

PESONA METRO HOLDINGS BERHAD

(Registration No. 201101029741) (957876-T)

SUSTAINABILITY REPORT 2021



OUR SUSTAINABILITY COMMITMENT

Pesona Metro Holdings Berhad (“PMHB” or “the Group”) remains committed to operating in a responsible and sustainable manner that delivers holistic, long-term value to its stakeholders including the communities in which it operates. PMHB is also mindful of the need to uphold sustainable practices to preserve the environment that it operates in. These sustainability goals, which are embedded into the Group’s sustainability agenda, are upheld via a sustainable business model that enables PMHB to safeguard the interests of its internal and external stakeholders as well as implement efficient operations across the Group.



COMMITTED TO CREATING SUSTAINABLE VALUE

PMHB is an investment holding company listed under the Construction segment on the Main Market of Bursa Malaysia Securities Berhad (“Bursa Securities”). The Group specialises in diverse activities including civil engineering, building construction, river rehabilitation and beautification, concessionaire activities, as well as the manufacturing-cum-trading of building-related materials.

PMHB’s primary commitment is to develop a sustainable future for the Group through the creation of long-term value for its stakeholders. This value is developed and achieved by the Group’s continual efforts in creating sustainable progress on the Economic, Environmental and Social (“EES”) fronts. PMHB continues to gain business momentum and grow from strength to strength through the implementation of responsible and sustainable management practices as well as by enhancing operational efficiencies across the Group as a whole.



SUSTAINABILITY REPORT

SCOPE OF REPORT

This is PMHB's sixth Sustainability Report ("Report") to date. It covers the key material EES activities that PMHB carried out in financial year 2021 ("FY2021") through engagement with its internal and external stakeholders. In crafting this Report, the Group has ensured that the highest levels of transparency and accountability have been observed in the reporting process.

Reporting Period

1 January 2021 – 31 December 2021.

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 and its main subsidiary 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. The Group's chief business ventures revolve predominantly 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 (2nd Edition).

Report Content

The contents of this Report detail the significant material matters which are material or important to the Group'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 2021 Annual Report which covers other financial and non-financial aspects of the Group's business. This Report has not been subjected to external assurance. This is in line with the Group's aim to streamline its sustainability data collection and monitoring activities first and then seek external assurance in due course.

Methodology

As per the Group's regular practice, PMHB's Executive Committee have proposed the various aspects and concerns highlighted in this Report. These have been approved by the Board of Directors and executed by the Working Committee. .

PMHB's Sustainability Journey

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

SUSTAINABILITY REPORT (CONT'D)

SUSTAINABILITY THEMES

The Group has applied the following sustainability themes across its operations to ensure that its sustainability efforts remain congruent:



HEALTH & SAFETY

The health and safety of the Group's employees and the public remain as a top priority to PMHB. We believe that ensuring the good health and safety of our employees and the people within the vicinity of our project sites is our responsibility. To this end, we continuously upgrade our equipment to ensure that our safety, health and environmental practices comply with regulatory requirements



LABOUR PRACTICES

The Group's inclusive human resource practices ensure that all employees and workers, whether contractual or permanent, are treated fairly and justly, within our highly diverse demography of nationality, race, religion and gender. PMHB also advocates the practice of having a good work-life balance that ensures the physical, mental and emotional wellbeing of all our people.



ENVIRONMENT

As a conscientious contractor, PMHB is highly aware of the impact our projects may have on the environment. We view the environment as being "close to our hearts" as we have direct contact with the soil, plants, air, water bodies and animals. Hence, we regard it as our duty to perform our daily operations with great awareness and sensitivity towards these exhaustible resources which are crucial to the survival of mankind. The Group is determined to approach all environmental matters with the utmost care and respect so as to mitigate any imbalance in the scheme of things that may negatively affect people or the environment.



PROFITABILITY

PMHB exists to generate profits and value as well as to ensure the long-term, sustainable growth of our businesses in our stead as a responsible corporate entity. We are determined to keep to our promise of delivering excellent products within the stipulated budgets and timeframes while catering to the public as best as we can.



SUSTAINABILITY GOVERNANCE

PMHB's sustainability reporting process is conducted and supervised in accordance with the highest governance standards. The following governance structure enables the Group to ensure that transparency and accuracy are present in every stage of our reporting process:

Group Sustainability Governance Structure



BOARD OF DIRECTORS

Chairman of Audit Committee



EXECUTIVE COMMITTEE

Top Management chaired by Managing Director ("MD")



SUSTAINABILITY WORKING COMMITTEE

- Health & Safety (Head of Health & Safety)
- Environment (Head of Environment)
- Labour Practices (Head of Human Resources)
- Profitability (MD)



SUSTAINABILITY REPORT

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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	Strategise and Standardise
Sustainability Working Committee	Plan and Execute

Board of Directors

The Group's Board of Directors ("the Board") is dedicated to upholding an agenda that endorses good and consistent EES practices. This agenda also includes the creation of long-term value for shareholders through investing in measures that promote the sustainable growth of the Group's businesses.

The responsibility of overseeing, supporting and promoting EES efforts within PMHB is undertaken by the Board. PMHB strives to ensure that the Board is run by a team which consists of professionals with a broad and diverse range of experiences and expertise. The Board remains committed to enhancing the Group's business strategy through upholding the best practices of corporate governance through the incorporation of relevant sustainable material matters in its evaluations. In addition, part of the Board's responsibilities includes the implementation of planning activities that aim to enhance transparency, integrity and accountability towards the Group's stakeholders in all areas of its operations and management activities.

Executive Committee

PMHB's Executive Committee oversees the processes involved in studying, formulating and strategising 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. In line with these processes, the role and responsibilities of the committee consists of duties which pertain to the development of the Sustainability Report and Policy. These responsibilities comprise 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.



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All of the committee's findings are shared at quarterly reviews where any gaps between the targets and the results are subsequently finetuned.

Sustainability Working Committee

PMHB's Sustainability Working Committee closely monitors the alignment of our efforts to achieve our sustainability targets with PMHB's implementation of group-wide 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. The committee meets on a quarterly basis to review findings and to finetune any gaps between the targets.

PMHB will continue to evaluate the Group's sustainability governance structure, strengthening and restructuring where necessary. This is done with the aim of enhancing efficiency within the Group's planning, implementation and reporting processes. 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 REPORT

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STAKEHOLDER ENGAGEMENT

As PMHB's businesses and markets continue to evolve and expand, stakeholder engagement remains an integral aspect of the Group's sustainability strategy. The Group aims its efforts towards developing and reinforcing ties with its stakeholders to strengthen its position as a stakeholder-centric organisation. Stakeholder engagement within the Group is continuously aligned with the project development process that runs throughout the project life cycle. The Group ensures that the interests and expectations of its stakeholders are addressed in an accurate and timely manner through frequently interacting with its stakeholders.

PMHB also evaluates the needs of its stakeholders to ensure that it addresses them in a timely and efficient manner on a regular basis. This is achieved through identifying and categorising our stakeholders into specific groups based on their direct and indirect impact on the Group's business and supply chain and vice versa. Our stakeholders' expectations and 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	Project to be completed on time, within budget and good quality. Full compliance with authorities' rules and regulations with minimal penalties or summons. Zero fatalities. Proper project management and communications.	Progress meeting (fortnightly). Site walk with client (ad hoc). Client satisfaction survey (upon completion of the project).	QLASSIC score of 73% and above. Submission of monthly progress reports on time. Achieve a minimum 80% client satisfaction rate. All correspondence to be answered within 24-48 hours. Always assign a point of contact for clients e.g., Project Manager or Contract Manager.
Authorities & Regulators	Compliance with rules and regulations.	Site inspections. Audits. Accreditation. Training sessions.	Weekly internal site meeting and site inspection on HSE issues, 5S methodology, GBI matters to ensure compliance. Regularly attend trainings/seminars/conferences/discussions to improve work methods and get updates on new regulations.
Employees	Attractive pay-out and job security. Career development and progression. Good HSE practices. Fair and equal treatment.	Annual Staff Survey. Annual Appraisal. Staff activities.	Corporate Social Responsibilities ("CSR") activities to encourage off-site relationships with stakeholders. The operation of a transparent and fair rewarding mechanism based on merit. Regular updates on Group-related news and progress via the Group intranet. 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.





SUSTAINABILITY REPORT (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

An annual stakeholder prioritisation exercise is practiced to ensure that our stakeholders' needs are met in a timely and efficient manner. This practice enables the Group to prioritise how it handles different stakeholder groups. Under this exercise, stakeholders are divided into two categories, with the determining factors being the level of dependency on the Group and how these stakeholders influence the Group. The findings from the last exercise undertaken are tabulated below:

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

The Group's Stakeholder Prioritisation Matrix was developed from the findings of the stakeholder prioritisation exercise. Stakeholders were categorised in accordance with the extent of influence their opinions and views have for the advancement and development of the Group. 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 for the purpose of this Report.

SUSTAINABILITY REPORT

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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

Materiality topics are issues of high importance as they hold the power to impact the Group's ability to create, preserve or erode EES value for the Group, its stakeholders and the community. PMHB strategically addresses these material topics through material analyses which provide detailed insights into the EES-related topics that the Group's stakeholders deem most important. These analyses include details on effective engagement methods such as face-to-face meetings, surveys, feedback and a brief analysis of our peers' practices.

The Group conducted two material analyses back in February and December 2018. Utilising 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:

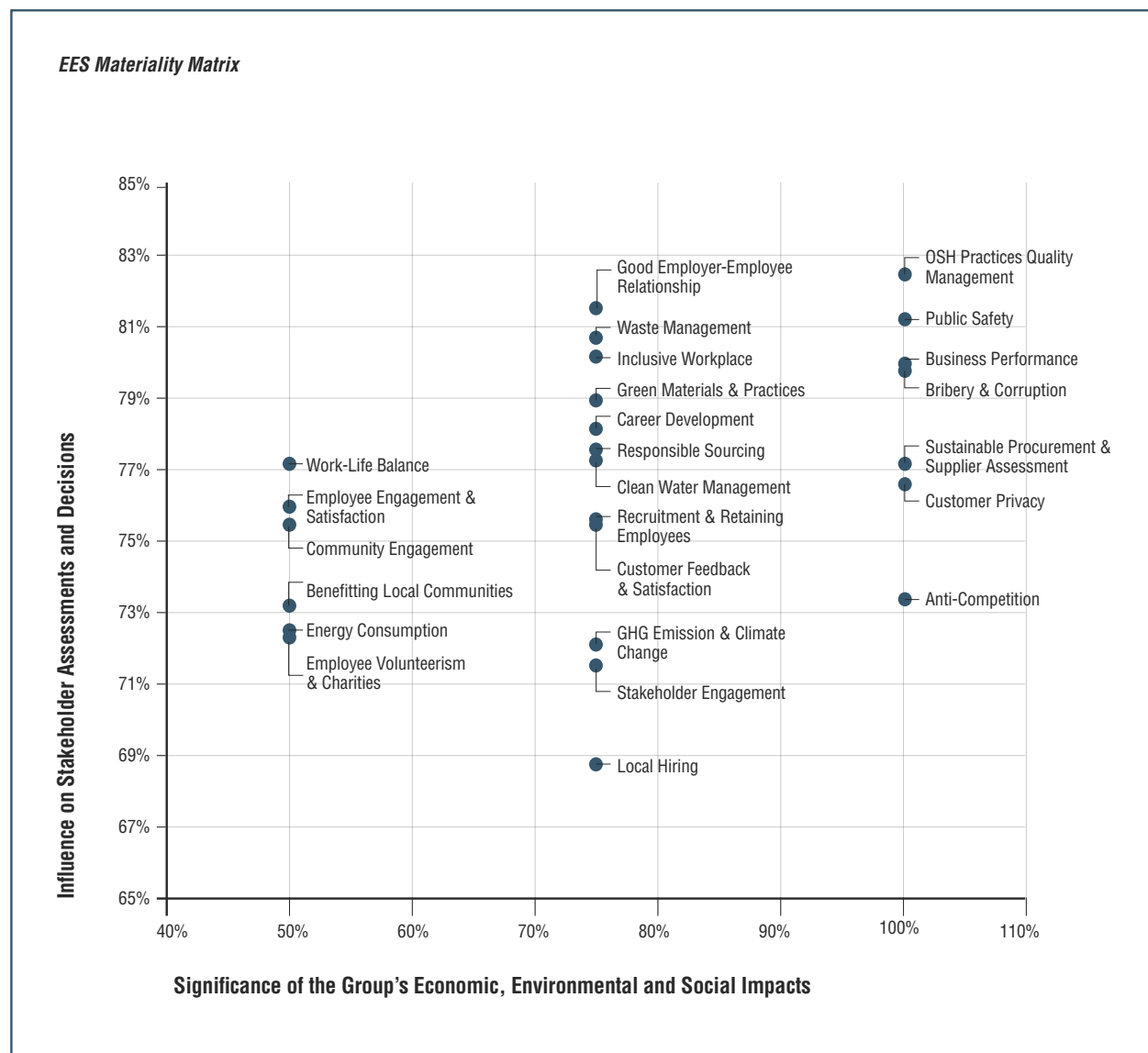
Stakeholders	Parameters
Clients	Existing and past clients who have engaged the Company in jobs - both private and public organisations.
Authorities & Regulators	Governments, local councils, the Construction Industry Development Authority or CIDB, SIRIM, the Fire Department, and the regulators for Green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



SUSTAINABILITY REPORT

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The Group's current Materiality Matrix below was based on the findings of these analyses. Consequently, the matrix was used to plot out PMHB's 2021 Sustainability updated Roadmap.



UPHOLDING GOOD ECONOMIC PRACTICES

Strategic Direction

PMHB is continuously focusing its efforts on finetuning the course of its core businesses to ensure the Group's sustainable growth. In order to maintain the Group's momentum, PMHB implements strategic changes where they are necessary. This practice enables the Group to adapt to everchanging market and economic conditions. For insights into the PMHB's overall strategic direction plus its financial and operational performance, please refer to the Management Discussion and Analysis section within this Annual Report.



SUSTAINABILITY REPORT (CONT'D)

2021 Sustainability Roadmap (Targets and Achievements)

Health & Safety		Labour Practices		Environment		Product Quality	
Target	Achievements	Target	Achievements	Target	Achievements	Target	Achievements
Zero Fatality	Yes	Annual Staff Survey	Achieved	Allowable Construction Waste	Yes	QLASSIC 73%	Yes
Zero Lost Time	Yes	3 Major Festive Celebrations	COVID-19 pandemic	i) Steel 7% ii) Concrete 5% iii) Timber 10%	1.58% 1.00% 3.17%	80% Customer Satisfaction	Yes
Zero Stop Work Orders	Yes	Minimum 14 hour/staff Training	0.62 Training hours / Employee (COVID-19)	Zero Environmental Summons/ Notices	Yes	75% Sub-Contract Grade B	Yes
Zero Dengue Cases	Yes	4 CSR activities	Not achieved -COVID-19 pandemic			75% Supplier Grade C and above	Yes
		Internship	Not Achieved				
		i) 10 HQ ii) 25 Site	i) 3 HQ ii) 7 Site				
		8 Scholarships	1 Scholarship				

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

Strengthening the Market Ecosystem

From its suppliers to its customers, PMHB prioritises marketplace engagement activities with the aim of establishing meaningful connections at every level of the supply chain. The Group aims to cultivate synergistic and strategic relationships that will generate sustainable growth through its sincere efforts as an active member of the construction industry in Malaysia. PMHB 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 main subsidiary PMSB continues to lead the way in driving our marketplace efforts in the construction industry. With construction being a significant factor in the nation's economic cycle, PMHB looks forward to playing a part in the projected growth and recovery of the economy throughout the course of 2022.

The Group's humble beginnings go back to its establishment in 1996 with just 20 employees. The Group has grown from strength over the years and today commands a steady workforce of approximately 400 employees comprising both permanent and contract workers. PMHB employs both local and foreign workers to work at its construction sites in support of trans-border employment and diversity. Its diverse workforce also consists of 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.

PMHB also plays its part in supporting the domestic 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, resulting in a more significant contribution towards the growth of the Malaysian economy. The Group's efforts are further complemented by its commitment to engage in prudent procurement practices aimed at encouraging healthy market competition. The Group also continues to contribute to the domestic construction industry through its utilisation of new methodologies and technologies in its projects.





SUSTAINABILITY REPORT (CONT'D)

Transparent Marketplace Practices

Due to the hazardous nature of its work, PMHB is committed to upholding the strict regulations that govern the construction industry. Its activities are governed by the rules and regulations of the CIDB, of which it is a member, and is subject to audits by SIRIM. Furthermore, in its capacity as a public listed company, PMHB is governed by the Main Market Listing Requirements ("MMLR") of Bursa Securities.

As a company that prioritises transparent dealings throughout its operations, the Group focuses its efforts on promoting good industry and market behaviour. In line with this, PMHB upholds a zero-tolerance stance towards bribery and corruption through the various practices, values and policies that it is continually implementing. One such example is the PMHB Induction Programme which was introduced back in 2019. This programme ensures that all new employees are well-acquainted with the Group's firm stand against white-collar crime, enabling PMHB to strengthen transparency across the Group. This initiative is further supported by the groupwide introduction and implementation of the Zero Tolerance Policy, which can be found in the Group Employee Handbook.

The Group has also implemented these policies in its fight against unethical practices:

- A Code of Conduct underlining the Group's approach towards business ethics and employee integrity;
- The Overview Statement on Corporate Governance which explains the functions of the Board of Directors and various Board committees, including other additional information. This is published in the Annual Report, while the Board Charter is published on its website;
- The Open Tender Policy which is applied to all sub-contractor awards where the attendance of three out of five committee members is required 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 on potential improprieties in matters of financial reporting, compliance and other malpractices, in an appropriate manner at the earliest opportunity. The Whistleblowing Policy is further explained in our Employee's Handbook while the general public can access this on our website at <https://www.pesona.com.my>

To ensure that our governance framework remains comprehensive and up-to-date, PMHB works in close compliance with the relevant regulatory bodies. To this end, the Board continues to evaluate potential risks and introduce the necessary compliance measures in response to Section 17A of The Malaysian Anti-Corruption Commission ("MACC") Act 2009 which was put into effect on 1 June 2020. In addition to this legislation, the Group also incorporated its Anti-Corruption Anti-Bribery Policy and Procedures into its Code of Conduct, in accordance with Bursa Securities' MMLR and in compliance with the MACC's Section 17A ruling.

Our Commitment to Excellence

PMHB continues to be recognised for its commitment to upholding excellence throughout the length and breadth of its operations. For details on the awards and accolades the Group received during the year in review, please refer to the Social: Occupational Health and Safety section of this Report.



SUSTAINABILITY REPORT (CONT'D)

UPHOLDING GOOD ENVIRONMENTAL PRACTICES

Education and Awareness Programmes

PMHB remains fully committed to protecting the environment through its incorporation of more effective sustainable practices. With the goal of decreasing the negative environmental impact of its operations and businesses, the Group puts into practice strategic initiatives that strengthen the protection and preservation of the environment in a sustainable manner.

To ensure that environmental awareness continues to be advocated across the Group, PMHB continues to roll out educational and awareness programmes to its valued employees, workers, sub-contractors and suppliers with the aim of instilling environmental conservation throughout every level of its operations.

Green 5S Practices

PMHB was one of the first builders on the domestic front to subscribe to the 5S methodology, a move that is in line with our aim to cultivate a greener organisation. The 5S methodology helps us to ensure our project sites remain organised, clean and incident-free. All of PMHB's projects have been audited by the SIRIM Green 5S team for their relevant Green 5S practices. 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 in 2017.

Under a recently revamped 5S Awareness Campaign, the Group conducted a total of two 5S Induction Training sessions and 5S Awareness training at 14 project sites during the year in review. In addition, the Group also organised 28 weekly 5S Site Coordination and Surveillance sessions as well as 7 HQ 5S Monthly Audit sessions.

The SIRIM Green 5S Audit keeps track of the Group's 5s efforts. These audits enable us to track our progress in our Zero Non-Conformance commitment at our project sites. PMHB's accomplishments in this area have helped establish the Group as a trusted builder in the construction industry. In 2021, the Group did not undertake any SIRIM Green 5S Audits.

6-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
2021	-	0	0

For the year 2021, due to the COVID-19-induced operational restrictions, PMHB did not conduct any auditing exercises at its sites.





SUSTAINABILITY REPORT

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Environmental Talks

As part of its efforts to be a good practitioner, the Group's environmental preservation efforts are regulated by systems that keep it on course. These regulatory systems are complemented by quarterly refresher courses and sharing sessions with its project teams. These practices enable PMHB to remain compliant with regulatory requirements as well as adopt a more comprehensive approach to its check-and-balance efforts.

The successful maintenance of the Group's Green 5S performance can be attributed to its effective on-site implementation of environmental and 5S practices. The number of in-house environmental talks that the Group conducted for its employees between 2018 and 2021 can be seen in the following table:

	2017	2018	2019	2020	2021
Environmental Talks during EMS Internal Audits at Project Sites	6	5	7	7	14
Environmental Talks during EMS Internal Audits at Headquarters	4	1	4	5	7
Induction Programme (EMS Session) – introduced in Nov 2018	NA	1	5	2	2

All new employees of the Group are required to undergo an introduction to the Group's culture as well as understand its commitment to environmental conservation and 3R activities as part of their induction process. They are also encouraged to uphold groupwide campaigns such as the Styrofoam Food Packaging Campaign which the Group continues to implement. The campaign strictly prohibits the use of plastic/polystyrene food and beverage packaging at PMHB's offices and project sites. By urging our workers and employees to utilise reusable containers in lieu of single-use plastic we aim to minimise the use of non-biodegradable waste.

Materials Management

In line with its goal to minimise waste, PMHB has implemented a materials management programme at all its project sites. The Group's materials management programme at its project sites continues to deliver stable results by mitigating processes that may lead to waste. This is done by meticulously budgeting construction materials at all project sites. The decrease in wastage has enabled the Group to consolidate its resources as well as garner more savings from the decreased landfill input.

Raw Materials Management

In line with PMHB's goal to minimise waste, it sources raw materials locally as well as sets budgets for its purchases in accordance with the number of projects being carried out. For the purpose of this Report, we focus on the three main construction materials which make up some 80% of the Group's raw materials.

	2019	2020	2021
Steel Bar (tonnes)	18,487	10,557	10,472
Concrete (m3)	188,944	95,222	114,721
Timber (tonnes)	1,159	506	288

The Group has set a limit for the maximum amount of acceptable wastage within its operations to ensure the efficiency of the utilisation of construction materials. The following table portrays the amount of waste generated from the Group's ongoing projects in 2021.

	Target/Allowed Wastage	Actual Wastage
Steel Bars	7%	1.58%
Concrete	5%	1.00%
Timber (with a 4-time lifecycle)	10%	3.17%

SUSTAINABILITY REPORT (CONT'D)

Raw Materials Management (cont'd)

The Group will continue to further review and enhance the materials management programme for better results as it makes progress in its conservation of resources. Through the dedication of site management teams and the decrease of the materials management percentage, as well as the continuous monitoring of the construction materials wastage output, the programme has been successful thus far. Moving forward, the Group will continue to work closely with its teams to take the necessary actions to mitigate any potential wastage.

Utilities Management

As part of its aim to become more eco-friendly, PMHB practices resource consolidation particularly in the area of construction materials and the consumption of utilities at its project sites. The consumption of essential utilities such as diesel, petrol, water and electricity at PMHB's construction sites are closely monitored to further reduce the Group's carbon footprint.

PMHB also advocates the conservation of water through the utilisation of rain-water harvesting methods. The recycled water is used to supply water for cleaning purposes at sites, to wash tyres and other objects. In addition, the amount of potable water used is also monitored and determined by the number of workers residing at each site.

Water Usage (m³)

	2019	2020	2021
Project Sites	94,728	90,614	127,532
Headquarters	1,754	1,735	1,711

The on-site use of diesel often peaks 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 on site and fully utilised. In 2021, the Group's total amount of diesel utilisation significantly decreased as all construction projects came to a halt as various movement control orders were reinstated by the government throughout the year, due to the COVID-19 pandemic.

Diesel Usage (litres)

	2019	2020	2021
Project Sites	656,640	473,248	108,099
Headquarters	9,120	8,610	7,669

Electricity Usage (kWh)²

	2019	2020	2021
Project Sites	2,464,521	2,892,113	3,347,919
Headquarters	142,885	139,412	109,515

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

Petrol Usage (litres)

	2019	2020	2021
Project Sites	67,726	68,655	52,123
Headquarters	89,616	70,300	53,962



Waste Management

The Group's initiatives to limit the generation of general waste comes under the ambit of its comprehensive waste management programme which covers the general scope of its operations. The programme comprises the following targets:

- 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.

The following programmes help us to achieve these targets in a sustainable manner.



SUSTAINABILITY REPORT (CONT'D)



Waste Management Targets and Programmes

Minimising Formwork Wastage

PMHB utilises non-conventional recyclable formworks in order to reduce the high percentage of timber wastage that is involved in the manufacturing and temporal usage of conventional frameworks. The recyclable formworks in use include table-forms, jump-forms, aluminium forms, as well as proprietary-type system formworks which can be reused for extended periods. Despite the usage of these reusable formworks, the Group still requires timber formworks for project structures that are not uniform and which require more flexible formwork.

Optimising Formwork Usage

Since the Group first achieved a stable 90% rate of system formworks usage at all its sites in 2019, it has continued to maintain this milestone. This achievement reflects the Group's efforts to reduce the usage of timber formworks at its sites through its investment in fixed assets such as system formworks for the long-term.

Minimising Packaging Waste

Approximately 60% of all construction waste is derived from the protective packaging of building materials. In line with its sustainability agenda, the Group recycles the generated waste from this protective packaging as often as possible to decrease the amount of waste that is disposed in landfills. The waste which predominantly comprises timber pallets, timber crates, cardboard boxes, plastic wrappers as well as metal strips, is later re-purposed to be used at the Group's sites in features such as temporary walling systems, walkways, temporary low-fencing and road barriers.

Minimising Rework

The Group addresses waste management in its project works by decreasing the level of rework in the construction process through the careful inspection of projects while still in the blueprint phase. Employing innovative technologies such as Building Information Modelling ("BIM") and Virtual Design and Construction ("VDC") enable the Group to locate any errors that may occur prior to the construction phase of our project. Bringing correction to these errors during the planning phase of a project reduces risk as it allows for the mitigation of additional expenses as well as the potential loss of resources and time. The Group's BIM team continues to oversee this vital aspect of the construction process.

Minimising Instances of Damaged Materials

The Group's implementation of the 5S system ensures that safe and proper storage of materials is present at its construction sites. This facilitates the decrease in unnecessary expenses incurred by the Group as the issue of materials being damaged is eliminated. 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.

Recycling Efforts

In 2021, the Group continued its partnership with NGOs to process the recyclable waste collected from our Headquarters ("HQ") and the homes of our employees in its efforts to minimise waste. This practice serves to instil a sense of responsibility amongst our employees when recycling, resulting in a year-on-year increase in the number of recycled items. In addition to this, our project sites continue to uphold proper recycling practices by repurposing construction waste where possible as well as transporting recyclable waste to recycling centres.



SUSTAINABILITY REPORT

(CONT'D)

Results of 2021 Recycling Efforts (kg)

	Headquarters				All Project Sites			
	2018	2019	2020	2021	2018	2019	2020	2021
Carton Boxes/Cardboard	6,687	4,222	6,458	4,080	9,333	13,974	51,950	44,439
Plastics & PVC	883	343	343	94	2,297	8,812	26,398	6,667
Metal/Aluminium/Iron	0	20	25	5	547	624	1,763	1,363
Others (shredded paper, glass, unused film)	1,699	2,852	3,613	-	116	1,705	9,780	9,897

Pollution Control and Management

Prior to the commencement of each project, the Group thoroughly estimates the potential carbon output of every project to strategically manage its carbon footprint. With the trusted help of a sustainability consultant, every project is developed in compliance with regulatory requirements known as the Environmental Management Plan ("EMP"). The sustainability consultant is responsible for overseeing the EMP which covers the monthly monitoring system for water quality, air quality, noise levels and vibrations, ensuring that the activities carried out comply with Department of Environment Malaysia's requirements.

PMHB also continues to uphold the reinforcement of its environmental performance in its construction activities through several measures which are both friendly to the environment and which help deter contamination. These measures include metal drip trays for oil leakage protection, grease/oil interceptors at all canteen and kitchen facilities, proper Imhoff tanks for toilets, water browsers to reduce air particulate, and the use of water jets and wash troughs to clean lorries and the tyres of other vehicles.

Our Commitment to Implementing Good Environmental Management Systems

The Group's environmental initiatives are aligned with the latest International Standard for Environmental Management Systems ("EMS"), ISO14001:2015. The Group's initiatives are carried out by its main subsidiary, PMSB, which remains committed to implementing the following EMS formulation processes which are in line with the new standard:

- **Strategic Environmental Management Planning:** PMSB's newly enhanced strategic planning process prioritises the actions that revolve around mitigating risk and capitalising on opportunities. The process enables the identification of risks and opportunities related to environmental matters, compliance obligations and other issues that are driven by the business context, including the needs and expectations of internal and external stakeholders;
- **Risk-Based Thinking:** PMSB's application of risk-based thinking supports the Group's aim to identify and focus on actions that can reduce its environmental impact;
- **Leadership:** PMSB has appointed key people to take the lead role in advocating environmental management within its organisation. The Group's top management and senior managers are committed to advocating greater leadership to ensure all action plans across the board are in line with the Group's EMS objectives and requirements;
- **Protecting the Environment:** PMSB's goal to further expound on the organisation's environmental protection goals comes under the ambit of this initiative which includes the prevention of pollution and the proper use of sustainable resources;
- **Process Approach:** PMSB is redirecting its sole focus on EMS to include other outcomes as well as results;
- **Environmental Performance:** PMSB aims to redirect its focus from solely highlighting the organisation's policy, commitment and continuous environmental performance to include other measures such as the reduction of emissions, effluents and carbon footprint;
- **Lifecycle Perspective:** The Group aims to enhance the entire lifecycle of its products and services to be more environmentally efficient for the long term. This will include lifecycle stages such as the acquisition of raw materials, design, production, transportation/delivery, end of life treatment and final disposal in addition to onsite activities;
- **Integration with Business Process:** The Group's EMS objectives have been integrated as part of its business processes so that it now incorporates procurement, subcontract management, construction implementation, asset management and human resource activities. This integration is in line with the Group's objectives and Bursa Securities' requirements for sustainable development on the EES fronts.



SUSTAINABILITY REPORT (CONT'D)



UPHOLDING GOOD SOCIAL PRACTICES SOCIAL

SOCIAL: LABOUR & DECENT WORKPLACE PRACTICES

PMHB is committed to treating all of its employees respectfully and equally, regardless of race, background, gender and age. The Group's 'fair and equal opportunity policy' guides its approach to human resources as outlined in its Employee Handbook. As a forward-thinking organisation, PMHB will continue to uphold its role as a preferred employer of committed individuals who originate from different backgrounds, cultures, religions, races and nationalities.

Composition of the Board

PMHB's Board currently comprises one female member, namely Pn. Salwa Binti Shamshuddin, an Independent Non-Executive Director, who serves as a member of the Audit Committee. As a valued member of the Board, Pn. Salwa's input enables us to maintain a well-rounded and more balanced sharing of views and opinions between the genders through her diverse experiences and insightful perspectives. Furthermore, her appointment to the Board is in compliance with Bursa Securities' recommendations to foster gender equality on the Board.

PMHB's Workforce

The Group's success can be attributed to the tremendous efforts of the ever committed, hard-working and talented individuals who form its workforce. As of December 2021, the Group registered a total count of 296 employees (end 2020: 367 employees). The following table details the composition of the Group's workforce over the past two years:

	2020	2021
Total number of Employees	367	296
Gender (gender equality):		
Male	77%	73%
Female	23%	27%
Age (inclusivity):		
> 50 years old	17%	18%
30 – 50 years old	55%	57%
< 30 years old	28%	25%
Race (Diversity):		
Malay	56%	52%
Chinese	35%	38%
Indian	7%	7%
Others	2%	2%
Type of Employment (Fair employment policy):		
Permanent	45%	48%
Contractual	55%	52%
Nationality (local labour employment):		
Malaysian	100%	100%
Non-Malaysian	0%	0%
Skills (product quality):		
Technical	79%	77%
Non-technical	21%	23%
Year of service (talent attraction & retention):		
< 1 year	23%	5%
1 – 3 years	22%	29%
> 3 – 6 years	27%	26%
> 6 – 10 years	17%	23%
> 10 years	11%	17%
Staff Turnover Rate	20%	26.67%
Health & Safety:		
Worked Manhours	11,400,772	8,435,172
Fatal Accidents	0	0
Lost Time Injury Accidents	0	0
Accident Frequency Rate/Million Hours	0	0





SUSTAINABILITY REPORT (CONT'D)

As a progressive organisation, the Group continues to direct its efforts towards further developing the demographic of its female employees in the very much male-dominated construction industry. This growth is reflected in the Group's current workforce gender ratio and will remain a top priority for PMHB.

With regard to racial diversity, the Group's Malay and Chinese employees continue to form the majority of its workforce, followed by Indians and other races.

The Group's staff turnover rate increased to 26% in 2021 from 20% in the prior year. PMHB optimistically views the staff turnover cycle as a healthy contributor to operational sustainability as the stream of new recruits into the Group allows for the cultivation of new ideas, fresh perspectives and approaches to take place on a yearly basis. In addition to this, younger employees are motivated to gain more experience by climbing up the corporate ladder while filling in the roles left vacant by their former seniors in the company.

The Group's positive health and safety record has been maintained since 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

The Group continues to uphold and safeguard the rights of all its employees and workers. With regard to our general on-site workers (blue collar workers), PMHB has established the following standards to ensure that their wellbeing and rights remain protected and prioritised:

- Separate sanitary areas (i.e., shower areas and toilets) for both males and females, ensuring their privacy;
- Proper cooking area which includes easily accessible fire extinguishers as well as 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, ensuring workers are able to exercise their faith in a suitable environment;
- An entertainment area equipped with television, that workers can utilise during interval breaks;
- A clean water dispenser where potable water is readily made available;
- Resting areas equipped with beds to ensure that workers get appropriate rest;
- A 30-minute break given during an interval of 1.5 to 2 hours of work; and
- A 60-minute lunch break.

PMHB has strong views against the enslavement of individuals and child labour both as a practice in general and especially within our operations. We strive to ensure that the equal and humane treatment of our workers remains free of any kind of discrimination, be it in nationality, gender or age. In line with our honest practices, all the Group's workers are employed via legal means and own CIDB green cards issued by the Construction Industry Development Board of Malaysia.

Our employee policies on the fair and equal treatment of our white-collar employees are communicated to all personnel via the PMHB Employee Handbook. In addition, this guide also highlights the various benefits that our employees are entitled to.

Work-Life Integration

Working in the construction industry often requires lengthy periods of strenuous activity for the Group's employees and workers. To offset the potential constraint of a construction work-cycle and ensure the wellbeing of our workforce, we continue to take up measures that will help us to create a supportive and beneficial workplace. These initiatives are in line with our understanding that the physical and mental health of our employees are crucial to the sustainable success of our business and operational endeavours.

Sports for Physical and Mental Wellbeing

The Group encourages its members to prioritise a healthy work-life balance as part of its belief that all members of PMHB should remain healthy in both mind and body. This belief has led to the organisation of after-work sports activities held at both its HQ and construction sites for members of its workforce. These activities include various sports such as futsal, bowling and badminton which are held on a weekly basis. In addition to this, PMHB's staff have also been given access to the fitness centre located near its HQ where fully functional facilities including a gymnasium and heated showers are available for utilisation. The option of participating in group fitness classes is also available to staff based at HQ. In 2021, PMHB was only able to organise a total of 55 physical activities for its members compared to 138 activities in the prior year, due to COVID-19 related restrictions.

Education and Personal Development

The Group continues to contribute to the nation's economic development through its offering of undergraduate internship programmes at both its construction sites and offices. In 2021, PMHB continued to implement this programme which provides practical work experience at its construction sites and offices to students who need to fulfil practical training as per their academic requirements.



SUSTAINABILITY REPORT (CONT'D)

Internship Programme

During the year in review, the Group accepted a total of 10 brand new interns with three interns at HQ and an additional seven 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 Universiti Tunku Abdul Rahman ("UTAR").

	2019	2020	2021
Interns at HQ	10	11	3
Interns at Project Sites	46	29	7
Total	56	40	10

Training & Development

In 2021 PMHB's employees underwent a total of 0.62 training hours (2020: 4.58 training hours) per employee as per the training categories listed below:

	2019	2020	2021
Health & Safety	25	10	1
Quality & Technical	29	13	9
Environmental	9	4	1
Corporate Governance	5	1	0

The decrease in the number of hours of training can be attributed to the limits in operations and circumstances that were unique to the year in review.

Employee Reward and Recognition Practices

PMHB strongly believes in recognition our employees for their good work ethic and commitment shown to our organisation. As such, the Group continues to reward the hard work of those employees who stood out during each operational year in review. These activities are part of the Group's initiative to strengthen its position as an employer of choice.

Employee Recognition Awards

PMHB has organised the following recognition programmes over the past few years in recognition of the diligent, loyal and exceptionally high-performing individuals within the Group:

- **PMHB's Good Action Award** recognises the additional contributions/efforts by employees or project teams that increase the efficiency of working methods, leading to enhanced productivity and effectiveness in the delivery of quality products to the Group's customers.
- **PMHB's HSE Excellence Award** recognises employees who prioritise good HSE practices while fully complying with HSE requirements.

- **PMHB's Good Attendance Award** recognises employees who have achieved full attendance, prioritise punctuality and have not taken any sick leave during the year.
- **The Group's 10-year and 20-year Long Service Awards** honours long-serving employees who are loyal and 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 to organising and implementing 5S practices at the workplace through team effort; 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.

Our recognition programmes were not carried out in 2021 as operational restrictions during the year in review made it difficult to gather the sufficient data necessary for the efficient execution of these programmes.

Annual Appraisal

In addition to the Group's recognition awards, PMHB's employees are also rewarded at the end of every financial year following an evaluation and appraisal of their performance, competency and personal attributes. This appraisal exercise serves to help our employees shape and frame their career paths. This process also allows for the examination of each employee's performance, highlighting areas for improvement, and identifying the appropriate training and development activities that will best benefit the employee. PMHB will continue to uphold implementing the necessary measures to further assist and inspire its employees to aim high and achieve their career goals while meeting the Group's requirements.

Employee Welfare and Benefits

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

- Staff housing for overseas and outstation employees;
- Medical benefits and group health insurance are provided to each and every employee 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 on site workers are provided with masks and full Personal Protective Equipment ("PPE") to ensure that they are well protected from potential hazards at construction sites.

SUSTAINABILITY REPORT (CONT'D)

Employee Welfare and Benefits (cont'd)

Regardless of nationality and background, these benefits are provided equally to each and every employee of the Group. Aside from these benefits, education on PMHB's Work Culture, Employee Benefits, Health & Safety Practices, Quality and Environment Practices as well as PMHB's Fair & Equal policy is also provided for all new employees via the Employee Induction Programme. All new employees are required to attend this mandatory induction programme within a month of assuming their roles in the Group.

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

Employee Engagement

The Group understands and acknowledges that clear and consistent communication plays a key role in the element of success. As such, it continues to organise opportunities for healthy employee engagement. These beneficial engagement activities include events such as corporate social responsibility initiatives, sport activities, festive celebrations and the Group's Annual Dinner. These events assist in the cultivation of strong management-employee relationships, through developing trust and communication. The following initiatives are also part of the Group's agenda for engagement:



Annual Employee Survey

The Group carried out its fourth groupwide employee survey in 2021 to further determine the valued concerns and perspectives of our employees. The term 'employees' refers to all staff members who are registered under the Group's payroll. PMHB garnered a total of 120 responses to the 2021 survey, thus meeting the Group's target of reaching a minimum response rate of 25%.

Greater Use of Technology Platforms

The utilisation of advanced technological communication enables PMHB's employees to maintain a steady line of communication with the Group's diverse stakeholders. Easy access to social interaction platforms such as WhatsApp assists our teams in tracking project progress as it seamlessly provides informative data on a real time basis. The Group also employs its intranet platform, eBoard, which enables the dissemination of corporate information, project updates and groupwide activities to all employees on a common platform, resulting in better communication across the Group.

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, it continues to be lauded by various esteemed organisations. In 2021, PMSB's Ativo, Damansara project was awarded a Gold Class 2 Award at the Malaysian Society for Occupational Safety and Health's OSH Performance Award 2021 event, and a Gold Superior Award at the Malaysian Occupational Safety and Health Practitioners' Association ("MOSHHA") OSH Excellence Award 2021 event. At the same MOSHHA event, PMSB's RMM, Bukit Jalil project came away with a Platinum Silver. Prior to this, PMSB's Lot 15 SJCC project bagged a Gold Premier Award at the MOSHHA OSH Excellence Award 2020 event, while the Lot15 SJCC project was also accorded a Special HSSE Recognition Award by Sime Darby Property in 2021. These awards and accolades reflect the industry's continued confidence in the Group's capabilities and track record as a reputable construction player.



PMHB garnered a total of 120 responses to the 2021 survey, thus meeting the Group's target of reaching a minimum response rate of 25%.





SUSTAINABILITY REPORT (CONT'D)



Continuing to Uphold Stringent Health and Safety Standards

Upholding high standards of excellent health and safety measures are a top priority for PMHB. As such, the Group continues to subscribe to the best practices through the most recent upgrade of ISO 45001:2018, a system under the renowned international standards for occupational health and safety. The required participation of leadership within this new standard propels our management teams to be continuously intentional of the inclusion of health and safety measures within the purchase-decision-making process, resulting in a healthier and safer working environment within the Group.

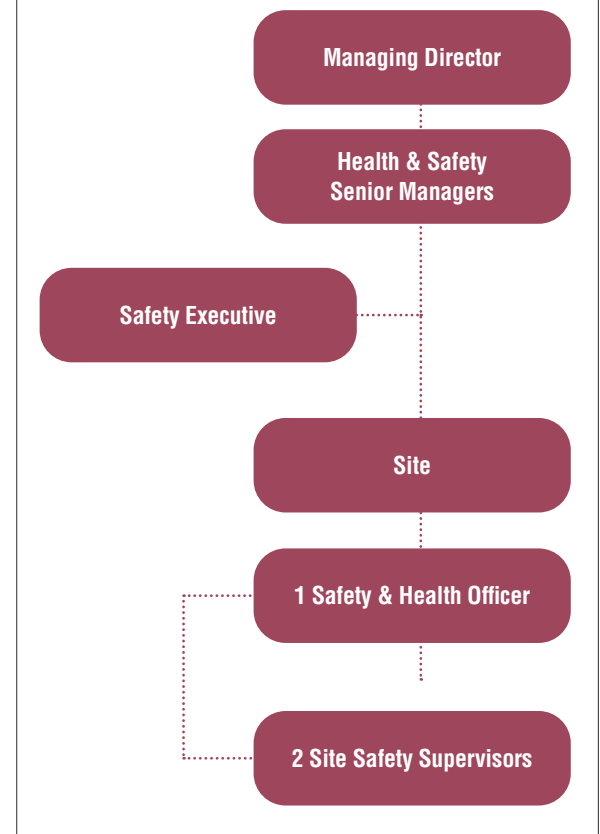
Our Health and Safety Policy

PMHB continues to direct its efforts towards establishing a more coherent and preventative working environment as the reinforcement of safety remains a fundamental priority to the Group. In line with our health and safety agenda, we have embedded strict regulations within our operational facilities which requires all personnel to fully comply to these mandatory regulations. Establishing a comprehensible definition of rules and regulations within our operational workflows has not just equipped our workforce to be more insightful with their roles and responsibilities but has developed safe working practices throughout the Group.

In addition, the Group has established a standard organisational flow for health and safety measures to ensure that all work procedures are carried out safely and in accordance with the law. These measures aim to mitigate, eliminate and avoid all possible health and safety risks towards our valued employees, co-workers and assets across the Group.

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

A Typical Health & Safety Organisational Chart for Project Sites



SUSTAINABILITY REPORT

(CONT'D)

Safety Efforts

The Group's maintenance of high standards of OSH practices is ensured through the implementation of the following activities at its project sites in 2021:

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 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.	Achieved	In 2021, all the employees and sub-contractors complied with COVID-19 preventive measures.
Not more than two medical treatment cases for every 1,000,000 man-hours worked.	Achieved	In 2021, there were only five medical treatment cases over the 8,435,172 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 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.
Emergency Response Planning drill on a quarterly basis.	Achieved	-
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.	60% achieved	In 2021, 60% of our Site Supervisors passed, this amount increased compared to the 57% passing rate we achieved in 2020.
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 - external courses/training sessions in 2021 while SSS attended - external courses/training sessions in the same year.





SUSTAINABILITY REPORT (CONT'D)

Training

Throughout the year, PMHB conducts various training sessions at its project sites which cater specifically to the needs of each individual project site and its workers. These sessions serve as platforms to promote safe work practices while reducing potential incidents that may occur due to human error. These sessions are divided into three types of training:

- **On-the-Job Training:** PMHB's on-the-job training module aims to equip its workers specifically for the various high-risk jobs that they will undertake. It is conducted by safety personnel such as Safety Officers or professional Site Safety Supervisors.
- **Internal Training:** PMHB's internal training aims to educate its safety staff and all personnel on the Group's standard operating procedures pertaining to safety. The training is led by professional practitioners and trainers who form part of the management team. Team members include the Senior Safety and Health Manager who communicates the Group's safe work practices standards, while our Safety and Health officer trains other staff on HIRARC procedures.
- **External Training:** This training further educates those in the workforce who conduct high-risk jobs. Considering the high-risk nature of their jobs, the training offers detailed theoretical information and practical on-the-job training which are absolutely crucial to ensuring the safety of the Group's valued workers and staff members.

Inspections

Throughout 2021, HQ scheduled site inspections that took place on a weekly basis. These schedules guide each site on the relevant KPIs that need to be fulfilled. In addition, these comprehensive schedules also provide an overview of health and safety guidelines covering the scope of 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

The Group's Head of Department Senior Safety and Health Manager conducts internal audits at each project site on a quarterly basis. These audits assess each site's safety records, documentation and site practices to ensure that all construction sites are 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 strategic coaching programme that encourages project teams to adopt the best safety frameworks and habits, irrespective of their positions and trades. The implementation of the Group's BBS programme is led by each site's respective Head of Project. The aim of this programme is to encourage frontline supervisors to further strengthen their responsibilities in the respective areas under their jurisdiction as well as to foster values such as good teamwork and commitment.

The programme advocates 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

PMHB first kicked-off its Monthly Safety Reward and Recognition Programme in 2019 to celebrate and honour the efforts of its employees who maintain and improvise site safety. With the aim of cultivating diligence, stewardship and overall good behaviour at the workplace the Group implemented a rewards and recognition system to drive this goal. Due to the unfortunate circumstances of the year in review, this programme has been put on hold for another consecutive year until further notice.

SUSTAINABILITY REPORT (CONT'D)

SOCIAL: COMMUNITY/SOCIETY

In line with PMHB's commitment to enhancing the livelihood of the communities that it operates in the Group continues to organise activities such as visits to charitable organisations as well as maintain its scholarship programme. These initiatives form part of the Group's corporate social responsibility ("CSR") initiatives which aim to contribute to the development of a better Malaysia.

The Group's culture of continuously caring drives its CSR segment which aims to inspire the Group's employees to engage in philanthropic activities where they are able to serve others. Previously, the Group's visits to charitable homes were a regular practice which formed a significant portion of our community-based activities. The ongoing COVID-19 pandemic, however, has increased the health risks of running these events, making them both unsafe and impractical for the time being. On a more positive note, the reopening of schools allowed for our scholarship programme to resume, enabling the Group to sponsor one student in 2021. A breakdown of the programme's activities can be seen in the following table:

Number of New Scholars		
2019	2020	2021
9	-	1

Total Annual Scholarship Amount		
2019	2020	2021
RM 215,000	RM -	RM 20,000

Members of the Group are also encouraged to cultivate a culture of caring in their lifestyles through organising their own personal charitable initiatives. In doing so, the Group aims to develop a workforce that is inspired to attain excellence for the betterment of both themselves and the communities around them.

SOCIAL: PRODUCT RESPONSIBILITY

In order to maintain sustainable business growth within the Group, PMHB considers the delivery of quality of its products and services to be an integral part of the Group's capabilities. To carry this out, PMHB continues to implement the appropriate measures to ensure and certify the quality of its products and services as part of its commitment to deliver long-term value to its stakeholders.

The Group utilises the QCLASSIC system to assess its projects as well as to guarantee that the quality of our projects meets the requirements set by our clients and the industry. The Quality Assessment System in Construction or QCLASSIC is an independent method or system that measures and evaluates the level of quality of workmanship and finishes of building construction works.

PMHB's Quality Assurance and Control team has set a QCLASSIC score of 73% as the minimum score to be achieved in all the Group's projects upon completion. Establishing a minimum score encourages PMHB to maintain consistent levels of excellence in all its projects comprising high quality results that are delivered on time.

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

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

In 2021, the Group successfully completed two of its projects including Conlay 301 as well as the Eaton Residences both of which are located in the heart of Kuala Lumpur. The Group scored above and beyond the minimum required score with the Conlay 301 project, achieving a Quality Assessment System in Construction or QCLASSIC score of 80%. This assessment was carried out in an unbiased manner according to the QCLASSIC criteria by third-party assessors from the CIDB. In addition, the Eaton Residences project in Kuala Lumpur underwent a BuildQAS mock assessment (Singapore Standards), achieving a total score of 81.10%. BuildQAS is an established third-party assessment system that bridges the quality expectations between developers and contractors, ensuring safe and responsible construction processes on every operational level.

Customer Satisfaction

PMHB assesses the quality of its offerings and services through its customer satisfaction standards. These standards serve as a gauge by which we ensure the maintenance of the standard of excellence within the Group. In order to achieve this, PMHB has established a Customer Satisfaction Target of 80%. Based on customer feedback, our 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.

PMHB also organises fortnightly site meetings for the purpose of communicating with clients and consultants. These meetings provide a platform for the discussion of work progress and the resolving of discrepancies as well as the accurate transcribing of all instructions and decisions.





SUSTAINABILITY REPORT (CONT'D)

Customer Satisfaction Rating

	2018	2019	2020	2021
Less than 50%	-	-	-	-
50% to less than 80%	-	-	-	-
80% and above	Gua Musang Seksyen 3E2 project: 98% Third Avenue project: 80%	Central Plaza i-City Mall project: 89% Residensi Gen, Kuala Lumpur project: 84.4%	-	Conlay 301 project: 80% Eaton Residences project: 84.4%

In 2021, the Group achieved a rating of 80% and above for both the Conlay 301 and Eaton Residences projects.

Sub-Contractor Evaluation

PMHB's sub-contractors add significant value to the Group as they play a vital role in its operations. Even as the Group is committed to upholding high standards of quality, it is crucial that its sub-contractors also do the same. In line with this commitment, the Group conducts an evaluation exercise for each sub-contractor based on their performance following the completion of each project. All work processes are assessed and discussed via dialogue sessions throughout the course of this evaluation.

This assessment requires all sub-contractors to achieve a minimum score of 'B-', following a letter grading system. After this assessment is complete, the Group subsequently determines if these sub-contractors need to participate in induction courses to assist them in the betterment of their services. All Grade C sub-contractors will receive the opportunity to improve themselves and enhance their performances through additional training within the span of a single year. Part of PMHB's practice includes issuing 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 given warning will be terminated accordingly in order to maintain high levels of quality across the Group.

In line with PMHB's aim to maintain quality, the Group will continue to source for and replace those sub-contractors who have been terminated in order to achieve a minimum of 75% Grade B-sub contractors in its pool. In addition, the we are also looking to enhance the procedures within our sub-contractor interview process so as to facilitate more stringent inspections of a sub-contractor's skills and experience. To enhance the skills of our sub-contractors, the Group will organise various training sessions which will include meetings and induction programmes.

	2018	2019	2020	2021
% of Sub-contractors with B-category and above	75%	71%	-	99.3%

Sub-Contractor Evaluation Results

With the Group completing several projects this year, our sub-contractors successfully achieved an impressive 99.3% within the B – category and above, which marks a stark improvement compared to the year prior.

Supplier Evaluation

PMHB's annual supplier evaluation serves to assess the capability of the Group's suppliers as well as their ability to deliver against the Group's standards of timeliness and product quality. This assessment enables PMHB to filter out non-performing suppliers, ensuring that the standard of products and services that the Group delivers are of high quality.

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

SUSTAINABILITY REPORT (CONT'D)

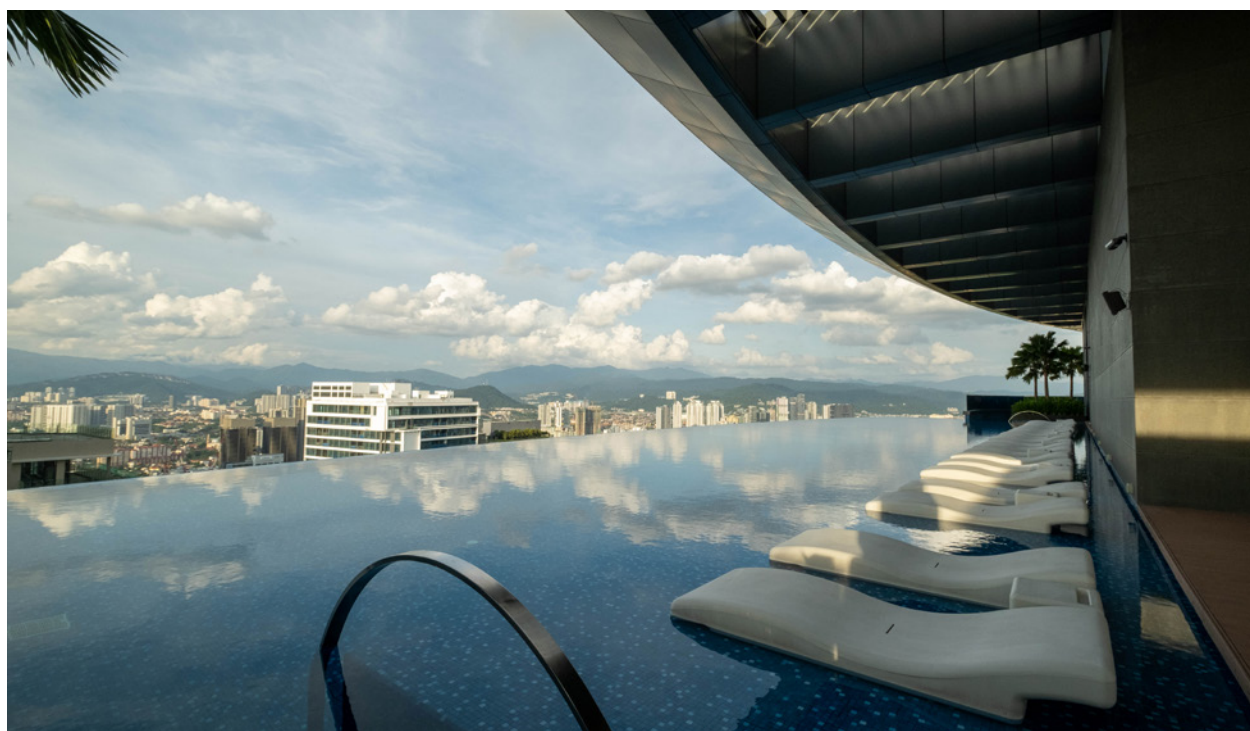
Supplier Evaluation Results

	2017	2018	2019	2020	2021
Grade A	-	-	-	-	-
Grade B	75%	100%	100%	65%	47%
Grade C	24%	-	-	35%	53%
Grade D	1%	-	-	-	-

In 2021, PMHB's suppliers received a Grade B rating of 47% while the remaining 53% received a Grade C rating. The Group remains committed to helping its suppliers to gradually develop and enhance their standards in a manner that is mutually beneficial.

Quality, Environment, and Occupational Health & Safety Management Standards

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



MOVING FORWARD INTO 2022

Moving forward, the Group will remain steadfast in its approach towards future business growth by delivering and providing products and services which are of excellent quality. We will endeavour to do this in a manner that is both sustainable and responsible. We will also continue to focus on strengthening and enhancing PMHB as a whole while adding significant value to the Group for the long-term.

