



PESONA METRO HOLDINGS BERHAD

(Registration No. 201101029741) (957876-T)



SUSTAINABILITY REPORT

2020

SUSTAINABILITY STATEMENT

Pesona Metro Holdings Berhad (“PMHB” or “the Group”) is committed to operating in a sustainable manner that facilitates the delivery of holistic, long-term value to our stakeholders and the community at large while also contributing to the conservation of the environment. Embedded in our sustainability agenda, these goals are upheld via our sustainable business model that enables PMHB to safeguard the interests of our stakeholders, both internal and external, through the application of efficient operations.



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 principal activities entail civil engineering, building construction, river rehabilitation and beautification, the manufacturing-cum-trading of building-related materials, and concessionaire activities.

PMHB is committed to developing a sustainable future for the Group through the creation of long-term shared value for its stakeholders. Our mission is achieved via our continual effort towards making sustainable progress on our Economic, Environmental and Social (“EES”) fronts. As such, PMHB continues to create momentum for its businesses by strengthening their operational efficiencies and implementing responsible and sustainable management practices across the Group’s operations.

SUSTAINABILITY STATEMENT (CONT'D)

SCOPE OF REPORT

As PMHB's fifth Sustainability Report ("Report"), this Report covers the key activities that the Group carried out in respect of the material EES aspects that were highlighted through our engagements with our internal and external stakeholders. The Group has ensured that the highest levels of transparency and accountability have been observed in this Report even as we continue to uphold best practice standards in our reporting process.

Reporting Period

1 January 2020 – 31 December 2020.

Reporting Cycle

Annually.

Business Entity Covered

The scope of this Report is limited to the activities of Pesona Metro Sdn Bhd ("PMSB"), the Group's Construction Division, that contributes 96% of the Group's annual turnover. It does not cover the activities of PMHB's other subsidiaries but only details the material issues arising from PMSB's principal business activities. PMSB's primary business ventures revolve mainly around 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 are centred on the significant material matters which are material or important to PMHB's stakeholders. This Report complies with the rules and regulations of the related local authorities and is to be read in conjunction with the rest of PMHB's 2020 Annual Report, which highlights other financial and non-financial aspects of the Group's business. This Report has not been subjected to external assurance as the Group aims to streamline its sustainability data collection and monitoring activities first and then seek external assurance in due course.

Methodology

As per PMHB's practice, the various aspects and concerns highlighted 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


Since it was first founded in 1996, PMHB has remained steadfast in its commitment to growing and operating as a responsible corporate citizen. The Group's Sustainability Framework serves to guide our business activities and operations to ensure that our efforts are directed towards building a sustainable business and future for its stakeholders. PMHB first began to incorporate the Sustainability Framework in its processes following Bursa Securities' introduction of Sustainability Reporting in 2016. Through rigorous compliance with sustainability standards and embedding the relevant sustainability components in its businesses, the Group also aims to strengthen its focus on operational efficiencies, cost savings, enhanced revenue generation and innovation for the long-term.

SUSTAINABILITY STATEMENT (CONT'D)

Sustainability Themes


To ensure our sustainability efforts remain congruent, the following themes in sustainability are incorporated across the board of our 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

The Group’s sustainability reporting is implemented and monitored in accordance with the highest governance standards. The following governance structure enables the Group to ensure that transparency and accuracy are observed in every stage of our reporting process:

Group Sustainability Governance Structure



SUSTAINABILITY STATEMENT (CONT'D)

The roles and responsibilities of the Board of Directors and the various committees are as follows:

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 ("the Board") continues to subscribe to an agenda that upholds good and consistent EES practices. This includes investing in measures that promote the sustainable growth of the Group's businesses and which will create long-term value for shareholders.

As the Board shoulders the responsibility for overseeing, supporting and promoting EES efforts within the Group, we strive to ensure that the Board is made up of professionals with a broad and diverse range of experiences and expertise. The Board is committed to upholding corporate governance best practices and sound internal controls in its evaluation and incorporation of relevant sustainable material matters into the Group's business strategy. The Board 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.

Executive Committee

The Group's Executive Committee is in charge of studying, formulating and strategizing the sustainability framework for the Group. Comprising the Chief Financial Officer ("CFO") and Chief Operating Officer ("COO"), the Committee is led by the MD who reports the findings and progress of the Group's sustainability development efforts to the Board. 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.



The Board is committed to upholding corporate governance best practices and sound internal controls in its evaluation and incorporation of relevant sustainable material matters into the Group's business strategy.



Sustainability Working Committee

Established in 2018, PMHB's Sustainability Working Committee ensures that the Group's sustainability targets are attained in line with the group-wide implementation of policies and best practices. These targets are closely monitored by the Committee whose members are selected based on the relevance of their roles to the Group's sustainability material matters. All of the committee's findings are shared at quarterly reviews where any gaps between the targets and the results are subsequently finetuned.

Moving forward, the Group will continue to appraise PMHB's sustainability governance structure, restructuring and enhancing when necessary, in the aim of enhancing efficiencies in 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 the Statement on Risk Management and Internal Control in this Annual Report.

SUSTAINABILITY STATEMENT (CONT'D)

STAKEHOLDER ENGAGEMENT

Stakeholder Engagement remains an integral aspect of the Group's sustainability strategy even as PMHB's businesses and markets continue to evolve and expand. The Group's efforts in developing and bolstering its ties with its stakeholders are part of its aim to reinforce its position as a stakeholder-centric organisation. The Group's stakeholder engagement is frequently aligned 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.

In order to address our stakeholders' needs in the most efficient manner possible, PMHB evaluates its stakeholders needs through identifying and categorising its stakeholders into groups based on their direct and indirect impact on the Group's business and supply chain as well as vice versa. Our stakeholders' expectations as well as the methods by which PMHB engages with them and meet their expectations are outlined in the Stakeholder Engagement Matrix below:

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	<p>Compliance with rules and regulations.</p>	<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>
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>Corporate Social Responsibilities ("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>

SUSTAINABILITY STATEMENT (CONT'D)

Stakeholder Engagement Matrix (Cont'd)

Stakeholder	Stakeholder Expectations	Engagement Methods	How We Meet Our Stakeholder's Expectations
Business partners (suppliers & sub-contractors)	Timely payment. Fair and transparent procurement processes. Safe work sites.	Toolbox meetings. Weekly meetings. Transparent tender processes. Suppliers & sub-contractors evaluation.	Achieve a minimum of 75% in Grade C and above rating for supplier evaluations. Achieve a 75% in Grade B- and above rating for sub-contractor evaluations. Factory/warehouse visits.
General Public & Community	Responsible corporate citizen. Transparent and timely information.	Corporate website. Feedback platform.	An updated website with the latest information made available to all.
Media	Timely and transparent financial and corporate information.	Press conferences. Corporate website. Press releases.	Meetings with the Media after the Annual General Meeting. Press releases uploaded on the website for easy access by the Media.

STAKEHOLDER PRIORITISATION

To ensure that our stakeholders' needs are met in a timely and efficient manner, the Group prioritizes how it deals with different stakeholder groups. To this end, we conducted a stakeholder prioritisation exercise which served to divide our stakeholders into 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

The findings of the stakeholder prioritisation exercise were further organised to form the Group's Stakeholder Prioritisation Matrix. Stakeholders were categorised in accordance with the extent of influence their opinions and views have for the advancement and development of the Group. 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.

SUSTAINABILITY STATEMENT (CONT'D)

Stakeholder Prioritisation Matrix

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	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					

MATERIAL MATTERS

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. The Group’s approach to best addressing these material topics is strategically based on material analyses which provide detailed insights into the EES-related topics that the Group’s stakeholders deem most important. These analyses comprise various engagement methods which include face-to-face meetings, surveys, feedback and a brief analysis of our peers’ practices.

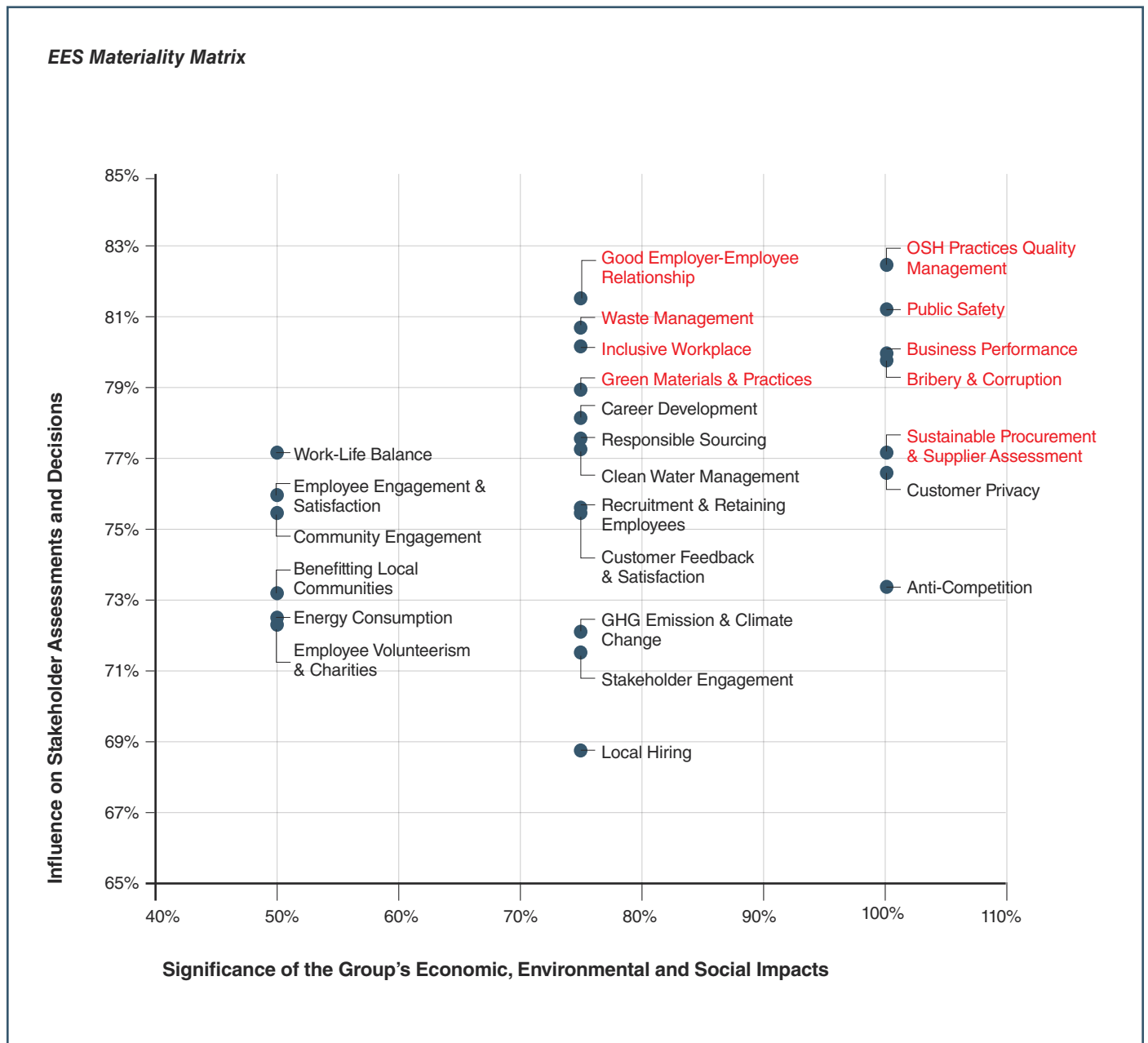
In February and December 2018, the Group conducted two material analyses. Utilizing Google Forms, a survey was sent to stakeholders within the High-Dependency and High Influence category, namely the Group’s employees, customers, suppliers, sub-contractors, regulators and authorities, consultants and bankers. The parameters of the survey are outlined below:

Parameters of Survey

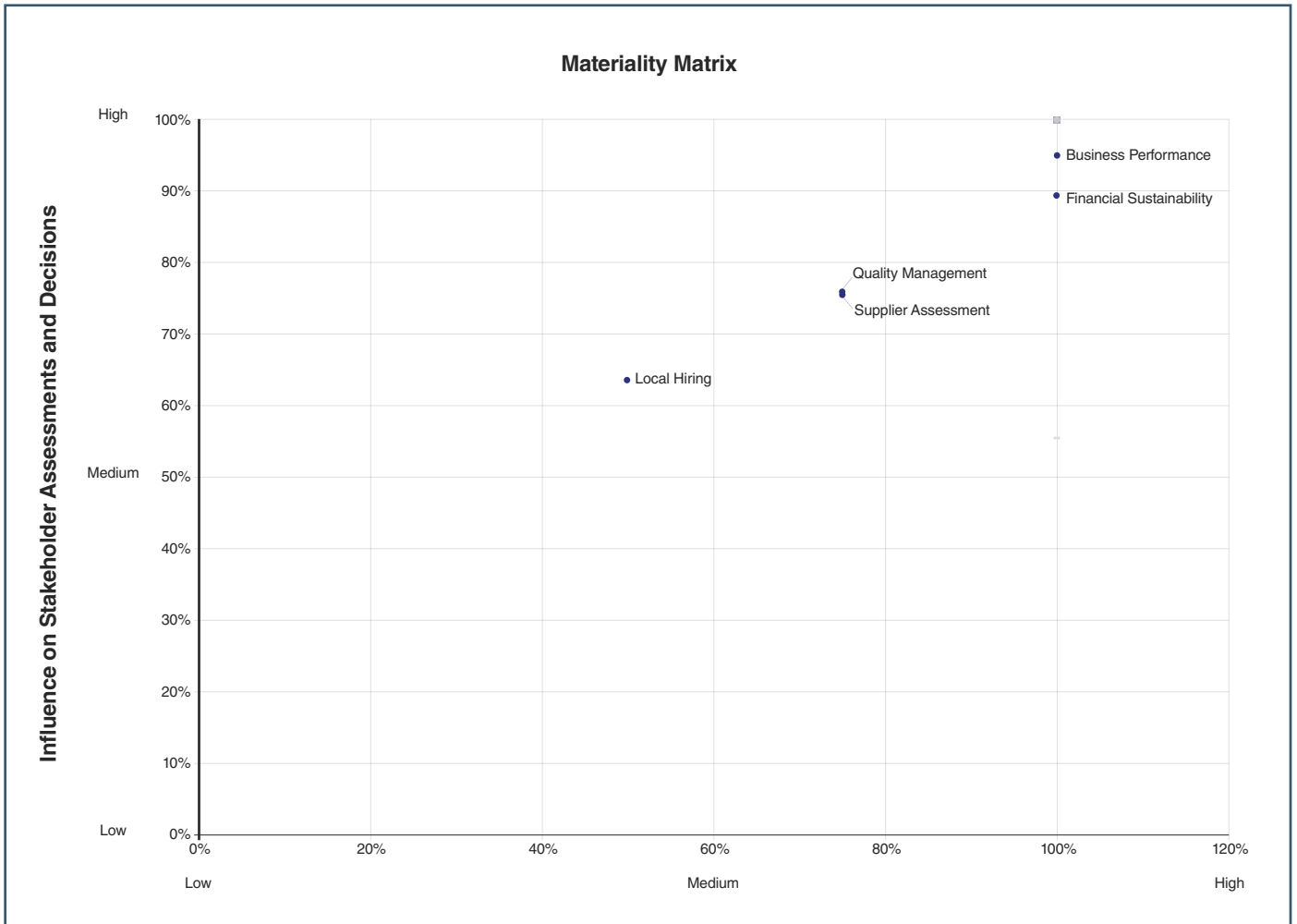
Stakeholders	Parameters
Clients	Existing and past clients who have engaged the Company in jobs - both private and public organisations.
Authorities & Regulators	Governments, local councils, the Construction Industry Development Authority or CIDB, SIRIM, the Fire Department, and the regulators for Green 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 2020 Sustainability Roadmap.

SUSTAINABILITY STATEMENT (CONT'D)



SUSTAINABILITY STATEMENT (CONT'D)



UPHOLDING GOOD ECONOMIC PRACTICES

Strategic Direction

To ensure the Group’s sustainable growth, PMHB is continuously finetuning the course of its core businesses. As such, the Group maintains a close observation of the ever-changing market and economic conditions, adapting and implementing changes to our businesses when and where it is required. 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 STATEMENT (CONT'D)

2020 Highlights: Sustainability Target & Achievements

2020 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

PMHB continues to engage in marketplace activities with the aim of establishing connections at every level across the supply chain, from its suppliers to its customers. Through our efforts, we aim to cultivate synergistic relationships that will serve to generate sustainable reciprocal growth. As a member of the construction industry, the Group is also committed to enriching the diverse social and industrial circles in which it operates through the investment of its resources in initiatives that will help to create value. The Group's marketplace efforts are based largely in the construction sector as our initiatives are led by our main subsidiary, PMSB. Although the domestic construction industry suffered a substantial decline in the FY2020, it remains a significant factor in the nation's economic cycle.

Two decades ago, PMHB began its operations with 20 employees, to date, the Group has grown to command a workforce of approximately 400 employees comprising both permanent and contract workers. The Group 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.

In support of trans-border employment, the Group employs both local and foreign workers to work at its construction sites. Malaysia's construction labour force is heavily supported by skilled-blue-collar labourers from neighbouring countries as Malaysians tend to generally have a low-opinion on labour-intensive work and opt to work in other industries instead. In 2020, the Malaysian Construction Industry Development Authority or CIDB reported that there are close to 430,000 foreign workers registered with the Malaysian Immigration Department.

The Group also does its bit to support the local economy through the provision of jobs within its project sites and its prioritisation of local SMEs for the purchase of raw materials such as cement, steel and timber. This practice not only opens up avenues of opportunity and growth for our local producers, it also limits the Group's dependency on foreign suppliers and decreases the risk of external macroeconomic factors in our dealings. Our efforts are further complemented by our commitment to engage in prudent procurement practices in support of encouraging healthy competition in the market. Additionally, the Group continues to help develop the domestic construction industry through its utilisation of new methodologies in its projects.

SUSTAINABILITY STATEMENT (CONT'D)



Transparent Marketplace Practices

As a conscientious business operator in a high-risk industry that involves hazardous activities, PMHB is committed to upholding the strict regulations that govern the construction sector. In its capacity as a public listed company, PMHB is governed by the Main Market Listing Requirements (“MMLR”) of Bursa Securities. It is also governed by the rules and regulations of the CIDB, of which it is a member; and is subject to audit by SIRIM.

PMHB strives to ensure that our efforts towards promoting good industry and market behaviour are underscored by our strong advocacy for transparent dealings. The Group’s zero tolerance stance towards bribery and corruption is illustrated in the various practices, values and policies that the Group continues to implement. One such example is the PMHB Induction Programme which was introduced in 2019. This programme helps us to ensure that all new employees are well-acquainted with the Group’s firm stand against white-collar crime. In June 2020, PMHB initiated a group-wide introduction of its Zero Tolerance Policy via the Group Employee Handbook.

The Group has also 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 and various Board committees, among other things. This is published in the Group’s Annual Report, while the Board Charter is published on our 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;
- 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; and
- The Anti Bribery and Corruption Policy that promote better governance culture and ethical behaviour within the Group in order to prevent the occurrence of corrupt practices. The Anti Bribery and Corruption Policy is spelled out on our website at www.pesona.com.my.

PMHB also works in close compliance with the relevant regulatory bodies to ensure that our governance framework remains comprehensive and up-to-date. On 1 June 2020, Section 17A of The Malaysian Anti-Corruption Commission (“MACC”) Act 2009 was put into effect. This piece of legislation addresses the problem of corruption among corporations by introducing corporate liability for corruption and imposing personal liability on directors, controllers and management. In line with this new legislation, the Board has evaluated potential areas of risk and introduced the necessary compliance measures in response. The Group has also adopted an Anti-Bribery and Corruption Policy in compliance with the MACC’s Section 17A ruling.

Our Commitment to Excellence

The Group continues to be acknowledged for its commitment to upholding excellence throughout the scope of its operations. For details on the awards the Group received during the year in review, please refer to the Social: Occupational Health and Safety section of this report.

SUSTAINABILITY STATEMENT (CONT'D)

UPHOLDING GOOD ENVIRONMENTAL PRACTICES

Education and Awareness Programmes

PMHB's commitment to protecting the environment is actioned through the various initiatives that the Group implements to scale down the negative environmental impact of its operations and businesses.

Our efforts include the rollout of education and awareness programmes which help us to ensure that environmental awareness continues to be championed on a group-wide level. By educating our employees, workers, sub-contractors and suppliers, we aim to instil environmental conservation throughout every level of our operations.

Green 5S Practices

PMHB's drive towards a 'greener' organisation is supported by our implementation of the 5S workplace organisation methodology in our project sites. PMHB was one of the first builders on the domestic front to subscribe to the 5S methodology which helps us to ensure that the Group's project sites are kept organised, clean and free of hazardous incidences. All of 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.

Prior to the introduction of the 5S Induction Programme for new employees in 2019, the Group conducted a vigorous two-year 5S education programme which saw 5S Talks conducted at Headquarters ("HQ") and project sites for all employees. Workers at new project sites were also required to attend a 5S Talk at the beginning of each project lifecycle.

In 2020, the Group's revamped 5S Awareness Campaign saw the Group conduct a total of two 5S Induction Training sessions and 5S Awareness training at six sites. PMHB also organised 33 weekly 5S Site Coordination and Surveillance sessions as well as 12 HQ 5S Monthly Audit sessions. During the year under review, a total of 500 employees received 5S education. This number includes both workers from our own operations and workers from our sub-contractor teams.

The Group's 5s efforts are kept on track by the SIRIM Green 5S Audit. The audits have also helped us to track our progress in our Zero Non-Conformance commitment at our project sites. Our accomplishments in this area have helped to establish PMHB as a trusted builder in the construction industry.

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
2020	Conlay 301, Kuala Lumpur	0	3

In 2020, due to the Covid-19-induced operational restrictions, the Group's site auditing efforts were limited to its Conlay 301 project site.

SUSTAINABILITY STATEMENT (CONT'D)

Environmental Talks

Our environmental preservation efforts are also regulated by systems that we have put in place to guide us in our role as a good practitioner. These regulatory systems are complemented by the quarterly refresher courses and sharing sessions that the Group conducts with its project teams. These initiatives help the Group to remain compliant with regulatory requirements while enabling us to adopt a more comprehensive approach to our check-and-balance efforts.

The Group's maintenance of its successful Green 5S performance can be attributed to its effective on-site implementation of environmental and 5S practices. The following table highlights the number of in-house environmental talks that the Group conducted for its employees between 2017 and 2020:

	2017	2018	2019	2020
Environmental Talks during EMS Internal Audits at Project Sites	6	5	7	7
Environmental Talks during EMS Internal Audits at Headquarters	4	1	4	5
Induction Programme (EMS Session) – introduced in Nov 2018	NA	1	5	2

The topics that were discussed during the year under review include the following:

- The value of recycling materials (i.e., paper, plastic bottles, aluminium cans, card boxes, etc.) at offices and construction sites;
- The value of minimising construction materials (i.e., concrete, timber, rebars and plywood timber) wastage at construction sites;
- The value 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 value 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 value of minimising environmental pollution contributed by construction site activities i.e., water pollution, air quality degradation, etc.; and
- The value of sustainability in construction that can be achieved by replacing conventional construction practices with environmental-friendly methods such as the use of system formworks including DOKA, Plytech, aluminium formworks, etc.

During the year under review, the Group continued to introduce PMHB's culture and commitment to environmental conservation and 3R activities to new employees via environmental talks during our induction sessions. The Group also carried on the Zero Styrofoam Food Packaging Campaign from the previous year. The campaign saw Group Management issue a strict ban on all plastic/polystyrene food and beverage packaging at our operational sites. Encouraging our workers and employees to utilize reusable containers to pack their food, the initiative is part of the Group's effort to minimise the use of non-biodegradable and single-use waste.



SUSTAINABILITY STATEMENT (CONT'D)

Materials Management

In line with our goal to minimise waste, the Group has implemented a materials management programme at all our project sites. The programme aims to mitigate wasteful processes through the careful budgeting of construction materials and the quantities needed. Project site teams are also responsible for overseeing the monthly recycling of all access construction materials. The decrease in wastage has helped the Group to consolidate its resources and to garner more savings from the decreased landfill input.

Raw Materials Management

PMHB sources its raw materials locally and budgets its purchases in accordance 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.

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

	2017	2018	2019	2020
Steel Bar (tonnes)	14,055	9,681	18,487	10,557
Concrete (m3)	152,278	114,165	188,944	95,222
Timber (tonnes)	712	716	1,159	506

To ensure that construction materials are utilized efficiently, the Group has set a limit for the maximum amount of allowable wastage. The following table portrays the amount of waste generated from the Group's nine ongoing projects in 2020.

	Target/Allowed Wastage	Actual Wastage
Steel Bars	7%	3.71%
Concrete	5%	3.19%
Timber (with a 4-time lifecycle)	10%	5.45%

As the Group continues to make progress in its conservation of resources, it will review and further enhance the materials management programme for better results. The programme's success thus far is largely attributable to the dedication our site management teams have given in lowering the materials management percentage. Their effort includes the continuous monitoring of the construction materials wastage output on a monthly basis. Moving forward, the Group will continue to work closely with our teams to take the necessary control measures to mitigate any wastage.

Utilities Management

The Group's drive to consolidate resources which were not limited to its use of construction materials but extends to the consumption of utilities at its project sites as well. As part of its aim to reduce the Group's carbon footprint, the Group closely monitors the consumption of utilities such as diesel, petrol, water and electricity which are essential to the day-to-day operations of construction sites.

Water is conserved through the utilisation of rain-water harvesting methods which the Group uses to supply water for cleaning purposes at its sites. This water is in turn recycled, where possible, to wash tyres and other objects. The amount of potable water used at each site is also monitored and determined by the number of workers residing at the site.



PMHB sources its raw materials locally and budgets its purchases in accordance 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.

SUSTAINABILITY STATEMENT (CONT'D)



Water Usage (m3)

	2018	2019	2020
Project Sites	403,256	94,728	90,614
Headquarters	1,610	1,754	1,735

The use of diesel on-site is often at its peak in the beginning of the construction cycle, when it is used to power machinery before the electricity supply is established. Consequently, the amount of diesel usage on-site tends to downtrend once electricity is made available and fully utilised on site. In 2020, the Group's total amount of diesel utilisation decreased significantly as our projects are currently ongoing and past the establishment stage.

Diesel Usage (litres)

	2018	2019	2020
Project Sites	1,197,298	656,640	473,248
Headquarters	9,893	9,120	8,610

Electricity Usage (kWh)²

	2018	2019	2020
Project Sites	2,024,311	2,464,521	2,892,113
Headquarters	142,056	142,885	139,412

The Group's use of petrol is limited primarily to fuelling the vehicles that ferry workers and employees to and from the Group's sites thus the amount used is significantly smaller than other utilities. As petrol remains a contributor to the Group's carbon footprint, we have included it in this Report.

Petrol Usage (litres)

	2018	2019	2020
Project Sites	61,521	67,726	68,655
Headquarters	89,927	89,616	70,300



As part of its aim to reduce the Group's carbon footprint, the Group closely monitors the consumption of utilities such as diesel, petrol, water and electricity which are essential to the day-to-day operations of construction sites.

Waste Management

Coming under the ambit of our comprehensive waste management programme, the Group's initiatives to limit the generation of general waste covers the general scope of its operations. The programme has set the following objectives:

- To minimise formwork wastage (by recycling formworks or using alternative non-traditional formworks which are recyclable);
- To minimise packaging waste resulting from products purchased;
- To minimise rework and thus reduce the cost, materials, time and effort spent;
- To minimise materials damage due to negligence; and
- To minimise the quantity of unused materials and wrongly-ordered materials which cannot be returned/ reused due to their specifications.

SUSTAINABILITY STATEMENT (CONT'D)

The means by which we achieve these targets are explained below:

Waste Management Targets and Programmes

Minimising Formwork Wastage

To reduce the high percentage of timber wastage that is involved in the manufacturing and short-term usage of conventional frameworks, the Group has elected to utilize non-traditional formworks that are recyclable. Comprising table-forms, jump-forms and aluminium forms, proprietary-type system formworks can be reused for extended periods. However, the Group will still require timber formworks for project structures that are not uniform and require more flexible formwork.

Optimising Formwork Usage

In 2020, the Group maintained its 90% rate of system formworks usage at all its sites since it first achieved this milestone in 2019. This achievement highlights the Group's long-term effort to reduce the usage of timber formworks at its sites through its investment in fixed assets such as system formworks.

Minimising Packaging Waste

Protective packaging from building materials contribute to approximately 60% of all construction waste. To reduce the amount of waste that is disposed in landfills, the Group recycles the generated waste from this protective packaging where possible. Typically comprising timber pallets, timber crates, cardboard boxes, plastic wrappers and metal strips, the waste is re-purposed by the Group to be used in temporary walling systems, walkways, temporary low-fencing and road barriers at its sites.

Minimising Rework

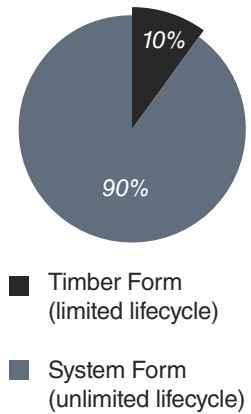
The Group continues to tackle waste management at the root by moderating the necessity for rework in the construction process by closely scrutinizing projects in the blueprint phase. Employing innovative technologies such as Building Information Modelling ("BIM") and Virtual Design and Construction ("VDC") have allowed the Group to pick up errors prior to the construction of any project. Correcting these errors before a project enters into the construction phase mitigates the risk of additional expenses, resources and time lost due to rework. The Group has since organised a BIM team and appointed a BIM Manager to oversee this vital aspect of the construction process.

Minimising Instances of Damaged Materials

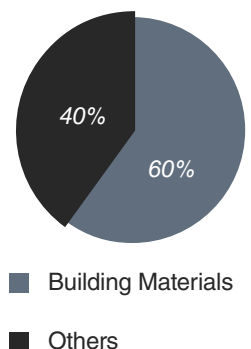
The accidental damage of materials at construction sites due to mishandling or improper storage has resulted in unnecessary expenses for the Group to replace and remove the damaged items. Seeking to eliminate this problem, the Group has implemented the 5S system to ensure the safe and proper storage of materials. The system outlines the following undertakings:

- Prefabricated steel frames are used to store steel bar bundles which helps prevent corrosion when the bundles 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; and
- Fragile materials are appropriately tagged and materials with expiry dates are organised according to their dates in a 'first-in, first-out' order.

PMHB's Formwork Usage



Construction Waste



Seeking to eliminate this problem, the Group has implemented the 5S system to ensure the safe and proper storage of materials.

SUSTAINABILITY STATEMENT (CONT'D)

Recycling Efforts

The year under review saw PMHB continue to partner with NGOs to process recyclable waste collected from our Headquarters and our employees' homes. This practice has served to inculcate a sense of responsible recycling amongst our employees, resulting in a year-on-year increase in the number of items being recycled. Meanwhile our project sites continued to uphold proper recycling practices by repurposing construction waste where possible and transporting recyclable waste to recycling centres.

Results of 2020 Recycling Efforts (kg)

	Headquarters				All Project Sites			
	2017	2018	2019	2020	2017	2018	2019	2020
Carton Boxes/Cardboard	5,477	6,687	4,222	6,458	9,469	9,333	13,974	51,950
Plastics & PVC	1,037	883	343	343	3,429	2,297	8,812	26,398
Metal/Aluminium/Iron	0	0	20	25	973	547	624	1,763
Others (shredded paper, glass, unused film)	9	1,699	2,852	3,613	51	116	1,705	9,780

Pollution Control and Management

In order to manage the Group's carbon footprint, the Group estimates the potential carbon output of every project prior to the commencement of each project. Formulated with the help of an Environment Consultant, the Environmental Management Plan ("EMP") for every project is developed in compliance with regulatory requirements. 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.

In addition, the Group continues to reinforce its environmental performance in its construction activities with several environmentally friendly and contamination preventive measures. 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

Our environmental initiatives are kept in check with the latest International Standard for Environmental Management Systems ("EMS"), ISO14001:2015. Having upgraded from the previous ISO14001:2004 standard, PMSB is committed to implementing the following EMS formulation processes which are in line with the new standard:

- **Strategic Environmental Management Planning:** PMSB has enhanced the strategic planning process by prioritising actions that revolve around mitigating risk and capitalising on opportunities. The planning process now emphasises the identification of 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:** PMSB's application of risk-based thinking enables the Group to identify and focus on 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:** This initiative facilitates PMSB's goal 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 redirecting its processes from just focusing on EMS to include outcomes and results as well;
- **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:** PMSB is looking to enhance the entire lifecycle of its products and services to be more environmentally efficient. This aim will include lifecycle stages such as the 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:** 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. The integration of EMS requirements into existing business processes is in line with the Group's objectives and Bursa Securities' requirements for sustainable development on the EES fronts,

SUSTAINABILITY STATEMENT (CONT'D)

UPHOLDING GOOD SOCIAL PRACTICES

SOCIAL: LABOUR & DECENT WORKPLACE PRACTICES

PMHB is committed to the fair treatment of all its employees, regardless of race, background, gender and age. Our approach to human resources is guided by the Group's 'fair and equal opportunity policy' that is outlined in our Employee Handbook.

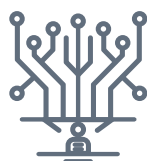
As a forward-thinking organisation, PMHB's employees are testament of the Group's role as a preferred employer of committed individuals who originate from different backgrounds, cultures, religions, races and nationalities.

Composition of the Board

In compliance with Bursa Securities' recommendations to foster gender equality on the Board, PMHB's Board currently comprises one female Director, Independent Non-Executive Director, Pn. Salwa Binti Shamshuddin. With her experiences and perspectives, Pn. Salwa's input as a valued member of the Board helps us to maintain a well-rounded and more balanced sharing of views and opinions between the genders. Pn Salwa serves as a member of the Group's Audit Committee.

PMHB's Workforce

PMHB's success to date can be attributed to the committed, hard-working and talented individuals who form our workforce. As of December 2020, the Group registered a total count of 367 employees (end 2019:399 employees). The following table details the composition of the Group's workforce over the past two years:



PMHB is committed to the fair treatment of all its employees, regardless of race, background, gender and age.

Details of PMHB's Workforce

	2019	2020
Total number of Employees	399	367
Gender (gender equality):		
Male	78%	77%
Female	22%	23%
Age (inclusivity):		
> 50 years old	14%	17%
30 – 50 years old	54%	55%
< 30 years old	32%	28%
Race (Diversity):		
Malay	58%	56%
Chinese	33%	35%
Indian	7%	7%
Others	2%	2%
Type of Employment (Fair employment policy):		
Permanent	41%	45%
Contractual	59%	55%
Nationality (local labour employment):		
Malaysian	100%	100%
Non-Malaysian	0%	0%
Skills (product quality):		
Technical	77%	79%
Non-technical	23%	21%
Year of service (talent attraction & retention):		
< 1 year	32%	23%
1 – 3 years	25%	22%
> 3 – 6 years	21%	27%
> 6 – 10 years	12%	17%
> 10 years	10%	11%
Staff Turnover Rate	20%	20%
Health & Safety:		
Worked Manhours	9,029,260	11,400,772
Fatal Accidents	0	0
Lost Time Injury Accidents	0	0
Accident Frequency Rate/Million Hours	0	0

SUSTAINABILITY STATEMENT (CONT'D)

Historically, the construction industry has always been more male-dominated and this is reflected in the Group's current workforce gender ratio. However, with the steady increase of female engineers in the construction industry, the Group is looking forward to seeing the demographic of our female employees expand from the administrative functions of our operations into our project sites and field work. In the area of racial diversity, the Group's Malay and Chinese employees continue to form the majority of our workforce, followed by Indians and other races.

In 2020, PMHB maintained the same staff turnover rate of 20% from the year prior. The Group sees the turnover cycle of staff as a healthy contributor to operational sustainability as the inflow of new recruits into the Group cultivates a steady stream of new ideas, fresh perspectives and approaches. Furthermore, the movement of employees encourages the younger employees to gain more experience and climb up the corporate ladder as they fill in the roles left vacant by their former seniors in the Company.

The Group has maintained its positive health and safety record from 2019 with zero hours lost to injury or accidents. For information on our health and safety initiatives, please refer to the 'Occupational Health & Safety' section of the Social segment.

Human Rights

PMHB continues to champion the practice of safeguarding the rights of all its employees and workers. With regard to our general on-site workers (blue collar workers), the Group has established the following standards to ensure that their wellbeing and rights are protected:

- 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.

In line with our zero-tolerance stance on slavery, PMHB is strongly against the enslavement of individuals and child labour both as a practice in general and especially within our operations. The Group also strives to ensure that the fair and humane treatment of our workers remains discrimination free, be it in nationality, gender or age. In terms of legality, all the Group's workers are employed via legal means and own CIDB green card issued by the Construction Industry Development Board of Malaysia.

The Group's Employee Handbooks outlines the employee policies that we have established to ensure the equal and fair treatment of our white-collar employees. The Guide also highlights the various benefits that our employees are entitled to.

Work-Life Integration

The Group's commitment to sustainability is reflected in its human resource efforts which focus on ensuring the wellbeing of our workforce. Being in the construction industry often means that our employees and workers are subject to lengthy periods of strenuous activity at the workplace. To offset the duress of a construction work-cycle, the Group endeavours to create a more holistic and beneficial working environment that supports the physical and mental health of its members.

Sports for Physical and Mental Wellbeing

As part of its belief that all members of the PMHB should remain healthy in mind and body, the Group encourages its members to pursue a healthy work-life balance which includes exercise. This belief has seen the Group organise after-work sports activities at both its HQ and construction sites for members of its workforce. These include weekly activities such as futsal, bowling and badminton. Furthermore, 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. In 2020, PMHB organised a total of 138 physical activities for members of its workforce.

Education and Personal Development

Partnering with local universities and colleges, the Group continues to provide undergraduate internship programmes for students who need to fulfil the practical on-site training aspect of their academic requirements at our construction sites and offices. This programme is part of the Group's endeavour to contribute to the development of a better Malaysia.

SUSTAINABILITY STATEMENT (CONT'D)



Internship Programme

In 2020, PMHB accepted 11 interns at HQ and an additional 29 interns at its construction sites. These internship placements are the results of the sponsorship initiatives which the Group continues to carry out in conjunction with the Universiti Tunku Abdul Rahman (“UTAR”).

	2018	2019	2020
Interns at HQ	11	10	11
Interns at Project Sites	26	46	29
Total	37	56	40

Training & Development

In 2020, the Group’s employees underwent a total of 4.58 training hours (2019: 16.6 training hours) per employee as per the training categories listed below:

	2018	2019	2020
Health & Safety	18	25	10
Quality & Technical	31	29	13
Environmental	14	9	4
Corporate Governance	NA	5	1

The decrease in training hours can be attributed to the operational limits and circumstances that were unique to the year under review.

Employee Reward and Recognition Practices

Giving credit where it is due, the Group continues to recognise and rewards its employees in diverse areas. Aside from rightly rewarding deserving effort, these activities are part of the Group’s initiative to strengthen its position as an employer of choice.

Employee Recognition Awards

In recognition of the diligent, long-serving and exceptional high-performing individuals within the Group, we have organised the following recognition programmes over the past few years:

- **PMHB’s Good Action Award** recognises the additional contributions/efforts by employees or project teams that increase the efficiency of working methods which in turn lead to better productivity and effectiveness in the delivery of 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.

We did not carry out any of our recognition programmes in 2020 as the operational constrictions during the year under review made it difficult to gather the sufficient data necessary for the efficient execution of the programme.

SUSTAINABILITY STATEMENT (CONT'D)

Annual Appraisal

Aside from our recognition awards, our employees are rewarded at the end of every financial year following an evaluation and appraisal of their performance, competency and personal attributes. The Group's Annual Appraisal serves to help our employees define and plot their career paths. It also examines each employee's performance, highlighting areas for improvement and identifying the appropriate training and development activities that will best benefit the employee. The Group will continue to implement the necessary measures to help and inspire our employees to move forward and attain their career goals while meeting the Group's requirements as well.

The Annual Appraisal process comprises a face-to-face dialogue session between an employee and their respective superior(s) to review and assess the employee's performance, skills and initiative throughout the entire year. The process enables the Group to determine the bonus, increment, promotion and training required for each employee. It also aims to clearly define an employee's job requirements if necessary and to serve as a platform for the clarification of any doubt or misunderstanding in work processes. The session also facilitates good employee-management engagement which ultimately leads to a more efficient and cohesive working environment.



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

Employee Welfare and Benefits

Members of the Group's workforce are entitled to standard employee benefits such as general group health insurance, medical claims, paid and special leave, as well as travelling and outstation allowances. In addition, PMHB also provides 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.

These benefits are provided equally to all our employees, regardless of their nationalities and backgrounds. New employees to the Group are educated on PMHB's Work Culture, Employee Benefits, Health & Safety Practices, Quality and Environment Practices via the Employee Induction Programme. Being a mandatory course, all new employees are required to attend the induction programme within a month of assuming their roles in the Group. The Group's Fair & Equal policy is also highlighted during the induction programme.

As ambassadors of PMHB, all Group employees are required to uphold the Employee Code of Conduct. The code is highlighted in the Employee Handbook which also outlines the Group's policies on work ethics as well as anti-corruption and bribery practices.

Employee Engagement

Understanding that clear and consistent communication is an integral element for success, the Group continues to organise opportunities for healthy employee engagement. Featuring engagement activities such as corporate social responsibility initiatives, sport activities, festive celebrations and the Group's Annual Dinner, these events help to foster strong management-employee relationships and establish lines of trust and communication. PMHB also facilitates engagement through the following platforms:

Annual Employee Survey

To gauge the needs and perspectives of its employees, the Group carried out its third groupwide employee survey in 2020. The term 'employees' refers to all staff members who are registered under the Group's payroll. A total of 29% of employees responded to the 2020 survey (2019: 27%), thus meeting the Group's target of achieving a minimum response rate of 25%. The survey conducted in 2020 revealed that approximately 67% of PMHB's employees are happy working with the Group and that 63% look forward to serving the Group for the next two years.

SUSTAINABILITY STATEMENT (CONT'D)

Greater Use of Technology Platforms

The advent of technological advances in communication have seen the Group's employees leverage these tools to maintain a steady line of communication with their diverse stakeholders. The use of social interaction platforms such as WhatsApp allows our teams to monitor and check on work progress and access other data on a real time basis. On a more advanced scale, the Group's utilisation of its intranet platform, eBoard, enables the dissemination of corporate information, project updates and group-wide activities to all employees on a common platform.



SOCIAL: OCCUPATIONAL HEALTH AND SAFETY

Recognised for Good Health and Safety Measures

In recognition of the Group's commitment to upholding excellent health and safety measures, PMSB was conferred with the Gold Award at the 16th MOSHPA OSH Excellent National Award 2020 ceremony from the Malaysian Occupational Safety & Health Practitioner's Association for its excellent OSH management in construction.

PMSB also clinched a Gold Class 1 Award from the Malaysian Society for Occupational Safety and Health for its 2019 OSH Performance at the Conlay 301 project. These awards underpin the industry's continued confidence in the Group's capabilities and track record as a reputable construction player.

Continuing to Uphold Stringent Health and Safety Standards

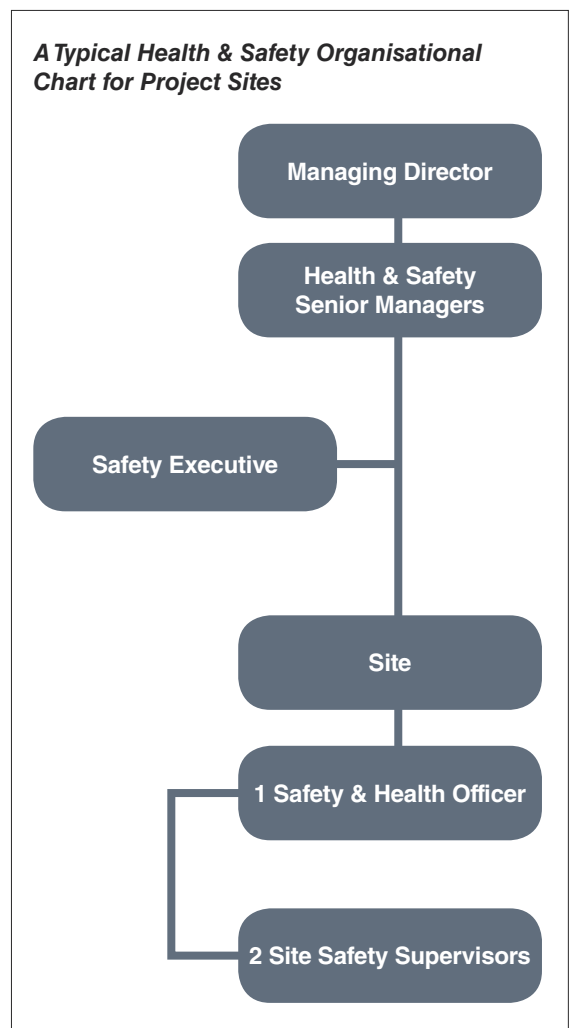
When it comes to the management of the Group's health and safety initiatives, the Group continues to subscribe to only the best practices. During the year under review, the Group migrated from the OHSAS 18001:2007 management system to the ISO 45001:2018 international standard as the former is due to be retired in 2021. While both systems are renowned international standards for occupational health and safety, ISO 45001:2018 includes some very important enhancements over OHSAS 18001:2007, such as greater emphasis on workers and their participation. These enhancements also include a more robust approach to health and safety management with regard to contractors and the inclusion of health and safety in the purchase-decision-making process. The necessity for leadership participation, change management and performance management are also emphasised more in the new standard.

Our Health and Safety Policy

Safety is prioritised as one of the most important aspects of our sustainability efforts even as the Group continues to work towards establishing a more holistic working environment. To this end, the Group has embedded health and safety regulations within its operations and requires all personnel to abide in full compliance with these rules. Having a clear outline of the rules and regulations within their workflows have enabled our teams to garner better insights into their roles and responsibilities. It has also served to inculcate good and safe working practices among our workforce.

To ensure that all work procedures are carried out safely and in accordance with the law, while safety instructions are upheld at all times, the Group has established a standard organisational flow for health and safety measures. These measures aim 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:



SUSTAINABILITY STATEMENT (CONT'D)

Safety Efforts

The Group's maintenance of its high standard of OSH practices is ensured through the implementation of the following activities at its project sites in 2020:

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 project sites have 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.	50% achieved	An OSH training session was conducted in the first of half 2020. The second half will be focused on the conversion of OHSAS 18001 to 45001
Not more than two medical treatment cases for every 1,000,000 man-hours worked.	Achieved	In 2020, there were only 10 medical treatment cases over 11,400,772 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.	57% achieved	In 2020, only 57% of our Site Supervisors passed; The rest are to attend and re-sit the programme until they are accredited. No interview this year since CMCO. All forms for 'to arrange' staffs have been submitted. But the interview will be conducted in year 2021.
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 2020 while SSS attended 4-5 external courses/training sessions in the same year.

SUSTAINABILITY STATEMENT (CONT'D)

Training

The Group organises various training sessions throughout the year at its project sites. These sessions cater specifically to the needs of each individual site and its workers and are aimed at promoting safe work practices and reducing incidents due to human error. Divided into three types of training, the sessions that were implemented are as follows:

- **On-the-Job Training:** Conducted by safety personnel, such as professional Safety Officers or professional Site Safety Supervisors, this training focuses on preparing a group of workers specifically for the high-risk job that they were about to embark on.
- **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.
- **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.

Inspections

A monthly inspections schedule by HQ was scheduled to every site throughout 2020. The schedules guide each site on the relevant KPIs that need to be fulfilled on a monthly basis. The comprehensive schedules also provide an overview of health and safety guidelines that cover 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

During the year, PMHB's Head of Department ("HOD") Senior Safety and Health Manager conducted internal audits on a quarterly basis at each project site. The audits examined each site's safety records, documentation and site practices to ensure that all construction sites were operating in compliance with the Group's safety standards.

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

Behaviour Based Safety Programme

Behaviour Based Safety ("BBS") is a coaching programme that promotes the adoption of best safety attitudes and habits among the project teams regardless of their positions and trades. The Group's implementation of the BBS programme is spearheaded by each site's respective Head of Project. The programme aims to inspire 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

To celebrate our employees' efforts in maintaining and improvising site safety, we began a Monthly Safety Reward and Recognition Programme in 2019. By employing a rewards and recognition system, the Group aims to cultivate diligence, stewardship and overall good behaviour at the workplace. Due to the circumstances of the year under review, this programme has been put on hold until further notice.

SUSTAINABILITY STATEMENT (CONT'D)

SOCIAL: COMMUNITY/SOCIETY

The Group's commitment to advancing the livelihood of the communities that we operate in is reflected in our corporate social responsibility ("CSR") initiatives. Our CSR activities, which include visits to charitable organisations and the Group's scholarship programme, are part of PMHB's contribution to the development of a better Malaysia.

Our CSR segment is driven by the Group's culture of caring which we continue to nurture by inspiring our employees to engage in philanthropic activities where they are able to serve others. In previous years, visits to charitable homes formed a significant portion of our community-based activities. In 2020, however, the circumstances of the Covid-19 pandemic made these events unsafe and impractical. Furthermore, the closure of schools under the MCO resulted in the temporary disruption of our scholarship programme. Taking stock of the situation, we decided to focus our efforts on helping those who have been severely affected by the pandemic and the Movement Control Order. To this end, the Group contributed a cash donation of RM100 to every worker at our project sites to relieve them of their financial burden during this crisis. The workers also received face masks from our Health & Safety team. A breakdown of the programme's activities can be seen in the following table:

SITE	NUMBER OF WORKERS
ATIVO	1,014
CONLAY	583
LOT 15	634
RMM	392
EATON	945
SEPUTEH	1,021
TOTAL	4,589

Additionally, our initiatives in the beginning of the year also saw 41 students benefit from our 'Back to School' donation programme.

Period	CSR Initiative	No. of Staff Participated	Number of Beneficiaries
1Q 2020	Back to School Donation Programme	1	41
2Q 2020	Helping Workers Through Covid-19	50	4,589

As members of PMHB, our employees and workers are also encouraged to go the extra mile in supporting those in need by organising their own philanthropic initiatives. By cultivating a culture of caring, PMHB aims to develop an inspired and fulfilled workforce that is driven towards excellence for the betterment of themselves and others.



SUSTAINABILITY STATEMENT (CONT'D)

SOCIAL: PRODUCT RESPONSIBILITY

Ensuring the quality of our products and services remains integral to the Group's capability to maintain sustainable business growth. To this end, PMHB continues to implement the appropriate measures to certify the quality of our products and services as part of our commitment to deliver value to our stakeholders.

To ensure that the quality of our projects is meeting the requirements set by our clients and the industry, PMHB utilizes the QLASSIC system to assess its projects. 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. PMHB'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. Establishing a minimum score of 73% helps the Group to maintain the same level of excellence comprising high quality results that are delivered on time and within budget among all its projects.

The following roadmap enables the Group to align its projects in terms of quality and standards:

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

There were no QLASSIC scores to report during the year under review as all the Group's projects are currently ongoing. However, the Group still organised internal QLASSIC awareness training sessions for its Eaton, Lot 15 and Ativo project sites.

Customer Satisfaction

Customer satisfaction serves as another gauge by which PMHB assesses the quality of its offerings. To ensure that we maintain a set standard of excellence, the Group has established a Customer Satisfaction Target of 80%. Based on customer feedback, the evaluation of customer satisfaction comprises 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.

Aside from our evaluation, the Group has also established a platform for communication with clients and consultant via fortnightly site meetings. The meetings not only provide a platform for the discussion of work progress and the resolving of discrepancies, it also ensures that all instructions and decisions are transcribed accurately.

Customer Satisfaction Rating

	2017	2018	2019	2020
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%	-

The Group did not undertake any customer survey evaluations in 2020 as all our projects are currently ongoing.

SUSTAINABILITY STATEMENT (CONT'D)

Sub-Contractor Evaluation

As PMHB's role as a main contractor is complemented by the sub-contractors that we hire, it is crucial that our sub-contractors uphold the same standards of quality that the Group is committed to. As such, the Group requires all of its sub-contractors to undergo an evaluation based on their performance following the completion of a project. During the process, the whole work process is assessed and discussed via dialogue sessions.

Following a letter grading system, the Group's evaluation process requires all sub-contractors to achieve a minimum score of 'B-'. Following the assessment, the Group determines if the sub-contractor needs to participate in induction courses that will help to improve their performance. All Grade C sub-contractors will be given the opportunity to improve themselves through additional training within a span of one year. Furthermore, the Group issues a notice of warning to all sub-contractors who have underperformed for the first time. Sub-contractors who fail to meet the Group's requirements after the first warning will be terminated accordingly.

To achieve a minimum of 75% Grade B-sub contractors in its pool, PMHB will continue to source for and replace those sub-contractors who have been terminated. To this end, the Group is looking to incorporate more stringent procedures in its sub-contractor interview process that will allow for a more thorough inspection of a sub-contractor's skills and experience. The Group will also continue to upskill our sub-contractors through training sessions which include meetings and induction programmes.

Sub-Contractor Evaluation Results

	2017	2018	2019	2020
% of Sub-contractors with B-category and above	84.8%	75%	71%	-

There were no sub-contractor evaluations undertaken in 2020 as all of PMHB's projects are still ongoing.

Supplier Evaluation

The Group carries out an annual supplier evaluation to assess the capability of our suppliers' ability to deliver according to the Group's standards of timeliness and product quality. The process helps us to filter out non-performing suppliers and to ensure that the products and services we receive are of a high quality.

Adopting the same format as the sub-contractor's evaluation, the supplier evaluation requires suppliers to achieve a minimum Grade C rating in their evaluations if they wish to remain on the Group's panel. Suppliers who receive a Grade D rating will be dismissed from the panel in the following year.

Supplier Evaluation Results

	2016	2017	2018	2019	2020
Grade A	-	-	-	-	-
Grade B	78%	75%	100%	100%	65%
Grade C	22%	24%	-	-	35%
Grade D	-	1%	-	-	-

In 2020, 65% of the Group's suppliers received a Grade B rating, while the remaining 35% received a Grade C rating. PMHB remains committed to helping its suppliers to develop and upgrade their standards gradually via a mutually beneficial process.

SUSTAINABILITY STATEMENT (CONT'D)



Quality, Environment, and Occupational Health & Safety Management Standards

Having completely upgraded its ISO 9001 and ISO 14001 standards to 2015 requirements, the Group is currently in the process of upgrading its OHSAS 18001:2007 to the ISO45001:2018 standard. The upgrade is expected to be completed within the allocated three-year timeframe.

MOVING FORWARD INTO 2021

As we move forward into 2021, the Group will continue to apply the appropriate strategies and measures to achieve its sustainability objectives. While we remain resolute in our aim, PMHB will remain flexible in its approach, re-evaluating processes and targets where necessary.