

The background of the image is a repeating pattern of light green triangles pointing downwards, arranged in a grid-like fashion. The triangles are slightly offset from each other, creating a textured, mosaic-like effect.

# ENRICHING LIVES AND COMMUNITIES



ECONOMIC



ENVIRONMENTAL



SOCIAL

# SUSTAINABILITY STATEMENT

The Group's principal activities, which remained largely unchanged during the financial year ended 30 September 2017, comprise, inter-alia, property development and construction, plantation and hotel and property investment. As a responsible corporate citizen, the Board is mindful of the need to have, and supports, a sustainable growth strategy that takes into account sustainable practices in the economic, environmental and social aspects, taking into consideration the concerns of its key stakeholders.

This General Sustainability Statement ("Statement"), which is prepared in accordance with the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa"), sets out what the Board considers as material sustainability risks and opportunities, collectively known as Material Sustainability Matters, that impact the way the Group's operations are carried out as well as how such Material Sustainability Matters are managed. The contents of this Statement encompass the Group's operations in Malaysia, Indonesia and China, which are the locations of the Group's key business operations. In preparing this Statement, the Board has considered the Sustainability Reporting Guide and its accompanying Toolkits, issued by Bursa.

## Sustainability Governance Structure

Whilst the Board is primarily responsible for the sustainability performance of the Group, a Sustainability Reporting Committee, helmed by certain key management personnel, has been established to assist the Board in identifying Material Sustainability Matters, monitoring how they are managed and reporting the same to the Board.

## Material Sustainability Matters and how they are managed

During the financial year and up to the date of this Statement, a training workshop as well as a follow-up meeting, which were facilitated by an external consultant, to identify Material Sustainability Matters as well as key stakeholders pertaining to the Group's operations, covering property development and construction, plantation, and hotel and property investment was conducted and participated by management personnel responsible for the various business units. Set out below is an overview of what the Material Sustainability Matters of the Group are, including how they are managed in the thematic aspects of Economic, Environmental and Social:

### (A) Economic

The Group considers the quality and delivery of its property development units on a timely basis to be vital and has, accordingly, adopted the industry's best practices, where the procurement of materials and services are controlled to ensure conformance to specified requirements via tender board procedures and to ensure timely delivery of performance.

The Group's Property Development and Construction Division adheres to the industry standard of CIDB's QCLASSIC in the development of property projects, adopting stringent quality checks at all stages of construction and finishing, including tested and commissioned utilities, external and internal fittings, and aesthetic appeal that are packaged in the comfort of a secure and well-built home.

Besides advancing our infrastructure plans to accelerate connectivity and enhance necessary conditions for the economic development of the communities, we anticipate and stay abreast of latest trends in the property market; embracing and adapting well to innovation such as our current planning of transit-oriented developments strategically located along the Klang Valley's urban public transportation system. Our adaptation of Industrialised Building System ("IBS") in property development will also prove to accentuate our expertise in creating value for our homebuyers through the building of affordable yet quality housing.

Among one of the first oil palm plantation companies in Indonesia to be awarded the ISPO certification, the Group commits itself to finding socially responsible alternatives to further advance estate production. MKH is also an active participant in the Indonesian Plasma Programme, with two Plasma estates totalling approximately 2,000 hectares. Through this programme, the Group provides job opportunities and improved quality of life to the local community, and also purchases FFB from them.



Implementation of IBS system in development of landed residential homes in Hillpark @ Shah Alam North



Kajang East Precinct 4 achieved QCLASSIC scoring of 83% in April 2017

MKH understands the importance to conserve the **ENVIRONMENT** and practises energy-saving through various ways to save resources



Approximately 3,000 trees were planted through joint community efforts at Hillpark @ Shah Alam North

To alleviate the economic situation in the locale of the plantation estates and improve operation efficiency, the Group emphasises on procuring in bulk certain consumable items from local suppliers so that plantation workers and those in the surrounding villages may enjoy lower prices.

## (B) Environmental

Being cognizant of the need to conserve the environment as it goes about its operation, MKH employees practises energy saving faithfully through many ways to save resources, such as preserving electricity wastages by switching off when not in use and reducing paper printing.

At construction site, the Group takes care to reduce and manage wastes in responsible manner by ensuring our appointed licensed contractors to do the same. Besides installing silt traps to minimise site pollution, all wastes generated from the project sites are either recycled for reuse, or transported to designated disposal sites timely and efficiently to avoid disruption of daily for the community.

To conserve natural resources, the Group designs its high rise developments with rainwater harvesting facilities, where rainwater collected are channelled mainly for common area use such as gardening and cleaning at the ground levels. This is also adopted at Metro Point Complex where rainwater is harvested for sanitary use.

Additionally, the Group is increasing its reliance of renewable energy through efforts of installing solar photovoltaic panels at its investment properties, namely Plaza Metro Kajang and Metro Point Complex - which are estimated to reduce electricity consumption by about 10% annually. At our plantation estate, mesocarp fibres from processed FFB are used as boiler fuel to power both its mill operations, offices, and the estate community.



The solar photovoltaic panels installed on the rooftop of Plaza Metro Kajang is estimated to reduce electricity consumption by about 10% annually

Whilst a practice to reduce, reuse and recycle, especially for non-hazardous wastes like paper and plastic materials, is observed, the Group has also established a treatment process where effluents from plantation operations are treated based on an anaerobic, aerobic and facultative ponding system. As prescribed by the Indonesian Government, these post-treatment emissions with biochemical oxygen demand content of less than 5,000ppm are then reused as fertiliser in approximately 600 hectares of the Group's estate to date.

Apart from preserving high conservation value areas for new property development or oil palm cultivation, the Group also abide by zero-burning policy for all new planting or replanting at its plantation operations, and effectively plan systematic drainage and irrigation systems to ensure optimum water levels that promotes estate growth. On the other hand, non-plantation land at our estates are well-utilised vegetable patches for the estate community to cultivate organic produce for own consumption – reducing cost of living in the long run.

**(C) Social**

In the social realm, we strive to not just engage with our employees, customers, and business partners, but also to foster high quality working relationship with local authorities, joint venture partners, suppliers, contractors, as well as agencies in our mission to create and deliver sustainable value to all our stakeholders.

At the workplace, the Group works hard to ensure a safe and clean working environment for its workforce, and organises quarterly talks by various healthcare professionals. The Project Management Department supervises site safety at each site by following specific project safety plans drawn up by all appointed contractors before commencement of any construction activity at site. Similarly, the Group's estate and mill personnel are also periodically instilled with knowledge on proper precaution against safety hazards associated with their respective responsibilities.

The were no material incident recorded on work-related injuries or fatalities for the financial year ended 30 September 2017.

In the social realm, we strive to not just engage with our

**EMPLOYEES,  
CUSTOMERS,  
AND BUSINESS  
PARTNERS,**

but also to foster high quality working relationship with local authorities



Signboards on environmental conservation at our plantation estates



Employees at the site wearing proper safety equipment



## Sustainability Statement



Awarded scholarships to 130 students in the Hulu Langat district in August 2017



MKH regularly engages with professional safety and health training providers to organise personal safety and health-related trainings for its employees



MKH engages with professional instructors to provide weekly Yoga and Zumba classes for its employees

The Group respects gender diversity, and is mindful of the need to constantly upskill its workforce and treat its employees fairly by providing equal opportunities to all for personal and career enhancement within the Group.

Besides providing competitive remuneration and welfare benefits such as designated car parks for pregnant staff and medical care, the Group also emphasise on the importance to achieve positive work-life balance by promoting healthy lifestyle at the workplace. Its headquarter is well-equipped with a studio gym within the office building where employees can enjoy at their leisure.

MKH proactively engage with our community through various CSR responsibility activities at where we operate in. Our social contribution in FY2017 amounted to RM 1.6 million, attributable to charitable donations for development of community oriented facilities, scholarship disbursement as well as sports and wellness community engagement programmes. On 30 October 2017, the Group has also agreed to donate 3 parcels of land totalling approximately 4.83 acres in Kajang for the purpose of establishing a new National-type Secondary School (*Sekolah Menengah Jenis Kebangsaan Yu Hua Kajang (2)*) to cater to the growing student population in Hulu Langat district.



Travel time from Kajang to Bangi was conveniently reduced to only 10 minutes after the successful completion and launch of the Kajang 2 Flyover in July 2017

MKH employees are always passionate about making a difference in the community and are encouraged to get involved in causes that resonate with them. In 2017, they volunteered 712 hours for 10 corporate social responsibility projects.

Being mindful of the need to invest in the community, the Group continues to play its part in upgrading essential facilities built for the benefit of the 10,000 community members within our oil palm estates. Among others, there were the 24-hour community clinic, increased number of medical officers and doctors on duty as well as the establishment of the special care room with essential medical equipment. To further support economic and residential growth, the Group had also upgraded various roads within the vicinity of our oil palm estates to provide safer access for the ever-growing population of the community.

Our belief in education as a catalyst for positive change in the community is extended to our community in Indonesia as well, where we assist our estate children aged 4 to 12 years old by providing schools and necessary teaching materials to improve their academic performance. All primary 6 students recorded a 100% pass rate in national exam *Ujian Nasional Sekolah Dasar* in 2017.

The Board is of the view that the existing sustainability practices adopted are adequate and pertinent to steer the Group's sustainable growth. Nonetheless, it will consider the need to implement other sustainability practices, as appropriate, to augment existing ones as the Board monitors the sustainability performance of the Group's operations on an ongoing basis.



MKH Volunteers celebrated Malaysia's 60th Independence Day with 69 children from *Asrama Damai Rumah Anak Anak Yatim Kuang* at Hillpark @ Shah Alam North



A telecommunication tower was erected through collaboration with local telecommunication company to provide communication access to our estate community

Being mindful of the need to invest in the community, the Group continues to play its part in upgrading essential facilities built for the benefit of approximately

**10,000 COMMUNITY MEMBERS**

within our oil palm estates.



MKH takes care of its estate community by building schools and providing education opportunity for the estate workers' children





Artist's Impression