

# SUSTAINABILITY REPORT

## Scope of the Statement

Mah Sing and its subsidiaries as included in the Group's consolidated financial statements. Subsidiaries refer to all companies in which Mah Sing holds a majority stake or has direct managerial control.

## Reporting Cycle

Annually

## Coverage

This statement covers Mah Sing and its Property and Plastics divisions. Group data and information are presented whenever possible. However, initiatives and/or data by particular divisions or subsidiaries have been highlighted as indicated in the text.

## References and Guidelines

### Principal Guideline:

Global Reporting Initiative (GRI) Standards

### Additional Guideline:

Bursa Malaysia's Sustainability Reporting Framework

## Materiality and Relevance of Information Disclosed

Mah Sing engaged an external consultant to conduct a detailed materiality study with representatives from all stakeholder groups and its Board of Directors. This study helped identify the most important aspects of sustainability for stakeholders and Mah Sing.

## Feedback

Investor Relations

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## MANAGING SUSTAINABILITY

All of our actions are governed by our desire to demonstrate lasting respect for our environment, our business relationships and the people with whom we interact.

Our sustainability strategy is aligned with our credo, 'Reinvent Spaces. Enhance Life'. We are also committed to improving the economic and social well-being of stakeholders executing development projects and managing operations. In a rapidly changing business landscape, we actively embrace innovation to secure commercial viability without compromising the environment for future generations.




We uphold high standards of corporate governance and transparency to protect shareholders' interests. A proactive approach to environmental, health and safety management, which incorporates a universal design into developments, ensures that our properties are future-proof and sustainable. Policies and guidelines are established to ensure energy, water and other resources are used efficiently.

### Our Priorities

Mah Sing is committed to product quality, customer satisfaction, a positive work culture and the well-being of employees. Community development and the best corporate governance practices are also very important to the Group.

Sustainability is a continuous process throughout the execution of project developments, township planning and operations management in line with social, economic and environmental planning.

## Commitment to Key Issues

| Area  | Our Promise  | Our Priorities   |
|---|--|--|
| Community, public and the nation<br> | Reinventing hope and creating lasting change in people's lives.  | <ul style="list-style-type: none"> <li>• Education</li> <li>• Health and Wellbeing</li> <li>• Community development</li> <li>• Affordable housing</li> </ul>   |
| People<br>                           | Driving growth for the Group by recruiting, developing and motivating employees.   | <ul style="list-style-type: none"> <li>• Employee communication</li> <li>• Learning and development</li> <li>• Succession planning</li> <li>• Work-life balance</li> <li>• Workplace diversity</li> <li>• Workplace health and safety</li> </ul> |
| Environment<br>                      | Complying with all relevant legal requirements, assessing the environmental impacts of our operations, continuously seeking to reduce their impacts and improving our resource efficiency by reducing energy, water and waste. | <ul style="list-style-type: none"> <li>• Sustainable buildings</li> <li>• Green townships</li> <li>• Reduce, Reuse, Recycle (3Rs)</li> </ul>   |

## Sustainability Governance

Sustainability management comes under the purview of the Sustainability Committee, comprising representatives from all business units. It is headed by Datuk Ho Hon Sang who oversees the Group's continued commitment in the areas of environment, social and governance (ESG). The committee updates the Board on the Group's sustainability management performance, key material issues identified by stakeholders and planned follow-up measures. We are guided by our Mission Statement to deliver sustainable growth in our business and create value for our stakeholders.

The following governance structure has been introduced for the effective monitoring and execution of sustainability initiatives in the organisation.

## Mah Sing Sustainability Governance Structure



The Board, supported by the Sustainability Management Committee, is accountable for all sustainability matters in Mah Sing. This committee comprises members of senior management who oversee the implementation of sustainability strategy and related matters.

The Sustainability Working Committee reports to the Sustainability Management Committee and is responsible for the overall implementation and execution of sustainability matters such as:

- Identifying issues concerning stakeholders
- Determining the materiality of various sustainability issues
- Proposing necessary action plans to mitigate issues of concern
- Formulating a strategy to improve key areas of sustainability

The Sustainability Working Committee communicates with the respective departments regularly to inculcate sustainability into Mah Sing.

## SUSTAINABILITY REPORT








### STAKEHOLDER ENGAGEMENT

Dialogue is an essential part of understanding how the complex forces at work in the world today interact with one another and with our business. Active engagement with stakeholders is essential as we seek their input and opinions, and address any concerns they raise.

Our definition of stakeholders is broad, encompassing any groups that may:

- Directly impact the Group and its business operations and/or
- Be affected by our operations and actions.

We connect with stakeholders through a wide range of channels. Areas of engagement are similarly broad and encompass a variety of environmental, social and governance issues that are material to Mah Sing.

| Stakeholders  | Expectations & Interests  | Engagement Methods   |
|---|---|--|
| <b>Employees</b><br>   | <ul style="list-style-type: none"> <li>• Employee communication</li> <li>• Learning &amp; development</li> <li>• Succession planning</li> <li>• Work-life balance</li> <li>• Workplace diversity</li> <li>• Workplace health &amp; safety</li> </ul>  | <ul style="list-style-type: none"> <li>• Regular engagement with senior management</li> <li>• Employee Engagement Survey (EES)</li> <li>• Recreation club activities</li> <li>• Volunteer programmes</li> </ul>  |
| <b>Customers including home buyers and residents and tenants</b><br> | <ul style="list-style-type: none"> <li>• Customer care &amp; post delivery service</li> <li>• Security of development projects</li> <li>• Product quality</li> <li>• Operational efficiency</li> <li>• Supply chain efficiencies</li> <li>• Workmanship and design</li> <li>• Facilities management</li> <li>• Customer experience</li> </ul> | <ul style="list-style-type: none"> <li>• Appreciation events</li> <li>• Satisfaction surveys</li> <li>• Social media</li> <li>• Mah Sing Careline</li> <li>• M Privilege Loyalty Programme</li> <li>• M Concierge Property Support Services</li> <li>• Community &amp; CSR Events</li> </ul> |
| <b>Investors</b><br>   | <ul style="list-style-type: none"> <li>• High-quality assets</li> <li>• Sustainable financial returns</li> <li>• Transparency</li> <li>• Operational efficiency</li> <li>• ESG risks and opportunities</li> <li>• Investor engagement</li> </ul>  | <ul style="list-style-type: none"> <li>• Annual General Meetings (AGMs)</li> <li>• Quarterly financial results announcement</li> <li>• Media releases and interviews</li> <li>• Annual and sustainability reports</li> </ul>   |
| <b>Communities</b><br>   | <ul style="list-style-type: none"> <li>• Design and quality</li> <li>• Job opportunities</li> <li>• Local partnerships</li> <li>• Community involvement</li> <li>• Infrastructure improvements</li> </ul>   | <ul style="list-style-type: none"> <li>• Community programmes supporting these causes: education, financial assistance, medical support, social and sports</li> <li>• Affordable housing</li> </ul>  |
| <b>Government</b><br>  | <ul style="list-style-type: none"> <li>• Compliance</li> <li>• Permits and entitlements</li> <li>• Stakeholder programmes to promote greener tenant/resident behaviour</li> </ul>   | <ul style="list-style-type: none"> <li>• Advocating best practices</li> <li>• Stakeholder programmes to encourage greener tenants and residents</li> </ul>   |
| <b>Suppliers</b><br>   | <ul style="list-style-type: none"> <li>• Business relationships</li> <li>• Development opportunities</li> <li>• Sourcing of materials</li> <li>• Selection of suppliers and contractors</li> </ul>  | <ul style="list-style-type: none"> <li>• Mah Sing works closely with its contractors and suppliers who are committed to quality, environmental, health and safety standards.</li> </ul>  |
| <b>Environment</b><br>   | <ul style="list-style-type: none"> <li>• Green present and future</li> </ul>  | <ul style="list-style-type: none"> <li>• Sustainable buildings</li> <li>• Green townships</li> <li>• Reduce, Reuse, Recycle (3Rs)</li> </ul>   |



## MATERIALITY

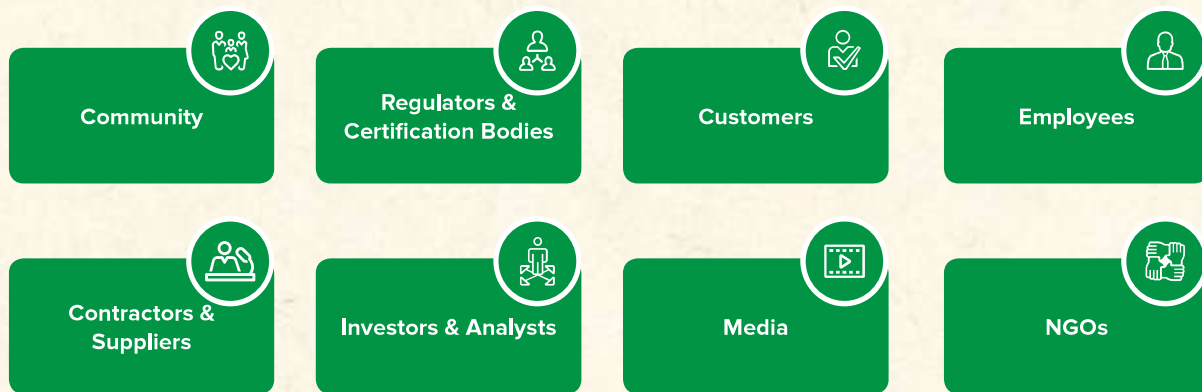
Mah Sing is faced with a wide range of topics on which to report. Relevant topics are those that may reasonably be considered important for:

- Reflecting Mah Sing's economic, environmental and social impacts, or
- Influencing stakeholders' decisions and merit inclusion in the report.

Materiality is the threshold at which sustainability topics become sufficiently important that they should be reported. However, not all material topics are of equal importance and the emphasis within this report must reflect the relative priority of these areas.

Mah Sing commissioned an external consultant to conduct a comprehensive materiality study in the last quarter of 2017. This study aims to ascertain the most material aspects of our sustainability programme. An impartial external party was chosen to secure the objectivity of the study and anonymity of the respondents. We sought feedback from representatives of all major stakeholder groups.

### Stakeholder Groups Contributing to the Materiality Study



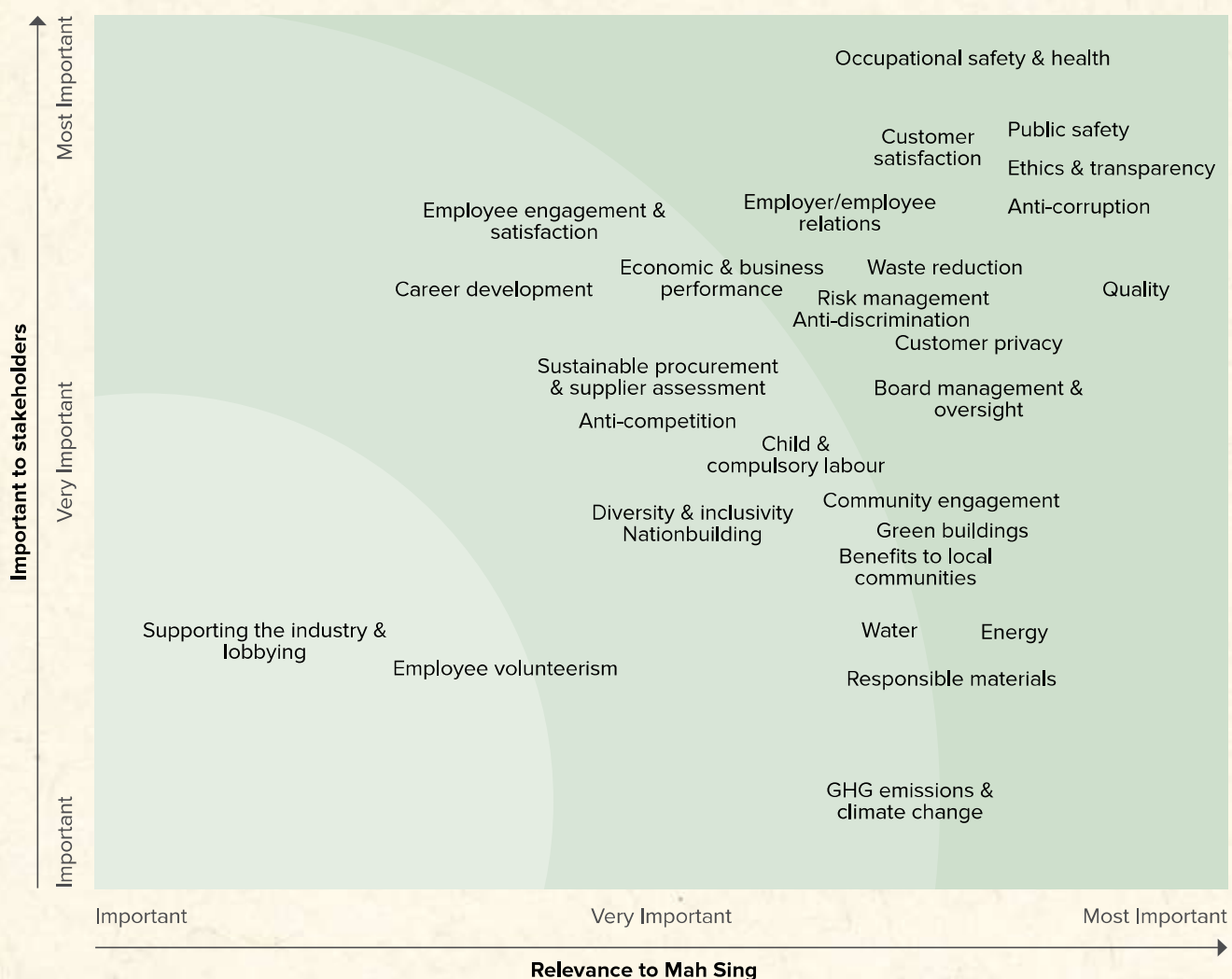
| Material Issue                                  | Description   |
|---|---|
| <b>Corporate Governance</b>                     | Ethics & transparency; Board management & oversight; Risk management  |
| <b>Economic</b>                                 | Economic & business performance; Sustainable procurement & supplier assessment; Supporting the industry & lobbying; Nation-building |
| <b>Environmental</b>                            | Responsible materials; GHG emissions & climate change; Energy; Water; Green buildings; Waste reduction                              |
| <b>Social: Labour Practices and Decent Work</b> | Occupational safety & health; Diversity & inclusivity; Employee engagement & satisfaction   |
| <b>Social: Human Rights</b>                     | Child & compulsory labour; Anti-discrimination; Employer/employee relations   |
| <b>Social: Society</b>                          | Community engagement; Anti corruption; Anti-competition; Benefits to local communities; Employee volunteerism                       |
| <b>Social: Product Responsibility</b>           | Customer satisfaction; Customer privacy; Public safety; Quality   |

## SUSTAINABILITY REPORT

Stakeholders were asked to rate the importance of 29 areas of sustainability, from a scale of 'very unimportant' (1) to 'very important' (5). A total of 280 responses were received. A natural skew was discovered in the results as each stakeholder group was not represented equally. Customers were the most represented group with the fewest responses being received from Regulators & Certification Bodies.

An average score for all areas was calculated within each stakeholder group to rectify the sample imbalance, before obtaining an average rating from all eight stakeholder groups.








We also asked seven members of our board of directors to complete the survey. Their views represented Mah Sing. The results of this assessment are presented in the following materiality matrix.



## OUR SUSTAINABILITY AGAINST THE UNITED NATION'S SUSTAINABLE DEVELOPMENT GOALS (UNSDGs)

The United Nations has called on companies to advance sustainable development through the investments they make, the solutions they develop and the business practices they adopt. The UNSDGs encourage companies to reduce their negative impacts while improving the positive contribution they make to the sustainable development agenda.

Mah Sing's key efforts and programmes in relation to the key UNSDGs are highlighted below.

| UN Sustainable Development Goals   | Our Stories   |
|--|---|
|      | <p>Mah Sing Foundation believes in investing in a better future, a future that can only be realised once every child is given an opportunity to thrive and reach their full potential. Objectives of the Foundation include:</p> <ul style="list-style-type: none"> <li>• Funding initiatives in line with its objectives: education and health with a focus on children and the community</li> <li>• Forging sustainable partnerships with NGOs and other local partners</li> <li>• Encouraging employee engagement in CSR projects</li> </ul> |
|       | <p>Mah Sing is committed to the following in all of its projects and developments:</p> <ul style="list-style-type: none"> <li>• Resource efficiency including water and energy</li> <li>• Green developments</li> <li>• Innovation to ensure commercial viability</li> <li>• Considering risks of climate change right from the design stage</li> </ul>   |
|   | <p>The River of Life initiative focuses on cleaning the Kepong River. Mah Sing supported this initiative by investing in the beautification of the lake perimeter. Cleaning, beautifying and developing the Kepong River has benefited the surrounding residential areas of Taman Wahyu, Kepong.</p>  |
|     | <p>Employees can make a significant contribution by offering their talent, expertise and experience, regardless of ethnicity, age or gender. Consistent, equitable and fair labour practices are adopted when hiring, developing and rewarding.</p>   |
|   | <p>Mah Sing is familiar with the benefits of incorporating sustainable design principles into its developments. The Group works closely with its customers during the planning and design phase to optimise the sustainable design elements of the development.</p>   |
|   | <p>The Employee handbook explicitly states that it is unethical for any employee to accept gifts, bribes, kickbacks or any other form of special favours from both current and potential business partners of the Company. Employees should not accept gifts that are not generally offered to other staff based on the position held in the Company.</p>   |
|   | <p>Together with other industry players, the Group continues to strategically cater to the diverse buyers and market segments in the prime residential and commercial projects across Malaysia.</p>   |

## SUSTAINABILITY REPORT

### ECONOMIC

#### Evolving for a Brighter Future

We create spaces that are home to vibrant, diverse and thriving mixed-use communities, places in which people love to work, live and relax.

We design, develop, build and manage a portfolio of exciting properties, creating healthy places, thriving communities, quality jobs and world-class developments. We strive to be a catalyst for regeneration, igniting Malaysia's growth and development.

Mah Sing takes ownership of its developments' operations and the communities they serve. We develop a unique method to help communities make better public spaces. We began calling this method "placemaking" to emphasize our belief that cities thrive in well-managed community places, not superficial designs. Placemaking not only concerns the built environment but includes people's use of the essentials that turn a location into a community. We are creating mixed communities to improve the daily lives of all those who will live and spend time at our developments for work or pleasure.

**Our objective is to enhance the economic, environmental and social value of Mah Sing's real estate and maintain our position as the property of choice for tenants, visitors and future residents.**

**47**

projects throughout Malaysia's economic nexus and property hotspots

**Greater**

Kuala Lumpur and the Klang Valley, Iskandar Malaysia in Johor, Penang and Kota Kinabalu in Sabah

#### Mah Sing's Contributions to the Nation's Economy



Mah Sing has evolved from a plastics trading firm in 1965 into a leading property developer. The Group has developed a portfolio of prime residential and commercial developments across the country in more than 20 years since it entered the field.

Mah Sing has ranked among the Top 10 in The Edge Malaysia Top Property Developers' Awards since 2010 and the Top 30 since 2005.



A strong balance sheet and net cash position allow the Group to embrace opportunities and address unforeseen market challenges, maintaining a good balance between growth and stability. Mah Sing will continue strengthening its business fundamentals, operationally and financially, and deliver a steady and sustainable performance over the long term.

Housing demand will continue to be underpinned by the improving economy. House ownership will be spurred by strong demographics, improvement of transport infrastructure and the government's initiatives to facilitate easy ownership, especially for first-time buyers. Mah Sing will also continue to respond to the growing demand for the affordable and mid-range segment of the residential sector.



**Reinvent what it means to be affordable without compromising the quality and facilities to further enhance life**

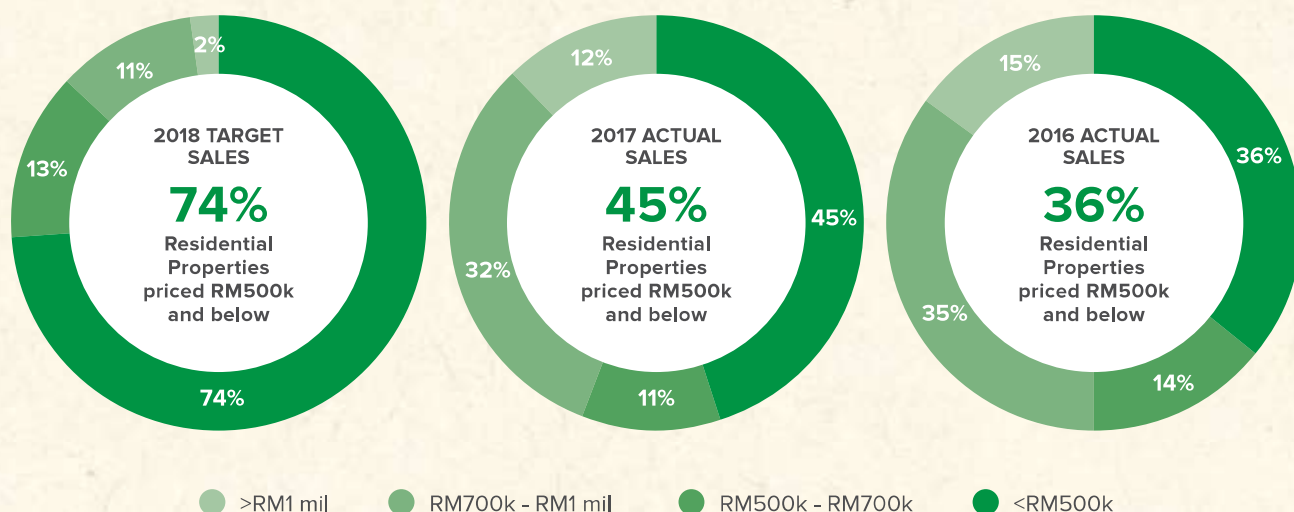
### Affordable Homes

The government recently addressed the supply shortage of affordable homes and bridged the affordable housing gap. Various initiatives were announced for the lower and middle-income segments in the 2018 Budget. These initiatives will boost the economy, help the property industry grow and benefit home buyers.

Mah Sing is committed to increasing the number of Malaysians owning their own homes. The Group offers beginner homes to the mass market and upgrader homes in selected locations, in line with market demand. Since 2014, the Group's focus has shifted to the affordable market segment and has received an encouraging response.

Mah Sing is well-placed in the market to capture first-time homebuyers and upgrades at affordable pricing points. We will continue focusing on developing accessible and well-planned products below RM500,000. Increased focus on the affordable segment is positive as the majority of owner-occupier buyers in Malaysia prefer properties in this price range.

We will be launching more affordable projects in line with market needs. These projects will contribute to the government's broad Budget 2018 objectives of helping the *rakyat* own their own homes. Our recently-launched 'Reinvent Affordability' campaign provides homes with superior product specifications at a price many can afford.



### Memberships in Associations

Mah Sing plays its role in advancing the industry through memberships in various associations. Company representatives meet with other industry players regularly to discuss current affairs, challenges and ways to meet buyers' expectations.

#### Associations Mah Sing is Actively Involved in

##### Property Division

- Real Estate and Housing Developers' Association Malaysia (REDHA)
- Construction Industry Development Board (CIDB)
- Master Builders Association Malaysia (MBAM)

##### Plastics Division

- Malaysian Plastics Manufacturers Association (MPMA) - committee (FK)
- Federation of Malaysian Manufacturers (FMM)
- Malaysia Pallet Association (MPA)



## SUSTAINABILITY REPORT

### Our Core Principles of Sustainable Supply Chain



We practise fair and ethical relationships with our suppliers and contractors. They are required to adhere to our core principles of sustainability, both suppliers' and contractors' activities, and their downstream supply chain whenever appropriate.

Our Sustainable Supply-chain Core Principles:

1

#### Human rights

Respect for human rights in dealing with suppliers including team members, clients, suppliers, shareholders and communities.

2

#### Compliance with applicable international and local laws

We recognise that although local customs, traditions and practices may differ, suppliers and contractors must at least comply with local and international laws including all environmental, health and safety and labour laws.

3

#### Forced or compulsory labour

Our suppliers and contractors must not use forced, bonded or compulsory labour. All employees must be free to leave their employment after serving reasonable notice.

4

#### Child labour

We refuse to accept the use of child labour in the supply chain. No employees should be below the legal minimum employment age.

5

#### Equality and diversity

We refuse to accept unlawful discrimination of any kind in working relations and we expect diversity to be promoted. Suppliers and contractors should not discriminate in hiring, compensation, access to training, promotion or retirement.

6

#### Freedom of association

As far as relevant laws allow, freedom of association should be respected.

7

#### Environmental impacts

We continue to establish processes to understand our environmental impacts and risks. We are working to reduce these impacts and promote environmentally-friendly policies in the areas of:

- Waste and disposal
- Improved resource efficiency
- Protecting biodiversity
- Environmental impacts such as noise and pollution
- Controls to minimise the release of harmful emissions into the environment.

### Incorporating Sustainability in Our Procurement Decisions



Mah Sing Plastics applies environmental criteria when making purchasing decisions



We partner with sustainable suppliers or utilise suppliers who share our sustainability commitment



Mah Sing Plastics purchases recyclable and reusable materials from suppliers



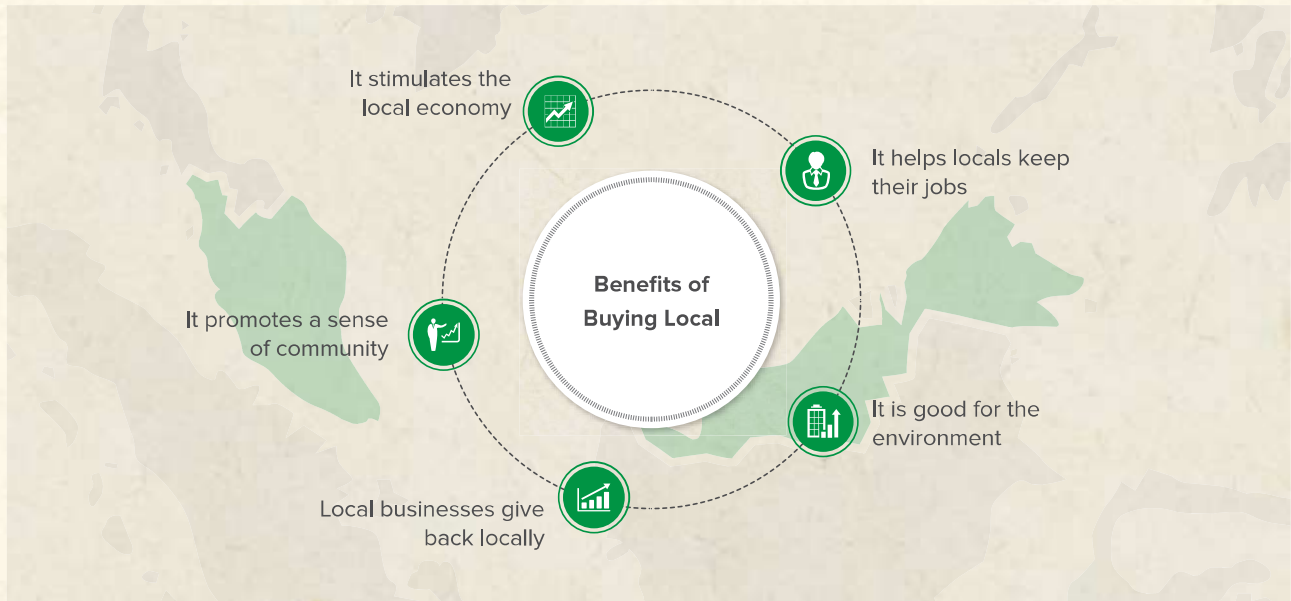
Our plastics' packaging and shipping materials are recyclable, reusable, bio-degradable and made from 100% post-consumer recycled materials.

## Buying local



We prefer local suppliers. Partnering with local businesses allows us to invest in the communities in which we operate while reducing shipping and transportation costs and their associated environmental impacts. More than 90% of our suppliers and contractors are locally-based.

### Benefits of Buying Local



## Our Relationship with Suppliers and Contractors



Mah Sing's open relationship with suppliers ensures that anything can be discussed. We work with preferred suppliers who can provide proven efforts and innovations that meet our sustainability requirements. The extent to which a supplier meets our requirements for quality, innovation, continuity of supply and service is translated into a long-term relationship for added value for all parties.

Suppliers and contractors must comply with all relevant national laws and statutes at all times. Suppliers and contractors are required to be sustainable and committed to the continuous improvement of the health, safety and environmental (HSE) aspects of their operations.

Suppliers and contractors must also minimise the negative impact on society and the environment such as noise, dust and other pollution. Environmental provisions are included in our contracts to minimise annoyance to the surrounding community. Negative impact on society in the construction industry normally refers to noise and dust pollution. However, illegal workers must also never be employed.

## SUSTAINABILITY REPORT

### Gifts and Hospitality



During the procurement process, it is inappropriate to accept gifts, gratuities or hospitality of any form.

#### Examples of Gifts, Gratuities or Hospitality



Money



Credits



Discounts



Seasonal or special  
occasion presents



Edibles



Drinks



Appliances and  
furnishings



Dinners



Parties



Transportation



Vacation travel or  
hotel expenses



Any other  
entertainment

Maintaining working relationships with suppliers is appropriate. However, this must be done without subtle and inappropriate obligation being placed on any member of staff or supplier. Staff must not indicate that gifts, gratuities or hospitality will be accepted or that these may influence decisions.

Employees should immediately inform their head of department if offers of gifts are made by an individual or team at home or work.

On 23 June 2016, Mah Sing has introduced its 'No Gift Policy' which prevents employees from receiving any form of gifts from contractors, suppliers, agents and business associates/partners. This is to prevent any conflict of interest or appearance of such in business dealings.



SUSTAINABILITY  
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## ETHICAL CONDUCT

## Anti-Bribery and Corruption

Mah Sing's anti-bribery and corruption practices apply to individuals of all levels including directors, senior managers, employees, consultants, contractors and anyone else providing services to the Group.

We will not provide gifts or hospitality with the intention of persuading anyone to act improperly or to influence anyone in the performance of his or her duties. No contributions or charitable donations will be made in order to gain any commercial advantage.

We do not make, and will not accept, facilitation payments or kickbacks of any kind for a business favour or advantage.

Mah Sing does not condone bribery, corruption or any other actions that may deprive the company of access to competitive pricing.

## CONTRIBUTING TO COMMUNITY WELLBEING, TOGETHER

We believe in improving the lives of local communities by offering opportunities for better education, health and overall wellbeing. We support underprivileged sections of society through donations and financial assistance, building safe neighbourhoods and sharing the joy of togetherness.



## Mah Sing Foundation



Established in 2005, Mah Sing Foundation (MSF) is Mah Sing's Corporate Social Responsibility (CSR) platform. MSF actively seeks to raise funds via annual fundraising activities and events to champion causes in line with its guidelines. MSF was established by Mah Sing Group Berhad with the ultimate objective of helping those living in poverty.

## VISION

Reinventing Hope and Creating Lasting Change in Children's Lives

## BELIEF

Investing in a better future, a future we can only achieve when every child is provided with the opportunity to thrive and fulfil their potential.

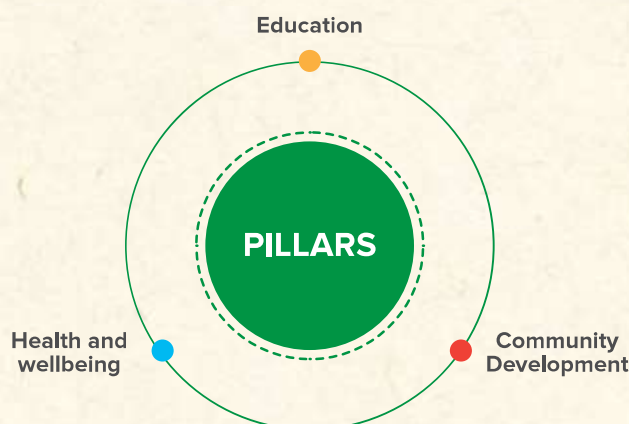
Objectives of the Foundation include:

- Funding initiatives in line with its objectives (education and health with a focus on children and community)
- Forging sustainable partnerships with NGOs and other local partners
- Driving employees' engagement in CSR projects

## SUSTAINABILITY REPORT

| MSF Board of Trustees         |  |
|-------------------------------|--|
| <b>Trustee</b>                | Jen. Tan Sri Yaacob bin Mat Zain (R)               |
| <b>Trustee</b>                | Dato' Dr Manjit Singh Sachdev (JP)                 |
| <b>Trustee &amp; Chairman</b> | Dato' Indera Syed Norulzaman Bin Syed Kamarulzaman |

### Mah Sing Foundation



- Contributed more than **RM13 million** for various education, medical, societal and community efforts
- **86 employees** volunteered for CSR activities in 2017

| Pillar                       | Rationale  | Significant Milestones  |
|------------------------------|--|---|
| <b>Education</b>             | We have been focused in education since the Foundation's inception in 2005. We believe that education is the right of every child and empowering children with knowledge and lifelong learning will present limitless opportunities in the world.      | <p>In 2017, we partnered with Yayasan Generasi Gemilang, a non-profit organisation that aids under-served children with low incomes in Selayang. We contributed RM99,000 to fund quality education and mentorship guidance so students can equip themselves for their educational journeys more effectively. This goal is very much in line with ours.</p> <p>We also contributed RM96,000 to SJK (C) Sam Yoke to provide financial assistance to 80 students, 49 of which have special needs. We gave 1,000 plastic chairs to Sekolah Jenis Kebangsaan Cina Pay Fong 1 in Melaka at a cost of more than RM20,000. An additional RM30,000 was used to fund The Star's 'Step Up' Newspaper-in-Education programme. This programme helps 1,760 Year Four to Six students in 20 national schools improve their English through the Star newspaper's educational pull-outs.</p> |
| <b>Health and Wellbeing</b>  | Good health, nutritious food and clean water lay a strong foundation for children to grow into global citizens and reach their potential.  | We created an urban garden in a kindergarten for Rohingya refugees. Collaborating with Free Tree Society, 50 passionate employees planted fresh produce that can provide food or be sold to generate a small income. The Rohingya community has been through so much and this small gesture helped improve their daily lives.   |
| <b>Community Development</b> | Providing a safe and enabling environment for children to flourish is essential. Families and communities play a crucial role in creating and sustaining a conducive environment for children. We have made efforts to help communities in the region. | <p>We donated RM1 million to Badan Amal Kasih Ibu to support Baiti Jannati@Wilayah Persekutuan. This programme improves the living standards of low-income families in Projek Perumahan Rakyat and Perumahan Awam Dewan Bandaraya Kuala Lumpur by:</p> <ul style="list-style-type: none"> <li>• Providing their homes with necessary living essentials</li> <li>• Repaying housing loans for selected families.</li> </ul> <p>MSF also contributed RM110,000 to Good Shepard Services to implement a community empowerment project that will help seven villages in Mukim Lanas, Sabah. Thirty children will be safely transported to school by the villagers. The income generated will cover the full cost of operations.</p>   |





## ENVIRONMENTAL

We are committed to minimising our environmental impact as a property developer and manager. Reducing the environmental footprint of our buildings through innovation creates stakeholder value.

Environmental sustainability is incorporated into our life-cycle management throughout all stages of a project.

**Mah Sing Plastics** has been certified with the **ISO 14001:2004 Environmental Management System** since 2007.

### Environmental Sustainability Incorporated in all Stages of a Project





## SUSTAINABILITY REPORT

**MONITORING ENVIRONMENTAL IMPACTS IS INTEGRAL TO BUSINESS OPERATIONS. THE EFFICIENT USE OF ENVIRONMENTAL RESOURCES SUCH AS ENERGY AND WATER CONTRIBUTES TO THE OPERATIONAL EFFICIENCY AND LONG-TERM SUSTAINABILITY OF MAH SING.**

| Commitment   | Action Plan   |
|--|---|
| Identify opportunities for managing our property portfolio in response to climate change risks | Environmental Management System (EMS) at our buildings  |
| Reduce resource consumption while managing waste   | Legal compliance including Environmental Impact Assessment (EIA) and other green SOPs                 |
| Engaging stakeholders to play their part in conserving the environment                         | Eco-efficiency targets through tracking energy and water usage, waste generation and carbon emissions |

## SUSTAINABLE BY DESIGN

The property and real estate industry affects the environment and can contribute to a more sustainable global distribution system. Properties and business processes are designed to minimise our environmental impacts. Our buildings allow customers to operate more efficiently and cost-effectively.



## SUSTAINABILITY REPORT

Sustainability is integrated across our operations and supply chain. When developing new properties, we ensure that construction materials and methods produce buildings that are functional and visually appealing to our customers and exemplify our commitment to sustainability. Whether using locally-sourced construction materials or promoting sustainable behaviour in our offices, Mah Sing drives best practices in sustainability across the entire organisation and through our contractor and supplier networks.



### GREEN DEVELOPMENT

The growth and development of our communities have a large impact on the natural environment. The manufacture, design, construction and operation of the buildings in which we live and work consume many of the world's natural resources.

Green development is the practice of:

- Increasing the efficiency that buildings and their sites use energy, water and materials
- Reducing the impact on human health and the environment for the entire lifecycle of a building.

Green building concepts extend beyond the walls of buildings to include site planning, community and land-use planning issues.

#### How Our Green Developments Create Sustainable Impact



## SUSTAINABILITY REPORT



### Featuring Icon City: Transformation from an industrial site to a green integrated development

Icon City is a green sustainable development that is one of the first in Malaysia to be certified by three green certification bodies: Leadership in Energy and Environment Design, USA; Green Building Index, Malaysia; and Green Mark of Singapore.

The design incorporates eco-friendly features such as:

- An energy-efficient lift and air-conditioning system
- A water efficient rainwater harvesting system and drought tolerant plants
- A roof garden to reduce the urban heat island effect
- The use of low VOC paints to maintain indoor air quality



### Featuring Lakeville Residence, Taman Wahyu

Lakeville Residence features an energy-efficient design that can minimise air-conditioning in a thermally-comfortable environment. We have installed high-efficiency fittings, rainwater harvesting and treatment to reduce water consumption. Water features and garden facilities help promote diversity and reduce heat. Lower VOC products ensure a healthier lifestyle for the people.



### Featuring Southville City@KL South

At Southville City, only half of the 428 acres of land has been developed; the remaining is left in its natural green state to maintain the township's green concept.

Landscaping features and facilities such as a river board walk and jungle trek will be developed. Eco features include a Riverside Walk, nature trail and a 30-acre urban park. Pedestrian footpaths and bicycle tracks have been built to link the entire community removing the need to drive, which also reduces carbon emissions.



**Our Green Certifications Achievements to Date**

| Project                   |                       | Tool              | Award Level   |
|---------------------------|-----------------------|-------------------|---|
| Icon City Petaling Jaya   | Tower 1 Icon Residenz | GBI Green Mark    | Provisional Certificate<br>Gold Provisional Certificate |
|                           | Tower 5               | GBI LEED          | Provisional Certificate<br>Gold Provisional Certificate |
|                           | Phase 1               | LEED              | Certified   |
| M-City                    |                       | GBI Green Mark    | Provisional Certificate<br>Provisional Certificate      |
| Icon Residence Mont Kiara |                       | GBI Green Mark    | Certificate<br>Certificate                              |
| Lakeville                 |                       | GBI               | Provisional Certificate                                 |
| Feringghi 2B              |                       | Green Mark        | Gold Plus   |
| Feringghi 2C              |                       | Green Mark        | Gold Provisional Certificate                            |
| Southbay Plaza            |                       | Green Mark<br>GBI | Gold Provisional Certificate<br>Provisional Certificate |

**GREEN MATERIALS**

Mah Sing Plastics uses 100%-recyclable plastic materials

**OFFICE SUSTAINABILITY PROGRAMMES**

We are implementing strategies to reduce Green House Gasses (GHG) emissions across our business operations. These initiatives target all aspects of the business from the office energy consumption to emissions from commuting to work. Our sustainability programmes aim to engage employees in sustainable practices through the course of their daily work.

**Green Efforts**

**How Can Employees Make a Difference?**



We encourage employees to carpool or utilise available public transport when travelling to and from work. Communicating through teleconferencing and video conferencing also help to minimise the carbon emissions produced by transportation.

We deliver a wide range of environmental awareness activities for all our employees in order to:

- Raise the environmental awareness of individual employees
- Promote their participation in environmental preservation activities

Mah Sing's Green Campaign was introduced to raise environment awareness within the Group. Adopting a different theme each year, employees are invited to develop green habits.

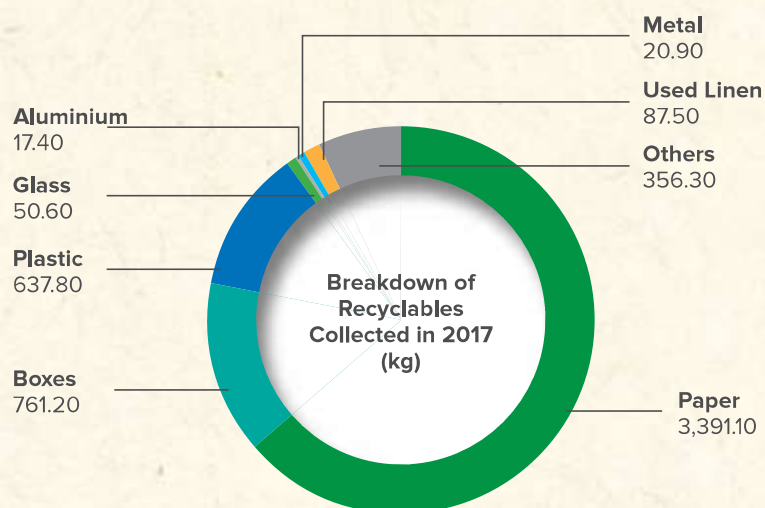
## SUSTAINABILITY REPORT

### Examples of Green Habits Developed by the Green Campaign

Mah Sing works with the Community Recycle Charity (CRC) to collect recyclables from the office premises regularly. The proceeds are donated to charity.



### Breakdown of Recyclables Collected in 2017 (kg)



A range of fun activities was held during the Green Week from 24 to 29 July 2017 including:

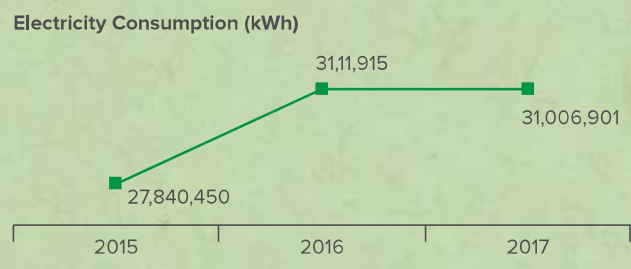
- Dress for a Cause in which employees dressed in yellow or orange in support of the International Day for the Preservation of the Ozone Layer 2017
- Fruits distribution
- Movie @ lunch
- Go Vegetarian
- Organic farming sharing and demo
- Hiking at Gunung Irau, Cameron Highlands

## Energy Management

Managing energy consumption and implementing energy conservation measures allows us to deliver the greatest benefit to our tenants and investors. We are committed to identifying and implementing energy conservation measures and capital improvements to reduce energy use. The Energy Management Policy is communicated to all employees and other stakeholders within the value chain. The management adopts energy-efficient practices when procuring raw materials, components, packaging, chemicals, plants and equipment to help deliver energy-efficient improvements and reduce the impact from operations.

Meanwhile, Mah Sing Plastics is working with a consultant under the Malaysia Green Technology Corporation's Energy Audit Conditional Grant. Mah Sing Plastics is committed to investing a minimum of RM500,000 in a three-year energy audit programme with the Malaysian Green Technology Corporation. This partnership was established to review systems and processes, and recommend future energy efficient technologies. Significant progress has been made with two projects already being implemented:

- 1** Replacing aluminium cooling tower blades with fibre alternatives
- 2** Installing Variable Speed Drive (VSD) pumps in the cooling tower



## Environmental Monitoring

Environmental monitoring helps us to verify the impact of our activities. It enables us to manage operations effectively and minimise their negative impact. Mah Sing Plastics' Environmental Management System is certified with the internationally-recognised ISO 14001 standard and supports continuous improvement in our environmental performance.

We are committed to reducing our emissions wherever possible and work tirelessly to keep the risks of water pollution, flooding and the impact on land quality at an acceptable level. Minimising the emission of gases and particulates is also a key component of our environmental strategy.

Mah Sing Plastics engages third-party firms to monitor various safety, health and environmental aspects including noise levels, wastewater generation, chemical exposure and health risk arising from using hazardous chemicals.

## Carbon Emissions

Mah Sing is committed to mitigating climate change risks by reducing its energy consumption and other carbon emissions from its business operations. Improving energy efficiency is the most significant and cost-effective way of reducing these emissions.

Our emissions accounting is based on the internationally recognised GHG Protocol established by the World Business Council for Sustainable Development (WBCSD) and World Research Institute (WRI). Emissions accounting is based on the GHG Protocol classification of direct and indirect emissions.

| Scope   | Tool                         | Indicators Measured    |
|---------|------------------------------|------------------------|
| Scope 1 | Direct GHG emissions         | Company owned vehicles |
| Scope 2 | Indirect GHG emissions       | Electricity            |
| Scope 3 | Other indirect GHG emissions | Air travel             |



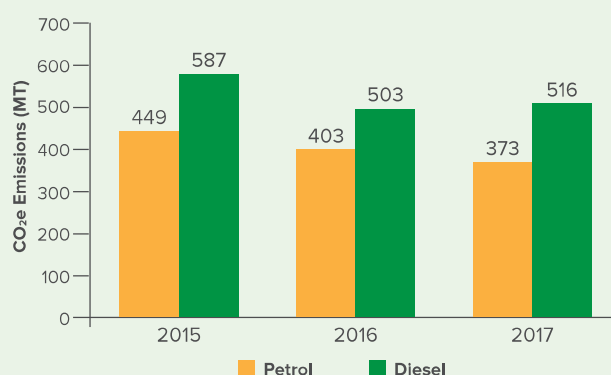
## SUSTAINABILITY REPORT

Direct GHG emissions are produced from sources that are owned or controlled by Mah Sing. Indirect GHG emissions are emissions that are a consequence of business activities but occur at sources owned or controlled by another entity. The GHG Protocol further categorises these direct and indirect emissions into three broad scopes: direct GHG emissions; indirect GHG emissions from the consumption of purchased electricity; and other GHG emissions. We have adopted this standard for our reporting.

### Scope 1

All fuel purchases are monitored and recorded to calculate GHG emissions from company-owned vehicles. Separate calculations were performed for both petrol and diesel. CO<sub>2</sub> emissions from the consumption of fuel were derived from the emission factor published by the IPCC Guidelines for National Greenhouse Gas Inventories.

CO<sub>2</sub> Emissions (MT) from Company-Owned Vehicles by Fuel Type

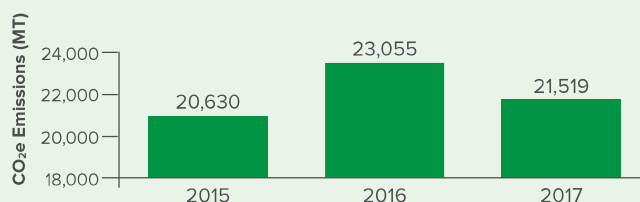


### Scope 2

Indirect emissions result from electricity. Energy has been calculated from Mah Sing's electricity bills. CO<sub>2</sub> emissions from the use of electricity were derived using the emission factor published by the Malaysian Green Technology Corporation for the Peninsular Grid.

In 2017, Mah Sing's CO<sub>2</sub> resulting from purchased electricity decreased slightly by 0.34% despite electricity consumption decreasing by 6.66%. This was due to a 6.34% downward revision of the emission factor produced by the Malaysian Green Technology Corporation for the Peninsular Grid in 2017.

CO<sub>2</sub> Emissions (MT) From Purchased Electricity

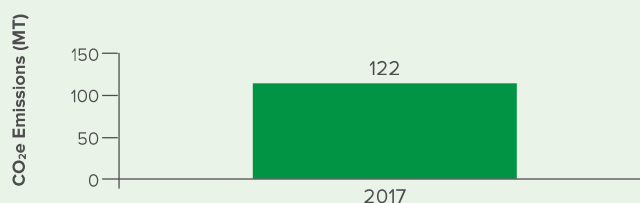


### Scope 3

Air travel GHG emissions were calculated point to point including the number of employees on board and distance travelled. Separate calculations were performed for business and economy class flights. Air travel for the Property & Investment Holding Division and Plastics Indonesia has been used in these calculations.

Online tools derived from the WRI Greenhouse Gas Protocol have been used to calculate the CO<sub>2</sub> emissions from air travel.

CO<sub>2</sub> emissions (MT) from Air Travel



## Waste Management

All contractors are expected to establish waste management and recycling targets to minimise construction waste and debris during the construction of our projects. Contractors are encouraged to salvage, reuse and recycle as much as possible. All recycling containers must be clearly labelled.

Mah Sing's Waste Management Plan contains administrative and procedural requirements for construction waste management and recycling activities.

## Types of Construction Waste Generated



Earth and other debris resulting from excavations



Hard-core and concrete waste



Steel scrap



General waste and debris



Chemical waste

Each contractor must select a waste contractor who is registered with the relevant authorities. The waste contractor must hold a valid license for the collection and disposal of relevant categories of waste in accordance to municipal regulations. Contractors are required to submit a waste management report that lists the weight of materials generated, disposed of in landfill or diverted from disposal through recycling. It is the responsibility of all contractors to maintain a clean and safe environment.

At Mah Sing Plastics, liquid waste such as waste oil used by machines and equipment is collected by a licensed scheduled waste disposal company and is disposed of according to government regulations.

## Waste Disposal by Mah Sing Plastics Malaysia

| Waste Type                        | Unit | 2015   | 2016   | 2017   |
|-----------------------------------|------|--------|--------|--------|
| Contaminated gloves/rags          | kg   | 5,660  | 13,580 | 15,600 |
| Contaminated saw dust             | ℓ    | 1,600  | 3,000  | 1,300  |
| Waste emulsion coolant            | ℓ    | 2,400  | 9,200  | 16,500 |
| Waste paint                       | ℓ    | 6,000  | 30     | 136    |
| Waste lubricant oil               | ℓ    | 25,600 | 23,600 | 27,200 |
| Waste hydraulic oil               | kg   | -      | -      | 1,200  |
| Contaminated containers/spraycans | kg   | 379    | 560    | 480    |
| Light bulbs                       | kg   | 35     | 91     | 35     |

## SUSTAINABILITY REPORT

### Minimising Pollution

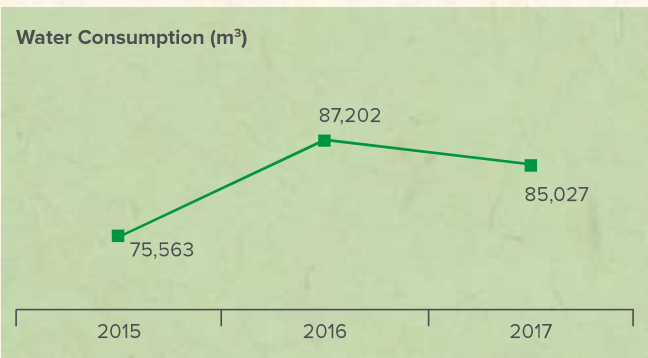
Mah Sing implements effective pollution prevention measures by controlling pollution from construction activities.

Ambient dust is generated during various phases of construction such as demolition, hacking, excavation, vehicular movement, housekeeping and carpentry works. We request that our contractors monitor and test ambient dust in accordance with local environmental pollution control regulations.

Dark smoke could result from malfunctioning equipment. The project manager should dedicate a member of staff to ensure that all fuel-burning equipment is serviced and maintained regularly to prevent excessive dark smoke emissions.

### Water Management

A strategic approach to water management and quality improves the efficiency, resilience and long-term value of Mah Sing's portfolio. The effective management of both the consumption and quality of water leaving our project sites is extremely important. Contractors are required to monitor the wastewater discharged into the watercourse or sewerage system.



### Biodiversity Conservation

Biodiversity is central to sustainable development. It is critical for creating sustainable livelihoods and helping communities adapt to climate change.

Approximately **13%** of the **total land area** is a designated green area

A **natural lake preserved** for residential lakeside recreational activities

More roadside **landscaping** shades pedestrians and cyclists

**Transplanting existing trees** on the site to preserve existing plants and conserve resources

**LED street lighting** planned

**Rainwater harvesting** planned for semi-detached and detached homes

The Government's River of Life project aims to increase the liveability index of the city through master planning and beautification works. This initiative focuses on cleaning the Kepong River. Water quality is expected to improve significantly from the current Class III to Class IIb, which makes it suitable for recreational use.

Mah Sing supported this initiative by investing in the beautification of the lake perimeter, which has benefited the surrounding residential areas of Taman Wahyu, Kepong. Beautifying the edge of the lake for recreational purposes involved adding more landscaping along the edge of the lake for jogging. A bicycle track and viewing deck are also being constructed.

## ENSURING EVERY PERSON'S BASIC RIGHTS

Issues pertaining to human rights are covered in our Code of Conduct, which all suppliers and contractors are expected to follow. Employees are required to report violations in the operations of Mah Sing or its subsidiaries. Employees' rights to freedom of association are also respected.

Group operations are structured by:

- The Malaysian Employment Act 1955 which prohibits exploitative labour practices
- The Children and Young Persons (Employment) Act 1966 which prohibits the employment of children under the age of 16; and
- Other international agreements preventing child, forced or compulsory labour.

### Human Rights Considerations in the Planning of Projects



Considering the human rights of all stakeholders helps us manage activities that could potentially affect the rights of nearby communities and our workforce. Our commitment extends to other stakeholders, such as supply chain personnel, who are expected to follow our high standards.

### Mah Sing's Stand on Human Rights



Mah Sing Plastics' operations in Indonesia adhere to the Indonesian Labour Law (Undang Undang Nomor 13 Tahun 2003). Under this legislation, it is mandatory for all employers to pay severance compensation regardless of whether the employee concerned resigns voluntarily or is terminated, retrenched or retired. The level of compensation paid depends on the nature, severance and period of employment.



## SUSTAINABILITY REPORT

### Right to freely choose employment

- Unlawful employment is neither engaged in nor condoned
- Forced, bonded or involuntary prison labour is prohibited
- Work is performed voluntarily
- Workers may freely leave employment once a reasonable notice period has been served

### Child labour and under-age workers are forbidden

- All employees must be at least 18 years of age

### Humane treatment

- Workers must be treated humanely at all times. Sexual harassment, punishment, slavery, mental or physical coercion, verbal abuse or other forms of intimidation are strictly prohibited

### Non-discrimination

- Employees are free from all forms of harassment and unlawful discrimination irrespective of race, religion, gender, position, status or union membership

### Freedom of association and collective bargaining

- Employees are free to associate with trade unions and bargain collectively in accordance with local laws

### Safety, Health and Environment (SHE)

- SHE procedures are practised and the team works tirelessly to maintain a safe and healthy operating environment

We are pleased to report that there has been no record of violations against people's rights at any time during the Company's history.

We demand the highest ethical standards from ourselves and others. Business must be conducted honestly and ethically. A number of standards have been adopted to ensure all employees are accorded the respect and dignity that they deserve.

## OUR PEOPLE, OUR CULTURE, OUR WORKPLACE

Attracting a talented and diverse workforce is instrumental to our success. We strive to provide our employees with an environment that presents professional and intellectual challenges, encourages innovation and creativity, and rewards success and effective teamwork.

The Group introduced its i-POWER statement to empower staff to achieve personal and professional growth. The new employee value statement forms part of the Group's continuous learning programme to train employees and uphold the Company's values.

All stakeholders are expected to live and breathe with absolute **INTEGRITY** in all they do. Integrity is the foundation of trust that our customers place on us. Aligning our Employee Value Statement "**POWER**" with our new Vision and Mission is pivotal to the sustainability of our business. Our Employee Value Statement is now known as **I-POWER**; as we "Reinvent Spaces. Enhance Life", we also place integrity first.



### Integrity

I uphold honesty, ethics and professionalism in my deliverables and all my dealings.



### Performance First

I am passionately driven to exceed expectations.



### Ownership

I wholeheartedly complete my tasks, take initiative to contribute ideas and drive innovation for the best interest of the company.



### Well-being

I commit to take care of my personal health and professional growth in an environment of mutual respect.



### Empowerment

I strive to reach the highest level of competence and commitment to perform



### Resourcefulness

I Think out-of-the-box and collaborate across teams to provide the best solutions

### Fair Hiring

Mah Sing is committed to fair hiring. Decisions are based on merit and guided by respect, integrity, diversity, accountability and other ethical values.

Recruitment and selection are conducted in a manner that is fair, objective, consistent, equitable, non-discriminatory and legally defensible. All employees involved in recruitment possess the necessary knowledge and skills to conduct recruitment and selection activities effectively.

## SUSTAINABILITY REPORT

### Competitive Benefits

Group employees enjoy benefits as stipulated under the Employment Act 1955. Mah Sing is committed to providing competitive pay, comprehensive benefits and a professional working environment that both fosters innovation and rewards performance. Total employee compensation includes several sustainable employment components and is able to build a strong financial future.

| Summary of Our Benefits |  |                       |   |
|-------------------------|--|-----------------------|---|
| <b>Leave</b>            | Annual<br>Sick<br>Hospitalisation<br>Compassionate<br>Study/examination<br>Maternity<br>Paternity  | <b>Other Benefits</b> | Petrol fleet card<br>Company mobile phone/registered mobile lines/phone allowance<br>Attendance allowance<br>Staff property purchase discount<br>Long service award recognition<br>Sales/pool/overriding incentive for sales and marketing staff  |
| <b>Medical</b>          | Group hospitalisation and surgical insurance<br>Group personal accident insurance<br>Outpatient medical treatment for staff, children and spouse<br>Health screening<br>Dental benefit | <b>Non-monetary</b>   | State-of-the-art gymnasium<br>An audio-video entertainment room with karaoke<br>A lactation room for nursing mothers at work<br>A napping room for tired staff<br>A pool table to relax and unwind<br>A minigolf area for a quick putt<br>Colourful and renovated workspaces<br>Open workspace concept to allow productive discussion |

Bonuses, paid at the discretion of the management, are based on:

- Mah Sing's profitability and financial capability
- Employee's performance and contribution to the Company's success

**Mah Sing's market-aligned performance rewards matrix ensures that its rewards are deeply rooted in its performance system.**

All confirmed employees are eligible for bonuses, provided they are still in service on the payment date. Employees serving for less than 12 months are eligible for a proportionate bonus based on the duration of service.

Mah Sing Plastics provides a transportation service for production operators. Each worker is entitled to one meal per shift. Annual medical examinations are also offered to all permanent employees.

## Employee Engagement

Mah Sing actively engages with employees through various channels. Regular communication sessions are held by senior management to:

- Encourage an effective flow of information
- Align business goals and objectives across all levels of the workforce

Our open-door policy provides employees with a fair review and prompt response to problems or concerns related to any aspects of their employment. All employment issues can be discussed such as harassment, grievance handling and whistleblowing.

We use MComm to communicate with our employees. This online channel broadcasts information to all employees within the company, which centres on the dissemination of internal company information. Information is in the form of strategic messages, targeting a subject or issue to drive acceptance of change within the transformation process.

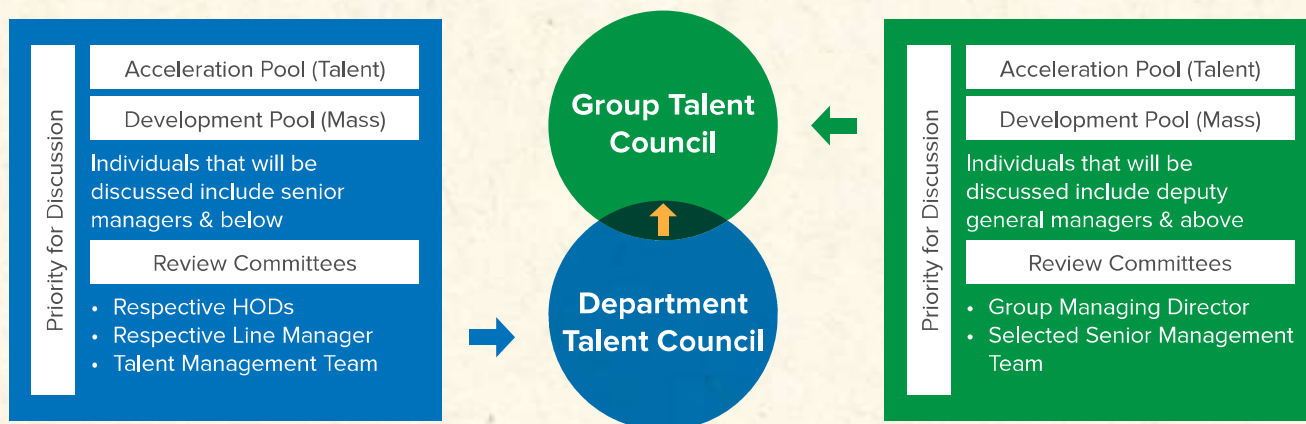
Mah Sing Our Voice was launched in 2017 to gather employee sentiments on the ground. This employee engagement survey is the state of emotional and intellectual commitment to an organisation. It is also the extent to which Mah Sing “wins the hearts and minds” of its people. Our participation rate is 97.8%.

A feedback box is placed in pantries in various levels of the Mah Sing headquarters. It encourages employees to contribute their Business Process Improvement (BPI) ideas across different departments of Mah Sing. Ideas with the highest number of votes are fitted into the BPI roadmap as future improvement projects.

## Talent Management, Training and Development

Employee training is an essential part of any successful business. Training improves employee satisfaction, performance and retention. Training our employees well encourages them to reach their full potential, which improves Mah Sing's competitiveness. In a broader context, the skills employees acquire help them find their place in Malaysia's rapidly developing economy.

The Talent Council was also launched to create a platform for talent discussion and succession planning. Talent Council is chaired by the Group Managing Director at the highest level to ensure an effective succession plan. The discussion flow framework is summarised in the diagram below.



The Mah Sing Academy provides all employees with an opportunity to develop their skills and gain knowledge through various learning and development opportunities provided throughout the year.

Mah Sing's Management Associate Programme (MAP) develops and moulds high calibre young talents to lead and drive the organisation's vision and mission. The programme helps candidates reach their full potential by experiencing an 18-month career crafting experience.

Management Development Skills training programmes focus on enhancing leaders' managerial and people skills such as coaching for results, conflict resolution and situational leadership. Primarily, the Executive Development Skills training programmes cater to improving employees' technical skills and work performance such as sales induction training, time management, communication and presentation skills.



## SUSTAINABILITY REPORT

In 2017

**1,082**  
**employees** took  
part in various training  
programmes

Each employee  
received an average  
of **18 hours**  
of training  
in 2017

We deliver technical and functional training to equip employees with the necessary technical and functional competencies to perform their duties. We also developed a leadership training programme to groom individuals who aspire to assume a leadership role. Training modules covering effective communication and soft skills training are also offered.

### Learning and Development Programmes Delivered by Mah Sing in 2017



NEO - New  
Employee  
Orientation

Power up  
Presentation

Personal  
Branding:  
Great Image

Personal  
Branding: Social  
Intelligence

MS PowerPoint  
- Foundation &  
Intermediate

Personal  
Branding  
Inside Out

Time  
Management

Building Sales  
Champions

Coaching  
For Sales  
Champions

MS  
PowerPoint -  
Advanced

Career  
Conversation

Acceleration  
Performance

MS Excel -  
Foundation &  
Intermediate

MS Excel -  
Advanced

Mah Sing Plastics strives to improve motivation and encourage the personal growth of its employees through on-the-job learning. Various programmes are designed to improve individual abilities such as performance management system training, ISO integration training, Employment Act, Industry 4.0 training, Sales Negotiation and a briefing on the process of conducting a domestic inquiry.

### Learning and Development Programmes Delivered by Mah Sing Plastics in 2017



Performance  
Management  
System

ISO Integration

Employment Act

Industry 4.0

Sales  
Negotiation

Briefing on  
Conducting a  
Domestic Inquiry

### Performance Measurement

Performance management is concerned with establishing a clear vision of achievement goals. It aligns employees' skills, competency requirements, development plans and the delivery of results with Mah Sing's objectives.

We have adopted a pay for performance philosophy with increments and bonuses being awarded based on annual review outcomes. Employees' performance, relative experience, responsibilities, market movements as well as the Group's profitability are considered when deciding the bonus quantum.

Our performance management system, Valuing Performance (VP), has been established to set goals while evaluating job performance and behavioural competencies. This engagement platform allows all employees to receive regular performance feedback and career development reviews from their line managers.

We have also benchmarked our benefits with Willis Towers Watson industry standards to keep ourselves abreast with the latest salary trends. Our participation also benchmarks the competitiveness of our remuneration package and voluntary turnover rates against industry peers.

Our appraisal system is operational throughout the year. A high-level quarterly review is conducted with all confirmed employees being encouraged to review their performance at least semi-annually. Employees' job performance and development potential are systematically evaluated.

Our performance management cycle begins with KPI setting during the beginning of each year. These KPIs are closely tracked and monitored to ensure that they are aligned with our business direction. It is the responsibility of every employee to ensure that they are performing according to the KPI set.

#### **SELF-ASSESSMENT**

Employees sit a self-assessment based on the KPI set

#### **DISCUSSION WITH LINE MANAGER**

Employees and their line managers jointly review their performance and discuss achievements and gaps

An Individual Development Plan (IDP) form is produced at the end of the performance appraisal cycle. The IDP contains the future development needs of an employee. This information helps the People Development Team map future training and development programmes.

#### **REVIEW BY HEAD OF DEPARTMENT**

Head of department reviews performance assessment results to ensure a robust and fair process is applied within the department

#### **REVIEW BY THE CEO AND GROUP MD**

CEO and Group MD review the company-wide performance

In 2017, Mah Sing introduced a departmental calibration and moderation exercise to ensure:

- Reviews are fair.
- The overall departmental performance is reflected in the team performance.

The same exercise is performed at the company-wide level to provide a true and accurate reflection of the company, departmental and team performance.

#### **SUBMISSION TO THE PEOPLE DEVELOPMENT TEAM**

Performance appraisal results are submitted to the People Development Team for the design of future development programmes

More robust performance and regular reviews are scheduled for 2018. All line leaders are being trained to hold on-demand career conversations with their staff. We will also deliver a goal-setting workshop to set appropriate KPIs and help all employees' achieve them.

## SUSTAINABILITY REPORT

### Happy Employees, Happy Workplace

Employee satisfaction and engagement are crucial to Mah Sing's long-term success. High performing, diverse and passionate employees are a key success factor and our largest and most treasured capital.

Since the inception of Our Voice, our Employee Satisfaction Survey, we plan to conduct this survey each year. Designed in-house, with assured anonymity built into the system, this survey measures Mah Sing's engagement level based on three identifiable employee behaviour outcomes. The survey results help identify gaps in the Company's engagement model and drive future engagement trends. The first survey, which was conducted in 2017, achieved a 97.8% response rate.



### Grievance Handling

Grievances are employees' complaints relating to their terms of employment; a grievance procedure is a formal process for hearing and resolving those complaints. Where possible, the complaint should be presented in writing within three working days of the grievance taking place. The management should respond within five working days.

### Work-life Balance

The Mah Sing Sports Club is a platform for improving team spirit and encouraging group dynamics through work-life balance and a healthier lifestyle. Weekly activities are conducted in the headquarters and branches across Malaysia. Activities including yoga, badminton, football and Zumba dancing promote work-life balance to employees.

### MS@Work

We have a young and diverse workforce and understand the importance of creating a fun and collaborative environment for these talents to thrive. Renovation works are ongoing at our headquarters, Wisma Mah Sing. The new makeover will transform the current workplace into a more vibrant environment known as MS@Work.



### Features of MS@Work Design Philosophy



|                                    |                   |                                      |                    |
|------------------------------------|-------------------|--------------------------------------|--------------------|
| Open space concept                 | Fun meeting rooms | Collaborative breakout areas         | Colourful pantries |
| Lactation room for working mothers | Power nap room    | Games area with darts and pool table | Relaxation corner  |

The design philosophy features various modern layouts that appeal to millennials. The new office layout will encourage a more innovative mindset and conducive work environment.

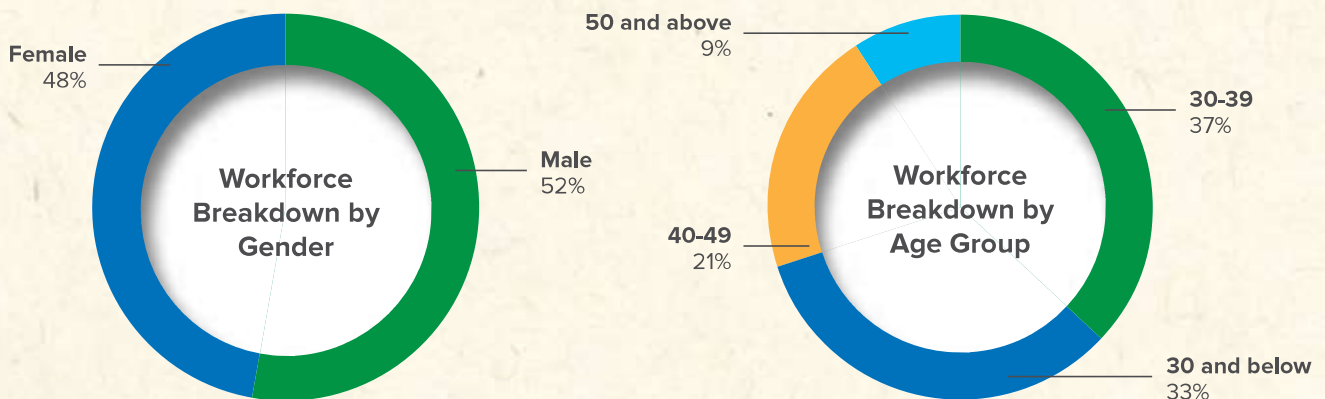
### Diversity and Equal Opportunities

All people should be treated equally and we do not tolerate discrimination. Our policy is to practise equal opportunities and foster diversity in employment, development and advancement for those qualified. We do not discriminate on the grounds of gender, age, religion, political opinion, union affiliation, disability, national origin, sexual orientation, ethnicity or other relevant characteristics in our hiring or employment.

### Total Number of Employees

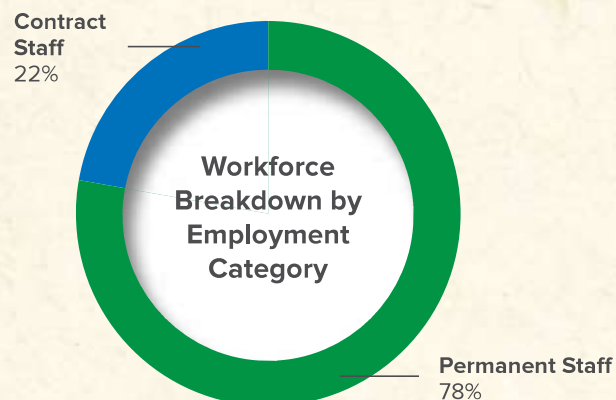
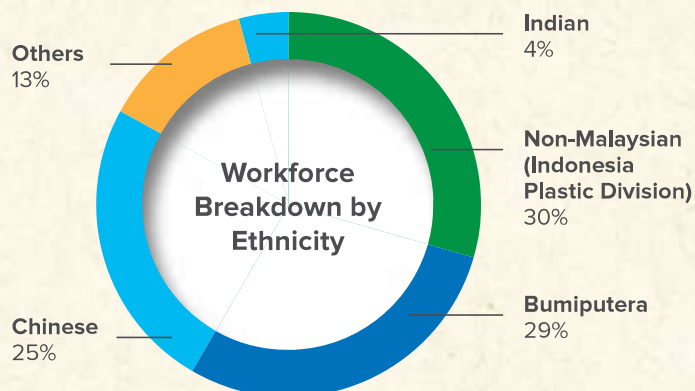
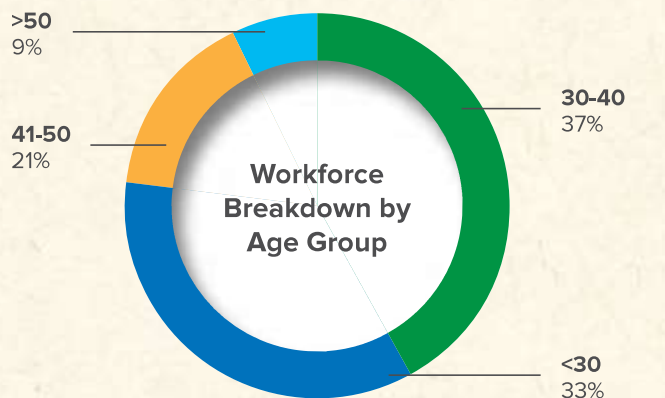
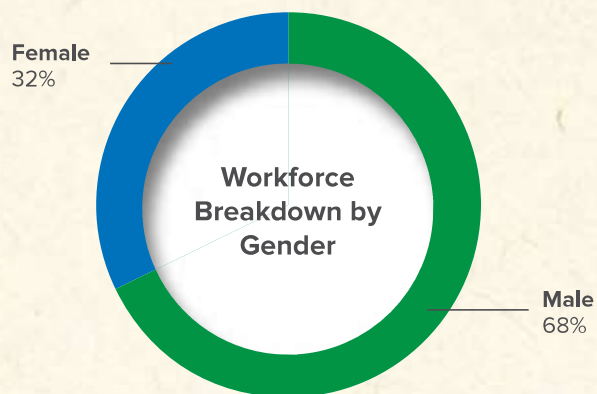


### Property & Investment Holding Division



## SUSTAINABILITY REPORT

### Total Group Including Plastics Division



### Notice Period for Operational Change

An employee or Mah Sing may serve the other party notice to terminate the contract of service at any time. The notice period ranges from one to six months depending on their grade. Employees may seek to waive their resignation notice for an authentic or compelling reason. However, such requests are granted at the sole discretion of the Company.

### Reemployment

A former employee may be reemployed if:

- He or she is qualified for the job vacancy and
- His or her work history and reasons for resignation were satisfactory and acceptable.

Obviously, a former employee who was terminated due to misconduct, leave of absence without approval, or was issued with warning letters, will not be considered for reemployment.

Retired employees may be reemployed if they possess skills that are unavailable in the current workforce. However, the employee must have a good performance record.

## Safe Workplace

**THINK SAFETY, WORK SAFELY**

We are acutely aware of the importance of safety, health and the environment in the workplace. Our commitment to providing a safe and healthy work environment extends to all employees, contractor and members of the public.

**Mah Sing Safety, Health and Environmental Policy**

**MAH SING GROUP BERHAD, PROPERTIES DIVISION (MSGBPD)** recognises the importance of Safety, Health and Environment at the workplace.

**MSGBPD** is committed to providing a safe and healthy work environment for all employees, its contractor and the public at large.

All management staffs, employees and its contractors are required to make every effort to ensure that **MSGBPD** meets all legislative requirements as stipulated under Malaysian Occupational Safety and Health Act 1994, Regulations, Orders and other Codes of Practices.

Towards achieving the objective, so far as is practicable, **MSGBPD** will:

- Strive towards ZERO life loss at all workplaces.
- Continual improvement in Safety, Health and Environmental System.

**MSGBPD** encourages all parties to have the right attitude together with good teamwork, to drive the organisation towards becoming the best and safest place to work.

**“THINK SAFETY, WORK SAFELY”**

Management staff, employees and contractors work together to ensure that all legislative requirements stipulated under Malaysian Occupational Safety and Health Act 1994, Factory & Machinery Act 1967, Environmental Quality Act 1974, Regulation, Orders and other codes of practices are met.

Mah Sing is striving towards ZERO life loss at all workplaces as far as is practicable. The Group encourages all parties to adopt the right attitude in driving the organisation towards becoming the best and safest place to work.



## SUSTAINABILITY REPORT

### OUR SAFETY AND HEALTH GOALS:

- Reduce occupational injury rates to achieve zero harm
- Provide a robust OSH Management System
- Meet and exceed OSH legal requirements
- Promote a culture of individual ownership and responsibility for OSH management
- Drive continuous improvement in OSH programmes

### Safety Practices



#### PROPERTY DIVISION

- Contractors must adhere to various safety standards set by Mah Sing
- Contractors must submit both a Safety, Health and Environmental, and Sanitation Plan before starting work on site
- Monthly site reports are reviewed
- Site safety inspections and audits are conducted for all sites
- Site safety awareness training is held for all staff and contractors



#### PLASTIC DIVISION

- Various activities including fire hazard and extinguisher usage training
- Waste oil disposal training
- Safe riding awareness
- Fire hazard and fire fighting training
- Emergency spillage action plan
- Addressing three main areas of safety that contribute to the highest rates of injury to workers: machine safety, slips and trips, and working at height
- Safe use and storage of cellular plastics: controlling the fire risk










### OUR SAFETY AND HEALTH GOALS:

- Weekly toolbox talk
- Monthly Safety Committee meeting
- Fire drill and training at least once a year
- Quarterly site safety audit by the Safety Department
- Safety training for site staff and contractors
- Safety and health management walk-about
- Plant & machinery inspection

### Safety and Health Topics Outlined in the Monthly Report



#### Examples of High-risk Tasks Identified due to Our Nature of Works


|   |                             |   |                                     |   |                                  |
|---|-----------------------------|---|-------------------------------------|---|----------------------------------|
|  | <b>Hot work</b>             |  | <b>Excavation</b>                   |  | <b>Lifting</b>                   |
|  | <b>Working at height</b>    |  | <b>Blasting</b>                     |  | <b>Demolition</b>                |
|  | <b>Confined space entry</b> |  | <b>High voltage electrical work</b> |  | <b>Working in compressed air</b> |

A safe work instruction has been established for all high-risk activities based on risk assessment results and both statutory and contractual requirements.


#### CHECKLIST FOR PERFORMING HIGH RISK TASKS

- Use appropriate equipment
- Apply correct Personal Protective Equipment (PPE)
- Be a competent and qualified operator
- Close supervision
- Obtain Permit-to-Work system for authorisation and control


#### PPE Requirements




Hard Hats




Steel-Toe Boots




Gloves




Goggles



Full Body Harness



Fall Arrestors



High-Visibility Clothing

## SUSTAINABILITY REPORT

### Mah Sing Safety, Health and Environment Committee

A Safety and Health Committee is in place at each project. Members consist of our contractors while Mah Sing represents the client on this committee.

Roles and responsibilities of committee members include:

- Assisting in the development of the safety and health management system, procedures and instructions
- Reviewing and monitoring the effectiveness of the safety and health programme
- Reviewing and analysing the trends of accidents, near-miss accidents, dangerous occurrences, occupational diseases or any unsafe or unhealthy conditions or practices at the place of work
- Participating in workplace inspections to identify any non-conformance at the project site
- Planning, developing and organising safety and health training programmes

Ordinarily, the committee meets at least quarterly to review the Company's safety progress. However, a meeting is called immediately in the event of:

- An accident which results in loss of life or serious bodily injury to any person,
- A near-miss accident,
- A dangerous occurrence, or
- Any other situation that calls for immediate attention.

### Working Hand-in-Hand with Our Contractors to Maintain a Safe Workplace

Contractors are required to perform risk assessments and risk control for work activities during each project. Each contractor must submit a monthly safety and health report that has been signed by the HSE officer and project manager. Project contractors' safety officers must also perform a Hazard Identification, Risk Assessment and Risk Control (HIRARC) before work commences.

Prior to work, the head of safety and health must also establish a project Risk Register that:

- States all potential hazards and proposes control measures to minimise foreseen risks
- Is reviewed by the Construction Manager and approved by the Project Director
- Is submitted to the client in accordance with contractual requirements

Eight safety induction and refresher training sessions were conducted for our contractors in 2017 at various project sites. We also perform safety audits on contractors to ensure they conform to our safety standards. Ten safety audits at different project sites were conducted in 2017 with an average score of 74.9 being achieved.

### Project sites audited for their safety in 2017



|                  |                          |                              |                             |
|------------------|--------------------------|------------------------------|-----------------------------|
| Savanna Phase 1  | Savanna Phase 2          | Lakeville Residence Phase 1  | Lakeville Residence Phase 2 |
| D'sara Residence | Meridin@ Medini Plot A17 | Meridin@ Medini Plot A18     | BayVue@ Sierra Perdana      |
|                  | The Loft, Penang         | Sutera Avenue, Kota Kinabalu |                             |

**Our Safety Performance**  
**Property and Investment Holding Division**

| Indicator   | 2015 | 2016 | 2017 |
|---|------|------|------|
| Total recordable injury frequency rate (No. of cases) | 0    | 0    | 0    |
| Absenteeism rate (headcount)                          | 0    | 0    | 0    |
| Absenteeism rate (days)                               | 0    | 0    | 0    |
| Lost Time Injury frequency (No. of cases)             | 0    | 0    | 0    |
| Fatal accident rate involving staff (No. of cases)    | 0    | 0    | 0    |
| Occupational disease rate                             | 0    | 0    | 0    |
| Lost day rate   | 0    | 0    | 0    |

**Plastics Indonesia**

| Indicator   | 2015  | 2016  | 2017  |
|---|-------|-------|-------|
| Total recordable injury frequency rate (No. of cases) | 8     | 4     | 5     |
| Absenteeism rate (%)                                  | 4     | 2     | 3     |
| Absenteeism rate (days)                               | 5,993 | 5,285 | 5,180 |
| Lost Time Injury frequency (No. of cases)             | 19    | 10    | 16    |

We understand the huge role that the end-users of our properties and supply chain play. Our employees, tenants, contractors, suppliers and the wider community are actively involved in promoting health and safety.

**Mah Sing Plastics Safety, Health and Environmental Approaches**

Mah Sing Plastics pledges to continuously improve its safety, health and environmental performance as well as preventing pollution, occupational injury and ill health throughout its business operations.

A third-party firm is engaged to conduct chemical exposure monitoring and chemical health risk assessment studies. This ensures that chemical exposure levels and the potential risk to workers' health in the manufacturing workplace are below permissible limits set by the Department of Occupational Safety and Health (DOSH) Malaysia.



## SUSTAINABILITY REPORT

### RESPONSIBLE PLANNING – BUILDING RESPONSIBLY

Responsible planning is key to the success of our projects and involves recognising environmental and social considerations along with more conventional financial objectives. We surpass the minimum legal requirements and endeavour to achieve urban revitalisation while conserving natural resources.

Good management of environmental and social impacts are considered central to our long-term business. We can increase the value of our future developments by addressing sustainability issues from the earliest design and specification stages. Mah Sing ensures that these issues are economically viable.

We recognise that our design activities have both direct and indirect impacts on the environment and society as a whole.

Project sites audited for their safety in 2017



Mah Sing practises responsible property development from the property planning, design and development stages throughout the project's lifecycle.

## Quality Management

Mah Sing designs and develops quality properties that surpass customers' expectations while fulfilling statutory and regulatory requirements. We are also committed to the continuous improvement of our Quality Management System to achieve organisational excellence.

Mah Sing Properties Sdn Bhd has been certified with ISO 9001:2008 since 3 March 2011 for the provision of property development services for residential, commercial, industrial and institutional properties. Recently, these standards were upgraded to ISO 9001:2015.

Mah Sing has been consistently ranked among the Top 10 in the Top Property Developers Awards since 2010. From a plastic trading firm in 1965, the Group has become one of the most reputable property developers in Malaysia with a varied portfolio of residential and commercial developments.

### Mah Sing's Quality Goal

**To provide our customers with excellent quality products, prompt delivery and flexible services through our uncompromising commitment to total customer satisfaction.**

As a market-driven developer, we endeavour to accommodate the needs and demands of our end-users. These factors have gained buyers' trust and confidence in our brand.

### Our Approaches to Delivering the Highest Quality Always









|                        |                   |                      |                          |                            |
|------------------------|-------------------|----------------------|--------------------------|----------------------------|
| Quality internal audit | Management review | Risk management      | Control of QMS documents | Control of non-conformance |
| Corrective action      | Archiving records | Knowledge management | Change management        | Continual improvement      |

PT Mah Sing Indonesia is also accredited with ISO/TS 16949:2009 Quality Management Systems – particular requirements for the application of ISO 9001:2008 for automotive production and relevant service part organisations.

## SUSTAINABILITY REPORT

### The Life-cycle of Our Development

| Indicator   |  |
|---|--|
| <b>Business Development</b><br>    | <p>The Group Managing Director and Head of Department (HOD) acquire suitable development land by meeting landowners directly or through their intermediates. HODs may write a feasibility study or provide other information to determine the viability of the land and market needs. The Managing Director may purchase the land or enter into a joint-venture with the landowner.</p>  |
| <b>Pre-development</b><br>         | <p>Once land has been secured, the Project Planning Department:</p> <ul style="list-style-type: none"> <li>• Writes a development brief with help from the Marketing and Contract Department</li> <li>• Appoints the town-planner and relevant consultants</li> <li>• Devises a Master Layout Plan according to the development brief and the Government Liaison Department ensures that the relevant authority and land approvals are obtained for the layout plan</li> <li>• Prepares a product design brief for each development with input from the feasibility studies</li> <li>• Prepares the project programme and PQP (Pre Development) during planning</li> <li>• Ensures the project design meets the requirements and prepares the tender documentation with the consultant.</li> </ul> <p>The Contract Department hires a suitable contractor for the project.</p> |
| <b>Sales &amp; Marketing</b><br> | <p>The Sales and Marketing Department:</p> <ul style="list-style-type: none"> <li>• Provides recommendations on purchasers' needs and expectations, and design concept to the Project Planning Department at the Pre-Development stage</li> <li>• Conducts a product study for the proposed development and devises appropriate product pricing</li> <li>• Prepares the materials and relevant documents for the application of a Developer License and Advertising and Sales Permit with the Government Liaison</li> <li>• Organises marketing materials and sales launches according to planned marketing budget</li> <li>• Conducts sales and communicates with the purchasers to sign the Sale and Purchase Agreements</li> </ul>  |
| <b>Credit Admin</b><br>          | <p>The Finance and Credit Admin Department:</p> <ul style="list-style-type: none"> <li>• Is responsible for the administration and documentation in relation to purchasers' loans</li> <li>• Liaises with the Project Implementation Department to certify the architect and/or consultant to ensure timely progress billings and collections</li> <li>• Ensures that all receivables are collected before handing over the vacant possession to the purchasers</li> </ul>   |

| Indicator  |   |
|--|---|
| <p><b>Project Implementation</b></p>  | <p>Upon being awarded the contract, the Project Implementation Department prepares the site for hand over to the contractor on the site possession date. Regular meetings are held during construction to monitor progress. The Project Planning Department inspects the works periodically to ensure:</p> <ul style="list-style-type: none"> <li>• Adherence to the construction drawings and specifications</li> <li>• Compliance with the required quality standards as defined in the Project Quality Plan</li> <li>• Accordance with the project programme</li> </ul> <p>Documents are controlled and monitored at the site. The Contract Department checks the contractor's progress claim. Any variation of work is identified and evaluated by the Project Department and Contract Department.</p> <p>Upon completion of construction works, site office representatives inspect the work according to the nature of the project. Approval is obtained prior to vacant possession.</p> <div data-bbox="505 909 1422 1087"> <p><b>The QA/ISO Department prepares Quality Management System documents with support from other departments. Upon approval from the Group Managing Director/CEO, these documents are forwarded to relevant departments and personnel for their action.</b></p> </div> |
| <p><b>Post-Development</b></p>      | <p>The Project Implementation Department ensure that the Safety Officer and consultants:</p> <ul style="list-style-type: none"> <li>• Have submitted the application and obtained the necessary approval for handover.</li> <li>• Notified the Credit Admin, Sales and Marketing and Customer Service Departments.</li> </ul> <p>The Credit Admin Department ensures that all outstanding payments are settled and notifies the Customer Care/Customer Service Department, which:</p> <ul style="list-style-type: none"> <li>• Hands over the vacant possession of the properties to the purchasers.</li> <li>• Monitors and rectifies the defect complaints by the purchasers during the liability period.</li> </ul> <p>The Project Implementation Department also hands over the public areas to the respective local authorities. The Projects Department and Finance &amp; Credit Control Department apply for both strata and individual titles for the purchasers.</p>   |



## SUSTAINABILITY REPORT

### Customer Loyalty

Mah Sing continues its efforts to earn customer loyalty by offering customers value-added services such as M Privilege and M Concierge. M Privilege members are given priority invitations to property launches, events and promotions as well as offers from participating lifestyle merchants. It now has more than 37,000 members. M Privilege members are also offered Repeat Buyer Purchase and Buyer-Get-Buyer incentives for the selected projects.

M Concierge offers property support services such as sub-sale, leasing, interior design, renovation, relocation, home maintenance and other post-delivery services. Purchasers are provided with a ready contact point for any clarification that arises after their purchase.

### Customer Focus

As a market-driven developer, we continue to provide a pleasant and memorable customer experience at all points of contact from handing over Vacant Possession to managing customer feedback for continuous improvement in our products and services.

Mah Sing Careline - A one-stop contact centre has been established with a centralised feedback system to manage customers' feedback more efficiently and systematically. The system is continuously enhanced to improve the quality of customer service and customer experience. We also conduct customer satisfaction surveys to garner feedback on our products, services, timeliness and customer service quality.

### Ensuring Satisfaction

In line with our service value of uncompromising commitment to total customer satisfaction, Mah Sing focuses on exceeding customers' expectations. We strive to hand over units that delight our customer in terms of quality and service.

Customer satisfaction surveys are also being conducted to track our service levels. Feedback is collated for continual improvement.

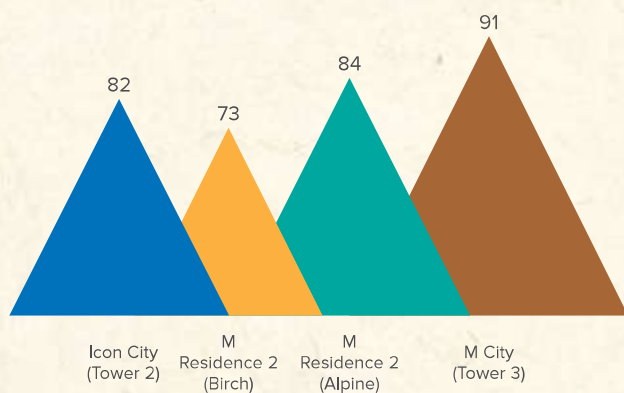
Owners are required to complete two satisfaction survey forms throughout their engagement with us:

- The first, during the Vacant Possession (VP) period, gauges customers' satisfaction of our products and services from the initial purchase until the key collection;
- The second, after ten months of the first VP, evaluates our products and services for defect inspection and rectification work.

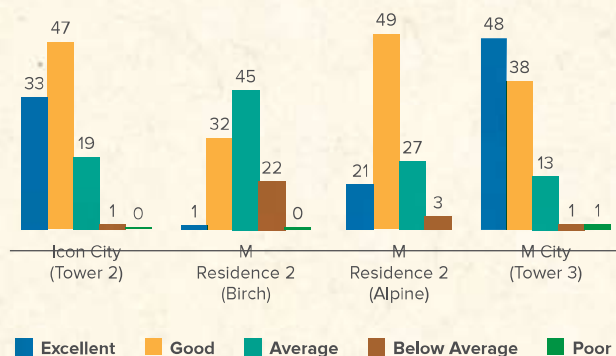
We also provide owners with a Purchaser Feedback Form so they can comment on matters unrelated to defects such as the design, car park, maintenance and security. All survey responses are submitted to heads of department for further action and improvement.

The results of our customer satisfaction survey conducted in 2017 are presented in the graphs below.

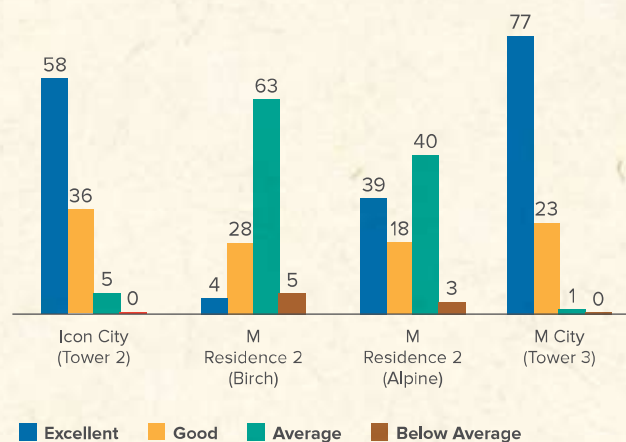
### Consideration for Our Future Purchases



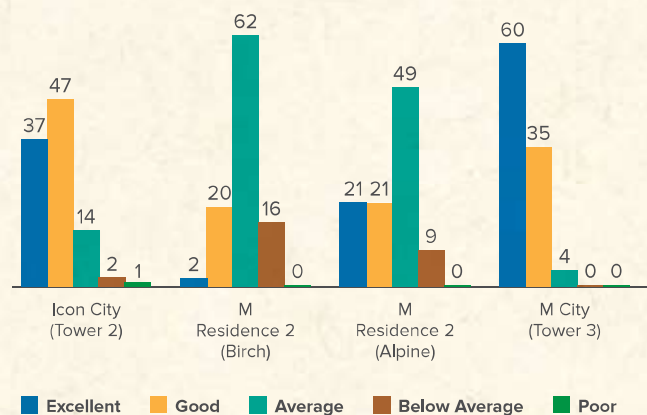
### Service Experience (Purchase, Payment, Key Collection, Handover And Defects Rectification)



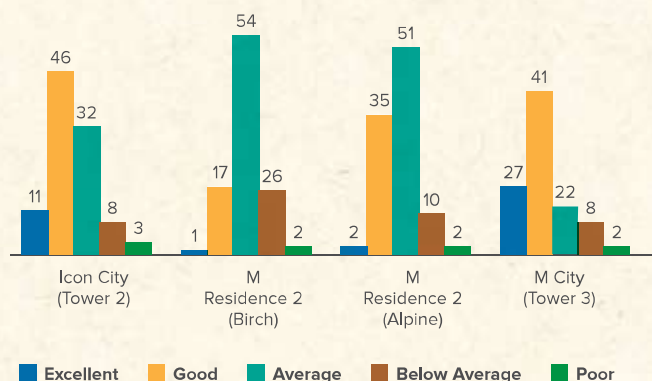
Customer Service (Product Knowledge, Appearance and Etiquette)



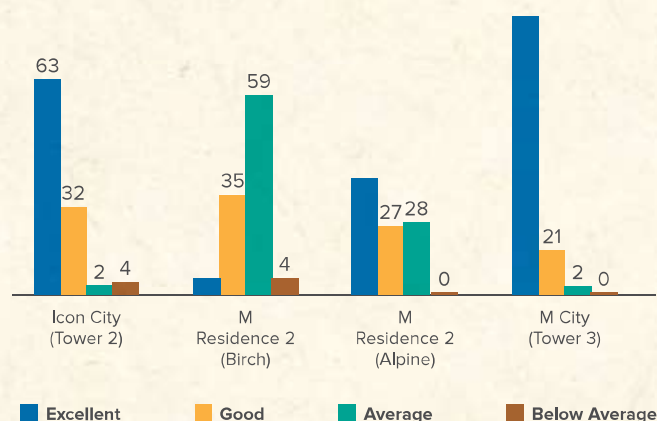
Room/Customer Area During Key Collection (Comfort, Cleanliness and Amenities)



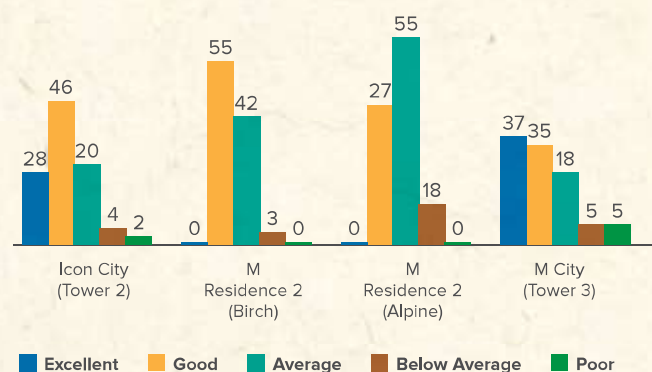
Our Product (Value for Money, Workmanship, Quality of Finishes, Quality of Fixtures/Fittings and Design)



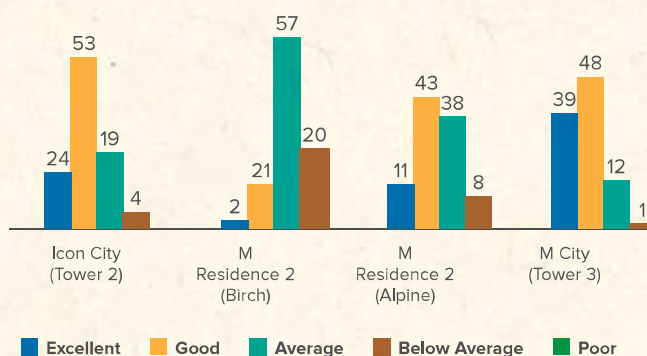
Punctuality of Staff



Timeliness



Common Facilities (Green/landscapes, Roads/Pathways, Playground/ Open Spaces, Guard House/Entrance Access and Security)



## SUSTAINABILITY REPORT

### Safety of Our Developments

Group Security has been working diligently to improve the level of security services at all project sites. Our security team and auxiliary police provide better surveillance and patrol services within our coverage area.

Security policies and audits are also streamlined across all three regions nationwide: Central, Northern and Southern. The record of zero crime demonstrates the effectiveness of our process improvements in security and its value to our customers.

Group Security has also been working closely with the police force this year to combat crime. Safety awareness and knowledge have been improved by participating in monthly group discussions organised by the Crime Prevention and Community Safety Department of Bukit Aman and Kuala Lumpur Police Contingent.

### Our Quality Workmanship

Currently, quality workmanship is very important in the construction and property industry. High-quality building projects ensure future marketability and improve customer confidence.

Many of our developments are assessed by the Building and Construction Authority of Singapore's Construction Quality Assessment System ("CONQUAS"). Contractors of CONQUAS-assessed projects are required to comply with CONQUAS requirements, allowing Mah Sing to set targets for the desired standard and quality of its developments.

The Construction Quality Assessment System (CONQUAS) was introduced in Singapore in 1989. It serves as a standard assessment system for the quality of building projects. Periodically, CONQUAS has been fine-tuned to keep abreast with technological changes and quality demands from a more sophisticated population. The three main components of the CONQUAS assessment consist of structural works, architectural works and mechanical and engineering works.

### Benefits of CONQUAS



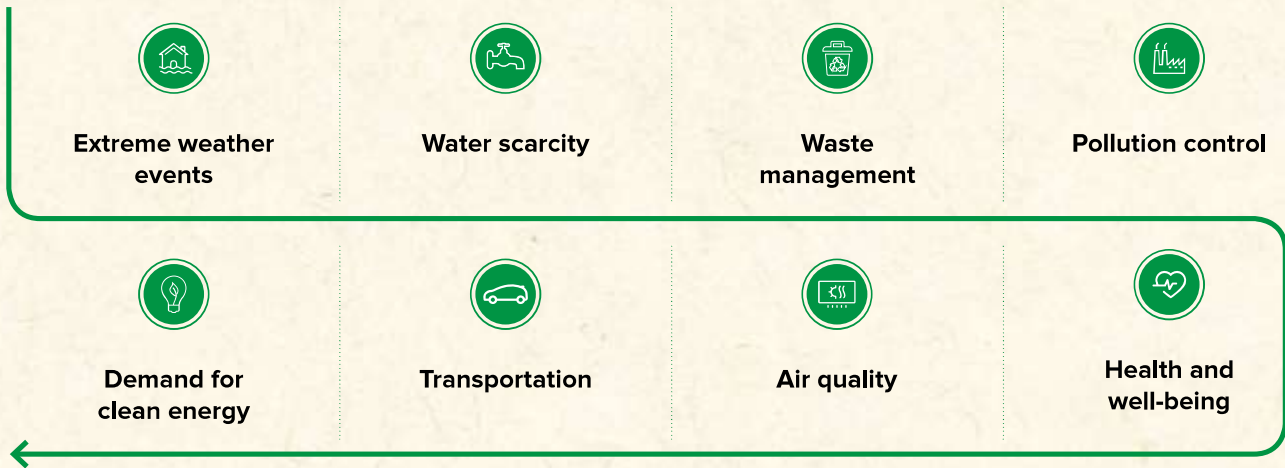
### CONQUAS Assessments in 2017

| Area         | Number of Projects Assessed by CONQUAS in 2017 | Average score |
|--------------|--|---------------|
| Klang Valley | 66   | 74.51         |
| Johor        | 9  | 65.78         |
| Penang       | 11   | 79.25         |
| Sabah        | 3  | 38.11         |

### Moving Forward

We have started placing more emphasis on quantifying the economic, social and environmental benefits that result from our sustainability investments and initiatives. In addition to considering the design features of our developments, we also examine community engagement along with the well-being of our employees and all stakeholders of our developments. We will continue to monitor global risks and trends that may affect our business and work diligently to ensure our resilience in the face of complex and interrelated challenges.

### Challenges Increasingly Faced by Mah Sing



Our integrated approach to sustainability means that we think broadly about our business and global impacts. Mah Sing's comprehensive environmental, social and governance (ESG) programme exemplifies our efforts and results.