MALAYSIAN RESOURCES CORPORATION BERHAD
196801000388 (7994-D)

THE TIME IS NOW

Integrated Annual Report 2021

WE BUILD LIVEABLE, RESILIENT AND SUSTAINABLE CITIES TODAY

FOR
A BETTER
TOMORROW

ABOUT OUR REPORT

SCOPE AND BOUNDARIES

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

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

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

REPORTING PERIOD

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

FINANCIAL AND NON-FINANCIAL REPORTING

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

ASSURANCE APPROACH

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

FORWARD-LOOKING STATEMENTS

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

FEEDBACK

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

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

UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS (UNSDGs) ADOPTED

OUR SIX CAPITALS

MC

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

FC

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

NC

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

HC

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

IC

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

SRC

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

NAVIGATING THIS REPORT

MATERIAL MATTERS

Governance

- ETHICS & PRINCIPLES
- GOVERNANCE & COMPLIANCE

Economic

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

Social

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

Environment

- MATERIALS
- SUSTAINABLE CONSTRUCTION
- WASTE
- CLIMATE CHANGE
- BIODIVERSITY

GROWTH PRINCIPLES & KEY ACTION PLANS

- STRENGTHEN CORE FOR SUSTAINABLE RETURNS ▶ ENSURE STEADY PIPELINE OF PROJECTS
- DIVERSIFICATION & OPERATIONAL EXPANSION ▶ GEOGRAPHICAL EXPANSION; ENTER INTO NEW MARKETS
- TECHNOLOGY ADOPTION & INNOVATION ▶ ACHIEVE LEAN & EFFICIENT OPERATIONS; LEVERAGE MRCB BUILDING SYSTEM (MBS)
- QUALITY PRODUCTS & PEOPLE ▶ UPHOLD GOOD CORPORATE GOVERNANCE; DEVELOP A SKILLED WORKFORCE

STAKEHOLDERS

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

WHAT YOU WILL FIND

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- Vision
- Mission
- Values
- Our Competitive Strengths
- Our Presence

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HOW WE CREATE SUSTAINABLE VALUE

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DELIVERING ON OUR STRATEGIES

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DELIVERING ON STRONG GOVERNANCE

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- Proxy Form

COVER RATIONALE

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

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

Because caring for the future, starts NOW.

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

Scan QR code for more details information

WHO
WE ARE

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

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

Purpose

To Build Meaningful Places for A Better Tomorrow

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

Vision

Setting the Standard

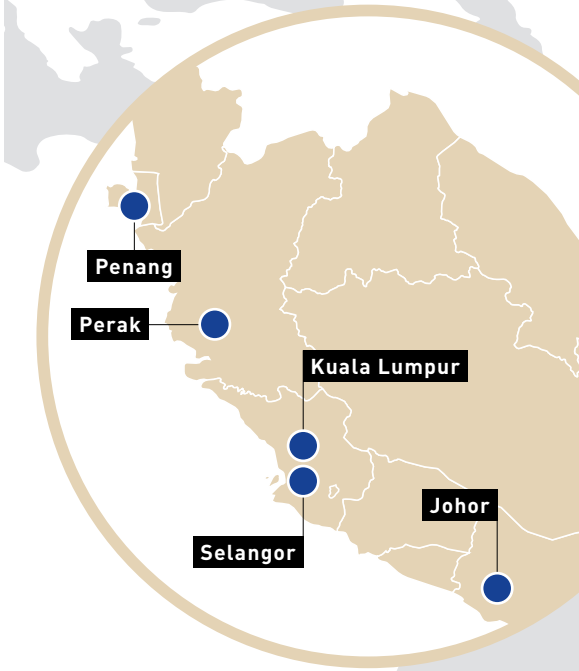
Mission

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

Values

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

OUR
PRESENCE



Malaysia

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

01

Pioneer of TOD in Malaysia with five TODs in the pipeline

02

Largest listed Bumiputera construction company

03

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

04

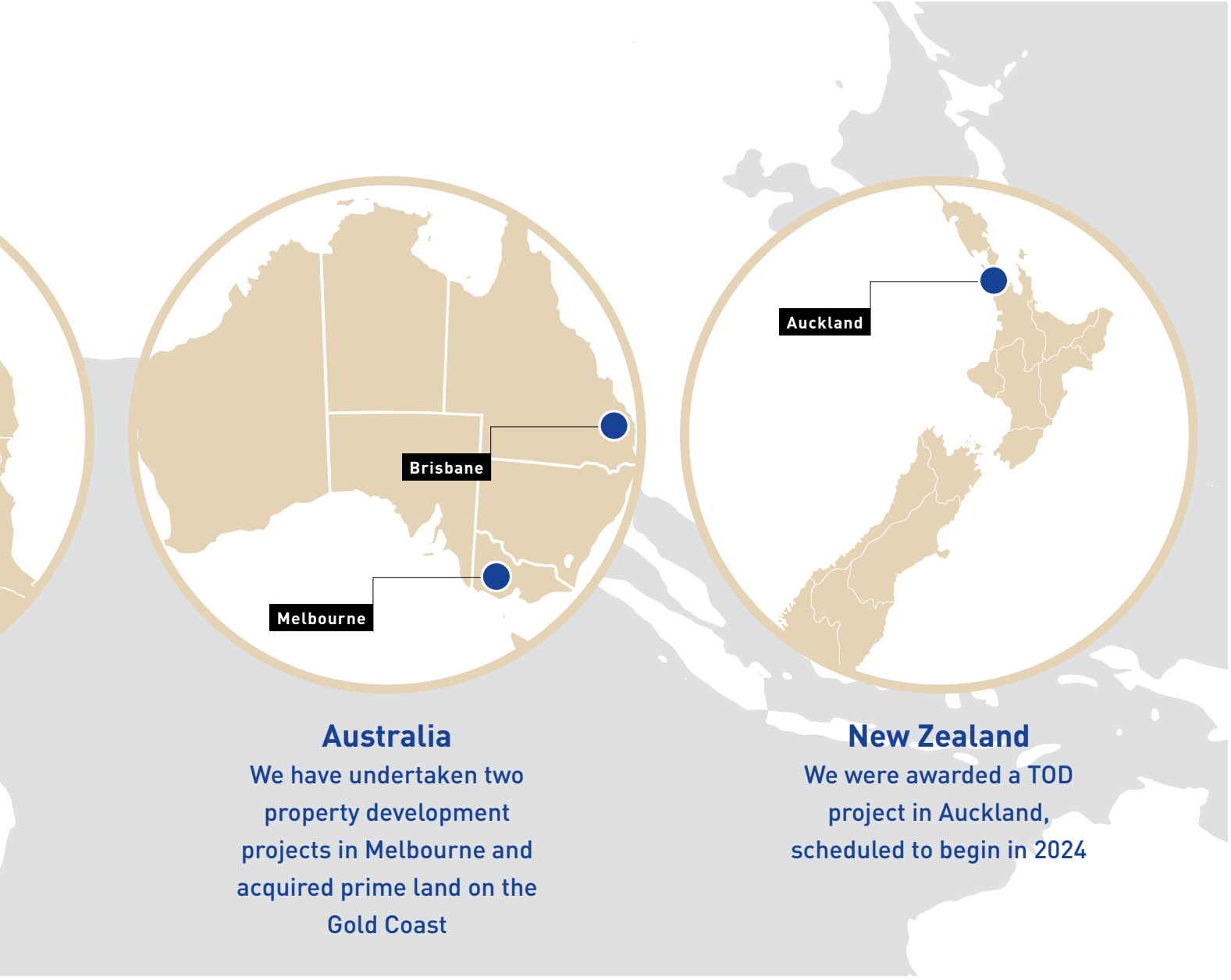
Developed proprietary modular construction technology – MRCB Building System (MBS)

05

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

06

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



Australia

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

New Zealand

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

WHAT WE DO:
OUR EXPERTISE

We deliver our products and services through three core business segments

Pages
92 - 101

PROPERTY DEVELOPMENT & INVESTMENT

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102 - 110

ENGINEERING, CONSTRUCTION & ENVIRONMENT

FACILITIES MANAGEMENT & PARKING

WHAT WE DO:
OUR EXPERTISE

PROPERTY DEVELOPMENT & INVESTMENT

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

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

Revenue
RM498.1 million

Property Sales
RM309.8 million

Urban Land Bank
1,008 acres RM33 billion GDV

Property Unbilled Sales
RM0.9 billion

ENGINEERING, CONSTRUCTION & ENVIRONMENT

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

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

Revenue
RM903.6 million

Open Tenders
RM508.3 million

External Client Construction Order Book
RM27.3 billion

Unbilled Order Book
RM19.2 billion

FACILITIES MANAGEMENT & PARKING

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

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

Revenue
RM34.6 million

Manages Over
16,000 carpark bays

OUR TRANSIT ORIENTED DEVELOPMENTS (TODs)

MRCB Development

- KL SENTRAL CBD
- PJ SENTRAL GARDEN CITY
- PENANG SENTRAL
- KWASA SENTRAL
- CYBERJAYA CITY CENTRE

Leading TOD Developer in Malaysia...

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

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

KL SENTRAL CBD

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

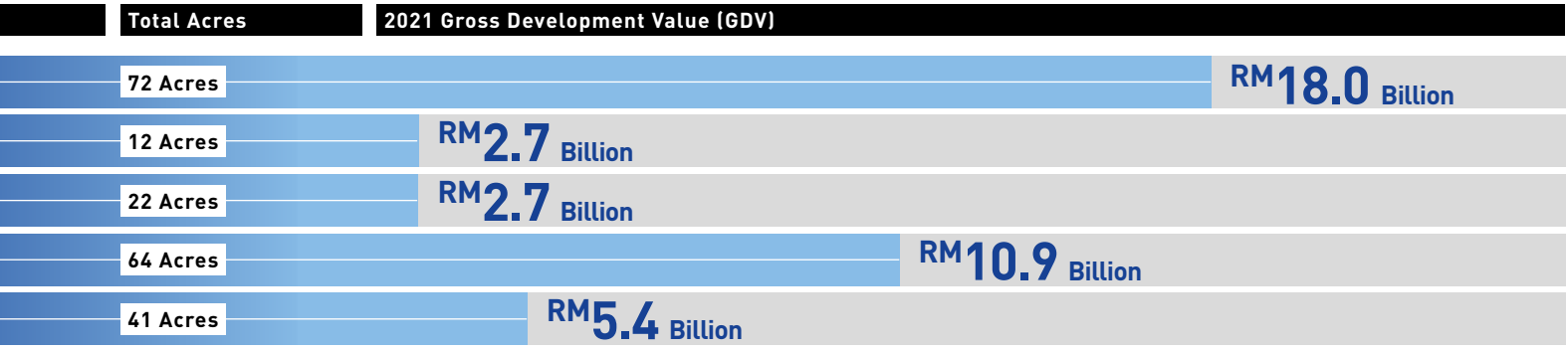
Designed by Dr Kisho Kurokawa – who also designed Kuala Lumpur International Airport – KL Sentral CBD was conceptualised as a "city-within-a-city", championing an integrated "Live, Work and Play" concept, and has remained MRCB's crowning jewel for over 15 years.

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

PJ SENTRAL GARDEN CITY

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

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



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

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

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

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

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

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

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

2021 KEY HIGHLIGHTS

01 FINANCIAL HIGHLIGHTS

GROUP REVENUE
RM1.4 billion

PROFIT BEFORE TAX
RM61.3 million

DIVIDEND
1.00 sen

NET GEARING
0.28 times

SHAREHOLDERS' FUNDS
RM4.5 billion

NET ASSETS PER SHARE
RM1.01

02 BUSINESS HIGHLIGHTS

GROSS DEVELOPMENT VALUE
RM33 billion

URBAN LAND BANK
1,008 acres

EXTERNAL CLIENT CONSTRUCTION ORDER BOOK
RM27.3 billion

TODS MAKE UP
77% of MRCB'S total GDV

03 SUSTAINABILITY HIGHLIGHTS

GENDER PAY GAP
5.4%
between male and female employees

CONTRIBUTION TO THE COMMUNITY
RM2.9 million

AVERAGE REDUCTION IN SCOPE 1 & SCOPE 2 CARBON EMISSIONS
8%

EMPLOYEE VACCINATION RATE
100%

GENDER
Male 62%
Female 38%

A CONSTITUENT OF
FTSE4Good

MSCI ESG RATING
BBB

ALIGNED TO
14 UNSDGs
SUSTAINABLE DEVELOPMENT GOALS

MALAYSIAN CODE ON CORPORATE GOVERNANCE
39 out of 43 Practices
3 out of 5 Step-Ups

ZERO
CYBERSECURITY & CUSTOMER DATA BREACHES

TOTAL EMPLOYED VIA PEKA@MRCB PROGRAMME
231 prisoners/offenders

HOW WE ARE STRUCTURED

PROPERTY DEVELOPMENT & INVESTMENT

- **MRCB LAND SDN BHD** 100%
  - Efficient Class Sdn Bhd 100%
  - Crystal Hallmark Sdn Bhd 100%
  - Pinnacle Paradise Sdn Bhd 100%
  - Subang Sentral Sdn Bhd 100%
  - Esquire Moments Sdn Bhd 100%
  - Stigma Tiara Sdn Bhd 100%
  - Nilaitera Sdn Bhd 100%
  - Rukun Juang Sdn Bhd 100%
    - > Bukit Jalil Sentral Property Sdn Bhd 20%
  - CSB Development Sdn Bhd 70%
  - Metro Spectacular Sdn Bhd 100%
  - Legasi Azam Sdn Bhd 100%
- **P.J SENTRAL DEVELOPMENT SDN BHD** 100%
- **SYNARGYM SDN BHD** 100%
- **PENANG SENTRAL SDN BHD** 100%
- **PUNCAK WANGI SDN BHD** 100%
- **MRCB INNOVATIONS SDN BHD** 100%
  - MRCB Innovations (HK) Pte Limited# 100%
- **MALAYSIAN RESOURCES CONSTRUCTION SYSTEM SDN BHD** 100%
  - MRCS (Singapore) Pte Ltd^ 100%
- **MRCB UTAMA SDN BHD** 100%
- **ONESENTRAL PARK SDN BHD** 100%
- **MRCB PUTRA SDN BHD** 100%
- **MALAYSIAN RESOURCES DEVELOPMENT SDN BHD** 100%
  - MRCB International Sdn Bhd 100%
    - > MRCB Australia Holding Company Pty Ltd 100%
    - > MRCB Project Carnegie Pty Ltd* 100%
    - > MRCB Land (Australia) Pty Ltd* 100%
    - > MRCB Project Incorporated Pty Ltd* 100%
    - > MRCB Project Vista Pty Ltd *(formerly known as MRCB Docklands Pty Ltd)* 100%
    - > MRCB New Zealand Holdings Ltd@ 100%
      - + MRCB Aotea Central Limited@ 100%
  - Seri Iskandar Development Corporation Sdn Bhd 100%
- **KUALA LUMPUR SENTRAL SDN BHD** 100%
  - Unity Portfolio Sdn Bhd 100%
- **KWASA SENTRAL SDN BHD** 70%
- **PREMA BONANZA SDN BHD** 51%
- **MRCB SENTRAL PROPERTIES SDN BHD** 100%
- **SOOKA SENTRAL SDN BHD** 100%
- **EXCELLENT BONANZA SDN BHD** 100%
- **348 SENTRAL SDN BHD** 100%
- **COUNTRY ANNEXE SDN BHD** 100%
- **MRCB SEPUTEH LAND SDN BHD** 100%
- **MRCB SPECTRUM SDN BHD** 100%
- **COSY BONANZA SDN BHD** 65.7%

ENGINEERING, CONSTRUCTION & ENVIRONMENT

- **MRCB BUILDERS SDN BHD** 100%
  - MRCB Environmental Services Sdn Bhd 100%
    - > MRCB Environment 100%
  - Transmission Technology Sdn Bhd 100%
  - MRCB Engineering Sdn Bhd 100%
  - Milmix Sdn Bhd 100%
  - Region Resources Sdn Bhd 100%
  - Sanjung Sepang Sdn Bhd 100%
  - Setia Utama LRT3 Sdn Bhd *(formerly known as MRCB George Kent Sdn Bhd)* 100%
- **MRCB PRASARANA SDN BHD** 100%
  - MRCB Lingkaran Selatan Sdn Bhd 100%
    - > MRCB Southern Link Berhad 100%

FACILITIES MANAGEMENT & PARKING

- **SEMASA SENTRAL SDN BHD** 100%
- **SEMASA PARKING SDN BHD** 100%
- **MRCB SENTRAL SECURITIES SDN BHD** *(formerly known as Semasa Sentral (Penang) Sdn Bhd)* 100%
- **MR SECURITIES SDN BHD** 100%
  - Semasa Security Sdn Bhd 100%

For a complete list of companies in the Group, please turn to pages 155 - 164 (Note 42) of the accompanying Financial Report.
(*) denotes that the company operates in Australia
(#) denotes that the company operates in Hong Kong
(@) denotes that the company operates in New Zealand
(^) denotes that the company operates in Singapore
All other companies operate in Malaysia.

AWARDS
AND RECOGNITION

AWARDS RECEIVED IN 2021

UNITED NATIONS GLOBAL COMPACT NETWORK MALAYSIA & BRUNEI

SUSTAINABILITY PERFORMANCE AWARDS 2021

SDG Benchmark 6
(Corporate Category)

2020 MSWG-ASEAN CORPORATE GOVERNANCE SCORECARD ASSESSMENT

INDUSTRY EXCELLENCE AWARD

Property Sector

iPROPERTY DEVELOPMENT EXCELLENCE AWARDS (iDEA) 2021

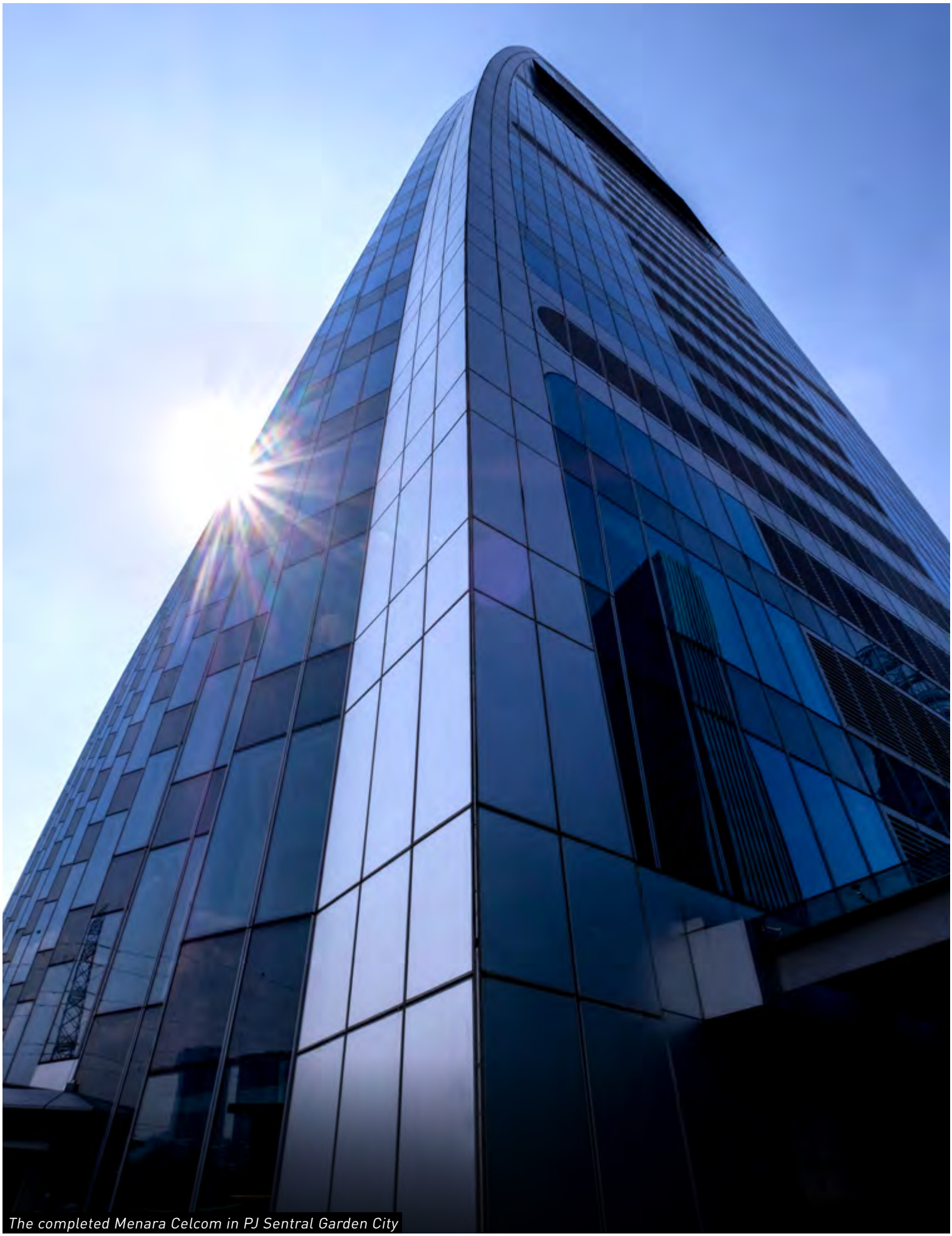
COMMUNITY CSR AWARD

AUSTRALASIAN REPORTING AWARDS 2021

GOLD AWARD

UNITED NATIONS

CERTIFICATE OF ENGAGEMENT FOR THE PLASTIC DISCLOSURE PROJECT



The completed Menara Celcom in PJ Sentral Garden City

KEY MILESTONES

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

TOD PIONEER

2001
Stesen Sentral KL opened for operations

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

2006
KL Sentral CBD awarded MSC Malaysia Cybercentre status

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

2011
Completed first Green Office Campus, Platinum Sentral

2013
Completed key developments within KL Sentral CBD, such as Menara Shell, CIMB Tower, Aloft Kuala Lumpur Sentral, and Menara Allianz

2014
Launched first project in Australia, the Easton Burwood

2015
Kwasa C8 Management Contract for provisional total project sum of RM3.1 billion

2016
Kwasa Damansara infrastructure PDP for RM112.3 million

Private Placement raising RM408.0 million

No-Gift Policy

2017
Raised RM1.7 billion through Rights Issue

Completion of Group re-branding exercise

Embarked on Digitalisation

Signing of the Corruption Free Pledge

2018

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

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

Launched Penang Sentral

Commenced Anti-Bribery Management System

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

TRANSFORMATION

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

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

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

2019
ISO 37001:2016 Certification for the Anti-Bribery Management System

Launched MRCB Building System (MBS)

Launched PEKA@MRCB programme

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

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

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

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

KEY MILESTONES

SUSTAINABLE INNOVATION

2020

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

Embarked on a RM5 billion Sukuk Murabahah Programme

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

Contributed RM1.5 million to COVID-19 relief efforts

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

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

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

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

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

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

2021

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

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

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

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

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

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

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

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

OUR APPROACH TO SUSTAINABILITY

MRCB'S SUSTAINABILITY JOURNEY AND CORPORATE SUSTAINABILITY GOALS

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

Build Liveable and Resilient Communities, Care for Environment, Drive Sustainable Growth

Embedded ESG into Our Business

- Develop green-certified buildings and sustainable TODs that integrate living and working spaces around transportation hubs
- Build world-class infrastructure to improve connectivity
- Engage and develop long-term partnerships with internal and external stakeholders
- Create value for all

Alignment to UNSDGs, Global Standards and Goals

GRI | IR | SUSTAINABLE DEVELOPMENT GOALS

1 NO POVERTY | 2 ZERO HUNGER | 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

Sustainable and Resilient Business

- Net Zero Carbon by 2040 (Scope 1 & Scope 2)
- Sustainable Procurement
- Industry Leader

ACHIEVED → **TARGET**

2017

- Sustainability Report aligned to GRI Standards
- Alignment to 2 SDGs

2018

- Alignment to 6 more SDGs

2019

- Publication of inaugural Integrated Annual Report in accordance with the International Integrated Reporting Framework
- Launched our proprietary modular construction technology, MRCB Building System (MBS)

2020

- Signatory of the Ten Principles of the UNGC
- Member of the UNGC CFO Taskforce
- Alignment to 4 more SDGs
- Obtained external assurance for selected sustainability data

2021

- Embarked on Task Force on Climate-related Financial Disclosures (TCFD) Reporting
- Member of the CEO Action Network
- Expanded reporting on Scope 3 carbon emissions
- Established science-based targets for Scope 1 & Scope 2 carbon emissions
- Alignment to 2 more SDGs

2022

- Sustainable Procurement
- Apply for Science-Based Targets initiatives (SBTi) validation
- Embedding of sustainability in Management's KPIs
- Expand measurement of Scope 3 carbon emissions to suppliers
- Enhance Diversity, Equity & Inclusion Programmes

2023-2040

- Expand measurement of Scope 3 carbon emissions to 50% of suppliers by 2025 and 100% of suppliers by 2030
- Net Zero Carbon (Scope 1 & Scope 2) by 2040

OUR APPROACH TO SUSTAINABILITY

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

MRCB's Sustainability Pillars

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

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

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

2020 — Climate Action Strategy — 2040

Phase 1	Phase 2		Phase 3
Completed Initiatives Developed Climate Change Statement Developed Biodiversity Statement Climate Risk Assessment (CRA) integrated into existing enterprise risk management system Established Scope 1 & Scope 2 carbon emissions baseline Achieved an average 8% reduction in carbon emission intensity for Scope 1 & Scope 2 in 2021 Developed and marketed MRCB Building System (MBS) to reduce carbon footprint and mitigate other sustainability issues in the construction industry	**Ongoing Initiatives** Conduct capacity building workshops to build awareness on climate change Ongoing development and maintenance of our Board and Management's climate capability Implement reduction strategy for eco-efficiency (energy, water, waste and carbon) Adopt and identify gaps against the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) Commit to Science-Based Targets initiatives (SBTi) by getting validation of our Scope 1 & Scope 2 science-based carbon emission reduction targets Identification of new opportunities within the renewable energy space	Expand capacity and expertise in waste-to-energy, solar and wind farms and water projects Refine MRCB's Green Building Policy and increase the adoption of modular construction Enhance Responsible Procurement by establishing new policies and guidelines for sustainable procurement Expand reporting on Scope 3 carbon emissions Enhance energy reduction initiatives through District Cooling System Plant optimisation, LED retrofitting, and digitalisation	Further identification of Scope 3 emissions Expand into clean energy such as solar and hydrogen power, and source for low and/or zero carbon fuels Transition to electric-powered equipment and machinery Increase acceptable off-set initiatives and develop a Carbon Sequestration Strategy

OUR APPROACH TO SUSTAINABILITY

INTEGRATION OF THE UNITED NATIONS SUSTAINABILITY DEVELOPMENT GOALS (UNSDGs)

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

In 2017, we selected two UNSDGs, Goals 9 (Industry, Innovation and Infrastructure) and 11 (Sustainable Cities and Communities), which are inherently embedded in our role as a Transit Oriented Developer (TOD), and well aligned with our values and business goals. In 2018, we identified six additional SDGs which reflected our strengthened efforts to build a sustainable business. In 2020, we expanded our goals to Goals 10 (Reduced Inequalities) and 15 (Life on Land). We also recognised Goals 16 (Peace, Justice and Strong Governance) and 17 (Partnership for the Goals), as key drivers by establishing trusting relationships with relevant government agencies and institutions to help drive the SDGs. In 2021, we further expanded our integration of the SDGs with the inclusion of Goals 1 (No Poverty) and 2 (Zero Hunger), which we continue to perform through our numerous corporate social responsibility programmes.

SDG	Description
1 NO POVERTY	• We regularly provide financial aid, household necessities, and aid for medical treatment to the most vulnerable segments of society, especially for families that were affected by the COVID-19 pandemic.
2 ZERO HUNGER	• We believe zero hunger is a basic human right and provide food aid to underprivileged indigenous families, different-abled communities, orphans, undocumented foreigners, refugees, and students.
3 GOOD HEALTH AND WELL-BEING	• We prioritise health and safety in our business operations by adopting rigid safety standards and systems, as well as implementing a Quality, Environmental, Safety and Health (QESH) Policy, in addition to providing continuous safety training to protect our employees, sub-contractors, clients and the general public. • We established comprehensive Standard Operating Procedures (SOPs) to manage COVID-19 outbreaks and provided Rapid Test Kits (RTKs) to all employees for regular self-checks, before allowing them access to our sites and offices. • We promote healthy lifestyles by organising programmes that focus on our employees' physical and mental well-being. • We developed our Human Rights Statement which articulates our commitment in this area.
4 QUALITY EDUCATION	• We have been involved in renovating and upgrading dilapidated schools and libraries. • We provided lunches, books, and uniforms for underprivileged children. • We leveraged on our skills and expertise to complete the construction of 35 classrooms for the Ministry of Education in approximately three months.
5 GENDER EQUALITY	• We acknowledge women's contribution in the industry and are committed to promoting the advancement of women, especially in fields related to property development, engineering and construction by introducing empowerment programmes and more flexible policies to promote gender equality.
8 DECENT WORK AND ECONOMIC GROWTH	• Our Transit Oriented Developments (TOD) and infrastructure development projects create large economic multipliers, provide numerous employment opportunities and contribute to the development of the national economy. • We provide competitive remuneration packages to our employees in addition to training opportunities for career growth and development.
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	• We develop and construct green buildings, and where possible make efforts to incorporate sustainable features in our infrastructure projects.

SDG	Description
10 REDUCED INEQUALITIES	• We strive to reduce gender inequalities by providing our female workforce a safe work environment fitted to their needs, i.e., Mother's Room for nursing mothers, provide training to our female workforce, closing the gender pay gap and striving towards achieving 30% female representation on the Board level. • We believe in giving back to less-privileged Malaysians, and through Yayasan MRCB we have channelled our contributions or donations to the underserved communities, such as orphanages, the differently abled, orang asal, and B40 category families. • We provide employment to prisoners/offenders through our PEKA@MRCB Programme.
11 SUSTAINABLE CITIES AND COMMUNITIES	• As a leading urban property and TOD developer, we contribute by connecting communities and businesses, reducing GHG emissions in cities and promoting sustainable lifestyles by encouraging people to walk and travel using public transport by integrating our developments with mass public transportation infrastructure, removing vehicles from the roads. • We are involved in the construction of rail and road infrastructure, green buildings and affordable housing that reduces carbon emissions, connects communities, and provides opportunities for the general public to live comfortably and affordably in thriving cities.
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	• We implement our QESH Policy at project sites, which includes the practice of the 3Rs (Reduce, Reuse, and Recycle). • We track water and energy usage and the waste generated at our project sites and implement strategies to improve efficiency and reduce the waste produced. • We deliver training courses and toolbox talks regularly to educate our site workers and employees on how to carry out site inspections and work safely.
13 CLIMATE ACTION	• We developed a Climate Change Statement articulating our commitments to tackling climate change. • We measure and disclose our carbon dioxide (CO_2) emissions (Scope 1 & Scope 2) and will validate our science-based reduction targets. • We record our energy, water consumption and waste generation and are currently planning ways to increase our energy efficiency as well as reduce waste across all our business operations. • We have embarked on conducting TCFD assessments to measure the risks of climate change to our business and develop strategies to overcome them.
15 LIFE ON LAND	• We developed a Biodiversity Statement acknowledging and committing to the Ramsar Convention and the five principles stipulated in Malaysia's National Policy on Biological Diversity where applicable to our business operations.
16 PEACE, JUSTICE AND STRONG INSTITUTIONS	• We believe strong corporate governance is the foundation of building a resilient and sustainable business, as well as providing us with a competitive advantage. • We commit to upholding peace, justice and strong institutions.
17 PARTNERSHIPS FOR THE GOALS	• We engage with our stakeholders and create trusting and beneficial partnerships that drive the SDG goals further. • As a signatory of the United Nations Global Compact (UNGC) Network Malaysia, we have adopted its universal Ten Principles that guide us on our sustainability journey. • We are a member of the CEO Action Network (CAN) network and the UNGC CFO Taskforce for the SDGs to promote the Sustainable Finance agenda.

OUR APPROACH
TO SUSTAINABILITY

SUSTAINABILITY GOVERNANCE

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

The Board of Directors (Board) and Senior Management are responsible for sustainability and for overseeing the development and adoption of the Group Sustainability Strategy, and its related policies and risk mitigation plans.

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

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

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

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

iv
Overseeing the institutionalisation of sustainability within the Group.

The Chief Corporate Officer (CCO) has been identified by the Board to provide dedicated focus to manage sustainability strategically, including the integration of sustainability considerations in the operations of the Group. To assist the CCO in executing this mandate, the Sustainability Management Committee (SMC) was established to provide advice and assistance to the Board for sound decision making on sustainability issues, as well as facilitate the overall goal towards improving and enhancing the Group's sustainability performance. The SMC consists of our Senior Management, with our CCO designated as its Chairman that manages the material sustainability matters and ensures the Board stays abreast with and understands the sustainability issues, including climate-related risks and opportunities. Outcomes arising from the SMC meetings are updated to the Board each quarter.

Sustainability Governance Structure

BOARD OF DIRECTORS

SUSTAINABILITY MANAGEMENT COMMITTEE (SMC)
Chaired by Chief Corporate Officer

Support Functions	Sustainability Department	Core Operational Divisions
Heads of Departments at Corporate level	Secretariat of SMC and driver of sustainability initiatives	Heads of Divisions for MRCB's key business segments

OUR APPROACH TO SUSTAINABILITY

MRCB Sustainability Framework

OUR SUSTAINABILITY PURPOSE
Build Liveable and Resilient Communities, Care for Environment, Drive Sustainable Growth

Our Sustainability Key Action Plans

- Internal Action
- Sustainable Impact/ Business
- Risk and Governance
- Corporate Social Responsibility (CSR)
- Stakeholder Engagement

Aligned to UN Sustainable Development Goals

5-YEAR ROADMAP & KPIs

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

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

Our five sustainability focus areas are:

INTERNAL ACTION

Focuses on how MRCB creates positive impact internally while minimising the negative impacts from our operations. These include strategies to improve eco-efficency in energy, water and waste, and measuring and reducing our carbon footprint, as well as developing policies and strategies on protecting biodiversity and human rights.

SUSTAINABLE IMPACT/BUSINESS

Ensuring that our product offerings generate a positive impact for our customers and communities and covers areas like sustainable construction through the development of green buildings, TODs and transportation infrastructure that can help mitigate climate change, adopting sustainable procurement by ensuring locally sourced materials are specified and materials that meet sustainability specifications are procured.

RISK & GOVERNANCE

Process of identifying and managing material sustainability risks within the Group. This requires setting up a sustainability governance structure and measuring and reporting our sustainability progress and ensuring it is reported to our stakeholders in alignment with local and international requirements, indices and standards (e.g.: FTSE4Good, MSCI, GRI Standard).

CORPORATE SOCIAL RESPONSIBILITY (CSR)

Aligning the Group's CSR initiatives to the SDGs and exploring methods to measure our impact (e.g.: conducting a Social Return on Investment analysis on our initiatives).

STAKEHOLDER ENGAGEMENT

Focuses on both internal and external engagement with key internal and external stakeholders (i.e., employees, customers, communities surrounding our developments, Government and regulators, investors, NGOs, etc.) to help achieve the SDGs and align MRCB with national priorities (e.g.: piloting the Plastic Disclosure Project, engagement with the UNGC CFO Taskforce, etc).

CHAIRMAN'S REFLECTIONS

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

TAN SRI AZLAN ZAINOL
Chairman

Dear Stakeholders,

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

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

A CHALLENGING YEAR

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

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

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

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

SDG13

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

STRENGTHENING CLIMATE ACTION

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

Key Highlights of the Year

MARKET CAPITALISATION	GROUP REVENUE	PROFIT BEFORE TAX	DIVIDEND PER SHARE
2020: RM2.1 billion	*2020: RM1,199 million*	*2020: RM(154) million*	*2020: RM1.00 sen*
2021 RM1.6 Billion	2021 RM1,448 Million	2021 RM61 Million	2021 RM1.00 sen

CHAIRMAN'S REFLECTIONS

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

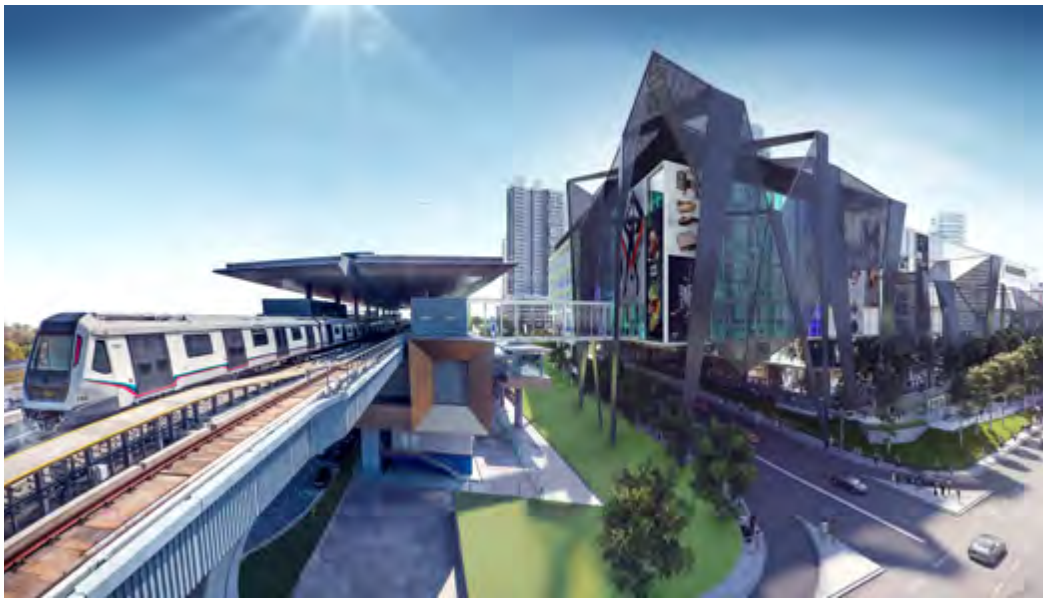
As an ESG proponent, we truly believe that climate actions by businesses need to start now. The recent floods in Malaysia in December 2021 are just one of the few examples of the negative impacts of climate change. The event, which led to the loss of properties and even lives, disrupted various business operations and supply chains, further impacting the economy that was already reeling from the pandemic, and served as a wake-up call for all industries to take immediate action before it is too late. In 2020, we announced our commitment towards achieving Net Zero Carbon in our Scope 1 & Scope 2 emissions by 2040 and set internal reduction targets for our operations. While our Scope 1 & Scope 2 emissions are currently calculated in accordance with the World Business Council for Sustainable Development and World Resources Institute's GHG Protocol, we now plan to adopt more stringent emission reduction target setting and from this year we have transitioned to science-based targets. In 2021, we began to lay the groundwork to extend our goal to our vendors and suppliers by reaching out to our top suppliers to communicate our plans and assess their readiness levels that could eventually allow us to track their carbon footprint as a means to strengthen our climate action plans. While we are still a long way from being able to measure and monitor carbon emissions produced by our vendors and suppliers, we hope we will eventually be able to disclose their greenhouse gas (GHG) emissions, which contribute to our Scope 3 emissions. We also canvassed our major suppliers on their human rights policies and other important sustainability related data points, to enable us to develop our sustainable procurement strategy, which will be a key thrust for us in 2022.

SDG15

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

As a sustainable developer, our contribution to climate change will not stop at reducing our own direct and indirect carbon emissions as we expand our scope of business into waste treatment. Nationwide, there are 141 landfills, with only 21 of them being sanitary landfills. These landfills, which have an average lifespan of 30 years and require large areas of land, contribute to environmental pollution and release methane gas which traps 72 times more heat than CO_2. With the expected growth in household waste, there is an urgent need for alternative ways to treat waste, in an environmentally-friendly manner, and slowly eliminate landfills completely. To this end, we are pleased to report that our endeavour in developing a waste-to-energy project will soon come to fruition as we reach the final stage of negotiations at the Government level.

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



Artist's impression of the Kwasa Sentral project

LEVERAGING INNOVATION AND TECHNOLOGY TO REDUCE OUR CARBON FOOTPRINT

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

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

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

SDG9

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

SDG8

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

SDG11

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

GENERATING ECONOMIC VALUE

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

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

CHAIRMAN'S REFLECTIONS

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

CREATING VALUE FOR OUR PEOPLE AND FOR COMMUNITIES

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

SDG3

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

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

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

LEADING WITH GOOD GOVERNANCE

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

A view of KL Sentral CBD at night

SDG16

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

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

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

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

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

In 2021, the Group was awarded the Industry Excellence Award for the Property Sector in the 2020 MSWG-ASEAN Corporate Governance Scorecard Assessment. The Scorecard covers 146 areas related to good corporate governance practices, 25 areas on bad practices that result in penalties, and 13 bonus areas that identify practices that go above and beyond good corporate governance. We also received a Gold Award at the 2021 Australasian Reporting Awards (ARA) in Melbourne, Australia for the third time. The Gold Award benchmarks and recognises the world's best practices in transparent and accountable reporting. Both these independent awards recognised and validated our efforts over the years in upholding the highest standards of corporate governance, transparency and quality of disclosures.

GOING FORWARD

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

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

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

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

AZLAN ZAINOL
Chairman

GROUP MANAGING DIRECTOR'S REVIEW

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

IMRAN SALIM
Group Managing Director

YEAR IN REVIEW

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

In Malaysia, strict COVID-19 movement restrictions were reinstated between the months of June and August 2021 and were more severe than those which took place in 2020, resulting in the closure of whole swathes of the economy, including the construction sector. The impact from the closure of construction sites was fully felt in the third quarter of 2021, which saw a 21% contraction in construction activity despite the low base recorded the year before. At MRCB, while we were better prepared to manage the disruptions to our business considering the pandemic was no longer an "unprecedented" event, it was nevertheless very challenging as movement restrictions prevented us from operating our construction sites for almost 10 weeks. Even when our project sites were reopened, we were impacted by lower productivity in order to comply with Government-mandated restrictions.

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

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

Key Highlights of the Year

URBAN LAND BANK

2020: 323 acres

2021 **1,008 acres**

GROSS DEVELOPMENT VALUE

2020: RM32 billion

2021 **RM33 Billion**

EXTERNAL CLIENT CONSTRUCTION ORDER BOOK

2020: RM21.7 billion

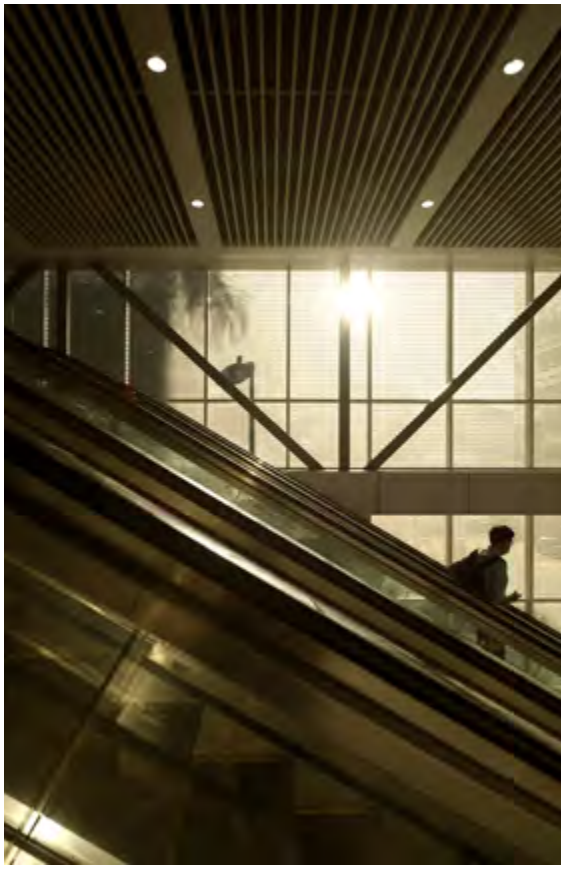
2021 **RM27.3 Billion**

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

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

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

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



KL Sentral CBD features seamless connectivity through its integrated transportation hub

GROUP MANAGING DIRECTOR'S REVIEW

KEY BUSINESS HIGHLIGHTS

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

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

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

Artist's impression of the LRT3 project

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

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

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

EXPANDING OUR REACH

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

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

As part of our strategy to move towards sustainable business and leveraging on opportunities brought about by climate change, much research and effort has been put into seeking new markets within the renewable energy space. With the expected growth in household waste and a minimal number of sanitary landfills in Malaysia, which currently only has 21 sanitary landfills, there is an urgent need for alternative ways to treat waste, in an environmentally-friendly manner, and slowly eliminate landfills completely. Waste-to-energy allows us to not only process waste in an efficient and sustainable manner, it also converts waste into a fuel source which is used to generate energy. With landfills requiring large areas of land and releasing methane gas that traps 72 times more heat than CO_2, MRCB has earmarked waste-to-energy as a priority area to venture into. As part of our efforts to realise this strategy, we have already identified a suitable project. To date, the technology, which is sourced from Europe and adapted for the higher moisture content in Malaysia's household waste, has been approved by the Government, and we are awaiting for the service agreement to be finalised.

GROUP MANAGING DIRECTOR'S REVIEW

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

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

TOWARDS CLIMATE ACTION

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

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

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

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

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

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

TRANSFORMING CULTURE

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

We also subscribe to the belief that a positive work culture can be fostered through open and frequent communication. While the newly launched People Transformation Programme greatly promotes this, MRCB has continued to leverage on electronic digital media (EDM) to share key messages with our employees. Such EDMs are shared not only to announce the publication of new policies and share administrative matters, but also used to educate and remind employees of everyday affairs such as internal COVID-19 SOPs and ways to prevent infection; educating on cybersecurity threats and our zero tolerance of bribery and corruption, and speaking out if they encounter anything which is ethically wrong; and promoting a culture of integrity, accountability and safety in the workplace.

ACKNOWLEDGEMENTS

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

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

IMRAN SALIM
Group Managing Director

OUR COVID-19 RESPONSE

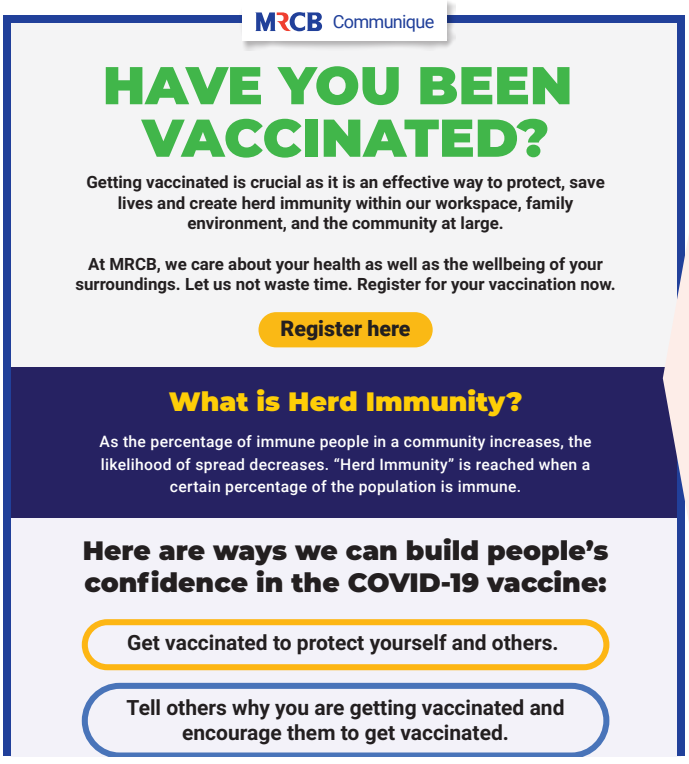
Clients/Customers

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

COVID-19 Relief & Value Creation

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

Interior shot of 1060 Carnegie in Melbourne, Australia



Employees

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

Shareholders/Investors/Analysts

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

Suppliers/Sub-contractors

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

MRCB Communique

PHASE 1
Total Lockdown SOPs

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

Local Communities/Civil Society/NGOs

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

WE CONSIDER OUR OPERATING CONTEXT

ECONOMIC & INDUSTRY REPORT

The Economy

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

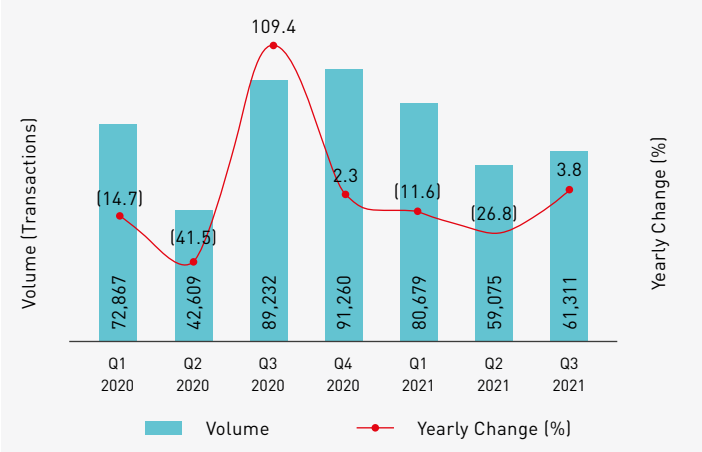
In Malaysia, the Full Movement Control Order (FMCO) that started in June 2021 lasted 11 weeks, longer than the first MCO implemented in 2020. The impact on the economy was once again widely felt and the country fell into a technical recession in the third quarter of 2021. In response, the Government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

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

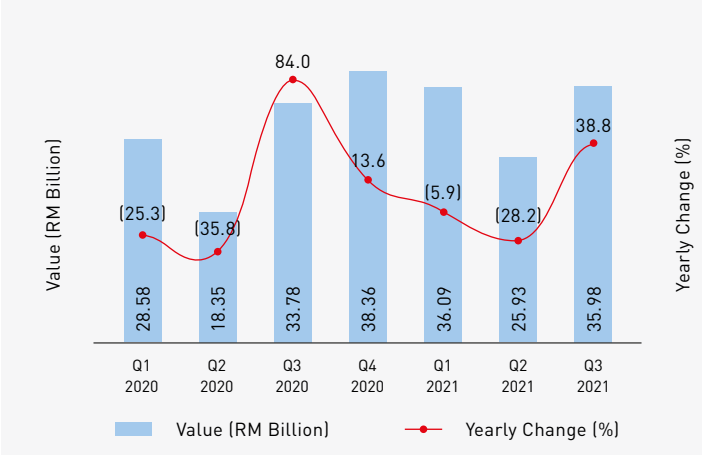
Property Sector

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

VOLUME OF TRANSACTION TREND



VALUE OF TRANSACTION TREND

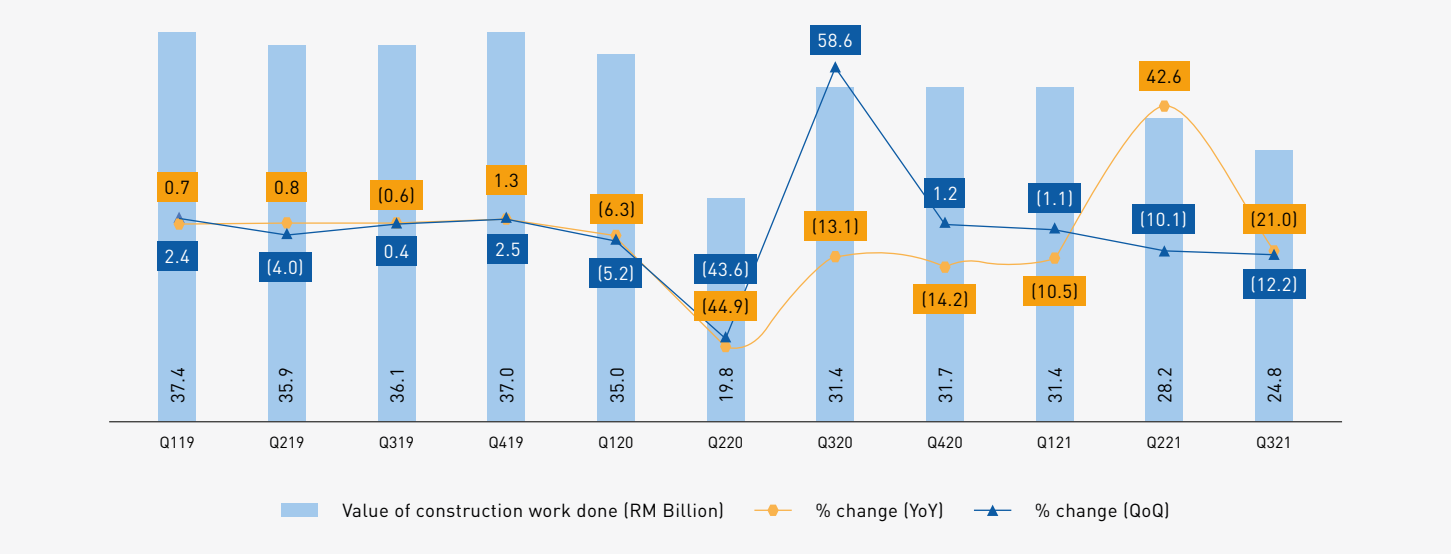


Construction Sector

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

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

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



Outlook

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

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

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

WE CONSIDER OUR OPERATING CONTEXT

KEY MARKET TRENDS & OUTLOOK

Key Market Trend 1

Weak Property & Construction Market

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

Potential Impact

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

Outlook

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

Response

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

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

Linked to:

Capitals:

MC FC

Growth Principle:

STRENGTHEN CORE FOR SUSTAINABLE RETURNS

Material Matters:

ECONOMIC & BUSINESS PERFORMANCE

INDIRECT ECONOMIC IMPACTS

Key Market Trend 2

Evolving Customer Trends

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

Potential Impact

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

Outlook

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

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

Response

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

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

Linked to:

Capitals:

SRC

Growth Principle:

DIVERSIFICATION & OPERATIONAL EXPANSION

Material Matters:

PRODUCT QUALITY & RESPONSIBILITY

INDIRECT ECONOMIC IMPACTS

WE CONSIDER OUR OPERATING CONTEXT

Key Market Trend 3

Environmental Stewardship

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

Potential Impact

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

Outlook

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

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

Response

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

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

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

Linked to:

Capitals:

MC IC NC

Growth Principle:

TECHNOLOGY ADOPTION & INNOVATION

QUALITY PRODUCTS & PEOPLE

Material Matters:

MATERIALS | SUSTAINABLE CONSTRUCTION | WASTE | CLIMATE CHANGE | BIODIVERSITY

Key Market Trend 4

Competitive Landscape

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

Potential Impact

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

Outlook

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

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

Response

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

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

Linked to:

Capitals:

MC IC

Growth Principle:

STRENGTHEN CORE FOR SUSTAINABLE RETURNS

DIVERSIFICATION & OPERATIONAL EXPANSION

Material Matters:

PRODUCT QUALITY & RESPONSIBILITY

WE CONSIDER OUR OPERATING CONTEXT

Key Market Trend 5

Regulatory Environment

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

Potential Impact

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

Outlook

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

Response

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

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

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

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

Linked to:

Capitals:

IC HC

Growth Principle:

QUALITY PRODUCTS & PEOPLE

Material Matters:

ETHICS & PRINCIPLES

GOVERNANCE & COMPLIANCE

Key Market Trend 6

Technology & Digitalisation

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

Potential Impact

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

Outlook

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

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

Response

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

Linked to:

Capitals:

IC HC

Growth Principle:

TECHNOLOGY ADOPTION & INNOVATION

Material Matters:

PRODUCT QUALITY & RESPONSIBILITY

INDIRECT ECONOMIC IMPACTS

AND LISTEN TO OUR STAKEHOLDERS

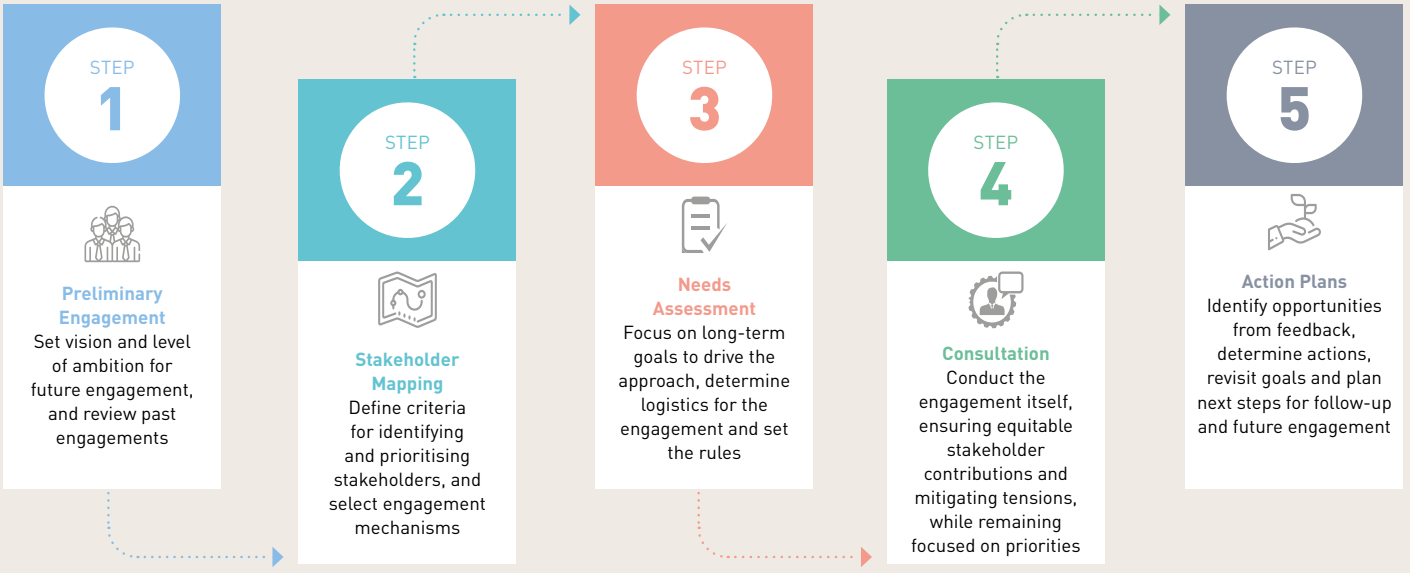
Stakeholder engagement is critical in determining business success.

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

At MRCB, we recognise that developing partnerships is important to realising our sustainability aspirations. Our stakeholder engagement strategy serves as a guide as to how partnerships are pursued and developed, prioritising specific contexts and challenges in alignment with the SDGs. We also assess the risks and opportunities associated with each stakeholder group to understand all the dimensions of value for them. These risks and opportunities are then taken into account when we consider the Group's wider risks in our Risk Management Policy and Framework.

STAKEHOLDER ENGAGEMENT PROCESS

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



Number of Stakeholders Engaged in 2021

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

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

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

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

Engagement Frequency:

D Daily W Weekly M Monthly Q Quarterly Y Yearly

CLIENTS / CUSTOMERS

Why We Engage

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

Risks

- Changing customer lifestyles and behaviours
- Loss of customers

Opportunities

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

Value Proposition

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

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

Engagement Platforms and Frequency

Y Customer satisfaction surveys

M Engagement activities and roadshows

Key Concerns and Expectations

For residential property buyers

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

For corporate and other clients

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

Response and Contributions

For residential property buyers

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

For corporate and other clients

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

AND LISTEN TO
OUR STAKEHOLDERS

SHAREHOLDERS/INVESTORS/ANALYSTS

Why We Engage

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

Risks

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

Opportunities

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

Value Proposition

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

Engagement Platforms and Frequency

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

Key Concerns and Expectations

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

Response and Contributions

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

AND LISTEN TO OUR STAKEHOLDERS

EMPLOYEES

Why We Engage

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

Risks

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

Opportunities

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

Value Proposition

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

Equal opportunities, safe working environment and learning and development.

Engagement Platforms and Frequency

- M Employee engagement sessions
- M Health & Wellness programmes
- D Social media
- Y Focus groups and surveys
- W Electronic direct mail (EDM) communication and video/multimedia engagement through video displays strategically located in common areas of our offices
- Y e-Newsletter

Key Concerns and Expectations

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

Response and Contributions

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

AND LISTEN TO
OUR STAKEHOLDERS

GOVERNMENT / REGULATORY BODIES

Why We Engage

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

Risks

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

Opportunities

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

Value Proposition

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

Tax contributions and innovative industry leadership.

Engagement Platforms and Frequency

M Engagement sessions

Y Site visits

Key Concerns and Expectations

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

Response and Contributions

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

LOCAL COMMUNITIES/CIVIL SOCIETY/NGOs

Why We Engage

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

Risks

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

Opportunities

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

Value Proposition

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

Engagement Platforms and Frequency

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

Key Concerns and Expectations

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

Response and Contributions

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

AND LISTEN TO OUR STAKEHOLDERS

SUPPLIERS / SUB-CONTRACTORS

Why We Engage

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

Risks

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

Opportunities

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

Value Proposition

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

Engagement Platforms and Frequency

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

Key Concerns and Expectations

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

Response and Contributions

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

MEDIA

Why We Engage

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

Risks

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

Opportunities

- Strengthen relationships with media for effective stakeholder outreach and communications

Value Proposition

Access to the latest business development updates and industry insights.

Engagement Platforms and Frequency

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

Key Concerns and Expectations

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

Response and Contributions

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

KEY HIGHLIGHTS OF OUR STAKEHOLDER ENGAGEMENT ACTIVITIES FOR 2021

Enhanced ESG Engagement Sessions

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

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

Press Conferences

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

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

CEO Action Network

CAN | ceo action network

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

AND LISTEN TO
OUR STAKEHOLDERS

UNGC's CFO Taskforce for the SDGs

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

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

UNGC Communication on Progress (CoP) 2021

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

Responsible Procurement & Supplier Assessment (GRI 204-1)

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

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

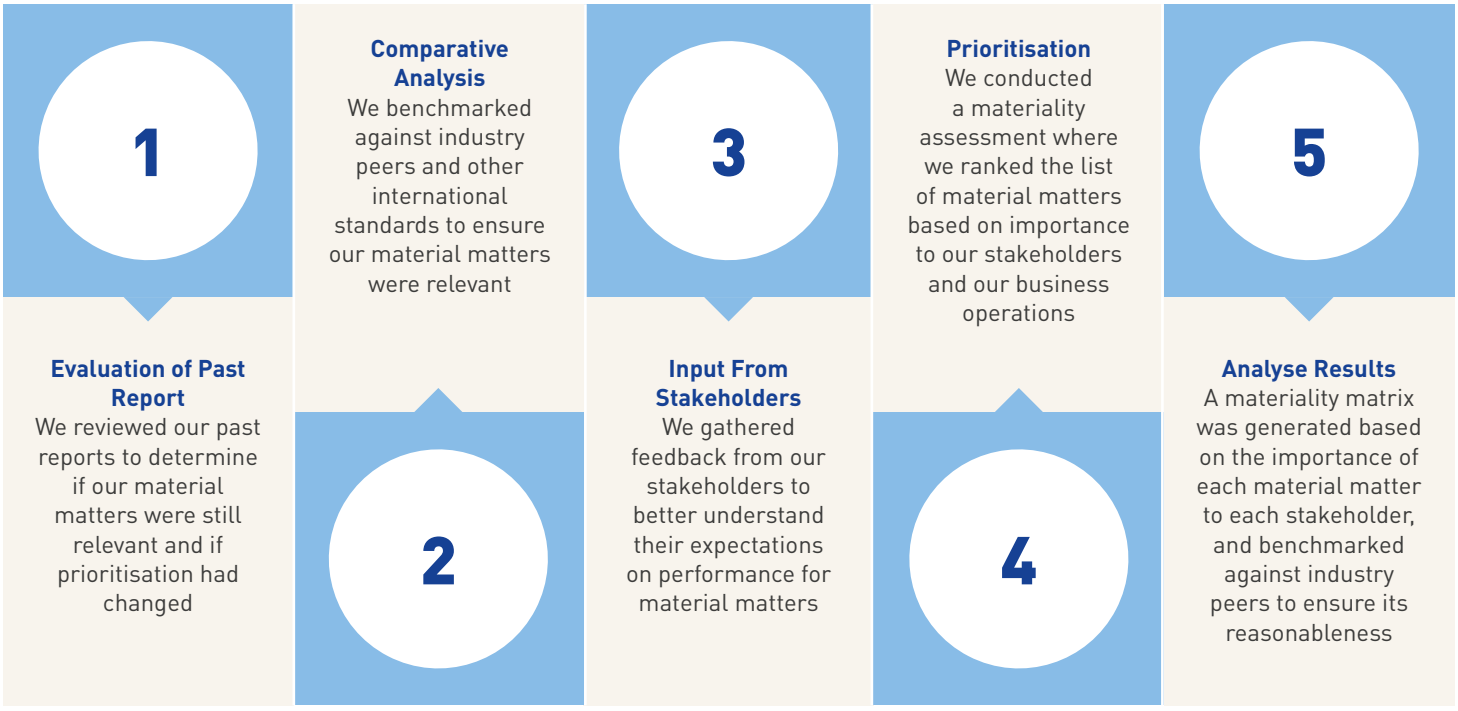
A survey covering the three pillars, Environment, Social and Governance (ESG) was conducted to gauge the sustainability performance of our vendors. The Group clarified its stand on sustainability and its expectations of our vendors to also contribute to this transformation journey. About 68% of the vendors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

TO DETERMINE OUR MATERIAL ISSUES

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

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

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



OUR MATERIAL ISSUES AND DEFINITIONS

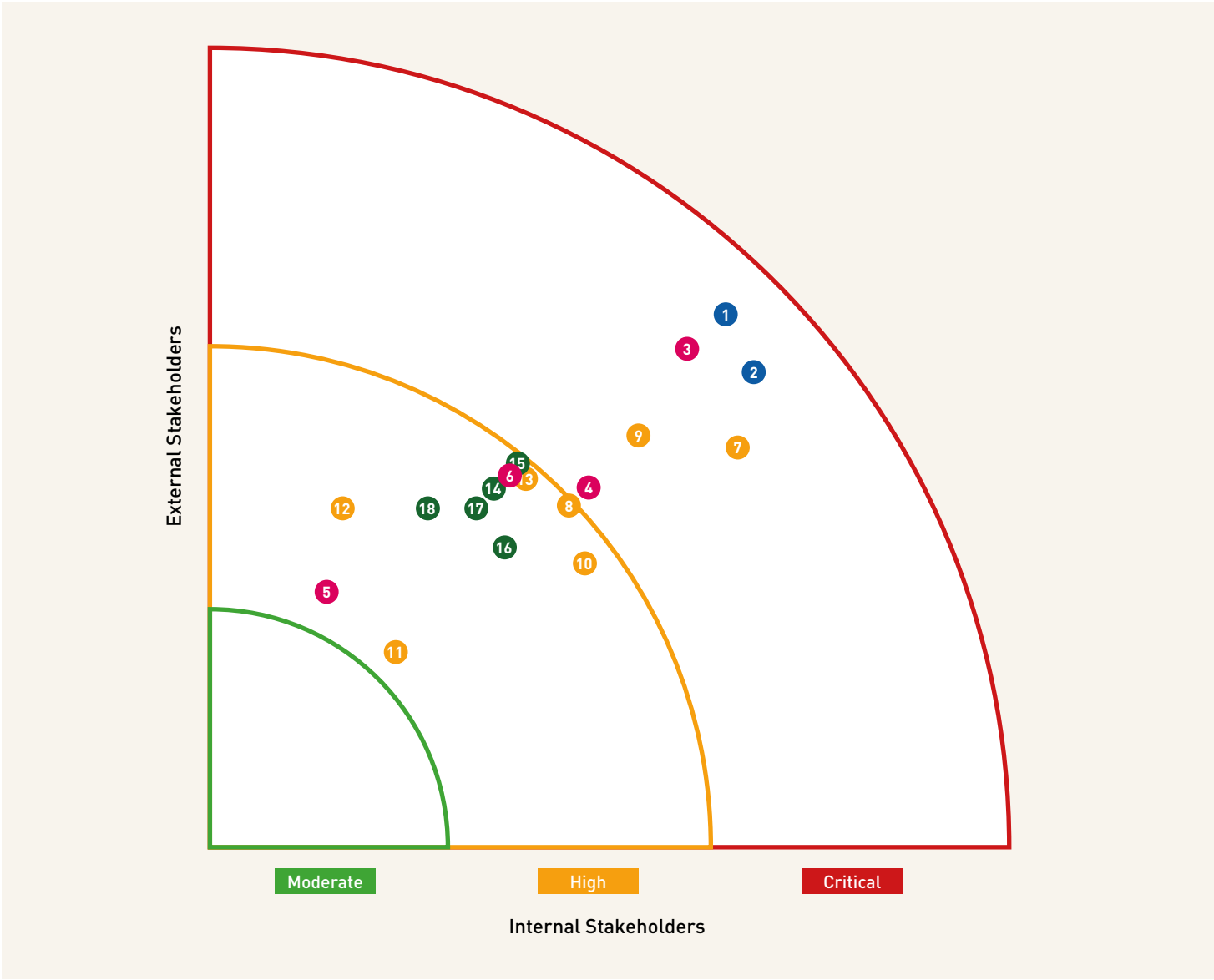
In 2021, we maintained the same 18 material matters that were identified in the previous reporting period. We used weighted ranking to allow stakeholders to identify which material matters were most important to them. There are six material matters located in the Critical area of the materiality matrix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

TO DETERMINE OUR MATERIAL ISSUES

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

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

MATERIALITY MAPPING



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

TO DETERMINE OUR MATERIAL ISSUES

MATERIALITY ANALYSES AND DISCUSSION

Materiality	Key Enterprise Risk (KER)	Group Enterprise Risk (GER)	Relevant Stakeholders	Corresponding GRI Indicators	SDGs
Governance					
Ethics & Principles	KER 006– Regulatory Risk	GER 011– Bribery Risk		102: General Disclosure 103: Management Approach 205: Anti-corruption 206: Anti-competitive Behaviour	8 DECENT WORK AND ECONOMIC GROWTH 16 PEACE, JUSTICE AND STRONG INSTITUTIONS
Governance & Compliance	KER 006– Regulatory Risk	GER 010– Governance & Compliance Risk		307: Environmental Compliance 419: Socioeconomic Compliance	
Economic					
Product Quality & Responsibility	KER 008– Quality Risk	GER 015– Quality Non-conformance Risk		103: Management Approach 201: Economic Performance	
Economic & Business Performance	KER 001– Project Delivery Risk KER 002– Liquidity Risk KER 004– Business Continuity Risk	GER 001– Construction Risk GER 004– Credit Risk GER 008– Climate Change Risk		201: Economic Performance	8 DECENT WORK AND ECONOMIC GROWTH 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
Indirect Economic Impacts	KER 009– Concentration Risk	GER 017– Investment Risk		203: Indirect Economic Impacts	
Responsible Procurement & Supplier Assessment	KER 001– Project Delivery Risk	GER 002– Procurement & Contractual Risk		204: Procurement Practices 308: Supplier Environmental Assessment 414: Supplier Social Assessment	8 DECENT WORK AND ECONOMIC GROWTH 12 RESPONSIBLE CONSUMPTION AND PRODUCTION
Social					
Health & Safety	KER 007– Safety, Health & Environment Risk	GER 013– Safety & Health Risk		403: Occupational Health & Safety	3 GOOD HEALTH AND WELL-BEING 8 DECENT WORK AND ECONOMIC GROWTH
Employee Engagement & Well-Being	KER 004– Business Continuity Risk	GER 006– Human Resources Risk		401: Employment 404: Training and Education	3 GOOD HEALTH AND WELL-BEING 4 QUALITY EDUCATION 8 DECENT WORK AND ECONOMIC GROWTH
Customer Engagement	KER 003– Marketing Risk KER 008– Quality Risk	GER 005– High Inventories Risk GER 016– Communication & Reputation Risk		418: Customer Privacy	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
Diversity & Equal Opportunity	KER 005– Environmental, Social and Governance (ESG) Risk	GER 009– Sustainability Risk		405: Diversity and Equal Opportunity	5 GENDER EQUALITY 8 DECENT WORK AND ECONOMIC GROWTH 12 RESPONSIBLE CONSUMPTION AND PRODUCTION
Labour	KER 001– Project Delivery Risk KER 004– Business Continuity Risk	GER 002– Procurement & Contractual Risk GER 006– Human Resources Risk		G4 Sector Specific – Construction and Real Estate Sector Disclosures	8 DECENT WORK AND ECONOMIC GROWTH

TO DETERMINE
OUR MATERIAL ISSUES

Materiality	Key Enterprise Risk (KER)	Group Enterprise Risk (GER)	Relevant Stakeholders	Corresponding GRI Indicators	SDGs
Social					
Local Community Engagement	KER 008– Quality Risk KER 005– Environmental, Social and Governance (ESG) Risk	GER 016– Communication & Reputation Risk GER 009– Sustainability Risk		413: Local Communities	3 GOOD HEALTH AND WELL-BEING 4 QUALITY EDUCATION 11 SUSTAINABLE CITIES AND COMMUNITIES 16 PEACE, JUSTICE AND STRONG INSTITUTIONS
Human Rights	KER 005– Environmental, Social and Governance (ESG) Risk	GER 009– Sustainability Risk		400: Social	3 GOOD HEALTH AND WELL-BEING 10 REDUCED INEQUALITIES 11 SUSTAINABLE CITIES AND COMMUNITIES 16 PEACE, JUSTICE AND STRONG INSTITUTIONS
Environment					
Materials	KER 001– Project Delivery Risk	GER 001– Construction Risk GER 002– Procurement & Contractual Risk		301: Materials	11 SUSTAINABLE CITIES AND COMMUNITIES 12 RESPONSIBLE CONSUMPTION AND PRODUCTION
Sustainable Construction	KER 001– Project Delivery Risk	GER 001– Construction Risk GER 002– Procurement & Contractual Risk		302: Energy 303: Water and Effluents 305: Emissions	11 SUSTAINABLE CITIES AND COMMUNITIES 12 RESPONSIBLE CONSUMPTION AND PRODUCTION 13 CLIMATE ACTION
Waste	KER 005– Environmental, Social and Governance (ESG) Risk KER 007– Safety, Health & Environment Risk	GER 009– Sustainability Risk GER 012– Environment Risk		306: Effluents and Waste	11 SUSTAINABLE CITIES AND COMMUNITIES 12 RESPONSIBLE CONSUMPTION AND PRODUCTION 13 CLIMATE ACTION
Climate Change	KER 005– Environmental, Social and Governance (ESG) Risk	GER 008– Climate Change Risk		300: Environmental	13 CLIMATE ACTION
Biodiversity	KER 005– Environmental, Social and Governance (ESG) Risk	GER 009– Sustainability Risk		304: Biodiversity	15 LIFE ON LAND

WHICH DRIVES OUR APPROACH TO VALUE CREATION

AN INTEGRATED AND SUSTAINABLE APPROACH TO VALUE CREATION

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

MINDFUL GOVERNANCE

1 ASSESSING OUR CONTEXT

OPERATING CONTEXT Page 38

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

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

RISKS & OPPORTUNITIES Page 67

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

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

2 ENGAGING WITH STAKEHOLDERS & IDENTIFYING MATERIAL MATTERS

STAKEHOLDER ENGAGEMENT Page 46

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

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

MATERIAL MATTERS Page 55

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

Governance

- ETHICS & PRINCIPLES
- GOVERNANCE & COMPLIANCE

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
- HUMAN RIGHTS
- LABOUR
- LOCAL COMMUNITY ENGAGEMENT

Environment

- MATERIALS
- SUSTAINABLE CONSTRUCTION
- WASTE
- CLIMATE CHANGE
- BIODIVERSITY

WHICH DRIVES OUR APPROACH TO VALUE CREATION

3 TAKING STOCK OF CAPITALS & FORMULATING OUR STRATEGY

CAPITALS

Page 64

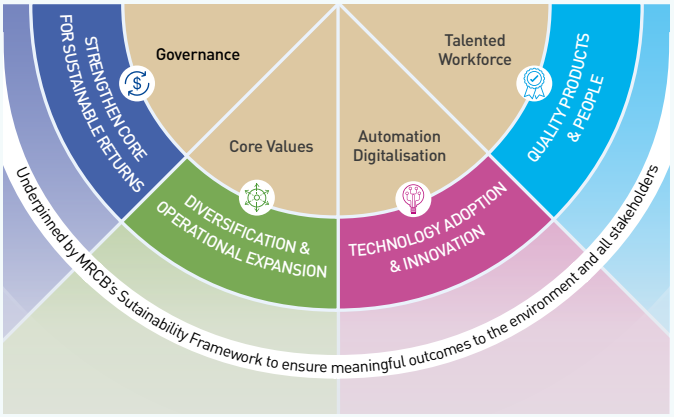
Our six Capitals are the business inputs and outputs through which we can execute plans and measure the value created from our business model and strategies. Access to and management of the six Capitals are critical to managing every aspect of the business.

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

STRATEGY

Page 77

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



4 MONITORING, MANAGING & REPORTING ON VALUE CREATION

VALUE CREATION

Page 62

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

We rely on **our resources**

To drive our **business activities**

Thus creating value for our **stakeholders**

Governed by our Strategy and Mindful Governance

AND FORMULATES OUR VALUE CREATING BUSINESS MODEL

As a pioneer of Transit Oriented Developments (TOD), we are committed to understanding the continuously evolving stakeholder needs and expectations that will enable us to create value for all.

Purpose

To Build Meaningful Places for A Better Tomorrow

Vision

Setting the Standard

OUR VALUE CREATION PROCESS IS GOVERNED BY MINDFUL GOVERNANCE

We Rely On Our Resources → **To Drive Our Business Activities**

INPUTS

HC — HUMAN CAPITAL
- 1,588 skilled professionals driving the company forward
- 33 health and safety programmes implemented to protect employees
- RM1.4 million invested in training and development

IC — 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

NC — NATURAL CAPITAL
- 1,008 acres of urban land owned for strategic development projects
- 14,091 tCO_2e of GHG emissions for Scope 1 & Scope 2

SRC — SOCIAL & RELATIONSHIP CAPITAL
- Strong network of 1,226 approved vendors supporting the business
- Conducted 21 ESG-specific engagement sessions
- Over 100,000 stakeholders engaged
- 36 community programmes held

FC — FINANCIAL CAPITAL
- RM4.4 billion in share capital
- RM5 billion Sukuk programme, RM800 million issued in 2021
- RM1.9 billion in total borrowings

MC — MANUFACTURED CAPITAL
- RM33 billion GDV land bank
- RM2.8 billion GDV of ongoing property development projects
- RM12.6 billion worth of ongoing infrastructure projects

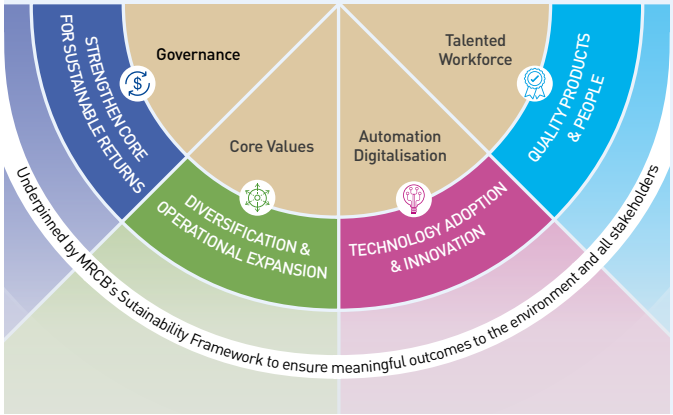
Property, Development & Investment

Engineering, Construction & Environment

Facilities Management & Parking

STRATEGY

Underpinned by **MRCB's Sutainability Framework** to ensure meaningful outcomes to the environment and all stakeholders



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 and Governance
- Regulatory
- Safety, Health & Environment
- Quality
- Concentration

Material Matters

Economic
- Product Quality & Responsibility
- Economic & Business Performance
- Indirect Economic Impacts
- Responsible Procurement & Supplier Assessment

Environment
- Materials
- Sustainable Construction
- Waste
- Climate Change
- Biodiversity

Governance
- Ethics & Principles
- Governance & Compliance

Social
- Health & Safety
- Human Rights
- Employee Engagement & Well-Being
- Labour
- Diversity & Equal Opportunity
- Customer Engagement
- Local Community Engagement

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).

Mission

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

Values

- Courageous
- Creative
- Driven
- Customer Centric
- Accountable

Creating Value For Our Stakeholders

OUTPUTS	OUTCOMES	STAKEHOLDERS IMPACTED	ALIGNMENT TO UNSDGs
Our Products Transit Oriented Developments	**HUMAN CAPITAL** • Women make up 38% of our workforce • Achieved 4-million man hours without LTI for the TRIA@9 Seputeh project • 100% vaccination rate by end-2021 • 5.4% mean employee gender pay gap		3 GOOD HEALTH AND WELL-BEING; 5 GENDER EQUALITY; 10 REDUCED INEQUALITIES
World-Class Residential Properties	**INTELLECTUAL CAPITAL** • Completed 35 classrooms for five schools in Putrajaya using MBS in approximately three months • Received the Sustainability Performance Award 2021 for SDG Ambition Benchmark 6 awarded by the United Nations Global Compact Malaysia & Brunei • Achieved a 4-Star SHASSIC rating for our Sentral Suites development		9 INDUSTRY, INNOVATION AND INFRASTRUCTURE; 16 PEACE, JUSTICE AND STRONG INSTITUTIONS; 17 PARTNERSHIPS FOR THE GOALS
Bespoke Commercial and Retail Developments	**NATURAL CAPITAL** • 8% average reduction in Scope 1 & Scope 2 carbon emissions • 12% increase in energy intensity • 22% increase in water intensity • 15% reduction in waste intensity *All figures based on intensity figures*		12 RESPONSIBLE CONSUMPTION AND PRODUCTION; 15 LIFE ON LAND; 13 CLIMATE ACTION
Innovative Buildings and Complex Structures	**SOCIAL & RELATIONSHIP CAPITAL** • 96% procurement budget spent on local suppliers • RM2.9 million contributed through CSR activities to organisations and communities • 231 prisoners/offenders employed through the PEKA@MRCB programme		1 NO POVERTY; 4 QUALITY EDUCATION; 2 ZERO HUNGER; 8 DECENT WORK AND ECONOMIC GROWTH
Quality Rail & Road Infrastructure	**FINANCIAL CAPITAL** • RM1.4 billion generated in revenue • RM61.3 million profit before tax • RM4.5 billion in shareholders' funds • Net gearing of 0.28 times		8 DECENT WORK AND ECONOMIC GROWTH
Power Projects and Rehabilitation of Rivers			
Facilities Management & Parking Services	**MANUFACTURED CAPITAL** • RM51 million worth of construction projects completed in 2021 • RM309.8 million property sales in 2021 • RM27.3 billion in external client construction order book		8 DECENT WORK AND ECONOMIC GROWTH; 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE; 11 SUSTAINABLE CITIES AND COMMUNITIES

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

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

AND FORMULATES OUR
VALUE CREATING BUSINESS MODEL

Trade-Offs by Capitals

The six 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	Trade-Off	Our Focus in 2021
Create diversified teams with innovative ideas and produce a pipeline of internal talents.	High turnover as talented employees are headhunted by other companies in the same industry.	Conducted a Vaccination Drive to fully vaccinate 1,000 employees with two doses of COVID-19 vaccines and a Booster Drive for 177 employees. Launched the People Transformation Programme to equip employees with necessary leadership tools to sustain organisational transformation and bespoke Learning & Development programmes for employees identified as future talent.

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. Using our intellectual capital and expertise to innovate solutions in waste-to-energy to provide a new source of long-term revenue.

Value Creation	Trade-Off	Our Focus in 2021
Our strong track record strengthened our value proposition as a TOD developer and engineering company with innovative and forward-looking project delivery solutions for customers.	Investments in new technologies are earmarked for delivering returns over the long-term, with no immediate financial rewards, also putting pressure on cashflow in the short-term.	Our proprietary MBS was actively brought to market, where we completed our first local MBS project awarded by the Ministry of Education to design and build 35 classrooms for five schools in Putrajaya using MBS in approximately three months. We also licensed the MBS technology to two major developers in Hong Kong and Singapore for ongoing high-rise developments they are undertaking in those countries.

NC NATURAL CAPITAL

Our Approach

Manage our consumption of energy, water and materials through monitoring and efficiency measures. Develop sustainable construction methodologies like MBS, which is a faster and a more energy and waste efficient construction technology. Implement more rigorous sustainable procurement strategies, by implementing policies and processes that embed sustainability at the project design stage, to ensure only locally sourced materials are specified and materials that meet sustainability specifications are procured.

Value Creation	Trade-Off	Our Focus in 2021
Progressively reduce our environmental footprint and deliver responsible products (value proposition) to our customers.	Our consumption footprint and the associated costs increase as we grow our operational footprint.	Technology such as MBS and modular construction were employed and licensed out, creating less waste and emissions. We surpassed our 1% carbon emissions reduction target and achieved an average 8% reduction in Scope 1 & Scope 2 emissions in 2021. Our commitment to reducing our carbon emissions was furthered with our involvement in various UN-level initiatives, the launch of our Net Zero Carbon by 2040 (Scope 1 & Scope 2) target, adopting science-based carbon emission reduction targets, and embarking on an assessment of the climate risks and opportunities in relation to our assets in line with the Task Force on Climate-related Financial Disclosures (TCFD) framework.

SRC SOCIAL & RELATIONSHIP

Our Approach

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.

Value Creation	Trade-Off	Our Focus in 2021
Strengthen stakeholder relationships and reinforce their confidence in our resilient business and solutions.	Due to 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 and conducted more ESG-specific sessions to address ESG-related concerns. Offered support through COVID-19 relief efforts by channelling donations in cash and in kind (food and medical supplies) to the most vulnerable in the community, while enforcing strict SOPs in our operations.

AND FORMULATES OUR
VALUE CREATING BUSINESS MODEL

FC FINANCIAL CAPITAL

Our Approach

Manage liquidity and maintain a sound financial structure and a healthy balance sheet while keeping the Group relatively asset and debt light.

Ensure business operations are optimised to generate revenue, profits and cashflow.

Value Creation	Trade-Off	Our Focus in 2021
Maintain and deliver attractive shareholder and investor returns by disposing non-core assets and monetising our inventory of completed stock. Refinance high interest rate debts with lower interest rate debts.	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 the investment of financial capital. Investors are also increasingly demanding more rigorous ESG and climate mitigation strategies which require capital investment and will impact financial performance and returns for investors in the short-term.	Raised funds through our RM5 billion Sukuk programme from which an additional RM800 million was issued at a rate of 3.75%, 4.66%, 5.09% and 5.20% for 1, 5, 7 and 10 years, respectively in 2021, largely to refinance higher interest rate debt at lower interest rates. The Group also continued its plan to diversify into new markets and mobilise MBS to accelerate returns and improve its sustainability.

MC MANUFACTURED CAPITAL

Our Approach

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 complex construction projects with higher pre-qualification requirements, like road and rail infrastructure development projects.

Efforts are undertaken to ensure materials are locally sourced and meet sustainability specifications.

Value Creation	Trade-Off	Our Focus in 2021
Develop sustainable communities through our TODs that seamlessly integrate between public transport, and working and living areas that improve productivity and enhance economic activity and social development. Protect the environment by constructing responsibly using sustainable materials and new technologies.	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 road congestion and reduces carbon emissions. In 2021, MRCB was awarded its first TOD project in Auckland, New Zealand to develop the Aotea Central Over Station Development with a GDV of NZ$452 million, and purchased 0.766 acres of prime land in the Gold Coast, Australia with a GDV of AUD296 million. Continued emphasis was given to ensure all commercial development projects qualified for the Green Building Index accreditation. The Group also achieved an average 8% reduction in Scope 1 & Scope 2 emissions in 2021, against a target of 1%.

WITH CONSIDERATION TO OUR RISKS

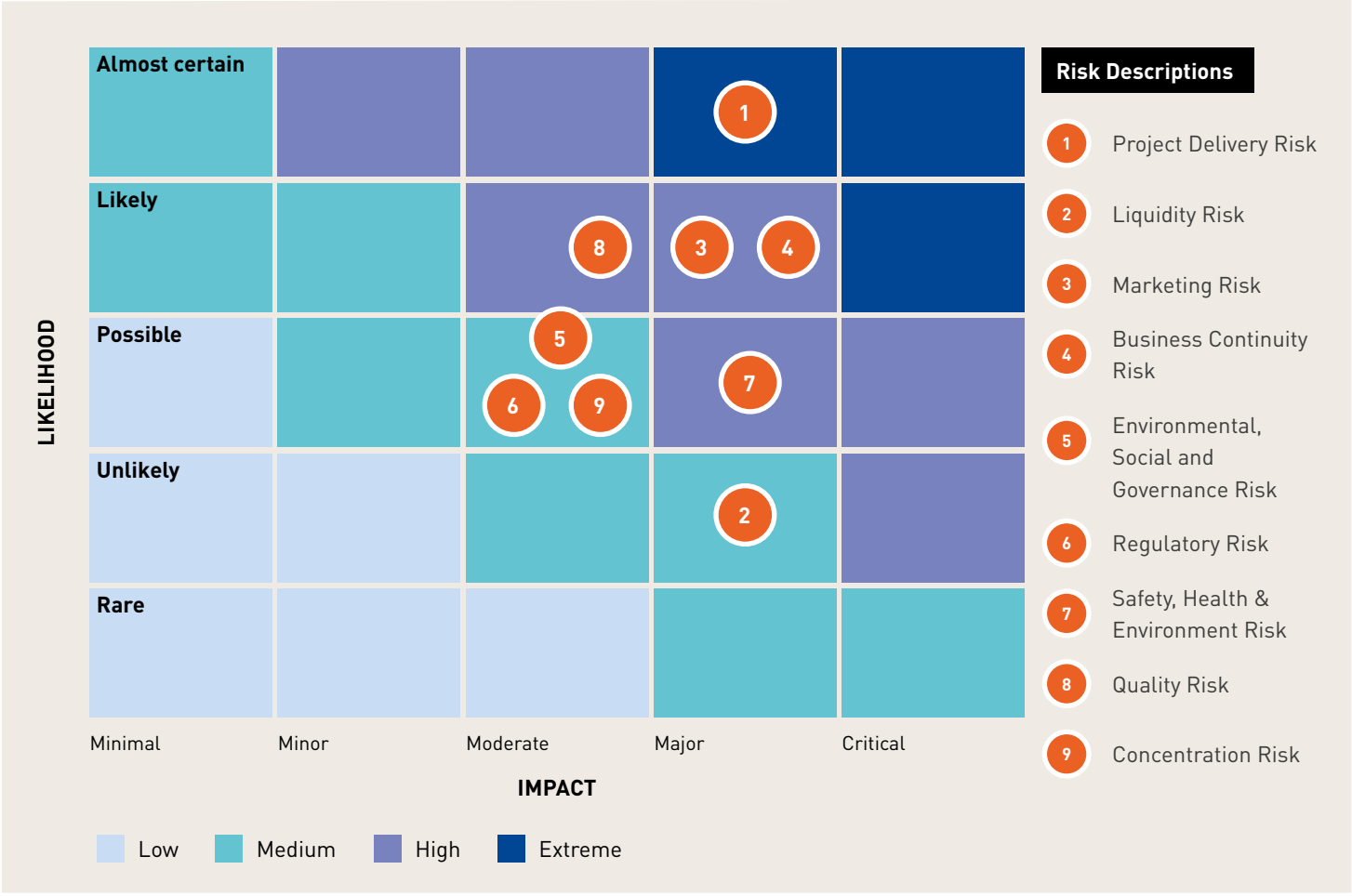
We strive to achieve a balance between realising value creation opportunities and mitigating adverse risks. MRCB's risk-based approach is designed to protect our ability to create value and achieve our corporate objectives. We are guided by a robust Enterprise Risk Management (ERM) Process (the Process) 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. It 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 pages 189 - 190.

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 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:



WITH CONSIDERATION TO OUR RISKS

1 PROJECT DELIVERY RISK

STATUS

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. Our business is also susceptible to the changing prices of raw materials as well as manpower shortages.

Material Matters: GOVERNANCE & COMPLIANCE; PRODUCT QUALITY & RESPONSIBILITY

Capitals: HC; SRC

Stakeholders Affected

Potential Impact on Value	Mitigation Strategies	Results
• Low product quality and safety • Delays in product handover • Higher costs than budgeted • Recognition of losses • Exposure to Liquidated Ascertained Damages (LAD) • Delays in finalising documentation for contractual claims reduces cashflow and profitability	• Benchmark with global standards on quality and safety as well as environmental stewardship • Adopt new technologies, such as MRCB Building System (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 during COVID-19 • Progressive project monitoring through Project Review Meetings to monitor project performance and productivity • Regular contractor and sub-contractor performance review and evaluation • Internal Audits conducted by the Internal Audit Department of selected projects to review the completeness of project documentation and claims progress	• 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 • The LRT3 project achieved its targeted 67% physical construction progress on 31 December 2021 • Completed main building works for the EPF Headquarters at Kwasa Damansara and the Putrajaya School Extension project involving 35 classrooms for five schools using our MBS technology • Achieved structural topping off for TRIA 9 Seputeh in December 2021 • Obtained Certificate of Completion and Compliance (CCC) for the basement car park of Phase 1C, PJ Sentral on 12 November 2021 • Rescheduled the completion dates of key infrastructure projects namely MRT2, SUKE and DASH, to 1Q2022, 2Q2022 and 3Q2022 respectively, due to site closures and other stoppages brought about by COVID-19 • A total of five internal audits of projects were carried out in 2021 by the Internal Audit Department

Growth Principles

STRENGTHEN CORE FOR SUSTAINABLE RETURNS

TECHNOLOGY ADOPTION & INNOVATION

Legend

Unchanged Increased Reduced

2 LIQUIDITY RISK

STATUS

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

Potential Impact on Value	Mitigation Strategies	Results
• Inability to operate or develop our land bank • Operational disruptions • Increase in our indebtedness and reduction in profitability • Inability to meet financial obligations • Potential legal suits from creditors / financial institutions	• 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, cashflow 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 completed unsold stock • Allocation for contingencies	• Raised RM0.8 billion in 2021 from the 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 0.28 times

Growth Principles

STRENGTHEN CORE FOR SUSTAINABLE RETURNS

WITH CONSIDERATION TO OUR RISKS

3 MARKETING RISK

STATUS

We need to design and deliver products that meet the aspirations of our targeted demographic and meet socioeconomic conditions in our development locations, and create effective marketing strategies to attract customers. We also need to ensure that the rising cost of materials are managed well and that our products are priced correctly. An ineffective product, marketing and pricing strategy may impact our ability to sell our products, generate revenue, profits and cashflow, and repay development loans.

Material Matters

CUSTOMER ENGAGEMENT

Capitals

IC

Stakeholders Affected

$

Potential Impact on Value	Mitigation Strategies	Results
• Lack of demand for our products • High levels of unsold inventories, leading to increased holding costs • Inability to generate revenue, profits and cashflow • Increase in indebtedness	• 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 assistance packages for customers • Restructure pricing strategy to enable customers to obtain financing easily • Engagement with current customers	• Reassessed strategy and deferred the launches of Kwasa Sentral, Plot F and Lot J, KL Sentral • Developed plans to launch 266 hybrid home and office units in Lot J, KL Sentral in 2023, which seamlessly integrates working and living spaces targeted towards millennials • Sold 97% or 170 units in 1060 Carnegie in Melbourne, Australia, and reached financial settlement on all 170 units sold despite COVID-19 related lockdowns • Achieved 84% sales rate for Sentral Suites • Achieved property sales of RM309.8 million • Arranged 1,574 virtual viewings of 1060 Carnegie, and over 7,900 virtual viewings of Sentral Suites in KL Sentral, the 9 Seputeh developments in Jalan Klang Lama and Alstonia in Bukit Rahman Putra

Growth Principles

STRENGTHEN CORE FOR SUSTAINABLE RETURNS

QUALITY PRODUCTS & PEOPLE

4 BUSINESS CONTINUITY RISK

STATUS

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

EMPLOYEE ENGAGEMENT & WELL-BEING

Capitals

IC

Stakeholders Affected

$

Potential Impact on Value	Mitigation Strategies	Results
• 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 • Potential breach and loss of confidential data / information	• Continuously update Business Continuity Plan • Review and develop robust policies that adapt to the changing environment • Roll-out vaccination and booster campaigns to prevent severe infections • Perform corporate restructuring with focus on business resilience • Utilise cloud technology to ensure seamless work integration as remote working becomes prevalent • Continuous investment in IT Security and Disaster Recovery Plans • Establishment of Data Governance Framework	• Increased revenue per employee productivity ratio by 26% • Successfully vaccinated 1,000 employees with two doses of COVID-19 vaccine through a vaccination programme and organised booster vaccinations for 177 employees • Achieved 100% vaccination rate, allowing increased capacity at the workplace in compliance with SOPs • Continued seamless remote working • Zero cybersecurity and customer data breaches • Embarked on a Data Governance Framework • All IT platform systems worked seamlessly and securely, ensuring data was protected from cybersecurity threats during periods of remote working from home • Revised Policy and Guidelines on digital approvals to ensure governance and reflect the adoption of new digital platforms • Launched the People Transformation Programme and conducted 10 People Transformation Accelerator Programme workshops for 348 employees to equip them with necessary leadership tools to sustain organisational transformation

Growth Principles

STRENGTHEN CORE FOR SUSTAINABLE RETURNS

TECHNOLOGY ADOPTION & INNOVATION

QUALITY PRODUCTS & PEOPLE

WITH CONSIDERATION TO OUR RISKS

5 ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) RISK

STATUS

Building resilience through ESG is a priority, not just for industry regulators, but for financial institutions and increasingly discerning customers and investors, who demand that companies focus not only on increasing value for all stakeholders, but also ensuring businesses are run sustainably and ethically with minimal negative impact to the environment and community at large.

Material Matters

RESPONSIBLE PROCUREMENT & SUPPLIER ASSESSMENT | LOCAL COMMUNITY ENGAGEMENT | HUMAN RIGHTS | MATERIALS | SUSTAINABLE CONSTRUCTION | WASTE | CLIMATE CHANGE | BIODIVERSITY

Capitals

NC HC SRC

Stakeholders Affected

Potential Impact on Value

- Significant fines and penalties from toxic pollution
- Environmental impact on surrounding communities
- Costs from possible litigations
- Reputational damage
- Inability to attract capital from banks and investors in the future
- Breach of legal or regulatory requirements

Mitigation Strategies

- Assess climate-related risks such as stranded assets, land degradation, and impact on supply chain, and develop specific strategies to address these risks
- 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
- Expand and enhance the use of MRCB Building System (MBS) in the future as MBS will improve material usage and lower construction wastage
- Establish and monitor science-based reduction targets on CO_2 emissions
- Comply with human rights requirements with established Policies and Code of Business Ethics

Results

- Embarked on Task Force on Climate-related Financial Disclosures (TCFD) analysis to assess climate risks and opportunities for more robust disclosures on Governance, Strategy, Risk Management, and Metrics and Targets relating to climate change, to stakeholders
- Conducted one internal sustainability workshop, led by MRCB's Head of Sustainability
- Achieved an average 8% reduction in Scope 1 & Scope 2 CO_2 emissions
- Conducted 21 ESG-related meetings attended by 516 investors, analysts and other professionals
- Became a member of the CEO Action Network (CAN), Malaysia's first sustainability-focused informal coalition of leading CEOs and senior decision makers
- Collaborated with the UNGC to allow free employee access to the UNGC Academy, a digital learning platform with courses and resources from the world's leading experts on sustainable development
- Deployed MBS, a very important strategy that will drive sustainability in our operations moving forward
- Distributed notification letters to our top suppliers informing them of our sustainability journey and intent to transition to more stringent sustainable procurement criteria with a survey to gauge their readiness
- Received the Industry Excellence Award for the 2020 MSWG-ASEAN Corporate Governance Scorecard Assessment (received in 2021)
- Received the Gold Award for the 2021 Australasian Reporting Awards
- Received the Sustainability Performance Award 2021 for SDG Ambition Benchmark 6 awarded by the United Nations Global Compact Malaysia & Brunei
- Remained in the FTSE4Good index
- Established science-based carbon emission reduction targets of 4.2% per annum up to 2030

Growth Principles

QUALITY PRODUCTS & PEOPLE

6 REGULATORY RISK

STATUS

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

ETHICS & PRINCIPLES | GOVERNANCE & COMPLIANCE

Capitals

IC | HC

Stakeholders Affected

$

Potential Impact on Value	Mitigation Strategies	Results
• Significant fines and penalties for non-compliance • Stop-work orders cause delays and higher costs • Reputational damage • Impact ability to attract future capital from banks and investors	• 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 communication, awareness and training exercises for stakeholders • Regularly review and update Policies and Guidelines • Conduct regular compliance audit by internal / external auditors	• Conducted Quarterly Risk Reviews with each business unit to review, monitor, and mitigate potential risks through risk action plans • Certified with Quality Management Systems ISO 9001:2015, Environmental Management Systems ISO 14001:2015, and Occupational Health & Safety ISO 45001:2018 • Achieved 104.66 points in the MSWG-ASEAN Corporate Governance Scorecard, received the Industry Excellence Award for the Property Sector, and ranked 34 out of 851 publicly listed companies assessed for corporate governance disclosures • Operate an ISO 37001:2016 certified Anti-Bribery Management System (ABMS) • Complied with 39 out of the 43 Practices prescribed in MCCG 2021, together with 3 out of the 5 optional Step-Up Practices • Held 10 mandatory ABMS workshops for 1,124 staff, which was concluded with a test, and one whistleblowing webinar for 443 staff • Distributed notification letters to our top suppliers informing them of our sustainability journey and intent to transition to more stringent sustainable procurement criteria

Growth Principles

QUALITY PRODUCTS & PEOPLE

WITH CONSIDERATION
TO OUR RISKS

7 SAFETY, HEALTH & ENVIRONMENT RISK

STATUS

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

HEALTH & SAFETY

Capitals

HC

Stakeholders Affected

Potential Impact on Value	Mitigation Strategies	Results
• Significant fines and penalties for non-compliance • Operational disruptions resulting in poor construction progress which limits ability to recognise revenue • Reputational damage • Impacts our ability to attract future capital from banks and investors • Damage to property / environment • Stop-work orders by authorities may lead to delays and idling costs	• Establish robust frameworks and policies that guide operational excellence • Raise awareness among our staff and other stakeholders on HSE best practices through continuous training and awareness programmes • Audit construction sites regularly • Manage and monitor HSE issues by continuously monitoring site conditions • Develop effective countermeasures and special SOPs for COVID-19	• Conducted 33 training sessions for 794 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 • Achieved 4-million man hours without LTI for our TRIA@9 Seputeh project • Conducted daily safety "toolbox" sessions at construction sites to raise awareness of ongoing safety procedures necessary during the various construction phases • Conducted continuous digital communications programme to all employees to cultivate a culture of safety first

Growth Principles

QUALITY PRODUCTS & PEOPLE

8 QUALITY RISK

STATUS

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

Material Matters

PRODUCT QUALITY & RESPONSIBILITY

Capitals

MC IC

Stakeholders Affected

Potential Impact on Value	Mitigation Strategies	Results
• Low property values • Low demand for products • Impact on revenue and cashflow • Poor ROIs for purchasers • High levels of unsold inventories • Reputational damage	• Implement QESH Policy that adopts the Quality, Environment, Safety and Health Management System, and operate 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 • Regular monitoring and conduct periodic quality audits to ensure construction quality • Develop and implement periodic awareness programmes / continual education on quality	• Achieved a 4-Star SHASSIC rating for our Sentral Suites development from CIDB, which is the regulator of the construction industry in Malaysia • 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 a 95% Overall Purchaser Survey Score for 1060 Carnegie in Melbourne, Australia

Growth Principles

STRENGTHEN CORE FOR SUSTAINABLE RETURNS

QUALITY PRODUCTS & PEOPLE

WITH CONSIDERATION TO OUR RISKS

9 CONCENTRATION RISK

STATUS

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

Material Matters

ECONOMIC & BUSINESS PERFORMANCE

INDIRECT ECONOMIC IMPACTS

Capitals

IC

Stakeholders Affected

$

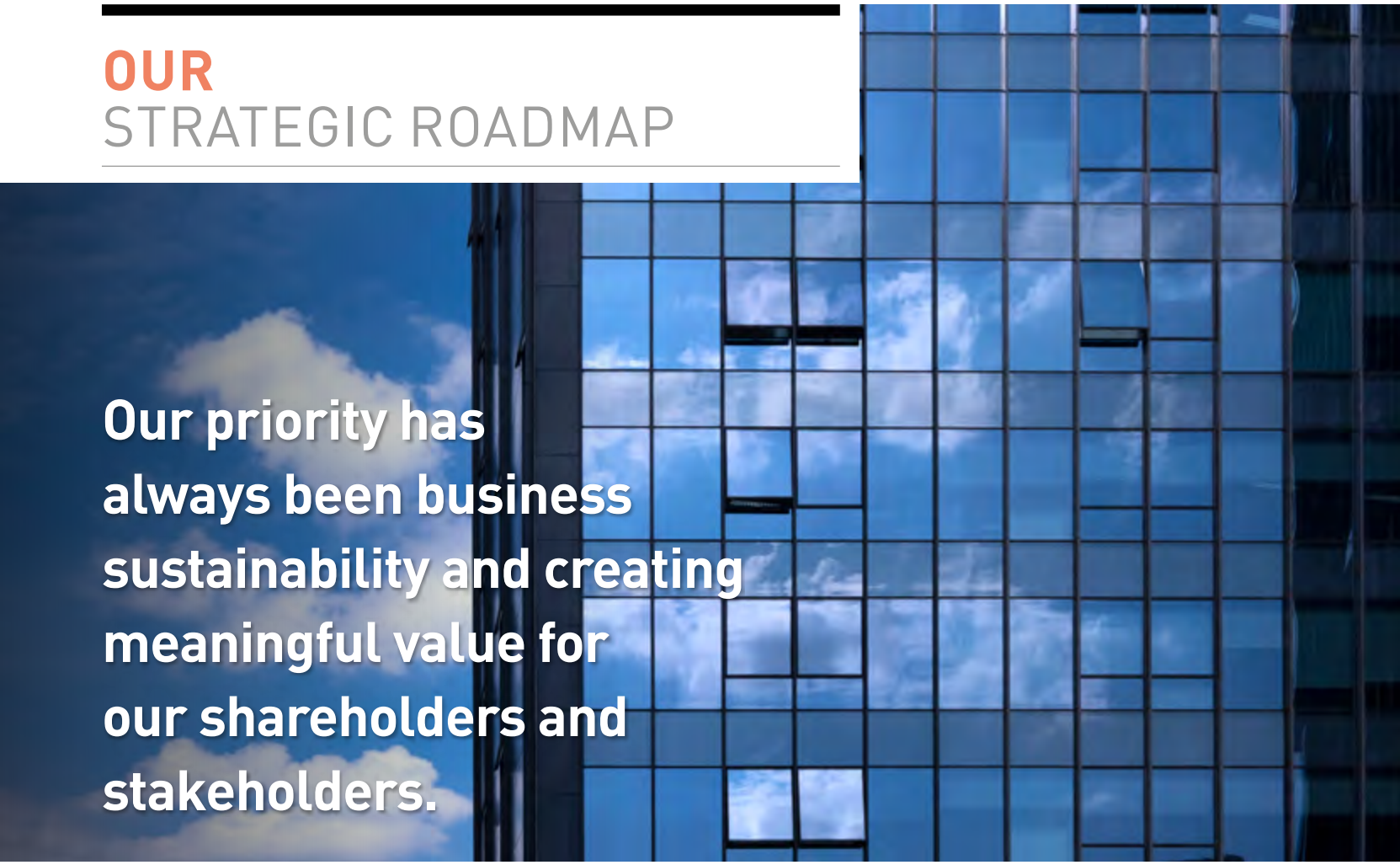
Potential Impact on Value	Mitigation Strategies	Results
• Poor sales performance during a downturn • Inability to generate revenue, profits and cashflow • Increased debt levels • Unsustainable business model • Liquidity issues and high indebtedness	• Expand and diversify into new geographic markets in Malaysia to reduce dependency on existing high-rise urban development in the Klang Valley • Derive long-term, stable income from investment properties and our units in Sentral REIT • Diversify into new international markets and new market segments in Malaysia, and expand presence in existing overseas markets • Look for opportunities to enter into concession projects with predictable long-term revenues	• Developed plans to launch 266 hybrid home and office units in Lot J, KL Sentral • Completed a project from the Ministry of Education to design and build 35 classrooms for five schools using MBS, in approximately three months • Currently in advanced negotiations to finalise a long-term service agreement for a waste-to-energy project • Derived income from investment properties such as from Celcom Tower, as well as from our 27.94% interest in Sentral REIT • Awarded a project to develop the Aotea Central Over Station Development with a GDV of NZ$452 million in Auckland City Centre, New Zealand • Purchased 0.766 acres of prime land in the Gold Coast, Australia with a GDV of AUD296 million to undertake a residential development • Acquired 683.32 acres of land in Simpang Pulai, Perak to develop an industrial/logistics park • In discussions with multiple MNCs to provide industrial property/logistics fulfillment solutions

Growth Principles

DIVERSIFICATION & OPERATIONAL EXPANSION

TECHNOLOGY ADOPTION & INNOVATION

OUR STRATEGIC ROADMAP



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 Growth Principles, which are driven by seven 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-proofed business. Our Digitalisation & Automation Roadmap drives this initiative, as well as our investments in new construction methodologies and technologies.

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.

STRENGTHEN CORE FOR SUSTAINABLE RETURNS

ENSURE STEADY PIPELINE OF PROJECTS

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
- Profit Before Tax
- Finance Cost
- Order Book
- Land Bank

2021 Key Initiatives

- Continued to tender for projects
- Continued to monetise RM2.8 billion GDV of ongoing property development projects and RM12.6 billion worth of ongoing infrastructure projects
- Increased digital marketing of property development projects to counter the negative impact of COVID-19

2021 Achievements

- Submitted tenders worth RM0.5 billion
- Grew external client construction order book by RM5.6 billion to RM27.3 billion, which will provide revenues beyond 2030
- Achieved RM309.8 million property sales
- Recorded 1,574 virtual viewings of 1060 Carnegie and over 7,900 virtual viewings of Sentral Suites in KL Sentral, the 9 Seputeh developments in Jalan Klang Lama and Alstonia in Bukit Rahman Putra
- Net gearing remains within healthy levels at 0.28 times despite lower revenues as a result of the pandemic
- Attracted funding through the issuance of an RM800 million perpetual Sukuk Murabahah

Short-To-Medium-Term Priorities

MRCB will continue to aggressively market its completed property units, which is valued at RM535.7 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 complex building structures. We will also continue to focus on completing our existing projects to make up for the revenue shortfall experienced in 2021 as a result of the COVID-19 pandemic.

Long-Term Priorities

To continue to tender for large infrastructure projects such as the 52 km MRT3 Circle Line and work packages for the 709 km Sabah Pan Borneo Highway.

Linked to:

Capitals:

MC FC NC HC

Material Matters:

PRODUCT QUALITY & RESPONSIBILITY | ECONOMIC & BUSINESS PERFORMANCE | INDIRECT ECONOMIC IMPACTS | CUSTOMER ENGAGEMENT | MATERIALS | SUSTAINABLE CONSTRUCTION

DIVERSIFICATION & OPERATIONAL EXPANSION

GEOGRAPHICAL 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
- International land bank/GDV

2021 Key Initiatives

- Continued marketing 1060 Carnegie in Melbourne, Australia
- Sourced appropriate property development projects in Australia and New Zealand

2021 Achievements

- Sold 170 units of 1060 Carnegie in Melbourne, Australia
- Achieved financial settlement for all 170 units sold from a total of 176 units available
- Won the tender to develop the Aotea Central Over Station Development with a GDV of NZ$452 million in Auckland City Centre, New Zealand
- Purchased 0.766 acres of prime land in the Gold Coast of Brisbane, Australia with a GDV of AUD296 million for a future residential development
- Licensed MBS technology to a company in Hong Kong and one in Singapore for use in their ongoing high-rise construction projects

Short-To-Medium-Term Priorities

MRCB will focus on reaching financial settlement of the six 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.

Long-Term Priorities

To grow MRCB Australia Holding Company Pty Ltd (MAH) with the aim of MAH becoming a very significant and sustainable long-term contributor to the Group, by recycling capital and reinvesting its profits from existing projects into a greater number of new projects.

ENTER INTO NEW MARKETS

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 the industrial/logistics, co-living, co-working and assisted living property market segments

Key Indicators

- Contract awards for renewable energy and WTE
- Project launches in new property market segments

2021 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 integrate working and living spaces

2021 Achievements

- Advanced negotiations for a WTE service agreement
- Acquired 683.32 acres of land in Simpang Pulai, Perak to develop an industrial/logistics park
- Developed plans for a new development with 266 SOHO units in Lot J, KL Sentral

Short-To-Medium-Term Priorities

MRCB will launch and market the Lot J development project in KL Sentral in 2023 and will lay the groundwork for entry into the industrial and logistics development segment, which is expected to be in demand over the next few years by multinational corporations looking for large, strategically located, bespoke developments meeting their sustainability requirements.

Long-Term Priorities

To continue to advance renewable energy projects and stormwater management solutions, and pursue the healthcare or aged-care facilities market within new and existing sites in the Klang Valley and East Malaysia.

Linked to:

Capitals:

MC FC NC HC

Material Matters:

PRODUCT QUALITY & RESPONSIBILITY | ECONOMIC & BUSINESS PERFORMANCE | INDIRECT ECONOMIC IMPACTS | CUSTOMER ENGAGEMENT | WASTE | CLIMATE CHANGE | BIODIVERSITY

OUR STRATEGIC ROADMAP

TECHNOLOGY ADOPTION & INNOVATION

ACHIEVE LEAN & EFFICIENT OPERATIONS

Key Action Plan

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

Key Indicators

- Productivity (Revenue/Employee)
- Cost savings

2021 Key Initiatives

- Reduced costs through the digitalisation and automation of processes
- Conducted operational cost rationalisation and value engineering exercises
- Rationalisation of office space

2021 Achievements

- Improved revenue per employee productivity ratio by 26%
- Achieved annualised cost savings of RM26.3 million from efficiencies and organisational restructuring, natural attrition and office space rationalisation
- Estimated value engineering cost savings of approximately RM26.7 million for the upcoming Residensi Tujuh residential development in Kwasa Sentral

Short-To-Medium-Term Priorities

MRCB will continue its cost rationalisation exercise and complete its Data Governance Framework Programme aimed at managing and protecting all of the Group's data and better managing all local and international data protection and data privacy regulations.

Long-Term Priorities

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

TECHNOLOGY ADOPTION & INNOVATION

LEVERAGE ON MRCB BUILDING SYSTEM (MBS)

Key Action Plan

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

2021 Key Initiatives

- Conducted 21 ESG-specific engagement sessions and site visits to Kwasa Sentral to market and showcase MBS

2021 Achievements

- Licensed the MBS technology to two companies overseas for the construction of a 19-storey student residential development and temporary quarantine facility in Hong Kong, as well as a 12-storey nursing home and senior care centre in Singapore
- Completed 35 classrooms for five schools in Putrajaya for the Ministry of Education using our MBS technology in approximately three months
- Received the Sustainability Performance Award 2021 for SDG Ambition Benchmark 6 awarded by the United Nations Global Compact Malaysia & Brunei

Short-To-Medium-Term Priorities

We will launch our first 573-unit high-rise residential project in Kwasa Sentral, developed using our MBS technology, and continue to market MBS and secure projects that can benefit from modular applications, including developing schools, as well as affordable housing.

We will also 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.

Long-Term Priorities

To increase the percentage of developments constructed using MBS technology in Malaysia.

Linked to:

Capitals:

MC FC NC HC IC SRC

Material Matters:

PRODUCT QUALITY & RESPONSIBILITY | ECONOMIC & BUSINESS PERFORMANCE | INDIRECT ECONOMIC IMPACTS | RESPONSIBLE PROCUREMENT & SUPPLIER ASSESSMENT | HEALTH & SAFETY | LOCAL COMMUNITY ENGAGEMENT | CUSTOMER ENGAGEMENT

LABOUR | MATERIALS | SUSTAINABLE CONSTRUCTION | WASTE | CLIMATE CHANGE | BIODIVERSITY

OUR STRATEGIC ROADMAP

QUALITY PRODUCTS & PEOPLE

UPHOLD GOOD GOVERNANCE

Key Action Plan

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
- MCCG 2021 Compliance
- MSWG-ASEAN Corporate Governance Scorecard

2021 Key Initiatives

- Established strict SOPs to curb the risk of COVID-19 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
- Conducted a Vaccination Drive for 1,000 employees, and a Booster Drive for 177 employees

2021 Achievements

- Achieved a 100% vaccination rate
- Achieved a 4-Star SHASSIC rating for our Sentral Suites development from CIDB, which is the regulator of the construction industry in Malaysia
- Achieved 95% Overall Purchaser Survey Score for 1060 Carnegie in Melbourne, Australia
- Held 10 ABMS workshops for 1,124 staff and one whistleblowing webinar for 443 staff
- Conducted 33 safety training sessions to a total of 794 people consisting of employees, site workers and sub-contractors
- Distributed notification letters to our top suppliers informing them of our sustainability journey and intent to transition to more stringent sustainable procurement policies
- Received the Industry Excellence Award for the Property Sector for the 2020 ASEAN Corporate Governance Scorecard Assessment
- Conform to 39 out of the 43 Practices prescribed in MCCG 2021, together with 3 out of the 5 optional Step-Up Practices

Short-To-Medium-Term 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 and complying with all best practices.

Long-Term Priorities

To further improve operational and sustainability standards by adopting best practices and meeting global standards that will allow MRCB to compete with the very best internationally.

QUALITY PRODUCTS & PEOPLE

DEVELOP A SKILLED WORKFORCE

Key Action Plan

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

2021 Key Initiatives

- Encouraged knowledge sharing between Management, in-house specialists and subject-matter experts
- Launched the People Transformation Programme

2021 Achievements

- Spent approximately RM1.4 million on training activities
- Conducted an average of 9.2 training hours per employee
- Collaborated with HRD Corp to provide free access to 300 courses via the e-Latih digital learning platform for self-paced and flexible learning
- Collaborated with the UNGC to allow employees free access to UNGC Academy, a digital learning platform with courses and resources from the world's leading experts on sustainable development
- Continued our Individual Development Plans for those high performing talents identified, aimed at narrowing skills gaps to equip future leaders
- Conducted 10 People Transformation Accelerator Programme workshops for 348 employees to equip them with necessary leadership tools to sustain organisational transformation

Short-To-Medium-Term Priorities

We will continue to focus on our talent development and succession planning initiatives, including Individual Development Plans, with the aim of building a competent, driven workforce with clearly defined career paths so that our people can grow with the organisation. We will continue to upskill our people by utilising programmes developed by LinkedIn Learning and Leaderonomics, and will continue to roll-out the People Transformation Programme to all remaining staff to drive a more agile performance-driven organisation.

Long-Term Priorities

To develop a competent workforce with clear succession plans to ensure smooth business operations.

Linked to:

Capitals:

FC HC IC SRC

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	HUMAN RIGHTS
MATERIALS	SUSTAINABLE CONSTRUCTION	WASTE	CLIMATE CHANGE	BIODIVERSITY	

OUR PERFORMANCE
5-YEAR GROUP FINANCIAL HIGHLIGHTS

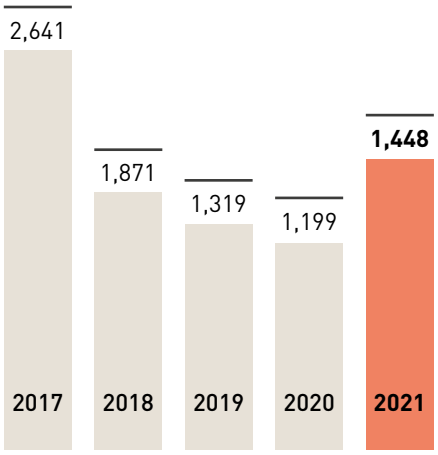
	2017	2018	2019	2020 (Restated)	2021
FINANCIAL RESULTS (RM'MILLION)					
Revenue	2,641	1,871	1,319	1,199	**1,448**
Gross profit	444	373	298	253	**180**
Profit/(loss) before taxation	269	123	53	(154)	**61**
Profit/(loss) after taxation	176	103	19	(177)	**7**
Profit/(loss) attributable to equity holders	162	101	24	(177)	**16**
FINANCIAL POSITION (RM' MILLION)					
Total cash & bank balances and investment securities	778	552	517	842	**680**
Total assets*	10,325	8,342	8,448	8,314	**9,205**
Total borrowings	3,382	1,491	1,828	1,933	**1,932**
Total net assets*	4,817	4,832	4,765	4,551	**4,513**
Share capital	4,309	4,318	4,332	4,332	**4,356**
Total equity*	4,922	4,900	4,796	4,561	**4,540**
FINANCIAL RATIOS					
Basic earnings/(loss) per share (sen)	6.33	2.30	0.54	(4.02)	**0.36**
Return on average shareholders' funds (%)	4	2	0	(4)	**0**
Return on total net assets (%)	3	2	1	(4)	**0**
Share price at year end (RM)	1.12	0.62	0.73	0.48	**0.36**
Price earning ratio (times)	17.68	26.74	135.19	(11.94)	**100.00**
Dividend per share (sen)	1.75	1.75	1.00	1.00	**1.00**
Dividend yield (%)	1.6	2.8	1.4	2.1	**2.8**
Net assets per share attributable to equity holders (RM)*	1.10	1.10	1.08	1.03	**1.01**
Net gearing ratio (times)	0.53	0.19	0.27	0.24	**0.28**
Market capitalisation (RM' Million)	4,913	2,703	3,221	2,118	**1,608**
Average shareholders' funds (RM' Million)*	3,871	4,825	4,799	4,658	**4,532**
Weighted average no. of shares (No. of shares' Million)	2,556	4,392	4,406	4,412	**4,447**
Share capital (No. of shares' Million)	4,387	4,395	4,412	4,412	**4,468**
BANK BORROWINGS (RM' MILLION)					
Bank borrowings	2,323	1,491	1,828	1,326	**523**
EDL financing	1,059	-	-	-	**-**
Sukuk	-	-	-	607	**1,409**
Total borrowings	3,382	1,491	1,828	1,933	**1,932**
Less: Total cash & bank balances and investment securities	(778)	(552)	(517)	(842)	**(680)**
Total net borrowings	2,604	940	1,311	1,091	**1,252**

* Restated for financial year 2019

OUR PERFORMANCE
5-YEAR GROUP FINANCIAL HIGHLIGHTS

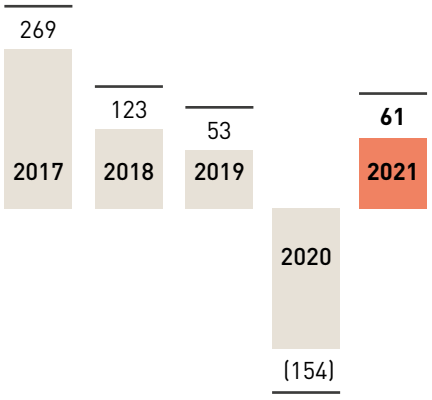
REVENUE

RM1,448 Million



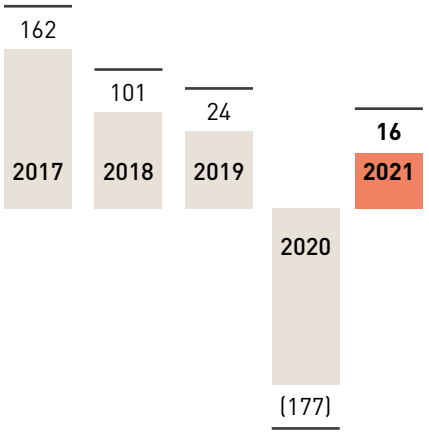
PROFIT/(LOSS) BEFORE INCOME TAX

RM61 Million



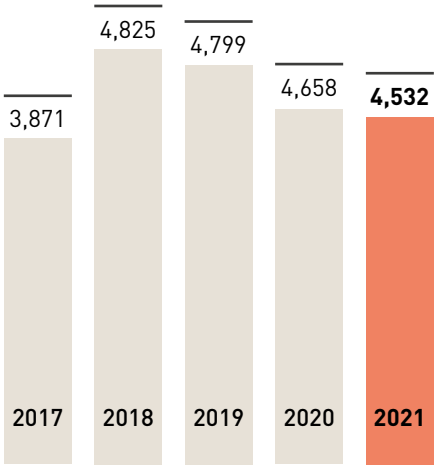
PROFIT/(LOSS) ATTRIBUTABLE TO EQUITY HOLDERS

RM16 Million



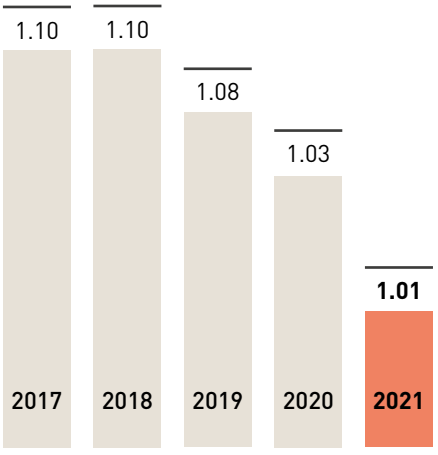
AVERAGE SHAREHOLDERS' FUNDS

RM4,532Million



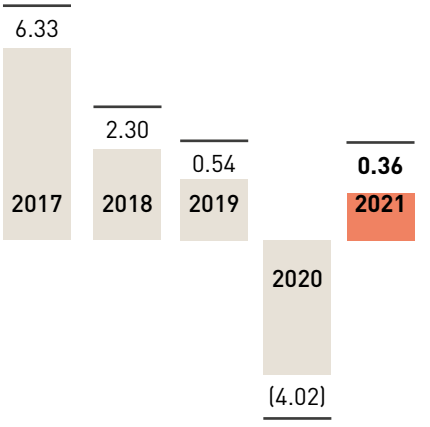
NET ASSETS PER SHARE

RM1.01



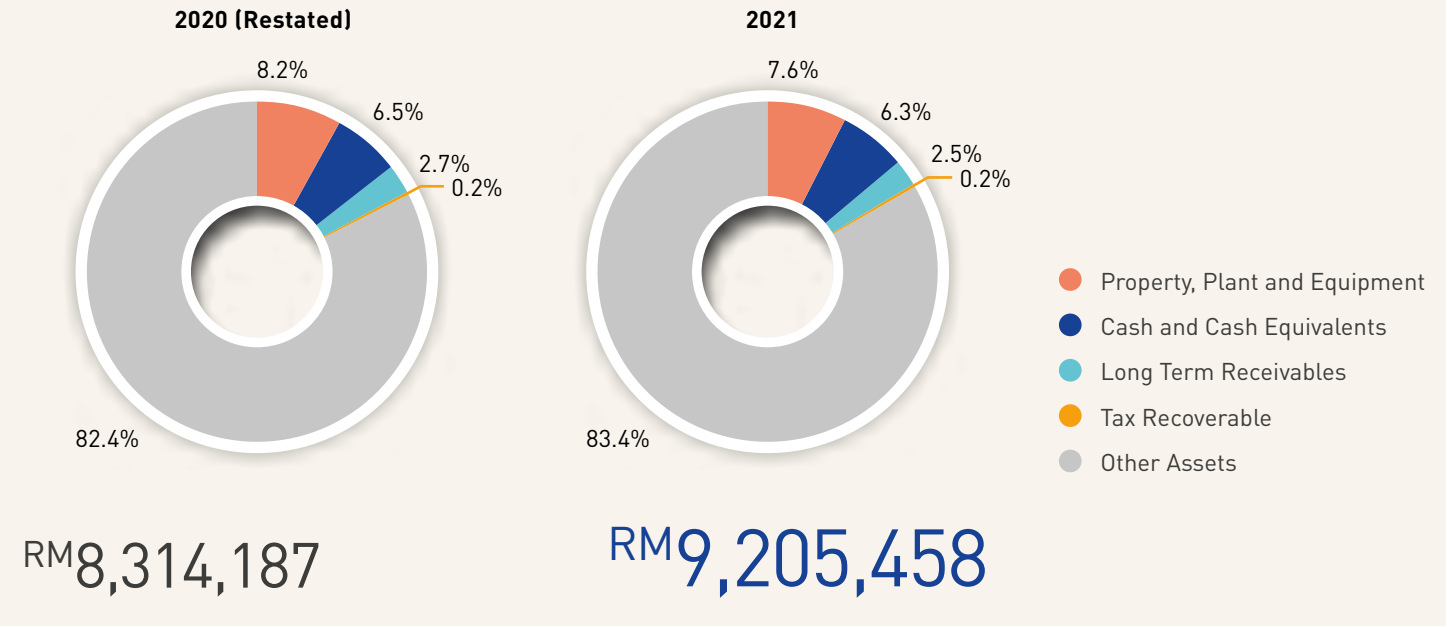
BASIC EARNING/(LOSS) PER SHARE

0.36Sen

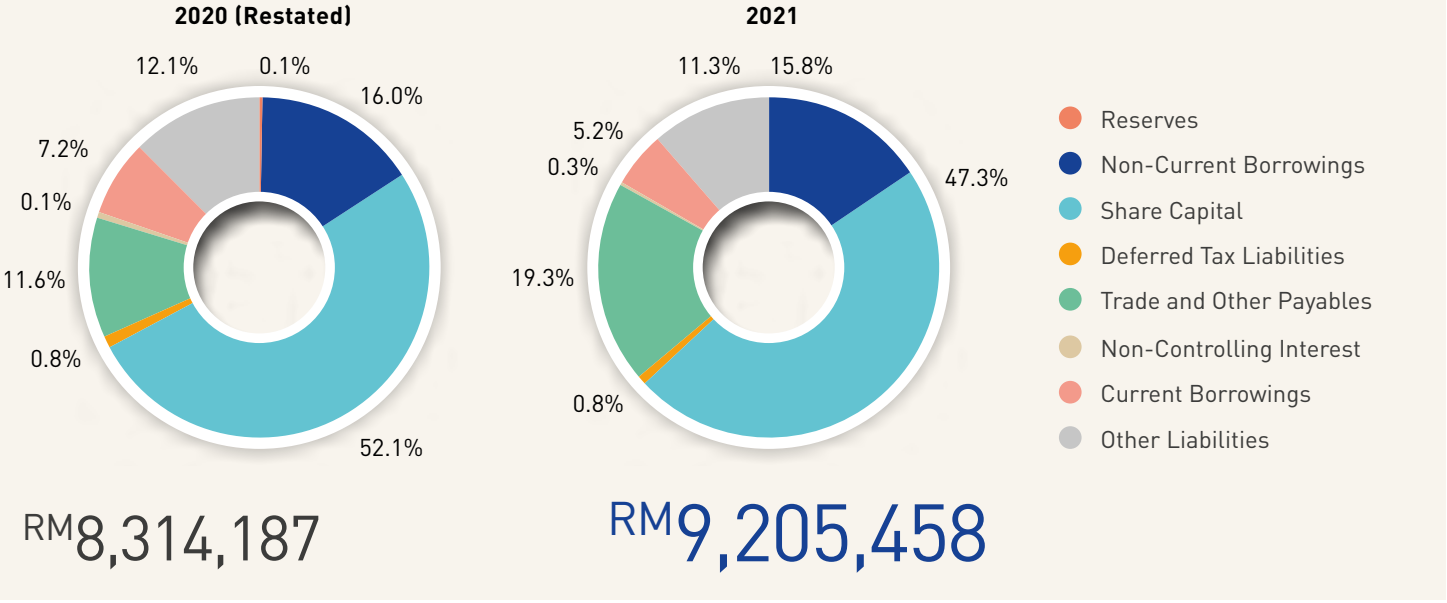


SIMPLIFIED STATEMENT OF FINANCIAL POSITION

TOTAL ASSETS



TOTAL EQUITY & LIABILITIES



GROUP SEGMENTAL FINANCIAL POSITION

RM' MILLION	2017	2018	2019	2020 (Restated)	2021
REVENUE					
Property development & investment	788	1,043	567	635	**498**
Engineering, construction & environment	1,774	759	679	515	**903**
Facilities management & parking	56	53	54	43	**35**
Others	23	16	19	6	**12**
Total Revenue	2,641	1,871	1,319	1,199	**1,448**
OPERATING PROFIT/(LOSS) BY SEGMENT**					
Property development & investment	169	98	77	63	**153**
Engineering, construction & environment	93	56	23	(174)	**(41)**
Facilities management & parking	11	6	6	7	**(1)**
Others	1	(5)	(4)	1	**6**
Total Segment Results	274	155	102	(103)	**117**

** Earnings before interest, tax and unallocated corporate expenses

GROUP QUARTERLY FINANCIAL POSITION

2021 RM' MILLION For the period ended	First Quarter 31/3/2021	Second Quarter 30/6/2021	Third Quarter 30/9/2021	Fourth Quarter 31/12/2021	2021
Revenue	**226**	**226**	**138**	**858**	**1,448**
Profit/(loss) before taxation	**5**	**(38)**	**(30)**	**124**	**61**
Profit/(loss) after taxation	**4**	**(39)**	**(32)**	**74**	**7**
Profit/(loss) attributable to equity holders	**5**	**(32)**	**(32)**	**75**	**16**
Basic earnings/(loss) per share (sen)	**0.12**	**(0.72)**	**(0.72)**	**1.68**	**0.36**
Dividend per share (sen)				**1.00**	**1.00**
Net assets per share attributable to equity holders (RM)	**1.03**	**1.02**	**1.00**	**1.01**	**1.01**

2020 (Restated) RM' MILLION 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
Revenue	425	167	298	309	1,199
Profit/(loss) before taxation	28	(224)	5	37	(154)
Profit/(loss) after taxation	16	(221)	(1)	29	(177)
Profit/(loss) attributable to equity holders	16	(221)	(1)	29	(177)
Basic earnings/(loss) per share (sen)	0.36	(5.00)	(0.02)	0.64	(4.02)
Dividend per share (sen)	-	-	-	1.00	1.00
Net assets per share attributable to equity holders (RM)	-	-	-	1.03	1.03

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.

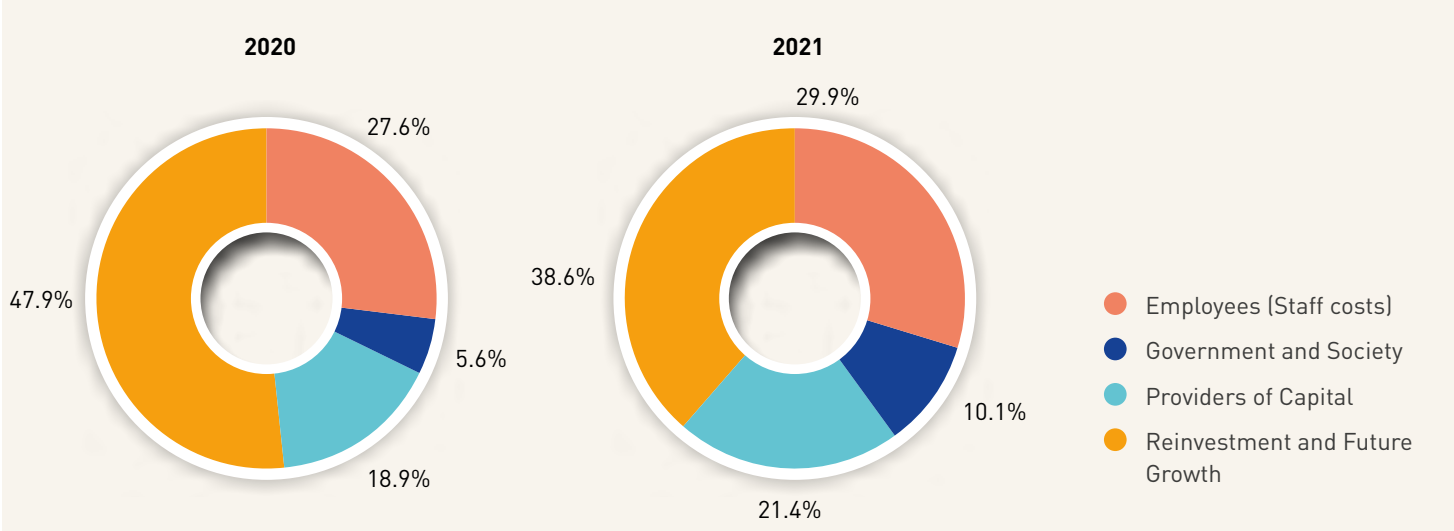
VALUE ADDED

RM' MILLION	2021	2020 (Restated)
Total revenue	**1,448**	1,199
Direct and indirect costs	**(1,502)**	(1,348)
Value added from operations	**(54)**	(149)
Other operating income	**29**	31
Share of results of associates	**17**	16
Share of results of joint ventures	**14**	3
Finance income	**10**	13
Total value added	**16**	(86)

DISTRIBUTION ADDED

RM' THOUSAND	2021	2020 (Restated)
Staff costs	**173,266**	166,453
Government and Society		
Corporate Taxation and CSR Expenses	**58,504**	33,420
Providees of Capital		
Dividends declared	**44,675**	44,120
Finance costs	**88,698**	69,297
Non-controlling interest	**(9,116)**	805
	124,257	114,222
Reinvestment and Future Growth		
Retained earnings, depreciation and amortisation	**224,297**	289,223
Total value distributed	**580,324**	603,318

DISTRIBUTION ADDED



2021 FINANCIAL CALENDAR

ANNOUNCEMENT OF UNAUDITED CONSOLIDATED RESULTS

25 February 2021	31 May 2021	30 August 2021	26 November 2021
Fourth Quarter	**First Quarter**	**Second Quarter**	**Third Quarter**
Ended 31 December 2020	Ended 31 March 2021	Ended 30 June 2021	Ended 30 September 2021

DIVIDENDS

First and Final Single Tier Dividend of
1 sen
per Ordinary Share for the Financial Year
31 December 2020 (with Dividend Re-Investment Plan)

Announcement Date	EX Date	Entitlement Date	Payment Date
6 April 2021	19 April 2021	20 April 2021	19 May 2021

ANNUAL GENERAL MEETING

MRCB's
50th Annual General Meeting
was held fully virtual where all attendees participated online.

Notice Date	Meeting Date
30 April 2021	8 June 2021

The completed Menara Shell in KL Sentral CBD

OUR PERFORMANCE
PROPERTY DEVELOPMENT & INVESTMENT

SDG11

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

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, comprising 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, thus taking motor vehicles off the roads and reducing carbon emissions.

In enhancing the public's commuting experience, we also focus on connectivity and convenience, paying particular attention to integrating our developments with existing highways and public transportation. We have five TODs, namely KL Sentral, PJ Sentral Garden City, Penang Sentral, Kwasa Sentral and Cyberjaya City Centre, which account for 77% of the gross development value (GDV) of all our property developments.

SDG12

Ensure sustainable consumption and production patterns

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 building 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 PERFORMANCE
PROPERTY DEVELOPMENT & INVESTMENT

KEY HIGHLIGHTS IN 2021

REVENUE	SENTRAL REIT & SENTRAL REIT MANAGEMENT	PROPERTY SALES
RM498 Million	RM17 Million	RM309.8 Million
UNBILLED PROPERTY SALES	**LAND BANK**	**LAND BANK (GDV)**
RM923 Million	1,008 Acres	RM33 Billion
% GDV FROM TODs	**DAILY AVERAGE PEDESTRIAN TRAFFIC (KL Sentral)**	**DAILY AVERAGE PEDESTRIAN TRAFFIC (Penang Sentral)**
77%	200,000	23,000

SDG8

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

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 the Stakeholder Engagement & Value Creation section on page 46 - 54 and the Strategic Roadmap on pages 77 - 83 of this Integrated Annual Report.

2021 PERFORMANCE

The Property Development & Investment Division recorded a 22% decline in Revenue to RM498.1 million in 2021 due to the impact of longer Government-mandated lockdowns, construction site closures that reduced construction progress and the closures of international borders and our sales galleries that limited sales activities.

While we continued to recognise revenue from 1060 Carnegie, the Group's property development project in Melbourne, the bulk of its sales and the financial settlement of the units sold had already occurred in 2020, leaving a fewer number of units left to be sold and financially settled in 2021. As the State of Victoria reopened from the multiple lengthy lockdowns that were imposed in late 2020 and the pace of economic activity picked up again in 2021, an additional 57 units achieved financial settlement, resulting in all 170 units sold being financially settled in 2021, out of the 176 units available for sale.

Despite achieving high sales rates in our property developments before the pandemic in 2019, higher revenue and profits were only expected to be recognised from 2020 onwards as construction on these developments 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 high-rise residential projects, the sub-structures, basement carparks and podium levels need to be built first, before the residential units can be constructed and meaningful revenues and profits can be recognised.

However, in 2021, the Division continued to be impacted by the various movement restrictions implemented by the Government to curb the spread of new COVID-19 variants throughout the year. As a result, both our significant high-rise residential projects, Sentral Suites and TRIA 9 Seputeh, were affected by sporadic site closures and both only reached 62% construction progress by 31 December 2021, from 44% and 30%, respectively, a year previously.

Revenue was mainly contributed by our large ongoing development projects, namely Sentral Suites in KL Sentral, the 9 Seputeh mixed residential developments in Jalan Klang Lama and Alstonia in Bukit Rahman Putra. Other contributions came from the sale of completed units in 1060 Carnegie in Melbourne, as well as recurring rental income from the Group's investment properties, such as Celcom Tower in PJ Sentral Garden City.

As a whole, the Division contributed 34% towards the Group's revenue in 2021, compared to 53% in the previous year.

The Division recorded a profit of RM153.4 million in 2021, compared to RM63.0 million in 2020, mainly due to the RM123.7 million of income arising from the injection of 661.3 acres of land into its Seri Iskandar Development Corporation (SIDEC) subsidiary on 21 December 2021. The land, located in Simpang Pulai, Perak, was a further addition to the 22.02 acres MRCB had acquired for a total cash consideration of RM31.5 million on 27 August 2021, bringing the total land size in Simpang Pulai to 683.32 acres.

In view of the COVID-19-related market uncertainties, the majority of new launches that were initially planned for 2021 were also deferred as we redirected our focus to marketing existing completed unsold units of RM535.7 million and unsold units still under construction, which totalled RM1.0 billion as at 31 December 2021.

While property sales in 2021 were impacted by the prohibition on physical property viewings, as well as the closure of borders and sales galleries, we continued to see strong demand for our products, which was a testament to our unique selling proposition that integrates sustainable living and working spaces around strategically located transportation hubs.

However, we experienced high sales cancellation rates as well, 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. Despite this, the Division managed to maintain and record modest increases in its sales rates, which is evident of our aggressive and effective marketing campaigns to compensate for cancelled units. Initiatives included repurposing the Group's marketing budget into assistance packages for customers, and continued 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, continued precautions and the negative wealth effect as a result of the uncertainties caused by the pandemic and the ensuing weaker consumption remained a key deterrent for potential property buyers in 2021. As a result, RM309.8 million worth of property sales were achieved in the year, with ongoing residential development projects such as Sentral Suites in KL Sentral and TRIA 9 Seputeh reaching sales rates of 84% and 47%, respectively.

OUR PERFORMANCE
PROPERTY DEVELOPMENT & INVESTMENT

Project	Total Project GDV (RM' Million)	% Sales Achieved* as at 31 December 2021	Sales** in 2021 (RM' Million)
Completed Projects			
Sentral Residences	1,439	100%	9.7
VIVO 9 Seputeh	982	84%	10.3
Kalista, Bukit Rahman Putra	102	85%	0.0
1060 Carnegie - Residential	296	97%	78.1
1060 Carnegie - Commercial	29	56%	15.9
St. Regis	164	19%	9.1
Easton Burwood	191	100%	1.0
Ongoing Projects			
TRIA 9 Seputeh	939	47%	74.8
Sentral Suites - Residential	1,535	84%	55.7
Sentral Suites - Commercial	102	22%	22.3
Alstonia, Bukit Rahman Putra	248	34%	21.8
Amaryllis, SIDEC	17	100%	11.1
TOTAL	**6,044**		**309.8**

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

UNBILLED SALES

As at 31 December 2021, MRCB has unrecognised future revenue or unbilled sales worth RM0.9 billion from its Property Development & Investment Division, which will be recognised progressively in tandem with construction progress.

Project	Construction Progress		Revenue Recognised* in 2021 (RM' Million)	Unbilled Sales** (RM' Million)
Residential				
Sentral Suites		62%	204.8	613.2
TRIA 9 Seputeh		62%	89.4	248.7
Alstonia, Bukit Rahman Putra		26%	9.8	47.8
Amaryllis, SIDEC		24%	3.4	13.3
TOTAL			**307.4**	**923.0**

Note:
* Revenue Recognised refers to properties that have been sold to buyers, which will be recognised progressively as the properties are constructed.
** Unbilled Sales refers to sales minus sales that have been recognised.

OUR PERFORMANCE
PROPERTY DEVELOPMENT & INVESTMENT

OUR URBAN LAND BANK

As an urban property developer specialising in high-rise developments, MRCB has a 1,008-acre land bank with a gross development value of RM33 billion located in strategic urban areas mainly in the Klang Valley, and more recently in Perak. This land bank will provide MRCB with at least a decade's worth of revenue from the Division.

	Land Size (Acres)	GDV (RM' Million)	% Stake	Start Date	Completion Date
TRANSIT ORIENTED DEVELOPMENTS					
KL Sentral	5.70	3,949	100%	2022	2027
PJ Sentral Garden City	11.91	2,700	100%	2013	2026
Penang Sentral	21.88	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	**145.24**	**25,548**			
COMMERCIAL DEVELOPMENTS					
Pulai Land, Johor	67.52	770	100%	TBD	TBD
Total	**67.52**	**770**			
RESIDENTIAL DEVELOPMENTS					
Vista Street Project, Gold Coast*	0.77	919	100%	2023	2025
9 Seputeh	17.63	2,680	100%	2014	2026
Sentral Suites	4.75	1,632	100%	2016	2022
Bukit Rahman Putra	14.18	642	100%	2016	2022
Bandar Sri Iskandar (Phase 2C, 2D & 3)	57.40	849	100%	2020	2035
Total	**94.73**	**6,722**			
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	100%	TBD	TBD
Bukit Beruntung	1.38	TBD	100%	TBD	TBD
Simpang Pulai, Ipoh	683.32	307	100%	TBD	TBD
Total	**700.33**	**307**			
Grand Total	**1,007.82**	**33,347**			

Note:
* The transaction was completed on 28 March 2022

KEY STRATEGIES AND INITIATIVES

STRENGTHEN CORE FOR SUSTAINABLE RETURNS

Key Action Plan	Key Initiatives	Outcomes
ENSURE STEADY PIPELINE OF PROJECTS	• Collaborated with an extended pool of real estate agents for a wider market reach	• Achieved total property sales of RM309.8 million in 2021
	• Strategically expanded land bank	• Acquired 683.32 acres of land in Simpang Pulai, Perak

DIVERSIFICATION & OPERATIONAL EXPANSION

Key Action Plan	Key Initiatives	Outcomes
GEOGRAPHICAL EXPANSION ENTER INTO NEW MARKETS	• Increased presence in Australia and entered a new market, New Zealand	• Awarded a project to develop the Aotea Central Over Station Development with a GDV of NZ$452 million in Auckland City Centre, New Zealand • Purchased 0.766 acres of prime land on the Gold Coast, Australia, with a GDV of AUD296 million
	• Continued to explore new areas outside of MRCB's existing areas of focus	• Identified and pursued industrial/logistics property development projects with Fortune 500 MNCs • Acquired 683.32 acres of land in Simpang Pulai, Perak, which is 14 km from the city of Ipoh and located along the North-South Expressway, to develop an industrial/logistics park

TECHNOLOGY ADOPTION & INNOVATION

Key Action Plan	Key Initiatives	Outcomes
ACHIEVE LEAN & EFFICIENT OPERATIONS	• Adopted digital marketing strategies	• Recorded 1,574 virtual viewings of 1060 Carnegie • Recorded over 7,900 virtual viewings of Sentral Suites in KL Sentral, the 9 Seputeh developments in Jalan Klang Lama and Alstonia in Bukit Rahman Putra
	• Conducted value engineering exercises	• Estimated cost savings of approximately RM26.7 million for the upcoming Residensi Tujuh residential development in Kwasa Sentral through a holistic value engineering exercise undertaken to optimise the layout design, specifications for materials and façade design

OUR PERFORMANCE
PROPERTY DEVELOPMENT & INVESTMENT

QUALITY PRODUCTS & PEOPLE

Key Action Plan	Key Initiatives	Outcomes
UPHOLD GOOD CORPORATE GOVERNANCE DEVELOP A SKILLED WORKFORCE	• Ensured the completion of project milestones in a safe and timely manner	• Achieved structural topping off for TRIA in 9 Seputeh in December 2021 • Obtained Certificate of Completion and Compliance (CCC) for the basement carpark of Phase 1C, PJ Sentral on 12 November 2021
	• Strengthened branding of MRCB Land through engagement activities such as engagement sessions with residents and purchasers of MRCB's properties	• Achieved a 95% Overall Purchaser Satisfaction Survey Score for 1060 Carnegie in Melbourne, Australia

CHALLENGES & RISKS

Risks	Mitigation Strategies	Results
Movement restrictions led to delays in construction progress and a decline in physical property viewings	• 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	• 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
Rising unemployment and affordability issues faced by potential property buyers led to lower sales	• Repurpose budget for marketing activities into assistance packages for customers, such as providing Easy Payment Schemes	• 84% sales rate for residential units in Sentral Suites • 97% sales rate for residential units in 1060 Carnegie in Melbourne, Australia • 47% sales rate for TRIA in 9 Seputeh

OUTLOOK & PROSPECTS

1. PIPELINE OF PROJECTS & SUSTAINABLE RETURNS

Key Indicators:

UNSDGs:

In 2022, revenue and profits will be progressively recognised on property developments as construction progresses. The Sentral Suites project, which forms the bulk of the RM0.9 billion worth of unbilled and unrecognised sales revenue, as well as TRIA 9 Seputeh, will start contributing more revenues in 2022, barring further construction site closures due to COVID-19 that would further impede progress. In Melbourne, 1060 Carnegie, the Group's mixed residential and commercial development that was fully constructed in December 2019, is expected to see continued sales and financial settlements of its remaining six units. 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 all prevailing Government mandated SOPs and other restrictions to reduce the risk of infections that could lead to site closures.

Revenue Recognition from Existing Projects

The focus in 2022 will be on selling our unsold completed units, which stood at RM535.7 million at the end of 2021. However, sales of completed units will remain slow as almost all the completed unsold units are the Bumiputera-designated units at VIVO 9 Seputeh, and we have applied to have these units progressively reclassified to allow them to be sold into the broader market. Sales at Sentral Suites, which is 84% sold but only 62% constructed, are also slowing for the same reason, as most of the units remaining are unsold Bumiputera units. While regulations dictate we can apply for a reclassification of these units after construction progress has hit 50%, only 30% of the Bumiputera units can be reclassified, and the process is expected to be lengthy.

PROJECTS UNDER CONSTRUCTION	COMPLETED UNSOLD UNITS	TOTAL
RM1.0 Billion	RM535.7 Million	RM1.5 Billion

New Development Projects in 2022

Additionally, we are earmarking the launch of several new development projects that should generate revenues in 2022 and beyond, assuming the pandemic situation continues to be under control.

	Expected Launch	GDV (RM' Million)	Units
Lillium, Bandar Seri Iskandar	1Q FY2022	29	90
Residensi Tujuh (Kwasa Sentral Plot F)	2Q FY2022	328	573
Tower 5, PJ Sentral	4Q FY2022	486	340
TOTAL		**843**	**1,003**

While we aim to sell RM500 million worth of properties in 2022, 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

Key Indicators:

- DIVERSIFICATION & OPERATIONAL EXPANSION ▶ ENTER INTO NEW MARKETS
- TECHNOLOGY ADOPTION & INNOVATION ▶ ACHIEVE LEAN & EFFICIENT OPERATIONS
- QUALITY PRODUCTS & PEOPLE ▶ DEVELOP A SKILLED WORKFORCE

UNSDGs:

3 GOOD HEALTH AND WELL-BEING
8 DECENT WORK AND ECONOMIC GROWTH
11 SUSTAINABLE CITIES AND COMMUNITIES

With TODs making up 77% of the GDV of our property development land bank and developments spanning into the next decade, we will continue to generate long-term revenue due to attractive 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 address these by developing products that meet consumer tastes and demands, including incorporating more sustainability and green elements.

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 continues to study building affordable high-rise units specially built to assist the elderly - from safety features to proximity to healthcare and other essential amenities. To date, we have identified sites to pursue this initiative and will continue to work towards developing partnerships to materialise this strategy. 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 sq. ft. to 500 sq. ft. with shared amenities and access to various attractive lifestyle components, with an emphasis on sustainability.

By understanding our consumers and 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

Developments	Land Size (Acres)	GDV (RM' Million)
Transit Oriented Developments	145.24	25,548
Commercial	67.52	770
Residential	93.96	5,803
International	0.77	919
Others	700.33	307
Grand Total	**1,007.82**	**33,347**

3. DIVERSIFYING INTO NEW MARKETS AND PRODUCTS

Key Indicators:

- DIVERSIFICATION & OPERATIONAL EXPANSION ▶ GEOGRAPHICAL EXPANSION
- ENTER INTO NEW MARKETS
- TECHNOLOGY ADOPTION & INNOVATION ▶ LEVERAGE MRCB BUILDING SYSTEM (MBS)

UNSDGs:

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/logistics development 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. With our growing track record in Australia, we believe this market offers good growth prospects, given our understanding of it and our success operating in it over a number of years. 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 10 km outside Melbourne CBD, will, over the next three to four years, expand its development activities with small to medium scale projects in other locations in Australia. An example is the recent acquisition of 0.766 acres of prime land in the Gold Coast, Australia, and the natural progression to expand into New Zealand through the successful tender award to develop the Aotea Central Over Station in Auckland. 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 and 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, such as hospitals, police and army accommodation and prisons, where speed of construction is a client priority.

In diversifying away from commercial and residential developments, we have also acquired 683.32 acres of land in Simpang Pulai, Perak, which is 14 km from the city of Ipoh and located next to the Simpang Pulai Rest & Recreation stop along the North-South Expressway. This land will lay the groundwork for our entry into the industrial and logistics development segment moving forward, a segment of the market which we believe will be in much demand over the next few years by multinational corporations looking for large, strategically located, bespoke developments meeting their sustainability requirements.

OUR PERFORMANCE
ENGINEERING, CONSTRUCTION & ENVIRONMENT

SDG9

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

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.

SDG8

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

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 46 - 54 and Strategic Roadmap on pages 77 - 83 of this Integrated Annual Report.

SDG3

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

We are also committed to 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.

OUR PERFORMANCE
ENGINEERING, CONSTRUCTION & ENVIRONMENT

2021 PERFORMANCE

The Engineering, Construction & Environment Division recorded revenue of RM903.6 million in 2021, a 75% increase compared to 2020, mainly as a direct result of the construction progress of the Light Rail Transit 3 (LRT3) project and the full consolidation of its results after the project company, Setia Utama LRT3 Sdn Bhd (SULSB) (formerly known as MRCB George Kent Sdn Bhd), became a wholly owned subsidiary of the Group on 13 October 2021. Notwithstanding, the Division experienced multiple site closures at almost all construction project sites undertaken either due to Government mandated lockdowns or as precautionary measures when COVID-19 positive cases were detected on site. This led to lower revenue contributions from the Division's ongoing construction projects, namely from the construction progress of the EPF Headquarters at Kwasa Sentral, Damansara-Shah Alam Elevated Highway Package CB2, Mass Rapid Transit Line 2 Package V210, Sungai Besi-Ulu Kelang Elevated Expressway Package CA2, and other construction works for the Property Development & Investment Division. Additionally, revenue recognition was also lower from these projects as most of them were large infrastructure construction projects entering their final phases of construction, a period when recognition of revenue and profits are sub-optimal.

KEY HIGHLIGHTS IN 2021

REVENUE	OPEN TENDERS	EXTERNAL CLIENT ORDER BOOK
RM903 Million	RM508 Million	RM27.3 Billion
% INFRASTRUCTURE PROJECTS IN EXTERNAL CLIENT ORDER BOOK	**UNBILLED ORDER BOOK**	**VALUE OF COMPLETED PROJECTS IN 2021**
46%	RM19.2 Billion	RM51 Million

OUR PERFORMANCE
ENGINEERING, CONSTRUCTION & ENVIRONMENT

SDG3

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

As part of efforts to protect our employees and also ensure progress at our project sites, MRCB conducted a Vaccination Drive to vaccinate 1,000 of its employees. However, when the Division was able to resume construction work under the permissible SOPs and other guidelines issued by the Government and regulatory authority, productivity rates remained very low due to caps placed on the percentage of workforce allowed at sites at any given time, restrictions on the eligibility of workforce and the type of works that could be carried out, as well as disruptions in the construction supply chain which led to a shortage of certain building materials.

In 2021, operating losses narrowed by 77% to RM40.7 million. The higher loss recorded in 2020 was due to the RM197.4 million provision made for the impairment of contract assets, trade and other receivables as a result of the pandemic. The narrowing of losses was also largely driven by operating profits from the LRT3 project, which contributed RM14.0 million on a consolidated basis in the fourth quarter of 2021, and a further RM18.8 million contribution in aggregate as a share of results on an equity accounting basis in the first three quarters of 2021 when it was only 50% owned. The LRT3 project reached physical construction progress of 67% as at 31 December 2021.

With construction progress again being severely impacted by COVID-19 in 2021 on top of the site closures in 2020, the completion of the Mass Rapid Transit Line 2 (MRT2), Sungai Besi-Ulu Kelang Elevated Expressway (SUKE) and Damansara-Shah Alam Elevated Expressway (DASH) have been further delayed to the first, second and third quarters of 2022. Meanwhile, construction of the 37 km LRT3 line remains on track to reach completion in 2024.

	Project	Original completion date	Revised completion date in 2020	Revised completion date in 2021
1	MRT2	2021	4Q2021	**1Q2022**
3	SUKE	2Q2020	2Q2021	**2Q2022**
2	DASH	2Q2020	2Q2021	**3Q2022**
4	LRT3	2024	2024	**2024**

During the year, the Division completed the Putrajaya School Extension project using its MBS technology valued at RM9 million, as well as the main building works for the EPF Headquarters at the Kwasa Utama C8 site for the Property Development & Investment Division.

Overall, the industry continued to experience a contraction in mega and catalytic infrastructure projects due to uncertainties induced by the COVID-19 pandemic. As a result, there were fewer construction tender opportunities, with the Division tendering for projects valued at only RM 473.8 million during the year. However, despite this challenging environment, MRCB's long-term external client order book expanded by RM5.6 billion following the acquisition of the LRT3 project joint venture company SULB to RM27.3 billion at the end of 2021, with 46% of the order book consisting of infrastructure projects and 48% consisting of very long-term TOD projects.

OUR PERFORMANCE
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 (RM' Million)	Contract Value	Progress*
Buildings		
PR1MA Brickfields	276	24%
FINAS	170	9%
Infrastructure		
MRT2 V210 Package - 2.6km Guideway	497	91%
SUKE - CA2 Package	317	71%
LRT3	11,372	58%
DASH - CB2 Package	400	84%
Transit Oriented Developments (TOD)		
Bukit Jalil Sentral (provisional contract costs)	10,116	0%
Kwasa Utama C8 (provisional TC)	2,916	73%**
Fee-Based Orders		
Kwasa Utama, C8 (management contract)	177	
Kwasa Land (PDP Infra)	176	
Bukit Jalil Sentral (management contract)	841	
Semarak City Phase 1 (management contract)	27	
Total	**27,285**	

Note:
* Denotes financial progress
** Refers only to the portion that has been awarded and is ongoing. The remaining RM2.5 billion of the total contract value has not yet been awarded

COMPLETED PROJECTS IN 2021

EPF Headquarters

EPF Headquarters at Kwasa Damansara

Description:
The new 12-storey EPF Headquarters located in Kwasa Damansara, built under resource-efficient and pollution-reducing design principles.

Project Value
RM42 Million

UNSDGs:
8 DECENT WORK AND ECONOMIC GROWTH
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Putrajaya School Extension

Completed classrooms built using our MBS technology

Description:
Designed and built 35 classrooms for five schools for the Ministry of Education using our MBS technology. Project was completed in approximately three months.

Project Value
RM9 Million

UNSDGs:
4 QUALITY EDUCATION
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
12 RESPONSIBLE CONSUMPTION AND PRODUCTION

OUR PERFORMANCE
ENGINEERING, CONSTRUCTION & ENVIRONMENT

PROJECTS AWARDED THE 4-STAR SAFETY HEALTH ASSESSMENT SYSTEM IN CONSTRUCTION (SHASSIC) RATING

Sentral Suites

Interior shot of Sentral Suites in KL Sentral CBD

★★★★ **4-Star SHASSIC Rating**

Description:
Located in close proximity to KL Sentral CBD, Sentral Suites comprises 1,434 serviced apartments within three 43-storey high-rise residential towers.

GDV

RM1,535 Million

UNSDGs:

KEY STRATEGIES AND INITIATIVES

STRENGTHEN CORE FOR SUSTAINABLE RETURNS

Key Action Plan	Key Initiatives	Outcomes
ENSURE STEADY PIPELINE OF PROJECTS	• Continued to tender for infrastructure projects	• Open tenders worth RM508.3 million as at 31 December 2021 • Submitted tenders worth RM473.8 million in 2021
	• Acquired remaining 50% of our LRT3 project joint venture	• LRT3 contributed profit of RM14.0 million on a consolidated basis in the fourth quarter of 2021, and share of results of RM18.8 million in aggregate on an equity accounting basis in the first three quarters of 2021 when it was only 50% owned • Increased external construction order book by 26% to RM27.3 billion in 2021
	• Ensured the completion of project milestones	• Completed the Putrajaya School Extension project valued at RM9 million • Completed the main building works for the EPF Headquarters at the Kwasa Utama C8 site for the Property Development & Investment Division

DIVERSIFICATION & OPERATIONAL EXPANSION

Key Action Plan	Key Initiatives	Outcomes
GEOGRAPHICAL EXPANSION ENTER INTO NEW MARKETS	• Brought MBS to market	• Completed 35 classrooms for five schools in Putrajaya for the Ministry of Education using our MBS technology in approximately three months • Licensed MBS technology to a company in Hong Kong and one in Singapore for use in their ongoing high-rise construction projects
	• Explored partnerships to successfully penetrate new areas in the long run	• Formalised a technology partnership and in advanced negotiations for a waste-to-energy (WTE) service agreement

TECHNOLOGY ADOPTION & INNOVATION

Key Action Plan	Key Initiatives	Outcomes
ACHIEVE LEAN & EFFICIENT OPERATIONS	• Developed strategies to reduce operational costs in the long run	• Continued operations of the Bukit Jalil Casting Yard for MRCB's infrastructure construction projects for external clients • Fully adopted a digital construction project management platform that allowed work to be seamlessly continued during the MCO • Received the Sustainability Performance Award 2021 for SDG Ambition Benchmark 6 awarded by the United Nations Global Compact Malaysia & Brunei in 2021, in recognition of our innovation of MBS • Completed 35 classrooms for five schools in Putrajaya for the Ministry of Education using our MBS technology
	• Showcased MBS to investors, fund managers, analysts and other professionals through 21 ESG-specific engagement sessions	• Continued plans to develop Residensi Tujuh and the MBS Show Flat at Kwasa Sentral using MBS technology in 2022

QUALITY PRODUCTS & PEOPLE

Key Action Plan	Key Initiatives	Outcomes
UPHOLD GOOD CORPORATE GOVERNANCE DEVELOP A SKILLED WORKFORCE	• 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	• Achieved 89% SHASSIC Score (4-Star Rating) for our Sentral Suites development in KL Sentral
	• Safeguarded the well-being of labourers and employees at our construction sites	• Arranged Centralised Labour Quarters (CLQ) to ensure adequate accommodation and healthy living conditions for labourers working at our sites • Conducted a Vaccination Drive to vaccinate 1,000 MRCB employees with two complete vaccination doses and a booster dose for 177 employees
	• Conducted safety and health trainings for 794 people consisting of employees, site workers and contractors	• Recorded an incident rate of 1.83, which is lower than Malaysia's Department of Occupational Safety and Health (DOSH)'s acceptable rate of 2.5

OUR PERFORMANCE
ENGINEERING, CONSTRUCTION & ENVIRONMENT

CHALLENGES & RISKS

Risks	Mitigation Strategies	Results
COVID-19 movement restrictions and site closures led to delays in construction progress	• Request Extension of Time (EOT) from relevant parties to ensure no Liquidated Ascertained Damages (LAD) were incurred due to the delay in construction completion	• Obtained extensions for the construction completion dates for the SUKE and DASH projects to the second and third quarters of 2022 from the revised timelines in the second quarter of 2021
Increased risk of infection at project sites leading to site closure and complete halt at project sites	• 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	• All personnel were tested at our project sites at multiple times, in accordance to guidelines set forth by Malaysia's Ministry of Health • 1,000 employees were fully vaccinated, and vaccination rates were closely monitored to ensure maximum capacity allowed at project sites • Introduced strict site segregation

OUTLOOK & PROSPECTS

1. PIPELINE OF PROJECTS & SUSTAINABLE RETURNS

Key Indicators:

- STRENGTHEN CORE FOR SUSTAINABLE RETURNS ▶ ENSURE STEADY PIPELINE OF PROJECTS
- QUALITY PRODUCTS & PEOPLE ▶ UPHOLD GOOD CORPORATE GOVERNANCE

UNSDGs:

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 due to relatively less tender competition. Our large external client construction order book stretches out beyond 2030. 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 ongoing pandemic.

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 RM841 million	2038
Light Rail Transit Line 3	The 37 km LRT line from Bandar Utama to Klang will feature 20 stations, five provisional stations, and two integrated stations. The project will serve two million users by 2024 and achieved 67% physical construction progress as at 31 December 2021.	Contract Fee RM11,372 million	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 apartments, a hotel, shared common infrastructure, amenities and parks. This is located in Kwasa Damansara, Sungai Buloh.	Provisional Contract Costs RM2,916 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	2022
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.	RM400 million	2022
Sungai Besi-Ulu Kelang 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	2022

2. COMPETITIVE ADVANTAGE & INNOVATIVE SOLUTIONS

Key Indicators:

- DIVERSIFICATION & OPERATIONAL EXPANSION ▶ GEOGRAPHICAL EXPANSION
- ENTER INTO NEW MARKETS
- TECHNOLOGY ADOPTION & INNOVATION ▶ LEVERAGE MRCB BUILDING SYSTEM (MBS)

UNSDGs:

11 SUSTAINABLE CITIES AND COMMUNITIES; 12 RESPONSIBLE CONSUMPTION AND PRODUCTION; 13 CLIMATE ACTION; 15 LIFE ON LAND

Looking ahead, the Division plans to improve its margins and remain competitive by automating its processes and leveraging on our MRCB Building System (MBS). This system has attracted the interests of other industry players due its ability to address sustainability concerns arising from carbon intensive construction activities. To date, we have licensed our MBS technology to two companies overseas for the construction of a 19-storey student residential project and temporary quarantine facility in Hong Kong, as well as a 12-storey nursing home and senior care centre in Singapore. As at end 2021, the quarantine facility had reached construction completion. We also continue to leverage on our engineering expertise to work towards providing solutions to other environmental issues. An example is our capabilities in river and coastal rehabilitation and flood mitigation, in which we have completed four phases of the ongoing Kuala Pahang Rivermouth Improvement Works since 2005, and we aim to tender for similar projects in the future.

3. DIVERSIFYING INTO NEW MARKETS AND PRODUCTS

Key Indicators:

- DIVERSIFICATION & OPERATIONAL EXPANSION ▶ ENTER INTO NEW MARKETS
- TECHNOLOGY ADOPTION & INNOVATION ▶ ACHIEVE LEAN & EFFICIENT OPERATIONS
- QUALITY PRODUCTS & PEOPLE ▶ DEVELOP A SKILLED WORKFORCE

UNSDGs:

8 DECENT WORK AND ECONOMIC GROWTH; 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE; 12 RESPONSIBLE CONSUMPTION AND PRODUCTION; 13 CLIMATE ACTION; 15 LIFE ON LAND

The Division continues its plans to market the supply and delivery of precast components to external parties, including other suppliers, due to the high demand of these materials, from our Bukit Jalil Casting Yard, which is operated and managed by Milmix Sdn Bhd, a wholly-owned subsidiary of MRCB Builders Sdn Bhd.

The Division will 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. Since the pandemic however, clinical waste generation has also increased. Nationwide, there are only 141 landfills, with only 21 of them being sanitary landfills. These landfills, which have an average lifespan of 30 years and require large areas of land, contribute to environmental pollution and release methane gas which traps 72 times more heat than CO_2. 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, and slowly eliminate landfills completely.

Waste-to-energy allows us to not only process waste in an efficient and sustainable manner, it also converts waste into a fuel source which is used to generate energy. With land becoming scarce and fossil fuels emitting more CO_2/MWh compared to waste-to-energy, MRCB has earmarked waste-to-energy as a priority 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 CO_2 emissions per unit of GDP by 45% 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.

As part of our efforts to realise this strategy, we have already identified a suitable project. To date, the technology, which is sourced from Europe and adapted for the higher moisture content in Malaysia's household waste, has been approved by the Government, and we are awaiting for the service agreement to be finalised.

OUR PERFORMANCE
SOCIAL

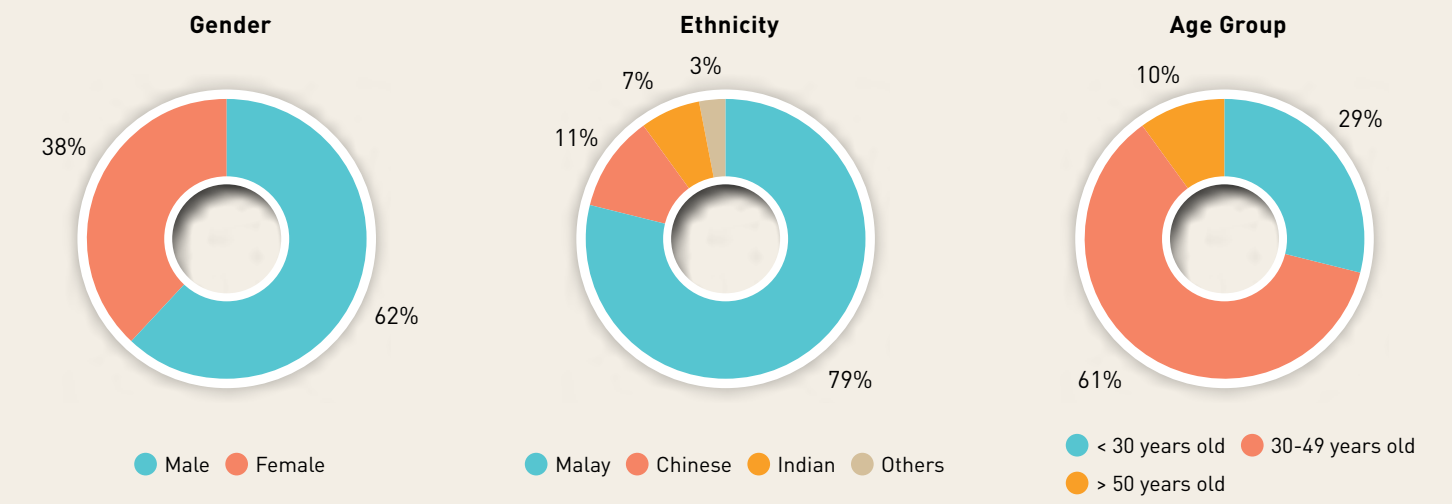
MRCB embraces the basic values of dignity, responsibility, equality, inclusivity, respect, integrity, and transparency in our relationships with stakeholders. In our Human Rights Statement, we have outlined our commitment to developing a working culture which is aligned to and supports internationally recognised human rights principles and seeks to avoid complicity in human rights abuses. We seek to improve our human rights performance by aligning our working culture to internationally recognised human rights principles contained within the Universal Declaration of Human Rights, the UN Guiding Principles on Business and Human Rights and the ILO Core Conventions on Labour Standards.

DIVERSITY & EQUAL OPPORTUNITY

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, perspectives and ideas, which promotes innovation. 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 Gender Pay Gap of women to men.

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 our surrounding facilities in KL Sentral and Penang Sentral, as well as at multiple project sites. Given the physically demanding nature of the work at our project sites, 62% of our employees are made up of men and 61% 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 29% of our workforce and we support our young talent by equipping them with the relevant skills and expanding their knowledge in the industry.

Full-Time Employee (FTE) Demographics



Empowering Women In The Workforce

Championing SDG 5 (Gender Equality), the Group held its virtual MRCB International Women's Day on 8 March 2021 to celebrate women's achievements and raise awareness on the importance of gender parity. The theme of the event was 'Choose to Challenge and Dare to Change'.

MRCB has been implementing practices to cater to women at the workplace. Below are some initiatives targeted to support women at work:

Designated Mother's Rooms
Rooms are provided at the Headquarters for nursing mothers returning to work.

Staggered Work Hours
Employees are entitled to opt for flexible work hours to better fit their needs.

Shortened Work Hours
Expecting mothers are entitled to opt for shortened work hours that allow them to attend to their health and well-being.

Financial Support for New Mothers
Employees who have just given birth may claim up to RM6,250 to assist with their delivery bills, and new-borns receive cash gifts.

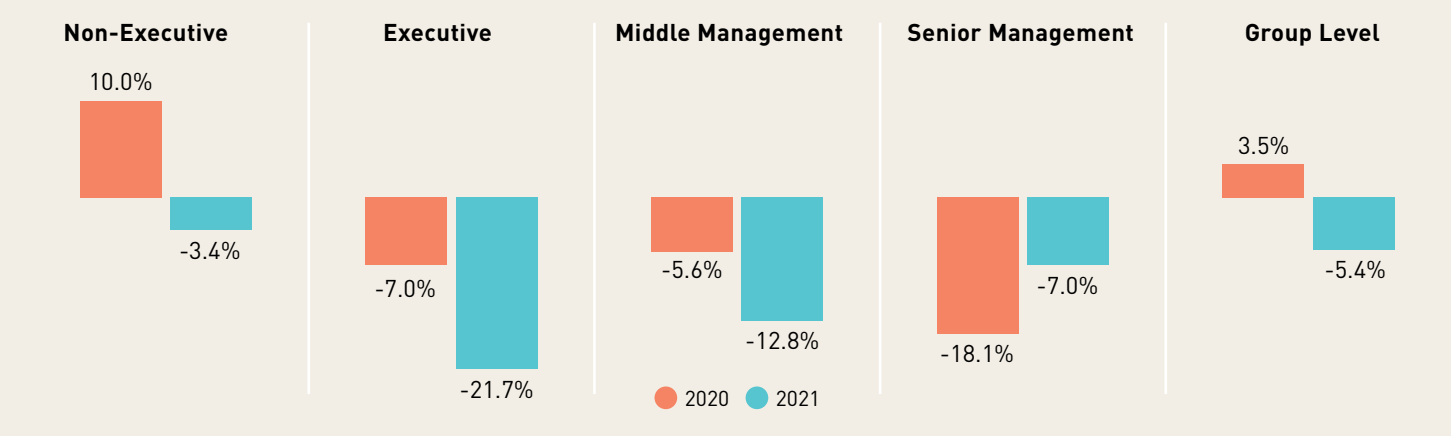
Sexual Harassment Policy and Awareness Sessions
A formal complaint process is in place and all complaints are promptly investigated in a strictly confidential and fair manner. Necessary and appropriate actions are taken to remedy any violations.

Pink October
An awareness session was conducted by a medical oncologist about early detection and prevention of breast cancer amongst employees.

As a responsible corporation, MRCB strives to eliminate the gender pay gap addressed in SDG 8 (Decent Work and Economic Growth). As an indicator for this aspiration, the measure of gender pay gap enables Management to monitor our progress. The indicator measures the gap between the average wage level of all women and all men employed by MRCB. In 2021, the gender pay gap (women to men) increased to 5.4% in 2021, from -3.5% in 2020. A negative percentage means that male employees received lower pay or bonuses than female employees.

While we review new appointments to ensure that we benchmark appropriately, and that offers are commensurate with skills and experience, the increase in gender pay gap was largely attributed to MRCB's acquisition of George Kent (Malaysia) Berhad's 50% equity interest in the LRT3 project joint venture company on 13 October 2021. This led to the absorption of 343 LRT3 project construction personnel, who were mostly men with specialised technical expertise, resulting in an increase in average annual salary for men in certain job grades.

Gender Pay Gap



PEKA@MRCB Programme

SDG8 SDG10 SDG11

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. Since its launch, 231 prisoners/offenders have participated in this programme.

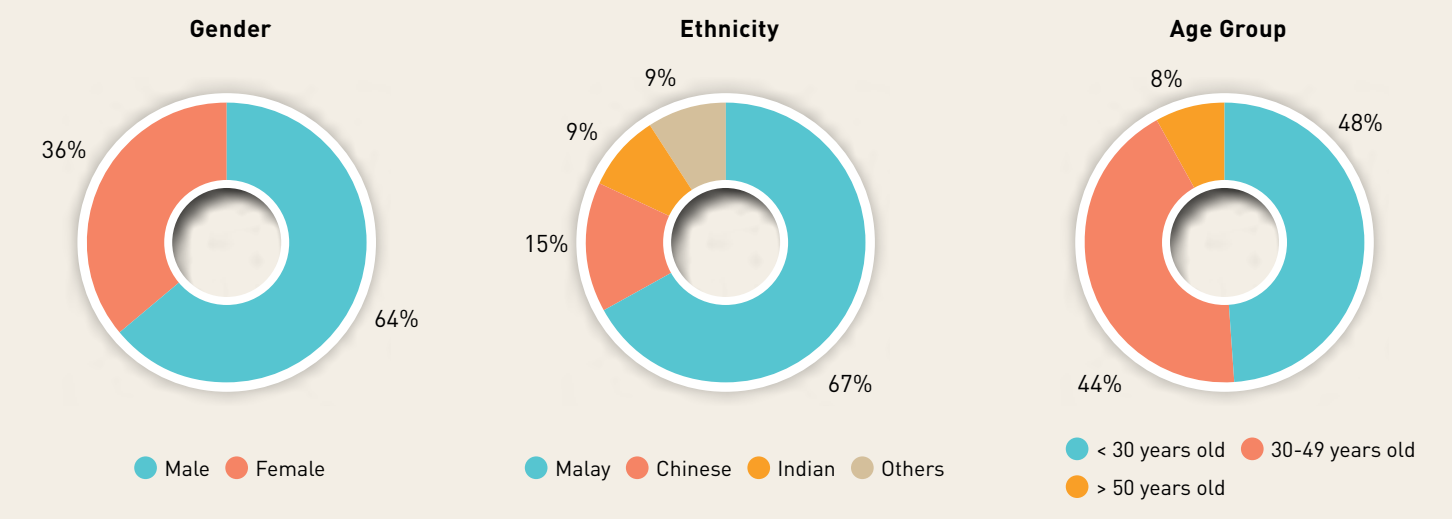
In 2021, we continued to provide upskilling and training opportunities to 54 prisoners/offenders. Training was provided and included a safety induction course by CIDB, and more practical trainings such as welding, brick-laying, and machine maintenance.

CAREER DEVELOPMENT: INVESTING IN OUR PEOPLE

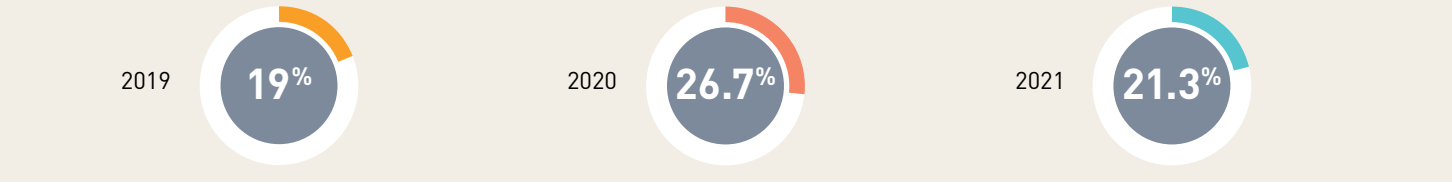
MRCB places great importance on hiring the right talent and retaining them. In 2021, 181 new hires were made, an increase from 144 new hires in 2020. While the construction and engineering industry generally faces higher employee turnover rates due to the nature of work i.e., project completions may lead to employees leaving as their contracts have ended, in 2021 our turnover rate decreased to 21.3% compared to 26.7% in 2020.

We continuously invest in initiatives to ensure we retain talent critical to our business and equip our people with the relevant soft skills and professional training to ensure that they remain relevant, able to advance their career, and add value to our business.

New Employees Hired



Employee Turnover Rate



Learning and development moved from traditional classroom training to virtual self-directed learning using e-learning platforms during the pandemic. The MRCB Learning and Development Centre (LDC) leveraged on the e-Latih platform developed by the Human Resources Development Fund (HRDF) to further develop the knowledge of employees, providing access to more than 300 courses across various topics. Currently the LDC has 2 different platforms to promote self-paced learning and provide flexibility.

- e-LDC: in-house developed modules designed by experienced employees or subject matter experts; and
- e-Latih: external modules on several topics including personal development, project management, marketing & innovation, leadership, programming, languages, and many others.

Other programmes launched and implemented in 2021 to upgrade and enhance the Group's human capital, include:

UNGC Academy Platform

As part of our efforts to increase our employees' understanding and awareness of sustainability and its Environmental, Social and Governance (ESG) pillars, we launched the UNGC Academy platform at MRCB. The courses available on this platform provide practical guidance for employees to assess, adapt and learn how to embed sustainable business practices aligned to the 2030 Agenda. Since its launch in July 2021, 388 employees completed a basic introductory course to sustainability. Moving forward, identified courses entitled "How to Set Ambitious Corporate Targets", "Accelerate Integration of the 17 SDGs" and "How to Align Your Business Strategy with the Global Goals" will be rolled out to selected target groups within the organisation. This will be a continuous effort to create a workforce that is well-versed in sustainability matters and to embed a culture of sustainability.

MRCB People Transformation Accelerator Programme (PTAP)

MRCB embarked on a People Transformation Programme to drive the Group's transformation strategy through a series of interactive workshops. The purpose of the programme is to align our behaviours, efforts, and purpose to accelerate and sustain the change we envision. It is important that every employee fully understands how their roles and actions contribute to the success of MRCB.

The programme kicked-off in April 2021 with diagnostic interviews with key stakeholders, a focus group with selected employees, and an organisation-wide survey to identify the skills and behaviours required to support MRCB's transformation and strengthen organisational health. The second phase of the programme continued with the PTAP Workshop to develop the skills and behaviours of our employees. A pilot workshop was conducted in July 2021 to the first 40 participants consisting of Heads of Departments and Managers from different parts of the organisation. Subsequently, nine more workshops were conducted to a total of 348 employees. The programme will be rolled out to the rest of our workforce in 2022.

Future Leaders Competencies Development Programme (FLCDP)

This programme aims to provide accelerated learning and equips the participants with the fundamental knowledge and skills to perform their roles effectively for business and operational excellence. It also offers a comprehensive and holistic learning methodology encompassing e-learning, videos, business simulations, case studies, projects, and group coaching. It consists of 11 modules with 35 work tasks to be completed in the duration of 12 weeks. The selected participants undergo various functions of a business that reflects on the practicalities of working life.

Performance and Career Development Reviews

Every employee's performance is evaluated annually to identify strong performers and address performance gaps in individuals. Performance reviews are conducted to assess goals achieved for the year by employees based on Key Performance Indicators (KPIs) set at the beginning of each year. 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.

Graduate Employability Programme (GEP)

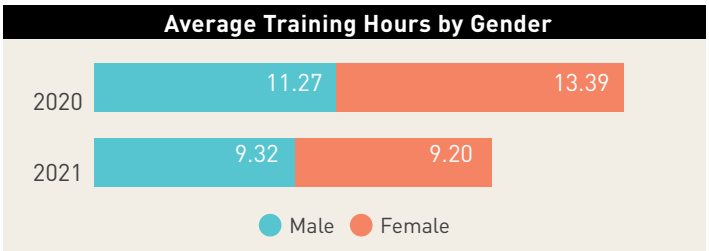
MRCB Graduate Employability Programme (GEP) is an initiative developed for young graduates from various local and international universities with the aim to enhance the marketability and employability of Malaysian graduates. The GEP consists of 8-months to 1-year paid training, where the trainees undergo and experience real working environment that will improve their skills and capabilities and allows MRCB to identify talented graduates for recruitment. In 2021, 19 fresh graduates, of which 80% were women, were accepted into MRCB's GEP.

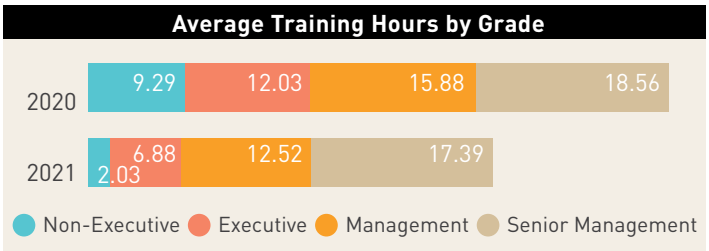
In 2021, a total of

RM1,353,652

was spent on training and development which translated to **RM1,106** per full-time employee.

Average Training Hours Per Employee





EMPLOYEE ENGAGEMENT & WELL-BEING

Benefits

MRCB adopts best practices with respect to benefits and wellness, including annual leave, medical insurance coverage and several types of allowances which differ depending on the position the employee holds within the organisation.

We regularly review our corporate benefits packages to ensure they are competitive and 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 act as the primary caregiver for a terminally ill family member. In 2021, due to the pandemic and the Group's concern for its employees' well-being, employees were also given the option to extend their existing healthcare insurance provided by the Group, whereby their coverage could be extended even after they leave the company.

Below, we summarise some of the benefits provided to MRCB's full-time employees.

Leave

- Annual Leave
- Medical leave
- Emergency Leave
- Compassionate Leave
- Exam Leave
- Marriage Leave
- Prolonged Illness Leave
- Maternity Leave
- Paternity Leave
- Pilgrimage Leave
- Replacement Leave
- Family Care Leave

Medical

- Outpatient Treatment
- Hospitalisation Benefit
- Maternity Benefit
- Executive Health Screening
- Dental Benefit

Others*

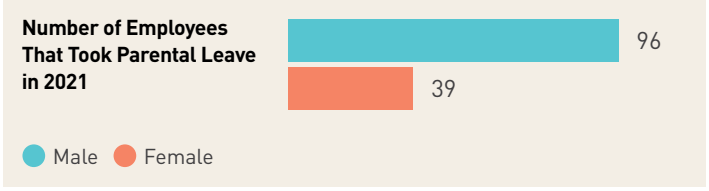
- Mileage Claims
- Hotel Accommodation & Air Travel
- Transfer Allowance
- Mobile Phone Bill
- Parking Subsidy
- Broadband Subsidy
- Car Allowance and Petrol Card
- Professional Membership Fee
- Educational Assistance

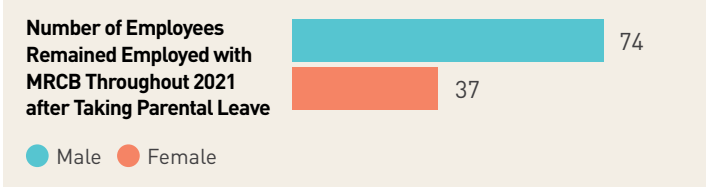
* Subject to job grade

Pro-Family Benefits: Parental Leave

We provide parental leave to new parents of 90 consecutive days for women and 5 consecutive days for men, respectively (SDG 5, Gender Equality and SDG 8, Decent Work and Economic Growth).

In 2021, MRCB provided an accumulative 3,990 days of parental leave benefiting 135 staff. All staff returned to work after their parental leave ended, with 82% continuing their employment with MRCB throughout the reporting period. This brings our retention rate after parental leave for female and male employees at 95% and 77%, respectively.

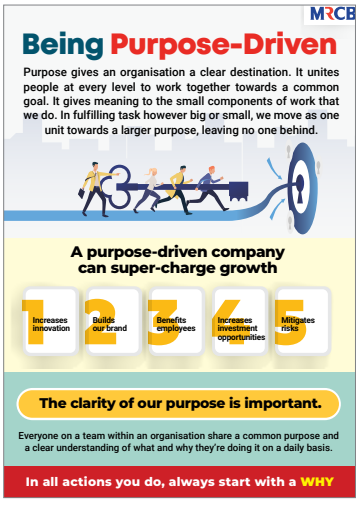




Creating the Right Culture - Internal communication

Communication is the cornerstone to creating the right culture. We believe in the power of a fully engaged workforce, and have continuously leveraged on numerous communications channels such as staff newsletters, electronic mails, digital and print signages, video displays placed in strategic areas within our offices, HR portal, WhatsApp and Microsoft Teams, despite the challenges presented by the COVID-19 pandemic.

Targeted topics such as sustainability matters, internal training and events, cultural reinforcement, health and safety are continuously curated and communicated to our workforce. These are some examples:



Navigating COVID-19

The unprecedented set of challenges due to COVID-19 were felt globally and demanded organisations be agile to become resilient and support business continuity and growth. Together with social and the climate related uncertainties impacting Malaysia later in 2021, it was important that MRCB employees felt supported. Comprehensive actions were taken by the Group to safeguard the well-being of employees and maintain their morale.

MRCB Wellness Programme

We partnered with a digital healthcare provider to run our wellness programme, and several virtual employee engagement programs were conducted throughout the year. In the second quarter of 2021, the Group launched a 6-month wellness programme starting with providing one-on-one virtual counselling sessions with licensed and professional clinical psychologists. Employees were able to book sessions with 12 professional psychologists specialising in multiple areas with the partner's application and platform, which provides professional health and life coaching services by connecting users to health professionals. The platform combines behavioural science, data science, and digital design to help users achieve a lasting healthy lifestyle. They provide MRCB employees access to a multidisciplinary coaching team consisting of clinical psychologists, dieticians, medical advisors, fitness experts, career coaches and financial planners. The comprehensive and personalised employee assistance programs were aimed at improving our employees' physical and mental health. Personalised coaching as well as educational articles and videos were offered to all employees through electronic platforms to ensure a continuous growth and learning culture within our organisation.

MRCB Vaccination drive at KL Sentral CBD

Employee Vaccination Programme

In collaboration with the Ministry of Federal Territories, we successfully organised the MyMedic@Wilayah Mobile Vaccine 2021 and provided free vaccinations to 1,000 employees. The first dose was administered in June 2021, followed by the second dose in July 2021 at Kuala Lumpur Sentral Station with strict Standard Operating Procedures (SOPs) in place. By the end of 2021, 100% of our employees were fully vaccinated. In addition, a booster dose vaccination program was held in December 2021 which 177 employees participated in.

Work-From-Office (WFO) and Standard Operating Procedures (SOPs)

Starting 6 September 2021, 30% of the workforce were allowed to resume working from the office (WFO) following two-week rotations within each department. Only employees who had been fully vaccinated were allowed to enter the workplace whilst adhering to strict SOPs. MRCB conducted biweekly compulsory testing using Rapid Test Kits (RTK) for employees, prior to being allowed to enter the office, ensuring workplace safety for all staff. Proper guidelines were established, and strict actions were taken to ensure the workplace was "COVID-free", including temperature checking and sanitisation stations at all office entry points and all common areas. Project sites had their own stringent SOPs in place, to ensure that our construction sites mitigated the pandemic as much as possible, with stop work and quarantine orders issued to any sites where any worker tested positive.

MRCB's Response to Floods

In December 2021, persistent torrential downpours across the nation resulted in a devastating flood across the country, causing deaths and the displacement of more than 71,000 residents, including many of our own employees in the Klang Valley. MRCB donated more than RM180,000 in cash and in kind, and sent 150 employees as volunteers to assist in food distribution and cleaning efforts to the flood victims, which included 113 of our own employees and 2,690 families in Johan Setia, Taman Sri Muda and the surrounding communities. In addition, compassionate leave was granted to affected employees.

Key Engagement Programmes

Our key employee engagement programmes in 2021 were as follows:

Month	Programme
March	MRCB's International Women's Day
April	Briefing: Zakat Services & My30 Travel Pass
June	Provision for one-on-one remote therapy: virtual counselling session with licensed and professional clinical psychologists
June	MRCB Employee Vaccination Programme (1st Dose)
June	MRCB Employee Vaccination Programme (2nd Dose)
July	COVID-19 Vaccination Status for MRCB Employees: Survey
August	COVID-19 Vaccination Survey Update
August	MRCB celebrating its 50th anniversary: Special issue newsletter
September	Official launch of MRCB Wellness Programme
October	Breast Cancer Awareness Month, a talk with a medical oncologist: Understanding Breast Cancer
November	Talk on "Brighter Days Ahead": Your Financial Well-being Starts Here
November	Talk: Transitioning Back To Your Workplace Effectively
November	Men's Health Awareness: Looking After Your Prostate by a Family Medicine Specialist
December	Kelab Kebajikan & Rekreasi MRCB (KKRM) Treasure Hunt
December	Talk: Building Resilience In The New Normal: It All Starts With A Plan
December	MRCB Employee Vaccination Programme (Booster Dose)
December	Flood Relief Assistance

HEALTH AND SAFETY

MRCB places high priority on health and safety at the workplace. The nature of 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. To safeguard 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 also ensure constant communication of health and safety matters through electronic direct mail communication, videos displayed at waiting areas in our building, and notices at strategic areas around our sites. Communication is also conducted in the native language of our workers, and our sub-contractors are encouraged to voice out their concerns.

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 a two-way communication channel; and
- To motivate and raise awareness on issues pertaining to the Safety and Health (S&H) aspects.

Daily safety "toolbox" sessions are conducted at construction sites to raise awareness of ongoing safety procedures

Quality, Environmental, Safety and Health (QESH) Policy

At MRCB, we go above and beyond what is required and are committed to delivering world-class services and maintain the highest standards of quality in the services we provide to our clients. Apart from appointing independent design and check consultants to ensure the integrity of our design from a health and safety viewpoint, we also adhere to the following systems:

- 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

We have also reviewed our QESH 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. We have updated our QESH objectives in 2021 as follows:

- Achieve minimum 80% SHASSIC CIDB/ESH Audit's rating
- An incident rate of less than 2.50. (Please refer to page 120 for details)
- Ensure 85% of Non-Conformance Reports (NCR) are closed immediately (less than 7 days)
- To ensure zero Stop Work Orders (SWO) are issued by clients or relevant 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. The details and data included in the quarterly report covers the following areas:

- Accidents/incidents that have occurred;
- Notice of Improvement/Prohibition (NOI/NOP);
- Number of SWO issued; and
- ESH Audit, ESH inspection & induction and ESH Training (in-house and external).

Managing Safety and Health Risk at the Workplace

All QESH indicators are evaluated based on the reporting period, except for the NCRs and incident rate which are effective from September 2020 to August 2021. This is to accommodate for the Management Review Meeting which is held in October each year. In 2021, we have achieved three out of four QESH goals stated above.

We have established an 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.

HIRADC is conducted whenever there are changes to the condition of activities, introduction of new materials or any new activities and modification works. To ensure our workplace is always safe, HIRADC analysis is conducted at least once annually at our headquarters and 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, and 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 a step further 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 the Construction Industry Development Board (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 and 2021.

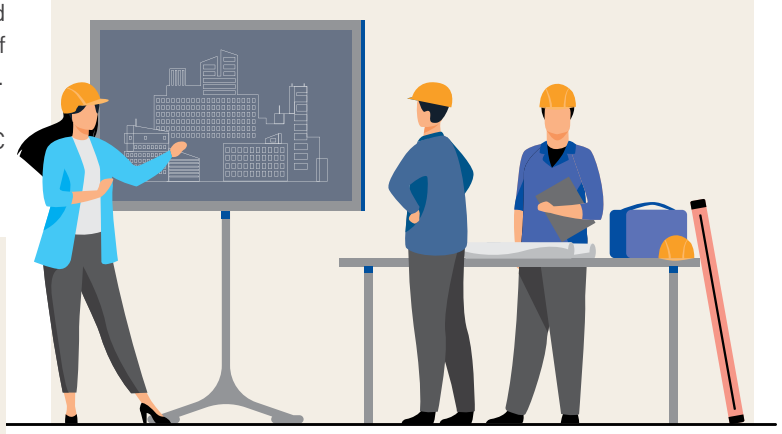
Year	Project Sites	SHASSIC Star Rating
2020	• TRIA 9 Seputeh – Parcel B	93% ★★★★★
	• SUKE CA2	97% ★★★★★
2021	• Sentral Suites – Lot 349	89% ★★★★

Safety and Health Training

Safety and health training and development programs are imperative to keep abreast with current relevant regulatory requirements and to equip employees and sub-contractors with competencies and skills necessary to execute their tasks.

In 2021, a total of 794 people consisting of employees, site workers and contractors attended 12 training modules in 33 conducted trainings. The training modules are listed below.

Training Modules
• Working At Height + Site Induction Refresher
• Crawler Crane Inspection Training
• Lifting Awareness Training-rigger & Signalman
• SHE Induction for ODS Sg Buloh-Peka Program
• Internal Auditor Refresher Training
• Train The Trainer - Tips to Become Effective Trainer
• HIRADC Training
• Unsafe Act Unsafe Condition
• Environmental Awareness
• Construction Machinery Inspection Training
• Forklift Safe Operation Training
• Chemical Safety Awareness



Safety and Health Incidents

Incident rate allows us to formulate policies and programs for the prevention and reduction of occupational injuries, illnesses and fatality. It measures the likelihood of unexpected and unplanned occurrence of fatal and non-fatal injuries and illnesses arising out of or in connection with work per thousands of workers. In 2021, we recorded an incident rate of 1.83, which is lower than Malaysia's Department of Occupational Safety and Health (DOSH)'s acceptable rate of 2.5. We have a target of having zero fatalities and major injuries from our project sites. Due to limitation to obtain third-party information for the Property Development & Investment segment, the reported incident only covers the Engineering, Construction & Environment segment, consequently, the injury rate is only applicable to this segment.

Despite our best efforts to reduce injuries and accidents at project sites and continuing our practice of conducting various checks by independent consultants on our structures, who then endorse the design and conduct site inspections before approval for loading is given, in 2021, we had two (2) fatalities, one (1) major injury, four (4) minor injuries, one (1) first-aid case, one (1) property damage, and one (1) dangerous occurrence. We were also issued one (1) Stop Work Order (SWO) by Majlis Bandaraya Petaling Jaya (MBPJ), and seven (7) Notice of Prohibition (NOP) by the Department of Occupational Safety and Health (DOSH).

Immediate actions were taken to ensure the well-being of those involved and the integrity of our project sites in the aftermath of the incidences. Mitigation measures were also developed, and included, among others, creating a buddy system to ensure safety of workers at all times, ensuring the presence of an MRCB and site consultant representative during the issuance of the Ready To Load Certificate, as well as introducing an additional "hold point" to improve the control system of construction for the crosshead stitching of falseworks.

No.	Incident	Location	Remarks
1	Fatality	DASH CB2	Falsework structure collapsed due to a flaw in the bearing capacity calculation by the third party Professional Engineer for Temporary Works (PETW) prior to the falsework erection
		SEJE, Bahau	Victim slipped and fell 30m to the ground due to failure to properly secure his harness to the horizontal lifeline
2	Major Injuries	Sentral Suites	The injured worker hooked the lanyard to a newly planted rebar that was not designed to take his body weight
3	Minor Injuries	DASH CB2	Three minor injuries from different incidents
		KVMRT2 S210	One minor injury
4	First-aid Cases	Kwasa Sentral (MX-1, Plot H)	One first-aid injury
5	Property Damage	FINAS	Trailer driver accidentally hit the Project Signage resulting it to collapse and damage the Signage supporting structure
6	Dangerous Occurrence	PR1MA Brickfields	The crane's boom collapsed due to unfavorable weather conditions, causing the crane to topple sideways
7	Stop Work Order (SWO)	FINAS	Issued by MBPJ due to noise at construction sites
8	Notice of Prohibition (NOP)	DASH CB2	3 notices were issued by DOSH as consequence to the reassessment of site safety following the incident above.
		Sentral Suites	1 notice was issued by DOSH as consequence to the reassessment of site safety following the incident above.
		SEJE, Bahau	1 notice was issued by DOSH as consequence to the reassessment of site safety following their inspection.
		SUKE CA2	2 notices were issued by DOSH as consequence to the reassessment of site safety following their inspection.

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 cause injury to any person or damage to any property
First-aid Cases	Cases in which first aid was delivered at the workplace, with no further medical treatment required from medical practitioners
Medical Treatment	Only case 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	Minor • Simple contamination with localised effects for a short duration Major • Simple contamination with widespread effects to heavy contamination Catastrophic • Incident with damage to properties with an estimated cost above RM 500,000
Property Damage	Minor • Incident with damage to properties with an estimated cost below RM 150,000 Major • Incident with damage to properties with an estimated cost from RM 150,000 to RM 500,000 Fatal/Catastrophic • Incident with damage to properties with an 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. In 2021, MRCB achieved 4 million-man hours without LTI (Lost-Time Injury) for TRIA 9 Seputeh project. Frequent safety trainings, awareness campaigns, safety standards and risk assessments resulted in a low injury rate in 2021, at 1.18 injury per million work hours. With effective prevention and preparedness, MRCB has not been affected by any incidents of non-compliance with regulations concerning the environment in the reporting period.

Total Man Hours by Business Segments	2019	2020	2021
Engineering, Construction & Environment	10,634,031	6,803,580	**8,450,077**
Property Development & Investment	1,348,359	322,548	**269,030**
Total Man Hours	11,982,390	7,126,128	**8,719,107**

Type of Incident	2019	2020	2021
Ill Health	0	0	**0**
Near Miss	2	0	**0**
First-aid Cases	1	1	**1**
Medical Treatment	N/A	0	**0**
Minor Injuries	2	0	**4**
Major Injuries	0	0	**1**
Fatality	0	1	**2**
Environmental Incident	N/A	0	**0**
Property Damage	0	1	**1**
Dangerous Occurrences	N/A	0	**1**
Fire	0	0	**0**
Stop Work Order (SWO) Received from Authorities	2	1	**1**
Notice of Prohibition (NOP) Received from Authorities	0	1	**7**
Lost Time Injury (LTI)	2	2	**3**

Note - The incidents only covers the Engineering, Construction & Environment segment, due to limitation to obtain third-party information for the Property Development & Investment segment.

Labour

MRCB complies with all labour laws, 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 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 labour responsibilities seriously and provide adequate accommodation and healthy living conditions for them. Where possible we have Centralised Labour Quarters (CLQs) for accommodation and various welfare facilities for the 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. CLQs undergo spot checks and audits periodically, to ensure they comply with all regulations and provide a safe environment for the workers.

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 (GRI 413-1)

Apart from MRCB's corporate social responsibility (CSR) initiatives, Yayasan MRCB, which is MRCB's Foundation, was established to pursue and provide opportunities in education and financial assistance for the underprivileged. Founded in 2015, Yayasan MRCB has organised numerous impactful programmes to benefit the underprivileged as part of our efforts to enhance stakeholder value, in particular for those located close to our developments. Other CSR programmes include assisting the Orang Asli community, hosting empowerment programmes for youth with physical limitations, sponsoring a halfway home for patients with prolonged illnesses and their caregivers and aiding the most vulnerable in the community during the pandemic. Below is a list of our contributions in 2021 to various beneficiaries such as schools, hospitals, and other organisations, to improve their well-being.

No.	SDG Goal	Programme	Beneficiaries	Amount Spent (RM)
1	1 NO POVERTY	Collaborated with Burgernita to sponsor 2 burger kiosks to single mothers, to provide platform for them to generate income and sustain their daily lives	2 B40 families	9,460
2	2 ZERO HUNGER	Contributed RM3,000 to supply food to the underprivileged Orang Asal in Perak	900 Orang Asli	3,000
3	2 ZERO HUNGER	Contributed 3,000 sets of dry food to frontliners	3,000 frontliners and medical officers	8,386
4	2 ZERO HUNGER	Donated 100 boxes of essential food to the underprivileged blind people who registered with Malaysian Association for the Blind.	100 underprivileged visually impaired individuals	9,658
5	2 ZERO HUNGER	Donated food boxes to B40 communities and the underprivileged	3,000 B40 individuals via: • Food Aid Foundation • Yayasan Orang Buta Malaysia • Kuala Lumpur and Selangor Coalition of Women Organization (KLSCWO) • Badan Kebajikan Mutiara Putrajaya • Development of Human Resources for Rural Areas (DHRRA) • Malaysian Relief Agency (MRA) • Persatuan Cina Muslim He-Ping • Selangor Cheshire Home • PPR Lembah Pantai • PPR Kota Damansara • Rumah Kasih Harmoni • Pusat Tahfiz Al- Maktabah • Pertubuhan Baitul Rahmah • Pertubuhan Kebajikan Rumah Safiyyah • Pertubuhan Kebajikan Anak Yatim Teratak Ummi • Pertubuhan Kebajikan Ar-Ramaniah • Pertubuhan Kebajikan Darul Jariyah Kg Permata, Rawang	379,500
6	2 ZERO HUNGER	Donated cooked meals to B40 communities, frontliners, nurses and doctors at COVID-19 Hospitals	8,000 B40 communities, frontliners and medical officers who work at COVID-19 hospitals and PPV centres	80,895
7	2 ZERO HUNGER	Donated basic ingredients to Berkat Kitchen to supply nasi lemak to PPR's residents (200 packs daily for 30 days)	6,000 B40 individuals	5,580

No.	SDG Goal	Programme	Beneficiaries	Amount Spent (RM)
8		Donated 3 months supply of nasi lemak to PPR's residents (200 packs daily for 3 months)	18,000 B40 individuals	17,310
9		Donated 1-year essential food items to Pertubuhan Kebajikan & Pendidikan Nur Kasih	42 Pertubuhan Kebajikan & Pendidikan Nur Kasih individuals	6,000
10		Sponsored meal to 150 students from SK Iskandar Perdana	150 B40 students from SK Iskandar Perdana	4,500
11		Contributed 1-year medical and necessary sanitary items to a stroke patient	1 differently abled individual	4,656
12		Donated RM100 MyDin vouchers for Hari Raya	40 orphans from Pusat Jagaan Baitus Sofwah	4,000
13		Donated face shields to B40 communities, frontliners, nurses and doctors	3,200 frontliners, B40 and medical officers	6,105
14		Donated RM5,000 to orphanage to cater for household expenses.	300 orphans from Pertubuhan Kebajikan Baitul Hasan Kuala Lumpur	5,000
15		Donated RM5,000 to orphanage to cater for household expenses and utilities.	100 orphans from Lighthouse Children Welfare Home	5,000
16		Donated to a B40 family to cover his household expenses.	4 B40 family members	3,000
17		Donated to a Category 3 COVID-19 patient to assist in household expenses.	6 B40 family members	5,000
18		Donated to a dialysis patient	1 differently abled individual	5,000
19		Donated 1 unit of oxygen concentrator (5L) to Hospital Melaka	Numerous patients in Hospital Melaka	3,800
20		Donated 4 units of powered air-purifying respirators (PAPR) to Hospital Serdang	Numerous patients in Hospital Serdang	28,000
21		Donated 2 units of water dispensers to University of Malaya Medical Centre	300 students from University of Malaya Medical Centre	7,530
22		Donated RM30,000 to refurbish three (3) houses for B40 families	15 B40 family members	30,000
23		Donated necessities to the flood victims	200 flood victims in Johan Setia and Taman Sri Muda	9,298

No.	SDG Goal	Programme	Beneficiaries	Amount Spent (RM)
24	2 ZERO HUNGER	Contributed cash donation and food aid, which included 7,639 food baskets to B40 families	26,558 B40 families and communities in Bandar Tun Razak, Pulau Pinang, Kelantan, Kinabatangan, Selangor, Perak, Pahang, Melaka, Kuala Lumpur, Terengganu and Putrajaya	1,119,754
25	3 GOOD HEALTH AND WELL-BEING	Renovated and refurbished houses for B40 families in Penang	7 B40 families in Penang	70,000
26	2 ZERO HUNGER 3 GOOD HEALTH AND WELL-BEING	Provided 3,019 sets of packed food to staff and residents in COVID-19 quarantine centres, and donated 20 units of industrial fans to Hospital Serdang and renovated Ward 4 in Hospital Sg Buloh.	6,269 COVID-19 patients, frontliners and medical officers in Kuala Lumpur, Putrajaya, Serdang, Sg Buloh and Johor	140,810
27	2 ZERO HUNGER	Donated 255 food baskets and 765 face masks to PERKIWISA	255 vulnerable women and children from Pertubuhan Kebajikan Ihsan Wanita Islam (PERKIWISA)	76,500
28	2 ZERO HUNGER	Provided a monthly supply of food through 461 food baskets to vulnerable women and children in Homes and under NGOs	461 vulnerable women and children from Pusat Jagaan Permata Kasih Abadi (Penang), Rumah Perlindungan Baitul Solehah (Johor), Anbe Sivam Charity Home (Selangor), Rumah Bakti Nur Syaheera (Selangor) and Rumah Jalinan Kasih (Selangor), LoveHome Charity Foundation (Selangor), Home of Peace (Kuala Lumpur), Rumah Summaya (Kuala Lumpur) and Persatuan Rumah Anak Ini Disayangi (Selangor)	56,600
29	2 ZERO HUNGER	Donated 788 food baskets and household and kitchen needs to Orang Asal	788 Orang Asal in Kelang, Ipoh, Taiping, Temerloh, Maran, Raub and Bentong	152,752
30	2 ZERO HUNGER	Donated 1,200 food baskets and 3,200 face masks to underprivileged students	1,200 underprivileged students from Rukun Tetangga (Klang), Persatuan Mahasiswa Kepala Batas and Yayasan Kemiskinan Kinabatangan	110,000
31	2 ZERO HUNGER	Donated 200 food baskets and 200 face masks to persons with disabilities and special needs individuals	200 persons with disabilities and special needs in Teluk Rejuna, Pantai Suri, Pulau Beluru, Pantai Haji Nik Mat in Kelantan	40,000
32	2 ZERO HUNGER	Provided food baskets, household items and hospital beds to disabled individuals and elderly persons	164 disabled individuals and elderly persons in Cameron Highlands, Pahang, Seputeh, Kelantan, and Tasik Gelugor and Butterworth, Penang	34,700
33	2 ZERO HUNGER	Donated 1,130 food baskets and 3,390 face masks to refugees	1,160 refugees from Spoonful of Hope, Suriana Welfare Society, Persatuan Qaseh Seputeh in Klang Valley and Yemeni refugees in Seri Kembangan and refugees in Perak and Penang	315,300
34	4 QUALITY EDUCATION	Donated to local communities, the public and university students	19,635 persons from local communities: • Around Kuala Lumpur and Putrajaya • University students and young professionals at the Youth Economic Forum 2021 • Students from Universiti Sains Malaysia • Retired Senior Police Officers' Association (RESPA), Jabatan Kerja Raya (JKR), Persatuan Kontraktor Melayu Malaysia (PKMM), and Universiti Pertahanan Nasional Malaysia (UPNM)	60,300
35	3 GOOD HEALTH AND WELL-BEING	Established a PPV at Stesen Sentral Kuala Lumpur for a vaccination drive	1,000 employees	50,000
36	3 GOOD HEALTH AND WELL-BEING	Donated to the Humanitarian Aid to assist refugees	1,500 refugees	25,000
		Total	**102,559**	**2,892,394**

OUR PERFORMANCE
ENVIRONMENTAL

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

SDG13 SDG15

Average Carbon Emissions Intensity Reduction in 2021

8%

By segment

Building Projects (tCO_2e/m^2)

29%

Infrastructure (tCO_2e/RM mil)

21%

Headquarters (tCO_2e/m^2)

15%

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

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

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

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

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

Electricity and Water Consumption Reduction Initiatives in 2021

Headquarters

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

Parking facilities

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

Construction sites

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

MRCB'S CLIMATE RISKS & OPPORTUNITIES GUIDED BY THE TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD) FRAMEWORK

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

GOVERNANCE

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

STRATEGY & RISK MANAGEMENT

We recognise that TCFD recommends organisations to describe the resilience of their business strategies to climate-related risks and opportunities, taking into consideration the physical impacts of climate change and a transition to a lower-carbon economy. As a foundational step, we have conducted a hotspot analysis of our physical and transition risks, incorporating scenario analysis as recommended by TCFD.

Climate Related Risks and Opportunities Assessment

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

- Representative Concentration Pathway (RCP) 4.5 was selected as it is comparable to Malaysia's Nationally Determined Contributions (NDC), and
- RCP 8.5 was selected to represent the Business as Usual (BAU) scenario, which is considered as the worst case scenario where no efforts are actively taken to reduce GHG emissions.

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

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

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

Preliminary Physical Risk Assessment Results

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

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

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

Criteria or Identification of Physical Risks	
Acute	Under the baseline scenario, many of the selected hazards were found to be event-driven, including increased severity of extreme weather events: • **Urban Floods** 0-5 years (high risk baseline and future scenarios) • **Riverine Floods** 0-5 years (high risk baseline and future scenarios) • **Landslides** 0-5 years (Based on average number of precipitations triggered landslides per year per square kilometer during 1980-2018) • **Water Stress** 5-10 years (low water stress at present, however high water stress is projected by 2030) • **Cyclones** >10 years (although cyclones are seldom reported in this region, BAU climate change projections indicate an increase in intensity and frequency of cyclones in Pacific Ocean basin, therefore some of the asset locations may be affected in future)
Chronic	Longer-term shifts in climate patterns (e.g., sustained higher temperatures) that may cause sea level rise or chronic heat waves: • **Coastal Floods** >10 years (low risk of cyclones leading to storm surge at present) • **Heat Waves** >10 years (Hazard classification is based on the daily maximum Wet Bulb Globe Temperature, which is provided as frequency-severity data in the raster format)

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

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

Preliminary Transition Risk Assessment

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

No	Category	Preliminary Scenario	Property Development & Investment		Engineering, Construction & Environment		Facilities Management & Parking		Financial Driver
			Likelihood	Impact	Likelihood	Impact	Likelihood	Impact	
1	Policy & Legal	**Green Building Index:** Growing interest and adoption of green building practices in Malaysia could affect MRCB's costs and demand.							REVENUE
2	Policy & Legal	**Emissions Reductions and Energy Efficiency Policy:** Possibility of increased capital and operational costs due to new infrastructure and technology adoption due to related regulatory compliance.							CAPEX, OPEX, REVENUE
3	Policy & Legal	**Carbon Pricing:** Malaysia will be likely to apply the carbon pricing mechanism which will affect MRCB's operational costs.							CAPEX, OPEX, REVENUE
4	Market	**Niche Market:** Increasing corporate and consumer demand for sustainable product and service.							REVENUE
5	Market	**Stranded Assets:** Real estate assets may lose their value prematurely due to transition to low-carbon economy.							OPEX, REVENUE
6	Technology	**Renewable Energy Implementation:** The steady decline of renewable energy implementation costs and improvements in efficiency will create external pressure on MRCB to adopt RE infrastructure in its projects.							CAPEX
7	Technology	**Green Construction Materials:** Requirements for the use of low carbon building materials will continue to grow, which will increase capital costs.							CAPEX
8	Technology	**Electric Vehicle (EV) and Infrastructure:** Expected growth for EVs in Malaysia require supporting infrastructure to be established in real assets which affect MRCB's strategy to mitigate the risk and capture this as an opportunity.							CAPEX

Legend for Scenario Indicator

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

Scale for Likelihood

- Low
- Medium
- High

Scale for Impact

- Neutral
- Positive
- Adverse

Our preliminary findings indicate that regulations driven by the transition to a low carbon economy may pose a higher risk to our businesses, resulting in either an increase in operating costs from taxes, raw material costs, R&D costs, labour costs, or an increase in capital expenditure for deploying lower energy technologies. Contrarily, our proprietary modular construction technology, MRCB Building System (MBS) is Malaysia's first Prefabricated Prefinished Volumetric Construction (PPVC) system, and we believe that there is significant potential for our businesses to profit from the low carbon economy transition. Due to the rising demand in green buildings and infrastructure, we are strongly positioned to differentiate ourselves from the other carbon intensive products and services currently offered in the market, which should further improve our market share.

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

RISK MANAGEMENT

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

METRICS AND TARGETS

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

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

TCFD JOURNEY: Next Steps

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

MANAGING OUR ENVIRONMENTAL IMPACT

MRCB's Greenhouse Gas (GHG) Inventory

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

Our calculation methodology of GHG emission is in accordance with the World Business Council for Sustainable Development (WBCSD) and World Resources Institute's (WRI) GHG Protocol. An organisational boundary was set using the operational control approach for Scope 1 & Scope 2. In addition, our calculation references include the 2006 IPCC Guidelines for National GHG Inventories and the IPCC 5th Assessment report. The calculation refers to the appropriate authorities where locally determined emissions factors are used such as the yearly National Energy Balance Report published by the Energy Commission and thematic reports such as the 2017 CDM Electricity Baseline for Malaysia by Malaysia Green Technology and Climate Change Corporation (MGTC).

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

MRCB's GHG Inventory

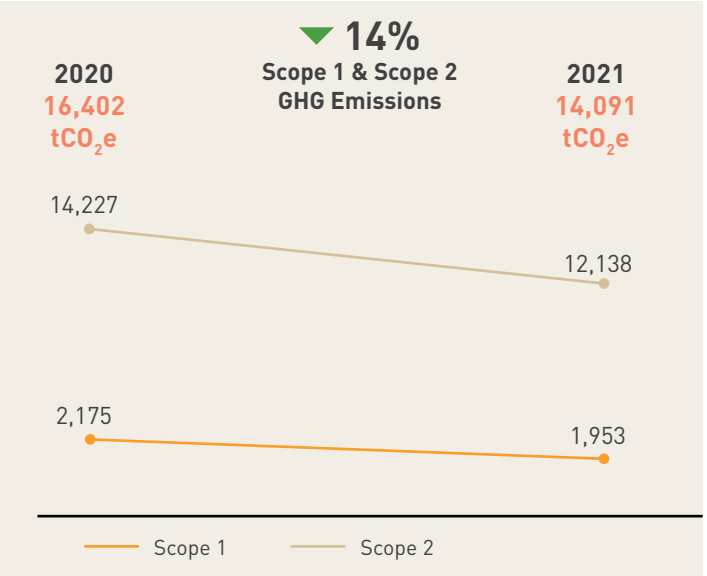
SCOPE 1: DIRECT EMISSIONS		SCOPE 2: INDIRECT EMISSIONS						SCOPE 3	
Boundary: 100% operational control of construction sites		N/A	Boundary: 100% operational control of construction sites and satellite locations			Boundary: 100% operational control on building and parking management (Semasa Parking) considered		Activities beyond MRCB's operational controls	
Diesel & Petrol Consumption		**Electricity Consumption**						**Selected Categories**	
Building Projects	**Infrastructure Projects**	**Head-quarters**	**Satellite Locations**	**Building Projects**	**Infrastructure Projects**	**Facilities Management**	**Semasa Parking**	**Employee Commuting**	**Downstream Leased Assets**
• Sentral Suites • PJ Sentral • PR1MA Brickfields • KWASA C8 • TRIA 9 Seputeh • FINAS • KWASA Sentral (MX-1, Plot H) • Alstonia • SIDEC 2D3	• KVMRT2 V210 & S210 • SUKE CA2 • DASH CB2		• Sentral Suites • Alstonia • 9 Seputeh	• Sentral Suites • PJ Sentral • PR1MA Brickfields • KWASA C8 • TRIA 9 Seputeh • Alstonia • SIDEC 2D3	• KVMRT2 V210 & S210 • SUKE CA2 • DASH CB2	• Celcom Tower • Plaza Alam Sentral • Sentral Stesen Kuala Lumpur • Penang Sentral	• Plaza Sentral • Plaza Alam Sentral • Stesen Sentral KL • Level 2, Bangunan MIDA • Lot J, Motorcycle Open Parking, KL Sentral • Q Sentral • Lot F, KL Sentral • PJ Sentral	• Employees' Petrol Card	• Celcom Tower • Plaza Alam Sentral • Stesen Sentral Kuala Lumpur

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

GHG Emissions

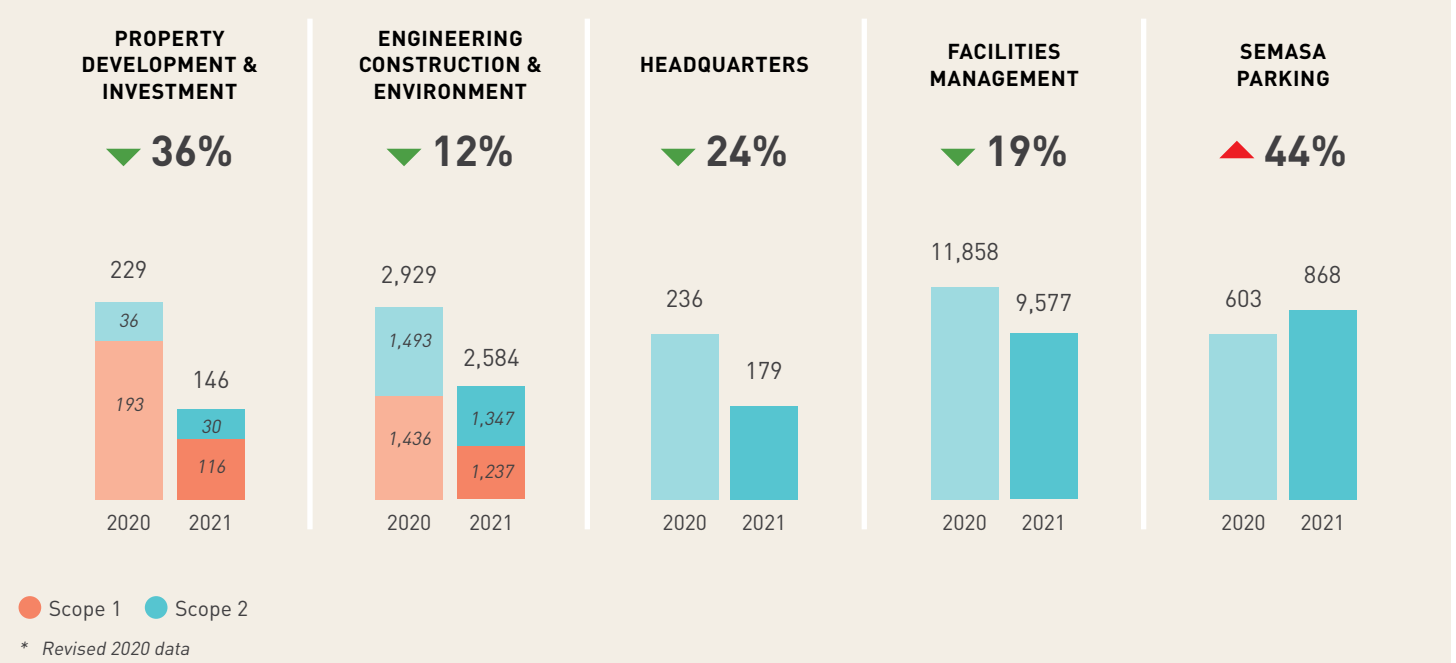
We started our journey on GHG emission disclosure in 2020, and although last year's emissions were partially audited and assured by an independent third party, amendments have been made to the 2020 emissions due to a new method of calculating emission factors recommended by MGTC.

Below are the updated figures for 2020 and 2021.



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

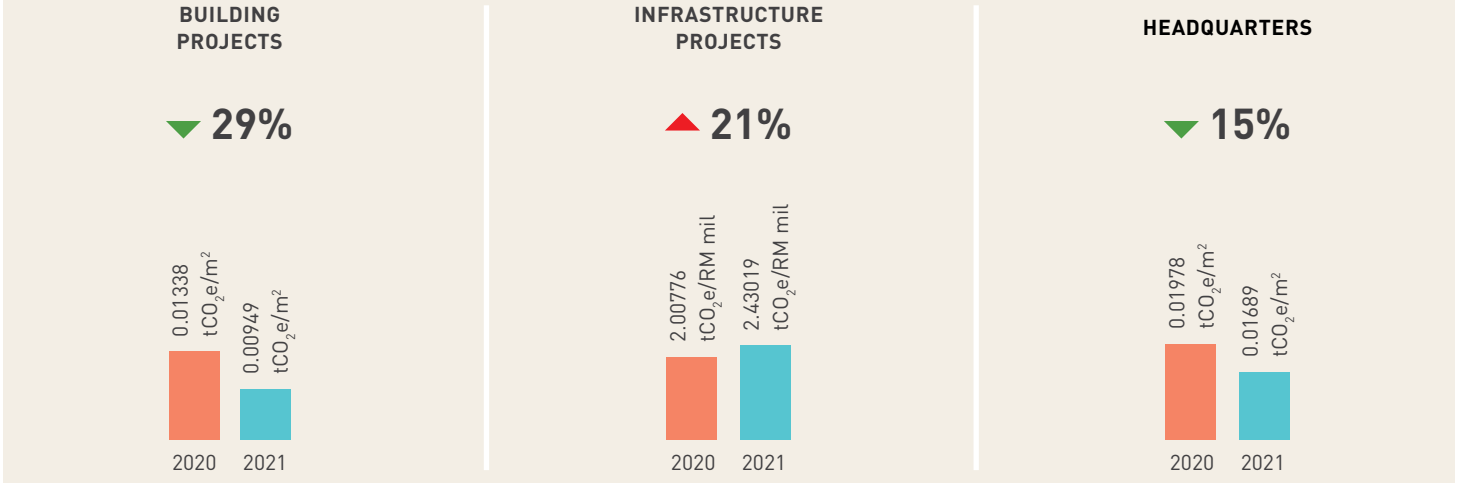
Carbon Emissions by Area of Operations and Year (tCO_2e)



* *Revised 2020 data*

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

Carbon Emissions Intensity by Segments of Operations



	2020		2021		2020 vs 2021
	Absolute	Intensity	Absolute	Intensity	% Intensity Reduction
Building Projects (Scope 1 & Scope 2)	2,704.17 tCO_2e	0.01338 tCO_2e/m^2	**2,450.42 tCO_2e**	**0.00949 tCO_2e/m^2**	▼ 29%
Infrastructure Projects (Scope 1 & Scope 2)	453.28 tCO_2e	2.00776 tCO_2e/RM mil	**278.86 tCO_2e**	**2.43019 tCO_2e/RM mil**	▲ 21%
Headquarters (Scope 2)	236.24 tCO_2e	0.01978 tCO_2e/m^2	**178.48 tCO_2e**	**0.01689 tCO_2e/m^2**	▼ 15%

Note: The coverage on intensity for Building Projects covers all developments except Alstonia and SIDEC 2D3

We expanded our emission reporting coverage in 2021 by tracking and defining Scope 1 & Scope 2 emissions for our Facilities Management and Semasa Parking's areas of operation. Both areas' intensity would be measured based on emission over gross floor area (tCO_2e/m^2) as shown in the following table. We will continue to update our monitoring and improvement initiatives for all our operating areas, as we continue to embark on our Net Zero Carbon journey.

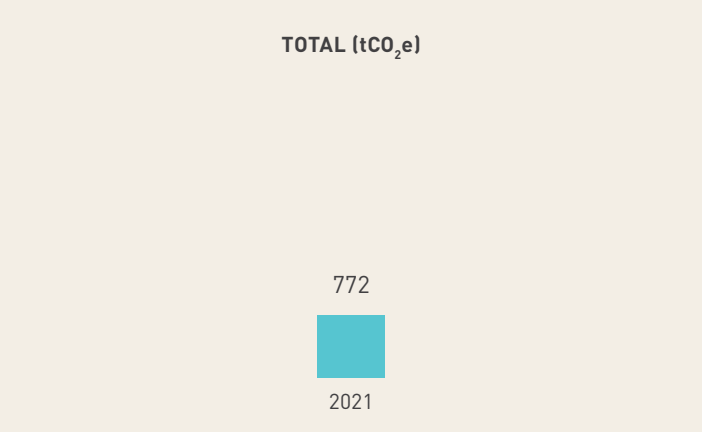
	2020		2021	
	Absolute	Intensity	Absolute	Intensity
Facilities Management (Scope 2)	11,858.40 tCO_2e	N/A	**9,576.94 tCO_2e**	**0.05464 tCO_2e/m^2**
Semasa Parking (Scope 2)	603.06 tCO_2e	N/A	**868.02 tCO_2e**	**0.00333 tCO_2e/m^2**

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

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

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

Employee Commuting



Downstream Leased Assets

Electricity & Water Consumption and Waste Generated

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

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

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

The intensity figures for our project sites are divided into two categories, which are Building Projects for projects such as Sentral Suites, PJ Sentral, TRIA 9 Seputeh and PR1MA Brickfields, and Infrastructure Projects for projects such as KVMRT2 V210 & S210, DASH CB2 and SUKE CA2. The difference between these two intensity categories is that for Building Projects the intensity figure is consumption data against built-up area (m^2) and for Infrastructure Projects it is consumption data against progress revenue/claims (RM Million).

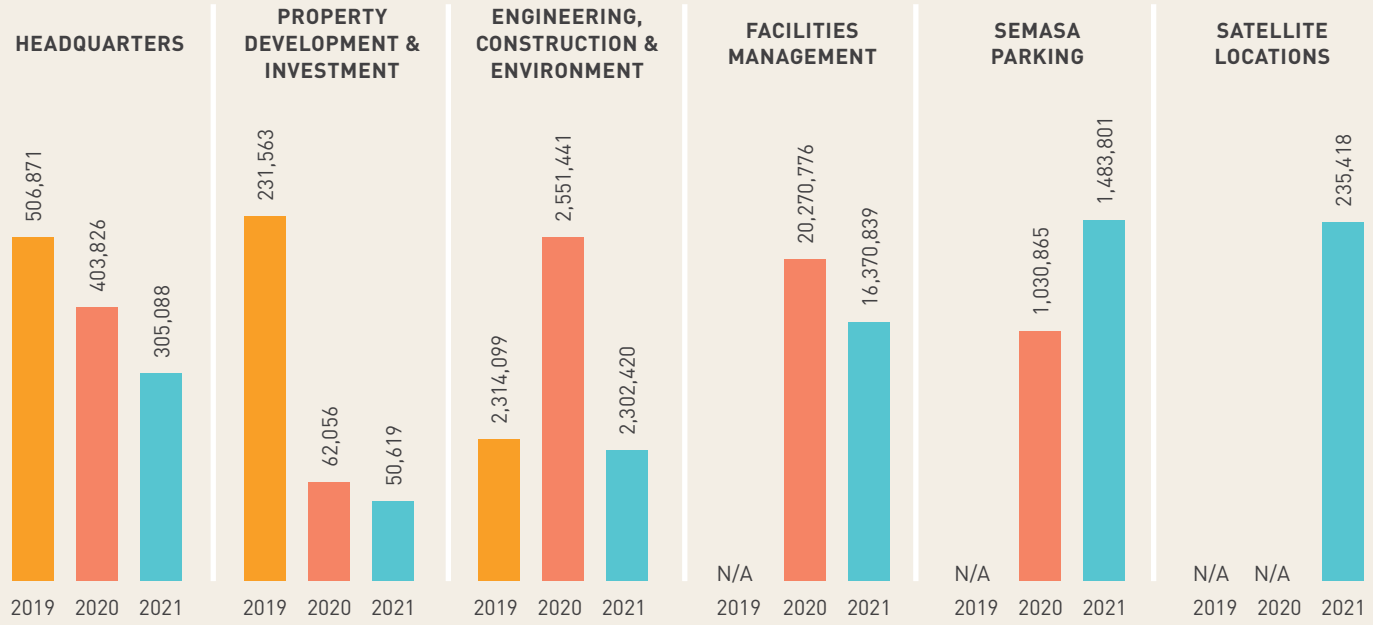
In 2021, we expanded the intensity figures to include the Facilities Management and Semasa Parking. The intensity figures for this Division are its consumption data against built-up area (m^2) for all its areas of operation.

Electricity Consumption

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

Electricity Consumption by Area of Operations and Year (kWh)

Electricity consumption reduction of ▼ **15%**



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

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

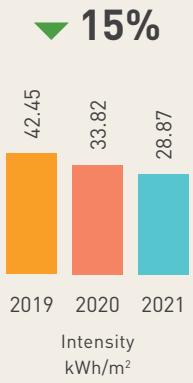
Electricity Intensity

Headquarters

In 2021, we have managed to significantly reduce our electricity consumption and electricity intensity. While this was mainly due to the COVID-19 pandemic and work from home scheme, we continued to identify areas of improvement. In 2021, we have managed to achieve an electricity intensity reduction of 14.64% for Headquarters. The intensity is calculated based on the gross floor area (m^2) to improve accuracy in reporting.

Headquarters

	Headquarters	
	Consumption	Intensity
Year	(kWh)	(kWh/m^2)
2019	506,871	42.45
2020	403,826	33.82
2021	305,088	28.87
Reduction 2020 vs 2021 (%)	▼ 24%	▼ 15%



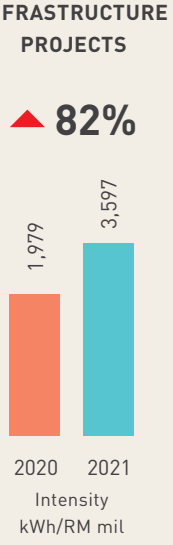
Building and Infrastructure Projects

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

Building and Infrastructure Projects

Year	Building Projects	
	Consumption	Intensity
	kWh	kWh/m^2
2020	2,166,722	11.23
2021	1,940,344	7.78
Reduction (%)	▼ 10%	▼ 31%

Year	Infrastructure Projects	
	Consumption	Intensity
	kWh	kWh/RM mil
2020	446,775	1,979
2021	412,695	3,597
Reduction (%)	▼ 8%	▲ 82%



Note: The coverage on intensity for Building Projects covers all developments except Alstonia and SIDEC 2D3

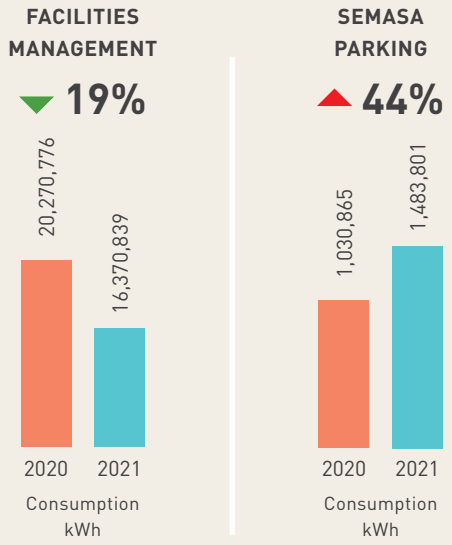
Facilities Management and Semasa Parking

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

Facilities Management and Semasa Parking

Year	Facilities Management	
	Consumption	Intensity
	kWh	kWh/m²
2020	20,270,776	N/A
2021	16,370,839	93.40
Reduction (%)	▼ 19%	N/A

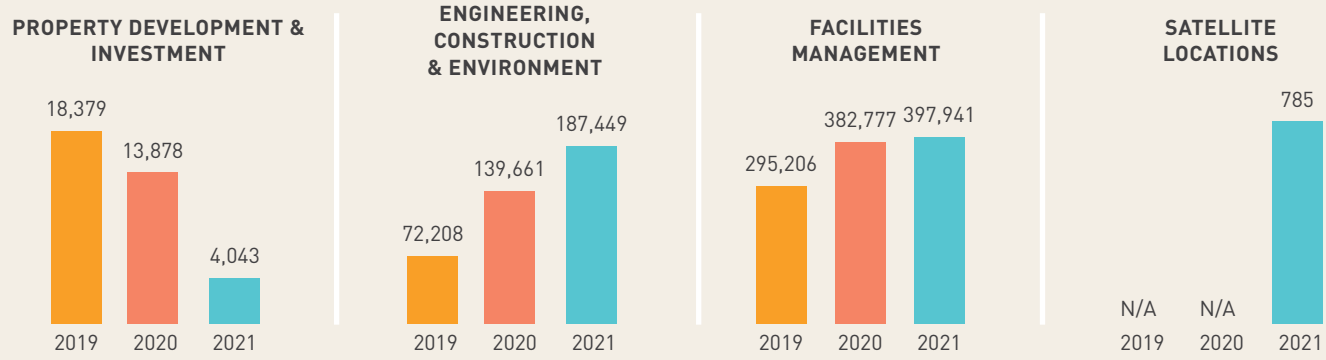
Year	Semasa Parking	
	Consumption	Intensity
	kWh	kWh/RM mil
2020	1,030,865	N/A
2021	1,483,801	5.693
Reduction (%)	▲ 44%	N/A



Water Consumption

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

Water Consumption by Area of Operations and Year (m³)



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

Water Intensity

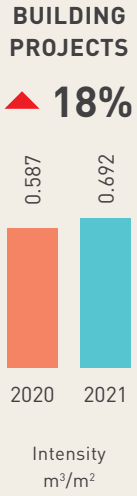
Building and Infrastructure Projects

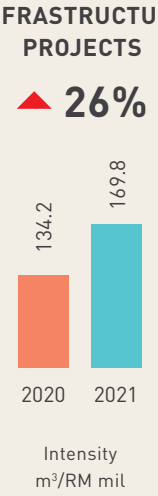
As shown in the table below, in 2021, we recorded a 17.77% increase in water intensity for Building Projects, and a 26.49% increase in Infrastructure Projects. Despite the lower consumption, the increase in intensity from our Infrastructure Projects was mainly due to projects being at the final phase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

Building and Infrastructure Projects

Year	Building Projects	
	Consumption	Intensity
	m^3	m^3/m^2
2020	123,233	0.587
2021	172,009	0.692
Reduction (%)	▲ 40%	▲ 18%

Year	Infrastructure Projects	
	Consumption	Intensity
	m^3	m^3/RM mil
2020	30,306	134.2
2021	19,483	169.8
Reduction (%)	▼ 36%	▲ 26%





Note: The coverage on intensity for Building Projects covers all developments except Alstonia and SIDEC 2D3

Facilities Management

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

Facilities Management

Year	Facilities Projects	
	Consumption	Intensity
	m^3	m^3/m^2
2020	382,777	N/A
2021	397,941	1.866
Reduction (%)	▲ 4%	N/A

Waste Generated

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

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

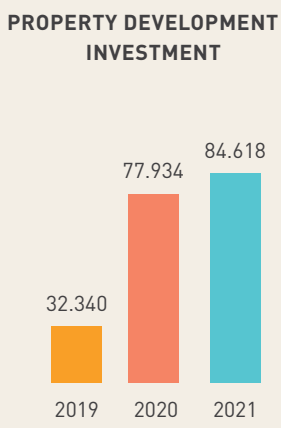
Scrap metal, timber and recyclable waste are sent for recycling to reduce the use of virgin resources in the future. Concrete waste is reused as crusher runs for access roads and to cover potholes within project sites, in order to minimise potential hazards and accidents. In cases where concrete waste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

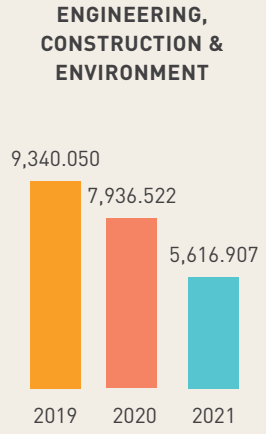
We also ensure wooden pallets that come with the bricks supplied to us are safely stored at sites before returning them to suppliers for reuse.

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

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

Waste Generated by Area of Operations and Year (MT)





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

Waste Intensity

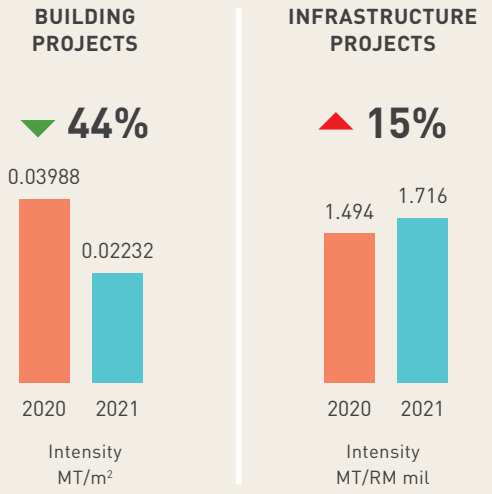
Building and Infrastructure Projects

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

Building Projects and Infrastructure Projects

Year	Building Projects	
	Generated	Intensity
	MT	MT/m²
2020	7,677.2	0.03988
2021	5,504.6	0.02232
Reduction (%)	▼ 28%	▼ 44%

Year	Infrastructure Projects	
	Generated	Intensity
	MT	MT/RM mil
2020	337.2	1.494
2021	196.9	1.716
Reduction (%)	▼ 42%	▲ 15%



Note: The coverage on intensity for Building Projects covers all developments except Alstonia and SIDEC 2D3

RESPONSIBLE CONSTRUCTION

Green Building

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

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

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

Green Infrastructure

We also strive to embed sustainability considerations into our infrastructure design. The Construction Industry Development Board (CIDB) of Malaysia has conferred the design phase of the LRT3 project with a 5-Star Sustainable INFRASTAR certification, the first rail project in Malaysia to achieve this highest level of certification. Sustainable INFRASTAR is an objective and evidence-based evaluation system which assesses infrastructure projects on key sustainability factors such as land use, impact of equipment uses, resource and waste management at construction sites.

Biodiversity

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

Sustainable Construction Materials

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

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

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

Project	CIDB IBS Score
TRIA 9 Seputeh	51.1
Sentral Suites	51.4

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

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

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

Improved Site Safety
90% of works done off-site at ground level in a controlled environment, reducing risk of injuries from working at height
SDG3

Skilled Local Labour
Less dependency on unskilled foreign labor and attracts more skilled workers to the industry
SDG8

Faster Construction Time
Fabrication of building components off-site run concurrently with on-site activities, reducing construction time by up to 50%
SDG8

High Quality Assurance & Control
Higher quality control at the point of construction due to controlled environment
SDG9

Lower Material Wastage
Shift towards manufacturing approach with streamlined processes and effective, "just in time" inventory management reduces waste going to landfills
SDG12

Lower Environmental Impact
Less noise, dust, truck movement & pollution from site activities and more efficient construction method, which reduces energy consumption compared to traditional construction
SDG13

CORPORATE INFORMATION

BOARD OF DIRECTORS

TAN SRI AZLAN ZAINOL
Independent Chairman

TAN SRI MOHAMAD SALIM FATEH DIN
Executive Vice Chairman

IMRAN SALIM
Group Managing Director

DATUK SERI AMIR HAMZAH AZIZAN
Non-Independent Non-Executive Director

MOHAMAD HAFIZ KASSIM
Non-Independent Non-Executive Director

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

DATO' WAN KAMARUZAMAN WAN AHMAD
Senior Independent Director

DATO' DR JUNAIDAH KAMARRUDDIN
Independent Director

LIM FEN NEE
Independent Director

AUDIT & RISK MANAGEMENT COMMITTEE
Dato' Wan Kamaruzaman Wan Ahmad
(Chairman)
Dato' Dr Junaidah Kamarruddin
Mohamad Hafiz Kassim
Lim Fen Nee

EXECUTIVE COMMITTEE
Dato' Mohamad Nasir Ab Latif
(Chairman)
Imran Salim
Dato' Wan Kamaruzaman Wan Ahmad

NOMINATION & REMUNERATION COMMITTEE
Dato' Wan Kamaruzaman Wan Ahmad
(Chairman)
Dato' Dr Junaidah Kamarruddin
Mohamad Hafiz Kassim

LONG-TERM INCENTIVE PLAN COMMITTEE
Dato' Mohamad Nasir Ab Latif
(Chairman)
Imran Salim
Dato' Dr Junaidah Kamarruddin

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

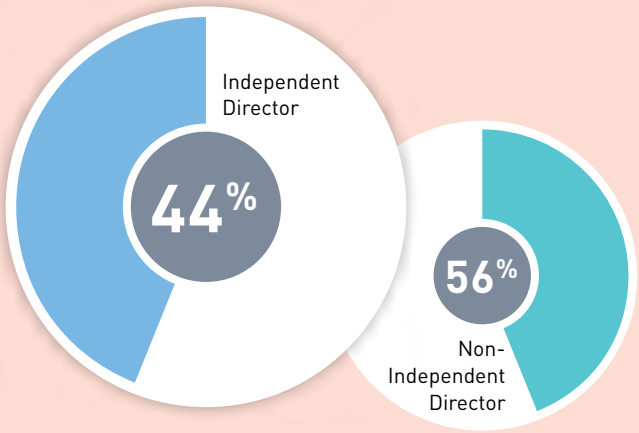
SHARE REGISTRAR
Boardroom Share Registrars Sdn Bhd
11th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13, 46200 Petaling Jaya
Selangor Darul Ehsan
Tel : 03-7890 4700
Fax : 03-7890 4670

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

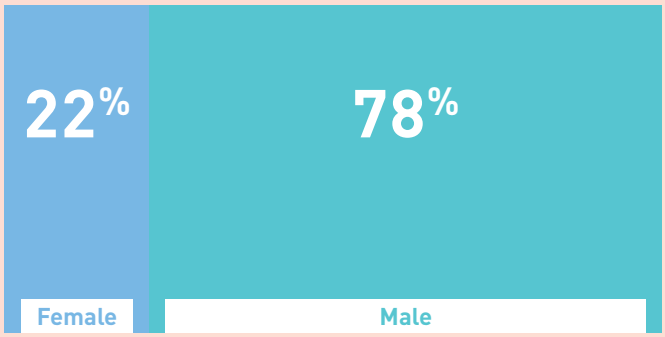
STOCK EXCHANGE LISTING
Listed on the Main Market of Bursa Malaysia Securities Berhad since 22 March 1971
Stock Code : 1651
Stock Name : MRCB

BOARD AT A GLANCE

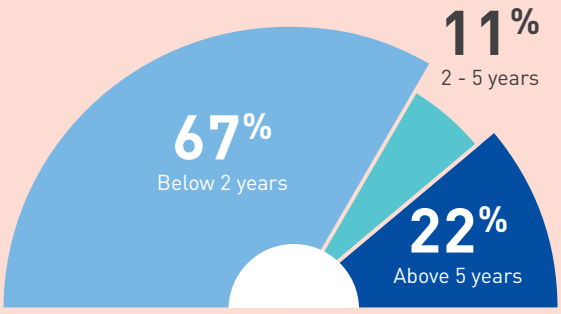
BOARD COMPOSITION



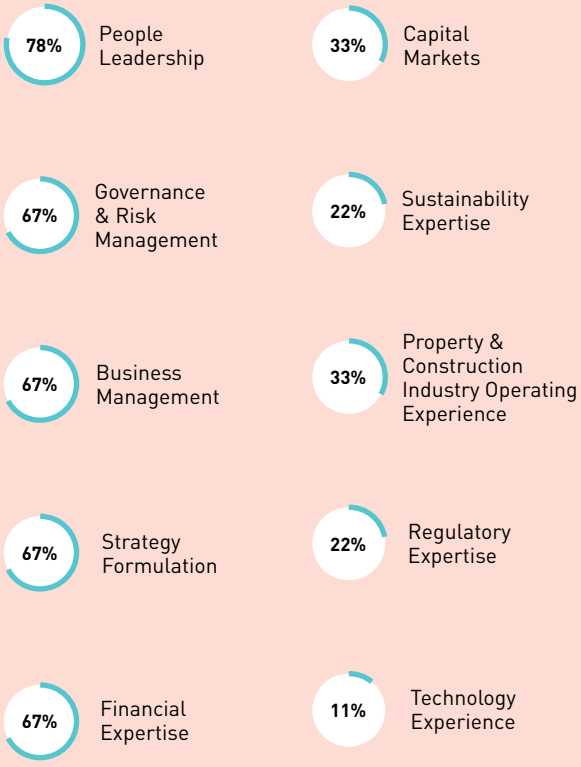
GENDER DIVERSITY



BOARD TENURE



BOARD OF DIRECTORS' KEY CAPABILITIES



BOARD OF DIRECTORS' PROFILE

Aged 72 | Male | Malaysian

TAN SRI AZLAN ZAINOL

Independent Chairman

Date Appointed to the Board
12 January 2005
(Redesignated as Independent Chairman on 2 July 2018)

Board Committee Membership
- Nil

Board Meetings Attendance in 2021
The details of his attendance at Board Meetings held in the financial year ended 31 December 2021 are set out in the Corporate Governance Overview Statement on page 168.

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 Employees Provident Fund (EPF) Board 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, YX Precious Metals Berhad
- Chairman, Amanat Lebuhraya Rakyat Berhad
- Chairman, Yayasan Astro Kasih
- Trustee, OSK Foundation
- Director, Rashid Hussain Berhad (In Members' Voluntary Liquidation)

Family Relationship with any Director and/or Major Shareholders
He has 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 regulatory bodies during the financial year.

Aged 64 | Male | Malaysian

TAN SRI MOHAMAD SALIM FATEH DIN

Executive Vice Chairman
Nominee of Gapurna, a major shareholder of MRCB

Date Appointed to the Board
1 September 2021

Board Committee Membership
Nil

Board Meetings Attendance in 2021
The details of his attendance at Board Meetings held in the financial year ended 31 December 2021 are set out in the Corporate Governance Overview Statement on page 168.

Qualifications
- Malaysian Cambridge Examination (MCE)

Skills and Experience
Tan Sri Mohamad Salim is currently the Group Managing Director of Gapurna Sdn Bhd (Gapurna). He was the Group Managing Director of MRCB from 2 September 2013 to 2 July 2018.

A successful entrepreneur with a pioneering spirit, he was one of the first property developers to embark on the green development concept. His hallmark green projects include Menara Shell at KL Sentral and PJ Sentral Garden City, both hailed as industry benchmarks geared towards the highest standard of the Green Building Index (GBI).

He also pioneered the "Super Store Petrol Station" concept to leading oil companies namely Shell, Esso, BP and Caltex. He was responsible for designing the latest distribution centres for retailer Giant by modernising and improving its food-processing systems while reducing its logistic costs and delivery turnaround time. The success of Giant's hypermarkets was later emulated by others in the country's food supply chain.

Tan Sri Mohamad Salim was the Chairman of British American Tobacco (Malaysia) Berhad.

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

Others
- Commission Member, Malaysian Communications and Multimedia Commission

Family Relationship with any Director and/or Major Shareholders
Tan Sri Mohamad Salim is the Group Managing Director and substantial shareholder of Gapurna, which in turn holds 15.48% equity interest in MRCB. Tan Sri Mohamad Salim is also the father of Imran Salim, the Group Managing Director of MRCB. 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 151 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 regulatory bodies during the financial year.

BOARD OF DIRECTORS' PROFILE

Aged 40 | Male | Malaysian

IMRAN SALIM

Group Managing Director
Nominee of Gapurna,
a major shareholder of MRCB

Date Appointed to the Board
1 March 2015

Board Committee Membership
- Member of the Long-Term Incentive Plan Committee
- Member of the Executive Committee

Board Meetings Attendance in 2021
The details of his attendance at Board Meetings held in the financial year ended 31 December 2021 are set out in the Corporate Governance Overview Statement on page 168.

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, and was promoted to Project Director 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 promoted to 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, MRCB's Executive Vice Chairman and substantial shareholder of Gapurna, which in turn holds a 15.48% equity interest in MRCB. 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 151 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 regulatory bodies during the financial year.

Aged 55 | Male | Malaysian

DATUK SERI AMIR HAMZAH AZIZAN

Non-Independent Non-Executive Director
Nominee of EPF,
a major shareholder of MRCB

Date Appointed to the Board
1 September 2021

Board Committee Membership
Nil

Board Meetings Attendance in 2021
The details of his attendance at Board Meetings held in the financial year ended 31 December 2021 are set out in the Corporate Governance Overview Statement on page 168.

Qualifications
- Bachelor of Science Degree in Management (Finance & Economics), Syracuse University, New York, United States of America
- Stanford Executive Programme, Stanford University, Stanford, United States of America
- Corporate Finance Evening Programme, London Business School

Skills and Experience
Datuk Seri Amir Hamzah Azizan is the Chief Executive Officer of EPF. His career began with the Shell Group of Companies, where he served for 10 years in various capacities in Malaysia, Singapore, and the United Kingdom. He joined MISC Berhad in 2000 and held several senior management portfolios before being appointed President and Chief Executive Officer in January 2009.

Subsequently, he was appointed Managing Director / Chief Executive Officer of PETRONAS Dagangan Berhad in June 2010. In August 2012, he joined PETRONAS Lubricants International as the Group Managing Director and Chief Executive Officer, while simultaneously serving as the Vice President, Downstream Marketing and subsequently Vice President, Lubricants for the PETRONAS Group. In March 2016, he joined Ekuiti Nasional Berhad (Ekuinas) to steer its investee company Icon Offshore Berhad as Managing Director and Chief Executive Officer.

He was later appointed to Khazanah Nasional Berhad's subsidiary, Themed Attractions Resorts and Hotel Sdn Bhd as its Group Chief Executive Officer. In April 2019, he joined Tenaga Nasional Berhad as its President/ Chief Executive Officer.

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

Others
- Nil

Family Relationship with any Director and/or Major Shareholders
He has 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 regulatory bodies during the financial year.

BOARD OF DIRECTORS' PROFILE

Aged 47 | Male | Malaysian

MOHAMAD HAFIZ KASSIM

Non-Independent Non-Executive Director

Nominee of Employees Provident Fund (EPF), a major shareholder of MRCB

Date Appointed to the Board
1 September 2021

Board Committee Membership
- Member of the Audit & Risk Management Committee
- Member of the Nomination & Remuneration Committee

Board Meetings Attendance in 2021
The details of his attendance at Board Meetings held in the financial year ended 31 December 2021 are set out in the Corporate Governance Overview Statement on page 168.

Qualifications
- B.Sc (Econs) Accounting and Finance, London School of Economics and Political Science
- Fellow, Association of Chartered Certified Accountants
- CFA Charterholder, CFA Institute

Skills and Experience
Mohamad Hafiz is the Chief Financial Officer of the EPF effective 1 August 2021. He joined the EPF in 2008, where he was entrusted with several leadership roles within the Investment Division. He was appointed Head of Real Estate Investment Department in January 2020 and was also the Managing Director of Kwasa Land Sdn. Bhd., a wholly owned subsidiary of EPF, from April 2020 to May 2021.

Prior to joining the EPF, he had worked at Daiwa Capital, PricewaterhouseCoopers and Telekom Malaysia, where he started his career as an investment analyst. He has over 20 years of corporate experience, with a focus on real estate, private equity, capital markets, auditing and accounting.

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

Others
- Director, Projek Lebuhraya Usahasama Berhad
- Director, PLUS Malaysia Berhad
- Director, QSR Brands (M) Holdings Bhd

Family Relationship with any Director and/or Major Shareholders
He has 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 regulatory bodies during the financial year.

BOARD OF DIRECTORS' PROFILE

Aged 64 | Male | Malaysian

DATO' MOHAMAD NASIR AB LATIF

Non-Independent Non-Executive Director
Nominee of EPF,
a major shareholder of MRCB

Date Appointed to the Board
24 August 2018

Board Committee Membership
- Chairman of the Executive Committee
- Chairman of the Long-Term Incentive Plan Committee

Board Meetings Attendance in 2021
The details of his attendance at Board Meetings held in the financial year ended 31 December 2021 are set out in the Corporate Governance Overview Statement on page 168.

Qualifications
- Diploma in Accounting & Finance, The Chartered Association of Certified Accountants
- Bachelor of Social Science (Major-Economic), 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, EPF until his retirement on 31 December 2019. He started his career with EPF in 1982 and held several key positions in EPF, which includes State Enforcement Officer, Senior Research Officer, Senior Manager in the Investment and Economic Research Department, and General Manager of the International Equity Department.

Other Directorship(s)/ Membership(s)
Listed Entities
- Director, United Plantations Berhad
- Director, RHB Bank Berhad
- Director, Yinson 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
He has 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 regulatory bodies during the financial year.

BOARD OF DIRECTORS' PROFILE

Aged 62 | Male | Malaysian

DATO' WAN KAMARUZAMAN WAN AHMAD

Senior Independent Director

Date Appointed to the Board
15 April 2021

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

Board Meetings Attendance in 2021
The details of his attendance at Board Meetings held in the financial year ended 31 December 2021 are set out in the Corporate Governance Overview Statement on page 168.

Qualifications
- Bachelor of Economic (Analytical Economic) with Hons from Universiti Malaya
- Chartered Banker, Asian Institute of Chartered Bankers

Skills and Experience
Dato' Wan Kamaruzaman 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 EPF since October 2007.

He started his working career with Malayan Banking Berhad (Maybank) in 1981, mainly with the Treasury Department, with two overseas postings in Hamburg, Germany as Chief Dealer and 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-'Aqar Healthcare REIT
- Bermaz Auto Berhad

Others
- Member, EPF Investment Panel
- Director, Minority Shareholders Watch Group (MSWG)
- Director, Damansara REIT Managers Sdn Berhad
- Director, Massive Equity Sdn Berhad
- Director, Global LNG Sdn Bhd
- Director, Malaysia Convention & Exhibition Bureau (MyCEB)
- Director, Bond and Sukuk Information Exchange Sdn Bhd
- Chairman, Iris Capital Partners Sdn Bhd

Family Relationship with any Director and/or Major Shareholders
He has 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 regulatory bodies during the financial year.

Aged 61 | Female | Malaysian

DATO' DR JUNAIDAH KAMARRUDDIN

Independent Director

Date Appointed to the Board
1 July 2021

Board Committee Membership
- Member of the Audit & Risk Management Committee
- Member of the Nomination & Remuneration Committee
- Member of the Long-Term Incentive Plan Committee

Board Meetings Attendance in 2021
The details of her attendance at Board Meetings held in the financial year ended 31 December 2021 are set out in the Corporate Governance Overview Statement on page 168.

Qualifications
- Doctorate in Resource Management, Universiti Pertahanan Nasional Malaysia
- Masters in International Relations, International University of Japan
- Bachelor of Arts (Honors) specialising in Geography, Universiti Sains Malaysia
- Diploma in Public Administration, National Institute of Public Administration

Skills and Experience
Dato' Dr Junaidah joined the Administrative and Diplomatic Service in June 1994 and began her career as the Assistant Director at Remuneration Division of the Public Services Department of Malaysia (PSD).

In April 1996, she was transferred to the Training Division of PSD before she was promoted to Principal Assistant Secretary at the Organizational Development Division of the Ministry of Human Resources in June 2003. In May 2005, she was attached to the International Unit of the Ministry of Human Resources (MHR).

In 2007, she was transferred to the Investment and Minister of Finance Incorporated Division in the Ministry of Finance Malaysia before her appointment as Undersecretary at the International Division of the MHR. In 2010, she became the Senior Undersecretary (Management Services) at the Ministry of Natural Resources and Environment Malaysia (NRE) and subsequently, was attached to the Malaysian Maritime Enforcement Affairs Division under the Prime Minister's (PM) Department as Director General.

In December 2015, she was promoted as the Deputy Secretary General (Policy) at the Ministry of Defense Malaysia and later became the Deputy Secretary of General (Administration) at the PM's Department in October 2018. She was appointed as the Director General, Legal Affairs Division in March 2019, and was the Secretary General, Ministry of Women, Family and Community Development from July 2019 to February 2021.

Dato' Dr Junaidah is currently the Assistant Vice Chancellor/Principal Fellow at Universiti Pertahanan Nasional Malaysia.

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

Others
- Nil

Family Relationship with any Director and/or Major Shareholders
She has 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 regulatory bodies during the financial year.

BOARD OF DIRECTORS' PROFILE

Aged 49 | Female | Malaysian

LIM FEN NEE

Independent Director

Date Appointed to the Board
1 November 2021

Board Committee Membership
- Member of the Audit & Risk Management Committee

Board Meetings Attendance in 2021
The details of her attendance at Board Meetings held in the financial year ended 31 December 2021 are set out in the Corporate Governance Overview Statement on page 168.

Qualifications
- Fellow of the Association of Chartered Certified Accountants
- Chartered Accountant, Malaysian Institute of Accountants
- Master of Business Administration in E-Commerce, Charles Sturt University, Australia

Skills and Experience
Lim Fen Nee is a qualified accountant with over 24 years of experience in the fields of accounting, assurance, and regulatory oversight.

She was the Regional Partner of Deloitte Southeast Asia (SEA), SEA Regulatory and Public Policy Leader from 2017 to 2019. Her main role involved dealing with assurance and advisory, professional practice, quality initiatives, regulatory and public policy.

Prior to Deloitte SEA, she was with the Securities Commission Malaysia from 2010 to 2016. She was the Head of Audit Oversight Board (AOB) and was part of the founding management team. In addition, she also served as a Project Advisor to the Securities Commission Malaysia covering various capital market projects and was actively involved in international and ASEAN audit oversight activities. She also represented the Securities Commission Malaysia on the Audit Licensing Committee within the Accountants General's Office of the Ministry of Finance.

She gained extensive experience in assurance and advisory in public listed companies and multinational companies during her roles in Ernst & Young, Kuala Lumpur and PwC, United States during the period from 1997 to 2009. She had also held consulting roles in The World Bank, Washington D.C covering governance and financial reporting.

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

Others
- Allianz Life Insurance Malaysia Berhad

Family Relationship with any Director and/or Major Shareholders
She has 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 regulatory bodies during the financial year.

PROFILE OF
KEY SENIOR MANAGEMENT

ANN WAN TEE

Group Chief Financial Officer

Aged 51 | Male | 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)/Membership(s)

Listed Entity

- Sentral REIT

Others

- MRCB Southern Link Berhad

Working Experience:

Ann Wan Tee was appointed as the Chief Financial Officer on 25 November 2013 and promoted to Group Chief Financial Officer on 1 June 2017. He has more than 25 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

He has 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 regulatory bodies during the financial year.

PROFILE OF
KEY SENIOR MANAGEMENT

KWAN JOON HOE

Group Chief Operating Officer

Aged 40 | Male | Malaysian

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

Other Directorship(s)/Membership(s)

Listed Entity
- Sentral 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 as the 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

He has 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 regulatory bodies during the financial year.

AMARJIT SINGH CHHINA

Chief Corporate Officer

Aged 54 | Male | 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)/Membership(s)

Listed Entity

Nil

Others
- Independent Director, abrdn Islamic Malaysia Sdn Bhd (formerly known as Aberdeen Standard Islamic Investments (Malaysia) 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 then 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 five (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

He has 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 regulatory bodies during the financial year.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

As the Chairman of MRCB, it is my pleasure to present to you this year's Corporate Governance Overview Statement.

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 Approach to Sustainability on pages 18 - 23 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 Sustainable Development Goal 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.

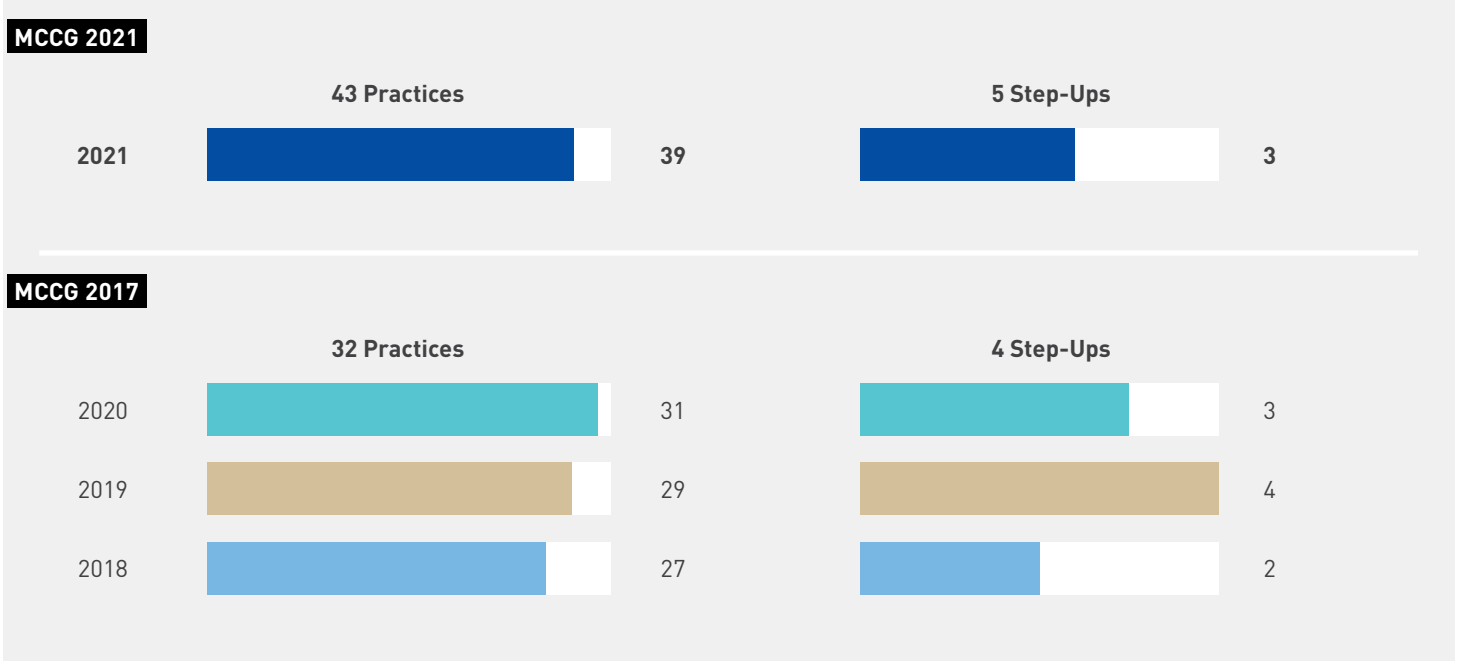
SDG16

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

A key development in the past year was the strengthening of the Board to better guide MRCB through the macro challenges that lie ahead. Six new directors were appointed in 2021, and four existing directors retired, resulting in a nine member strong team that possesses a diverse set of skills, experiences, and know-how that will stand MRCB in good stead. The latest Board composition is described in Board at a Glance on page 143 of this report.

The introduction of the latest edition of the Malaysian Code on Corporate Governance (MCCG 2021) in April 2021 was an additional development that supported MRCB's continuing progress in this area. MRCB has successfully adopted and applied 39 out of the 43 Practices prescribed in MCCG 2021, together with 3 out of the 5 optional Step-Up Practices that aim to raise the bar well beyond existing regulatory requirements. It is expected that we will be able to adopt the four remaining Practices and two remaining Step-Up Practices by the end of this year.

COMPLIANCE WITH MCCG



We have also merged our Corporate Governance and Risk Management functions to create a single consolidated entity that is better positioned to support our various operational teams in their efforts to identify and mitigate risks. This centralised governance approach allows for the tailored development of policies and procedures, whilst ensuring that Board and Management directives, lessons learnt from audit findings, and other forms of enhancements are aligned across the Group.

The continued implementation of MRCB's Anti-Bribery Management System (ABMS) - which is now in its 3rd year of ISO 37001:2016 certification by an international certification body - serves to assure our stakeholders of our continued compliance with all applicable laws, regulations, operational policies, and procedures in addressing bribery and corruption. Efforts are ongoing to expand the depth and breadth of our ABMS certification to better address the ever-changing risk landscape confronting our business.

MRCB's corporate governance 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
INDUSTRY EXCELLENCE AWARD (PROPERTY SECTOR)
for CG Disclosure at the MSWG-ASEAN Corporate Governance Awards 2020 in August 2021

Awarded
GOLD AT THE 2021 AUSTRALASIAN REPORTING AWARDS

Constituent of the

FTSE4Good

Bursa Malaysia Index since 2017

MSCI ESG Rating of
in 2021 BBB

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 its business. The Board embraces and promotes value-creating governance through a deliberate and structured approach, with processes that align with our core values as a Group.

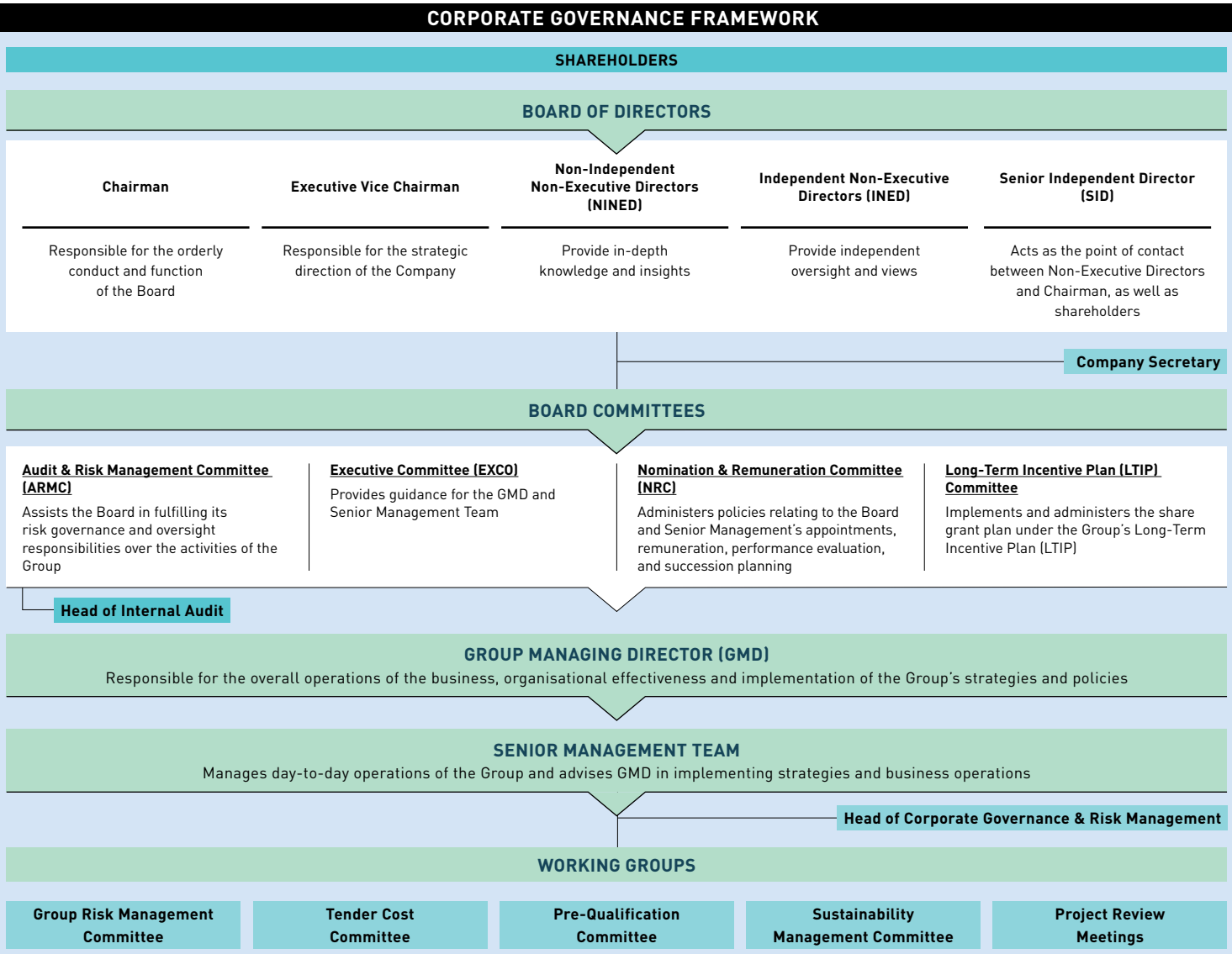
Led by our Vision 'Setting the Standard', we strive to conduct our operations in a sustainable manner that is environmentally and socially responsible, while delivering on our financial targets. This is achieved through the embedment of robust institutional governance practices, as well as globally recognised standards for sustainable business practices. All these practices are continuously reviewed, mindful of the constantly evolving operating landscape 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, at the right time, and with 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 PRACTICES

In this Statement, we provide an overview on the manner in which 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), and the latest edition of the Malaysian Code on Corporate Governance 2021 (MCCG 2021), in addition to being benchmarked against the ASEAN Corporate Governance Scorecard and other applicable laws, regulations, and guidelines.

The Group has successfully applied 39 out of 43 Practices in the MCCG 2021, and 3 out of 5 optional Step-Up Practices. There were six departures as outlined below:

Practice 5.2

For Large Companies, the board comprises a majority independent directors.

Board restructuring activities during the year had resulted in the temporary loss of the Board's long-standing majority independent status.

The full Board currently consists of nine members, of which four members (44%) are Independent Directors, including the Chairman. Efforts are ongoing to reverse the situation by making additional independent appointments to the Board.

Practice 5.7

The board ensures shareholders possess all information necessary to make informed decisions on director appointments and reappointments, including their interests, positions, or relationships that may influence their judgement. The board also provides statements to justify their support for the proposed candidate.

Notices for the 50th Annual General Meeting (AGM) that included resolutions for director appointments and re-elections had been issued on 28 April 2021, the very same day as the publication of MCCG 2021.

The coincidental timing meant we missed the opportunity to incorporate all of the required elements within the notices for the 50th AGM; however, this will be fully addressed within the coming year.

Practice 5.9

The board comprises at least 30% women directors.

Board restructuring activities of the past year had resulted in the proportion of women directors falling from 29% to 22%. We currently have two women Directors – Dato' Dr Junaidah Kamarruddin and Ms. Lim Fen Nee.

Efforts are in progress to identify and appoint additional women directors to the Board.

Practice 7.1

The board has remuneration policies and procedures that account for the demands and complexities of the company, as well as the skill and experience of the individual, plus appropriately reflects the different roles and responsibilities of executive directors, non-executive directors, and senior management.

The Group's Board and Senior Management Remuneration Policy presently outlines the necessary procedures for Non-Executive Directors and Senior Management only and will be updated to include all Board members.

Step-Up Practice 8.3

Companies fully disclose the detailed remuneration of each member of senior management on a named basis.

The top five Senior Management's total remuneration have been disclosed in bands of RM50,000. Their remuneration has been benchmarked against the industry and is aligned with the market.

This approach strikes a balance between respecting personal privacy rights, whilst still providing sufficiently precise datapoints that facilitate stakeholder scrutiny.

Step-Up Practice 9.4

The Audit Committee should comprise solely of Independent Directors.

En. Mohamad Hafiz Kassim, a nominee of our major shareholder EPF, sits on the Audit & Risk Management Committee (ARMC), along with three other Independent Directors. The ARMC therefore comprised a majority Independent Directors.

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 reported in our 2022 Integrated Annual Report.

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

CORPORATE GOVERNANCE
OVERVIEW STATEMENT

The rest of this Corporate Governance Overview Statement is presented based on the following core principles as set out within MCCG 2021:

MCCG PRINCIPLE A

Board Leadership & Effectiveness

Go to pages 160 - 181

MCCG PRINCIPLE B

Effective Audit & Risk Management

Go to page 182

MCCG PRINCIPLE C

Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders

Go to pages 183 - 186

MCCG PRINCIPLE A: BOARD LEADERSHIP & EFFECTIVENESS

BOARD LEADERSHIP

MRCB is led by its 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 governance controls can be found at www.mrcb.com.my/corporate-governance.html

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 10 January 2022. This document can be viewed at www.mrcb.com.my/corporate-governance.html

Code of Business Ethics (Code)

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 Code, and are required to confirm they have read and understood the Code. Compliance with the provisions in these documents is deemed to be part of the terms and conditions of their service.

The Code 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, managing conflicts of interest, preventing abuses of power, corruption, insider trading and money laundering, and preserving the confidentiality of company information.

The Code is reviewed and updated periodically, with the last revision on 10 January 2022. It applies to all Directors and employees of the Group and can be viewed at www.mrcb.com.my/corporate-governance.html

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 latest policy dated 1 March 2019 can be viewed at www.mrcb.com.my/corporate-governance.html

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 on 1 August 2019 with the goal of ensuring that actual, potential and perceived conflicts of interest are identified and managed effectively. It offers guidance on dealing 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.my/corporate-governance.html

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 set the overall strategy for the Group;
- To oversee and evaluate the conduct and performance of the Group's businesses;
- To deliberate Management's proposals for the Company, which includes the overall corporate strategy, business plan, and budget, and to monitor its implementation by Management;
- To promote good corporate governance culture within the Group to reinforce ethical, prudent and professional behaviour;
- To promote sustainability through appropriate environmental, economic, social and governance considerations in the Group's business strategies, which includes amongst others the following:

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

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

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

  iv. Overseeing the institutionalisation of sustainability within the Group.

- To take climate change risks and opportunities into account in the delivery of the Group's sustainable business growth, ensuring compliance with all laws, regulations, and other disclosure requirements relating to environmental matters, as well as having regard for the needs of all its stakeholders in its pursuit of generating long-term returns for its shareholders;

- To assess and identify principal risks and ensuring implementation of a proper risk management system in recognition that business decisions involve the taking of appropriate risks;

- To ensure the establishment of an appropriate succession plan for members of the Board and Senior Management, emphasising diversity and incorporating a broad range of sourcing strategies;

- 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 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; and

- 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.

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, including key policies.

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, and has no other positions on any of the Committees of the Board. This is to safeguard the objectivity of the Chairman and ensure there is a strong check and balance at the Board when deliberating on observations and recommendations put forward by the Committees of the Board.

Additionally, the Board practices a clear demarcation of duties and responsibilities between the Chairman, the Executive Vice Chairman, and the Group Managing Director to ensure there is a balance of power and authority in the Board. The positions are also held by three 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.

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

- Providing leadership to the Board to ensure that the Board functions effectively, cohesively and independently of Management;
- Leading the Board in establishing and monitoring good corporate governance practices in the Group;
- Leading and 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;
- Setting the Board agenda and ensuring that Board members receive complete and accurate information in a timely manner;
- Encouraging active participation and ensuring that decisions taken fairly reflect the Board's consensus, following the provision of sufficient time for detailed discussions at which dissenting views are allowed to be freely expressed;
- Promoting constructive and respectful relations between Board members and managing the interface between Board members and Management;
- Ensuring that appropriate steps are taken to provide effective communication with stakeholders and that views are communicated to the Board as a whole; and,
- Leading efforts to address the Board's developmental needs.

For more information on the Chairman's profile, please refer to page 144 of this Integrated Annual Report

TAN SRI MOHAMAD SALIM FATEH DIN

Executive Vice Chairman

The Executive Vice Chairman is a Non-Independent Director who is responsible to the Board for the strategic direction of the Company.

Roles & Responsibilities of the Executive Vice Chairman (EVC)

- Formulating and executing development strategies to maximise value of the Group's land bank and other assets;
- Developing Green Buildings and sustainable development projects;
- Formulating climate action strategies in support of the Group's sustainability and Net Zero targets;
- Leading business development activities and promoting the Group's services and solutions; and,
- Developing and managing key client relationships to aid the Group in the management of its important external stakeholders.

For more information on the Executive Vice Chairman's profile, please refer to page 145 of this Integrated Annual Report

IMRAN 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)

- Overseeing the implementation of the Group's long-term strategy and ensuring consistent and timely progress towards achieving its mission;
- 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 set 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;
- Business development and managing important clients and other external stakeholders;
- Ensuring the development and continued adherence to sound financial practices;
- Developing strategic marketing and sales plans to boost profits and efficiency;
- Driving performance and monitoring financial results against budgets and plans on an ongoing basis;
- 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;
- Overseeing the recruitment, employment, and release of all personnel;
- Ensuring continuous improvement in quality and value of MRCB's products and services;
- Coordinating cross-functional efforts in pursuit of the Company's goals;
- Developing, implementing and managing the Company's risk management and internal control systems within the risk appetite and framework approved by the Board; and,
- Keeping the Board fully informed of the condition of the organisation and all relevant factors influencing it.

For more information on the Group Managing Director's profile, please refer to page 146 of this Integrated Annual Report

DATO' WAN KAMARUZAMAN WAN AHMAD

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)

- Acts 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;
- Serve as the principal conduit between the Independent Directors and the Chairman on sensitive issues;
- 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 that cannot otherwise be resolved through regular channels.

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

Dato' Wan Kamaruzaman Wan Ahmad
Senior Independent Director

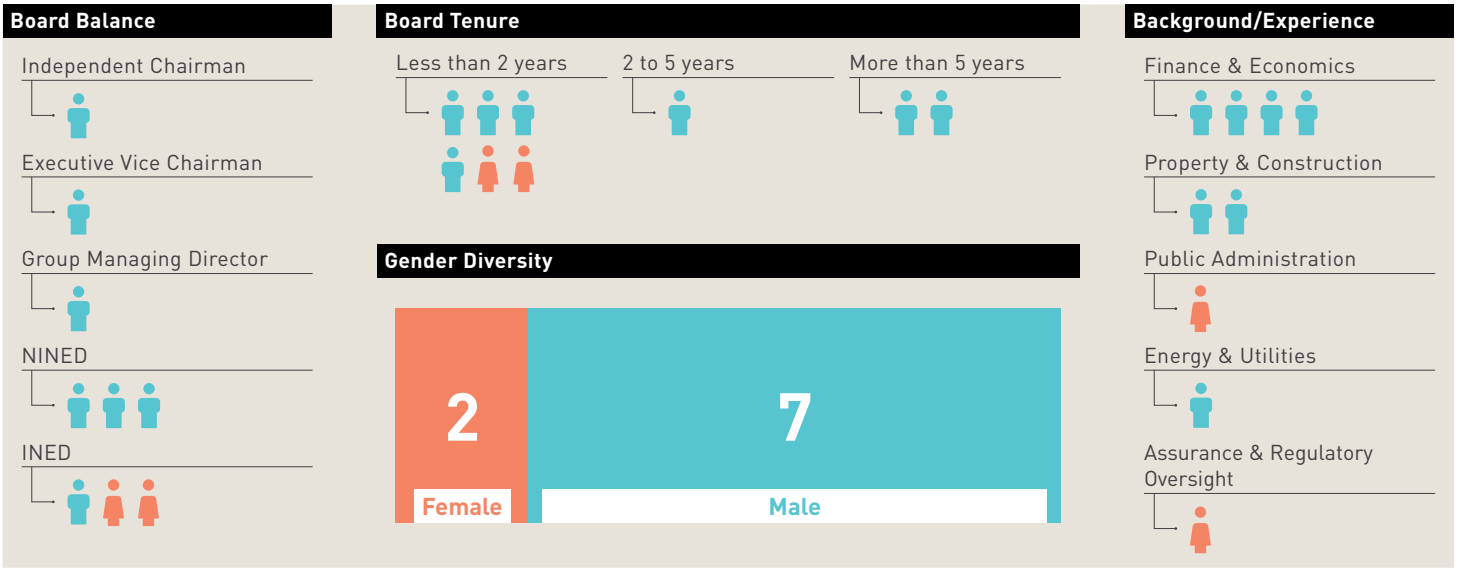
Malaysian Resources Corporation Berhad
Level 30, Menara Allianz Sentral,
No 203, Jalan Tun Sambanthan, Kuala Lumpur Sentral,
50470 Kuala Lumpur, Malaysia.

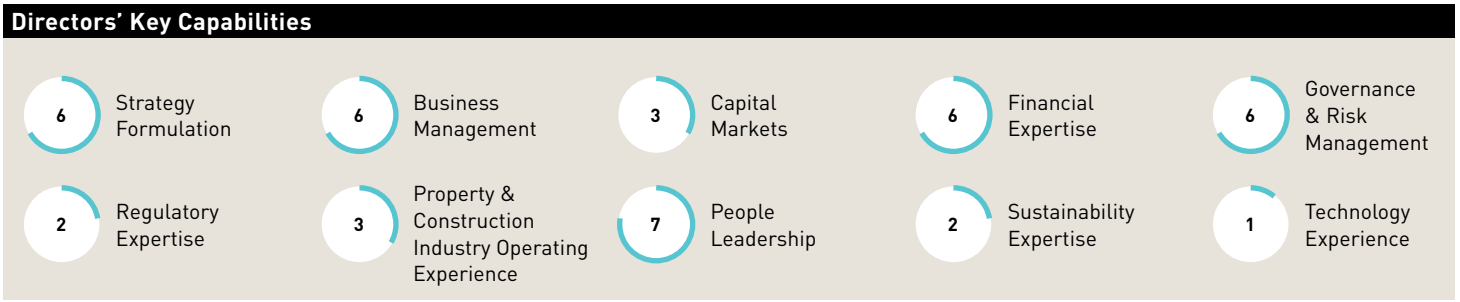
For more information on the Senior Independent Director's profile, please refer to page 150 of this Integrated Annual Report

BOARD DIVERSITY & COMPOSITION

The composition of a board remains a key factor in influencing the way a 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 perspectives that fit the Company's purpose, objectives and strategic goals.

MRCB is committed to achieving greater diversity within its Board composition and has made significant progress towards this goal in 2021. Board appointments throughout the year resulted in a nine member strong team that possesses a diverse set of skills, experiences, and know-how, to better guide the Group. The Board believes that its present composition and size enables it to discharge its duties and responsibilities in an effective and competent manner, with adequate diversity being present in terms of board balance, board tenure, gender, age, and related experience. Nevertheless, efforts are still ongoing to further improve the Board's composition with two key targets remaining to be achieved; restoring the Board's previously held majority independent position and securing a minimum 30% women representation on the Board compared to the present 22%.





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 internal evaluation of the objectivity of Independent Directors was carried out over the past year using assessment tools and frameworks provided by the Institute of Corporate Directors Malaysia (ICDM). To date, all of our Independent Directors satisfy the following criteria:

a) 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.

b) 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.

c) Declared 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 business 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 term of nine 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 a result of the changes to the Board in 2021, Independent Directors form a minority with only four members, including the Independent Chairman on the current nine member Board. The Board is keen to restore its previous majority independent Board position to provide the necessary check and balance to the Board's decision-making process and has instructed the Nomination & Remuneration Committee to spearhead efforts to address this situation.

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

Directors are therefore expected to devote the time required 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 on boards of other listed or non-listed entities, 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 five 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 2021, and therefore have more than adequately complied with the minimum attendance requirements.

Schedule of Meetings in 2021

Meeting	Q1	Q2	Q3	Q4
Annual General Meeting	-	8 June	-	-
Executive Committee	21 January	3 May 22 May	6 August 20 September	20 November 14 December
Audit & Risk Management Committee	22 February 23 February 22 March	28 May	9 August 26 August	25 November
Nomination & Remuneration Committee	19 February 22 March	31 May	25 August	23 November
LTIP Committee	-	-	-	19 November
Board of Directors	25 February 29 March	31 May	19 August 30 August 8 September	26 November
Strategy Retreat	12 & 23 January	-	-	-

Directors' Attendance at Meetings in 2021

No	Board Member	Attendance					
		Board	Committees				AGM
			EXCO	ARMC	NRC	LTIP	
Independent Chairman							
1	Tan Sri Azlan Zainol	7/7	-	-	-	-	√
Executive Vice Chairman							
2	Tan Sri Mohamad Salim Fateh Din	2/2	-	-	-	-	-
Group Managing Director							
3	Imran Salim	7/7	7/7	-	-	1/1	√
Non-Independent Non-Executive Directors							
4	Rohaya Mohammad Yusof	5/5	-	2/2	4/4	-	√
5	Dato' Mohamad Nasir Ab Latif	7/7	7/7	3/3	-	1/1	√
6	Datuk Seri Amir Hamzah Azizan	2/2	-	-	-	-	-
7	Mohamad Hafiz Kassim	2/2	-	1/1	1/1	-	-
Independent Directors							
8	Hasman Yusri Yusoff	3/3	-	4/4	3/3	-	√
9	To' Puan Looi Lai Heng	3/3	3/3	4/4	3/3	-	√
10	Dato' Wan Kamaruzaman Wan Ahmad	5/5	4/4	4/4	2/2	-	√
11	Dato' Dr Junaidah Kamarruddin	4/4	-	3/3	2/2	1/1	-
12	Lim Fen Nee	1/1	-	1/1	-	-	-
Overall attendance		**100%**	**100%**	**100%**	**100%**	**100%**	**100%**

Notes:
1. Tan Sri Mohamad Salim Fateh Din was appointed as Executive Vice Chairman on 1 September 2021.
2. Rohaya Mohammad Yusof was appointed as a member of the ARMC on 3 August 2021. She resigned as a Director on 1 September 2021 and also ceased to be a member of the ARMC and NRC.
3. Datuk Seri Amir Hamzah Azizan was appointed as a Director on 1 September 2021.
4. Mohamad Hafiz Kassim was appointed as a Director on 1 September 2021 and a member of the ARMC and NRC on 3 September 2021.
5. Hasman Yusri Yusoff resigned as Senior Independent Director on 2 August 2021 and also ceased to be the Chairman of the ARMC, Chairman of the NRC and member of the LTIP Committee.
6. To' Puan Looi Lai Heng retired as a Director on 8 June 2021 and also ceased to be a member of the ARMC, NRC and EXCO.
7. Dato' Wan Kamaruzaman Wan Ahmad was appointed as Director and a member of the ARMC on 15 April 2021. He was appointed as a member of the EXCO on 31 May 2021. He was re-designated as Senior Independent Director and Chairman of the ARMC on 3 August 2021. He was also appointed as the Chairman of the NRC on 3 August 2021.
8. Dato' Dr Junaidah Kamarruddin was appointed as a Director and a member of the ARMC and NRC on 1 July 2021. She was appointed as a member of the LTIP Committee on 3 August 2021.
9. Lim Fen Nee was appointed as a Director and a member of the ARMC on 1 November 2021.

HIGHLIGHTS OF BOARD ACTIVITIES IN 2021

PERFORMANCE & STRATEGY

- Strategy deliberation and formulation, including cost-reduction and COVID-19 business continuity measures
- Updates on operational progress
- Updates on HR strategies, such as organisational right-sizing, succession planning, and learning and development
- Updates on digitalisation and automation implementation

GOVERNANCE, RISK & COMPLIANCE

- Board Committee updates
- Updates to the Board Charter and Board Committees' Terms of Reference
- Updates to the Limits of Authority
- Key Enterprise Risks (KER), risk registers, and risk mitigation plans
- Quarterly audit status reports
- Anti-Bribery Management System (ABMS) updates, including whistleblowing and gift register reviews
- MCCG 2021 review and adoption strategies
- IT and Cybersecurity updates
- Quarterly Health & Safety updates

SUSTAINABILITY

- Scope 1 & Scope 2 Net Zero targets by 2040
- Emission reduction strategies, targets, and data review
- Climate risks and opportunities, including embarking on Task Force on Climate-related Financial Disclosure (TCFD) reporting
- Sustainable procurement strategies for managing Scope 3 emissions
- External communications and stakeholder engagement on ESG
- FTSE4Good Index changes for carbon-intensive industries

HIGHLIGHTS OF BOARD ACTIVITIES IN 2021

FINANCIAL

- Annual FY2021 business plan and budget
- Audited Financial Statements for FY2020
- Quarterly financial results
- Annual dividend
- Deliberation on acquisitions, disposals, tender proposals
- Cost reduction initiatives
- Sukuk issuance

PEOPLE & CULTURE

- Succession planning
- Talent management initiatives
- Learning and development initiatives
- Annual staff bonus and increments
- Workforce 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 notice, agenda, and a full set of Board papers are typically distributed to the Directors via a secured collaborative software, at least five business days prior to each Board or Committee meeting. 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:

No	Training/Seminar	Date	Organiser
1	Adapting to the New Normal – Lessons for the Board	2 September 2021	MRCB / Ernst & Young (EY)
2	Managing Recurrent Related Party Transactions	14-15 September 2021	CKM Advisory Sdn Bhd
3	MAICSA Annual Conference 2021 – The New Norm (Managing Disruption – Resilience and Recovery)	6-7 October 2021	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.

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' (D&O) Liability Insurance. 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 Board Committees have been in operation during the year under review:

Board Committee	Core Function
Executive Committee	Provides organisational direction to the GMD and the Senior Management team
Audit & Risk Management Committee	Assists the Board in fulfilling its risk governance and oversight responsibilities over the activities of the Group
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
LTIP Committee	Implements and administers the share grant plan under the Group's LTIP

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 and their composition are set out on pages 198 - 207 of this Integrated Annual Report.

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

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 governs the limits of transactions that each level of Management can approve or commit the Group to and specifies transactions that need to be escalated and approved by the Board or Board Committees. Both financial and operational commitments are addressed within the document, for example, the approval of project and departmental budgets, signing of contracts or agreements, and the recruitment of staff.

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 31 May 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, particularly in terms of sustainability and technological advancements, 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 2021 were as follows:

TAN SRI AZLAN ZAINOL

No.	Training / Seminar Attended	Date	Organiser
1.	Section 17A and Adequate Procedures	3 February	RHB in-house training by Malaysian Anti-Corruption Commission (MACC)
2.	Legal Updates on The Real Estate Industry in the United Kingdom and Australia	17 March	Eco World International
3.	Updates on the Malaysian Code on Corporate Governance 2021	24 June	
4.	Shariah Advisory Committee, Board and MANCO Session	5 July	MBSB Holdings and Bank in-house training
5.	Integrated Thinking Model ESG (Sustainability)	13 August	
6.	Adapting to the New Normal – Lessons for the Board	2 September	MRCB / Ernst & Young (EY)
7.	Enterprise Risk Management: Actualising its Effectiveness	7 September	Eco World International in-house training
8.	Digital Business and Briefing by PwC on BNM Guidelines	1 October	MBSB Holdings and Bank in-house training
9.	AML / CFT and Corporate Liability	5 November	
10.	FIDE Forum Annual Dialogue with Governor of Bank Negara Malaysia	3 December	MBSB Holdings and Bank / FIDE Forum

TAN SRI MOHAMAD SALIM FATEH DIN

No.	Training / Seminar Attended	Date	Organiser
1.	Adapting to the New Normal – Lessons for the Board	2 September	MRCB / Ernst & Young (EY)
2.	Intentional Integrity: How Smart Companies Can Lead an Ethical Revolution	28 October	Asia School of Business

IMRAN SALIM

No.	Training / Seminar Attended	Date	Organiser
1.	Collaboration in Boardroom Behaviour & Relationship	22 March	Institute of Corporate Directors Malaysia (ICDM)
2.	MyDIGITAL & Rangka Tindakan (Blueprint) Ekonomi Digital Malaysia – Power X : Building Mindsets of Tomorrow	23 March	Kuala Lumpur Business Council
3.	Accelerated Digital Transformation of Legacy Companies	25 March	Institute of Corporate Directors Malaysia (ICDM)
4.	A Boardroom Simulation - Live! Corporate Strategy Beyond the Crisis	26 March	
5.	Sustainability Leadership – A Swedish Approach to Transforming International Companies	30 June	Boards Impact Forum
6.	Adapting to the New Normal – Lessons for the Board	2 September	MRCB / Ernst & Young (EY)
7.	Infrastructure Development to Boost Economic Growth Post COVID-19	9 September	Ministry of Finance, Malaysia

DATO' MOHAMAD NASIR AB LATIF

No.	Training / Seminar Attended	Date	Organiser
1.	Section 17A and Adequate Procedures	3 February	RHB in-house training by Malaysian Anti-Corruption Commission (MACC)
2.	Governance and ERM and Including MCCG 2021 Considerations	9 February	Institute of Enterprise Risk Management
3.	FIDE Programme: Banks Core Module B	1-10 March	FIDE Forum
4.	Federal Budget 2022	12 March	Ernst & Young (EY)
5.	Section 17A MACC Act	7 May	Yinson Holdings Bhd and Malaysian Anti-Corruption Commission (MACC)
6.	MFRS17: Insurance Contract	5 June	Ernst & Young (EY)
7.	Defending Your Company & Keeping Up to Date with "Key Cybersecurity Risks"	8 June	FTI Consulting Malaysia
8.	When Governance Fails – Red Flags, MCCG 2021, Impact of COVID & Emerging Risks and What We Need To Do To Ready Our Organisation	5 August	Ernst & Young (EY)
9.	Adapting to the New Normal	2 September	Ernst & Young (EY)
10.	Internal Capital Adequacy Assessment Process (ICAAP)	6 September	RHB
11.	Directors' Training on ESG	1 October	Yinson Holdings Bhd and PwC
12.	Khazanah Megatrends Forum 2021	4-6 October	Khazanah Nasional Berhad
13.	The Convergence of ESG & Shariah: FTSE4Good Bursa Malaysia Shariah	12 October	Employees Provident Fund (EPF) and Bursa Malaysia
14.	Digital Transformation in Islamic Finance Towards Shariah Compliance	8 November	RHB
15.	Climate Change: Impact on Banks & Role of the Board	20 November	FIDE Forum

DATUK SERI AMIR HAMZAH AZIZAN

No.	Training / Seminar Attended	Date	Organiser
1.	Board & Leadership Talk Series – Best Practices in Pension Design	27 February	Employees Provident Fund (EPF)
2.	Board & Leadership Talk Series – Behavioural Insights	5 July	
3.	Board & Leadership Talk Series – Trends in Customer Behaviour	2 August	
4.	Board & Leadership Talk Series – Social Protection: Towards Responsive System	13 September	
5.	Board & Leadership Talk Series – Data Culture	12 October	
6.	Board & Leadership Talk Series – Managing Cyber Risk in Rapidly Evolving Threat Landscape	5 November	

MOHAMAD HAFIZ KASSIM

No.	Training / Seminar Attended	Date	Organiser
1.	Malaysia Residential Conference 2021	23-24 February	Comfori
2.	12th SC-OCIS Virtual Roundtable	23-24 September	Securities Commission Malaysia (SC) and Oxford Centre for Islamic Studies (OCIS)
3.	PERE Asia Summit Singapore	16-17 November	PEI Media

DATO' WAN KAMARUZAMAN WAN AHMAD

No.	Training / Seminar Attended	Date	Organiser
1.	Launch of the Malaysia Ageing and Retirement Survey (MARS) Wave 1: A Snapshot	18 January	Universiti Malaya's Social Wellbeing Research Centre (SWRC)
2.	Sustainability Day - In the New Normal	21 January	Employees Provident Fund (EPF)
3.	EPF SAA Workshop	21 June & 23 October	
4.	Board Knowledge Sharing Session #1: Behavioural Insight	5 July	
5.	Board & Leadership Talk Series #2: Trends in Customer Behaviour	2 August	
6.	Majlis Amanat GLIC – Perkukuh Pelaburan Rakyat	12 August	
7.	Microsoft Teams Onboarding Session (Session 3)	23 August	
8.	Board & Leadership Talk Series #3: Best Practices in Pension Design	27 August	
9.	Board & Leadership Talk Series #5: Data Culture	12 October	
10.	World Pension Summit 2021	12-14 October	Pensions & Investments
11.	EPF Strategy Meeting	1-2 November	Employees Provident Fund (EPF)
12.	Board & Leadership Talk Series #6: Managing Cyber Risk in a Rapidly Evolving Threat Landscape	5 November	
13.	Briefing on Kwasa Land, Progress on JV Partners, Strategic Direction of KLSB and Site Visit	4 December	

DATO' DR JUNAIDAH KAMARRUDDIN

No.	Training / Seminar Attended	Date	Organiser
1.	Adapting to the New Normal – Lessons for the Board	2 September	MRCB / Ernst & Young (EY)
2.	Mandatory Accreditation Programme (MAP)	6–8 December	Asia School of Business

LIM FEN NEE

No.	Training / Seminar Attended	Date	Organiser
1.	Bursa - FIDE Forum Dialogue on Sustainability	2 November	FIDE Forum
2.	ACCA Virtual Seminar: Post Budget 2022	11 November	Association of Chartered Certified Accountants (ACCA), Malaysia
3.	FIDE Forum Dialogue: The 2050 Net Zero Carbon Emissions Target: Finance's Role	12 November	FIDE Forum
4.	Securities Commission Malaysia - FIDE Forum Dialogue on Capital Market Masterplan 3	16 November	
5.	Emerging Trends of Board Skills	18 November	Association of Chartered Certified Accountants (ACCA), Malaysia and LeadWomen Sdn Bhd
6.	Cyber Security Awareness Programme for Directors	1 December	Allianz Malaysia Berhad
7.	FIDE Forum Annual Dialogue with Governor of Bank Negara Malaysia	3 December	FIDE Forum
8.	ICDM Power Talk 2022 ASEAN Board Trends: What Keeps You Awake at Night?	13 December	Institute of Corporate Directors Malaysia (ICDM)
9.	ICDM Power Talk: Your Biggest "S" in ESG. Sustainable Human Capital Management and Workplace Transformation	14 December	
10.	ICDM Power Talk: Demystifying Investors' ESG Expectations, the Do's and Don'ts	15 December	
11.	ICDM Power Talk: Becoming a Boardroom Star	17 December	

BOARD EFFECTIVENESS EVALUATION

The effectiveness of the Board is vital to the success of the Group. It is therefore our practice to conduct a Board Effectiveness Evaluation (BEE) 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 consultants at least once every three years to support this process by facilitating more rigorous and objective evaluations. The results of the BEE are discussed and deliberated at the Nomination & Remuneration Committee meetings, and recommendations to improve the Board's effectiveness are tabled to the Board.

MRCB is cognisant that periodic evaluations of its Board, its various committees, and respective Directors play a critical role in driving continuous improvement in Board effectiveness. It presents an opportunity to gain valuable shared insight into the operation of the Board and ways to improve its processes, relationships, and composition. A well-executed evaluation exercise facilitates in identifying and removing obstacles to enhance performance and to highlight best practices.

Following several years of engaging external consultants annually, given the changes to the composition of the Board in 2021 and the relatively short period of time the new members had served on the Board, the NRC opted to conduct an internal BEE exercise during the year by collaborating with the Institute of Corporate Directors Malaysia (ICDM). ICDM managed the exercise, utilising their proprietary digital assessment tools and frameworks.

An overview of the BEE exercise process flow is illustrated as follows:

Scope of the Board Effectiveness Evaluation

Board as a whole

All Board Committees

Contribution of Individual Directors

- Chairman
- Group Managing Director
- Independent Directors
- Non-Independent Directors

Objectivity of Independent Directors

Annual Board Effectiveness Evaluation Exercise

Board	1 Determine evaluation methodology
Board Committees	2 Establish suitable evaluation criteria focus areas
Non-Independent Directors	3 Conduct assessment via questionnaires/ surveys
Independent Directors	4 Analyse responses and develop findings
Group Managing Director	5 Discuss and deliberate at NRC
	6 Present findings and recommendations to the Board

The evaluation methodology consisted of two key activities; administering three different sets of online questionnaires that were distributed to the participants, followed by an analysis of the responses and insights provided by each participant.

Part 1

Board Effectiveness Evaluation
To provide a broad outlook on how the Board performs from the Board's and Senior Management's perspectives, respectively.

Participant(s)
- All Directors
- Senior Management Team

Part 2

Board Committee Evaluation
To provide insights and feedback on the committee structure, performance and effectiveness.

Participant(s)
- All Directors
- Senior Management Team

Part 3

Director Independence Self-Assessment
To ascertain whether there are any business or other relationships that could materially affect or interfere with the exercise of objective, unfettered or independent judgement by the Director or the Director's ability to act in the best interests of the Group.

Participant(s)
- All Independent Directors

The key areas and attributes were analysed in the evaluation, namely Strategy, Management Team, Financial Oversight, Risk Management, People & Culture, Stakeholders, Board Composition, Board Dynamics, Board Information, Meetings, Board Committees, and Development.

Overall, the results of the evaluation were very satisfactory. When ranked in order of strength, Board Dynamics, Board Committees, and Financial Oversight were identified as being the strongest, while Board Composition, Board Information, Meetings, Management Team, Risk Management, Stakeholders, and Development were evaluated as being satisfactory. Strategy was evaluated just under satisfactory as the evaluation determined that the Board could be more aligned on the Group's purpose and values, and how these drive its strategy. People & Culture ranked as needing improvement, with opportunities to further align organisational culture with the Group's values, purpose, and strategic ambitions being identified. This will be addressed by the NRC as priorities identified for development.

The findings and evaluation results were reviewed by the NRC on 23 November 2021 and subsequently presented to the Board on 10 January 2022.

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.

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, Management, or major shareholders, and/or via the engagement of professional recruiters or advisory bodies to identify suitable candidates for any vacant positions. If the former approach was solely relied upon, the Nomination & Remuneration Committee (NRC) provides appropriate justification outlining why this was deemed to be sufficient.

In its selection of high-quality candidates who will be well-suited for the Board, the NRC develops and deliberates 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 socioeconomic background; and,
- Overall alignment with the Company's strategic direction.

In addition, the NRC also considers each nominee's ability to devote the time required to effectively meet the demands and expectations of the role. This includes considering all existing board positions currently held by the nominee, including on boards of non-listed companies. Any nominees holding positions that have the potential to cast doubt on the integrity and governance of the Company, such as active politicians or individuals with direct links to those with executive powers, shall be avoided.

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 to ease their onboarding process. Such sessions typically include an introduction to the Company's key activities, governance structures, key governance documentation such as the Code of Business Ethics (Code), ESG performance, recent financial performance, and strategy. Additional deep dive sessions on specific topics of interest are also arranged if required by the incoming Director.

Similarly, the NRC also identifies and recommends to the Board for its approval, candidates for the appointment of 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 that meet the identified skills, experiences, competencies, and diversity requirements for the vacant position.

APPOINTMENT OF NEW DIRECTORS OR SENIOR MANAGEMENT

STEP 1	Circumstances giving rise to vacancies
STEP 2	Develop selection criteria combining key competencies and attributes that best address the current and future needs of the Group, while complementing incumbent skillsets and promoting diversity
STEP 3	Commence search for candidates
STEP 4	Assess and shortlist potential candidates
STEP 5	Deliberate and provide Board with a recommendation
STEP 6	Seek Board approval
STEP 7	Conduct orientation / induction programme
STEP 8	Continuous Training / Development and Performance Assessment

Re-election of Directors

Articles 101, 102, 103, and 106 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 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.

Article 106

Directors appointed as an addition to the existing Board shall hold office only until the next AGM and shall then be eligible for re-election.

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

The Directors' rotation list is presented to the Board for review and thereafter recommended to the shareholders for approval. The Board ensures that the notes accompanying the Notice of the General Meeting to shareholders are complete with all information necessary to support their informed decision-making on the matter. This includes:

a) An assessment of the candidates' continued eligibility for re-election based on their competencies, commitment, and performance track record;
b) Details of any interest, position or relationship that might influence the candidates' capacity to function effectively; and,
c) A clear statement outlining the Board's justification for recommending the re-election of the candidate.

Directors retiring by rotation in 2021 pursuant to Articles 101 and 102

- Imran Salim
- To' Puan Looi Lai Heng

As To' Puan Looi Lai Heng had indicated her intention to retire at the end of her tenure without seeking further re-election, the Board, via a resolution passed on 16 April 2021, gave its endorsement for Imran Salim to be considered for re-election at MRCB's 50th AGM.

He was subsequently re-elected by way of Ordinary Resolution.

Directors eligible for re-election in 2021 pursuant to Article 106

- Dato' Wan Kamaruzaman Wan Ahmad

Dato' Wan Kamaruzaman Wan Ahmad was appointed as an additional Independent Director to the current Board on 15 April 2021.

In line with Article 106 of MRCB's Constitution, he shall hold office only until the next AGM at which he will have to seek re-election. The Board, via a resolution passed on 16 April 2021, gave its endorsement for Dato' Wan Kamaruzaman Wan Ahmad to be considered for re-election at MRCB's 50th AGM.

He 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 within the past year. This policy outlines our commitment to implementing an effective succession planning programme that serves as a platform for the systematic identification and long-term development of a diverse pool of high-potential candidates that can contribute to the Company in future. This policy sets out clear selection criteria, including key skills and diversity in terms of background, gender, age, ethnicity, education, and field of experience. This document can be viewed at www.mrcb.com.my/corporate-governance.html

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 periodically reviewed and made available on the Company's website, www.mrcb.com.my/corporate-governance.html

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 can drive the business, strategies, objectives, values, and long-term interests of MRCB. Remuneration packages are always commensurate with, and reflect the level of responsibility, accountability and experience required in each 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 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 total 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.

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 2021.

Directors' Remuneration

Directors	Fee (RM)	Allowance (RM)	Salary (RM)	Bonus (RM)	Benefits -In-Kind (RM)	Other Emoluments (RM)	Total (RM)
Independent Chairman							
Tan Sri Azlan Zainol	200,000	152,000	-	-	10,712	-	362,172
Executive Vice Chairman							
Tan Sri Mohamad Salim Fateh Din	-	-	560,000	-	2,400	64,198	626,598
Group Managing Director							
Imran Salim	-	-	1,320,000	-	49,736	408,923	1,778,660
Non-Independent Non-Executive Directors							
Rohaya Mohammad Yusof*	100,274	48,050	-	-	-	-	148,324
Dato' Mohamad Nasir Ab Latif	150,000	198,000	-	-	-	-	348,000
Datuk Seri Amir Hamzah Azizan*	50,137	12,000	-	-	-	-	62,137
Mohamad Hafiz Kassim*	50,137	18,000	-	-	-	-	68,137
Independent Directors							
Hasman Yusri Yusoff	87,945	62,129	-	-	16,483	-	166,557
To' Puan Looi Lai Heng	65,342	58,900	-	-	-	-	124,242
Dato' Wan Kamaruzaman Wan Ahmad	107,260	65,268	-	-	-	-	172,528
Dato' Dr Junaidah Kamarruddin	75,616	40,500	-	-	-	-	116,116
Lim Fen Nee	25,068	9,000	-	-	-	-	34,068
Total	**911,779**	**663,847**	**1,880,000**	**-**	**79,331**	**473,121**	**4,008,078**

* 50% of the Directors' fees for EPF nominees on the Board of the Company are paid directly to EPF

Senior Management's Remuneration and Shareholdings

Senior Management's remuneration consists of several components that are linked to their individual performance against annual Key Performance Indicators, such as achieving operational targets and addressing material sustainability risks and opportunities facing the Company. Further alignment to the long-term interests of the Company is achieved via the Long-Term Incentive Plan (LTIP), a deferred bonus scheme that grants shares upon successful achievement of Company-level key performance measures.

Remuneration packages of key Senior Management are reviewed every two years by the NRC. If applicable, any changes required are subsequently recommended to the Board. It is the responsibility of the Board to collectively review, and if deemed fit, to approve the remuneration packages.

A summary of the top five Senior Management members' remuneration for the financial year ended 31 December 2021 are set out below in bands of RM50,000. These figures include basic salary, bonuses, benefits-in-kind, statutory contributions, and other emoluments.

Senior Management	Salary (RM)	Allowance (RM)	Bonus (RM)	Benefits (RM)	Other Emoluments (RM)	Total (RM)
Ann Wan Tee (Group Chief Financial Officer)	1,300,001 - 1,350,000	50,001 - 100,000	-	0 - 50,000	250,001 - 300,000	1,650,001 - 1,700,000
Kwan Joon Hoe (Group Chief Operating Officer)	1,250,001 - 1,300,000	50,001 - 100,000	-	0 - 50,000	250,001 - 300,000	1,600,001 - 1,650,000
Amarjit Singh Chhina (Chief Corporate Officer)	900,001 - 950,000	50,001 - 100,000	-	0 - 50,000	200,001 - 250,000	1,250,001 - 1,300,000
Dato' Haji Ishak Bin Haji Mohamed (Executive Vice President)	1,050,001 - 1,100,000	150,001 - 200,000	-	0 - 50,000	0 - 50,000	1,250,001 - 1,300,000
Datuk Dell Akbar Khan Bin Hyder Khan (Executive Vice President)	800,001 - 850,000	100,001 - 150,000	-	0 - 50,000	0 - 50,000	1,050,001 - 1,100,000

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

Senior Management	Number of ordinary shares			
	Balance as at 01.01.2021	Acquisition during the year	Disposal during the year	Balance as at 31.12.2021
Ann Wan Tee	806,700	0	0	806,700
Kwan Joon Hoe	549,100	0	0	549,100
Amarjit Singh Chhina	100,000	123,000	0	223,000
Dato' Haji Ishak Bin Haji Mohamed	650,800	0	0	650,800
Datuk Dell Akbar Khan Bin Hyder Khan	473,300	10,756	0	484,056

MCCG PRINCIPLE B: EFFECTIVE AUDIT & 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. Dato' Wan Kamaruzaman Wan Ahmad chairs the ARMC (further details of his profile can be found on page 150), where he is supported by three 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 2021, the Board agreed that the ARMC has continued to support the Board in reviewing both financial and audit matters and contributed 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 198 - 202.

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 the preparation of the annual audited financial statements is set out on page 9 of the 2021 Financial Report.

All financial results and financial statements are reviewed by the 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 Committee's attention. The ARMC further relies on the written assurance from the external auditors confirming their continued objectivity and independence throughout the audit engagement, in accordance with the terms of all applicable professional and regulatory requirements.

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 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 Corporate Governance and Risk Management (CGRM) Department are disclosed in the Statement on Risk Management & Internal Control on pages 188 - 197.

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 ARMC also holds sole approval authority over the appointment, renewal, or removal of the Head of Internal Audit, further ensuring the Group Internal Audit Department's ability to carry out its function without fear or favour. 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 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 198 - 202.

MCCG 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 46 - 54 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 criminalises an organisation for corruption-related actions undertaken by associated persons for the benefit of the organisation. 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 3rd year of ISO 37001:2016 certification by an international certification body.

The Board remains confident that our ABMS, supported by clear internal communications and training programmes, as well as external stakeholder communications initiatives, will sufficiently protect the Company and its stakeholders. However, given the ever-changing risk landscape facing our operations, we remain committed to continuously reviewing and strengthening our internal procedures to ensure continued compliance.

The merger of our Corporate Governance and Risk Management functions to create a single consolidated entity is another key development in this regard. This centralised team is better positioned to support our various operational teams in their efforts to identify and mitigate bribery and corruption risks via tailored development and enhancement of policies and procedures. Centralisation also ensures greater alignment across the Group, whilst providing clear lines of communication to the Board and Senior Management.

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

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 reports 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 COVID-19 related movement control orders throughout much of 2021, 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.my and our IR App. Our corporate website and IR App contain the Group's Integrated Annual Reports, financial results, press releases, quarterly results presentations, ESG Brief and disclosures to Bursa Securities, and are updated when required in a comprehensive and 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 2021. 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' Briefing presentations are uploaded in a timely manner on the Company's website, to ensure that all shareholders have access to the same information immediately. Press conferences were also conducted in 2021 and were managed by the Corporate Communications Department. A list of media-related events can be found on page 53.

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.

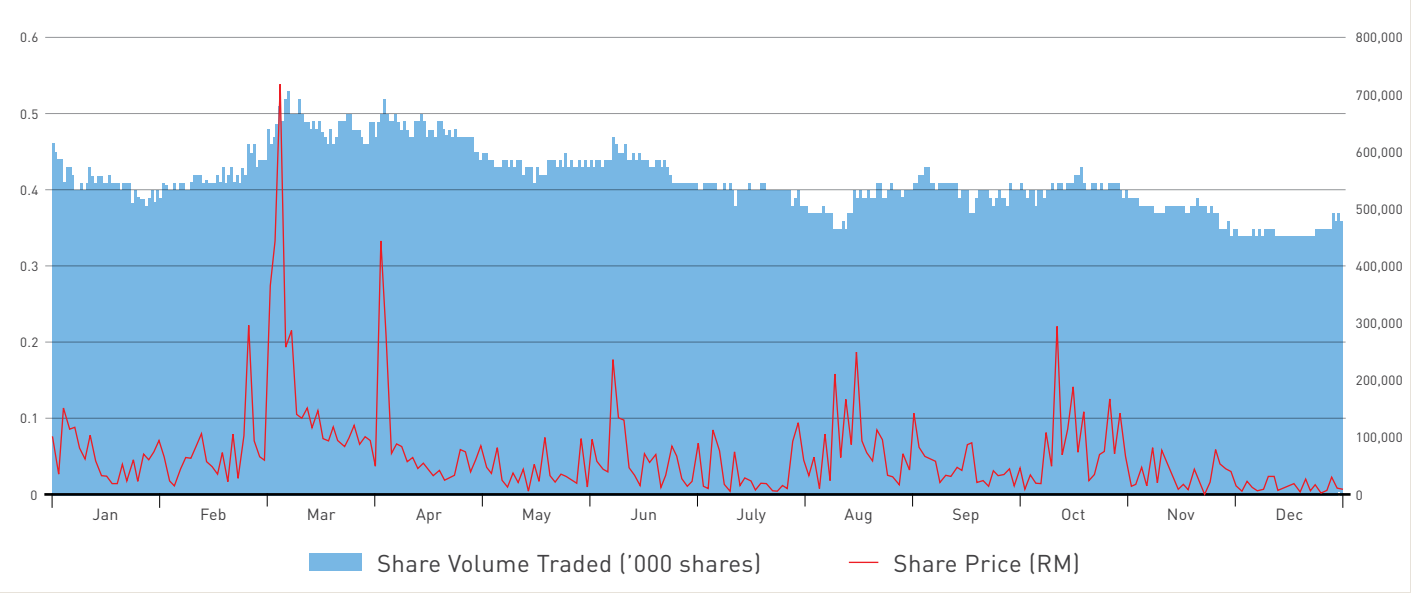
Key IR Activities in 2021

Investment Professionals Met	Investment Conferences/ Corporate Days	Meeting Sessions	Quarterly Analysts' Briefings	Research Analysts Covering MRCB
552	3	31	4	8

Target Price Forecasts (RM) by Analysts in 2021

Research House	Target Price (RM)			
	Q1 2021	Q2 2021	Q3 2021	Q4 2021
Affin Hwang	0.47	0.47	0.38	0.35
CGS-CIMB	0.44	0.40	0.38	0.38
HLIB	0.42	0.41	0.43	0.38
KAF	0.46	0.43	0.39	0.40
Kenanga	0.43	0.40	0.35	0.35
MIDF	0.46	0.42	0.36	0.36
RHB	0.43	0.43	0.38	0.38
UOB Kay Hian	0.39	0.39	0.37	0.37

MRCB Share Price Movement and Volume Traded Chart



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 2021, 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, Dato' Wan Kamaruzaman Wan Ahmad, to convey their concerns or questions. He may be contacted via email at: wkwa@mrcb.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 (MMLR), all resolutions are put to vote by poll. The Company aims to leverage on technology solutions that enhance the quality of engagement with its shareholders and facilitate further participation by shareholders at General Meetings.

MRCB conducted its 50th Annual General Meeting (AGM) in a virtual manner on 8 June 2021 from our offices in Kuala Lumpur Sentral. 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* as issued on 18 April 2020, while complying with the prevailing public gathering restrictions imposed by the Government to prevent further spread of COVID-19. The session utilised a virtual meeting solution that facilitated remote shareholders' participation, along with a secure and encrypted e-polling solution that allowed voting in absentia.

All stakeholders were afforded the opportunity to submit their questions in advance of the AGM via a range of channels, including e-mail, telephone, or the virtual meeting system. Advance submissions included six detailed queries from the Minority Shareholders Watch Group (MSWG). Further questions were also accepted during the AGM via the virtual meeting system, with a panel of moderators working to direct queries to the appropriate respondent, group similar queries together for ease of response, and to provide additional context where necessary. A total of 116 questions were received in this manner across a range of financial, non-financial, strategic, and administrative topics.

All questions were categorised and projected on-screen during the AGM for the immediate benefit of all meeting participants. The Chairman facilitated the discussion to ensure meaningful and interactive engagement between the Board, Senior Management team, shareholders, and other stakeholders. All questions raised were afforded due attention and received meaningful responses from the appropriate respondents directly within the session. The Chairman further ensured that the Q&A session was only closed after all queries had been satisfactorily addressed. A Q&A document that lists each individual question received on an "as-is basis" with no filters or modifications, save for minor contextual or grammatical edits where appropriate, along with the respective answers, was published on our corporate website within four business days of the AGM on 14 June 2021. The minutes of the AGM was similarly published 21 business days later – on 7 July 2021. Both documents can be accessed at www.mrcb.com.my/investor-relations/shareholder.html

While it is hoped that the COVID-19 pandemic conditions will ease in 2022, the Board is satisfied with the improving technical solutions and administrative procedures for conducting virtual General Meetings and is therefore prepared to maintain the same approach for all future General Meetings, 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 2021 (MCCG 2021) and will continue to pursue efforts to address the remaining departures.

Though we continue to make strides in our corporate governance journey, 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 continue to remain on fostering a culture of integrity and responsibility within our diverse workforce. The Board views this as the core element in our ongoing journey to become a leading organisation that is ***Setting 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 28 February 2022.

LIST OF MATERIAL CONTRACTS

DEVELOPMENT AGREEMENT AND AGREEMENT TO LEASE BETWEEN AUCKLAND COUNCIL, MRCB AOTEA CENTRAL LIMITED AND MALAYSIAN RESOURCES CORPORATION BERHAD

MRCB Aotea Central Limited (MACL), a wholly-owned subsidiary of MRCB New Zealand Holdings Ltd, which in turn is a wholly owned subsidiary of MRCB, had on 1 March 2021 entered into Development Agreement and Agreement To Lease (Agreement) with Auckland Council, for the acquisition of a long-term (125 year) leasehold interest in the property at 4-10 Mayoral Drive and 32-34 Wellesley Street West, Auckland located directly above and adjacent to the Aotea Station measuring approximately 4,750 sqm (Property) and development right to develop a mixed-use over-station development above the Aotea Station. Pursuant to the Agreement, MACL will pay a rent prepayment of NZD$40 million plus GST to Auckland Council in consideration for being granted the lease over the Property.

CHILLED WATER SUPPLY AGREEMENT BETWEEN PJ SENTRAL DCS SDN BHD AND MBSB TOWER SDN BHD

PJ Sentral DCS Sdn Bhd, a wholly owned subsidiary of MRCB DCS Holding Sdn Bhd, which in turn is a wholly owned subsidiary of MRCB, had on 1 June 2021 entered into a Chilled Water Supply Agreement with MBSB Tower Sdn Bhd, to supply chilled water to an office building located at Lot 12, Seksyen 26, Pusat Bandar Petaling Jaya, Daerah Petaling, Selangor Darul Ehsan for a period of 20 years with an estimated total consideration of RM73,410,364.

CONTRACT OF SALE BETWEEN NUVISION DEVELOPMENTS PTY LTD AND MRCB PROJECT VISTA PTY LTD

MRCB Project Vista Pty Ltd (formerly known as MRCB Docklands Pty Ltd), a wholly-owned subsidiary of MRCB Australia Holding Company Pty Ltd, which in turn is a wholly owned subsidiary of MRCB, had on 27 September 2021 entered into a Contract of Sale with Nuvision Developments Pty Ltd, for the purchase of freehold lands located at 26 Vista Street, 27 Thornton Street and 2949-2957 Surfers Paradise Boulevard, Surfers Paradise, Goal Coast, Queensland 4217 measuring 3101sqm (approximately 0.766 acres or 33,368 sq ft) for a purchase price of AUD$17,000,000.00 plus GST. The settlement date is due on 28 March 2022.

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 2021.

RESPONSIBILITY AND ACCOUNTABILITY

At Board Level

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 (RMPF) and system of internal control.
- Reviews the risk management framework on a regular basis and recognises that the risk management system is designed not to eliminate the risks but to manage the risks.
- Balances the risk-return trade-off within the established risk appetite and tolerance level of the Group in its decision-making to achieve the Group's goals and objectives.

The Audit & Risk Management Committee (ARMC):

- Assists the Board in the oversight of an adequate, efficient and effective risk management and internal control function for the Group.

At Management Level

The Management team, led by the Group Managing Director (GMD):

- Oversees 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.
- Manages the risks faced by the Group through the implementation of effective controls and mitigation measures.
- 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 Group Risk Management Committee (GRMC):

- Deliberates key risks for escalation to the ARMC and Board.
- Articulates key risks and their mitigation, as well as supports the risk management process across the Group.

At Operational Level

All employees:

- Assess risks that could surface from their actions or decisions.
- Ensure reasonable care is taken to prevent loss, maximise opportunity, and safeguard the Group's reputation and assets through appropriate controls to prevent or manage uncertainties.

Group Internal Audit (GIA):

- Reports directly to the ARMC and administratively to the GMD, as an independent function of the Group.
- Provides objective assurance to the Board and Senior Management on the adequacy of the Group's internal control systems, governance and risk management processes.

The Corporate Governance and Risk Management (CGRM) Department:

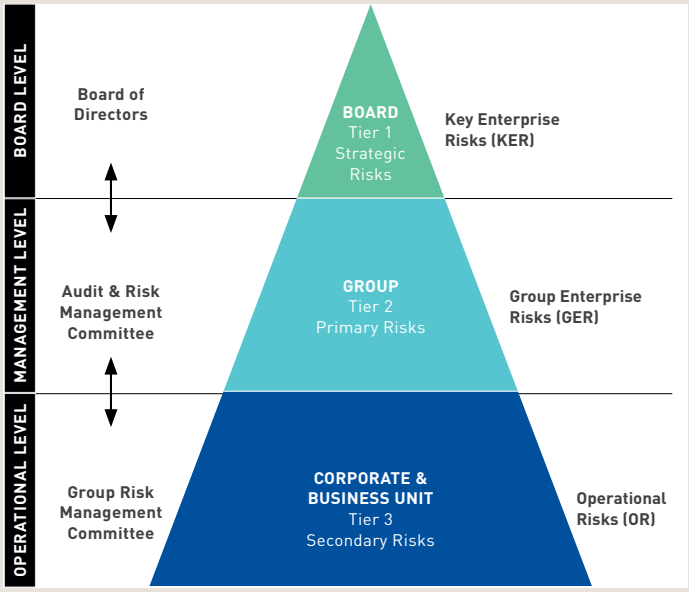
- Provides support to the Board and Management, facilitates the implementation of the risk oversight function, assists the Board and Management to promote a "risk-aware" culture and integrate risk management into the decision-making process.
- Promotes risk-based thinking, and conducts periodic risk assessments and risk review facilitations.
- Ensures Management has implemented satisfactory controls and has action plans and strategies to mitigate uncertainties that could impact the Group's objectives.
- Periodically communicates and reports key risks to the Management, ARMC and Board for effective and efficient risk management governance.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

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 Audit & Risk Management Committee (ARMC) to oversee the establishment and implementation of the risk management process.
- At the Management level, Group Risk Management Committee (GRMC) assists the ARMC and Board to discharge their responsibilities relating to risk management.
- Periodic risk meetings and reporting are conducted to review and assess the adequacy and effectiveness of mitigation strategies, and respond to key risks.
- 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

- Senior Management demonstrates leadership and ongoing commitment in risk management

INTEGRATION

- Embed risk management with adequate controls in every process
- Establish governance structure

DESIGN

- Understand the Group's internal and external context
- Assign and communicate roles
- Allocate resources
- Establish effective communication

IMPLEMENTATION

- Develop an appropriate plan
- Ensure the managing of risks is understood and practiced
- Conduct periodic risk reviews and awareness programmes
- Inculcate risk-based thinking

EVALUATION

- Periodic review and evaluation of the Risk Management Framework
- Identify, document and remediate gaps

IMPROVEMENT

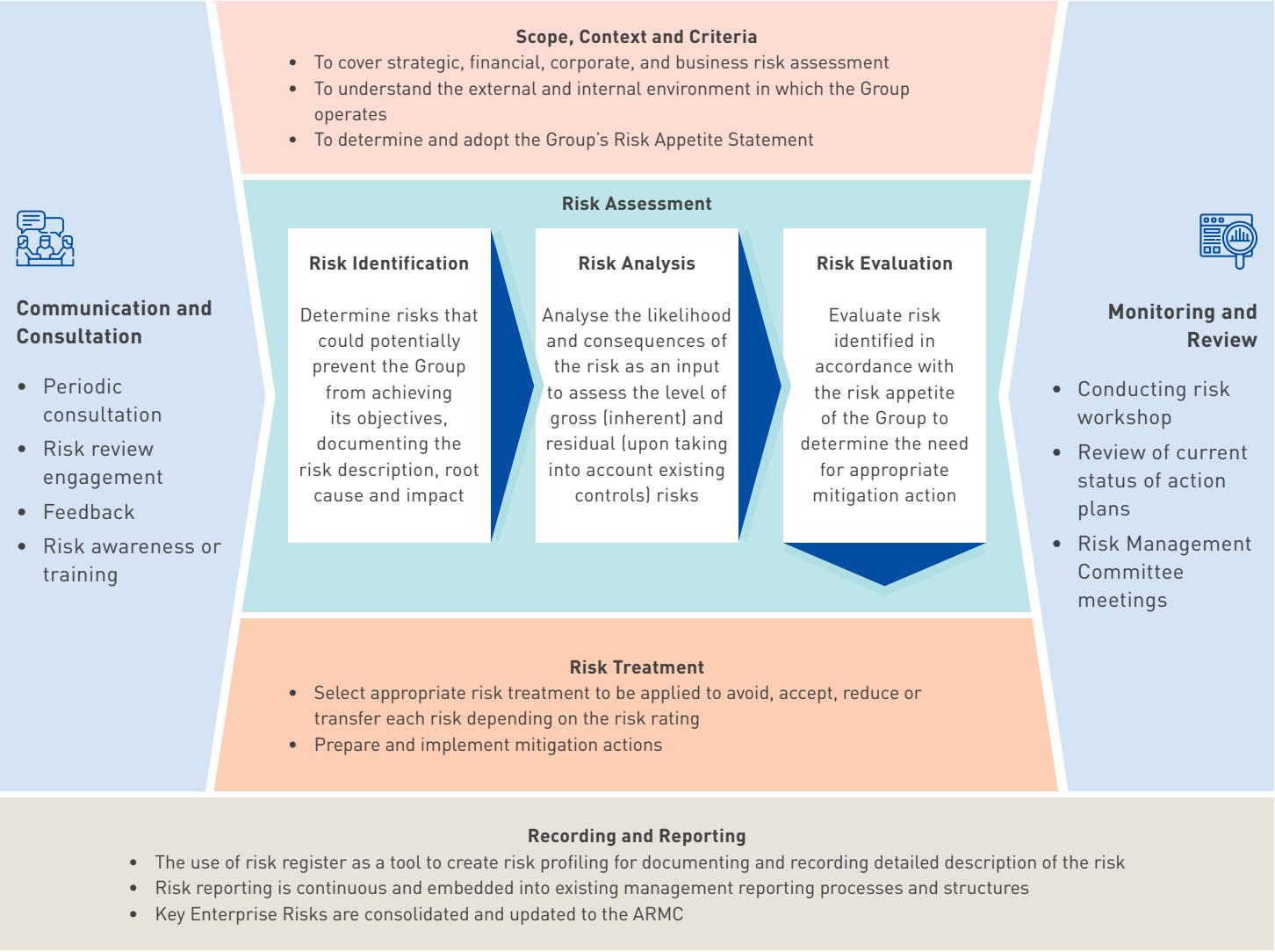
- Continuously enhance the Risk Management Framework

- 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 Group's RMPF adopts the globally accepted risk management standard of ISO 31000:2018 Risk Management – Guidelines, providing a robust platform to ensure effective risk management practices within the Group.
- The RMPF provides a standard and consistent approach to implementing Enterprise Risk Management across the Group.
- The RMPF is mapped to the United Nations Sustainable Development Goals (SDGs), as seen on page 58 of this Integrated Annual Report.

- The RMPF guides the Group in ensuring that:
  - Risk management is aligned with the Group's purpose, strategy and culture;
  - Risk management forms an integral part of the Group's governance;
  - Risks and opportunities for projects, investments and businesses are pragmatically managed and explored to balance risk and rewards for optimised returns;
  - Risk management leadership and commitment are articulated; and,
  - The value of risk management to the organisation and its stakeholders is communicated.

ENTERPRISE RISK MANAGEMENT (ERM) PROCESS

The Group has adopted an ERM process designed to identify potential unfavourable events that may adversely affect the Group's objectives & strategies and to prioritise material risks within the Group's risk appetite and tolerance level. This is in line with the adoption of the ISO 31000:2018 guideline that is tailored to fit the Group's business operations, in which the risk management process is structured and aligned with the Group's strategies, processes, people, technology, and knowledge.



Risk Management in 2021

The management of some of the significant risks faced by the Group for the financial year 2021 are outlined below. A more detailed description of the Group's key risks and mitigations is provided on pages 67 - 76.

- **COVID-19**
  The Group continued to assess and monitor business threats arising from COVID-19 under KER 4: Business Continuity Risk, and had developed effective countermeasures to mitigate the severity of its impact on the business operations, as well as its employees, suppliers and customers. Key initiatives included:
  - Establishment of COVID-19 policies and guidelines, which consist of social distancing SOPs at offices and sites, temperature screenings at all entry points, regular health screenings using Antigen Rapid Test Kits (RTK), and reminders to comply with SOPs.
  - Group-wide vaccination campaign, which consisted of managing a complete two-dose vaccination programme for 1,000 employees and a Booster Drive for 177 employees, conducting various surveys to ascertain levels of vaccination rates amongst employees, and providing counselling to those who were hesitant to be vaccinated.

- **Climate Change**
  The Group is increasingly committed towards climate action and continues to assess the key climate change risks and opportunities on the organisation, which is currently monitored under KER 5: Environmental, Social and Governance (ESG) Risk. Key initiatives include:
  - Establishment of a Net Zero Carbon reduction target in Scope 1 & Scope 2 emissions by 2040, which includes activities such as reviewing suitable methodologies to measure our carbon footprint, establishing a baseline target for carbon reductions, and embedding low carbon and sustainability considerations in the design and construction of buildings and infrastructure.
  - Setting a 1% Scope 1 & Scope 2 emissions reduction target in 2021, which was surpassed by achieving an average 8% reduction as at the end of 2021.
  - Identification of new business markets, such as the renewable energy segment, and waste-to-energy in particular.
  - Embarking on the Task Force on Climate-related Financial Disclosures (TCFD) reporting framework, which includes identifying climate risks to the Group's assets through climate scenario modelling, formulating strategies to manage and mitigate those risks and disclosing metrics and setting performance targets to measure progress. A preliminary report on our TCFD assessment can be read on page 127.

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.

1st Line of Defense	2nd Line of Defense	3rd Line of Defense
Business Operations & Companies	**Risk Oversight Function**	**Audit Oversight Function**
• 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.	• 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 Corporate Governance and Risk Management (CGRM) Department is entrusted to facilitate, coordinate and monitor the risk management process implementation and escalation.	• The audit oversight is the third line of defense, performed by the Group Internal Audit (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.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

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 risks and taking advantage of opportunities. The Group's internal control framework consists of the following five integrated components:

Control Environment

- Set of policies and procedures that embed inherent risks and controls that govern business processes, and implementation is within the Limits of Authority defined and approved by the Board.
- The Board and Management set the tone-at-the-top regarding the importance of internal control.
- The Management reinforces control at various levels of the organisation.

Risk Assessment

- Process for identifying, analysing and evaluating risks pursuant to achieving the targeted objectives.

Control Activities

- Control activities are actions taken to minimise risk through various mediums such as policies, procedures, techniques and mechanisms.
- Ensure the Management's directives to mitigate risks pursuant to achieving the targeted objectives are carried out.

Information & Communication

- Information and communication are essential to discharge responsibilities to support the achievement of objectives.

Monitoring Activities

- Ongoing evaluations to ascertain whether each of the five components of internal control are present and functioning.

Internal Control Initiatives

The Group's internal controls, which have been in place throughout the year are divided into three 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 Business Ethics (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' performances are monitored, appraised and rewarded according to the achievements against the targets set.

PEOPLE MANAGEMENT

ANTI-BRIBERY & CORRUPTION POLICY

- 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.
- Bribery and corruption in all its forms as it relates to MRCB's activities are prohibited.
- Bribery and corruption may take the form of anything of value, such as money, goods, services, property, privileges, employment positions or preferential treatment.
- MRCB personnel and its business associates are prohibited, whether directly or indirectly, to offer, give, receive or solicit any item of value, in an attempt to illicitly influence the decisions or actions of a person in a position of trust within an organisation, either for the intended benefit of MRCB or the persons involved in the transaction.
- The Anti-Bribery and Corruption Policy applies equally to its business dealings with commercial (private sector) and Government (public sector) entities, and includes their directors, personnel, agents and other appointed representatives.
- The Anti-Bribery and Corruption Policy applies to all countries worldwide, without exception and without regard to regional customs, local practices or competitive conditions.
- 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 illicit behaviour.
- MRCB is also committed to conducting due diligence checks on prospective personnel, particularly as it relates to appointments to positions where a more than minor bribery or corruption risk has been identified.

ANTI-BRIBERY MANAGEMENT SYSTEM (ABMS) ISO 37001:2016

- 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. Legal action may also be taken in the event that our interests or reputation have been affected as a consequence of non-compliance by any individuals and organisations.
- All employees have signed a Corruption-Free Pledge to reinforce the Group's commitment towards the prevention of corruption. Ongoing efforts to increase anti-corruption awareness, through communication and training programmes continued throughout 2021 and will continue indefinitely.
- MRCB Group has achieved ISO ABMS 37001:2016 certification of its Anti-Bribery Management System (ABMS).
- 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, and awareness sessions and workshops for external parties, including vendors and business associates.
- The implementation of the ABMS is aligned with SDG 16 (Peace, Justice and Strong Institutions).

PEOPLE MANAGEMENT

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 & Discipline Department (IDD) 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 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.
- 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.
- The Whistleblowing Policy is aligned with SDG 16 (Peace, Justice and Strong Institutions).

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 Gift, Hospitality, Donations & Similar Benefits 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 with SDG 3 (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 (LOA) have been established for the Group. The LOA specifies 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 May 2021 and all revisions were approved by the Board.

BUSINESS OPERATION & PROJECT MANAGEMENT

- The performance of business divisions and the status of key projects are monitored through weekly 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.

PROCESS MANAGEMENT

COMMUNICATIONS 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 cashflow 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 immediately uploaded to the Group's website and MRCB IR App for easy access by the public.
- ESG-specific briefings are conducted periodically to ensure the investment community is kept abreast with the Group's ongoing sustainability activities and performance, in a bid to align and manage expectations that can help mitigate miscommunications leading to reputational and financial risks.
- Communication and engagement activities with all our various stakeholders are more fully disclosed on pages 46 - 54.

TECHNOLOGY MANAGEMENT

IT AND DATA MANAGEMENT

- MRCB ICT Manual was developed to include security policies which ensures the Group protects its business, customers, data, viability and integrity. The ICT Manual is continuously reviewed to ensure relevant risks and potential threats are addressed, managed and reflected in it.
- The Group acknowledges the importance of leveraging on information technology (IT) to digitalise and automate processes and promote efficient business operations. However, reliance on IT may expose the Group to emerging cybersecurity threats. Thus, the Group has established rigorous cybersecurity controls, which include among others:
  - Continuous review of Information Security Controls;
  - An annual IT audit performed by an external consultant covering the areas of security, access control, backup, disaster recovery and internal IT general controls;
  - Migration of production servers 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;
  - Continuous monitoring and managing of Microsoft 365 Defender and other enhanced security features rolled out by Microsoft that provides the capabilities to detect and protect against potential threats, as well as enable the Group to respond to threats faster with new unified alerts;
  - Development of a cybersecurity and disaster recovery plan; and
  - A cybersecurity maturity assessment is planned to be conducted in 2022.
- The Group has rolled out an extensive communication plan, which includes:
  - Security awareness trainings in the form of visually appealing, educational and awareness videos;
  - Continuous communication and information dissemination to employees on new cybersecurity risks through multimedia notifications sent to all employees; and
  - Dissemination of monthly editorial messages on IT Security and the importance of safeguarding personal and confidential information.

TECHNOLOGY MANAGEMENT

IT AND DATA MANAGEMENT

- The Group has embedded a culture of technology management by publishing best practices and instructional resources via MRCB's Learning Hub.
- The Group continued its efforts towards combating cyberthreats via advanced tools to mitigate against increased risks as a result of continued remote working and to ensure optimal business continuity during the pandemic in 2021:
  - Malwarebytes Endpoint Protection tools, a tool that provides complete external malware protection and remediation with precise threat detection, proactive threat blocking, prevention of zero-day exploits and thorough remediation, from the cloud; and
  - Endpoint and server auditing tools 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.
- The Group has embarked on its Data Governance Framework Programme aimed at managing and protecting all of the Group's data and complying with all local and international data protection and data privacy regulations and is earmarked for completion in 2022:
  - Information governance policies have been drafted and are currently under review; and
  - Data identification and collection have been initiated.

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 (GMD) and the Group Chief Financial Officer (GCFO) 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 (MMLR), 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.

DATO' WAN KAMARUZAMAN WAN AHMAD
Chairman

MEMBERSHIP OF THE ARMC

The ARMC comprises the following members:

Dato' Wan Kamaruzaman Wan Ahmad	Dato' Dr Junaidah Kamarruddin	Mohamad Hafiz Bin Kassim	Lim Fen Nee
Senior Independent Director (Chairman)	Independent Director	Non-Independent Non-Executive Director	Independent Director

Details of the appointments and resignations / retirement of the ARMC members during the financial year ended 31 December 2021 are as follows:

Name	Appointment / Resignation / Retirement
Dato' Wan Kamaruzaman Wan Ahmad	Appointed as member on 15 April 2021 and as Chairman on 3 August 2021
Dato' Dr Junaidah Kamarruddin	Appointed on 1 July 2021
Mohamad Hafiz Bin Kassim	Appointed on 3 September 2021
Lim Fen Nee	Appointed on 1 November 2021
Rohaya Mohammad Yusof	Appointed on 3 August 2021, resigned on 1 September 2021
Hasman Yusri Yusoff	Resigned on 2 August 2021
Dato' Mohamad Nasir Ab Latif	Resigned on 15 April 2021
To' Puan Janet Looi Lai Heng	Retired on 8 June 2021

Mohamad Hafiz Bin Kassim and Lim Fen Nee are Fellow Members of the Association of Chartered Certified Accountants. Lim Fen Nee is also a member of the Malaysian Institute of Accountants.

The profile of each of the ARMC members is set out in the Directors' Profiles section of this Integrated Annual Report, beginning on page 144.

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.

AUDIT & RISK MANAGEMENT COMMITTEE REPORT

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 seven (7) ARMC meetings were held during the financial year ended 31 December 2021 and all meetings had a 100% attendance.

The dates of the meetings held were as follows:

DATE	ATTENDANCE					
22 February 2021	Dato' Wan Kamaruzaman Wan Ahmad	4/4	100%	Hasman Yusri Yusoff	4/4	100%
23 February 2021	Dato' Dr Junaidah Kamarruddin	3/3	100%	To' Puan Janet Looi Lai Heng	4/4	100%
22 March 2021	Mohamad Hafiz Bin Kassim	1/1	100%	Dato' Mohamad Nasir Ab Latif	3/3	100%
28 May 2021	Lim Fen Nee	1/1	100%	Rohaya Mohammad Yusof	2/2	100%
9 August 2021						
26 August 2021						
25 November 2021						

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 presented to the Board for notification. The ARMC Chairman reports to the Board on the key matters deliberated at the quarterly Board meetings 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 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.html.

AUDIT & RISK MANAGEMENT COMMITTEE REPORT

PERFORMANCE OF THE ARMC

The performance of the ARMC and its members is assessed through the annual Board Effectiveness Evaluation exercise, with the intention of providing insights into the effectiveness of the ARMC. In the assessment carried out by an independent institution in 2021, the following were among the factors taken into consideration with regards to the performance of the ARMC:

- Composition of the ARMC, including whether members have sufficient, recent and relevant experience in fulfilling their role.
- Usefulness of recommendations provided by the ARMC in assisting the Board.
- Quality of communications by the ARMC, including whether the Board is well informed on a timely basis regarding the ARMC's deliberations.
- Quality of ARMC meeting minutes, including whether the ARMC meeting minutes are well prepared and comprehensively minuted.

The results of the assessment, which were reviewed by the Nomination & Remuneration Committee and presented to the Board for notification, were favourable.

REPORTING TO THE EXCHANGE

In 2021, 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 2021 were as follows:

Financial Reporting

i. Reviewed 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.

Internal Audit

i. Reviewed and approved the annual internal audit plan 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 reappointment and remuneration to the Board.

Risk Management

i. Deliberated and approved the Group's Key Enterprise Risks (KER) and reviewed the mitigation strategies to ensure risks are being managed and mitigated in accordance with the Group's Risk Appetite. Descriptions of the KER are as set out under the Key Risks and Mitigation Section on pages 67 - 76 of this Integrated Annual Report.
ii. Reviewed and deliberated the Group's Statement on Risk Management and Internal Control (SORMIC) and recommended it for approval by the Board for inclusion in the Integrated Annual Report.

iii. Reviewed and provided feedback for improvement of the progress of the risk management development activities throughout the year under review, which includes the progress development of Key Enterprise Risks (KER) Register, monitoring of Risk Action Plans, and development of Key Risk Indicators (KRI).

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.
vi. Reviewed Related Party Transactions of the Group to ensure compliance with the Companies Act 2016, the MMLR and the Malaysian Financial Reporting Standards, and recommended to the Board for approval.

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 2021, the GIA completed a total of nine (9) audit assignments, comprising audits of key property development and construction projects, as well as other operating units and corporate functions of the Group. In addition, GIA also performed data validation in relation to the Group-wide data migration from the existing systems to a new Enterprise Resource Planning (ERP) system. Continuous follow-up reviews were also carried out to ascertain the status of the implementation of corrective and preventive measures taken by Management in relation 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 functions and responsibilities during the financial year was RM1,239,971.

AUDIT & RISK MANAGEMENT COMMITTEE REPORT

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.

The ARMC discharged its roles and responsibilities with regard to the Group's risk management and internal control functions and its implementation through ensuring adequate and systematic risk assessment processes were integrated into the management system, business operation and decision-making process. This includes the process of identifying, analysing, and evaluating the level of risk exposure, risk treatment, risk escalation and communication of significant risks.

The Statement of Risk Management and Internal Control, as set out on pages 188 - 197 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 2021, 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 reaffirmed their independence at the completion of their audit.

EXECUTIVE COMMITTEE REPORT

HIGHLIGHTS

Total meetings held in 2021

7

All members attended all meetings in 2021

COMPOSITION OF THE COMMITTEE

The Executive Committee (EXCO) comprises the following members:
1. Dato' Mohamad Nasir Ab Latif (Non-Independent Non-Executive Director) – Chairman
2. Imran Salim (Group Managing Director)
3. Dato' Wan Kamaruzaman Wan Ahmad (Senior Independent Director)

During the year under review, To' Puan Janet Looi Lai Heng ceased as a member of the EXCO following her retirement as a director of MRCB on 8 June 2021. Dato' Wan Kamaruzaman Wan Ahmad was appointed as an EXCO member on 31 May 2021.

MEETINGS AND ATTENDANCE

A total of seven (7) EXCO meetings were held during the financial year ended 31 December 2021 and all meetings had a 100% attendance.

The dates of the meetings held were as follows:

Meeting Dates in 2021	21 Jan	3 May	22 May	6 Aug	20 Sep	20 Nov	14 Dec
Dato' Mohamad Nasir Ab Latif	•	•	•	•	•	•	•
Imran Salim	•	•	•	•	•	•	•
To' Puan Janet Looi Lai Heng	•	•	•	-	-	-	-
Dato' Wan Kamaruzaman Wan Ahmad	-	-	-	•	•	•	•

Senior Management are also invited to meetings of the EXCO when necessary to support detailed discussion on matters relevant to the agenda of the meeting.

ROLES OF THE COMMITTEE

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.

OUR FOCUS DURING THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

During the Financial Year Ended 31 December 2021, the EXCO undertook the following key activities:
- Reviewed the progress of key projects;
- Deliberated on major business proposals and transactions;
- Reviewed the projects budget;
- Deliberated on the Group's Business Continuity Plan; and
- Deliberated on MRCB Group's 2022 Business Plan.

NOMINATION & REMUNERATION COMMITTEE REPORT

HIGHLIGHTS

Total meetings held in 2021

5

All members attended all meetings in 2021

COMPOSITION OF THE COMMITTEE

The Nomination & Remuneration Committee (NRC) comprises the following members:

1. Dato' Wan Kamaruzaman Wan Ahmad (Senior Independent Director) – Chairman
2. Dato' Dr Junaidah Kamarruddin (Independent Director)
3. Mohamad Hafiz Kassim (Non-Independent, Non-Executive Director)

Composition of NRC members during the financial year ended 31 December 2021 are as follows:

Name	Appointment / Cessation
Dato' Wan Kamaruzaman Wan Ahmad	Appointed as member and Chairman on 3 August 2021
Dato' Dr Junaidah Kamarruddin	Appointed as member on 1 July 2021
Mohamad Hafiz Kassim	Appointed as member on 3 September 2021
To' Puan Janet Looi Lai Heng	Ceased as NRC member following her retirement as a director of MRCB on 8 June 2021
Hasman Yusri Yusoff	Ceased as NRC Chairman following his resignation as a director of MRCB on 2 August 2021
Rohaya Mohammad Yusof	Ceased as NRC member following her resignation as a director of MRCB on 1 September 2021

The NRC comprises Non-Executive Directors with the majority being Independent Directors, and includes the Senior Independent Director. The composition of the NRC complies with the requirements of both the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and the Malaysian Code on Corporate Governance (MCCG) 2021.

MEETINGS AND ATTENDANCE

A total of five (5) NRC meetings were held during the financial year ended 31 December 2021 and all meetings had a 100% attendance.

The dates of the meetings held were as follows:

Meeting Dates in 2021	19 Feb	22 Mar	31 May	25 Aug	23 Nov
Dato' Wan Kamaruzaman Wan Ahmad	-	-	-	•	•
Dato' Dr Junaidah Kamarruddin	-	-	-	•	•
Mohamad Hafiz Kassim	-	-	-	-	•
Hasman Yusri Yusoff	•	•	•	-	-
Rohaya Mohammad Yusof	•	•	•	•	-
To' Puan Janet Looi Lai Heng	•	•	•	-	-

Meetings of the NRC are also attended by the Group Managing Director. Other members of Senior Management are invited to meetings of the NRC when necessary to support detailed discussion on matters relevant to the agenda of the meeting.

NOMINATION & REMUNERATION COMMITTEE REPORT

ROLES OF THE COMMITTEE

The NRC assists the Board in reviewing the size and balance of the Board for appropriate mix of skills, experience and knowledge of directors, succession planning, human capital development and the remuneration framework for the Directors, Management and employees.

Detailed Terms of Reference for the Committee are available on MRCB's website under the Corporate Governance section at https://www.mrcb.com.my

OUR FOCUS DURING THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

During the Financial Year Ended 31 December 2021, the NRC undertook the following key activities:

1. Nomination Function
   - Recommending the re-election of Directors retiring at the 2021 Annual General Meeting (AGM)
   - Recommending the appointment of Tan Sri Mohamad Salim Fateh Din as the Executive Vice Chairman of MRCB
   - Recommending the appointment of Dato' Wan Kamaruzaman Wan Ahmad, Dato' Dr Junaidah Kamaruddin and Lim Fen Nee as Independent Directors of MRCB
   - Recommending the appointment of Datuk Seri Amir Hamzah Azizan and Mohamad Hafiz Kassim as Non-Independent Non-Executive Directors of MRCB
   - Recommending the appointment of Dato' Wan Kamaruzaman Wan Ahmad as the Senior Independent Director of MRCB
   - Recommending on the contract renewal for the Chief Corporate Officer
   - Deliberating on the reconstitution of the Board Committees of MRCB
   - Recommending the disclosure of the Report on the NRC for the Annual Report for the financial year ended 31 December 2020
   - Monitoring the conduct of the Board Effectiveness Evaluation (BEE) for 2020 and 2021
   - Deliberate the Policy and Guidelines on Succession Planning for the Board and Senior Management
2. Remuneration Function
   - Recommending the remuneration for the Executive Vice Chairman
   - Recommending the cash payment to Eligible Employees
   - Deliberating the 2021 key performance indicator targets for the Group Managing Director and c-suites
   - Recommending 2021 Ex-Gratia Allocation for Eligible Employees

NOMINATION AND RECRUITMENT PROCESS

One of the NRC's key roles is to drive the recruitment process for new Directors. In considering candidates as potential Directors, the NRC takes into account the following criteria:

- Skills, knowledge, expertise and experience
- Time commitment, character, professionalism and integrity
- Perceived ability to work cohesively with other members of the Board
- Specialist knowledge or technical skills in line with the Group's strategy
- Diversity in age, gender and experience/background

The Board then makes a decision on the appointment based on NRC's recommendation.

During the year under review, there were several changes to MRCB's directorship. Three Directors, namely To' Puan Janet Looi Lai Heng, Hasman Yusri Yusoff and Rohaya Mohammad Yusof had left the Company and six new directors were appointed, namely Dato' Wan Kamaruzaman Wan Ahmad, Dato' Dr Junaidah Kamarruddin, Tan Sri Mohamad Salim Fateh Din, Datuk Seri Amir Hamzah Azizan, Mohamad Hafiz Kassim and Lim Fen Nee.

MRCB practices a formal and transparent process on the appointment of new Directors. The nomination of Non-Independent Non-Executive Directors to the Board is the prerogative of the major shareholders of the Company. The nomination of Independent Directors to the Board may be made via the recommendation from existing Board members and/or through the engagement of a professional recruiting firm to identify suitably qualified candidates for any vacant positions.

Pursuant to Practice 5.6 of the MCCG 2021, companies shall use a variety of approaches and external sources (e.g. recruitment consultants) in identifying suitably qualified candidates to fill Board vacancies. In situations where recommendations from existing directors, management, or major shareholders were relied upon, under Practice 5.6, the NRC is required to provide due explanation as to why these sources were deemed sufficient and other external sources were not utilised. The justifications and rationale for the sourcing and selection methodology utilised for each new Board Director appointed after 28 April 2021 is summarised below:

DATO' DR JUNAIDAH KAMARRUDDIN *(Independent Director)*

Appointed on 1 July 2021

Sourcing & Selection Methodology Utilised

- Initial recommendation received from existing internal sources
- Candidate's credentials and experience were subsequently reviewed and deliberated by the NRC prior to its recommendation to the Board

Justification

- The Government of Malaysia is a very important stakeholder of MRCB, given its position as the Group's largest client and regulator, and it being a source of future infrastructure development projects through its various national infrastructure development programmes and initiatives.
- The NRC believes that it is important for the Board to contain a member that has expertise in this area, and Dato' Dr Junaidah's wealth of experience within the civil service will be invaluable in guiding and providing advice and insights into MRCB's strategy and decision making with regards to dealing with and managing this important stakeholder.
- Dato' Dr Junaidah brings over 27 years' experience gained across a diverse range of senior roles at key ministries such as the Ministry of Human Resources, Ministry of Finance, Ministry of Natural Resources & Environment, and the Prime Minister's Department. She also has significant experience in leading trade negotiations with a particular focus on labour matters.
- It is exceedingly rare to locate individuals of Dato' Dr Junaidah's calibre and depth of experience in the civil service via independent sources like professional recruitment agencies or head-hunters, which focus predominantly on private sector candidates. The NRC therefore decided to pursue the initial recommendation from internal sources when this rare opportunity presented itself.

TAN SRI MOHAMAD SALIM FATEH DIN *(Executive Vice Chairman)*

DATUK SERI AMIR HAMZAH AZIZAN *(Non-Independent Non-Executive Director)*

MOHAMAD HAFIZ KASSIM *(Non-Independent Non-Executive Director)*

Appointed on 1 September 2021

Sourcing & Selection Methodology Utilised

- Nominated by major shareholders – the Employees Provident Fund (EPF) and Gapurna Sdn. Bhd

Justification

- Each major shareholder has the prerogative to appoint Nominee Directors who will best represent their position and interests.
- The NRC does not play a role in their selection. Nevertheless, the NRC was of the opinion that all three (3) nominee directors brought significant depth of expertise to the Board of MRCB, particularly in terms of strategic planning, industry expertise, management experience, and financial expertise gained at some of Malaysia's leading local and multinational corporations.

LIM FEN NEE *(Independent Director)*

Appointed on 1 November 2021

Sourcing & Selection Methodology Utilised

- Shortlisted from a pool of suitable candidates with accounting qualifications sourced externally from the Institute of Corporate Directors Malaysia (ICDM)
- Candidate was shortlisted for interview and selected by the NRC for recommendation to the Board

Justification

- Lim Fen Nee is a highly experienced professional with over 24 years' experience in the fields of accounting, assurance, and regulatory oversight. She has served with numerous leading private corporations and contributed to the development of key regulatory oversight frameworks during her time with the Securities Commission. She is also a member of prestigious accounting bodies such as ACCA Malaysia and the Malaysian Institute of Accountants (MIA).
- The NRC believes that she will be able to significantly contribute to MRCB's continued improvement in the areas of financial reporting, assurance, risk management and governance.

Potential Directors are made aware of the time commitment expected from each of them in carrying out their roles as Directors and/or Members of Board Committees including attendance at the Board, Board Committees and other meetings. Directors are required to confirm that they are able to devote sufficient time to their roles at the Company and at the Group taking into consideration the number of their listed company board(s) commitments and other commitments.

In accordance with the provisions of the Listing Requirements, none of the Directors held more than five directorships in listed issuers during the financial year ended 31 December 2021.

RE-ELECTION OF DIRECTORS

The NRC ensures that the Directors retire and are re-elected in accordance with the relevant laws and regulations and the Company's Constitution. The Board recommends the re-election of the following Directors who will be retiring at the forthcoming AGM:

Articles 101 and 102 of the Constitution
- Dato' Mohamad Nasir Ab Latif

Article 106 of the Constitution
- Dato' Dr Junaidah Kamarruddin
- Tan Sri Mohamad Salim Fateh Din
- Datuk Seri Amir Hamzah Azizan
- Mohamad Hafiz Kassim
- Lim Fen Nee

The Directors' Profiles are provided on pages 144 - 152.

LONG-TERM INCENTIVE PLAN COMMITTEE REPORT

HIGHLIGHTS

Total meetings held in 2021

1

All members attended the meeting in 2021

COMPOSITION OF THE COMMITTEE

The Long-Term Incentive Plan (LTIP) Committee comprises the following members:

1. Dato' Mohamad Nasir Ab Latif (Non-Independent Non-Executive Director)– Chairman
2. Imran Salim (Group Managing Director)
3. Dato' Dr Junaidah Kamarruddin (Independent Director)

During the year under review, Hasman Yusri Yusoff ceased as a member of the LTIP Committee following his resignation as a director of MRCB on 2 August 2021. Dato' Dr Junaidah Kamarruddin was appointed as LTIP Committee member on 3 August 2021.

MEETINGS AND ATTENDANCE

A total of one (1) LTIP Committee meeting was held during the financial year ended 31 December 2021. The meeting was held on 19 November 2021 and attended by all the members. Senior Management are also invited to meetings of the LTIP when necessary to support detailed discussion on matters relevant to the agenda of the meeting.

ROLES OF THE COMMITTEE

The duties and responsibilities of the LTIP Committee are as set out in the LTIP By-Laws as approved by the shareholders and 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.

OUR FOCUS DURING THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

During the Financial Year Ended 31 December 2021, the LTIP Committee undertook the following key activities:

- Deliberated on the deferment of vesting dates in relation to Restricted Share Plan of 2018 and 2019 Executive Share Grant Scheme
- Deliberated on the additional vesting condition of the unvested share

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 2021 are RM1,158,000 and RM180,000 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 2021 were RM469,000 and RM192,000 respectively, detail as follows:

	Description	Group (RM'000)	Company (RM'000)
(i)	Provision of Taxation Services by PricewaterhouseCoopers Taxation Sdn Bhd (PwC Tax)	154	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.	316	174
	Total	**469**	**192**

III) MATERIAL CONTRACTS INVOLVING INTEREST OF DIRECTORS OR MAJOR SHAREHOLDERS

PJ Sentral DCS Sdn Bhd, a wholly owned subsidiary of MRCB DCS Holding Sdn Bhd, which in turn is a wholly owned subsidiary of MRCB, had on 1 June 2021 entered into a Chilled Water Supply Agreement with MBSB Tower Sdn Bhd, a wholly owned subsidiary of Malaysia Building society Berhad ("MBSB") to supply chilled water to an office building located at Lot 12, Seksyen 26, Pusat Bandar Petaling Jaya, Daerah Petaling, Selangor Darul Ehsan for a period of 20 years with an estimated total consideration of RM73,410,364.

EPF is a major shareholder of MRCB and also holds 65.38% equity interest in MBSB.

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 (RSP) and Performance Share Plan (PSP).

Since the launch of the LTIP in 2017, a total of three RSP Grants were awarded to the Eligible Persons in 2017, 2018 and 2019 respectively. The total numbers of LTIP units granted, vested and outstanding since the commencement of LTIP up to 1 January 2021 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

Due to the outbreak of COVID-19, the financial performance of the Group has been materially affected. Since the final award is subject to the financial performance of the Group at any time prior to the respective vesting dates, the outstanding LTIP units have not been vested to the Eligible Persons and were hence cancelled due to non-fufillment of such vesting conditions.

The Board had agreed that no RSP Grants be awarded for the Year 2020 and 2021.

GRI CONTENT INDEX

The GRI Content Index lists our disclosures that are aligned to the GRI standard.

GRI Disclosure	GRI Disclosure Description	Coverage	Page(s) in this Index / Additional Information
GRI 102: General Disclosures 2016			
102-1	Name of the organisation	Yes	2
102-2	Activities, brands, products, and services	Yes	2
102-3	Location of the organisation's headquarters	Yes	227
102-4	Number of countries where the organisation operates, and names of countries where either the organisation has significant operations or that are specifically relevant to the topics covered in the report	Yes	2
102-5	Nature of ownership and legal form	Yes	2
102-6	Markets served	Yes	9, 38
102-7	Scale of the organisation	Yes	62
102-8	Information on employees and other workers	Yes	111
102-9	Supply chain	Yes	52
102-10	Significant changes to the organisation and its supply chain	Yes	32 - 33
102-11	Precautionary principle or approach	Yes	We progressively assess the effect of our business on UNSDG
102-12	External initiatives	Yes	18
102-13	Membership of associations	Yes	18
102-14	Statement from senior decision-maker	Yes	30 - 35
102-15	Key impacts, risks, and opportunities	Yes	67
102-16	Values, principles, standards, and norms of behaviour	Yes	190 - 192
102-17	Mechanisms for advice and concerns about ethics	Yes	190 - 192
102-18	Governance structure	Yes	22, 158
102-19	Delegating authority		
102-20	Executive-level responsibility for economic, environmental, and social topics		
102-21	Consulting stakeholders on economic, environmental, and social topics		
102-22	Composition of the highest governance body and its committees		
102-23	Chair of the highest governance body		
102-24	Nominating and selecting the highest governance body		
102-25	Conflicts of interest		
102-26	Role of highest governance body in setting purpose, values, and strategy	Yes	159
102-27	Collective knowledge of highest governance body		
102-28	Evaluating the highest governance body's performance	Yes	159
102-29	Identifying and managing economic, environmental, and social impacts		
102-30	Effectiveness of risk management processes		
102-31	Review of economic, environmental, and social topics		
102-32	Highest governance body's role in sustainability reporting		
102-33	Communicating critical concerns		

GRI CONTENT INDEX

GRI Disclosure	GRI Disclosure Description	Coverage	Page(s) in this Index / Additional Information
GRI 102: General Disclosures 2016 (cont.)			
102-34	Nature and total number of critical concerns		
102-35	Remuneration policies		
102-36	Process for determining remuneration		
102-37	Stakeholders' involvement in remuneration		
102-38	Annual total compensation ratio		
102-39	Percentage increase in annual total compensation ratio		
102-40	List of stakeholder groups	Yes	46 - 54
102-41	Collective bargaining agreements	N/A	MRCB has no unionised staff. As such, there are no collective bargaining agreements in place
102-42	Identifying and selecting stakeholders	Yes	46 - 54
102-43	Approach to stakeholder engagement	Yes	46 - 54
102-44	Key topics and concerns raised	Yes	55, 67
102-45	Entities included in the consolidated financial statements	Yes	13
102-46	Defining report content and topic boundaries	Yes	2
102-47	List of material topics	Yes	56
102-48	Restatements of information	Yes	46, 84 - 89, 122, 131
102-49	Changes in reporting	Yes	131
102-50	Reporting period	Yes	2
102-51	Date of most recent report	Yes	The most recent report dated: 30 April 2021
102-52	Reporting cycle	Yes	2
102-53	Contact point for questions regarding the report	Yes	2
102-54	Claims of reporting in accordance with the GRI Standards	Yes	2
102-55	GRI content index	Yes	209 - 212
102-56	External assurance	Yes	213 - 214
GRI 103: Management Approach 2016			
103-1	Explanation of the material topic and its Boundary	Yes	55 - 59
103-2	The management approach and its components	Yes	38, 67
103-3	Evaluation of the management approach	Yes	We progressively assess the effect of our policies and business operations based on UNSDG
SERIES 300: ENVIRONMENTAL			
GRI 302: Energy 2016			
302-1	Energy consumption within the organisation	Yes	135
302-2	Energy consumption outside of the organisation	Yes	134
302-3	Energy intensity	Yes	136 - 137
302-4	Reduction of energy consumption	Yes	135
302-5	Reductions in energy requirements of products and services		

GRI CONTENT INDEX

GRI Disclosure	GRI Disclosure Description	Coverage	Page(s) in this Index / Additional Information
GRI 303: Water 2016			
303-1	Water withdrawal by source		
303-2	Water sources significantly affected by withdrawal of water	Yes	137
303-3	Water recycled and reused		
GRI 304: Biodiversity 2016			
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Yes	140, Refers to our Biodiversity Statement on our website
304-2	Significant impacts of activities, products, and services on biodiversity		
304-3	Habitats protected or restored		
304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations		
GRI 305: Emissions 2016			
305-1	Direct (Scope 1) GHG emissions	Yes	131
305-2	Energy indirect (Scope 2) GHG emissions	Yes	131
305-3	Other indirect (Scope 3) GHG emissions	Yes	131
305-4	GHG emissions intensity	Yes	131
305-5	Reduction of GHG emissions	Yes	132
305-6	Emissions of ozone-depleting substances (ODS)		
305-7	Nitrogen Oxides (NOx), Sulfur Oxides (SOx), and other significant air emissions		
GRI 306: Waste 2020			
306-1	Waste generation and waste-related impacts		
306-2	Management of significant waste-related impacts		
306-3	Waste generated		
306-4	Waste diverted from disposal		
306-5	Waste directed to disposal		
GRI 307: Environmental Compliance 2016			
307-1	GRI Disclosure Description "Environmental Compliance"	Yes	122
GRI 308: Supplier Environmental Assessment			
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 2016			
401-1	New employee hires and employee turnover	Yes	113
402-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Yes	115
401-3	Parental leave	Yes	115

GRI CONTENT INDEX

GRI Disclosure	GRI Disclosure Description	Coverage	Page(s) in this Index / Additional Information
GRI 403: Occupational Health and Safety 2018			
403-1	Occupational health and safety management system	Yes	118
403-2	Hazard identification, risk assessment, and incident investigation	Yes	122
403-3	Occupational health services		
403-4	Worker participation, consultation, and communication on occupational health and safety	Yes	118
403-5	Worker training on occupational health and safety	Yes	119
403-6	Promotion of worker health	Yes	119
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Yes	118
403-8	Workers covered by an occupational health and safety management system	Yes	118
403-9	Work-related injuries	Yes	122
403-10	Work-related ill health	Yes	36, 116
GRI 404: Training and Education 2016			
404-1	Average hours of training per year per employee	Yes	115
404-2	Programmes for upgrading employee skills and transition assistance programs	Yes	114
404-3	Percentage of employees receiving regular performance and career development reviews	Yes	114
GRI 405: Diversity and Equal Opportunity 2016			
405-1	Diversity of governance bodies and employees	Yes	166
405-2	Ratio of basic salary and remuneration of women to men	Yes	112
GRI 414: Supplier Social Assessment 2016			
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 2016			
416-1	Assessment of the health and safety impacts of product and service categories		
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services		
GRI 417: Marketing and Labelling 2016			
417-1	Requirements for product and service information and labelling		
417-2	Incidents of non-compliance concerning product and service information and labeling		
417-3	Incidents of non-compliance concerning marketing communications		

INDEPENDENT SUSTAINABILITY REPORT ASSURANCE

for Malaysian Resources Corporation Berhad (MRCB)

SCOPE AND OBJECTIVE

SIRIM QAS International Sdn. Bhd., a Conformity Assessment Body in Malaysia, with extensive expertise and experience in the provision of sustainability-related assurance services, was engaged by Malaysian Resources Corporation Berhad (hereafter referred to as MRCB) to perform an independent verification and provide assurance of selected sustainability-related topics for MRCB Sustainability Report 2021. The main objective of the verification process is to provide assurance to MRCB, and its stakeholders of the accuracy and reliability of the information presented in the report. This was established through checking and verifying claims made in the selected sustainability-related topics. Further details provided in Appendix 1 of this statement. The management of MRCB was responsible for the preparation of the Sustainability Report. The objectivity and impartiality of this assurance statement is assured as no member of the verification team and no other employee of SIRIM QAS International was involved in the preparation of any part of the MRCB Integrated Annual Report 2021.

VERIFICATION TEAM

The verification team from SIRIM QAS International consists of:

1) Ms. Aernida Abdul Kadir : Team Leader
2) Ms. Kamini Sooriamoorthy : Team Member

METHODOLOGY

The verification process was carried out by SIRIM QAS International in March 2022. It involved the following activities:

- Reviewing and verifying the accuracy of data collected from various sources and that are presented in the selected sustainability-related topics;
- Reviewing relevant internal and external documentation;
- Interviewing of key personnel responsible for collating information and writing various parts of the content in order to substantiate the veracity of the claims;
- Evaluating the adequacy of the selected sustainability-related topics against the GRI Standards requirement.

During the verification process, issues were raised, and clarifications were sought from MRCB's working team relating to the accuracy of some of the data and contents contained in the report. The content was subsequently reviewed and revised by MRCB in response to the findings of the verification team. It can be confirmed that changes that have been incorporated into the final version of the selected sustainability-related topics and satisfactorily addressed the issues that had been raised.

LIMITATION

The verification process was subjected to the following limitations:

- Specifically, to the selected sustainability-related topics with limited raw data samples;
- The scope of work did not involve verification of information reported in MRCB's Sustainability Report and Integrated Annual Report 2020;
- The verification was designed to provide limited assurance in reference to International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements other than Audits or Reviews of Historical Financial Information, irrespective of the organization's ability to achieve its objectives, targets or expectations on sustainability-related issues;
- The verification has been remotely carried out as prevention against the COVID-19 infection during the assessment period; and,
- The verification team did not verify any contractor or third-party data.

CONCLUSION

Based on the scope of the assessment process and evidence obtained, the following represents SIRIM QAS International's opinion:

- The level of accuracy of data included in MRCB selected sustainability-related topics is fairly stated;
- The content was prepared in reference to the GRI Standards disclosures;
- The level of sustainability performance information presented in the report was found to be properly prepared;
- The personnel responsible were able to demonstrate the origin(s) and interpretation of data contained in the report.

INDEPENDENT SUSTAINABILITY REPORT ASSURANCE

for Malaysian Resources Corporation Berhad (MRCB)

Statement Prepared by:

AERNIDA ABDUL KADIR

Team Leader
Management System Certification Department
SIRIM QAS International Sdn. Bhd.
Date : 23 March 2022

Statement Approved by:

MOHD HAMIM BIN IMAM MUSTAIN

Senior General Manager
Management System Certification Department
SIRIM QAS International Sdn. Bhd.
Date : 29 March 2022

Note 1:
This Independent Assurance Statement has been issued based on the content verified prior to the approval date.
SIRIM QAS International Sdn Bhd shall not be responsible for any changes or additions made after the referred date (23 March 2022).

Appendix 1 The topics and information covered in this assessment is tabulated below: Data reviewed for period between January 2021 to December 2021, unless stated otherwise.	**CLASSIFICATION OF DATA**		
	HIGH	**MEDIUM**	**LOW**
Emissions			
GRI 305-1 Scope 1: Fuel consumption from stationary combustion (with assumptions as reported and defined boundary)			/
GRI 305-1 Scope 1: Fuel consumption from mobile combustion i.e., company-owned vehicle (with assumptions as reported and defined boundary)	/		
GRI 305-2 Scope 2: Electricity consumption (owned and managed assets)	/		
GRI 305-3 Scope 3: Electricity consumption (leased assets)	/		
Health and Safety Data			
GRI 403-9 Injury Rate (January 2021 to December 2021)	/		
GRI 403-9 Incident Rate (September 2020 to August 2021)	/		
Employment			
GRI 401-3 Parental leave	/		
Diversity and Equal Opportunity			
GRI 405-2 Gender Gap	/		

Note 2:
Definition of LOW, MEDIUM and HIGH
LOW – Data and information reviewed has been based on information endorsed by the data owners. Verifiers did not have the access to the source of the data origin. It has been identified as one of the limitations during the conduct of the assessment.
MEDIUM – Data and information has been confirmed with the direct owners. However, the source of the data origin has been based on secondary data which is not accessible by the verifiers during the conduct of the assessment.
HIGH – Data and information reviewed has been confirmed with the direct owners. The source of the data origin was provided during the conduct of the assessment.

ANALYSIS OF SHAREHOLDINGS

As at 23 March 2022

Total number of issued shares	:	4,467,509,508
Class of Shares	:	Ordinary Shares
No. of Shareholders	:	42,133
Voting Rights	:	One vote for every Share

LIST OF SUBSTANTIAL SHAREHOLDERS (5 % AND ABOVE)

Name	Shareholdings	%
1. EMPLOYEES PROVIDENT FUND BOARD	1,617,485,447	36.21
2. GAPURNA SDN BHD	691,624,394	15.48
3. LEMBAGA TABUNG HAJI	257,687,546	5.77

INFORMATION ON DIRECTORS SHAREHOLDINGS AS AT 23 MARCH 2022

Nos.	Names of Directors	Designation	Shareholdings	%
1.	TAN SRI AZLAN ZAINOL	CHAIRMAN	240,000	0.01
			*60,000	0.00
2.	TAN SRI MOHAMAD SALIM FATEH DIN	EXECUTIVE VICE CHAIRMAN	1,388,800	0.03
			**691,624,394	15.48
3.	IMRAN SALIM	GROUP MANAGING DIRECTOR	468,200	0.01
4.	DATUK SERI AMIR HAMZAH AZIZAN	DIRECTOR	667	0.00
5.	MOHAMAD HAFIZ KASSIM	DIRECTOR	0	0.00
6.	DATO' MOHAMAD NASIR AB LATIF	DIRECTOR	0	0.00
7.	DATO' WAN KAMARUZAMAN WAN AHMAD	DIRECTOR	286,875	0.01
8.	DATO' DR JUNAIDAH KAMARRUDDIN	DIRECTOR	0	0.00
9.	LIM FEE NEE	DIRECTOR	0	0.00

* Held through Edenview Projects Sdn Bhd
** Held through Gapurna Sdn Bhd

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Holders Shareholders	Percentage of Shareholders (%)	No. of Share	Percentage of Share Capital (%)
less than 100	4,248	10.08	153,270	0.00
100 to 1,000	7,699	18.27	4,349,732	0.10
1,001 to 10,000	17,546	41.64	86,503,680	1.93
10,001 to 100,000	10,746	25.51	363,524,759	8.14
100,001 to less than 5% of issued shares	1,891	4.49	1,446,180,680	32.37
5% and above of issued shares	3	0.01	2,566,797,387	57.46
TOTAL	**42,133**	**100.00**	**4,467,509,508**	**100.00**

TOP 30 LARGEST SHAREHOLDERS

As at 23 March 2022

No.	Name of Shareholders	No. of Shares	%
1.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD	1,617,485,447	36.21
2.	GAPURNA SDN BHD	691,624,394	15.48
3.	LEMBAGA TABUNG HAJI	250,274,446	5.60
4.	KUMPULAN WANG PERSARAAN (DIPERBADANKAN)	173,752,526	3.89
5.	MAYBANK NOMINEES (TEMPATAN) SDN BHD BANK KERJASAMA RAKYAT (M) BERHAD (412803)	120,026,900	2.69
6.	CARTABAN NOMINEES (TEMPATAN) SDN BHD PAMB FOR PRULINK EQUITY FUND	39,739,165	0.89
7.	CARTABAN NOMINEES (ASING) SDN BHD EXEMPT AN FOR STATE STREET BANK & TRUST COMPANY (WEST CLT OD67)	32,852,600	0.74
8.	HSBC NOMINEES (ASING) SDN BHD JPMCB NA FOR VANGUARD TOTAL INTERNATIONAL STOCK INDEX FUND	29,857,401	0.67
9.	HSBC NOMINEES (ASING) SDN BHD JPMCB NA FOR VANGUARD EMERGING MARKETS STOCK INDEX FUND	29,404,100	0.66
10.	HONG LEONG ASSURANCE BERHAD AS BENEFICIAL OWNER (LIFE PAR)	28,618,400	0.64
11.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (ABERDEEN)	20,599,056	0.46
12.	CARTABAN NOMINEES (TEMPATAN) SDN BHD PBTB FOR TAKAFULINK DANA EKUITI	18,624,784	0.42
13.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (PRINCIPAL EQITS)	17,962,800	0.40
14.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (PAR 3)	15,308,213	0.34
15.	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR CREDIT SUISSE (SG BR-TST-ASING)	13,099,068	0.29
16.	CARTABAN NOMINEES (ASING) SDN BHD SSBT FUND J724 FOR SPDR S&P EMERGING MARKETS ETF	12,220,659	0.27
17.	LIM SOO KIOW	11,616,100	0.26
18.	HSBC NOMINEES (ASING) SDN BHD JPMCB NA FOR VANGUARD FIDUCIARY TRUST COMPANY INSTITUTIONAL TOTAL INTERNATIONAL STOCK MARKET INDEX TRUST II	9,588,200	0.21
19.	UOB KAY HIAN NOMINEES (ASING) SDN BHD EXEMPT AN FOR UOB KAY HIAN PTE LTD (A/C CLIENTS)	9,212,687	0.21
20.	CARTABAN NOMINEES (TEMPATAN) SDN BHD PAMB FOR PRULINK DANA UNGGUL	8,807,393	0.20

TOP 30 LARGEST SHAREHOLDERS

As at 23 March 2022

No.	Name of Shareholders	No. of Shares	%
21.	CARTABAN NOMINEES (ASING) SDN BHD SSBT FUND WTAU FOR WISDOMTREE EMERGING MARKETS SMALLCAP DIVIDEND FUND	8,454,800	0.19
22.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (PAR 1)	8,383,477	0.19
23.	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR BANK JULIUS BAER & CO. LTD. (SINGAPORE BCH)	8,012,666	0.18
24.	DB (MALAYSIA) NOMINEE (ASING) SDN BHD THE BANK OF NEW YORK MELLON FOR VANGUARD FTSE ALL-WORLD EX-US SMALL-CAP INDEX FUND	7,777,538	0.17
25.	LIM GAIK BWAY @ LIM CHIEW AH	7,668,568	0.17
26.	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR MAH SIEW HOE (PB)	7,439,727	0.17
27.	CITIGROUP NOMINEES (ASING) SDN BHD CBNY FOR EMERGING MARKET CORE EQUITY PORTFOLIO DFA INVESTMENT DIMENSIONS GROUP INC	7,377,200	0.17
28.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (LEEF)	6,932,197	0.16
29.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (LPF)	6,774,127	0.15
30.	YU KOK ANN	6,215,215	0.14
	TOTAL	**3,225,709,854**	**72.22**

ANALYSIS OF WARRANT B HOLDINGS

As at 23 March 2022

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

LIST OF SUBSTANTIAL WARRANT HOLDERS (5 % AND ABOVE)

Name	Warrant Holdings	%
1. GAPURNA SDN BHD	71,309,149	16.26
2. LIM TZE LING	30,000,000	6.84
3. CHEE SZE HSIEN @ CHEE AH KOW (029)	23,520,500	5.36

INFORMATION ON DIRECTORS WARRANT HOLDINGS AS AT 23 MARCH 2022

Nos.	Names of Directors	Designation	Warrant Holdings	%
1.	TAN SRI AZLAN ZAINOL	CHAIRMAN	24,000	0.01
			*6,000	0.00
2.	TAN SRI MOHAMAD SALIM FATEH DIN	EXECUTIVE VICE CHAIRMAN	0	0.00
			**71,309,149	16.26
3.	IMRAN SALIM	GROUP MANAGING DIRECTOR	0	0.00
4.	DATUK SERI AMIR HAMZAH AZIZAN	DIRECTOR	0	0.00
5.	MOHAMAD HAFIZ KASSIM	DIRECTOR	0	0.00
6.	DATO' MOHAMAD NASIR AB LATIF	DIRECTOR	0	0.00
7.	DATO' WAN KAMARUZAMAN WAN AHMAD	DIRECTOR	0	0.00
8.	DATO' DR JUNAIDAH KAMARRUDDIN	DIRECTOR	0	0.00
9.	LIM FEE NEE	DIRECTOR	0	0.00

* Held through Edenview Projects Sdn Bhd

** Held through Gapurna Sdn Bhd

DISTRIBUTION OF WARRANT HOLDINGS

Size of Warrant Holdings	No. of Holders Warrant Holders	Percentage of Warrant Holders (%)	No. of Warrant	Percentage of Warrant Capital (%)
less than 100	767	9.28	29,968	0.01
100 to 1,000	3,365	40.71	1,657,475	0.38
1,001 to 10,000	2,511	30.38	9,165,062	2.09
10,001 to 100,000	1,174	14.20	49,146,205	11.21
100,001 to less than 5% of issued warrant	446	5.39	253,689,798	57.85
5% and above of issued warrant	3	0.04	124,829,649	28.46
TOTAL	**8,266**	**100.00**	**438,518,157**	**100.00**

TOP 30 LARGEST WARRANT B HOLDERS

As at 23 March 2022

No.	Name of Warrant Holders	No. of Warrants	%
1.	GAPURNA SDN BHD	71,309,149	16.26
2.	LIM TZE LING	30,000,000	6.84
3.	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHEE SZE HSIEN @ CHEE AH KOW (029)	23,520,500	5.36
4.	ER SOON PUAY	10,734,900	2.45
5.	FUNG HUI QI	7,100,000	1.62
6.	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TIEW SOON KUAN	4,500,000	1.03
7.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KHOR CHEE WAN	4,203,200	0.96
8.	WONG CHOW YONG	3,800,000	0.87
9.	LIM POH HOCK	3,665,500	0.84
10.	HSBC NOMINEES (ASING) SDN BHD JPMCB NA FOR VANGUARD EMERGING MARKETS STOCK INDEX FUND	3,624,441	0.83
11.	TAI JON NGIAN	3,408,600	0.78
12.	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR OH KIM SUN (CEB)	3,400,000	0.78
13.	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LOW CHEE LAP (E-SPG)	3,200,000	0.73
14.	KENANGA NOMINEES (TEMPATAN) SDN BHD RAKUTEN TRADE SDN BHD FOR SOH CHIN TIONG	3,140,000	0.72
15.	TAY CHYE HOCK	3,000,000	0.68
16.	MAYBANK NOMINEES (TEMPATAN) SDN BHD LEE YEN CHUAN	2,935,200	0.67
17.	ONG KIM WAH	2,876,821	0.66
18.	WOON LAY KUEN	2,865,500	0.65
19.	CHEN HARN SHEAN	2,817,200	0.64
20.	HLB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TIANG CHIIN YEW	2,800,000	0.64
21.	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR WONG YUNG SOON (471299)	2,700,000	0.62
22.	OH KIM SUN	2,685,000	0.61
23.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (LPF)	2,674,660	0.61
24.	TAN KONG HENG	2,639,300	0.60

TOP 30
LARGEST WARRANT B HOLDERS
As at 23 March 2022

No.	Name of Warrant Holders	No. of Warrants	%
25.	HSBC NOMINEES (ASING) SDN BHD JPMCB NA FOR VANGUARD TOTAL INTERNATIONAL STOCK INDEX FUND	2,634,201	0.60
26.	WOON BOON KUEN	2,324,700	0.53
27.	ALLIANCEGROUP NOMINEES (ASING) SDN BHD TAN KONG HENG (8102918)	2,238,581	0.51
28.	YEONG CHEE KONG	2,078,000	0.47
29.	CHUA WEI KOK	2,050,501	0.47
30.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ONG BENG CHOOI	2,000,100	0.46
	TOTAL	**216,925,554**	**49.49**

PROPERTIES OF THE GROUP

Description / Existing Use	Location	Area (Sq. Metres)	Net Book Value as at 31/12/2021 (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	23,061	1982	Leasehold 47 years expiring on 2.10.2044	39	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, Bandar Shah Alam, Selangor Darul Ehsan.	68,233	60,707	1992	Leasehold 99 years expiring on 15.9.2092	22	Nil
Land for proposed commercial development	Lot 74 Sek. 70, Jalan Tun Sambanthan, Bandar Kuala Lumpur, Wilayah Persekutuan.	23,080	513,153	1998	Freehold	-	Yes
Industrial land	Lot 21191 & 21194, Jalan industry 2/3, Rawang Integrated Industrial Park, 48000 Rawang, Selangor Darul Ehsan.	18,210	6,269	1997	Freehold	-	Nil

PROPERTIES
OF THE GROUP

Description / Existing Use	Location	Area (Sq. Metres)	Net Book Value as at 31/12/2021 (RM'000)	Year of Acquisition/ Valuation	Tenure	Age of Building (Years)	Encumbrance
4 storey shop office	Unit no. 17,19 & 21, Jalan Seksyen 3/3, Taman Kajang Utama, Mukim Kajang, District of Ulu Langat, Selangor Darul Ehsan.	1,485	810	1999	Freehold	22	Nil
2 storey shop office	No. 55 & 55A, Persiaran Dataran 4, Iskandar Perdana, 32610 Seri Iskandar, Perak Darul Ridzuan.	156	149	2005	Leasehold 99 years expiring on 18.3.2102	19	Nil
Land for proposed commercial development	Lot 20006, Seksyen 72, Jalan Tun Sambanthan, Bandar Kuala Lumpur, Wilayah Persekutuan.	1,533	3,345	2016	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, PT5081-5736, PT5739, 5745, PT5747, KM 36, Jalan Ipoh Lumut, Bandar Seri Iskandar, Bota, District of Perak Tengah, Perak Darul Ridzuan.	219,589	46,510	2001, 2002, 2009, 2010, 2019	Leasehold 33-99 years expiring between 13.3.2031 to 22.12.2118	-	Nil
Plaza Sentral Tower – Office Units	Unit 1B-G-1, Unit 1B-03-1, Unit 1B-03-2, Block 1B, Plaza Sentral, Jalan Stesen Sentral 5, 50470 Kuala Lumpur, Wilayah Persekutuan.	759	2,213	2008	Freehold	14	Nil

PROPERTIES OF THE GROUP

Description / Existing Use	Location	Area (Sq. Metres)	Net Book Value as at 31/12/2021 (RM'000)	Year of Acquisition/ Valuation	Tenure	Age of Building (Years)	Encumbrance
Ascott Sentral - 21-storey block of service residence apartments	No. 211, Jalan Tun Sambanthan, 50470 Kuala Lumpur, Wilayah Persekutuan.	23,121	73,159	2007	Freehold	8	Yes
Celcom Axiata corporate office- 33-storey office building	Celcom Tower, Persiaran Barat, 46200 Petaling Jaya, Selangor Darul Ehsan.	8,326	381,512	2013	Leasehold 99 years expiring on 10.11.2110	4	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
Land for proposed mixed development	Lot 20031 & Lot 481117, Section 98, Off Jalan Klang Lama, Town of Kuala Lumpur, Wilayah Persekutuan.	18,993	48,351	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	7,577	2016	Freehold	-	Nil
Land for proposed mixed development	Lot 12 Section 26, Town of Petaling Jaya, District of Petaling, Selangor Darul Ehsan.	18,702	310,066	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	48,033	2014	Freehold	-	Yes

PROPERTIES
OF THE GROUP

Description / Existing Use	Location	Area (Sq. Metres)	Net Book Value as at 31/12/2021 (RM'000)	Year of Acquisition/ Valuation	Tenure	Age of Building (Years)	Encumbrance
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	793	2014	Freehold	8	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	304,626	2013/2014/ 2016/2017	Freehold	-	Yes
Penang Sentral Transportation terminal	PT 770 (173111), Seksyen 4, Bandar Butterworth, Daerah Seberang Perai Utara, Pulau Pinang.	19,559	202,629	2013/2014	Freehold	4	Yes

PROPERTIES OF THE GROUP

Description / Existing Use	Location	Area (Sq. Metres)	Net Book Value as at 31/12/2021 (RM'000)	Year of Acquisition/ Valuation	Tenure	Age of Building (Years)	Encumbrance
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	1,109,411	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	378,807	2018	Leasehold 99 years expiring on 26.5.2080	-	Nil
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	-	Nil
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	-	Nil
Land for proposed commercial development	Lot 20007, Seksyen 72, Jalan Tun Sambanthan, Bandar Kuala Lumpur, Wilayah Persekutuan.	3,805	-	1998	Freehold	-	Nil

PROPERTIES
OF THE GROUP

Description / Existing Use	Location	Area (Sq. Metres)	Net Book Value as at 31/12/2021 (RM'000)	Year of Acquisition/ Valuation	Tenure	Age of Building (Years)	Encumbrance
Several parcels of land for proposed mixed development	Lot 311987 - 311997, Lot 311999 - 312000, Lot 312008 - 312011, Lot 312014, Simpang Pulai, Mukim Sungai Raya, Daerah Kinta, Perak Darul Ridzuan.	89,135	31,797	2021	Leasehold 99 years expiring on 10.10.2106	-	Nil
Several parcels of land for proposed mixed development	Lot 312363 – 312365, Simpang Pulai, Mukim Sungai Raya, Daerah Kinta, Perak Darul Ridzuan.	2,676,212	123,767	2021	Leasehold 99 years expiring on 23.09.2107	-	Nil

Note – "0" denotes as amount less than RM1,000.

CORPORATE DIRECTORY

CORPORATE OFFICE

MALAYSIAN RESOURCES CORPORATION BERHAD

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

Tel : +603 2786 8080 (General Line)
Fax : +603 2780 7988 (Fax)

SUBSIDIARIES

PROPERTY DEVELOPMENT & INVESTMENT

MRCB LAND SDN BHD
Level 30, Menara Allianz Sentral,
No. 203, Jalan Tun Sambanthan,
Kuala Lumpur Sentral,
50470 Kuala Lumpur, Malaysia.
Tel: +603 2786 8080 (General Line)

ENGINEERING, CONSTRUCTION & ENVIRONMENT

MRCB BUILDERS SDN BHD
Level 30, Menara Allianz Sentral,
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Tel: +603 2786 8080 (General Line)

FACILITIES MANAGEMENT & PARKING

SEMASA SENTRAL SDN BHD
Level 2, Stesen Sentral Kuala Lumpur,
50470 Kuala Lumpur.
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+603 2859 7070
Fax : +603 2260 3306

SEMASA PARKING SDN BHD
Unit 11 & 12, Level 2,
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50470 Kuala Lumpur.
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Fax : +603 2260 3306

ASSOCIATES

SENTRAL REIT MANAGEMENT SDN BHD
Level 35, Menara NU2,
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Kuala Lumpur Sentral,
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Tel : +603 2786 8080
Fax : +603 2780 7988
Email : enquiries@sentralreit.com

OVERSEAS

MRCB AUSTRALIA HOLDING COMPANY PTY LTD

MRCB PROJECT CARNEGIE PTY LTD

MRCB (LAND) AUSTRALIA PTY LTD

MRCB PROJECT INCORPORATED PTY LTD

MRCB PROJECT VISTA PTY LTD
(formerly known as MRCB Docklands Pty Ltd)

MRCB NEW ZEALAND HOLDINGS LTD

MRCB AOTEA CENTRAL LIMITED
21-23 Aristoc Road,
Glen Waverley Vic, 3150 Australia

MRCS (SINGAPORE) PTE LTD
30 Cecil Street
#19-08 Prudential Tower
Singapore, 049712

CORPORATE DIRECTORY

PROPERTY GALLERIES

9 SEPUTEH
A-L1-07, Komersial Vivo 9 Seputeh,
No. 29, Jalan Telok Datok,
Off Jalan Klang Lama,
58000 Kuala Lumpur.
Tel: +603 7971 9983

PJ SENTRAL
Level 30, Menara Allianz Sentral,
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Kuala Lumpur Sentral,
50470 Kuala Lumpur.
Tel: +603 2786 8080

ALSTONIA HILLTOP HOMES
Lot 27759, Jalan BRP 4/1,
Bukit Rahman Putra, Seksyen U20,
40160 Shah Alam, Selangor.
Tel: +603 2718 1771

CYBERJAYA CITY CENTRE
Level 30, Menara Allianz Sentral,
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Kuala Lumpur Sentral,
50470 Kuala Lumpur.
Tel: +603 2786 8080

SENTRAL SUITES
Lot 74, Jalan Tun Sambanthan,
Seksyen 70,
50470 Kuala Lumpur.
Tel: +603 2727 7510

KALISTA PARK HOMES
Lot 27759, Jalan BRP 4/1,
Bukit Rahman Putra,
Seksyen U20,
40160 Shah Alam, Selangor.
Tel: +603 2718 1771

KWASA DAMANSARA CITY CENTRE
Level 30, Menara Allianz Sentral,
No. 203, Jalan Tun Sambanthan,
Kuala Lumpur Sentral,
50470 Kuala Lumpur.
Tel: +603 2786 8080

PENANG SENTRAL
5130 Terminal Pengangkutan,
Penang Sentral,
Jalan Bagan Dalam,
12100 Butterworth, Pulau Pinang.
Tel: +603 2786 8080 (Sales & Marketing)
+604 313 9888 (Leasing)

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NOTICE OF THE 51ST ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the 51st 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 **Thursday, 2 June 2022** 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 2021 and the Reports of the Directors and Auditors thereon.
   Refer to Explanatory Note 1

2. To re-elect the following Directors who retire pursuant to Article 106 of the Constitution of the Company and being eligible have offered themselves for re-election:

   (i) Tan Sri Mohamad Salim Fateh Din **Resolution 1**
   (ii) Datuk Seri Amir Hamzah Azizan **Resolution 2**
   (iii) Mohamad Hafiz Kassim **Resolution 3**
   (iv) Dato' Dr Junaidah Kamarruddin **Resolution 4**
   (v) Lim Fen Nee **Resolution 5**
   Refer to Explanatory Note 2

3. To re-elect Dato' Mohamad Nasir Ab Latif 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 6**
   Refer to Explanatory Note 2

4. To approve the Directors' Fees for the financial year ending 31 December 2022. **Resolution 7**
   Refer to Explanatory Note 3

5. To approve the benefits extended to the Non-Executive Directors of the Company as detailed out in Note 4 of the explanatory notes, from 3 June 2022 until the next AGM of the Company. **Resolution 8**
   Refer to Explanatory Note 4

6. To re-appoint Messrs. PricewaterhouseCoopers PLT as Auditors of the Company for the financial year ending 31 December 2022 and to authorise the Directors to fix their remuneration. **Resolution 9**
   Refer to Explanatory Note 5

Special Business

To consider and if thought fit, to pass with or without any modification, the following Ordinary Resolution:

7. Proposed Renewal of Share Buy-Back Authority **Resolution 10**

   "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 Directors of the Company shall have the absolute discretion to decide whether such shares 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 a 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 6

8. 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
29 April 2022

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 Electronic Voting ("RPEV") Facility provided by the Company's Share Registrar, Boardroom Share Registrar Sdn Bhd. Members are advised to read the Administrative Notes carefully and follow the procedures in the Administrative Notes for this AGM in order to participate remotely.
2. Only members whose names appear in the Record of Depositors on 25 May 2022 ("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 https://investor.boardroomlimited.com** 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 2021

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. Ordinary Resolutions 1, 2, 3, 4, 5 and 6 - Re-election of Directors

Article 106 of the Company's Constitution, inter alia, provides 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.

Whereas Articles 101 and 102 of the Company's Constitution, inter alia, provides that at least one-third of the Directors of the Company are subject to retirement by rotation at each AGM of the Company.

The proposed ordinary resolutions 1, 2, 3, 4, 5 and 6 are to seek the shareholders' approval on the re-election of the following Directors standing for re-election in accordance with the Company's Constitution, who being eligible, have offered themselves for re-election:

Article 106
- *Tan Sri Mohamad Salim Fateh Din*
- *Datuk Seri Amir Hamzah Azizan*
- *Mohamad Hafiz Kassim*
- *Dato' Dr Junaidah Kamarruddin*
- *Lim Fen Nee*

Articles 101 and 102
- *Dato' Mohamad Nasir Ab Latif*

In deliberating the re-election of the retiring directors, the Nomination & Remuneration Committee ("NRC") had taken into consideration the performance and contribution of each Director based on the outcome of the Board Effectiveness Evaluation conducted for the financial year 2021, and the criteria prescribed by Paragraph 2.20A of the Main Market Listing Requirement of Bursa Securities on the qualification of Directors.

Based on the outcome of the assessment on independence, the NRC is also satisfied that both Dato' Dr Junaidah Kamarruddin and Lim Fen Nee have met the criteria as required by the Main Market Listing Requirement of Bursa Securities and continue to bring independent and objective judgement to Board deliberations.

In view thereof, the Board is satisfied with the performance and contributions of the retiring Directors and had endorsed the NRC's recommendation to seek shareholders' approval for the re-election of the retiring Directors based on the following justifications:

(i) Tan Sri Mohamad Salim Fateh Din

Tan Sri Mohamad Salim, a nominee of Gapurna, was appointed as the Executive Vice Chairman of MRCB on 1 September 2021.

A major shareholder has the prerogative to appoint nominee directors who will best represent their position and interests. Nevertheless, Tan Sri Mohamad Salim brought significant depth of expertise to the Board of MRCB, particularly in terms of strategic planning, industry expertise, management experience, and financial expertise gained at some of Malaysia's leading local and multi-national corporations.

(ii) Datuk Seri Amir Hamzah Azizan

Datuk Seri Amir Hamzah, a nominee of EPF, was appointed as the Non-Executive Non-Independent Director of MRCB on 1 September 2021.

A major shareholder has the prerogative to appoint nominee directors who will best represent their position and interests. Nevertheless, Datuk Seri Amir Hamzah brought significant depth of expertise to the Board of MRCB, particularly in terms of strategic planning, industry expertise, management experience, and financial expertise gained at some of Malaysia's leading local and multi-national corporations.

(iii) Mohamed Hafiz Kassim

Mohamad Hafiz, a nominee of EPF, was appointed as the Non-Executive Non-Independent Director of MRCB on 1 September 2021. He is also a member of the Audit & Risk Management Committee ("ARMC") and NRC.

A major shareholder has the prerogative to appoint nominee directors who will best represent their position and interests. Nevertheless, Mohamad Hafiz has over 20 years of corporate experience with a focus on real estate, private equity, capital markets, auditing and accounting in many leading local and multi-national corporations. Given his experience and exposure, he brought significant depth of expertise to the Board, providing valuable insights to the Management in developing the Group's business strategies.

(iv) Dato' Dr Junaidah Kamarruddin

Dato' Dr Junaidah was appointed as an Independent Director of MRCB on 1 July 2021. She is also a member of the ARMC, NRC and Long-Term Incentive Plan ("LTIP") Committee.

Dato' Dr Junaidah brings over 27 years' experience gained across a diverse range of senior Government roles at key ministries such as the Ministry of Human Resources, Ministry of Finance, Ministry of Natural Resources & Environment, and the Prime Minister's Department. She also has significant experience in leading trade negotiations. The Government of Malaysia is a very important stakeholder of MRCB, given its position as the Group's largest client and regulator, and a source of future infrastructure development projects through its various national infrastructures development programmes and initiatives. Her wealth of experience within the civil service is valuable in guiding and providing advice and insights into MRCB' s strategy and decision making in relation to managing a very key stakeholder.

(v) Lim Fen Nee

Lim Fen Nee was appointed as an Independent Director of MRCB on 1 November 2021 and also a member of the ARMC.

She is a highly experienced professional with over 24 years' experience in the fields of accounting, assurance, and regulatory oversight. She has served with numerous leading private corporations and contributed to the development of key regulatory oversight frameworks during her time with the Securities Commission and on the Boards of the accounting bodies such as ACCA Malaysia and Malaysian Institute of Accountants. Given her exposure and experiences, Lim Fen Nee has significantly contributed in the areas of financial reporting, assurance, risk management and governance.

(vi) Dato' Mohamad Nasir Ab Latif

Dato' Mohamad Nasir, a nominee of EPF, was appointed as the Non-Executive Non-Independent Director of MRCB on 24 August 2018. He is also the Chairman of the Executive Committee and Chairman of the LTIP Committee.

A major shareholder has the prerogative to appoint nominee directors who will best represent their position and interests. Nevertheless, given his invaluable exposure and experience in EPF and his Board positions at some of Malaysia's leading corporations, Dato' Mohamad Nasir brings his insightful and in-depth knowledge in diverse areas and to lead effective Board deliberation on the Group's business directions/strategies.

The Board believes that it is important shareholders have the information they require to make an informed decision on the re-election of retiring Directors. This includes details of any interest, position or relationship that might influence, or reasonably be perceived to influence their capacity to bring an independent judgement and to act in the best interests of the Company as a whole. The profiles of Directors standing for re-election are set out on pages 144 to 152 of the Integrated Annual Report 2021.

3. Ordinary Resolution 7 - Payment of Non-Executive Directors' ("NED") Fee For The Financial Year Ending 31 December 2022

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 the fees to NEDs for the financial year ending 31 December 2022 based on the rate of RM200,000 per year for the Chairman and RM150,000 per year for other Directors.

4. Ordinary Resolution 8 - 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
	** Each Director will be entitled to the highest monthly fixed allowance only*	
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	

5. Ordinary Resolution 9 - Re-appointment of Auditors

The Board has at the meeting held on 4 April 2022 approved the recommendation of the Audit & Risk Management Committee 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

6. Ordinary Resolution 10 - Proposed Renewal of Share Buy-Back Authority

The proposed ordinary resolution 10, if passed, will give the authority to the Company to purchase its own shares through Bursa Securities up to ten percent (10%) of the total number of issued shares of the Company.

For further information, please refer to the Statement to Shareholders in relation to the Proposed Renewal of Share Buy-Back Authority dated 29 April 2022 which is available on MRCB's website at https://www.mrcb.com.my/investor-relations/shareholder.html/

STATEMENT ACCOMPANYING
NOTICE OF ANNUAL GENERAL MEETING

(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 election and re-election (as per Resolutions 1, 2, 3, 4, 5 and 6) at the 51st AGM of MRCB are provided in the Board of Directors section on pages 144 to 152 of the Company's Integrated Annual Report 2021.

The details of their interests in the securities of MRCB are set out in the Analysis of Shareholdings section on page 215 of the Company's Integrated Annual Report 2021.

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PROXY FORM

(Please see the notes below before completing the form)

MALAYSIAN RESOURCES CORPORATION BERHAD
Registration No. 196801000388 (7994-D)
(Incorporated 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:		
And/or failing him/her			
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 51st 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 Thursday, 2 June 2022 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 Tan Sri Mohamad Salim Fateh Din, who retires pursuant to Article 106		
2	To re-elect Datuk Seri Amir Hamzah Azizan, who retires pursuant to Article 106		
3	To re-elect Mohamad Hafiz Kassim, who retires pursuant to Article 106		
4	To re-elect Dato' Dr Junaidah Kamarruddin, who retires pursuant to Article 106		
5	To re-elect Lim Fen Nee, who retires pursuant to Article 106		
6	To re-elect Dato' Mohamad Nasir Ab Latif, who retires pursuant to Articles 101 and 102		
7	To approve the Directors' Fees for the financial year ending 31 December 2022		
8	To approve the benefits extended to the Non-Executive Directors of the Company, as detailed out in Note 4 of the explanatory notes, from 3 June 2022 until the next AGM of the Company.		
9	To re-appoint Messrs. PricewaterhouseCoopers PLT as Auditors of the Company and to authorise the Directors to fix their remuneration.		
10	Proposed Share Buy-Back Authority		

Dated this _____ day of _____ 2022

_____
Signature of Shareholders
* DELETE IF NOT APPLICABLE

Fold this flap for sealing

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 Electronic Voting ("RPEV") Facility provided by the Company's Share Registrar, Boardroom Share Registrar Sdn Bhd. Members are advised to read the Administrative Notes carefully and follow the procedures in the Administrative Notes for this AGM in order to participate remotely.
2. Only members whose names appear in the Record of Depositors on 25 May 2022 ("General Meeting Record of Depositors") shall be eligible to participate 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 https://investor.boardroomlimited.com** or by email to **bsr.helpdesk@boardroomlimited.com** not less than 48 hours before the time set for holding the meeting or any adjournment thereof.

Then fold here

Affix
Stamp

BOARDROOM SHARE REGISTRARS SDN BHD

(Registration No. 199601006647 (378993-D))

11th Floor, Menara Symphony,
No. 5, Jalan Prof. Khoo Kay Kim,
Seksyen 13,
46200 Petaling Jaya,
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196801000388 (7994-D)

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