

# SUSTAINABILITY STATEMENT

OCR Group Berhad (“OCR”, or the “Group”) is pleased to present our Sustainability Statement for the financial year ended 31 December 2021 (“FY2021”), which discloses information on OCR’s material issues along with its societal and environmental impacts and key sustainability initiatives. Stakeholders will be able to grasp a better understanding of the Group’s strategies, methodology and implementation of its sustainability efforts. This disclosure embodies the Group’s sustainability practices and progress, towards facilitating better communication, awareness and interaction between internal stakeholders and the general public.

## SUSTAINABILITY GOVERNANCE

The sustainability governance structure is spearheaded by the Board of Directors (“Board”), who is responsible for overseeing the Group’s overall sustainability performance.

The Key Senior Management, led by the Group Managing Director, reports to the Board and is responsible for the oversight of sustainability practices, policies and procedures in improving sustainability performance.

The Corporate vision and mission motivate the entire OCR team to think bigger and progress further in achieving greater heights.

## UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS

The Sustainable Development Goals (“SDGs”) were adopted by United Nations (“UN”) Member States in 2015, as part of the 2030 Agenda for Sustainable Development. The SDGs, comprising a collection of 17 global goals, was established to be a blueprint to attain a better and more sustainable future for all global citizens.

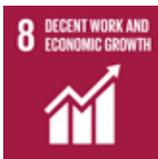


The Group has identified 7 out of 17 UN SDGs deemed relevant to the nature of our businesses, and are supporting the goals through:

- Promoting diversity, equality, and human rights in every layer of the organization, while also fostering a safe and healthy work environment education (SDG 3, 5, 6, 10)



- Creating modern industrial spaces that contribute towards socio-economic growth through the application of construction and engineering technologies (SDG 8, 9, 11)



## SUSTAINABILITY STATEMENT (Cont'd)

### STAKEHOLDER ENGAGEMENT

The Group recognizes the importance of regularly engaging with stakeholders, especially in a volatile operating environment, in order to foster greater interaction and understanding towards alignment of goals. OCR continued to adopt this approach in FY2021, with greater emphasis on utilizing social media to reach target audiences including existing and potential buyers. At the same time, OCR upheld its high priority on attaining a safe and environmentally-friendly work space to ensure the continued safety of workers.

Altogether, the management has sought to foster a collaborative platform between the Group, stakeholders and community to sustain its business for the long term. The practices to this effect are summarised in the table below:

Stakeholder	Material Issues	Engagement	Frequency
<b>Board</b>	To enhance shareholders' values and financial performances	<ul style="list-style-type: none"> <li>Board meetings</li> <li>Annual General Meeting</li> <li>General Meetings</li> </ul>	<ul style="list-style-type: none"> <li>Quarterly</li> <li>Annually</li> <li>As and when required</li> </ul>
<b>Employees</b>	To provide a conducive environment that promotes continuous growth and development for our people	<ul style="list-style-type: none"> <li>Induction programmes</li> <li>Educational programmes</li> <li>Occupational health and safety</li> <li>Safety inspections</li> </ul>	<ul style="list-style-type: none"> <li>Every new recruit</li> <li>Monthly/As needed</li> <li>Yearly/ As needed</li> <li>Monthly</li> </ul>
<b>Shareholders</b>	To create sustainable values for our shareholders by consistently improving profitability and growth	<ul style="list-style-type: none"> <li>Annual General Meeting</li> <li>General Meetings</li> <li>Media releases</li> <li>Investor relations website</li> <li>Announcements on Bursa Malaysia</li> </ul>	<ul style="list-style-type: none"> <li>Annually</li> <li>As and when required</li> <li>As needed</li> <li>As needed</li> <li>As needed</li> </ul>
<b>Regulators/ Certification Bodies</b>	To comply with regulations and guidelines.	<ul style="list-style-type: none"> <li>Annual report</li> <li>Filings and announcements on Bursa Malaysia</li> <li>Dialogues with authorities</li> </ul>	<ul style="list-style-type: none"> <li>Annually</li> <li>Regularly</li> <li>As and when required</li> </ul>
<b>Customers</b>	To achieve highest level of customer satisfaction by delivering high quality services and experiences as the mark of excellence	<ul style="list-style-type: none"> <li>Feedback channels such as emails and phone calls</li> <li>Website and social media</li> <li>Product launches and roadshows</li> <li>Personal Data Protection Act ("PDPA") consent</li> </ul>	<ul style="list-style-type: none"> <li>Ongoing</li> <li>Ongoing</li> <li>Ongoing</li> <li>Ongoing</li> </ul>
<b>Vendors/ Suppliers</b>	To be the preferred business partner and develop long term sustainable relationships	<ul style="list-style-type: none"> <li>New vendor evaluation and registration</li> <li>Meetings</li> <li>Evaluation and performance improvements</li> </ul>	<ul style="list-style-type: none"> <li>As and when required</li> <li>Ongoing</li> <li>Annually</li> </ul>

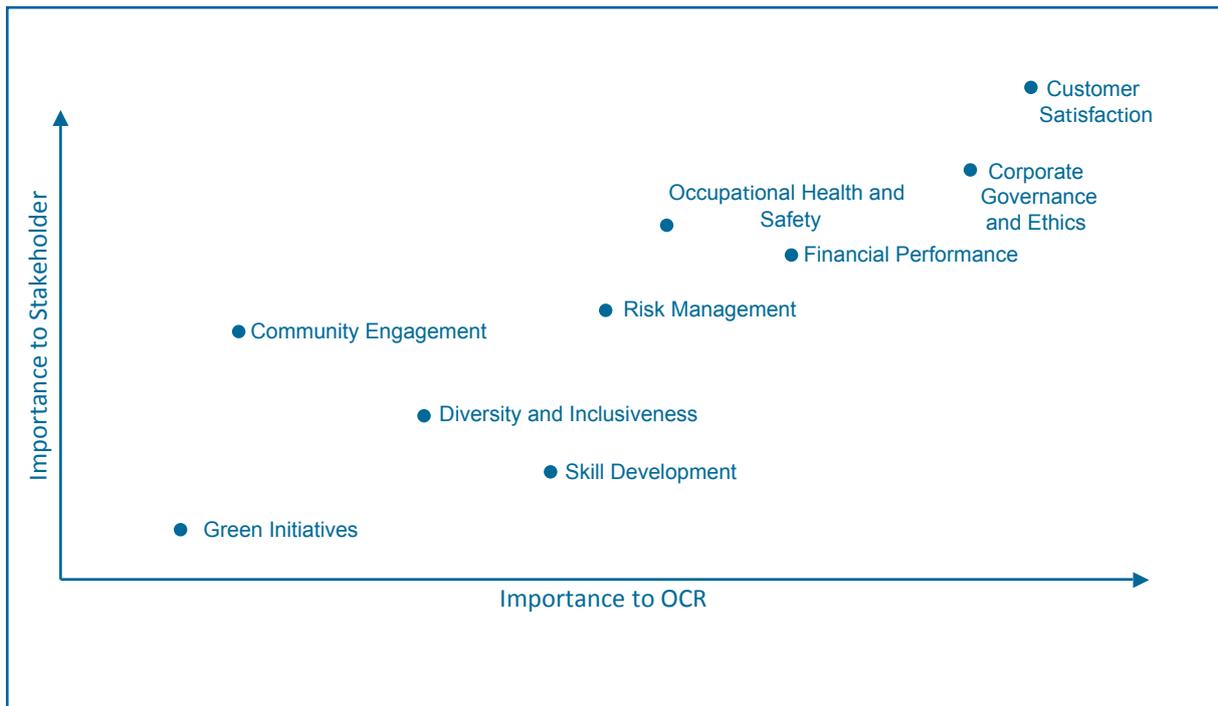
## SUSTAINABILITY STATEMENT (Cont'd)

### STAKEHOLDER ENGAGEMENT (CONT'D)

Stakeholder	Material Issues	Engagement	Frequency
<b>Local Communities</b>	To create a sustainable future by preserving the environment and being actively involved in development of a better society	<ul style="list-style-type: none"> <li>Community events</li> <li>Annual sustainability reporting</li> </ul>	<ul style="list-style-type: none"> <li>As and when required</li> <li>Annually</li> </ul>
<b>Media</b>	To enhance the Group's brand image and reputation; informing all stakeholders of corporate news	<ul style="list-style-type: none"> <li>Interviews</li> <li>Press Releases</li> </ul>	<ul style="list-style-type: none"> <li>As needed</li> <li>Quarterly/ As needed</li> </ul>

### MATERIALITY ASSESSMENT

The matrix below demonstrates materiality assessment of material sustainability subjects to stakeholders and OCR respectively.



## SUSTAINABILITY STATEMENT (Cont'd)

### ALIGNMENT TO SDGs

No.	Material Sustainability Matters	Relevant Stakeholders	Relevant SDGs
<b>ECONOMIC</b>			
1	Corporate Governance and Ethics	Board, Regulators, Shareholders	
2	Risk Management	Board, Shareholders	
3	Financial Performance	Board, Shareholders	 
<b>ENVIRONMENT</b>			
4	Green Initiatives	Local Communities, Regulators, Customers	 
<b>SOCIAL</b>			
5	Customer Satisfaction	Customers	 
6	Occupational Health and Safety	Employees, Vendors/Suppliers, Customers	 
7	Diversity and Inclusiveness	Employees, Vendors/Suppliers, Customers	 
8	Skill Development	Employees	
9	Community Engagement	Community	 

## SUSTAINABILITY STATEMENT (Cont'd)

### ECONOMIC

#### Corporate Governance and Ethics

The Group complies with the Malaysian Code on Corporate Governance when carrying out its operations. OCR also aims to be as transparent as possible in its business dealings and adhere to other policies or standard operating procedures that have been put in place.

OCR complies with Anti-Bribery and Corruption Policy to preserve its business integrity and accountability. The Group conducted training on anti-bribery and corruption-prevention practices prevention in FY2021 to reiterate to employees on the various forms and consequences of corruption. We are pleased to announce that we recorded zero cases of misconduct in FY2021.

Documents such as the Board Charter, Whistle-blower Policy, Anti-Bribery and Corruption Policy and Terms of References are available to employees and the public via the Group's corporate website at [www.ocrbhd.com](http://www.ocrbhd.com).

#### Risk Management

In order to enhance the efficiency of the Board in discharging its duties and responsibilities, the Board had approved the merger of the Audit Committee and Risk Management Committee with effect from 9 February 2022, which is renamed as "Audit and Risk Management Committee" ("ARMC") thereafter.

The Group is cognizant of the fact that running business operations inherently bears some degree of risk. Therefore, OCR established the ARMC to review the effectiveness of the Group's risk management processes.

The ARMC comprises three Independent Non-Executive Directors. They develop risk management information in which new risks are identified, mitigation plans are formulated and changes in risk profile (if any) are noted. Risk assessment, at gross and residual level, is guided by the likelihood and impact ratings, which was established on the risk appetite approved by the Board.

The details are set out in the Corporate Governance Overview Statement and Statement on Risk Management and Internal Control in this Annual Report.

#### Financial Performance

As part of OCR's goal to develop and construct best valued properties that fulfil customers' needs which will create sustainable earnings, we aim to serve all income classes of Malaysians to own their own homes through three core segments – the *Essential Living*, *Urban Living* and *Luxury Living*, hence enriching the lives of all segments.

Isola KLCC - our *Luxury Living* project in Kuala Lumpur City Centre launched in October 2017 - is well on track to become our iconic development, having reached a commendable take up rate of 86.0% as at 31 December 2021. Our *Urban Living* series of The Mate at Damansara Jaya is also well-received with 60.0% take-up rate as at end-2021. Our *Essential Living* development of PRIYA Kuantan reported outstanding take-up rate of 98.0% as at end-2021 since its launch in October 2019.

Despite of the difficult economic environment, OCR has retained earnings visibility, with a total of RM318.0 million slated for recognition in the next two years. This consists of RM200.9 million in unbilled sales from ongoing property projects and RM117.1 million from construction orderbook as at 31 December 2021.

The intensely-challenging economic environment led to the Board's decision to defer the distribution of dividends to shareholders in favour of sustaining funds for working capital and expansion plans. The Board remains resolute in considering various options to reward its shareholders at the appropriate time, foremost by achieving stable financial performance.

## SUSTAINABILITY STATEMENT (Cont'd)

### ENVIRONMENT

#### Green Initiatives

In view of growing awareness of and preference for pro-sustainability practices, we are adopting the necessary measures to meet rising demand for eco-friendly development projects, with purpose-built features in buildings designed to incorporate environmentally-friendly features to conserve resources, eliminate waste and/or promote recycling. There are also increased provisions for adequate green spaces that promote a healthier and more sustainable lifestyle.

Notably as part of the efforts to promote green initiatives, we have formed a strategic collaboration with Acotec Sdn. Bhd. ("Acotec"), a member of OSK Group, to deploy Industrialised Building System ("IBS") technology in the Group's PRIYA Kuantan affordable homes project. Environmental sustainability will be enhanced as IBS promotes circularity by using recyclable materials as one of their constituents without compromising on functionality, safety, and practicality.

We intend to continuously assimilate eco-conscious elements to reflect our commitment to sustainability. These include rainwater harvesting and installation of LED lightings and energy-efficient fittings as part of the design of our properties.

### SOCIAL

#### Customer Satisfaction

As homes are crucial to society's physical safety and emotional wellbeing, we place high priority on ensuring our customers are being regularly updated on progress updates of existing projects. Our websites, social media platforms and advertisements are also effective channels to inform our target markets on upcoming project launches, project-related progress and updates on value-added features.

OCR values customer feedback as it allows the Group to improve its deliverables and rectify problems raised by customers in an efficient manner. At pre-sales level, we receive response from potential customers on their preferred property price range and type. Throughout the construction period, the Group has various systems and processes in place to ensure customers are updated on the construction progress. Any queries are resolved efficiently. At the end of the project, we will also gather feedback from our customers on the overall product quality and workmanship, as a means to build rapport and achieve long term business sustainability.

We have recently deployed an online platform to digitalize the sales process of our projects across vacant possession, data analytics, defect and management. This platform enhances customers' experience in purchasing the properties as its features allow customers to take a virtual tour of the properties, have loan pre-screening process, as well as make online bookings. E-contract and e-signing features are also provided to customers if needed. The platform also allows the delivery of completed projects avoiding queuing up at the management office for keys' collection and unit's defect checking process. Defects are reported and followed up with both project team and contractors allowing a smooth repairing process while avoiding physical contact.

Going forward, we will continue to innovate and bring new designs to our customers, while engaging customers on a more personal basis. Through these, we hope to enhance brand awareness and customer loyalty.

## SUSTAINABILITY STATEMENT (Cont'd)

### **SOCIAL (CONT'D)**

#### **Occupational Health and Safety**

OCR is committed in prioritizing health and safety of its employees at the workplace by creating a safe and conducive environment for all. 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").

To manage occupational health and safety issues in addition to ensuring environmental compliance at worksites, we establish a safety and health committee in every project site. This committee comprises project management personnel and site managers from a team of consultants and contractors.

Site managers are responsible for conducting daily inspections with the qualified safety and health officer of the project site. This is to ensure all identified safety measures have been properly implemented. Construction site workers are required to attend safety training on a timely basis. Fogging, pest control and sanitization works are also regularly carried out at the construction site to prevent any virus outbreak.

Other than that, to prevent the spread of Coronavirus Disease 2019 ("COVID-19"), we have undertaken to ensure that all employees are fully vaccinated and adhere to the standard operating procedures as stipulated by the Ministry of Health. These include staggered working arrangements in the office, physical distancing at all times, compulsory wearing of face masks, regular health declarations and ready supply of sanitisers.

To ensure safety in the workplace, the Group bore the costs of COVID-19 tests for all construction workers, and established quarantine protocol in adherence to Ministry of Health Malaysia ("MOH") guidelines. We also set up an emergency response team to carry out the necessary protocols in the event an employee is found to be COVID-19 positive.

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

We are pleased to report that there were no major accidents in any of the Group's construction sites in FY2021.

#### **Diversity and Inclusiveness**

OCR strongly advocates diversity, equality and inclusivity regardless of gender, race and sexual orientation to encourage different groups of people to build healthy 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.

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.

We also encourage diversity in our property developments, with a clear example being The Mate project that promotes co-living and co-working space. We do not discriminate against any race, religion or sexual orientation when sourcing for potential tenants.

## SUSTAINABILITY STATEMENT (Cont'd)

### SOCIAL (CONT'D)

#### Skill Development

Our employees are the foundation of OCR's success. The Group is committed to creating opportunities for our employees to grow and develop their skillsets. We motivate our staff to reach their fullest potential and perform their roles effectively, in order to advance in the next level of their career.

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

The table below presents our training programmes in FY2021:

Training Programmes	Internal Knowledge Sharing	External Consultant
Anti-Bribery & Anti-Corruption ("ABAC") Training	X	
Key Terms under the Prescribed SPA, Schedule H under the Housing Development Regulations	X	
Negotiation Skills	X	
Personal Tax 2021	X	
Financing Fundamentals	X	
Malaysian Financial Reporting Standard ("MFRS") 15	X	
Corporate Tax Estimates	X	
Know Your Rights After the Contractor's Employment is Determined: What is the Architect's Role?		X
Budget 2022 Review (Real Estate, Construction, Property Development)		X
Housing Integrated Management System		X
Project Cost Control		X

#### Community Engagement

OCR is committed to enhancing the lives of communities in regions where we operate. We frequently collaborate with communities to resolve issues and take note of feedback to improve our future projects.

OCR proactively distributed groceries to vulnerable local communities to alleviate the burden of families who were financially affected during the Movement Control Order. These included few designated donations and awareness campaigns that were held during the year under review. On 11 June 2021, the Group made monetary contributions to the Pahang State Government towards purchasing daily necessities for patients in various Quarantine and Low-Risk Treatment Centres throughout Pahang. Subsequently, on 3 July 2021 and 16 July 2021, OCR contributed daily essentials and food items to Persatuan Kebajikan Chen Ai OKU in Petaling Jaya, Selangor, and a rural area in Raub, Pahang respectively as part of community relief efforts to safeguard the underprivileged during the National Recovery period.

## SUSTAINABILITY STATEMENT (Cont'd)

### SOCIAL (CONT'D)

#### Community Engagement (Cont'd)



Since the onset of the COVID-19 outbreak, OCR had also initiated awareness-raising campaign as a part of its CSR initiative. OCR had released a 15-second video of the COVID-19 preventive measures on LED digital billboard at Bukit Bintang, Kuala Lumpur and Sunway Mentari, Petaling Jaya in effort to raise public awareness about COVID-19.

Aligning to the Government's plans to promote more *Essential Living* homes to the people of Malaysia, OCR works closely with Yayasan Pahang through a joint venture arrangement to develop PRIYA Kuantan, the largest affordable housing scheme in Kuantan. The project encompasses 978 units of single-storey terrace houses and 146 units of single-storey semi-detached homes.

OCR intends to continue supporting the affordable housing agenda via our upcoming *Essential Living* development in Shah Alam, Selangor. The 26.9-acre project will feature approximately 2,892 affordably-priced units, together with retail spaces, which would attract new joiners to the vibrant city of Shah Alam and offer the existing population the opportunity to upgrade to a more comfortable lifestyle. The project is slated to be delivered in phases till 2027.

### CONCLUSION

While 2021 remained arduous for industry players, the Group was resolute in upholding our responsibilities to stakeholders, by adopting a long-term view towards creating positive brand equity, maintaining operational viability, and yielding favourable results for the Group. We are heartened by the unwavering support of our stakeholders and endeavour to make greater progress towards building a more sustainable future.