of RM1.4 billion and a profit before tax of RM61 million compared to a revenue of RM1.2 billion and a loss before tax of RM154 million recorded in 2020. While the year saw a generally weaker operational performance compared to 2020 due to longer mandated construction site closures and restrictions, the higher revenue and profit was largely due to the consolidation of Setia Utama LRT3 Sdn Bhd (SULSB) (formerly known as MRCB George Kent Sdn Bhd), which allowed the Group to recognise 100% of the revenues and profits from the project in the fourth quarter of 2021. In addition, we also saw contributions recorded under other operating income of RM123.7 million in relation to 661.3 acres of land injected into Seri Iskandar Development Corporation Sdn Bhd (SIDEK) as part of a settlement with Perbadanan Kemajuan Negeri Perak, and RM9.9 million, being the net impact arising from the remeasurement of the investment in the LRT3 joint venture and provisional negative goodwill in relation to the acquisition of SULSB.

Our acquisition of SULSB on 13 October 2021 was a noteworthy achievement, and will allow us to continue to recognise all revenues and profits for the remainder of the project, which is scheduled to be completed in 2024. In 2021, LRT3 contributed profits of RM14.0 million on a consolidated basis in the fourth quarter of 2021 and RM18.8 million in aggregate on an equity accounting basis in the first three quarters of 2021 when it was only 50% owned, and managed to achieve 67% physical construction progress as at 31 December 2021.

Despite the promising progress of our LRT3 project, our construction sites experienced sporadic closures due to various movement restrictions within the first nine months of 2021, resulting in a complete halt in construction activity. Even when the construction sites were eventually reopened, our Engineering, Construction & Environment Division could only operate at sub-optimal levels due to a lower cap imposed on workforce capacity. Nevertheless, we are targeting to complete the Mass Rapid Transit Line 2 (MRT2) Package V210, Sungai Besi-Ulu Kelang Elevated Expressway (SUKE) and Damansara-Shah Alam Elevated Expressway (DASH) projects in 2022.



Artist's impression of the LRT3 project

These ongoing restrictions and the general market sentiment have also led to softening prices, and as the property market goes through this market correction we will continue to monitor the situation before any large scale launches are undertaken. This has led us to focus on marketing our portfolio of existing completed unsold units of RM536 million and unsold units under construction from our ongoing projects of RM1 billion as at 31 December 2021. Nevertheless, as the economy continued to suffer in 2021, we continued to see high sales cancellation rates resulting from the negative wealth effect brought about by the uncertainties of COVID-19 and its growing number of variants. This was exacerbated by the banks taking a more stringent approach to credit approvals, leading to many buyers being unable to secure the margin of financing they required. As a counter-measure, we continued to repurpose our marketing budget into assistance packages to assist buyers in becoming homeowners.

Our ongoing residential developments such as Sentral Suites in KL Sentral, the 9 Seputeh mixed development in Jalan Klang Lama, and Alstonia in Bukit Rahman Putra continued to contribute to our revenue and profit in 2021. We also continued to recognise revenue and profit from our 1060 Carnegie development in Melbourne, Australia, albeit at a much lower rate as the bulk of the units were sold and financially settled in 2020. While our sales galleries were affected by the Government-mandated closures, we continued our strategy of reaching potential customers through our virtual gallery, which saw approximately 9,500 visits, as well as a digital media campaign that leveraged on live webinars and social media. We also continued to engage with our other various stakeholders, managing to reach over 100,000 stakeholders via digital platforms as well as through controlled physical meetings.

Overall, while 2021 presented us with many challenges, we believe that MRCB is in a good position to move forward, backed not only by a strong balance sheet with a net gearing of 0.28 times, but immediate plans to enhance cashflow by monetising our unsold completed units from our property developments and focusing on construction projects in hand. To date, MRCB continues to have a strong pipeline of property projects with a GDV of RM33 billion across 1,008 acres, and unrecognised future revenue (unbilled sales) worth RM923.0 million that will be recognised in tandem with construction progress of our ongoing property development projects. Our long-term external client construction order book has also expanded by RM5.6 billion following the acquisition of the LRT3 project joint venture company SULB to RM27.3 billion, in which more than 70%, or almost RM20 billion, remains unbilled.

EXPANDING OUR REACH

An important growth principle in our value creation journey is Diversification & Operational Expansion. After years of setting the groundwork to diversify away from the Malaysian market and expanding further into the Australasian market, in March 2021 MRCB was successfully awarded the tender to develop a Transit Oriented Development (TOD) in New Zealand. With a GDV of NZ\$452 million, the development comprises a mixture of retail, commercial and residential space that will be built above the City Rail Link Aotea Station in Auckland. This iconic and prestigious project located in a very prime location in Auckland will enable MRCB to leverage its strengths and expertise gained from developing TODs in Malaysia to benefit more than 40,000 residents and the 130,000 people who live and work in the area. Development is set to commence after the completion of the railway station in 2024, and we expect this project to catalyse further growth opportunities for MRCB in New Zealand.

In further expanding our existing presence in Australia, the Group purchased a 0.766-acre piece of prime land for AUD17 million on the Gold Coast in Brisbane, Queensland with plans to develop a 45-storey high-rise residential apartment development with 280 units. With a GDV of AUD296 million, the development is targeted to commence in the first quarter of 2023 and to be completed in 2025, subject to receipt of all development consents.

As part of our strategy to move towards sustainable business and leveraging on opportunities brought about by climate change, much research and effort has been put into seeking new markets within the renewable energy space. With the expected growth in household waste and a minimal number of sanitary landfills in Malaysia, which currently only has 21 sanitary landfills, there is an urgent need for alternative ways to treat waste, in an environmentally-friendly manner, and slowly eliminate landfills completely. Waste-to-energy allows us to not only process waste in an efficient and sustainable manner, it also converts waste into a fuel source which is used to generate energy. With landfills requiring large areas of land and releasing methane gas that traps 72 times more heat than CO₂, MRCB has earmarked waste-to-energy as a priority area to venture into. As part of our efforts to realise this strategy, we have already identified a suitable project. To date, the technology, which is sourced from Europe and adapted for the higher moisture content in Malaysia's household waste, has been approved by the Government, and we are awaiting for the service agreement to be finalised.

GROUP MANAGING DIRECTOR'S REVIEW

In efforts to diversify away from the premium commercial and residential developments we are so synonymous with, we also acquired 22.02 acres of land in Simpang Pulai, Perak, which is 14 km from the city of Ipoh and located next to the Simpang Pulai Rest & Recreation stop along the North-South Expressway. Additionally, 661.3 acres of land was injected into SIDEDEC on 21 December 2021 as part of a settlement with Perbadanan Kemajuan Negeri Perak (PKNP), bringing the total land size in Simpang Pulai to 683.32 acres. SIDEDEC was set up in 1997 as a joint venture company between MRCB's wholly-owned subsidiary, Malaysian Resources Development Sdn Bhd (MRD), and PKNP, with MRD owning 70% equity and PKNP owning the remaining 30%. Subsequently, MRD acquired the 30% equity stake in SIDEDEC owned by PKNP, making SIDEDEC a wholly-owned subsidiary of the Group. This land will lay the groundwork for our entry into the industrial and logistics development segment moving forward, a segment of the market where we believe there will be much demand over the next few years from multinational corporations looking for large, strategically located, bespoke developments meeting their sustainability requirements.

With a rapidly increasing aging population and need for aged-care solutions, MRCB also continues to study building affordable, customised high-rise units specially built to assist the elderly - from safety features to proximity to healthcare and other essential amenities. To date, we have identified sites to pursue this initiative and will continue to work towards developing partnerships to materialise this strategy targeted at this important and growing demographic.

TOWARDS CLIMATE ACTION

In our 2020 Integrated Annual Report, we announced our resolve to ensure Environmental, Social, and Governance (ESG) matters would be at the forefront of our conversations. We reaffirm this commitment and have worked hard in 2021 to better integrate sustainability into our business. We maintained our standing as a member and active contributor to the United Nations Global Compact (UNGC) CFO Taskforce for the Sustainability Development Goals which is a worldwide body, and expect to play an active part in the forthcoming Malaysian CFO Taskforce which is due to be set up by the UN Global Compact Network Malaysia & Brunei. MRCB also became a member of the CEO Action Network, a closed-door peer-to-peer informal network of CEOs of leading Malaysian businesses focused on sustainability advocacy, capacity building, action and performance. These national and global-level initiatives have aided MRCB in developing its own sustainability strategy by providing insights into best practices from other companies in similar and different industries across the world.

In ensuring our stakeholders are informed of our ESG initiatives, we also undertook a massive ESG communication plan, in which ESG-specific meetings were arranged for over 500 investors and professionals, and an ESG Brief was made available to the public on our corporate website. These sessions also helped MRCB become more accountable for its sustainability efforts, in that our ESG performance is transparently disclosed to all.

As part of our commitment to address climate change, in 2021 we embarked on an assessment of the climate risks and opportunities in relation to our assets in line with the Task Force on Climate-related Financial Disclosures (TCFD) framework. This initiative is ongoing, and our first report can be found on page 127.

For years now, MRCB has been a strong advocate of modular construction given its many tangible sustainability benefits that helps improve efficiency, reduce costs, reduce wastage and lessen the construction industry's unsustainable dependency on unskilled foreign labour, while increasing productivity and quality, and improving the health and safety of workers. In the year under review, we used our proprietary modular construction technology, MRCB Building System (MBS), to great effect by completing our first MBS project in Malaysia awarded by the Ministry of Education, involving the construction of 35 classrooms for five schools in approximately three months, despite considerable disruptions caused by the pandemic. Indicating the attractions of our proprietary technology, to date, we have already licensed it to two international companies for the construction of a 19-storey student residential development and temporary quarantine facility in Hong Kong, as well as a 12-storey nursing home and senior care centre in Singapore.

We also continued our role as a responsible and sustainable urban developer of our TODs and Green buildings, which places us at an important nexus between development and sustainability. In 2020, we announced our goal to achieve Net Zero Carbon in our Scope 1 & Scope 2 emissions by 2040 and began to disclose and set targets for these emissions. In 2021, we began to lay the groundwork to start addressing Scope 3 emissions, which includes indirect carbon emissions from our supply chain. As measuring Scope 3 emissions involves external parties, many of whom are at a very nascent stage of their sustainability journeys, it will take some time before we are able to begin measuring and reporting these emissions. Nevertheless, we have communicated to our top suppliers our intent to transition to more stringent sustainable procurement criteria. As part of this sustainable procurement strategy, we are embedding human and worker rights into our standard contracts

GROUP MANAGING DIRECTOR'S REVIEW

and pre-qualification criteria. We will also enhance existing policies to ensure sustainability principles are embedded at the design stage, and specify the types of materials that can be used and procured to ensure they meet sustainability specifications. Moving forward, we will intensify our engagements with our suppliers in 2022, to work towards developing joint strategies that can help both parties measure and monitor their emissions for greater shared accountability.

TRANSFORMING CULTURE

Our people remain our most coveted asset and a major priority, and as part of our plan to ensure they grow and excel, a programme was launched to equip our employees with the mindset and behaviours to accelerate and sustain organisational transformation. The need for employees to adapt, collaborate, be agile, evolve and thrive in an ever-changing environment have gained in importance after the pandemic and the growing threat of climate change. In 2021, we conducted 10 one-day interactive workshops called the "People Transformation Accelerator Programme" for 348 employees to equip them with practical skills and behaviours that create an open and transparent culture and a working environment that is more purpose driven. The response has been positive and pulse checks continue to be conducted to ensure these behaviours are consistently practiced by our employees. We plan to roll-out the programme to the rest of our employees and will conduct 22 more workshops for our remaining employees in 2022.

We also subscribe to the belief that a positive work culture can be fostered through open and frequent communication. While the newly launched People Transformation Programme greatly promotes this, MRCB has continued to leverage on electronic digital media (EDM) to share key messages with our employees. Such EDMs are shared not only to announce the publication of

new policies and share administrative matters, but also used to educate and remind employees of everyday affairs such as internal COVID-19 SOPs and ways to prevent infection; educating on cybersecurity threats and our zero tolerance of bribery and corruption, and speaking out if they encounter anything which is ethically wrong; and promoting a culture of integrity, accountability and safety in the workplace.

ACKNOWLEDGEMENTS

The COVID-19 pandemic has definitely changed how we approach our business, challenging us to push boundaries and turning risks into opportunities. It has also made clearer the importance of ESG and working to build a sustainable business. It is with this philosophy that our strategies are built upon, with the hopes to create sustainable value for all our stakeholders well into the future.

With promising times ahead, I look forward to continuing working closely with all my colleagues. I would like to thank our Board for their wisdom, and the regulators for guiding us to manoeuvre through the difficult pandemic period. Thanks also go to the Senior Management team and all staff for their resilience and strong support. To our business partners and suppliers, we thank you for your support and we look forward to working closely to build a more sustainable tomorrow, together.

IMRAN SALIM

Group Managing Director

OUR COVID-19 RESPONSE

👥 Clients/Customers

- Increased customer outreach and marketing activities on digital platforms
- Facilitated 1,574 virtual viewings of 1060 Carnegie since the launch of the virtual sales gallery on 14 July 2020
- Recorded over 7,900 virtual viewings of Sentral Suites in KL Sentral, the 9 Seputeh developments in Jalan Klang Lama and Alstonia in Bukit Rahman Putra
- Offered financing assistance packages to customers

COVID-19 Relief & Value Creation

We have seen many sectors rise together to overcome the economic and social impacts of the COVID-19 pandemic. Cross-sector collaborations have taken on new meaning as different organisations pooled resources towards relief efforts, and so has value creation. Short-term value creation during a pandemic is concerned with providing solutions that meet the critical needs of each stakeholder group. At a time like this, corporations have a duty to step up and provide assistance to various stakeholders. At MRCB, while we are hard at work mitigating the business impacts, we also recognise that a full recovery can only be achieved together. In doing our small part, we have humbly channelled RM2.7 million specifically towards tangible and intangible contributions to the ongoing fight against the pandemic in the hope for a quick and resilient recovery for all.



Interior shot of 1060 Carnegie in Melbourne, Australia

MRCB Communique

HAVE YOU BEEN VACCINATED?

Getting vaccinated is crucial as it is an effective way to protect, save lives and create herd immunity within our workspace, family environment, and the community at large.

At MRCB, we care about your health as well as the wellbeing of your surroundings. Let us not waste time. Register for your vaccination now.

[Register here](#)

What is Herd Immunity?

As the percentage of immune people in a community increases, the likelihood of spread decreases. "Herd Immunity" is reached when a certain percentage of the population is immune.

Here are ways we can build people's confidence in the COVID-19 vaccine:

Get vaccinated to protect yourself and others.

Tell others why you are getting vaccinated and encourage them to get vaccinated.

👥 Employees

- Conducted a Vaccination Drive to fully vaccinate 1,000 employees with two doses of COVID-19 vaccines, and a Booster Drive for 177 employees
- Conducted regular health screenings using the Antigen Rapid Test Kits (RTKs), and distributed test kits to employees for self-testing
- Enabled remote working and stopped movement between sites
- Established strict onsite SOPs
- Maintained salaries of all employees
- Offered mental health support to employees through counselling sessions conducted by mental health professionals
- Installed infrared thermometers and sanitisers at all HQ entry points
- Established a Pusat Pemberian Vaksin (PPV) centre worth RM50,000 at Stesen Sentral Kuala Lumpur for the MRCB Vaccination Drive

OUR
COVID-19 RESPONSE



📈 **Shareholders/Investors/Analysts**

- Raised funds through a RM5 billion Sukuk programme of which RM800 million was issued in 2021
- Achieved annualised cost savings of RM26.3 million from efficiencies and organisational restructuring, natural attrition, and office space rationalisation as a result of digitalisation
- Maintained a strong balance sheet and net gearing of 0.28 times

👷 **Suppliers/Sub-contractors**

- Stopped movement between sites
- Established strict onsite SOPs
- Conducted mandatory testing for relevant sites and implemented containment measures
- Ordered precautionary shutdowns of certain project sites whenever necessary
- Ensured sub-contractors provided necessary equipment such as personal protective equipments (PPEs), infrared thermometers and sanitisers to reduce the risk of infection amongst their workers

MRCB Communique

PHASE 1
Total Lockdown SOPs

Starting 1-14 June 2021, all non-essential social and economic activities are prohibited. Employees are advised to follow the MKN guidelines as listed below:



💗 **Local Communities/Civil Society/NGOs**

- Contributed cash donations and food aid, and renovated the homes of B40 families, valued at RM1.4 million
- Donated food and electrical and medical appliances to COVID-19 patients, frontliners and medical officers worth RM263,020
- Donated food assistance worth RM219,000 in the form of essential food items, food baskets, food kiosks, and kitchen equipment to NGOs and homes for the underprivileged such as the Kuala Lumpur and Selangor Coalition of Women Organization (KLSCWO), Anbe Sivam Charity Home, Food Aid Foundation, Persatuan Wanita Kuala Lumpur dan Selangor, Lighthouse Children Welfare Home Association and Pertubuhan Baitul Hasan Kuala Lumpur
- Donated food baskets and kitchen needs worth RM190,852 to Orang Asal
- Donated food baskets to 1,200 students from Rukun Tetangga (Klang), Persatuan Mahasiswa Kepala Batas and Yayasan Kemiskinan Kinabatangan worth RM110,000
- Donated cash, food baskets, hospital beds, and 1-year medical and sanitary items to the disabled worth RM140,358
- Donated food baskets and household items worth RM357,000 to 1,299 refugees



WE CONSIDER OUR OPERATING CONTEXT

ECONOMIC & INDUSTRY REPORT

The Economy

The global economy has continued to be impacted by the resurgence of the COVID-19 pandemic, which subdued the strong economic recovery that was expected in 2021. The surge of new cases due to the Delta variant once again forced governments to lockdown their countries in order to reduce the strain on their public health systems. Even with full-year global Gross Domestic Product (GDP) expected to hit 5.5% in 2021, overall, economic growth has been largely uneven as the surges in COVID-19 cases and economic recovery have not been taking place at the same time across the world, leading to the world economy moving at a more asynchronous pace.

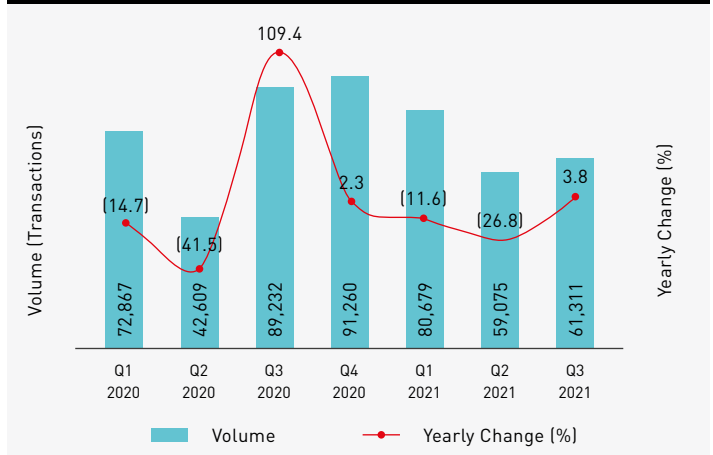
In Malaysia, the Full Movement Control Order (FMCO) that started in June 2021 lasted 11 weeks, longer than the first MCO implemented in 2020. The impact on the economy was once again widely felt and the country fell into a technical recession in the third quarter of 2021. In response, the Government rolled out further economic stimulus packages and stepped up its vaccination drive to inoculate as many adults as possible.

By October 2021, more than 90% of the adult population had been fully vaccinated and the movement restrictions were eased, with almost all economic sectors allowed to resume operations. This led to a marked improvement in both business and consumer sentiment, and brought the country back on track to achieving GDP growth of 3.1%. While this signals the start of an economic recovery with potentially increased activities from the property and construction sectors, many remain cognisant of continued disruptions from the pandemic, which may lead to increasing inflation, a potential overhang of property inventory ahead of an anticipated general election, and an earlier-than-expected increase in interest rates.

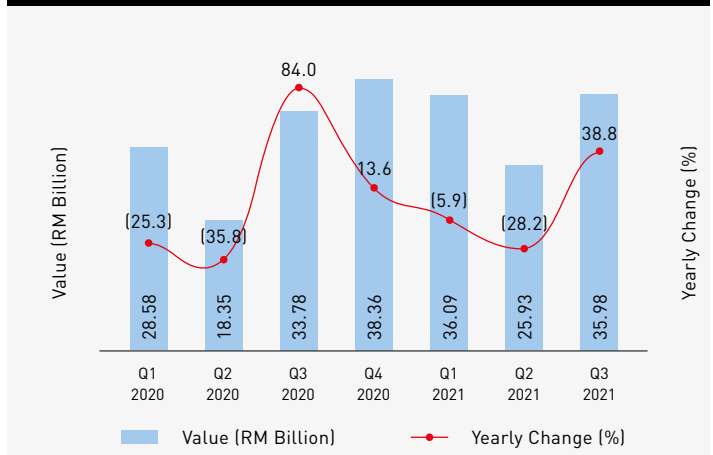
Property Sector

The performance of the property market largely reflected the realities of an economy that continued to be disrupted by the pandemic. For the first nine months of 2021, the volume of transactions fell by 2% to 201,065 units compared to 204,708 in 2020, mainly due to the effect of the FMCO. In terms of transaction value however, it saw an increase of 21% to RM98 billion in 2021 compared to RM80 billion in 2020. The residential sector recorded a total of 134,637 transactions valued at RM52.3 billion. This makes it the largest contributor to the property sector making up 67% of the total volume and 53% of total value of all property transactions.

VOLUME OF TRANSACTION TREND



VALUE OF TRANSACTION TREND

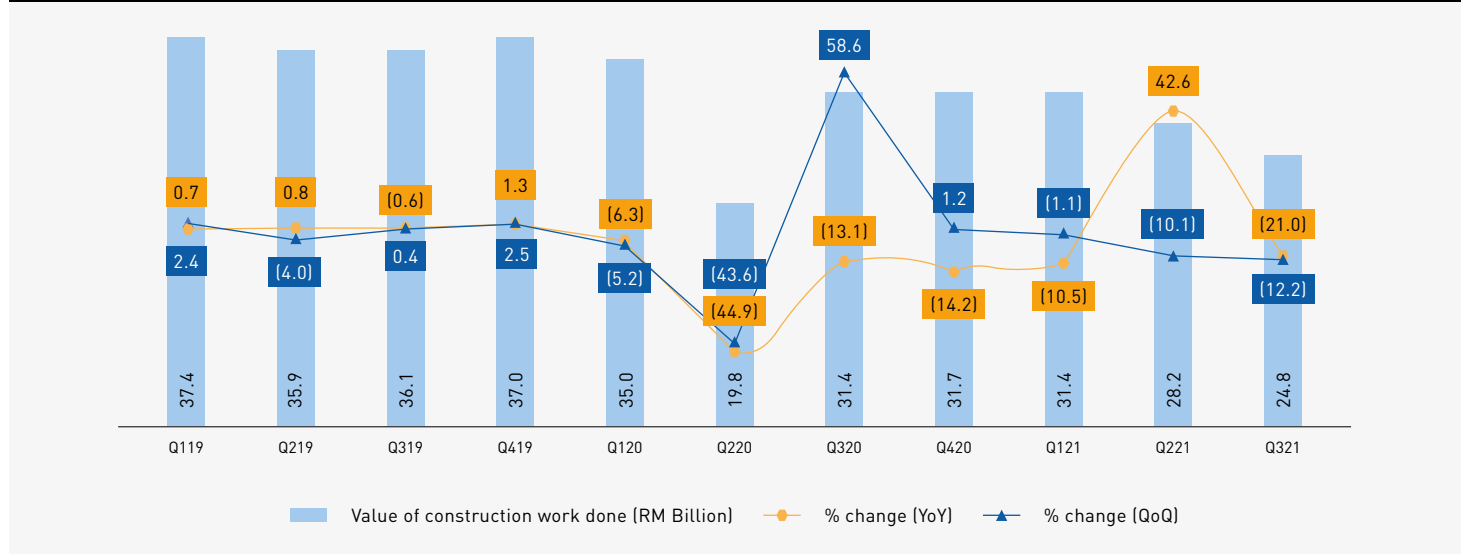


Construction Sector

The construction sector was once again affected by the lockdowns with construction activities coming to a halt, resulting in the value of construction work contracting by 21% year-on-year in the third quarter of 2021 to RM24.8 billion. The decline in the third quarter also marked a 12.2% quarter-on-quarter decline from the second quarter, and marked the third consecutive quarter-on-quarter decline. Prior to this, the value of construction work held steady for each quarter at around RM31 billion between the third quarter of 2020 and the first quarter of 2021.

Overall, the total value of construction declined by 2% for the 9M2021 to RM84.4 billion compared to RM86.2 billion for 9M2020, although the number of construction activities rose by 19% for 9M2021 to 45,456 compared to 38,131 for 9M2020. The civil engineering sector remains the major contributor to the construction sector with a 40.1% share, followed by the non-residential sector with 27.6%, the residential sector with 23.9% and special trade activities with 8.4%.

VALUE OF CONSTRUCTION WORK DONE AND PERCENTAGE CHANGE, Q1 2019 - Q3 2021



Outlook

Looking ahead, global growth is expected to moderate in 2022 to 4.1% from the 5.5% in 2021 as pent-up demand dissipates and the unprecedented economic stimulus from governments gradually unwinds itself. The Omicron variant and the potential for other new COVID-19 variants also poses some downside risk to a strong and sustained global economic recovery.

In Malaysia, growth is projected to be between 5.5% and 6.5% as the economy gets back on track following the disruptions of 2021. With a large majority of the population now being vaccinated, as a nation we are likely to be more resilient against the COVID-19 virus, which will therefore reduce the likelihood of further lockdowns and enable a stronger recovery to take place.

The property market is expected to recover with more positive consumer sentiment currently prevailing although challenges continue to exist. Demand may be subdued following the end of the Home Ownership Campaign and the likelihood of Bank Negara Malaysia raising interest rates sometime in 2022 which will affect the financing costs for homebuyers. For the construction sector, the upcoming MRT3 project bodes well for the overall industry and is likely to be one of many public sector projects that will kick-start the recovery of the sector, albeit much later in 2022.

WE CONSIDER OUR OPERATING CONTEXT

KEY MARKET TRENDS & OUTLOOK

Key Market Trend 1

Weak Property & Construction Market

The economic impact of COVID-19 left property sales sluggish as recurring construction site closures resulted in significant construction delays.

Potential Impact

- A high number of unsold units
- Slow construction progress due to the shutdown of construction sites
- Poor cashflow and funding for growth

Outlook

While close to 80% of the Malaysian population has been fully vaccinated, new COVID-19 variants remain a threat, particularly with the lifting of travel restrictions. We remain cautious and anticipate that while the economy may see an uneven recovery, the National Recovery Plan and a heightened alert system will help avoid total lockdowns. Strict SOPs will continue to be observed in the future to ensure construction work is not disrupted.

Response

Most new launches planned for 2021 were deferred to 2022 and 2023, and focus was given towards marketing ongoing and completed unsold units. More attractive promotional schemes for ongoing property developments were implemented to boost property sales, and MRCB collaborated with an extended pool of real estate agents for a wider market reach.

Strict SOPs and regular checks were adhered to and audits were conducted at our construction sites to ensure risks of infection were minimised. Employees working at the office and at project sites underwent regular health screenings using the Antigen Rapid Test Kits (RTKs).

Linked to:

Capitals:



Growth Principle:



Material Matters:



Key Market Trend 2

Evolving Customer Trends

Younger homebuyers have varied lifestyles and preferences for their properties. Clients are also looking for faster construction times and higher quality buildings, with higher sustainability content.

Potential Impact

- Properties that don't meet consumer demand
- Poor sales
- Reduced cashflow and increasing debt

Outlook

With TODs making up 77% of the Gross Development Value (GDV) of our property development land bank, and developments spanning into the next decade, we will continue to generate long-term revenues due to high demand for integrated residential and commercial developments anchored around transportation hubs.

In 2019 we launched MBS – a new prefabricated, prefinished modular construction method which uses our very own proprietary patented Candle-Loc Connection System. MBS will continue to grow as demand for sustainable construction rises. The recently announced Budget 2022 included an extension of the tax incentive originally announced in 2020 for manufacturers of Industrialised Building Systems (IBS) components to encourage the adoption of new, efficient technologies. This trend will likely continue as the benefits of modular construction become known and mainstream.

Response

MRCB continues to develop properties within its TODs that integrate commercial, residential and other types of developments around a transportation hub. We are also actively looking into micro-homes and co-living spaces with access to various lifestyle components designed to meet the emerging needs of younger homebuyers, as well as content aimed at addressing Malaysia's aging population.

We have kickstarted the implementation of MBS locally and regionally by working with various licensing and concession partners. We have also earmarked Kwasa Sentral Plot F, a residential development with a GDV of RM328 million, to be developed using our MBS technology, and are planning to build the MBS Show flat and launch the development in 2022.

Linked to:

Capitals:



Growth Principle:



Material Matters:



WE CONSIDER OUR OPERATING CONTEXT

Key Market Trend 3

Environmental Stewardship

Market demand is increasingly shifting towards organisations that emphasise their commitments towards sustainability. Stakeholders, which include customers, financial institutions and shareholders, are also becoming more discerning in dealing with organisations that are conscious of their environmental impact and proactive in their strategy towards climate action.

Potential Impact

- Loss of customers to more responsible competitors
- Poor uptake of non-green building developments
- Difficulty in securing funding
- Potential legal suits from shareholders

Outlook

The focus on sustainability and ESG matters have grown significantly in the past few years, and in 2021 the Ministry of Finance launched the Perkukuh Pelaburan Rakyat (PERKUKUH) initiative to ensure Government Linked Investment Companies and Government Linked Companies embrace ESG with the aim to be future-proofed and competitive. The Employees Provident Fund (EPF) also launched its sustainable investment policy framework plans, which will compel investee companies to strengthen their ESG practices.

Guided by MRCB’s Sustainability Framework & Roadmap developed in 2020, and our Net Zero Carbon target by 2040 for Scope 1 & Scope 2, we are well positioned to drive our sustainability initiatives that meet the national agenda and customer demand.

Response

We contribute to SDGs 9 and 11 by applying four green building rating systems to increase efficiency in the use of energy, water and materials in our property projects. These include Malaysia’s Green Building Index (GBI), Malaysia’s Green Real Estate (GreenRE), Malaysia’s Carbon Reduction and Environmental Sustainability Tool (MyCrest), and US Green Building Council’s Leadership in Energy and Environmental Design (LEED). We also make comprehensive ESG disclosures and publish the data on our website, where it is publicly available.

As part of our gradual move towards Scope 3 emissions reporting, and ensuring we practice sustainable procurement and have a sustainable supply chain, in 2021 we distributed a notification letter to our top suppliers informing them of our sustainability journey and intent to transition to more stringent sustainable procurement criteria. As part of our sustainable procurement strategy, we are embedding human and worker rights into our standard contracts and pre-qualification criteria. We will also enhance existing policies to ensure sustainability principles are embedded at the design stage, and specify the types of materials that can be used and procured to ensure they meet sustainability specifications. Moving forward, we will intensify our engagements with our suppliers in 2022.

We also collaborated with HRD Corp to provide free access to 300 courses for self-paced and flexible learning, as well as the UNGC to allow employees free access to UNGC Academy, a digital learning platform with courses and resources from the world’s leading experts on sustainability.

Linked to:

Capitals:



Growth Principle:



Material Matters:



Key Market Trend 4

Competitive Landscape

Significant property overhang and lack of catalytic infrastructure tenders are causing fierce competition within the property and construction market.

Potential Impact > **Outlook**

- Lower revenues
- Lower returns due to pricing competition
- Dilution of market share

The dwindling number of available infrastructure projects and increasing costs of building materials in the past year have added to the competitive landscape, particularly with growing demands from clients for lower cost, faster construction times, innovative solutions to address sustainability matters and better quality products.

In addition, MRCB's existing land bank is not only almost entirely located in Malaysia but is predominantly within the prime areas within the Klang Valley, while projects for its external construction order book are all located within Malaysia.

Response

In a bid to address concerns from discerning clients and the demand for sustainable construction, MRCB will continue to market MBS and innovate new sustainable development solutions, and leverage on the locations of its land bank and its proximity to mass public transportation.

As at 31 December 2021, MRCB recorded open tenders worth RM508 million, and while we continue to tender for large infrastructure projects, we have also entered into new business markets and geographical areas in an effort to diversify revenues and avoid concentration risk. In diversifying away from commercial and residential developments, we have also acquired 683.32 acres of land in Simpang Pulai, Perak, which is 14 km from the city of Ipoh and located next to the Simpang Pulai Rest & Recreation stop along the North-South Expressway. This land will lay the groundwork for our entry into the industrial and logistics development segment. In 2021, we continued advanced negotiations on a waste-to-energy service agreement. We were also successfully awarded our first project in New Zealand to develop the Aotea Central Over Station Development with a GDV of NZ\$452 million in Auckland City Centre, and purchased 0.766 acres of prime land in the Gold Coast, Australia with a GDV of AUD296 million.

Linked to:

Capitals:



Growth Principle:



Material Matters:



WE CONSIDER OUR OPERATING CONTEXT

Key Market Trend 5

Regulatory Environment

The property and construction sector is bound by strict standards as well as new and more stringent regulations and corporate governance requirements. Disclosure requirements are also rapidly evolving.

Potential Impact

- Significant financial penalties due to non-compliance
- Reputational damage
- Unexpected costs incurred from new regulations
- Delays in construction progress

Outlook

MRCB is governed by a range of statutory requirements for public listed companies, sector-specific regulations and other contractual obligations that determine our ability to operate. Recent climate change events have also created an urgent need for more comprehensive environmental disclosures, with a high possibility of new environmental regulations and disclosure requirements being introduced and made mandatory.

Response

MRCB continues to prioritise good corporate governance and is guided by its certifications on Quality Management Systems ISO 9001:2015, Environmental Management Systems ISO 14001:2015, Occupational Health & Safety ISO 45001:2018, and Anti-Bribery Management System ISO 37001:2016. We continue to work closely with CIDB, industry regulators, and the Government on meeting and exceeding regulatory expectations.

Our commitment towards upholding good corporate governance is evidenced in our compliance of 39 out of the 43 Practices prescribed in MCCG 2021, together with 3 out of the 5 optional Step-Up Practices, as well as being awarded the Industry Excellence Award (Property Sector) for the 2020 MSWG-ASEAN Corporate Governance Scorecard Assessment (awarded in 2021).

In 2021, an Enterprise Risk Management Program was rolled-out to enhance risk awareness and nurture a risk-based thinking culture amongst MRCB employees. We also began our climate reporting journey by embarking on an assessment of our assets for climate risks in line with the Task Force on Climate-related Financial Disclosures (TCFD).

MRCB continued to take proactive measures in ensuring COVID-19-related measures were adhered to and continuously updated SOPs at construction sites and corporate offices to create a safe work environment, which ensured business continuity and minimal disruptions to day-to-day operations.

Linked to:

Capitals:



Growth Principle:



Material Matters:



Key Market Trend 6

Technology & Digitalisation

The construction sector is witnessing the impact of Industry 4.0 in terms of rapid technological advancements.

Potential Impact > **Outlook**

- Loss of market share to more innovative competitors
- Loss of efficiency and price competitiveness
- Obsolescence in conventional construction

Climate change has created an urgent need for efficient and sustainable solutions in construction. We believe modular construction will be in demand as clients begin to realise the benefits of having up to 90% of construction work done offsite within a controlled environment, leading to less wastage and environmental pollution, and a lower carbon footprint.

Our efforts and investments in innovation within the organisation will reap its benefits in the future, as demonstrated by the initial success of the MBS.

Response

MRCB continues to leverage on MBS and in 2021, the Group completed a project from the Ministry of Education to design and build 35 classrooms for five schools using MBS, in approximately three months. To date we have also licensed our MBS technology internationally to two companies in two different countries. The applications of MBS are far-reaching and we will continue to source for projects where we can deploy our modular technology. Much research has also been put into seeking new markets within the renewable energy space, and to date, our waste-to-energy technology, which is sourced from Europe and adapted for the higher moisture content in Malaysia’s household waste, has been approved by the Government, and we are awaiting for the service agreement to be finalised.

Linked to:

Capitals:



Growth Principle:



Material Matters:



AND LISTEN TO OUR STAKEHOLDERS

Stakeholder engagement is critical in determining business success.

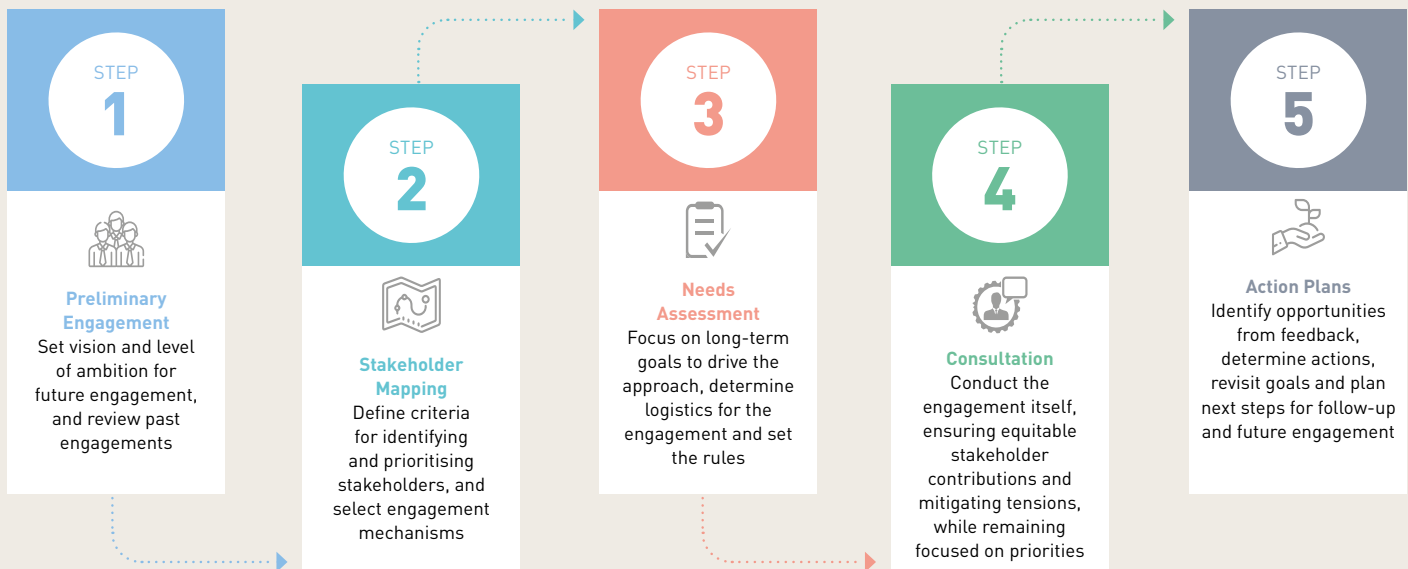
Engaging in meaningful dialogue with our internal and external stakeholders is an essential step towards understanding their expectations, concerns and interests regarding our business performance. Stakeholder feedback is a valuable input that we take into consideration when designing our approach and strategy to propel the sustainable growth of our business. It helps us address concerns raised and identify areas that need improvement.

At MRCB, we recognise that developing partnerships is important to realising our sustainability aspirations. Our stakeholder engagement strategy serves as a guide as to how partnerships are pursued and developed, prioritising specific contexts and

challenges in alignment with the SDGs. We also assess the risks and opportunities associated with each stakeholder group to understand all the dimensions of value for them. These risks and opportunities are then taken into account when we consider the Group's wider risks in our Risk Management Policy and Framework.

STAKEHOLDER ENGAGEMENT PROCESS

We adopt a five-step approach in our stakeholder engagement process, which constitutes setting forth the vision and reviewing past engagement activities, defining criteria for prioritising stakeholders, identifying specific channels for such engagements, preparing the relevant logistics and identifying operating principles that will guide us in communicating our shared values and attracting like-minded organisations to collaborate and partner with us (identifying opportunities).



Number of Stakeholders Engaged in 2021

Total	Employees	Shareholders/ Investors/ Analysts	Government/ Regulatory Bodies	Clients/ Customers	Local Community/Civil Society/NGOs	Media	Suppliers/ Sub-contractors
2020: 88,824	2020: 1,668	2020: 542 ^a	2020: 224	2020: 125	2020: 75,421 ^b	2020: 30	2020: 10,814 ^c
108,414	1,564	1,286	150	139	102,559	55	2,661
2021	2021	2021	2021	2021	2021	2021	2021

^a Restated number to include number of shareholders that attended the 49th AGM in 2020.

^b Restated number to include number of beneficiaries reached through MRCB and Yayasan MRCB's CSR programmes.

^c 10,734 suppliers, sub-contractors, and business associates were engaged through MRCB's Ethics Helpline programme to raise awareness on MRCB's No-Gift Policy and Section 17A of the MACC Act, as well as to inform them of our Anti-Bribery and Corruption policies.

AND LISTEN TO OUR STAKEHOLDERS

Engagement Frequency:

- D Daily
- W Weekly
- M Monthly
- Q Quarterly
- Y Yearly



CLIENTS / CUSTOMERS

Why We Engage

Customers and clients drive demand for our projects and determine future trends. They keep us in business.

Risks

- Changing customer lifestyles and behaviours
- Loss of customers

Opportunities

- Expand into new markets to diversify the business
- Develop new products and innovate new technologies to remain in a market-leading position

Value Proposition

Quality lifestyle and integrated commercial and residential developments around transportation hubs that meet customer demands.

Innovative MBS technology, bespoke green buildings, highly specialised infrastructure and power projects and flood/erosion mitigation of rivers and coastal areas.

Engagement Platforms and Frequency

- Y Customer satisfaction surveys
- M Engagement activities and roadshows

Key Concerns and Expectations

For residential property buyers

- Customer experience at each touchpoint throughout the buyer's journey
- Quality of project delivery with integrated lifestyle and transport connectivity
- Misuse of personal information

For corporate and other clients

- Solutions to meet future demands and provide increased operational efficiencies
- Green design and construction
- Faster build times

Response and Contributions

For residential property buyers

- Enhanced benefits under MRCB Land VIP Loyalty Programme
- Curated quality selection of tenants/operators to populate onsite lifestyle services
- Safeguarded customers' private information via our Privacy Policy and investments in IT infrastructure and cybersecurity, as well as ongoing Data Governance Framework Programme

For corporate and other clients

- Applied green building rating systems
- Innovated and developed MBS technology that reduces wastage and construction time

AND LISTEN TO OUR STAKEHOLDERS

SHAREHOLDERS/INVESTORS/ANALYSTS

Why We Engage

Shareholders provide financial strength and continued access to capital, while analysts provide a fair assessment of the Group's performance and prospects.

Risks

- Loss of investor confidence
- Misaligned expectations and inadequate understanding of the Group's strategy
- Weak share price, leading to inability to raise capital








Opportunities

- Strengthen communication with investors to improve transparency and provide clarity on the Group's performance and strategies

Value Proposition

Attractive returns and growth on investments, supported by transparent disclosure and good governance.

Engagement Platforms and Frequency

- | | |
|------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------|
|  Annual General Meeting |  Analysts' briefings |
|  Meetings, engagement sessions and investor conferences |  Investor Relations mobile app |
|  Corporate website |  Site visits |
|  Sessions with Minority Shareholders Watch Group (MSWG) | |

Key Concerns and Expectations

- Transparency and timely disclosure of information
- Good corporate governance
- Access to Senior Management team
- Business continuity due to COVID-19
- Greater disclosure on ESG and sustainability reporting

Response and Contributions

- Activated Business Continuity Plan
- Answered and published all questions received from shareholders before and during the virtual AGM on the corporate website
- Conducted 21 ESG-specific engagement sessions in which 516 investors/analysts/fund managers/other professionals participated
- Conducted 13 non-ESG engagements attended by 36 investors/analysts/fund managers
- Developed and published an ESG Brief detailing MRCB's ESG performance on a quarterly basis on our website
- Communicated regularly with analysts via email and phonecalls to answer questions and provide updates
- Published quarterly results presentations on the website

AND LISTEN TO OUR STAKEHOLDERS



EMPLOYEES

Why We Engage

Our employees are the backbone of productivity and innovation. By nurturing a diverse group of talents, we are building the knowledge and skills needed to maintain our market position.

Risks

- Competition for talent
- Demotivated staff and reduced productivity
- Changing expectations of the younger workforce

Opportunities

- Adopt new work arrangements, such as flexi-hours, which lead to improved well-being and performance
- Enhance Health & Wellness, including mental health programmes
- Nurture a lean and performance-driven work culture

Value Proposition

Competitive remuneration, career progression and healthy work-life balance.

Equal opportunities, safe working environment and learning and development.

Engagement Platforms and Frequency

- M** Employee engagement sessions
- M** Health & Wellness programmes
- D** Social media
- Y** Focus groups and surveys

- W** Electronic direct mail (EDM) communication and video/multimedia engagement through video displays strategically located in common areas of our offices
- Y** e-Newsletter

Key Concerns and Expectations

- Business direction and performance
- Work-life balance initiatives
- Career advancement opportunities
- Health and safety precautions in response to COVID-19
- Employment security during COVID-19

Response and Contributions

- Continued regular communications online while increasing frequency of updates on COVID-19-related matters
- Conducted a Vaccination Drive to fully vaccinate 1,000 employees with two doses of COVID-19 vaccines, and a Booster Drive for 177 employees
- Conducted regular health screening using the Antigen Rapid Test Kits (RTKs), and distributed test kits to employees for self-testing
- Developed bespoke learning & development programmes using Leaderonomics and LinkedIn for identified talents, and other skills and development programmes for the remainder of our employees
- Shifted learning sessions to online/virtual platforms
- Launched the People Transformation Programme and conducted 10 People Transformation Accelerator Programme workshops for 348 employees to equip them with necessary leadership tools to sustain organisational transformation
- Implemented strict SOPs to reduce risk of COVID-19 infection
- Collaborated with HRD Corp to provide free access to 300 courses via the e-Latih digital learning platform for self-paced and flexible learning
- Collaborated with the UNGC to allow employees free access to the UNGC Academy, a digital learning platform with courses and resources from the world's leading experts on sustainable development
- Provided counselling services conducted by mental and health professionals, and work-from-home arrangements
- Allowed flexibility for high-risk staff and those with children

AND LISTEN TO OUR STAKEHOLDERS



GOVERNMENT / REGULATORY BODIES

Why We Engage

Government and regulatory bodies provide incentives, guidance on compliance with regulatory matters and direction on the national agenda.

Risks

- Changing regulations
- Non-compliance, financial penalties and reputational damage

Opportunities

- Drive initiatives outlined in the national agenda
- Become the standard-bearer of new regulations
- Exploit opportunities arising from priorities in the national agenda

Value Proposition

Ethical business conduct and identify and propose projects in support of the national development agenda.

Tax contributions and innovative industry leadership.

Engagement Platforms and Frequency

M Engagement sessions

Y Site visits

Key Concerns and Expectations

- Compliance with regulations
- Involvement in national/community initiatives and industry leadership

Response and Contributions

- Contributed tax payments
- Led the adoption of innovative solutions through MBS
- Certified with Quality Management Systems ISO 9001:2015, Environmental Management Systems ISO 14001:2015 and Occupational Health & Safety ISO 45001:2018
- Achieved a 4-Star SHASSIC rating for our Sentral Suites development from CIDB, which is the regulator of the construction industry in Malaysia
- Adopted and applied 39 out of the 43 Practices prescribed in MCGG 2021, together with 3 out of the 5 optional Step-Up Practices
- Continued training and awareness on anti-bribery and corruption, as well as MRCB's Whistleblowing Policy
- Participated in online industry events

AND LISTEN TO OUR STAKEHOLDERS



LOCAL COMMUNITIES/CIVIL SOCIETY/NGOs

Why We Engage

Our projects affect the environment and livelihoods of local communities. They offer valuable viewpoints that improve our corporate citizenship and sustainability practices.

Risks

- Negative impacts from our developments on surrounding communities, leading to reputational damage

Opportunities

- Drive community-based initiatives to nurture the development of the underprivileged

Value Proposition

Employment opportunities, effective sustainable practices and contribution to community development.

Engagement Platforms and Frequency

- M** Community development programmes
- D** Social media
- Q** Community briefings on projects
- D** General enquiry emails

Key Concerns and Expectations

- Continuity of programmes during COVID-19
- Additional support to cope with COVID-19
- Awareness of project timelines and implications
- Management of social and environmental impacts of the Group's projects

Response and Contributions

- Donated approximately RM2.9 million via various community development programmes
- Donated RM183,760 to flood victims, and sent 150 employees as volunteers to assist in food distribution and cleaning efforts, which involved the mobilisation of lorries, backhoes and water jets to the Johan Setia and Taman Sri Muda areas
- Engaged with members of the public to provide updates and resolve concerns relating to the Group's projects
- Enhanced sustainability practices through the Sustainability Framework & Roadmap
- Embarked on climate reporting aligned with the Task Force on Climate-related Financial Disclosures (TCFD)

AND LISTEN TO OUR STAKEHOLDERS



SUPPLIERS / SUB-CONTRACTORS

Why We Engage

We depend on our suppliers and sub-contractors for necessary inputs. They are critical partners in delivering our project targets.

Risks

- Delays in project delivery
- Non-compliance with anti-bribery and corruption regulations and sustainability practices
- Labour supply disruptions
- Health and safety

Opportunities

- Upskill suppliers, sub-contractors and business associates
- Employ local labour to decrease dependency on foreign labour
- Create efficiency and value engineering opportunities, and improve health and safety performance

Value Proposition

Good governance practices, humane living and working conditions and becoming pre-qualified suppliers.

Engagement Platforms and Frequency

- | | | | |
|---|----------------------------|---|------------------------------------|
| Q | Health and safety training | Y | Survey on sustainability readiness |
| D | On-site briefings | M | Anti-bribery workshops |

Key Concerns and Expectations

- Continuity of projects during COVID-19
- Safe, humane and conducive work sites and worker living quarters, particularly during COVID-19
- Non-performance issues
- Guidance and training on, and adherence to, Standard Operating Procedures to ensure safe working conditions
- Transparent pre-qualification, procurement and tender processes

Response and Contributions

- Implemented strict SOPs at project sites
- Continued plans to implement an e-Procurement system
- Provision of Centralised Labour Quarters (CLQ) for workers
- Distributed notification letters to our top suppliers informing them of our sustainability journey and intention to transition to more stringent sustainable procurement policies (see page 54 for more details)



MEDIA

Why We Engage

The media delivers corporate news to all our other stakeholders, creating visibility and public confidence in our brand.

Risks

- Misrepresentation or lack of understanding of MRCB's business and performance
- Inability to correct inaccuracies due to lack of a working relationship with the media

Opportunities

- Strengthen relationships with media for effective stakeholder outreach and communications

Value Proposition

Access to the latest business development updates and industry insights.

Engagement Platforms and Frequency

- | | | | |
|---|---------------------------------------|---|---------------------|
| Q | Press releases | Y | Engagement sessions |
| Q | Press conferences and media briefings | | |

Key Concerns and Expectations

- Timely and accurate information on industry and business developments
- Access to Senior Management team
- Transparency

Response and Contributions

- Disseminated regular press releases
- Conducted three press conferences attended by 55 media personnel (see page 53 for more details)

AND LISTEN TO OUR STAKEHOLDERS

KEY HIGHLIGHTS OF OUR STAKEHOLDER ENGAGEMENT ACTIVITIES FOR 2021

Enhanced ESG Engagement Sessions

MRCB embarked on a proactive ESG engagement programme with the aim of increasing transparency and informing the financial community about the Group's efforts towards embedding sustainability in its business and its strategies in combatting climate change. Having enhanced our Sustainability Framework & Roadmap in 2020 with the aim of achieving Net Zero Carbon by 2040 for Scope 1 & Scope 2 emissions, the Investor Relations team conducted 21 ESG-specific engagement sessions in 2021, attended by 516 investors, fund managers, analysts and other professionals. These sessions helped to provide insights into MRCB's current ESG performance and our future plans. They also served as knowledge-sharing platforms between MRCB and research analysts, who are now compelled to evaluate a company's ESG practices as part of their recommendations. An ESG Brief is also updated frequently and made available at www.mrcb.com.

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

Press Conferences

As businesses reopened and strict COVID-19 SOPs became part and parcel of our business operations, several on-site press conferences were conducted to engage with the media and communicate certain initiatives to the public in 2021.

20 March 2021	16 April 2021	19 June 2021
Handing over of 35 classrooms constructed in the Federal Territory of Putrajaya, officiated by the Senior Minister of the Ministry of Education, Malaysia	Stesen Sentral Kuala Lumpur's 20 th Anniversary	MRCB Vaccination Programme
No. of Media Personnel 15	No. of Media Personnel 20	No. of Media Personnel 20

CEO Action Network



CEO Action Network (CAN) is a closed-door peer-to-peer informal network of CEOs and Board members focused on sustainability advocacy, capacity building, action and performance. CAN represents over 20 critical sectors with 54 members. It consists of a working group with two workstreams on Policy Advocacy, and Awareness & Capacity Building; MRCB being part of the latter workstream. In September 2021, we joined CAN members to pledge and publicly announce 14 Collective Commitments to be achieved under three categories, namely environment, people and governance by 2023 or within three years of signing up with CAN. In our next report, we will outline our progress as well as the specific initiatives rolled-out to drive tangible outcomes from our collaborative efforts, with the goal to enable the country to achieve a Net Zero energy future and achieve Malaysia's Shared Prosperity Vision by 2030.

AND LISTEN TO OUR STAKEHOLDERS

UNGC's CFO Taskforce for the SDGs



The UN Global Compact's (UNGC) CFO Taskforce was launched to put corporate finance at the center of the Sustainable Finance agenda. The platform brings together a multi-sector group of corporate finance leaders in aligning their sustainability commitments with credible corporate finance strategies to unlock private capital and create real-world impact on the SDGs.

In 2020, MRCB was the first Malaysian company to join 34 other global companies in the UNGC action platform with its Chief Corporate Officer being a member of the CFO Taskforce. The first deliverable of the Taskforce was the CFO Principles on Integrated SDG Investments and Finance which was launched in September 2020. The ninth CFO meeting held on 20 September 2021 with 36 global companies virtually present, discussed the existing taskforce performance baseline, setting a target to recruit up to 1,000 participants by 2023, and building a global-local CFO initiative.

UNGC Communication on Progress (CoP) 2021

In our continuous support and commitment towards the UNGC and its Ten Principles, MRCB completed its annual submission of the CoP report in November 2021, which can be found on UNGC's website. The report consists of a statement from our Group Managing Director and initiatives undertaken this year with respect to human rights, labour, environmental and anti-corruption.

Responsible Procurement & Supplier Assessment (GRI 204-1)

Our commitment to have a sustainable supply chain includes appointing foreign suppliers only when it is necessary for the business. Engaging local suppliers over foreign suppliers helps reduce transportation costs and carbon emissions. Of our 342 appointed suppliers throughout 2021, 322 were local suppliers. Additionally, 96% of our procurement budget was spent on these local suppliers.

As part of our plans to expand our Scope 3 carbon emissions reporting, a group of vendors were selected to participate in a Sustainability Assessment Survey. These were our top suppliers by value between 2019 and 2021, representing almost 50% of our total procurement costs. The group consisted of 22 manufacturers and traders of construction materials such as steel rebars, ready mixed concrete, formwork, scaffolding and so on.

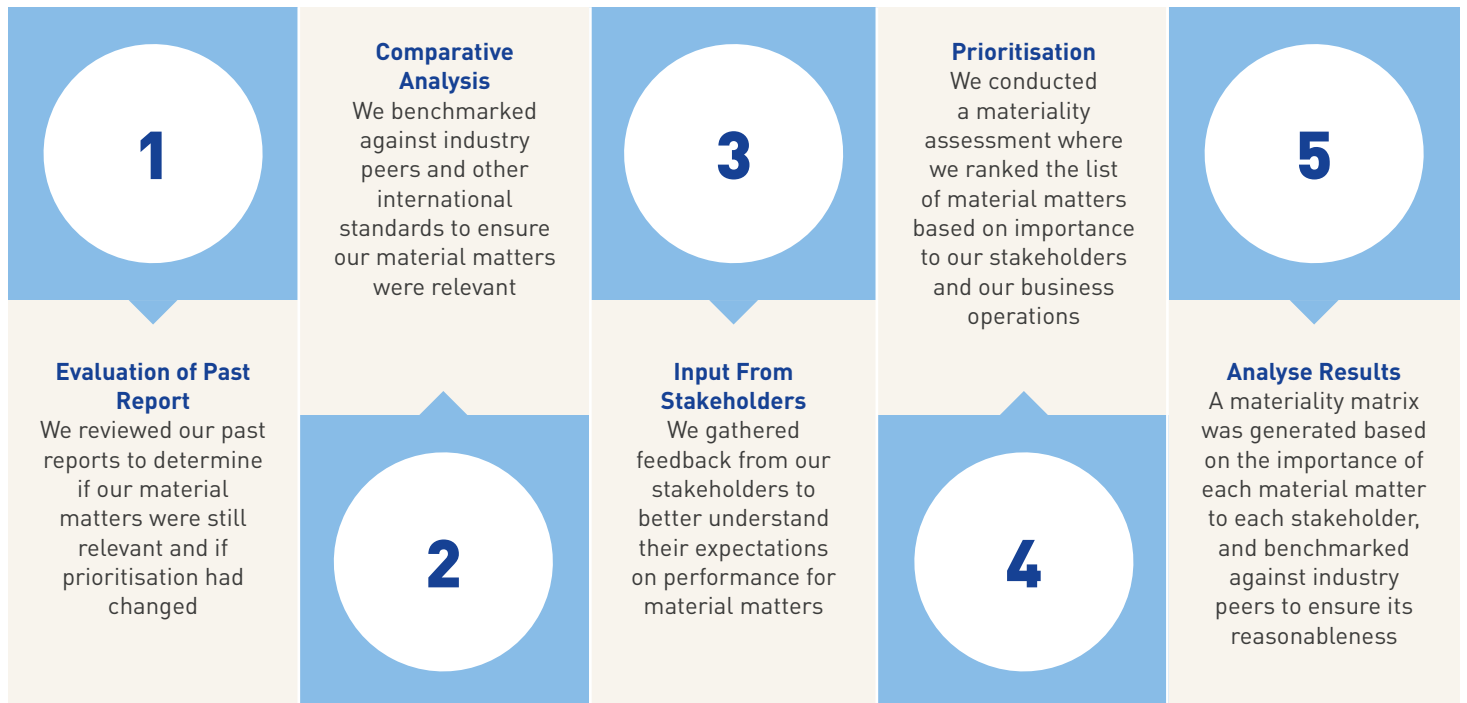
A survey covering the three pillars, Environment, Social and Governance (ESG) was conducted to gauge the sustainability performance of our vendors. The Group clarified its stand on sustainability and its expectations of our vendors to also contribute to this transformation journey. About 68% of the vendors responded to the survey, however several challenges were identified during the process. Moving forward we will engage with them on a one-on-one basis to understand the challenges of their business and to encourage their adoption of more sustainable practices. This process will be undertaken in stages, with a realistic and pragmatic timeline beginning in 2022.

TO DETERMINE OUR MATERIAL ISSUES

MRCB understands the need to focus efforts on material matters that are most significant to the business and to its stakeholders. We regularly analyse our performance to identify gaps and further evolve our strategy to fit our and our stakeholders' needs in a bid to enhance our business operations.

Following a research and planning stage, we decided to maintain the previous year's material matters which were based on a materiality assessment conducted at the end of 2020, as we felt they still best represented our impact on the economy, the environment and society as our business activities are unchanged. We did however conduct another materiality assessment in 2021 to re-evaluate the priority of each material matter in terms of their importance to the business and the influence they have on stakeholder decision-making given the increasing concerns regarding ESG matters since 2020, both in Malaysia and internationally.

The step-by-step methodology of our materiality assessment which we undertook in 2021 is illustrated below:



OUR MATERIAL ISSUES AND DEFINITIONS

In 2021, we maintained the same 18 material matters that were identified in the previous reporting period. We used weighted ranking to allow stakeholders to identify which material matters were most important to them. There are six material matters located in the Critical area of the materiality matrix from our 2021 assessment. Four material matters that we identified as Critical in 2020, continue to be listed as Critical in 2021. These are 1: Ethics & Principles, 2: Governance & Compliance, 3: Product Quality & Responsibility and 7: Health & Safety. The remaining two material matters that were identified as Critical in 2020, 8: Employee Engagement & Well-Being and 13: Human Rights, have now been listed as High. In 2021, 9: Customer Engagement and 4: Economic & Business Performance have moved into the Critical area, reflecting concerns on business performance amid the pandemic.

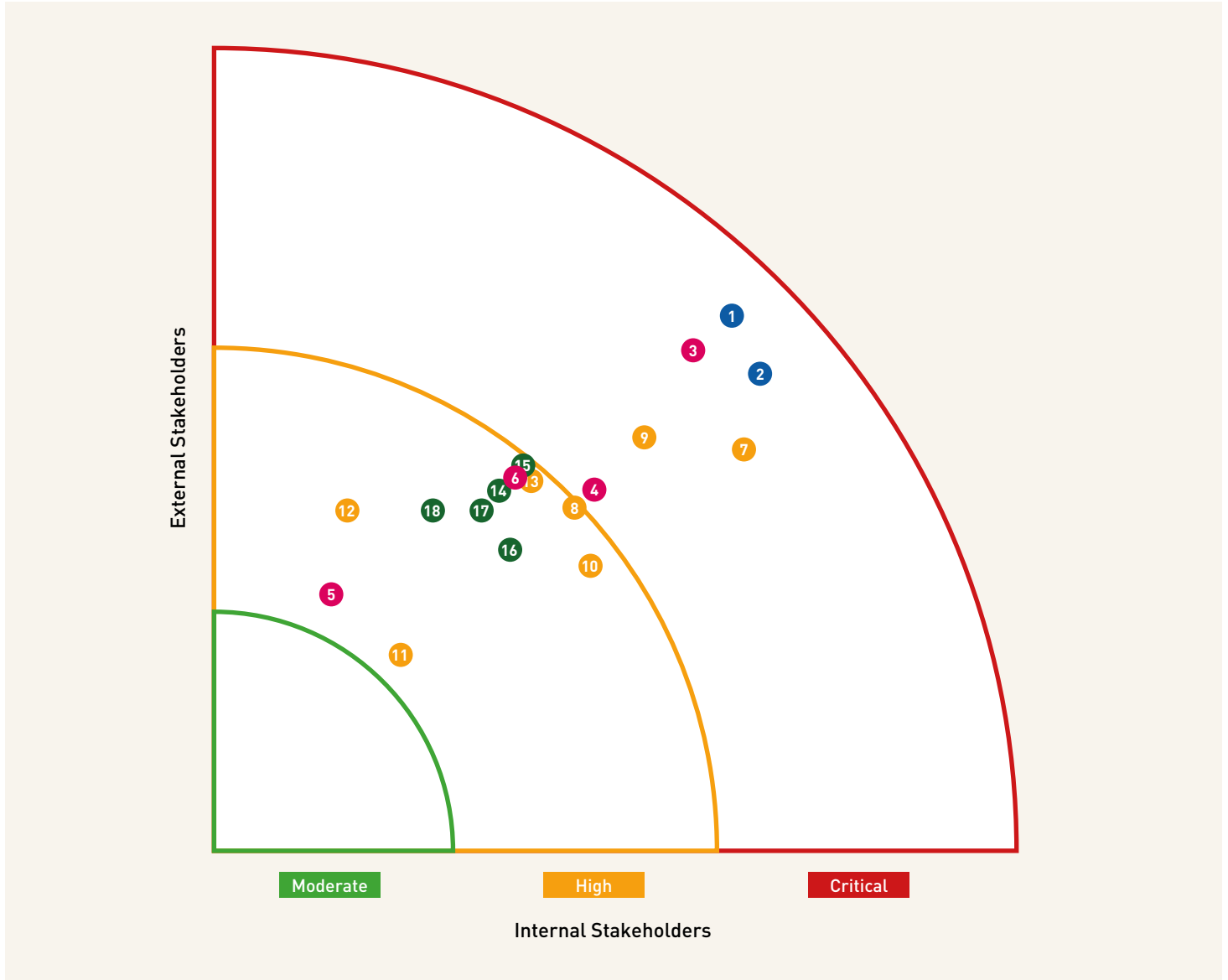
TO DETERMINE OUR MATERIAL ISSUES

The identification of the material issues and definitions are summarised in the following table:

Theme	Ranking	Materiality	Description
Governance	1	Ethics & Principles	An organisation's values, principles, standards and norms that include due diligence carried out in order to uphold human rights principles, prevent bribery, corruption and anti-competition practices within its operations or through its relationships with others (i.e. suppliers, customers).
	2	Governance & Compliance	Compliance with applicable laws and regulations, as well as environmental and socioeconomic standards that provide us with the license to operate.
Economic	3	Product Quality & Responsibility	Quality of products and services that directly affect stakeholders and customers in particular.
	4	Economic & Business Performance	Economic value generated and distributed to stakeholders. Also, describes the contribution of the organisation's significant infrastructure investments and developments that improve community welfare and local economies.
	5	Indirect Economic Impacts	An organisation's additional contribution (monetary or non-monetary) to improve local communities and regional economies.
	6	Responsible Procurement & Supplier Assessment	Meeting the organisation's needs for materials, goods, utilities, and services in an environmentally friendly, responsible and ethical way.
Social	7	Health & Safety	Integrating principles of health and safety throughout our business operations and in the lifecycle of our products.
	8	Employee Engagement & Well-Being	Engaging with our employees to ensure talent attraction and retention for a skilled workforce. This entails providing training and development, benefits, and a healthy work environment.
	9	Customer Engagement	Enhancing our products and services by understanding clients' and customers' preferences and providing an overall positive customer experience to retain customers and maintain our reputation.
	10	Diversity & Equal Opportunity	Providing equal opportunities to all employees. Diversity pushes innovation through exchange of ideas and perspectives and strengthens the organisation.
	11	Labour	Carrying out efforts to improve labour related processes, including hiring of local and foreign labour, and participating in initiatives that alleviate socioeconomic issues.
	12	Local Community Engagement	Carrying out efforts to manage impacts on people in the communities surrounding project construction sites.
	13	Human Rights	Integrating human rights principles in the organisation, preventing infringement of the rights of others and addressing any negative human rights impacts related to the business.
Environment	14	Materials	Carrying out efforts to reduce resource consumption to mitigate environmental impact. How we track and monitor consumption to reduce operational costs.
	15	Sustainable Construction	Reducing negative environmental impact in building design and delivery. Such efforts include adhering to relevant green building standards, managing energy and water consumption, integrating sustainable designs and sustainable practices in the construction and operation of buildings.
	16	Waste	Proper waste management throughout the organisation's business operations including 3R practices (Reduce, Reuse, Recycle).
	17	Climate Change	An organisation's risk and exposure to climate change (i.e. extreme catastrophic events such as floods and droughts), water security, supply chain and impact on workers' productivity.
	18	Biodiversity	Our efforts in minimising harm to nature and biodiversity.

TO DETERMINE OUR MATERIAL ISSUES

MATERIALITY MAPPING




































To further strengthen our commitment to sustainability, we have translated and embedded these materiality issues into MRCB’s Enterprise Risk Management system (Key Enterprise Risks (KERs) and the Group Enterprise Risks (GERs)) which are also in alignment with the GRI indicators. This has also been mapped to the corresponding UNSDGs to reflect MRCB’s commitment to championing universal and shared values.

TO DETERMINE OUR MATERIAL ISSUES

MATERIALITY ANALYSES AND DISCUSSION

Materiality	Key Enterprise Risk (KER)	Group Enterprise Risk (GER)	Relevant Stakeholders	Corresponding GRI Indicators	SDGs
Governance					
Ethics & Principles	KER 006– Regulatory Risk	GER 011– Bribery Risk		102: General Disclosure 103: Management Approach 205: Anti-corruption 206: Anti-competitive Behaviour	
Governance & Compliance	KER 006– Regulatory Risk	GER 010– Governance & Compliance Risk		307: Environmental Compliance 419: Socioeconomic Compliance	
Economic					
Product Quality & Responsibility	KER 008– Quality Risk	GER 015– Quality Non-conformance Risk		103: Management Approach 201: Economic Performance	
Economic & Business Performance	KER 001– Project Delivery Risk KER 002– Liquidity Risk KER 004– Business Continuity Risk	GER 001– Construction Risk GER 004– Credit Risk GER 008– Climate Change Risk		201: Economic Performance	
Indirect Economic Impacts	KER 009– Concentration Risk	GER 017– Investment Risk		203: Indirect Economic Impacts	
Responsible Procurement & Supplier Assessment	KER 001– Project Delivery Risk	GER 002– Procurement & Contractual Risk		204: Procurement Practices 308: Supplier Environmental Assessment 414: Supplier Social Assessment	
Social					
Health & Safety	KER 007– Safety, Health & Environment Risk	GER 013– Safety & Health Risk		403: Occupational Health & Safety	
Employee Engagement & Well-Being	KER 004– Business Continuity Risk	GER 006– Human Resources Risk		401: Employment 404: Training and Education	
Customer Engagement	KER 003– Marketing Risk KER 008– Quality Risk	GER 005– High Inventories Risk GER 016– Communication & Reputation Risk		418: Customer Privacy	
Diversity & Equal Opportunity	KER 005– Environmental, Social and Governance (ESG) Risk	GER 009– Sustainability Risk		405: Diversity and Equal Opportunity	
Labour	KER 001– Project Delivery Risk KER 004– Business Continuity Risk	GER 002– Procurement & Contractual Risk GER 006– Human Resources Risk		G4 Sector Specific – Construction and Real Estate Sector Disclosures	

TO DETERMINE OUR MATERIAL ISSUES

Materiality	Key Enterprise Risk (KER)	Group Enterprise Risk (GER)	Relevant Stakeholders	Corresponding GRI Indicators	SDGs
Social					
Local Community Engagement	KER 008- Quality Risk KER 005- Environmental, Social and Governance (ESG) Risk	GER 016- Communication & Reputation Risk GER 009- Sustainability Risk		413: Local Communities	   
Human Rights	KER 005- Environmental, Social and Governance (ESG) Risk	GER 009- Sustainability Risk	   	400: Social	   
Environment					
Materials	KER 001- Project Delivery Risk	GER 001- Construction Risk GER 002- Procurement & Contractual Risk		301: Materials	 
Sustainable Construction	KER 001- Project Delivery Risk	GER 001- Construction Risk GER 002- Procurement & Contractual Risk	 	302: Energy 303: Water and Effluents 305: Emissions	  
Waste	KER 005- Environmental, Social and Governance (ESG) Risk KER 007- Safety, Health & Environment Risk	GER 009- Sustainability Risk GER 012- Environment Risk	 	306: Effluents and Waste	  
Climate Change	KER 005- Environmental, Social and Governance (ESG) Risk	GER 008- Climate Change Risk	   	300: Environmental	
Biodiversity	KER 005- Environmental, Social and Governance (ESG) Risk	GER 009- Sustainability Risk	 	304: Biodiversity	

WHICH DRIVES OUR APPROACH TO VALUE CREATION

AN INTEGRATED AND SUSTAINABLE APPROACH TO VALUE CREATION

As a pioneer of Transit Oriented Developments (TOD), we are committed to understanding the continuously evolving stakeholder needs and expectations that will enable us to create value for all. By assessing internal and external factors, such as the operating environment, our business strategies, our Capitals and material matters, we aspire to set new standards by optimising our resources and realising our potential.

MINDFUL GOVERNANCE

1 ASSESSING OUR CONTEXT

OPERATING CONTEXT Page 38

The external operating environment affects our ability to create value as a result of wider macroeconomic influences that include, but are not limited to, supply volatility, political or regulatory changes and supply or demand disruptions.

Weak Property & Construction Market	Evolving Customer Trends	Environmental Stewardship
Competitive Landscape	Regulatory Environment	Technology & Digitalisation

RISKS & OPPORTUNITIES Page 67

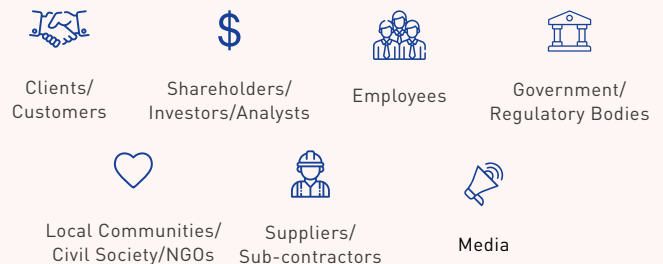
Well-managed business risks and opportunities prevent disruptions to our value creation process. As part of our Enterprise Risk Management (ERM) Process, the Group has identified the nine Key Enterprise Risks (KERs) that are most important to our business and opportunities for value creation for each stakeholder group.

Project Delivery Risk	Liquidity Risk	Marketing Risk
Business Continuity Risk	Environmental, Social and Governance (ESG) Risk	Regulatory Risk
Safety, Health & Environment Risk	Quality Risk	Concentration Risk

2 ENGAGING WITH STAKEHOLDERS & IDENTIFYING MATERIAL MATTERS

STAKEHOLDER ENGAGEMENT Page 46

Value creation centres on the stakeholders of our business. Engagement enables us to truly understand how “value” is interpreted by them, and how they too contribute to helping the Group create value. Our stakeholders also shape our material matters.



MATERIAL MATTERS Page 55

The systematic identification and ranking of the issues that are most critical to our business allow us to find areas where we can create the most value.

Governance

ETHICS & PRINCIPLES	GOVERNANCE & COMPLIANCE
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Economic

PRODUCT QUALITY & RESPONSIBILITY	ECONOMIC & BUSINESS PERFORMANCE	INDIRECT ECONOMIC IMPACTS	RESPONSIBLE PROCUREMENT & SUPPLIER ASSESSMENT
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Social

HEALTH & SAFETY	EMPLOYEE ENGAGEMENT & WELL-BEING	CUSTOMER ENGAGEMENT	DIVERSITY & EQUAL OPPORTUNITY	HUMAN RIGHTS	LABOUR	LOCAL COMMUNITY ENGAGEMENT
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Environment

MATERIALS	SUSTAINABLE CONSTRUCTION	WASTE	CLIMATE CHANGE	BIODIVERSITY
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WHICH DRIVES OUR APPROACH TO VALUE CREATION

3 TAKING STOCK OF CAPITALS & FORMULATING OUR STRATEGY

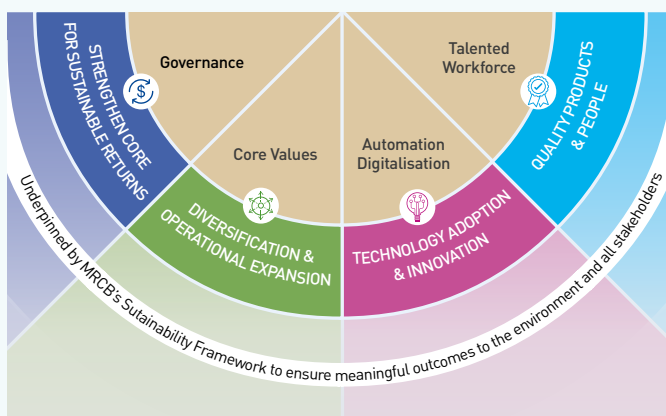
CAPITALS Page 64

Our six Capitals are the business inputs and outputs through which we can execute plans and measure the value created from our business model and strategies. Access to and management of the six Capitals are critical to managing every aspect of the business.

- MC **Manufactured Capital**
- HC **Human Capital**
- FC **Financial Capital**
- IC **Intellectual Capital**
- NC **Natural Capital**
- SRC **Social & Relationship Capital**

STRATEGY Page 77

Our Strategy, which is underpinned by MRCB's Sustainability Framework, sets out defined Key Action Plans and Key Enablers of the business.



4 MONITORING, MANAGING & REPORTING ON VALUE CREATION

VALUE CREATION Page 62

The effective management of the various Capitals and the deployment of Strategies to address stakeholder expectations as well as organisational priorities help us create value in the short, medium and long-term. In other words, value is created based on our appraisal of stakeholder concerns, risk mitigation and exploration of opportunities for sustainable growth and responsible business.

