

Sustainability Statement

Mudajaya operates in an integrated manner, with our core businesses in construction, property, power and trading and manufacturing sectors. To create value for our stakeholders, we recognise that it is necessary for the Group to be both financially stable as well as conduct our business activities sustainably. Our mission has always been about going beyond profits and we aim to manage our Economic, Environmental and Social (“EES”) impacts and focus on how we can embed sustainability across the organisation and leverage on our strengths to achieve the best outcome possible for all our stakeholders. As we share our sustainability journey with you, we are also fully aware that this is a gradual process and we continue to carefully determine the various points of impact, before devising appropriate measures to reduce our carbon footprint.

We are currently in our third year of instilling sustainability elements progressively into our business operations and will be carefully reviewing our integrated report in order to continue enhancing disclosures and increasing transparency in line with MFRS requirements. One example is our revamped Anti-Bribery Policy Statement which takes a zero-tolerance approach to all instances of bribery and corruption, as well as the establishment of our Integrity Unit with strategic oversight from the Board and management team. We believe that good governance is the cornerstone of a successful business and makes it more resilient, robust and ensures the wellbeing of all our stakeholders.

As this is our second integrated report, we will start reporting our EES impacts according to the top material topics which we have already identified. We remain resolute in mitigating serious EES concerns with regards to our business operations and pay particular attention to the multitude communication channels with all our stakeholders to determine their needs, expectations and concerns.



OUR COMMITMENT TO SUSTAINABILITY IS WOVEN INTO EVERY ASPECT OF OUR BUSINESS AND IN DOING SO, WE ASPIRE TO LEAD THE GROUP INTO POSITIVE GROWTH WHILE SIMULTANEOUSLY ENSURING THE WELLBEING OF OUR PEOPLE AND THE COMMUNITIES WHO MATTER TO US.

For the year under review, Mudajaya endeavoured to go beyond the basics of ethical business practices and embrace our responsibility towards the environment as a responsible corporate citizen. It is our belief that in doing so we will create sustained, collective value to all our stakeholders.

Sustainability at Mudajaya

Led by our Board of Directors and supported by the Management team, the Group’s mission is to uphold our objective of building sustainable communities and cities; as well as be an active participant in the creation of long-lasting social change. Information and figures provided in this section covers the period of 1 January 2019 to 31 December 2019.

Sustainability Governance

We understand that the nature of our business affects the environment and our goal is to improve our use of resources to actively reduce our environmental impact while meeting our business objectives. As such, we have developed a set of Sustainability Key Performance Indicators (“KPIs”) to focus on business areas that have a significant impact on the environment. The Group CEO, supported by the Board, is basically the defacto head of sustainability as he is tasked with identifying CSR issues, implementing all strategies and addressing concerns in relation to the Group’s sustainability agenda.



Sustainability Statement

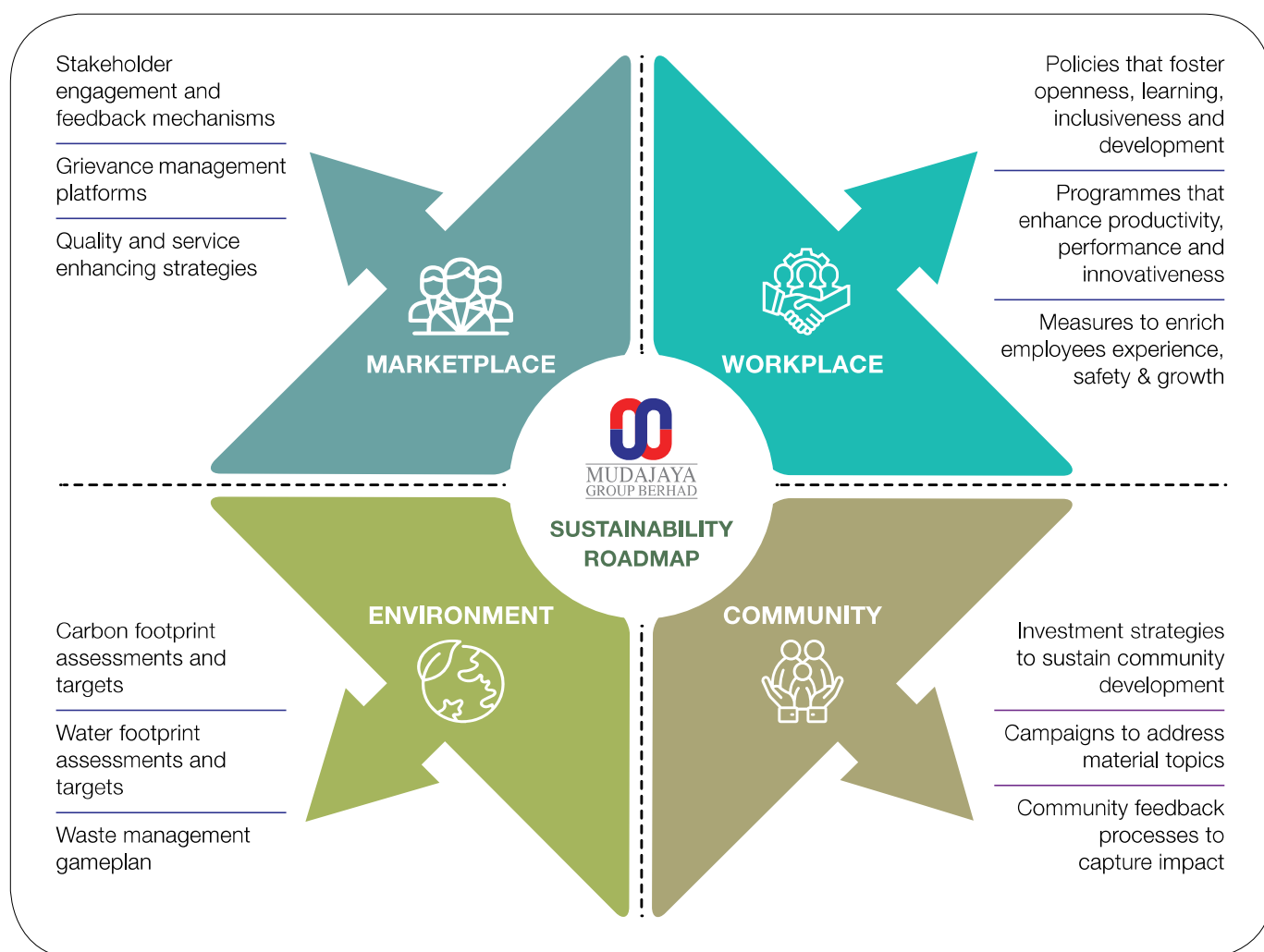
Approach to Sustainability

Mudajaya's approach to sustainability is still very much a work-in-progress as we continue to educate and immerse ourselves in understanding sustainability principles and ethics as it relates to our business operations. We are taking every effort to help the Group move towards sustainability faster and more efficiently and fully recognise that sustainability is important to our long-term business performance. Under the full guidance and support of Management, over the next few years we plan to gradually adopt further sustainable practices and integrate them into our business model. It is our belief that by taking care of the environment and communities in which we operate, we can achieve the foundation of sustainability and reap the tangible economic benefits.

Our Three-Year Sustainability Roadmap

In order to embed sustainable practices within the organisation, Mudajaya's Management and Sustainability Committee has designed a three-year Sustainability Roadmap (2018-2020) based on guidance from Bursa Malaysia's Sustainability Reporting Guide. We hope to use this Roadmap to effectively implement our sustainability aspirations throughout the organisation in a way that would balance all three dimensions - Economic, Environmental and Social.

The four key priority areas of focus in line with the roadmap are highlighted below.



Sustainability Statement



ECONOMIC IMPACT (MARKETPLACE)

At the core of our business is the drive to deliver outstanding business results and contribute positively to the economic growth of the country. We recognise that growth and prosperity should be beneficial to all our stakeholders and that it is fundamental that we be financially stable as well as conduct our business in a sustainable manner. By leveraging on the expertise, support and cooperation from our partners and suppliers, we are able to continue to create economic value while upholding the principles of integrity, responsibility and accountability throughout our business operations. We expect our employees as well as third-party contractors to abide by all the policies we have in place; which is imperative given the nature of our principal businesses. We view all our relationships as important and want our partners and suppliers to benefit holistically with us; from a business perspective as well as improving their socio-economic status and overall quality of life.

Governance

As an organisation with decades of experience, over the years we have built a reputation as one of the leading organisations in the industry. We achieved this in part by ensuring compliance with applicable laws and regulations, as well as adherence to various recognised international standards and certifications; effectively doing our part as a good corporate citizen. Furthermore, accreditation matters greatly in our industry; our ISO 45001 accreditation emphasises our commitment to occupational health and safety management practices, and our ISO 14001:2015 certification assures our stakeholders that our environmental management system meets international industry specific environmental standards.

Supplier Code of Conduct

The Group is committed to conducting business with the highest integrity and in compliance with the law, thus it is only natural we expect the same from our partners. All suppliers and contractors of Mudajaya are required to observe our 'Supplier Code of Conduct' in accordance with all local laws and regulations. We recognise that our suppliers are critical to our success and have designed our policies to ensure all suppliers and contractors are treated equally and fairly, and free from any exploitation. We also believe in the benefits of mentoring and knowledge sharing and we do that by equipping our local contractors with new skills and capabilities.

Our supply-chain and vendors are managed via responsible procurement and supplier assessment; taking into account critical aspects including quality and lead time, cost control as well as the high expectations of our quality-conscious customers.

Whistle Blowing Policy

At Mudajaya, we have high standards of professionalism and ethics and we require all employees to conduct themselves in accordance to those standards as they discharge their duties. In accordance with good corporate governance practices, we have established a whistle blowing policy that will enable you to raise your concerns of serious wrongdoing in an appropriate manner, without fear of reprisal. This platform allows any legitimate concerns about illegal, unethical or questionable practices to be objectively investigated and addressed. This policy is impartial, free of assumptions and can be done either by means of an email or through snail mail to the Chairman of the Audit Committee. The General Manager of Human Resources & Administration is tasked with the administration, interpretation and application of our Whistle Blowing policy.

Anti-Bribery Policy

Mudajaya is committed to complying with all laws and regulations which govern our business and operations. Our Anti-Bribery Policy outlines our responsibility to comply with anti-bribery laws in any country in which we operate and highlights our zero-tolerance approach towards bribery. The policy is mandatory and applies to all staff, business associates and third parties who are performing works or services on behalf of the Group. The penalties for violating these laws can be severe and any violation of this Policy by any employee may result in disciplinary action including dismissal, fines and imprisonment. We are committed to doing business ethically and hold all our staff to the same high standards of professional conduct.



AT MUDAJAYA GROUP, OUR MISSION INCLUDES A COMMITMENT TO MEETING INTERNATIONAL STANDARDS AND THE EXPECTATIONS OF OUR STAKEHOLDERS

FOR US, THAT MEANS STANDING AGAINST BRIBERY AND CORRUPTION WITH THE HIGHEST LEVEL OF INTEGRITY AND TRANSPARENCY. EARNING ISO 37001 CERTIFICATION IS A PERFECT WAY FOR MUDAJAYA TO DEMONSTRATE THAT COMMITMENT.

IR JAMES WONG TET FOH

Group Managing Director & Chief Executive Officer

Mudajaya Group certified for ISO 37001 Anti-Bribery Management System by ABAC Center of Excellence

Mudajaya has successfully attained ISO 37001: 2016 Anti-Bribery Management System (“ABMS”) certification on 10 June 2020, being the **FIRST Construction Company** in Malaysia certified for this world-recognised, respected certification, with accreditation from United Kingdom Accreditation Service (“UKAS”). The certification was granted by the Anti-Bribery Anti-Corruption Center of Excellence Limited and presented to our Group MD & CEO, Ir. James Wong during an official ceremony held at Menara Mudajaya.



Sustainability Statement

Integrity

Integrity is the most important principle of leadership and we believe that by creating a culture of integrity, it will spread throughout the organisation and allow our employees to make better decisions with the long-term interests of all stakeholders in mind.

At Mudajaya, we have recently established an independent Integrity Unit that is authorised to implement and enforce effective policies and procedures to prevent, monitor and minimise the risk of bribery and corruption. The Unit is overseen by the Board of Directors and has a clear chain of command with representation from relevant departments all across the Group; to oversee all issues related to governance and to prevent corruption. As the Board strongly believes in good business ethics and good corporate governance, the Board will exercise reasonable oversight with respect to adequacy, effectiveness and implementation of the Anti-Bribery Policy with regular reviews of the policy as and when required.

AS AT 31 DECEMBER 2019:

7 mega projects

in **CONSTRUCTION** and **POWER SECTORS**,

with total contract sum of

RM4.6 BILLION,

offering employment to **163 SMES**;
40 BUMIPUTRA COMPANIES and
DISADVANTAGED COMMUNITIES.

We have implemented **OHSAS Standards** and reported:

5 MILLION MANHOURS

Zero Lost Time ("ZLT") Injuries in Tanjung Bin 4 Project

5.5 MILLION MANHOURS
ZLT injuries in MRT V3 project

1 MILLION and **3 MILLION MANHOURS**

ZLT injuries in MRT V207 and Rapid Worker Village projects respectively

On our construction sites we provided

SAFE AND CLEAN-LIVING QUARTERS, POTABLE WATER, BASIC AMENITIES for more than

2,479 labourers,

with a Grievance Management System in place. We received **ZERO** number of complaints, which are usually expected to be

RESOLVED WITHIN 24-48 HOURS to the satisfaction

of the complainants.

We plan to call for the **CIDB SHASSIC** assessment when we have completed

25%

of the LRT3 Project.

We aim to achieve a rating of

5-STAR

Sustainability Statement



ENVIRONMENTAL IMPACT

Sustainability is generally defined as meeting the needs of the present without compromising the ability of future generations to meet theirs. Business sustainability refers to the management and coordination of environmental, social and financial demands and concerns of a business to ensure responsible, ethical and ongoing success. Every single day the news reminds us of the damaging effects people have on the planet and the environment; making environmental sustainability a crucial public policy issue. More companies now than ever before are working on achieving policy initiatives as outlined in the UN's Sustainable Development Goals ("SDGs"). Many business operations, even Mudajaya's, depend on the environment whether as a primary source of raw materials or in the usage of natural resources. Businesses must start to integrate environmental interest and become proactive in reducing their environmental impact to create a positive cycle of sustainability. Here at Mudajaya, we believe that every affirmative action, even the smallest one, is the first step towards adopting more environmentally sound business practices, reducing environmental impact and increasing operating efficiency.

With all this in mind, the Group via its wholly-owned power generation subsidiary, Sinar Kamiri Sdn Bhd, undertook the development of a 49MW large scale solar PV facility in Perak to preserve the environmental features of the site with minimum disturbance to the ground and existing vegetation. The plant is projected to supply the national grid with clean energy for a period of 21 years and the equivalent of approximately 50,000 metric tonnes of carbon dioxide (CO₂) emission will be saved every year. The power plant also has the capacity to contribute up to 4% of the total solar capacity targeted in the year 2020 by the Government of Malaysia.

Emissions & Waste Management

In 2019, we continued to report our real-time emissions data from our construction sites to the respective Department of Environment databases for online monitoring. Although we constantly ensure that we are operating within the emission limits, Mudajaya is always looking at ways to further reduce our emissions by applying the 'emissions-control equipment maintenance schedule' on projects. Addressing our own carbon footprint helps us ensure that we are mitigating any negative effects of our operations on climate change. Additionally, all our construction wastes such as used rods, concrete debris and contaminated solid waste are collected by appointed licensed domestic contractors and disposed of appropriately either through incineration or landfill disposal.

Environmental Awareness

We are fully aware that sustainability must start with our people; as a common mission and value will unite them to help create a better work culture, work-life balance and contribute positively to the business operations. The Group has continued to instil awareness on sustainability and environmental issues to all our employees ensuring that we educate them appropriately so they can be sustainability advocates. On their part, they have remained steadfast and supportive; adhering to paperless information transmission, recycling as well as energy and water consumption.

In our commercial and residential development projects we also promote a sustainable lifestyle by including rainwater harvesting features, rooftop solar panels, sensor lights and taps, and charging stations for electric vehicles to help residents and tenants reduce their carbon footprint. On this front we are pleased to report that our very own Menara Mudajaya was outfitted with rooftop solar panels and a rainwater harvesting system ("RWHS"). The solar panels are expected to reduce CO₂ emissions by approximately 5 tonnes per year, while the RWHS allows us to collect approximately 11,000 litres of rainwater per day for a potential annual waterbill saving of over RM9,000 a year.

We are also proponents of effective tree preservation and believe that existing trees and landscape must be integrated with any project design and land development process. As such, we have put in place a tree preservation policy, which ensures that trees growing on original project sites are preserved whenever possible and included in the design planning of the projects.

Sustainability Statement



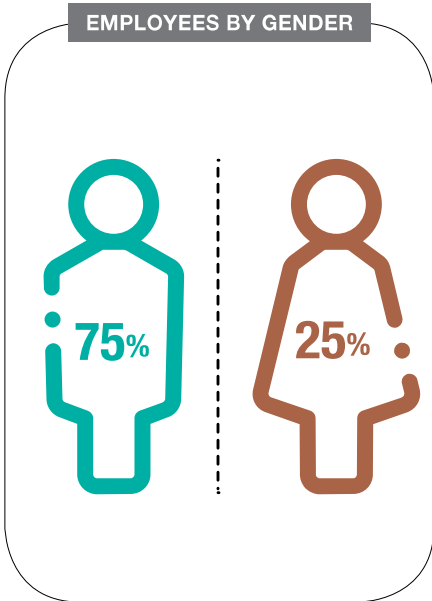
SOCIAL IMPACT (WORKPLACE)

At Mudajaya, we recognise that our employees are our greatest assets and we work to ensure that they are motivated and engaged as they are the driving force of our business operations and at the forefront of building the Group’s industry reputation. We strive to build a culture of mutual trust and respect through strong leadership and open communication. Finally, we want to provide a safe and inclusive work environment while nurturing and developing talent.

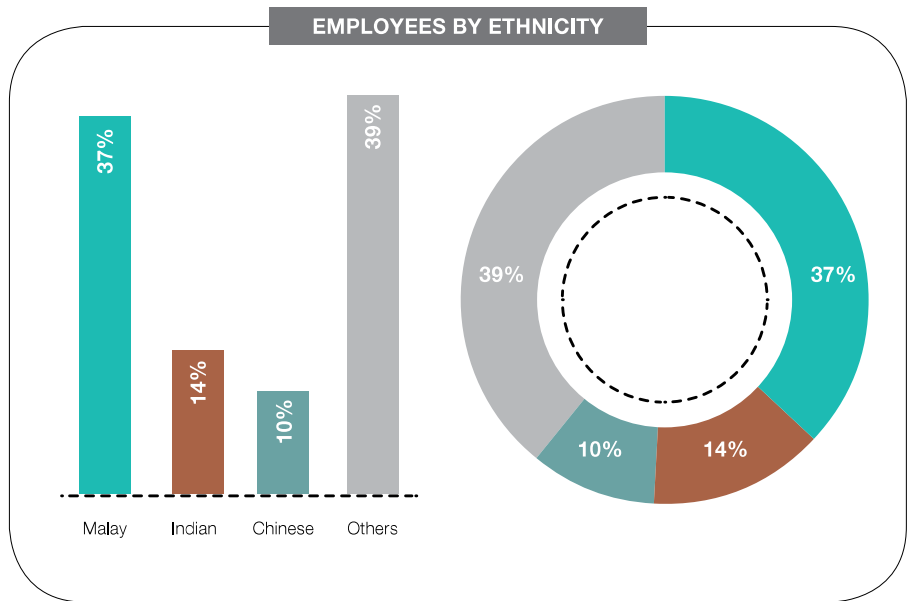
Diversity

Mudajaya believes that diversity in the workplace will improve a company’s culture and performance as well as provide a better representation of society. A diversified work environment is essential in helping employees feel included, fostering mutual respect and increasing morale. From a business perspective, a workforce comprised of people with different backgrounds, experiences and skills will lead to more innovation and creativity. Our recruitment policies strongly emphasise on diversity in talent acquisition and development as we recognise that a diverse work culture also promotes better hiring and retention of talent. Mudajaya does not practise any form of discrimination; we welcome all social group regardless of racial or ethnic origin, age, gender, sexual orientation, marital status or disability.

EMPLOYEES BY GENDER



EMPLOYEES BY ETHNICITY

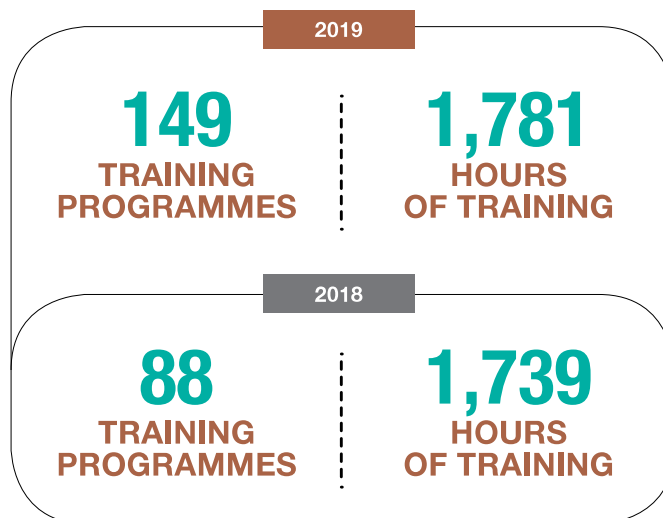


Sustainability Statement

Employee Training

Mudajaya continues to focus on and nurture a learning culture and we aim to support our talent in achieving their ambitions by enabling them to explore new opportunities and build expertise. We provide learning and development opportunities at every level in line with job requirements and career aspirations. All Heads of Department within our organisation are responsible for ensuring that their team members attend relevant training sessions and upskilling courses to focus on their personal growth and enhance their leadership, technical skills and soft-skills. We aim to provide all our employees with a minimum of eight hours of training per year in contract and business management, safety, software and Quality Assessment System In Construction (“QLASSIC”) awareness as part of their KPIs.

In 2019, we conducted a total of 149 training programmes and clocked over 1,781 hours of training for our employees.

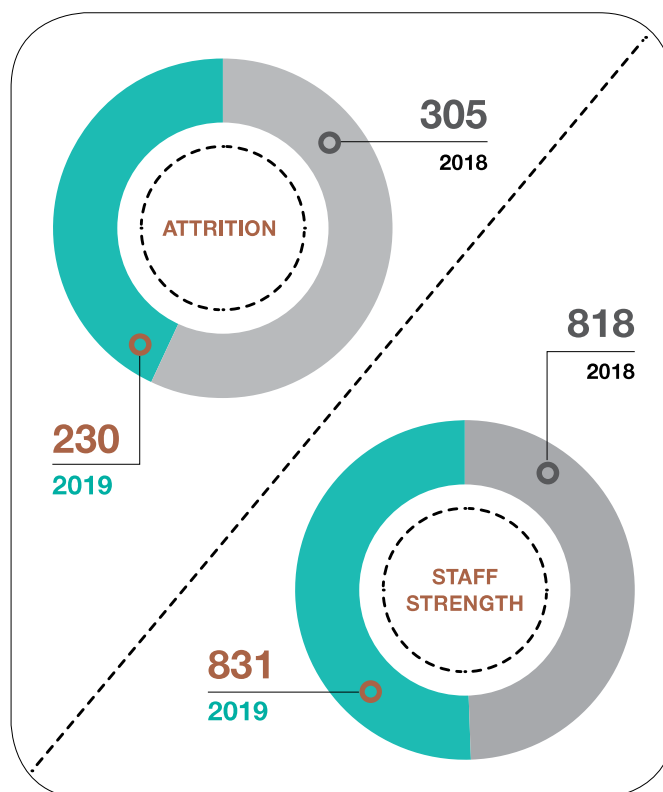


Work-Life Balance

Work-life balance is an important facet of a healthy work environment and most employees rate a balanced work-life as a crucial factor when they are being recruited. Maintaining a healthy work-life is vital in reducing stress and preventing burnout at work; thus we encourage our employees to maintain a balanced work-life because we know that when employees are happy they are more efficient at their job, are more engaged and also more likely to stay in their jobs. We strive to go beyond legislative requirements and have established a sports and recreation club which organises various outings and activities for our employees; helping us build a more engaged and productive team.

Mudajaya regularly reviews its Employee Benefits and Code of Conduct in keeping with the ever-changing business landscape. Since 2016, our employees who are primary care-givers of children and aging parents have benefitted from our flexible worktime arrangements. Some other employee benefits include

- Study Leave & Examination Leave for those who qualify of up to three (3) days per year
- Bonuses for outstanding employee & company performance
- Additional Healthcare benefits such as Group Hospital & Surgical Insurance
- Maternity & Paternity Leave



Sustainability Statement

Employee Engagement




High levels of employee engagement drive business outcomes, improve organisational performance and increase stakeholder value. At Mudajaya, we want to create a respectful and trusting work environment for all our staff and encourage active dialogue between leadership and employees as well as improve inter-department communication. To that end, we have a range of opportunities and platforms for our employees to provide feedback including townhalls, the company intranet as well as department-level managerial meetings. Internally, our communications team amplifies key organisational initiatives and employee-focused activities to strengthen work culture and keep people informed and involved.



In 2019, we organised **One Coffee Connection** session between **29 EMPLOYEES** and **MEMBERS OF THE MANAGEMENT TEAM**

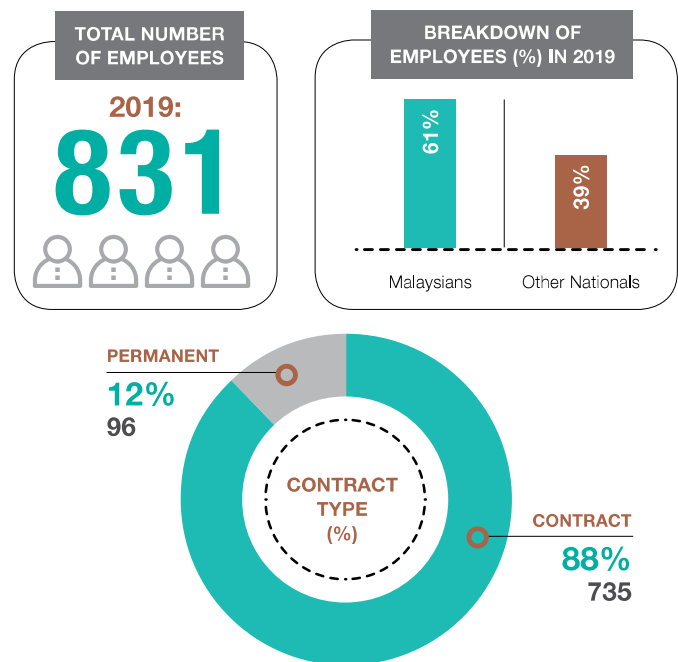
Remuneration and Appraisal System

We know that our talent is our most important asset, thus we are committed to rewarding exceptional employees appropriately. Employees are motivated to perform better when their past performance is recognised and rewarded adequately. Our merit-based remuneration policy outlines the key performance indicators for our employees; with 60% based on a balance scorecard and the employee's skills and competencies making up the remaining 40%. Each employee is rated on their yearly performance and is compensated according to merits. Our compensation system for all permanent staff adheres to industry-standards, is fair and competitive and includes the following:

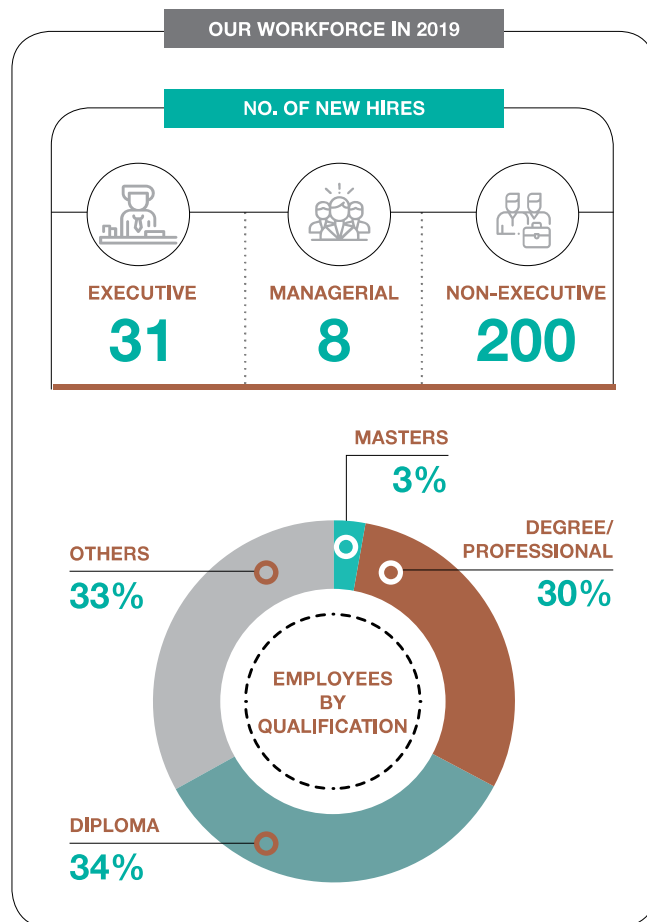
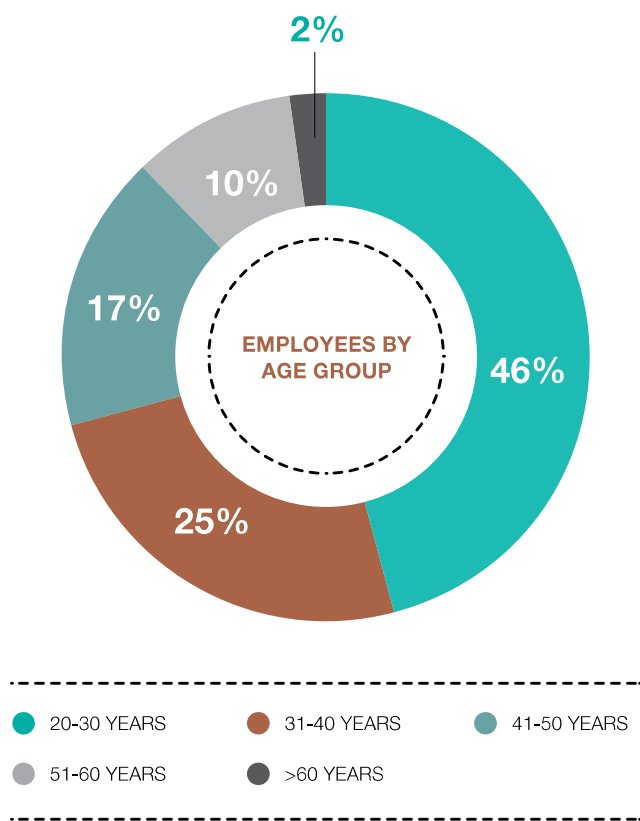
 <p>1</p> <p>FIXED COMPENSATION such as salary and fixed allowance</p>	 <p>2</p> <p>VARIABLE COMPENSATION</p>	 <p>3</p> <p>BENEFITS AND PREREQUISITES</p> <ul style="list-style-type: none"> - Transportation - Medical and insurance coverage, dental etc.
---	---	--

Workforce Breakdown

It is important to us that our workforce accurately reflect changing demographics and provide accurate representation across all age groups, ethnic and cultural backgrounds. Our employees come to us from different nationalities; with various professional qualifications, skill-sets, and interests. Having such diverse talent promotes a culture of tolerance, acceptance, open communication and cultivates a dynamic, innovative and productive team working together to achieve our organisation's vision and mission.



Sustainability Statement



Health, Safety & Environment

At Mudajaya, the health and safety of our employees is of paramount importance to the Group and we are committed to providing a safe work environment where employees and contractors can thrive. Our Occupational Health & Safety and Environmental (HSE) Policy was formulated based on a number of factors including the Group's policies and guidelines; significant environmental risks and impact; hazard identification and risk assessment; commitment to the protection of the environment and views of interested external parties including our employees. All personnel and contractors who perform tasks with significant environmental and Occupational Health & Safety risks are required to undergo adequate training. The Group has established and will maintain procedures to educate all employees or persons working on behalf of the company on the importance of conformity with the HSE Policy, procedures and the requirements of the ISO 14001 and ISO 45001 standards.

Sustainability Statement



SOCIAL IMPACT (COMMUNITY)

Mudajaya is committed to being a responsible corporate citizen; believing that we have a responsibility to the communities in which we operate and that it is a privilege to invest in activities that contribute to the wellbeing of the community and environment. In 2019, we organised several different events for the local communities in areas where we operate as well as provided opportunities for our staff to volunteer their time in carrying out meaningful activities.

Tree Planting in Batu Kawa, Kuching

In 2019, we continued to organise activities for residents in and around the Batu Kawa region, Sarawak with the launch of MJC City Town Square which is designed and built with a low carbon footprint. The Town Square is furnished with benches in raw cement finished, existing trees native to the Town Square are preserved or carefully transplanted to ensure minimal disruption to the environment.

At the same launch, a Tree Planting initiative in collaboration with The Sarawak Forestry Department, The Padawan Municipal Council and MJC City Development's landscape contractors were organised to add more greeneries to the Township. School children from 8 local schools, residents of the Township and representative of NGOs were invited to plant 110 seedlings from 6 species, donated by The Sarawak Forestry Department and landscape contractors. The trees were selected based on their CO₂ absorption capabilities in the hope to offset carbon emission in a city living environment.



Dato Sri Dr Sim Kui Hian, Minister of Local Government and Housing officiated the opening of Town Square flanked by the Chairman of Padawan Municipal Council, YB Ir. Lawrence Lo Khere Chiang



8 schools and 4 non-governmental organisations received the cheque of RM3,000 each from MJC City Development



Children enjoying the tree-planting organised by MJC City Development



Dr Sim waters a sapling during the tree-planting activity



Sustainability Statement

Redevelopment of SK Sg Buloh, Selangau, Sarawak

The contractors who are awarded with Pan Borneo Highway project has agreed to contribute to CSR project in the state. The contractor from WPC08, Musyati-Mudajaya JV Sdn Bhd, has volunteered to renovate and to build new toilets and new teacher's quarters at Sekolah Kebangsaan Sungai Buluh. There are 2 phases of this project where the first phase is to renovate the existing dining & resting hall and hostel for the students. The second phase will be the new toilets and new teacher's quarters.

Musyati-Mudajaya JV Sdn Bhd has allocated a total of RM1.5 million fund for this CSR project. The first phase of this project was started in the first quarter of 2019. The work was carried out during the mid-term break and completed before the school reopen. Parents and Teacher Association (PTA) from Sekolah Kebangsaan Sungai Buluh are very pleased with the work carried out at the school. It benefits not only the students



but the teachers as well. This project gave the students a better environment to live in and study.



The second phase of the project is expected to start next year. Musyati-Mudajaya JV Sdn Bhd is still looking for sub-contractors that are capable to complete the job. Transporting material and machineries into the construction site is a big challenge to the contractor as there is only one entrance and the bridge is made of timber. We hope that the work can be completed as soon as possible so that the students and teachers are able to enjoy the new facilities in the school.

Sustainability Statement

Redevelopment of SK Sg Buloh, Selangau, Sarawak (cont'd)

Before and After Upgrading Works of dining & resting hall and hostel for the students:

DINING HALL

Before



After



HOSTEL FOR THE STUDENTS

Before



After



Sustainability Statement

As a company committed to health and safety in the workplace, Mudajaya regularly organises HSE campaigns throughout the year to educate all staff on safe work practices while encouraging engagement, participation and communication between workers, management and other partners on safety-related issues. In 2019, we organised numerous HSE campaigns featuring the theme 'Health is Precious' including:

- A 'Stop Smoking' briefing conducted by PKD Petaling
- Health Screenings conducted by the Malaysian Red Crescent Society
- Blood donation drives conducted by Pusat Perubatan Universiti Malaya
- Firefighting and safety training conducted by Balai Bomba Serdang



Sustainability Statement

Blood Donation Drive & Health Awareness Talk 2019

Mudajaya organised a blood donation drive and Health Awareness Talk: General Eye Health in Working Adults on 20 September 2019 at our HQ auditorium in collaboration with Sunway Specialist Centre Damansara.



MMSRC Challenge Cup 2019

- Employees engagement
- Encourages work-life balance and healthy lifestyle



Earth Hour 2020

On 30 March 2020, we joined millions around the world for Earth Hour at our MRTv207 CLQ premises. The lights were turned off for 1 hour to raise awareness for climate change using the hashtags #Connect2Earth and #SwitchOff.