

SUSTAINABILITY STATEMENT

Our Sustainability Statement (“Sustainability Statement” or “Statement”) for the financial year ended 31 December 2019 (“FY 2019”) provides an overview of OCR Group Berhad and its subsidiaries’ (“OCR” or “Group”) initiatives and practice, highlighting our economic, environmental and social impacts. This Statement has been prepared in accordance with Bursa Malaysia Securities Berhad’s (“Bursa Malaysia”) Main Market Listing Requirements.

SUSTAINABILITY GOVERNANCE

The sustainability governance structure is headed by the Board of Directors (“Board”), who is responsible to oversee the Group’s overall sustainability performance.

The Key Senior Management led by Group MD reports to the Board. The Key Senior Management is responsible to develop comprehensive strategies, implement management programme as well as monitor the Group’s progress towards improving sustainability performance.

STAKEHOLDERS

OCR places great importance on the views of each stakeholders across all its business operations. The Group believes that continuous and in-depth engagements with stakeholders is key for the long-term sustainability of the Group’s operations. Various methods have been adopted to engage stakeholders as summarised in the table below:

Stakeholder Groups	Areas of Interest/ Expectations	Engagements Methods	Frequency of Engagement
Board	To enhance shareholders value and financial performance.	<ul style="list-style-type: none"> - Board meetings - Annual General Meetings - General Meetings 	<ul style="list-style-type: none"> - Quarterly - Annually - As and when required
Employees	To create value for our employees by providing career development and work-life balance.	<ul style="list-style-type: none"> - Introduction trainings - Learning and development programmes - Occupational health and safety - Performance appraisals - Sports activities - Company dinner 	<ul style="list-style-type: none"> - Every new recruit - Ongoing - Ongoing - Two (2) times per year - Weekly - Annually
Shareholders	To create value for shareholders by consistently improving profitability and growth.	<ul style="list-style-type: none"> - Annual General Meetings - General Meetings - Media releases - Corporate website - Annual and quarterly result announcements - Announcements on Bursa Malaysia - Dialogues and discussions 	<ul style="list-style-type: none"> - Annually - As and when required - Ad hoc - Regular update - Ongoing - Regular update - As and when required

Sustainability Statement (Cont'd)

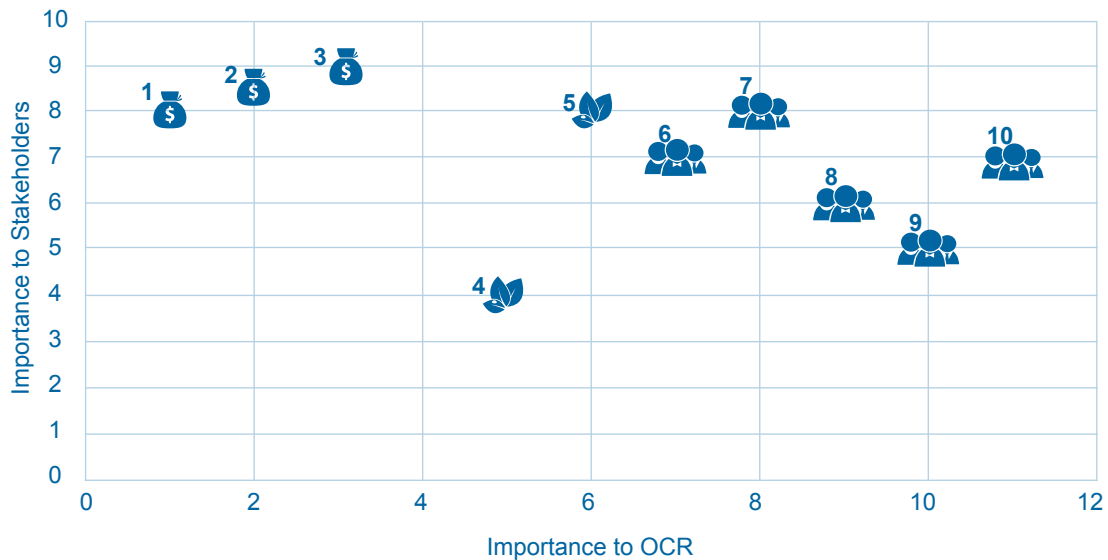
STAKEHOLDERS (CONT'D)

Stakeholder Groups	Areas of Interest/ Expectations	Engagements Methods	Frequency of Engagement
Regulatory	To comply with regulations and guidelines.	<ul style="list-style-type: none"> - Annual report - Fillings and announcements on Bursa Malaysia - Dialogues with the authorities 	<ul style="list-style-type: none"> - Annually - Regularly - As and when required
Customers	To achieve highest level of customer satisfaction by delivering impressive, innovation and high quality yet affordable home with excellent workmanship.	<ul style="list-style-type: none"> - Feedback channels such as emails, phone calls - Website and social media - Product launches and roadshows - Personal Data Protection Act ("PDPA") consent 	<ul style="list-style-type: none"> - Ongoing - Ongoing - Ongoing - Ongoing
Suppliers/vendors/ associates	To be the preferred business partner and develop long term sustainable relationships.	<ul style="list-style-type: none"> - New vendor evaluation and registration - Meetings - Evaluation and performance improvements 	<ul style="list-style-type: none"> - As and when required - Ongoing - Annually
Local community	To create a sustainable future by preserving the environment and actively involved in development of a better society.	<ul style="list-style-type: none"> - Community engagements - Annual sustainability reporting 	<ul style="list-style-type: none"> - As and when required - Annually

Sustainability Statement (Cont'd)

MATERIALITY MATRIX

The diagram below indicates our Economic, Environment and Social matters for this year's reporting purpose.



Economic

- 1 Corporate Governance and Ethics
- 2 Risk Management
- 3 Financial Performance

Environment

- 4 Green Building Initiatives
- 5 Waste Management

Social

- 6 Customer Satisfaction
- 7 Occupational Health and Safety
- 8 Diversity and Inclusiveness
- 9 Capacity Building
- 10 Community Engagement

ECONOMIC

Corporate Governance and Ethics

The Group adheres to the Malaysian Code on Corporate Governance to govern its operations. It also strives to be transparent in its business dealings and at the same time adhere to other policies or standard operating procedures that are already put in place.

The Group also adheres to Anti-Bribery and Corruption Policy to preserve its business integrity and accountability. Documents such as the Board Charter, Whistle-blower Policy, Anti-Bribery and Corruption Policy and Terms of Reference are available to employees and the public via the Group's corporate website at www.ocrbhd.com..

Risk Management

The Group recognises the fact that its business operations is not without risks. Therefore, OCR established the Risk Management Committee to review the effectiveness of the Group's risk management processes. The details are set out in the Corporate Governance Overview Statement and Statement on Risk Management and Internal Control in this Annual Report.

Sustainability Statement (Cont'd)

ECONOMIC (CONT'D)

Financial Performance

A robust financial performance is important to ensure business sustainability, including the availability of capital for investments and new project developments, as well as to meet shareholders' expectations and returns on investment.

As the economic environment has become more challenging in the past two (2) years, the Group has not been able to reward its shareholders via distribution of dividends in order to conserve cash. Nevertheless, the Group will consider various options to reward its shareholders when the timing is right.

ENVIRONMENT

Green Building Initiatives

In the property development sector, there is an increase of eco-friendly development projects where buildings are designed with environmentally friendly features. There are also provisions for increased green spaces that promotes a healthier and more sustainable lifestyle as well as biodiversity. As one of the leading integrated property developers that reflects our commitment towards sustainability.

We incorporate green building elements such as rainwater harvesting, installation of LED lightings and energy-efficient fittings as part of the design of our properties. We also engage green consultants to advise us on integrating certain building materials specification to achieve the Green Building requirements.

Waste Management

The Group is aware that waste management is a major issue in the property development and construction industry. The Group strives to abide by the law to dispose its waste in a responsible and proper manner via the employment of legitimate waste disposal contractors licensed by the authorities.

SOCIAL

Customer Satisfaction

We ensure our customers are being regularly updated on the existing projects' construction progresses as well as any upcoming project launches through our web link and social media.

OCR values feedbacks from our customers as the Group believes that it is essential in improving our deliverable. At the pre-sales level, we receive registration forms from potential customers on their preferred property price range and type of properties. Throughout the construction period, the Group has various systems and processes in place to ensure customers are updated on the construction progress and customers' satisfaction are met. At the end of the project, we will also gather feedbacks from our customers on the overall product quality and workmanship. This is important for long term sustainability of the business.

Moving forward, we will continue to innovate and ensure customers are engaged at a more personal basis and in turn, promotes better brand awareness, customer loyalty and retention.

Occupational Health and Safety

OCR is committed to ensure the health and safety of its employees at the workplace by creating a safe and conducive workplace. In this respect, OCR adheres strictly to Occupational Safety and Health Act, 1994 ("OSHA 1994") and the Occupational Health and Safety Assessment Series ("OHSAS 18001").

A safety and health committee comprising project management personnel, site managers representatives from team of consultants and contractors are established at every project site. The committee is responsible to manage occupational health and safety issues in addition to ensuring environmental compliance.

Site managers are responsible to conduct daily inspections with the site qualified safety and health officer of the project site to ensure all identified safety measures have been properly implemented. Construction site workers are required to attend the safety training on a timely basis. Fogging and pest control measures are also regularly carried out at the construction site.

The appointed health and safety officer will be tasked to prepare monthly reports detailing the status of health and safety issues at the site including manhours lost due to injuries. The officer is also responsible for the coordination of safety programmes to promote a safe and healthy working culture.

During the FY 2019, there are no major accidents occurring at any of the Group's construction sites.

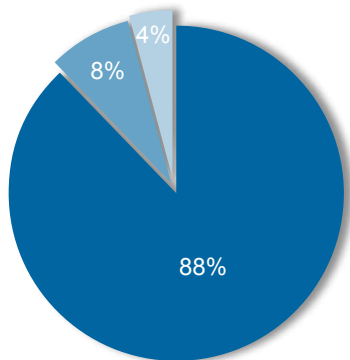
Sustainability Statement (Cont'd)

SOCIAL (CONT'D)

Diversity and Inclusiveness

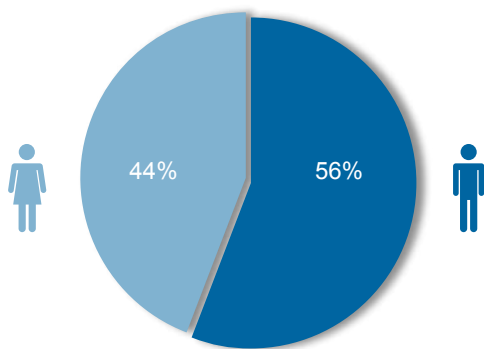
At OCR, we strongly promote diversity, inclusivity and equality regardless of gender and race to encourage different group of people to interact and build positive relationships at the workplace. Diversity also ensures that the Group has the requisite variety of skillsets and understanding to effectively serve our stakeholders, both internal and external.

Employment Category

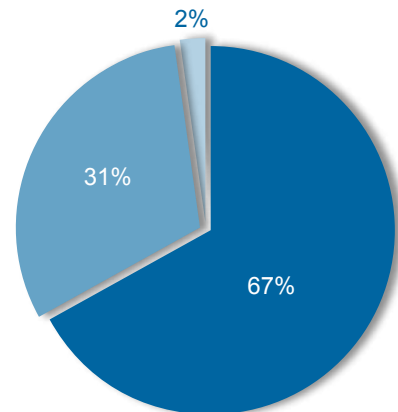


■ Top Management ■ Executive ■ Non-Executive

Gender

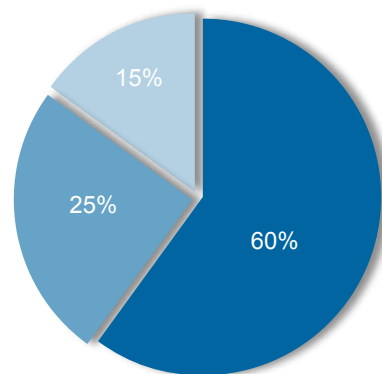


Race



■ Malay ■ Chinese ■ Others

Age



■ Under 30 ■ 30 - 50 ■ Over 50

All employees are entitled to the same benefits with different coverage limits depending on their respective job grades. Benefits include medical, dental, optical, life and personal accident insurance and travelling allowance.

Sustainability Statement (Cont'd)

SOCIAL (CONT'D)

Capacity Building

Our employees are key assets of the Group who drive business excellence. The Group is committed to create opportunities to grow and develop our people to reach their fullest potential that enable them to perform their roles effectively.

Our Human Capital department encourages each staff to disclose annual training needs in the Staff Appraisal Form. This approach can help Human Capital department to identify the relevant training programmes and solutions for our workforce. Our training methods include internal knowledge sharings and external trainings.

The table below presents our training programmes during the FY 2019.

Training Programmes	Internal Knowledge Sharing	External Consultant
An introduction to Airbnb	√	
An introduction to site inspection	√	
Basic understanding of digital branding and advertising	√	
An introduction to financing fundamentals	√	
Heritage shophouse in Penang	√	
Employee insurance benefits	√	
Introduction to Construction Industry Payment and Adjudication Act 2012 ("CIPPA")	√	
An introduction to Personal Tax	√	
Summary key revision on Pertubuhan Akitek Malaysia ("PAM") in 2018 vs 2006 vs 1998	√	
Answer cold call training		√
Certificate In Construction Delay and Extension of Time Assessment		√
An introduction to IFCA accounting software		√
ISO: training needs analysis		√
Bank loan briefing		√
Security transformation for the digital era		√

Community Engagement

OCR is committed to enrich the lives of communities in regions where we operate. We collaborate with communities to resolve any issues that may arise or areas that could improve with our presence.

Aligning to the Government's plans to promote more affordable housing to the people of Malaysia, OCR worked closely with Yayasan Pahang through a joint venture arrangement to develop PRIYA Scheme Kuantan project. Located in Kuantan, Pahang, the project encompasses nine hundred and seventy-eight (978) units of single-storey terrace houses and one hundred and forty-six (146) units of single-storey semi-detached homes.

CONCLUSION

At OCR, we aspire to be a responsible corporation that contributes towards our nation's agenda for sustainable development. We aim to further improve our sustainability performance by closely monitoring and reviewing our Economic, Environmental and Social performances and aligning our long-term strategies accordingly.