

# Property Development & Construction

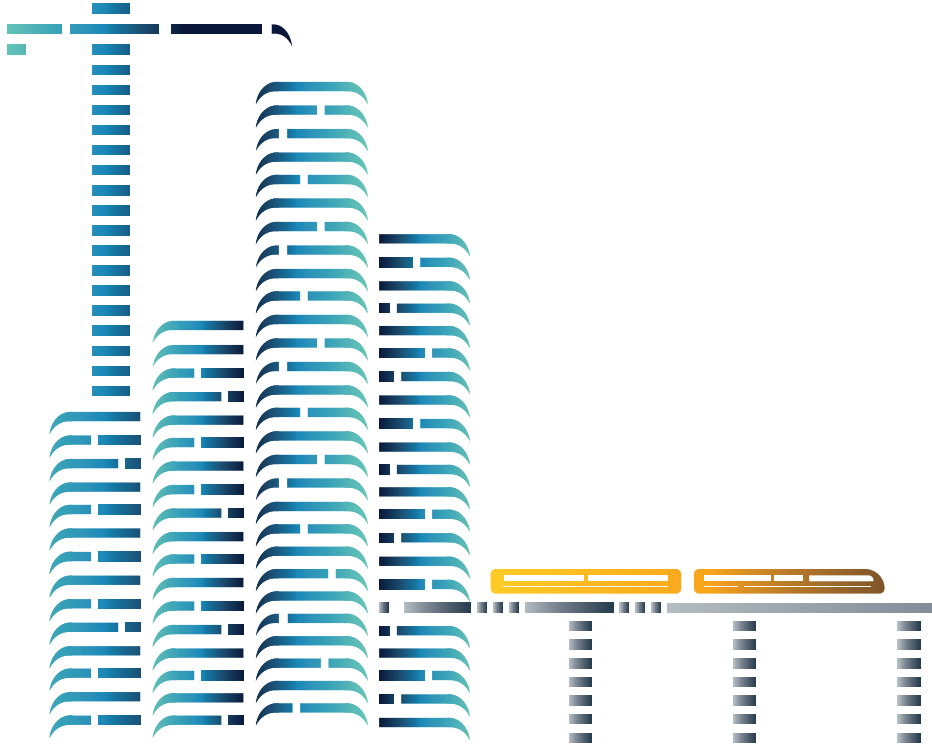
As a property developer that started out in Kajang, we built our first residential township in 1979, followed by our first high-rise development in 1993, and Kajang's first shopping complex in 1994. While our products have evolved over the past few decades to meet the ever-changing needs of the people, our brand promise remained the same - to deliver value to our stakeholders in the aspects of quality, affordability and practicality, and it is on the same principle that we stood by in our exploration and establishment of new business opportunities.



Contribution To Total Group Revenue



Total Segment Profit Before Tax Contribution





Artist's impression of Kajang 2, an award-winning integrated township with excellent connectivity

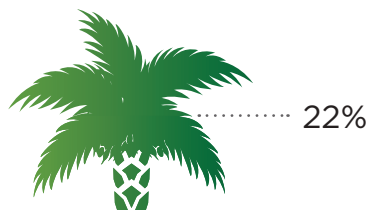
# Plantation

## Oil Palm Plantation

MKH Berhad (“MKH” or “The Group”) ventured into oil palm plantation in 2008. The Group has 18,338 hectares (45,438 acres) of plantation land in East Kalimantan, about 75km from Kota Samarinda, Indonesia



Contribution  
To Total Group  
Revenue



Total Segment  
Profit Before Tax  
Contribution





# Sustainability Report

## The content of this Sustainability Report (“Report”) narrates MKH’s sustainability efforts from 1 October 2019 to 30 September 2020,


illustrates our various endeavours to build up the Economic, Environmental and Social (“EES”) and encompass the Group’s operations in Malaysia and Indonesia, which are the locations of the Group’s key businesses.

Through this Report, the Group demonstrates our commitment in integrating sustainability practices across all facets of its businesses. This Report was 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 much Material Sustainability Matters are managed. In preparing this Report, the Board has considered the Sustainability Reporting Guide and its accompanying toolkits, issued by Bursa.

### SUSTAINABILITY GOVERNANCE


In MKH Berhad, we hold firmly to the principles of ethical conduct to ensure our business is conducted with integrity through good governance, in line with the best industry practices as well as the applicable rules and regulations.



**Economic** 


**E** An organisation’s impacts on the economic conditions of its stakeholders and on economic systems at local, national, and global levels. It does not focus on the financial condition of the organisation.

*Note: These may include the organisation’s procurement practices, or community investment.*

**Environmental** 

**E** An organisation’s impact on living and non-living natural systems, including land, air, water and ecosystems.

*Note: These may include the organisation’s usage of energy and water, discharge of emissions, or loss of biodiversity, etc.*

**Social** 

**S** The impacts an organisation has on the social systems within which it operates.

*Note: These may include the organisation’s relationships with communities, employees, consumers, etc.*

Our business operating units are guided by the Group’s policies and its respective standard operating procedures. The Board of Directors and the senior management meet regularly to ensure that the planning, decision-making and execution of the Group’s business operations are carried out professionally.

We have an internal Audit Division to undertake an independent and systematic assessment of the Group’s system of risk management and internal controls as established by management in addressing the principal business risks faced by the Group.

Full disclosure on our Corporate Governance Report is available for reference on [www.mkhberhad.com](http://www.mkhberhad.com).



## ORGANISATIONAL STRUCTURE FOR SUSTAINABILITY COMMITTEE

MKH's Sustainability Committee, led by the Group Managing Director Tan Sri Datuk Chen Lok Loi, oversees the planning and execution of sustainability strategies to ensure that our sustainability matters are implemented throughout our business operations.

Together, the Sustainability Committee identifies, evaluates, monitors, and manages risks as well as opportunities in our business operations relating to Economic, Environmental and Social aspects.

MKH Berhad's Sustainability Committee comprises:

- Group Managing Director
- Key Senior Management

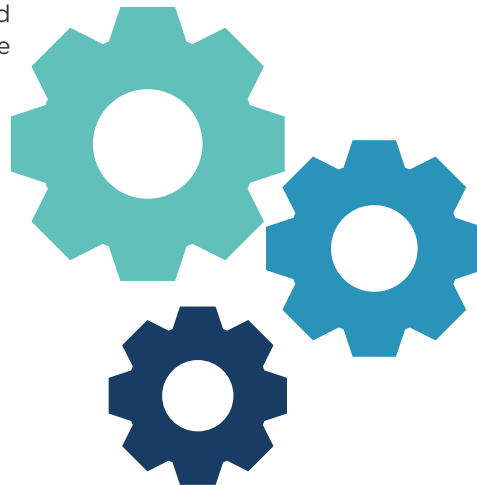
The functions of the key management members are defined in sustainability management.



### Board of Directors of MKH



- Review the Group's sustainability matters and provide advice and direction on sustainability for the Group as and when necessary.
- Approve sustainability report.



### Group Managing Director of MKH

- Lead and drive the sustainability initiatives in the Group.
- Discuss, review and monitor progress of sustainability matters regularly.
- Report to the Board of Directors on sustainability matters.



### Sustainability Committee

- Responsible for assessing and identifying sustainability matters.
- Oversees the implementation of sustainability-related strategies and initiatives.
- Undertake actions as and when necessary to address sustainability concerns.

# Sustainability Report

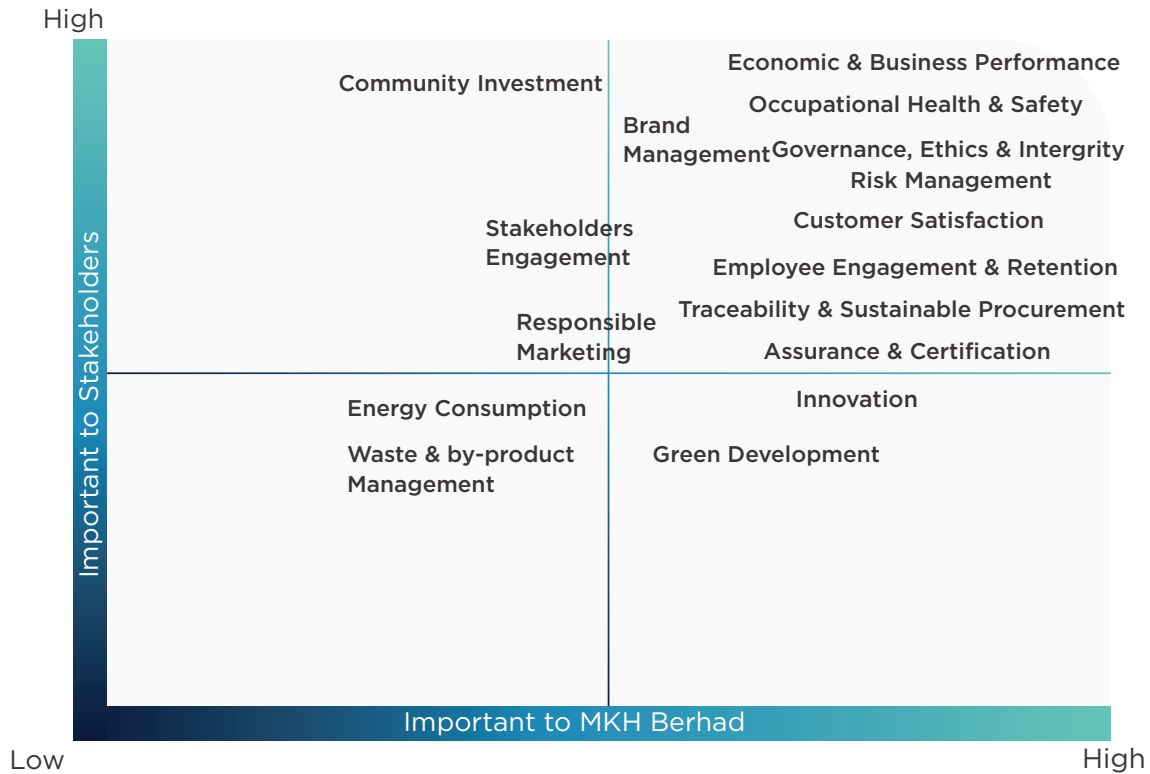
## MKH'S SUSTAINABILITY GOALS

MKH defines and aligns its key topics and core principles with reference to the United Nation's 17 Sustainable Development Goals ("SDGs") enacted in 2015 by the United Nation General Assembly. We share our responsibilities in supporting the efforts of tackling the EES challenges through the implementation of sustainable practices as follows:



## MKH'S MATERIALITY MATRIX

The key sustainability matters most relevant to our business operations relating to the economic, environmental, and social aspects as well as to our internal and external stakeholders, is illustrated below:



We believe these 16 key material matters are keys to creating value for all our stakeholders, building mutual trust and allowing better insight on community needs as well as market trends in our journey towards a sustainable future.

## STAKEHOLDER ENGAGEMENT

We engage our stakeholders regularly to develop a deeper understanding of how we can address their needs while further carrying our corporate mission. Maintaining a good relationship, recognising and valuing each of them such as our business partners and understanding their interest and needs are vital aspects that ensure our business success.

Our stakeholder universe consists of shareholders, investors, customers, employees, community members, regulators, financial institutions, industry group, business associates, consultants, suppliers and the media.

Working with stakeholders improves our ability to address priorities. In line with our corporate core values, we strive to engage with our stakeholders, respectfully in an efficient, knowledgeable and responsive manner in our journey to deliver holistic value. We listen to and learn from stakeholders. We also provide stakeholders with accurate information so that they can understand our actions and intentions with greater clarity.



# Sustainability Report

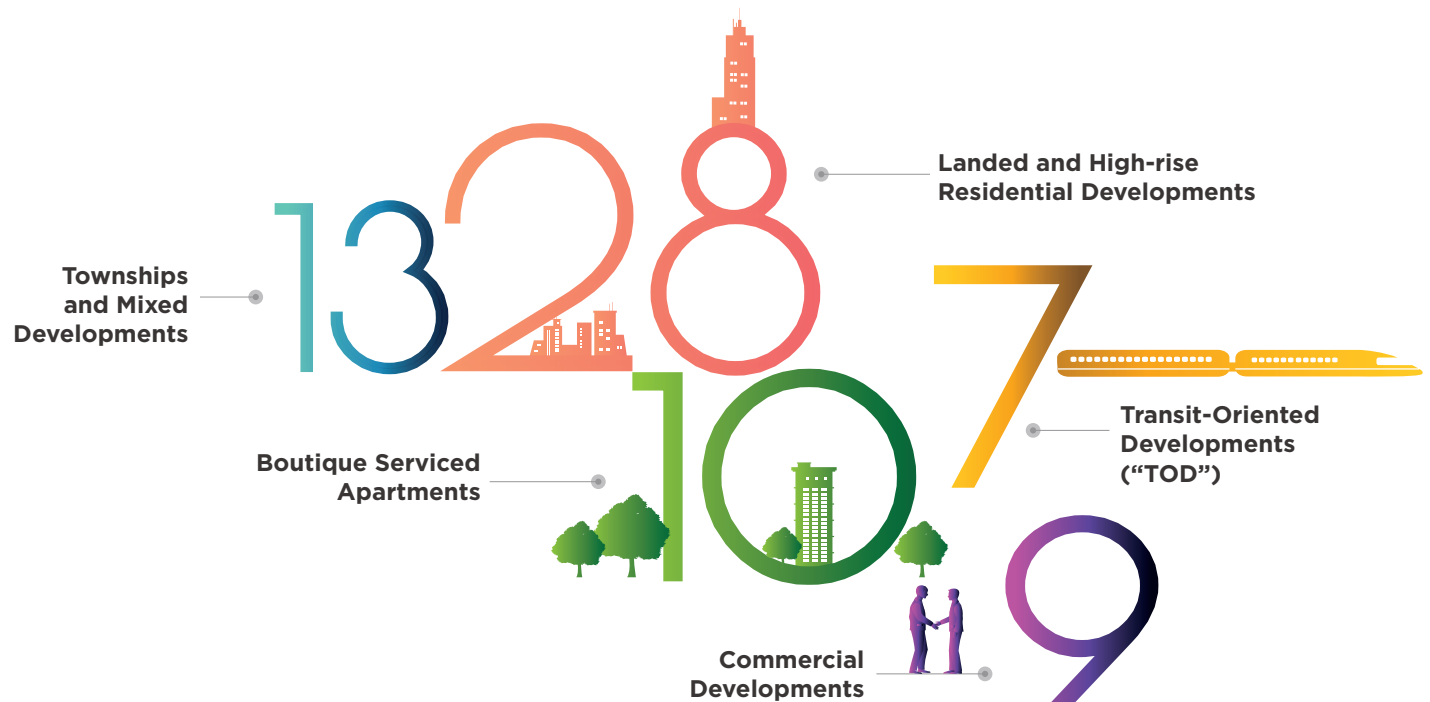
The following groups are key stakeholders who have the greatest impact on our organisation and with whom we engage regularly:

NO.	STAKEHOLDERS	TYPE OF ENGAGEMENT	FREQUENCY OF ENGAGEMENT
1	 Customers	<ul style="list-style-type: none"> <li>Written, Social Media &amp; Email Communication</li> <li>Centralised Sales Galleries</li> <li>Customer Feedback Management</li> <li>Outreach Events/Roadshow/Open Day</li> </ul>	<ul style="list-style-type: none"> <li>Daily</li> <li>Daily</li> <li>Daily</li> <li>Ad hoc</li> </ul>
2	 Employees	<ul style="list-style-type: none"> <li>Employee engagement activities</li> <li>Written communications</li> <li>Departmental meetings/Virtual Meetings</li> <li>Employee Development Trainings &amp; Workshops</li> </ul>	<ul style="list-style-type: none"> <li>Regular</li> <li>Regular</li> <li>Regular</li> <li>Regular</li> </ul>
3	 Government Agencies/ Local Authorities	<ul style="list-style-type: none"> <li>Reports</li> <li>Written Communications</li> <li>Formal Meetings/Virtual Meetings</li> </ul>	<ul style="list-style-type: none"> <li>Regular</li> <li>Regular</li> <li>Ad hoc</li> </ul>
4	 Industry Group	<ul style="list-style-type: none"> <li>Formal Meetings/Virtual Meetings</li> <li>Written Communications</li> </ul>	<ul style="list-style-type: none"> <li>Regular</li> <li>Regular</li> </ul>
5	 Investors/Analysts/Fund Managers/Private Equity Firms	<ul style="list-style-type: none"> <li>Formal Meetings/Briefing/Virtual Meetings</li> <li>Written Communications</li> </ul>	<ul style="list-style-type: none"> <li>Ad hoc</li> <li>Ad hoc</li> </ul>
6	 Financial Institutions	<ul style="list-style-type: none"> <li>Formal Meetings/Virtual Meetings</li> <li>Written Communications</li> </ul>	<ul style="list-style-type: none"> <li>Regular</li> <li>Regular</li> </ul>
7	 JV Partners/Business Associates	<ul style="list-style-type: none"> <li>Formal Meetings/Virtual Meetings</li> <li>Written Communications</li> </ul>	<ul style="list-style-type: none"> <li>Regular</li> <li>Regular</li> </ul>
8	 Local Communities/ Residents' Associations/Joint Management Bodies	<ul style="list-style-type: none"> <li>Formal Meetings/Virtual Meetings</li> <li>Written Communications</li> </ul>	<ul style="list-style-type: none"> <li>Regular</li> <li>Regular</li> </ul>
9	 Media	<ul style="list-style-type: none"> <li>Press Releases</li> <li>Written Communications</li> <li>Networking Sessions</li> </ul>	<ul style="list-style-type: none"> <li>Regular</li> <li>Regular</li> <li>Ad hoc</li> </ul>
10	 Shareholders	<ul style="list-style-type: none"> <li>Written Communications</li> <li>Quarterly Financial Report</li> <li>Annual General Meeting</li> </ul>	<ul style="list-style-type: none"> <li>Regular</li> <li>Quarterly</li> <li>Annual</li> </ul>
11	 Vendors/Suppliers/ Contractors/Consultants	<ul style="list-style-type: none"> <li>Formal Meetings/Virtual Meetings</li> <li>Project Tender</li> <li>Written Communications</li> </ul>	<ul style="list-style-type: none"> <li>Regular</li> <li>Regular</li> <li>Regular</li> </ul>

## SUSTAINABILITY EFFORTS

At MKH, we are guided by the best industry practices in our business operations to produce and deliver quality products to our customers, while also being cognisant of the EES aspects of our communities.

To-date, MKH's diverse property portfolio comprises:



that are strategically located within Kajang and across the Klang Valley.

### Towards the Economy

With more than 40 years in the property industry, the Group actively engage with various chamber associations and professional groups to gain the latest insight on industries which are relevant to our business operations.

The Help to Buy ("HTB") and MKH Triple Deal campaigns offer incentive to 17 projects in line with the Home Ownership Campaign ("HOC") 2020/2021 which is a government initiative to stimulate the property market and provide financial relief to home buyers.

Our adaption of Industrialised Building System ("IBS") in property development accentuates our expertise in creating values for our homebuyers through the building of affordable yet quality housing.

Our Property Development and Construction Division has developed a wide range of successful property products to include integrated townships, transit-oriented developments ("TOD") and affordable homes that caters to various market demands.

We constantly explore joint-venture opportunities to expand our land bank which enable the Group to carry out development with relatively lower upfront financial commitment.

Partnering to develop projects also enable our Property Development and Construction Division the opportunity to adopt new specialised knowledge in the construction industry, which further enhances our product offerings

# Sustainability Report



Implementation of mechanical-assisted collection of FFB has significantly improved in field mobility and productivity at our oil palm plantation

for the greater community. Our joint venture project with Panasonic namely MIRAI Residences at Kajang 2 apply the Japanese Inspired Living is proud to be the first residential property in Malaysia to provide Panasonic Energy Recovery Ventilator (“ERV”) system in Kajang 2. The system provides healthy indoor air circulation and creates a peaceful and pleasant living for our residence.

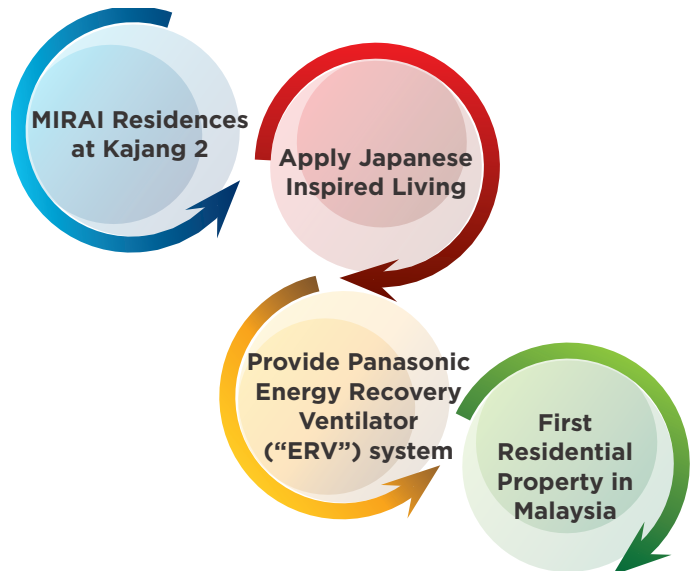


Our CPO mill in East Kalimantan, Indonesia

Building Materials Trading Division managed to deliver its two trademarked products namely EGON ironmongeries and CASCADA sanitary fittings (hand shower) to 329 units and 552 units of Kajang East and Kajang 2 Precinct 2 development respectively. Maintaining its success in the trading industry, our Building Materials Trading Division has also ventured into Readymix concrete.

Of recent years, the palm oil industry had been largely facing challenges in terms of manpower shortage, weather anomalies and fluctuating CPO prices. The Plantation Division had implemented usage of software application (“App”) namely RondaApp to further complement the management of our plantation. For example, RondaApp enabled the plantation management team to monitor and take timely steps to mitigate or resolve matters such as maintenance and repair work to roads and machineries. The RondaApp is being continuously tested and improved over time to suit our plantation usage. In addition, the Plantation Division had increased its mechanization efforts towards more efficient and effective FFB crop evacuation.

We emphasise on credibility and traceability in our operational activities by ensuring responsible sourcing from our supply chain through taking steps to understand respective practices of our suppliers, regular reviews and renegotiating terms of trade in efforts to ensure a sustainable business relationship in the long run. At our oil palm plantation, we also focus on the traceability of external crops procured under the Indonesian Plasma Programme.

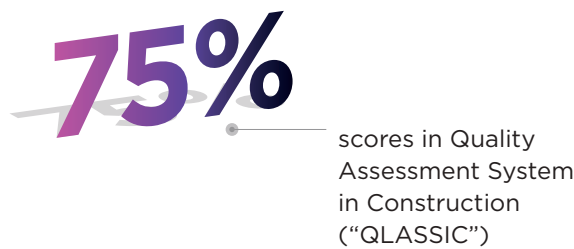


# Sustainability Report

Our Plantation Division had conducted anti-COVID-19 programmes for workers in the plantation area as a precautionary measure against the pandemic. The initiative has enabled our Plantation Division to carry out its daily operations well. This is further complimented with our ongoing mechanisation of fresh fruit bunches (“FFB”) collection. The consistent crop evacuation in a timely manner enabled our production and sales of CPO to be better managed.

Our Building Materials Trading Division continues to produce quality ironmongery for our customers to meet current needs and also to ensure a sustainable trade business among industry peers.

MKH engages certified architects, engineers and contractors for its property development projects through strict tender process. In addition, our Quality Assurance personnel carry out regular inspection throughout the construction and processes in order to achieve minimum scores of 75% in Quality Assessment System in Construction (“QLASSIC”) for all our developments.



In FY2020, we were ranked 12th among Top 30 Property Developers in Malaysia at The Edge Malaysia’s Property Excellence Awards 2020, with high scores in innovation & creativity for development projects that create value for our home buyers and investors.

Top 30 Property Developers in Malaysia ranked **12th**

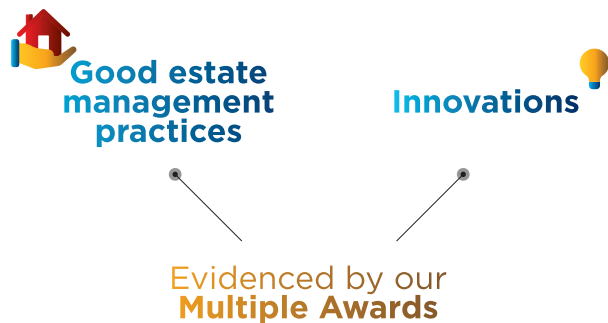


Our Plantation Division had been well-recognised by the province and other local authorities as one of the most efficient plantations in East Kalimantan for its good estate management practices and innovations, as could be evidenced by our multiple highly-coveted awards.

Amongst other awards, PT Maju Kalimantan Hadapan (“PT MKH”), our subsidiary recently received the “Gold Award for Best Foreign Owned Company”. PT MKH plantation estate and CPO mill had further been awarded with a 5-year certification of Indonesian Sustainable Palm Oil System (“ISPO”) based on the most recent full re-assessment conducted in August 2020.



PT MKH received Gold Award from the Provincial Government of Kutai Kartanegara, Indonesia for Best Foreign Owned Company



# Sustainability Report



## Towards the Environment

Our Property Development and Construction Division incorporates a sustainable approach and focuses on the innovative concept and design which aim to reduce energy consumption in our residential development.

At the construction sites, existing top soil is preserved where possible for future landscape use, while buildings are constructed in the north-south orientation, where possible, to create cooler living environment for residents. In addition, wastes generated from the construction sites are either recycled for reuse, or timely transported to designated disposal sites.

As we believe that green spaces provide substantial environmental benefits to our communities, we allocated about 60 acres of forest park and central lake park in Hillpark @ Shah Alam North, one of our eco-themed township development. Our upcoming project, TR2 Residence @ Jalan Tun Razak will apply eco-concept development with rain water collection and natural ventilation in the building designs. TR2 Residence @ Jalan Tun Razak is also a TOD adjacent to existing LRT, Monorail and under construction MRT2. Inspired to bring nature to its residents, our award-winning township namely Hillpark @ Shah Alam has a large reforested public community park built with various recreational facilities and an innovative ant colony-themed playground to encourage healthy community living.

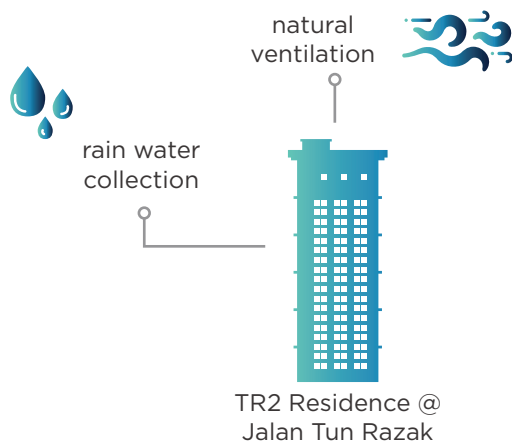
In recognising the importance for sustainable living environment, we practise energy saving faithfully by using natural renewable energy. The solar photovoltaic panels were installed at our shopping malls in Kajang and successfully reduced utility bills by up to 22%. Certified green building materials and fittings are also part of our Building Materials Trading Division's product offering to contractors.



reduced utility bills  
by up to **22%**

In addition, our employees practise energy saving faithfully at the workplace by switching lights and appliances off when not in use and reducing paper printing.

We are committed to preserve a healthy ecosystem at our plantation estates via good estate management practices such as zero-burning policy in the planting of oil palm trees and putting up various signboards on environment preservation and wildlife protection as a constant reminder to in-field workers as they carry out their daily duties.



# Sustainability Report

To ensure that our estates are responsibly managed, we work closely with the Indonesian Department of Environment. Drainage and irrigation systems are built to ensure optimum water levels to promote growth of oil palm trees, and we also reduce application of agrochemicals through the use of natural alternatives such as planting of beneficial plant to combat pests.

Effluents from our CPO mill are treated using anaerobic, aerobic, and facultative ponding system, and subsequently used as natural soil fertiliser.

While the practice to reduce, reuse and recycle is observed, recycle bins are provided at our high-rise residences, shopping malls, and workplace. Organic wastes are periodically collected and recycled into natural composts at our headquarters, which are used as fertilisers in our developments' landscape. Waste paper and plastic materials are collected from headquarters periodically to be sent to respective recycling service providers for further processing.



Harvesters using powered wheelbarrow to transfer FFB into large bins to be transported to the mill

In support to reduce carbon-footprints and encourage public transportation ridership, our Property Development and Construction Division has been developing TOD projects that are connected or well-within walking distances to public transit points. Our upcoming project, Nexus Taman Pertama, a 41-storey serviced apartment provides good TOD facilities to residents as it is very near the Mass Rapid Transit ("MRT") stations namely Taman Pertama MRT (150 meters).

Our employees are encouraged to practise water-saving habits by minimising water wastage in the washrooms and pantries, while at our investment properties, notices, and posters encouraging efficient water usage are put up at designated areas to encourage tenants, customers, and guests to use water responsibly.



Artist's impression of Nexus @ Taman Pertama, a transit-oriented development ("TOD") near the Taman Pertama Mass Rapid Transit ("MRT")



# Sustainability Report



## Towards the Society

As a responsible corporate citizen, MKH aspires to foster a stable relationship while creating value for our key stakeholders, comprising customers, shareholders, regulators and the greater community within the environment where our business operate in.

We inculcate safety awareness amongst our employees by providing safety training and regular safety reviews. The Safety and Health Committee (“SHC”) is established to develop in-house safety and health rules, review the policies and ensure that all employees are in a safe working environment at our headquarters.



To prevent the spread of COVID-19 in our community and reduce the risk of exposure, all employees in our headquarters, site offices and sales galleries are required to declare their daily health status, check in by scanning MySejahtera app, check body temperature, sanitise hands before entering to the buildings and provision of face masks. The management will continue to actively monitor, implement protocols and adhere to government guidelines, constantly reminded all employees to wear a mask and practise safe social distancing at work and enhance biosecurity measures at our workplace.

The Property Development and Construction Division supervises site safety by following specific project safety plans which are drawn up by the appointed contractors

before commencement of any construction activities at site as well as in compliance with the standard operating procedure for construction issued by the Ministry of Works to contain the COVID-19 pandemic.

MKH cares about the welfare of its employee. We progressively create an integrated work culture that emphasises on providing various welfare benefits such as dental and health care in recognition and appreciation of the dedicated hard work by fellow employees. Special arrangements such as designated parking for pregnant employees are also provided for mobility convenience, and birthdays are celebrated with the giving of gift vouchers.



Our headquarters in Kajang, Selangor is equipped with a studio gym within the office building where employees can enjoy at their leisure, or provision of membership subsidisation for gym-goers to external fitness centres to facilitate positive work-life balance among the employees. A daily 10-minute exercise regime is also practised before working hours in the mornings.

A daily 10-minute exercise regime before working hours in the mornings.



Promoting a harmonious work culture is always a priority for the Group. The Group respects and appreciates diversity in our workforce and does not tolerate discrimination against anyone on the basis of race, religion, and gender.



Regular trainings and workshops are organised to upskill employees

We strongly encourage employees to attend trainings which provide equal opportunities of personal and career enhancement within the Group. A total of 121 trainings and workshop amounting to 3,466 training hours were organised within the reporting year to educate MKH employees on proper precaution against hazards associated with their respective responsibilities. For the year ended 30 September 2020, a total of 1,288 training hours were conducted outside of the Company while 2,178 training hours were carried out in the headquarters.



**121** trainings  
**3,466** trainings hours

The Group greatly appreciates the employees who have consistently shown a high level of commitment and achievement throughout the year. To provide fair remuneration to our employees, we determine their annual performance through the evaluation of Key Performance Indicators (“KPI”) and practise the internal promotions for eligible employees to assume greater responsibility.

In the social realm, we strive to foster a high quality of working relationship with local authorities, interest groups, joint-venture partners, bankers, suppliers, contractors, and also agencies in our mission to create and deliver sustainable value to all our stakeholders. We work closely with industry associations, participate in multi-sector forums, and meet with socially responsible investors to gain diverse and valuable perspectives as we continuously improve our sustainable development programs and initiatives. Our key management members also play active roles in advocating the growth and advancement of the industry with present memberships in non-governmental organisations that also contribute to improving the welfare of the greater community.

We recognise that the journey towards a sustainable future begins with ourselves therefore we are committed to fulfil our role as a responsible corporate citizen in our mission to generate long-term growth for our businesses and also ensure value creation for our immediate communities.

In supporting and adding value to the communities-in-need where our employees live and work in, we ensure that our residential developments are ideal for multi-generational living with the adoption of universal designs, recreational and landscape creation as well as provision of various outdoor exercise facilities.

## Outdoor Exercise Facilities





# Sustainability Report

In enhancing the living experience for residents of our projects, we set up online portals for certain newly handed over projects that provide communication channels to the building management and various residence services, such as monthly maintenance payments and booking of common facilities. Initially a mobile app, and this pilot programme has evolved to include a website platform for residents' convenience.

MKH supports community-based programmes and sustainable initiatives intended to improve the wellbeing of disadvantaged people and reduce socio-economic disparities through various corporate social responsibility ("CSR") activities such as welfare homes visitations, charity donation drives, financial aid, sponsorship for local authorities and school aid. With our aim to nurture the young generations to improve their learning ability, 100 students aged between 7 and 12 years received free prescriptive glasses and book vouchers through our collaborations with bookstore and eyewear store in the CSR programmes namely "Mata Sihat Lebih Jelas" and Bookstore Voucher Sponsorship Programme. The objectives of the CSR programmes are to help ease the burden of students from B40 group of family and foster a good working relationship with stakeholders in Kajang.

**100** students aged between 7 and 12 years received free **prescriptive glasses** and **book vouchers**



MKH's first eye wear sponsorship programme which helps undergo eye test and ease the burden of students from B40 families by sponsoring corrective eye wears

During the financial year, we contributed approximately RM1.7 million in the community engagement that supported a total of 70 beneficiaries included education institutions, local authorities and non-profit organisations.

Contributed approximately **RM1.7 million** in the community engagement

Concerned with community needs and the front-liners since the COVID-19 outbreak, we donated and ensured the prompt delivery of more than 100,000 pieces of face masks to the Provincial Government of Kutai Kartanegara and communities near our plantation in East Kalimantan, Indonesia. The same essentials also been donated to education institution, police station and hospital in Kajang during MCO and CMCO. In addition, the Group's HR and Administration Department invited doctors to conduct swab test for all employees at the headquarters as a precautionary measure against COVID-19.

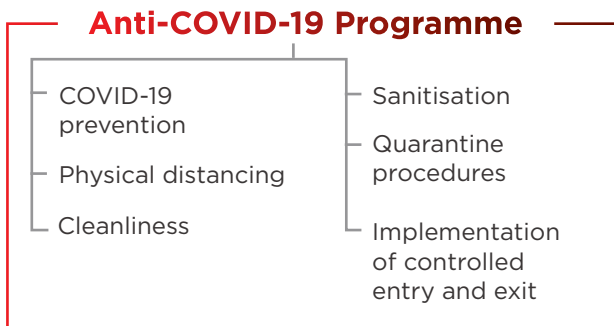




The Plasma Programme was an initiative implemented by the Indonesian government and the Group's Plantation Division strongly supported this endeavour to improve the local communities' livelihood. Under this programme, we provide job opportunities to them and embark on educating them in terms of estate knowledge and management, as well as transfer of technology to the plasma plantation. Our Plantation Division had previously won the best plasma award from the local Regent and was a source of pride to the local communities. Moving forward, our Plantation Division will continue to further strengthen its sustainability initiative to ensure long term growth.

As a seasoned builder of mass market and affordable housing, we commit to escalate our brand presence in the real estate industry and also engage the community where the company operates through responsible marketing campaigns.

Prior to the COVID-19 movement control by Indonesian government, our Plantation Division had actively-conducted anti-COVID-19 programmes. These included socialisation efforts to educate our workers on COVID-19 prevention measures, physical distancing, cleanliness, sanitisation, quarantine procedures and implementation of controlled entry and exit at our plantation check points. Our continued efforts to ensure all parties' health and safety, had to date been well-received by the workers and local communities at large.



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 practise, as appropriate, to complement existing ones as the Board monitors the sustainability performance of the Group's operations on an ongoing basis.