

# Sustainability Report 2018

Pesona Metro Holdings Berhad aspires to incorporate a sustainable business model which will ensure that the efficiency of our operations and the interests of our internal and external stakeholders are safeguarded. Our goal is to continue operating in a sustainable manner to deliver holistic, long-term value to our stakeholders, inclusive of society, while protecting 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 encompass civil engineering, building construction, waterbody rehabilitation and beautification, the manufacturing-cum-trading of building-related materials, and more recently, concessionaire activities.

PMHB is committed to creating long-term shared value for its stakeholders while developing a sustainable future for the Group. To this end, the Group continues to engage in responsible and sustainable management practices on the Economic, Environmental and Social (“EES”) fronts. By 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)

This, PMHB's third Sustainability Report ("Report"), covers the significant 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 both upholding the highest level of transparency and accountability in this Report, and to employing best practice standards in its reporting endeavours.

## SCOPE OF REPORT

### Reporting Period

1 January 2018 - 31 December 2018

### Reporting Cycle

Annual

### Business Entity Covered

This Report only covers the activities of Pesona Metro Sdn Bhd ("PMSB"), the construction arm of PMHB, as it is the main contributor to the Group generating 95.5% of its turnover. It does not cover the activities of our 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 complies with Bursa Securities' Sustainability Reporting Guide.

### Report Content

The contents of this Report are focused on the significant material matters which are of importance 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 2018 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

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

PMHB has been playing the role of a responsible corporate citizen for decades. With the introduction of Sustainability Reporting in 2016, the Group has progressively and systematically put in place a Sustainability Framework and realigned its business activities so as to build a sustainable business and future for its stakeholders. In doing so, the Group is demonstrating that it is embracing compliance in a more rigorous manner as well as setting in place the relevant sustainability components that will strengthen its focus on operational efficiencies, cost savings, enhanced revenue generation and innovation for the long-term.

# Sustainability Report

## (Cont'd)

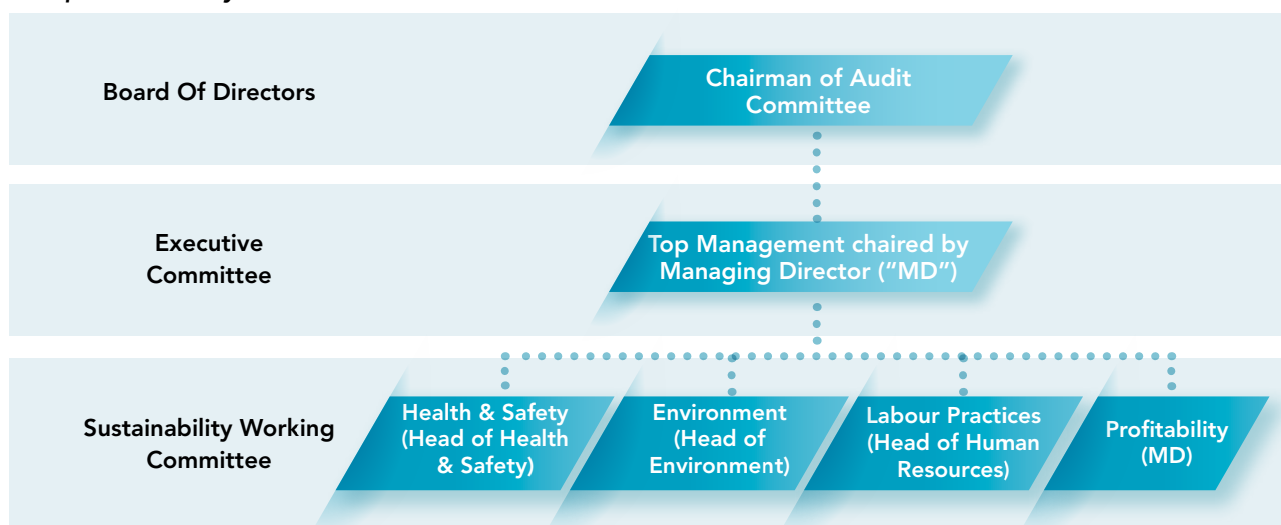
### Sustainability Themes

<b>Health &amp; Safety</b>	The health and safety of the Group's employees and the public are of the utmost importance to PMHB. We view it as our responsibility to ensure the good health and safety of our employees and the people within the vicinity of our project sites. As such, we are continuously upgrading our equipment and ensuring that our safety, health and environmental practices are in accordance with the requirements of the law.
<b>Environment</b>	PMHB is highly aware of the impact that its projects may have on the environment. As a contractor, the environment is "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 handle all environmental matters very carefully. 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.
<b>Labour Practices</b>	The Group's inclusive human resource practices ensure that all employees and workers of PMHB, 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 strive to achieve a good work-life balance to ensure the physical, mental and emotional wellbeing of our people.
<b>Profitability</b>	As a 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

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

### Group Sustainability Governance Structure



# Sustainability Report

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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") recognises the importance of pursuing an agenda that upholds good EES practices. They are committed to investing in measures that promote the sustainable growth of the Group's businesses and which will create value for 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 commitment 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 responsible for evaluating and incorporating the relevant sustainable material matters into the business strategy. It is also tasked with planning activities that will enhance transparency, integrity and accountability towards the Group's stakeholders in every area of our operations and management activities.

### Executive Committee

The Executive Committee is helmed by the Managing Director ("MD"), who reports the findings and progress of the Group's sustainability development to the Board. Assisted by the Chief Financial Officer ("CFO") and two Chief Operating Officers ("COOs"), this committee is tasked with studying, formulating and strategizing the sustainability framework for the Group. The committee's role and responsibilities encompass 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.

PMHB's Board  
is committed to  
investing in measures  
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create value for  
shareholders

### Sustainability Working Committee

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

While PMHB's sustainability governance structure is adequately framed for now, this may be restructured as and when needed to achieve better efficiencies in terms of planning, implementation and reporting. For more detailed information on the Group's overall corporate governance and risk management structures, please refer to the Statement on Corporate Governance as well as Statement on Risk Management and Internal Control on pages 82 to 84 of this Annual Report.

# Sustainability Report

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### STAKEHOLDER ENGAGEMENT

An integral element of PMHB's sustainability strategy is its engagement with its stakeholders. As the Group's businesses and markets evolve, it finds itself engaging with an expanding number of different stakeholder groups. To this end, the Group is committed to developing and strengthening its ties with its stakeholders as part of its efforts to strengthen its position as a stakeholder-centric organisation. The Group's stakeholder engagement takes place regularly and is often in line with the project development process that runs throughout the project life cycle. This regular interaction with our stakeholders ensures that the interests and expectations of our stakeholders are being addressed in an accurate and timely manner.

To help the Group cater to the needs of its stakeholders in the most fitting manner possible, PMHB 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 our stakeholders' expectations as well as the methods by which we engage with them and meet their expectations:



*In recognition of PMSB's outstanding financial and operational achievements, the company was named winner among the top three Eminent Eagles at the Golden Eagle Award 2018 event hosted by Nanyang Siang Pau*

#### 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 (monthly).</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 visits.</p> <p>Audits.</p> <p>Accreditation.</p> <p>Training.</p>	<p>Weekly internal site meeting and site inspection on HSE issues, 5S methodology, GBI matters to ensure compliance.</p> <p>Regularly attend training / seminars / discussions to improve work methods and get updates on new regulations.</p>

# Sustainability Report

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## 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>Fortnightly meetings.</p> <p>Business Townhall Meetings.</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's intranet.</p> <p>The provision of both internal and external training programmes.</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>
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 &amp; 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>
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 media after the AGM.</p> <p>Press releases uploaded on the website for easy access by the Media.</p>

The Group is committed to developing and strengthening its ties with its stakeholders to strengthen its position as a stakeholder-centric organisation

# Sustainability Report

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## STAKEHOLDER PRIORITISATION

While the Group considers all its stakeholders important, it has prioritised how it deals with these stakeholders depending on two criteria, namely how dependent the stakeholder group is on the Group and how these stakeholders' influence affects the Group. The findings of the Group's stakeholder prioritisation exercise (undertaken in February 2018) are tabulated as follows:

### Stakeholder Prioritisation Matrix

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

Following the stakeholder prioritisation exercise, the Group went on to incorporate its findings 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. The selection of stakeholders was decided based on the assumption that their opinions and views are important for the advancement and development of PMHB.

### Stakeholder Prioritisation Matrix

Stakeholder dependency on the Group	High Dependency	CONSULT/INVOLVE		COLLABORATE/EMPOWER (Maximum Attention)	
					1) Employee
Low Dependency	KEEP INFORMED (Minimal Effort)		INFORM/ENGAGE		
	Community	Shareholders		3) Consultants	4) Clients
		Competitors		5) Regulators and authorities	6) Bankers
		Media		7) Suppliers	
	No Influence	Low Influence	Some Influence	Formal Power/High Influence	
<b>Stakeholder influence on the Group</b>					

# Sustainability Report

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### MATERIAL MATTERS

To gain a better understanding of the sustainability or EES-related topics that PMHB's external and internal stakeholders deem most important, the Group leverages on materiality analyses. By pinpointing the sustainability topics that are most material or most important to stakeholders, the Group can determine how best to address them. Material topics are defined as those issues which have a direct or indirect impact on PMHB'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.

In February 2018, PMHB undertook a formal materiality analysis whereby a survey via Google Forms 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 (refer to table below). The identity of all 97 respondents and their feedback was kept confidential.

#### Parameters of Survey

Stakeholders	Parameters
Clients	Existing and past clients who have engaged the Group in jobs - both private and public organisations.
Authorities & Regulators	Governments, local councils, the Construction Industry Development Board (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 Group.

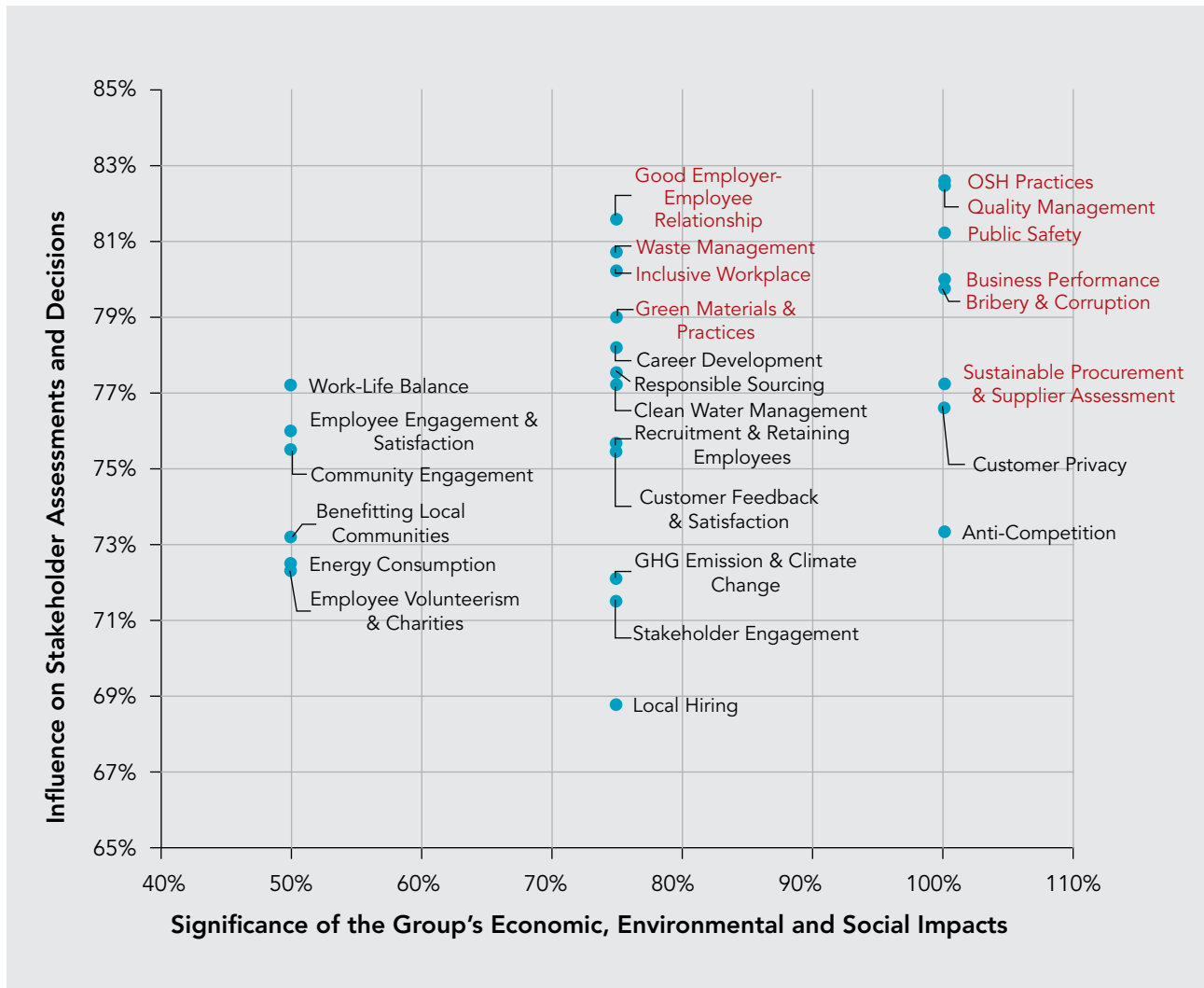
Material topics are defined as those issues which have a direct or indirect impact on PMHB's ability to create, preserve or erode EES value for the Group, its stakeholders and the community

# Sustainability Report

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In December 2018, the Group followed through with a similar stakeholder survey using Google Forms as well as the same questions and parameters. This time around, a total of 156 responses from stakeholders was garnered. The results of the survey are tabulated in the materiality matrix below:

**Materiality Matrix (as per December 2018's Analysis)**



# Sustainability Report

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The material matters from the February and December 2018 surveys are highlighted below. The latest findings are similar to the previous findings and these trends will be relied on to help us roll out our sustainability road map for 2019 (refer to the Moving Forward into 2019 sub-section towards the end of this Sustainability Report).

### Comparison of Material Matters (February 2018 vs. December 2018)

Category	February 2018 Material Matters	December 2018 Material Matters (to be utilised for 2019 planning)
Safety	Occupational Safety and Health Practices ("OSH")	OSH Practices
	Public Safety	Public Safety
Waste	Waste Management	Waste Management
	Clean Water Management	
Labour Practices	Employee Engagement and Satisfaction	Good Employer-Employee Relationship
	Anti-bribery & Corruption	Anti-bribery & Corruption
	Work-life Balance	Inclusive Workplace
Profitability	Business Performance	Business Performance
	Quality Management	Quality Management
	Financial Stability	Green Materials & Practices
		Sustainable Procurement & Supplier Assessment

## 2018 HIGHLIGHTS: SUSTAINABILITY TARGETS & ACHIEVEMENTS

EES Pillar	Targets	Achievements
Environmental	Allowable construction waste: Steel - 7% Concrete - 5% Timber - 10%	Achieved
	Zero Styrofoam food packaging at office and sites.	This goal was not achieved as 35% of our sites and offices were still found to be using Styrofoam packing boxes.
	Zero summons/notices from the authorities on environmental issues.	Achieved
Health & Safety	Zero Fatal Accidents	Achieved
	Zero Lost Time Injury Accidents	This goal was not achieved as we had the misfortune of incurring one Lost Time Injury at our site.
	Zero Critical Property Damage	Achieved
Labour Practices	Zero Employee Dismissals due to noncompliance with anti-corruption and bribery policy.	Achieved
	Anti-corruption training for employees.	Achieved

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EES Pillar	Targets	Achievements
Product Quality	73% score in QLASSIC for all completed projects	Only the Third Avenue Office Block achieved a 73% rating. Other SOHO buildings achieved 69% which exceeded the client's requirement of 60%. The QLASSIC assessment was not applicable to the Gua Musang Seksyen 3E2 infrastructure project.
	Zero Liquidated and Ascertained Damages ("LAD") with 80% Customer Satisfaction.	Achieved. The 3E2 project achieved 98% conformance while the Third Avenue project achieved an 80% rating.
	75% of sub-contractors to achieve Grade B according to our evaluation.	Achieved.
	75% of suppliers to achieve Grade C and above according to our evaluation.	Achieved.

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

## UPHOLDING GOOD ECONOMIC PRACTICES

### Strategic Direction

PMHB continues to refine the direction of its core businesses in order to ensure the sustainable growth of the Group. The Group is continually assessing the ever-changing nature of the economic and business 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 in this Annual Report.

### Strengthening the Market Ecosystem

The Group acknowledges that the key to attaining sustainable growth is to engage in marketplace activities that will help it to establish connections on every level, from its suppliers to its customers. The Group also believes in investing its efforts in initiatives that will create value in the various social and industrial circles in which it operates.

The Group continues to focus the bulk of its marketplace efforts on the construction sector via subsidiary PMSB which is also the largest contributor to the Group's revenue. While the construction industry experienced lower growth of 4.2% in 2018 from 6.7% previously, it remains a significant contributor to the nation's economic growth.



PMHB was one of the Platinum sponsors for Universiti Malaya's Concrete Bowling Competition 2018. We supported their efforts to promote responsibility and creativity in construction practices among undergraduates

# Sustainability Report

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Over the years, PMHB has been enlarging its workforce to cope with the increasing number of projects awarded to the Group. 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), PMHB also employs general workers with special skills in specific trades such as carpenters, bar benders, electricians and special trade workers to assist with the construction work at its sites.

The Group is committed to helping to grow and support the local construction industry through its incorporation of new methodologies into our projects. PMHB also places priority on local suppliers when it comes to sourcing for raw materials such as cement, steel and timber. This decision 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.

### Transparent Marketplace Practices

The Group remains steadfast in its commitment to upholding the practices, values and policies that help it to establish transparency in all its dealings while promoting good market behaviour. As a conscientious corporate citizen, PMHB upholds a zero-tolerance policy for bribery and corruption. This policy has been incorporated in the Group's Employee's Handbook. The Group's stance against these social ills is also highlighted during its Induction Programme with all new employees so that they clearly understand the PMHB's positioning in the fight against white-collar crime in the country. Today, the Group has these policies in place:

- A Code of Conduct emphasising business ethics and employee integrity;
- The Overview Statement on Corporate Governance which spells out the functions of the Board of Directors and various Board committees, among other things. 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 in our Employee's Handbook while the general public can access this on our website at [www.pesona.com.my](http://www.pesona.com.my).



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### UPHOLDING GOOD ENVIRONMENTAL PRACTICES

#### Education & Awareness Programmes

As a conscientious builder and industry player, PMHB is committed to upholding its responsibility to protect the environment. As part of its efforts to ensure that all stakeholders fully understand the implications and impact of the Group's activities on the environment, it has taken the initiative to educate and create awareness amongst its people, especially its employees, workers, sub-contractors and suppliers. The following are some of the educational activities that the Group conducted throughout 2018:

#### Green 5S Practices

As one of the pioneers of the 5S workplace organisation methodology in the construction industry, PMHB has made it compulsory for all project sites to implement 5S practices to ensure the workplace is 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.

To ensure that all employees, sub-contractors and workers have a clear understanding of the 5S methodology, several talks and briefings on the subject were organised throughout the year at the Group's project sites and headquarters. The Group also conducted 5S talks for its clients upon request. The following is a summary of the talks that were held over the past two years:

	2017	2018
Clients*	1	1
Project Sites	23	4
HQ	8	2
Induction Programme (5S)	NA	1

Note: \* upon request.

As we had carried out full implementation of 5S Talks at all project sites in 2017, from 2018 onwards, only workers at new project sites will be required to attend a 5S talk at the beginning of each project lifecycle. Moving forward, as the 5S methodology has been fully implemented at our Headquarters since 2017, we will be replacing the annual 5S talk with the 5S Induction Programme for new employees. Meanwhile, 5S refresher courses are readily available as and when needed.



IBS Factory visit by the UniSZA project team



SIRIM Green 5S Audit at one of PMSB's project sites

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The Group's 5S efforts at its various project sites too have shown a distinct improvement between 2015 and 2018 as per the SIRIM Green 5S Audits. Since the implementation of the Green 5S initiative, the many instances of Zero Non-Conformance Reports achieved by some of PMHB's project sites have set a new standard in the industry. The following table highlights the SIRIM Green 5S Audit achievements at some of PMSB's project sites:

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	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

### Environmental Talks

As part of its commitment to safeguarding the environment, 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.

The following table highlights the number of in-house environmental talks that the Group conducted for its employees in 2017 and 2018:

	2017	2018
Project Sites	6	5
Headquarters	4	1
Induction Programme (EMS Session) – introduced in Nov 2018	NA	1



### Materials Management

Most of the Group's site-based environmental efforts relate to its materials management programme whereby the focus is 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. Furthermore, as the transport of construction waste to the landfill requires significant resources, any reduction in the landfill input will result in an increase in the Group's profit margins.



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### Raw Materials Management

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 quantity of the raw materials utilised is in tandem with the number of projects being carried out. All raw materials used by PMHB are sourced locally.

The following tabulates the raw materials purchased over the past three years:

	2016	2017	2018
<b>Steel Bar (tonnes)</b>	15,391	17,479	13,488
<b>Concrete (m<sup>3</sup>)</b>	120,995	152,732	115,958
<b>Timber (tonnes)</b>	786	705	789

In 2017, there was an increase in the amount of materials utilised as five 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 five ongoing projects in 2018. Four 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
<b>Steel Bars</b>	7%	4.85%
<b>Concrete</b>	5%	4.13%
<b>Timber (with a 4-time lifecycle)</b>	10%	8.41%

Since the materials management programme began, the Group has realised some good success. Moving forward, the programme will continue to be reviewed and developed to enable the Group to achieve better results.

### Utilities Management

Apart from the management of construction materials, the Group closely monitors the consumption of utilities at all its project sites. This includes diesel, petrol, water and electricity, which are all 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 to reducing its carbon footprint linked to the usage of these resources.

Aside from the main utilisation of water for drinking and washing, the Group fully utilises rain-water, via rain-water harvesting methods, for all 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 dependent on the number of workers residing at the site, which means that peak usage is usually recorded around the mid-stage of construction.

#### Water Usage (m<sup>3</sup>)

	2017	2018
<b>Project Sites</b>	89,832	403,256
<b>Headquarters</b>	11,521	6,049



One of PMSB's water conservation programmes where harvested rainwater is used for general cleaning such as washing off mud from truck tires before the trucks leave project sites

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

### Diesel Usage (litres)

	2017	2018
Project Sites	749,130	1,012,009
Headquarters	45,988	83,510

### Electricity Usage (kWh)

	2017	2018
Project Sites	549,644	2,361,847
Headquarters	190,834	210,348

Vehicles carrying workers and employees at the Group's sites mainly utilise petrol as fuel. Although the quantity used is significantly smaller in comparison to that of other utilities, petrol is still included in this Report as it ultimately contributes a not too insignificant amount to the Group's carbon footprint.

### Petrol Usage (litres)

	2017	2018
Project Sites	5,943	4,961
Headquarters	84,123	83,236



Paper recycling efforts at project sites and Headquarters

### Waste Management

The Group's waste management measures are not limited to its construction activities. PMHB has implemented several initiatives to curb the generation of general waste across the board. The Group's Waste Management Programme aims to:

1. Minimise formwork wastage (by recycling formworks or using alternative non-traditional formworks which are recyclable);
2. Minimise packaging waste resulting from products purchased;
3. 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;
4. Minimise materials damage due to negligence; and
5. Minimise the quantity of unused materials and wrongly-ordered materials which cannot be returned/reused due to their specifications.

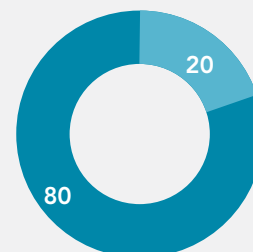
A more detailed narrative of each of these initiatives is spelt out below:

### Waste Management Targets and Programmes

#### Minimising Formwork Wastage

Due to the high percentage of timber wastage as a result of the manufacturing and short-term usage of 'conventional formworks', PMHB has opted to start using '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 where flexibility is required for structures which are not uniform.

#### PMHB's Formwork Usage



- Timber Form (limited lifecycle)
- System Form (unlimited lifecycle)

# Sustainability Report

## (Cont'd)

### Minimising Packaging Waste

Approximately 60% of construction waste comprises 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 often includes timber pallets, timber crates, cardboard boxes, plastic wrappers and metal strips which will often end up in a landfill. In order to extend the usage of these materials, PMHB re-purposes them into other products such as temporary walling systems, walkways, temporary low-fencing and road barriers at its sites.

### Minimising Rework

As part of PMHB's efforts to increase its efficiency by decreasing wastage, the Group aims to reduce the likelihood of reworks in the construction process due to the misinterpretation of construction blueprints. To this end, 2017 saw PMHB introducing 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. This introduction of the BIM and VDC technologies has led to the reduction of rework, 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.

### Minimising Instances of Damaged Materials

Another unnecessary expense that the Group aims to eliminate 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, PMHB has implemented the 5S system to ensure the proper storing of materials. This involves the following:

1. Prefabricated steel frames are used to store steel bar bundles to prevent corrosion when they encounter moisture from the ground;
2. The 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;
3. All fragile materials are first tagged and materials with expiry dates are then stored and organised according to the dates in a 'first-in, first-out' order.

### Recycling Efforts

In 2018, the Group conducted a host of recycling activities. These efforts ranged from engaging in 'Recycling Sundays' with an NGO, to the setting up of full-scale recycling centres at project sites. All waste collected for recycling was sent to a recycle processing centre for proper handling. Furthermore, as part of PMHB's efforts, all the proceeds from the sale of recycled items were donated to charitable organisations during the Group's quarterly corporate social responsibility events.

Besides the recycling efforts at our project sites, our Headquarters also carries out its very own recycling campaign whereby employees are encouraged to bring in recyclable items from home to be recycled responsibly instead of being discarded as rubbish at landfills.



Construction waste is re-purposed into other useful products/materials at project sites

# Sustainability Report

## (Cont'd)

### Pollution Control

In line with our commitment to reducing our carbon footprint and upholding regulatory requirements, PMHB appoints an Environmental Consultant for every project prior to the commencement of the project for the formulation of the Environmental Management Plan ("EMP"). The EMP covers 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.

As part of its efforts to establish an environmentally friendly workplace, the Group introduced several measures to improve our construction practices in terms of environmental performance. These measures include metal drip trays for oil leakage protection, grease/oil interceptors at all our canteen facilities, proper Imhoff tanks for the toilet facilities, water browsers to reduce air particulate, and the use of water jets and wash troughs to clean lorries and the tyres of other vehicles.

### Commitment to Environmental Management (ISO14001:2015)

In 2013, PMHB obtained ISO14001:2004 certification, the International Standard for Environmental Management Systems. This was followed by an upgrade to the ISO14001:2015 standard in 2018, thus attesting to the Group's commitment towards ensuring the implementation of the latest environmental best practices throughout its operations.

## UPHOLDING GOOD SOCIAL PRACTICES

### SOCIAL: LABOUR & DECENT WORKPLACE

The Group's workforce comprises a talented group of committed individuals who hail from different backgrounds, cultures, religions, races and nationalities. As 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 following table highlights the developments within PMHB's Board of Directors over the last three years:

	2016	2017	2018
<b>Total number of Directors</b>	5	5	6
<b>Gender (gender equality):</b>			
Male	5	5	5
Female	0	0	1
<b>Age (inclusivity):</b>			
> 50 years old	4	4	4
50 & < 50 years old	1	1	2
<b>Race (Diversity):</b>			
Malay	1	1	2
Chinese	4	4	4

In 2018, PMHB had the pleasure of welcoming a new female Director to the Board. This milestone is in line with the national and international shift towards encouraging more women to take up senior positions within organisations so as to enable a more balanced sharing of views and opinions between the genders.

# Sustainability Report

## (Cont'd)

### Workforce

The Group's success to date can be attributed to its loyal, hard-working and talented workforce. As at the end of 2018, PMHB's total staff workforce stood at 379 employees (end 2017: 385 employees). The composition of the Group's workforce over the past three years is tabulated as follows:

	2016	2017	2018
<b>Total number of Employees</b>	330	385	379
<b>Gender (gender equality):</b>			
Male	78%	76%	77%
Female	22%	24%	23%
<b>Age (inclusivity):</b>			
> 50 years old	13%	13%	13%
50 & < 50 years old	87%	87%	87%
<b>Race (Diversity):</b>			
Malay	57%	60%	59%
Chinese	33%	31%	32%
Indian	8%	7%	7%
Others	2%	2%	2%
<b>Type of Employment (Fair employment policy):</b>			
Permanent	36%	35%	42%
Contractual	64%	65%	58%
<b>Nationality (local labour employment):</b>			
Malaysian	99%	97%	100%
Non-Malaysian	1%	3%	0%
<b>Skills (product quality):</b>			
Technical	73%	76%	77%
Non-technical	27%	24%	23%
<b>Year of service (talent attraction &amp; retention):</b>			
< 1 year	6%	5%	17%
1 – 3 years	46%	54%	43%
3 – 6 years	25%	22%	21%
6 – 10 years	11%	9%	10%
> 10 years	12%	10%	9%
<b>Staff Turnover Rate</b>	18%	21%	25%
<b>Health &amp; Safety:</b>			
Worked Manhours	7,348,175	7,433,767	7,588,301
Fatal Accidents	0	0	0
Lost Time Injury Accidents	0	0	1
Accident Frequency Rate/Million Hours	1.36	0.80	0.79

# Sustainability Report

## (Cont'd)

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

Due to the nature of the industry in which we operate in, our workforce continues to be male-dominated. However, although our female employees operate mostly on the administrative side of our operations, the gradual increase of female engineers and professionals has seen more women enter project sites and field work.

During the year under review, the Group recorded fairly high staff turnover, which can be attributed to the retirement of a number of our personnel. However, the arrival of new recruits into the Group has seen the inflow of new ideas and fresh perspectives and approaches, elements which are essential to fostering sustainability. The vacancies left by our former employees have also encouraged our younger employees to take on more responsibility and tackle more complex challenges in a bid to move up the corporate ladder.

Our Health & Safety record is trending positively with a reduced accident rate and improved worked manhours. 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 understands and respects the human rights of all its employees and workers. In line with this, we have put into place the following standards for our general on-site workers (blue collar workers) to ensure that their rights are being safeguarded:

1. Separate sanitary areas (i.e. shower areas and toilets) for males and females to ensure their privacy;
2. 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;
3. A designated worship area in the worker's camp to ensure workers are able to exercise their faith;
4. An entertainment area equipped with television;
5. A clean water dispenser where potable water is always made available;
6. Resting areas equipped with beds to ensure that workers get proper rest;
7. A 30-minute break to be taken during an interval of 1.5 to 2 hours of work; and
8. A one-hour lunch break.

The Group upholds its pledge that all workers will be treated fairly and humanely with no one 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. Furthermore, all of our workers are employed legally and own a CIDB green card issued by the Construction Industry Development Board of Malaysia.

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

Due to the nature of our 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 recognises 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 safeguards the physical and mental health of its employees and workers.

The Group continues to create a more conducive and holistic working environment that safeguards the physical and mental health of its employees and workers

# Sustainability Report

## (Cont'd)

### Sports for Physical and Mental Wellbeing

In a bid to ensure that the individuals in its workforce are physically and mentally healthy, the Group 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 staff have access to the Group's fitness centre located near its headquarters where they can work out and refresh themselves with a heated shower. Staff based at Headquarters also have the option of participating in fitness classes which cater to those who would prefer to work out in a group.

The Group also organises weekly site-wide activities such as futsal, bowling and badminton at both Headquarters and the construction sites to encourage interaction between employees and as well as to enhance team dynamics.



### Education & Personal Development

In line with our goal of contributing towards the development of our nation, PMHB continues to support the education system by partnering with local universities and colleges by providing internship programmes for undergraduates who need to have practical training at construction sites and offices to fulfil their academic requirements.

#### Internship Programme

For 2018, we accepted 11 interns at our Headquarters and another 26 at our 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 2018.

	2016	2017	2018
Interns at Headquarters	1	8	11
Interns at Project Sites	18	16	26
<b>Total Number of Interns</b>	<b>19</b>	<b>24</b>	<b>37</b>

#### Training & Development

In 2018, our employees underwent a total of 13.92 training hours per employee as per the training categories listed below:

	2016	2017	2018
Health & Safety	11	13	18
Quality & Technical	61	58	31
Environmental	22	29	14

# Sustainability Report

(Cont'd)



## Employee Reward and Recognition Practices

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

### Employee Recognition Awards

The Group has in place a host of recognition initiatives to motivate diligent, long-serving and exceptional high-performing individuals. The following table spells out the diverse recognition programmes that have been running for several years now:

	2016		2017		2018	
	Individual	Team	Individual	Team	Individual	Team
Good Action Award	15	-	15	-	15	-
HSE Excellence Award	2	2	2	1	2	1
Good Attendance Award	2	-	2	-	1	-
10-year Long Service Award	10	-	8	-	5	-
Green 5S Award	-	-	2	1	2	1

# Sustainability Report

## (Cont'd)

### *Annual Appraisal*

At the end of every financial year, all our employees are evaluated and appraised based on their performance, competency and personal attributes, and are rewarded accordingly. The Group believes that rewarding good work will encourage our employees to move forward with the right attitude and skills. This will help thrust the Group closer to its Vision and Mission of becoming the nation's preferred builder.

The Group uses the Employee Annual Appraisal process to determine the bonus, increment, promotion and training required for each employee. As part of the process, employees are 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 provides the employee with a better understanding of job requirements, and serves as a platform for the clarification of any doubt and misunderstanding in work processes. The session also encourages rapport between superior and subordinate which will ultimately contribute to a better working environment.

Moving forward, the management had decided to improve and simplify the Employee Appraisal Form. A briefing session will be held to educate all superiors on how to conduct a fair and effective evaluation based on the point system set by the management which will be rolled out in 2019.

### *Project Incentives*

All employees will be rewarded when profit-making projects are able to generate better profits due to good practices which reduce on-site costs. This incentive aims to encourage employees to think of ways to reduce cost and wastage which would otherwise reduce the project bottom line. It also encourages our employees and workers to work together closely as a team to ensure better savings for each project while being rewarded for their efforts.

### *Employee Welfare and Benefits*

Aside from the standard employee benefits such as general group health insurance, medical claims, paid and special leave, as well as travelling and outstation allowances, PMHB provides the following benefits to ensure employee welfare is taken care off:

- 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.

All new employees will be required to attend the Employee Induction Programme within a month of assuming their roles with the Group. During the programme, participants will be guided through the Work Culture, Employee Benefits, Health & Safety Practices, Quality and Environment Practices components that the Group observes. All employees are to observe 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.

# Sustainability Report

## (Cont'd)

### Employee Engagement

PMHB understands that clear and continuous communication are integral to creating a viable and sustainable future for any organisation. The Group's efforts to bridge the gap between the management and employees include the following activities:



PMHB's inaugural Business Strategy Townhall Meeting

#### Townhall Meeting

In 2018, PMHB organised its first Business Strategy Townhall Meeting between employees and middle to upper management. Attended by 95 employees from the sites and Headquarters, the session was led by our Director. The following were among the matters that were discussed:

- Financial performance of the Group;
- Review of the Group's business strategy; and
- Identifying ways for the Group to move forward.

Many ideas and views from both the management and employees were shared and exchanged.

### Annual Employee Survey

Another first for the Group was the implementation of a group-wide employee survey for the purpose of gauging the needs and expression of our employees. The term 'employees' refers to all staff members who are registered under the Group's payroll.

A total of 19% of employees responded to this survey. The low response rate was probably due to the lack of publicity on the Group's part which may have impeded participation by more employees. More effort will be put in to encourage at least 25% of the employees to respond to the survey and provide their feedback in 2019.

### Utilisation of Technology Platforms

With current technology trends, communication has never been easier. The Group's employees are now able to engage in seamless communications with their stakeholders. Platforms such as WhatsApp have improved work efficiency as are 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, has taken on a more important role in disseminating corporate information, project updates and group-wide activities to all employees.

With more than 1,500 general workers and employees working at 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

# Sustainability Report

(Cont'd)

## SOCIAL: OCCUPATIONAL HEALTH & SAFETY

The health and safety of our employees continue to be a top priority for the Group. With more than 1,500 general workers and employees working at 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 good occupational safety and health ("OSH") measures, PMHB received the following accolades in 2018:

- Gold Class 2 Award for Very Good 2017 OSH Performance from the Malaysian Society for Occupational Safety & Health for the Residensi Gen project; and
- A SHASSIC score of 92% with 5-star certification by the CIDB for the Central Plaza i-City Mall project and 93% with 5-star certification for Residensi Gen project. The Safety and Health Assessment System in Construction or SHASSIC is an independent method to assess and evaluate the safety and health performance of a contractor in construction works/ projects.

### OHSAS 18001

The Group is committed to implementing the OHSAS 18001:2015 international standard for occupational health and safety. This is helping the Group ensure that it has an excellent OSH management system in place to mitigate all health and safety risks.



Frequent safety inspections are undertaken at all sites to ensure all safety measures meet the safety requirements



# Sustainability Report

(Cont'd)



## Our Health & Safety Policy

With the safety and well-being of its workforce in mind, PMHB continues to work towards creating a harmonious and clean workplace where safety is prioritised. To achieve this, we incorporate and observe all rules and regulations pertaining to health and safety into all our workflows. By doing this, we aim to educate our teams and instil good and safe working practices among our employees and co-workers. We strive 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 our employees and co-workers as well as our assets. The following chart highlights the typical organisational flow for health and safety matters:



### A Typical Health & Safety Organisational Chart for Project Sites



Safety training courses are conducted frequently to enhance awareness towards good health and safety practices at job sites

# Sustainability Report

## (Cont'd)

### Safety Efforts

To ensure that we maintain a high standard of OSH practices at our project sites, the following initiatives are in place:

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 in 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.	30% achieved	This was a new programme introduced in 4Q2018. As such, only four project sites complied with this requirement.
Not more than two medical treatment cases for every 1,000,000 man-hours worked.	Achieved	In 2018, there were two medical treatment cases in 7,588,301 man-hours worked. Both cases occurred within separate 1,000,000 man-hours worked brackets.
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.
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.
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 plants, accessories and equipment per week per site.	Achieved	Safety inspections were carried out as scheduled on a weekly basis at all sites.
Achieve 100% passes for CIDB credential programme for Site Supervisors.	51% achieved	In 2018, only 51% of our Site Supervisors passed; 37% have yet to sit for the interview and 11.43% failed. Site supervisors who have failed this programme will have to repeat the interview until they pass. New comers are scheduled to attend their interviews in subsequent sessions.
A minimum of two training sessions per annum under the Continuous Education Programme for safety staff by an external training provider.	Achieved	All SHO attended 5-6 external courses/training sessions in 2018 while all SSS attended four to five 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.	Not achieved	This will be implemented in 2019.
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.

### Behaviour Based Safety Programme

In 2018, we introduced a coaching programme called Behaviour Based Safety (“BBS”) at all sites. This programme is aimed at rewriting a new culture that promotes the best safety attitudes and habits among the project teams regardless of their position and trades. The new culture will be spearheaded by the Head of Project at each site to motivate the frontline supervisors to be more responsible in their areas of concern and to encourage the development of good teamwork and commitment.

The programme’s initiatives are as follows:

- 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, PMHB will kick start its inaugural Monthly Safety Reward and Recognition Programme where employees and workers will be rewarded based on their efforts in maintaining and improvising site safety. The programme will serve to cultivate diligence, stewardship and overall good behaviour at the workplace by encouraging proactive employees and workers through a recognition and rewards mechanism.



Safe dismantling formwork training



Check point at site entrance to ensure all workers put on their PPE before entering the 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 initiatives for the year under review comprised visits to charitable organisations and the continued rollout of a scholarship programme.

### Philanthropic Activities

The Group strongly believes that as it takes care of the community, it will also be taken care of. In 2018, the Group continued to promote its culture of caring by visiting four charity homes during the year. The visits saw the Group's employees extend their hearts and hands as they showered the occupants of these homes with attention, care and emotional support. The Group also gifted each of these homes with a monetary contribution each.

The following is a summary of the home visits:

- 1Q2018 Persatuan Kebajikan Kanak-kanak Yatim & OKU Mesra Petaling Jaya
- 2Q2018 Persatuan Kebajikan Amal Da Ai Malaysia
- 3Q2018 Persatuan Kebajikan Kanak-Kanak Terencat
- 4Q2018 Batu Grace Children Home

In addition to the scheduled company-wide CSR programmes, the Group also encourages project sites and employees go the extra mile and organise additional donation activities to assist the nearby community that needed assistance. By encouraging employees to engage in philanthropic activities where they are able to help others, we are helping that this will give them a sense of fulfilment while keeping them inspired.

### Scholarship Programme

Another component of our community development programme is the PMHB Scholarship Programme which was introduced in 2008. For the 2018 programme, the Group awarded seven scholarships to deserving undergraduates who are pursuing courses related to construction such as Civil Engineering, Mechanical Engineering, Electrical Engineering (Power), Architectural and Construction Management.

The objective of this partial scholarship is to lighten the financial burden of this group of scholars. These scholars will then be granted a working opportunity with the Group upon graduation.

	2016	2017	2018
<b>Number of New Scholars</b>	6	6	7
<b>Total Annual Payout Amount</b>	RM66,919	RM125,000	RM155,000

# Sustainability Report

## (Cont'd)

### SOCIAL: PRODUCT RESPONSIBILITY

The Group believes that the aspect of quality is crucial to the sustainability of PMHB's business. As such, it is committed to delivering quality products and results as part of its promise to deliver value to its stakeholders.

#### Product Satisfaction

In order to ensure that all the Group'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. In most instances, this score is higher than the quality requirements set by clients. However, the Group is capable of and is committed to achieving a score higher than 73% when required by clients. 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.



Training for Quality Control staff

To achieve this target, we have charted the following roadmap:

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

Given that this initiative was introduced in 2018, we are pleased to announce that our building project, Third Avenue at Cyberjaya, which was completed in 2018, achieved a QLASSIC score of 73% for its office block component and a 69% QLASSIC score for its SOHO component. Both these scores exceed the quality requirements set by our client. Our Gua Musang Seksyen 3E2 project is not eligible for this assessment as it is an infrastructure project.

This assessment was carried out by assessors from CIDB, a third-party assessor, to ensure fair and just evaluation was carried out accurately according to the QLASSIC standards.

#### Customer Satisfaction

Customer satisfaction plays an important role in the Group's product responsibility activities. The Group's target for Customer Satisfaction based on customer feedback is 80%. The criteria by which the Group bases its evaluation of customer satisfaction includes customers satisfaction in regard to:

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

To achieve this, the Group organised fortnightly site meetings with clients and consultants to discuss work progress and resolve any discrepancies. We also maintained a good communications flow to ensure that all instructions and decisions had been transcribed accurately.

#### Customer Satisfaction Rating

	2016	2017	2018
< 50%	-	-	-
51% - 80%	Government Building Project: 78%	Pantai Hospital Carpark Project: 77.8%	-
51% - 80%	UNIMAP Project: 84.4%	The Mews Project: 80% KPJ Dato Onn Specialist Hospital Project: 86.7%	Gua Musang Seksyen 3E2 Project: 98% Third Avenue Project: 80%

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

# Sustainability Report

## (Cont'd)

### Sub-Contractor Evaluation

As a main contractor, PMHB is highly dependent on its sub-contractors to perform and deliver the tasks assigned to them as per clients' specifications. Upon the completion of each project, sub-contractors are assessed based on their performance. The assessment process includes dialogue sessions with sub-contractors, in which the whole work process is discussed, and if needed, various methods such as inductions are explored to help them perform better.

Based on the results of the assessment, we will only retain sub-contractors with a score of at least 'B-'. Our target is to achieve a minimum of 75% Grade B- sub-contractors in our pool. All Grade C sub-contractors will be given one year to improve themselves through additional training.

#### Sub-Contractor Evaluation Results

	2016	2017	2018
<b>% of Sub-contractors with B- category and above</b>	71.5%	84.8%	75%

From the results above, the overall quality of sub-contractors within the Group's pool has progressively met the target set by the Group in 2017 and 2018. The Group will continue to work closely with its sub-contractors to enhance their technical knowledge and skills through meetings, induction programmes and training sessions.

### Supplier Evaluation

To ensure that the products and services provided by the Group's suppliers are of a high quality, an annual evaluation is carried out to filter non-performing suppliers who do not meet the Group's requirements, especially those pertaining to timeliness and product quality.

Similar to the evaluations for sub-contractors, for suppliers to remain in the Group's panel, they need 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
<b>Grade A</b>	-	-	-
<b>Grade B</b>	78%	75%	100%
<b>Grade C</b>	22%	24%	-
<b>Grade D</b>	-	1%	-

For 2018, all (100%) of the Group's suppliers achieved a Grade B rating. PMHB will continue to guide and work with its suppliers to assist them to upgrade their standards gradually, a process which will ultimately prove to be mutually beneficial.

### Quality, Environment, and Occupational Health & Safety Management Standards

The Group has completely upgraded its ISO 9002 and ISO 14001 standards to 2015 requirements. It is currently in the process of upgrading its OHSAS 18001:2005 to the ISO45001:2018 standard. The expectation is for the upgrade to be fully implemented within three years.

# Sustainability Report

## (Cont'd)

### MOVING FORWARD INTO 2019

Moving forward, PMHB will continue to undertake the necessary measures needed to ensure it achieves its sustainability targets including re-evaluating its processes and targets where necessary.

From the results of the materiality survey conducted in December 2018, a new Sustainable Materiality Matrix is in place for 2019. The Group will focus on these material matters as it moves forward in 2019:

Category	2018 Material Matters	2019 Material Matters
<b>Safety</b>	OSH Practices	OSH Practices
	Public Safety	Public Safety
<b>Waste</b>	Waste Management	Waste Management
	Clean Water Management	
<b>Labour Practices</b>	Employee Engagement and Satisfaction	Good Employer-Employee Relationship
	Anti-Bribery & Corruption	Anti-Bribery & Corruption
	Work-life Balance	Inclusive Workplace
<b>Profitability</b>	Business Performance	Business Performance
	Quality Management	Quality Management
	Financial Stability	Green Material & Practices
		Sustainable Procurement & Supplier Assessment

In 2019, the Group plans to continue implementing all its existing programmes while adding the following objectives:

- 1. Health & Safety**
  - a. Implement more stringent safety measures to ensure safety of the public and workers;
  - b. Migrate from OHSAS18001:2015 to ISO45001:2018; and
  - c. Implement the Safety and Health Reward and Recognition programme for all employees and workers at project sites.
- 2. Labour Practices:**
  - a. Intensify the Induction Programme to quicken the transition and integration process of new employees into the PMHB work culture and environment;
  - b. Encourage better employer-employee relationships through the annual staff survey, Townhall session and through daily operational engagements; and
  - c. Revise the Staff Annual Appraisal programme to ensure employees are given a fair and holistic evaluation to assist them to excel better in assisting the Group to achieve its vision and mission.
- 3. Waste Management:**
  - a. Intensify the management programme on Green 5S and quality control to achieve better results in relation to construction and general waste.
- 4. Quality Management:**
  - a. Revisit the QA/QCs' roles and responsibilities with the end objective of achieving zero complaints, zero rework cases and zero NCRs from authorities; and
  - b. Implement training programmes for trade works to ensure every worker learns and applies the good practice techniques at sites to improve product quality.

# Sustainability Report

(Cont'd)



## TOWARDS A SUSTAINABLE FUTURE

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