



RELIABLE GROWTH

SUSTAINABILITY REPORT 2017



PESONA METRO HOLDINGS BERHAD
(957876-T)

COMMITTED TO CREATING SUSTAINABLE VALUE

Pesona Metro Holdings Berhad (“PMHB” or the “Group”) is an investment holding company that is listed under the Construction segment on the Main Market of Bursa Malaysia Securities Berhad (“Bursa Malaysia”). The Group’s principle activities encompass civil engineering, building construction, waterbody rehabilitation and beautification, the manufacturing-cum-trading of building-related materials, and more recently, concessionaire activities.

As PMHB sets its sights on creating long-term shared value for its stakeholders and securing the future of the Group, it remains committed to upholding responsible management and sustainable development on the Economic, Environmental and Social (“EES”) fronts. By ensuring sustainable progress across the Group’s operations, PMHB is providing the impetus for its businesses to strengthen their operational efficiencies and create sustainable value.



Sustainability Report

(Cont'd)

APPROACHING SUSTAINABILITY MATTERS

Sustainable practices have long been embedded within the daily operations of PMHB as evidenced by the Group's focus these past many years on the four Corporate Responsibility ("CR") pillars of the Workplace, Community, Environment and Marketplace within its operations. Following the implementation of Bursa Malaysia's Sustainability Reporting requirements, PMHB has migrated from a focus on CR Reporting to the broader realm of Sustainability Reporting in line with Bursa Malaysia's Sustainability Reporting Guidelines and the United Nation's 17 Sustainable Development Goals. In adopting this approach, the Group is today more rigorously embracing compliance as well as setting in place the relevant sustainability components that will strengthen its focus on operational efficiencies, cost savings, enhanced revenue generation and innovation for the long-term.



The board of directors and top management attended the talk on Sustainability Reporting

Scope and Methodology

This, the Group's second Sustainability Statement, underscores PMHB's commitment to undertaking business in a responsible and sustainable manner through its EES performance. It covers the period 1 January to 31 December 2017 and focuses on the business sustainability activities that the Group has full management control over. Due to the fact that more than 90% of the Group's revenue is contributed by its construction segment led by Pesona Metro Sdn Bhd ("Pesona Metro" or "the Company"), the scope of this Statement covers the material issues arising from the principal business activities of PMSB which are mainly related to the construction of commercial and residential buildings as well as infrastructural works in Peninsular Malaysia.

In this Statement, the EES indicators that contribute to the sustainable development of the Group's business strategy as well as the issues that matter the most to its internal and external stakeholders are highlighted. This Statement is to be read in conjunction with the rest of PMHB's 2017 Annual Report, which highlights other financial and non-financial aspects of the Group's business. This Statement has not been subjected to external assurance. The aim is to streamline the Group's sustainability data collection and monitoring activities first and then seek external assurance in due course.

SUSTAINABILITY GOVERNANCE

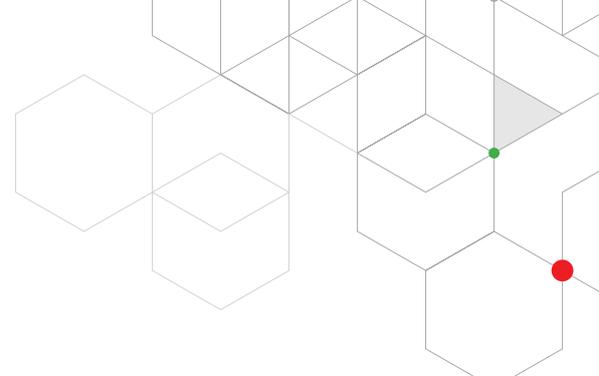
To ensure that sustainability reporting within the Group is being implemented and monitored in accordance with high governance standards as well as to ensure transparency and accuracy in its sustainability reporting, the Group has implemented the following governance structure:

Group Sustainability Governance Structure

Governance Body	Roles and Responsibilities
Board of Directors	Guide and Support
Executive Committee	Strategize and Standardise
Sustainability Working Committee	Plan and Execute

Sustainability Report

(Cont'd)



Site walk with consultants

Board of Directors

PMHB's Board of Directors acknowledge the importance of pursuing an agenda that upholds good EES practices. They are committed to investing in measures that promote the sustainable growth of the Group's businesses and which will create value for the Group's shareholders.

The Board comprises professionals with a broad and diverse range of experiences and expertise. With their professional memberships as well as their commitment towards upholding corporate governance best practices and sound internal controls within the Group, the Board is shouldering the responsibility for overseeing, supporting and promoting the EES efforts within the Group. The Board is also responsible for evaluating and incorporating the relevant sustainable material matters into the business strategy. It is also tasked with planning activities that will enhance transparency, integrity and accountability towards the Group's stakeholders in every area of the Group's operations and management activities.

Executive Committee

The Executive Committee is headed by the Managing Director, who reports the findings and progress of the Group's sustainability development to the Board. Assisted by the Chief Financial Officer ("CFO") and two Chief Operating Officers ("COOs"), this committee is tasked with studying, formulating and strategizing the sustainability framework for the Group. The committee's role and responsibilities include drawing up the Sustainability Statement and Policy, setting sustainability objectives and targets, identifying internal and external stakeholders, and prioritising all material matters in relation to the economic, environmental and social aspects of sustainability reporting.



Site walk at Central Plaza i-City Mall with client

Sustainability Working Committee

The Sustainability Working Committee is headed by the COO of the Building Division and assisted by the Heads of the respective sustainability segments. These Heads include the CFO, who is responsible for all Economic-related matters; the COO (Infrastructure), who is tasked with all Environmental-related matters; while the QA/QS Lead oversees the Social aspects of sustainability development. All the Group's operational and management heads are involved in one of the three sustainability segments and are tasked with carrying out the actions plan required by the Heads of the sustainability segments.

While PMHB's sustainability governance structure is adequately framed for now, this may be restructured as and when needed to achieve better efficiencies in terms of planning, implementation and reporting.

For more detailed information on the Group's overall corporate governance and risk management structures, please refer to the Statement on Corporate Governance as well as Statement on Risk Management and Internal Control on pages 66 to 68 of this Annual Report.

**to achieve better
efficiencies
in terms of planning,
implementation and reporting**

Sustainability Report

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STAKEHOLDER ENGAGEMENT

As the Group's businesses and its markets evolve, PMHB finds itself engaging with an expanding number of different stakeholder groups. Continuous stakeholder engagement is a fundamental component of PMHB's sustainability strategy and the Group is committed to undertaking ongoing activities in this area. By engaging with its many stakeholders, the Group is able to respond to their different expectations, meet their evolving needs and build enduring ties with them. The Stakeholder Engagement Matrix below outlines the focus areas that the Group engaged in with its stakeholders in 2017:

Stakeholder Engagement Matrix

Group	Sub-Group	Focus Areas
Internal Stakeholders		
Employees	<ul style="list-style-type: none"> • Top Management • HODs • HOPs • Permanent employees • Contractual employees • Interns/trainees • Workers 	Career development, employment benefits, communications, Health, Safety and Environmental concerns
External Stakeholders		
Minority shareholders		Good returns in terms of dividend pay-outs and bonus issues
Government agencies and regulatory bodies	<ul style="list-style-type: none"> • DOSH • DOE • SIRIM • CIDB • Labour Department • LHDN • Local Councils 	Regulatory and legal compliance
Media	<ul style="list-style-type: none"> • Magazines (Trade) • Newspapers • TV • Radio • Digital (online news) 	Continuous and transparent communications
Industry peers	<ul style="list-style-type: none"> • Trade associations • Competitors 	Industry stewardship, continuous product and service improvements/ innovations
Customers	<ul style="list-style-type: none"> • Private developers • Government bodies (JKR, local councils) 	Product/service transparency
Suppliers	<ul style="list-style-type: none"> • Trade/materials suppliers • Services (security, labour) 	Product transparency, sustainably produced goods, legal compliance
Sub-contractors		Product/service transparency, legal compliance, human rights, product/service transparency

Sustainability Report

(Cont'd)



Stakeholder Engagement Matrix

Group	Sub-Group	Focus Areas
External Stakeholders		
Consultants	<ul style="list-style-type: none"> • M&E • C&S • Architectural • Environmental 	Legal compliance, compliance professional
Financial community/ investors	<ul style="list-style-type: none"> • Fund managers • Investment portfolio holders • Fund advisors • Bankers 	Business sustainability, profitability
NGOs	<ul style="list-style-type: none"> • Charitable homes 	Continuous support towards the welfare of the society
Community	<ul style="list-style-type: none"> • Neighbourhoods surrounding project sites • Society as a whole 	Community development, investment and impact

While the Group considers all its stakeholders important, it has prioritised how it deals with these stakeholders depending on two criteria, namely how dependent the stakeholder group is on the Company and how these stakeholders' influence affects the Company. In 2018, the Group undertook a stakeholder prioritisation exercise, the findings of which are tabulated as follows:

Stakeholder Prioritisation

Stakeholder Group	Dependency on the Company 1 = lowest dependency 4 = highest dependency	Influence on the Company 1 = least influence 4 = strong influence
Employees	4	4
Sub-contractors	4	4
Consultants	2	4
Clients	2	4
Government/local authorities	2	4
Suppliers	2	4
Shareholders	1	2
Competitors	1	2
Bankers	1	4
Media	1	2
Community	1	1

Sustainability Report

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Following the stakeholder prioritisation exercise, the Group went on to incorporate its findings in a Stakeholder Prioritization Matrix. For the purpose of this report, the seven top stakeholders have been categorised in terms of their High Dependency-High Influence while others fall into the Low Dependency-High Influence category. The selection of stakeholders was decided based on the assumption that their opinions and views are important for the advancement and development of PMHB.

Stakeholder Prioritization Matrix (max 10 stakeholder groups)

Stakeholder dependency on the organisation	High Dependency	CONSULT/INVOLVE		COLLABORATE/EMPOWER (Maximum Attention)		
					1) Employee 2) Sub-contractors	
	Low Dependency	KEEP INFORMED (Minimal Effort)		INFORM/ENGAGE		
		Community	Shareholders Competitors Media		3) Consultants 4) Clients 5) Govt./Local authorities 6) Bankers 7) Suppliers	
	No Influence	Low Influence	Some Influence	Formal Power/High Influence		
Stakeholder influence on the organisation						

MATERIAL MATTERS

In early 2018, the Group undertook a formal materiality analysis to gain a better understanding of the topics that its external and internal stakeholders deemed important. The aim of this exercise was to prioritise the most important areas of sustainability for inclusion in this report. Material topics were defined as those issues which had a direct or indirect impact on the Group's ability to create, preserve or erode EES value for PMHB, its stakeholders and the community.

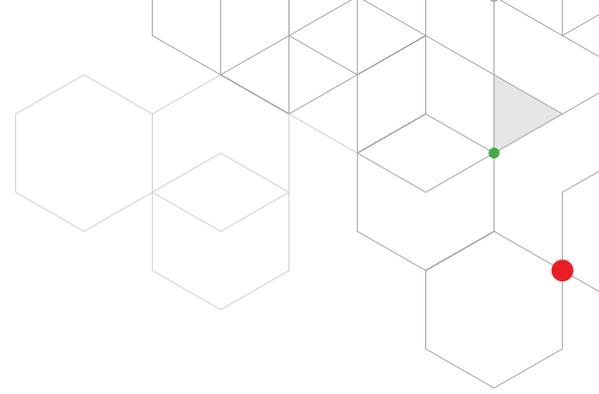
Methodology

In February 2018, a total of 97 stakeholders under High Dependency-High Influence category, namely the Group's employees, customers, suppliers, sub-contractors, government and authorities, consultants and bankers, responded to a materiality survey that was forwarded to them by way of a Google survey form. Respondents were asked to indicate how important each criterion was on a scale of 'unfavourable' (1) to 'favourable' (5).

**a formal materiality analysis
to gain a better understanding
of the topics**

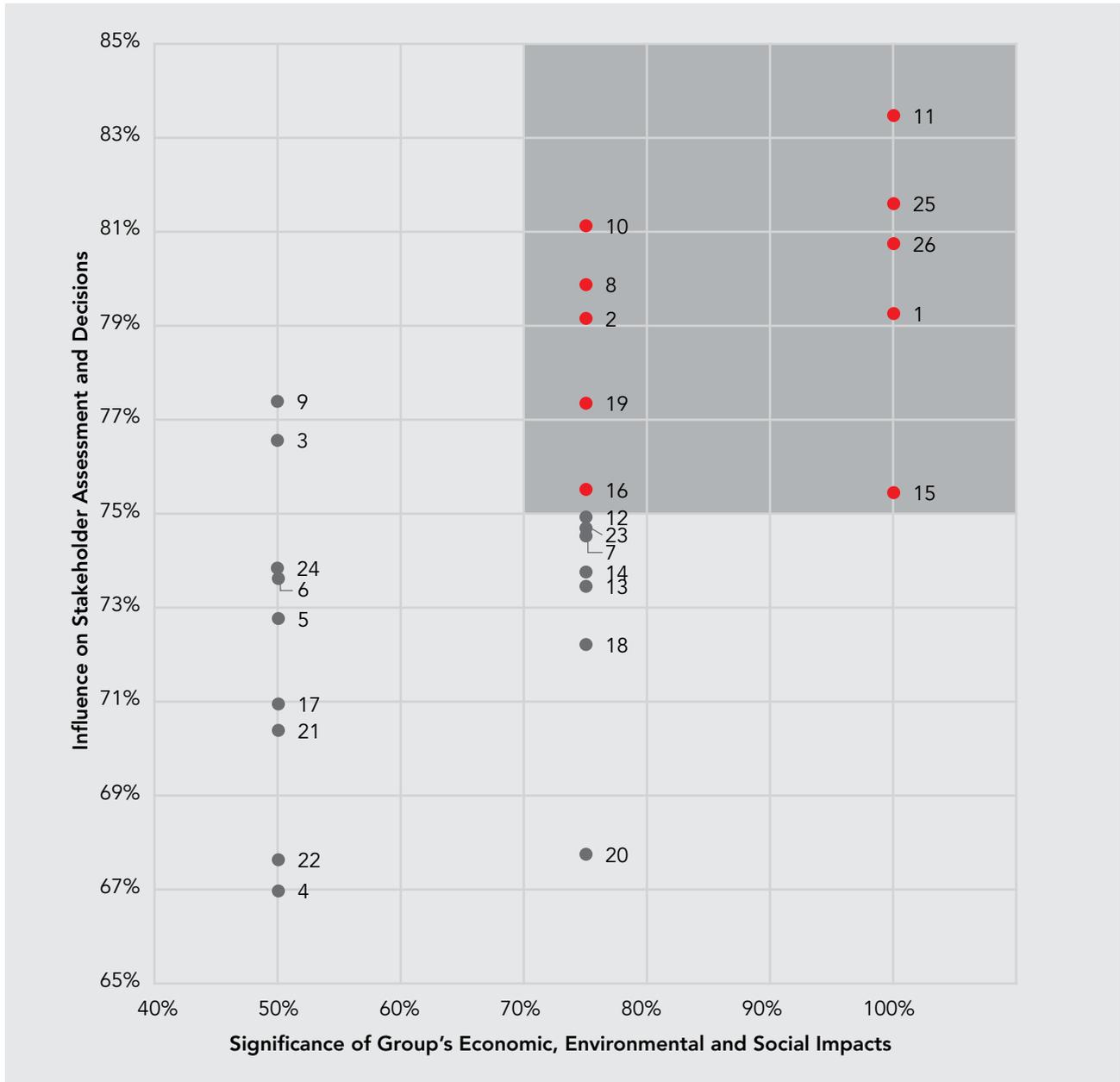
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The findings of the survey are presented in the following Materiality Matrix:

Ranking of Materiality Matters by Importance



Legend:

- | | | |
|---|---------------------------------------|--------------------------------------|
| 1 Business Performance | 10 Waste Management | 18 Stakeholder Engagement |
| 2 Financial Stability | 11 OHS Practices | 19 Bribery & Corruption |
| 3 Sustainable Procurement & Supplier Assessment | 12 Inclusive Workplace | 20 Anti-Competition |
| 4 Local Hiring | 13 Career Development | 21 Benefitting Local Communities |
| 5 Responsible Sourcing | 14 Recruitment & Retaining Employees | 22 Employee Volunteerism & Charities |
| 6 GHC Emission & Climate Change | 15 Employee Engagement & Satisfaction | 23 Customer Feedback & Satisfaction |
| 7 Energy Consumption | 16 Work-Life Balance | 24 Customer Privacy |
| 8 Clean Water Management | 17 Community Engagement | 25 Public Safety |
| 9 Green Material & Practices | | 26 Quality Management |

Sustainability Report

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Based on the Materiality Matrix, the Group will prioritise the top 10 material matters in drawing up its roadmap for sustainability over the next five years. These material matters will be rolled out under the following four categories:

Safety

- OHS practices
- Public safety

Waste

- Waste management
- Clean water management

Labour Practices

- Employee engagement and satisfaction
- Bribery and corruption
- Work-life balance

Profitability

- Quality management
- Business performance
- Financial stability



ISO14001:2015 Training at Headquarters



ISO Internal Audit Training at project sites

UPHOLDING GOOD ECONOMIC PRACTICES

Strategic Direction

PMHB continues to finetune its strategic direction to ensure the sustainable growth of its core businesses. This is enabling the Group to adapt to the evolving economic and business environments as well as employ specific tactics to meet the ever-changing demands of its customers. For insights into the Group's overall strategic direction plus its financial and operational performance, please refer to the Management Discussion and Analysis section in this Annual Report.

Strengthening the Market Ecosystem

The Group recognises that the total marketplace ecosystem is essential for its sustainable growth. As such, PMHB remains committed to engaging in activities that are helping to establish and bolster ties with its customers, suppliers, industry peers and other stakeholders in the marketplace. The Group continues to implement initiatives that are making a tangible impact and creating value in the sectors, markets and communities in which it operates.

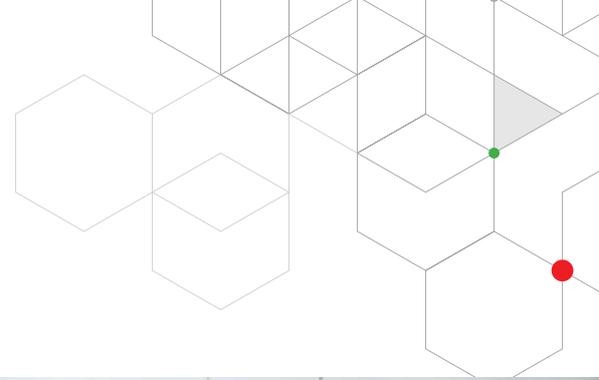
With some 97.0% of the Group's revenue coming from the construction sector via Pesona Metro Sdn Bhd or PMSB, the Group naturally pays particular attention to this sector. The construction sector (which in 2017 had the highest growth at 6.7% after the agriculture sector at 7.2%) is not only generating millions of jobs for the nation today, but it is also serving as a catalyst for economic growth through the purchase of raw materials from local and foreign suppliers.

Over the years, PMSB has been enlarging its workforce to cope with the increasing number of projects awarded to the company. From a workforce of 20 employees some two decades ago, PMSB's workforce today comprises over 380 employees. Aside from its own employees (both permanent and on a contract basis), PMSB also employs general workers with special skills in specific trades such as carpenters, bar benders, electricians and special trade workers to assist with the construction work at its sites.

The Group also places priority on sourcing for local raw materials such as cement, steel and wood before reaching out to overseas suppliers. This is opening up opportunities and generating wealth for local producers. At the same time, this makes the Group less dependent on foreign suppliers and less vulnerable to external macroeconomic factors.

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3rd party auditor for ISO 9001 Certification audit at The Mews project



EMS audit at Central Plaza i-City Mall

The Group is doing its bit to elevate the local construction industry by constantly injecting new methodologies into its projects. These include the investment of its in-house IBS modular system and expanded polystyrene ("EPS") wall panels at project sites such as Menara Technip and the UniMAP Student Hostel and the implementation of system formwork as well as the use of green construction material such as light-weight bricks at worksites.

The Group has also been extensively leveraging on Building Information Modelling ("BIM") technology since 2016. By incorporating BIM technology into its various projects, the Group has had a competitive edge over other construction players who have been slow to adopt BIM. The use of BIM is being driven by the local regulatory authority, the Construction Industry Development Board ("CIDB") Malaysia and is set to become mandatory in all government projects in 2020.

Through BIM 3D modelling and coordination, potential clashes in construction can now be easily detected and monitored at the planning or pre-construction stage – the earliest stage of a project. The virtual 3D model helps all parties to have a vivid view of the actual built environment and by enabling a live 3D walk-through of the pre-construction coordination work, the designer and client now can make alterations and final decisions before construction commences. With BIM in place, work efficiency and quality have improved as the entire coordination process now runs in a systematic manner. Not only is BIM helping mitigate construction error downtime and rework at site, it is also helping to reduce the generation of construction waste. The Group's Eaton Residences and Lot15 SJCC projects are BIM-compliant up to LOD300.

With BIM in place, work efficiency and quality have improved

Transparent Marketplace Practices

PMHB continues to look to a set of values and several policies to guide it in its day-to-day operations and to ensure its workforce upholds transparency and good marketplace behaviour. These include the following:

- ✓ A Code of Conduct emphasising business ethics and employee integrity;
- ✓ The Overview Statement on Corporate Governance which spells out the functions of the Board of Directors and various Board committees, among other things is published in the Group's Annual Report, while the Board Charter is published on its website;
- ✓ The Open Tender Policy is applied to all sub-contractor awards where three out of five committee members must be present at the opening of the Tender Box. One of the three committees must be from a department other than the Tender and Contract Department to ensure non-biased decisions are made.
- ✓ A new Whistleblowing Policy that provides employees a safe mechanism for raising genuine concerns about possible improprieties in matters of financial reporting, compliance and other malpractices at the earliest opportunity, and in an appropriate manner.

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UPHOLDING GOOD ENVIRONMENTAL PRACTICES

PMHB is ever mindful about sustainability matters from an environmental perspective. In undertaking its day-to-day operations, the Group is at all times committed to protecting the environment and to complying with all applicable environmental laws and regulations. As part of its efforts to protect the environment and minimise its carbon footprint, the Group continues to roll out several effective measures.

Waste Management Initiatives

In 2017, subsidiary PMSB began to implement a waste management programme for all its construction sites. Under the Construction Waste Management Plan ("CWMP"), construction waste at all project sites has been categorised into three major items of waste, namely steel reinforcement, concrete and timber. For each type of construction material, PMSB has allocated the maximum wastage percentage allowable according to the project type and monitors the actual wastage on a monthly basis. The actual quantity of wastage incurred is then categorised by how the waste is finally utilised i.e. whether it is recycled, reused or disposed of at waste collection sites.

In addition to construction waste items, PMSB also implements a Recycled Materials Inventory Record ("RMIR") whereby all recycled materials generated at the respective construction sites and at the Head Office are monitored and recorded on monthly basis. The recycled materials include plastic bottles, aluminium cans, metals, paper and card boxes.

Today, the following measures are in place to monitor and reduce waste generation at PMSB:

- ✓ The implementation of a CWMP at all project sites;
- ✓ The setting up of Recycling Centres at all PMSB project sites and the implementation of a RMIR;
- ✓ The complementary hand out of reusable beverage and food containers to all site construction workers at all construction sites. This aims to reduce the amount of polystyrene food container waste and other types of non-recyclable materials waste (such as plastic bags used for beverages) generated at PMSB's worksites.

Recycling Talks at Project Sites



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As part of PMSB's efforts to educate its staff as well as sub-contractors and general workers on the importance of protecting the environment from waste pollution, it carried out a major recycling campaign in collaboration with the international charity organisation, the Taiwan Buddhist Tzu Chi Foundation Malaysia. The campaign included a monthly recycling charity event organised by PMSB staff at the Tzu Chi recycling centre in Sungai Chua, Kajang on every third Sunday of the month.

Besides the monthly campaign, the Group initiated the Recycling Talk at project sites in 2017. This recycling talk that was mooted by the Group's Managing Director, Mr. Wie Hock Beng, was aimed to create awareness among the workers at project sites on the Group's 3R (Reduce, Reuse and Recycle) efforts in reducing waste. On 26 March 2017, the inaugural Recycling Talk took place at the Third Avenue project site in Cyberjaya. This event, which was well supported by sub-contractors, was a resounding success with over 400 participants in attendance. Workers at the site were briefed on the importance of recycling and the various 3R methods to reduce waste. Participants pledged not to use environmentally-hazardous food packaging while PMSB sponsored personal reusable food containers and water bottles to encourage workers to pack their own food and beverages to reduce waste. Recycling talks were also held at the Residensi Gen worksite in Kuala Lumpur on 28 October 2017 and the Central Plaza i-City Mall worksite in Shah Alam on 2 December 2017. PMSB intends to implement the campaign at all its construction sites to ensure all employees and workers are guided dutifully in supporting this green initiative.

SIRIM Green 5-S Certification

In addition to the above waste monitoring and reduction initiatives, PMSB has also implemented the 5-S implementation programme at all its construction sites based on the SIRIM Green 5-S certification programme 50-point audit checklist introduced by Prof. Samuel K. M. Ho, the Founder and Chairperson of the Hong Kong 5-S Association in collaboration with the Standards and Industrial Research Institute of Malaysia ("SIRIM").

To date, the following PMSB project sites have been awarded with SIRIM Green 5-S certification:

- ✓ Ampang Sastra U-Thant, Kuala Lumpur – March 2012
- ✓ UniMAP, Perlis – December 2015
- ✓ The MEWS, Kuala Lumpur – December 2015
- ✓ 3rd Avenue, Cyberjaya – December 2015
- ✓ KPJ Specialist Hospital Bandar Dato' Onn Johor – January 2017
- ✓ Gua Musang (Section 3E2), Pahang – May 2017
- ✓ Residensi Gen, Kuala Lumpur – May 2017
- ✓ Central Plaza i-City Mall, Selangor – December 2017



Well-organised storage at project sites



Tools display board at project site



Three projects by PMSB were awarded with the SIRIM Green 5S Awards at Majlis SIRIM Industri 2017

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Documented Environmental Protection Practices

Back in 2013, PMSB was certified as having complied with ISO 14001:2004, the International Standard for Environmental Management Systems. Following this, the company went on to establish several environmental procedures in its day-to-day operations with respect to protection of the environment in all its business activities, particularly its construction activities. Today, these include:

- ✓ The establishment of a Legal Register for the identification of all legal requirements with respect to environmental protection bylaws;
- ✓ The establishment of the Environmental Aspect Impact Register for all PMSB construction project sites to identify activities which make a significant impact on the environment and the related control measures;
- ✓ The establishment of an Environmental Management Plan for all PMSB construction project sites which defines the overall roles, responsibilities, controls as well as inspection and monitoring requirements to ensure the environmental requirements for project are fulfilled;
- ✓ The establishment of a Waste Management Plan for all PMSB construction project sites in an effort to reduce construction materials wastage during the construction execution stage;
- ✓ The establishment of Scheduled Waste Management activities for the proper handling and disposal of scheduled waste materials in accordance with Department of Environment or DOE regulations;



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the Group continued to establish annual objectives, targets and programmes relating to energy and resource conservation

- ✓ The establishment of the SIRIM Green 5-S implementation programme and an annual certification exercise to promote good housekeeping at construction project sites;
- ✓ The establishment of 3R programmes and proper recycle centres at all construction project sites to promote greater recycling activities at the construction sites and to reduce waste sent to landfills; and
- ✓ The establishment of a methodology relating to the Selection and Control of Sub-contractors regarding Environmental Performance whereby all sub-contractors and suppliers are evaluated by the respective site project management team on their environmental performance with respect to their work on an annual basis.

Other Conservation Initiatives

PMHB's efforts to conserve the environment also see it implementing energy efficiency, recycling and water harvesting activities measures, among other things. In 2017, the Group continued to establish annual objectives, targets and programmes relating to energy and resource conservation. This included reducing electricity consumption for all construction project sites and the headquarters by 5% in comparison to the previous year's consumption. In terms of resource conservation, the target was to reduce paper consumption by 10% as compared to the previous year.

Leveraging on Innovation

Timber is one of the essential materials used in conventional construction activities especially in relation to formwork preparation. As part of its efforts to minimise the use of timber in formwork usage, PMSB has proactively taken steps to apply several alternative formwork systems such as table formwork, aluminium and steel form methods. Today, by leveraging on lift core jump-form systems, table formwork, aluminium formwork systems and the PM2 Modular Panel, PMSB is not only mitigating the use of timber, but also improving the quality of construction and shortening the construction period.

UPHOLDING GOOD SOCIAL PRACTICES

LABOUR PRACTICES AND DECENT WORK

The Group's Workforce

PMHB's success to date comes on the back of its greatest asset – its loyal, diligent and talented workforce. As at the end of 2017, PMHB's total staff workforce stood at 382 employees (end 2016: 330 employees). The composition of the Group's workforce over 2016 and 2017 is as follows:

	2017	2016
Gender		
Male	289	256
Female	93	74
Education		
Degree & Above	32.46%	29.09%
Diploma & Certification	36.65%	39.39%
Others	30.89%	31.52%
Age		
Above 50 years old	50	42
Below 50 years old	332	288
Type of Employment		
Permanent	135	118
Contractual	247	212
Type of Skills		
Technical	76.44%	73.03%
Non-Technical	23.56%	26.97%
Total Staff Force	382	330
	employees	employees

The Group's staff structure is seemingly lop-sided with the majority of employees comprising male employees, this is due to the inherent nature of the construction industry where male employees are better suited to the rough and tough conditions of the industry. While most of the Group's male employees are located at worksites, female employees make up the majority of the workforce at the Head Office where they play administrative and supportive roles in the areas of purchasing, accounting and human resources, among other areas. Meanwhile, both the contract and tender departments have a well-balanced spread of employees from both genders.

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Upholding Diversity

PMHB today has in place policies and initiatives relating to recruitment, retention, training and development, as well as Group-sponsored corporate and social activities that are all implemented in a manner that does not discriminate against ethnicity, religion, gender, age, disability, or status. The Group is committed to employing, appointing, promoting, developing and rewarding its employees based on company-defined criteria and in line with the principles of meritocracy and fairness. All these measures are ensuring that the PMHB family remains a well-balanced, safe and harmonious one.

Employee Engagement and Retention

PMHB continues to prioritise employee engagement activities to communicate with, unify and retain its employees. Today, engaged employees are more satisfied with their work, are more productive and committed, as well as tend to stay longer. For the year in review, the Group organised various engagement activities including the Group's Annual Dinner event and festive gatherings, as well as CR activities that included reaching out to those in need.



The Pesona Metro Sports Club continues to play an important role in helping foster interaction and strengthen employee ties through various weekly sports activities such as futsal, bowling and badminton. In view of the Group's growing workforce and in accordance with the Group's business strategy, the club is providing support for employees' emotional and physical wellbeing through sports and social activities.

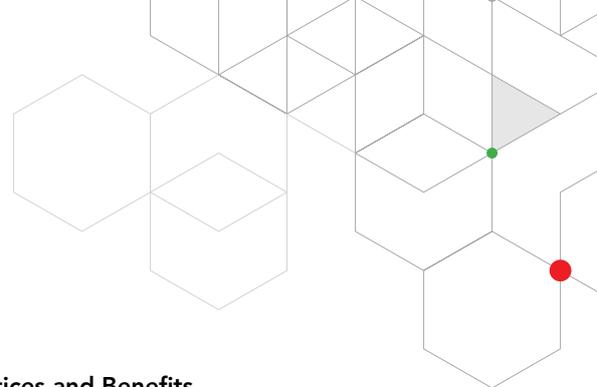
Ensuring that the PMHB family remains a well-balanced, safe and harmonious one



Pesona Metro Gymnasium was set up in 2017 for staff to improve their physical well being

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PMHB values and recognises loyal employees who carry out their tasks faithfully

In 2017, the Pesona Metro Gymnasium was set up in a space previously used as an office to provide a venue for employees to improve their physical wellbeing. The gym is equipped with treadmills, bicycles, weights and other fitness equipment for employees who want to work out. Weekly exercise programmes such as yoga and fitness classes are also organised to cater to the needs of employees. A trainer has been engaged to ensure that employees get the most out of their daily workout and avoid injuries during their sessions. The new gym has strengthened the interaction between employees and is providing them a better work-life balance.

Innovation at the Workplace

The Group continues to tap a variety of innovative tools to keep employees informed and engaged as well as to facilitate administrative matters. This includes eBoard, the employee intranet platform whereby the Group can readily disseminate information to employees.

In 2017, the Group rolled out the Human Resource Management System ("HRMS") which, among other things, is enabling employees to readily update their personal information and apply for leave on the HR Portal. At the same time, employees' supervisors can now approve their leave applications anywhere, anytime as long as there is an Internet connection. To complement the HRMS, a mobile app was introduced which enables employees and their managers to access the system anytime of the day. The Group plans to complete the Employee Appraisal Module of the HRMS by 2018 which will simplify the entire employee evaluation process.

Employee Practices and Benefits

To maintain its edge in the marketplace, the Group continues to ensure its people receive employment benefits that are on par with other companies in the marketplace. Aside from the regular statutory contributions, PMHB's employees also receive the following additional staff benefits according to their work requirements:

- ✓ Paid and special leave
- ✓ Group health insurance
- ✓ Medical claim
- ✓ Overtime meal allowance
- ✓ Mileage claim
- ✓ Parking and toll claim
- ✓ Accommodation claim
- ✓ Company vehicle benefit
- ✓ Shell petrol card
- ✓ Company mobile phone with data plan
- ✓ Overtime claim
- ✓ CIDB green card
- ✓ Staff House

Every employee of the Group is protected under Malaysian Labour Law. No one is discriminated against or treated differently other than what is stated in the law. All employees are guided by the Employee Code & Conduct which spells out the dos and don'ts for employee behaviour. There is also the Employee Handbook that outlines other employee-related matters such as working hours, benefits and entitlements.

Employee Recognition

PMHB values and recognises loyal employees who carry out their tasks faithfully. The Group is committed to caring for a diverse and inclusive workforce (encompassing both foreign and local personnel) in which all employees feel valued and are inspired to do their best. The Group continues to acknowledge the contributions of outstanding employees who are self-starters and who are keen to initiate new methods to improve work performance and ensure the timely delivery of high quality products to their respective stakeholders and clients.

Employee Awards and Recognition in 2017

Award	Individual	Team
Good Action Award	15	NA
HSE Excellence Award	2	1
Good Attendance Award	2	NA
10-year Long Service Award	8	NA
5-S Award	2	1

Sustainability Report (Cont'd)



Employee recognition awards were given out during the Group's annual dinner held in February 2018

Talent Development and Succession Planning

In tandem with the Group's commitment to inculcating excellence, technical competence and professionalism among its workforce, the Human Resource Department continues to implement training programmes across all levels of the organisation. The Group's programmes are designed to equip the workforce not only with technical skills and expertise, but also with non-technical, behavioural and personal enhancement opportunities that will enable them to effectively manage time, resources and people.

Training and Development Activities in 2017

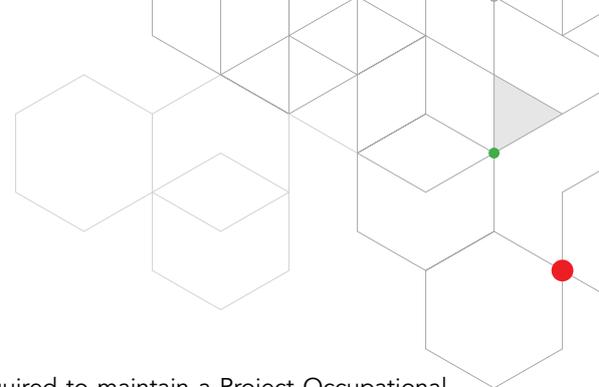
	2017	2016	2015
Health & Safety	13	11	8
Quality & Technical	58	61	18
Environment	29	22	35
Personal Enhancement & Soft skills	0	6	39

the Group continues to improve and implement stringent safety measures

In 2017, employees underwent a total of 5.54 training hours per employee.

The Group is currently putting in place a structured succession planning programme whereby the second-in-liners will have the skills and competencies to take over the roles and responsibilities of key senior management as and when required. This remains one of the Group's top priorities.

Sustainability Report (Cont'd)



OCCUPATIONAL HEALTH AND SAFETY

Committed to Safeguarding People

Being a responsible builder, the Group is well aware of the occupational hazards which its employees and workers are exposed to daily. These hazards encompass falls from a height, unguarded machinery, the dangers of being struck by heavy construction equipment, electrocution, as well as the negative effects of silica dust and asbestos, among other hazards. As such, the Group continues to improve and implement stringent safety measures across the length and breadth of its operations, both at its headquarters and worksites.

Each of the Group's onsite employees and workers are expected to be engaged in maintaining safe work sites through their involvement in health and safety meetings as well as through their involvement in safety inspections. They are given safety training at the commencement of employment and regularly throughout their career with the Group.

Every site is required to maintain a Project Occupational Safety and Health ("POSH") Plan which is monitored by a Health & Safety Officer. The POSH Plan sets out new regulations, site procedures and actions to improve health and safety. The sites also have in place processes such as hazard identification and risk assessment that ensure all onsite personnel are aware of the risks involved. Each site is assigned at least two Health & Safety Officers who oversee all aspects pertaining to onsite health and safety issues and ensure an emergency response capability suited to the working environment is in place. Regular audits by authorities are also carried out to ensure that all health and safety measures are complied with as per local laws and regulations so that employees and workers are protected at all times. PMSB has been certified as being OHSAS 18001:2007-compliant since 2014. This relates to the International Standard for Occupational Health & Safety Management System.

In 2017, the respective sites registered a total of 7,433,767 man-hours of work (2016: 7,348,175 man-hours) without any fatality or lost time injury recorded.

Accumulative Man-Hours for 2016 and 2017

Project	Man-Hours in 2016	Man-Hours in 2017
Gua Musang (Section 3E2), Pahang	914,386	1,805,109
Government Complex, Johor	396,788	-
The Mews, Kuala Lumpur	2,366,077	961,267
Third Avenue, Cyberjaya	2,237,150	1,439,600
KPJ Bandar Dato' Onn Specialist Hospital, Johor	1,024,300	855,990
UniMAP, Perlis	192,842	-
Residensi Gen, Kuala Lumpur	20,340	716,191
Eaton Residences, Kuala Lumpur	19,200	240,140
UniSZA Teaching Hospital, Terengganu	30,862	298,774
Central Plaza I-City Mall, Shah Alam, Selangor	163,530	1,023,096
West Coast Expressway, Selangor	-	93,600
TOTAL	7,348,175	7,433,767



DOKA System which served as foundational support for all high-rise buildings

Sustainability Report

(Cont'd)

A total of nine external trainings were carried out for workers and employees at sites while another 20 health and safety-related training sessions were conducted internally.

Innovative Health and Safety Measures at Worksites

For the year in review, the Group took worksite health and safety efforts up several notches by introducing new and innovative measures.

As part of the Group's efforts to safeguard its workers at the Central Plaza i-City Mall project in Shah Alam, it introduced the DOKA scaffolding formwork for the very first time. The Group's substantial investment into this modular system underscores its commitment towards improving work quality, efficiency and above all, worker safety.

To ensure that the installation of the suspended sky bridge linking the two buildings at the Third Avenue project in Cyberjaya was completed without a hitch, the Group engaged a specialist contractor to handle this high-risk job. The Group also set in place more effective life-lines, better fall protection with GI pipes serving as hard barriers, and heavy-duty nets to catch falling objects. A special crew was also tasked with handling safe lifting operations to ensure onsite safety.



Y Columns at the KPJ Bandar Dato' Onn Specialist Hospital project

The year also saw the use of heavy-duty scaffolding for the construction of Y Columns at the KPJ Bandar Dato' Onn Specialist Hospital project and transfer beams at the The Mews, Central Plaza i-City Mall and Residensi Gen projects which served as foundational support for all these high-rise buildings. Again, a specialised team was engaged to provide advice and construct the structures as well as select the special materials for the concreting task.

To ensure the safety of workers at project sites, the Group has begun the upgrading process for scaffolding, catch nets, approved body harnesses, anti-climb railings and basket stretchers. This upgrading will be carried out gradually at all project sites to ensure all sites are equipped with safety equipment that meets the requirement of the various governing bodies. The upgrading exercise has seen or will see the following measures being implemented:

- ✓ Scaffolding – complied with the CIDB Code of Conduct for MS1462-approved scaffolding;
- ✓ Catch nets – currently upgrading from green coloured nets to blue and orange coloured nets which are of a higher grade with thicker and better material;
- ✓ Approved body harnesses – upgraded to the minimum SIRIM-approved standard in the first quarter of 2018;
- ✓ Anti-climb railings – currently replacing GI pipes and net railings with anti-climb steel railings. These will be concreted into the floor to give better protection to works at edges of buildings; and
- ✓ Basket stretchers – these will be utilised in the event any injured personnel need to be transported from high rise buildings to the ground level using a crane. This will enable quick and safe evacuation of injured personnel with minimal impact to the victim.

the Group continues to
focus its efforts
on developing a
sustainable future
for communities

Sustainability Report (Cont'd)



SOCIETY/COMMUNITY

Enriching Communities

PMHB has had a long history of undertaking philanthropic endeavours and it remains fully committed to positively impacting the communities in which it operates. From creating job opportunities, both skilled and non-skilled, to providing monetary support to charity homes in need, the Group continues to focus its efforts on developing a sustainable future for communities. Beginning at a grassroots level, PMHB interacts with local residents, governments, non-governmental organisations and other interest groups to facilitate long-term and beneficial resource development. In 2017, the Group continued to roll out several community-based CR efforts.

The year saw the Group visiting a charity home every quarter where all staff were encouraged to participate in the visits and contribute to the welfare of the following homes:

- ✓ 1Q2017 Persatuan Insan Istimewa, Cheras, Kuala Lumpur (48 participants)
- ✓ 2Q2017 Persatuan Kebajikan Mental Titian Kasih, Petaling Jaya, Selangor (51 participants)
- ✓ 3Q2017 Persatuan Kebajikan Vinashini, Seremban, Negeri Sembilan (43 participants)
- ✓ 4Q2017 Pusat Jagaan Kanak-kanak Down Syndrome and Hyper Active, Klang, Selangor (73 participants)

Scholarship Programme

The Group continues to elevate the wellbeing of communities and promote education through its scholarship programme. The programme aims to assist deserving financially-challenged families to support their children in furthering their higher education. The scholarships are open to undergraduates with excellent results who are currently pursuing their degrees in construction-related studies such as in Civil Engineering, Electrical Engineering (Power), Mechanical Engineering, Architecture or Quantity Surveying. All scholarship applications come in via an online survey form which is first filtered by the Scholarship Committee. Only shortlisted applicants (based on their household income, academic achievements and family background) will be invited to attend the one-time interview with committee members.





Sustainability Report

(Cont'd)

PMHB's help to its scholars does not just stop at their undergraduate education. The Group continues to support them by providing them career paths within the Company related to their respective fields of study. This ensures that when scholars kick-start their careers with PMHB, they can support their families. Since the inception of the scholarship programme in 2008, the Group has sponsored a total of 25 scholars.

PRODUCT RESPONSIBILITY

Upholding Excellence

The Group's companies are committed to continually delivering projects on time, within specifications and within budget. They are also focused on strengthening their management systems and rolling out various quality activities to ensure they remain at the leading edge of their respective fields.

For the year in review, the Group was awarded the Silver Award (Category 4: Public and Institutional) at the PAM Awards 2017 event for its work on the Elections Commissions Tower or Menara Suruhanjaya Pilihanraya project. Moreover, PMHB received the MINO Best Project Award 2017 (Category 1: High Volume Road) from the Road Engineering Association of Asia and Australasia or REAAA for its work on the Gua Musang 3F1 project. These awards are apt testament of the market's confidence in PMHB's capabilities as a reputable construction player.

Other awards and accolades won in previous years are spelt out in the Corporate Milestone section of this Annual Report.

TOWARDS A SUSTAINABLE FUTURE

As PMHB ventures forth, it remains committed to embedding sustainability into its operations and business strategies in a greater measure. The various stakeholders that have oversight for the Group's sustainability agenda will continue to plan, implement and review sustainability measures to ensure that the Group's sustainability agenda aligns with its business strategies and that it delivers a sustainable performance on the EES fronts. Ultimately, the Group's intention is to balance out its good Economic performance with responsible Environmental and Social considerations for the long-term.