



MALAYSIAN RESOURCES CORPORATION BERHAD
196801000388 (7994-D)



RESILIENT

THROUGH ADVERSITY





At MRCB, our unwavering commitment towards ensuring a sustainable business has allowed us to weather many challenges in the past. However, while 2020 tested our resilience as a business entity, it also underlined our focus as a company that truly believes in creating value for all. As we worked towards mitigating risks and adapting to the challenges brought upon us, so did we continue to provide assurance and assistance to our stakeholders. Our strategy to engineer innovative solutions was not only limited to the development and licensing of our MRCB Building System abroad, but was extended by our very own employees to produce 3,785 face shields that were donated to frontliners.

In 2020, MRCB also managed to achieve new milestones on the Sustainability front by adopting four new UN Sustainable Development Goals (SDGs) as well as joining the UN's CFO Taskforce and becoming a signatory to the Ten Principles of the UN Global Compact – further cementing our commitment towards our stakeholders, the environment, and the communities around us. After all, we believe that being resilient means ensuring we also play a part in providing solutions to our stakeholders so that they too have a chance at being resilient through adversity.

About Our Report

SCOPE AND BOUNDARIES

This Integrated Annual Report provides an overview of Malaysian Resources Corporation Berhad's (MRCB) performance and key achievements throughout the reporting year. It offers an understanding of the strategies deployed to create value for our stakeholders and the management of our material matters as well as risks and opportunities related to the business. The scope of this report covers the Group's three core business segments: Property Development & Investment; Engineering, Construction & Environment; and Facilities Management & Parking, in Malaysia and Australia. 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.

Reporting Period

This report covers the financial year starting 1 January 2020 and ending 31 December 2020.

Financial and Non-Financial Reporting

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

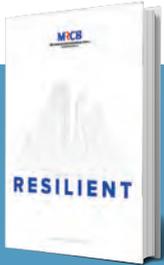


Integrated Annual Report 2020



This Integrated Annual Report has been prepared in accordance with the following frameworks and guidelines:

- International Integrated Reporting Council's (IIRC) Integrated Reporting <IR> Framework
- Bursa Malaysia's Main Market Listing Requirements
- Securities Commission's Malaysian Code on Corporate Governance 2017 (MCCG 2017)
- Global Reporting Initiative (GRI) Standards



Financial Report 2020



The accompanying Financial Report was prepared in compliance with:

- Malaysian Financial Reporting Standards
- Companies Act 2016 in Malaysia

UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS (UN SDGs) ADOPTED

3 GOOD HEALTH AND WELL-BEING	4 QUALITY EDUCATION	5 GENDER EQUALITY
8 DECENT WORK AND ECONOMIC GROWTH	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	10 REDUCED INEQUALITIES
11 SUSTAINABLE CITIES AND COMMUNITIES	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	13 CLIMATE ACTION
15 LIFE ON LAND	16 PEACE, JUSTICE AND STRONG INSTITUTIONS	17 PARTNERSHIPS FOR THE GOALS

FORWARD-LOOKING STATEMENTS

This report contains statements that reference future prospects, plans, and/or outlook. 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 take these statements with absolute certainty.

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		

Our Six Capitals

Manufactured Capital

MC 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

FC 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 also used to drive innovation and growth by investing in research and development, capacity-building and emerging technologies.

Natural Capital

NC 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 reduces material consumption. Additionally, we also own urban land banks within strategic development areas critical to our success.

Human Capital

HC 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 enables innovation and creativity, as well as allowing them to thrive today and well into the future.

Intellectual Capital

IC 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 properties, such as the MRCB Building System (MBS), that is licensed to others and will help revolutionise the industry.

Social & Relationship Capital

SRC Our work relies on the strong bonds we've 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, in which our stakeholders continue to provide support and trust in the Group, while we strive to always create value for each and every one of them.

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



Growth Principles & Key Action Plans

Growth Principles

STRENGTHEN CORE FOR SUSTAINABLE RETURNS

DIVERSIFICATION & OPERATIONAL EXPANSION

TECHNOLOGY ADOPTION & INNOVATION

QUALITY PRODUCTS AND PEOPLE

Key Action Plans

ENSURE STEADY PIPELINE OF PROJECTS

GEOGRAPHICAL EXPANSION

ACHIEVE LEAN & EFFICIENT OPERATIONS

UPHOLD GOOD CORPORATE GOVERNANCE

ENTER INTO NEW MARKETS

LEVERAGE ON MRCB BUILDING SYSTEM (MBS)

DEVELOP A SKILLED WORKFORCE

Stakeholders

- Clients/Customers
- Shareholders/ Investors/Analysts
- Employees
- Government/ Regulatory Bodies
- Local Communities/ Civil Society & NGOs
- Suppliers/Sub-contractors
- Media

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CHAIRMAN'S
MESSAGE



Scan this QR code for a direct link to our Integrated Annual Report online.

Or log on to <https://www.mrcb.com.my/investor-relations/financial-reports/#annual-reports>.



The Integrated Annual Report is also on our App. Download the MRCB Investor Relations App on Google Play.



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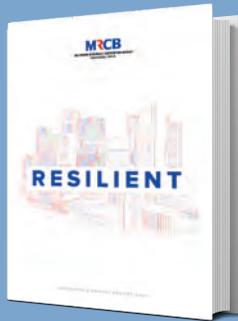
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Cover Rationale

At MRCB, our unwavering commitment towards ensuring a sustainable business has allowed us to weather many challenges in the past. However, while 2020 tested our resilience as a business entity, it also underlined our focus as a company that truly believes in creating value for all. As we worked towards mitigating risks and adapting to the challenges brought upon us, so did we continue to provide assurance and assistance to our stakeholders. Our strategy to engineer innovative solutions was not only limited to the development and licensing of our MRCB Building System abroad, but was extended by our very own employees to produce 3,785 face shields that were donated to frontliners.

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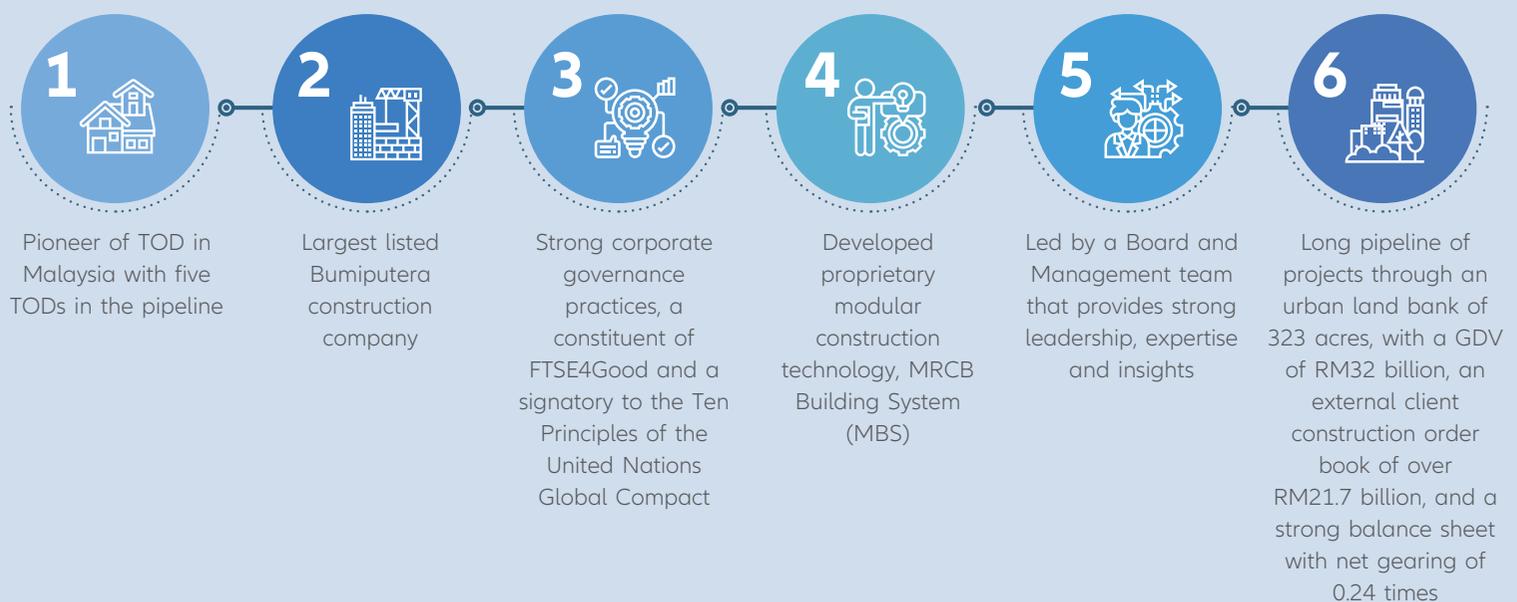
Who We Are

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 on our position as an industry leader and a pioneer of Transit Oriented Developments (TOD) to drive long-term growth. Our aim is to provide vibrant and sustainable city-within-a-city developments through our TODs which 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.



OUR COMPETITIVE STRENGTHS



Our Presence

Malaysia

Our property projects are predominantly in Kuala Lumpur and Selangor



Australia

We have also undertaken two property development projects in Melbourne, Australia



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 TOD 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 (formerly known as MRCB-Quill REIT), a commercial property real estate investment trust which owns 10 buildings valued at RM2.1 billion as at 31 December 2020.

- Pioneer and leading developer of TODs
- Pre-sell, pre-let with long-term leases and build bespoke residential and commercial buildings
- Build integrated developments anchored around transportation hubs
- Build green, environmentally efficient buildings

• Revenue
RM635.1
million

• Urban Land Bank
323
acres **RM32**
billion GDV

• Property Sales
RM201.2
million

• Property Unbilled Sales
RM1.0
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.

As well as constructing world-class commercial and residential buildings, MRCB's Engineering, Construction & Environment Division also 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
RM514.9
million

• External Client Construction
Order Book
RM21.7
billion

• Open Tenders
RM2.7
billion

• Unbilled Order Book
RM20.5
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 18 carparking sites with access to opportunities within key TODs
- Value added services include security and an Emergency Response Team

• Manages Over
15,000
carpark bays

• Revenue
RM43.8
million

2020 Key Highlights

FINANCIAL HIGHLIGHTS

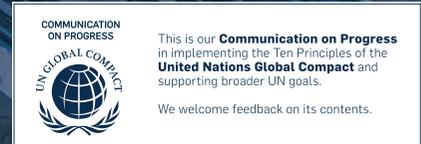
- ▶ GROUP REVENUE **RM1.2** billion
- ▶ LOSS BEFORE TAX **RM153** million
- ▶ DIVIDEND **1.00** sen
- ▶ NET GEARING **0.24** times
- ▶ SHAREHOLDERS' FUNDS **RM4.6** billion
- ▶ NET ASSETS PER SHARE **RM1.04**

BUSINESS HIGHLIGHTS

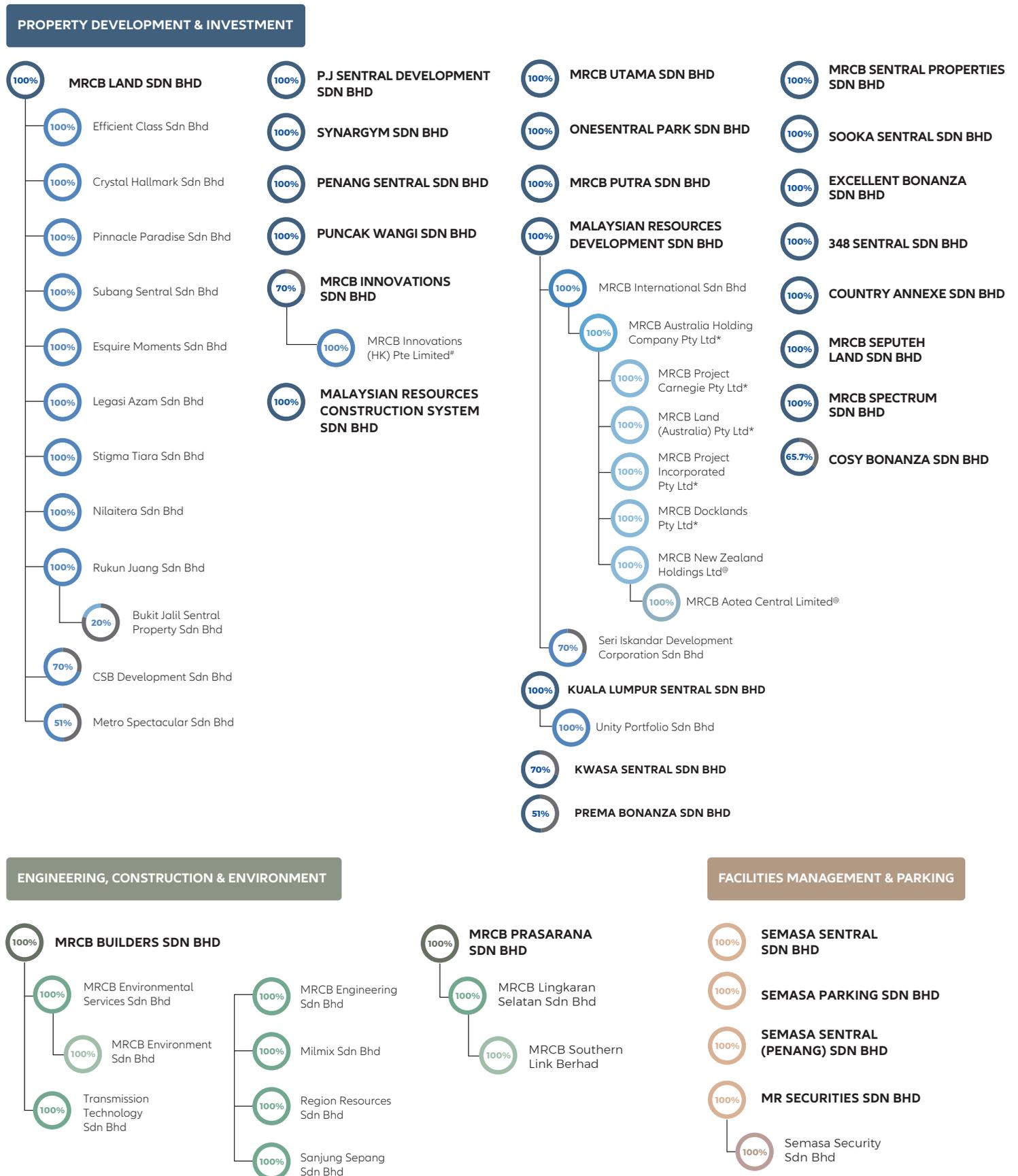
- ▶ GROSS DEVELOPMENT VALUE **RM32** billion
- ▶ URBAN LAND BANK **323** acres
- ▶ EXTERNAL CLIENT CONSTRUCTION ORDER BOOK **RM21.7** billion
- ▶ TODs MAKE UP **79%** of MRCB'S TOTAL GDV

SUSTAINABILITY HIGHLIGHTS

- ▶ Gender Pay Gap **3.5%** between male and female employees
- ▶ COVID-19 Relief Efforts to the Community **RM1.5** million
- ▶ CSR Contribution to the Community **RM1.5** million
- ▶ Reduction in Health and Safety Incidents **40%**
- ▶ Average Training Hours per Employee **12.1**
- ▶ CO₂ Emissions **19,192 tonnes CO₂e**



How We Are Structured



For a complete list of companies in the Group, please turn to pages 113 – 118 (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

All other companies operate in Malaysia.

Our Transit Oriented Developments (TOD)

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 323 acres of urban development land with an estimated RM32 billion GDV, coupled with a strong balance sheet, has 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.

1

KL SENTRAL CBD

72 Acres

GDV **RM18.0 Billion**

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 (9) different rail lines, offers global connectivity, excellent investment opportunities, business convenience and an international lifestyle. It was 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 Stesen Sentral every day.

2

PJ SENTRAL GARDEN CITY

12 Acres

GDV **RM2.7 Billion**

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.

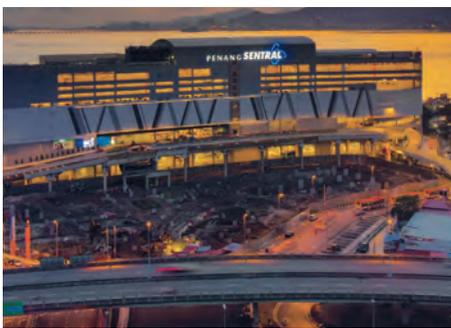
PJ Sentral Garden City, which is geographically located in the centre of Klang Valley, will be a welcome change to the ageing and decaying facade and landscape of Petaling Jaya. The project seeks to establish a new vision for the urban regeneration of PJ, based on the principles of modern design excellence,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

3

PENANG SENTRAL

22 Acres

GDV **RM2.7** Billion



The success of KL Sentral CBD prompted MRCB's expansion into the northern region of the Peninsular, 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, intercity busses and taxis, and will be an economic catalyst for the Northern Region (Penang, Kedah, Perlis, and Perak).

The activation of this transportation hub, which has an emphasis on safety, security and convenience for all users, enhances 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.

4

KWASA SENTRAL

64 Acres

GDV **RM10.9** Billion



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 livable commercial development.

5

CYBERJAYA CITY CENTRE

41 Acres

GDV **RM5.4** Billion



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 interests to the Cyberjaya City Centre.

Each of the three zones cater 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; the Gateway zone incorporates mixed-used commercial blocks and apartments.

Awards and Recognition



↑ The StarProperty Awards 2020

All-Stars Award: Best Overall Champions
– MRCB

The Distinctive Build Award (Excellence), Best Boutique Development
– Alstonia Hilltop Homes

The Proximity Award (Honours), Best Integrated Development
– 9 Seputeh

The Proximity Award (Honours), Best Integrated Transit Oriented Development
– Kwasa Damansara City Centre

The Family-Friendly Award (Honours), Best Family Centric Development (High-Rise)
– 9 Seputeh



↑ ARC Awards 2020

Bronze Award: Non-Traditional Annual Report, Infrastructure Company
– MRCB

Bronze Award: Cover Photo/Design, Infrastructure Company
– MRCB



↑ **Property Insight 2020**

The Top 100 Property Developer Brand
- MRCB

CIDB SHASSIC 2020

SHASSIC 5-Star Achiever Award
- MRCB



↑ **CERTIFICATIONS**

SIRIM QAS and IQNET Certifications

ISO 45001:2018 (Occupational, Safety and Health Management Systems)
- MRCB



← **2019 ASEAN Corporate Governance Scorecard Award**

ASEAN Asset Class PLCs (Malaysia)
- MRCB

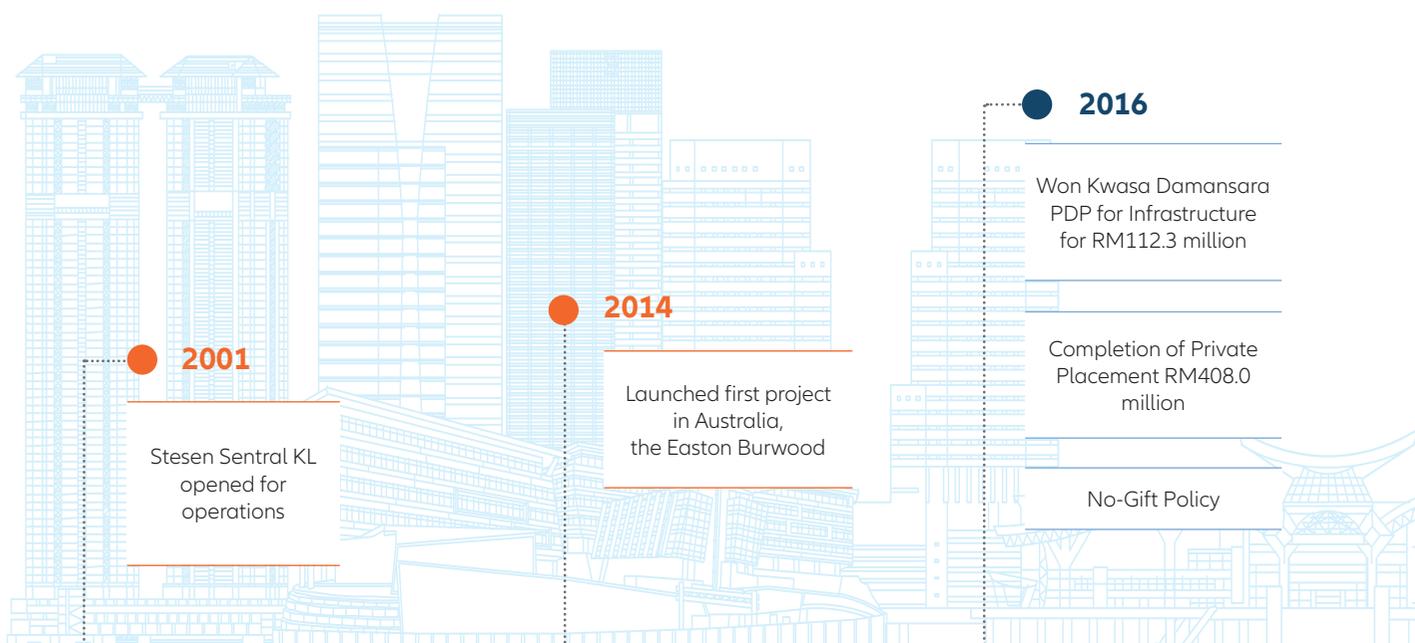


Malaysia's 100 Leading Graduate Employers 2020 Awards

2nd Runner-up: Property Construction & Development Category
- MRCB

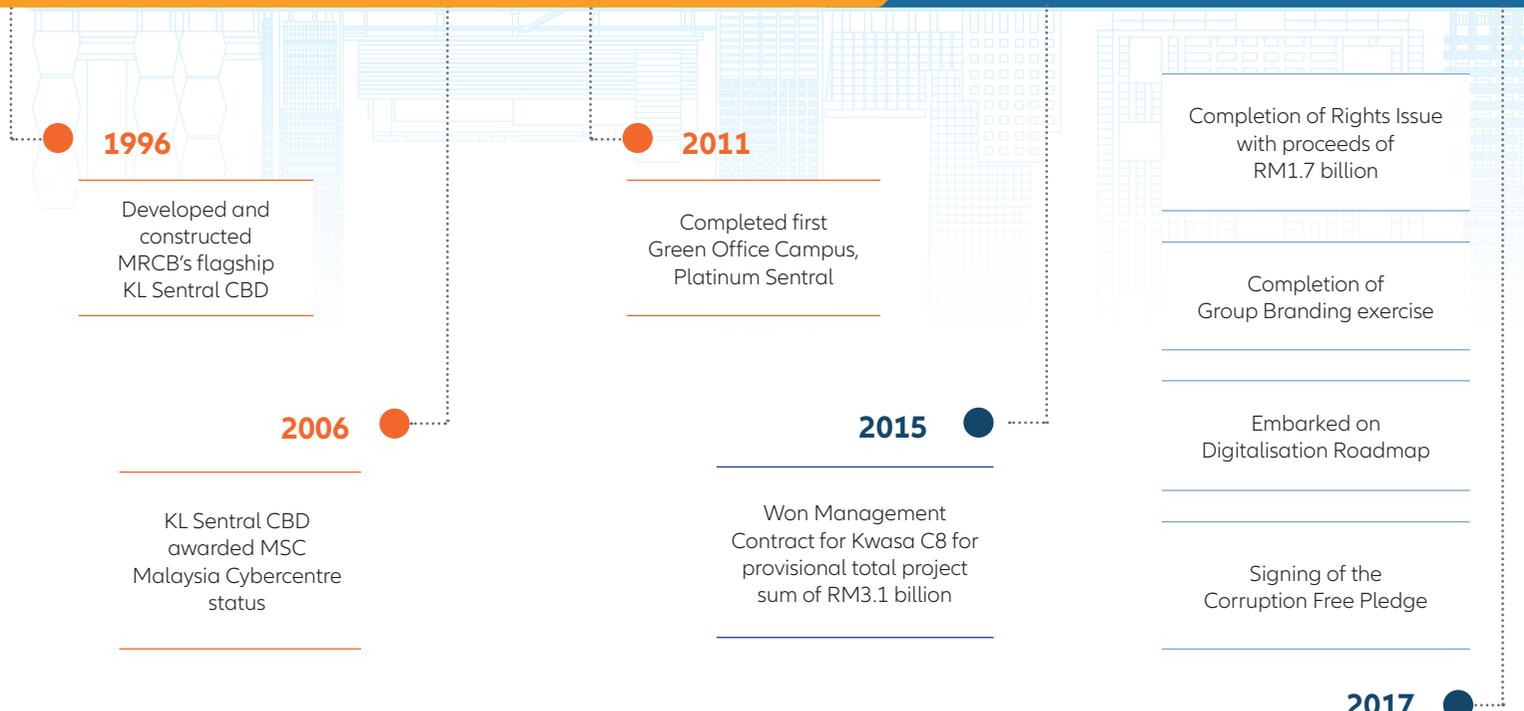
Key Milestones

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

TRANSFORMATION



2020

Revised MRCB's mission statement to reflect our focus on sustainability	Adopted 31 of MCCG's 32 Practices and 3 of 4 Step-Up Practices	Became a signatory to the Ten Principles of the United Nations Global Compact
Embarked on a RM5 billion <i>Sukuk Murabahah</i> Programme	Partnered with the Ministry of Environment and Water to work on the Plastic Disclosure Project	Awarded a project by the Ministry of Education to design and build 35 classrooms for 5 schools in Putrajaya using MBS
Issued RM600 million in the first tranche of the RM5 billion <i>Sukuk Murabahah</i>		
Contributed RM1.5 million to COVID-19 relief efforts	Represented Malaysia on the United Nations Global Compact (UNGC) CFO Taskforce for the SDGs	Received the ASEAN Asset Class Award for the 2019 ASEAN Corporate Governance Assessment Scorecard

SUSTAINABLE INNOVATION

Management Contract for Kwasa MX-1 for a provisional total project sum of RM7.5 billion	Mutual termination and receipt of settlement sum for EDL Concession totaling RM1.3 billion	ISO 37001:2016 Certification for the Anti-Bribery Management System	Licensed our MBS technology to two companies in Hong Kong and Singapore
Management Contract for Bukit Jalil for a provisional total project sum of RM11.0 billion	Adoption of Malaysian Code of Corporate Governance (MCCG) Step-Up Practice 9.3	Launched MRCB Building System (MBS)	Ranked 33rd in the Minority Shareholder Watch Group's (MSWG) Top 100 MSWG-ASEAN Corporate Governance Awards
Launched Penang Sentral	Award of LRT3 fixed price contract to MRCB's 50%-owned MRCB George Kent Sdn Bhd for RM11.4 billion	Launched PEKA@MRCB programme	
Commenced Anti-Bribery Management System	EPF's 80% subscription in Bukit Jalil Sentral Property for RM1.1 billion	Adopted 29 of MCCG's 32 Practices and all 4 Step-Up Practices	Ranked 1 st in the Malaysian Institute of Corporate Governance's 'Transparency in Corporate Reporting' ranking

2018

2019

Chairman's Message

DEAR STAKEHOLDERS,

"As global economies were paralysed by the COVID-19 pandemic, it was apparent that 2020 was a test of resilience as companies fought to simply survive. MRCB was not spared from this crisis as Malaysia underwent several phases of the Movement Control Order (MCO), which impacted our construction activities and ability to recognise revenue and profits. While we continued to monitor and address the challenges within our operating environment, the impact of COVID-19 on our business operations and the lives of our people also led us to become more perceptive of the need for people-focused solutions in navigating risks and in charting sustainable value creation."

"THE YEAR 2020 STRENGTHENED OUR RESOLVE TO ENSURE ESG MATTERS ARE AT THE FOREFRONT OF OUR CONVERSATIONS."

TAN SRI AZLAN ZAINOL
Chairman

MARKET
CAPITALISATION
RM2.1
billion
2019: RM3.2 billion

GROUP
REVENUE
RM1,199
million
2019: RM1,319 million

PROFIT
BEFORE TAX
RM(153)
million
2019: RM53 million

DIVIDEND
PER SHARE
1.00
sen
2019: 1.00 sen

LOOKING BACK ON THE YEAR

2020 was overshadowed by the COVID-19 pandemic that saw many countries imposing some form of lockdown or containment, leading to borders shutting down and major disruptions to the flow of goods and labour. The property development and construction sector met with many setbacks stemming from its dependence on physical labour at project sites and global supply chains. With the Movement Control Order (MCO) and stricter Standard Operating Procedures (SOPs) still being enforced in Malaysia, complete halts and slower construction progress has caused a delay in many projects. Reflecting a wider fall in GDP of -17.1%¹, the residential property sector faced drastically lower activity in transaction volume and value, with construction activity also falling significantly. As we strategised how to tackle these new operating challenges, we also had to think of ways to manage the health and safety of our employees on and offsite while minimising disruptions to work, as well as our customers who were now confined by new movement orders.



Despite the operational setbacks that have impacted the world over, MRCB accomplished several milestones during the year. I am proud to announce that MRCB has been selected as the only Malaysian representative on the United Nations Global Compact (UNGC) CFO Taskforce which aims to mobilise corporate finance and sustainability commitments. My hope is for this membership to drive industry-wide transformation and demonstrate unparalleled leadership.

Reflecting the Group's commitment towards responsible and ethical practices, MRCB's mission statement has been revised with a focus on sustainability: *Leading the field sustainably through innovation in property development, engineering and construction.* This mission statement is further backed by MRCB's five key sustainability focus areas, which are explained in detail in our Sustainability Statement on page 142.

SETTING STANDARDS, LEADING CHANGE



At our core, we are an engineering company, and innovation underlies our achievements and continuous progress. The Transit Oriented Development (TOD) concept is still relatively new in Malaysia and few other players occupy this space in the domestic market. Being the pioneer of TOD in Malaysia, we are responsible not only for the development of TODs, but also for driving their potential to be smarter, more sustainable cities through integrated design and planning. Innovation and sustainability are therefore inherent in our business as we continuously look for ways to ensure we build responsibly and for the betterment of the communities around our developments.



A quiet revolution of faster, safer, more reliable and automated building processes is slowly but surely taking place within the industry, and modular construction will have no small part to play in it. Its implementation will transform the way the industry operates and how markets are able to consume. Research and development (R&D) serves a crucial purpose in technological innovation and process optimisation. One result of our R&D efforts is the MRCB Building System (MBS), a proprietary modular technology using our patented Candle-Loc Connection System, enabling up to 90% of construction to be undertaken offsite, away from the construction site. Building offsite from prefabricated components brings multiple benefits to the developer as well as the end consumer. MBS dramatically reduces labour requirements and construction costs and reduces construction build time by up to 50%.



With MBS, less material waste is produced while superior quality and safety standards can be achieved by constructing offsite in a more controlled environment. Cost reduction from the MBS puts homes into the reach of the public and we are optimistic this technology can also become an important enabler of the national affordable home agenda.

¹ https://www.dosm.gov.my/v1/index.php?r=column/cthemeByCat&cat=100&bu_id=NS9TNE9yeHJ1eHB6cHV1aXBNQINUZz09&menu_id=TE5CRUZCb1h4ZTZMODZlbnk2aWRRT09

Chairman's Message

Equally important is that modular construction makes it possible for the construction sector to build much cleaner, greener buildings that form the landscape of sustainable cities and communities envisioned by *Sustainable Development Goal (SDG) 11: Sustainable Cities and Communities*. The construction industry is a carbon intensive industry. The World Economic Forum estimates that the property and construction industry globally accounts for 40% of the world's total carbon emissions across its entire supply chain. As Malaysia and the rest of the world transition to a low-carbon future, it is imperative that the construction sector follows suit, and MRCB will play a major role in our sustainability strategy and our commitment to reduce our carbon emissions.

In the past, we have committed to improving our business operations via our Digitalisation & Automation Roadmap, as well as through our strategy to utilise modular construction. While these plans had been mobilised even before COVID-19 occurred, the pandemic has definitely hastened their implementation. I am proud to announce that our past investments in digitalisation and information technology, particularly cloud infrastructure, helped us mobilise the Group's Business Continuity Plan for a seamless transition to remote work during the COVID-19 lockdowns. MRCB continues to invest in digitalisation across the Group as a strategy to improve efficiencies and its cost competitiveness.

STRENGTHENING GOVERNANCE



Companies and their Boards are being held to ever higher standards of corporate conduct. The updated Section 17A of the Malaysian Anti-Corruption (MACC) Act came into effect on 1 June 2020, demanding greater vigilance within organisations to create a culture of integrity, and MRCB continues to conduct awareness exercises to all its stakeholders on the Group's No-Gift Policy, Whistleblowing Policy and anti-bribery and corruption in general.

Throughout the year, 15 Anti-Bribery Management System workshops were conducted for the remaining 319 employees who did not attend the workshops in 2019. Workshops were also conducted for our suppliers and business partners. We also reached out to 10,734 people from our list of registered suppliers, sub-contractors and business associates in order to spread awareness on our No-Gift Policy, Section 17A of the MACC, as well as to disseminate our Anti-Bribery & Corruption e-book.



An artist's impression of PJ Sentral Garden City (GDV RM2.7 billion)

Our vendors are required to sign the Vendor Letter of Declaration and Integrity Declaration which states their acceptance of our standards of ethics and behaviours. In 2020, the Group also launched an anti-bribery training and e-learning programme.

The Board's composition was slightly altered as Encik Jamaludin Zakaria retired on 14 July 2020 having served the Board in his capacity as the Senior Independent Director for 9 years. His retirement from the Board was in line with Practice 4.2 of the Malaysian Code on Corporate Governance (MCCG) that seeks to alleviate stakeholder concerns of long tenures by independent directors. However, on 15 April 2021 we appointed a new Independent Non-Executive Director, Dato' Wan Kamaruzaman Wan Ahmad, thus maintaining our majority independently-controlled Board.

The annual Board Effectiveness Evaluation was carried out as part of the Directors' Skill Sets Assessment, designed to map the competencies of Board members against the specific needs of MRCB. This assessment, conducted by a professional third-party body, meets regulatory provisions and emerging, as well as best-in-field practices.

To drive our sustainability agenda, the Sustainability Management Committee (SMC) was set up in 2020. The committee, chaired by the Chief Corporate Officer and composed of key heads of departments, is mandated to champion and embed greater sustainability within MRCB's operations, through the implementation of a 5-year Sustainability Roadmap.

Of particular importance in 2020 were the implications of COVID-19 on existing governance systems and stakeholder relationships. The pandemic tested the capacity of governance systems to effectively manage and mitigate pandemic-related business and people risks. This has raised new questions about the role of corporate governance in anticipating unexpected and incalculable risks while delivering on shareholder value and protecting stakeholder interests.

The Board and the management team convened frequent meetings to discuss pandemic risks and offer support. As both a cost-sensitive measure and a show of solidarity, employees above a certain grade level, including Board members and Senior Management, voluntarily took a temporary 30% salary cut and reductions and suspensions of certain benefits and allowances.

As a result of our efforts to step up our corporate governance standards, in 2020 MRCB received the ASEAN Asset Class Award for the 2019 ASEAN Corporate Governance Scorecard Assessment.

CREATING VALUE FOR ALL

Value creation at MRCB is aligned towards the "5Ps" that shape the Sustainable Development Goals (People, Planet, Partnership, Prosperity, and Peace) which benefits all our stakeholders in different ways. Innovation and TOD are the drivers of sustainable growth, improving on old ways of doing things and envisioning better ways of living. The central principle of integration within TODs is creating an ecosystem where people enjoy convenience, sprawl is minimised, partners and vendors prosper, the natural and human world coexist peacefully, and everyone benefits. No stakeholder is left behind in our value creation model.

Malaysian Code of Corporate Governance (MCCG) 2017

MCCG Requirement



MRCB (as at 15 April 2021)



8 DECENT WORK AND ECONOMIC GROWTH
 In 2020, we became a signatory of the United Nations Global Compact (UNGC) reaffirming our commitment to responsible business practices in the areas of human rights, labour, environment, and anti-corruption. These commitments come on the heels of intensifying Environmental, Social and Governance (ESG) demands from investors and lenders, which are giving preference to sustainable companies, and many moving to penalise those that fail to adequately practise sustainability in their operations. Financial risks to the Group are therefore undeniable and we have the responsibility of mitigating this risk.

13 CLIMATE ACTION
 We are proud to share that we have maintained our standing as a constituent of the FTSE4Good Index, with a 17% higher rating achieved in 2020. We continue to respond to demands from stakeholders for higher levels of transparency in sustainability by developing a 5-year Sustainability Roadmap which sets out progressive yearly baselines for key performance indicators and reduction targets. The roadmap covers pertinent areas such as climate change, eco-efficiency (energy, water, waste), gender equality, biodiversity, sustainability risk and corporate governance, all of which are aligned to the aspirations of the Sustainable Development Goals (SDGs). MRCB is committed to being carbon neutral by 2040 and we are in the process of developing and refining key strategies that will get us there.

15 LIFE ON LAND

5 GENDER EQUALITY
 I am especially proud of the PEKA@MRCB (Peluang Kedua @MRCB) programme, which gives prisoners/offenders employable skills to enable them to reintegrate back into society and prevent them from reoffending. In its second year, the programme was extended to two new sites in 2020 – LRT3 Casting Yard in Bandar Saujana Putra and the LRT3 Depot in Johan Setia. As of 31 December 2020, a total of 156 inmates have joined PEKA@MRCB since the launch of the programme, which also serves to upskill our local workforce and ease our dependency on foreign labour, which is increasingly becoming unsustainable.

10 REDUCED INEQUALITIES

4 QUALITY EDUCATION
 In addition to various community development programmes valued at RM1.5 million, which included providing meal assistance to underprivileged children, MRCB's corporate social responsibility in 2020 focused on assisting frontliners in response to COVID-19 relief efforts. RM1.5 million was channelled to providing personal protective equipment, hand sanitisers, medical equipment and supplies, food packs and essential groceries to vulnerable communities.

3 GOOD HEALTH AND WELL-BEING

LOOKING AHEAD INTO THE FUTURE

Thank you to all our employees who embody our values every day, in our offices and on project sites, and who have remained steadfast to our vision to Setting the Standard even as we continue to adapt to the new norms of work that have been introduced as a result of COVID-19. I am grateful that you have demonstrated new meaning to our values of being courageous, accountable, driven, creative and customer-centric while we adjust to a new mode of working.

Thank you also to our shareholders, customers, and business partners who have embarked on a journey of trust with us. We will continue in our unwavering efforts to meet your expectations and deliver value.

Our former Senior Independent Director, Encik Jamaludin Zakaria, retired after serving on the Board for 9 years. I am immensely grateful to him for the wisdom he has offered during his tenure which has contributed to the growth of MRCB in the last decade. I wish him the very best in all his future endeavours. While we may have lost a strong leader, we are excited to welcome Dato' Wan Kamaruzaman Wan Ahmad, who also brings with him a wealth of experience.

My appreciation goes to our Group Managing Director, Encik Mohd Imran Mohamad Salim, and the senior management team for being a pillar of strength in these challenging times. The business continuity measures swiftly taken instil faith in their ability to handle this as well as future crises. Thank you also to the Board of Directors for their support and guidance.

We have a long road to recovery ahead of us, as a company, a sector, and a nation. Let us work together with the Government, regulators, partners, suppliers, our customers and shareholders to create sustainable value. While the COVID-19 pandemic has interrupted growth plans for many including MRCB, rest assured that we are adopting counter-measures to deliver on our promise and purpose.

AZLAN ZAINOL
 Chairman

Group Managing Director's Review

DEAR STAKEHOLDERS,

"The unprecedented impacts of the global pandemic continue to disrupt economies and societies. Since early 2020, businesses faced disproportionate risks, affecting human capital, supply chains, productivity and performance. It has been a stress-test for both organisations and leaders in terms of their resilience and ability to not just survive, but also to embark on strategies to enable them to bounce back to robust growth levels in the post-COVID-19 era. Against this backdrop, we conducted a thorough re-assessment of MRCB's focus areas, immediate priorities and long-term strategies. Our efforts have been channelled towards managing various risks, ramping-up efforts to protect the welfare of our people and sustain the business by leveraging on existing projects and vigorous cost-reduction measures. We remain optimistic that our differentiated orientation in the market and our stakeholders will provide a strong competitive edge as the economy recovers in late 2021 and beyond."



"AT MRCB, THE IMPORTANCE OF SHAPING A SUSTAINABLE BUSINESS WILL CONTINUE TO GAIN MOMENTUM IN THE POST-COVID-19 ERA, WHERE THE PRIMARY MOTIVE WILL BE TO MAP OUR BUSINESS OUTCOMES TO THE UN SUSTAINABLE DEVELOPMENT GOALS."

MOHD IMRAN MOHAMAD SALIM
Group Managing Director

URBAN
LAND BANK
323
acres

GROSS DEVELOPMENT
VALUE
RM32
billion

EXTERNAL CLIENT
CONSTRUCTION ORDER BOOK
RM21.7
billion



YEAR IN REVIEW

The year 2020 has been one of the most challenging years in modern history, causing the world economy to shrink by 5.2%¹, with many ASEAN economies including Malaysia experiencing sharp contractions. Nevertheless, the current climate has also enabled leaders to reflect on better and more responsible ways of doing business as the operating environment continued to be plagued by uncertainty and delays due to the global COVID-19 pandemic.

The pandemic control measures and supply chain disruptions contributed to a slowdown of the operations and derailed business plans across most industries and sectors. In the hope of alleviating the negative impacts of COVID-19 on the economy, Bank Negara Malaysia slashed the Overnight Policy Rate (OPR) four times in 2020.

However, due to the inherent labour-intensive nature and supply-chain dependence of the property development and construction industry, the business was adversely and significantly impacted. Despite regulatory measures to cushion the negative impacts, continued movement restrictions and the negative wealth effect caused by rising unemployment and affordability issues arising from the pandemic remained a key deterrent for potential property buyers as they grappled with the uncertainties of COVID-19.

Movement restriction orders had a profound impact on the construction sector in particular. Construction progress on all our projects was severely adversely affected. Productivity levels were significantly compromised due to sporadic periods of complete inactivity, mainly due to strict adherence to Standard Operating Procedures (SOPs) designed to mitigate infection risks at project sites. During Malaysia's complete lockdown from March to April 2020, the country's construction industry sustained losses of RM18.5 billion, leading up to an industry-wide contraction of 44.5%².

Even after Government-issued restrictions were relaxed, we continued to take extra precautions to monitor and mitigate the risk of infection. Testing and containment measures, as well as shutdowns where necessary, are still ongoing for sites that have been affected. Each of these precautions can potentially disrupt work for as long as two weeks at a time. SOPs from the Construction Industry Development Board (CIDB) are continually being adhered to and refined and strengthened as we gain more understanding of the pandemic, and face changes in infection rates and control measures.

The uncertainties weighing on the industry were further compounded by a lack of new mega and catalytic infrastructure projects. Consequently, there were fewer construction tender opportunities. The industry's high dependence on foreign labour, coupled with the high infection rates amongst these workers and the shutting down of borders resulted in an acute labour shortage. Nevertheless, there has been a silver lining for MRCB. Amid all the challenges, we have been able to accelerate our adoption of relevant technologies and operational strategies that will make our business more resilient in the future.

¹ <https://www.worldbank.org/en/publication/global-economic-prospects>

² <https://www.marc.com.my/index.php/marc-news/1281-lockdowns-hit-2q2020-gdp-growth-rebound-is-expected-in-2021-20200814>

Group Managing Director’s Review

We have also been pushing forward with our sustainability agenda in the past year. We believe that like many other business challenges, COVID-19 posed both economic and social risks that have proved detrimental to both current and future growth potential. The need for Board and Senior Management interventions towards effective business continuity and recovery plans only reinforced the importance of ESG integration. At MRCB, the importance of shaping a sustainable business will continue to gain momentum in the post-COVID-19 era, where the primary motive will be to map our business outcomes to the UN Sustainable Development Goals (UN SDGs). A sustainable business will be more resilient and more successful in delivering value to all stakeholders in the future.

KEY BUSINESS HIGHLIGHTS

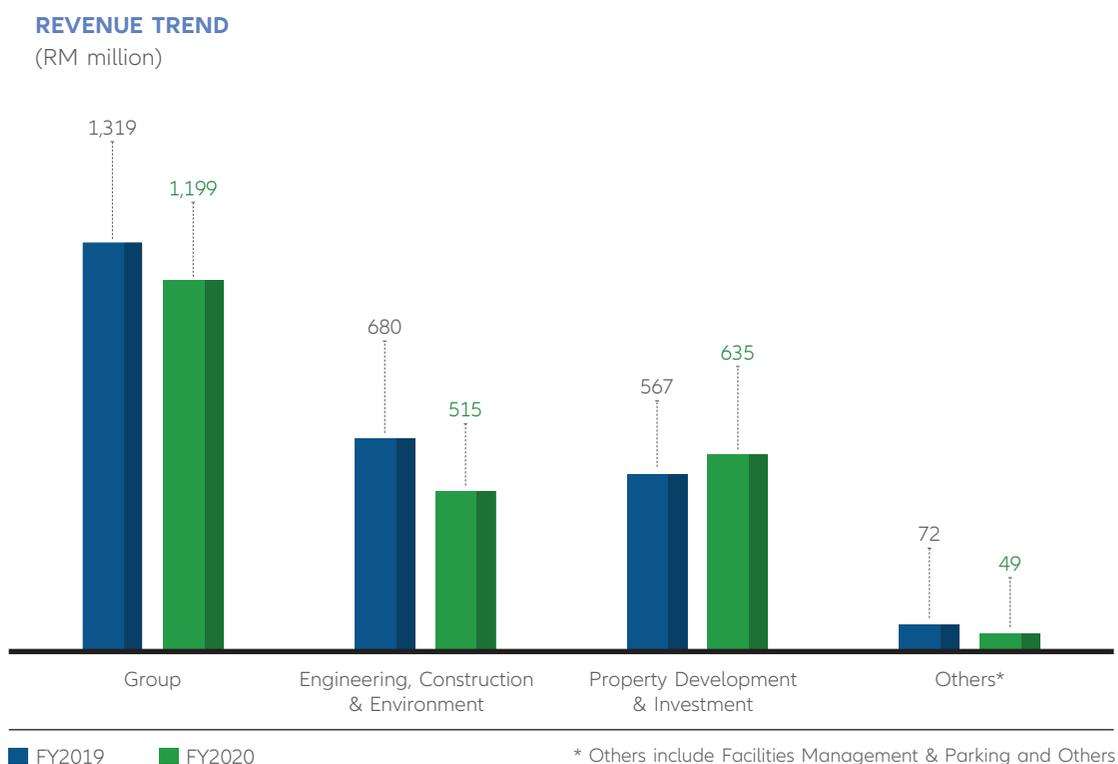
In the 2020 operating environment, the Group recorded RM1.2 billion in revenue and a loss before tax of RM153 million which was largely impacted by impairment provisions totalling RM177.8 million on the recoverability of contract assets, trade and other receivables from certain completed construction projects impacted by COVID-19. Excluding these provisions, the Group recorded a profit of RM24.9 million.

New launches that were initially planned for 2020 were deferred to 2021 or 2022, redirecting our focus on marketing existing completed unsold stock of RM469 million or unsold units still under construction, which totalled RM383 million as at 31 December 2020.

As expected, dropout rates for sales rose due to the economic toll from the pandemic and the ensuing negative wealth effect. This was underscored by the limited availability of financing as banks approached credit approval with greater caution, leading to many buyers being unable to secure the margin of financing they required.

Sales of our Sentral Suites and TRIA 9 Seputeh residential developments were affected by restricted viewing opportunities, while our St Regis and Sentral Residences units were also impacted by the closure of borders, preventing viewing by their target demographic of international buyers, mainly from Hong Kong and China. On the other hand, our 1060 Carnegie development in Melbourne, Australia, completed in December 2019, began to recognise revenue and profits as the purchases of the completed sold units achieved financial settlement. In 2020, 1060 Carnegie achieved sales of 71% of which 113 units out of the 173 units available for sale were financially settled. While the recognition of revenue and profits for this development contributed significantly to our performance, the speed of reaching financial settlement for the units sold was affected by multiple lengthy lockdowns in the State of Victoria, Australia in the second half of the year.

“The Group will continue to closely monitor conditions in the broader economy and property market, revising its strategies and financial targets accordingly, including reviewing its future launches if conditions dictate.”



As a counter-measure to the movement restrictions, we repurposed our marketing budget into rebates and assistance packages. Digitalisation of our sales and marketing collaterals were also implemented in full force, and featured online and new media campaigns that leveraged on live webinars and virtual viewings for an interactive and engaging experience. In 2020, there were 1,044 virtual viewings of our 1060 Carnegie project since the launch of its virtual sales gallery on 14 July 2020. We also continued to engage with our other various stakeholders, managing to reach over 13,000 stakeholders via digital platforms as well as through controlled physical meetings.

The complete halt of activities at our construction sites during the MCO and the slower pace of the resumption of work due to the strict movement SOPs impacted construction progress in our Engineering, Construction & Environment Division considerably. Completion of the Damansara-Shah Alam Elevated Expressway (DASH) and Sungai Besi-Ulu Kelang Elevated Expressway (SUKE) projects have been deferred to the second quarter of 2021 from the original target in the second quarter of 2020, while construction of the MRT2 package awarded to MRCB and the 37 km LRT3 line awarded to the 50% owned joint venture company MRCB George Kent Sdn Bhd, are on track to reach completion in 2021 and 2024 respectively. As at the end of December 2020, DASH and SUKE reached 88% and 51% completion, while the MRT2 package and the LRT3 projects were 81% and 46% complete respectively. At the beginning of 2020 our major property development projects were entering 25% construction progress levels, a period after which we would expect to recognise greater revenue and profits. Indeed, we did recognise more revenue and profit in the first quarter of 2020 in our Property Development & Investment Division, compared to the corresponding period in 2019, before lockdowns occurred and hampered construction progress, which impacted the pace of our revenue and profit recognition thereafter.



Artist's impression of Kwasa Sentral (GDV RM11 billion)

One noteworthy area of development for the business in 2020, however, was the streamlining and refreshing of MRCB's mid-term strategy to better plan for value creation. The updated strategy articulates four growth principles matched to seven key action plans, enabled by four critical catalysts that are underpinned by our sustainability framework. The four growth principles that will be at the front and centre of our value creation journey are: Strengthen Core for Sustainable Returns; Diversification & Operational Expansion; Technology Adoption & Innovation; and Quality Products and People. These principles are closely mapped to various capital inputs and key risks, as well as our material matters. Their interrelationships are defined in our Value Creating Business Model on page 30 of this report.

Overall, the Group believes the outlook for the economy will remain challenging for the foreseeable future and has embarked on austerity and cost cutting measures. The Group's immediate priorities remain on enhancing cashflow by monetising its inventory of unsold completed stock and focusing on its projects in hand. The Group will continue to closely monitor conditions in the broader economy and property market, revising its strategies and financial targets accordingly, including reviewing its future launches if conditions dictate.

OPERATIONALISING INNOVATION

The challenges faced in 2020 highlighted the property development and construction industries' vulnerability, reminding us that technological infrastructure is necessary for business resilience, and innovation is necessary for adapting to constant changes, especially given the current market conditions.

Technology Adoption & Innovation as one of our growth principles will be the driving force for breakthroughs in operational efficiency and changemaking, particularly in the current operating environment where agility is key to resilience. The ability of businesses to respond fast and bounce back faster to pre-pandemic levels will determine their future. For instance, at MRCB, the transition to remote working arrangements and programmes was seamless, mainly due to our existing systems and early investments in IT and cloud capabilities. During the year, we strengthened our digital security protocols further, which helped us to maintain head office productivity at optimum levels.

Our proprietary modular construction technology, MRCB Building System (MBS) gained new impetus during the pandemic. As at 31 December 2020, MBS had been licensed to two international companies overseas for selected projects: a 19-storey Students' Residence Project and temporary Quarantine Facility in Hong Kong, and a 12-storey Nursing Home and Senior Care Centre in Singapore. Similarly, in Malaysia, we are currently deploying MBS solutions to rapidly build 35 classrooms for 5 schools under an agreement with the Ministry of Education. Our bespoke technology will also give rise to developments with a strong social leaning, setting the groundwork for more sustainable value creation.

I believe that more of our investments in R&D will crystallise into innovations that will maintain our market position and relevancy. Technology adoption and innovation enable us to bring our purpose to market as leaders of the field, setting the standard with cutting edge R&D outcomes that will create sustainable returns for our stakeholders.

Group Managing Director's Review

NURTURING TALENT

Behind widespread technological adoption are the people that drive it. By 2025, 85 million jobs worldwide are expected to be made redundant by automation³, but even more new roles will arise. Fundamentally, a skilled workforce underlies our growth principle of Quality Products and People. Mass implementation of the MBS and other innovations at MRCB requires facilitating the transition of not only a changing operational model, but also the workforce model. Upskilling and reskilling programmes at MRCB are designed to address gaps in technological competencies, at the same time offering new learning and professional development opportunities to our employees.

During the year, technology-driven talent assessments were completed for the top 20% positions and ongoing succession planning is also being carried out. In 2020, the Group addressed gaps in leadership skills through learning and development programmes with external learning institutions. However, this initiative was disrupted due to the movement restrictions and will be a key focus in 2021.

For people-centric businesses comprising a large workforce such as our own, COVID-19 also brings new meaning to our approach to health, safety and environment (HSE) matters. Health and safety in the construction industry is very challenging, particularly due to the high dependence on foreign workers, where communication issues can arise. Despite this, we are committed to improving our onsite safety standards and will continue to provide relevant trainings and enforce policies to ensure the safety, health, and welfare of our workers and the public in general. Our people's ability to undertake their responsibilities in a safe and secure environment continues to be a top priority, as it should be, with or without the pandemic. For instance, despite a Group-wide cost optimisation drive, our priority was to ensure our employees' welfare. A deliberate decision was made to maintain employees' salaries so that the financial impact from COVID-19 on working-level employees was kept to a minimum. The Senior Management across the board voluntarily took a 30% reduction in their basic salaries to demonstrate leadership in times of crisis. We also offered mental health support to employees who were negatively affected by the pandemic or have been experiencing anxiety from the isolation of remote working, through counselling sessions conducted by mental health professionals.

COVID-19 primarily is a people risk, and we took all the necessary precautions to safeguard ourselves against this risk by protecting the welfare of our employees. The silver lining is, these precautions involved an unprecedented change in our people processes which served to strengthen our approach to ESG management.

PENETRATING NEW MARKETS

By 2050, 68% of human populations will be living in cities⁴. The future cityscape will inevitably evolve to be denser with diverse segments of society requiring different needs in the same crowded space. Competition for space will create a demand for creative solutions such as aged care and co-living options. Concepts like transit hubs optimised for pedestrian traffic, and ease of access to mass public transportation,

such as those offered by our existing TODs, are putting sustainable development on the agenda.

The confluence of these demands will open up new markets and revenue potentials for MRCB's Diversification & Operational Expansion strategy, one of our Group's four growth principles. Wary of concentration risk, our strategy is to expand further in the Australasian market where we have gained early success, and diversify away from the Malaysian market. Within Malaysia, we are exploring the industrial, SOHO, and co-living niches as well.

In line with our commitment to sustainable development, we have also partnered with a leading European technology partner to penetrate the high-potential waste-to-energy market. Valued at US\$35.1 billion globally, the waste-to-energy market is expected to grow at a rate of 4.6% from 2020 to reach US\$50.1 billion in 2027⁵. The problem of waste is a persistent environmental issue whose challenges and opportunities are only growing in number with the speed of consumption. Our waste-to-energy foray is in the advanced stage of negotiations at the Government level. Meanwhile, we are also actively pursuing a venture into the logistics/industrial property segment with Fortune 500 multinational corporations.

VALUE PRESERVATION AND VALUE CREATION

As at the end of 2020, we had RM1.0 billion in property unbilled sales, with an external client construction order book of RM21.7 billion. Revenue was recorded at RM1.2 billion compared to RM1.3 billion in 2019, while loss before tax was recorded at RM153 million, a decline from RM53 million profit before tax recorded in 2019. The decline was largely due to impairments of RM177.8 million provided in the second quarter of 2020 on the recoverability of contract assets, trade and other receivables mostly from certain completed construction projects impacted by the pandemic. The decline was further amplified by the gain before tax of RM58.8 million from the disposal of the Group's entire 30% equity interest in One IFC Sdn Bhd recorded in the second quarter of 2019. However, excluding these impairments in 2020 and the disposal gains in 2019, core profit before tax in 2020 was higher at RM24.9 million.

A notable highlight of the year was our RM5 billion *Sukuk Murabahah* programme, of which the first tranche totalling RM600 million was issued on 14 August 2020, to be channelled towards general working capital, capital expenditure, and other general corporate purposes. Proceeds will also be used to retire the Group's most expensive borrowings and improve cashflow. This Sukuk programme was a result of our earlier decision to refinance debt, to reduce our reliance on banks for capital, and to take advantage of a low interest rate environment.

Our balance sheet remains strong with a net gearing of 0.24 times. In light of the revenue uncertainties in 2020, we examined our cashflow and stress tested the business, simulating the financial impact to the business based on various revenue outcomes and identifying areas where non-essential costs could be reduced, including downsizing office space and capitalising from the efficiencies derived from our investment in automation.

³ <https://www.weforum.org/reports/the-future-of-jobs-report-2020/digest>

⁴ <https://population.un.org/wup/>

⁵ <https://www.businesswire.com/news/home/20200904005408/en/Global-Waste-to-Energy-Market-2020-to-2027---Opportunity-Analysis-and-Industry-Forecast---ResearchAndMarkets.com#:~:text=The%20global%20waste%20to%20Denergy,4.6%25%20from%202020%20to%202027.&text=The%20boom%20of%20the%20worldwide,growth%20in%20public%20WtE%20expenditure>

In prior years we have discussed our plans to optimise our business, and 2020 was already earmarked for an organisational right-sizing exercise, well before the world was struck by the pandemic. Our Digitalisation & Automation strategy that we embarked on in previous years resulted in increased automation of processes. In total, we managed to implement annualised cost-savings across the Group from various initiatives totalling almost RM30 million. The pandemic has provided additional catalysts for further cost restructuring efforts and our journey of automation will continue into 2021, with the roll-out of our Enterprise Resource Planning (ERP) system that will allow for increased collaboration and more streamlined, coherent workflows and processes.

SUSTAINABILITY AGENDA INTEGRATED INTO BUSINESS STRATEGIES

Our role as an urban developer places us at an important nexus between development and sustainability. In late 2020, we assumed an important position whereby MRCB became the only Malaysian company and the first in ASEAN to join 34 other global companies in the UNGC CFO Taskforce for the Sustainability Development Goals. This means that our Chief Corporate Officer will actively participate in the various working groups, comprising members from global companies. The objective is to support the two-year programme to implement the CFO Principles on Integrated SDG Investments and Finance, and to leverage experience and learnings of its members to achieve MRCB's sustainability milestones.

In 2020, we also conducted a benchmarking exercise to determine the sustainability areas that were growing in importance in the property and construction industry. As issues concerning climate change, human rights and biodiversity were becoming more prevalent, we have added these three issues to our material matters.

Direct and indirect climate risks have potentially large impacts on our business and operations. Events such as droughts and water security will affect where we build and how we build. The property and construction industry is a significant source of carbon emissions, contributing nearly 40% of world emissions⁶. Cognisant of our own contribution, we are taking steps to measure our carbon footprint and set reduction targets.

Biodiversity is critical to ensure a continuous supply of natural capital from which we draw raw materials. With a 323 acre of strategic urban land bank under our management, we are tasked to responsibly earmark these areas for economic development, while striking a balance with the existing biodiversity and sociocultural identity of the surrounding communities. During the year, in addition to developing a statement on climate change and biodiversity, MRCB has also re-articulated its position on human rights for our business.

While the economic and regulatory environment are beyond our control, we can work within our operational boundaries to scale positive impact. Our industry has the opportunity to make a significant sustainable impact on communities and the environment through sustainable construction and procurement. Mitigation of sustainability material

matters such as climate change and human rights can be achieved by adopting green building efficiencies and responsible supply chain practices. Towards this end, we are working with the Ministry of Environment and Water on the Plastic Disclosure Project and the United Nations Global Compact Malaysia's sustainable procurement initiative.

SDG 17: Partnership for the Goals, is important for holistic value creation. Stakeholder engagement with a cross-section of society – Government and regulators, investors, industry players, NGOs – help us understand and collaborate on a common purpose towards the SDGs. In addition to educating our employees on their role in the wider sustainability agenda at MRCB, we will eventually educate external stakeholders on our sustainability goals to ensure our entire value chain acts in-step with our goals. This involves the development of an environmental and social criteria checklist for vendors as well as supply audits, starting with the biggest suppliers covering the majority of our procurement and supply chain.

COVID-19 has led many leaders to rethink their business models and their relationships with stakeholders. MRCB's TOD model sustains the business commercially. In reducing sprawl and travel distances, TOD also creates value for our social and relationship capital as well as natural capital. It remains the central positioning that we will actively pursue in favour of our growth principle to Strengthen Core for Sustainable Returns.

ACKNOWLEDGEMENTS

COVID-19 has been an eye-opener to the many risks that were otherwise uncharted and unexpected. For the property development and construction industries, the pandemic has offered businesses a glimpse into a future of opportunities that are ripe for the taking when we emerge from this crisis.

The need for integrated living will become increasingly in-demand – where work and play take place within range of each other, where long-distance travel is not required, where public health considerations inform design elements and green architecture is preferred. Within this broad concept of integrated living will be many niche markets with unmet needs – aged care, micro housing, multi-use design, among others. I am confident that beyond this storm awaits a healthier, more wholesome future and MRCB is uniquely positioned to lead it with our longstanding expertise in TOD.

On this journey forward, I am grateful to our Chairman and the Board of Directors for their ever-present guidance. To Encik Jamaludin Zakaria, our former Senior Independent Director who has left MRCB after a long and illustrious tenure, your valued insights will be missed, and I wish you many successes in the future. I would also like to take this opportunity to welcome our new Independent Non-Executive Director, Dato' Wan Kamaruzaman Wan Ahmad. I look forward to working with you.

As always, my appreciation goes to all my colleagues at MRCB for their support and commitment to our values. Let us welcome 2021 with renewed faith and vigour.

MOHD IMRAN MOHAMAD SALIM

Group Managing Director

⁶ https://www.worldgbc.org/sites/default/files/UNEP%20188_GABC_en%20%28web%29.pdf

OUR RESPONSE TO THE IMPACT OF COVID-19



Clients/Customers

- Increased customer outreach and marketing activities on digital platforms
- Facilitated **1,044** virtual viewings of 1060 Carnegie since the launch of the virtual sales gallery on 14 July 2020
- Offered rebates and financing assistance packages to customers



Shareholders/Investors/Analysts

- Raised **RM600 million** in *Sukuk* issuance
- Saved close to **RM30 million** from cost-cutting measures
- Maintained a strong balance sheet and net gearing of **0.24** times

DELIVERED OUR OBLIGATIONS TO CLIENTS, CUSTOMERS, AND SHAREHOLDERS



Employees

- Enabled remote working and stopped movement between sites
- Established strict onsite SOPs
- Maintained salaries of all employees
- Voluntary **30%** salary cut for Board members and Senior Management
- Collected **RM87,277** within the first month of MCO for staff impacted by the pandemic
- Provided financial assistance worth **RM231,238** to staff that fall within the B40 category
- Offered mental health support to employees through counseling sessions conducted by mental health professionals
- Installed **20** infrared thermometers and sanitisers at all HQ entry points



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

SAFEGUARDED THE HEALTH AND SAFETY OF OUR EMPLOYEES AND SUB-CONTRACTORS

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 RM1.5 million towards tangible and intangible contributions to the ongoing fight against the pandemic in the hope for a quick and resilient recovery for all.



Government/Regulatory Bodies

- Donated **RM101,716** worth of hand sanitisers to various public institutions, including the Ministry of Health
- Provided sanitisation services costing **RM365,111** to six (6) different high-traffic hubs in the Klang Valley
- Distributed face masks and face shields worth **RM165,287**
- Donated **50,000** gloves to the Ministry of Federal Territories and Ministry of International Trade and Industry
- Distributed **RM20,000** worth of hygiene kits to the National Disaster Management Agency (NADMA)
- Sponsored **RM6,424** of COVID-19 rapid test kits to the Fire and Rescue Department of Malaysia (BOMBA) and frontliners
- Contributed **212** cartons of mineral water to Polis Diraja Malaysia (PDRM)'s frontliners



Local Communities/Civil Society & NGOs

- Sponsored meals worth **RM81,015** to underprivileged/vulnerable groups and frontliners
- Distributed 1,500 hand sanitisers worth **RM10,000** to the homeless at Pusat Transit Gelandangan KL
- Delivered 130 food baskets worth **RM6,800** to Orang Asli families in Perak
- Delivered **RM53,850** worth of food baskets and groceries to vulnerable communities affected by the MCO
- Donated **RM400,000** worth of PPE and ventilators to the Government Linked Companies and Government Linked Investment Companies (GLC/GLIC) Disaster Response Network
- Distributed 442 face masks to Orang Asli children in Bentong worth **RM31,824**
- Distributed 10,000 face masks and 100 hygiene kits worth **RM8,220** to a school in Kedah
- Distributed **RM5,320** worth of thermometers to Kuala Lumpur City Hall (DBKL)
- Contributed essential foods and protective items to Yayasan Orang Buta and Malaysian Association for the Blind worth **RM10,000**
- Kelab Kebajikan dan Rekreasi MRCB donated COVID-19 essential items worth **RM39,468** to vulnerable communities

MORE THAN RM1.5 MILLION CONTRIBUTED TO THE PUBLIC SECTOR AS PART OF MRCB'S COVID-19 RELIEF EFFORTS

How We Create Value

AN INTEGRATED APPROACH TO VALUE CREATION

As a pioneering Transit Oriented Development (TOD) developer, 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

ASSESS OUR CONTEXT

OPERATING CONTEXT

See page 40

The external operating environment affects our ability to create value as a result of wider macroeconomic influences which 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

See page 53

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 nine (9) Key Enterprise Risks (KERs) most important to our business, and opportunities for value creation for each stakeholder group.

Project Delivery

Liquidity

Marketing

Business Continuity

Environmental, Social & Governance (ESG)

Regulatory

Safety, Health & Environment

Quality

Concentration

2

ENGAGE STAKEHOLDERS & IDENTIFY MATERIAL MATTERS

STAKEHOLDER ENGAGEMENT

See page 34

Value creation centres around 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.



Clients/Customers



Shareholders/Investors/Analysts



Employees



Government/Regulatory Bodies



Local Communities/Civil Society & NGOs



Suppliers/Sub-Contractors



Media

MATERIAL MATTERS

See page 46

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

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

3

TAKE STOCK OF CAPITALS & FORMULATE STRATEGY

CAPITALS

See page 32

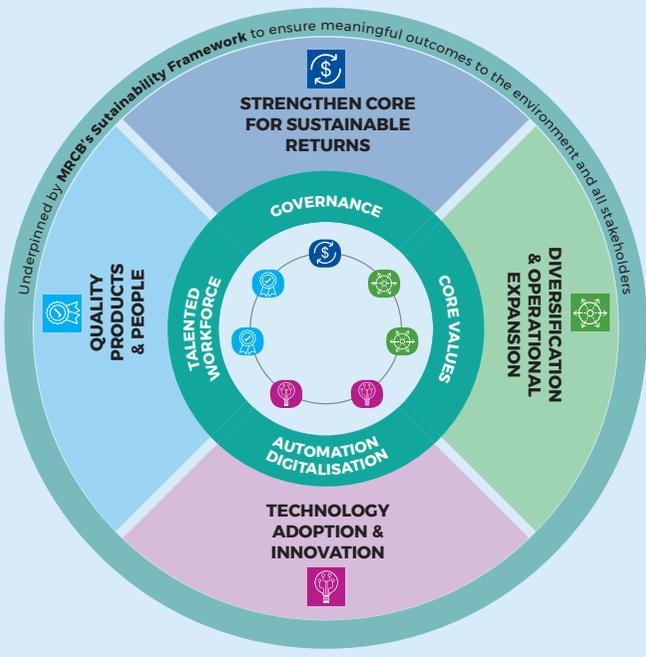
Our six (6) Capitals are the business inputs and outputs through which we can execute strategies and measure the value created from our business model and strategies. Access to, and management of the six (6) Capitals, are critical to manage every aspect of the business.



STRATEGY

See page 59

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



4

MONITOR, MANAGE & REPORT ON VALUE CREATION

VALUE CREATION

See page 30

The effective management of various Capitals and 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.



Value Creating Business Model

DRIVEN BY.....

OUR VISION

Setting the Standard

OUR MISSION

Leading the field sustainably through innovation in Property Development, Engineering and Construction

WE RELY ON OUR RESOURCES

INPUTS

Human Capital

- 1,668 skilled professionals driving the company forward
- 27 health and safety programmes implemented to protect employees
- RM525,000 invested in training and development for a future-proof workforce

Intellectual Capital

- 50 years of industry experience, with a strong brand name as a pioneer in Transit Oriented Development and an enviable track record as a rail and road infrastructure developer
- RM6.4 million invested to make MBS commercially viable

Natural Capital

- 323 acres of urban land bank owned for strategic development projects
- 870,779 l of fuel consumed at project sites and by MRCB-owned vehicles (Scope 1)
- 22,130,904 kWh of energy and 536,316 m³ of water consumed by business activities

Social & Relationship Capital

- Strong network of 3,052 approved vendors supporting the business
- 126 stakeholder engagement exercises conducted to capture key concerns
- Over 13,000 stakeholders engaged
- 21 community programmes held

Financial Capital

- RM4.3 billion in share capital
- RM5 billion *Sukuk* programme, RM600 million issued
- RM1.9 billion in total borrowings

Manufactured Capital

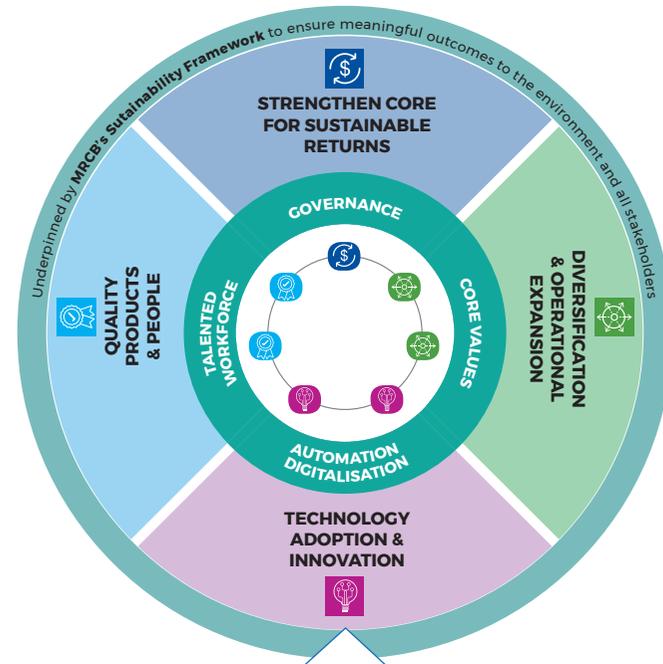
- RM32 billion GDV land bank
- RM2.7 billion GDV of ongoing property development projects
- RM6.8 billion worth of ongoing infrastructure projects

TO DRIVE OUR BUSINESS ACTIVITIES

BUSINESS ACTIVITIES

- Property, Development & Investment
- Engineering, Construction & Environment
- Facilities Management & Parking

STRATEGY



KEY MARKET TRENDS SHAPING OUR BUSINESS

- Aging Population
- Customised Solutions
- Proximity to Public Transport
- Digitalisation
- Climate Change
- Integrated Living
- Multi-use Design
- Urbanisation
- Green Development

KEY ENTERPRISE RISKS (KERs)

- Project Delivery
- Liquidity
- Marketing
- Business Continuity
- Environmental, Social & Governance
- Regulatory
- Safety, Health & Environment
- Quality
- Concentration

MATERIAL MATTERS

- | | | |
|---|---|---|
| Economic <ul style="list-style-type: none"> • Product Quality & Responsibility • Economic & Business Performance • Indirect Economic Impacts • Responsible Procurement & Supplier Assessment | Environment <ul style="list-style-type: none"> • Materials • Sustainable Construction • Waste • Climate Change • Biodiversity | Social <ul style="list-style-type: none"> • Health & Safety • Human Rights • Employee Engagement & Well-being • Labour • Diversity & Equal Opportunity • Customer Engagement • Local Community Engagement |
| Governance <ul style="list-style-type: none"> • Ethics & Principles • Governance & Compliance | | |

OUR COMPETITIVE ADVANTAGES....

Pioneer of TOD in Malaysia, with five TODs in the pipeline.

Largest listed Bumiputera construction company.

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

Developed proprietary modular construction technology, MRCB Building System (MBS).

UNDERPINNED BY.....

OUR SHARED VALUES



Courageous



Creative



Driven

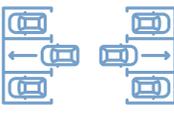


Customer Centric



Accountable

CREATING VALUE FOR OUR STAKEHOLDERS

OUTPUTS OUR PRODUCTS		OUTCOMES	STAKEHOLDERS IMPACTED	UN SDGs
 Transit Oriented Developments	HC	Human Capital <ul style="list-style-type: none"> → Women make up 38% of our workforce → 40% reduction in health and safety incidents → 2nd Runner-up in the Malaysia's 100 Leading Graduate Employers 2020 awards (Property Construction & Development category) → 3.5% mean employee gender pay gap 		  
 World-Class Residential Properties	IC	Intellectual Capital <ul style="list-style-type: none"> → 72% average QCLASSIC rating → MBS technology licensed to 2 international companies abroad → 93% average SHASSIC rating, a 4% increase from 2019 → 5 awards received by the StarProperty Awards 2020 	 	 
 Bespoke Commercial and Retail Developments	NC	Natural Capital <ul style="list-style-type: none"> → 19,192 tCO_{2e} of carbon emissions (Scope 1 & 2) → 8,014 MT of waste generated → 536,316 m³ of water consumed 	  	  
 Innovative Buildings and Complex Structures	SRC	Social & Relationship Capital <ul style="list-style-type: none"> → 92% procurement budget spent on local suppliers → RM1.5 million contributed through CSR activities to organisations and communities → 156 prisoners/offenders employed through the PEKA@MRCB programme 	  	   
 Quality Rail & Road Infrastructure	FC	Financial Capital <ul style="list-style-type: none"> → RM1.2 billion generated in revenue → RM24.9 million profit before excluding impairment provisions → RM4.6 billion in shareholders' funds → Net gearing of 0.24 times 	  	
 Power Projects and Rehabilitation of Rivers	MC	Manufactured Capital <ul style="list-style-type: none"> → RM241 million worth of construction projects completed in 2020 → RM201.2 million property sales in 2020 → RM21.7 billion in external client construction order book 	 	  
 Facilities Management & Parking Services				

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

Long pipeline of projects through an urban land bank of 323 acres, with a GDV of RM32 billion, an external client construction order book of over RM21.7 billion, and a strong balance sheet with net gearing of 0.24 times.

Trade-Offs by Capitals

The six (6) Capitals are our means to achieve our strategic objectives and create value for our stakeholders. These are the resource and relationship inputs that enable value-creating activities and outcomes. While managing these Capitals, businesses frequently experience trade-offs between and within these Capitals. Our aim is to maximise the positive outcomes of our capital inputs and minimise any trade-offs. In doing so, we balance the short, medium and long-term outcomes of value creation. Below is a review of our Capitals and their trade-offs.

HC Human Capital

Our Approach

Ensure optimal productivity and provide a conducive workspace that embraces diversity by creating a safe, secure and positive work environment.

We believe that employees' goals should be aligned with the Group's and as such ensure their personal and professional needs are met.

Value Creation

Create diversified teams with innovative ideas and produce a pipeline of internal talents.

Trade-Off

High turnover as talented employees are headhunted by other companies in the same industry.

Our Focus in 2020

Identified and completed talent assessments for the top 20% positions to tailor training and development needs of key employees.

IC Intellectual Capital

Our Approach

Aggressively defend our market-leading position in the property and construction sectors by leveraging on our TOD expertise, ensuring compliance to globally recognised management systems, and investing in the innovation of a proprietary modular construction technology, MBS, that will add value to the production process and development of end products.

Value Creation

Our strong track record strengthened our value proposition as a TOD developer and engineering company with innovative and forward-looking solutions for customers.

Trade-Off

Investments in new technologies are earmarked for returns only in the long-term, with no immediate financial rewards, also putting pressure on cashflow in the short run.

Our Focus in 2020

Our proprietary MBS was actively brought to market, turning our prior investments into more opportunities for revenue generation.

NC Natural Capital

Our Approach

Manage our consumption of energy, water and materials through monitoring and efficiency measures.

Value Creation

Progressively reduce our environmental footprint and deliver responsible products (value proposition) to our customers.

Trade-Off

Our consumption footprint and the associated costs increase as we grow our operational footprint.

Our Focus in 2020

Technology such as MBS and modular construction were employed and licensed out, creating less waste and emissions. Commitment towards climate change was furthered with our involvement in various UN-level initiatives.

SRC Social & Relationship Capital

Our Approach	Value Creation	Trade-Off	Our Focus in 2020
Engage and cooperate with various stakeholders, including regulators, suppliers and sub-contractors, on their expectations and pain points. Also, support local communities through CSR programmes and community development initiatives.	Strengthen stakeholder relationships and reinforce their confidence in our resilient business and solutions.	Despite the challenges and impacts of the pandemic, resources (financial and non-financial) were allocated to address critical stakeholder expectations irrespective of their priority and returns to business.	Increased engagement with customers and clients via digital platforms. Offered support through COVID-19 relief efforts by channelling donations in cash and kind to the public and private sectors, while enforcing strict practices in our operations.

FC Financial Capital

Our Approach	Value Creation	Trade-Off	Our Focus in 2020
<p>Manage liquidity and maintain a sound financial structure and a healthy balance sheet while keeping the Group relatively asset and debt light.</p> <p>Ensure business operations are optimised to generate revenue, profits and cashflow.</p>	<p>Maintain and deliver attractive shareholder and investor returns by disposing non-core assets and monetising our inventory of unsold completed stock.</p> <p>Refinance high interest debts with lower interest debts.</p>	There is a trade-off between the interests of short-term investors that seek to maximise short-term gains, and our longer-term growth plans that require investment of financial capital.	Raised funds through a RM5 billion Sukuk programme of which RM600 million was issued at a rate of 3.85%, 4.25% and 4.45% for 3, 7 and 10 years, respectively. The Group also continued its plan to diversify into new markets and mobilise MBS to accelerate returns.

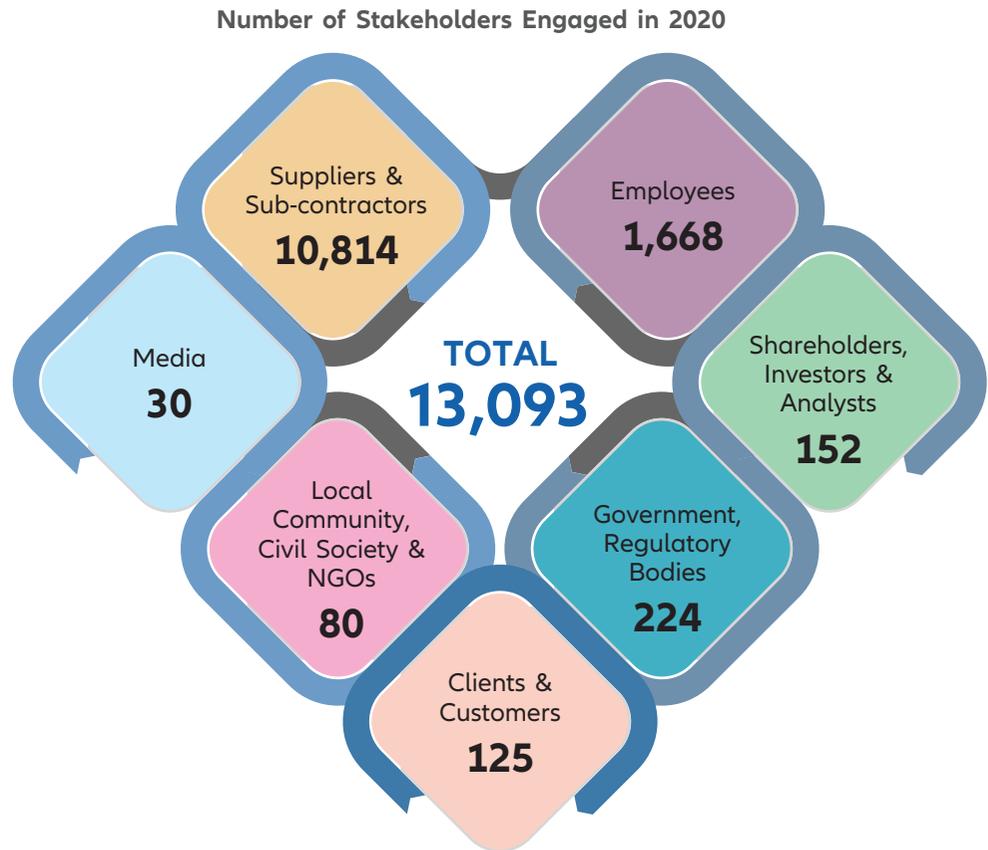
MC Manufactured Capital

Our Approach	Value Creation	Trade-Off	Our Focus in 2020
The Group's urban land bank continues to be carefully and strategically developed to provide sustained revenue potential in the future. TODs are aligned with national infrastructure plans, and the Group actively tenders for construction projects with greater mechanical and engineering content.	Create future-proof solutions and long-term value appreciation for customers and clients, especially to niche segments such as the growing elderly population and demand for millennial lifestyles and environmentally-friendly products.	Further development of our urban land bank could reduce green spaces within urban areas and create negative impacts on natural capital.	TOD projects continued to be pursued as a smarter solution for integrated and connected living that reduces urban sprawl and congestion. Continued emphasis was given to ensure all commercial development projects qualified for the GBI accreditation. The Group also committed to a 1% reduction in energy, water, waste and carbon intensity by 2022.

How We Engage Stakeholders

STAKEHOLDER ENGAGEMENT & VALUE CREATION

Our stakeholders are defined by their respective roles, level of participation and contribution in our value chain as well as their ability to influence and impact our business. They are our customers, shareholders, suppliers and vendors, employees, regulators and Government, communities and civil society, and the media. Each stakeholder plays a vital and unique role in our value creation story. These relationships are extremely valuable to us, and we strive to strengthen them via regular outreach and engagement. We create value in different ways for our various stakeholders, and they in turn deliver value to us. 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 & Framework. Engagement with each group takes different forms and frequencies, which are detailed below.



🤝 Clients / Customers

<p style="text-align: center; margin: 0;">Why We Engage</p> <p>Customers and clients drive demand for our projects and determine future trends. They keep us in business.</p>	<p style="text-align: center; margin: 0;">Value Proposition</p> <p>Quality lifestyle and integrated commercial and residential developments around transportation hubs that meet customer demands.</p> <p>Innovative MBS technology, bespoke green buildings, highly specialised infrastructure and power projects, and flood/erosion mitigation of rivers.</p>	<p style="text-align: center; margin: 0;">Engagement Platforms and Frequency</p> <p>Y Customer satisfaction survey M Engagement activities and roadshows</p>
<p style="text-align: center; margin: 0;">Risks</p> <ul style="list-style-type: none"> Changing customer lifestyles and behaviour Loss of customers 	<p style="text-align: center; margin: 0;">Key Concerns and Expectations</p> <p>For residential property buyers</p> <ul style="list-style-type: none"> Customer experience at each touchpoint throughout the buyer's journey Quality of project delivery with integrated lifestyle and transport connectivity Misuse of personal information <p>For corporate and other clients</p> <ul style="list-style-type: none"> Solutions to meet future demands and provide increased operational efficiencies Green design and construction Faster build times 	<p style="text-align: center; margin: 0;">Response and Contributions</p> <p>For residential property buyers</p> <ul style="list-style-type: none"> 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 <p>For corporate and other clients</p> <ul style="list-style-type: none"> Applied green building rating systems Innovated and developed MBS technology that reduces wastage and construction time
<p style="text-align: center; margin: 0;">Opportunities</p> <ul style="list-style-type: none"> Expand into new markets to diversify the business Develop new products and innovate new technologies to remain in a market-leading position 		

LEGEND

Engagement Frequency:

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

\$ Shareholders/Investors/Analysts

<div style="background-color: #4a7ebb; color: white; padding: 5px; text-align: center; font-weight: bold;">Why We Engage</div> <p>Shareholders provide financial strength with continued access to capital, and analysts provide a fair assessment of the Group's performance and prospects.</p> <div style="background-color: #4a7ebb; color: white; padding: 5px; text-align: center; font-weight: bold;">Risks</div> <ul style="list-style-type: none"> Loss of investor confidence Misaligned expectations Weak share price leading to inability to raise capital <div style="background-color: #4a7ebb; color: white; padding: 5px; text-align: center; font-weight: bold;">Opportunities</div> <ul style="list-style-type: none"> Strengthen communication with investors to improve transparency and provide clarity on the Group's performance and strategies 	<div style="background-color: #4a7ebb; color: white; padding: 5px; text-align: center; font-weight: bold;">Value Proposition</div> <p>Attractive returns and growth on investments, supported by transparent disclosure and good governance.</p> <div style="background-color: #4a7ebb; color: white; padding: 5px; text-align: center; font-weight: bold;">Key Concerns and Expectations</div> <ul style="list-style-type: none"> 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 	<div style="background-color: #4a7ebb; color: white; padding: 5px; text-align: center; font-weight: bold;">Engagement Platforms and Frequency</div> <ul style="list-style-type: none"> Y Annual General Meeting Q Analysts' briefings M Meetings and engagement sessions Q Investor Relations mobile app Q Corporate website Y Site visits Y Sessions with Minority Shareholders Watch Group (MSWG) <div style="background-color: #4a7ebb; color: white; padding: 5px; text-align: center; font-weight: bold;">Response and Contributions</div> <ul style="list-style-type: none"> Activated Business Continuity Plan Answered and published all questions received from shareholders before and during the virtual AGM on the corporate website Direct email and phone access via the corporate website
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Employees

<div style="background-color: #4a7ebb; color: white; padding: 5px; text-align: center; font-weight: bold;">Why We Engage</div> <p>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.</p> <div style="background-color: #4a7ebb; color: white; padding: 5px; text-align: center; font-weight: bold;">Risks</div> <ul style="list-style-type: none"> Competition for talent Demotivated staff and reduced productivity Changing expectations of the younger workforce <div style="background-color: #4a7ebb; color: white; padding: 5px; text-align: center; font-weight: bold;">Opportunities</div> <ul style="list-style-type: none"> Adopt new work arrangements, such as flexi-hours, that lead to improved well-being and performance Enhance Health & Wellness programmes Adopt necessary tools to ensure a smooth transition to remote work while maintaining high levels of productivity Nurture a lean and performance driven work culture 	<div style="background-color: #4a7ebb; color: white; padding: 5px; text-align: center; font-weight: bold;">Value Proposition</div> <p>Competitive remuneration, career progression, and healthy work-life balance.</p> <p>Equal opportunities, safe working environment, and learning and development.</p> <div style="background-color: #4a7ebb; color: white; padding: 5px; text-align: center; font-weight: bold;">Key Concerns and Expectations</div> <ul style="list-style-type: none"> 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 	<div style="background-color: #4a7ebb; color: white; padding: 5px; text-align: center; font-weight: bold;">Engagement Platforms and Frequency</div> <ul style="list-style-type: none"> M Employee engagement sessions Y Focus groups and surveys M Health & Wellness Programmes W Electronic direct mail D Social media Q e-Newsletter Y Coffee Session with Chief Corporate Officer <div style="background-color: #4a7ebb; color: white; padding: 5px; text-align: center; font-weight: bold;">Response and Contributions</div> <ul style="list-style-type: none"> Continued regular communications online while increasing frequency of updates on COVID-19 related matters Shifted learning sessions to online/virtual platforms Implemented strict SOPs to reduce risk of COVID-19 infection Provided counselling services conducted by mental and health professionals, and work-from-home arrangements Allowed flexibility for high-risk staff and those with children Raised RM87,277 internally to assist employees affected by the MCO Maintained employees' salaries while Senior Management voluntarily took a 30% reduction in their basic salaries
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How We Engage Stakeholders



Government/Regulatory Bodies

Why We Engage

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

Risks

- Changing regulations
- Non-compliance and reputational damage

Opportunities

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

Value Proposition

Ethical business conduct and projects in support of the national development agenda to improve lives.

Tax contributions and innovative industry leadership.

Key Concerns and Expectations

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

Engagement Platforms and Frequency

- Engagement sessions
- Site visits

Response and Contributions

- Contributed tax payments
- Led in the adoption of innovative solutions through MBS
- Represented Malaysia in the UN Global Compact CFO Taskforce
- Adopted two (2) more Practices from MCCG 2017
- Increased training and awareness on anti-bribery
- Employed 156 prisoners/offenders under the PEKA@MRCB programme
- Participated in online industry events



Local Communities/Civil Society & NGOs

Why We Engage

Our projects affect the environment and lives 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.

Key Concerns and Expectations

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

Engagement Platforms and Frequency

- Community development programmes
- Community briefings on projects
- Corporate website
- Social media
- General inquiries email

Response and Contributions

- Donated RM1.5 million via various community development programmes
- Donated RM1.5 million for COVID-19 relief efforts
- Offered employment to 156 prisoners/offenders via the PEKA@MRCB programme
- 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 and Roadmap.
- Revision of Mission statement to include "sustainability" commitment towards ensuring responsible business operations

LEGEND

Engagement Frequency:

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

Suppliers / Sub-contractors

<div style="border: 1px solid #0056b3; padding: 5px; text-align: center; margin-bottom: 10px;">Why We Engage</div> <p>We depend on our suppliers and sub-contractors for necessary inputs. They are a critical partner in delivering our project targets.</p> <div style="border: 1px solid #0056b3; padding: 5px; text-align: center; margin-bottom: 10px;">Risks</div> <ul style="list-style-type: none"> Delays in project delivery Non-compliance to Anti-Bribery and Corruption regulations Labour supply disruptions Health and safety <div style="border: 1px solid #0056b3; padding: 5px; text-align: center; margin-bottom: 10px;">Opportunities</div> <ul style="list-style-type: none"> 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 	<div style="border: 1px solid #0056b3; padding: 5px; text-align: center; margin-bottom: 10px;">Value Proposition</div> <p>Good governance practices, humane living and working conditions, and becoming pre-qualified suppliers.</p> <div style="border: 1px solid #0056b3; padding: 5px; text-align: center; margin-bottom: 10px;">Key Concerns and Expectations</div> <ul style="list-style-type: none"> Continuity of projects during COVID-19 Safe and conducive sites, particularly during the COVID-19 pandemic Non-performance issues Guidance, training and adherence to Standard Operating Procedures to ensure safe working conditions Transparent pre-qualification, procurement and tender processes 	<div style="border: 1px solid #0056b3; padding: 5px; text-align: center; margin-bottom: 10px;">Engagement Platforms and Frequency</div> <ul style="list-style-type: none"> Q Health and safety trainings Q Anti-bribery and corruption trainings D Onsite briefings <div style="border: 1px solid #0056b3; padding: 5px; text-align: center; margin-bottom: 10px;">Response and Contributions</div> <ul style="list-style-type: none"> Implemented strict SOPs at project sites Continued plans to implement an e-Procurement system Provision of Centralised Labour Quarters (CLQ) for workers Conducted workshops and awareness sessions on ABMS, MRCB's No-Gift Policy, Section 17A of the MACC, and MRCB's Anti-Bribery and Corruption e-Book
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Media

<div style="border: 1px solid #0056b3; padding: 5px; text-align: center; margin-bottom: 10px;">Why We Engage</div> <p>The media delivers corporate news to all our other stakeholders, creating visibility and public confidence in our brand.</p> <div style="border: 1px solid #0056b3; padding: 5px; text-align: center; margin-bottom: 10px;">Risks</div> <ul style="list-style-type: none"> 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 <div style="border: 1px solid #0056b3; padding: 5px; text-align: center; margin-bottom: 10px;">Opportunities</div> <ul style="list-style-type: none"> Strengthen relationship with media for effective stakeholder outreach and communications 	<div style="border: 1px solid #0056b3; padding: 5px; text-align: center; margin-bottom: 10px;">Value Proposition</div> <p>Access to the latest business development updates and industry insights.</p> <div style="border: 1px solid #0056b3; padding: 5px; text-align: center; margin-bottom: 10px;">Key Concerns and Expectations</div> <ul style="list-style-type: none"> Timely and accurate information on industry and business developments Access to Senior Management team Transparency of information 	<div style="border: 1px solid #0056b3; padding: 5px; text-align: center; margin-bottom: 10px;">Engagement Platforms and Frequency</div> <ul style="list-style-type: none"> Q Press releases Y Engagement sessions Q Media briefings <div style="border: 1px solid #0056b3; padding: 5px; text-align: center; margin-bottom: 10px;">Response and Contributions</div> <ul style="list-style-type: none"> Disseminated regular press releases Conducted press conference on 18 February 2020 attended by 30 journalists
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Embedding Sustainability into Business & Value Creation

Sustainability is no longer a catchphrase carelessly thrown around as a marketing tool. It is a way of doing things and plays an integral role in how we at MRCB connect goals into actionable strategies. As a company operating in a carbon intensive and **3D (Dirty, Difficult and Dangerous)** industry, we are cognisant of the impact our operations have on the environment and community at large, and work hard towards minimising these impacts. Embedding sustainability in our value creation model captures the sustainability risks and opportunities that have very tangible consequences to our financial performance. Simultaneously, making sustainability work for our business and for our stakeholders is another step towards the true meaning of stakeholder value creation that encompasses non-financial value.

1

WE HAVE IDENTIFIED KEY SUSTAINABILITY ISSUES IN OUR INDUSTRY

1. Climate Change

- The property and construction sector contributes 40% of global emissions
- Carbon intensive sector
- Water security is becoming an increasing threat

2. Foreign Labour

- Dependency on foreign labour
- Unskilled labour leads to high defect rates
- Labour supply disruptions
- Greater regulation and rising costs

3. Waste/Pollution

- Construction industry produces large amounts of waste
- Discharge of effluents, contaminants, pollutants

4. Health & Safety

- The construction industry is 3D (Dirty, Difficult, Dangerous)
- High risk activities – working from height and confined places
- Potential accidents and fatalities

LEADS TO DELAYS & INCREASED COSTS

2

WE ACKNOWLEDGE WHY WE SHOULD BE PART OF THE SOLUTION

1. Access To Capital

- Increasing ESG demands from investors and banks
- To ensure that we continue to have access to capital, we must consider sustainability issues

2. Discerning Customers

- Public scrutiny and changing regulations towards workplace health and safety
- Conscious consumerism is on the rise – there is greater demand for green products

3. Exposure To Risks

- Water security, waste, pollution, and emissions present great financial risks as there are always penalties and costs for neglecting the environmental impact of construction activities

4. Employee Values

- Employees increasingly want to work for companies that place an emphasis on sustainability and have a real sense of purpose

5. Force For Good

- Because it is the right thing to do!

6. Holistic Value Creation

- Shifting corporate attitudes towards value creation, making the link between sustainability performance and business performance

3 WE DEVELOP SOLUTIONS THAT DIRECTLY ADDRESS KEY SUSTAINABILITY ISSUES

THE SOLUTION: MODULAR CONSTRUCTION

MRCB Building System (MBS)

Modular construction is a process in which a building is constructed offsite, in a controlled manufacturing plant environment, using exactly the same building materials and designed to the same building regulations and standards as conventionally constructed buildings. The difference is that by using this method, up to 90% of the construction is undertaken offsite in a plant. Our MBS is a prefabricated, prefinished modular construction method that utilises our proprietary and patented fastening Candle-Loc Connection System.



- 1 The modules are first designed in 3D.
- 2 At the construction site, foundation works are undertaken.



- 3 Concurrently, the modules are fabricated in the manufacturing facility offsite.



- 4 The modules are then prefinished with all interior fixtures and fittings – the flooring, all electrical works, lighting fixtures, plumbing, air conditioning, fitted wardrobes, kitchen cupboards and electrical items like cookers and fridges and bathroom fittings. This significantly improves the quality of construction and eliminates defects, as none of this work is undertaken on the construction site, and nothing leaves the plant to go to the construction site without stringent quality control.



- 5 The prefinished modules are then transported to the site.
- 6 These are then lifted and stacked and interlocked into place to form the building using our patented Candle-Loc Connection System.



Our technology is already being used internationally in a 19-storey project in Hong Kong and a 12-storey project in Singapore.

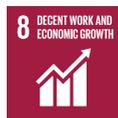
4 HOW MBS OUTCOMES ARE ALIGNED TO UN SDGs

While boosting productivity and efficiency, our MBS technology is aligned to five (5) SDGs, benefitting the spectrum of financial and non-financial value creation.



Skilled Local Labour

- Significantly reduce dependency on foreign workers
- Eliminate the perception of construction being 3D work, encouraging local job creation



Lower Environment Impact

- Lower environmental impact on the communities surrounding developments
- Less noise, dust, truck movement and pollution from site activities



High Quality Assurance & Control

- Provide higher quality products to customers and clients as defects are eliminated due to higher quality control at the point of construction in a controlled environment



Lower Material Wastage

- Reduce material wastage and energy consumption due to the shift towards more precise manufacturing processes and “just in time” inventory management



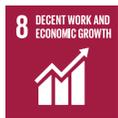
Improve Site Safety

- Safer work environment for workers as **90%** of works are done offsite at ground level in a controlled environment, reducing risk of injuries from working at height



Faster Construction Time

- Customers will receive their homes sooner as construction time will be **50% faster** due to concurrent fabrication of building components offsite and onsite activities



Strategic Review

Operating Context

ECONOMIC & INDUSTRY REPORT

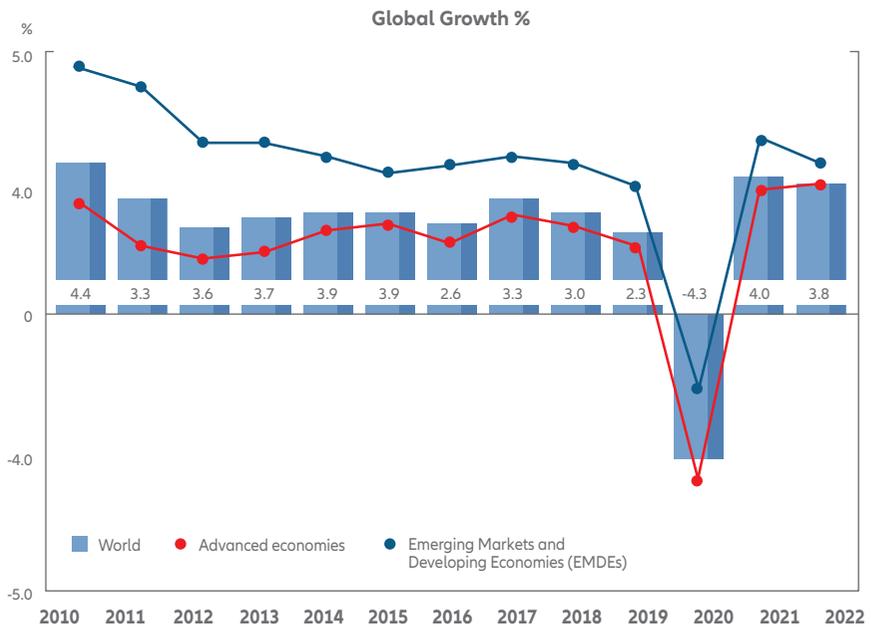
The Economy

The world economy faced its greatest setback in 2020 since the Great Depression. Many economies were in a lockdown to contain the COVID-19 pandemic. This plunged a majority of countries into a recession – the broadest economic collapse in modern history¹. Overall, the world economy experienced a sharp contraction of 5.2%².

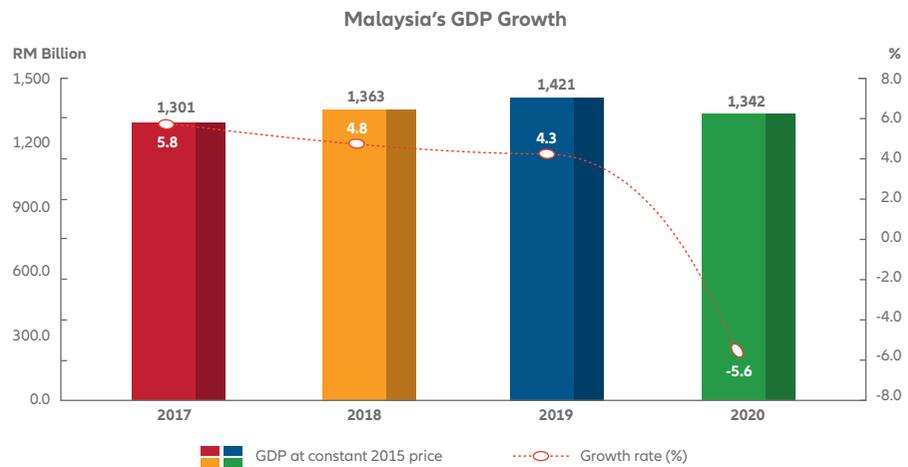
Malaysia was not spared from the economic downturn. In 2020, the Malaysian economy dropped by 5.6% year-on-year³, reflecting the stringent measures taken to contain the outbreak. The nationwide Movement Control Order (MCO) restricted production and consumption activities. This created a shock in supply and demand that rippled across many economic sectors. Malaysia's main growth driver, private consumption, fell by 3.4% in 2020. Likewise, public investment dropped 19.8% and private investment declined by 7.0%³.

The second quarter of 2020 experienced the sharpest decline in GDP by -17.1%⁴. This is lower than the contraction experienced during the throes of the 1997-1999 Asian financial crisis. As a response, the Government announced monetary and fiscal policies that aimed to rejuvenate the national economy. Bank Negara Malaysia (BNM) cut the OPR to 1.75% – the lowest level on record. Stimulus packages such as PRIHATIN and PENJANA were also provided to ease the financial burden of Malaysians.

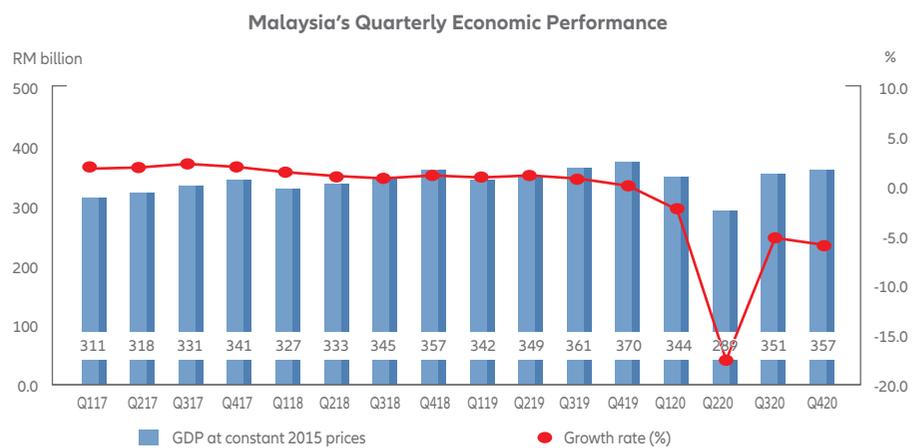
Alleviated by these measures, the economic contraction eased to -2.7% in the third quarter, although overall stagnation remained until the end of 2020, registering an overall 5.6% decline for the entire year.



Source: World Bank Group 2020.



Source: Department of Statistics Malaysia (DOSM).



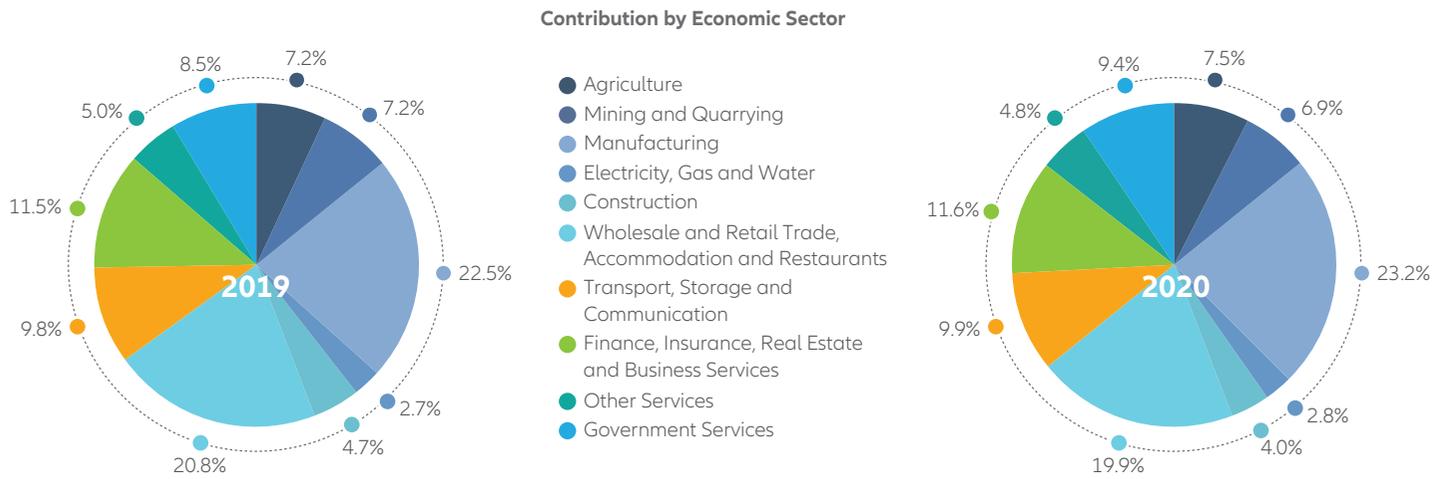
Source: DOSM

¹ <https://www.worldbank.org/en/publication/global-economic-prospects>

² <https://www.worldbank.org/en/publication/global-economic-prospects>

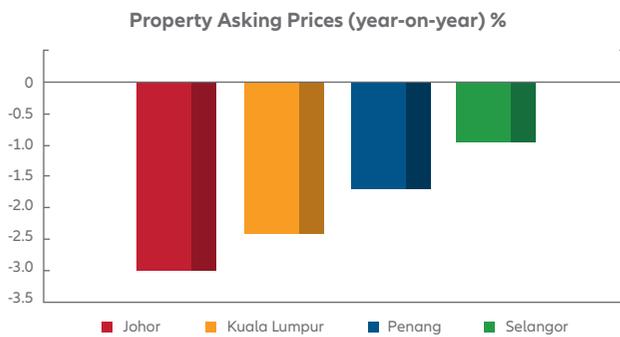
³ Malaysian Economic Statistics Review (Vol 2/2021), DOSM

⁴ https://www.dosm.gov.my/v1/index.php?r=column/cthem ByCat&cat=100&bu_id=NS9TNE9yeHJ1eHB6cHV1aXBNQINUZz09&menu_id=TE5CRUZCbh4ZTZMODZlbmk2aWRRQT09



Property Sector

The property market was greatly impacted by the economic downturn. During the MCO, real estate activities were halted alongside property viewings. This resulted in stiff competition from new launches due to a high number of unsold units and low buyer interest. There was a rise in the number of active properties on the market, with reserve prices falling 30% below the last traded price for similar properties⁵. Additionally, the secondary residential market experienced soft asking prices and rental rates, more so for newly developed units. There has been a decline in property asking prices across Malaysia's major residential markets:



Source: PropertyGuru 2020

In the first half of 2020, the residential real estate sector recorded a decline of 24.6% in transaction volume and 26.1% in transaction value respectively⁶. A total of 75,318 transactions valued at RM25.6 billion were recorded, making residential properties the largest contributor to the property sector once again. We witnessed a uniform decline across all states in transactional activity, with Selangor occupying the largest share followed by Johor and Perak.

The residential landscape was characterised by few new launches and builds, while the number of unsold completed units rose. Value of transactions for residential properties saw a steep decline of 26.1% in the 1H2020. Overall value of property transactions fell 31.5% in the 1H2020 compared to a 1.2% growth recorded in 1H2019⁷.

Residential Property Transactions in Kuala Lumpur (1H2020)		
Residential Property Type	Total Number of Transactions	Total Value of Transactions (RM' million)
Vacant Plot	63	283.33
Terrace House	639	524.46
Semi-Detached/ Detached	211	580.77
High-rise	2,227	1,511.97
Cluster/Town House	96	51.81
Low-Cost/Flats	865	162.17
Others	0	0.0
Total	4,101	3,114.50

Source: National Property Information Centre (NAPIC)

⁵ <https://www.freemalaysiatoday.com/category/leisure/2020/09/17/property-market-expected-to-remain-in-the-doldrums/>

⁶ <https://napic.jpoh.gov.my/portal>

⁷ <https://napic.jpoh.gov.my/portal>

Strategic Review

Operating Context

ECONOMIC & INDUSTRY REPORT (CONT'D.)

Construction Sector

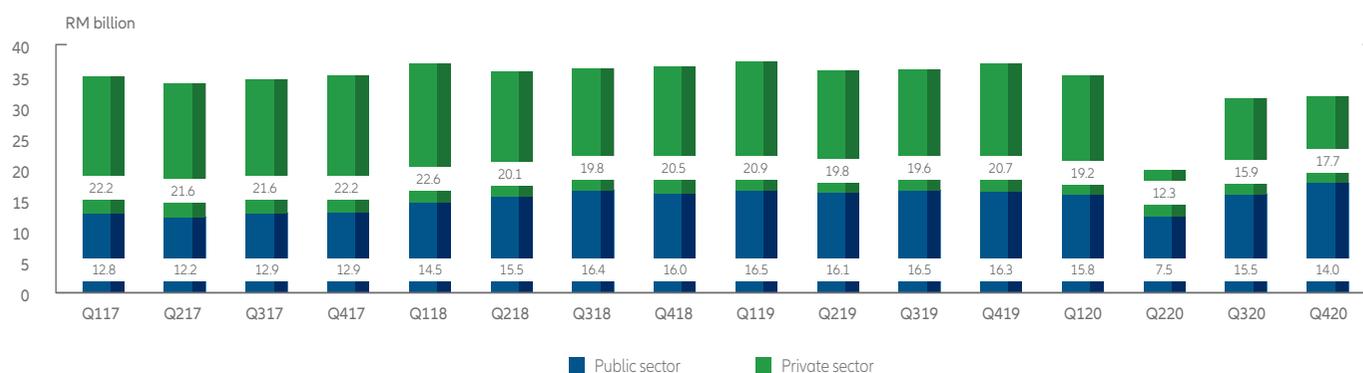
The construction industry in Malaysia was one of the most affected by the pandemic. With almost all construction activities coming to a complete halt during the MCO, the sector faced major supply chain disruptions, project delivery issues and labour constraints. This resulted in a 44.5% contraction in construction activity, with a staggering loss of RM18.5 billion between March and April alone⁸. According to BNM, the total value of loans disbursed for construction declined by 59% in April year-on-year⁹.

The value of construction work done in the third quarter of 2020 declined by 13.1% year-on-year across all sub-sectors¹⁰. The fourth quarter experienced a 14.2% decline year-on-year, with 14,160 construction projects being carried out at a value of RM31.7 billion. The entire year recorded a total of 52,291 in projects at RM117.9 billion.

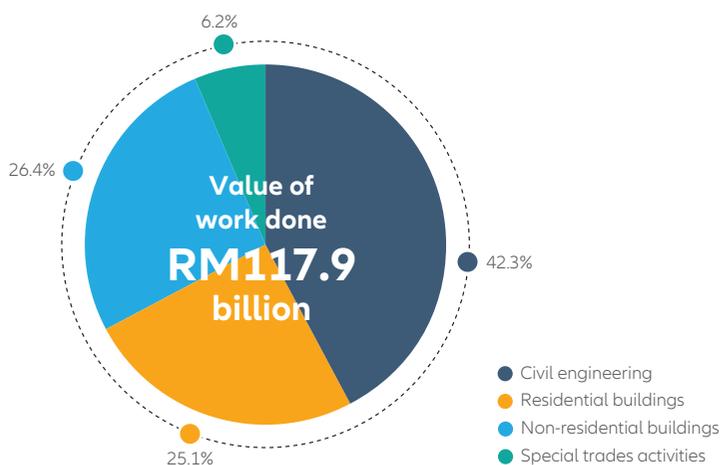
The civil engineering sector was the main contributor with 42.3% share, followed by the residential sector at 25.1%, non-residential at 26.4%, and special trades activities at 6.2%. The private sector remained the driving force of construction activity, responsible for over more than half of the value of construction work done at 55.2% share or RM65.1 billion of the total.

Despite the partial relaxing of containment measures, construction companies struggled to comply with strict COVID-19 Standard Operating Procedures (SOPs). In June 2020, 76% of construction sites inspected by CIDB were not yet operational. However, the situation improved after the Government introduced new measures to facilitate economic recovery.

Quarterly Construction Statistics



Source: DOSM



Outlook

Globally, Governments and businesses are mobilising efforts to address the impacts of COVID-19. The Leading Index (LI) in Malaysia, expanded 7.1% to 108.8 points in December 2020 from the same period the year before¹¹, suggesting the start of an economic recovery.

In 2021, the Malaysian economy is expected to recover due to the low base effect, growth in consumer spending, and higher crude oil prices¹². The Government believes that the construction sector will be a prime driver in economic growth, with multiple forward and backward linkages that can kickstart momentum for the economy¹³. Additionally, the real estate industry is expected to rebound to 7% growth in 2022, after sluggish growth in 2021¹⁴.

Still, any projection beyond 2020 should be carefully considered since the economy remains vulnerable to any further lockdowns that may be imposed to curb a resurgence of COVID-19 cases. Until a vaccine is globally distributed and vaccination plans are rolled out, the global economic outlook remains uncertain.

⁸ <https://www.nst.com.my/news/nation/2020/09/626530/malysias-construction-industry-suffers-record-decline>

⁹ https://www.bnm.gov.my/index.php?ch=en_publication&pg=en_msb&ac=281&lang=en&uc=2

¹⁰ https://dosm.gov.my/v1/index.php?r=column/ctwoByCat&parent_id=76&menu_id=OEY5SWtFSVVFVUpmUXEyaHppMVhEdz09

¹¹ https://www.dosm.gov.my/v1/index.php?r=column/cthemByCat&cat=82&bu_id=c3hrMFhaT2kyZ01yZjdwRGdXeUV2UT09&menu_id=YmJrMEFKT0p0WUlxDbDI1bzZydW9JQT09

¹² <https://www.marc.com.my/index.php/marc-news/1281-lockdowns-hit-2q2020-gdp-growth-rebound-is-expected-in-2021-20200814>

¹³ https://www.dosm.gov.my/v1/index.php?r=column/cthemByCat&cat=481&bu_id=NXRLbIhZHHJaWdnbytTaDBkYw9jdz09&menu_id=azJRWpYL0VBYU90TVhpcLByWjdMQT09

¹⁴ <https://kopiandproperty.com/wp-content/uploads/2020/09/Property-Survey-and-Index-Malaysia-Q3-20201.pdf>

KEY MARKET TRENDS & OUTLOOK

TRENDS	Potential Impact	Outlook
<p>Trend 1 Weak Property & Construction Market</p> <p>The economic impact of COVID-19 is causing sluggish growth in property sales and significant delays in construction activity.</p>	<ul style="list-style-type: none"> • A high number of unsold units • Slow construction progress and shutdown of construction sites • Poor cash flow and funding for growth 	<p>While Malaysia's National COVID-19 Immunisation Programme was rolled out in February 2021, we remain cautious and anticipate that the economy will not see an immediate recovery. Strict SOPs will continue to be observed in the future to ensure construction work is not disrupted.</p>

Our response	Links to
<p>Most new launches planned for 2020 were deferred to 2021 and 2022, and focus was given towards marketing ongoing and completed unsold units. More attractive promotional schemes for ongoing property developments were provided to boost property sales, and MRCB collaborated with an extended pool of real estate agents for a wider market reach.</p> <p>Strict SOPs and regular checks were adhered to and audits were conducted at our construction sites to ensure risks of infection were minimised.</p>	<p>Capitals: MC FC</p> <p>Growth Principle: STRENGTHEN CORE FOR SUSTAINABLE RETURNS</p> <p>Material Matters: ECONOMIC & BUSINESS PERFORMANCE INDIRECT ECONOMIC IMPACTS</p>

TRENDS	Potential Impact	Outlook
<p>Trend 2 Evolving Customer Trends</p> <p>Younger homebuyers have varied lifestyles and preferences for their properties. Clients are also looking for faster construction times and higher quality buildings, with high sustainability content.</p>	<ul style="list-style-type: none"> • Properties that don't meet consumer demand • Miss out on emerging markets 	<p>With TODs making up 79% 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.</p> <p>MBS will continue to grow as demand for sustainable construction is on the rise. The recently announced Budget 2021 included a tax incentive to manufacturers of Industrialised Building Systems (IBS) components to encourage the adoption of new, efficient technologies. This trend will likely continue as benefits of modular construction become mainstream.</p>

Our response	Links to
<p>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.</p> <p>MRCB has started leveraging on MBS and to date has licensed its technology to two international companies overseas. The applications of MBS are far-reaching. We are also working with stakeholders at the Government level to use MBS in an upcoming project serving the education sector.</p>	<p>Capitals: SRC</p> <p>Growth Principle: DIVERSIFICATION & OPERATIONAL EXPANSION</p> <p>Material Matters: PRODUCT QUALITY & RESPONSIBILITY INDIRECT ECONOMIC IMPACTS</p>

Strategic Review

Operating Context

KEY MARKET TRENDS & OUTLOOK (CONT'D.)

TRENDS	Potential Impact	Outlook
<p>Trend 3</p> <p>Environmental Stewardship</p> <p>Market demand is increasingly shifting towards organisations that emphasise their commitments towards sustainability</p>	<ul style="list-style-type: none"> Loss of customers to more responsible competitors Poor uptake of non-green building developments Difficulty in securing funding 	<p>The focus on sustainability and ESG matters have grown significantly in the past few years, with calls for its disclosure gaining traction in Malaysia. Moving forward, more emphasis will be put on sustainability issues with organisations expected to demonstrate their commitment towards ESG matters.</p> <p>Guided by MRCB's Sustainability Framework & Roadmap, we are well positioned to drive our sustainability initiatives that meet the national agenda and customer demand.</p>

Our response Links to

We contribute to SDGs 9 and 11 by applying four (4) 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).

In 2020, we revamped the Group's mission statement to place more emphasis on sustainability, and are working towards educating our employees on how they play a role in the wider sustainability agenda.

We have also set a 1% reduction target to reduce our energy, water and waste consumption, as well as our carbon emission.

Additionally, we have set out our commitments towards climate change (SDG13), human rights (SDG3,5,10), and biodiversity (SDG15), and also adopted SDG17 Partnership for the Goals by working closely with the Ministry of Environment and Water on the Plastic Disclosure Project, joining the UN's CFO Taskforce, and becoming a signatory to the Ten Principles of the UN's Global Compact Malaysia.

Capitals: MC IC NC

Growth Principle:



QUALITY PRODUCTS AND PEOPLE



TECHNOLOGY ADOPTION & INNOVATION

Material Matters:

MATERIALS

SUSTAINABLE CONSTRUCTION

WASTE

CLIMATE CHANGE

BIODIVERSITY

TRENDS	Potential Impact	Outlook
<p>Trend 4</p> <p>Competitive Landscape</p> <p>Significant property overhang and lack of catalytic infrastructure tenders are causing fierce competition within the property and construction market.</p>	<ul style="list-style-type: none"> Low returns due to pricing competition Dilution of market share 	<p>The impact of COVID-19 will continue to affect the property and construction market in 2021. The closure of Malaysia's borders is also expected to dampen sales from Hong Kong and China, thus affecting sales for our Sentral Suites development project, which has previously seen strong sales from these markets.</p> <p>While restriction orders have been relaxed, strict SOPs still hamper productivity. We anticipate the pace of construction progress to pick up in 2021, but at a much slower rate than pre-MCO levels as SOPs continue to be observed closely.</p>

Our response Links to

In 2020, MRCB rolled out its digital marketing plan and repurposed its budget for marketing activities into rebates and additional packages for customers.

MRCB continues to tender for construction projects, with open tenders worth RM2.7 billion as at 31 December 2020.

We have persistently made our foray into new markets in an effort to diversify the business and avoid concentration risk.

Capitals: MC IC

Growth Principle:



STRENGTHEN CORE FOR SUSTAINABLE RETURNS



DIVERSIFICATION & OPERATIONAL EXPANSION

Material Matters:

PRODUCT QUALITY & RESPONSIBILITY

TRENDS **Potential Impact** **Outlook**

Trend 5
Regulatory Environment
 The property and construction sector is bound by strict standards as well as new and more stringent regulations as measures to limit risk of infection are increased.

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

Due to the unprecedented COVID-19 pandemic, MRCB has taken more steps to assess its risks. A Group-wide risk re-assessment was conducted in 2020 and will continue into 2021 to ensure mitigation plans are robust and relevant given the impact of the pandemic.

Our Business Continuity Plan will also ensure any disruptions to our operations are kept to a minimum.

Our response **Links to**

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 with CIDB, industry regulators, and the Government on meeting and exceeding regulatory expectations.

MRCB undertook proactive measures in ensuring COVID-19-related measures were adhered to and developed new 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.

Capitals:  

Growth Principle:
 **QUALITY PRODUCTS AND PEOPLE**

Material Matters:
 **ETHICS & PRINCIPLES**  **GOVERNANCE & COMPLIANCE**

TRENDS **Potential Impact** **Outlook**

Trend 6
Technology & Digitalisation
 The construction sector is witnessing the impact of Industry 4.0 in terms of rapid technological advancements.

- Loss of market share to more innovative competitors
- Obsolescence in conventional construction

The adoption of technology and digitalisation is expected to hasten given the COVID-19 pandemic, whereby efficient solutions to everyday operations will determine which organisations will remain sustainable. With movement restrictions hampering construction activities, 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.

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.

Our response **Links to**

In 2019 we launched MBS – a new prefabricated, prefinished modular construction method which uses our very own proprietary patented Candle-Loc Connection System.

We have kickstarted the implementation of MBS locally and regionally by working with various licensing and concession partners.

Capitals:  

Growth Principle:
 **TECHNOLOGY ADOPTION & INNOVATION**

Material Matters:
 **PRODUCT QUALITY & RESPONSIBILITY**  **INDIRECT ECONOMIC IMPACTS**

Strategic Review

Material Matters

Our business strategies are shaped around MRCB's material matters. These are current and emerging concerns that may substantially impact both business interests and stakeholders' expectations. Systematically managing our material matters allows us to create long-term value for our multiple stakeholders, and also build a resilient and profitable business into the future.

MATERIALITY PROCESS

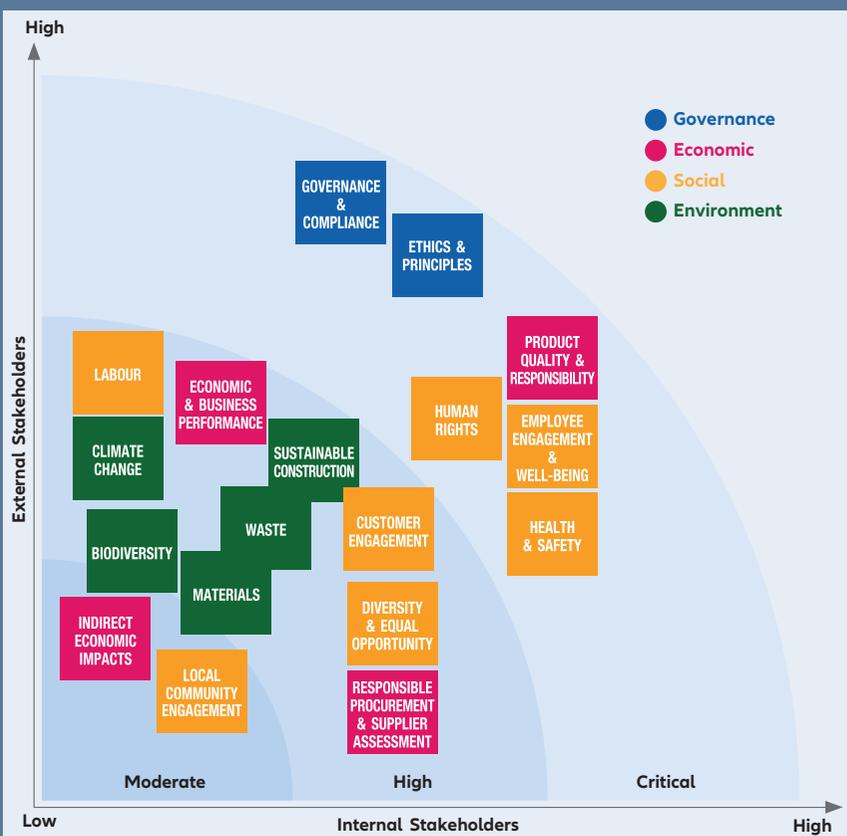
We undertake regular materiality assessments to ensure that our efforts are timely, relevant and aligned to business objectives. In 2020, we re-evaluated the priority of each of the material matters in terms of their importance to the business and the influence they have on stakeholders. The last materiality assessment was conducted in 2019 and, given the increasing concerns regarding ESG matters since then, in the country and internationally, we felt it was timely to conduct a re-evaluation.

Our materiality assessment process consisted of the five (5) steps below:



➔ MATERIALITY MATRIX

In 2020, we included three (3) new material matters to our fifteen (15) material matters that were identified in the previous reporting period. We used a weighted ranking to allow stakeholders to identify which material matters were most important to them. The five (5) material matters located in the critical area of the materiality matrix from the 2020 assessment are Ethics & Principles, Governance & Compliance, Product Quality & Responsibility, Employee Engagement & Well-Being, Health & Safety, and Human Rights.



Material Matters

ETHICS & PRINCIPLES	GOVERNANCE & COMPLIANCE			
PRODUCT QUALITY & RESPONSIBILITY	ECONOMIC & BUSINESS PERFORMANCE	INDIRECT ECONOMIC IMPACTS	RESPONSIBLE PROCUREMENT & SUPPLIER ASSESSMENT	
HEALTH & SAFETY	EMPLOYEE ENGAGEMENT & WELL-BEING	CUSTOMER ENGAGEMENT	DIVERSITY & EQUAL OPPORTUNITY	
LABOUR	LOCAL COMMUNITY ENGAGEMENT	HUMAN RIGHTS		
MATERIALS	SUSTAINABLE CONSTRUCTION	WASTE	CLIMATE CHANGE	BIODIVERSITY

MANAGEMENT APPROACH TO MATERIAL MATTERS

Governance

ETHICS & PRINCIPLES

Why It's Important

Building on a foundation of ethical behaviour fosters trust among stakeholders. Our strong values also protect MRCB from the financial and non-financial costs of corruption and misconduct.

Risks

- Breach of trust from stakeholders stemming from integrity issues.
- Loss of confidence from investors and shareholders, which impact financial capital.

Opportunities

- High talent attraction and retention due to ethical work culture.
- Improved performance driven by strong corporate values.

Our Response:

- Implement grievance mechanisms that empower stakeholders to safely report against potential misconduct.
- Promote trust and integrity through relevant ethics training and seminars.

Link to:

Capitals:



Growth Principles:



Stakeholders:



GOVERNANCE & COMPLIANCE

Why It's Important

Our ability to operate is contingent on specific regulations placed upon us. From business to sector-specific regulations the importance of compliance cannot be overstated.

Risks

- Fines and other financial penalties related to regulatory non-compliance.
- Forced stop-work orders or closure of business for severe breaches.

Opportunities

- Credibility achieved due to compliance with various standards.
- Able to attract financing due to effective compliance risk management.

Our Response:

- Establish a strong governance framework that ensures consistent compliance to regulations.
- Closely monitor regulatory developments to stay ahead of new rules and legislations.

Link to:

Capitals:



Growth Principles:



Stakeholders:



Economic

PRODUCT QUALITY & RESPONSIBILITY

Why It's Important

Delivering high-quality products that meet evolving customer expectations is what keeps us in business. Our differentiating factor is to not only respond to market needs, but to do so in a responsible manner.

Risks

- Loss of customer confidence and loyalty due to sub-par products delivered.
- High customer acquisition costs needed to recover from product-related incidents.

Opportunities

- Higher profitability and ROI driven by higher sales from satisfied customers.
- Repeated purchases as well as product recommendations from customers.

Our Response:

- Benchmark construction and development practices against industry standards i.e. QLASSIC Scores.
- Implement corporate policies that ensure high-quality control of product development.

Link to:

Capitals:



Growth Principles:



Stakeholders:



Strategic Review

Material Matters

MANAGEMENT APPROACH TO MATERIAL MATTERS (CONT'D.)

Economic

ECONOMIC & BUSINESS PERFORMANCE

Why It's Important

Strong business performance allows us to distribute wealth to our stakeholders. This extends beyond providing high returns to our shareholders, as we can also contribute to the local economy in which we serve.

Risks

- Insufficient operating cash flow and difficulty in funding operations due to poor performance.
- Loss of talent as the company is unable to financially compensate employees.

Opportunities

- A strong relationship with the public sector due to substantial monetary contributions (i.e. taxes).
- Attract investors and lenders based on a proven ability to financially perform.

Our Response:

- Build an effective performance management system that is aligned to our strategic objectives.
- Formulate financial development and revenue diversification strategies as part of our growth plan.

Link to:

Capitals:



Growth Principles:



Stakeholders:



INDIRECT ECONOMIC IMPACTS

Why It's Important

Property and construction indirectly contribute to economic growth through the large multiplier across its supply chain. At the same time, the sector relies on the strength of the economy and the prosperity of the people to thrive.

Risks

- Poor uptake of residential and commercial projects due to a weak economy.
- Lack of catalytic infrastructure projects tendered out due to weak economy.

Opportunities

- Socioeconomic growth surrounding property development areas.
- Increase in job opportunities and quality of living due to infrastructure investments.

Our Response:

- Prioritise development projects that have a cascading effect on economic growth.
- Focus on Transit Oriented Development (TOD) for the integration of infrastructure solutions.
- Diversify and expand into new markets to contribute to economic growth in other sectors (i.e. waste-to-energy).

Link to:

Capitals:



Growth Principles:



Stakeholders:



RESPONSIBLE PROCUREMENT & SUPPLIER ASSESSMENT

Why It's Important

Ethical issues faced by our suppliers have a ripple effect on the value chain. We need to source from responsible suppliers that effectively manage their ESG risks for a stable and efficient supply chain process.

Risks

- Project delivery delays from stop-work orders and other disruptions within the supply chain.
- Public protests and tarnished brand value due to supply chain issues.

Opportunities

- Financial savings from the efficient sourcing of material inputs.
- Increased labour productivity from safe working conditions throughout the supply chain.

Our Response:

- Screen new suppliers and contract renewals according to ESG criteria.
- Provide training and engagement programmes to improve suppliers' knowledge and capacity.

Link to:

Capitals:



Growth Principles:



Stakeholders:



Social

HEALTH & SAFETY

Why It's Important

As a conscientious business, we need to invest in health and safety. It is not just a case of doing the right thing – it protects the business against financial and non-financial risks.

Risks

- High medical costs and insurance premiums due to health and safety incidents.
- Delays and disruptions in project delivery, which lower clients' confidence.

Opportunities

- Better employee performance and morale stemming from safe work conditions.
- Positive reputation from clients and employees help increase sales and revenue.

Our Response:

- Strict adherence to health and safety standards and industry best practices.
- Deliver regular health and safety training programmes to high-risk employees i.e. construction workers.
- Implement MBS that reduces health and safety risks.

EMPLOYEE ENGAGEMENT & WELL-BEING

Why It's Important

Our employees remain the backbone of MRCB's long-term success. It is crucial to have an engaged and motivated workforce that is well-equipped to meet current and future challenges.

Risks

- Poor performance and profitability due to disengaged employees.
- Gaps in employee skills and capabilities hinder growth strategies.

Opportunities

- High-quality talent attraction due to a reputation as a caring employer.
- Low employee turnover resulting in cost savings and improved efficiency.

Our Response:

- Conduct regular employee engagement events to strengthen communication between different levels.
- Invest in training and development programmes to future-proof employees with new skills.

CUSTOMER ENGAGEMENT

Why It's Important

Meaningful customer engagement strategies drive growth. By understanding their expectations, we are able to deliver products and services that keep them coming back.

Risks

- Loss of existing customers to competitors due to poor customer experience.
- Low sales and uptake from customers as products do not meet their demands.

Opportunities

- Higher market share due to strong brand differentiation compared to other players.
- Build customer trust and retention from engagement strategies.

Our Response:

- Consistently monitor and review feedback received from customer engagement platforms.
- Introduce digital solutions that better capture and analyse customer concerns.

Link to:

Capitals:



Growth Principles:



Stakeholders:



Link to:

Capitals:



Growth Principles:



Stakeholders:



Link to:

Capitals:



Growth Principles:



Stakeholders:



Strategic Review

Material Matters

MANAGEMENT APPROACH TO MATERIAL MATTERS (CONT'D.)

Social

DIVERSITY & EQUAL OPPORTUNITY

Why It's Important

A diverse and inclusive workplace pushes innovation through the exchange of perspectives. It creates a sense of trust and belonging for employees, allowing them to thrive.

Risks

- Poor performance due to conflict and discrimination between employees.
- Increased employee burnout due to stressful situations.

Opportunities

- Innovative ideas and solutions stemming from a diverse workforce.
- High talent retention as employees feel safe and accepted.

Our Response:

- Establish a zero-tolerance commitment to workplace discrimination.
- Develop specific policies and programmes that meet the needs of a diverse workforce i.e. parental leave.

LABOUR

Why It's Important

The construction sector is susceptible to labour-related risks. As an industry leader, MRCB has the capacity to set the standard in protecting workers against misdeeds.

Risks

- Negative reputation and loss of stakeholder trust due to precarious working conditions.
- Delays in project delivery caused by labour problems.

Opportunities

- Increased productivity from engaged and well-protected workers.
- International partnerships with brands that prioritise responsible businesses.

Our Response:

- Strengthen governance mechanisms to better protect workers.
- Identify and monitor high-risk areas for potential breaches in labour laws.

LOCAL COMMUNITY ENGAGEMENT

Why It's Important

MRCB strives to protect surrounding communities at project sites. Our community engagement programmes ensure that the work we do benefits both the business as well as society at large.

Risks

- Public protests for development projects due to community-related issues.
- Loss of financing as investors pull out from projects that infringe on community rights.

Opportunities

- Increased visibility as a responsible and caring organisation.
- High employee morale from working for a socially responsible employer.

Our Response:

- Regularly engage and communicate with nearby communities throughout project development.
- Conduct CSR programmes that socially and economically empower communities.

Link to:

Capitals:



Growth Principles:



Stakeholders:



Link to:

Capitals:



Growth Principles:



Stakeholders:



Link to:

Capitals:



Growth Principles:



Stakeholders:



Environment

HUMAN RIGHTS

Why It's Important

Respect for human rights is a fundamental business responsibility. Advancing human rights creates a stable operating landscape that meets the expectations of regulators and other stakeholders.

Risks

- Reputational damage due to human rights breaches at construction sites.
- Costly penalties and lawsuits for lack of response to human rights issues.

Opportunities

- New business opportunities and investments due to credible social efforts.
- Attract and retain top talent based on our reputation as a responsible enterprise.

Our Response:

- Map and identify high-risk areas throughout project delivery.
- Establish grievance mechanisms to capture any incidents on human rights breaches.

Link to:

Capitals:



Growth Principles:



Stakeholders:



MATERIALS

Why It's Important

High material consumption is costly to the business. The purchase of materials impacts the bottom line, while the exploitation of materials impacts the environment in which we operate.

Risks

- Loss of market share to more innovative and resource-friendly players.
- Poor environmental rating may divert investments away from projects.

Opportunities

- A positive reputation as a responsible construction company.
- Cost savings from material efficiency efforts.

Our Response:

- Invest in technological solutions that reduce material consumption i.e. MBS.
- Prioritise recycled materials during sourcing decisions.
- Audit of suppliers to ensure alignment to our ESG policies.

Link to:

Capitals:



Growth Principles:



Stakeholders:



SUSTAINABLE CONSTRUCTION

Why It's Important

The market demand for green buildings is accelerating. As we meet these demands, we are able to balance socioeconomic growth with environmental protection.

Risks

- Loss of business opportunities to competitors that are more skilled in sustainable construction.
- Poor sales of properties as customers prioritise green buildings.

Opportunities

- Cost reduction as fewer resources are consumed during sustainable construction.
- Higher property value for green building projects.

Our Response:

- Benchmark property development projects to green building rating tools i.e. LEED and GBI.

Link to:

Capitals:



Growth Principles:



Stakeholders:



Strategic Review

Material Matters

MANAGEMENT APPROACH TO MATERIAL MATTERS (CONT'D.)

Environment

WASTE

Why It's Important

Waste management is a growing environmental concern. Malaysia is running out of space in its landfills, and stakeholders are looking at businesses with more sustainable waste management practices.

Risks

- Environmental degradation surrounding project sites due to poor waste management.
- Fines and penalties related to environmental pollution.

Opportunities

- Lower waste disposal costs driven by lower volumes of waste produced.
- New sources of revenue as building waste can be sold for reuse.

Our Response:

- Integrate Reduce, Reuse and Recycle (3R) into MRCB's waste management strategies.
- Incorporate a waste management policy into our environmental management system.
- Measure and implement action plans to reduce waste produced.
- Implement MBS which produces lower construction waste.

Link to:

Capitals:

NC

Growth Principles:

 TECHNOLOGY ADOPTION & INNOVATION

 DIVERSIFICATION & OPERATIONAL EXPANSION

Stakeholders:



CLIMATE CHANGE

Why It's Important

Climate change is a real threat to our profitability and long-term resilience. Our operations will be significantly impacted if we fail to effectively mitigate and adapt.

Risks

- Delays in construction and project delivery due to extreme weather events.
- High insurance premiums driven by climate-related risks.
- Products are inadequately designed to withstand higher temperatures and other impacts of climate change.

Opportunities

- Become an industry thought-leader in combating climate change.
- Set the standard on climate-resilient products and services.

Our Response:

- Incorporate climate-related risks into MRCB's Enterprise Risk Management Framework.
- Invest in climate-resilient technologies and solutions i.e. MBS.

Link to:

Capitals:

NC

Growth Principles:

 TECHNOLOGY ADOPTION & INNOVATION

Stakeholders:



BIODIVERSITY

Why It's Important

Biodiversity is a fundamental component of all human activity, including business. The sector in particular relies on robust natural ecosystems to generate economic and social value.

Risks

- Reputational harm from loss of biodiversity and ecosystems.
- Low property values for environmentally degraded areas.

Opportunities

- More financing from investors and banks due to biodiversity efforts.
- Stronger stakeholder trust and confidence.

Our Response:

- Consult with environmental experts throughout project development.
- Involvement in conservation programmes and projects.

Link to:

Capitals:

NC

Growth Principles:

 TECHNOLOGY ADOPTION & INNOVATION

Stakeholders:



Strategic Review

Key Risks and Mitigation

We strive to achieve a balance between realising value creation opportunities and mitigating adverse risks. MRCB's risk-based approach is designed to protect our ability to create value and achieve our corporate objectives. We are guided by a robust Enterprise Risk Management (ERM) Process (the Process) that is linked to strategy formulation and execution in a systematic manner of addressing the top risks to the Group.

The purpose of the Process is to identify potential events that may substantially impact the Group, and was designed according to ISO 31000:2018, demonstrating our commitment to international best practices. We use the Process to drive consistency and resilience in our risk methodology.

 More information on MRCB's Risk Management Policy and Framework and ERM Process is available on page 124

The principal risks faced by the Group are mapped out below. The risk matrix shows the level of the risk based on the likelihood and impact ratings of each risk, which ultimately indicates its level of exposure to our business strategies.

The Board through its Audit & Risk Management Committee (ARMC) has identified nine (9) Key Enterprise Risks (KER) that may impact the ability of the Group to achieve its strategic objectives. The ARMC is further supported by the Senior Management in ensuring that these risks are monitored and managed within the Group's acceptable appetite and tolerance levels. The heatmap below provides an overview of the residual risk ratings of the KERs:



Strategic Review

Key Risks and Mitigation

1 PROJECT DELIVERY

We rely on both internal and external stakeholders for timely project delivery. Each phase of project development has risks that may impact quality, timeliness and profitability.

Material Matters

GOVERNANCE & COMPLIANCE | PRODUCT QUALITY & RESPONSIBILITY | LABOUR

Capitals

HC | SRC

Stakeholders Affected

Icons representing people, a hard hat, a handshake, and a dollar sign.

<p>Potential Impact on Value</p> <ul style="list-style-type: none"> • Low product quality and safety • Delays in product handover • Higher costs than budgeted • Recognition of losses 	<p>Mitigation Strategies</p> <ul style="list-style-type: none"> • Benchmark with global standards on quality and safety as well as environmental stewardship • Adopt new technologies, such as MBS and digitalisation of processes, and conduct value engineering exercises to enhance operational efficiency and cost optimisation • Defer project completion dates to address delayed construction progress during COVID-19 <p>Growth Principles:</p> <p> STRENGTHEN CORE FOR SUSTAINABLE RETURNS</p> <p> TECHNOLOGY ADOPTION & INNOVATION</p>	<p>Results</p> <ul style="list-style-type: none"> • Streamlined processes and systems for certification of Quality Management Systems ISO 9001:2015, Environmental Management Systems ISO 14001:2015 and Occupational Health & Safety ISO 45001:2018 • Gained cost savings of approximately RM10 million from value engineering exercises on TRIA 9 Seputeh and Alstonia, Bukit Rahman Putra • The LRT3 project went beyond its targeted 40% construction progress and achieved construction progress of 46% at 31 December 2020 • Completed and handed over the MyIPO office tower in PJ Sentral • Achieved structural topping off for the EPF Headquarters in Kwasa Sentral • Rescheduled the completion dates of key infrastructure projects, DASH and SUKE, to 2Q2021 due to site closure and other stoppages brought about by COVID-19
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2 LIQUIDITY

We require finance and liquidity to sustain our business obligations. The inability to liquidate assets may impede our cashflow.

Material Matters

ECONOMIC & BUSINESS PERFORMANCE

Capitals

FC

Stakeholders Affected

Icons representing a dollar sign, a handshake, and a group of people.

<p>Potential Impact on Value</p> <ul style="list-style-type: none"> • Inability to operate or develop our land bank • Operational disruptions • Increase in our indebtedness and reduction in profitability 	<p>Mitigation Strategies</p> <ul style="list-style-type: none"> • Diversify funding sources for efficient flow of capital and credit • Maintain optimal liquidity position by constantly monitoring and reporting financial risks • Conduct regular reviews/assessments of trade debtors, cash flow and funding plans • Seek opportunities to dispose of non-core land holdings and other non-core assets to unlock value and improve liquidity position • Focus on monetising existing inventory of unsold completed stock <p>Growth Principles:</p> <p> STRENGTHEN CORE FOR SUSTAINABLE RETURNS</p>	<p>Results</p> <ul style="list-style-type: none"> • Raised RM0.6 billion from the first tranche issuance of a RM5 billion perpetual Sukuk Murabahah programme in order to reduce the Group's overall borrowing costs and fund project developments • Proactive management of cashflow, resulting in net gearing of 0.24 times
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3 MARKETING

We need to design and deliver products that meet the aspirations of the targeted demographic and meet socioeconomic conditions in our development locations, and create effective marketing strategies to attract customers. An ineffective product and marketing strategy may impact our ability to sell our products, generate revenue, profits and cashflow, and re-pay development loans.

Material Matters



Capitals



Stakeholders Affected



Potential Impact on Value

- Lack of demand for our products
- High levels of unsold inventories
- Inability to generate revenue, profits and cashflow
- Increase in indebtedness

Mitigation Strategies

- Reassess market demand to determine product design, sales and property launch strategies
- Build green buildings and developments that focus on a balanced lifestyle for our customers
- Roll out more aggressive digital marketing initiatives
- Repurpose sales and marketing budget into rebates and additional packages for customers
- Restructure pricing strategy to enable customers to obtain financing easily
- Engagement with current customers

Growth Principles:

Results

- Reassess strategy and deferred the launch of Kwasa Sentral, Plot F
- Developed plans to launch 266 hybrid home and office units in Lot J, KL Sentral in 2021, which seamlessly integrates working and living spaces targeted towards millennials
- Sold 71% or 122 units in 1060 Carnegie in Melbourne, Australia, and reached financial settlement on 113 units of the 122 sold
- Achieved 84% sales rate for Sentral Suites
- Recorded property sales of RM201.2 million
- Facilitated 1,044 virtual viewings of 1060 Carnegie since the launch of the virtual sales gallery on 14 July 2020
- Conducted seven (7) marketing programmes for customers at VIVO 9 Seputeh and The Sentral Residences

4 BUSINESS CONTINUITY

A robust Business Continuity Plan is necessary for business continuity and resilience against unprecedented occurrences, such as the COVID-19 pandemic that severely impacted operations, and necessitates the adoption of digital technology and investment in critical IT infrastructure.

Material Matters



Capitals



Stakeholders Affected



Potential Impact on Value

- Operational disruptions result in poor construction progress which limits ability to recognise revenue
- Reputational damage
- Inability to market our products leading to liquidity issues and high indebtedness

Mitigation Strategies

- Continuously update business continuity plan
- Utilise cloud technology to ensure seamless work integration as remote working becomes prevalent
- Review and develop robust policies that adapt to the changing environment

Growth Principles:

Results

- Increased revenue per employee productivity ratio by 16%
- Seamlessly moved from working in the office to working remotely
- All IT platform systems worked seamlessly and securely, ensuring data was protected from cybersecurity threats
- Revised Policy and Guidelines on digital approvals to ensure governance and reflect the adoption of new digital platforms

Strategic Review

Key Risks and Mitigation

5 ENVIRONMENTAL, SOCIAL & GOVERNANCE (ESG)

ESG is fast becoming a requirement, not just by industry regulators, but by financial institutions and increasingly discerning customers and investors, who demand that companies focus not only on increasing shareholder wealth, but also in ensuring their businesses are conducted ethically with minimal negative impact to the environment and community at large.

Material Matters



Capitals



Stakeholders Affected



Potential Impact on Value

- Significant fines and penalties from toxic pollution
- Environmental impact on surrounding communities
- Costs from possible litigations
- Reputational damage
- Reduces ability to attract future capital and investors

Mitigation Strategies

- Articulate the importance of ESG to the business, internally and externally
- Institutionalise an oversight committee to implement, monitor and strategise ESG-related programmes and initiatives
- Strategise a progressive plan that integrates and embeds sustainability principles within the business and corporate strategy
- Articulate ESG commitments
- Increase ESG-related partnerships
- Increase disclosure of ESG data points, targets and progress

Growth Principles:



Results

- Conducted four (4) internal Sustainability workshops, led by MRCB's Head of Sustainability
- Developed a Sustainability Framework and Roadmap that is aligned to the 17 Sustainable Development Goals (SDGs)
- Established the Sustainability Management Committee (SMC) to embed sustainability into our business and monitor progress on ESG-related initiatives
- Established eco-efficiency data points to measure waste production, energy and water consumption, and reduction targets
- Deployed MBS, a very important strategy that will drive sustainability in our operations moving forward (more details on page 38)
- Revised the Group's Mission statement to include its commitment to sustainability
- Increased number of UN SDGs adopted from eight (8) in 2019 to 12 in 2020
- Set out our commitments towards climate change (SDG13), human rights (SDG3,5,10), and biodiversity (SDG15)
- Adopted SDG17 Partnership for the Goals by joining the Ministry of Environment and Water's Plastic Disclosure Project, the UN's CFO Global Taskforce for the SDGs, and became a signatory to the Ten Principles of the UN Global Compact Malaysia
- Received the ASEAN Asset Class Award for the 2019 ASEAN Corporate Governance Scorecard Assessment (received in 2020)
- Remained in the FTSE4Good index

6 REGULATORY

We are governed by a range of rules and procedures that determine our ability to operate. This includes statutory requirements for public listed companies, sector-specific regulations and other contractual obligations.

Material Matters



Capitals



Stakeholders Affected



Potential Impact on Value

- Significant fines and penalties for non-compliance
- Stop-work orders cause delays and higher costs
- Reputational damage
- Impact ability to attract future capital and investors

Mitigation Strategies

- Monitor changes in regulations and requirements
- Engage with Government bodies and regulators regularly to better understand the potential risks of proposed regulatory changes
- Benchmark against locally and internationally recognised standards of corporate governance
- Conduct regular awareness and training exercises for stakeholders

Growth Principles:



Results

- Conducted Quarterly Risk Reviews with each business unit to review, monitor, and mitigate potential risks through risk action plans
- Achieved a 98.17% for the MSWG-ASEAN Corporate Governance Scorecard, and ranked 38 out of 866 publicly listed companies assessed for Corporate Governance disclosure
- Implemented an ISO 37001:2016 Certified Anti-Bribery Management System (ABMS)
- Engaged 10,734 suppliers, sub-contractors, and business associates to raise awareness on MRCB's No-Gift Policy, Section 17A of the MACC Act, and to inform them of our Anti-Bribery and Corruption policies
- Adopted 31 of 32 Practices and 3 out of 4 Step-ups outlined in MCCG 2017
- Held 15 ABMS workshops for 319 staff and 80 suppliers, sub-contractors and business associates across 51 companies

7 SAFETY, HEALTH & ENVIRONMENT

We depend on the health and safety of our people and the environment. Major breaches will cause adverse financial and non-financial impacts.

Material Matters



Capitals



Stakeholders Affected



Potential Impact on Value

- Significant fines and penalties for non-compliance
- Operational disruptions resulting in poor construction progress which limits ability to recognise revenue
- Reputational damage
- Impact our ability to attract future capital

Mitigation Strategies

- Establish robust frameworks and policies that guide operational excellence
- Raise awareness among our staff and other stakeholders on HSE best practices
- Audit construction sites regularly
- Measure and monitor HSE data

Growth Principles:



Results

- Provided 18 training modules to a total of 733 people consisting of employees, site workers and sub-contractors
- Deployed MBS, which will significantly improve safety and reduce accidents, as up to 90% of work is undertaken in controlled conditions on ground level
- Reduced number of safety and health incidents by 40% (Refer to page 173 for a full report)

8 QUALITY

We are expected to consistently deliver high-quality products to our customers. Doing so enhances customer loyalty and corporate branding.

Material Matters



Capitals



Stakeholders Affected



Potential Impact on Value

- Low property values
- Low demand for products
- Impact on revenue and cashflow
- Poor ROIs for purchasers
- High levels of unsold inventories
- Reputational damage

Mitigation Strategies

- Implement QESH Policy that adopts the Quality, Environment, Safety and Health Management System, and operates in compliance with three management systems: ISO 9001:2015, ISO 14001:2015 and ISO 45001:2018
- Conduct stakeholder engagement sessions to enhance customer experience
- Measure customer satisfaction

Growth Principles:



Results

- Achieved a 5-Star SHASSIC rating for TRIA, 9 Seputeh from CIDB, which is the regulator of the construction industry in Malaysia
- Engaged with 125 customers through seven (7) activities conducted at VIVO 9 Seputeh and The Sentral Residences
- Continued to market MBS, which will significantly improve quality standards as up to 90% of construction work is undertaken offsite in controlled manufacturing conditions
- Achieved an 81% Overall Purchaser Survey Score for VIVO, 9 Seputeh

Strategic Review

Key Risks and Mitigation

9 CONCENTRATION

We are highly susceptible to adverse changes in our core business in the Malaysian market as our business is highly concentrated within the high-rise property development market within Klang Valley.

Material Matters

ECONOMIC & BUSINESS PERFORMANCE

INDIRECT ECONOMIC IMPACTS

Capitals

IC

Stakeholders Affected

\$

Potential Impact on Value

- Poor performance during a sector downturn
- Inability to generate revenue, profits and cashflow
- Increased debt levels
- Unsustainable business model
- Liquidity issues and high indebtedness

Mitigation Strategies

- Expand and diversify into new markets to reduce dependency on the saturated traditional property and construction markets
- Derive long-term, stable income from investment properties and our units in Sentral REIT (formerly known as MRCB-Quill REIT)
- Diversify into new international markets

Growth Principles:

DIVERSIFICATION & OPERATIONAL EXPANSION

TECHNOLOGY ADOPTION & INNOVATION

Results

- Developed plans to launch 266 hybrid home and office units in Lot J, KL Sentral in 2021
- Licensed our MBS technology to two international companies in Hong Kong and Singapore
- Secured a project from the Ministry of Education to design and build 35 classrooms for 5 schools using MBS
- Partnered with a European company to enter into the waste-to-energy market, and are currently in advanced negotiations to finalise a concession agreement
- Derived income from investment properties in Plaza Alam Sentral and Celcom Tower, as well as from our 27.94% interest in Sentral REIT (formerly known as MRCB Quill REIT)
- Continued to seek expansion opportunities in Australia and New Zealand, through our subsidiary MRCB Australia Holding Company Pty Ltd
- In discussions with multiple MNCs to provide industrial property solutions



Interior shot of Sentral Suites in KL Sentral (GDV RM1.5 billion)

Our Strategic Roadmap & Performance Review

Our priority has always been business sustainability and creating meaningful value for our shareholders and stakeholders. MRCB's Growth Strategy (our Strategy) was developed with this in mind, and will guide us in becoming a responsible leader in the industries we operate in. Our Strategy outlines four (4) Growth Principles, which are driven by seven (7) Key Action Plans.

These principles and action plans will be carried out by our talented workforce, who are guided by strong core values and good corporate governance, in order to conduct our operations in an ethical and professional manner. We also believe that leveraging on technology will push MRCB to become a cost-efficient and future-proof business. Our Digitalisation & Automation Roadmap drives this initiative.

Sustainability permeates through our entire organisation and underpins all our actions, going beyond ensuring sustained returns to capture the responsible use of natural resources. We believe that our Strategy, underpinned by our robust Sustainability Framework, will not only widen the gap between MRCB and its competitors to gain sustainable returns, but also create solutions to meet the market's existing and future needs.



Strategic Review

Our Strategic Road Map & Performance Review

We have mapped our Growth Principles to the related Capitals and Material Matters. More context on the objectives of our Key Action Plans are included below. Key Indicators are used to measure the value created and outcomes for each Growth Principle and Key Action Plan, alongside the key initiatives implemented to achieve the outcomes. Lastly, our priorities in 2021 are based on our Strategy and performance in the current business environment.



Alstonia in Bukit Rahman Putra (GDV RM248 million)

STRENGTHEN CORE FOR SUSTAINABLE RETURNS

Key Action Plan



To secure and develop urban land, and tender for construction projects with relatively higher pre-qualification requirements and barriers to entry, with a focus on infrastructure

Key Indicators

- Revenue
- PBT
- Finance cost

2020 Key Initiatives

- Continued to tender for infrastructure projects
- Continued to monetise RM2.7 billion GDV of ongoing property development projects and RM6.8 billion worth of ongoing infrastructure projects
- Increased digital marketing of property development projects to counter the negative impact of COVID-19

2020 Achievements

- Submitted tenders worth RM734.8 million
- External client construction order book of RM21.7 billion, which will provide revenues beyond 2030
- Achieved RM201.2 million property sales
- Held 1,044 virtual viewings of 1060 Carnegie since the launch of the virtual sales gallery on 14 July 2020
- Launched 80 landed units at the Amaryllis development in Bandar Seri Iskandar with a GDV of RM15.3 million on 18 August 2020
- Net Gearing remains within healthy levels at 0.24 times
- Reduced the Group's overall borrowing costs and improved cash flow through the issuance of a RM600 million perpetual *Sukuk Murabahah*

2021 Priorities

MRCB will continue to aggressively market its completed stock, which is valued at RM468.8 million, as well as continue to tender for engineering projects with relatively higher pre-qualification requirements and barriers to entry, such as infrastructure projects and building structures with higher mechanical and electrical content. We will also continue to focus on completing our existing projects to make up for the revenue shortfall experienced in 2020 as a result of the COVID-19 pandemic.

Link to:

Capitals:



Material Matters:



DIVERSIFICATION & OPERATIONAL EXPANSION

Key Action Plan



Expand in existing and into new overseas markets, backed by sound strategy and robust implementation

Key Indicators

- International property sales
- Revenue from international projects

2020 Key Initiatives

- Increased marketing of 1060 Carnegie in Melbourne, Australia
- Licensed MBS technology to overseas construction companies
- Sourced appropriate property development projects in Australia and New Zealand

2020 Achievements

- Sold 122 units of 1060 Carnegie in Melbourne, Australia
- Achieved financial settlement for 113 units from a total of 173 units launched
- 1060 Carnegie contributed revenue of RM172.0 million and gross profit of RM36.8 million
- Licensed MBS technology to a company in Hong Kong and a company in Singapore

2021 Priorities

MRCB will focus on reaching financial settlement of the remaining units in 1060 Carnegie and continue to explore prospects in Australia and New Zealand, as well as look for more overseas licensing opportunities to build a track record in the adoption of MBS technology.

Key Action Plan



To expand our business in identified key new markets, such as the renewable energy and waste-to-energy (WTE) sectors, and other markets such as co-living, co-working and assisted living

Key Indicators

- Contract awards for renewable energy and WTE

2020 Key Initiatives

- Continued to engage and negotiate with key stakeholders in the renewable energy and WTE sectors
- Laid further groundwork to successfully penetrate these new areas in the long run
- Planned hybrid home and office units, which integrates working and living spaces

2020 Achievements

- Advanced negotiation for a WTE concession agreement
- Developed plans for a new development with 266 SOHO units in Lot J, KL Sentral

2021 Priorities

As part of our longer term strategy, MRCB will continue to explore new markets such as co-living, co-working, assisted living, and WTE. We will also launch and market the Lot J development project in KL Sentral.

Link to:

Capitals:



Material Matters:



Strategic Review

Our Strategic Road Map & Performance Review

TECHNOLOGY ADOPTION & INNOVATION

Key Action Plan



ACHIEVE LEAN & EFFICIENT OPERATIONS

To improve operational efficiency through efficient business processes and the adoption of new technologies, anchored on MRCB's Digitalisation & Automation Roadmap

Key Indicators

- Productivity (Revenue/Employee)
- Cost savings

2020 Key Initiatives

- Rolled out Business Continuity Plan
- Reduced costs through the digitalisation and automation of processes
- Conducted value engineering exercises

2020 Achievements

- Seamless business continuity resulting in minimal disruptions during the pandemic
- Improved revenue per employee productivity ratio by 16%
- Cost savings of approximately RM10 million for TRIA 9 Seputeh and Alstonia, Bukit Rahman Putra through value engineering

2021 Priorities

Will continue to adopt digitalisation and automation to attain lean and efficient operations, leading to reduced headcount through natural attrition.

Key Action Plan



LEVERAGE ON MRCB BUILDING SYSTEM (MBS)

To construct projects using MBS and license out our technology to other construction companies

Key Indicators

- Revenue from licensing MBS technology
- Number of MBS projects

2020 Key Initiatives

- Facilitated 25 site visits to the MBS Prototype building for various stakeholders and potential clients, including Government ministries, institutional investors, banks, auditors and regulatory bodies, to market the technology

2020 Achievements

- Licensed the MBS technology to two companies overseas for the construction of facilities, which are still ongoing
- Awarded a project by the Ministry of Education to design and build 35 classrooms for 5 schools in Putrajaya using MBS

2021 Priorities

We will launch our first 660-unit high-rise residential project in Kwasa Sentral, developed using our MBS technology, and continue to market MBS and secure projects that involve modular applications, which include developing schools, as well as low-cost and affordable housing. We will continue to explore the adoption of MBS for other potential products and applications in the public sector such as Centralised Labour Quarters (CLQ), police accommodation and prisons, where speed of construction is a client priority.

Link to:

Capitals:



Material Matters:



QUALITY PRODUCTS & PEOPLE

Key Action Plan



Uphold Good Corporate Governance

To create a culture that is committed to making ethical decisions based on the set policies and procedures, which result in high-quality products and good HSE practices

Key Indicators

- SHASSIC Score
- Customer Satisfaction Survey

2020 Key Initiatives

- Established strict SOPs to curb the risk of infection
- Organised regular toolbox talks to educate site workers and employees on best practices of HSE
- Complied with world-class Quality, Environmental, Safety and Health systems through the adoption of ISO 9001:2015, ISO 14001:2015 and OHSAS 18001:2007
- Conducted ABMS training for staff and appointed suppliers

2020 Achievements

- Tested 3,404 personnel at our project sites
- Achieved 93% SHASSIC Score for TRIA, 9 Seputeh
- Achieved 81% Overall Purchaser Survey Score for VIVO, 9 Seputeh
- Held 15 ABMS workshops for 319 staff and 80 suppliers, sub-contractors and business associates
- Received the ASEAN Asset Class Award for the 2019 ASEAN Corporate Governance Scorecard Assessment

2021 Priorities
MRCB will continue to monitor and measure the impacts of COVID-19 on our business and ensure all risks are well mitigated, as well as continue our commitment towards upholding good corporate governance.

Key Action Plan



Develop a Skilled Workforce

To produce performance-driven employees that continuously strive to exceed our financial and non-financial targets while being responsive to external environment and customer demands

Key Indicators

- Number of staff trained
- Average Training Hours/Employee

2020 Key Initiatives

- Encouraged knowledge sharing between Management, in-house specialists and subject-matter experts
- Rolled out AI-driven psychometric assessments to identify key talents with leadership potential

2020 Achievements

- Spent approximately RM525,000 on training activities
- Conducted an average of 12.1 training hours per employee
- Assessed top 300 staff to identify key talents with leadership potential

2021 Priorities
We will focus our talent development efforts on more digitally-oriented programmes while remote working arrangement continues as well as to upskill our workforce in the areas of digitalisation and automation. We will also continue our Individual Development Plan as part of our succession planning initiative, and will implement a People Transformation Programme to drive a more agile performance-driven organisation.

Link to:

Capitals:



Material Matters:

ETHICS & PRINCIPLES	GOVERNANCE & COMPLIANCE	PRODUCT QUALITY & RESPONSIBILITY	ECONOMIC & BUSINESS PERFORMANCE	INDIRECT ECONOMIC IMPACTS	RESPONSIBLE PROCUREMENT & SUPPLIER ASSESSMENT	HEALTH & SAFETY	EMPLOYEE ENGAGEMENT & WELL-BEING	CUSTOMER ENGAGEMENT
DIVERSITY & EQUAL OPPORTUNITY	LABOUR	LOCAL COMMUNITY ENGAGEMENT	HUMAN RIGHTS	MATERIALS	SUSTAINABLE CONSTRUCTION	WASTE	CLIMATE CHANGE	BIODIVERSITY

Business Review

Property Development & Investment



MRCB, through our flagship and award-winning Kuala Lumpur Sentral CBD project, pioneered Transit Oriented Development (TOD) in Malaysia. Our developments successfully integrate living and working spaces consisting of retail, office, hotel and residential components, and are designed to increase productivity and connectivity while ensuring they are sustainable. Our role as a TOD developer naturally incorporates sustainability, as these developments encourage city dwellers to choose urban mass transport infrastructure for commuting, taking motor vehicles off the roads, thus reducing carbon emissions. In enhancing the public's commuting experience, we also focus on connectivity and convenience, paying particular attention to integrating our developments to existing highways and public transportation. We have five (5) TODs, namely KL Sentral, PJ Sentral Garden City, Penang Sentral, Kwasa Sentral and Cyberjaya City Centre, which account for 79% of the Gross Development Value (GDV) of all our property developments.



In designing buildings, we also make conscious efforts to ensure we design green, environmentally-friendly buildings that comply with the standards set by local and international Green Certification bodies such as the ISO 14001 certification, Malaysia's Green Building Index (GBI), US-based Leadership in Energy and Environmental Design (LEED), and Singapore-based Building Construction Authority (BCA) Green Mark.



Our projects are developed with the aim of creating value for our stakeholders, and we ensure that we create solutions that help generate economic multipliers and social growth, primarily through the distribution of profits and job creation. To see how the Property Development & Investment Division creates value for our stakeholders, please refer to our Stakeholder Engagement & Value Creation on pages 34 – 37 and Strategic Roadmap & Performance Review on page 59 – 63 of this Integrated Annual Report.

FINANCIAL HIGHLIGHTS

REVENUE

RM635.1
million

53% share of Total Revenue

GDV FROM LAND BANK

RM32
billion

LAND BANK

323
Acres

SENTRAL REIT & SENTRAL REIT MANAGEMENT

RM16.0
million

% GDV FROM TODS

79%

DAILY AVERAGE PEDESTRIAN TRAFFIC

200,000
KL Sentral

PROPERTY SALES IN 2020

RM201.2
million

UNBILLED PROPERTY SALES

RM1.0
billion

DAILY AVERAGE PEDESTRIAN TRAFFIC

23,000
Penang Sentral



The completed Menara Celcom in PJ Sentral Garden City

2020 PERFORMANCE

The Property Development & Investment Division recorded a 12% increase in revenue to RM635.1 million, compared to the corresponding period in 2019, mainly due to the commencement of revenue recognition from 1060 Carnegie, the Group's property development project in Melbourne, upon the progressive handover and financial settlement of purchased units following its completion in December 2019. As at 31 December 2020, 113 units achieved financial settlement out of a total of 122 units sold, out of 173 units which were available for sale.

In 2019, our significant high-rise residential projects, namely Sentral Suites which has a GDV of RM1.5 billion and TRIA 9 Seputeh which has a GDV of RM0.9 billion, were only 29% and 21% constructed, respectively. Despite achieving high sales rates in 2019, higher revenue and profits were only expected to be recognised in 2020 as construction progressed further. This is a result of an inherent characteristic of our business in that revenue and profit recognition are reliant not just on the percentage of units sold, but also on the progress of construction, unlike township developers building low-rise residential properties, in our residential projects, the sub-structures, basement car parks and podium levels need to be built first, before the residential units can be constructed and revenues and profits can be recognised.

However, while the first quarter of 2020 did indeed record a strong performance, the Division was significantly impacted by the various movement restrictions implemented by the Government to curb the spread of COVID-19 that began on 18 March 2020 and continued sporadically throughout the year. As a result, our significant high-rise residential projects, Sentral Suites and TRIA 9 Seputeh, only reached 44% and 30% construction progress, respectively by 31 December 2020. The anticipated stronger performance was also further hampered by delays in financial settlements and a slowdown in sales at 1060 Carnegie in Melbourne, as Victoria State in Australia implemented much tougher movement restrictions in the second half of 2020. This resulted in profits decreasing by 39% to RM46.7 million in 2020 compared to 2019. The lower profits were further amplified by the gain before tax of RM58.8 million from the disposal of the Group's entire 30% equity interest in One IFC Sdn Bhd recorded in 2019.

In view of the COVID-19 related market uncertainties, new launches that were initially planned for 2020 were also deferred as we redirected our focus on marketing existing completed unsold stock of RM468.8 million or unsold units still under construction, which totalled to RM383.3 million as at 31 December 2020.

While revenue was largely contributed by 1060 Carnegie in Melbourne, other revenue contributions came from the sale of completed unsold inventory and our large on-going development projects, namely Sentral Suites in KL Sentral, the 9 Seputeh mixed residential developments in Jalan Klang Lama and the office towers in PJ Sentral Garden City. The Division also saw the completion and handing over of the MyIPO Office Tower in PJ Sentral Garden City on 13 November 2020.

As a whole, the Division contributed 53% towards the Group's Revenue in 2020, compared to 43% in the previous year.

The Group's investment holding in Sentral REIT (formerly known as MRCB-Quill REIT) and associated company Sentral REIT Management Sdn Bhd (formerly known as MRCB Quill Management Sdn Bhd) contributed income of RM16.0 million.

Business Review

Property Development & Investment

Despite the slower sales seen during the MCO period, given the prohibition of physical property viewings, closure of borders and legal document stamping, we continued to see strong demand for our products, which was a testament to our unique selling proposition that integrates living and working spaces around strategically located transportation hubs. However, we experienced high dropout rates as buyers faced challenges in securing the margin of financing they required from banks, which were approaching credit approvals with greater caution after the onset of the pandemic. As a counter-measure, the Group repurposed its marketing budget into rebates and additional packages for customers. The Group also intensified its digital marketing efforts to counter the impact of the movement restrictions, driven by online and new media campaigns that leveraged on virtual and video technology to bridge the physical gap with customers. However, while restrictions have been eased, continued precautions and the negative wealth effect caused by a rise in unemployment and weaker consumption remained a key deterrent for potential property buyers in 2020. As a result, sales were recorded at RM201.2 million, with ongoing development projects such as Sentral Suites in KL Sentral and TRIA 9 Seputeh achieving sales rates of 84% and 41% respectively.

Project	Total Project GDV (RM'mil)	% Sales Achieved* as at 31 December 2020	Sales** in 2020 (RM'mil)
Completed Projects			
Sentral Residences	1,439	99%	33.0
VIVO 9 Seputeh#	980	81%	30.7
Kalista, Bukit Rahman Putra	102	85%	6.1
1060 Carnegie#	300	71%	22.5
St. Regis	161	13%	17.5
Ongoing Projects			
TRIA 9 Seputeh	934	41%	6.6
Sentral Suites#	1,535	84%	67.9
Alstonia, Bukit Rahman Putra	248	26%	11.5
SIDEC	17	36%	5.4
TOTAL	5,716		201.2

* % Sales Achieved are the total value of SPAs signed and stamped from the project's launch up until the reporting period as a percentage of the project's total GDV and is adjusted for SPAs that have been terminated.

** Sales are the total value of SPAs signed and stamped in 2020.

Excludes retail units

UNBILLED SALES

As at 31 December 2020, MRCB had unrecognised future revenue worth RM1.0 billion from its Property Development & Investment Division that will be recognised in tandem with construction progress over the life of its projects.

Project	Project Construction Progress	Revenue Recognised* 2020 (RM'mil)	Unbilled Sales (RM'mil)
Residential			
Sentral Suites	44.3%	195.0	688.7
TRIA 9 Seputeh	30.0%	38.9	216.0
Alstonia, Bukit Rahman Putra	14.8%	5.2	43.6
Amaryllis, SIDEC	7.7%	0.4	5.3
TOTAL		239.5	953.6

* Revenue Recognised refers to properties that have been sold to buyers, which will be recognised progressively as the properties are constructed and the construction work completed is certified.

OUR URBAN LAND BANK

As an urban property developer specialising in high-rise developments, MRCB has a 323-acre land bank with a gross development value of RM32 billion located in strategic urban areas mainly within the Klang Valley. This land bank will provide MRCB with at least a decade's worth of revenue from the Division.

Land Bank	Land Size (Acres)	GDV (RM'mil)	% Stake	Start Date	Completion Date
Transit Oriented Developments					
KL Sentral: Lot F	5.70	3,949	100%	2022	2027
PJ Sentral Garden City	11.91	2,700	100%	2013	2026
Penang Sentral	21.97	2,698	100%	2015	2027
Cyberjaya City Centre*	41.45	5,350	70%	2017	2024
Kwasa Sentral	64.30	10,851	70%	2018	2030
TOTAL	145.33	25,548			
Commercial Developments					
Pulai Land Johor	67.52	770	100%	TBD	TBD
TOTAL	67.52	770			
Residential Developments					
9 Seputeh	17.63	2,680	100%	2014	2026
Sentral Suites	4.75	1,632	100%	2016	2021
1060 Carnegie, Melbourne	1.00	300	100%	2018	2020
Bukit Rahman Putra	14.18	642	100%	2016	2021
Bandar Sri Iskandar (Phase 2C, 2D & 3)	57.40	849	70%	2020	2035
TOTAL	94.96	6,103			
Others					
Suria Subang	3.20	TBD	100%	TBD	TBD
Selbourne 2 Shah Alam	2.37	TBD	100%	TBD	TBD
Metro Spectacular Land, Jalan Putra	10.06	TBD	51%	TBD	TBD
TOTAL	15.63	-			
GRAND TOTAL	323.44	32,421			

* Cyberjaya City Centre is developed by a joint venture between CSB Development Sdn. Bhd., which is 70% owned by MRCB Land, and Cyberview Sdn. Bhd.

Business Review

Property Development & Investment

KEY STRATEGIES AND INITIATIVES

STRENGTHEN CORE FOR SUSTAINABLE RETURNS

Key Action Plans	Key Initiatives	Outcomes
 <p>ENSURE STEADY PIPELINE OF PROJECTS</p>	<ul style="list-style-type: none"> Strategically launched selected projects. Collaborated with an extended pool of Real Estate Agents for a wider market reach. Increased marketing of 1060 Carnegie in Melbourne, Australia. 	<ul style="list-style-type: none"> Launched 80 landed units for the Amaryllis development in Bandar Seri Iskandar with a GDV of RM15.3 million on 18 August 2020. Recorded sales of RM201.2 million in 2020. Sold 122 units in 1060 Carnegie in Melbourne, Australia and attained financial settlement of 113 units from a total of 173 units launched. Earned revenue of RM172.0 million and gross profit of RM36.8 million from 1060 Carnegie.

DIVERSIFICATION & OPERATIONAL EXPANSION

Key Action Plans	Key Initiatives	Outcomes
 <p>GEOGRAPHICAL EXPANSION</p>	<ul style="list-style-type: none"> Increased digital marketing initiatives in Hong Kong and China. Continued to explore new areas outside of MRCB's existing areas of focus. 	<ul style="list-style-type: none"> 7% of total bookings came from foreign markets in 2020. Identified and pursued industrial property development projects with Fortune 500 MNCs.
 <p>ENTER INTO NEW MARKETS</p>		

TECHNOLOGY ADOPTION & INNOVATION

Key Action Plans	Key Initiatives	Outcomes
 <p>ACHIEVE LEAN & EFFICIENT OPERATIONS</p>	<ul style="list-style-type: none"> Adopted digital marketing strategies. Conducted value engineering exercises. 	<ul style="list-style-type: none"> Facilitated 1,044 virtual viewings of 1060 Carnegie since the launch of the virtual sales gallery on 14 July 2020. Saved costs of approximately RM10 million for TRIA 9 Seputeh and Alstonia, Bukit Rahman Putra.

QUALITY PRODUCTS & PEOPLE

Key Action Plans	Key Initiatives	Outcomes
 <p>UPHOLD GOOD CORPORATE GOVERNANCE</p>	<ul style="list-style-type: none"> Ensured the completion of project milestones in a safe and timely manner. Worked with strategic partners to develop affordable housing. Strengthened branding of MRCB Land through engagement activities such as holding potluck events and clarification sessions with purchasers. 	<ul style="list-style-type: none"> Handed over the MyIPO office tower in PJ Sentral Garden City on 13 November 2020. Achieved structural topping off for the EPF Headquarters in September 2020. Collaborated with Menteri Besar Selangor Incorporated (MBI) to plan for the development of affordable houses under the Rumah Idaman initiative. Achieved an 81% Overall Purchaser Satisfaction Survey Score for VIVO, 9 Seputeh.
 <p>DEVELOP A SKILLED WORKFORCE</p>		

CHALLENGES & RISKS

	Mitigation Strategies	Results
<p>Movement restrictions led to delays in construction progress and decline in physical property viewings</p>	<ul style="list-style-type: none"> Defer planned launches and apply to the Ministry of Housing and Local Government for an extension of time to deliver vacant possession under the COVID-19 Bill. 	<ul style="list-style-type: none"> Obtained an extension of time to deliver vacant possession for Alstonia in Bukit Rahman Putra, Sentral Suites in KL Sentral and TRIA in 9 Seputeh.
<p>Rising unemployment and affordability issues faced by potential property buyers led to lower sales</p>	<ul style="list-style-type: none"> Repurpose budget for marketing activities into rebates and additional packages for customers, such as providing additional rebates, rent-to-own schemes, and Easy Payment Schemes. 	<ul style="list-style-type: none"> 84% sales rate for Sentral Suites. 71% sales rate for 1060 Carnegie in Melbourne, Australia. 41% sales rate for TRIA in 9 Seputeh.



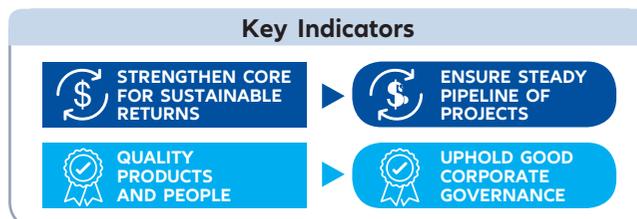
Business Review

Property Development & Investment

OUTLOOK & PROSPECTS

1 PIPELINE OF PROJECTS & SUSTAINABLE RETURNS

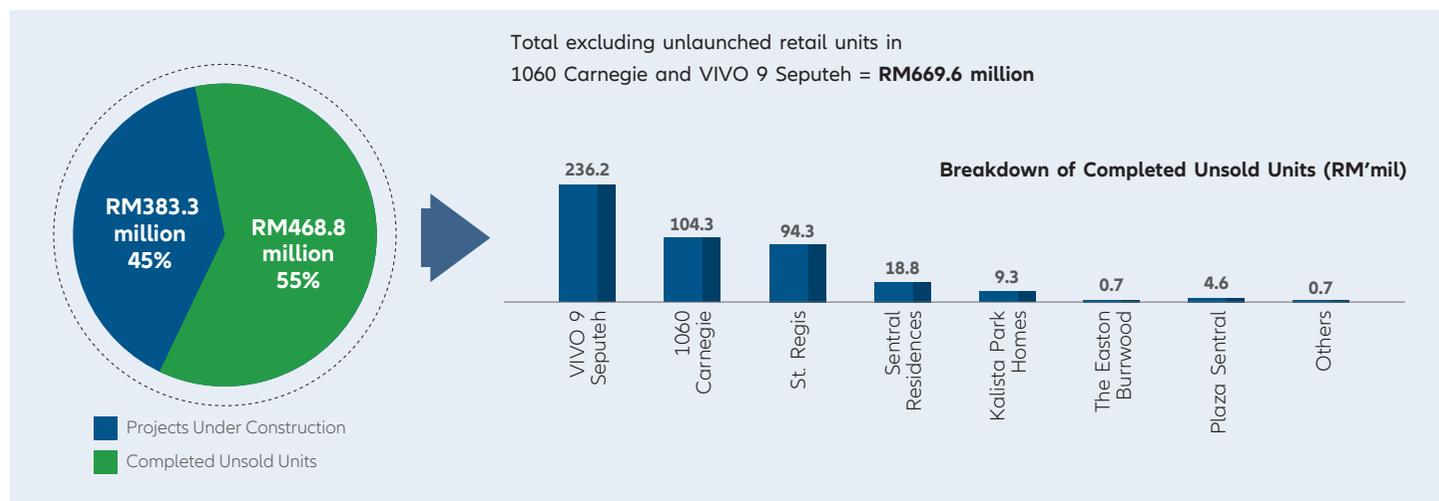
In 2021, revenue and profits will be progressively recognised on property developments as construction progresses. The Sentral Suites project, which forms the bulk of the RM1.0 billion of unbilled and unrecognised sales revenue, as well as TRIA 9 Seputeh, will start contributing more revenues in 2021, barring further construction site closures due to COVID-19 that could further impede progress. In Melbourne, 1060 Carnegie, the Group’s mixed residential and commercial development which was fully constructed in December 2019, is expected to contribute further revenue and operating profit upon the handover and financial settlement of the remaining 9 units to purchasers and the sale of the 51 units still available for purchase. In our efforts to ensure sustainable returns, we remain cognisant of the pandemic and its effects on our business. As such, we remain committed to ensuring our construction sites fully comply with SOPs and other restrictions in a bid to reduce the risk of infections that could lead to site closures.



Revenue Recognition from Existing Inventory

The focus in 2021 will be on selling our completed stock inventory, which stood at RM468.8 million at the end of 2020. However, sales of completed stock inventory will remain slow as almost all the completed unsold units are the Bumiputera designated units at VIVO 9 Seputeh which are harder to sell, and we have applied to have these units reclassified to allow them to be sold into the broader market. Sales at Sentral Suites, which is 84% sold, but only 44% constructed, are also slowing for the same reason, as most of the units remaining are also unsold Bumiputera units. Regulations dictate we will only be able to begin to apply for a reclassification of these units after construction progress has hit 50%, and even then for only 30% of the Bumiputera units, so it will be a lengthy process.

Projects Under Construction	Completed Unsold Units	Total
RM383.3 million	RM468.8 million	RM852.1 million



New Development Projects in 2021

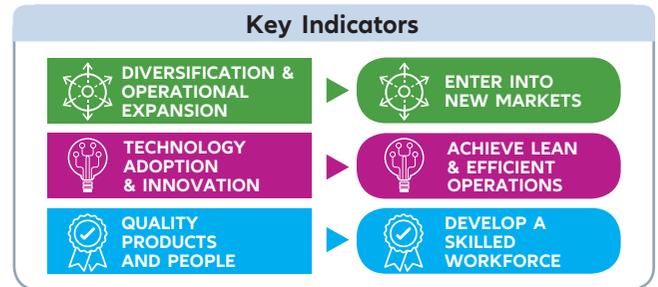
Additionally, we are earmarking the launch of several new development projects that should generate revenues in 2021 and beyond, assuming the pandemic situation continues to be under control.

	Expected Launch	GDV (RM'million)	Units
Lot J, KL Sentral	2Q2021	229	266 SOHO units
Tower 5, PJ Sentral (Commercial)	2Q2021	524	340
Kwasa Sentral Plot F	3Q2021	275	660
TOTAL 2021		RM1,028	1,266

While we aim to sell RM600 million of properties in 2021, the Group remains cognisant of any COVID-19 developments. We will continue to closely monitor conditions in the broader economy and property market, revising our marketing strategies and sales targets accordingly, including reviewing future launches if conditions dictate.

2 COMPETITIVE ADVANTAGE & INNOVATIVE SOLUTIONS

With TODs making up 79% of the 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. With increasingly discerning consumers, we also continue to take proactive measures to understand our customers' needs and desires through various stakeholder engagement activities, and addressing these by developing products that meet consumer tastes and demands.



The past decade has shown a change in Malaysia's age structure, and forecasts indicate that by 2030, over 15% of the population will be made up of those older than 65 years of age. Apart from the expected increase in the aged population, the aged are also living longer as evidenced by increases in life expectancy. This phenomenon will escalate the need for aged-care solutions. MRCB has commenced studies into building affordable high-rise units specially built to assist the elderly – from safety features to proximity to hospitals and other essential amenities. Similarly, we are aware that young professionals find it difficult to afford property. However, we also realise that for these young professionals, smaller unit sizes and accessibility to their workplace and public transportation are a priority, and MRCB is able to meet these demands through our TODs. To ensure affordability, we are designing units ranging from 170 sqft to 500 sqft with shared amenities and access to various attractive lifestyle components.

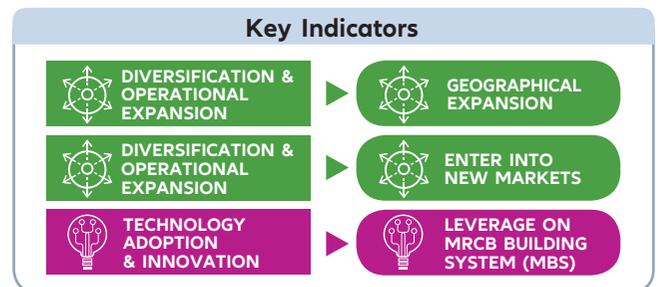
By understanding our consumers and the changing market trends, we will continue to offer catalytic developments that help address our clients' needs, and spur demand for our products.

Breakdown of Our Urban Land Bank

	GDV (RM'mil)	Land Size (acres)
Transit Oriented Developments	25,548	145.33
Commercial	770	67.52
Residential	5,803	93.96
International	300	1.00
Others	-	15.63
Total	32,421	323.44

3 DIVERSIFYING INTO NEW MARKETS AND PRODUCTS

Moving forward, we will explore new strategic alliances with diverse partners that are knowledgeable in a wide range of fields. This includes collaborating with experts in retail, healthcare, hospitality, education, industrial property developments and more. We will form partnerships that will allow the Group to monetise its own land, or establish joint ventures.



We will also seek joint ventures to diversify our land bank and strengthen our international presence. Given our knowledge, existing resources and track record in Australia and New Zealand, we believe these markets offer good growth prospects. Our subsidiary, MRCB Australia Holding Company Pty Ltd (MAH), which has successfully undertaken small to medium scale property projects, including the recently completed 1060 Carnegie development 10km outside Melbourne CBD, will over the next three to four years, expand its development activities and collaborate with land-owners in small-to-medium scale projects in other locations in Australia. Profits generated by MAH will be reinvested to ensure a constant pipeline of developments, providing a more consistent flow of revenue for the Group and diversifying its present predominantly Malaysian revenue and profit focus.

We also plan to explore more niche markets to address an evolving and more sophisticated market. This includes new products like co-living, co-working, assisted living as well as exploring modular applications using our MBS technology to develop low-cost and affordable housing, and possibly other products in the public sector like police and army accommodation and prisons, where speed of construction is a client priority.

Business Review

Engineering, Construction & Environment



MRCB's Engineering, Construction & Environment Division is the largest Bumiputera construction company in Malaysia with an enviable track record for constructing rail and road transportation infrastructure; complex construction projects such as stadiums, arenas and hospitals; high voltage power transmission projects; and the rehabilitation of rivers and flood mitigation of coastal areas. We have played a huge role in Malaysia's nation-building and are at the forefront of many national projects, be it in improving connectivity through the Light Rail Transit (LRT) and Mass Rapid Transit (MRT) rail lines, key highway projects, or placing Malaysia on the world stage through the award-winning Kuala Lumpur Sports City in Bukit Jalil. Currently, we are also undertaking the LRT3 project through the Group's 50%-owned LRT3 project joint venture company, MRCB George Kent Sdn Bhd.



We work closely with our clients to ensure we create value and solutions that catalyse economic and social growth. To see how the Engineering, Construction & Environment Division creates value for its stakeholders, please refer to our Stakeholder Engagement & Value Creation on pages 34 – 37 and Strategic Roadmap & Performance Review on pages 59 – 63 of this Integrated Annual Report.



We are also committed towards providing a safe work environment and are certified with Quality Management Systems ISO 9001:2015, Environmental Management Systems ISO 14001:2015 and Occupational Health & Safety ISO 45001:2018. Apart from developing infrastructure and properties for external clients, the Division also constructs innovative and sustainable world-class commercial and residential buildings for the Property Development & Investment Division.

FINANCIAL HIGHLIGHTS

REVENUE

RM514.9
million

OPEN TENDERS

RM2.7
billion

EXTERNAL CLIENT ORDER BOOK

RM21.7
billion

UNBILLED ORDER BOOK

RM20.5
billion

SHASSIC RATING

93%
9 Seputeh – Parcel B

EXTERNAL CLIENT ORDER BOOK

32%
infrastructure projects

VALUE OF COMPLETED PROJECTS IN 2020

RM241
million

SHARE OF PROFITS FROM LRT3

RM8.1
million

REDUCTION IN ESH INCIDENTS

40%

2020 PERFORMANCE

The Engineering, Construction & Environment Division recorded revenue of RM514.9 million in 2020, a 24% decline compared to 2019, mainly as a direct result of the movement restrictions that led to a complete halt in construction works during the MCO implemented on 18 March 2020. While subsequent movement restrictions were eventually eased, the restrictions arising from compliance to strict SOPs during the Conditional MCO (CMCO) and Recovery MCO (RMCO) rulings continued to impede construction progress and revenue recognition. In view of the unprecedented challenges of COVID-19, the Group performed a detailed business impact assessment, including the recoverability of the carrying amounts of assets in the Division. This assessment led to a provision of RM197.4 million for the impairment of the Division's contract assets, trade and other receivables it believed would be impacted as a result of the pandemic from some of the Division's completed construction projects in the second quarter of 2020. However, some recoveries were made subsequently, thus reducing the Division's provision to RM165.4 million. This resulted in the Division incurring an operating loss of RM174.3 million in 2020, compared to an operating profit of RM23.1 million recorded in 2019.

Revenue was mainly contributed from the construction progress of the EPF Headquarters at Kwasa Sentral, Damansara-Shah Alam Elevated Highway Package CB2, Sungai Besi-Ulu Kelang Elevated Expressway Package CA2, Mass Rapid Transit Line 2 Package V210 and other construction works for the Property Development & Investment Division.

The Group's 50%-owned LRT3 project joint venture company MRCB George Kent Sdn Bhd contributed profit after tax of RM8.1 million, compared with RM0.6 million in 2019. Despite the movement restrictions, the project managed to go beyond its target of 40% construction progress by achieving physical construction progress of 46% on 31 December 2020.

Construction progress was severely impacted by COVID-19, delaying the completion of the Damansara-Shah Alam Elevated Expressway (DASH) and Sungai Besi-Ulu Kelang Elevated Expressway (SUKE). Meanwhile, construction of the MRT2 package awarded to MRCB and the 37 km LRT3 line awarded to the 50% owned joint venture company MRCB George Kent Sdn Bhd, are on track to reach completion in 2021 and 2024 respectively.

Project	Construction Progress (as at 31 December 2020)	Original Target Completion Date	Revised Target Completion Date
Damansara-Shah Alam Elevated Expressway (DASH)	88%	2Q 2020	2Q 2021
Sungai Besi-Ulu Kelang Elevated Expressway (SUKE)	51%	2Q 2020	2Q 2021
MRT2	81%	2021	2021
LRT3	46%	2024	2024

During the year, the Division completed the Larkin Indoor Stadium in Johor valued at RM68 million and PR1MA Kajang valued at RM173 million, as well as the MyIPO office tower for the Property Development & Investment Division. The EPF Headquarters which is currently being built at the Kwasa Utama C8 site has also shown good progress, reaching 74.8% completion as at the end of 2020, and is scheduled to be completed in the fourth quarter of 2021.

Overall, the industry experienced a contraction in mega and catalytic infrastructure projects due to market conditions induced by the COVID-19 pandemic. As a result, there were fewer construction tender opportunities, with the Division tendering for projects valued at only RM734.8 million during the year. However, despite this challenging environment, MRCB's long-term external client order book was worth RM21.7 billion at the end of 2020, with 32% of the orderbook consisting of infrastructure projects and 60% consisting of TOD projects.

A close-up of the fins that make up the façade of the National Stadium completed in 2017

Business Review

Engineering, Construction & Environment

EXTERNAL CLIENT CONSTRUCTION ORDER BOOK

MRCB has one of the largest external client construction order books in the industry, which will contribute a steady stream of revenue over the long-term.

External Contracts	Contract Value (RM'mil)	Completion
Buildings		
Desaru Convention Centre	62	99%
PR1MA Brickfields	335	13%
FINAS	170	7%
Putrajaya School	9	0%
Infrastructure		
MRT2 V210 Package – 2.6 km Guideway	497	81%
DASH – Package CB2	341	88%
LRT3	5,686*	46%
SUKE – CA2 Package	317	51%
Transit Oriented Development (TOD) projects		
Kwasa Utama C8 (includes construction of EPF Headquarters)	2,958	47%
Bukit Jalil Sentral	10,116	0%
Fee-based orders		
Kwasa Utama, C8 – management contract	177	
Kwasa Land – PDP infrastructure	176	
Bukit Jalil Sentral – management contract	841	
Semarak City Phase 1 – management contract	27	
TOTAL	21,712	

* Refers to 50% of total contract value awarded to MRCB George Kent Sdn Bhd

COMPLETED PROJECTS IN 2020

Larkin Indoor Stadium



Project Value: RM68 million

Description: The stadium is a 3,550-seat indoor stadium located in Johor Bahru. The state-of-the-art, multi-purpose facility will play host to national and regional sporting events, acting as a catalyst for the development of sports and adding to the vibrancy of the surrounding communities. The stadium houses a running track, badminton and sepak takraw courts, as well as a swimming complex.



PR1MA Kajang



Project Value: RM173 million

Description: The 566-unit project is a quality affordable high-rise development surrounded by greenery and other key facilities for a comfortable community life.

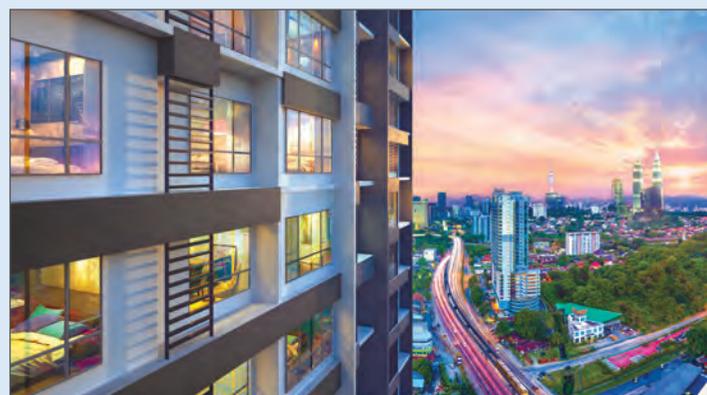
PROJECTS AWARDED THE 5-STAR SAFETY HEALTH ASSESSMENT SYSTEM IN CONSTRUCTION (SHASSIC) RATING

TRIA in 9 Seputeh



Gross Development Value: RM0.9 billion

Description: Located in Old Klang Road, TRIA is the second phase of the 9 Seputeh development and comprises three (3) towers, Pelto, Ebon and Cavi. The development has direct access to two major highways, the New Pantai Expressway (NPE) and the East-West Link Expressway, with a dedicated elevated link bridge connecting Old Klang Road to the New Pantai Expressway (OKR-NPE Link Bridge) that was built and launched by MRCB in 2019. This bridge is estimated to benefit 20,000 people by reducing the travelling distance from Pantai Dalam to Old Klang Road by 3.5km, and from the Subang area to the Klang area by 5km.



KEY STRATEGIES AND INITIATIVES

STRENGTHEN CORE FOR SUSTAINABLE RETURNS

Key Action Plans	Key Initiatives	Outcomes
 <p>ENSURE STEADY PIPELINE OF PROJECTS</p>	<ul style="list-style-type: none"> Continued to tender for infrastructure projects. Leveraged on our joint ventures and associates to generate profits. Ensured the completion of project milestones. 	<ul style="list-style-type: none"> Open tenders worth RM2.7 billion as at 31 December 2021. Submitted tenders worth RM0.7 billion in 2020. Maintained external construction order book of RM21.7 billion to be recognised beyond 2030. Recorded Profit After Tax of RM8.1 million from the LRT3 project. Completed the Larkin Indoor Stadium in Johor worth RM68 million, and PR1MA Kajang worth RM173 million. Completed the MyIPO Office Tower in PJ Sentral Garden City for the Property Development & Investment Division.

DIVERSIFICATION & OPERATIONAL EXPANSION

Key Action Plans	Key Initiatives	Outcomes
 <p>GEOGRAPHICAL EXPANSION</p>	<ul style="list-style-type: none"> Brought MBS to market. Explored partnerships to successfully penetrate new areas in the long run. 	<ul style="list-style-type: none"> Licensed MBS technology to two companies in Hong Kong and Singapore. Formalised a partnership and negotiating a waste-to-energy (WTE) concession agreement.
 <p>ENTER INTO NEW MARKETS</p>		

TECHNOLOGY ADOPTION & INNOVATION

Key Action Plans	Key Initiatives	Outcomes
 <p>ACHIEVE LEAN & EFFICIENT OPERATIONS</p>	<ul style="list-style-type: none"> Developed strategies to reduce operational costs in the long run. Facilitated 25 site visits to the MBS Prototype building for various ministries, institutional investors, banks, auditors and regulatory bodies to market the technology. 	<ul style="list-style-type: none"> Continued operations of the Bukit Jalil Casting Yard for MRCB's infrastructure construction projects for external clients, that are on average 6.5% cheaper than the market rate. Fully adopted a digital construction project management platform that allowed work to be seamlessly continued during the MCO. Awarded a project by the Ministry of Education to design and build 35 classrooms for 5 schools in Putrajaya using MBS.
 <p>LEVERAGE ON MRCB BUILDING SYSTEM (MBS)</p>		

QUALITY PRODUCTS & PEOPLE

Key Action Plans	Key Initiatives	Outcomes
 <p>UPHOLD GOOD CORPORATE GOVERNANCE</p>	<ul style="list-style-type: none"> Organised regular toolbox talks to educate site workers and employees on best practices of HSE. Streamlined operations through the adoption of ISO 9001:2015, ISO 14001:2015 and OHSAS 18001:2007. Safeguarded the well-being of labourers at our construction sites. Conducted safety and health trainings for 733 people consisting of employees, site workers and contractors. Continued efforts towards upskilling local talent in a bid to reduce reliance on foreign labour. 	<ul style="list-style-type: none"> Achieved 93% SHASSIC Score (5-Star Rating) for TRIA, 9 Seputeh. Arranged Centralised Labour Quarters (CLQ) to ensure adequate accommodation and healthy living conditions for labourers working at our sites. Recorded a 40% reduction in ESH incidents. Trained 156 offenders through the PEKA@MRCB Programme.
 <p>DEVELOP A SKILLED WORKFORCE</p>		

Business Review

Engineering, Construction & Environment

CHALLENGES & RISKS

	Mitigation Strategies	Results
<p>COVID-19 movement restrictions led to delays in construction progress</p>	<ul style="list-style-type: none"> Request Extension of Time (EOT) from relevant parties to ensure no Liquidated Ascertained Damages (LAD) were incurred due to the delay in construction completion. 	<ul style="list-style-type: none"> Obtained extensions for the construction completion dates for the DASH and SUKE projects to the second quarter of 2021 from the original timelines in the second quarter of 2020.
<p>Increased risk of infection at project sites leading to site closure and complete halt at project sites</p>	<ul style="list-style-type: none"> Establish strict onsite SOPs. Conduct mandatory testing for relevant sites and containment measures. Provide sub-contractors with the necessary protection such as infrared thermometers and sanitisers to reduce the risk of infection amongst their workers. 	<ul style="list-style-type: none"> Approximately 3,404 personnel were tested at our project sites at multiple times, in accordance to guidelines set forth by Malaysia’s Ministry of Health. Introduced strict site segregation.



An artist's impression of the LRT3 project being undertaken by our 50% joint venture company MRCB George Kent Sdn Bhd

OUTLOOK & PROSPECTS

1 PIPELINE OF PROJECTS & SUSTAINABLE RETURNS

Looking ahead, the Division will continue to tender for projects with relatively higher pre-qualification requirements and barriers to entry, such as complex structures (i.e. stadiums, convention centres, hospitals), transmission lines and transportation infrastructure, which earn relatively higher margins compared with conventional commercial/residential buildings. Our large external client construction order book stretches out beyond 2030, with a large portion of these projects being in the early stages of construction. As the booking of these revenues accelerate with the progress of construction, these key construction projects will become the backbone of the Division's revenue and operating profits over the long-term. We will continue to leverage on our track record and various ISO and green certifications, and remain committed to ensuring our construction sites comply with SOPs and other restrictions to ensure business continuity during the on-going pandemic.

Key Indicators



Key Construction Projects

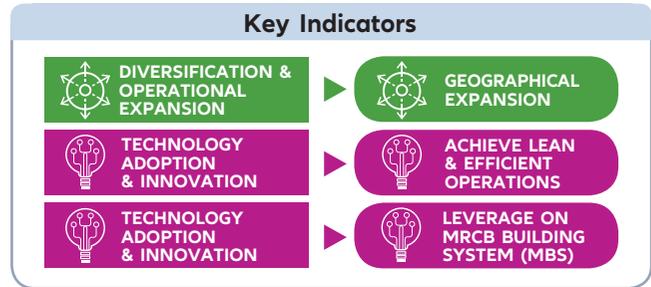
Project	Description	Contract Value	Target Completion
Bukit Jalil Sentral	The residential and commercial development comprises four development plots, which consist of office towers, hotels, retail shops and a mall, small office/virtual office, small office/home office, service apartments and residential towers	Provisional Contract Costs, RM10,116 million Management Contract Fee, RM892 million	2038
Light Rail Transit Line 3	The 37km LRT line from Bandar Utama to Klang will feature 20 stations, 5 provisional stations, and 2 integrated stations. The project will serve two million users by 2024.	MRCB George Kent JV, RM11,372 million Contract Fee	2024
Kwasa Utama	The 29.82-acre Kwasa Corporate Park mixed-development project comprises the EPF headquarters, financial institutions, office and commercial buildings, a retail mall and serviced apartment, a hotel, shared common infrastructure, amenities and parks. This is located in Kwasa Damansara, Sungai Buloh.	Provisional Contract Costs, RM2,958 million Management Contract Fee, RM177 million	2027
Mass Rapid Transit Line 2 Package V210	An infrastructure project for the construction of a Viaduct for MRT Line 2 from Sungai Buloh to Serdang and Putrajaya.	RM497 million	2021
Damansara-Shah Alam Elevated Expressway – Package CB2	DASH is a 20.1 km, three-lane, dual carriageway expressway that will start at the Puncak Perdana, Shah Alam intersection and is expected to cover Shah Alam, Subang, Kota Damansara and Damansara areas.	RM341 million	2021
Sungai Besi-Ulu Kelang Elevated Expressway – CA2 Package	SUKE is a 24.4 km, three-lane, dual carriageway expressway that will commence at Sri Petaling and passes through Sungai Besi, Alam Damai, Cheras-Kajang, Taman Bukit Permai, Taman Putra, Taman Permai Jaya, Taman Dagang Permai, Taman Kosas, Ampang and Taman Hillview before exiting at Ulu Kelang. The proposed expressway will serve as a link between existing major highways and roads – MRR II, DUKE, AKLEH, KLORR, Sungai Besi extension, KL-Seremban, Cheras-Kajang, Besraya, KESAS and Jalan Ampang.	RM317 million	2021

Business Review

Engineering, Construction & Environment

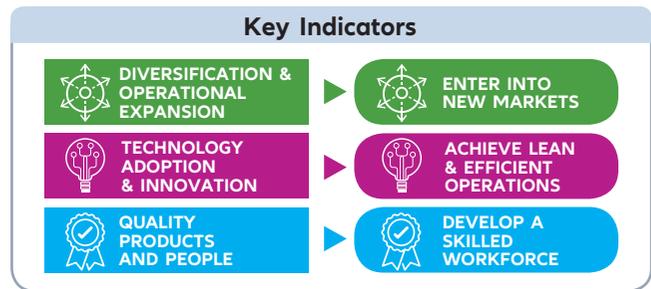
2 COMPETITIVE ADVANTAGE & INNOVATIVE SOLUTIONS

Looking ahead, the Division plans to improve its margins and remain competitive by automating its processes and leveraging on our MRCB Building System (MBS). By embedding sustainability solutions into our business, we have been able to address sustainability concerns arising from our carbon intensive construction activities. For more details on how we have embedded sustainability into our business, please refer to pages 38-39



3 DIVERSIFYING INTO NEW MARKETS AND PRODUCTS

With the setting up of the Bukit Jalil Casting Yard, the Division also has long-term plans to market the supply and delivery of precast components to external parties, including other suppliers, due to the high demand of these materials. Milmix Sdn Bhd, a wholly-owned subsidiary of MRCB Builders Sdn Bhd, continues to operate and manage the casting yard at Bukit Jalil.



The Division also plans to leverage on its core engineering skillsets and apply relevant knowledge in other related areas such as waste-to-energy. In 2020, Malaysia generated approximately 47,218 tonnes of household waste, which is forecasted to increase by 3.3% annually. Nationwide, there are only 165 landfills, with almost half of these sites expected to reach the end of their lifespan in 2020. 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 and a minimal number of sanitary landfills, there is an urgent need for alternative ways to treat waste, in an environmentally-friendly manner.

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 land becoming scarce and fossil fuels emitting more CO₂/MWh compared to waste-to-energy, MRCB has earmarked waste-to-energy as an area to venture into. This is in line with Malaysia's commitment at the 2015 United Nations Climate Change Conference in Paris, France to reduce the country's CO₂ emissions per unit of GDP by 45% from the levels recorded in 2005 by 2030.

Apart from our ability to apply our expertise in an area that is currently in high demand, the renewable energy business will also provide recurring long-term revenues, which will help us diversify our current revenue stream and reduce earnings volatility that is inherent in our existing business model.

 Our venture into the renewable energy business is also aligned with our sustainability agenda and our recent adoption of UN SDG 13 Climate Action and UN SDG 15 Life on Land.



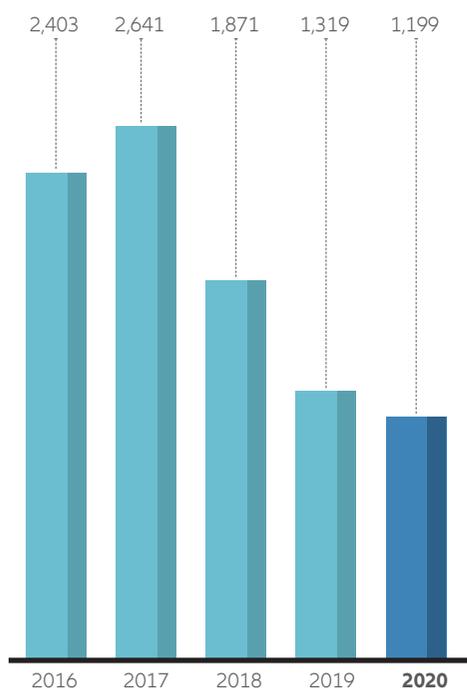
The completed JLand Tower in Johor Bahru

Financial Review

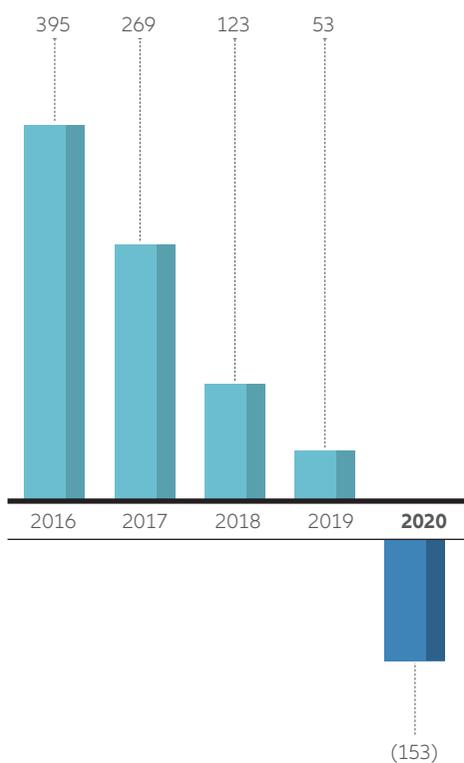
5-Year Group Financial Highlights

	2016	2017	2018	2019	2020
FINANCIAL RESULTS (RM' MILLION)					
Revenue	2,403	2,641	1,871	1,319	1,199
Gross profit	563	444	373	298	240
Profit/(loss) before taxation	395	269	123	53	(153)
Profit/(loss) after taxation	321	176	103	19	(176)
Profit/(loss) attributable to equity holders	269	162	101	24	(176)
FINANCIAL POSITION (RM' MILLION)					
Total cash & bank balances and investment securities	722	778	552	517	842
Total assets	7,506	10,325	8,342	8,481	8,349
Total borrowings	2,937	3,382	1,491	1,828	1,933
Total net assets	2,925	4,817	4,832	4,792	4,578
Share capital	2,144	4,309	4,318	4,332	4,332
Total equity	3,024	4,922	4,900	4,823	4,589
FINANCIAL RATIOS					
Basic earnings/(loss) per share (sen)	14	6	2	1	(4)
Return on average shareholders' funds (%)	10	4	2	0	(4)
Return on total net assets (%)	9	3	2	1	(4)
Share price at year end (RM)	1.33	1.12	0.62	0.73	0.48
Price earnings ratio (times)	9.57	17.68	26.74	135.19	(12.03)
Dividend per share (sen)	2.75	1.75	1.75	1.00	1.00
Dividend yield (%)	2.1	1.6	2.8	1.4	2.1
Net assets per share (RM)	1.36	1.10	1.10	1.09	1.04
Net gearing ratio (times)	0.73	0.53	0.19	0.27	0.24
Market capitalisation (RM Million)	2,852	4,913	2,703	3,221	2,118
Average shareholders' funds (RM Million)	2,592	3,871	4,825	4,812	4,685
Weighted average no. of shares (No of shares Million)	1,938	2,556	4,392	4,406	4,412
Share capital (No of shares Million)	2,144	4,387	4,395	4,412	4,412
BANK BORROWINGS (RM' MILLION)					
Bank borrowings	1,783	2,323	1,491	1,828	1,326
EDL financing	1,154	1,059	–	–	–
Sukuk	–	–	–	–	607
Total borrowings	2,937	3,382	1,491	1,828	1,933
Less:					
Total cash & bank balances and investment securities	(722)	(778)	(552)	(517)	(842)
Total net borrowings	2,215	2,604	940	1,311	1,091

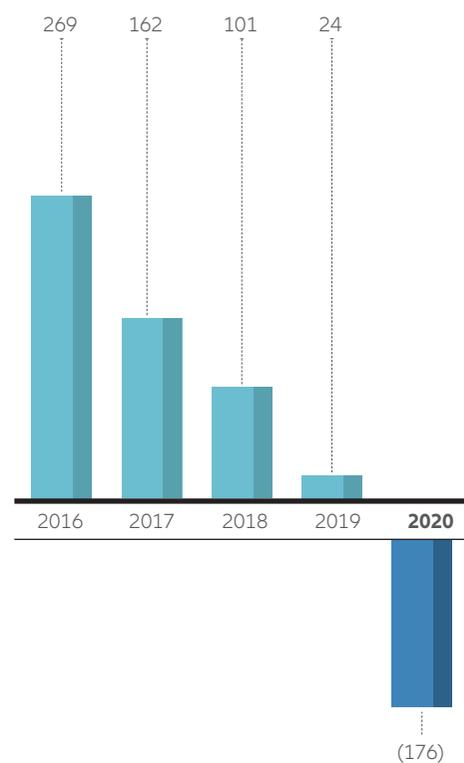
REVENUE
(RM million)



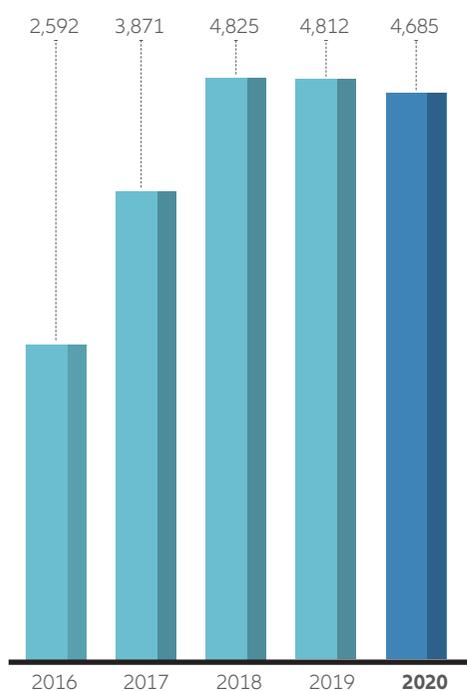
PROFIT/(LOSS) BEFORE INCOME TAX
(RM million)



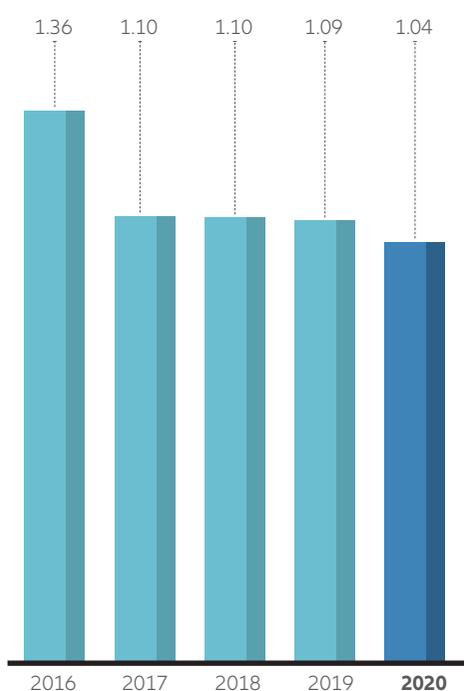
PROFIT/(LOSS) ATTRIBUTABLE TO EQUITY HOLDERS
(RM million)



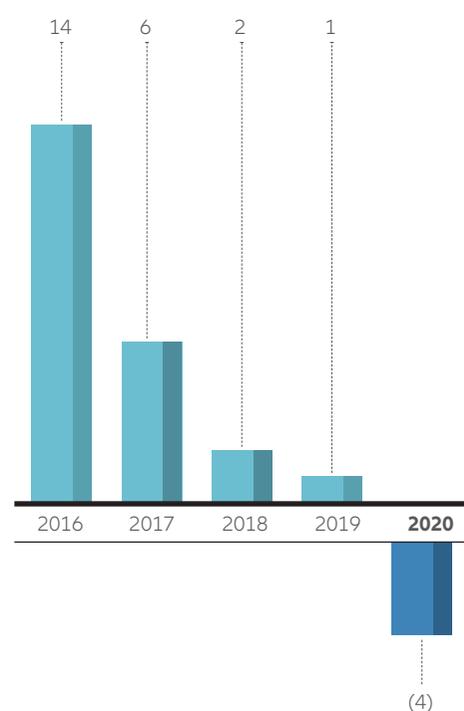
AVERAGE SHAREHOLDERS' FUNDS
(RM million)



NET ASSETS PER SHARE
(RM)

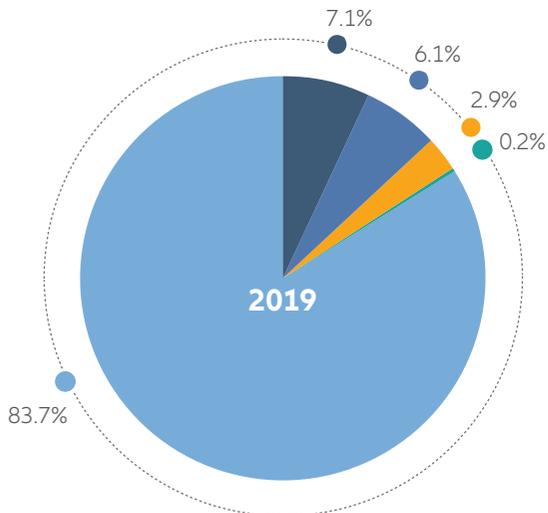


BASIC EARNINGS/(LOSS) PER SHARE
(sen)

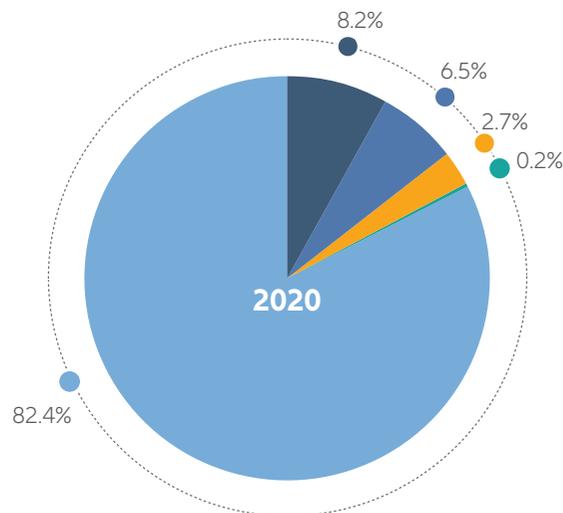


Financial Review

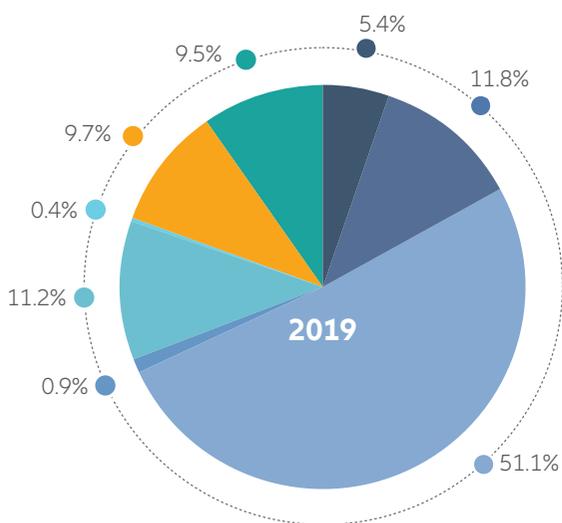
Simplified Statement of Financial Position



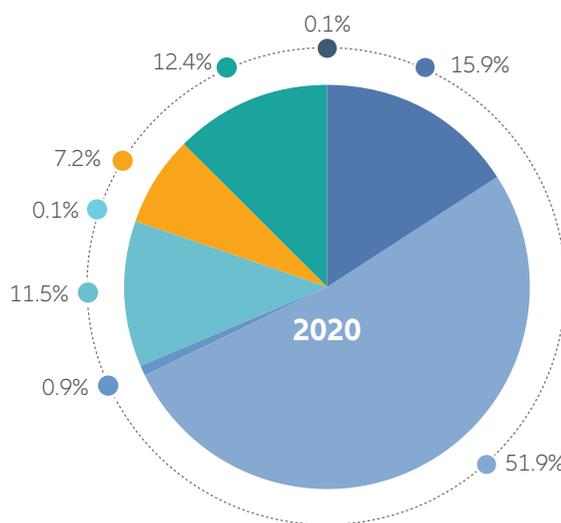
Total Assets
RM8,481 million



TOTAL ASSETS
RM8,349 million



Total Equities & Liabilities
RM8,481 million



TOTAL EQUITIES & LIABILITIES
RM8,349 million

Group Segmental Financial Performance

	2016	2017	2018	2019	2020
(RM' Million)					
REVENUE					
Property development & investment	1,326	788	1,043	567	635
Engineering, construction & environment	858	1,774	759	679	515
Infrastructure & utilities	112	–	–	–	–
Facilities management & parking	71	56	53	54	44
Others	36	23	16	19	5
Total Revenue	2,403	2,641	1,871	1,319	1,199
OPERATING PROFIT/(LOSS) BY SEGMENT**					
Property development & investment	464	169	98	77	50
Engineering, construction & environment	12	93	56	23	(174)
Infrastructure & utilities	58	–	–	–	–
Facilities management & parking	16	11	6	6	7
Others	7	1	(5)	(4)	1
Total Segment Results	557	274	155	102	(116)

** Earnings before interest, tax and unallocated corporate expenses

Financial Review

Group Quarterly Financial Performance

2020

For the period ended

	First Quarter 31/3/2020	Second Quarter 30/6/2020	Third Quarter 30/9/2020	Fourth Quarter 31/12/2020	2020
(RM' Million)					
Revenue	425	167	298	309	1,199
Profit/(loss) before taxation	26	(222)	8	35	(153)
Profit/(loss) after taxation	16	(220)	1	27	(176)
Profit/(loss) attributable to equity holders	16	(220)	1	27	(176)
Basic earnings/(loss) per share (sen)	0.35	(4.97)	0.02	0.61	(3.99)
Dividend per share (sen)	–	–	–	1.00	1.00
Net assets per share (RM)	1.09	1.03	1.03	1.04	1.04

2019

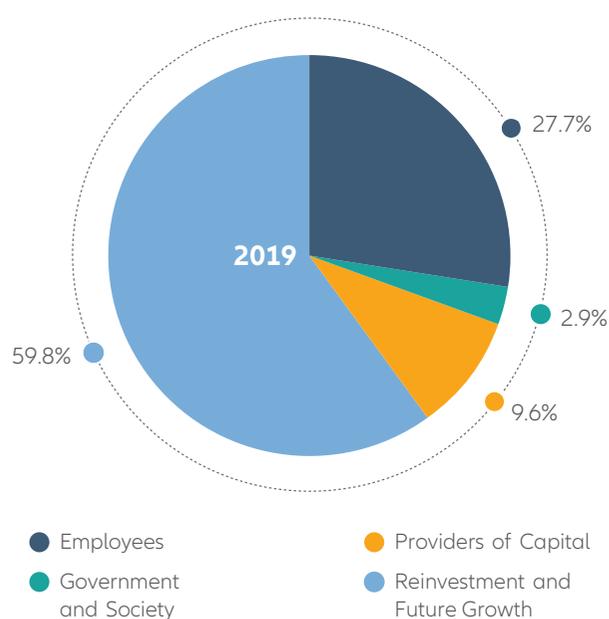
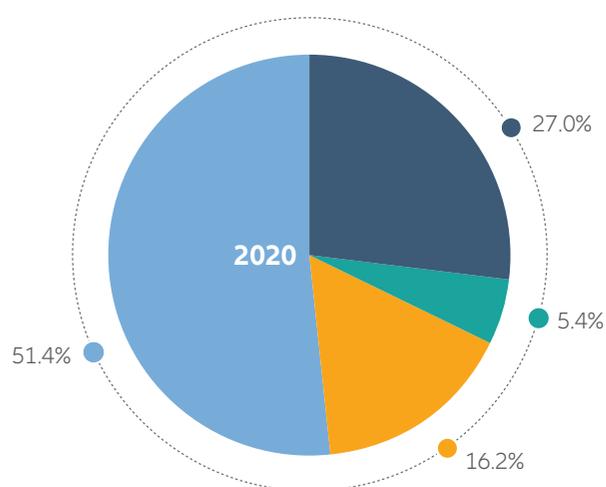
For the period ended

	First Quarter 31/3/2019	Second Quarter 30/6/2019	Third Quarter 30/9/2019	Fourth Quarter 31/12/2019	2019
(RM' Million)					
Revenue	234	241	373	472	1,319
Profit before taxation	8	10	14	20	53
Profit after taxation	2	8	2	7	19
Profit attributable to equity holders	4	11	3	6	24
Basic earnings per share (sen)	0.09	0.25	0.06	0.14	0.54
Dividend per share (sen)	–	–	–	1.00	1.00
Net assets per share (RM)	1.10	1.10	1.08	1.10	1.10

Statement of Value Added

This Statement of Value Added illustrates how MRCB's performance supports its ability to deliver financial value to its stakeholders.

It shows the total wealth we created and how it was distributed, taking into account how much was retained and reinvested in the Group for future growth.



- Employees
- Government and Society
- Providers of Capital
- Reinvestment and Future Growth

VALUE ADDED

	2020	2019
(RM' Million)		
Total revenue	1,199	1,319
Direct and indirect costs	(1,362)	(1,328)
Value added from operations	(163)	(9)
Other operating income	31	23
Other gains	-	59
Share of results of associates	16	11
Share of results of joint ventures	3	(5)
Finance income	13	20
Total value added for continuing operations	(100)	99
Total value added	(100)	99

DISTRIBUTION ADDED

	2020	2019
(RM' Million)		
Staff costs	166	246
Government and Society (Corporate Taxation and CSR Expenses)	33	26
Providers of Capital		
Dividends declared	44	44
Finance costs	55	45
Non-controlling interest	0	(5)
	99	84
Reinvestment and Future Growth (Retained earnings, depreciation and amortisation)	317	530
Total value distributed	615	886

"0" denotes amount less than RM1,000,000.

Financial Review

2020 Financial Calendar



ANNOUNCEMENT OF UNAUDITED CONSOLIDATED RESULTS

→ 26 February 2020
Fourth Quarter
 Ended 31 December 2019

→ 26 June 2020
First Quarter
 Ended 31 March 2020

→ 27 August 2020
Second Quarter
 Ended 30 June 2020

→ 23 November 2020
Third Quarter
 Ended 30 September 2020



DIVIDENDS

First and Final Single Tier Dividend of
1 sen
 per Ordinary Share for the Financial Year Ended 31 December 2019

Announcement Date

26 February 2020

EX Date

29 April 2020

Entitlement Date

30 April 2020

Payment Date

20 May 2020



→ ANNUAL GENERAL MEETING

MRCB's **49th Annual General Meeting** was conducted in a fully virtual manner through live streaming from the Broadcast Venue at **KL Sentral Room, Level 30, Menara Allianz Sentral**



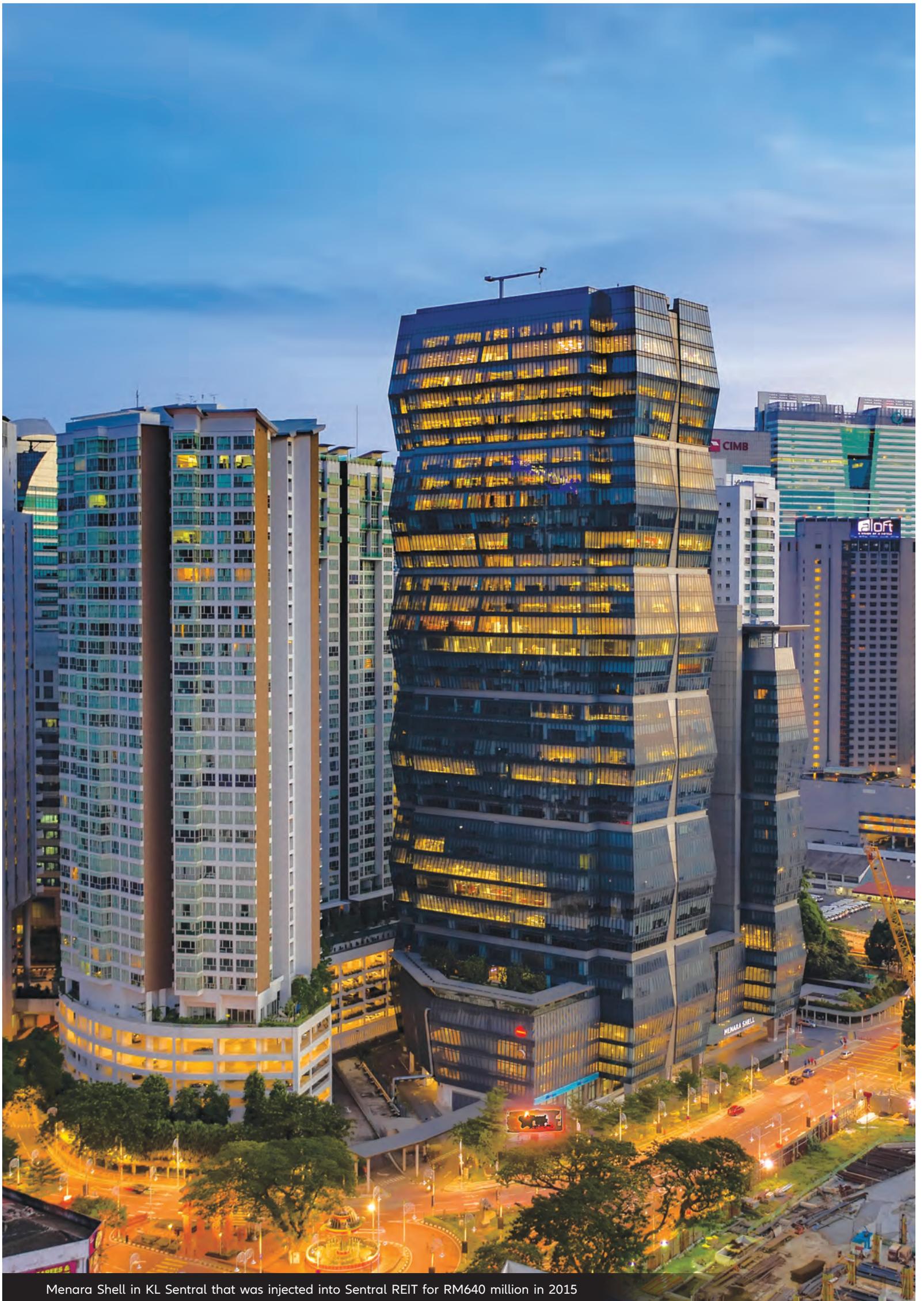
Notice Date

12 June 2020



Meeting Date

14 July 2020



Menara Shell in KL Sentral that was injected into Sentral REIT for RM640 million in 2015

Corporate Information



BOARD OF DIRECTORS

TAN SRI AZLAN ZAINOL

Independent Chairman

MOHD IMRAN MOHAMAD SALIM

Group Managing Director

ROHAYA MOHAMMAD YUSOF

Non-Independent Non-Executive Director

DATO' MOHAMAD NASIR AB LATIF

Non-Independent Non-Executive Director

HASMAN YUSRI YUSOFF

Senior Independent Director

TO' PUAN JANET LOOI LAI HENG

Independent Director

DATO' WAN KAMARUZAMAN WAN AHMAD

Independent Director

AUDIT & RISK MANAGEMENT COMMITTEE (ARMC)

Hasman Yusri Yusoff (Chairman)
To' Puan Janet Looi Lai Heng
Dato' Wan Kamaruzaman Wan Ahmad

EXECUTIVE COMMITTEE (EXCO)

Dato' Mohamad Nasir Ab Latif (Chairman)
Mohd Imran Mohamad Salim
To' Puan Janet Looi Lai Heng

NOMINATION & REMUNERATION COMMITTEE (NRC)

Hasman Yusri Yusoff (Chairman)
Rohaya Mohammad Yusof
To' Puan Janet Looi Lai Heng

LONG-TERM INCENTIVE PLAN (LTIP) COMMITTEE

Dato' Mohamad Nasir Ab Latif (Chairman)
Mohd Imran Mohamad Salim
Hasman Yusri Yusoff

COMPANY SECRETARY

Mohd Noor Rahim Yahaya
(MAICSA 0866820)
(SSM PC No. 202008002339)

REGISTERED OFFICE

Level 33A, Menara NU 2
No. 203, Jalan Tun Sambanthan
Kuala Lumpur Sentral
50470 Kuala Lumpur

Tel : 03-2786 8080
Fax : 03-2780 7668

FORM OF LEGAL ENTITY

Incorporated on 21 August 1968
as a private company limited by
shares under the Companies Act 1965.
Converted into a public company
on 28 June 1969

AUDITORS

PricewaterhouseCoopers PLT
(LLP0014401-LCA & AF1146)
Level 10, 1 Sentral
Jalan Rakyat
Kuala Lumpur Sentral
50706 Kuala Lumpur
Tel : 03-2173 1188
Fax : 03-2173 1288

SHARE REGISTRAR

Boardroom Share Registrars Sdn Bhd
11th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13, 46200 Petaling Jaya
Selangor Darul Ehsan

Tel : 03-7890 4700
Fax : 03-7890 4670

PRINCIPAL BANKERS

CIMB Bank Berhad
CIMB Islamic Bank Berhad
HSBC Bank Malaysia Berhad
Maybank Islamic Berhad
RHB Islamic Bank Berhad

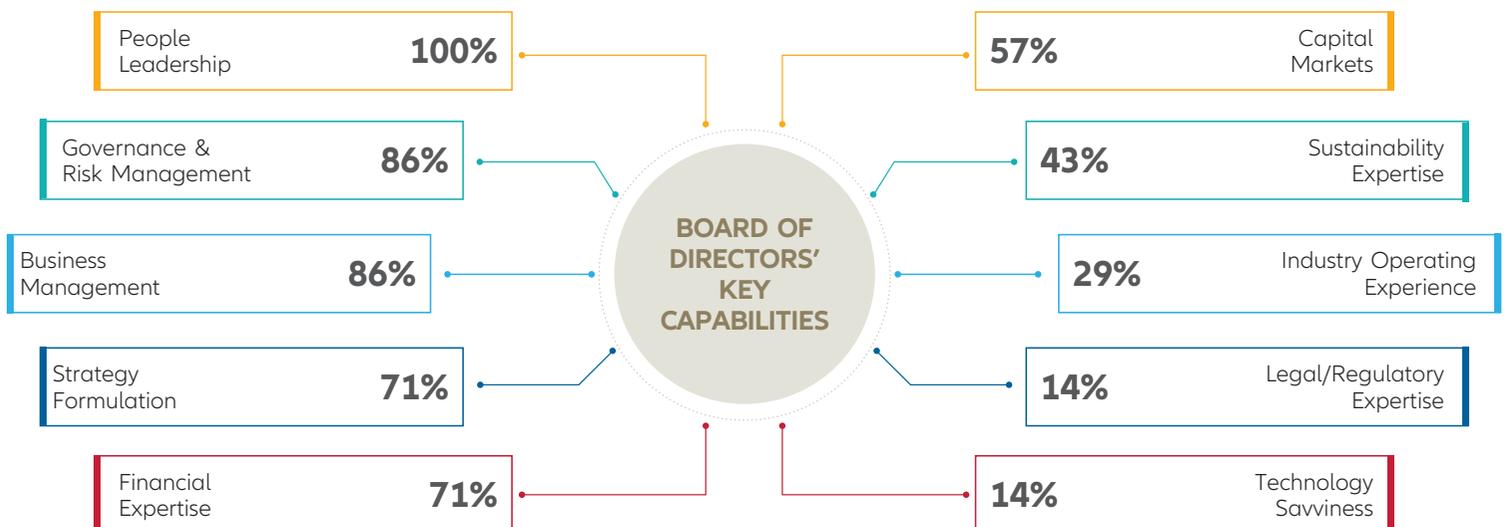
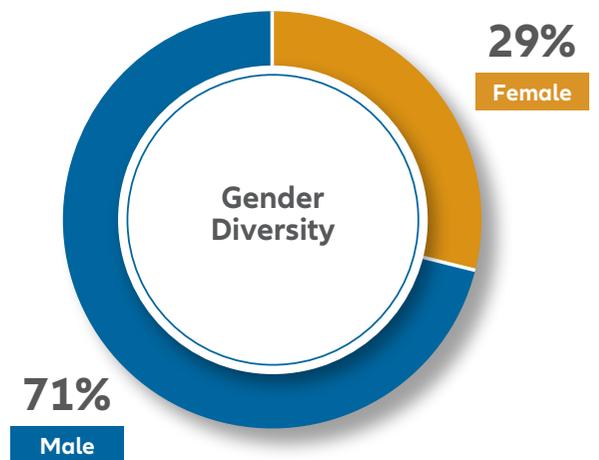
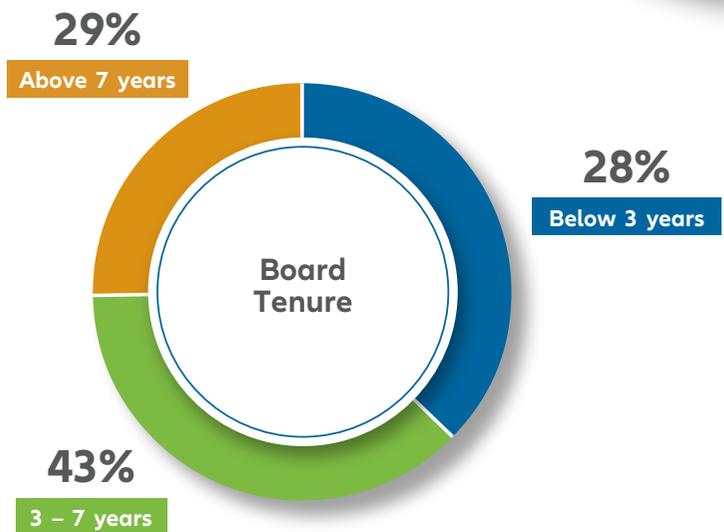
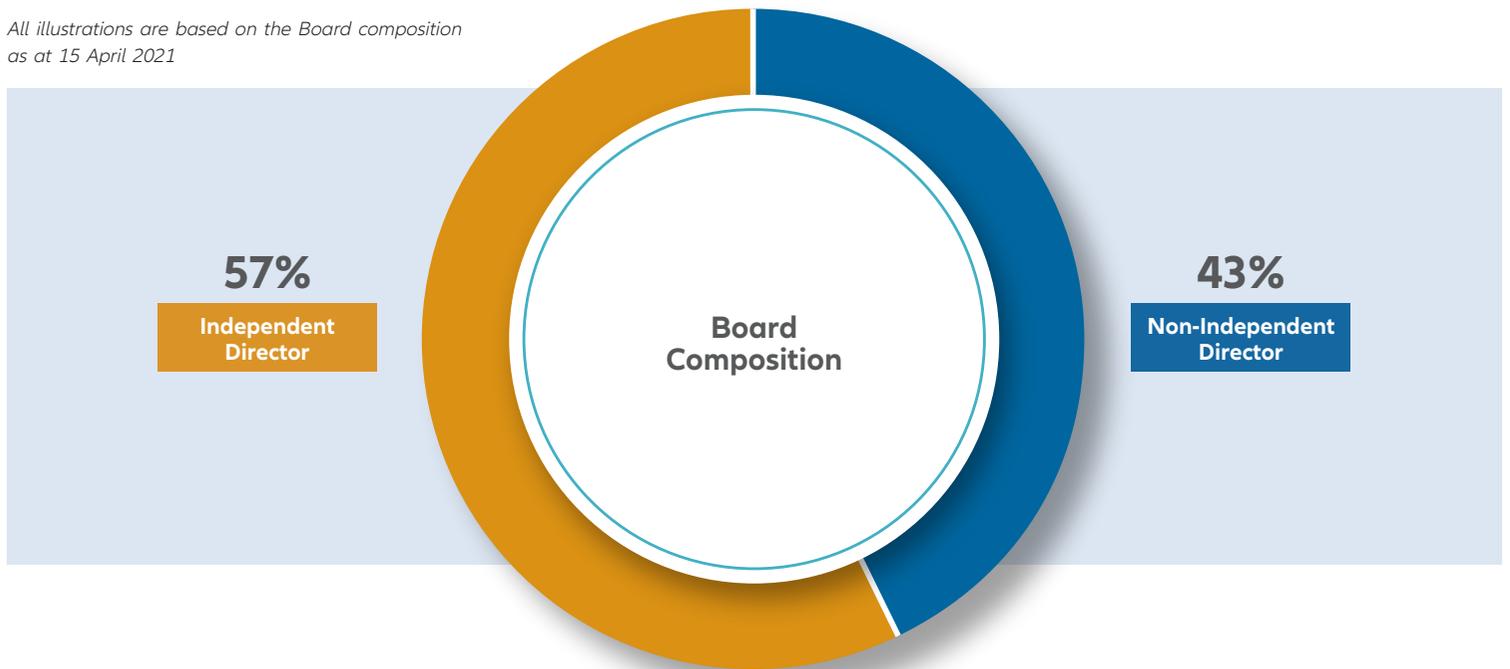
STOCK EXCHANGE LISTING

Listed on the Main Market of
Bursa Malaysia Securities Berhad
since 22 March 1971

Stock Code : 1651
Stock Name : MRCB

Board at a Glance

All illustrations are based on the Board composition as at 15 April 2021



Board of Directors

1

TAN SRI AZLAN ZAINOL
Independent Chairman

2

MOHD IMRAN MOHAMAD SALIM
Group Managing Director

3

ROHAYA MOHAMMAD YUSOF
Non-Independent Non-Executive Director

1

2

3



4 DATO' MOHAMAD NASIR AB LATIF
Non-Independent Non-Executive Director

5 HASMAN YUSRI YUSOFF
Senior Independent Director

6 TO' PUAN JANET LOOI LAI HENG
Independent Director

7 DATO' WAN KAMARUZAMAN WAN AHMAD
Independent Director



Board of Directors' Profile



TAN SRI AZLAN ZAINOL

Independent Chairman

 Age 71 years	 Nationality Malaysian	 Gender Male
--	---	--

Date Appointed to the Board
12 January 2005

Board Committee Membership
• Nil

Board Meetings Attendance in 2020
All 8 Board Meetings held in 2020

Qualifications

- Fellow of the Institute of Chartered Accountants in England and Wales
- Fellow Chartered Banker of the Asian Institute of Chartered Bankers
- Member of the Malaysian Institute of Accountants
- Member of the Malaysian Institute of Certified Public Accountants

Skills and Experience
Tan Sri Azlan was previously the Chief Executive Officer of the Employees Provident Fund (EPF) until his retirement in April 2013. Tan Sri Azlan has more than 30 years of experience in the financial sector, having served as the Managing Director of AmBank Berhad and prior to that, as the Managing Director of AmFinance Berhad.

Other Directorship(s)/Membership(s)
Listed Entities

- Chairman, Eco World International Berhad
- Chairman, Malaysia Building Society Berhad
- Director, Kuala Lumpur Kepong Berhad

Others

- Chairman, MBSB Bank Berhad
- Chairman, Yayasan Astro Kasih
- Trustee, OSK Foundation
- Director, Rashid Hussain Berhad (In Members' Voluntary Liquidation)
- Chairman, Financial Reporting Foundation

Family Relationship with any Director and/or Major Shareholders
No family relationship with any director and/or major shareholders of MRCB.

Conflict of Interest with MRCB
He has no personal interest in any business arrangement involving MRCB.

List of convictions or offences within the past five (5) years
He has not been convicted for any offence (other than traffic offences) within the past five (5) years, nor been imposed with any public sanction or penalty by the relevant bodies during the financial year.



MOHD IMRAN MOHAMAD SALIM

Group Managing Director



Age
39 years



Nationality
Malaysian



Gender
Male

Date Appointed to the Board

1 March 2015

Board Committee Membership

- Member of the Long-Term Incentive Plan (LTIP) Committee
- Member of the Executive Committee

Board Meetings Attendance in 2020

All 8 Board Meetings held in 2020

Qualifications

- Degree in Electrical and Electronics from the University of Manchester Institute of Science and Technology, United Kingdom
- Masters in Commerce from Deakin University, Australia
- Member of the Institution of Engineers, Malaysia
- Member of the Institute of Electrical and Electronic Engineers, United Kingdom
- Member of the Institute of Corporate Directors Malaysia

Skills and Experience

Upon his graduation in early 2004, Imran commenced his career as an Engineer with Bisraya Construction Sdn Bhd, a wholly-owned subsidiary of Gapurna, a medium sized diversified group and was promoted to Project Director in the following year. From there, he held various senior posts in the Group including the post of Chief Operating Officer and Director of GTC Global Sdn Bhd where he managed the day to day running of a boutique set-up providing total solutions for security surveillance.

Imran was the Group Chief Operating Officer of MRCB from 1 March 2013 to 28 February 2015 before being appointed Executive Director of the Company on 1 March 2015. He assumed his current position with effect from 2 July 2018.

Other Directorship(s)/Membership(s)

Listed Entities

- Nil

Others

- Nil

Family Relationship with any Director and/or Major Shareholders

Imran is the son of Tan Sri Mohamad Salim Fateh Din, a substantial shareholder of Gapurna Sdn Bhd. Other than as disclosed, he does not have any family relationship with any director and/or major shareholders of MRCB.

Conflict of Interest with MRCB

Save as disclosed, and in Note No. 39 of page 111 of the accompanying Financial Report, he has no personal interest in any business arrangement involving MRCB.

List of convictions or offences within the past five (5) years

He has not been convicted for any offence (other than traffic offences) within the past five (5) years, nor been imposed with any public sanction or penalty by the relevant bodies during the financial year.



ROHAYA MOHAMMAD YUSOF

Non-Independent Non-Executive Director

Nominee of Employees Provident Fund, a major shareholder of MRCB



Age
56 years



Nationality
Malaysian



Gender
Female

Date Appointed to the Board

6 March 2014

Board Committee Membership

- Member of the Nomination & Remuneration Committee

Board Meetings Attendance in 2020

All 8 Board Meetings held in 2020

Qualifications

- Bachelor of Commerce (Accountancy) from Australian National University, Canberra, Australia
- Associate member of Certified Practising Accountants (CPA), Australia

Skills and Experience

Rohaya is the Chief Investment Officer of EPF, appointed in January 2020. She joined EPF Investment Division as Head of Corporate Finance in 2008 and was appointed in 2011 as Head of Capital Market Department overseeing global and domestic fixed income. In 2017, she was appointed as Head of Private Market whose primary function is to invest in Private Equity, Infrastructure, Global and Regional Real Estates.

She began her career in 1988 with Arthur Andersen & Co as a Senior Financial Consultant in the Audit Division. In 1990, she joined Maybank Investment Bank (previously known as Aseambankers) and was promoted as Executive Vice President for Corporate Investment Banking in 2005.

Other Directorship(s)/Membership(s)

Listed Entities

- Director, United Plantations Berhad
- Director, Yinson Holdings Berhad

Others

- Director, Projek Lebuh raya Usahasama Berhad
- Trustee, Yayasan Khazanah
- Chairman, Institutional Investors Council Malaysia

Family Relationship with any Director and/or Major Shareholders

No family relationship with any director and/or major shareholders of MRCB.

Conflict of Interest with MRCB

She has no personal interest in any business arrangement involving MRCB.

List of convictions or offences within the past five (5) years

She has not been convicted for any offence (other than traffic offences) within the past five (5) years, nor been imposed with any public sanction or penalty by the relevant bodies during the financial year.

Board of Directors' Profile



DATO' MOHAMAD NASIR AB LATIF

Non-Independent Non-Executive Director

Nominee of Employees Provident Fund, a major shareholder of MRCB



Age

63 years



Nationality

Malaysian



Gender

Male

Date Appointed to the Board

24 August 2018

Board Committee Membership

- Chairman of the Executive Committee
- Chairman of the Long-Term Incentive Plan (LTIP) Committee

Board Meetings Attendance in 2020

All 8 Board Meetings held in 2020

Qualifications

- Diploma in Accounting & Finance, The Chartered Association of Certified Accountants
- Bachelor of Social Science (Major-Economics), Universiti Sains Malaysia
- Master of Science in Investment Analysis, University of Sterling, United Kingdom

Skills and Experience

Dato' Mohamad Nasir was previously the Deputy Chief Executive Officer of the Investment Division, Employees Provident Fund (EPF) until his retirement on 31 December 2019. He started his career with EPF in 1982 and has held several positions in EPF including: – State Enforcement Officer (1990 to 1995) – Senior Research Officer, Manager and Senior Manager in the Investment and Economic Research Department (1995 to 2003) – General Manager, International Equity Department (2009 to 2013).

Other Directorship(s)/Membership(s)

Listed Entities

- Director, United Plantations Berhad
- Director, RHB Bank Berhad
- Director, Yinson Holdings Berhad
- Director, Malaysia Airports Holdings Berhad

Others

- Chairman, PLUS Malaysia Berhad
- Chairman, RHB Islamic Bank Berhad
- Chairman, Investment Panel of Kumpulan Wang Persaraan (Diperbadankan)

Family Relationship with any Director and/or Major Shareholders

No family relationship with any director and/or major shareholders of MRCB.

Conflict of Interest with MRCB

He has no personal interest in any business arrangement involving MRCB.

List of convictions or offences within the past five (5) years

He has not been convicted for any offence (other than traffic offences) within the past five (5) years, nor been imposed with any public sanction or penalty by the relevant bodies during the financial year.



HASMAN YUSRI YUSOFF

Senior Independent Director



Age

61 years



Nationality

Malaysian



Gender

Male

Date Appointed to the Board

26 January 2016

Board Committee Membership

- Chairman of the Audit & Risk Management Committee
- Chairman of the Nomination & Remuneration Committee
- Member of the Long-Term Incentive Plan (LTIP) Committee

Board Meetings Attendance in 2020

All 8 Board Meetings held in 2020

Qualifications

- Member of the Malaysian Institute of Accountants
- Fellow of the Association of Chartered Certified Accountants
- Post Graduate Diploma in Islamic Studies from International Islamic University Malaysia (IIUM)

Skills and Experience

Hasman Yusri was a partner at KPMG Malaysia (KPMG) before his retirement in December 2015. He joined KPMG in 1999 as a Director in the Assurance and Audit Division before becoming a Principal with Assurance Division in October 2001. Prior to KPMG, he was with the Petronas Group of Companies for 10 years from 1984 to 1994, holding various positions in the Group. Thereafter, he joined Malakoff Berhad for four years from 1995 to 1999 as the General Manager, Finance responsible for the financial affairs of the Group. His experience in audit and commercial areas covers a wide range of industries including construction, property development, plantation, power generation and oil & gas.

Other Directorship(s)/Membership(s)

Listed Entities

- Director, Serba Dinamik Holdings Berhad

Others

- Director, MIDF Amanah Asset Management Berhad

Family Relationship with any Director and/or Major Shareholders

No family relationship with any director and/or major shareholders of MRCB.

Conflict of Interest with MRCB

He has no personal interest in any business arrangement involving MRCB.

List of convictions or offences within the past five (5) years

He has not been convicted for any offence (other than traffic offences) within the past five (5) years, nor been imposed with any public sanction or penalty by the relevant bodies during the financial year.



TO' PUAN JANET LOOI LAI HENG

Independent Director



Age
59 years



Nationality
Malaysian



Gender
Female

Date Appointed to the Board

11 December 2017

Board Committee Membership

- Member of the Nomination & Remuneration Committee
- Member of the Audit & Risk Management Committee
- Member of the Executive Committee

Board Meetings Attendance in 2020

All 8 Board Meetings held in 2020

Qualifications

- Bachelor of Economics (1983), Monash University, Australia
- Bachelor of Laws (1985), Monash University, Australia
- Admitted to the Malaysian Bar (1986)

Skills and Experience

To' Puan Janet Looi Lai Heng is the Senior Partner of Messrs Skrine and is also the Head of the Firm's Corporate Division. Janet's experience in her over 33 years of legal practice includes advising on numerous corporate exercises for international and local companies ranging from takeovers, mergers and acquisitions, to business reorganisations and corporate governance. Janet is also the Head of Skrine's Environmental Practice and one of the lead Partners for Skrine's Competition Practice.

Other Directorship(s)/Membership(s)*Listed Entities*

- Nil

Others

- Nil

Family Relationship with any Director and/or Major Shareholders

No family relationship with any director and/or major shareholders of MRCB.

Conflict of Interest with MRCB

She has no personal interest in any business arrangement involving MRCB.

List of convictions or offences within the past five (5) years

She has not been convicted for any offence (other than traffic offences) within the past five (5) years, nor been imposed with any public sanction or penalty by the relevant bodies during the financial year.



DATO' WAN KAMARUZAMAN WAN AHMAD

Independent Director



Age
61 years



Nationality
Malaysian



Gender
Male

Date Appointed to the Board

15 April 2021

Board Committee Membership

- Member of the Audit & Risk Management Committee

Board Meetings Attendance in 2020

Not Applicable

Qualifications

- Bachelor of Economics (Analytical Economics) Hons (1981), University of Malaya
- Chartered Banker, Asian Institute of Chartered Bankers

Skills and Experience

Dato' Wan Kamaruzaman Wan Ahmad previously served as the Chief Executive Officer (CEO) of Kumpulan Wang Persaraan (Diperbadankan) (KWAP) from May 2013 to October 2018. Prior to joining KWAP, he served as the General Manager, Treasury Department of the Employees Provident Fund (EPF) since October 2007. He started his working career with Malayan Banking Berhad (Maybank) in 1981, mostly in the Treasury Department with two overseas postings in Hamburg, Germany as Chief Dealer, and in London, United Kingdom as Treasury Manager. After leaving Maybank in 1994, he served as CEO and Director with several companies within the Affin Group until 2005.

Other Directorship(s)/Membership(s)*Listed Entities*

- Al-Salam Real Estate Investment Trust (Al-Salam)
- Al-Aqar Healthcare REIT (Al-Aqar)

Others

- Member, EPF Investment Panel
- Director, Minority Shareholders Watch Group (MSWG)
- Director, Damansara REIT Managers Sdn Berhad (the Manager of Al-Salam and Al-Aqar)
- Director, Massive Equity Sdn Berhad
- Director, Global LNG Sdn Bhd
- Director, Malaysia Convention & Exhibition Bureau (MyCEB)
- Director, Bond Information Exchange

Family Relationship with any Director and/or Major Shareholders

No family relationship with any director and/or major shareholders of MRCB.

Conflict of Interest with MRCB

He has no personal interest in any business arrangement involving MRCB.

List of convictions or offences within the past five (5) years

He has not been convicted for any offence (other than traffic offences) within the past five (5) years, nor been imposed with any public sanction or penalty by the relevant bodies during the financial year.

Senior Management Profile



AMARJIT SINGH CHHINA

ANN WAN TEE

KWAN JOON HOE



ANN WAN TEE Group Chief Financial Officer

Age : 50 | Gender : Male | Nationality : Malaysian

Qualifications

- Bachelor of Commerce (Accounting) (Hons), University of Birmingham
- Fellow of the Association of Chartered Certified Accountants (FCCA)
- Member of the Malaysian Institute of Accountants (MIA)

Other Directorship(s):

Listed Entities

- Sentral REIT (formerly known as MRCB-Quill REIT)

Others

- MRCB Southern Link Berhad

Working Experience

Ann Wan Tee was appointed Chief Financial Officer on 25 November 2013 and promoted to Group Chief Financial Officer on 1 June 2017. He has more than 24 years' experience spanning from project advisory, privatisation, private finance initiatives, financial feasibility studies, business valuations, mergers and acquisitions as well as corporate recovery.

He joined MRCB in May 2013 as the Chief Strategy Officer. Prior to MRCB, Wan Tee was the Chief Financial Officer/Finance Director of Gapurna Strategic Alliance Sdn Bhd from June 2012 to May 2013. Wan Tee was in PricewaterhouseCoopers (Advisory Services) from January 2006 to May 2012, where he left as Executive Director.

Family Relationship with any Director and or Major Shareholders

No family relationship with any director and/or major shareholders of MRCB.

Conflict of Interest with MRCB

He has no personal interest in any business arrangement involving MRCB.

List of convictions or offences within the past five (5) years

He has not been convicted for any offence.

KWAN JOON HOE Group Chief Operating Officer

Age : 39 | Gender : Male | Nationality : Malaysian

Qualifications

- Bachelor of Commerce (Accounting and Finance) from University of Melbourne, Australia
- Member of the Certified Public Accountant (CPA), Australia

Other Directorship(s):*Listed Entities*

- Sentral REIT (formerly known as MRCB-Quill REIT)

Others

- MRCB Southern Link Berhad

Working Experience

Kwan Joon Hoe is currently the Group Chief Operating Officer of the Company.

He joined MRCB as Senior Vice President of the Groups' Property Division in January 2014. Kwan Joon Hoe was appointed Chief Operating Officer of the Company on 1 March 2015 and was promoted to his current position on 1 June 2017.

He joined Gapurna in 2008 as the Group's Financial Controller, spearheading the RM1 billion Lot 348 development (Menara Shell) in Kuala Lumpur Sentral CBD. He was then promoted to the position of Chief Executive Officer managing the Group's property development function in 2012, before joining MRCB. Prior to joining Gapurna, he served in two (2) accounting firms in their respective audit and advisory functions.

Family Relationship with any Director and or Major Shareholders

No family relationship with any director and/or major shareholders of MRCB.

Conflict of Interest with MRCB

He has no personal interest in any business arrangement involving MRCB.

List of convictions or offences within the past five (5) years

He has not been convicted for any offence.

AMARJIT SINGH CHHINA Chief Corporate Officer

Age : 53 | Gender : Male | Nationality : British

Qualifications

- Fellow of the Institute of Corporate Directors Malaysia
- SIDC, Capital Markets Director Programme
- Monetary Authority of Singapore, Dealers Representative
- London Stock Exchange, Registered Representative

Other Directorship(s):*Listed Entities*

- Nil

Others

- Independent Director, Aberdeen Standard Islamic Investments Sdn Bhd

Working Experience

Amarjit was appointed Chief Corporate Officer of MRCB on 13 January 2016.

Prior to MRCB, from 2000 to 2015 he was Executive Director of Bursa Malaysia listed YTL e-Solutions Bhd and Chairman & Chief Executive Officer of the company's subsidiary, Infoscreen Networks PLC, while it was listed on the London Stock Exchange. He was also seconded for a period of time to PEMANDU, in the Prime Minister's Department, Malaysia.

Amarjit also has over 13 years of international equity markets and investment banking experience, having held positions in what were the UK's leading investment banks. He was a UK Equity Fund Manager at Kleinwort Benson Investment Management and UK Equity Building & Construction Sector Analyst at Barclays de Zoete Wedd Securities Limited (now known as Credit Suisse) in London, and over 5 years from 1993 to 1998 was seconded to its offices in Kuala Lumpur, Hong Kong and Singapore as an Associate Director, working on a number of large equity capital raisings, including the IPOs of Litrak Bhd, YTL Power International Bhd and Petronas Gas Bhd. He ended this phase of his career as Associate Director of HSBC Securities in Singapore.

Family Relationship with any Director and or Major Shareholders

No family relationship with any director and/or major shareholders of MRCB.

Conflict of Interest with MRCB

He has no personal interest in any business arrangement involving MRCB.

List of convictions or offences within the past five (5) years

He has not been convicted for any offence.

Governance for a Sustainable Business



PUSHING FORWARD FOR SUSTAINABLE GROWTH

Our commitment to sustainability is reflected in the way we operate. As a signatory of the Ten Principles of the UN Global Compact, we are committed to creating value by having a positive impact on society, as reflected in our Sustainability Statement on page 142 of this report.



Underpinning the vision of MRCB's sustainable business performance is our continuing commitment to achieving the highest standards of corporate governance in managing our affairs. Our adoption of the UN SDG 16: Peace, Justice & Strong Institutions furthers our pledge of good governance as we believe this will create long-term sustainable value for all our stakeholders. This is embedded within the Group's policies and procedures, with a focus on inculcating the best practices in governance, ethics, integrity, and transparency within our diverse workforce.

The Board continued to work as a cohesive unit to ensure strong oversight over the management of MRCB's business operations. In 2020, the Board's composition was slightly altered as Encik Jamaludin Zakaria retired on 14 July 2020 having served the Board in his capacity as the Senior Independent Director for 9 years. His retirement from the Board was in line with Practice 4.2 of the Malaysian Code on Corporate Governance 2017 (MCCG 2017) that seeks to alleviate stakeholder concerns over the potential for long tenures by independent directors that may lead to overfamiliarity that subsequently erodes the Board's objectivity.



"AS THE CHAIRMAN OF MRCB, IT IS MY PLEASURE TO PRESENT TO YOU THIS YEAR'S CORPORATE GOVERNANCE OVERVIEW STATEMENT."

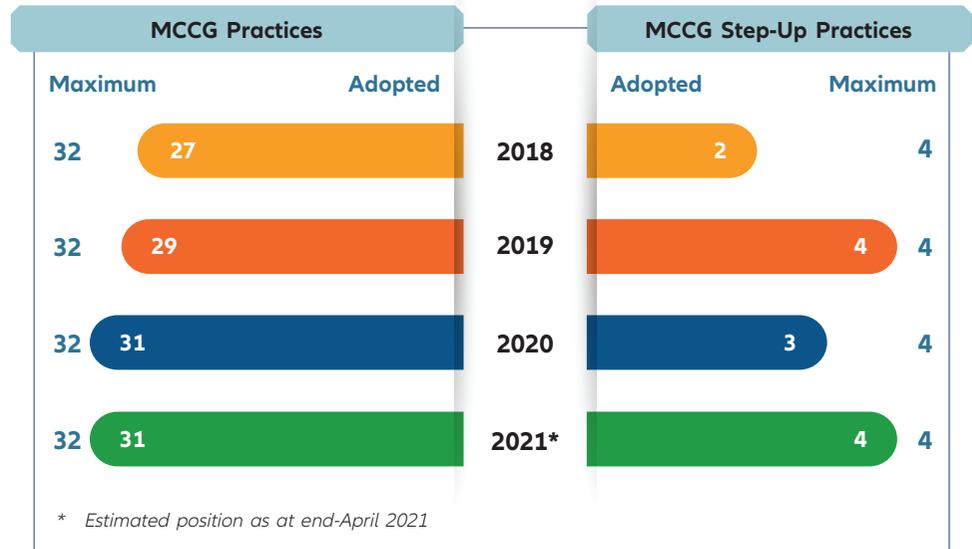
Despite the macro challenges faced in 2020, we managed to make several notable strides in corporate governance. As at end-2020, MRCB successfully adopted and applied 31 out of the 32 Practices prescribed by the MCCG 2017, together with 3 out of the 4 optional Step-Up Practices that aim to raise the bar well beyond existing regulatory requirements. The two (2) departures were due to the reduction in the number of Independent Directors on the MRCB Board and on the Audit & Risk Management Committee (ARMC) following Encik Jamaludin's retirement.

Both MCCG Practices have since been re-adopted with the appointment of Dato' Wan Kamaruzaman Wan Ahmad as our new Independent Director on 15 April 2021. Conversely, the proportion of women directors on the Board has now dropped to 29%, just under the recommended 30% threshold. We will continue to pursue further improvements in this and other areas, to be reflected within our end-2021 MCCG scores.

We have also transitioned our Group to utilise digital approval solutions to better address governance concerns arising from the increasing reliance on remote working during the year. In addition to providing greater assurances over integrity and authenticity, such solutions improve business efficiency while maintaining legal validity.

With the Corporate Liability provisions within Section 17A of the Malaysian Anti-Corruption Commission (MACC) Act 2009 taking effect in 2020, we at MRCB take comfort in the continued implementation of our Anti-Bribery Management System (ABMS), which is now in its second (2nd) year of ISO37001:2016 certification by an international certification body. In addition, we continue to review and strengthen our operational policies and procedures in an ongoing manner to better address the ever-changing risk landscape affecting our businesses.

These achievements continue to be recognised externally based on the accolades and strong rankings we achieved in all relevant benchmarks this year.



External Recognition of MRCB's Corporate Governance Ecosystem

Received the
ASEAN Asset Class Award
for the 2019 ASEAN
Corporate Governance
Assessment Scorecard

Developed by the ASEAN Capital
Markets Forum (ACMF) in partnership
with the Asian Development Bank
(ADB)

Constituent
of the



FTSE4Good
Bursa Malaysia Index
since 2017

MSCI ESG Rating of
'BBB' IN 2020

MSCI
ESG RATINGS



CCC | B | BB | **BBB** | A | AA | AAA

Further details on our corporate governance achievements and plans for the future are set out in the ensuing sections of this Corporate Governance Overview Statement.

Corporate Governance Overview Statement

CORPORATE GOVERNANCE PHILOSOPHY

MRCB is committed to ensuring the highest standards of governance, integrity, and ethics in the conduct of our business. The Board embraces and promotes value-creating governance through a deliberate and structured approach, with processes that align to our core values as a Group.

Led by our Vision ‘Setting the Standard’, we strive to conduct our operations in a sustainable manner that is environmentally and socially responsible, while delivering on our financial targets. This is achieved through the embedment of robust institutional governance practices as well as globally recognised standards for sustainable business practices. All these practices are continuously reviewed, mindful of the constantly evolving operating landscape as exemplified by the events of 2020, to ensure that we continue to act in the best interest of our stakeholders.

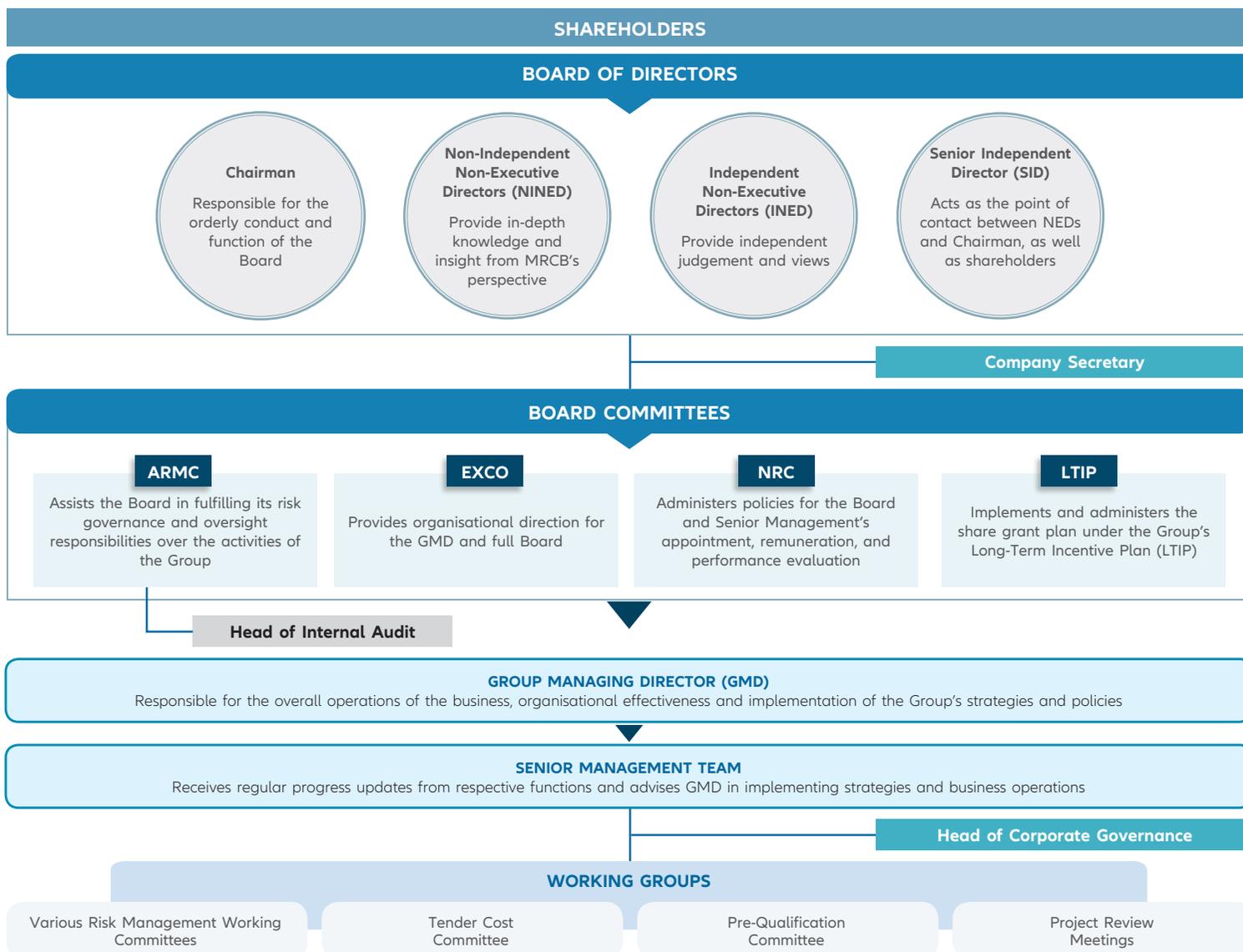
At MRCB, we strive to create maximum value by delivering on our purpose and ensuring relevance and sustainability of the business model across all spheres. Accordingly, our commitment to sustainability is reflected in the way we do our business. We embed sustainability into our operations to create value by delivering property and infrastructure development solutions that aim to positively impact society and shape a better, healthier, and more equitable world for all.

CORPORATE GOVERNANCE FRAMEWORK

The Board is committed to ensuring that there is a strong and effective system of corporate governance in place to support the successful execution of the Group’s strategy. This is achieved via a delegated authority framework, which ensures that decisions are taken by the right people, at the right level and that there is clear accountability up to the Board.

The diagram below describes MRCB’s governance framework, an overview of the key Committees of the Board and other management Working Groups.

CORPORATE GOVERNANCE FRAMEWORK



CORPORATE GOVERNANCE PRACTICES

In this Statement, we report on the manner the Group has adopted and applied the statutory requirements, principles and best practices as set out in the Main Market Listing Requirements (MMLR) of Bursa Malaysia, the Companies Act 2016 (CA 2016), the Malaysian Code on Corporate Governance 2017 (MCCG 2017) and the Corporate Governance Guide – 3rd Edition issued by Bursa Malaysia, in addition to being benchmarked against the ASEAN Corporate Governance Scorecard and other applicable laws, regulations, and guidelines.

For the year ended 31 December 2020, the Group had successfully applied 31 out of 32 Practices in the MCCG 2017, and 3 out of 4 optional Step-Up Practices. Both departures were the result of Encik Jamaludin Zakaria's retirement on 14 July 2020 after having served on the Board for nine (9) years. The departures were as follows:

Practice 4.1	Step-up Practice 8.4
For Large Companies, the board comprises a majority of independent directors	The Audit Committee should comprise solely of Independent Directors
The full Board comprised 6 members, of which 3 members (50%) were Independent Directors, including the Chairman.	Dato' Mohamad Nasir Ab Latif, a nominee of our major shareholder EPF, was appointed as the 3 rd member of the Audit & Risk Management Committee (ARMC) in place of Encik Jamaludin. The ARMC therefore comprised a majority of Independent Directors.

Both MCCG Practices have since been re-adopted with the appointment of Dato' Wan Kamaruzaman Wan Ahmad as our new Independent Director on 15 April 2021. Four (4) of the seven (7) Board members are now Independent Directors, thus restoring the Board's previously held majority independent position. Similarly, Dato' Wan Kamaruzaman's appointment to the ARMC in place of Dato' Mohamad Nasir ensures that the ARMC too regains its previously held wholly-independent status. Conversely, this development impacts our adoption of MCCG Practice 4.5 on having at least 30% women directors on the Board, dropping just below the recommended threshold to 29%.

The Board remains committed to pursuing further improvements in both these and other corporate governance practices to maintain the momentum of our recent positive achievements in this regard. These changes will be reflected in our end-2021 MCCG assessment to be reported within our 2021 Integrated Annual Report.

 For more information on the application of each Practice, please refer to our Corporate Governance Report at www.mrcb.com/corporate-governance/

The rest of this Corporate Governance Overview Statement is presented based on the following core principles as set out within MCCG 2017:



**MCCG Principle A:
Board Leadership and Effectiveness**

 Go to pages 102 to 119



**MCCG Principle B:
Effective Audit and Risk Management**

 Go to page 119



**MCCG Principle C:
Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders**

 Go to pages 120 to 122

Corporate Governance Overview Statement



MCCG Principle A: Board Leadership and Effectiveness

BOARD LEADERSHIP

MRCB is led by the Board. The Board is responsible for the stewardship of the business and all affairs of the Group on behalf of our shareholders and all other stakeholders.

The Board therefore plays a critical role in ensuring that appropriate governance controls and parameters are put in place. This is primarily achieved through the development of internal controls and guidelines, such as the Board Charter, Code of Business Ethics, Whistleblowing and Conflict of Interest policies, among others.

Further details on these internal governing controls can be found at www.mrcb.com/corporate-governance/.

BOARD OPERATIONS

Board Charter

The Board is guided by a Board Charter that sets out the principal role of the Board, the functions, responsibilities and powers of the Board and its various committees, together with a schedule of matters reserved for the Board. This document was established by the Board to ensure that Directors are aware of their fiduciary duties and responsibilities, particularly their responsibility to the Company and shareholders, and the need to always conduct themselves to the highest ethical standards.

The Board Charter is reviewed and updated from time to time, with the last revision being made on 22 November 2018. This document can be viewed at www.mrcb.com/corporate-governance/.

Code of Business Ethics (CBE)

Our Directors are expected to display the highest ethical standards. They are expected to always behave ethically and professionally to protect and promote the reputation of the Group.

Upon their appointment, all Directors of the Group are given a copy of the Directors' Manual, Executive Handbook, and the CBE, and are required to confirm they have read and understood the CBE. Compliance with the provisions in these documents is deemed to be part of the terms and conditions of their service.

The CBE promotes good business conduct with the highest principles of moral behaviour and integrity. It also sets out the expected standards of conduct and behaviour when dealing with external parties such as customers, suppliers, and other stakeholders, dealing with conflict of interest situations, and preserving the confidentiality of company information.

The CBE applies to all Directors and employees of the Group, and can be viewed at www.mrcb.com/corporate-governance/.

Whistleblowing

The Group has a Whistleblowing Policy, which also covers members of the Board, that outlines the process for submitting confidential whistleblowing reports via a dedicated email address published on our website. All submissions are automatically sent electronically to the Group Managing Director and Head of the Integrity & Discipline Department (IDD), as well as the Independent Chairman, and the Chairman of the Audit & Risk Management Committee (ARMC) who is also the Senior Independent Director – for their further action.

The policy underscores the Group's commitment to developing a culture of openness and honesty, where a person who is aware of potential malpractice or misconduct is encouraged to report such matters in good faith. It is also designed to protect such whistleblowers against any potential reprisals, particularly if they are employees of the Group.

The Whistleblowing Policy has proved to be an effective tool to detect and act against instances of misconduct within the Group. The policy can be viewed at www.mrcb.com/corporate-governance/.

Conflict of Interest

The Directors have a fiduciary duty to always act in the best interest of the Group. The Directors also have a duty of confidentiality in relation to the Group's information.

A Director is therefore required to disclose to the Board:

- any material personal interest he/she has in a matter which relates to the affairs of the Group; and,
- any other interest (direct or indirect) which he/she believes is appropriate to disclose in order to avoid any conflict of interest or the perception of a conflict of interest.

Such disclosures should be made as soon as practicable upon the Director becoming aware of his/her interest. Details of such disclosures must be recorded in the minutes of the meeting at which the disclosure is made, or at the next meeting held following the disclosure. Interested Directors should also abstain from all Board deliberations and voting that relates to matters in which they have an interest.

A Conflict of Interest Policy was established in 2019 with the goal of ensuring that actual, potential and perceived conflicts of interest are identified and managed effectively. It provides guidance on how to deal with such situations as they arise.

This Policy applies to all Directors and employees of the Group, including those on internship or secondment and consultants engaged by the Group on a full-time basis. The policy can be viewed at www.mrcb.com/corporate-governance/.

ROLES & RESPONSIBILITIES OF THE BOARD

The Board is entrusted with the overall governance of MRCB, setting a clear tone from the top by focusing on strategy, governance, and compliance in all aspects of our operations.

In discharging its functions, the main roles and responsibilities of the Board are as follows:

- ☑ To deliberate the strategic plans and goals proposed by the Management, and to set the Group's strategy;
- ☑ To take climate change issues into account in the delivery of the Group's sustainable business growth, ensuring compliance with all laws, regulatory and other disclosure requirements relating to environmental matters, as well as having regard of the needs of all its stakeholders in its pursuit of generating long-term returns for its shareholders;
- ☑ To oversee and evaluate the conduct and performance of the Group and Company;
- ☑ To identify key enterprise risks and ensure implementation of proper risk mitigation plans and a risk management system;
- ☑ To ensure the establishment of an appropriate succession plan for members of the Board and senior management;
- ☑ To oversee the development and implementation of a shareholder communication policy for the Group and Company;
- ☑ To review the adequacy and the integrity of the management information and internal controls system of the Group and Company;
- ☑ To establish, review, and together with the management, implement policies and procedures on whistleblowing;
- ☑ To establish and review policies and procedures to determine the remuneration of directors and senior management taking into account the demands, complexities and performance of the Company as well as skills and experience required;

- ☑ To provide and ensure accountability to shareholders and to the extent possible, towards a wider range of stakeholders impacted by MRCB's decisions, such as employees, customers, and the local community in areas where MRCB operates; and,
- ☑ To commit itself and its Directors to ethical business and lawful conduct, including proper use of authority and appropriate decorum when acting as Board members and in the discharging of their fiduciary duties.

The following matters are reserved for the Board to determine and/or approve (save to the extent that the Board resolves that determination and/or approval of any such matter shall be delegated to the Committees of the Board or Management):

- ☑ Corporate plans and programmes;
- ☑ Annual budgets, including major capital commitments;
- ☑ New ventures;
- ☑ Material acquisitions and disposals of undertakings and assets; and,
- ☑ Changes to the management and control structure within the Company and its subsidiaries.

Further details on the roles, responsibilities, and reserved matters are clearly set out in the Board Charter.

SEPARATION OF POWER BETWEEN THE BOARD AND MANAGEMENT

The Board ensures that its Chairman is an independent non-executive member of the Board. An inherent safeguard is built in the position of the Chairman through Practice 4.1 of the MCGG which calls for a majority of the Board to comprise Independent Directors. Though our application of this Practice had been impacted by Encik Jamaludin Zakaria's retirement during 2020, the Board's previously held majority independent position has since been restored with the appointment of Dato' Wan Kamaruzaman Wan Ahmad as our new Independent Director on 15 April 2021.

Additionally, the Board practices a clear demarcation of duties and responsibilities between the Chairman and the Group Managing Director to ensure there is a balance of power and authority in the Board. The positions of Chairman and GMD are also held by two (2) different individuals. Non-Executive Directors, who are wholly independent of Management and strictly do not participate in any day-to-day management activities of the Company, are relied upon to provide oversight over Management.

The Board also appoints a Senior Independent Director who acts as a trusted intermediary between the Non-Executive Directors and the Chairman, as well as the designated contact to whom shareholders' concerns may be raised.

Corporate Governance Overview Statement

Tan Sri Azlan Zainol | Chairman



The Chairman of MRCB is an Independent Non-Executive Director. The Chairman is responsible for the overall leadership and efficient functioning of the Board.

Roles & Responsibilities of the Chairman

- Ensuring that the Board functions effectively, cohesively and independently of Management;
- Providing governance in matters requiring corporate justice and integrity;
- Leading the Board, including presiding over Board meetings and Company meetings, and directing Board discussions to effectively use the time available to address the critical issues facing the Company;
- Promoting a constructive and respectful relationship among Board members and between Board members and Management;
- Ensuring that there is effective communication between the Company and/or Group and its shareholders and relevant stakeholders;
- Leading the creation of an effective corporate governance system, including the establishment of Board Committee structures and their Charters;
- Ensuring decisions are taken on a sound and well-informed basis, following detailed discussions in which dissenting views can be freely expressed; and,
- Leading efforts to address the Board's developmental needs.

 For more information on the Chairman's profile, please refer to page 92 of this Integrated Annual Report

Mohd Imran Mohamad Salim | Group Managing Director



The Group Managing Director is responsible for the overall operations of the business, organisational effectiveness and the implementation of the Group's strategies and policies. He is assisted by the Senior Management Team, with whom he consults regularly.

Roles & Responsibilities of the Group Managing Director (GMD)

- Developing the strategic direction of the Group with the Board;
- Ensuring that the Company and/or the Group's business is properly and efficiently managed by ensuring that the executive team implements the policies and strategies adopted by the Board and its Committees;
- Recommending suitable management structures and operating authority levels which include delegations of responsibilities to the Management;
- Ensuring an effective Management team below the level of the Group Managing Director and developing an appropriate succession plan;
- Ensuring that the objectives and standards of performance are understood by the Management and employees;
- Ensuring that the necessary operational planning, sustainability, risk management and control systems are in place;
- Establishing new business contacts, interacting with clients, and recruiting employees;
- Developing strategic marketing and sales plans to boost profits and efficiency;
- Monitoring performance results against plans in an ongoing manner;
- Fostering a corporate culture that promotes ethical practices, encourages individual integrity and the fulfilment of MRCB's corporate social responsibilities;
- Maintaining a positive and ethical working environment that is conducive to attracting, retaining, and motivating a diverse workforce; and,
- Ensuring continuous improvement in quality and value of MRCB's products and services.

 For more information on the Group Managing Director's profile, please refer to page 93 of this Integrated Annual Report

Hasman Yusri Yusoff | Senior Independent Director



The Senior Independent Director is an important intermediary between the various Board members and external stakeholders.

Roles & Responsibilities of the Senior Independent Director (SID)

- Act as a sounding board for the Chairman and Group Managing Director on Board matters;
- Be a conduit, as required, for views by other Non-Executive Directors on the performance of the Chairman and chair a formal annual session of the Nomination & Remuneration Committee (NRC) to agree on the Chairman's objectives and review his performance;
- Be the focal point for Board members for any concerns regarding the Chairman, or the relationship between the Chairman and the Group Managing Director; and,
- Act as a trusted intermediary for Non-Executive Directors where this is required to help them to challenge and contribute effectively.

The SID also provides an alternative independent communication channel for shareholders and stakeholders to convey their concerns and raise issues so that these can be channelled to the relevant parties.

All queries relating to the Group can be channelled to the SID's email address, hasmany@mrbc.com or directed to the following address:

Hasman Yusri Yusoff

Senior Independent Director

Malaysian Resources Corporation Berhad
Level 30, Menara Allianz Sentral,
No 203, Jalan Tun Sambanthan, Kuala Lumpur Sentral,
50470 Kuala Lumpur, Malaysia.

 For more information on the Senior Independent Director's profile, please refer to page 94 of this Integrated Annual Report

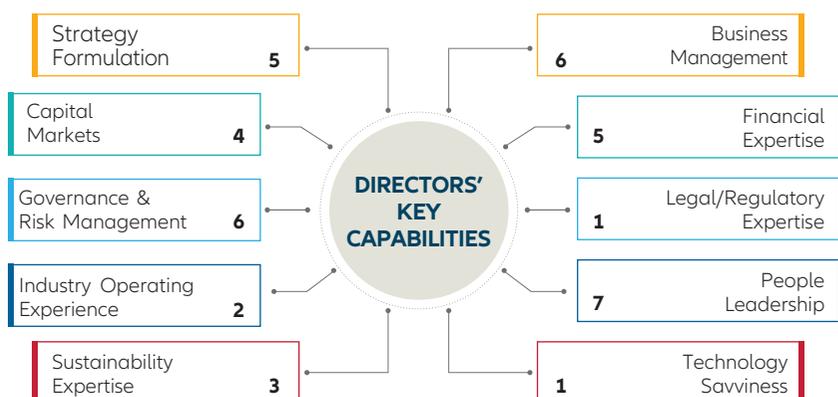
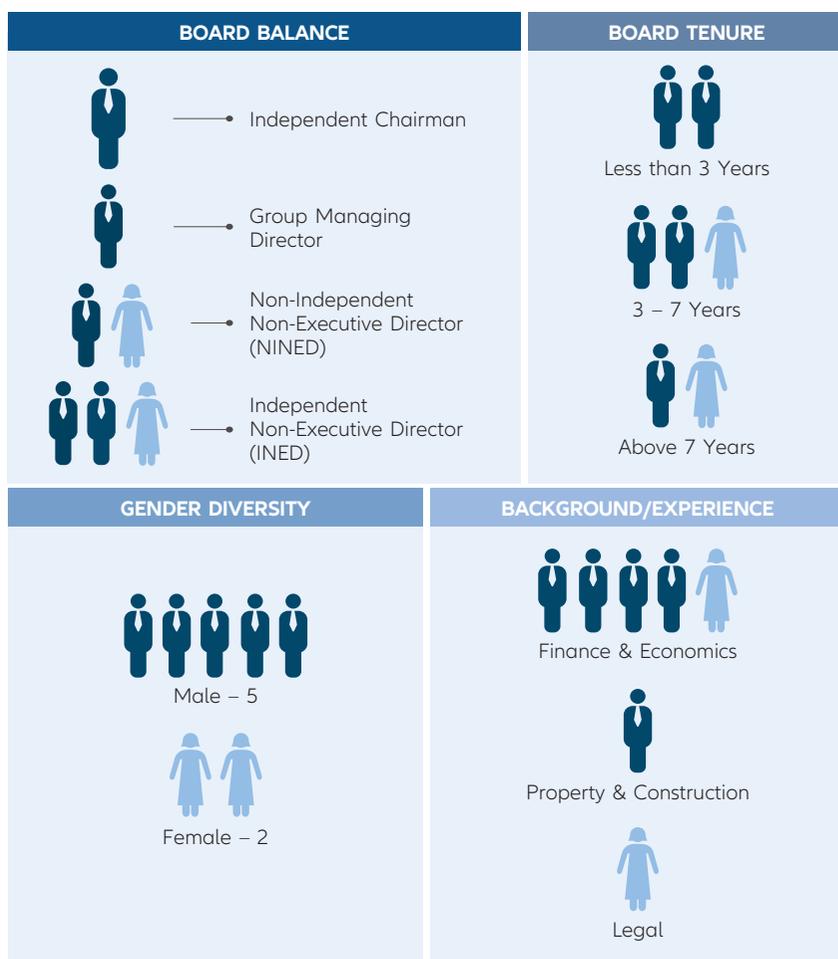
Corporate Governance Overview Statement

BOARD DIVERSITY & COMPOSITION

The composition of a board remains a key factor in influencing the way the board functions and the dynamics between its members. Diversity helps the Board to leverage the differences in background, industry experience, knowledge, and skills, to help the Group retain its competitive advantage. An effective board should comprise members with an appropriate mix of skills, knowledge, experience, and independence that fit the Company's objectives and strategic goals.

In this regard, MRCB is committed to achieving greater diversity within its Board composition, as outlined within the Board Charter. We also support the nation's aspirational target of 30% representation of women directors. The Board believes that its present composition and size enables it to discharge its duties and responsibilities effectively and competently, with adequate diversity available in terms of board balance, board tenure, gender, age, and related experience.

All illustrations are based on the Board composition as at 15 April 2021



Board Independence

All Directors, regardless of their independent status, are always required to act in the best interests of MRCB and to exercise unfettered and independent judgement. The Board recognises the important contributions that Independent Directors make in terms of good corporate governance, particularly in the area of related party transactions where they safeguard the interests of minority shareholders.

The Board undertakes to assess the independence of its Independent Directors upon their appointment and annually thereafter, or upon the development of any new interest in Company matters. The responsibility for such assessments, along with the identification and recommendation of suitable Board candidates lies with the Nomination & Remuneration Committee (NRC), which is chaired by the Senior Independent Director.

An evaluation of the objectivity of Independent Directors was carried out over the past year by KPMG Management & Risk Consulting Sdn Bhd (KPMG). To date, all of our Independent Directors satisfy the following criteria:

- Independent from Management and free from any business or other relationship which could interfere with independent judgement or the ability to act in the best interest of the Company.
- Not involved in the day-to-day operations of the Company other than when collective Board approval is required. This mitigates the risk of undue influence from third parties and allows Independent Non-Executive Directors to exercise fair judgement.
- Declare their interests or any possible conflict of interest in any matter tabled prior to the commencement of Board meetings. Directors are able to ascertain their involvement in any proposal as the papers are disseminated to them at least five (5) days before each meeting. In a situation where there is a conflict of interest, Directors are required to recuse themselves and abstain from deliberation and voting to allow unbiased and free discussion and decision making. This also holds true for and applies to Non-Independent Non-Executive Directors.

As a matter of policy, the Board has established that the tenure of Independent Directors shall not exceed a cumulative term of nine (9) years. Long tenures could lead to the development of a sense of familiarity with Management and sympathy for their interests, which may erode an Independent Director's objectivity, as outlined within Practice 4.2 of the MCCG 2017. Encik Jamaludin Zakaria, our former Senior Independent Director, retired from the Board this year having served on the Board for nine (9) years.

Independent Directors form the majority of the current Board. Encik Jamaludin's retirement caused a temporary loss of this status, however, it has since been restored with the appointment of Dato' Wan Kamaruzaman Wan Ahmad as an Independent Director on 15 April 2021. The Board views the current composition as adequate to provide the necessary check and balance to the Board's decision-making process.

BOARD MEETINGS & ATTENDANCE

The Board holds regular meetings not less than four times a year. All Board meetings are scheduled in advance before the start of the financial year to enable Directors to plan ahead and ensure full attendance at meetings. Scheduled Board meetings are typically convened immediately following finalisation of the Company's quarterly and annual results for the Board to review and approve prior to announcing to Bursa Malaysia. The viability of other business propositions and corporate proposals are also deliberated and assessed, with relevant members of Senior Management attending by invitation to report to the Board on matters pertinent to their areas of responsibility. In arriving at Board decisions, the will of the majority prevails.

In addition to scheduled meetings, the Board commits to convene as and when necessary to consider and deliberate urgent proposals. Approvals by way of circular resolutions are another option available to the Directors for urgent proposals that arise in between scheduled Board meetings, however, these are generally used sparingly. The Board

further participates in annual Strategy Retreats organised for Management to consult, deliberate, and formulate the Group's strategy in an informal setting.

Directors are therefore expected to always allocate sufficient time to perform their responsibilities effectively. If physical attendance is not possible for any reason, Directors are able to join meetings remotely via video conferencing solutions. Directors may also submit their views to the other Directors and the Company Secretary via a secured collaborative software if they are unable to attend the session. In all cases, Directors are expected to personally attend to Board matters and must not appoint another person to participate on his/her behalf.

Directors are further required to notify the Chairman before accepting any new directorships, and to indicate the time expected to be spent on such new appointments. In any given circumstances, Directors are limited to holding not more than 5 directorships in listed issuers, in accordance with Bursa Malaysia's Listing Requirements.

All Directors participated fully in discussions and have been free to express their views at all Board meetings held during the financial year. Further evidence of the Directors' full commitment towards their duties and responsibilities can be seen by their attendance at Board meetings held during the financial year. In summary, the Directors fully attended all Board and Board Committee meetings held in 2020 and therefore have more than adequately complied with the minimum attendance requirements.

SCHEDULE OF MEETINGS IN 2020

Meeting	Quarter 1	Quarter 2	Quarter 3	Quarter 4
Annual General Meeting	–	–	14 July	–
Executive Committee	14 February 16 March 23 March	3 April 27 April	25 August	13 October 10 December
Audit & Risk Management Committee	17 February 25 February 18 March	24 June 17 August 25 August	–	16 November 20 November
Nomination & Remuneration Committee	25 February 18 March	–	28 July	–
LTIP Committee	–	–	–	–
Board of Directors	26 February 23 March	7 April 30 May 26 June	27 August 22 September	23 November
Strategy Retreat	12 January	–	–	–

DIRECTORS' ATTENDANCE AT MEETINGS IN 2020

Board Member	Attendance					AGM
	Board	Committees				
		EXCO	ARMC	NRC	LTIP	
Independent Chairman						
1 Tan Sri Azlan Zainol	8/8	–	–	–	–	1/1
Non-Independent Non-Executive Directors						
2 Rohaya Mohammad Yusof	8/8	–	–	3/3	–	1/1
3 Dato' Mohamad Nasir Ab Latif	8/8	8/8	4/4	–	–	1/1
Group Managing Director						
4 Mohd Imran Mohamad Salim	8/8	8/8	–	–	–	1/1
Independent Directors						
5 Jamaludin Zakaria	5/5	5/5	4/4	2/2	–	1/1
6 Hasman Yusri Yusoff	8/8	–	8/8	3/3	–	1/1
7 To' Puan Looi Lai Heng	8/8	8/8	8/8	3/3	–	1/1
Overall attendance	100%	100%	100%	100%	–	100%

Corporate Governance Overview Statement

HIGHLIGHTS OF BOARD ACTIVITIES IN 2020



Performance & Strategy

- Strategy deliberation and formulation, including cost-optimisation and COVID-19 business continuity measures
- Updates on operational progress
- Updates on HR strategies, such as organisational right-sizing
- Updates on digitalisation & automation implementation



Governance, Risk & Compliance

- Board Committee updates
- Key enterprise risks, risk registers, and risk mitigation plans
- Quarterly audit status reports
- Updates to the Limits of Authority
- Anti-Bribery Management System (ABMS) updates, including whistleblowing and gift register reviews
- Quarterly Health & Safety updates
- Sustainability reports



Financial

- Annual FY2020 business plan and budget
- Audited Financial Statements for FY2019
- Quarterly financial results
- Annual dividend
- Deliberation on acquisitions, disposals, tender proposals
- Cost optimisation initiatives
- Sukuk issuance



People & Culture

- Talent management
- Learning & development initiatives
- Workforce planning, including Succession planning
- Corporate Social Responsibility (CSR) initiatives

BOARD ACCESS TO INFORMATION

The quality of information given to the Board is critical as it enables good decision-making. In the course of discharging their duties, all Directors are provided with:

- a) Full and unrestricted access to timely and accurate information. The agenda and a full set of Board papers are typically distributed to the Directors via a secured collaborative software, at least five (5) days before the Board or its Committee meetings. In addition to easing the distribution of papers and minimising potential leakage of sensitive information, this approach enables Directors to access, review, and collaborate with their peers on the papers, anytime and anywhere. If necessary, Directors may also obtain further information on the matters to be discussed, in order to be properly prepared for the meetings.
- b) Unrestricted access to the advice and services of the Company Secretary and Senior Management.
- c) Unrestricted access to the advice and services of independent professionals made available to Board members individually and collectively. Such advice and services are made available at the Company's expense and are wholly independent of Management's intervention.

In addition, the Board may collectively conduct or direct any investigation and may retain, at the Company's expense, any legal, accounting, or other services that it considers necessary to perform its duties.

Company Secretary

Mohamed Noor Rahim bin Yahaya

The Company Secretary is a member of the Malaysian Institute of Chartered Secretaries and Administrators (MAICSA) and is bound by MAICSA's Code of Professional Ethics and Conduct to Act as Company Secretaries. He possesses the requisite experience to provide unhindered advice to the Board to ensure its effective functioning and compliance with regulatory requirements.

Roles & Responsibilities of the Company Secretary in relation to the Board

- Attending all Board meetings and ensuring that all deliberations are properly documented and recorded;
- Ensuring that all Board procedures are followed and the applicable rules and regulations for the conduct of the Board's affairs are complied with;
- Advising the Board on issues relating to the Company's Constitution, corporate governance best practices and compliance-related matters;
- Circulating draft minutes to all Directors for their perusal and comments before the confirmation of the same at the next meeting; and,
- Serving adequate notice to Directors and the Company's principal officers to notify them of the 'closed periods' for trading of the Company's shares, in accordance with Bursa Malaysia's Listing Requirements.

The Company Secretary keeps himself abreast of the evolving regulatory changes and developments through continuous training. During the year under review, the Company Secretary attended the following training programmes:

Training/Seminar Attended	Date	Organiser
1. Decoding Transaction & Related Party Transaction Rules	23 September 2020	CKM Advisory Sdn Bhd
2. Technical Briefing for Company Secretaries of Listed Issuers 2020	22 October 2020	Bursa Malaysia Berhad
3. MAICSA Annual Governance Conference 2020	2 & 3 December 2020	The Malaysian Institute of Chartered Secretaries and Administrators (MAICSA)

The Board is satisfied with the performance and support rendered by the Company Secretary to the Board in discharging their functions for the year under review.

Corporate Governance Overview Statement

DIRECTORS' INDEMNITY

We continue to provide and maintain indemnification for our Directors throughout the financial year as allowed under the Companies Act 2016 (CA 2016) to the extent it is insurable under the Directors' and Officers' Liability Insurance (D&O) procured by the Company. Directors and Officers are indemnified against any liability incurred by them in discharging their duties while holding office as Directors and Officers of the Company.

All Directors may opt to obtain additional D&O insurance to provide protection (to the extent it is insurable) against unindemnified liabilities by the Company or other uninsured circumstances. Premiums for such additional insurance are to be paid by the Directors themselves.

BOARD DELEGATION

Board Committees

The Board from time to time establishes committees as it considers appropriate to assist in carrying out its duties and responsibilities. The following four (4) Board Committees have been in operation during the year under review:

Board Committee	Core Function	Members (as of 31 December 2020)
Executive Committee	Provides organisational direction to the GMD and the Senior Management team.	<ul style="list-style-type: none"> Dato' Mohamad Nasir Ab Latif (Chairman) Mohd Imran Mohamad Salim To' Puan Janet Looi Lai Heng
Audit & Risk Management Committee	Assists the Board in fulfilling its risk governance and oversight responsibilities over the activities of the Group.	<ul style="list-style-type: none"> Hasman Yusri Yusoff (Chairman) Dato' Mohamad Nasir Ab Latif To' Puan Janet Looi Lai Heng
Nomination & Remuneration Committee	Assists the Board in developing and administering a fair and transparent policy for the sourcing, remuneration and benefits of Directors and Senior Management.	<ul style="list-style-type: none"> Hasman Yusri Yusoff (Chairman) Rohaya Mohammad Yusof To' Puan Janet Looi Lai Heng
LTIP Committee	Implements and administers the share grant plan under the Group's LTIP.	<ul style="list-style-type: none"> Dato' Mohamad Nasir Ab Latif (Chairman) Mohd Imran Mohamad Salim Hasman Yusri Yusoff

Each Committee is authorised by the Board to deal with and to deliberate on matters delegated to them as defined within their Terms of Reference. The Chairman of the respective Committees reports to the Board on the outcome of the Committee meetings, and the minutes will be included in the Board Papers for the Board's notification.

Descriptions of the key functions and responsibilities of the respective Committees are set out on pages 132 – 139 of this Integrated Annual Report.

 Further details on the Terms of Reference for the various Board Committees can be found at www.mrcb.com/corporate-governance/

Powers delegated to Management

The Board delegates specified levels of authority and power to the Group Managing Director to manage the Company and its businesses. The Group Managing Director may further delegate aspects of his authority and power to the Management team as required, however, he always remains accountable to the Board for the Group's performance. The Group Managing Director and his Management team are required to report regularly to the Board on the progress being made by the Group's business units.

Limits of Authority

In order to enhance the accountability of the Group Managing Director and Senior Management, the Group has in place a Limits of Authority document which sets out the limits of transactions that each level of Management can approve and specifies transactions that need to be approved by the Board or Board Committees.

All changes to the Limits of Authority document are approved by the Board, and may be revised as and when required, with the last revision being on 29 March 2021.

DIRECTORS' TRAINING AND CONTINUING DEVELOPMENT

In line with Paragraph 15.08 of Bursa Malaysia's Main Market Listing Requirements (MMLR), the Directors recognise the importance and value of keeping themselves abreast of the latest developments within the industries MRCB operates in, as well as ongoing changes to all applicable statutory and regulatory requirements.

Alongside the Mandatory Accreditation Programme (MAP) required by Bursa Malaysia, the Directors continue to update their knowledge and enhance their skills through appropriate continuing education programmes. This enables the Directors to effectively discharge their duties and sustain active participation in Board deliberations.

The Board assesses the training needs of the Directors from time to time, and ensures Directors have access to continuing education programmes. The trainings attended by the Directors throughout 2020 were as follows:

TAN SRI AZLAN ZAINOL

Training/Seminar Attended	Date	Organiser
1. Integrated Thinking & Value Creation Awareness	10 February 2020	RHB in-house training by Blacksun Pte Ltd (Singapore)
2. COVID-19: Recovery and Resilience: Cyber and Economic Crime: Fraudsters and Cyber Criminals, too, can work from home	23 April 2020	Webinar Series by PwC Malaysia
3. COVID-19: Recovery and Resilience: Governance and Risk: An Uncertain World, A Riskier Landscape	30 April 2020	Webinar Series by PwC Malaysia
4. COVID-19: Recovery and Resilience: COVID-19 Impact on Financial Reporting: Not Business as usual	5 May 2020	Webinar Series by PwC Malaysia
5. Enlightenment on the Shariah Resolutions issued by Shariah Advisory Council of BNM 2020	11 August 2020	RHB in-house training by RHB Group Shariah Business
6. BNM-FIDE FORUM Annual Dialogue with Governor of Bank Negara Malaysia	3 September 2020	FIDE FORUM
7. Anti-Money Laundering and Counter Financing of Terrorism	9 September 2020	RHB in-house training by Malcolm Wright, Chief Compliance Officer at Diginex, Hong Kong
8. Impact of COVID-19: Recovery and Sustainability	14 September 2020	Asian Institute of Chartered Bankers' Empowering Bankers Webinar – Sustainable Finance Series
9. Section 17A of the Malaysian Anti-Corruption Commission Amendment Act 2018	22 September 2020	Kuala Lumpur Kepong Berhad in-house briefing by Deloitte Risk Advisory
10. Malaysia Budget 2021 Review	20 November 2020	RHB in-house briefing by Deloitte
11. Recovery & Resolution Plan	1 December 2020	RHB in-house training by PwC
12. Market Briefing on UK, Australia, and Singapore Property Markets	7 December 2020	Eco World International Berhad in-house briefing by CBRE
13. Anti-Bribery and Corruption	25 December 2020	RHB in-house e-learning

MOHD IMRAN MOHAMAD SALIM

Training/Seminar Attended	Date	Organiser
1. Forum on Biodiversity for Business & Private Sector in Malaysia	9 January 2020	DHI Water & Environment (M) Sdn Bhd
2. UK-ASEAN Trade & Investment Emerging Opportunities & Outlook Post Brexit & COVID-19 – ABC Dialogue	13 October 2020	ASEAN Business Club
3. Re-Emerging APEC's Economic Recovery	19 & 20 November 2020	APEC Webinar Conference

ENCIK HASMAN YUSRI YUSOFF

Training/Seminar Attended	Date	Organiser
1. Refresher Training on Chemicals and Polymers Business	15 July 2020	Chemical Company of Malaysia Berhad
2. Directors & Officers Liability Insurance	21 August 2020	MIDF Berhad
3. Product Development and Innovation in Islamic Finance	26 August 2020	MIDF Berhad
4. Section 17A of Malaysian Anti-Corruption Commission Act 2009	15 September 2020	Chemical Company of Malaysia Berhad
5. Economic Outlook on Malaysia: Threats on Economic Recovery	6 October 2020	MIDF Berhad
6. Captain's Forum: Transformation Towards Recovery	9 October 2020	KPMG
7. Malaysia & ASEAN: Navigating US-China Relations in the 21 st Century	26 November 2020	PNB

Corporate Governance Overview Statement

PUAN ROHAYA MOHAMMAD YUSOF

Training/Seminar Attended	Date	Organiser
1. Shariah Investing Virtual Conference 2020	17 June 2020	Bursa Malaysia & CGS-CIMB
2. Midyear Outlook 2020	7 July 2020	BlackRock Investment Institute
3. TRMF: Technology Risk Management Framework and Cyber Threat 2020	6 August 2020	Jabatan Pengurusan Risiko (JPR) & KPMG Malaysia
4. EPF Digital Transformation Workshop: Cohort 1 – Session 1 – Session 2 – Session 3 – Session 4	17 August 2020 24 August 2020 1 September 2020 7 September 2020	Employees' Provident Fund (EPF)
5. Bilateral Meeting BNM-EPF on Equity	21 September 2020	Bank Negara Malaysia (BNM) & Employees' Provident Fund (EPF)
6. SHIFT 2020: Reimagining the Next Normal for Asia and the World	12 October 2020	McKinsey & Company
7. WPS 2020: A New Approach for a New Decade Panel Dialogue	19 October 2020	Pensions & Investments, AMS
8. Global Pensions Roundtable	27 October 2020	BlackRock – SIN
9. Jemputan Ke Sesi Libat Urus Belanjawan	18 November 2020	Kementerian Kerja Raya Malaysia
10. Webinar on Decarbonization	26 November 2020	Robeco
11. EPF Management Conference 2020	15 December 2020	Employees' Provident Fund (EPF)

DATO' MOHAMAD NASIR AB LATIF

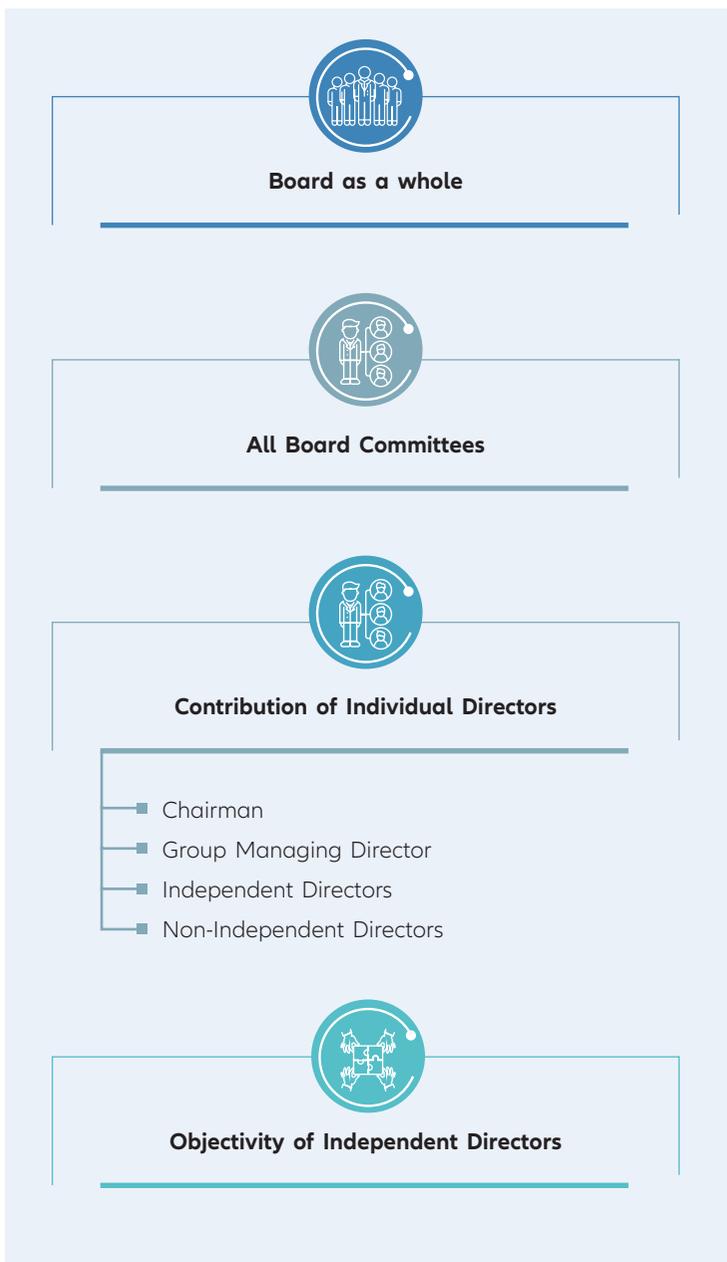
Training/Seminar Attended	Date	Organiser
1. Recovery and Resolution Plan	12 January 2020	RHB Academy
2. Climate Action: The Board's Leadership in Greening the Financial Sector	11 February 2020	FIDE
3. COVID-19: Recovery and Resilience: Governance and Risk: An Uncertain World, A Riskier Landscape	30 April 2020	Webinar Series by PwC Malaysia
4. COVID-19: Recovery and Resilience: COVID-19 Impact on Financial Reporting: Not Business as usual	5 May 2020	Webinar Series by PwC Malaysia
5. The New Normal, Impact of COVID-19 on Oil and Gas and Future of Renewable Energy	8 June 2020	Ernst & Young
6. FIDE Core Module A for Banks	29 June 2020 – 9 July 2020	Iclif Executive Education Centre
7. Anti-Money Laundering and Counter Financing of Terrorism	9 September 2020	RHB in-house training by Malcolm Wright, Chief Compliance Officer at Diginex, Hong Kong
8. Islamic Finance for Board of Directors and Senior Management	4 & 5 November 2020	ISRA Consulting
9. Enlightenment on the Syariah Resolutions Issued by Syariah Advisory Council of BNM 2020	8 November 2020	Amanie Academy
10. Malaysia Budget 2021 Review	20 November 2020	KPMG
11. Anti-Corruption Awareness	23 November 2020	Malaysia Airports Holdings Berhad
12. Information Security Awareness	31 December 2020	RHB Academy
13. Anti-Bribery and Corruption	31 December 2020	RHB Academy

TO' PUAN JANET LOOI LAI HENG

Training/Seminar Attended	Date	Organiser
1. Disrupted, Yet Getting Ready for the Next Big One: Are Boards Ready for Climate Change?	4 June 2020	Skrine Webinar

BOARD EFFECTIVENESS

The effectiveness of the Board is vital to the success of the Group. It is therefore our practice to conduct a Board Effectiveness Evaluation annually, in order to assess the effectiveness of the Board as a whole, the respective Board Committees, the contribution of individual Directors, and the objectivity of Independent Directors. We also engage independent experts periodically to support this process by facilitating objective and candid evaluations. The results of the Board Effectiveness Evaluation are discussed and deliberated at the Nomination & Remuneration Committee meetings, and recommendations to improve the Board's effectiveness are tabled to the Board.



Board Effectiveness Evaluation (BEE)

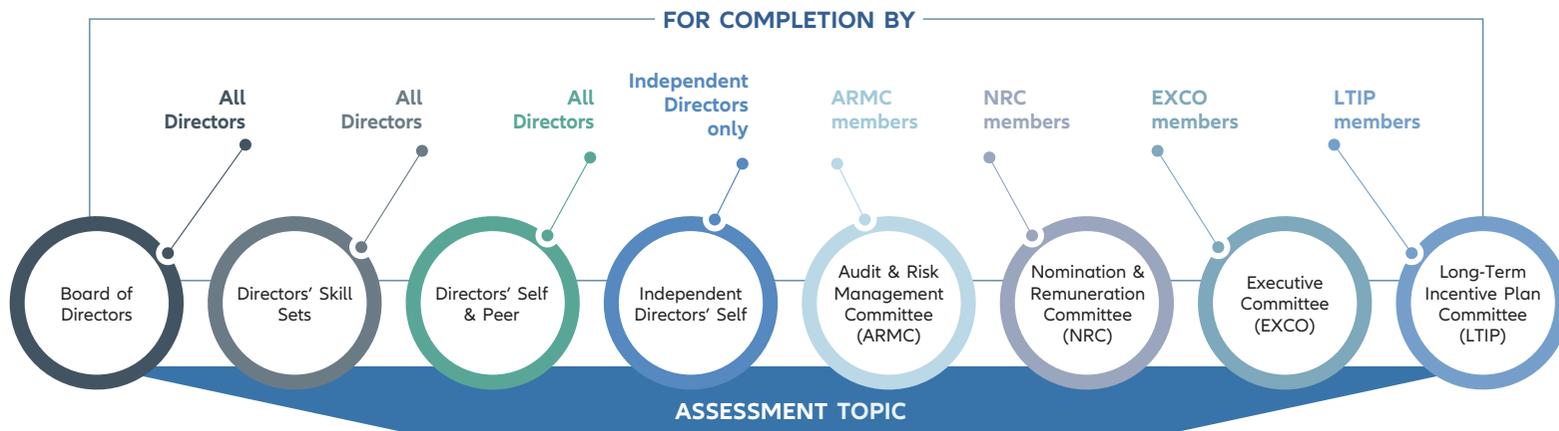
KPMG Management & Risk Consulting Sdn Bhd (KPMG) was appointed by MRCB to undertake an independent evaluation of the effectiveness of the main Board and its various Committees, the contribution of each individual Director, along with the objectivity of each Independent Director.

The core methodology or approach employed by the Consultant was as follows:

- Gain an understanding of MRCB's organisational philosophy, expectations of Directors' roles and responsibilities and expectations of MRCB's Board and Board Committees.
- Review the established Board Charter and Terms of References (TOR) for MRCB's Board and Board Committees, findings from past BEE exercises, as well as all relevant policies and procedures governing the conduct of the Board and the Board Committees.
- Conduct macro analysis of issues impacting MRCB based on market news scanning and press clipping reviews.
- Develop suitable assessment criteria based on prevailing documentation, regulatory provisions, macro analysis, as well as emerging and leading practices, tailored to suit MRCB's needs.
- Conduct analysis based on the written responses provided by Directors and insights gleaned from all Directors and Senior Management during the interview sessions.

Corporate Governance Overview Statement

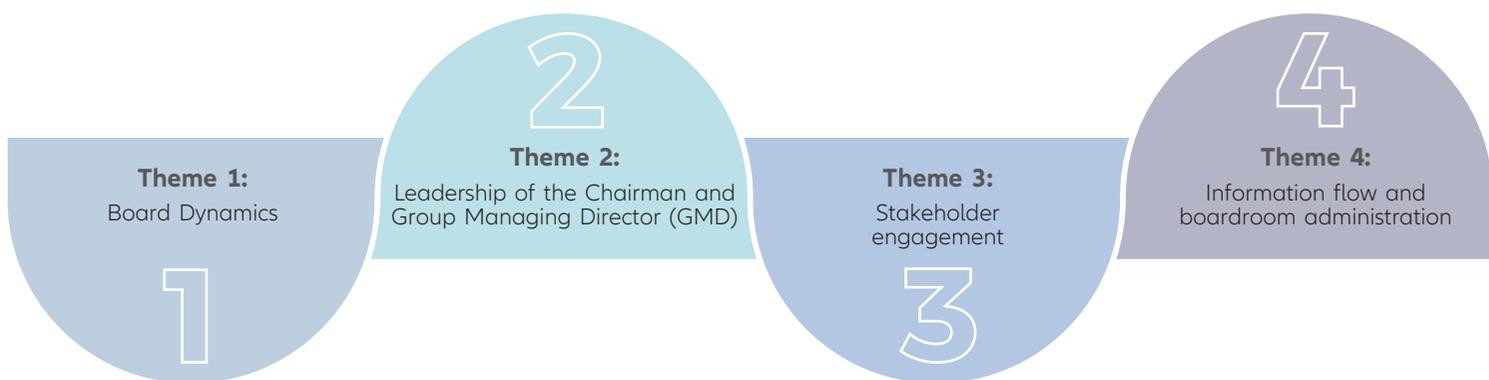
Questionnaires encompassing eight (8) assessment topics were prepared for completion by the relevant parties as outlined below:



The criteria assessed within each assessment topic were as follows:

ASSESSMENT TOPIC	
<p>BOARD OF DIRECTORS' ASSESSMENT</p> <ul style="list-style-type: none"> Board mix and composition; Quality of information and decision-making; Boardroom activities; and, Board Chairman's role. 	<p>DIRECTORS' SKILL SETS ASSESSMENT</p> <ul style="list-style-type: none"> Leadership and strategy; Legal and regulatory requirements; Corporate governance, risk management and internal controls; Accounting and financial reporting; Industry experience; Operations and quality management; and, Information technology.
<p>INDEPENDENT DIRECTORS' SELF-ASSESSMENT</p> <ul style="list-style-type: none"> Background; Economic relationship; Family relationships; Tenure; and, Qualitative assessment. 	<p>DIRECTORS' SELF AND PEER ASSESSMENT</p> <ul style="list-style-type: none"> Contribution and performance; Calibre and personality; and, Group Managing Director.
<p>BOARD COMMITTEE EVALUATION</p> <ul style="list-style-type: none"> Composition and governance; Meeting administration and conduct; Skills, competencies, and professional development; and, Mandated duties and responsibilities. 	

Based on the results and comments gathered from the questionnaires as well as interview sessions, several positive highlights were identified and clustered into four (4) themes as follows:

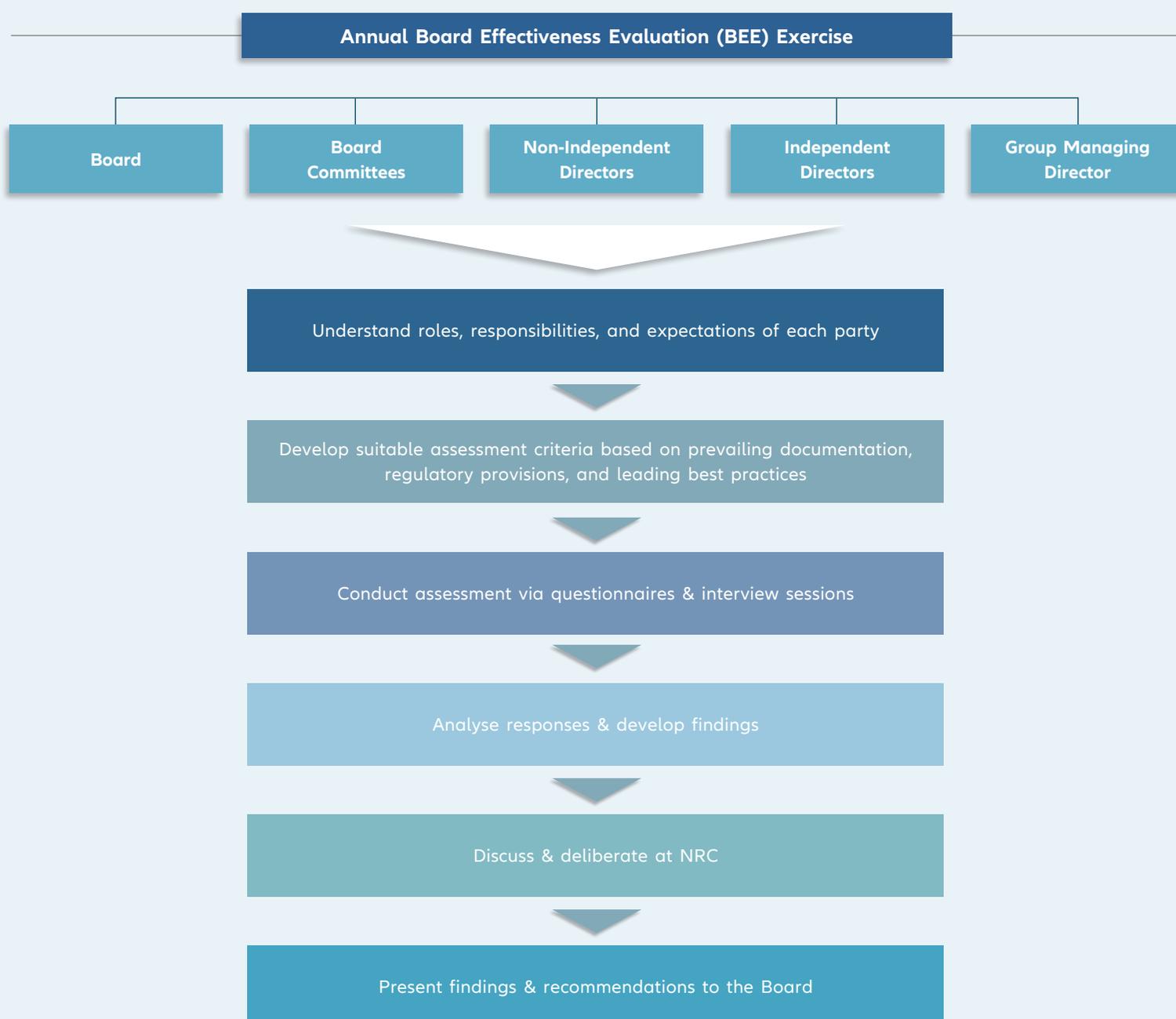


There were several improvement considerations highlighted, clustered into the following three (3) categories:

- Succession planning and board diversity
- Strategic deliberations and innovations
- Integrated risk management and oversight

The assessment results were reviewed by the Nomination & Remuneration Committee on 19 February 2021 and subsequently presented to the Board of Directors on 25 February 2021. Overall, the results of the evaluation were favourable.

Based on the findings of the BEE, the Board is also satisfied with the performance and effectiveness of the Board Committees in providing sound advice and recommendations to the Board for the year under review.



Corporate Governance Overview Statement

APPOINTMENT AND RE-ELECTION OF DIRECTORS

Appointment of Directors

MRCB practices a formal and transparent process on the appointment of new Directors. The nomination of Non-Independent Non-Executive Directors (NINED) to the Board is the prerogative of the major shareholders of the Company, as defined within Bursa Malaysia's Main Market Listing Requirements (MMLR). The nomination of Independent Non-Executive Directors (INED) to the Board may be made via the recommendations from existing Board members and/or through the engagement of a professional recruiting firm to identify suitable candidates for any vacant positions.

In its selection of suitable candidates for the Board, the Nomination & Remuneration Committee (NRC) shall develop and deliberate selection criteria based on competencies and attributes required for the position. All nominees are first vetted by the NRC, taking into consideration:

- Skills, experience, and competencies necessary for the position;
- Personal characteristics, such as character, integrity, time commitment and independence;

- Diversity in terms of gender, race, age, culture, experience, and socio-economic background; and,
- Overall alignment with the Company's strategic direction.

Once shortlisted, all potential candidates will undergo comprehensive reference checks conducted by the Company Secretary, particularly in terms of their financial and character integrity. This includes background checks with credit agencies, local authorities, industry regulators, and enforcement agencies to ensure that the candidate is truly qualified to serve as a director. The NRC assesses all findings and makes a recommendation to the Board for its final approval. The Company Secretary further coordinates with the NRC to organise orientation sessions for newly appointed directors and to ease their onboarding process.

Similarly, the NRC also identifies and recommends to the Board for its approval, candidates for appointment as the Group Managing Director, Group Chief Financial Officer, Group Chief Operating Officer and Chief Corporate Officer. Independent advisors and/or professional recruitment firms may also be engaged to identify suitably qualified candidates for these executive positions.

Appointment of new Directors or Senior Management



Re-election of Directors

Articles 101, 102, and 103 of MRCB's Constitution governs the process and sequence of re-election of Directors. The Articles can be summarised as follows:

Article 101

One-third (1/3) of the Directors of the Company for the time being shall retire by rotation at an AGM at least once in every three (3) years.

Article 102

The retiring Directors shall be those individuals who have served longest in office since their last appointment or election.

Article 103

If still eligible and willing, the retiring Directors may be re-elected at an AGM by way of Ordinary Resolution.

 Further details on the relevant Articles can be found within MRCB's Constitution at www.mrcb.com/corporate-governance/.

The Directors' rotation list is presented to the Board and thereafter to the shareholders for approval. In assessing the candidates' continued eligibility, the Board considers their competencies, commitment, contribution, and performance based on the BEE, along with their ability to act in the best interest of MRCB.

Directors retiring by rotation in 2020

- Rohaya Mohammad Yusof
- Jamaludin Zakaria

As Jamaludin Zakaria had indicated his intention to retire at the end of his tenure without seeking further re-election, the Board, via a resolution passed on 10 June 2020, gave its endorsement for Rohaya Mohammad Yusof to be considered for re-election at MRCB's 49th AGM. She was subsequently re-elected by way of Ordinary Resolution.

Succession Planning

The Board has established a framework on succession planning to govern human capital development within the Group. As outlined within the Board Charter, the Nomination & Remuneration Committee (NRC) has the responsibility to ensure adequate succession planning is conducted to ensure the orderly identification and selection of new Independent Directors in the event of an opening on the Board, whether such opening exists by reason of an anticipated retirement, the expansion of the size of the Board, or otherwise.

A Policy and Guidelines statement on Succession Planning for the Board and Senior Management has also been developed, in line with Practice E.5.3 of the MSWG-ASEAN Corporate Governance Scorecard.

REMUNERATION

Directors' Remuneration

Directors' remuneration is governed by the Group's Remuneration Policy and Procedures for Board of Directors and Key Senior Management, which is available on the Company's website, www.mrcb.com/corporate-governance. The document outlines the Company's policies in preparing competitive remuneration packages for Directors and key Senior Management that are best suited to attract and retain experienced, qualified, high-calibre key talent who are capable of driving the business, strategy, objectives, values, and long-term interests of MRCB. Remuneration packages should however always be commensurate with, and reflect the level of responsibility, accountability and experience required in the position, while encouraging value creation for MRCB and its stakeholders.

The Nomination & Remuneration Committee (NRC) reviews the remuneration packages of the Non-Executive Directors at least once in every three (3) years based on industry and market rates, and thereafter makes its recommendation to the Board for endorsement, prior to tabling to the Company's shareholders for their approval at the Annual General Meeting. All Non-Executive Directors receive a fixed base fee, plus meeting allowances and other benefits-in-kind as consideration for their Board duties. The aggregate amount of Directors' fees to be paid to Non-Executive Directors is subject to the approval of the shareholders at the General Meeting. Remuneration of Non-Executive Directors is not linked to individual performance.

The Company provides a fair and reasonable remuneration for its Group Managing Director, to ensure that the Company attracts and retains a high calibre Group Managing Director who has the skills, experience and knowledge necessary to create value for the benefit of all shareholders. The remuneration for the Group Managing Director is based on his achievements and contributions, measured against his Key Performance Indicators. The Board determines the remuneration of the Group Managing Director, taking into consideration the recommendations of the NRC.

Corporate Governance Overview Statement

As the Directors do not receive any remuneration from any other companies within the Group, all the Directors' remuneration disclosed below were for services rendered to MRCB for the financial year ended 31 December 2020.

DIRECTORS' REMUNERATION

Directors	Fee (RM)	Salary & Bonus (RM)	EPF & SOCSO (RM)	Leave Passage (RM)	Allowance (RM)	Car Allowance (RM)	Other Remuneration & Benefits -In-Kind (RM)	LTIP (RM)	Total (RM)
Independent Chairman									
Tan Sri Azlan Mohd Zainol	140,000	-	-	-	152,000	-	5,417	-	297,417
Non-Independent Non-Executive Directors									
Rohaya Mohammad Yusof	105,000	-	-	-	51,000	-	-	-	156,000
Dato' Mohamad Nasir Ab Latif	105,000	-	-	-	188,000	-	-	-	293,000
Group Managing Director									
Mohd Imran Mohamad Salim	-	1,034,000	226,923	-	-	96,000	26,594	172,196	1,555,713
Independent Directors									
Jamaludin Zakaria	56,230	-	-	-	62,903	-	11,108	-	130,241
Hasman Yusri Yusoff	105,000	-	-	-	90,000	-	58,899	-	253,899
To' Puan Janet Looi Lai Heng	105,000	-	-	-	99,000	-	-	-	204,000
Total	616,230	1,034,000	226,923	-	642,903	96,000	102,018	172,196	2,890,270

Senior Management's Remuneration and Shareholdings

Remuneration packages of key Senior Management are reviewed every two (2) years by the NRC. If applicable, any changes required are subsequently recommended to the Board. In addition to basic salary and allowances, remuneration for key Senior Management is linked to the long-term interests of the Company via the Long-Term Incentive Plan (LTIP), a deferred bonus scheme that grants shares upon successful achievement of Company-level key performance measures. It is the responsibility of the Board to collectively review, and if deemed fit, to approve the remuneration packages.

Details of the top five (5) Senior Management's remuneration for financial year ended 31 December 2020 are set out below. These include basic salary, bonuses, benefits-in-kind, statutory contributions, and other emoluments.

TOP FIVE SENIOR MANAGEMENT'S REMUNERATION

Senior Management	Role	Remuneration (RM)
Mohd Imran Mohamad Salim	Group Managing Director	1,555,713
Ann Wan Tee	Group Chief Financial Officer	1,488,487
Kwan Joon Hoe	Group Chief Operating Officer	1,445,948
Amarjit Singh Chhina	Chief Corporate Officer	1,101,469
Raymond Cheah Ho Chee	Chief Executive Officer, Property Development & Investment	470,883**

** Remuneration figures from 1 January 2020 up to his resignation on 9 April 2020.

Details of Senior Management's shareholdings in the Company during the financial year are set out below:

SENIOR MANAGEMENT'S SHAREHOLDINGS

Senior Management	Number of ordinary shares			
	Balance as at 01.01.2020	Acquisition during the year	Disposal during the year	Balance as at 31.12.2020
Mohd Imran Mohamad Salim	468,200	0	0	468,200
Ann Wan Tee	806,700	0	0	806,700
Kwan Joon Hoe	549,100	0	0	549,100
Amarjit Singh Chhina	0	100,000	0	100,000
Raymond Cheah Ho Chee	0	0	0	0



MCCG Principle B: Effective Audit and Risk Management

ACCOUNTABILITY & AUDIT

Audit & Risk Management Committee (ARMC)

The Audit & Risk Management Committee assists the Board in fulfilling its risk governance and oversight responsibilities over the activities of the Group. The Chairman of the ARMC, Hasman Yusri Yusoff, is a member of the Malaysian Institute of Accountants (further details of his profile can be found on page 94). The Chairman is supported by two (2) other members who are suitably qualified, in line with the requirements of paragraph 15.09 of the Main Market Listing Requirements (MMLR).

For the financial year ended 31 December 2020, the Board agreed that the ARMC has continued to support the Board in reviewing financial and audit matters, contributing to the overall effectiveness of the Board's decision-making process. The Board is satisfied that the ARMC has discharged its functions, duties, and responsibilities in accordance with the ARMC's Terms of Reference.

Further details on the structure and activities of the ARMC are disclosed in the Audit & Risk Management Committee Report on pages 132 – 135.

Financial Reporting

The Board is committed to providing a fair, objective, and meaningful assessment of the financial position and prospects of the Group in all its reports. The Statement by Directors in respect of preparation of the annual audited financial statements is set out on page 6 of the 2020 Financial Report.

All financial results and financial statements are reviewed by the Audit & Risk Management Committee (ARMC) prior to being recommended to the Board for approval. The ARMC meets regularly with the external auditors to discuss and review any audit findings that are highlighted by the external auditor for the ARMC's attention.

Risk Management and Internal Control

The Board has delegated primary responsibility for the operation of the Group's risk management and internal control framework, which includes financial, operational and compliance controls, to the Audit & Risk Management Committee (ARMC) and Management. A clear process is in place to identify, assess, respond, monitor, and report significant risks that may affect the achievement of the Group's business objectives. Further details on the features of the Group's risk management and internal control framework, the adequacy and effectiveness of said framework, and the role of the Group Risk Management Department are disclosed in the Statement on Risk Management & Internal Control on pages 124 – 131.

The Group has an internal audit function performed by the Group Internal Audit Department, which reports functionally to the ARMC and administratively to the Group Managing Director, to ensure impartiality and independence in executing their duties. The principal role of the Group Internal Audit Department is to undertake audits and reviews to evaluate the effectiveness of internal controls, governance and risk management processes so as to provide an independent and objective assurance to the Board and Management on the adequacy and integrity of the Group's internal control systems.

As the Board is ultimately responsible for the oversight of the Company, it is consistently kept informed by the ARMC of its activities. In this regard, the ARMC meeting is always held before a Board meeting to ensure that all critical issues, significant findings and irregularities are communicated to the Board on a timely basis. Further information on the internal audit function is disclosed in the Audit & Risk Management Committee Report on pages 132 – 135.

Corporate Governance Overview Statement

MCG Principle C: Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders

Ongoing engagement and communication with stakeholders are vital in fostering a healthy relationship between the Company and its stakeholders. In recognising this, the Board ensures that there is effective, transparent, and regular communication with its stakeholders. Communication is achieved through various means, such as press conferences, press releases, publication of information on the Company's website and on social media, and engagement forums and meetings. A table detailing how we engage and address the concerns of various stakeholders can be found on pages 34 – 37 of this Integrated Annual Report.

CORPORATE INTEGRITY & ETHICS

Corporate Liability

The Corporate Liability provisions within Section 17A of the Malaysian Anti-Corruption Commission (MACC) Act 2009 criminalizes an organisation for corruption-related actions undertaken by associated persons for the benefit of the organisation. With the legislation coming into effect in 2020, the Board is confident that our past efforts to strengthen operational policies and procedures will sufficiently protect the Company and our stakeholders. However, given the ever-changing risk landscape facing our operations, we remain committed to reviewing and strengthening our internal procedures in an ongoing manner to ensure continued compliance.

Anti-Bribery & Corruption

We are committed to conducting our business dealings with integrity and have adopted a zero-tolerance approach to all forms of bribery and corruption. The Group's Anti-Bribery and Corruption Policy (ABC Policy) has been developed to comply with the stringent standards and requirements specified within MRCB's Anti-Bribery Management System (ABMS), which is now in its 2nd year of ISO37001:2016 certification by an international certification body.

 Further information on our ABC Policy can be viewed at www.mrcb.com/corporate-governance/.

Trading on Insider Information

The Capital Markets and Services Act 2007 (CMSA) and the Main Market Listing Requirements (MMLR) of Bursa Malaysia prohibit dealings of securities by persons, whether directly or indirectly, on the basis of material non-public information about a company, as well as the disclosure of such information to others who then trade in the company's securities.

The Company Secretary issues a Notice of Closed Period to Directors and Senior Management on a quarterly basis, highlighting the requirements with regards to dealing in the Company's shares during the "Closed Period"/"Outside Closed Period" as they may be in possession of price-sensitive information relating to MRCB.

During the year under review, neither the Board nor the Principal Officers of the Company conducted any trading activity within the closed period.

Integrity of Information

The Board is committed to providing a fair, objective, and meaningful assessment of the financial position and prospects of the Group in the quarterly financial results, annual financial statements, integrated annual report and all other reports or statements to shareholders, investors, regulatory authorities, and other stakeholders.

INVESTOR RELATIONS (IR)

In supporting our strategy for long-term growth and sustainability, MRCB strives to continuously cultivate a strong relationship with its shareholders and investors. Despite the movement control orders throughout most of 2020, we still managed to engage in active dialogue through a structured plan of IR activities.

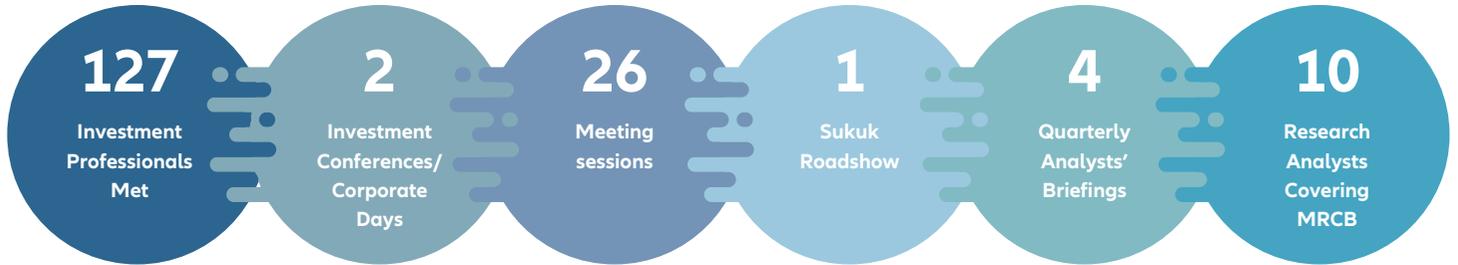
Accessibility in an ever-changing investment climate is also important. In recognising this, we ensure that we respond to daily queries from investors and analysts through our dedicated IR team, corporate website at www.mrcb.com and our IR app. Our corporate website and IR app contain the Group's integrated annual reports, financial results, press releases, quarterly results presentations and disclosures to Bursa Securities and is updated in a comprehensive and very timely manner.

Channels of Communication

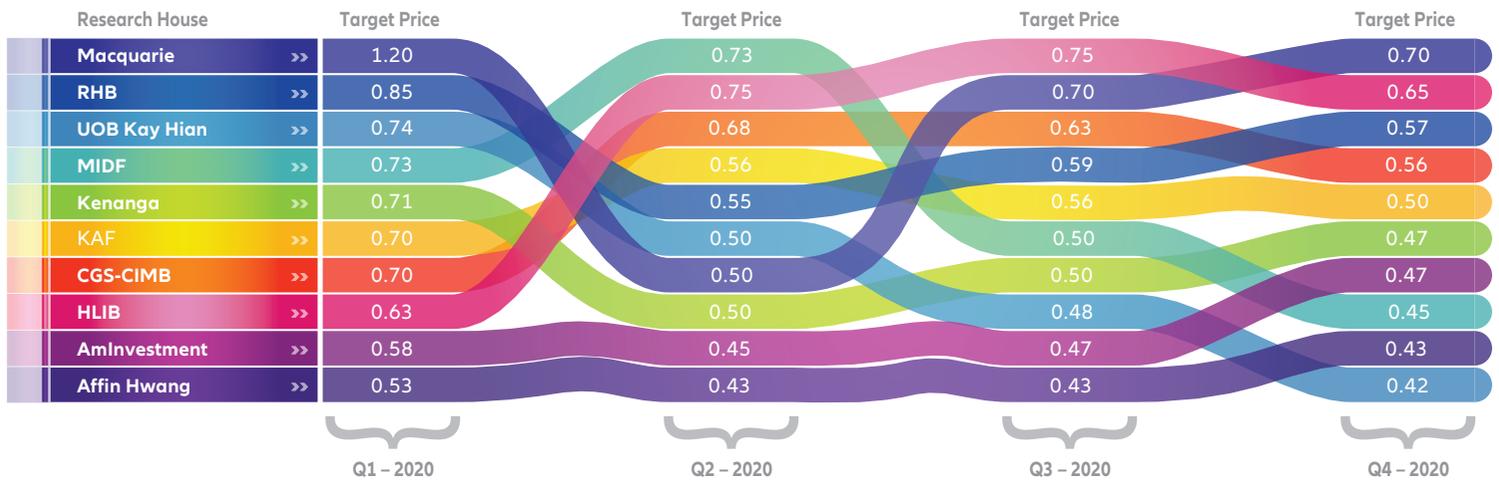
Our one-on-one and group meetings were conducted using various virtual meeting platforms and became the main avenue for MRCB to directly engage with institutional investors, investment analysts and brokers in 2020. In line with the timely release of MRCB's quarterly results announcements, we also continued to conduct our Quarterly Results Analysts' Briefings virtually, to ease participation and to ensure that all covering analysts could proactively participate during the presentation and question and answer sessions. The IR team also ensures that the Quarterly Results Analysts' Briefings presentations are uploaded in a timely manner on the Company's website, to ensure that all shareholders have access to the same information immediately.

MRCB is a corporate member of the Malaysian Investor Relations Association (MIRA) and Minority Shareholders Watch Group (MSWG). These memberships enable MRCB to ensure high standards and best practices of IR are maintained. Senior Management also maintains communications with MSWG to remain abreast of the latest developments on minority shareholders' rights protection and to be accessible to answer any questions.

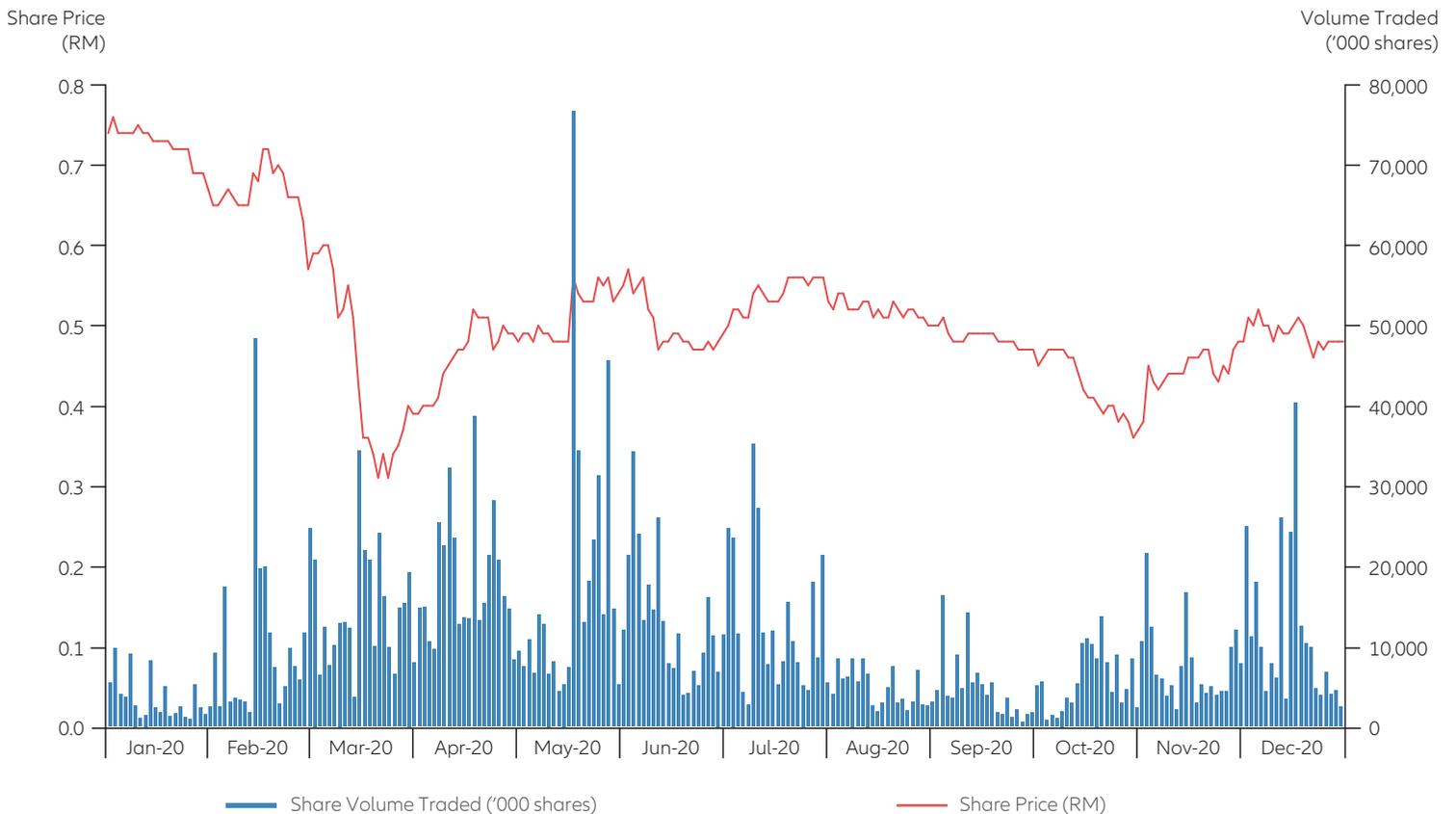
Key IR Activities in 2020



Target Price Forecasts (RM) by Analysts in 2020



MRCB Share Price Movement and Volume Traded Chart



Corporate Governance Overview Statement

Dividend Policy

The Company has established a Dividend Policy whereby shareholders can expect a dividend payout amounting to at least 20% of core net profits. For the financial year ended 31 December 2020, the Company is proposing a first and final single-tier dividend of 1.00 sen per ordinary share.

FEEDBACK

As part of our efforts to increase transparency, we encourage shareholders and investors to forward their questions and comments to the Company using the various modes of communications listed on the "Contact Us" page on the Company's website. Shareholders and members of the public may also contact the Senior Independent Director of the Company, Hasman Yusri Yusoff, to convey their concerns or questions. He may be contacted via email at:

Hasman Yusri Yusoff
Email: hasmany@mrce.com



Conduct of General Meetings

The Annual General Meeting is a principal forum through which the Board communicates with shareholders on the Group's progress and performance, and where the Board clarifies issues pertaining to the Group's business strategy, activities, performance, and other related matters.

Shareholders are encouraged to participate in the meeting and are given the opportunity to ask questions and state their views. Where appropriate, the Chairman of the Board may provide a written response to any significant question that cannot be readily answered during the Annual General Meeting.

Where there is special business or where special resolutions are proposed, the explanation of the effects of such special business or special resolutions is provided in the notice of the Annual General Meeting. Notice for a General Meeting is given to the shareholders at least 28 days prior to the meeting.

As required under Bursa Malaysia Securities Berhad's Main Market Listing Requirements, all resolutions are put to vote by poll. The Company aims to leverage on technology to enhance the quality of engagement with its shareholders and facilitate further participation by shareholders at General Meetings.

In 2020, MRCEB held its 49th Annual General (AGM) meeting virtually on 14 July 2020 at KL Sentral Meeting Room, Level 30 MRCEB HQ. All questions raised during the 49th AGM were uploaded onto the corporate website for easy access. The decision to organise a virtual AGM allowed the Company to continue to meet our obligations to our shareholders, in line with the *SC Guidance Note on the Conduct of General Meetings for Listed Issuers* issued on 18 April 2020. It also allowed the Company to comply with public gathering restrictions imposed by the Government to prevent further spread of COVID-19.

While it is hoped that the COVID-19 pandemic conditions will ease in 2021, the Board is satisfied with the procedures and conduct of the 49th virtual AGM and is prepared to maintain the same approach for our 50th AGM, if necessary.

KEY FOCUS AREAS AND FUTURE PRIORITIES

The Board is fully committed to complying with the requirements of the Malaysian Code on Corporate Governance 2017 (MCCG 2017) and will continue to pursue efforts to address the remaining departures.

Though we continue to make strides in our efforts to improve corporate governance, the Board recognises that our governance practices will only be as strong as the people entrusted with appreciating and implementing them. As such, continued development of our people is critical to extract best value from our governance policies, processes, and structures.

Our key focus for the future will therefore remain on inculcating a culture of integrity within our diverse workforce. While cultural evolution will certainly be challenging, the Board views this as a crucial step in our ongoing journey to become a leading organisation that **sets the standard** in terms of value creation for all our stakeholders.

This Corporate Governance Overview Statement was approved by the Board of Directors at its meeting held on 29 March 2021.

Material Contracts

There were no material contracts entered into by the Company and its subsidiaries (not being contracts entered into in the ordinary course of business) which involved the interests of Directors and/or major shareholders, either still subsisting at the end of the financial year ended 31 December 2020 or entered into since the end of the previous financial year.



The completed 1060 Carnegie development in Melbourne, Australia (GDV RM300 million)

Statement on Risk Management and Internal Control

This statement is prepared pursuant to the requirements set out within Paragraph 15.26(b) of the Main Market Listing Requirements (MMLR) issued by Bursa Malaysia Securities Berhad (Bursa Malaysia), with guidance from Bursa Malaysia's Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers (SORMIC Guidelines).

The Board recognises the importance of managing uncertainties that may affect the achievement of MRCB Group's (the Group) objectives and is committed to manage the Group's risk pragmatically by embedding risk management into its system of internal control, management system and decision making process.

The Board is pleased to present the Statement on Risk Management and Internal Control, which outlines the nature and scope of risk management and internal controls within the Group during 2020.

RESPONSIBILITY AND ACCOUNTABILITY

At Board Level	At Management Level	At Operational Level
<p>Board of Directors & Audit & Risk Management Committee (ARMC)</p> <ul style="list-style-type: none"> The Board affirms its overall responsibility to set the "tone-at-the-top" to drive a "risk-aware" culture throughout the Group and to establish and oversee sound risk management practices, as well as to ensure the adequacy and effectiveness of its Risk Management Policy and Framework (RMPPF) and system of internal control. Review the risk management framework on a regular basis and recognise that the risk management system is designed not to eliminate the risks but to manage the risks. To achieve the Group's goals and objectives, the Board balances the risk-return trade-off within the established risk appetite and tolerance level of the Group in its decision making. The ARMC is responsible for ensuring the adequacy, efficiency and effectiveness of the Group's risk management and internal control functions and their implementation. 	<p>Group Risk Management Committee (GRMC) & Risk Management Working Committee (RMWC)</p> <ul style="list-style-type: none"> The Management team, led by the Group Managing Director (GMD) is responsible for the implementation of the approved framework, policy and all procedures pertaining to risk management and internal control, to ensure that business strategies and risk management are aligned. Manage the risks faced by the Group through the implementation of effective controls and mitigation measures. The Management recognises the importance of risk mitigation in the pursuance of opportunities through the minimisation of the Group's risk exposure and maximisation of returns. The GRMC and its subcommittees have been established at various levels of management to articulate the significant risks and their mitigation, and at the same time support the risk management process across the Group. These committees are forums for risk deliberation and their escalation to the ARMC and Board. 	<p>Operational Risk Committee (ORC) & All Employees</p> <ul style="list-style-type: none"> All employees have a duty to assess risk that could surface from their actions or decisions. Employees ensure reasonable care is taken to prevent loss, maximise opportunity, and to safeguard the Group's reputation and assets through appropriate controls to prevent or manage uncertainties. Group Internal Audit (GIA) is an independent function of the Group that reports directly to the ARMC and administratively to the GMD. It provides objective assurance to the Board and Senior Management on the adequacy of the Group's internal control systems, governance and risk management processes. Group Risk Management (GRM) Department is entrusted to provide support to the Board and Management, and facilitate the implementation of the risk oversight function. GRM Department also assists the Board and Management to promote a "risk-aware" culture and integrate risk management into the decision making process. This is achieved through promotion of risk-based thinking, periodic risk assessments and risk review facilitation. The GRM also ensures Management has implemented satisfactory controls and has action plans and strategies to mitigate uncertainties that could impact the Group's objectives. The GRM Department has a duty to communicate and report material risks to the Management, ARMC and Board periodically for effective and efficient risk management governance.

RISK MANAGEMENT GOVERNANCE

Risk management governance consists of a **Risk Oversight Structure, Risk Management Policy and Framework (RMPF)**, and an **Enterprise Risk Management (ERM)** process to ensure efficiency and effectiveness in the Group's risk management and internal control function.

Risk Oversight Structure



- The risk management oversight structure maps the escalation and cascading process of the identified risks;
- Controls and mitigation strategies are articulated at various levels of the organisation for effective oversight;
- The Board provides strategic direction in terms of risk management and mandates the ARMC to oversee the establishment and implementation of the risk management process;
- At the Management level, GRMC, RMWC and ORC assist the ARMC and Board to discharge their responsibilities relating to risk management;
- Periodic committee meetings and reporting are conducted to review and assess the adequacy and effectiveness of mitigation strategies, and respond to significant risks related to strategic risk, operational risk and financial risk escalated by operational risk owners;
- Quarterly risk reviews are conducted at corporate departments and business units to assess the Operational Risks (OR) which are consolidated and escalated to Group level. The Group Enterprise Risks (GER) are identified and monitored by the Senior Management, and the key risks are deliberated with the Board of Directors and listed as the Key Enterprise Risks (KER).

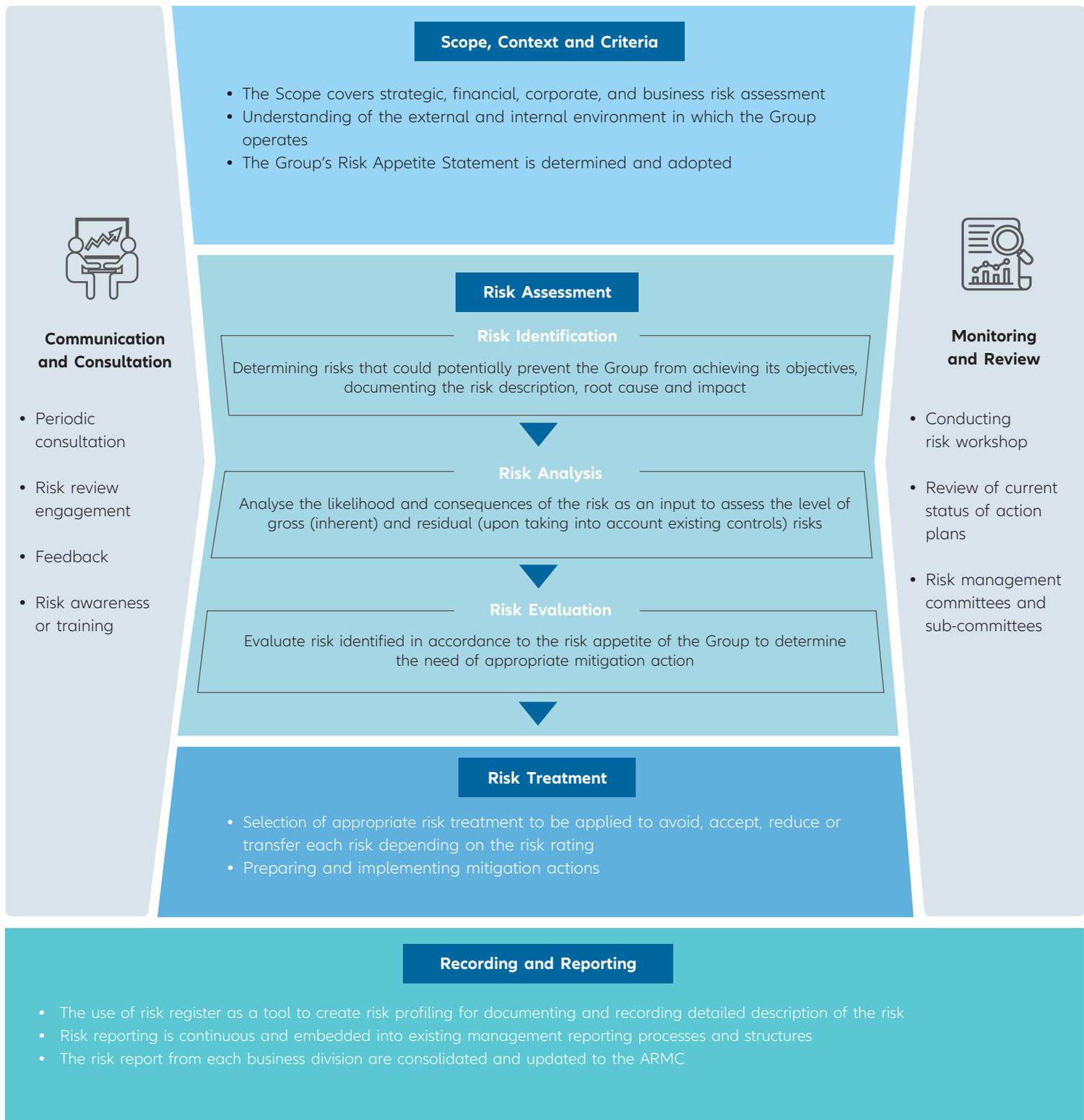
Risk Management Policy and Framework (RMPF)

LEADERSHIP & COMMITMENT	<ul style="list-style-type: none"> • Senior Management demonstrates leadership and ongoing commitment in risk management
INTEGRATION	<ul style="list-style-type: none"> • Risk management is embedded in every process with adequate control • Establish governance structure
DESIGN	<ul style="list-style-type: none"> • Understanding the group internal & external context • Roles are assigned and communicated • Allocation of resources • Establishment of effective communication
IMPLEMENTATION	<ul style="list-style-type: none"> • Developing an appropriate plan • Arrangement for managing risk are understood • Periodic risk review & awareness programme • Implementing risk-based thinking
EVALUATION	<ul style="list-style-type: none"> • Periodic review and evaluation of the Risk Management Framework • Gaps identified to be documented & remediated
IMPROVEMENT	<ul style="list-style-type: none"> • Continuous enhancement of Risk Management Framework

- The Group's RMPF adopts the globally accepted risk management standard of ISO 31000:2018 Risk Management – Guidelines, providing a robust platform to determine effective risk management practices within the Group;
- The Group is exposed to a range of strategic, corporate, financial and business operational related risks associated with its core property development & investment and construction businesses;
- The RMPF provides a standard and consistent approach to implementing Enterprise Risk Management across the Group;
- This framework provides a standard and structured approach throughout the Group and is mapped to the UN SDGs the Group adopts, as seen on page 147 of this Integrated Annual Report.
- The RMPF guides the Group in ensuring that:
 - o Risk management is aligned with the Group's purpose, strategy and culture;
 - o Risk management forms an integral part of the Group's governance;
 - o Risks and opportunities for projects, investments and businesses are pragmatically managed and explored to balance risk and rewards for optimised returns;
 - o Risk management leadership and commitment is articulated; and
 - o The value of risk management to the organisation and its stakeholders is communicated.

Statement on Risk Management and Internal Control

Enterprise Risk Management (ERM) Process



- ERM is a structured and disciplined approach to align the Group’s strategies, processes, people, technology, and knowledge with the purpose of evaluating and managing the uncertainties that the Group faces as it pursues its sustainable objectives;
- The ERM process is designed to identify potential unfavourable events that may adversely affect the Group and prioritise material risks within the Group’s risk appetite and tolerance level. It also provides a reasonable assurance relating to the achievement of the objectives;
- The Group has adopted ERM based on ISO31000:2018 and has tailored the guidelines to fit the Group’s business operations.

INTERNAL CONTROL

Lines of Defense

The Group adopts a “three lines of defense” mechanism that integrates risk, control and assurance to achieve operational excellence. Each of the three lines of defense plays a distinct role within the Group’s governance, as depicted in the following table.

1 st Line of defense	2 nd Line of defense	3 rd Line of defense
Business Operations & Companies	Risk Oversight Function	Audit Oversight Function
<ul style="list-style-type: none"> Business processes are documented in the form of policies and procedures and equipped with proper controls to mitigate inherent risks associated with the processes; The owner of each process is identified to ensure responsibility and accountability, as well as to ensure resource allocation is well managed. Heads of divisions, departments, business units and all employees of the Group are responsible and accountable to protect the Group from uncertainties through risk-based and controlled business processes. 	<ul style="list-style-type: none"> The risk oversight function forms the second line of defense through the assessment and mitigation of emerging risks. The risk owners who are also process owners are responsible for overseeing risk management alongside their day to day duties. The GRM Department is entrusted to facilitate, coordinate and monitor the risk management process implementation and escalation. 	<ul style="list-style-type: none"> The audit oversight is the third line of defense, performed by the GIA. GIA provides independent assurance to the Board and Management on the effectiveness of risk management and internal control governance, and proposes improvements based on its findings and observations.

Main Features of Internal Control

Internal control is an integral part of the Group’s risk management, focusing on managing risks and opportunities, helping to counter risk and take advantage of opportunities. The Group’s internal control framework consists of the following five integrated components:



Statement on Risk Management and Internal Control

Internal Control Initiatives

The Group's internal controls, which have been in place throughout the year are divided into three (3) key elements namely **People Management**, **Process Management** and **Technology Management**. The details are as follows:

People Management



Organisational Structure and Reporting Lines

- Clearly defined lines of authority within a divisional organisation structure to facilitate the supervision and monitoring of the conduct and operations of individual business units and Group support service departments.
- All employees and directors of the Group are governed by a Code of Conduct (Code), and are required to acknowledge having read and understood the Code upon commencement of employment or upon appointment.
- Performance of all employees are tracked through a formal performance appraisal process, where defined goals are set. Employees' performance are monitored, appraised and rewarded according to the achievements against the targets set.



Anti-Bribery Management System

- All contracts entered into by Companies within the Group contain an anti-bribery and corruption clause which requires the contracting party to comply with all anti-bribery and corruption laws of Malaysia. If it is proven that the contracting party, its personnel, or agents are involved in any corruption or illegal activities, the contract may be terminated.
- All employees have signed the Corruption-Free Pledge to reinforce the Group's commitment towards the prevention of corruption. Ongoing efforts to increase anti-corruption awareness continued throughout 2020 and will continue indefinitely.
- MRCB Group has achieved ISO 37001 certification of its Anti-Bribery Management System (ABMS). The implementation of the ABMS is aligned to *SDG 16: Peace, Justice and Strong Institutions*.
- The Group has zero-tolerance of all forms of bribery and corruption and is committed to conduct business ethically and in compliance with all applicable laws and regulations in the countries where it operates. The Group's commitment towards anti-bribery and corruption includes:
 - No employee or external party will suffer demotion, penalty or other adverse consequences in retaliation for refusing to pay or receive bribes or participate in other illegal behaviour; and
 - Continuous mandatory anti-corruption and bribery training programmes which include e-learning for all personnel.



Whistleblowing Policy

- A whistleblowing process has been established to provide an avenue for whistle-blowers to communicate their concerns on matters of integrity or any other unlawful or unethical behaviour in a confidential manner.
- A whistle-blower who is an employee disclosing information in good faith will be protected from any reprisal as a direct consequence of the disclosure.
- All genuine whistleblowing reports are thoroughly investigated by the Integrity and Discipline Department and firm action is taken accordingly, including reporting all confirmed illegal acts to the appropriate authority. All whistleblowing reports submitted through the Group's whistleblowing email address located on its website are automatically and electronically sent to the Independent Chairman, Group Managing Director and General Manager of Integrity and Discipline Department. The Whistleblowing Policy is aligned to *SDG 16: Peace, Justice and Strong Institutions*.
- This process has been proven to be a very effective tool for Management to detect and combat fraud and unethical behaviour within the Group. All whistleblowing reports submitted, and the outcomes of investigations are presented to the Board of Directors every quarter.



Conflict of Interest Policy

- Proper identification and policies governing the management of conflicts of interest situations have been established to ensure business decisions are made in the best interests of the Group.
- This policy was developed to ensure actual, potential and perceived conflicts of interest are identified and managed effectively through a declaration process.
- Appropriate steps are taken to manage the conflict and to mitigate its impact on the decision making process, ranging from abstaining from any involvement in the conflict matter, to relinquishing an interest that gives rise to the conflict.
- This policy is further strengthened with a strict No Gift Policy which prohibits the giving and acceptance of any kind of gift from external parties to safeguard the Group's interest from any conflict of interest, or anything which could influence impartial decision making. Any gifts received by employees, despite reminders to givers, are registered through a gift registration process, which sets procedures and processes on how the gifts will be returned to senders. The register of gifts received is presented to the Board of Directors every quarter.

Process Management



Financial Management

- Annual budgets are prepared by all corporate departments and divisions using a detailed budgeting process. These budgets are subjected to evaluation and scrutiny by the Management and the Executive Committee before being recommended to the Board for approval.
- Performance against the budget is tracked by conducting budget variance analysis on a quarterly basis.



Environment, Safety and Health (ESH) Management

- The ESH Department continues to enhance the awareness of safety, health and environment practices throughout the Group as aligned to *SDG3: Good health and well-being*, and monitors compliance to all relevant regulations and best practices.
- An ESH Report, which provides information on environment, safety and health related incidents, notices and penalties issued by authorities, as well as audits and inspections carried out, is prepared and presented to the Board on a quarterly basis.



Limits of Authority

- Limits of Authority have been established for the Group. These Limits of Authority (LOA) specify clear division and delegation of responsibilities from the Board to Board Committees and to members of the management and the authorisation levels for various transactions and aspects of the Group's operations. The effectiveness of the LOA is reviewed periodically and where necessary, enhancements or revisions are proposed by the Management team. All revisions to the LOA need to be approved by the Board with the recommendation of the ARMC.
- The most recent revisions to the LOA were carried out in March 2020 and all revisions were approved by the Board.



Communication Management

- Regular and comprehensive information is provided by the Management to the Board and its Committees, covering financial performance, achievement of key performance indicators, progress of key projects, utilisation of funds and the Group's cash flow position.
- Briefings are conducted for investment analysts on a quarterly basis where the Group's financial performance, approved by the Board, are presented, and investment analysts are given the opportunity to pose questions to the Senior Management Team of the Group. The presentation slides used during these briefings are uploaded immediately on to the Group's website and MRCB IR app for easy access for the public.
- Communication and engagement activities with all our various stakeholders are more fully disclosed on pages 34-37.



Business Operation & Project Management

- The performance of business divisions and the status of key projects are monitored through weekly Results-Action-Review meetings at various levels in the organisation.
- The Group's assets and insurable operational risks are adequately covered by insurance policies to ensure that the Group is insured against financial losses in the event of untoward incidents, like theft or fire.
- The Group is also in the midst of implementing an Enterprise Resource Planning (ERP) platform to integrate, digitalise and automate the management of the main business processes across the Group. This platform will enhance process efficiency, eliminate redundant manual processes, as well as provide Management with timely and accurate information on the Group's performance to aid Management in making effective operational decisions.

Statement on Risk Management and Internal Control

Technology Management



IT and Data Management

- A multi-dimensional Information Technology (IT) security strategy protects information from a wide range of threats and safeguards the confidentiality, integrity and availability of information.
- Securing the Group's data and IT infrastructure is built on well-developed security policies, and a comprehensive IT security strategy and roadmap, which ensures the Group protects its business, customers, data, viability and integrity.
- The Group acknowledges the importance of leveraging on information technology to digitalise and automate processes and promote efficient business operations. However, reliance on IT may expose the Group to emerging cybersecurity threats.
- In response to such threats, the Group has established reasonable cybersecurity controls, among others:
 - Continuous review of Information Security Controls;
 - Security awareness training was conducted throughout the year, in the form of visually appealing educational and awareness videos and multimedia notifications sent to all employees throughout the year;
 - Continuous communication and information dissemination to employees on new cybersecurity risks;
 - Dissemination of monthly editorial messages on IT Security and the importance of safeguarding personal and confidential information;
 - An annual IT audit is performed by an external consultant covering the areas of security, access control, backup, disaster recovery and internal IT general controls;
 - Production servers have been migrated to a leading cloud and data center service provider with Tier III design certification, riding on Microsoft Cloud's security;
 - Deployment of Microsoft Threat Protection solutions to enhance the identification and mitigation of cybersecurity incidents more efficiently and effectively; and
 - A cybersecurity and disaster recovery plan.
- The Group continued its efforts towards combating cyber threats, particularly to mitigate against increased risks as a result of the transition to remote working during the pandemic in 2020. Initiatives to ensure optimal business continuity included, among others:
 - Malwarebytes Endpoint Protection, a tool that provides complete malware protection and remediation with precise threat detection, proactive threat blocking, prevention of zero-day exploits and thorough remediation, from the cloud;
 - ADAudit Plus, an Active Directory and Windows Server auditing tool that helps detect and respond to insider threats, privilege misuse, and other indicators of compromise, and in short, strengthens the Group's security posture.
- As part of its cybersecurity enhancement initiative, the Group plans to conduct the following in 2021:
 - A cyber security maturity assessment;
 - Identify gaps in governance, people, process and technology;
 - Perform a cyber security and IT risks and controls assessment that will provide a holistic perspective of the current state of cyber security capabilities across the organisation;
 - Identify weakness in existing controls and provide recommendations for improvement;
 - Consolidated findings to establish a baseline point; and
 - Develop a roadmap based on the gaps identified.

MATERIAL JOINT VENTURES AND ASSOCIATES

The disclosures in this statement do not include the risk management and internal control practices of the Company's material Joint Ventures and Associates. The Company's interests in these entities are safeguarded through the appointment of members of the Group's Senior Management Team to the Board of Directors and, in certain cases, the management committees of these entities. Additionally, where necessary, key financial and other appropriate information on the performance of these entities are obtained and reviewed by the Board.

The Board has received assurance from the Group Managing Director and the Group Chief Financial Officer that the risk management and internal control system of the Group is operating adequately and effectively. Thus, the Board is of the view that the risk management and internal control system in place for the year under review is sound and sufficient to safeguard shareholders' investments, stakeholders' interests and the Group's assets.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

As required by Paragraph 15.23 of the Bursa Malaysia Securities Berhad Main Market Listing Requirements, the external auditors have reviewed this Statement on Risk Management and Internal Control. Their limited assurance review was performed in accordance with Audit and Assurance Practice Guide 3 (AAPG 3) issued by the Malaysian Institute of Accountants. AAPG 3 does not require the external auditors to form an opinion on the adequacy and effectiveness of the risk management and internal control systems of the Group.



Audit & Risk Management Committee Report



The Audit & Risk Management Committee (ARMC) was established by the Board of Directors as a Committee of the Board, in line with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (MMLR), to assist the Board in discharging its duties and responsibilities effectively. The ARMC is governed by a Terms of Reference, which sets out its key roles and responsibilities.

Hasman Yusri Yusoff
Chairman



MEMBERSHIP OF THE ARMC

The ARMC comprises the following members:

Hasman Yusri Yusoff (Chairman)	To' Puan Janet Looi Lai Heng	Dato' Mohamad Nasir Ab Latif (appointed on 13 August 2020, resigned on 15 April 2021)	Jamaludin Zakaria (retired on 14 July 2020)	Dato' Wan Kamaruzaman Wan Ahmad (appointed on 15 April 2021)

The Chairman of the ARMC, Hasman Yusri Yusoff, is a member of the Malaysian Institute of Accountants (MIA). On 14 July 2020, Jamaludin Zakaria, retired as an Independent Director of the Company, and hence ceased to be a member of the ARMC. He was replaced by Dato' Mohamad Nasir Ab Latif, a Non-Independent Non-Executive Director of the Company, on 13 August 2020. Dato' Mohamad Nasir Ab Latif resigned on 15 April 2021, and was replaced by Dato' Wan Kamaruzaman Wan Ahmad, an Independent Director, on the same date.

The profile of each of the ARMC members is set out in the Directors' Profiles section of this Integrated Annual Report, beginning on page 92. The membership and composition of the ARMC complies with the requirements of paragraph 15.09 of the MMLR with regards to size, independence and skills.

MEETINGS AND ATTENDANCE

The ARMC, through regularly scheduled meetings, maintains a direct line of communication with the Board, external auditors, internal auditors and Management.

A total of eight (8) ARMC meetings were held during the financial year ended 31 December 2020 and all members attended all meetings.

The dates of the meetings held were as follows:

Date	Attendance		
17 February 2020	Hasman Yusri Yusoff	100%	8/8
25 February 2020			
18 March 2020	To' Puan Janet Looi Lai Heng	100%	8/8
26 June 2020			
17 August 2020	Dato' Mohamad Nasir Ab Latif	100%	4/4
25 August 2020			
16 November 2020	Jamaludin Zakaria	100%	4/4
20 November 2020			

The Company Secretary, who acts as Secretary to the ARMC attended all the meetings. Also, in attendance by invitation, were the Group Managing Director, Group Chief Financial Officer, Group Chief Operating Officer, Chief Corporate Officer, Head of Internal Audit, Head of Risk Management, Head of Integrity and Discipline and Head of Corporate Governance. Certain members of the Management Team were also invited to provide further explanations and clarifications on matters raised at the meetings. A wide range of issues concerning the operations of the Group and internal audit reports were thoroughly reviewed and deliberated at these meetings.

The ARMC met with the Group's external auditors to discuss the external audit plan prior to commencement of the audit, as well as to discuss audit findings and other observations raised during their audit. The ARMC also met with the external auditors without the presence of the Management Team two (2) times during the year. The ARMC enquired and satisfied itself of Management's cooperation with the external auditors, their sharing of information and the adequacy of resources in financial reporting functions.

The Company Secretary is responsible for coordinating the meetings of the ARMC. Minutes of each ARMC meeting are recorded and tabled for confirmation at the next ARMC meeting and also tabled to the Board for notification. The ARMC Chairman reports to the Board on the key matters deliberated at every meeting and if necessary, makes recommendations for the Board's consideration and decision.

TERMS OF REFERENCE OF THE ARMC

The ARMC is empowered by the Board to assist the Board in fulfilling its oversight and fiduciary responsibilities over the activities of the Group. The Terms of Reference (TOR) of the ARMC sets out the authority, duties and responsibilities of the ARMC, which are consistent with the requirements of MMLR.

The Chairman of the ARMC is not the Chairman of other Board Committees or other Boards in the Group. The Chairman of the ARMC is responsible for the management, development and effective performance of the ARMC, and provides leadership to the ARMC. He acts as the Chairman at all ARMC meetings, and maintains active, ongoing dialogue with Management and both internal and external auditors, while encouraging open discussion. He also ensures that the ARMC maintains effective communication and a constructive working relationship with the Board, Management and internal as well as external auditors.

The TOR of the ARMC may be viewed on the Company's website at <https://www.mrcb.com.my/corporate-governance/>.

PERFORMANCE OF THE ARMC

The performance of the ARMC and its members is assessed through the annual Board Effectiveness Evaluation exercise. In the assessment carried out by an independent consulting firm in 2020, the performance was evaluated based on the following criteria:

- ☑ Composition and governance.
- ☑ Meeting administration and conduct.
- ☑ Skills, competencies and professional development.
- ☑ Oversight of financial reporting process, internal controls and audit processes.
- ☑ Oversight of risk management process.

The results of the assessment, which was reviewed by the Nomination & Remuneration Committee and presented to the Board of Directors for notification, was favourable.

REPORTING TO THE EXCHANGE

In 2020, the ARMC was of the view that the Company was in compliance with the MMLR and as such, reporting to Bursa Malaysia under Paragraph 15.16 of the MMLR was not required.

ACTIVITIES OF THE ARMC

The ARMC carried out its duties and responsibilities in accordance with its Terms of Reference. The main activities carried out by the ARMC during the financial year ended 31 December 2020 were as follows:

Financial Reporting

- i** Reviewed with Management and the external auditors the quarterly financial results and the annual audited financial statements of the Group, and the accompanying announcements to Bursa Malaysia prior to the recommendations to the Board for consideration. Among matters discussed were those related to accounting policies, significant matters highlighted by Management or the external auditors, compliance with accounting standards and other legal or regulatory requirements.

Audit & Risk Management Committee Report

Internal Audit

- i Reviewed and approved the annual internal audit plan for the financial year ending 31 December 2021, to ascertain the extent of its scope and coverage of the Group's activities, including the adequacy of the Group Internal Audit's resources in supporting completion of the plan.
- ii Reviewed the effectiveness of the Group Internal Audit (GIA) function to ensure that its activities are performed independently, impartially, and with due professional care, as well as assessed the performance of the GIA and the competency and performance of the Head of Internal Audit.
- iii Reviewed and deliberated the internal audit reports in respect of the Group's operations every quarter. The internal audit reports comprise key audit findings, auditors' recommendations, Management's responses to the findings and agreed action plans.
- iv Reviewed the status of implementation, effectiveness and adequacy of Management's corrective actions on previous audit findings through follow-up audit reports to ensure all key risks and control issues were addressed.
- v Suggested additional improvement opportunities in the areas of internal control and operational efficiency.

External Audit

- i Reviewed and approved the external auditors' audit plan, approach, scope and their proposed fees prior to commencement of their audit.
- ii Deliberated on the external auditors' reports on significant audit and accounting issues that arose from its audits, including the Management's responses to these findings.
- iii Discussed with the external auditors the significant impact of any proposed or new developments in accounting standards and regulatory requirements applicable to the Group.
- iv Assessed the performance of the external auditors, and provided a recommendation for their re-appointment and remuneration to the Board.

Risk Management

- i Deliberated and approved the Group's Key Enterprise Risks (KER).
- ii Deliberated and recommended the Risk Appetite and Tolerance Level (RATL) of the Group that defines the level of risk exposure that the Group is willing to accept while pursuing its business objectives.
- iii Participated in the Board risk awareness session conducted during the year and deliberated the emerging risks, including anti-bribery and corruption risks, and industry challenges that may contribute to the Group's overall risk exposure.
- iv Reviewed and approved the new risk management reporting format and roadmap in enhancing the Enterprise Risk Management Reporting to the Board.

- v Noted the progress of the risk management development activities throughout the year under review and provided feedback for improvement.

Other Activities

- i Reviewed and recommended to the Board for approval, proposed revisions to the Limits of Authority of the Group.
- ii Reviewed dividend payments proposed by Management and the results of the solvency tests performed on the Group pursuant to Section 132(3) of the Companies Act 2016.
- iii Reviewed and recommended to the Board for approval, the Corporate Governance Overview Statement and Corporate Governance Report for inclusion in the Integrated Annual Report.
- iv Reviewed and recommended to the Board for approval, the ARMC Report for inclusion in the Integrated Annual Report.
- v Reviewed and deliberated the Group's Statement on Risk Management and Internal Control (SORMIC) and recommended to the Board to approve the Statement for inclusion in the Integrated Annual Report.

INTERNAL AUDIT FUNCTION

The ARMC is supported by the internal audit function in discharging its duties and responsibilities. The GIA operates independently of Management, and reports directly to the ARMC and administratively to the Group Managing Director. The ARMC has authority to approve the appointment and termination of the Head of Internal Audit.

The internal audit function is governed by the Internal Audit Charter that has been approved by the ARMC. The Internal Audit Charter defines the objectives, mission, scope, organisation, authority and responsibilities of the GIA. The GIA comprises five auditors and is headed by Kailash Herkishan, who has extensive experience in internal and external audit. Kailash holds a Bachelor's degree in Accountancy from University Malaya and is a member of the Malaysian Institute of Accountants (MIA) and the Malaysian Institute of Certified Public Accountants (MICPA).

The internal auditors have relevant qualifications, and all staff are encouraged to continuously enhance their knowledge, skills and competencies by attending relevant professional education, seminars, formal training and on-the-job training.

The principal roles of the GIA are to undertake audits and reviews to evaluate the effectiveness of internal controls, governance and risk management processes to provide independent and objective assurance to the Board and Management on the adequacy and integrity of the Group's internal control systems, governance and risk management processes.

The GIA has direct access to the ARMC Chairman on all internal control and audit issues. The GIA also communicates with the external auditors to assist in clarifying matters raised by the external auditors where necessary.

The GIA adopts a risk-based audit approach in its annual audit planning which takes into consideration the risk assessment, business plan, previous audit results, as well as the ARMC's and Management's inputs. The audits are guided by the established internal audit framework of the Group as well as the International Professional Practices Framework of the Institute of Internal Auditors.

The GIA carried out its activities based on the annual audit plan approved by the ARMC. During the financial year ended 31 December 2020, the GIA completed a total of 15 audit assignments, comprising audits of key property development and construction projects, as well as other operating units and corporate functions of the Group. Continuous follow-up reviews were also carried out to ascertain the status of the implementation of corrective and preventive measures taken by Management that were provided in response to audit findings raised previously. The status of these Management action plans was also reported to the ARMC for their review at each quarterly meeting. Moreover, the GIA also performed observations on tender openings to ensure that appropriate internal controls and processes, as set out in the Group's Policies and Procedures, were complied with.

The total cost incurred by the GIA in discharging its function and responsibilities during the financial year was RM1,455,258.

RISK MANAGEMENT FUNCTION

The ARMC is responsible for ensuring the adequacy, efficiency and effectiveness of the Group's risk management and internal control function. The ARMC is further supported by the Group Risk Management Department (GRMD) to spearhead the development and implementation of the risk oversight function.

During the financial year ended 31 December 2020, the ARMC discharged its roles and responsibilities in managing uncertainties faced by the Group through ensuring that adequate and systematic processes on risk management are integrated into the management system and decision-making process, which includes the process of identifying, analysing, evaluating, treating and communicating significant risks to assess the level of exposure faced by the Group.

The Statement of Risk Management and Internal Control, as set out in pages 124 to 131 of this Integrated Annual Report, provides an overview of the governance, framework and process of risk management and internal controls within the Group.

RELATIONSHIP WITH EXTERNAL AUDITORS

The Company maintains a transparent and professional relationship with its external auditors through the ARMC. During the year, the Company engaged its external auditors for statutory audits and other non-audit services, i.e. tax-related matters and advisory services.

The ARMC meets regularly with the external auditors to discuss and review the audit plan, annual financial results and reports of examination and any audit findings that are highlighted by the external auditors for the ARMC's attention. In recommending the external auditors for reappointment, the ARMC reviews their performance, suitability and independence. As part of the requirements of ISA 300 "Planning an Audit of Financial Statements" and the Malaysian Institute of Accountants (MIA) By-Laws on Professional Conduct and Ethics, the external auditors make representations on their independence as auditors. They confirmed that for the audit of the financial statements of the Group and Company for the financial year ended 2020, they have maintained their independence in accordance with their firm's requirements and with the provisions of the By-Laws on Professional Independence of the Malaysian Institute of Accountants and with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code). They have also reviewed the non-audit services provided to the Group during the year in accordance with the independence requirements and are not aware of any non-audit services that have compromised their independence as external auditors of the Group. They also reaffirm their independence at the completion of their audit.

Executive Committee Report



DATO' MOHAMAD NASIR AB LATIF
Chairman



The Executive Committee (EXCO) comprises three (3) members, who are Dato' Mohamad Nasir Ab Latif (Non-Independent Non-Executive Director), the Chairman of the EXCO, together with Mohd Imran Mohamad Salim (Group Managing Director) and To' Puan Janet Looi Lai Heng (Independent Director) following the cessation of Jamaludin Zakaria as a member of the EXCO following his retirement from the Board on 14 July 2020.

PURPOSE AND RESPONSIBILITIES

The EXCO was established to enhance the Board's leadership and management of the Group. The main functions of the EXCO are:

- i) To review and recommend the annual business plan and budget of the Group to the Board for approval;
- ii) To consider and review significant and/or major issues relating to the business direction of the Group; and
- iii) To deliberate on all major business transactions and issues relating to the Group that require EXCO or Board approval, in line with the approved Limits of Authority.

HOW THE EXCO SPENT ITS TIME IN 2020

- Reviewed the progress of key projects;
- Deliberated on major business proposals and transactions;
- Reviewed the projects budget; and
- Deliberated on the Group's Business Continuity Plan due to the COVID-19 pandemic.



8 Meetings
held during 2020



**ALL MEMBERS
ATTENDED ALL
MEETINGS**

Nomination & Remuneration Committee Report



The Nomination & Remuneration Committee (NRC) comprises three (3) members, who are Hasman Yusri Yusoff (Senior Independent Director), as Chairman of the NRC, together with Rohaya Mohammad Yusof (Non-Independent Non-Executive Director) and To' Puan Janet Looi Lai Heng (Independent Director). During the year under review, Jamaludin Zakaria ceased as Chairman of NRC following his retirement from the Board on 14 July 2020 and Hasman Yusri Yusoff was re-designated as Chairman of the NRC on 23 November 2020.

Hasman Yusri Yusoff
Chairman

DUTIES AND RESPONSIBILITIES (NOMINATION)

The responsibilities of the Committee in relation to its nomination function are:

- i) To identify, assess and recommend to the Board for its approval, suitably qualified candidates for the Board, the committees of the Board, subsidiaries and associate companies of the Group, taking into consideration the character, experience, integrity, competence, time commitment and independence; alignment with the Company's strategic direction; special knowledge or technical skills in line with the Company's policy; diversity in gender, ethnicity, age, culture, experience, and socio-economic background; and number of directorships in companies outside the Group;
- ii) To identify and recommend to the Board for its approval, candidates to the position of Group Managing Director/Chief Executive Officer, Executive Director(s), Group Chief Financial Officer, Group Chief Operating Officer and Chief Corporate Officer;
- iii) To review and recommend to the Board for its approval, the extension of contracts of the Group Managing Director/Chief Executive Officer, Executive Director(s), Group Chief Financial Officer, Group Chief Operating Officer and Chief Corporate Officer;
- iv) To recommend to the Board, candidates for re-election and/or reappointment of directors by shareholders at the annual general meeting, under the annual re-election provisions or retirement pursuant to the relevant laws, having regard to their performance and ability to continue to contribute to the Board in light of their knowledge, skills and experience, based on the annual Board assessment;
- v) To identify suitable candidates to meet the target of having at least 30% women directors on the Board of the Company;
- vi) To appoint independent advisors to identify suitable qualified candidates; and
- vii) To assist the Board in implementing the annual evaluation of the effectiveness of the Board as a whole, the committees of the Board and the contribution of each individual, including the Group Managing Director and to maintain proper documentation of such assessments.



3 Meetings
held during 2020



**ALL MEMBERS
ATTENDED ALL
MEETINGS**



Nomination & Remuneration Committee Report

DUTIES AND RESPONSIBILITIES (REMUNERATION)

The responsibilities of the Committee in relation to its remuneration function are:

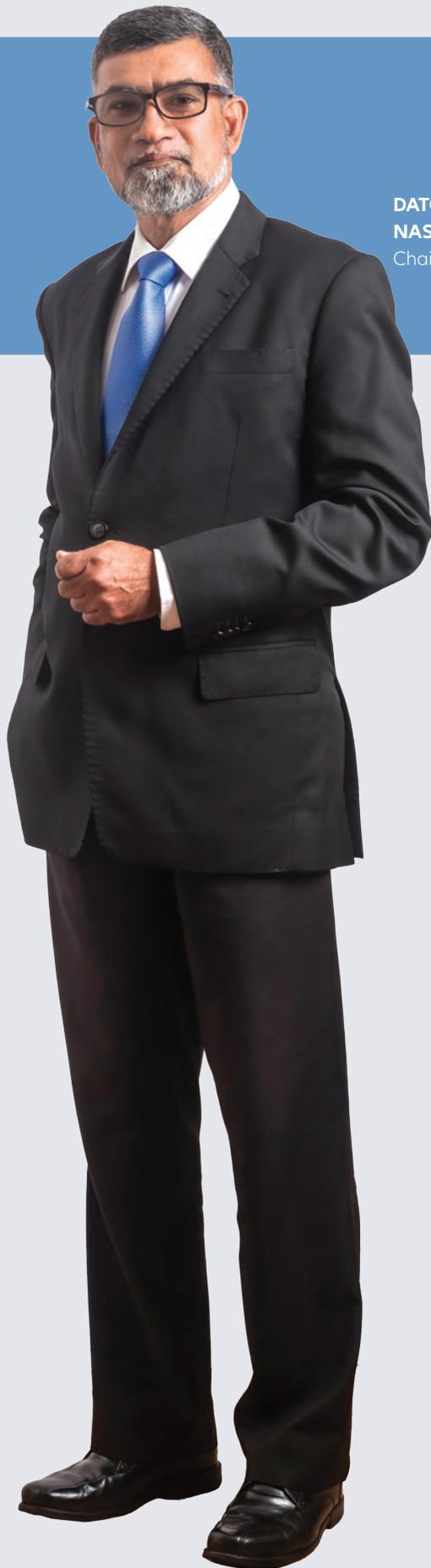
- i) To develop a remuneration framework for the Group covering the Board, the committees of the Board and the Group's Senior Management, taking into consideration the best practices, views of industry experts, obtaining and analysing the available data, stakeholders and the market at large. The remuneration framework comprises basic salaries, fringe benefits and benefits in kind;
- ii) To design, formulate and recommend to the Board for its approval, the remuneration packages for Non-Executive Directors, the committees of the Board and the Board of subsidiaries, and to ensure the remuneration packages are aligned with the business strategy and long-term objectives of the Group, and also reflect the Board's responsibilities, expertise and complexity of the Group's activities;
- iii) To design, formulate, review and recommend to the Board for its approval, the remuneration packages, including bonuses, incentives and share options for the Group Managing Director/Chief Executive Officer, the Executive Director(s), the Group Chief Financial Officer, Group Chief Operating Officer and Chief Corporate Officer, with the aim of attracting and retaining high-caliber Senior Management who will deliver success for shareholders, and high standards of service for customers, while having due regard to the business environment in which the Group operates;
- iv) To review any major changes in employee benefit structures throughout the Company or Group, and if deemed fit, recommend to the Board for adoption;
- v) To review and recommend to the Board for adoption the framework for the Company's annual incentive scheme. The framework for the annual incentive scheme may include:
 - Merit increment
 - Discretionary performance bonus
 - Project completion incentives
- vi) To seek any information it requires from any employee of the Company in order to perform its duties; and
- vii) To obtain, at the Company's expense, any outside legal or other professional advice including the advice of independent remuneration consultants, to secure the attendance of the external advisers at its meeting if it considers necessary, and to obtain reliable, up-to-date information about the remuneration in other companies.

The NRC shall have full authority to commission any report or survey which it deems necessary to help it fulfil its obligations.

HOW THE NRC SPENT ITS TIME IN 2020

- Deliberated on the appointment of Dato' Mohamad Nasir Ab Latif as an additional member of the Audit & Risk Management Committee;
- Deliberated on the appointment of Non-Executive Chairman for subsidiary;
- Deliberated on the contract renewal for the Group Chief Financial Officer;
- Deliberated on the re-election of Rohaya Mohammad Yusof as a Director of the Company for the shareholders' approval at the 49th Annual General Meeting; and
- Deliberated on the 2020 Annual Increment for eligible employees.

Long-Term Incentive Plan Committee Report



**DATO' MOHAMAD
NASIR AB LATIF**
Chairman



The Long-Term Incentive Plan (LTIP) Committee comprises three (3) members, who are Dato' Mohamad Nasir Ab Latif (Non-Independent Non-Executive Director), the Chairman of the LTIP Committee, together with Mohd Imran Mohamad Salim (Group Managing Director) and Hasman Yusri Yusoff (Independent Director).

DUTIES AND RESPONSIBILITIES

The duties and responsibilities of the LTIP Committee are as set out in the LTIP By-Laws as approved by the shareholders and would also include, amongst others, the following:-

- i) To exercise all the powers and undertake the duties and responsibilities stated in the LTIP By-Laws;
- ii) Report its activities, including how it has discharged its responsibilities, to the Board on a regular basis and promptly provide to the Board copies of the minutes of meetings of the LTIP Committee;
- iii) Arrange for periodic review of its own performance, constitution and terms of change it considers necessary to the Board for approval;
- iv) To act in line with directions of the Board of Directors; and
- v) To consider and examine such other matters as the LTIP Committee considers appropriate.

HOW THE LTIP COMMITTEE SPENT ITS TIME IN 2020

Deliberated on the deferment of vesting dates in relation to Restricted Share Plan of 2018 and 2019 Executive Share Grant Scheme by way of circular resolution.



No meeting
held during 2020

Additional Compliance Information

I) UTILISATION OF PROCEEDS RAISED FROM CORPORATE PROPOSALS

There are no proceeds raised/utilised by the Company from corporate proposals during the financial year.

II) AUDIT AND NON-AUDIT FEES

- (i) The amount of audit fees paid or payable to the external auditors, PricewaterhouseCoopers PLT ("PwC"), for services rendered to the Group and the Company for the financial year ended 31 December 2020 are RM1,049,000 and RM178,000 respectively.
- (ii) The amount of non-audit fees paid or payable to PwC and corporation affiliated to PwC for services rendered to the Group and the Company for the financial year 2020 were RM213,000 and RM30,000 respectively, detail as follows:

Description	Group (RM'000)	Company (RM'000)
(i) Provision of Taxation Services by PricewaterhouseCoopers Taxation Sdn Bhd ("PwC Tax")	177	18
(ii) Provision of consultation and advisory services by PwC Tax and PricewaterhouseCoopers Advisory Services Sdn Bhd in relation to the corporate tax matters and project feasibility studies.	36	12
Total	213	30

III) MATERIAL CONTRACTS INVOLVING INTEREST OF DIRECTORS OR MAJOR SHAREHOLDERS

There were no material contracts entered into by the Company and its subsidiaries (not being contracts entered into in the ordinary course of business) which involved the interests of Directors and/or major shareholders, either still subsisting at the end of the financial year ended 31 December 2020 or entered into since the end of the previous financial year.

IV) LONG-TERM INCENTIVE PLAN

The Company established a Long-Term Incentive Plan ("LTIP"), which came into effect on 20 December 2017.

The LTIP shall be in force for a period of 10 years commencing from the date on which the Share Scheme became effective and no share under a share award shall vest beyond the expiry of the duration of the Share Scheme. The LTIP consists of two types of share awards namely, Restricted Share Plan and Performance Share Plan.

Brief details on the total numbers of LTIP units granted, vested and outstanding since the commencement of LTIP up to financial year ended 31 December 2020 are as follows:

Description	Number of LTIP units	
	Grand Total	Directors and Chief Executives
Granted	41,093,700	2,795,300
Vested	(27,012,300)	(2,316,300)
Cancelled	(2,780,000)	–
Outstanding	(11,301,400)	479,000

As at 31 December 2020, the actual percentage of LTIP units granted in aggregate to Senior Management of the Company is 14.91%.

The Non-Executive Directors of the Company are not eligible to participate in the LTIP.



Menara Putra in Putrajaya was fully constructed and handed over to Social Security Organisation (SOSCO) in 2018

Sustainability Statement



ABOUT THIS STATEMENT

As one of Malaysia's leading urban property and infrastructure developers, Malaysian Resources Corporation Berhad (MRCB or the Group) recognises its responsibility in building the nation's economy, delivering added value to society by practising and promoting sustainable business practices. MRCB has progressively translated its vision for sustainable growth into initiatives that are embedded in the business' strategy.

During this reporting period, we have had the opportunity to assess our performance and re-focus our efforts on achieving business growth and success using the lens of sustainability. We strive to strengthen our position and reputation in the industry through these efforts, and continue to adapt to the changing social, environmental, and economic conditions.

By incorporating sustainability throughout our value chain and executing our business strategy, we believe we can make a positive impact on our community and the environment.



Menara Shell is one of MRCB's premier green building projects awarded with the US LEED Platinum and Singapore's BCA Green Mark Gold certifications

SCOPE OF THIS STATEMENT

This statement comprises the domestic operations of MRCB Group including its Property Development & Investment (MRCB Land), Engineering, Construction & Environment (MRCB Builders) and Facilities Management & Parking divisions, which consist of subsidiaries that MRCB has direct control of and in which the Group holds a majority stake.

REPORTING PERIOD

The reporting cycle is on an annual basis, and the period covered in this report is from 1 January to 31 December 2020. Where possible, information from previous years has been included to provide comparative data. The report also provides additional disclosures to comply with the specific requirements of the Global Reporting Initiative (GRI) Sustainability Standards: Core option. Our most recent report is MRCB Sustainability Report 2019 published in May 2020.



The Alstonia Hilltop Homes development designed according to the natural contours of an exclusive enclave of Bukit Rahman Putra in Selangor

OUR REPORTING FRAMEWORK

This statement has been prepared in accordance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (Bursa Securities) and with reference to the Sustainability Reporting Guide issued by Bursa Securities. The framework of the statement, on the other hand, is in line with the reporting standards of the Global Reporting Initiative (GRI).

FEEDBACK

We value feedback from our stakeholders and will use it to improve our reports and initiatives. To raise questions, concerns, or comments, you may contact:

Dr Renard Siew
Email: renard.siew@mrcb.com





Independent Sustainability Report Assurance for Malaysian Resources Corporation Berhad (MRCB)

Network Malaysia

INDEPENDENT ASSURANCE STATEMENT FOR MRCB SUSTAINABILITY REPORT 2020

We had conducted a limited assurance engagement on selected performance data and the sustainability report for the financial year 2020 as presented by MRCB.

Responsibilities

Malaysian Resources Corporation Berhad (MRCB)

MRCB is responsible for two areas. Firstly, the collection and presentation of the information in the report. Secondly, the design for implementation, and maintenance of the internal control related to the report's preparation by ensuring it is free from material misstatement, fraud and error.

UN Global Compact Network Malaysia & Brunei (UNGCMYB)

UNGCMYB is responsible to carry out the limited assurance engagement on the selected data and sustainability report, as per our engagement terms with MRCB. We do not accept or assume any responsibility for any other purpose or to any other person or organisation.

Summary of work conducted

The procedures we performed were based on our professional judgment and includes the following steps outlined below:

1. **Reviewed provided documents** by MRCB on social, ethical, environmental, energy and safety aspects of MRCB's performance.
2. **Discussion session with MRCB's sustainability executives and senior managers** to understand the methodology of how and why the data was collected during the reporting period of 1st January 2020 to 31st December 2020.
3. **Assessed performance data for the following metrics:**

<p>a. Energy Utilisation – Fuel Consumption (Diesel/Petrol)</p> <ul style="list-style-type: none"> Reviewed diesel and petrol data provided in excel format Assessed methodology of data mining, as in, the accuracy of the fuel consumption data collected, consolidated and provided by MRCB's sustainability department Reviewed the presentation of greenhouse gas emissions (GHG) data
<p>b. Energy Utilisation – Electricity Consumption</p> <ul style="list-style-type: none"> Reviewed electricity data provided in excel format Assessed methodology of data mining, as in, the accuracy of the fuel consumption data collected, consolidated and provided by MRCB's sustainability department Reviewed the presentation of greenhouse gas emissions (GHG) data
<p>c. Gender Gap and Equality</p> <ul style="list-style-type: none"> Reviewed the aggregation and completeness of total employees by gender, management employees by gender and Board gender diversity
<p>d. Environmental, Health and Safety</p> <ul style="list-style-type: none"> Reviewed the number of recorded incidents, near misses, LTI, fatalities, etc Reviewed non-compliance tracking report Reviewed the calculation of the accident rate disclosed within the Report for consistency and accuracy.

Limitation of review

We express the conclusion and review from a limited assurance engagement approach. The procedures performed in a limited assurance engagement vary in nature and timing from those performed for a full assurance engagement as it is less extensive. Therefore, we do not express a comprehensive assurance opinion.

Due to the COVID-19 crisis pandemic, and the movement control order in place by the Malaysian government authorities, engagements were done via virtual discussions with selected MRCB representatives. Due to the movement control order, site visits were not possible.

MRCB is responsible for preventing and detecting fraud, error, and non-compliance with laws and regulations. Our work should not be relied upon to disclose all such material misstatements, frauds, errors or instances of non-compliance that may occur.

Conclusion

We have reviewed the performance data on selected activities that were presented in the MRCB's sustainability report 2020. We did not find any inaccuracies in the claims made. Based on our scope of review, conclusions are outlined as below according to selected group data provided:

Energy Consumption
<p>MRCB demonstrated a strong foundation and understanding in calculating & reporting GHG value.</p> <p><i>Limitation:</i> Data collection for fuel was defined as fuel purchased instead of fuel consumed. No specification on the machines and equipment.</p>
Gender Gap Equality
<p>MRCB presented good gender equality in terms of pay and numbers of different genders as a whole. Based on the performance data provided, Malaysia Gender Gap Index (MGGI) for MRCB is assumed to be 96.5% above the National Benchmark of 70.9%.</p> <p><i>Limitation:</i> Male is the only gender for certain job grades. High level of variance shown in terms of difference in gender for certain job grades. eg: Grade G1 41.5% (pro-female), Grade G9 34.6% (pro-male).</p>
Environmental, Health and Safety
<p>MRCB performance data reported very low cases of near misses and number of reported first aid cases have dropped significantly.</p>

Our Independence

We did not provide any other services related to MRCB's approach to sustainability reporting in 2020, with the exception from this work.

Recommendation

Selected observations are provided below for areas of improvement for MRCB and these findings have no bearing on the report's conclusions.

We would encourage MRCB to continue this assurance engagement with recommendations taken into considerations as MRCB continues to develop a more comprehensive sustainability report.

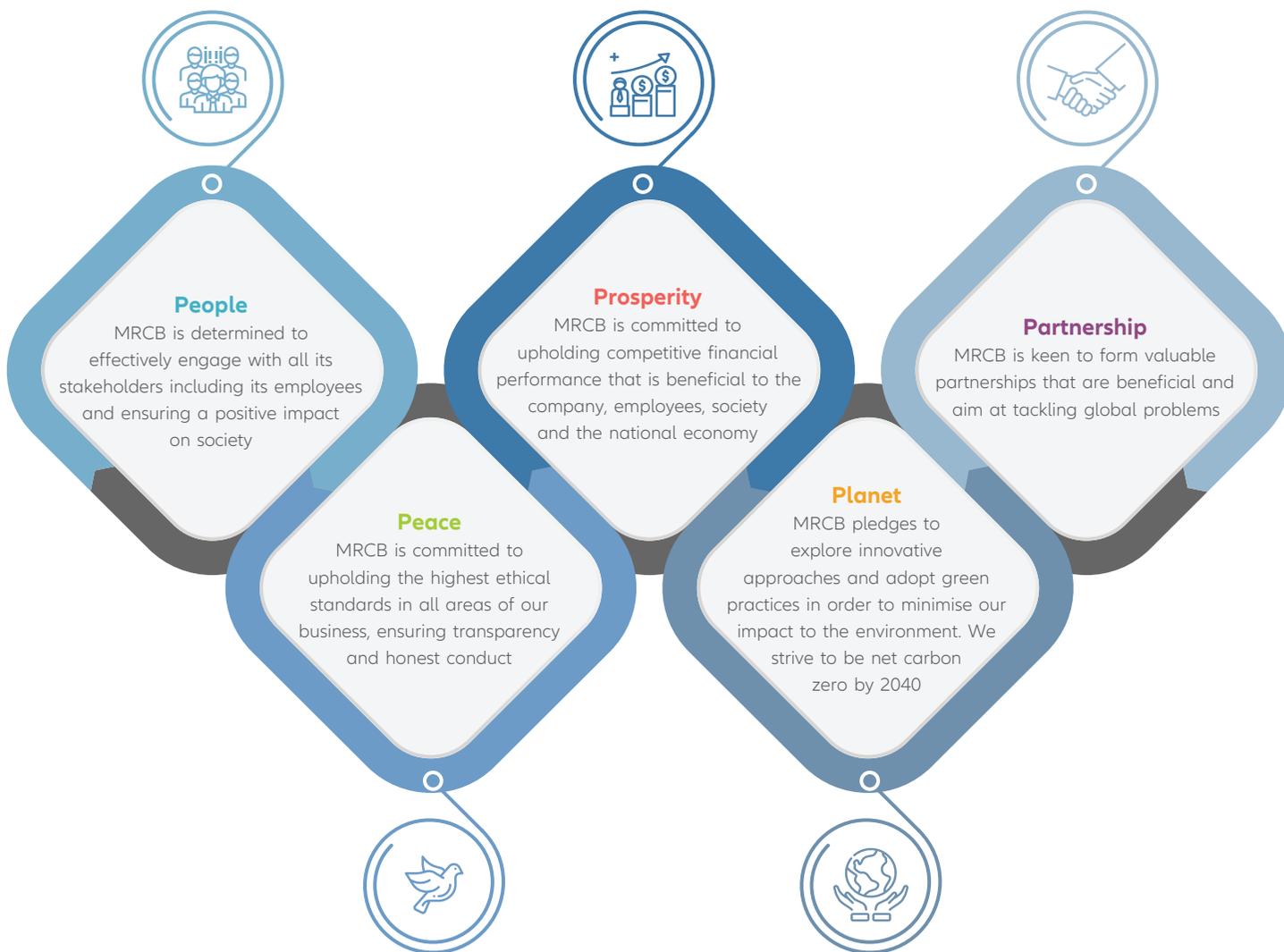
Energy Consumption
<p>Methodology & Data Mining</p> <p>It is recommended for a clear, simple and accurate data mining process for all aspects. The methodology used for diesel and petrol consumption management is recommended to be clearly defined. This includes data collected for fuel is generally assumed as fuel consumed. Details on machine and equipment is recommended to be specified for more accurate information.</p> <p>GHG Emission Control & Presentation</p> <p>In order to have better GHG emission control, historical data is recommended for better comparison. Total GHG emission reduced can be presented with its equivalent for better representation. For example, the amount of carbon emission reduced is equivalent to how many trees are planted.</p> <p>Energy Reduction Program</p> <p>MRCB is encouraged to identify opportunities in reducing their energy consumption both fuel consumption or electricity consumption. The length of the program may be different, which will result in a different range of impact, cost involved and level of engagement of employees. Considerations should be given to adopting the ISO50001 Energy management system. We would encourage MRCB to establish an energy committee to continue monitor, govern and enforce the process and impact for this energy management.</p>
Environmental, Health and Safety (EHS)
<p>For a complete presentation on EHS data, a safety reporting pyramid concept is recommended. Incentive schemes for employees may be introduced to increase engagement and participation for the report.</p> <p>We have noted that the current NCRs are to be closed within 3 days as a KPI. This may lead to employees more focused on KPI rather than actually solving the issue. Therefore, considerations should be given in extending the days to close the NCRs.</p> <p>We would also encourage further understanding on the investigation method used and lesson learnt activities to be shared across in ensuring similar incidents do not repeat.</p>

Our Approach to Sustainability

CORPORATE SUSTAINABILITY GOALS

Our approach to sustainability is founded on the five (5) 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



OUR CONTRIBUTION TO THE UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS (UN SDGs)

As a leading property and construction player in the country and as a responsible business, we recognise the need to contribute to global efforts such as the UN SDGs for sustainable development. The business case for sustainability is strong and will enable businesses to better manage risks, anticipate consumer demand, build a position in growth markets and strengthen their supply chain.

In 2017, we selected two (2) UN SDGs, Goals 9 (Industry, Innovation and Infrastructure) and 11 (Sustainable Cities and Communities), which are well aligned with our values and business goals. In 2018, we identified six (6) additional SDGs which reflected our strengthened efforts to build a sustainable business.

The SDGs selected are based on the economic, environmental, and social impacts of the company, and the initiatives we conduct to contribute to specific goals as defined by the UN. In 2019, we maintained all eight (8) UN SDGs because they continued to represent our aspirations and business direction to build stronger initiatives to achieve the relevant SDG targets.

In 2020, we expanded our goals to include SDG 10, Reduced Inequalities and SDG 15, Life on Land. In addition, we also recognised Goal 16 – Peace, Justice and Strong Governance and Goal 17 - Partnership for the Goals, as key drivers to establish trusting relationships with relevant government agencies and institutions to help drive the SDGs.

MRCB's Contribution to the SDGs



- Prioritising health and safety in our business operations by adopting safety standards and systems as well as implementing a Quality, Environmental, Safety and Health (QESH) policy, in addition to various safety measures to protect our employees, subcontractors, clients and the general public.
- We promote healthy lifestyles by organising programmes that focus on employee well-being.
- We manage our construction wastes responsibly and ensure proper storage as well as disposal of hazardous and non-hazardous waste.
- We have developed our Human Rights Statement which articulates our commitment in this area.



- We promote and participate in educational programmes; aimed at inspiring and motivating young Malaysians to excel in their studies.
- We "adopt" primary schools from communities located within the vicinity of our project sites providing them learning resources.
- We have been involved in renovating and upgrading schools and libraries for underprivileged children.



- We acknowledge women's contribution in the industry and have declared our commitment to promoting the advancement of women, especially in fields related to property development, engineering and construction.



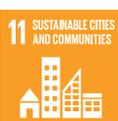
- We are able to provide more employment opportunities, especially to locals, and contribute to the development of the national economy.
- We embarked on the PEKA programme which stands for 'Peluang Kedua Anda' providing employment opportunities for selected offenders who are at the tail end of their prison sentence.
- We provide competitive salaries and benefit packages to our employees in addition to training opportunities for career growth and development.



- We develop and construct green buildings, and where possible make efforts to incorporate sustainable features in our infrastructure projects.
- We use the latest technologies to construct our buildings and pave the way for innovation.



- We strive to reduce gender inequalities by providing our female workforce a safe work environment and fitted to their needs, i.e., Mother's Room for nursing mothers as well as providing adequate training to our female workforce i.e. Individual Development Plan (IDP) in 2021.
- We believe in giving back to less-privileged Malaysians through our Yayasan MRCB by giving contributions, donations, trainings to the underserved communities such orphanages, differently abled, Orang Asli, B40 category families and many more.



- As a leading urban property developer in Transit Oriented Developments (TODs), we contribute to connecting communities and businesses, reducing GHG emissions in cities and promoting sustainable lifestyles by encouraging people to walk and travel using public transport.
- We have been involved in the construction of infrastructure that enhance the sustainable features of cities such as public transport systems, green buildings and affordable housing.



- We implement our QESH policy at project sites, which includes the practice of the 3Rs (Reduce, Reuse, and Recycle).
- We have started to track water and energy usage at our project sites besides implementing strategies to improve efficiency.
- We deliver training courses and toolbox talks regularly to educate our site workers and employees on how to carry out site inspections.



- We have developed a Climate Change Statement articulating our commitments in this area.
- We keep track of all of our carbon emissions (CO₂) across all our business operations.
- We measure our energy, water consumption and waste generation. We are currently developing action plans to increase our energy efficiency as well as reduce waste across all our business operations.



- We have 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.



- We believe strong corporate governance as fundamental to sustain competitive advantage and strengthen the management of sustainability related risks. Our corporate governance practices are outlined in this report on pages 100 – 122.
- We are committed to uphold peace, justice and the establishment of strong institutions.



- We have developed and implemented a stakeholder engagement strategy to create trusting and beneficial partnerships with relevant stakeholders to drive the SDG goals further.
- We have developed a partnership with the United Nations Global Compact Network Malaysia to adopt its universal Ten Principles, and allow them to guide us on our sustainability journey.

Our Approach to Sustainability

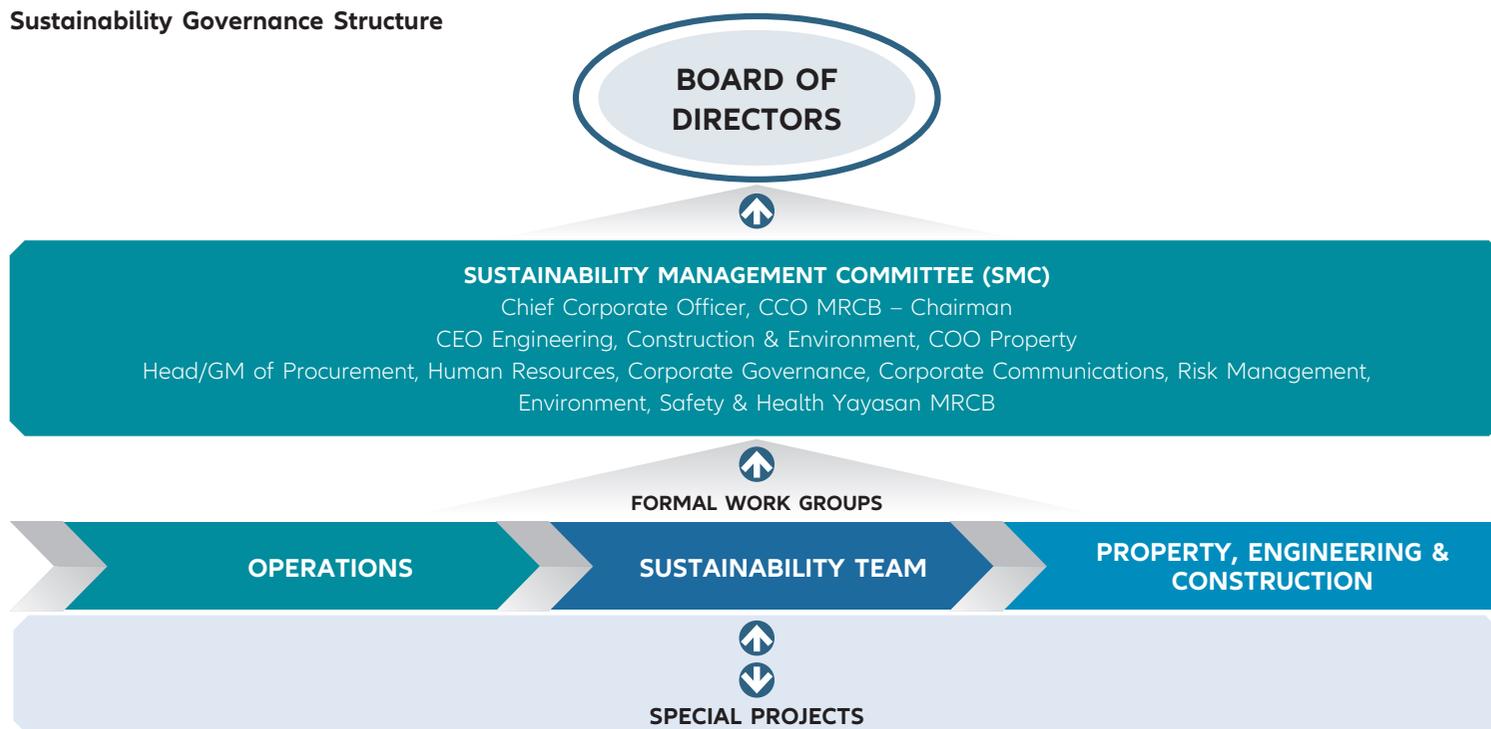
SUSTAINABILITY GOVERNANCE

We have developed a governance structure dedicated to sustainability, one that complements our existing organisational structure and underscores the importance of embedding the Sustainable Development Goals (SDGs) into the organisation’s overall management and operations. The Board of Directors (Board) of the Group envisions and endorses the Group’s sustainability strategic direction.

The Sustainability Management Committee (SMC) was established with the approval of the Board to translate the sustainability strategies into effective implementation of initiatives throughout the Group. The SMC’s objective is 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 formal working groups managed by the Sustainability team leads the execution of the sustainability agenda for addressing issues identified in previous years and improving on material sustainability issues. Partnerships on special projects are developed to scale best practices and to augment our impact when needed.

Sustainability Governance Structure



MRCB’s Sustainability Framework was developed in alignment with the 2030 Agenda. The Group’s corporate values act as a foundation to the 5 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 aligned to the SDGs and strive to have meaningful engagement with key stakeholders.

Our five sustainability focus areas are:

- i) INTERNAL ACTION**
Focuses on how MRCB creates positive impact internally while minimising negative impact from our operations. (eg: measuring our carbon footprint, setting eco-efficiency reduction targets for energy, water & waste, developing a position statement on biodiversity, human rights issues, conducting a Social Return on Investment analysis on our projects)
- ii) SUSTAINABLE IMPACT/BUSINESS**
Ensuring that our product offerings generate positive impact for our customers and communities (eg: sustainable construction through the development of green buildings and infrastructure, sustainable procurement by encouraging suppliers to adopt sustainability practices)
- iii) RISK AND GOVERNANCE**
Process of identifying and managing material sustainability risks within the MRCB Group. This requires setting up a structure for sustainability governance and reporting on sustainability progress, and the preparation of the annual sustainability report and reporting to relevant sustainability indexes (eg: FTSE4Good, MSCI, GRI)
- iv) CORPORATE SOCIAL RESPONSIBILITY (CSR)**
CSR has traditionally taken on a philanthropic lens. There is a need to re-align CSR priorities to the Sustainable Development Goals (SDGs) and re-examine the way that impact is measured (eg: ensuring that our CSR projects are aligned to the aspirations of the SDGs)
- v) STAKEHOLDER ENGAGEMENT**
This focuses on both internal and external engagement with key stakeholders (i.e. employees, customers, government officials, investors, NGOs etc) to help achieve the sustainable development goals (SDGs) and align MRCB to national priorities. (eg: piloting the Plastic Disclosure Project, engagement with the UNGC CFO TaskForce)

MRCB Sustainability Framework

Our Sustainability Purpose
Build Liveable and Resilient Communities, Care for Environment, Drive Sustainable Growth

Our Sustainability Key Action Plans



Aligned to UN Sustainable Development Goals



5 YEAR ROADMAP & KPIs

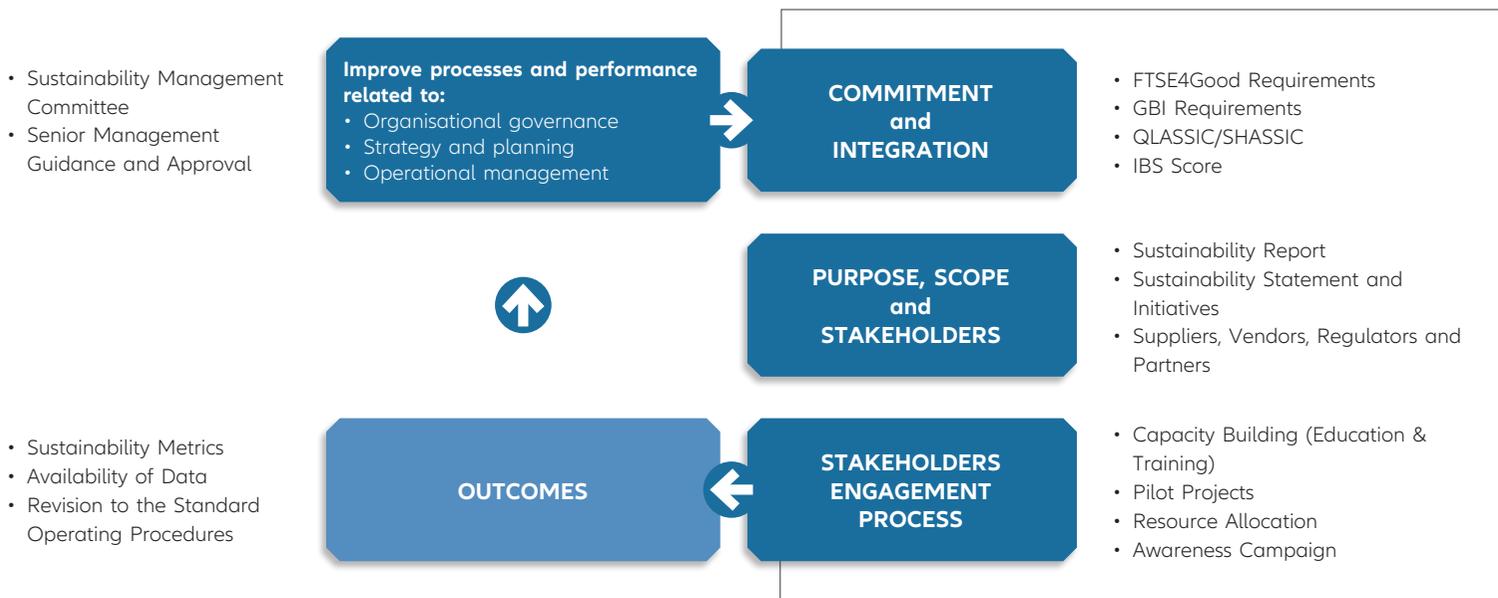
STAKEHOLDER ENGAGEMENT

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.

STAKEHOLDER ENGAGEMENT STRATEGY

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



Our Approach to Sustainability

In addition, our Stakeholder Engagement framework provides a platform for MRCB to curate and shape opportunities that enrich our sustainability efforts, leveraging on our existing mandate and leadership in the construction and property sector. We adopt a 5-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 to attract like-minded organisations towards collaboration and partnerships (identifying opportunities).

Stakeholders Engagement Process



MRCB Approach in Consultation with Key Stakeholders

 An exhaustive list of our Stakeholder Engagement activities can be read on pages 34 – 37



Employees

Areas of Concern	Methods of Engagement	Frequency
<ul style="list-style-type: none"> • Remuneration and benefits • Career development and training opportunities • Work-life balance • Workplace health and safety 	<ul style="list-style-type: none"> • Annual appraisal • Training programmes • Employee events and engagement sessions • Focus groups and surveys • Electronic direct email • Social media • E-newsletter • Coffee session with Chief Corporate Officer • KPI setting 	<ul style="list-style-type: none"> • Annually • Quarterly • Throughout the year
<p>Addressing Stakeholders Concern</p> <ul style="list-style-type: none"> • Benefits for employees • Health and wellness programmes • Organisation of engagement programmes for employees • Training and career development • Employment security during COVID-19 		



Government/Regulatory Bodies

Areas of Concern	Methods of Engagement	Frequency
<ul style="list-style-type: none"> • Regulatory compliance • Waste management • Labour practise • Corporate governance 	<ul style="list-style-type: none"> • Inspections by local authorities • Workshops • Audits 	<ul style="list-style-type: none"> • Throughout the year
<p>Addressing Stakeholders Concern</p> <ul style="list-style-type: none"> • Management of scheduled waste and non-scheduled waste as per environmental laws and regulations • Provision of Centralised Labour Quarters (CLQ) for foreign workers which focuses on their well-being (provision of clean water supply, enhanced fire safety regulations and recreational areas) • Establishment of Corporate Governance relevant documents such as Corporate Governance Statements, Anti Bribery, Code of Business Ethics, Whistleblowing Policy and many more • Involvement in national/community initiatives and industry leadership 		



Clients & Customers

Areas of Concern	Methods of Engagement	Frequency
<ul style="list-style-type: none"> • Quality and workmanship • Product safety • Design and sustainability features 	<ul style="list-style-type: none"> • Customer surveys • Engagement activities and roadshows 	<ul style="list-style-type: none"> • Throughout the year • Monthly
<p>Addressing Stakeholders Concern</p> <ul style="list-style-type: none"> • QLASSIC assessment • Pre-delivery inspection prior to handling over of products to purchaser • Adoption of ISO 9001:2015 Quality Management System • Customer Satisfaction Survey 		

Our Approach to Sustainability



Media

Areas of Concern

- Financial performance
- Transparent communication
- Corporate strategy

Methods of Engagement

- Press releases
- Media networking sessions

Frequency

- Throughout the year

Addressing Stakeholders Concern

- Organisation of Press Releases and Media Engagement Sessions
- Timely and accurate information on industry and business developments
- Transparency of information



Local Community, Civil Society & Non-Governmental Organisations (NGO)

Areas of Concern

- Social contributions

Methods of Engagement

- Donations
- Community engagement programmes

Frequency

- Throughout the year

Addressing Stakeholders Concern

- The Yayasan MRCB conducted various programmes for the community (see page 175) such as:
 - Education and financial assistance for underprivileged students
 - Empowerment programme for Orang Asli youth with physical limitations
- Continuity of programmes during COVID-19
- Additional support to cope with COVID-19 (see page 26)



Shareholders/Investors, Analysts

Areas of Concern

- Economic performance
- Corporate governance
- ESG and Sustainability

Methods of Engagement

- Annual general meeting
- Analysts' briefings
- Engagement sessions through meetings, conferences and site visits
- Corporate website, Investor relations mobile app

Frequency

- Annually
- Quarterly
- 26 Sessions were conducted in 2020, and we engaged with 127 investment professionals

Addressing Stakeholders Concern

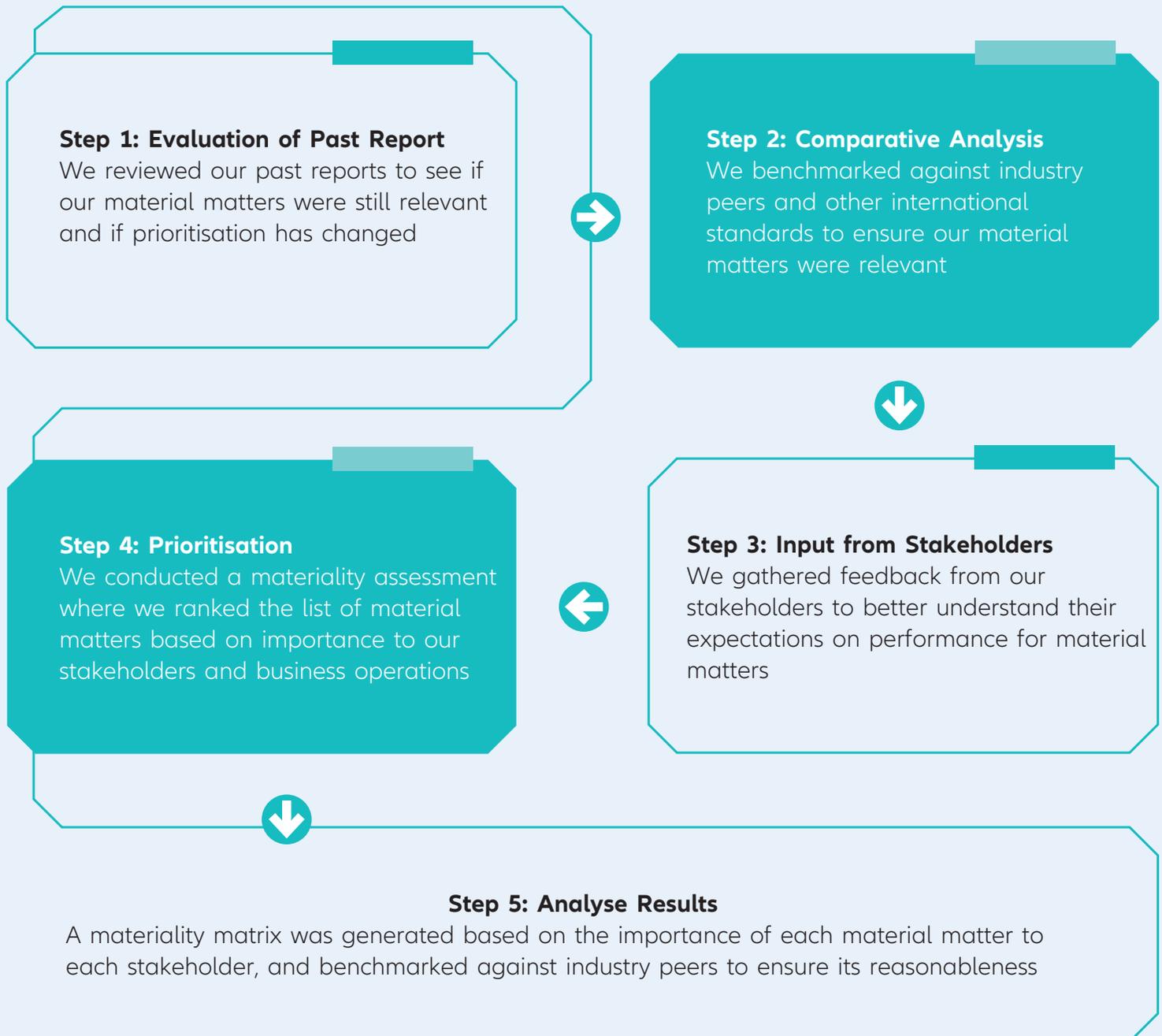
- Provided company updates through:
 - Quarterly results briefings
 - Corporate website
 - Investor Relations mobile app
 - One-on-one and group meetings as well as presenting at conferences, both locally and internationally
 - Annual update meetings with Minority Shareholders Watch Group (MSWG)
- Ensured accessibility to Board Members, Senior Management and/or IR team through:
 - Virtual AGM
 - Direct email and phone access as listed on corporate website
- Greater disclosure on ESG and sustainability reporting
- Good corporate governance demonstrated by adoption of 31 MCCG Practices and all 4 Step-up Practices

OUR MATERIALITY ASSESSMENT PROCESS

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 needs and enhance business operations.

We have maintained the previous year's material sustainability matters and added three new key issues in 2020: climate change, human rights and biodiversity. For this reporting period, we have re-evaluated the priority of each of the material matters in terms of their importance to the business and the influence they have on stakeholder decision-making. The last materiality assessment was conducted in 2019 and given the increasing concerns regarding ESG matters since then, in the country and internationally, we felt it was timely to re-evaluate.

The step-by-step methodology of our materiality assessment which we undertook in 2020 is illustrated below:



Our Approach to Sustainability

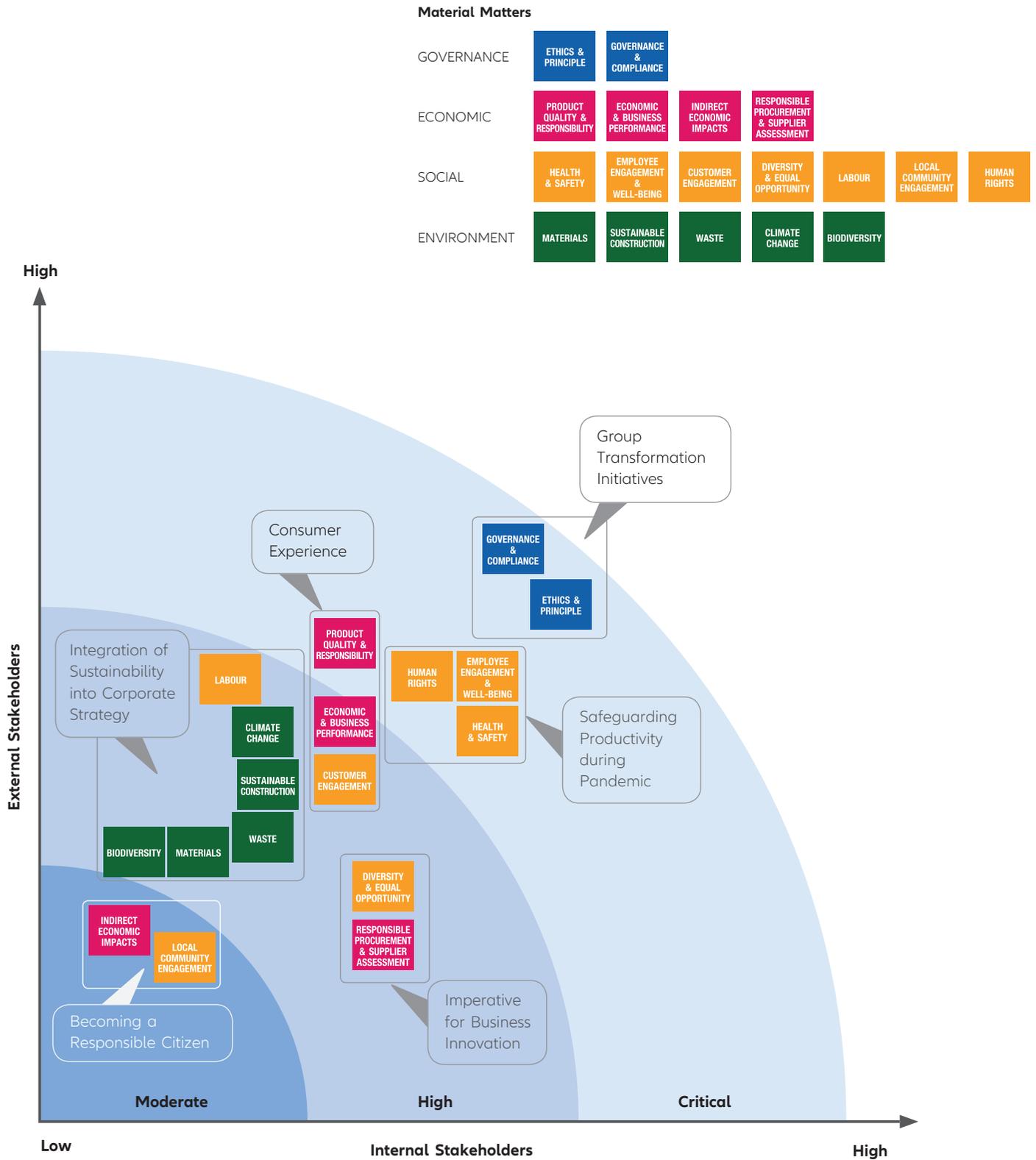
OUR MATERIALITY ISSUES AND DEFINITIONS

In 2020, we included an additional three (3) material matters to our fifteen (15) material matters that were identified in the previous reporting period. We used a weighted ranking to allow stakeholders to identify which material matters were most important to them. The five (5) material matters located in the critical area of the materiality matrix from the 2020 assessment are Ethics & Principles, Governance & Compliance, Product Quality & Responsibility, Employee Engagement & Well-Being, Health & Safety and Human Rights.

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, anti-competitive behaviour and corruption 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 with other instruments concerned with environmental and socio-economic 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 in significant infrastructure investments and services development that improve community welfare and local economies.
	5	Indirect Economic Impacts	The contribution of the organisation in significant infrastructure investments and services development that improve community welfare and local 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 the organisation's business operations and in the lifecycle of the product.
	8	Employee Engagement & Well-Being	Engaging with our employees to ensure talent attraction and retention for a skilled workforce. This entails providing training, benefits, and a healthy work environment.
	9	Customer Engagement	Enhancing our products and services by understanding clients and customers preferences, providing an overall positive customer experience to maintain reputation.
	10	Diversity & Equal Opportunity	Equal provision of opportunity to all employees across operations. Diversity pushes innovation through exchange of perspectives and strengthens the organisation.
	11	Labour	Efforts to improve labour related processes including hiring of local and foreign labour, as well as participating in initiatives that alleviate socio-economic issues.
	12	Local Community Engagement	Efforts to manage impacts on people in surrounding communities at our project sites.
	13	Human rights	Integrating human rights principles in the organisation, act diligently to avoid infringing the rights of others and address any negative human rights impacts related to the business.
 Environment	14	Materials	Efforts to reduce resource consumption to mitigate environmental impact. How we track and monitor consumption to reduce operational cost.
	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	Organisation's risk and exposure to climate change (i.e., extreme catastrophic events – floods, droughts), water security, impact on workers productivity.
	18	Biodiversity	Organisation's effort in minimising harm to nature and biodiversity.

Materiality Mapping and Strategy Clusters



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 (KER) and the Group Enterprise Risks (GER)) which are also in alignment with the GRI indicators. This has also been mapped to the corresponding UN SDGs to reflect on MRCB's commitment in championing universal and shared values.

Our Approach to Sustainability

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	<ul style="list-style-type: none"> Shareholders/Investors and Analysts Employees Government/Regulatory Authorities Customers & Clients 	102: General Disclosure 103: Management Approach 205: Anti-corruption 206: Anti-competitive Behaviour	 
Governance & Compliance	KER 006 – Regulatory risk	GER 010 – Governance & Compliance risk	<ul style="list-style-type: none"> Government/Regulatory Authorities Shareholders/Investors and Analysts 	307: Environmental Compliance 419: Socioeconomic Compliance	
 Economic					
Product Quality & Responsibility	KER 008 – Quality Risk	GER 015 – Quality non-conformance risk	<ul style="list-style-type: none"> Shareholders/Investors and Analysts Customers & Clients 	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	<ul style="list-style-type: none"> Shareholders/Investors and Analysts Employees 	201: Economic Performance	 
Indirect Economic Impacts	KER 009 – Concentration risk	GER 017 – Investment Risk	<ul style="list-style-type: none"> Community Shareholders/Investors and Analysts 	203: Indirect Economic Impacts	
Responsible Procurement & Supplier Assessment	KER 001 – Project delivery risk	GER 002 – Procurement & contractual risk	<ul style="list-style-type: none"> Customers & Clients 	204: Procurement Practices 308: Supplier Environmental Assessment 414: Supplier Social Assessment	 
 Social					
Health & Safety	KER 007 – Safety, Health and Environment Risk	GER 013 – Safety & Health risk	Employees Government/Regulatory Authorities	403: Occupational Health & Safety	 
Employee Engagement & Well-Being	KER 004 – Business Continuity risk	GER 006 – Human resources risk	Employees	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	Customers & Clients	418: Customer Privacy	

Materiality	Key Enterprise Risk (KER)	Group Enterprise Risk (GER)	Relevant Stakeholders	Corresponding GRI Indicators	SDGs
Diversity & Equal Opportunity	KER 005 – Environmental, Social and Governance (ESG) risk	GER 009 – Sustainability risk	Employees	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	Employees Shareholders/Investors and Analysts Government/Regulatory Authorities	G4 Sector Specific – Construction and Real Estate Sector Disclosures	
Local Community Engagement	KER 008 – Quality Risk KER 005 – Environmental, Social and Governance (ESG) risk	GER 016 – Communication & Reputation risk GER 009 – Sustainability risk	Local Community, Civil Society, and NGOs	413: Local Communities	   
Human Rights	KER 005 – Environmental, Social and Governance (ESG) risk	GER 009 – Sustainability risk	Employees Government/Regulatory Bodies Media Local Community, Civil Society & NGOs	400: Social	   

 **Environment**

Materials	KER 001 – Project delivery risk	GER 001 – Construction risk GER 002 – Procurement & contractual risk	<ul style="list-style-type: none"> Government/Regulatory Authorities 	301: Materials	 
Sustainable Construction	KER 001 – Project delivery risk	GER 001 – Construction risk GER 002 – Procurement & contractual risk	<ul style="list-style-type: none"> Shareholders/Investors and Analysts Customers & Clients 	302: Energy 303: Water and Effluents 305: Emissions	  
Waste	KER 005 – Environmental, Social and Governance (ESG) risk KER 007 – Safety, Health and Environment Risk	GER 009 – Sustainability risk GER 012 – Environment risk	<ul style="list-style-type: none"> Communities Government/Regulatory Authorities 	306: Effluents and Waste	  

Our Approach to Sustainability

Materiality	Key Enterprise Risk (KER)	Group Enterprise Risk (GER)	Relevant Stakeholders	Corresponding GRI Indicators	SDGs
Climate Change	KER 005 – Environmental, Social and Governance (ESG) risk	GER 008 – Climate change risk	<ul style="list-style-type: none"> Government/Regulatory Bodies Clients & Customers Media Shareholders/Investors, Analyst 	300: Environmental	
Biodiversity	KER 005 – Environmental, Social and Governance (ESG) risk	GER 009 – Sustainability risk	<ul style="list-style-type: none"> Government/Regulatory Bodies Local Community, Civil Society & NGOs 	304: Biodiversity	

MRCB is a signatory member of the United Nations Global Compact (UNGC) and seeks to align to its 10 business principles covering core areas such as human rights, labour, environment and anti-corruption. We have mapped our public commitments to these principles in the following table and will be communicating progress across these areas annually:

Human Rights

Principle	Commitment	Public Documents that Underscore our Commitments	GRI Index
<p>Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights.</p> <p>Principle 2: Business should make sure they are not complicit in human rights abuses.</p>	<p>In accordance with our Quality, Environmental, Safety and Health (QESH) Policy, we are committed to providing safe and healthy workplaces and operating in a manner that protects human health and environmental quality in our communities. To protect our communities and the environment, we set the same high standards for our environmental performance at all our locations around the world.</p> <p>MRCB expects its suppliers to conduct their operations in a socially and environmentally responsible manner. In addition to cost and quality, social and environmental performance is used to select and retain suppliers.</p>	<p>Human Rights Statement</p> <p>Quality, Environmental, Safety and Health (QESH) Policy Statement</p> <p>Statement of Commitment to UNGC</p>	<p>Human Rights: GRI 412</p> <p>Risk Management and Operations: Assessed for risks related to corruption.</p> <p>Integrity Helpline: Formal grievance mechanism</p> <p>Community Engagement: GRI 203</p>

Labour

Principle	Commitment	Public Documents that Underscore our Commitments	GRI Index
<p>Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.</p>	<p><i>Collective Bargaining:</i> We respect voluntary freedom of association, including the right to organise and bargain collectively in a manner that is legally compliant. Overall, the compensation and benefits provided by MRCB are designed to enable our employees to meet their basic needs and provide the opportunity to improve their skills and capabilities for raising their social and economic opportunities.</p>	<p>Sustainability Statement</p> <p>Publicly recognises responsibility for the company's impacts on internal and external stakeholders.</p> <p>Define sustainability strategies, goals, and policies in consultation with key stakeholders</p>	<p>Labour/Management Relations: GRI 402-1</p> <p>Compensation and Benefits: GRI 202-1</p> <p>Average Hours of Training Per Year Per Employee: GRI 404-1 Employee Development, Training and Education</p>
<p>Principle 4: Businesses should uphold the elimination of all forms of forced and compulsory labour.</p>	<p><i>Prevention Of Forced And Compulsory Labour:</i> These types of practices are explicitly forbidden within MRCB in line with our policies. Human Resources personnel ensure that slave labour or labour from penal institutions are not used, no matter the host country.</p>	<p>Code of Business Ethics</p> <p>Corporate Governance Statement</p> <p>Conflict of Interest Policy</p> <p>Whistleblowing Policy</p>	<p>Ratio of Basic Salary and Remuneration of Women to Men: GRI 405-2</p> <p>Forced or Compulsory Labour: GRI 409</p>
<p>Principle 5: Businesses should uphold the effective abolition of child labour.</p>	<p><i>Child Labour:</i> Our policies address child labour and are consistent with the UN Global Compact and ILO Convention 138. Potential employees are required to show valid identification and proof of age before they are hired. There is no child labour within our company.</p>	<p>Terms of Reference – Nomination & Remuneration Committee</p> <p>Terms of Reference – Audit and Risk Management Committee</p>	<p>Child Labour: GRI 408</p> <p>New Employee Hires and Employee Turnover: GRI 401-1</p>
<p>Principle 6: Businesses should uphold the elimination of discrimination in respect of employment and occupation.</p>			

Our Approach to Sustainability

Environment

Principle	Commitment	Public Documents that Underscore our Commitments	GRI Index
<p>Principle 7: Businesses should support a precautionary approach to environmental challenges.</p>	<p>Sustainability is an integral part of our vision and values. Our environmental efforts are conducted with the following objectives in mind:</p> <ul style="list-style-type: none"> Supporting our company’s growth and exceeding our customers’ increasing expectations for more sustainable products and services. 	<p>Human Rights Statement</p> <p>Quality, Environmental, Safety and Health (QESH) Policy Statement</p>	<p>Risk Management and Operations: Assessed for risks related to corruption.</p>
<p>Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility.</p>	<ul style="list-style-type: none"> Improving our operational efficiency, including lowering costs and reducing the environmental footprint of our operations and supply chain. Expanding engagement with our stakeholders on environmental issues. 	<p>Biodiversity Statement</p> <p>Climate Change Statement</p>	<p>Risks and Opportunities Due to Climate Change: GRI 201-2</p> <p>Environmental Compliance: GRI 307</p> <p>Effluents and Waste: GRI 306</p>
<p>Principle 9: Businesses should encourage the development and diffusion of environmentally friendly technologies.</p>	<p><i>Initiatives and Achievements:</i> Our achievements in sustainability are the result of committed and innovative leadership.</p> <p>Our public reporting policies of integrity, transparency, and disclosure of sustainability data ensure our stakeholders, and the public are fully informed of our efforts and the results.</p>		

Anti-Corruption

Principle	Commitment	Public Documents that Underscore our Commitments	GRI Index
<p>Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.</p>	<p>Integrity is at the centre of all we do, and it drives our continued success. No matter where we operate, we hold ourselves accountable.</p> <p>MRCB conducts its business in ways that respect the environment and our communities and ensure safe, healthy workplaces for our people.</p> <p>Throughout the decades, the employees of MRCB, have stood firm when our beliefs and values have been tested. Today, each one of us is charged with the responsibility to uphold and extend our standards for ethical behaviour.</p> <p>We have zero-tolerance towards bribery and corruption.</p>	<p>Sustainability Statement</p> <p>Code of Business Ethics</p> <p>Corporate Governance Statement</p> <p>Whistleblowing Policy</p> <p>Conflict of Interest Policy</p> <p>Terms of Reference – Audit and Risk Management Committee</p> <p>No Gift Policy</p> <p>Anti-bribery & Corruption Policy</p>	<p>Ethics and Integrity: GRI 102-16</p> <p>Integrity Helpline: Mechanisms for reporting concerns about unethical behaviour</p> <p>Anti-Corruption: GRI 205</p> <p>Public Policy: GRI 415</p>

KEY HIGHLIGHTS OF STAKEHOLDER ENGAGEMENT FOR FY2020

Plastic Disclosure Project (PDP)

MRCB was one out of ten public-listed companies chosen by the Ministry of Environment and Water to participate in the PDP. By participating in the PDP, we have embarked on a journey of learning how to enhance our strategy and decision making in handling plastic that we use in our construction works which include recovery, recycling, use of recycled content or waste accumulation. We are also studying Malaysia's Roadmap Towards Zero Single Use Plastics 2018-2030 to ensure that we align ourselves accordingly. To quantify these efforts, MRCB is now establishing the baseline for plastic waste management and working towards setting a plastic waste reduction target.

Other plans in the pipeline include developing and implementing a Plastic Management Strategy to further encourage the practice of proper construction and plastic waste segregation, implementing standardised timely data collection, and set reuse, reduce or recycling targets. Under this agenda, we will also promote the adoption of the Extended Producers Responsibility (EPR) concept in the supply chain, improving the engagement with relevant stakeholders on waste management processes and exploring opportunities for office, retail, and TOD's waste management.

Furthermore, we participated in a knowledge sharing session by one of the PDP participants, Universiti Malaya (UM) on their Zero Waste Campaign, coordinated by Ministry of Environment and Water's representative. MRCB was invited along other leading organisations to attend the fruitful discussion in September 2020. Some of the inputs shared were on their governance strategy, coordination between different departments, waste audit methods and many more. The lessons learned and knowledge gathered shall be applied in the Group's future actions.

UNGC Engagement: CFO Roundtable & Taskforce

In strengthening our partnership, we participated in UNGC Malaysia's CFO Roundtable Engagement on Sustainable Finance hosted by the Securities Commission held on 28 of September 2020. The objective of the engagement was to discover key leadership insights in navigating Corporate Sustainability in the New Normal with a focus in the context of Sustainable Financing.

We were then invited to join the UN Global Compact CFO Taskforce for the SDGs, which was launched to put corporate finance at the centre of the Sustainable Finance agenda. The platform brings together multi-sector group of corporate finance leaders from around the world in aligning their sustainability commitments with credible corporate finance strategies to unlock private capital and create real-world impact on the SDGs.

MRCB is the first Malaysian company to join 34 other global companies in the UNGC action platform as 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.



Refurbished by MRCB, the Bukit Jalil National Stadium is a world class stadium facility capable of hosting a diverse range of events.

Upholding Strong Governance

GOVERNANCE & COMPLIANCE

Transparency and accountability are the two imperative foundations for a business to succeed. Corporations are expected today to have exceedingly sound governance practices, at a degree never seen before.

We are cognisant of the expectations of our stakeholders, and by building a strong governance culture and putting in place risk management controls, we strive to gain our stakeholders' trust. In 2020, in the 2019 ASEAN Corporate Governance Scorecard (ACGS) Awards, we were recognised as one of the 135 recipients of the ASEAN Asset Class Award for obtaining a minimum score of 97.5 points in the assessment, an initiative by the Minority Shareholders Watchdog Group. Thereby, demonstrating our commitment to sound governance practices and the importance we place on operating with accountability.

Risk intelligence at the most fundamental level covers regulatory compliance. Some of the key regulations we adhere to are the Companies Act 2016, Main Market Listing Requirements of Bursa Malaysia Securities Berhad, Malaysian Code on Corporate Governance (MCCG) (see Corporate Governance Overview Statement on page 100), requirements of the Environmental Quality Act 1974, Occupational Safety and Health Act 1994, and guided by other best practices and standards such as those outlined in the ASEAN Corporate Governance Scorecard.

However, the cause and effect of the fast-changing political, environmental and economic climate can potentially lead to changes in the regulatory landscape. As a responsible player in the construction industry, we strive to build business resilience and to have a holistic view of the economic, environmental and social risks that could impact our business.

With regards to section 17A of the Malaysian Anti-Corruption Commission Act 2009 on corporate liability, which came into effect on 1 June 2020, we are fully cognisant of the far-reaching implications of this new provision. In addition to having acquainted ourselves with the contents and principles of this provision, we have put in place adequate procedures as a defence against corporate liabilities for corruption offences committed by persons associated with the Company through the setting up of a robust ISO37001 certified Anti-Bribery Management System (ABMS).

Our efforts to go beyond compliance to future proof our business is evident in the voluntary practices recommended by the Malaysian Code of Corporate Governance (MCCG) 2017 we have undertaken. MRCB fully supports the recommendations outlined in the MCCG which contains a multitude of Practices and Step-Up Practices to promote good standards of transparency and corporate governance. As at end-2020, MRCB successfully adopted and applied 31 out of the 32 Practices prescribed by the MCCG, together with 3 out of the 4 optional Step-Up Practices that aim to raise the bar well beyond existing regulatory requirements. The two (2) departures were due to the reduction in the number of Independent Directors on the MRCB Board and on the Audit and Risk Management Committee (ARMC) following Encik Jamaludin's retirement. However, both MCCG Practices have since been re-adopted with the appointment of Datuk Wan Kamaruzaman bin Wan Ahmad as our new Independent Director on 15 April 2021. Conversely, the proportion of women directors on the Board has now dropped to 29%, just under the recommended threshold. We will continue to pursue further improvements in this and other areas, to be reflected within our end-2021 MCCG scores.

ETHICS & PRINCIPLES

MRCB has policies in place to ensure that its employees conduct business ethically and with integrity. The policy owners are MRCB's Integrity and Discipline Department (IDD) and the Human Resources Department (HR) which ensure employees and other stakeholders adhere to all relevant laws and regulations.

Our Code of Business Ethics (Code) and the Anti-Bribery and Corruption Policy (ABC Policy or the Policy) govern the Group's business conduct. MRCB's Code and policies are communicated to every employee during the induction programme, covering in detail MRCB's Anti-Bribery Management System (ABMS) and whistleblowing policies. MRCB's website and intranet, our SharePoint platform, are also available to employees, where they can learn more about our policies and expectations on ethical business conduct.

ANTI-BRIBERY & CORRUPTION

The Group has a zero-tolerance against all forms of corruption. In 2020, we are pleased to note that no incidents of corruption or bribery were reported. While no incidents of corruption or bribery were identified, there were three (3) incidents of fraud or abuse reported in 2020.

Our main safeguard against corruption is our Anti-Bribery Management System (ABMS). This system recognises the requirements of:

- ISO 37001:2016,
- Malaysian Anti-Corruption Commission Act 2009 (MACCA),
- Companies Act 2016,
- US Foreign Corrupt Practices Act 1977 (amended 1998) and
- UK Bribery Act 2010.

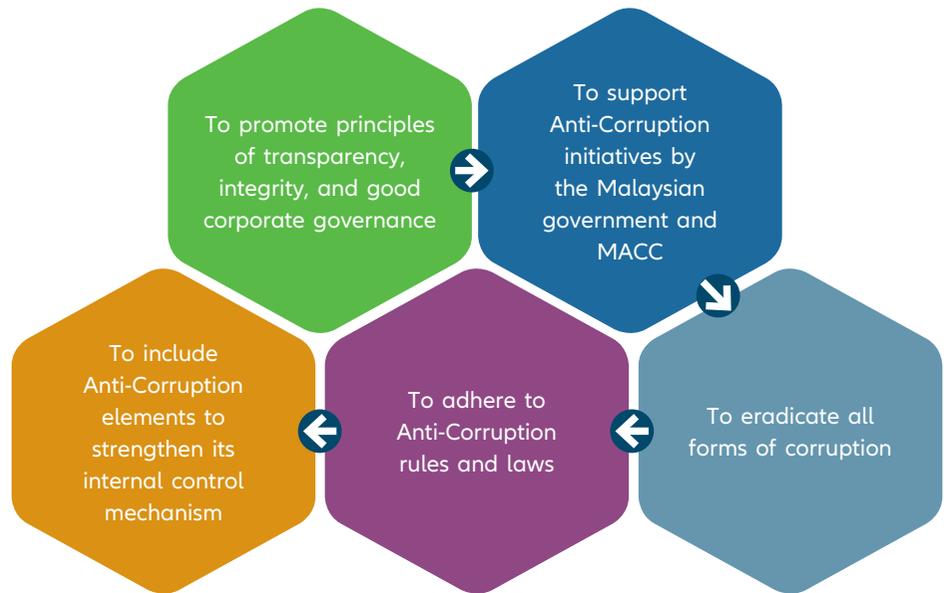
MRCB's embarked on the journey of establishing an ABMS in 2017. The preparation undertaken towards implementing ABMS consisted of five stages based on the standards set out in the ISO 37001:2016 Anti-Bribery Management System (ISO ABMS).

In 2019, ABMS was officially introduced in MRCB. As at 31 December 2020, all 14 departments in MRCB's headquarters were certified for the ISO ABMS. As part of our ABMS, the following policies and procedures were also introduced:

- ➔ Anti-Bribery & Corruption Policy
- ➔ Due Diligence Guidelines
- ➔ Conflict of Interest Policy
- ➔ Anti-Bribery Controls for Controlled Organisation and Business Associates Policy
- ➔ Revised Gifts, Hospitality, Donations and Similar Benefit Policy
- ➔ Revised Whistleblowing Policy

As at 31 December 2020, a total of 319 MRCB staff attended ABMS training and the intention is to roll this out to all of our staff progressively. Since 2018, we have provided ABMS training to 1,381 staff and 94 representatives from 77 companies throughout our value chain. We have also now designed an Anti-Bribery Online Training module via our e-Learning Management Portal system, to ensure full mandatory participation by all our staff on an annual basis. To accommodate the diversity of our employees and to ensure proficiency on the subject, these courses are designed in dual languages.

Along with MRCB Corporate Integrity Pledge (CIP), MRCB instills five (5) anti-corruption principles as shown beside:



WHISTLEBLOWING

MRCB has a Whistleblowing Policy, which is accessible via the company's website that allows individuals to report any misconduct occurring within MRCB and its operations. The policy also protects against victimisation. Internally, we have also established a grievance policy and procedure, where employees can have their complaints or grievances recorded and put into consideration for resolution. A whistle-blower can make a disclosure on improper conduct to whistleblowing@mrcb.com. In 2020, there were two (2) whistleblowing cases reported.

Internally, we have a Grievance Policy and procedure for employees to register complaints which the organisation then addresses to resolve. In addition, MRCB also has a Referral Policy that allows any individual to report incidents such as violation of any applicable laws and regulations by employees and business associates to the police or regulatory authorities. As an organisation if we detect anything that is illegal, we will report it to the relevant authority.

GIFTS, HOSPITALITY, DONATIONS AND SIMILAR BENEFITS POLICY

MRCB enforces a policy that strictly prohibits employees from directly or indirectly receiving or providing any gifts, kickbacks or gratuities in any form that may compromise their judgement or decision making. Gifts that are offered to any of our employees must be politely declined and/or returned, preferably without causing offence or disruption to business relations. Training sessions have been carried out since 2018 to help employees better understand the implementation of this policy and how to professionally manage various situations involving gifts, such as dinner events or during seasonal festivities.

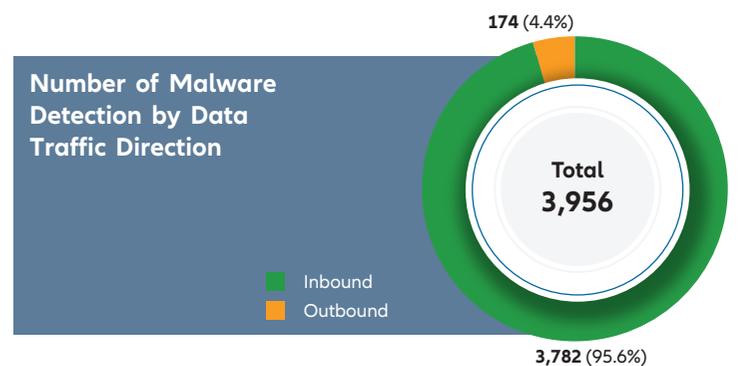
DATA PRIVACY & PROTECTION

Technology has become increasingly integral to the workplace allowing for effective and efficient collaboration over various platforms and across a vast network of people. However, this also increases the threat and risk of cyber-attacks that can threaten the security of information/data collected and used by the organisation. MRCB has implemented strong cyber security measures to protect the data of the company as well as our clients and other stakeholders. (For more information refer to the SORMIC on page 124)

As of 31 December 2020, there were 3,956 malware detections reported with 95.6% being inbound data traffic. Through our use of Microsoft Azure and the embedded Artificial Intelligence features, the frequency and intensity of these occurrence have begun to show a declining trend. In addition, the server downtime in 2020 of 10 hours and 34 minutes was also within our target for network availability of 99% of the time within a calendar year.

Our efforts to increase awareness of such threats include employees being regularly alerted about the latest viruses and scams to extract data through email alerts, short video clips and monthly bulletins that cover topics like ransomware and password protection. MRCB strives to ensure that employees are well informed to protect themselves and the company.

Server Downtime	
Month	Incident Downtime (hour: mins)
25-Feb	0:32
2-Mar	4:05
19-Mar	0:47
12-Apr	4:35
28-Sept	0:35
Total downtime	10:34



Economic Contributions

ECONOMIC AND BUSINESS PERFORMANCE

Economic performance is imperative to the sustainability of the Group as it supports the growth of our business operations. It is a top priority for MRCB as well as for our stakeholders, and as such, appropriate risk management plans and processes have been set in place in order to maximise value returned to our shareholders. Please refer to page 80 of this report for full details of our financial highlights.

INDIRECT ECONOMIC IMPACT

In Malaysia, we are the pioneer of Transit Oriented Developments (TODs) and have led the way in effecting a paradigm shift in public transport connectivity. TODs support mix-land uses where communities of housing, offices, restaurants, shops, hotels, hospitals and schools are all within a short walking distance from each other and mass transportation hubs.

Our developments successfully integrate living and working spaces and are designed to increase productivity and connectivity while ensuring they are sustainable. Our role as a TOD developer naturally incorporate sustainability, as these developments encourage city dwellers to choose urban mass transport infrastructure for commuting, taking motor vehicles off roads, thus reducing carbon emissions. In enhancing the public’s commuting experience, we also focus on connectivity and convenience, paying particular attention to the proximity of our developments to existing highways and public transportation.

By developing high density, mixed-use real estate around rail stations, we spur economic development and spearhead environmental initiatives. Improving connectivity and increasing accessibility to public transportation reduces car usage and a concomitant reduction in carbon emissions. The creation of such hubs attracts investors for commercial and retail development thus providing economic benefits to corporates, retailers and the local community.

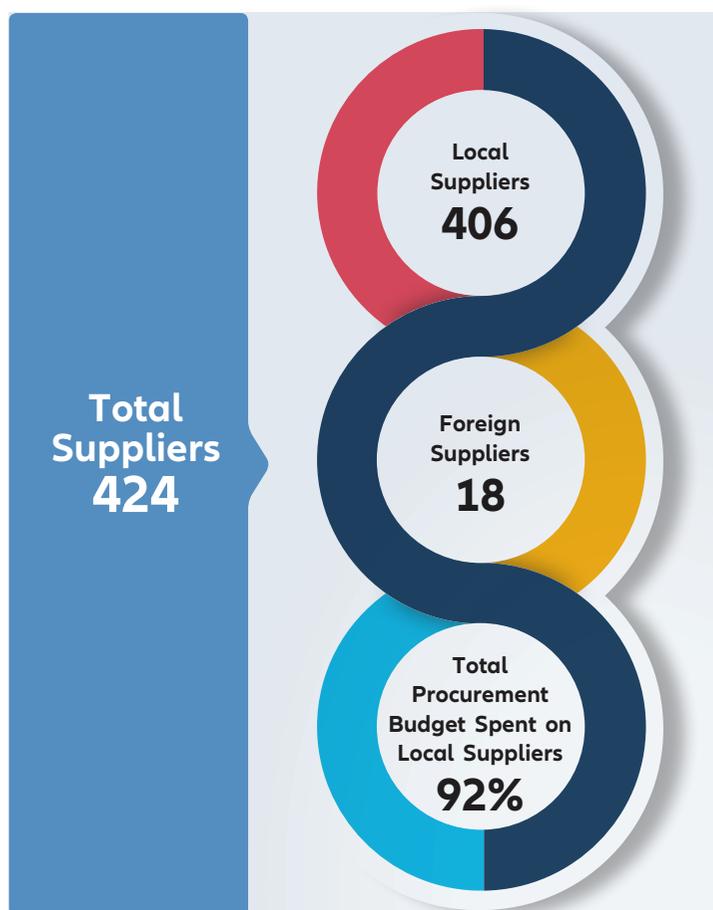
RESPONSIBLE PROCUREMENT & SUPPLIER ASSESSMENT 204-1

MRCB recognises the importance of managing procurement and suppliers properly as they are an important part of our operations. We are actively seeking initiatives to enhance the way we procure goods and services.

We are ensuring that our suppliers are selected from among those with a strong track record and are aligned with our commitment to build a sustainable supply chain. Environmental impact and transparency of our supply chain are important considerations for the business to be sustainable. Our procedures ensure a transparent supplier selection process. For example, we have a very transparent preliminary qualification assessment and performance evaluation process. All our suppliers must achieve the minimum points of the preliminary qualification assessment and become registered approved suppliers before they can be invited to submit quotations and become an appointed supplier of MRCB. Quotations evaluated by the Procurement Department have stated justifications for selection, which is then approved by the project team.

MRCB’s supply management is governed by its Group Procurement Policy and the Policy on Pre-Qualification of Contractors, Consultants and Suppliers. These policies determine how supplier registration and pre-qualification, purchase requisition, sourcing strategies, as well as purchasing methods should be conducted.

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 424 appointed suppliers throughout 2020, 406 are local (contracted from the Klang Valley area with several based in Johor, Perak, and Penang) and 18 with major foreign shareholdings incorporated locally. In 2020, 92% of our procurement budget was spent on local suppliers.



To ensure the quality of our deliveries, we apply strict standards where all business partners are vetted using stringent pre-selection criteria and evaluated progressively upon selection. We conduct performance evaluations of our suppliers every six (6) months to ensure that they are on track for project completion.

MRCB is in the midst of implementing its E-Procurement system to enable all procurement processes to be electronic, and suppliers will be able to access information in real time, including the status on progress and delays. Soon, we plan to progressively identify and adopt more sustainable practices to incorporate into our procurement process, as well as embedding sustainable criteria in the evaluation of suppliers.

Delivering Excellence

PRODUCT QUALITY AND RESPONSIBILITY

Quality Assessment System in Construction

The Construction Industry Development Board (CIDB) established the Quality Assessment System in Construction (QLASSIC) as a benchmark of workmanship quality of building construction work based on the Construction Industry Standard (CIS). The assessment uses sampling and statistical analysis to determine the score of the workmanship based on the required standard. MRCB aims to achieve a minimum QLASSIC score of 70-75%, subject to requirements set for each project. According to CIDB, a construction project with a 70% QLASSIC Score is considered to be a credible standing. Note that no QLASSIC assessments were conducted in 2020 as all our ongoing projects are now at the Completion of Practical Construction (CPC) stage.

Below is the QLASSIC Scores for MRCB's projects:

FY2018	
Project Sites	QLASSIC Scores
Menara MRCB	75%
JLand Tower	75%
Desaru Conferences Centre Project	70%

FY2019	
Project Sites	QLASSIC Scores
Vivo, 9 Seputeh	69%
Hard Rock, Desaru	72%
TNB Balai Islam	74%

Apart from QLASSIC assessment, MRCB has also adopted the Pre-Delivery Inspection (PDI) which involves inspection of our properties by internal staff prior to handing them over to purchasers, clients and customers. Our in-house team is required to check and ensure best industry practices are implemented, including giving at least two (2) months for PDI and necessary rectification works before the handover. We learn from the defects of completed projects and pay particular attention to avoid repeating them during the design stage in forthcoming projects.

To reduce defects and enhance the quality of our products, MRCB has developed a new modular building system known as the MRCB Building System (MBS) that utilises a Prefabricated Pre-finished Volumetric Construction (PPVC) System coupled with our proprietary Candle-Loc Connection System. This allows up to 90% of the construction to be undertaken offsite, and the modules are then transported, stacked locked into position at the construction site. The different modules can be configured with 0.02% precision into functional living and non-living units of varying shapes and sizes, allowing it to be used for any type of residential development design.

This system was developed to cater to the ever-changing demands of the industry by predominantly reducing our dependency on foreign manpower and reducing material wastage, while also enhancing quality standards and project delivery times by up to 50%. Additionally, by moving the construction site to a factory setting, we create a more convenient, safe and efficient workplace that attracts local workers. As a responsible business, we will license MBS to other companies to help overcome the social and environmental issues of construction (see MBS on page 38 for more details).

There is a dedicated team in place to oversee the ongoing management and maintenance of the ISO 9001:2015 Quality Management System (QMS). The team identifies, tracks and implements system changes in a timely and consistent manner for the benefit of project teams that use construction materials in their daily operations.

Our projects undergo an annual Internal Quality Audit (IQA) to ensure QMS compliance, where the findings are clearly communicated to the project teams and tracked for timely corrective action. All issues are further communicated to the Management Team for their awareness and use in monitoring project performance.

We also engage an external certification body; the Standard and Industrial Research Institute of Malaysia (SIRIM) to conduct an External Quality Audit annually. In addition to the above, the QA/QC teams conduct ongoing inspections.

Customer Engagement

At MRCB, we conduct customer satisfaction surveys after the completion of residential or commercial projects, allowing us to identify gaps and areas for improvement in upcoming projects. The data that we have collected from our customer satisfaction surveys during vacant possession handover involves feedback on our projects and services.

In accordance with our policy and guidelines, we respond to every complaint within three (3) working days. We engage with customers and clients by telephone, email, WhatsApp, messenger, Residents Mobile Application, and face-to-face communications for those who walk in.

MRCB Land has also initiated a loyalty programme called MRCB Land VIP Loyalty Programme which rewards MRCB Land customers with rebates on subsequent property purchases, exclusive invites to talks and events, retail promotions and other discounts.

Delivering Excellence

At MRCB, we do our best to showcase best practices, increase brand awareness and quality. Our efforts in this direction are demonstrated by the awards we received in 2020 as listed below:

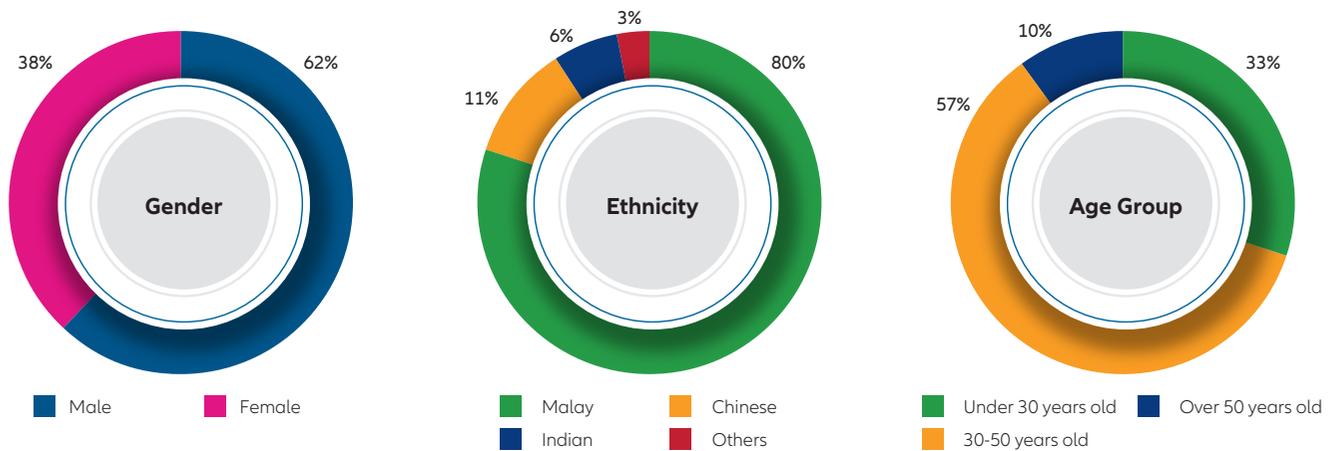
No	Award	Winning Category	Project
1	Property Insight	The Top 100 Property Developer Brand	MRCB
2	Construction Industry Development Board (CIDB)	5-Star Achiever Awards	MRCB Builders Sdn Bhd
3	SIRIM QAS and IQNET	ISO 45001: 2018 (Occupational, Safety and Health Management Systems)	MRCB
4	ARC Awards 2021	Non-Traditional Annual report (Infrastructure Company)	MRCB
5	M100 Leading Graduate Employees 2020	2 nd Runner-Up for Property, Construction and Development	MRCB
6	The Star Property Awards 2020	All-Stars Award (Best Overall Champion)	MRCB
		The Distinctive Build Award (Best Boutique Development – Excellence)	Alstonia Hilltop Homes
		The Proximity Award (Best Integrated Development – Honours)	9 Seputeh
		The Proximity Award (Best Integrated Transit Oriented Development – Honours)	Kwasa Damansara City Centre
		The Family-Friendly Award	9 Seputeh



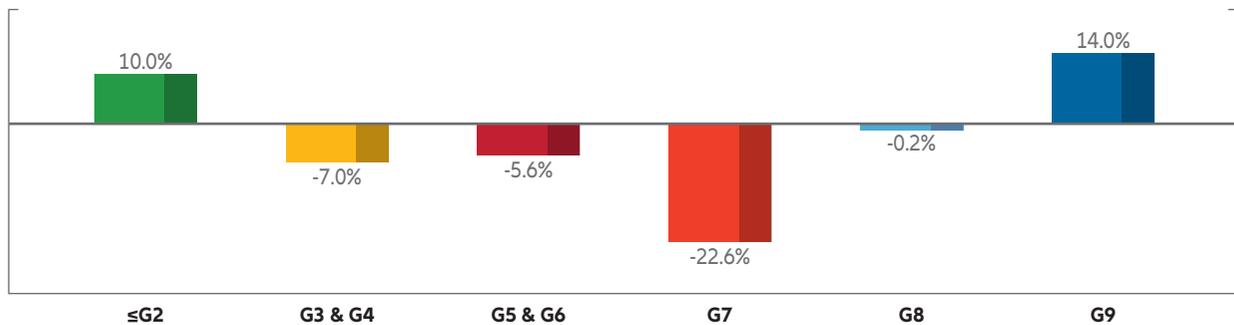
Social Responsibility

DIVERSITY & EQUAL EMPLOYMENT

At MRCB, we promote an inclusive environment at the workplace, supporting SDG 5, Gender Equality and SDG 8, Decent Work and Economic Growth. Every employee is made aware of our corporate policy on diversity and inclusion as stated in MRCB's Employee Handbook. MRCB recognises the advantages in having a diverse workforce, as it strengthens our abilities and capacity as an organisation through the accumulation of different experiences. We protect the well-being of our employees and foster a work environment based on mutual respect. The graphs below illustrate MRCB's employee distribution by gender, ethnicity and age group. We also include the percentage of basic salary and remuneration of women to men.



% Difference in Average Annual Female Salary against Men by Employee Job Grade (FY2020)



Note: As of 31 December 2020

Approximately 40% of our employees are based in our head office located at Menara Allianz Sentral at Kuala Lumpur Sentral. The remaining employees are located at the surrounding facilities of KL Sentral and Penang Sentral, as well as at multiple project sites. Given the physically demanding nature of the work at the project sites, 63% of our employees are comprised of men. However, to break this mould, we have invested in a number of initiatives, including training to better equip women for this industry. This way, they are not limited to only certain kinds of jobs and are open to work in any of MRCB's operations. We have managed to increase our percentage of women in senior management positions, which illustrates our efforts in supporting women in the workforce. The national target from the Ministry of Human Resources is to have 30% of the Board to be women, and MRCB has met the target by having 33% women in the Board.

57% of our workforce are in the 30-50 years old age category. We strive to retain experienced talent that can highly benefit the Group. Those below 30 years of age make up 33% of our workforce and we strive to support our young talent by equipping them with the relevant skills and expanding their knowledge in the industry. The breakdown of our workforce by ethnicity is as follows: Malay 80%; Chinese 11%; Indian 6% and others 3%.

The overall mean pay gap between male and female employees, (the Gender Pay Gap) is only 3.5%.

Social Responsibility

EMPOWERING WOMEN IN THE WORKFORCE

Championing SDG 5 (Gender Equality), the Group celebrated International Women’s Day on 6 March 2020 by organising an event with a well-known and respected female figure in Malaysia. An inspirational sharing session with Malaysia’s first astrophysicist, Professor Emerita Dato’ Seri Dr Mazlan Othman was held. She presented the topic ‘Following The Unbeaten Path’ which covers her journey in a male dominated industry, her career as an astrophysicist, and the challenges she overcame to reach where she is today. Our employees were very inspired by her journey.

Moreover, MRCB has implemented a number of initiatives targeted at addressing the challenges faced by women at the workplace. Below describes our efforts to encourage the participation and help support the professional development of women at the company.

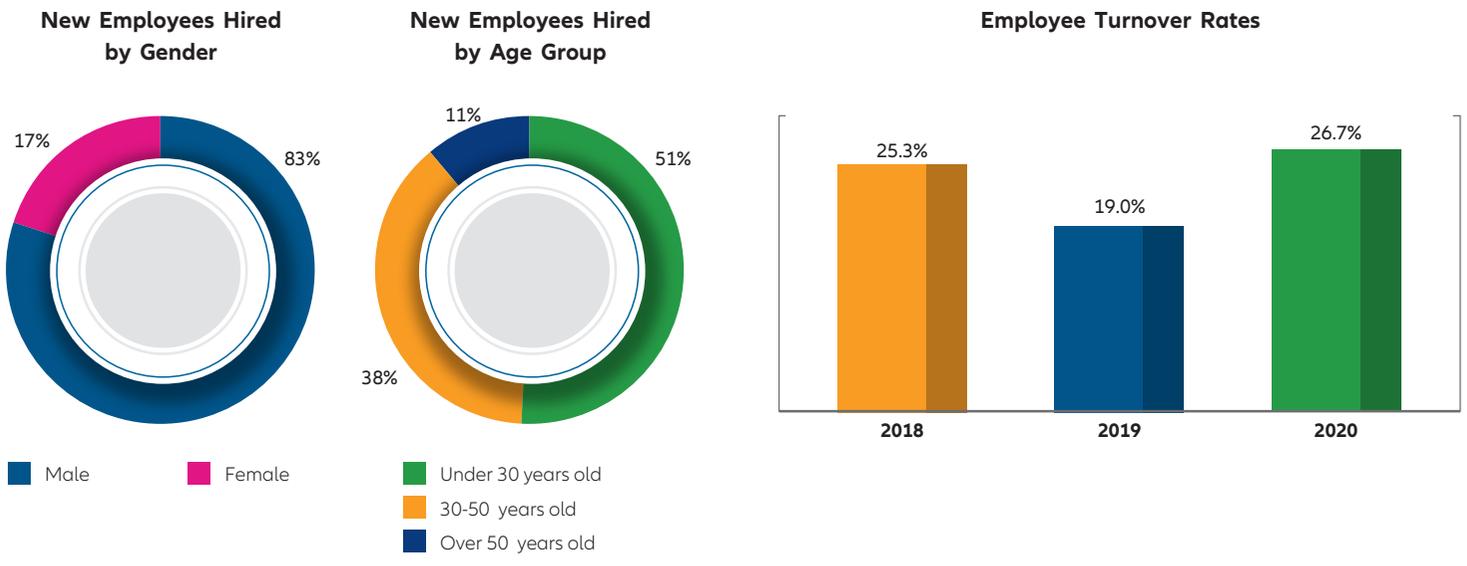


International Women’s Day Celebration with Professor Emerita Dato’ Seri Dr Mazlan Othman

<p>Empowering Women in the Workforce Mother’s Room</p> <p>Designated private rooms are provided at our Headquarters for nursing mothers returning to work. The rooms are equipped with seating, tables, and electrical outlets for comfort.</p>	<p>Staggered Work Hours</p> <p>Employees are entitled to opt for flexible work hours to better fit their needs.</p>	<p>Sexual Harassment Awareness Session</p> <p>We conducted a session aimed at raising employee awareness and helping them have a better understanding of the context of Sexual Harassment in the workplace.</p>	<p>Shortened Work Hours</p> <p>Expecting mothers are entitled to opt for shortened work hours that allow them to attend to their health and well-being.</p>	<p>Pink October</p> <p>We conducted a session aimed at supporting and increasing awareness about early detection and prevention of breast cancer amongst employees. The well-being of our staff is of utmost importance.</p>
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MRCB places importance on respecting people from all socio-cultural backgrounds and does not tolerate discrimination through unequal treatment or harassment, especially on the grounds of gender and ethnicity. In 2020, no incidents of discrimination or harassment were reported. Diversity in the workforce brings different perspectives, valuable experience and different skill-sets to the Group.

The Group strives to hire and retain skilled talents as they are the main drivers of the company. The figures displayed below illustrate MRCB’s new employees hired and turnover rate for the reporting period.



The construction and engineering industry generally faces a higher turnover rate. In 2020, our employee turnover rate increased to 26.7% compared to 19% in 2019.

EMPLOYEE ENGAGEMENT AND WELL-BEING

Recognising that MRCB's success is driven by a committed workforce, we strive to empower employees through a supportive corporate culture and comprehensive human capital management approach. We provide safe working conditions and protect employee rights across our businesses.

The COVID-19 pandemic has disrupted the Group and caused us to think differently as we adjust to social distancing practices and a new work environment. In line with the Movement Control Order (MCO) announced by the Government of Malaysia on 16 March 2020 to contain the COVID-19 outbreak, MRCB Group temporarily ceased operations at its project sites and closed its offices from 18 March to 12 May 2020. During this period, majority of the staff worked from home (WFH). We strive to provide a safe working condition at our workplace by implementing a well-thought Standard Operating Procedures (SOPs) which articulated steps that must be taken before resuming work at the office and construction sites.

Programmes

To enhance employee engagement and well-being during this challenging period of 2020, we organised several initiatives to help employees adapt. Some of the key programmes are listed in the table below.

Date	Activity
January	Influenza Vaccination
February	"After 5 with Me" with Mr Lok Ngai Hey
February	Mental Health Counselling Service for MRCB Staff
February	Sustainability Talk: Series 1/2020
March	MRCB International Women's Day
March	Reminder – Personal Hygiene & Due Care: COVID-19 Outbreak
March	Employee Survey – Impact of COVID-19
April	#KKRMPrihatin Relief Fund
April	Movement Control Order (MCO) Impact Survey
August	MRCB Merdeka Celebration & Merdeka Theme Day
September	Merdeka Fair
September	Introducing HR Live Chat Bot
September	Personal Financial Management with AKPK
August – September	Sustainability Masterclass and Workshop
November	e-November 2020: Change the Face of Men's Health

Date	Activity
December	Introducing Logitech Connect and eScan for work support
December	Mental Health Counselling Service for MRCB Staff
December	Change of Insurance Provider Training
December	TeamBinder RFAG Templates – Compulsory Training
December	OneDrive and Sharepoint Online Training

MRCB'S COVID-19 RESPONSE

During the peak of the COVID-19 pandemic in Malaysia, two surveys were conducted to assess the well-being of our employees. One was conducted at the initial stage of MCO and the second survey was conducted after some time to gauge their adaptability to the new norm. The feedback were very significant as almost 80% of our employees responded to the surveys. From the first survey, we were able to identify our shortcomings i.e. some of our frontliners and support staff that did not have corporate emails did not receive information on COVID-19 updates.

HR immediately rectified this by creating a communication group to disseminate all updates quickly to them and provided further assistance to the employees in need. We established a multi-channel communication method for quick information dissemination to all employees. We have also established dual-language communication in Bahasa Malaysia and English, to engage our employees.

Moreover, we provided meals and groceries during the Ramadan month to our frontliners made up of auxiliary police officers, security guards, dispatch staff, parking assistants, and technicians. We also embarked on a fund-raising campaign among staff which raised RM87,277 to help lessen the financial burden of these employees and other eligible recipients. In addition, we personally made calls to check-up on 650 employees who showed signs of vulnerability or distress, and offered free counselling services to them. In 2020, we also introduced a new digital communication platform "HR Live Chat Bot" to provide quicker response to employees' queries and improve our services.

Benefits

At MRCB we adopt best practices with respect to benefits and wellness, including annual leave, medical benefits and mileage claims which differs depending on the position the employee holds within the organisation. From time-to-time we review our corporate benefit packages to ensure they are well-suited for our employees. In 2020, we introduced additional benefits such as the Family Care Leave; where paid or unpaid leave is offered to staff who play the role of the primary caregiver for a terminally ill family member.

Social Responsibility

Below, we summarise some of the benefits provided to MRCB’s employees.

LEAVE	MEDICAL	OTHER BENEFITS*
<ul style="list-style-type: none"> ✓ Annual Leave ✓ Sick leave ✓ Emergency Leave ✓ Compassionate Leave ✓ Exam Leave ✓ Marriage Leave ✓ Prolonged Illness Leave ✓ Maternity Leave ✓ Paternity Leave ✓ Pilgrimage Leave ✓ Replacement Leave ✓ Family Care Leave 	<ul style="list-style-type: none"> ✓ Outpatient Treatment ✓ Hospitalisation Benefit ✓ Maternity Benefit ✓ Executive Health Screening ✓ Dental Benefit 	<ul style="list-style-type: none"> ✓ Mileage Claims ✓ Hotel Accommodation & Air Travel ✓ Transfer Allowance ✓ Mobile Phone Bill ✓ Parking Subsidy ✓ Broadband Subsidy ✓ Car Allowance and Petrol Card ✓ Professional Membership Fee ✓ Educational Assistance

* Subject to job grade

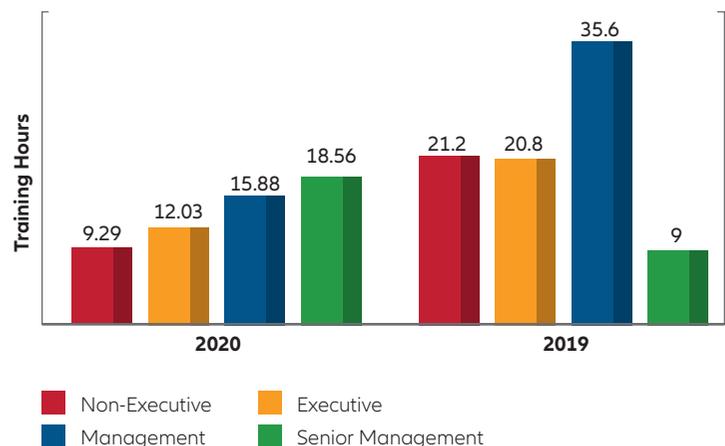
CAREER DEVELOPMENT

Training and Learning Opportunities

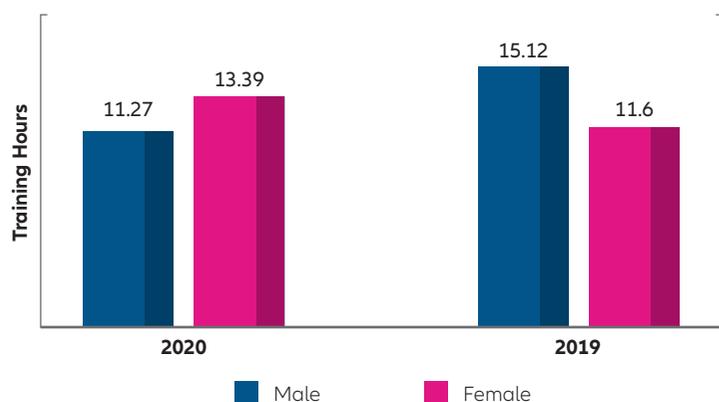
Investing in our workforce is the cornerstone of our business philosophy and growth. MRCB strives to sharpen employee knowledge with soft skill development, technical training and leadership training using different platforms including e-Learning. Aligned with our goals of SDG 8, Decent Work Economic Growth, our employees have embraced the concept of life-long learning and underwent relevant training based on competency gaps identified from their performance evaluation.

In 2020, we organised dedicated training sessions to enhance technical, analytical, and soft skills among employees. Despite COVID-19, which restricted physical training, a total of RM525,000 was spent on training activities in 2020. MRCB employees underwent a total of 19,990 training hours which works out to an average of 12.1 training hours per employee. Average training hours by gender and employment category are illustrated in the graphs below.

Average Training Hours by Job Grade



Average Training Hours by Gender



The senior management received the most trainings in 2020. The higher training hours for senior management were the result of a few initiatives, such as Key Performance Indicator workshop, training on Microsoft Teams and High Performing Leaders’ workshops for the project directors.

Performance and Development Reviews

MRCB employee performance is regularly evaluated to identify strong performers and detect performance gaps in individuals. Performance reviews are conducted to assess goals achieved for the year by employees based on Key Performance Indicators (KPIs). We also identify and design plans to encourage employees who are not performing as well, to optimise their potential. This also allows MRCB to identify key factors that influence employee performance. Since 2017, 100% of our employees underwent performance appraisals.

Moving forward into 2021, we are embarking on customising employees’ developmental needs for future progress, where eligible employees will need to complete an online assessment consisting of 4 modules. We value our employees, and the tool is meant to help us map their career and future growth by understanding employees’ skills gaps, to help curate an Individual Development Plan (IDP) for our talents identified as future leaders. Moreover, as part of championing SDG 17, partnering up with UN Global Compact Network Malaysia, we now have full access to the UN Global Compact Academy learning platform for all MRCB’s employees.

SOCIAL RESPONSIBILITY

Health and Safety

Our engineering and construction activities expose workers to various types of safety risks such as working at heights, falling objects, noise from construction activities, risk of electrocution from temporary wiring and operation of machinery and equipment. Therefore, in safeguarding the well-being of our workers at project sites, we have implemented an Occupational Health and Safety Management System, ISO 45001: 2018, to guide practices towards ensuring safety and health at the workplace.

We have also established an Environment, Safety and Health (ESH) Committee at MRCB headquarters. This committee includes an advisor, a chairperson, two deputy chairpersons, a secretary, and management representatives from each department. The committee meets at least once every quarter. The objectives of the ESH Committee are:

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

Quality, Environmental, Safety and Health (QESH) Policy

At MRCB, we are committed to delivering world-class services and maintaining the highest standards of quality in the services we provide to our clients. We are currently operating with the following systems in place:

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

Stemming from these management systems, we have formulated our QESH Policy (Quality, Environmental, Safety and Health Policy) which articulates our commitment to minimising the environmental impact of our activities and protecting the safety and health of our employees, contractors and the public. The objectives of QESH are to set the performance benchmark against these industry standards. Some of our QESH objectives are:

- Achieve a minimum 80% SHASSIC CIDB/ESH Audit rating
- An incident rate of equal to or less than 2.01 to 2.50. (Incident rate is measure of the frequency with which some event, such as an accident, occurs over a specified time period)
- Ensure 85% of Non-Conformance Reports (NCRs) are closed immediately (less than 3 days) and zero Stop Work Orders (SWO) issued by clients or relevant regulatory authorities.

The personnel responsible for health and safety are the Executive Vice President (EVP) of Security, Group Chief Operating Officer (GCOO) and Group Managing Director (GMD). The Board has oversight of the management of health and safety issues through an Environmental, Safety, and Health Report presented to the Board every quarter. Some of the details/data included in the quarterly report are:

- Accidents/incidents that have occurred,
- Notice of Improvement/Prohibition (NOI/NOP),
- Number of SWOs issued,
- ESH Audit, ESH inspection & induction and ESH Training (in-house and external).

Managing Safety and Health Risk at Workplace

MRCB provides a safe and healthy workplace for its employees and other relevant parties within its premises. We have established a standard operating procedure (SOP) for Hazard Identification, Risk and Opportunity Assessment and Determining Control (HIRADC) for our headquarters and building and infrastructure projects. HIRADC applies to all routine and non-routine activities and for all personnel having access to the workplace, including sub-contractors and visitors.

In addition, HIRADC is conducted if there are changes in the condition of activities, introduction of new materials and for new activities and modification works. In order to ensure our workplace is always safe, HIRADC analysis is conducted at least once annually at the headquarters, half-yearly at project sites or as and when necessary.

We also have an emergency response plan for incidents such as people falling from heights, fires and explosions, landslides, chemical spillage, floods. For more serious emergency incidents such as fatalities, structure collapse or accidents involving transmission lines, Stop Work Orders are given to prevent other workers from being in a dangerous situation that may lead to injury. Action plans and crisis reporting systems are clearly defined in the emergency response plan to guide our workers in managing emergency incidents.

Safety and Health Assessment System in Construction (SHASSIC)

MRCB has taken further steps to improve the safety and health culture at construction sites by adopting the Safety and Health Assessment System in Construction (SHASSIC). SHASSIC is an independent method undertaken by CIDB (regulator of the construction industry in Malaysia) to assess and evaluate safety and health practices and the performance of contractors at construction sites. SHASSIC aims to establish a standard system on safety and health assessment in the construction industry to improve and take preventive and corrective actions on occupational safety and health (OSH) issues.

SHASSIC incorporates three (3) main components which are, document checks (20%), site/workplace inspections (60%) and employee/construction personnel interviews (20%). SHASSIC scores from 90% to 100% signify an excellent OSH management system planned and implemented with a proactive commitment from top management to always manage OSH. Scores of 80% to 89.9% mean exceptionally good OSH management system planned and implemented with evidence of good commitment from top management to manage OSH at all times.

Below is the list of MRCB project sites that achieved SHASSIC certification in 2020.

Project Sites	SHASSIC Star Rating
9 Seputeh - Parcel B	93% ★★★★★

Social Responsibility

Safety and Health Training

At MRCB, safety and health are of utmost importance. OSH training and development programmes are imperative to keep abreast with current relevant regulatory requirements and to equip employees and sub-contractors with skills necessary to carry out projects. We provide both internal and external trainings throughout the year to monitor employees and sub-contractors.

In 2020, a total of 733 people consisting employees, site workers and contractors attended 18 training modules in 27 conducted trainings. The training modules are listed below.

Training Modules

- 5S Awareness
- Dengue Prevention and Control
- Program Penyahcemar Bersama Bomba
- ISO 45001:2018 Internal Auditor Refresher Training
- PEKA Induction
- COVID-19 Awareness Talk
- Effective ESH Committee Meeting
- Organisasi Keselamatan Kebakaran (OKK)
- Working at Height
- Lifting Supervisor Training
- Lifting Awareness Training
- Forklift & Bobcat Safe Operation Training
- Gantry Crane Safe Operation Training
- Machinery Inspection
- Hot Work
- Signalman and Lifting Awareness Training
- Basic Occupational First Aid, CPR, and AED Training (BOFAC)
- CIDB SHASSIC Auditor

Safety and Health Incidents

MRCB has effectively implemented our QESH policy. We recorded an incident rate at 0.3, which is lower than Malaysia's Department of Occupational Safety and Health (DOSH)'s acceptable rate of 2.5.

Despite our best efforts to reduce injuries and accidents at project sites, we had one (1) fatality at KWASA C8, one (1) first aid case at Lot 12, PJ Sentral and one (1) property damage at SUKE, in 2020. We were also issued two (2) Stop Work Orders (SWO) in 2020, one by Pejabat Kesihatan Daerah (PKD) Sepang at our KVMRT2 S210 project site for spot on larva breeding and the other one by Department of Occupational Safety and Health (DOSH) at SUKE project due to the falling of parapet wall. Following investigations by the Construction Industry Development Board (CIDB), MRCB Builders Sdn. Bhd. (the work package contractor for that section of the SUKE project) and our subcontractor was fined a total of RM180,000 for failing to ensure safety at the construction site. Lessons learnt were shared with all of our operations team and we are closely monitoring our sites to prevent similar incidents from recurring.

Key Definitions

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

We closely monitor construction activities and conduct regular ESH Committee meetings to provide updates on the safety and health conditions at our project sites. MRCB achieved 1 million-man hours without LTI (Loss-Time Injury) for KVMRT2 V210 and KVMRT2 S210 projects.

Type of Incident	2018	2019*	2020
Total Man Hours	15,541,038	11,982,390	7,126,128

Type of Incident	2018	2019	2020
Ill Health	0	0	0
Near Miss	2	2	0
First-aid Cases	34	1	1
Medical Treatment	N/A	N/A	0
Minor Injuries	1	2	0
Major Injuries	0	0	0
Fatality	2	0	1
Environmental Incident	N/A	N/A	0
Property Damage	8	0	1
Dangerous Occurrences	N/A	N/A	0
Fire	0	0	0
Stop Work Order (SWO)			
Received from Authorities	6	2	2
Loss Time Injury (LTI)	2	2	2

Note: As of 31 December 2020.

* The total man hours for 2019 was revised to improve data accuracy. The restated amount was 50.8% higher than previously reported.

Labour

MRCB ensures the proper management of foreign labour and adheres to relevant regulations. We engage manpower supply companies or sub-contractors when hiring foreign labour to work on our projects.

All hiring of foreign labour is done by appointing recruitment agencies via tender or invitation based on their past track records. We strictly adhere to the procedures involved in hiring foreign labour. Hiring of skilled foreign labour is done via interviews and selection in the source country arranged by the sub-contractor. Upon arrival, foreign workers undergo a probationary period of six (6) months before they are absorbed as skilled labours.

We take our foreign labour responsibilities seriously and provide adequate accommodation and healthy living conditions for them. At each of our project sites, we have Centralised Labour Quarters (CLQs) for accommodation and various welfare facilities for the foreign workers. These facilities include the management office building, guard house, water storage tank, central surau, as well as sports facilities for recreation. All our CLQs comply with the requirements for water supply and fire safety regulations as prescribed by the local authorities.

PEKA@MRCB PROGRAMME

A large part of sustainability is in ensuring the inclusivity of society and all its members; however, this can be challenging for prisoners/offenders and troubled youth who are often excluded from our communities. The PEKA@MRCB Programme is part of the Yellow Ribbon initiative spearheaded by the Ministry of Youth and Sports in collaboration with the Malaysian Prison Department (MPD) and MRCB, which was launched in August 2019. In 2020, we provided upskilling training to 156 offenders selected through a comprehensive evaluation process. The types of training provided to the participants include both theoretical, such as safety induction course by CIDB, and practical trainings such as welding, brick-laying, machine maintenance and so on.

An analysis of the Social Return on Investment (SROI) was conducted for the PEKA@MRCB Programme. The objectives of the programme were to provide these sidelined groups an opportunity of employment and education to enable them to be self-sufficient, while also regaining trust and contributing to society. An additional intended outcome is to reduce dependency on foreign labour at our construction sites. The project site chosen for the analysis was the MRCB Builders' Casting Yard in Bukit Jalil for the SUKE project.

The stakeholders involved in the analysis were MRCB, MPD and the participants; with a programme duration of 1 year. An assumption was made that costs were split 60:40 between MRCB and MPD, respectively. By the end of one year, 45 participants secured employment at the Bukit Jalil Casting Yard site.

The additional intended outcome was also achieved as labour was sourced locally, which was especially valuable during the COVID-19 pandemic.

Based on the engagements with our stakeholders and using the SROI Impact Map from The SROI Network, we estimate the SROI of the PEKA@MRCB programme in 2020 to be RM56.20 for every RM1 invested.

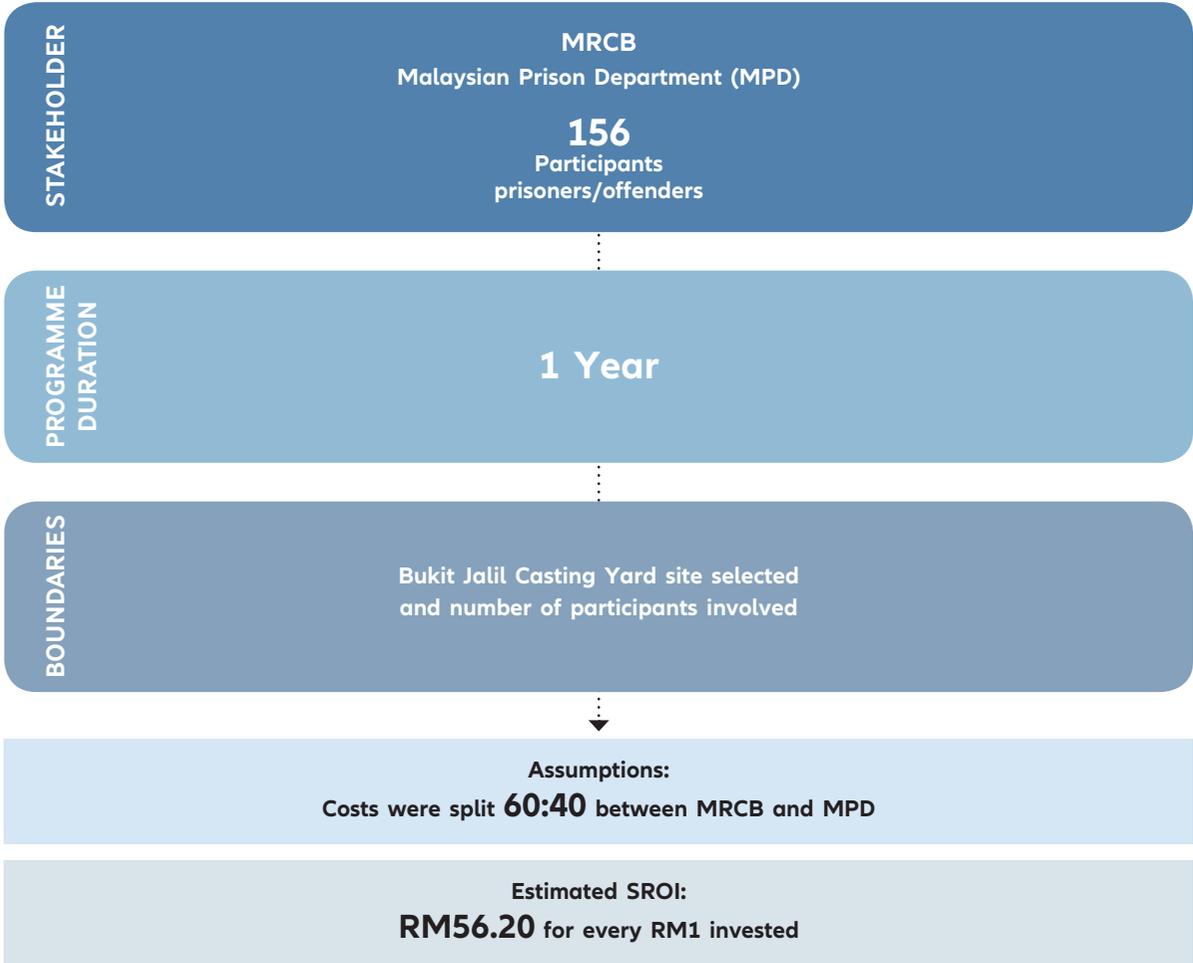
MRCB recognises and hopes the long-term benefits will reduce labour shortages and dependency on foreign workers, reduce unemployment amongst past-offenders, helping them to reintegrate into society and change their life for the better. We are optimistic that through our adoption, other companies will be encouraged to do the same, helping the nation move forward.



PEKA@MRCB Programme with the Malaysian Prison Department

Social Responsibility

SUMMARY OF SROI ANALYSIS



Through PEKA@MRCB, we are committed to create positive social impact for our community

Enriching the Community

MRCB is constantly finding ways to contribute and improve the socioeconomic status of the community. We identify areas of disparity which the Group can help alleviate and enrich the community. A lot of these initiatives are linked to the SDGs.

COMMUNITY CONTRIBUTIONS 413-1

Yayasan MRCB is MRCB's Foundation established to pursue and provide opportunities in education and financial assistance for the underprivileged. Founded in 2015, Yayasan MRCB has organised programmes for underprivileged children by providing them with study material, tuition classes and a year-long free meal scheme. Other CSR programmes include assisting the Orang Asli community, hosting empowerment programmes for youth with physical limitations and sponsoring a halfway home for patients with prolonged illnesses and their care givers. Below is a list of Yayasan MRCB's contributions to various beneficiaries such as schools, hospitals, and other organisations, to support programmes and initiatives that improve their well-being.

No.	Donations/Programmes	Beneficiaries	Donated Amount (RM)
1	Refurbished 2 Schools & Playground at IPD Langkawi for KAFA School	<ul style="list-style-type: none"> • SK Kedawang • Kelas Asas Fardhu Ain (KAFA), IPD • SK Padang Matsirat 	475,275.69
2	Contributed 300 sets of family hygiene kits to IMARET	<ul style="list-style-type: none"> • IMARET 	43,485.00
3	Donated to 10 families from Kuala Lipis – Fire incident	<ul style="list-style-type: none"> • Kampung Baru Benta, Kuala Lipis 	30,000.00
4	Back to School Programme – bags, stationeries, Mydin cash voucher	<ul style="list-style-type: none"> • 560 Students 	68,040.00
5	Continuation: Sponsored one year lunch for B40 category students (RM3 X 384 pax X 200 days)	<ul style="list-style-type: none"> • SK Pengkalan Jaya, Butterworth • SK Kuala Perai, Butterworth • SK Iskandar Perdana, Bandar Seri Iskandar, Perak • SK La Salle, Brickfields, KL • SJK (T) Vivekananda, Brickfields, KL • SK Seri Bonus, Semarak KL • SK Seksyen 7 Kota Damansara, KL • SK Setia Budi, Batu Pahat, Johor • SMK La Salle, Brickfields, KL • SK Padang Tembak 1, Semarak KL • SMK Jalan Bukit Kajang, KL • SMK Bandar Baru Sungai Buloh, KL 	10,176.00 8,640.00 8,832.00 9,216.00 8,256.00 9,024.00 8,064.00 9,312.00 9,216.00 8,640.00 10,848.00 10,368.00
6	Donated wheelchair and hospital bed to stroke patient	<ul style="list-style-type: none"> • Batu Pahat, Johor 	2,720.00
7	COVID-19: Contributed PPE and Ventilators through Government Disaster Response Network (GDRN)	<ul style="list-style-type: none"> • Hospitals 	400,000.00
8	COVID-19: Contributed Iftar meal for front-liners	<ul style="list-style-type: none"> • Hospital Kuala Lumpur 	10,000.00
9	COVID-19: Contributed hand sanitizers for B40 communities and frontliners	<ul style="list-style-type: none"> • KL 	10,000.00
10	COVID-19: Contributed food baskets to Orang Asli in Perak	<ul style="list-style-type: none"> • Perak 	6,800.00
11	COVID-19: Contributed hygiene items to NADMA – hand sanitiser, dettol soap and spray	<ul style="list-style-type: none"> • NADMA 	19,899.00
12	COVID-19: Provided financial assistance to MRCB staff (special approval from LHDN)	<ul style="list-style-type: none"> • 569 MRCB Staff 	231,238.00

Enriching the Community

No.	Donations/Programmes	Beneficiaries	Donated Amount (RM)
13	Conducted learning science workshop for 24 pax – Orang Asli kids	• Orang Asli kids	12,000.00
14	Donated of 28 double decker beds and 56 mattresses to SM Teknik Kuantan	• SM Teknik Kuantan	15,090.00
15	Donated to SK Kantan Permai – to support the construction work to build a new assembly hall	• SK Kantan Permai, Kajang	5,000.00
16	Contributed to Dekad Membaca Kebangsaan (Ministry of Education), donated books to 12 schools	<ul style="list-style-type: none"> • Sekolah Kebangsaan Kg Johan Setia • Sekolah Kebangsaan Bukit Rahman Putra • Sekolah Kebangsaan Kampung Medan • Sekolah Kebangsaan Pendamaran Jaya • Sekolah Kebangsaan Kg Pendamar • Sekolah Menengah Kebangsaan Bukit Rahman Putra • Sekolah Kebangsaan Bandar Baru Sungai Buloh • Sekolah Kebangsaan Brickfields (2) • Sekolah Menengah Kebangsaan Kampong Kastam • Sekolah Kebangsaan Mak Mandin • Sekolah Menengah Kebangsaan (P) Air Panas • Sekolah Menengah Kebangsaan Convent Butterworth 	50,000.00
17	Donated to Pengurusan Raudhatul Al-Faez, an orphanage home	• Raudhatul Al-Faez	5,000.00
18	Donated essential foods to Yayasan Orang Buta	• 100 blind people	5,000.00
19	Donated personal protective items to Malaysian Association for the Blind (MAB)	• 66 blind centres	4,982.00
20	Sponsored 3 months meal programme for SK Jalan Baharu, Perai	• 32 students	5,376.00
21	Sponsored 3 months meal programme for SK St Mark, Butterworth	• 32 students	5,472.00
TOTAL			1,515,969.69



Environmental Stewardship

ENERGY & WATER CONSUMPTION AND WASTE GENERATED

In line with constructing sustainably, proper resource management is essential to MRCB's operations. We have conducted a thorough review of the information that our Business Units are able to provide, in order to obtain a better picture of how we are managing and performing in certain areas relating to the environment. We learned that the complex nature of our business presents some challenges in compiling and normalising certain environmental data sets, for example, energy and water consumption tend to vary depending on the nature, number and scale of projects during the year. Projects at the beginning and end stages of work tend to be less energy intensive compared to other phases of construction where more energy is required.

Moving forward, we intend to implement a more comprehensive system of collecting data in our operations. We plan to engage more closely with all teams to foster active participation at all levels and train our workforce on the importance of recording and submitting environmental data in a timely manner.

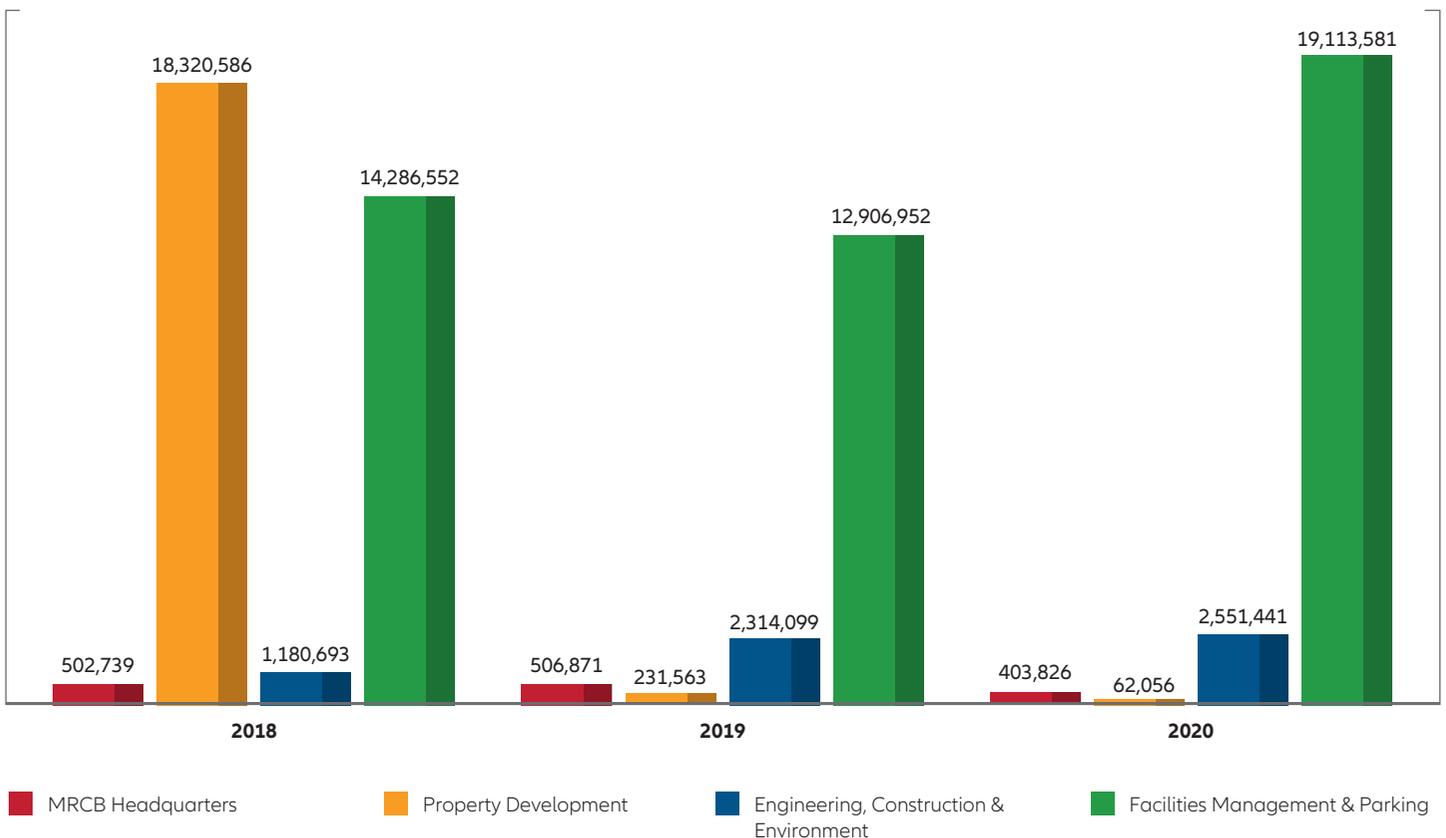
Furthermore, in 2020 we have included intensity figures along with the absolute figures from the previous two (2) years when tracking and representing consumption data for a more realistic analysis of our year-on-year performance for all our construction project sites. The intensity figures in 2020 will be set as the baseline figures for our reduction targets for 2021.

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

Area of operations	2018	2019	2020
MRCB Headquarters	502,739	506,871	403,826
Property Development	18,320,586	231,563	62,056
Engineering, Construction & Environment	1,180,693	2,314,099	2,551,441
Facilities Management & Parking	14,286,552	12,906,952	19,113,581
Total (kWh)	34,290,570	15,959,485	22,130,904

In 2020, we noted energy reduction in MRCB HQ due to the COVID-19 pandemic, where our offices had to be closed for several months as per the Government's order to curb the spread of COVID-19.

MRCB's Energy Consumption (kWh)

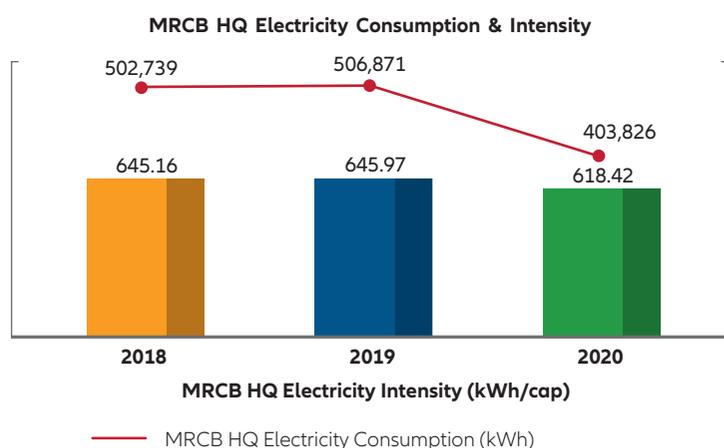


Environmental Stewardship

MRCB'S ENERGY INTENSITY

MRCB HQ

Throughout the years, MRCB's HQ office has managed to maintain its energy use relatively steady and will continue to identify areas in which it can decrease its consumption. The energy intensity for MRCB'S HQ office from 2018 to 2020 is presented in the graph below.



Year	HQ Electricity Consumption (kWh)	HQ Electricity Intensity (kWh/cap)
2018	502,739	645.16
2019	506,871	645.97
2020	403,826	618.42

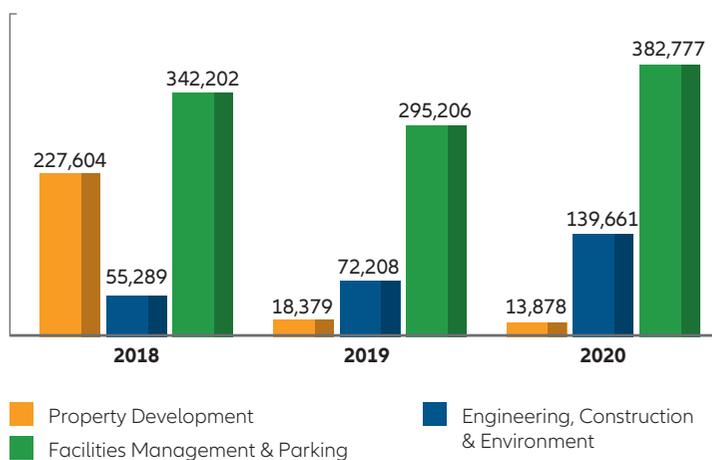
MRCB Projects

As shown in the following table, the energy intensity baseline set for 2020 are 51.2 kWh/m² for building projects and 2,157 kWh/RM (mil) for infrastructure projects. Since this year is the first year that we are reporting the energy intensity of MRCB Projects, the percentage target reduction set for FY2021 is at 1% which is comparable to other companies that we have benchmarked against.

		Building Projects	Infrastructure Projects
Electricity Consumption (kWh)	Quarter 1	617,381	90,234
	Quarter 2	555,084	131,837
	Quarter 3	537,548	114,240
	Quarter 4	456,709	110,464
Electricity Intensity	Unit	kWh/m ²	kWh/RM (Mil)
	Quarter 1	18.71	1,482
	Quarter 2	171.54	2,404
	Quarter 3	8.48	2,013
	Quarter 4	6.07	2,728
Baseline		51.20	2,157
Target Reduction		1%	1%

MRCB'S WATER INTENSITY

MRCB's Water Consumption (m³)



Area of operations	2018	2019	2020
Property Development	227,604	18,379	13,878
Engineering, Construction & Environment	55,289	72,208	139,661
Facilities Management	342,202	295,206	382,777
Total (m³)	625,095	385,793	536,316

MRCB's HQ water consumption and billing are part of the monthly rental and therefore, difficult to track as it is a fixed payment. We will continue to identify areas in which we can improve our performance on water consumption to avoid unnecessary wastage.

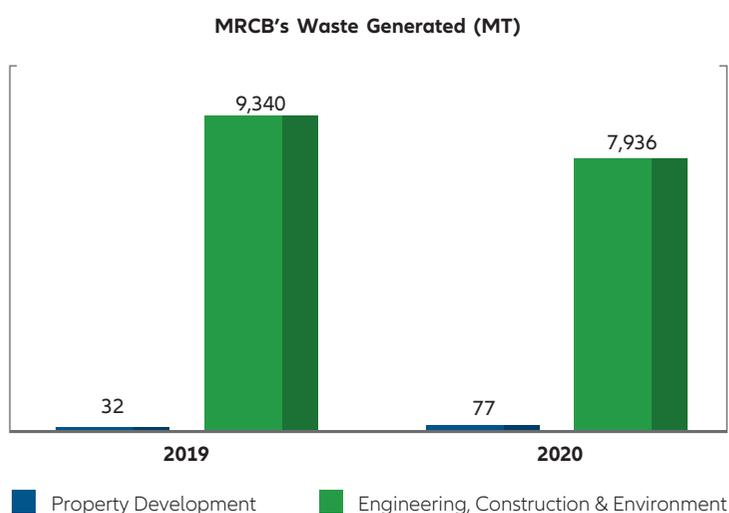
As presented in the following table, the water intensity baseline set in 2020 are 2.37 m³/m² for building projects and 145.54 m³/RM (mil) for infrastructure projects. The percentage reduction targeted in 2021 is 1% in our water intensity.

		Building Projects	Infrastructure Projects
Water Consumption (m ³)	Quarter 1	23,345	6,720
	Quarter 2	28,903	6,178
	Quarter 3	36,369	10,267
	Quarter 4	34,616	7,141
Water Intensity	Unit	m ³ /m ²	m ³ /RM (Mil)
	Quarter 1	0.7041	117.04
	Quarter 2	7.7491	105.32
	Quarter 3	0.5529	182.59
	Quarter 4	0.4751	177.21
Baseline		2.370	145.54
Target Reduction		1%	1%

MRCB'S WASTE GENERATED

MRCB's business operations generate solid waste mainly from construction activities. Construction waste is inert in that it is not reactive and will not decompose. Therefore, its generation requires large areas of land for disposal. To address this issue and align ourselves to SDG 12, MRCB aims to minimise the generation of construction waste wherever possible.

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



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

Scrap metal, timber and recyclable waste are sent for recycling to help in reducing the use of virgin resources in the future. On the other hand, concrete waste is being reused as crusher run for access roads and to cover potholes within project sites, in order to minimise potential hazards and accidents. In cases where concrete waste is not suitable for reuse, it is sent to a licensed landfill for disposal. We also ensure wooden pallets that come with the bricks we order are safely stored at sites before returning them to suppliers for reuse.

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

The total amount of overall waste generated in 2020 was 8,014 MT, compared to 9,372 MT in 2019. The decrease is due to the lack of active projects and the site closures due to COVID-19. We also developed a waste intensity for both building and infrastructure projects.

We have expanded the scope for waste generated in 2020. The waste generated figures exhibited in the table on the left column of this page is the combination domestic waste, construction waste and schedule waste generated from the project sites.

MRCB's Waste Generated – Intensity Figures

The waste intensity baseline set in 2020 for our building projects is 0.06346 MT/m² and 1.607 MT/RM (mil) for our infrastructure projects. The percentage target reduction for our waste intensity in 2021 is 1%.

		Building Projects	Infrastructure Projects
Waste Generated (MT)	Quarter 1	2,688.23	82.88
	Quarter 2	898.39	43.38
	Quarter 3	2,377.34	121.53
	Quarter 4	1,713.24	89.44
Waste Intensity	Unit	MT/m²	MT/RM (Mil)
	Quarter 1	0.08080	1.344
	Quarter 2	0.11603	0.650
	Quarter 3	0.03509	2.211
	Quarter 4	0.02194	2.223
Baseline		0.06346	1.607
Target Reduction		1%	1%

Sustainable Construction

Rapid urbanisation has spurred a rise in commercial and residential development that can result in an adverse impact on the environment, especially if it is carried out irresponsibly. The environmental footprint of our projects as well as the long-term environmental performance of buildings and infrastructure developed is a key focus area for us. The impacts of climate change have presented new sets of challenges for the property and construction sector. There is now an increasing need to consider designing buildings that are both low carbon and resilient to adapt to the future climate. Therefore, at MRCB, we strive to integrate green practices in the design and delivery of our projects.

In February 2020, the Group's 50%-owned joint venture company, MRCB George Kent Sdn Bhd, became the first engineering and construction company to have been awarded a 5-Star rating under the INFRASTAR accreditation by the CIDB, for the LRT3 infrastructure project.

Environmental Stewardship

Green Buildings

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

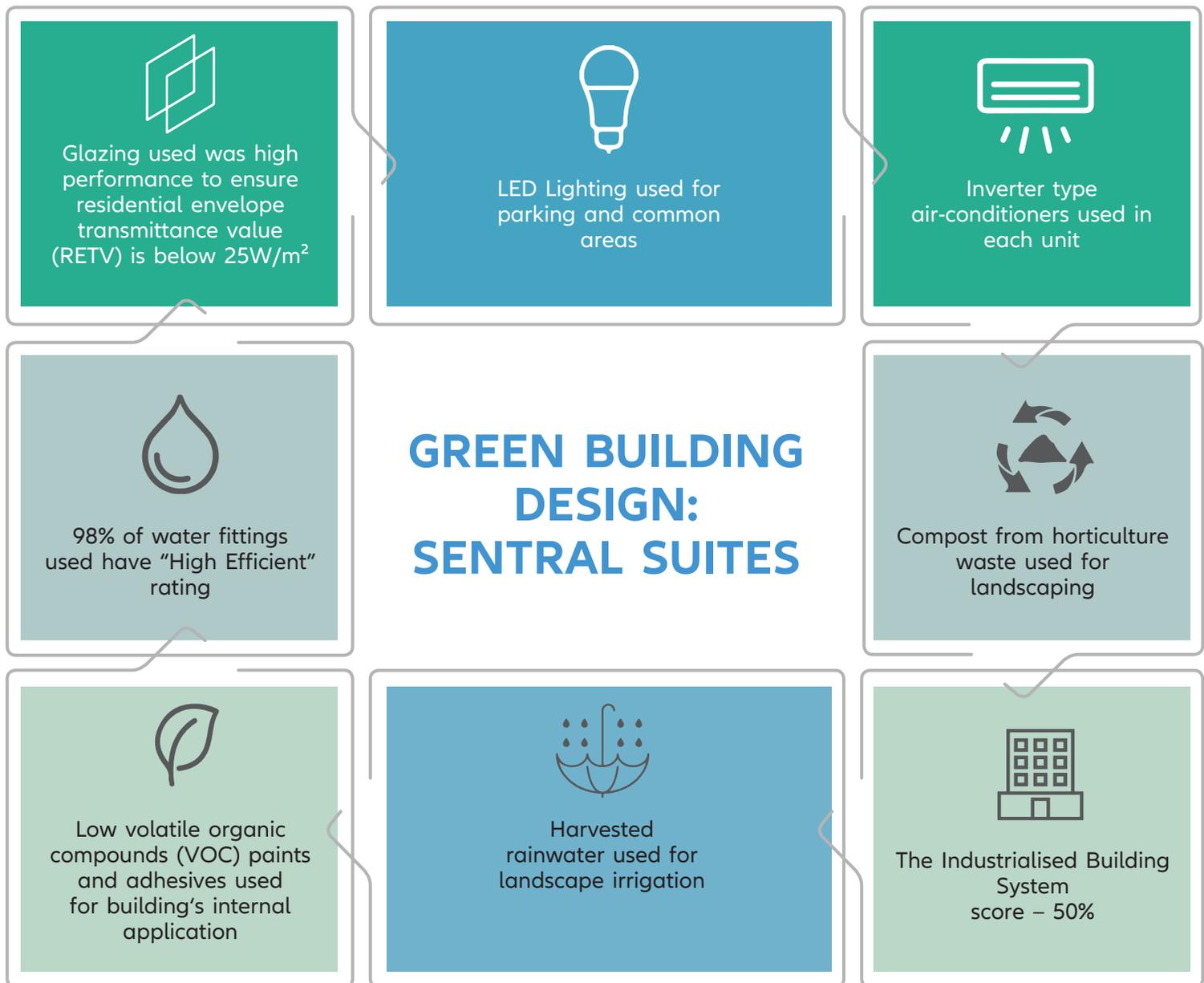
- Malaysia's Green Building Index (GBI);
- Malaysia's Green Real Estate (GreenRE);
- Malaysian Carbon Reduction and Environmental Sustainability Tool (MyCrest);
- US Green Building Council's Leadership in Energy and Environmental Design (LEED).

Listed below are the main criteria assessed in order to achieve green building certification:



A Green Building Coordinator is assigned within thirty (30) days after a contract is awarded to us who is then responsible for actively monitoring the project with involvement from our project team. The coordinator conducts periodic site visits, facilitates fortnightly Green Building coordination meetings and prepares Green Building monthly progress reports. In 2020, all our commercial development projects achieved a minimum score between 50 to 60 points, therefore readily qualifying for the GBI accreditation.

Our Sentral Suites project is a residential building that is eligible for MyCrest One Star and GreenRE Silver for green building accreditation. MRCB takes its role in responsible construction seriously and therefore, strives towards ensuring building design and construction is undertaken using green practices. Sentral Suites managed to achieve this by meeting the following criteria for green building design.



Environmental Stewardship

The table below lists the MRCB developments that have received green building accreditations:

Projects	Sustainability Accreditation	Building Management System (BMS)	Smart Metering Programme	Installation of Solar PV*
PLATINUM SENTRAL	GBI NRNC DA CERTIFIED and BCA Green Mark PLATINUM	Yes	Yes	Yes, Solar PV panel (52.99 kWp)
PJ SENTRAL – CELCOM TOWER	GBI NRNC DA CERTIFIED and LEED BD+C CS GOLD	Yes	Yes	Yes, Solar PV panel (416.83 kWp)
PJ SENTRAL – MBSB CORPORATE HQ	GBI NRNC DA CERTIFIED and LEED BD+C CS GOLD	Yes		
MENARA JLAND	GBI NRNC DA GOLD	Yes	Yes	
ST REGIS KUALA LUMPUR	GBI NRNC DA CERTIFIED	Yes		
THE DESA DESARU (HARDROCK HOTEL)	GBI NRNC RESORT DA CERTIFIED and LEED BD+C NC SILVER	Yes	Yes	
DESARU CONFERENCE CENTRE	GBI NRNC RESORT DA CERTIFIED and LEED BD+C NC SILVER	Yes	Yes	
WESTIN DESARU RESORT (WESTIN HOTEL)	GBI NRNC RESORT DA CERTIFIED and LEED BD+C NC SILVER	Yes	Yes	
9 SEPUTEH SOHO	GBI RNC DA CERTIFIED			
VIVO RESIDENCES (9 SEPUTEH)	GBI RNC DA CERTIFIED	Yes	Yes	
MENARA MRCB	GBI NRNC DA GOLD			

List of Ongoing Projects with LEED, GBI and other Green Building Rating Tools:

Projects	Sustainability Accreditation	Building Management System (BMS)	Smart Metering Programme	Installation of Solar PV*
PJ SENTRAL – MYIPO CORPORATE HQ	GBI NRNC DA CERTIFIED	Yes	Yes	
SENTRAL SUITES	MyCREST ONE STAR, and GreenRE BRONZE			

List of completed Projects with LEED, GBI and other Green Building Rating Tools:

Projects	Sustainability Accreditation	Building Management System (BMS)	Smart Metering Programme	Installation of Solar PV*
MENARA CIMB	GBI NRNC CVA CERTIFIED	Yes		
RESIDENSI SENTRAL	GBI RNC CVA GOLD			
MENARA SHELL	GBI NRNC DA SILVER, and LEED ID+C Commercial Interior GOLD	Yes	Yes	
MENARA SHELL & ASCOTT SENTRAL	LEED BD+C CS PLATINUM	Yes	Yes	
Q SENTRAL	GBI NRNC DA GOLD	Yes	Yes	Yes, Solar PV panel (total 120 kWp)

Notes:

BD+C Building Design & Construction

DA Design Assessment

NRNC Non-Residential New Construction

RNC Residential New Construction

CVA Certification and Verification Assessment

GBI Green Building Index (Malaysia)

For details on assessment criteria and rating scale:
<https://new.greenbuildingindex.org/how/assessment>

GreenRE A green rating tool set up to promote sustainability in the property industry (Malaysia)

For details on assessment criteria and rating scale:
<https://greenre.org/index.html>

LEED Leadership in Energy and Environmental Design (United States)

For details on assessment criteria and rating scale:
<https://www.usgbc.org/leed>

MyCrest Malaysian Carbon Reduction and Environmental Sustainability Tool (Malaysia)

For details on assessment criteria and rating scale:
<http://www.cidb.gov.my/index.php/en/bidang-utama/pembinaan-mampan/mycrest>

Green Infrastructure

We also strive to embed sustainability considerations into our infrastructure design. The Construction Industry Development Board (CIDB) of Malaysia has conferred the design phase of the LRT3 project with a 5-Star Sustainable INFRASTAR certification (the first project in Malaysia to achieve this highest level of certification). Sustainable INFRASTAR is an objective and evidence-based evaluation system which assesses infrastructure projects on key sustainability factors such as land use, impact of equipment uses, resource and waste management at construction sites.

Biodiversity

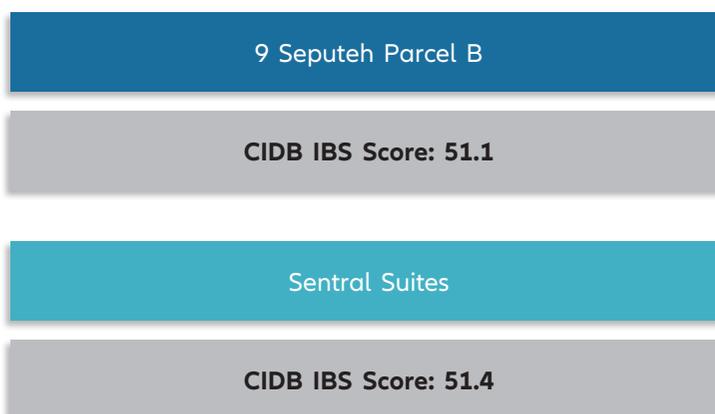
Our Biodiversity Statement sets out our commitment to minimise environmental harm through our activities and where possible seeks to identify, assess and (when identified) manage environmental and biodiversity impacts within our operations. We have conducted Environmental Impact Assessment (EIA) in high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

Materials

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

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

The implementation of IBS at project sites uses criteria from CIDB IBS to meet the CIDB IBS assessment score of related projects. The objective of the CIDB IBS assessment is to provide a systematic and structured assessment system to measure the use of IBS in a consistent manner. CIDB is driving the adoption of IBS via private sector projects and are targeting for new developmental projects within Klang Valley worth RM50 million and above to achieve a minimum IBS Score of 50. In 2020, our 9 Seputeh Parcel B Project and Sentral Suites were assessed, and the scores were as shown below.



For details of CIDB IBS assessment criteria and rating refer to: <http://www.cidb.gov.my/images/content/pdf/cis/CIS18.pdf>

Other initiatives to minimise the use of materials is the reduction in the use of timber formwork in favour of system formwork which reduces construction time, the need for materials on site and cost.

Percentage of Recycled Input Materials Used for MRCB Projects

Project	Materials	Percentage of Materials with Recycled Content
Sentral Suites	AAC Blocks Concrete Ceiling Panels Steel Bar	30%
Westin Desaru Resort	Steel Bar Ceiling System Floor Tiles Cement	13%
Desaru Conference Centre	Floor Tiles Steel Bar Cement	11%
Menara JLand	Concrete Steel Bar BRC Cement	10%

Environmental Stewardship

Climate Change

Extreme and unpredictable weather conditions, floods, droughts, and rising sea levels are among the major climate change challenges that businesses will have to face. We are fully committed to SDG 13 and recognise the impacts that Climate Change has on our business operations as well as stakeholders:

- Increase in ‘green’ consumers and changing market expectations.** There is increasingly more demand for low carbon solutions. This will have implications for the design, construction, maintenance and facilities management of both existing and new business premises. Designing buildings that are both low carbon and resilient to the future climate presents a significant challenge for MRCB. At the same time, this will create new business opportunities, for example where the private sector is able to provide the knowledge, skills and technologies required to help society adapt to such changes. Examples include MRCB’s exploration into Waste to Energy solutions.
- Business logistics (supply chains, utilities and transport arrangements) can be disrupted by extreme weather events.** This is likely to affect businesses across all sectors to some extent, threatening business continuity. MRCB’s businesses that rely heavily on utilities, the transport network or those with inflexible supply networks will be particularly vulnerable.
- People are affected by the weather.** Heat has physiological effects; inclement weather can affect concentration and weather patterns influence behaviour and lifestyles. MRCB’s workers are exposed to the impacts of heat stress during warmer conditions.
- MRCB’s finances could be affected by climate change** through the cost of damage, disruption and loss of sales driven by all of the above. Apart from exposure of our current assets to extreme weather events such as floods, there will also be other financial impacts on our business, for example, as investors increasingly take future climate risks into account, access to finance may become a problem if banks start to refuse credit to companies that are not managing climate risk properly. Bank Negara, the Central Bank of Malaysia has formed a Joint Committee on Climate Change (JC3) and is urging local banks to combat climate change with the adoption of responsible lending policies.
- Water security.** Another key issue to consider is our exposure to water risk (water stress, water depletion, interannual variability of rainfall, coastal floods, droughts). We have mapped our areas of operation (i.e., construction sites) to Aqueduct’s Water Risk Atlas tool and the table summarises our exposure to these risks:

Water Risk Exposure mapped to Aqueduct’s Water Risk Atlas

Indicators	Risk exposure
Water Stress	Low
Water Depletion	Low
Interannual variability of rainfall	Low
Coastal Flood	Low-Medium
Drought	Medium

Generally, our exposure to water stress (measures the ratio of water withdrawal to available renewable water resources and groundwater supplies), and water depletion (measures the ratio of total water consumption to available renewable water supplies) is low. Climate change creates a phenomenon known as “interannual variability” of rainfall; areas that used to get high volumes of water no longer get as much water as they used to in the same year.

Our current exposure to interannual variability of rainfall is assessed to be low. However, based on the Aqueduct tool, our exposure to coastal flood risk ranges between Low-Medium based on the location of our construction sites. The state of Selangor was hit by a shortage of water a few years back and since water security might be a future risk, our drought exposure is assessed to be Medium.

In 2020, we have developed a Climate Change statement acknowledging the Principles of the Climate Governance Initiative (CGI). MRCB plans to adopt the Task Force for Climate Financial Disclosures (TCFD) as recommended by Bursa Malaysia by focusing on four key areas: (i) climate strategy, (ii) governance, (iii) risk and (iv) metrics and targets. In terms of governance, we have established a Sustainability Management Committee (SMC) which reviews the Group’s climate risks and opportunities.

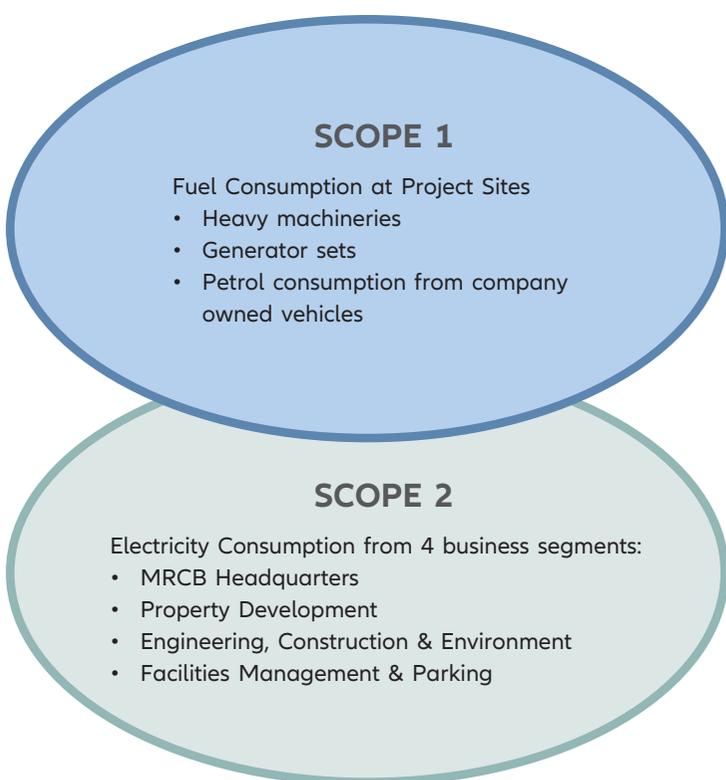
SMC reports to the Board quarterly as it is accountable for the Group’s climate performance. Currently, we have embedded our climate risks into the Group’s Enterprise Risk Management system and are in the process of exploring climate mitigation and adaptation strategies, as well as focus on capability building workshops to build awareness on the implications of climate change.

We have also embarked on the following initiatives to address the risks and opportunities of climate change:

- Adopted a suitable methodology to measure carbon footprint and established a baseline target for carbon reduction (see page 185)
- Embedded low carbon and sustainability considerations in the design and construction of buildings and infrastructure. MRCB adopts green building criteria across a number of tools such as GBI, GreenRE, MyCrest and LEED (see MRCB Green Buildings and Infrastructure on page 180)
- Identified the renewable energy segment, and waste-to-energy, as a future market. Malaysia produced 47,218 tonnes of waste in 2019 going to 165 landfills, of which only 8 being sanitary landfills, to store the waste produced nationwide. Malaysia’s carbon dioxide (CO₂) emissions were also recorded at 250.3 million tonnes in 2018, the bulk of which came from electricity production, vehicles and waste. With space for landfills growing increasingly scarce, particularly in urban areas, and waste per capita forecasted to increase in line with the nation’s population growth, there is an urgent need to move towards more sustainable waste management solutions and clean energy production in Malaysia to reduce the impact on the environment and general well-being of the population.

Carbon Dioxide (CO₂) Emissions

In 2020, the Group's carbon emissions were calculated in accordance with the World Business Council for Sustainable Development and World Resources Institute's (WBCSD/WRI) GHG Protocol, a corporate accounting and reporting standard. This protocol is considered the current best practice for corporate or organisational emissions reporting. Our scope of emissions are as follows; Scope 1: Direct CO₂ emissions from fuel consumption at MRCB's project sites. There were 10 project sites monitored in 2020, all within the Klang valley area. Plus, the petrol consumptions of vehicles owned by the Group. Scope 2: Total CO₂ emitted refers to indirect emissions from purchased electricity. Our sources of electricity consumption are from four business segments; MRCB headquarters, Property Development, Engineering, Construction & Environment and Facilities Management & Parking.



CONSTRUCTION SITES (Building & Infra)

1. KVMRT2 Package S210
2. KVMRT2 Package V210
3. SUKE CA2
4. DASH
5. Lot 349: Sentral Suites
6. Lot 12: PJ Sentral
7. 9 Seputeh (Parcel B)
8. PR1MA Brickfields
9. Kwasa C8 (EPF)
10. FINAS

MRCB's Carbon Map

Based on the table below, we did not acquire the complete data to report accurately on our carbon emissions in 2018 and 2019. However, we improved in 2020 and were able to track our fuel consumption, both diesel and petrol more systematically. Meanwhile, electricity consumption has been consistently tracked for several years.

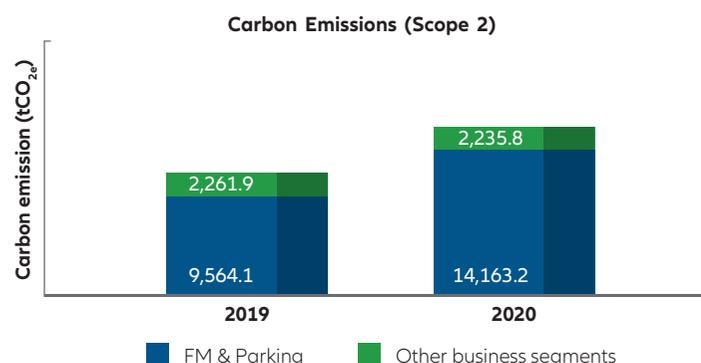
Source of Emission	2019	2020
Scope 1		
Fuel consumption at project sites	✓	✓
Petrol consumption by the Group's registered vehicles	N/A	✓
Scope 2		
Electricity consumption	✓	✓

The table below shows our fuel consumption (Scope 1) by business segments in 2019 and 2020. This year, our fuel consumption decreased by 34% due to Stop Work Orders issued at construction sites and less travelling by employees during the Movement Control Order (MCO).

Business Segments	2019		2020	
	Diesel (L)	Petrol (L)	Diesel (L)	Petrol (L)
Group's registered vehicles		412,339		277,970
Property Development	118,288	685	69,100	1,542
Engineering, Construction & Environment	780,475	120	521,790	377
Total	898,763	413,144	590,890	279,889
Grand Total	1,311,907*		870,779	

* The grand total for fuel consumption for 2019 was revised to improve data accuracy. The restated amount was 31.5% higher than previously reported.

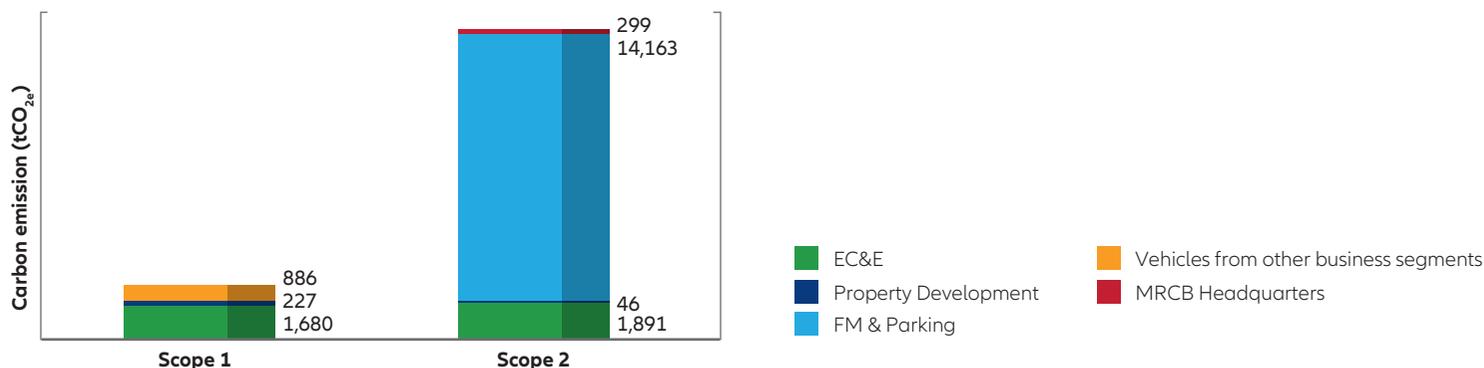
Our analysis reveals that the Scope 2 emissions originating from electricity consumption are greater than emissions from Scope 1 fuel consumption. The majority of the Scope 2 emissions in two consecutive years (2019 and 2020) were from the Facilities Management & Parking segments, which increased by 48% in 2020. The remaining emissions were from MRCB Headquarters; Engineering, Construction & Environment; and Property Development.



Environmental Stewardship

The breakdown of the overall carbon emissions in 2020, as shown below, reveals that 15% of our carbon emissions originate from Scope 1 and 85% from Scope 2. For Scope 1, about 68% of the emissions were caused by the activities at construction sites (fuel consumed for running machineries or generator sets). As for Scope 2, about 86% of the indirect emissions were from the electricity consumed by Facilities Management & Parking segments. Hence, our carbon reduction plan moving forward focuses on our building management and construction activities.

Breakdown of Overall Carbon Emission (FY2020)



The table below shows the summary of carbon intensity by business segments within the Group. This is the first year we are reporting on our carbon intensity and these figures are still preliminary. However, they will act as a baseline for us to set our reduction targets. Currently, our reduction target is set at 1% by the end of 2021 based on benchmarking against other property and construction companies in Malaysia. Moving forward, the Group plans to continue to track and monitor its carbon emissions and aspires to set science-based targets. Also, the Group will be identifying and implementing key emissions reduction opportunities across each business segment.

Table 4: Summary of MRCB’s carbon intensity in FY2020

Designated Zones	Carbon intensity	Unit	Target reduction
– Building Projects	0.0170	tCO _{2e} /m ²	1%
– Infrastructure Projects	2.2552	tCO _{2e} /RM mil revenue	1%
– Headquarters	0.4582	tCO _{2e} /pax	1%

CONCLUSION

MRCB is dedicated to incorporating sustainability throughout its value chain. As we progress through our sustainability journey guided by our 5-year Roadmap, we continuously seek to identify areas for improvement in our operations to address the gaps in our performance.

This year we have made progress on more robust reporting of our carbon and eco-efficiency (i.e. energy, water and waste) footprint and have set targets for reduction.

We have achieved several feats, including the development of our MBS technology that will spearhead sustainable construction. There are a number of key advantages of MBS including requiring 30% less labour, reducing noise, dust, pollution from sites, lowering material wastage, improving site safety and reducing construction time. We aspire to set the standard in the industry through this innovation, while mitigating negative impacts to the environment in the construction sector. For more details on how MBS manages to address key sustainability concerns, please refer to pages 38-39. In addition to this, MRCB has embarked on the PEKA@MRCB Programme, that aims to provide vulnerable groups a second opportunity at employment. It is evident that MRCB has taken strides in incorporating elements of sustainability into its operations where possible.

We recognise that the benefits and need for sustainability outweighs short-term profit and, therefore, will continue to evaluate our environmental and social impacts alongside our economic performance. Throughout this process, MRCB will continue to strengthen its relationship with stakeholders through active engagement to gauge their expectations of the business. Through these efforts we hope to promote the sustainable growth of our business and ensure its long-term success.

GRI Content Index

The GRI Content Index lists our disclosures that are aligned to the GRI standard.

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102-5	Nature of ownership and legal form	Yes	142
102-6	Markets served	Yes	164
102-7	Scale of the organisation		
102-8	Information on employees and other workers	Yes	167
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102-10	Significant changes to the organisation and its supply chain		
102-11	Precautionary principle or approach		
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102-14	Statement from senior decision-maker		
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GRI Content Index

GRI CONTENT INDEX

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103-3	Evaluation of the management approach		
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GRI Disclosure	GRI Disclosure Description	Coverage	Page(s) in this Index
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308-1	New suppliers that were screened using environmental criteria		
308-2	Negative environmental impacts in the supply chain and actions taken		
SERIES 400: SOCIAL			
GRI 401: Employment			
401-1	New employee hires and employee turnover	Yes	168
402-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Yes	170
401-3	Parental leave		
GRI 403: Occupational Health and Safety			
403-1	Occupational health and safety management system	Yes	171
403-2	Hazard identification, risk assessment, and incident investigation		
403-3	Occupational health services		
403-4	Worker participation, consultation, and communication on occupational health and safety		
403-5	Worker training on occupational health and safety	Yes	172
403-6	Promotion of worker health	Yes	169
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Yes	171
403-8	Workers covered by an occupational health and safety management system	Yes	171
403-9	Work-related injuries		
403-10	Work-related ill health		
GRI 404: Training and Education			
404-1	Average hours of training per year per employee	Yes	170
404-2	Programmes for upgrading employee skills and transition assistance programs	Yes	170
404-3	Percentage of employees receiving regular performance and career development reviews	Yes	170
GRI 405: Diversity and Equal Opportunity			
405-1	Diversity of governance bodies and employees	Yes	148
405-2	Ratio of basic salary and remuneration of women to men	Yes	167
GRI 414: Supplier Social Assessment			
414-1	New suppliers that were screened using social criteria		
414-2	Negative social impacts in the supply chain and actions taken		
GRI 416: Customer Health and Safety			
416-1	Assessment of the health and safety impacts of product and service categories		
GRI 417: Marketing and Labelling			
417-1	Requirements for product and service information and labelling		

Analysis of Shareholdings

As at 23 March 2021

Total number of issued shares : 4,412,046,269
 Class of Shares : Ordinary Shares
 No. of Shareholders : 40,878
 Voting Rights : One vote for every Share

DISTRIBUTION SCHEDULE OF SHARE

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
Less than 100	4,198	10.27	151,543	0.00
100 to 1,000	7,962	19.48	4,558,225	0.10
1,001 to 10,000	17,694	43.28	86,592,644	1.96
10,001 to 100,000	9,425	23.06	313,296,006	7.10
100,001 to less than 5% of issued shares	1,596	3.90	1,480,375,127	33.56
5% and above of issued shares	3	0.01	2,527,072,724	57.28
Total	40,878	100.00	4,412,046,269	100.00

DIRECTORS SHAREHOLDINGS

Name of Directors	Designation	Shareholdings	%
1. Tan Sri Azlan Zainol	Chairman	240,000 *60,000	0.01 0.00
2. Mohd Imran Mohamad Salim	Director	468,200	0.01
3. Rohaya Mohammad Yusof	Director	0	0.00
4. Dato' Mohamad Nasir Ab Latif	Director	0	0.00
5. Hasman Yusri Yusoff	Director	0	0.00
6. To' Puan Janet Looi Lai Heng	Director	0	0.00

* Held through Edenview Projects Sdn Bhd

LIST OF SUBSTANTIAL SHAREHOLDERS (5 % AND ABOVE)

Name	Shareholdings	%
1. Employees Provident Fund Board	1,581,541,326	35.85
2. Gapurna Sdn Bhd	685,143,852	15.53
3. Lembaga Tabung Haji	260,387,546	5.90

Top 30 Largest Shareholders

As at 23 March 2021

No.	Name of Shareholders	No. of Shares	%
1.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD	1,581,541,326	35.85
2.	GAPURNA SDN BHD	685,143,852	15.53
3.	LEMBAGA TABUNG HAJI	252,974,446	5.73
4.	KUMPULAN WANG PERSARAAN (DIPERBADANKAN)	163,117,926	3.70
5.	MAYBANK NOMINEES (TEMPATAN) SDN BHD BANK KERJASAMA RAKYAT (M) BERHAD (412803)	132,000,000	2.99
6.	CARTABAN NOMINEES (TEMPATAN) SDN BHD PAMB FOR PRULINK EQUITY FUND	40,654,500	0.92
7.	CARTABAN NOMINEES (ASING) SDN BHD EXEMPT AN FOR STATE STREET BANK & TRUST COMPANY (WEST CLT OD67)	31,609,200	0.72
8.	HSBC NOMINEES (ASING) SDN BHD JPMCB NA FOR VANGUARD TOTAL INTERNATIONAL STOCK INDEX FUND	29,857,401	0.68
9.	HSBC NOMINEES (ASING) SDN BHD JPMCB NA FOR VANGUARD EMERGING MARKETS STOCK INDEX FUND	29,404,100	0.67
10.	HONG LEONG ASSURANCE BERHAD AS BENEFICIAL OWNER (LIFE PAR)	28,618,400	0.65
11.	CITIGROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR CITIBANK NEW YORK (NORGES BANK 14)	27,667,000	0.63
12.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (LEEF)	25,423,100	0.58
13.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (DR)	24,117,200	0.55
14.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (LPF)	22,234,400	0.50
15.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (PAR 3)	21,961,000	0.50
16.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (ABERDEEN)	20,141,300	0.46
17.	CARTABAN NOMINEES (TEMPATAN) SDN BHD PBTB FOR TAKAFULINK DANA EKUITI	18,241,700	0.41
18.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (PRINCIPAL EQITS)	17,962,800	0.41
19.	CITIGROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR CITIBANK NEW YORK (NORGES BANK 1)	16,686,440	0.38
20.	CITIGROUP NOMINEES (ASING) SDN BHD CBNY FOR DIMENSIONAL EMERGING MARKETS VALUE FUND	15,498,900	0.35

Top 30 Largest Shareholders

No.	Name of Shareholders	No. of Shares	%
21.	CITIGROUP NOMINEES (ASING) SDN BHD CBNY FOR EMERGING MARKET CORE EQUITY PORTFOLIO DFA INVESTMENT DIMENSIONS GROUP INC	15,054,900	0.34
22.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (LGF)	14,816,300	0.34
23.	CITIGROUP NOMINEES (ASING) SDN BHD CBNY FOR NORGES BANK (FI 17)	14,440,300	0.33
24.	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEGGED SECURITIES ACCOUNT FOR NG CHEW ENG @ NG CHIEW MING (MY3087)	14,100,000	0.32
25.	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR CREDIT SUISSE (SG BR-TST-ASING)	13,099,068	0.30
26.	CARTABAN NOMINEES (ASING) SDN BHD SSBT FUND J724 FOR SPDR S&P EMERGING MARKETS ETF	10,626,200	0.24
27.	CARTABAN NOMINEES (TEMPATAN) SDN BHD PAMB FOR PRULINK DANA UNGGUL	10,436,500	0.24
28.	HSBC NOMINEES (ASING) SDN BHD JPMCB NA FOR VANGUARD FIDUCIARY TRUST COMPANY INSTITUTIONAL TOTAL INTERNATIONAL STOCK MARKET INDEX TRUST II	9,588,200	0.22
29.	LIM SOO KIOW	9,400,000	0.21
30.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (PAR 1)	8,979,400	0.20
TOTAL		3,305,395,859	74.95

Analysis of Warrant B Holdings

As at 23 March 2021

Number of Outstanding Warrants : 438,518,157
 Exercise Price of Warrants : RM1.25
 Exercise Period of Warrants : 30 October 2017 – 29 October 2027
 Voting Rights at Meeting of Warrant Holders : One vote per Warrant B

DISTRIBUTION OF WARRANT HOLDINGS

Size of Warrant Holdings	No. of Warrant Holders	% of Warrant Holders	No. of Warrant	% of Warrant Holders
Less than 100	766	9.28	29,755	0.01
100 to 1,000	3,455	41.86	1,714,944	0.39
1,001 to 10,000	2,650	32.11	9,753,239	2.22
10,001 to 100,000	1,094	13.25	42,039,929	9.59
100,001 to less than 5% of issued warrants	287	3.48	159,779,401	36.44
5% and above of issued warrant	2	0.02	225,200,889	51.35
Total	8,254	100.00	438,518,157	100.00

DIRECTORS' WARRANT HOLDINGS

Name of Directors	Designation	Warrant Holdings	%
1. Tan Sri Azlan Zainol	Chairman	24,000 *6,000	0.01 0.00
2. Mohd Imran Mohamad Salim	Director	0	0.00
3. Rohaya Mohammad Yusof	Director	0	0.00
4. Dato' Mohamad Nasir Ab Latif	Director	0	0.00
5. Hasman Yusri Yusoff	Director	0	0.00
6. To' Puan Janet Looi Lai Heng	Director	0	0.00

* Held through Edenvue Projects Sdn Bhd

LIST OF SUBSTANTIAL WARRANT HOLDERS (5 % AND ABOVE)

Name	Warrant Holdings	%
1. Employees Provident Fund Board	153,891,740	35.09
2. Gapurna Sdn Bhd	71,309,149	16.26

Top 30 Largest Warrant B Holders

As at 23 March 2021

No.	Name of Warrant Holders	No. of Warrants	%
1.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD	153,891,740	35.09
2.	GAPURNA SDN BHD	71,309,149	16.26
3.	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHEE SZE HSIEN @ CHEE AH KOW (029)	16,100,000	3.67
4.	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR OH KIM SUN (CEB)	6,900,000	1.57
5.	ER SOON PUAY	6,734,900	1.54
6.	OH KIM SUN	5,185,000	1.18
7.	CHEE SZE HSIEN @ CHEE AH KOW	3,744,900	0.85
8.	HSBC NOMINEES (ASING) SDN BHD JPMCB NA FOR VANGUARD EMERGING MARKETS STOCK INDEX FUND	3,624,441	0.83
9.	WOON LAY KUEN	2,865,500	0.65
10.	HLB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TIANG CHIIN YEW	2,800,000	0.64
11.	ONG KIM WAH	2,726,821	0.62
12.	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR WONG YUNG SOON (471299)	2,700,000	0.62
13.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (LPF)	2,674,660	0.61
14.	HSBC NOMINEES (ASING) SDN BHD JPMCB NA FOR VANGUARD TOTAL INTERNATIONAL STOCK INDEX FUND	2,634,201	0.60
15.	YEONG CHEE KONG	2,078,000	0.47
16.	CHUA WEI KOK	2,050,501	0.47
17.	KENANGA NOMINEES (TEMPATAN) SDN BHD RAKUTEN TRADE SDN BHD FOR SOH CHIN TIONG	2,000,000	0.46
18.	LOO NAN MENG	1,750,000	0.40
19.	LIM POH HOCK	1,665,000	0.38
20.	WOON BOON KUEN	1,624,700	0.37
21.	GURMIT SINGH A/L SHAMIR SINGH	1,500,000	0.34
22.	WOON BOON KUEN	1,500,000	0.34
23.	TEH CHIN CHING	1,425,200	0.33

No.	Name of Warrant Holders	No. of Warrants	%
24.	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD CIMB BANK BERHAD (EDP 2)	1,414,761	0.32
25.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SUPANG LUYANG	1,414,481	0.32
26.	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR TAN SIEW LI (M08)	1,400,000	0.32
27.	JF APEX NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR WOON BOON KUEN (MARGIN)	1,400,000	0.32
28.	MAYBANK NOMINEES (TEMPATAN) SDN BHD LEE YEN CHUAN	1,400,000	0.32
29.	KENANGA NOMINEES (TEMPATAN) SDN BHD RAKUTEN TRADE SDN BHD FOR ER ZHI MIN	1,351,600	0.31
30.	CHEN HARN SHEAN	1,226,600	0.28
TOTAL		309,092,155	70.48

Properties of the Group

As at 31 December 2020

Description/Existing Use	Location	Area (Sq. Metres)	Net Book Value as at 31/12/2020 (RM'000)	Year of Acquisition/Valuation	Tenure	Age of Building (Years)	Encumbrance
Kompleks Sentral – 6 storey industrial buildings/flatted factories and warehouse	33, Jalan Segambut Atas, Segambut, 51200 Kuala Lumpur, Wilayah Persekutuan.	72,098	24,071	1982	Leasehold 47 years expiring on 2.2.2044	35	Nil
Land for proposed mixed housing development	PT No. 18520, 30010, 30095, 33467, 33468, 33630-33632, 35759, 33653-33654, 37809, Lot 37855 and 37906, Mukim Kajang, District of Hulu Langat, Selangor Darul Ehsan.	31,482	3,820	1987	Freehold	–	Nil
Land for proposed condominium development	Country lease No. 015146120, Municipality and District of Kota Kinabalu, Sabah.	11,000	0	1989	Leasehold 999 years expiring on 4.7.2918	–	Nil
Land for proposed mixed commercial development	Lot 57, Seksyen 14, Bandar Shah Alam, Selangor Darul Ehsan.	9,600	13,220	1992	Leasehold 99 years expiring on 15.9.2092	–	Nil
Plaza Alam Sentral – 7-storey shopping complex	Plaza Alam Sentral, Jalan Majlis, Seksyen 14, 40000 Shah Alam, Selangor Darul Ehsan.	68,233	62,643	1992	Leasehold 99 years expiring on 15.9.2092	21	Nil
Development land and infrastructure surrounding Kuala Lumpur Sentral station	Lot 74 Sek. 70, Mukim Bandar Kuala Lumpur, District of Kuala Lumpur, Jalan Tun Sambanthan, Kuala Lumpur, Wilayah Persekutuan.	23,080	513,153	1999	Freehold	–	Yes
Industrial land	Lot 21192 & 21194, Jalan Industri 2/3, Rawang Integrated Industrial Park, 48000 Rawang, Selangor Darul Ehsan.	18,210	6,269	1997	Freehold	–	Nil
4-storey shop office	Unit No. 17, 19 & 21, Jalan Seksyen 3/3, Taman Kajang Utama, 42000 Kajang, Selangor Darul Ehsan.	1,485	839	1999	Freehold	21	Nil

Description/Existing Use	Location	Area (Sq. Metres)	Net Book Value as at 31/12/2020 (RM'000)	Year of Acquisition/ Valuation	Tenure	Age of Building (Years)	Encumbrance
2-storey shop office	No. 55 & 55A, Persiaran Dataran 4, Iskandar Perdana, 32610 Seri Iskandar, Perak Darul Ridzuan.	156	153	2005	Leasehold 99 years expiring on 18.3.2102	18	Nil
Land for proposed development	Lot 20006, Seksyen 72, Bandar Kuala Lumpur, Kuala Lumpur, Wilayah Persekutuan.	1,533	3,345	2019	Freehold	–	Nil
Several parcels of land for proposed mixed development	Lot 1210-1241, Lot 1271-1393, Lot 1399-1494, Lot 180, Lot 213-232, Lot 266, PT 721-763, PT 1008, 1009, PT 1011, PT 5081-5736, PT 5739, PT 5745, 5747, KM 36, Jalan Ipoh Lumut, Bandar Seri Iskandar, Bota, District of Perak Tengah, Perak Darul Ridzuan.	219,589	45,134	2001, 2002, 2009, 2010, 2019	Leasehold 33-99 years expiring between 13.3.2031 to 22.12.2118	–	Nil
Plaza Sentral corporate office suite	Suite 1B-G-1, Suite 1B-3-1, Suite 1B-3-2, Block A, Plaza Sentral, Jalan Stesen Sentral 5, 50470 Kuala Lumpur, Wilayah Persekutuan.	759	2,275	2008	Freehold	13	Nil
Ascott Sentral – 21-storey block of service residence apartments	No. 211, Jalan Tun Sambanthan, 50470 Kuala Lumpur, Wilayah Persekutuan.	23,121	74,541	2007	Freehold	7	Yes
Celcom Axiata corporate office – 33-storey office building	Celcom Tower Persiaran Barat, 46200 Petaling Jaya, Selangor Darul Ehsan.	8,326	389,159	2013	Leasehold 99 years expiring on 10.11.2110	3	Yes
Land for proposed development	GRN 163848, Lot 50700, Town of Subang Jaya, District of Petaling, Selangor Darul Ehsan.	12,947	60,187	2013	Freehold	–	Yes

Properties of the Group

Description/Existing Use	Location	Area (Sq. Metres)	Net Book Value as at 31/12/2020 (RM'000)	Year of Acquisition/Valuation	Tenure	Age of Building (Years)	Encumbrance
Land for proposed mixed development	Lot 20031 & Lot 481117, Section 98, Off Jalan Klang Lama, Town of Kuala Lumpur, Wilayah Persekutuan.	18,993	48,153	2013	Leasehold 99 years expiring on 11.5.2113	–	Nil
Land for proposed mixed development	PT 36 & 37, Section 98, Off Jalan Klang Lama, Town of Kuala Lumpur, Wilayah Persekutuan.	1,880	7,574	2016	Freehold	–	Nil
Land for proposed mixed development	Lot 12 Section 26, Town of Petaling Jaya, District of Petaling, Selangor Darul Ehsan.	18,702	277,389	2010	Leasehold 99 years expiring on 9.2.2108	–	Nil
Land for proposed commercial office and serviced apartment with car park	HS(D) 93833, PT 27759, Bukit Rahman Putra, Mukim Sungai Buloh, District of Petaling, Selangor Darul Ehsan.	18,421	47,817	2014	Freehold	–	Yes
Land for proposed mixed development	HS(M) 463, PTD 18877, HS(M) 464, PTD 18878, HS(M) 466, PTD 18879, HS(M) 467, PTD 18880, GM793, Lot 799, Mukim Pulai, District of Johor Bahru, Johor.	269,431	77,390	2015	Freehold	–	Nil
2 units of single storey warehouse	Plot No. 143, Rawang Industrial Park, 48000 Rawang, Selangor Darul Ehsan.	1,490	812	2014	Freehold	7	Nil
Land for proposed future development	PT 712 (HSD 32876), PT 770 (173111), PT 771 (173112), PT 772 (173113), PT 773 (173114), Lot 62 (HSD 13404), PT 333 (HSD13256), PT 766 (173115), PT 767 (173117), PT 769 (173116), Seksyen 4, Bandar Betterworth, Daerah Seberang Perai Utara, Pulau Pinang.	72,495	302,203	2013/2014/2016/2017	Freehold	–	Yes

Description/Existing Use	Location	Area (Sq. Metres)	Net Book Value as at 31/12/2020 (RM'000)	Year of Acquisition/Valuation	Tenure	Age of Building (Years)	Encumbrance
Penang Sentral Transportation terminal	PT 770 (173111), Seksyen 4, Bandar Butterworth, Daerah Seberang Perai Utara, Pulau Pinang.	19,559	206,660	2013/2014	Freehold	3	Yes
Land for proposed future development	H.S.(D) 322521 PT 51708 H.S.(D) 322522 PT 51709 H.S.(D) 322523 PT 51710 H.S.(D) 322524 PT 51711 H.S.(D) 322525 PT 51712 H.S.(D) 322526 PT 51713 H.S.(D) 322527 PT 51714 H.S.(D) 322528 PT 51715 H.S.(D) 322529 PT 51716 H.S.(D) 322530 PT 51717 Mukim Sungai Buloh, Daerah Petaling, Selangor.	214,451	1,063,074	2017	Leasehold 96 years expiring on 12.5.2115	–	Nil
Land for proposed mixed development	H.S.(D) 39260, PT 184, Seksyen 48, Bandar Kuala Lumpur, Daerah Kuala Lumpur, Wilayah Persekutuan.	20,492	378,194	2018	Leasehold 99 years expiring on 26.5.2080	–	Yes
Land for proposed mixed development	PN 49755, Lot 20000, Seksyen 48, Bandar Kuala Lumpur, Daerah Kuala Lumpur, Wilayah Persekutuan.	2,240		2018	Leasehold 99 years expiring on 29.11.2109	–	Yes
Land for proposed mixed development	H.S.(D) 95206, PT 188, Seksyen 48, Bandar Kuala Lumpur, Daerah Kuala Lumpur, Wilayah Persekutuan.	17,989		2018	Freehold	–	Yes

Note – "0" denotes as amount less than RM1,000

Corporate Directory



CORPORATE OFFICE

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Level 30, Menara Allianz Sentral, No. 203, Jalan Tun Sambanthan
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OVERSEAS

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MRCB (LAND) AUSTRALIA PTY LTD

MRCB PROJECT INCORPORATED PTY LTD

MRCB DOCKLANDS PTY LTD

MRCB NEW ZEALAND HOLDINGS LTD

MRCB AOTEA CENTRAL LIMITED

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CYBERJAYA CITY CENTRE

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Seksyen U20,
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KWASA DAMANSARA CITY CENTRE

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Glossary

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Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the 50th Annual General Meeting (“AGM”) of Malaysian Resources Corporation Berhad (“MRCB” or “the Company”) will be held virtually through live streaming from the **Broadcast Venue at KL Sentral Room, Level 30, Menara Allianz Sentral, No. 203, Jalan Tun Sambanthan, Kuala Lumpur Sentral, 50470 Kuala Lumpur** on **Tuesday, 8 June 2021** at **10.00 a.m.** for the following purposes:

AGENDA

Ordinary Business

1. To receive the Statutory Financial Statements of the Company for the financial year ended 31 December 2020 and the Reports of the Directors and Auditors thereon.
Refer to Explanatory Note 1
2. To re-elect Dato’ Wan Kamaruzaman Wan Ahmad who retires pursuant to Article 106 of the Constitution of the Company and being eligible has offered himself for re-election.
Refer to Explanatory Note 2 **Resolution 1**
3. To re-elect Mohd Imran Mohamad Salim who is retiring by rotation pursuant to Articles 101 and 102 of the Constitution of the Company and being eligible, has offered himself for re-election.
Resolution 2

To’ Puan Janet Looi Lai Heng who is also retiring by rotation pursuant to Articles 101 and 102 of the Constitution of the Company, has expressed her intention not to seek re-election. Hence, she will retain office until the conclusion of the 50th AGM.
Refer to Explanatory Note 3
4. To approve the Directors’ Fees for the financial year ending 31 December 2021.
Refer to Explanatory Note 4 **Resolution 3**
5. To approve the benefits extended to the Non-Executive Directors of the Company as detailed out in Note 5 of the explanatory notes, from 9 June 2021 until the next AGM of the Company.
Refer to Explanatory Note 5 **Resolution 4**
6. To re-appoint Messrs. PricewaterhouseCoopers PLT as Auditors of the Company for the financial year ending 31 December 2021 and to authorise the Directors to fix their remuneration.
Refer to Explanatory Note 6 **Resolution 5**

Special Business

To consider and if thought fit, to pass with or without any modification, the following Ordinary Resolutions:

7. Proposed Renewal of Share Buy-Back Authority **Resolution 6**

“THAT, subject to the Companies Act 2016 (“the Act”), provision of the Constitution of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) and all other applicable laws, rules, regulations and guidelines, and the approvals of the relevant regulatory authorities and parties, the Company be and is hereby authorised to purchase such number of ordinary shares in the Company as may be determined by the Directors of the Company from time to time through Bursa Securities as the Directors may deem fit and expedient in the interest of the Company provided that:
 - (a) the aggregate number of ordinary shares to be purchased by the Company shall not exceed ten per cent (10%) of the total number of issued shares of the Company at any point in time; and
 - (b) the maximum fund to be allocated by the Company for the purpose of Proposed Renewal of Share Buy-Back Authority shall not exceed the total retained profits of the Company at the time of the purchase;

THAT upon completion of the purchase by the Company of its own shares, the Director of the Company shall have the absolute discretion to decide whether such share so purchased are to be cancelled and/or retained as treasury shares, or to be dealt with in such manner as provided under Section 127(7) of the Act;

THAT the authority conferred by this resolution shall be effective immediately after the passing of this resolution and shall continue to be in force until:

- (a) the conclusion of next AGM of the Company at which time the authority will lapse unless the authority is renewed by a resolution passed at that meeting, either unconditionally or subject to conditions; or
- (b) the expiration of the period within which the next AGM of the Company after that date is required by law to be held; or
- (c) the authority is revoked or varied by ordinary resolution passed by the shareholders in general meeting

whichever occurs first;

AND THAT the Directors of the Company be and are hereby authorised to take all such steps as are necessary or expedient to implement, finalise and give full effect to the Proposed Renewal of Share Buy-Back Authority with full powers to assent to any conditions, modifications, variations and/or amendments in any manner as may be required or imposed by the relevant authorities and to do such acts and things as the Directors may deem fit and expedient in the interest of the Company."

Refer to Explanatory Note 7

8. Issuance Of New Shares in the Company ("MRCB Shares") pursuant to the Dividend Reinvestment Plan that provides Shareholders of the Company with an option to elect to reinvest their cash dividends into new MRCB Shares ("Dividend Reinvestment Plan")

Resolution 7

"THAT pursuant to the Dividend Reinvestment Plan as approved by the shareholders of the Company at the AGM held on 14 July 2020, and subject to the approvals of all relevant regulatory authorities or parties being obtained, where required, approval be and is hereby given for the Company to allot and issue such number of new MRCB Shares from time to time as may be required to be allotted and issued pursuant to the Dividend Reinvestment Plan upon such terms and conditions and to such persons as the Directors of the Company may, at a absolute discretion, deem fit and in the best interest of the Company PROVIDED THAT the issue price of the said new MRCB Shares shall be fixed by the Directors of the Company at not more than ten percent (10%) discount to the adjusted five (5)-day volume weighted average market value ("VWAMP") of the MRCB Shares immediately prior to the price-fixing date, of which the VWAMP shall be adjusted ex-dividend before applying the aforementioned discount in fixing the issue price of the said new MRCB Shares AND THAT such authority to allot and issue new MRCB Shares shall continue to be in force until the conclusion of the next AGM of the Company.

AND THAT the Directors and the Company Secretary be and are hereby authorised to do all such acts and enter into all such transactions, arrangements and agreements and to execute, sign and deliver for and on behalf of the Company, all such documents and impose such terms and conditions as may be necessary or expedient in order to give full effect to the Dividend Reinvestment Plan, with full power to assent to any conditions, modifications, variations and/or amendments (if any) including suspension and termination of the Dividend Reinvestment Plan as the Directors may, in their absolute discretion, deem fit and in the interest of the Company and/or may be imposed or agreed to by any relevant authorities.

Refer to Explanatory Note 8

9. To transact any other ordinary business for which due notice has been received.

BY ORDER OF THE BOARD

MOHD NOOR RAHIM YAHAYA
(MAICSA 0866820) (SSM PC No. 202008002339)
Company Secretary

Kuala Lumpur
 30 April 2021

Notice of Annual General Meeting

Notes:

1. The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairman of the meeting to be present at the main venue of the meeting. Members and proxies WILL NOT BE ALLOWED to attend this AGM in person at the broadcast venue on the day of the AGM. Members and proxies are advised to participate and vote remotely at this AGM through live streaming and online remote voting using the Remote Participation and Voting ("RPV") Facility provided by the Company's Share Registrar, Boardroom Share Registrar Sdn Bhd. Members are advised to read the Administrative Guide carefully and follow the procedures in the Administrative Guide for this AGM in order to participate remotely.
2. Only members whose names appear in the Record of Depositors on 31 May 2021 ("General Meeting Record of Depositors") shall be eligible to attend in person or appoint proxies to attend and/or vote on their behalf at the AGM.
3. A member of the Company who is entitled to attend and vote at this meeting is entitled to appoint not more than two (2) proxies to attend and vote in his stead. A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of a proxy.
4. Where a member appoints two (2) proxies, the appointment shall be invalid unless the proportion of the shareholdings to be represented by each proxy is specified.
5. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
6. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central) Depositories Act 1991 ("SICDA"), he/she may appoint not more than two (2) proxies in respect of each Securities Account he/she holds with ordinary shares of the company standing to the credit of the said Securities Account to attend and vote at a meeting of the Company instead of him/her.
7. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly appointed under a power of attorney. In the case of a corporation, it shall be executed under its Common Seal or signed by its attorney duly authorised in writing or by an officer on behalf of the corporation.
8. The Form of Proxy or other instruments of appointment **must be deposited** at the office of the Share Registrar of the Company, **Boardroom Share Registrars Sdn Bhd, 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor, Malaysia** or **lodged electronically via "Boardroom Smart Investor Portal" at www.boardroomlimited.my** not less than 48 hours before the time set for holding the meeting or any adjournment thereof.

EXPLANATORY NOTES:

A FOR ORDINARY RESOLUTION

1. Statutory Financial Statements for the financial year ended 31 December 2020

The Statutory Financial Statements under Agenda 1 is meant for discussion only as it does not require shareholders' approval pursuant to Section 340(1) (a) of the Act and therefore, it will not be put for voting.

2. Re-election of Director pursuant to Article 106 of the Company's Constitution

Article 106 of the Constitution provides amongst others, that the directors shall have the power to appoint any person to be Director to fill a casual vacancy or as an addition to the existing Board, and that any director so appointed shall hold office only until the next AGM and shall then be eligible for re-election but shall not be taken into account in determining the Directors who are to retire by rotation at that meeting.

Accordingly, Dato' Wan Kamaruzaman Wan Ahmad who was appointed as an Independent Director of the Company on 15 April 2021, shall hold office until the 50th AGM and shall then be eligible for re-election pursuant to Article 106 of the Constitution.

3. Re-election of Director pursuant to Articles 101 and 102 of the Company's Constitution

Articles 101 and 102 of the Constitution provides that one-third (1/3) of the Directors for the time being shall retire by rotation at the AGM of the Company. With the current Board size, Mohd Imran Mohamad Salim and To' Puan Janet Looi Lai Heng are to retire in accordance with Articles 101 and 102 of the Constitution. Nevertheless, YBhg To' Puan Janet Looi Lai Heng has expressed her intention not to seek re-election. Hence, she will retain office until the close of the 50th AGM.

For the purpose of determining the eligibility of the Directors to stand for re-election at the 50th AGM, the Nomination and Remuneration Committee ("NRC") has considered the following:

- (i) The performance and contribution of each of the Directors
- (ii) The assessment of the individual Director's level of contribution to the Board through each of their skills, experience and strength in qualities.

The NRC and Board hereby recommend for the re-election of Mohd Imran Mohamad Salim who is retiring at the 50th AGM.

4. Payment of Non-Executive Directors' ("NED") Fee For The Financial Year Ending 31 December 2021

Pursuant to Section 230(1) of the Act, fees and benefits payable to the Directors of the Company will have to be approved by shareholders at a general meeting. The Company is requesting for the shareholders' approval for the payment of NEDs fees for the financial year ending 31 December 2021 based on the rate of RM200,000 per year for the Chairman and RM150,000 per year for other Directors.

5. Benefits Payable to NEDs

The benefits comprise allowances, benefits in kind and other emoluments payable to the NEDs, details of which are as follows:

Benefit	Description	Amount
Monthly Fixed Allowance*	Chairman of the Board	RM10,000 per month
	Chairman of the Executive Committee ("EXCO")	RM10,000 per month
	Chairman of the Audit Committee	RM2,000 per month
	Chairman of the Nomination & Remuneration Committee	RM2,000 per month
	Chairman of the LTIP Committee	RM2,000 per month
	Members of the Board/Committees of the Board	RM1,500 per month
Meeting Allowance	Chairman of the Board/Committee	RM4,000 per meeting
	Member of the Board/Committee	RM3,000 per meeting
Other Benefits	Monthly subscription of club membership	
	Insurance coverage for Medical, Group Personal Accident and Group Term Life	
	Staff discount of 7% for purchase of properties developed by MRCB Group	
	Other claimable benefits	

* Each Director will be entitled to the highest monthly fixed allowance only

6. Re-appointment of Auditors

The Board has at the meeting held on 29 March 2021 approved the recommendation of the Audit & Risk Management Committee ("ARMC") for the shareholders' approval to be sought at the 50th AGM on the re-appointment of Messrs PricewaterhouseCoopers PLT ("PwC") as Auditors of the Company. The Board is satisfied with the suitability of PwC based on the quality of audit, performance, competency and sufficiency of resources that PwC had provided to MRCB Group as prescribed under Paragraph 15.21 of the Listing Requirements.

B FOR SPECIAL BUSINESS

7. Proposed Renewal of Share Buy-Back Authority

The proposed ordinary resolution 6, if passed, will give the authority to the Company to purchase its own shares through Bursa Malaysia Securities Berhad up to ten percent (10%) of the total number of issued shares of the Company.

For further information, please refer to the Share Buy-Back Statement dated 30 April 2021 which is available on MRCB's website at www.mrcb.com.my/investor-relations/other-information/ or Boardroom Investor Portal at www.boardroomlimited.my.

8. Issuance of New MRCB Shares in relation to the Dividend Reinvestment Plan

The proposed ordinary resolution 7, if passed, will give authority to the Directors of the Company to allot and issue new MRCB Shares pursuant to the Dividend Reinvestment Plan in respect of dividends declared and such authority shall expire at the conclusion of the next AGM of the Company.

Statement Accompanying Notice of AGM

Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad

The profile of the Directors who are standing for re-election (as per Resolutions 1 and 2 as stated above) at the 50th AGM of MRCB are set out in the "Board of Directors" section on pages 92 to 95 of the Company's Integrated Annual Report 2020.

The details of interest in securities held by the said Directors are as follows:

No.	Name of Director	Number of MRCB shares held as at 15 April 2021
1.	Dato' Wan Kamaruzaman Wan Ahmad	280,500
2.	Mohd Imran Mohamad Salim	468,200

Proxy Form

(Please see the notes below before completing the form)



MALAYSIAN RESOURCES CORPORATION BERHAD
Registration No. 196801000388 (7994-D)
(Incorporates in Malaysia)

Number of Ordinary Share(s) held	CDS Account No.										

I/We (FULL NAME IN CAPITAL LETTERS) _____

NRIC No./Passport No./Company No. _____

of (FULL ADDRESS) _____

Tel. No. _____ /email address _____ being a member/members of Malaysian

Resources Corporation Berhad hereby appoint:

Name of Proxy in capital letters		Proportion of Shareholding to be represented by the proxies:	
		Number of shares	Percentage [%]
Proxy 1			
	NRIC No./Passport No.:		
	Tel. No.:		
	Email address:		
<i>And/or failing him/her</i>			
Proxy 2			
	NRIC No./Passport No.:		
	Tel. No.:		
	Email address:		

Total _____

or failing him/her the Chairman of the Meeting as my/our proxies to attend and vote for me/us on my/our behalf at the 50th Annual General Meeting of the Company to be held virtually through live streaming from the broadcast venue at KL Sentral Room, Level 30, Menara Allianz Sentral, No. 203, Jalan Tun Sambanthan, Kuala Lumpur Sentral, 50470 Kuala Lumpur on Tuesday, 8 June 2021 at 10.00 a.m and at any adjournment thereof.

My/our proxy is to vote on the Resolutions as indicated by an "X" in the appropriate spaces below. If this form is returned without any indication as to how the proxy shall vote, the proxy shall vote or abstain as he/she thinks fit.

No	Resolution	For	Against
1	To re-elect Dato' Wan Kamaruzaman Wan Ahmad, who retires pursuant to Article 106		
2	To re-elect Mohd Imran Mohamad Salim, who retires pursuant to Articles 101 and 102		
3	To approve the Directors' Fees for the financial year ending 31 December 2021		
4	To approve the benefits extended to the Non-Executive Directors of the Company, as detailed out in Note 5 of the explanatory notes, from 9 June 2021 until the next AGM of the Company		
5	To re-appoint Messrs. PricewaterhouseCoopers PLT as Auditors of the Company for financial year ending 31 December 2021 and to authorise the Directors to fix their remuneration		
6	To approve the proposed Share Buy-Back Mandate		
7	To approve the issuance of new MRCB Shares in relation to the Dividend Reinvestment Plan		

Dated this _____ day of _____ 2021

Signature of Shareholders

* DELETE IF NOT APPLICABLE



Notes:

1. The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairman of the meeting to be present at the main venue of the meeting. Members and proxies WILL NOT BE ALLOWED to attend this AGM in person at the broadcast venue on the day of the AGM. Members and proxies are advised to participate and vote remotely at this AGM through live streaming and online remote voting using the Remote Participation and Voting ("RPV") Facility provided by the Company's Share Registrar, Boardroom Share Registrar Sdn Bhd. Members are advised to read the Administrative Guide carefully and follow the procedures in the Administrative Guide for this AGM in order to participate remotely.
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6. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central) Depositories) Act 1991 ("SICDA"), he/she may appoint not more than two (2) proxies in respect of each Securities Account he/she holds with ordinary shares of the company standing to the credit of the said Securities Account to attend and vote at a meeting of the Company instead of him/her.
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8. The Form of Proxy or other instruments of appointment **must be deposited** at the office of the Share Registrar of the Company, **Boardroom Share Registrars Sdn Bhd, 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor, Malaysia** or **lodged electronically via "Boardroom Smart Investor Portal" at www.boardroomlimited.my** not less than 48 hours before the time set for holding the meeting or any adjournment thereof.

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AFFIX STAMP

BOARDROOM SHARE REGISTRARS SDN. BHD.

Registration No. 199601006647 (378993-D)

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No. 5, Jalan Prof. Khoo Kay Kim,
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46200 Petaling Jaya,
Selangor, Malaysia

1st fold here



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