



PESONA METRO HOLDINGS BERHAD
Registration No. 201101029741 (957876-T)



PASSION STRATEGY GROWTH

SUSTAINABILITY REPORT

2019

Sustainability Report

In line with Pesona Metro Holdings Berhad's commitment to upholding the agenda of sustainability, we continue to embed a sustainable business model that is ensuring the efficiency of our operations as well as safeguarding the interests of our internal and external stakeholders. Our goal is to continue operating in a sustainable manner to deliver holistic, long-term value to our stakeholders, inclusive of society, while preserving the environment.

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 Securities"). The Group's principle activities entail civil engineering, building construction, river rehabilitation and beautification, the manufacturing-cum-trading of building-related materials, and concessionaire activities.

PMHB remains committed to creating long-term shared value for its stakeholders while developing a sustainable future for the Group. It continues to achieve this by implementing responsible and sustainable management practices on the Economic, Environmental and Social or EES fronts. Through ensuring sustainable progress across the Group's operations, PMHB is creating the momentum for its businesses to strengthen their operational efficiencies and deliver long-term value.

Sustainability Report (Cont'd)

SCOPE AND BOUNDARY OF THIS REPORT

This, PMHB's fourth Sustainability Report ("Report"), provides coverage of the key activities carried out by the Group to address the material EES aspects highlighted through engagement with internal and external stakeholders. The Group is committed to preserving the highest level of transparency and accountability in this Report, and to employing best practice standards in its reporting endeavours.

Reporting Period

1 January 2019 – 31 December 2019.

Reporting Cycle

Annually.

Business Entity Covered

The scope of this Report only encompasses the activities of Pesona Metro Sdn Bhd ("PMSB"), the construction arm of PMHB, as it is the main contributor to the Group generating 96% of its turnover. It does not include the activities of PMHB's other subsidiaries but only 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.

Guidelines

This Report aligns with and complies with Bursa Securities' Sustainability Reporting Guide.

Report Content

The contents of this Report focus on the significant material matters which are material or important to PMHB's stakeholders. This Report abides by the rules and regulations of the related local authorities. It is to be read in conjunction with the rest of PMHB's 2019 Annual Report, which highlights other financial and non-financial aspects of the Group's business. This Report 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.

Methodology

As in previous years, the various aspects and concerns featured in this Report were proposed by the Executive Committee, approved by the Board of Directors and executed by the Working Committee.

PMHB's Sustainability Journey

For decades now, PMHB has held in high regard its commitment to operating as a responsible corporate citizen. With the introduction of Sustainability Reporting by Bursa Securities in 2016, the Group began to progressively and systematically put in place a Sustainability Framework as well as realigned its business activities to ensure a sustainable business and future for its stakeholders. The Group's efforts to date demonstrate that it is serious about embracing sustainability-related compliance in a more rigorous manner as well as embedding the relevant sustainability components that will strengthen its focus on operational efficiencies, cost savings, enhanced revenue generation and innovation for the long-term.

Sustainability Report

(Cont'd)

Sustainability Themes

The Group continues to incorporate the following sustainability themes across the length and breadth of its operations.

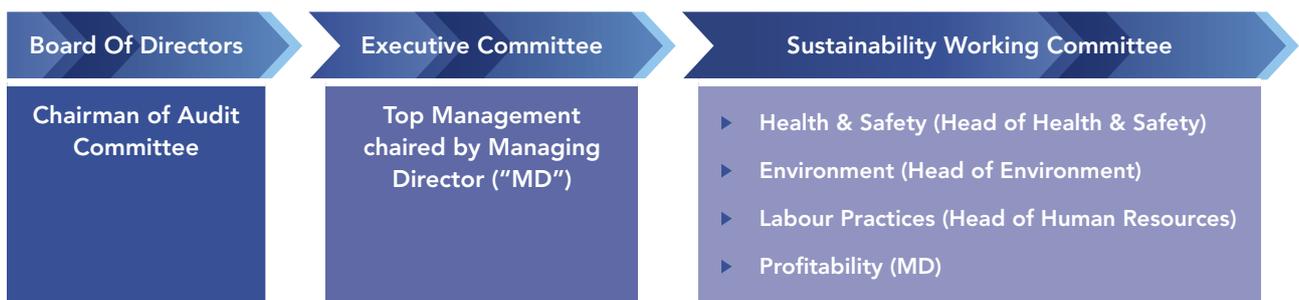
Health & Safety	PMHB continues to prioritise the health and safety of the Group's employees and the public. It is our responsibility to ensure the good health and safety of our employees and the people within the vicinity of our project sites. To this end, we are continuously upgrading our equipment and ensuring that our safety, health and environmental practices comply with regulatory requirements.
Environment	The Group is highly aware of the impact that its projects may have on the environment. Being a conscientious contractor, PMHB views the environment as being "close to our hearts" as we have direct contact with the soil, plants, air, water bodies and animals. As these are all exhaustible resources and crucial to the survival of mankind, we approach all environmental matters with the utmost care. It is our duty to perform our daily operations with great awareness and sensitivity towards Mother Nature so as not to cause any imbalance in the scheme of things that may negatively affect people or the environment.
Labour Practices	PMHB's inclusive human resource practices ensure that all employees and workers, be they contractual or permanent, are treated fairly and justly despite our highly diversified demography in terms of nationality, race, religion and gender. We also endeavour to achieve a good work-life balance to ensure the physical, mental and emotional wellbeing of our people.
Profitability	As a responsible business, PMHB exists to generate profits and value as well as to ensure the long-term, sustainable growth of its businesses. To this end, we are determined to keep to our promise of delivering excellent products within the stipulated budgets and timeframes.

SUSTAINABILITY GOVERNANCE

As part of its efforts to ensure the Group's sustainability reporting is being undertaken and monitored in accordance with high governance standards, as well as to ensure transparency and accuracy in its sustainability reporting, the Group continues to uphold the following governance structure:



Group Sustainability Governance Structure



Sustainability Report (Cont'd)

The roles and responsibilities of the Board of Directors and the various committees are spelt out below:

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

Board of Directors

PMHB's Board of Directors ("Board") acknowledges the importance of pursuing an agenda that upholds good and consistent EES practices. The Board remains committed to investing in measures that promote the sustainable growth of the Group's businesses and which will create long-term value for shareholders.

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

“PMHB's Board is committed to investing in measures that promote the sustainable growth of the Group's business which will create value for shareholders.”



The Board of Directors of PMHB are tasked with the responsibility for evaluating and incorporating the relevant sustainable material matters into the Group's business strategy.

Sustainability Report (Cont'd)



The Group's employees attended the Kursus Pemeriksaan & Penilaian Bangunan organised by UITM and JKR to keep themselves abreast of the latest industry practices.

Executive Committee

The Executive Committee is led by the Managing Director ("MD"), who reports the findings and progress of the Group's sustainability development efforts to the Board. Supported 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 Report and Policy, setting sustainability objectives and targets, identifying internal and external stakeholders, as well as prioritising all material matters in relation to the EES aspects of sustainability reporting.

Sustainability Working Committee

PMHB's Sustainability Working Committee was established in 2018. Its members are selected based on the relevance of their roles to the Group's sustainability material matters. The duty of the committee is to ensure that the Group's sustainability targets are attained in line with the group-wide implementation of policies and best practices. All of the committee's findings are shared at quarterly reviews where any gaps between the targets and the results are subsequently finetuned.

While the Group's sustainability governance structure is adequately framed for now, it 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 90 to 92 of this Annual Report.

Sustainability Report

(Cont'd)

STAKEHOLDER ENGAGEMENT

A fundamental component of PMHB's sustainability strategy is its engagement with its stakeholders. As PMHB's businesses and markets evolve, it finds itself engaging with an increasing number of different stakeholder groups. As such, the Group is committed to developing and bolstering its ties with its stakeholders as part of its efforts to reinforce its position as a stakeholder-centric organisation. The Group's stakeholder engagement takes place regularly and is frequently in line with the project development process that runs throughout the project life cycle. Through regular interaction with its stakeholders, the Group ensures that the interests and expectations of its stakeholders are being addressed in an accurate and timely manner.

To help PMHB cater to stakeholder needs in the most appropriate manner possible, the Group has identified and categorised its stakeholders into groups based on their direct and indirect impact on the Group's business and supply chain as well as vice-versa. The Stakeholder Engagement Matrix below outlines stakeholders' expectations as well as the methods by which PMHB engages with them and meet their expectations:

Stakeholder Engagement Matrix

Stakeholder	Stakeholder Expectations	Engagement Methods	How We Meet Our Stakeholder's Expectations
Clients	<p>Project to be completed on time, within budget and good quality.</p> <p>Full compliance with authorities' rules and regulations with minimal penalties or summons.</p> <p>Zero fatalities.</p> <p>Proper project management and communications.</p>	<p>Progress meeting (fortnightly).</p> <p>Site walk with client (ad hoc).</p> <p>Client satisfaction survey (upon completion of the project).</p>	<p>QLASSIC score of 73% and above.</p> <p>Submission of monthly progress reports on time.</p> <p>Achieve a minimum 80% client satisfaction rate.</p> <p>All correspondence to be answered within 24-48 hours.</p> <p>Always assign a point of contact for clients e.g. Project Manager or Contract Manager.</p>
Authorities & Regulators	Compliance with rules and regulations.	<p>Site inspections.</p> <p>Audits.</p> <p>Accreditation.</p> <p>Training sessions.</p>	<p>Weekly internal site meeting and site inspection on HSE issues, 5S methodology, GBI matters to ensure compliance.</p> <p>Regularly attend trainings/seminars/conferences/discussions to improve work methods and get updates on new regulations.</p>

Sustainability Report

(Cont'd)

Stakeholder Engagement Matrix

Stakeholder	Stakeholder Expectations	Engagement Methods	How We Meet Our Stakeholder's Expectations
Employees	<p>Attractive pay-out and job security.</p> <p>Career development and progression.</p> <p>Good HSE practices.</p> <p>Fair and equal treatment.</p>	<p>Annual Staff Survey.</p> <p>Annual Appraisal.</p> <p>Staff activities.</p>	<p>CSR activities to encourage off-site relationships with stakeholders.</p> <p>The operation of a transparent and fair rewarding mechanism based on merit.</p> <p>Regular updates on Group-related news and progress via the Group intranet.</p> <p>Feedback on the matters raised by staff via all the engagement activities to assure them that the Group cares and will act upon the requests/concerns which are deemed right for the Group.</p> <p>Festive celebrations and annual dinners.</p>
Business partners (suppliers & sub-contractors)	<p>Timely payment.</p> <p>Fair and transparent procurement processes.</p> <p>Safe work sites.</p>	<p>Toolbox meetings.</p> <p>Weekly meetings.</p> <p>Transparent tender processes.</p> <p>Suppliers & sub-contractors evaluation.</p>	<p>Achieve a minimum of 75% in Grade C and above rating for supplier evaluations.</p> <p>Achieve a 75% in Grade B- and above rating for sub-contractor evaluations.</p> <p>Factory/warehouse visits.</p> <p>Hand-holding training sessions for workers.</p>
General Public & Community	<p>Responsible corporate citizen.</p> <p>Transparent and timely information.</p>	<p>Corporate website.</p> <p>Feedback platform.</p>	<p>An updated website with the latest information made available to all.</p>
Media	<p>Timely and transparent financial and corporate information.</p>	<p>Press conferences.</p> <p>Corporate website.</p> <p>Press releases.</p>	<p>Meetings with the Media after the AGM.</p> <p>Press releases uploaded on the website for easy access by the Media.</p>

Sustainability Report

(Cont'd)

STAKEHOLDER PRIORITISATION

While the Group considers all its stakeholders important, it prioritises how it deals with different stakeholder groups. Following a stakeholder prioritisation exercise, stakeholders were divided in two categories with the determining factors being how dependent the stakeholder group is on the Group and how these stakeholders' influence the Group. The findings were tabulated as follows:

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
Competitors	1	2
Bankers	1	4
Media	1	2
Community	1	1

Subsequent to the stakeholder prioritisation exercise, the findings were incorporated in a Stakeholder Prioritisation 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. Stakeholder selection was decided based on the assumption that their opinions and views are important for the advancement and development of the Group.

Stakeholder Prioritisation Matrix

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

Sustainability Report (Cont'd)

MATERIAL MATTERS

To garner detailed insights into the sustainability or EES-related topics that the Group's external and internal stakeholders deem most important, the Group leverages on materiality analyses. By identifying the sustainability topics that are most material or most important to stakeholders, the Group can determine the best manner in which to address them. Material topics are defined as those issues which have a direct or indirect impact on the Group's ability to create, preserve or erode EES value for the Group, its stakeholders and the community. Stakeholders' expectations on EES matters are gathered through various engagement methods including face-to-face meetings, surveys, feedback and a brief analysis of our peers' practices.

The Group undertook two materiality analyses in February and December 2018 respectively. This involved a survey via Google Forms which was sent to stakeholders within the High-Dependency and High Influence category, namely the Group's employees, customers, suppliers, sub-contractors, regulators and authorities, consultants and bankers. The parameters of the survey are outlined below:

Parameters of Survey

Stakeholders	Parameters
Clients	Existing and past clients who have engaged the Company in jobs - both private and public organisations.
Authorities & Regulators	Governments, local councils, the Construction Industry Development Authority or CIDB, SIRIM, the Fire Department, and the regulators for Green Building Index (GBI) certification.
Consultants	Professionals who have a direct influence on the Company's operations including architectural, structural, electrical, mechanical, and landscaping professionals.
Employees	Permanent, contractual and interns; locals and foreign workers.
Business partners (suppliers & sub-contractors)	Product and service providers.
General Public & Community	People living/working within a 5 km radius of our workplaces; Other non-governmental organisations (NGOs) with influence.
Bankers/Financiers	Financing bodies that conduct monetary transactions with the Company.

The results of the December 2018 survey led to the development of the Materiality Matrix below which in turn determined the Group's 2019 Sustainability Roadmap.

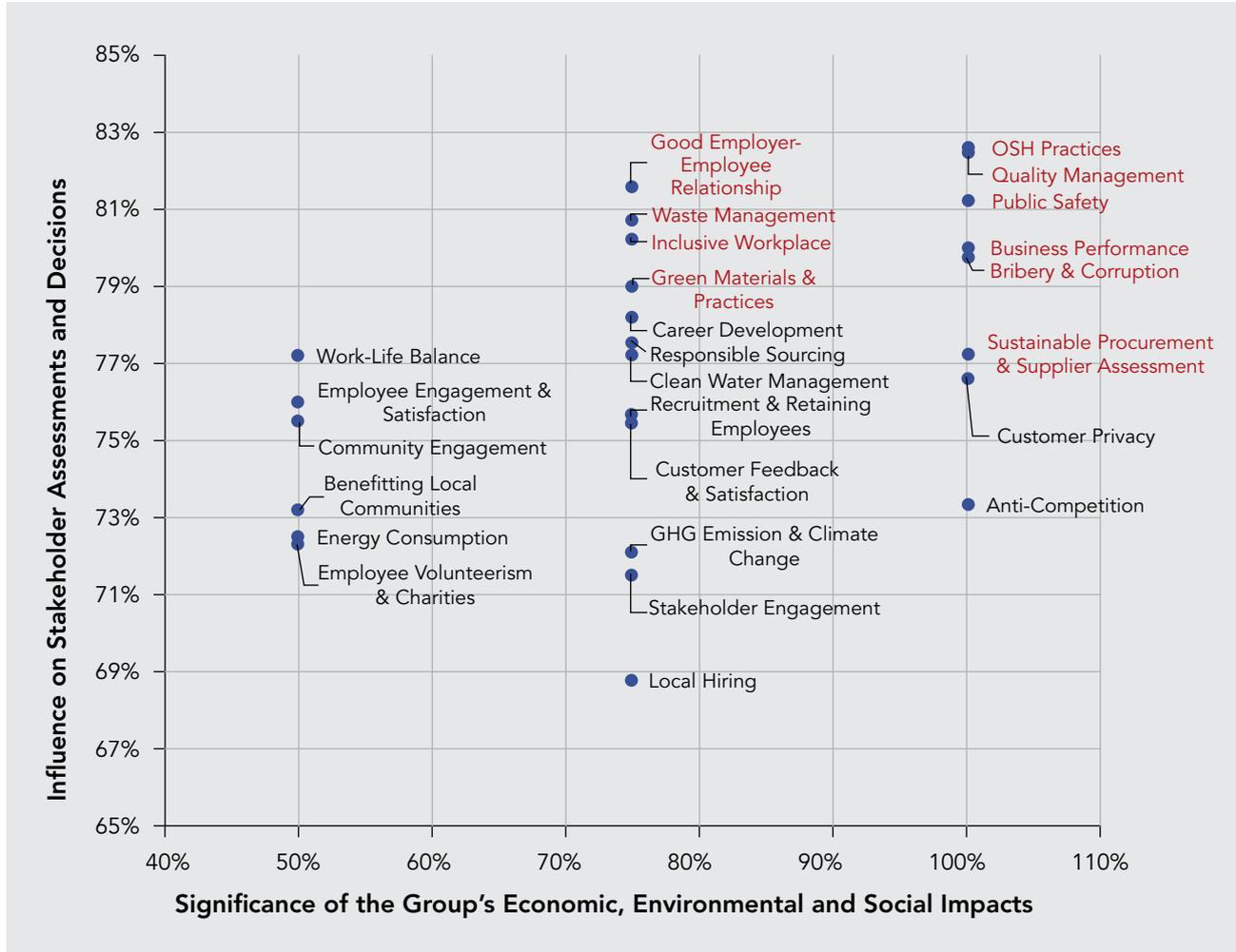
“By identifying the sustainability topics that are most material or most important to stakeholders, the Group can determine the best manner in which to address them.”



A typical site walk by PMHB Managing Director Mr. Wie Hock Beng and the respective project team.

Sustainability Report (Cont'd)

EES Materiality Matrix



UPHOLDING GOOD ECONOMIC PRACTICES

Strategic Direction

PMHB continues to finetune the direction of its core businesses in order to ensure the Group's sustainable growth. The Group is continually evaluating the ever-changing nature of the economic and industry climates in which it operates and will continue to maintain some flexibility so it can adapt to such changes. For insights into the Group's overall strategic direction plus its financial and operational performance, please refer to the Management Discussion and Analysis section within this Annual Report.

Sustainability Report

(Cont'd)

2019 HIGHLIGHTS: SUSTAINABILITY TARGET & ACHIEVEMENTS

2019 Sustainability Roadmap (Targets and Achievements)

Health & Safety		Labour Practices		Environment		Product Quality	
Target	Achievements	Target	Achievements	Target	Achievements	Target	Achievements
Zero Fatalities	√	Annual Staff Survey	√	Allowable Construction Waste	√	QLASSIC 73%	√
Zero Lost Time	√	3 Major Festive Celebrations	√	Steel 7%	√	80% Customer Satisfaction	√
Zero Restricted Work Cases	√	14 Hour/ Staff Training	√	Concrete 5%	√	75% Sub-Cons Grade B	71%
Zero Stop Work Orders	√	4 CSR activities	√	Timber 10%	√	75% Supplier Grade C	√
		Internship	√	Zero Styrofoam Food Packaging (Apr-Dec 2019)	11.1%		
		8 Scholarships	√	Zero Environmental Summons/ Notices	√		

The detailed achievements for all the sustainability themes are spelt out in the respective sections of this Sustainability Report.

Strengthening the Market Ecosystem

The Group recognises that the key to achieving sustainable growth is to engage in marketplace activities that will help it to establish connections at every level across the supply chain, from its suppliers to its customers. The Group also believes in investing its resources in initiatives that will help to create value and enrich the diverse social and industrial circles in which it operates.

PMHB continues to focus much of its marketplace efforts on the construction sector via subsidiary PMSB, which is also the largest contributor to the Group's revenue. While the domestic construction industry experienced substantially slower growth of 0.1% in 2019 from 4.2% in 2018, it remains an important contributor to the nation's economic growth.

Sustainability Report (Cont'd)

From a workforce of 20 employees some two decades ago, PMHB's workforce today comprises approximately 400 employees. Aside from its own employees (both permanent and on a contract basis), the Group continues to employ 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.

Aside from employing local workers, the Group like other construction groups is doing its bit to support trans-border employment. The construction industry is a labour-intensive industry which provides jobs to locals and the residents of neighbouring countries. According to the Malaysian Construction Industry Development Authority or CIDB, there are currently 420,000 foreign workers in the construction sector who are registered with the Malaysian Immigration Department. As locals are unwilling to fill positions which they deem as low-skilled work, these tasks are typically made available to skilled blue-collar labourers from neighbouring countries who comprise the bulk of workers in Malaysia's construction labour force.

There is also an indirect positive impact on the local economy when construction companies support local SMEs through making purchases of raw materials as well as support local communities by providing jobs in the vicinity of their project sites. The domestic economy also benefits when construction companies undertake prudent procurement processes which leads to healthy competition in the market. Today the Group is doing its bit to support the domestic economy by prioritising local suppliers when it comes to sourcing for raw materials such as cement, steel and timber. This practice has proven to be mutually beneficial as it not only opens up opportunities and generates wealth for local producers, it also makes the Group less dependent on foreign suppliers and mitigates the risk of external macroeconomic factors to some extent. PMHB is helping to grow and support the domestic construction industry through utilising new methodologies in its projects.

Transparent Marketplace Practices

The construction industry is a highly regulated industry as it involves not only the health and safety but the very lives of construction workers as well as the occupants of buildings. As a public listed company, PMHB is today governed by the Main Market Listing Requirements ("MMLR") of Bursa Securities; as a member of the CIDB it is governed by the CIDB's regulations and standards; and as a certified practitioner for specific Malaysian standards, it is subject to audits by SIRIM.

In all that it does, PMHB is committed to upholding practices, values and policies that help it to establish transparency in all its dealings while promoting good market behaviour. Being a conscientious corporate citizen, PMHB upholds zero tolerance towards bribery and corruption. We are currently formulating a Zero Tolerance Policy which will be incorporated into the Group's Employee's Handbook by June 2020. Since 2019, the Group's stance against white-collar crime has been made clear to all new employees during the PMHB Induction Programme so that new employees clearly understand the Group's position in the fight against this social ill.

Today, the Group has implemented these policies in its fight against unethical practices:

- A Code of Conduct underscoring the Group's approach towards 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. This is published in the Group's Annual Report, while the Board Charter is published on its website;
- The Open Tender Policy which 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; and
- The 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. The Whistleblowing Policy is spelt out in our Employee's Handbook while the general public can access this on our website at www.pesona.com.my.

The Group continues to keep abreast of changes in the regulatory environment to ensure it has an up-to-date and comprehensive governance framework in place. Come 1 June 2020, Section 17A of The Malaysian Anti-Corruption Commission ("MACC") Act 2009 takes effect. This piece of legislation introduces corporate liability for corruption and imposes personal liability on directors, controllers and management even as Malaysia takes major steps to address the problem of corruption among corporations which has led to huge economic costs for the nation. In response to this, the Board has looked into potential areas of risk as well as introduced the necessary measures to ensure compliance. In 2019, the Group began to incorporate its new Anti-Corruption Anti-Bribery Policy and Procedures into its Code of Conduct in accordance with Bursa Securities' MMLR and in compliance with the MACC's Section 17A ruling.

Sustainability Report (Cont'd)

Recognised for Our Commitment to Excellence

The Group continues to be acknowledged for its commitment to upholding excellence. In 2019, the Central Spine Road Package 3E2 project emerged as the Champion of Jabatan Kerja Raya Malaysia's Excellent Contractor Award in the Infrastructure category. This award underpins the market's continued confidence in the Group's capabilities and track record as a reputable construction player.

UPHOLDING GOOD ENVIRONMENTAL PRACTICES

Education and Awareness Programmes

PMHB is committed to protecting the environment via its conscientious efforts to make its operations and businesses 'greener'. As a responsible industry player, the Group believes that the success of its endeavours lies in the values it upholds throughout every aspect of its operations. To this end, PMHB continues to roll out several programmes and initiatives that serve to educate its people, especially its employees, workers, sub-contractors and suppliers as well as to create awareness on the importance of environmental conservation. The following are some of the educational activities that the Group conducted throughout 2019:

Green 5S Practices

PMHB continues to champion 5S practices as one of the pioneers of this workplace organisation methodology in the construction industry. The 5S methodology helps us to ensure that the Group's project sites are kept organised, clean and free of hazardous incidences. Since 2017, all the Group's projects have been audited by the SIRIM Green 5S team for their relevant Green 5S practices. In 2017, the Group's The Mews project site was the first of its sites to achieve a Zero Non-Conformance Report under SIRIM's Green 5S Audit.

Effective 2019, PMHB replaced its annual 5S Talk with the 5S Induction Programme for new employees. This change follows a vigorous two-year 5S education programme which saw 5S Talks conducted at Headquarters ("HQ") and project sites for the benefit of all employees while workers at new project sites were required to attend a 5S Talk at the beginning of each project lifecycle.

Under the ambit of 2019's revamped 5S Awareness Campaign, the Group conducted a total of five 5S Induction Training sessions and 5S Awareness Training at two sites. We also organised 86 Weekly 5S Site Coordination and Surveillance sessions as well as 12 HQ 5S Monthly Audit sessions. In total, our 2019 campaign saw a total of 3,435 employees receiving 5S education. This number included the workers from our own operations and from our sub-contractor teams. Meanwhile, SIRIM Green 5S training was conducted by SIRIM at three sites at two sessions per site.



Various environmental efforts were put in place at all our project sites over the course of 2019.

Sustainability Report (Cont'd)



SIRIM Green 5S training for the project team at Eaton Residences.



ISO45001:2018 training for heads of departments and projects which was carried out at PMHB's HQ.

In addition, the Group's 5S efforts are kept in check and balance via the SIRIM Green 5S Audit. Through the audits, we have been able to register a year-on-year increase in the number of Zero Non-Conformance reports at our project sites. We are proud to say that these accomplishments have set a new standard in the construction industry. The following table highlights the SIRIM Green 5S Audit achievements at some of PMSB's project sites:

5-Year SIRIM 5S External Audit Results

Year of Audit	Project Sites	Number of Non-Conformance Reports	Number of Issues Under Observation
2015	UNIMAP, Perlis	3	23
	The Mews, Kuala Lumpur	3	24
	Third Avenue, Cyberjaya	4	35
2016	The Mews, Kuala Lumpur	0	13
	Third Avenue, Cyberjaya	2	11
	KPJ Bandar Dato' Onn Specialist Hospital, Johor	5	13
2017	Residensi Gen, Kuala Lumpur	0	3
	Central Plaza i-City Mall, Selangor	0	6
	Gua Musang Seksyen 3E2, Pahang	3	9
2018	UniSZA, Terengganu	0	5
2019	Eaton Residences, Kuala Lumpur	0	10
	Lot 15 SJCC, Selangor	3	17
	Conlay 301, Kuala Lumpur	0	18

Due to effective implementation of Environmental and 5S practices at site, we have achieved an improved Green 5S performance.

Environmental Talks

As part of its ongoing environmental preservation efforts, the Group conducts quarterly refresher courses and update sessions with its project teams to ensure that the Group is in full compliance with all regulatory requirements. It has also put systems in place to enable it to operate in a more holistic manner in its role as a good practitioner.

Sustainability Report (Cont'd)

The following table highlights the number of in-house environmental talks that the Group conducted for its employees between 2017 and 2019:

	2017	2018	2019
Environmental Talks during EMS Internal Audits at Project Sites	6	5	7
Environmental Talks during EMS Internal Audits at Headquarters	4	1	4
Induction Programme (EMS Session) – introduced in Nov 2018	NA	1	5

These were among some of the topics that were discussed during the year in review:

- The importance of recycling materials (i.e. paper, plastic bottles, aluminium cans, card boxes, etc.) at offices and construction sites;
- The importance of minimising construction materials (i.e. concrete, timber, rebars and plywood timber) wastage at construction sites;
- The importance of conserving resources such as paper from trees and the need to mitigate deforestation and global warming brought on by high CO₂ levels in the atmosphere;
- The importance of conserving energy resources i.e. electricity and portable water consumption to minimise the effects of global warming resulting from the burning of fossil fuels for electricity generation and water processing;
- The importance of minimising environmental pollution contributed by construction site activities i.e. water pollution, air quality degradation, etc.; and
- The importance of sustainability in construction by replacing conventional construction practices with environmental-friendly methods such as the use of system formworks including DOKA, Plytech, aluminium formworks, etc.

PMHB also organised environmental talks at its induction sessions to highlight the Group's culture and perspectives on preserving the environment and upholding 3R activities. In 2019, PMHB carried out its Zero Styrofoam Food Packaging Campaign as a follow-up activity to Management's waste minimisation efforts in the previous year. That activity involved the distribution of reusable food and beverage containers to all employees and workers. As Styrofoam material is non-biodegradable, and is one of the most commonly item used for take-away food orders, PMHB has stepped up its Styrofoam food packaging usage among its workers and employees by educating everyone to pack their food using reusable containers instead of Styrofoam food packing boxes. The environment awareness campaign was carried out via the following channels:

- Induction Programme – Environment (5 sessions);
- EMS Internal Auditor Training (1 session); and
- EMS Internal Audits (7 at sites and 1 at HQ).



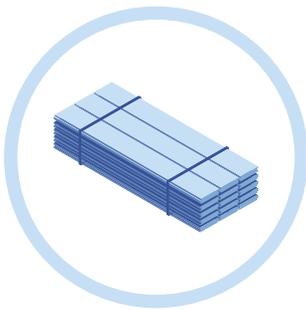
An EMS session carried out at one of the Induction Programmes for the new employees.



Zero Styrofoam Food Packaging Campaign was carried out at all sites in 2019.

PMHB also organised environmental talks at its induction sessions to highlight the Group's culture and perspectives on preserving the environment and upholding 3R activities.

Sustainability Report (Cont'd)



Materials Management

The majority of PMHB's site-based environmental efforts revolve around its materials management programme which focuses on minimising wastage from construction activities. The respective project site teams also strive to ensure that all construction materials are properly budgeted in terms of the total quantity needed for the project and that all access construction materials are recycled on a monthly basis. Not only does this decrease wastage and lessen the considerable resources required to dispose of the waste, the decreased landfill input contributes to an increase in the Group's profit margins.

Raw Materials Management

All raw materials used by PMHB are sourced locally and are in proportion with the number of projects being carried out. For the purposes of this Report, we will focus on the three main construction materials which make up 80% of the Group's raw materials.



A typical concrete casting in progress at project site.

The following is a tabulation of the raw materials purchased over the past three years:

	2017	2018	2019
Steel Bar (tonnes)	14,055	9,681	18,487
Concrete (m³)	152,278	114,165	188,944
Timber (tonnes)	712	716	1,159

In 2019, there was an increase in the amount of materials utilised as nine out of eleven projects had reached their peak stage of the construction life-cycle. To help monitor usage, the Group set a target for the maximum amount of allowable wastage to ensure the efficient reduction of construction waste.

The following table portrays the amount of waste generated from the Group's seven ongoing projects in 2019. Three additional projects that are nearing completion have been excluded from this table as they will not have a significant landfill contribution at the architectural stage.

	Target/Allowed Wastage	Actual Wastage
Steel Bars	7%	3.57%
Concrete	5%	3.29%
Timber (with a 4-time lifecycle)	10%	5.19%

Since the materials management programme began, the Group has registered good results. Moving forward, the programme will continue to be reviewed and developed to enable the Group to achieve better results. The Group's success in lowering its materials management percentage is due to the greater commitment from the site management teams. These teams have been continuously monitoring the construction materials wastage output on a monthly basis and taking the necessary control measures to mitigate any wastage. Their continuous efforts have resulted in greater yields in terms of construction materials wastage being minimised.

Sustainability Report (Cont'd)

Utilities Management

Aside from the management of construction materials, the Group closely scrutinises the consumption of utilities at all its project sites. These utilities include diesel, petrol, water and electricity, all of which are essential for the day-to-day running of operations at construction sites. The management of the Group's utilities is in line with its commitment towards reducing its carbon footprint linked to the usage of these resources.

Other than using water mainly for drinking and washing, the Group fully utilises rain-water, via rain-water harvesting methods, for cleaning purposes. This water is further recycled where possible, to clean tyres, among other things. The amount of potable water used at each site is determined by the number of workers residing at the site, which means that peak usage is usually recorded around mid-stage of construction.

Water Usage (m³)

	2018	2019
Project Sites	403,256	94,728
Headquarters	1,610	1,754

Diesel is often used at all the Group's sites to operate machinery before an electricity supply is established. It is common, however, to see a reduction in the amount of diesel utilisation towards the end-stage of the construction cycle. This takes place when access to electricity is made available and fully utilised at the site.

Diesel Usage (litres)

	2018	2019
Project Sites	1,197,298	656,640
Headquarters	9,893	9,120

Electricity Usage (kWh)

	2018	2019
Project Sites	2,024,311	2,464,521
Headquarters	142,056	142,885

Vehicles ferrying workers and employees to and from the Group's sites mainly utilise petrol as fuel. Although the quantity of petrol used is significantly smaller as compared to that of other utilities, petrol is still included in this Report as it ultimately contributes to the Group's carbon footprint.

Petrol Usage (litres)

	2018	2019
Project Sites	61,521	67,726
Headquarters	89,927	89,616

PMHB's Efforts to Mitigate its Carbon Footprint

As part of PMHB's efforts to mitigate its carbon footprint it has been focusing its efforts on improving the efficiency of its site machinery, plant and equipment through more effective site management, work planning and coordination. All these measures have led to better energy efficiency at its work sites. The specific measures to date include:

- Replacing old plant assets with new tower cranes, passenger hoists, static concrete pumps and electrical generators;
- Implementing a well-maintained fleet (plant and machinery) programme including an effective scheduled maintenance programme for its fleet of mobile cranes, manitou, forklifts, bobcats, air compressors, water pumps, sand/mortar pumps, and electrical appliances, among others; and
- Replacing diesel-based electrical plant and machinery with assets running on electricity to reduce their carbon footprint. Although PMHB registered a 22% surge in electricity usage at its project sites following the change from diesel-operated plant and machinery to electrical equipment, its carbon footprint emissions dropped by 33%.

Sustainability Report (Cont'd)

Waste Management

The Group's waste management measures extend beyond its construction activities. It has implemented several initiatives to curb the generation of general waste across the board. The Group's Waste Management Programme aims to:

- Minimise formwork wastage (by recycling formworks or using alternative non-traditional formworks which are recyclable);
- Minimise packaging waste resulting from products purchased;
- Minimise rework as it is a cost to the Group in terms of material waste (due to hacking) and is also a waste of time and effort;
- Minimise materials damage due to negligence; and
- Minimise the quantity of unused materials and wrongly-ordered materials which cannot be returned/ reused due to their specifications.

A more detailed narrative of each of these initiatives is spelt out below:

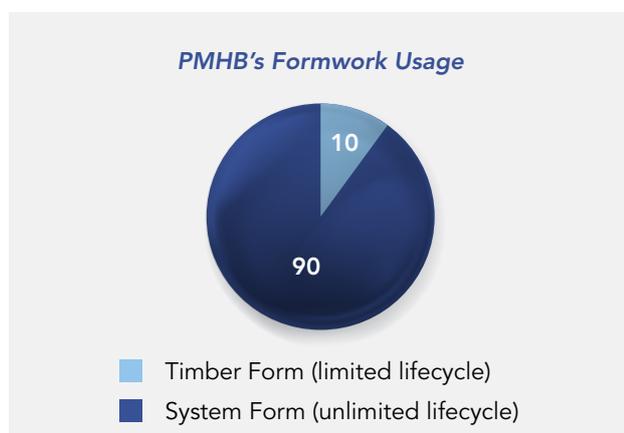
Waste Management Targets and Programmes

Minimising Formwork Wastage

As a result of the high percentage of timber wastage due to the manufacturing and short-term usage of conventional formworks, the Group has opted to use proprietary-type system formworks such as table-forms, jump-forms and aluminium forms. These forms can be reused for longer periods and can drastically reduce the amount of generated wastage. The Group will still continue to use timber formworks in the event that flexibility is required for structures which are not uniform.

Optimising Formwork Usage

In 2019, the Group achieved 90% system formworks usage at all its sites in comparison to 80% in 2018. This stems from its long-term efforts to invest in fixed assets including system formworks to reduce the usage of timber formworks (which currently make up the remaining 10% of total formwork) at the Group's sites.



Proper handling of Scheduled Waste at a designated area at project site.

Minimising Packaging Waste

Some 60% of construction waste is made up of protective packaging from building materials such as ceramic tiles, sanitary wares, aluminium works, clay bricks and sand bricks, among other things. The waste generated from this protective packaging typically includes timber pallets, timber crates, cardboard boxes, plastic wrappers and metal strips which often end up in landfills. In order to get the most out of these materials, the Group re-purposes them into other products such as temporary walling systems, walkways, temporary low-fencing and road barriers at its sites.

Sustainability Report

(Cont'd)

Minimising Rework

As part of the Group's efforts to strengthen its efficiency by decreasing wastage, the Group has focused its efforts on reducing the probability of rework in the construction process due to the misinterpretation of construction blueprints. To this end, PMHB has integrated innovative technologies such as Building Information Modelling ("BIM") and Virtual Design and Construction ("VDC") into its workflow to examine, analyse and detect errors prior to the construction of any project. The use of BIM and VDC technologies has led to the reduction of rework activities, thus leading to better cost and time management of projects. To date, the Group has in place a BIM Team headed by a BIM Manager.

With three of the Group's current projects leveraging BIM, this has greatly minimised errors when translating the drawings from digital format to physical construction work. It has also resulted in smaller amounts of rework activities and construction waste.

Minimising Instances of Damaged Materials

Another unnecessary expense that the Group seeks to eradicate is the cost of replacing and removing materials that have been damaged at construction sites due to mishandling or improper storage. To minimise incidents of materials being accidentally damaged, the Group has implemented the 5S system to ensure the proper storing of materials. This involves the following activities:

- The use of prefabricated steel frames to store steel bar bundles which helps prevent corrosion when they encounter moisture from the ground;
- Proper designation of boxes/areas for the storing of scaffolding components such as joint pins, swivel clamps, jack bases, u-heads, cross bracing, catwalk platforms and frames. Boxes are also placed on every floor to enable workers to return the unused smaller components in a convenient manner so that they do not get misplaced;
- The tagging of fragile materials and storage of materials with expiry dates which are organised according to their dates in a 'first-in, first-out' order.

Recycling Efforts

In 2019, the Group continued to undertake waste management and recycling activities at its project sites and at its HQ. The project sites continued to prioritise proper recycling with recyclable items being transported to recycling centres, while HQ continued to partner with NGOs to recycle paper, glass, plastics and waste collected from employees' homes and HQ.

Results of 2019 Recycling Efforts (kg)

	Headquarters			All Project Sites		
	2017	2018	2019	2017	2018	2019
Carton Boxes/Cardboard	5,477	6,687	4,222	9,469	9,333	13,974
Plastics & PVC	1,037	883	343	3,429	2,297	8,812
Metal/Aluminium/Iron	0	0	20	973	547	624
Others (shredded paper, glass, unused film)	9	1,699	2,852	51	116	1,705

The Group's endeavours to minimise the waste generated from construction activities saw its sites reuse and recycle construction waste before directing them to the designated landfill. The Group also took the necessary measures needed to upskill its workers to minimise the need for rework which wastes more resources. The Group also undertook proper storage and handling of materials in order to lengthen their lifecycle as well as implemented a plan-ahead material order system in terms of size, quality and standards to minimise instances of wrong orders.

Sustainability Report (Cont'd)

Apart from recycling efforts at the Group's project sites, HQ also encourages staff to bring recyclable items from home to be recycled responsibly instead of being discarded as rubbish at landfills. This has certainly helped cultivate a culture of responsible recycling among our employees. In 2019, there was an increase in the items sent for recycling due to a concerted effort by project site and HQ employees to gather recyclable items to be sent to recycling centres for proper disposal.

Pollution Control and Management

As part of the Group's commitment to reduce its carbon footprint and uphold regulatory requirements, it appoints an Environmental Consultant to formulate an Environmental Management Plan ("EMP") for every project prior to the commencement of the project. The consultant is tasked with oversight for the EMP covering the monthly monitoring system for water quality, air quality, noise levels and vibrations to ensure that the activities carried out comply with the Department of Environment's requirements.

The Group has also introduced several environmentally friendly and contamination preventive measures to bolster its construction practices relating to its environmental performance. These measures include metal drip trays for oil leakage protection, grease/oil interceptors at all canteen and kitchen facilities, proper Imhoff tanks for toilets, water browsers to reduce air particulate, and the use of water jets and wash troughs to clean lorries and the tyres of other vehicles.

Our Commitment to Implementing Good Environmental Management Systems

The Group, via PMSB, is fully compliant with the ISO14001:2015 standard, the latest International Standard for Environmental Management Systems ("EMS"). Following this upgrade from the previous ISO14001:2004 standard, PMSB is placing greater emphasis on the following EMS formulation processes which are in line with the new sustainable development formulation approach of the ISO 14001:2015 standard:

- **Strategic Environmental Management Planning:** PMSB has increased the role of the strategic planning process by focusing on actions that revolve around mitigating risk and capitalising on opportunities. The planning process now includes identifying risks and opportunities related to environmental aspects, compliance obligations and other issues that are driven by the business context, including the needs and expectations of our internal and external stakeholders;
- **Risk-Based Thinking:** By applying risk-based thinking, PMSB is able to prioritise actions that can reduce environmental impact;
- **Leadership:** PMSB has appointed key people to take the lead role in promoting environmental management within its organisation. Greater leadership and commitment will be promoted by its top management and senior managers to ensure all action plans are in line with the Group's EMS objectives and requirements;
- **Protecting the Environment:** Under this initiative, PMSB aims to define the organisation's environmental protection goals which include the prevention of pollution and the proper use of sustainable resources;
- **Process Approach:** PMSB is changing its processes and making the switch from just looking at EMS to looking at outcomes and results;
- **Environmental Performance:** PMSB aims to shift its emphasis from highlighting the organisation's policy, commitment and continuous environmental performance, to the reduction of emissions, effluents and carbon footprint;
- **Lifecycle Perspective:** Under this narrative, PMSB is looking to extend its control and influence to environmental aspects and their impact at each stage of the lifecycle of the product or service (acquisition of raw materials, design, production, transportation/delivery, use, end of life treatment and final disposal) and not just those relating to onsite activities;
- **Integration with Business Process:** One of the responsibilities of the organisation's leadership is to integrate EMS requirements into existing business processes. In line with the Group's objectives and Bursa Securities' requirements for sustainable development on the EES fronts, PMSB has integrated its EMS objectives as part of its business processes so that it now encompasses procurement, subcontract management, construction implementation, asset management and human resource activities.

Sustainability Report

(Cont'd)



UPHOLDING GOOD SOCIAL PRACTICES

SOCIAL: LABOUR & DECENT WORKPLACE PRACTICES

PMHB's workforce today comprises a talented group of committed individuals who originate from different backgrounds, cultures, religions, races and nationalities. Being a forward-thinking organisation, the Group is committed to the fair treatment of all its employees. The way in which the Group manages its human resources is directly based on the 'fair and equal opportunity policy' that can be found in our Employee Handbook.

Composition of the Board

The Group has taken measures to comply with Bursa Securities' recommendations to increase gender equality on the Board. PMHB's Board today comprises one female Director, namely Pn. Salwa Binti Shamshuddin who serves as an Independent Non-Executive Director and is a member of the Audit Committee. She brings to the table her perspectives to ensure a more balanced sharing of views and opinions between the genders.

PMHB's Workforce

PMHB owes its success to its dedicated, diligent and talented workforce. As at the end of 2019, PMHB's total staff workforce stood at 399 employees (end 2018: 379 employees). The composition of the Group's workforce over the past two years is tabulated as follows:

Details of PMHB's Workforce

	2018	2019
Total number of Employees	379	399
Gender (gender equality):		
Male	77%	78%
Female	23%	22%
Age (inclusivity):		
> 50 years old	13%	14%
30 – 50 years old	55%	54%
< 30 years old	32%	32%
Race (Diversity):		
Malay	59%	58%
Chinese	32%	33%
Indian	7%	7%
Others	2%	2%
Type of Employment (Fair employment policy):		
Permanent	42%	41%
Contractual	58%	59%
Nationality (local labour employment):		
Malaysian	100%	100%
Non-Malaysian	0%	0%
Skills (product quality):		
Technical	77%	77%
Non-technical	23%	23%
Year of service (talent attraction & retention):		
< 1 year	17%	32%
1 – 3 years	43%	25%
> 3 – 6 years	20%	21%
> 6 – 10 years	10%	12%
> 10 years	10%	10%
Staff Turnover Rate	25%	20%
Health & Safety:		
Worked Manhours	7,588,301	9,029,260
Fatal Accidents	0	0
Lost Time Injury Accidents	1	0
Accident Frequency Rate/Million Hours	0.79	0

Sustainability Report

(Cont'd)



In terms of racial diversity, the percentage of the different races within the Group's workforce closely resembles the racial make-up of Malaysia whereby the majority of our employees are Malay, followed by Chinese, then Indians, and other races.

Owing to the nature of the industry in which PMHB operates in, our construction workforce continues to be male-dominated. Nevertheless, while our female employees operate mostly within the administrative functions of our operations, the steady increase of female engineers and professionals in the construction industry has seen more women enter project sites and field work.

For 2019, staff turnover within the Group was lower by 5% as compared to 2018. The entry of new recruits into the Group has resulted in an inflow of new ideas and fresh perspectives and approaches, elements which are essential to promoting sustainability. The vacancies left by the Group's former employees have also encouraged younger employees to take on more responsibility and tackle more complex challenges in a bid to move up the corporate ladder.

The Group's health and safety record is trending positively with a reduced accident rate and an improvement in manhours worked. A detailed report of our health and safety initiatives can be found in the 'Occupational Health & Safety' section of the Social segment.

Human Rights

PMHB pays attention to and respects the rights of all its employees and workers. In line with this, the Group has put into place the following standards for general on-site workers (blue collar workers) to ensure their rights are safeguarded:

- Separate sanitary areas (i.e. shower areas and toilets) for males and females to ensure their privacy;
- Proper cooking area where fire extinguishers are easily accessible and a proper wash area to ensure cleanliness and good hygiene at the cooking and canteen area;
- A designated worship area in the worker's camp to ensure workers are able to exercise their faith;
- An entertainment area equipped with television;
- A clean water dispenser where potable water is always made available;
- Resting areas equipped with beds to ensure that workers get proper rest;
- A 30-minute break to be taken during an interval of 1.5 to 2 hours of work; and
- A one-hour lunch break.

PMHB continues to uphold its pledge to its workers that they will all be treated fairly and humanely with no individual being enslaved for a specific work, nor discriminated against based on their nationality, gender or age. The Group also takes a strong stand against child labour. Moreover, all the Group's workers are employed legally and own a CIDB green card issued by the Construction Industry Development Board of Malaysia.

Meanwhile, all PMHB's white collar employees are guided by the Employee's Handbook. This highlights the employee policies that are in place to ensure equal and fair treatment for all as well as the employee benefits that employees are entitled to.

Work-Life Integration

Given the nature of the Group's business, our employees and workers often spend long and labour-intensive hours at the workplace. As an ethical employer that is committed to creating sustainability, PMHB acknowledges and takes full responsibility for the welfare of its workforce. To this end, the Group continues to create a more conducive and holistic working environment that preserves the physical and mental health of its employees and workers.

Sports for Physical and Mental Wellbeing

To ensure that the individuals within its workforce are physically and mentally healthy, PMHB encourages all its staff and workers to exercise as it is a proven method of helping one to destress while strengthening both mind and body. All the Group's staff have access to the fitness centre located near its HQ where they can work out and refresh themselves with a heated shower. Staff based at HQ also have the option of participating in fitness classes which cater to those who would prefer to exercise in a group.

PMHB also organises weekly site-wide activities such as futsal, bowling and badminton at both its HQ and construction sites to foster interaction between employees and as well as to strengthen team dynamics.



PMHB emerged as the 1st Runner up at the Kejuhan Bowling Jemputan PKS JKPP Wilayah Persekutuan Kuala Lumpur 2019 event.

Sustainability Report (Cont'd)



PMSB was the Gold Sponsor for UTAR's Fiesta 2019 event in support of the university's effort in promoting Science, Technology, Engineering and Mathematics curriculum, also known as STEM among students.

Education and Personal Development

In line with its objective of contributing towards the development of Malaysia, PMHB continues to lend support to the education system through its partnership with local universities and colleges. Under this initiative, the Group provides internship programmes for undergraduates who need to undertake practical training at construction sites and offices to fulfil their academic requirements.

Internship Programme

For 2019, the Group accepted 10 interns at its HQ and another 46 at its construction sites. The overwhelming response from the local academic institutions was mainly due to the two sponsorship initiatives which we carried out with Universiti Tunku Abdul Rahman ("UTAR") and Universiti Malaya ("UM") in 2019.

	2017	2018	2019
Interns at HQ	8	11	10
Interns at Project Sites	16	26	46
Total	24	37	56

Training & Development

In 2019, the Group's employees underwent a total of 16.6 training hours (2018: 13.92 training hours) per employee as per the training categories listed below:

	2017	2018	2019
Health & Safety	13	18	25
Quality & Technical	58	31	29
Environmental	29	14	9
Corporate Governance	NA	NA	5

PMHB continues to lend support to the education system through its partnership with local universities and colleges.

Sustainability Report (Cont'd)

Employee Reward and Recognition Practices

As part of its efforts to remain an employer of choice, the Group continues to recognise and reward its employees in diverse areas.

Employee Recognition Awards

PMHB has rolled out several recognition initiatives to motivate diligent, long-serving and exceptional high-performing individuals. The following table spells out the various recognition programmes that have been running for several years now:

	2017		2018		2019	
	Individual	Team	Individual	Team	Individual	Team
Good Action Award	15	-	15	-	16	-
HSE Excellence Award	2	1	2	1	1	-
Good Attendance Award	2	-	1	-	1	-
Long Service Award	8	-	5	-	7	-
Green 5S Award	2	1	2	1	1	1



- **PMHB's Good Action Award** recognises the additional contributions/efforts by employees or project teams that improve working methods that lead to better productivity and effectiveness in delivery quality products to our customers.
- **PMHB's HSE Excellence Award** recognises employees who prioritise good HSE practices and fully comply with HSE requirements.
- **PMHB's Good Attendance Award** recognises employees who have achieved full attendance, are punctual and have not taken any sick leave during the year.
- **The Group's 10-Year and 20-Year Long Service Awards** honour long-serving employees who have served the Group over a period of 10 or 20 years.
- **PMHB's Green 5S Award** recognises employees and project sites that have contributed by way of team effort in organising and implementing 5S practices at the workplace; carried out good communications to motivate other colleagues to join in the 5S efforts via posters, notices and labels; as well as implemented a good 5S setup at the workplace.

Sustainability Report

(Cont'd)

Annual Appraisal

The Group's employees are evaluated and appraised based on their performance, competency and personal attributes, and are rewarded accordingly at the end of every financial year. The Annual Appraisal is the tool that is leveraged on to help assess and explore avenues that will help the Group's employees to advance forward in their career paths. At the same time, it serves as a mechanism to determine areas for improvement in employee's performance while pinpointing the necessary training and development activities that will better equip them to carry out their daily duties in a more effective manner. PMHB believes that rewarding good work will encourage employees to move forward with the right attitude and skills as well as thrust the Group closer to its ambition of becoming the nation's preferred builder.

The Annual Appraisal process is utilised to determine the bonus, increment, promotion and training required for each employee. As part of the process, an employee is required to attend a face-to-face dialogue session with their respective superior(s) to review and assess the employee's performance, skills and initiative throughout the entire year. The dialogue session aims to provide an employee a better understanding of his or her job requirements. It also serves as a platform for the clarification of any doubt or misunderstanding in work processes. Moreover, the session serves as a platform to build better rapport between superior and subordinate which will ultimately contribute to a more conducive working environment.

Employee Welfare and Benefits

On top of standard employee benefits such as general group health insurance, medical claims, paid and special leave, as well as travelling and outstation allowances, the Group accords its employees the following employee welfare benefits:

- Staff houses for overseas and outstation employees;
- Medical benefits and group health insurance are applicable to all employees fairly and equally without discrimination to their job grades;
- Sanitary toilet facilities are prepared for worker convenience on all alternate floors at high-rise building construction sites; and
- All workers at site are given masks and full Personal Protective Equipment ("PPE") to ensure that they are protected from hazards at construction sites.

PMHB believes that rewarding good work will encourage employees to move forward with the right attitude and skills as well as thrust the Group closer to its ambition of becoming the nation's preferred builder.

Every new employee is required to attend the Employee Induction Programme within a month of assuming his or her role with the Group. Over the course of the programme, each participant is guided through the Work Culture, Employee Benefits, Health & Safety Practices, Quality and Environment Practices components that the Group observes. Every employee is to uphold the Employee Code of Conduct in the Employee Handbook which outlines the Group's policies on work ethics as well as anti-corruption and bribery practices. All employees, whether they are local or foreign hires, have equal access to the same benefits. The Group's Fair & Equal policy is highlighted during the induction programme.



The PMHB Buka Puasa Night for all its employees serves as an interactive platform for employees and the management.

Sustainability Report

(Cont'd)



Employee Engagement

The Group recognises that clear and continuous communication is essential for creating a viable and sustainable future for any organisation. As such, PMHB brings into play engagement activities such as corporate social responsibility initiatives, sport activities, festive celebrations and the Group's Annual Dinner which help to bridge the gap between the Group's management and employees. The Group also undertakes the following engagement activities:

Annual Employee Survey

The Group undertook its second group-wide employee survey in 2019 for the purpose of gauging the needs and perspectives of its employees. The term 'employees' refers to all staff members who are registered under the Group's payroll. A total of 27% of employees responded to the 2019 survey (2018: 19%). This met the Group's target of encouraging at least 25% of the employees to respond to the survey and provide their feedback. The findings of the survey show that more than 58% of PMHB's employees are happy working with the Group and will remain serving the Group for the next two years.

Greater Use of Technology Platforms

The Group's employees today are leveraging on technology in greater measure to engage in seamless communications with their diverse stakeholders. Platforms such as WhatsApp have improved work efficiency by enabling teams to monitor and check on work progress and other matters on a real-time basis. On another note, eBoard, the Group's intranet platform, continues to serve as an important platform to disseminate corporate information, project updates and group-wide activities to all employees.

SOCIAL: OCCUPATIONAL HEALTH AND SAFETY

Employee health and safety remains a top priority for PMHB. With more than 1,500 general workers and employees working at the Group's construction sites where they are exposed to safety hazards, extreme weather, noise and dust pollution, the Group is committed to providing them a safe and healthy working environment to operate in.

Recognised for Good Health and Safety Measures

In recognition of the Group's commitment to upholding excellent health and safety measures, PMSB was conferred several honours over the course of 2019:

- PMSB received the Gold Award at the 15th MOSHPA OSH Excellent National Award 2019 ceremony from the Malaysian Occupational Safety & Health Practitioner's Association for its excellent OSH practices at the TRIA Seputeh project;
- PMSB also clinched a Gold Class 2 Award from the Malaysian Society for Occupational Safety and Health for its 2018 OSH Performance at the Lot 15 SJCC project; and
- PMSB received the Safety and Health Assessment System in Construction ("SHASSIC") Achiever recognition from the CIDB for achieving a SHASSIC score of 95% (5 star rating) for its Lot 15 SJCC project.

Continuing to Uphold Stringent Health and Safety Standards

The Group has been implementing the OHSAS 18001:2007 international standard for occupational health and safety which has proven to be an excellent OSH management system to mitigate all health and safety risks. However, with the OHSAS 18001:2007 due to be retired in 2021, the Group is now migrating to the ISO 45001:2018 international standard. The ISO 45001:2018 includes some very important enhancements over OHSAS 18001:2007, including greater emphasis on workers and their participation. Other improvements include a stronger approach to managing the health and safety of contractors as well as ensuring health and safety are part of the purchasing decision-making process. The new standard also places a greater emphasis on leadership participation, change management and performance management.



Sustainability Report (Cont'd)

Our Health and Safety Policy

To ensure the safety and wellbeing of its workforce, PMHB continues to work towards creating a harmonious and clean workplace where safety is prioritised. To achieve this, the Group has incorporated all rules and regulations pertaining to health and safety into all its workflows and is in full compliance with them. This has helped its teams get better insights into their responsibilities and obligations as well as helped instil good and safe working practices among the Group's employees and co-workers.

The Group endeavours to ensure that all work procedures are carried out safely and in accordance with the law, while safety instructions are upheld at all times to mitigate, eliminate and avoid all possible health and safety risk towards the Group's employees, co-workers and assets.

The following chart highlights the typical organisational flow for health and safety matters:



The Group was conferred several honours over the course of 2019 in recognition of its commitment to upholding excellent HSE measures.

Sustainability Report (Cont'd)

Safety Efforts

To ensure the Group maintains a high standard of OSH practices at its project sites, the following initiatives were put in place for 2019:

Target	Actual	Remarks/Reasons
A minimum of one Safety Health Officer ("SHO") and two Site Safety Supervisors ("SSS") at each project site.	Achieved	All sites complied with the minimum requirements.
A minimum of one on-the-job coaching session for workers every week.	Achieved	On-the-job training ("OJT") was conducted every Wednesday with the aim of educating workers on how to deal with high-risk situations in their work. The coaching conducted sought to train employees to reduce the possibility of a situation by avoiding potential hazards. All projects sites complied with this requirement since 2018.
A minimum of one OSH training session on a half-yearly basis for employees and a minimum of one OSH training session per annum for sub-contractor staff.	90% achieved	In 2019, approximately 81% of employees complied with this requirement while there was 100% compliance among sub-contractors.
Not more than two medical treatment cases for every 1,000,000 man-hours worked.	Achieved	In 2019, there were only six medical treatment cases over 9,029,260 man-hours worked.
A minimum of one recordable audit per month per site.	Achieved	Every site-walk was followed by a meeting where all matters raised from the audit were discussed and rectified immediately to make the workplace safer for employees.
Set KPIs for tasks incorporated into the Occupational Health and Safety Assessment Series ("OHSAS") and Principles of Occupational Safety and Health ("POSH") planning.	Achieved	Monthly KPIs were set in line with the OHSAS 18001 and POSH Plan. On top of this, the HSE team was tasked with adhering to a daily To-Do List.
Half-yearly training sessions for Safety Personnel to learn and maintain all safety equipment and tools.	Achieved	All SHO and SSS personnel attended various training sessions pertaining to the usage of safety equipment and tools.
Safety inspections and maintenance on plant, accessories and equipment per week per site.	Achieved	Safety inspections were carried out as scheduled on a weekly basis at all sites. These inspections covered welding sets, power tools, air compressors, mobile and tower cranes.
Achieve 100% passes for CIDB credential programme for Site Supervisors.	59% achieved	In 2019, only 59% of our Site Supervisors passed; The rest are to attend and resit the programme until they are accredited.
A minimum of two training sessions per annum under the Continuous Education Programme for safety staff by an external training provider.	Achieved	All SHOs attended 5-6 external courses/training sessions in 2019 while SSS attended 4-5 external courses/training sessions in the same year.

Sustainability Report

(Cont'd)

Target	Actual	Remarks/Reasons
Reward and Recognition programme for at least one employee, one sub-contractor and two general workers per month per site.	Achieved	At least one employee, one sub-contractor and two general workers per month per site have been rewarded for their contribution towards maintaining safe work practices.
To conduct two larvaciding sessions per week per site.	Achieved	All sites conducted larvaciding activities at least twice a week.
To conduct one fogging session per week per site.	Achieved	All sites conducted fogging activities at least twice a week.

Training

Various training sessions were scheduled throughout 2019. These sessions were planned according to the needs of the various sites and workers to ensure that all parties maintained safe work practices and that the probability of incidents due to human error was reduced. These three types of training were carried out:

- I. **On-the-Job Training:** This training focused on high-risk jobs at that point in time whereby a group of workers were called up for training before any high-risk job was embarked upon. This training was conducted by qualified safety personnel such as a professional Safety Officers or professional Site Safety Supervisors.
- II. **Internal Training:** This type of training by professional practitioners targeted not only safety staff but all other staff with the trainers also forming part of the Management team. For example, the Senior Safety and Health Manager provided training and spoke about Group's safe work practices standards, while the Safety and Health officer trained other staff on HIRARC procedures. This approach aimed to ensure that all personnel within the Group were made aware of safe practices and were eventually practicing the same safety methods and standards.
- III. **External Training:** This training focused on workers or staff who were conducting high-risk jobs. Given the level of risk they were exposed to, this group of workers needed to be made more aware as well as accorded detailed theoretical information and practical on-the-job training.



The Group's employees attended the Water Services Industry Permit Type C refresher course for contractors organised by Suruhanjaya Perkhidmatan Air Negara ("SPAN") pertaining to the construction, installation or modification of water supply system at construction sites.

Inspections

Over the course of 2019, every site was provided a monthly inspections schedule by HQ. These schedules served as guidelines for each site while the relevant KPIs that each site needed to fulfil on a monthly basis was also outlined. The schedules covered all heavy machinery such as tower cranes, mobile cranes, passenger hoists, air compressors, oxy-tanks, forklifts, bob-cats as well as small power tools that were in use such as welding tools, fire extinguishers and even ladders.

Internal Audit

Internal Audits were also conducted on a quarterly basis i.e. every three months once at each site. The audit was headed by the Head of Department ("HOD") Senior Safety and Health Manager. Covering safety records, documentation and site practices at each site office, the audits sought to ensure that all construction sites were practicing and complying with the Group's safety standards.

Today, PMHB continues to undertake these tested and proven training practices at its HQ and all its work sites.

Sustainability Report (Cont'd)

“ The Behaviour Based Safety programme aims to promote a culture that upholds the best safety attitudes and habits among the project teams regardless of their positions and trades. ”

Behaviour Based Safety Programme

The Group continues implement the coaching programme called Behaviour Based Safety (“BBS”) at all its sites. This programme serves to promote a culture that upholds the best safety attitudes and habits among the project teams regardless of their positions and trades. This culture is spearheaded by the Head of Project at each site to motivate frontline supervisors to be more responsible in the respective areas under their care as well as to encourage the development of good teamwork and commitment.

The programme focuses on the following best practices:

- Look for and identify the gaps in the project team’s understanding of safety requirements;
- Facilitate comfortable one-on-one intervention sessions on individual task-related safety matters;
- Coach the team/personnel in areas where they are found to be deficient;
- Undertake stringent observation of on-field training on exposed hazards;
- Demonstrate safe operations by safety professionals when required;
- Reward outstanding personnel who comply with good safety practices; and
- Recognise tendencies for error and replace them by encouraging good habits for improvement.

Safety Reward and Recognition Programme

In 2019, the Group began its inaugural Monthly Safety Reward and Recognition Programme where employees and workers were rewarded based on their efforts in maintaining and improvising site safety. The ongoing programme aims to cultivate diligence, stewardship and overall good behaviour at the workplace by encouraging proactive employees and workers through a recognition and rewards mechanism.



BuildQAS Mock Assessment at the Eaton Residences project site.



Monthly QA/QC Meeting and Briefing on Lightweight panel tile marble installation at the Eaton Residences project site.

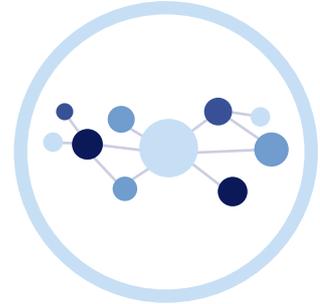


Quality inspection at the Conlay 301 project site.

Sustainability Report (Cont'd)

SOCIAL: COMMUNITY/SOCIETY

The Group is dedicated to elevating the livelihood of the communities that it operates in as part of its efforts to contribute to the development of a better Malaysia. Our corporate social responsibility ("CSR") initiatives for the year under review comprised visits to charitable organisations and the continued rollout of a scholarship programme.



Philanthropic Activities

PMHB is deeply committed to upholding a culture of caring. The Group strongly believes that as it takes care of the community, it will also be taken care of. The year in review, saw the Group continuing to cultivate its culture of caring by visiting four charitable homes during the year where the Group's employees lent a helping hand and showered the occupants of these charities with attention, care and emotional support. The Group also made financial contributions to each of the homes.

The following is a summary of the homes visited by the Group's employees in 2019:

Period	Charitable Home	No. of Staff Participated
1Q 2019	Pusat Penjagaan Warga Usia Emas Tong Sim, Negeri Sembilan	60
2Q 2019	Persatuan Kebajikan OKU Hati Berganda Selangor	51
3Q 2019	Pusat Jagaan Insan Nur Cahaya, Selangor	34
4Q 2019	Pusat Jagaan Beribuan Kasih, Selangor	60



Sustainability Report (Cont'd)

“ The Group recognises that it must uphold quality in all that it does if it is to cultivate sustainable business growth. ”



Apart from scheduled group-wide CSR programmes, the Group also encourages its project sites and employees to go the extra mile and organise additional activities in support of communities in their vicinities that need assistance. By encouraging employees to engage in philanthropic activities where they are able to serve others, we are according them a sense of fulfilment while keeping them inspired.

Scholarship Programme

The PMHB Scholarship Programme is another key component of our community development initiatives. The 2019 programme saw the Group awarding nine scholarships to deserving undergraduates who are pursuing courses related to construction such as Civil Engineering, Mechanical Engineering, Electrical Engineering, Architecture and Quantity Surveying. The objective of this partial scholarship is to lighten the financial burden of this group of scholars. These scholars will then be presented a working opportunity with the Group upon graduation.

	2017	2018	2019
Number of New Scholars	6	7	9
Total Annual Scholarship Amount	RM125,000	RM155,000	RM215,000

SOCIAL: PRODUCT RESPONSIBILITY

The Group recognises that it must uphold quality in all that it does if it is to cultivate sustainable business growth. In line with this, PMHB is committed to delivering quality products and results as part of its promise to deliver value to its stakeholders.

Product Satisfaction

To ascertain that all PMHB's projects are being constructed with the same level of excellence, and that high-quality results are delivered on time and within budget, the Group's Quality Assurance and Control team has set a QLASSIC score of 73% as the basic score to be achieved in all projects upon their completion. The Quality Assessment System in Construction or QLASSIC is an independent method or system to measure and evaluate the quality of workmanship and finishes of building construction works. In most instances, PMHB's score is higher than the quality requirements set by clients. Nonetheless, the Group is capable of and is committed to achieving a score higher than 73% when required by clients.

To attain this target, we have plotted out the following roadmap:

1. Internal QLASSIC Induction Training;
2. QLASSIC Corner/Museum at every site for awareness and educational purpose;
3. Quarterly QLASSIC Audit for ongoing projects to monitor their pace and guide their progress; and
4. Final QLASSIC Audit and Post Mortem upon project completion.

In 2019, two of the Group's projects were brought to completion, namely the Residensi Gen project in Kuala Lumpur and the Central Plaza i-City Mall project in Shah Alam. While the Residensi Gen project achieved a 73% QLASSIC score, the latter project, however, did not undergo evaluation. This assessment was carried out in an unbiased manner according to the QLASSIC criteria by third-party assessors from the CIDB.

Sustainability Report (Cont'd)

Meanwhile, the Eaton Residences project in Kuala Lumpur underwent a BuildQAS mock assessment (Singapore Standards), achieving a 70.1% score. BuildQAS is an established third-party assessment system that bridges the quality expectations between developers and contractors. By specifying a BuildQAS target score in a construction project, it gives the contractor a quality objective to work towards, thereby producing a higher quality building project.

In 2019, the Group organised internal QLASSIC awareness training sessions for all project sites and a BuildQAS awareness training session for the Eaton Project Site by BuildQAS Singapore.

Customer Satisfaction

Customer satisfaction plays an integral role in the Group's product responsibility activities. PMHB has set a Customer Satisfaction target of 80% based on customer feedback. The Group bases its evaluation of customer satisfaction on the following criteria:

- The overall project and the quality of the result;
- The Group's responsiveness towards the needs and requirements of customers; and
- The Group's expertise and technical know-how.

To achieve its target, the Group organises fortnightly site meetings with clients and consultants to discuss work progress and to resolve any discrepancies. A good communications flow is also essential for ensuring all instructions and decisions are transcribed accurately.

Customer Satisfaction Rating

	2017	2018	2019
Less than 50%	-	-	-
50% to less than 80%	Pantai Hospital Carpark project: 77.8%	-	-
80% and above	The Mews project: 80% KPJ Dato Onn Specialist Hospital project: 86.7%	Gua Musang Seksyen 3E2 project: 98% Third Avenue project: 80%	Central Plaza i-City Mall project: 89% Residensi Gen, Kuala Lumpur project: 84.4%

From the table above, PMSB's average achieve customer satisfaction rating is in the vicinity of 80% and above.

Sub-Contractor Evaluation

Being a main contractor, PMHB is highly dependent on its pool of sub-contractors to perform and deliver the tasks assigned to them as per clients' specifications. Following the completion of each project, sub-contractors are evaluated based on their performance. The evaluation process includes dialogue sessions with sub-contractors, in which the whole work process is discussed, and if needed, various methods such as induction courses are initiated to help them perform better.

Based on the results of the assessment, the Group will only retain sub-contractors with a score of at least 'B-'. The Group's aims to achieve a minimum of 75% Grade B- sub-contractors in its pool. All Grade C sub-contractors will be given the opportunity to improve themselves through additional training within a span of one year.

Sub-Contractor Evaluation Results

	2017	2018	2019
% of Sub-contractors with B-category and above	84.8%	75%	71%

Sustainability Report (Cont'd)

From the results above, the overall quality of sub-contractors within the Group's pool has progressively declined since 2017. In 2019, for the Central Plaza i-City Mall and Residensi Gen projects, the sub-contractors achieved scores of 66.3% and 75.6% respectively.

Moving forward, Management is reviewing some 29% of sub-contractors with a view to either continuing with them on condition that they improve their project delivery or be terminated. For sub-contractors who have underperformed, a reminder will be given to first offenders. Those sub-contractors who fail to meet the Group's requirements after the first warning will be terminated accordingly.

PMHB will continue to source for and replace those sub-contractors who have been terminated. We will put in place a more stringent sub-contractor interview process whereby each sub-contractor's skills and experience will be thoroughly scrutinised before they are engaged. The Group will continue to work closely with its all sub-contractors to enhance their technical knowledge and skills through meetings, induction programmes and training sessions.

Supplier Evaluation

To ascertain that the products and services provided by suppliers are of a high quality, the Group carries out an annual evaluation to filter non-performing suppliers who do not meet its requirements, especially the requirements pertaining to timeliness and product quality.

As per the evaluations for sub-contractors, suppliers who want to remain on the Group's panel, are required to achieve at least a Grade C in their evaluations. Grade D suppliers will be dropped from the list in the subsequent year. The Group aims to achieve a minimum of 75% Grade C suppliers on its panel.

Supplier Evaluation Results

	2016	2017	2018	2019
Grade A	-	-	-	-
Grade B	78%	75%	100%	100%
Grade C	22%	24%	-	-
Grade D	-	1%	-	-

In 2019, all (100%) of the Group's suppliers attained a Grade B rating. The Group will continue to guide and work with its suppliers to help them upgrade their standards gradually, a process which ultimately serves as a mutually beneficial one.

Quality, Environment, and Occupational Health & Safety Management Standards

The Group has completely upgraded its ISO 9001 and ISO 14001 standards to 2015 requirements and is currently in the process of upgrading its OHSAS 18001:2007 to the ISO45001:2018 standard. The expectation is for the upgrade to be fully implemented within a three-year timeframe.

MOVING FORWARD INTO 2020

As the Group embraces 2020, it will continue to undertake the necessary steps to ensure it achieves its sustainability targets. This will encompass re-evaluating processes and targets where necessary.

Following two initial materiality analyses undertaken in February and December 2018 respectively, the Group undertook a third materiality analysis in the third quarter of 2019.

Sustainability Report

(Cont'd)

The material matters from the 2019 survey are outlined below. The latest findings signify that while most of the material matters are similar to the previous findings, there has been a reprioritisation of EES matters for the Group's 2020 Sustainability Roadmap

Top 10 Priorities as per the 2019 EES Materiality Matrix and Stakeholder Survey for the 2020 Sustainability Reporting Roadmap



The Group has realigned its targets to ensure the above material EES matters are accorded top priority in 2020. These material matters will be relied on to help PMHB roll out its Sustainability Roadmap for 2020.

Category	2019 Material Matters	2020 Material Matters
Safety	OSH Practices	OSH Practices
	Public Safety	Public Safety
Waste	Waste Management	–
Labour Practices	Good Employer-Employee Relationship	Anti-Bribery & Corruption Practices
	Anti-Bribery & Corruption	Fair & Equal Work Opportunities
	Inclusive Workplace	Training & Career Development
	–	Employee Welfare
Profitability	Business Performance	Financial Performance
	Quality Management	Availability of Material
	Green Material & Practices	Up-To-Date Construction Methodologies
	Sustainable Procurement & Supplier Assessment	Quality Management

Sustainability Report (Cont'd)



TOWARDS A SUSTAINABLE FUTURE

As the PMHB Group ventures forth, it is determined to continue embedding sustainability into its operations and business strategies in a greater manner. To this end, the diverse stakeholders that are responsible for the Group's sustainability agenda will continue to plan, execute and monitor sustainability measures to ensure that its sustainability agenda aligns with its business strategies and that it delivers a sustainable performance on the EES fronts. To ensure PMHB grows in a sustainable manner, we will continue to balance out our Economic performance with responsible Environmental and Social considerations for the long-term.



PESONA METRO HOLDINGS BERHAD
Registration No. 201101029741 (957876-T)

39, Jalan SB Indah 1/19, Taman Sungai Besi Indah,
43300 Seri Kembangan, Selangor, Malaysia.
Tel : +60 3 8941 0818 Fax : +60 3 8941 0817

www.pesona.com.my