



MBM Resources Berhad

Registration No. 199301029757 (284496-V)

# SUSTAINABILITY REPORT 2020

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## CHAIRMAN'S STATEMENT

Sustainability is fundamental to what we do and is vital to our business strategy and the approach focuses on delivering plans linked to the most substantial matters for our business, our people and our environment. We uphold high values in support of our economic performance, committing to our people's safety and health, developing and retaining our talents, monitoring the energy and climate change impacts through ethical business conduct, protecting human rights and providing quality products and services to our clients. With these supports, we will be able to deliver value to society through our employees, our customers and our community. Global business growth has been disrupted by COVID-19, which has led to a decline in global business performance in 2020. However, our business has shown resilience and we are hereby proud of our accomplishments in 2020 despite the many challenges. Thanks to the solid support of our employees, we have managed to maintain our business performance and bring the needs of our customers to the forefront. We will continue to enhance our

client engagement to better understand and address our clients' current and future needs. By capitalising on the opportunities offered by new vehicle models and product manufacturing, we aim to transform our services to meet the needs of the automotive industry going forward. Develop smart, resilient and agile business plans and explore the possibilities of using new forms of digital technology to improve automotive parts manufacturing, sales and aftermarket services. We recognise that the economic downturn due to COVID-19 will become more challenging for us and we have a variety of offers in place to help our people and communities. Therefore, our Group's business strategy is to ensure that our people continue to focus on business sustainability, staff retention, production improvements and succession planning with the Transformation Department serving as a central element. Overall, 2020 has been another productive year for the MBMR Group. Going forward, I am confident despite facing new challenges we will continue to meet the high-performance standards we expect from our clients. The

recent challenge from COVID-19 has been an apprehension to us yet our team has responded effectively, professionally and speedily, complying with the required SOPs tightly to ensure infections and the spread was minimised. Also, MBMR Group upholds the "safety-first" culture, learning from each incident; with the people, investments and programmes we have in place, I am confident of our collective ability to meet future challenges. I take this opportunity to express my profound gratitude to the members of our Council for their professionalism and dedication. Thanks also go out to the Group's management team, employees and my fellow board members for their commitment during this period of serious challenges and uncertainties. Finally, I would like to express my special gratitude to our communities for their support, commitment and confidence in establishing MBMR as a trusted partner in building a more sustainable economy.

**Datuk (Dr) Aminar Rashid bin Salleh**  
*Chairman*



## OVERVIEW

Sustainable development in Malaysia has become one of society's biggest challenges. We are seeing more and more media coverage from different sides and sectors. In the automotive industry, sustainability has become more important due to corporate scandals in the past and topics such as electric vehicles (EV), heavy weight to light weight vehicles, and fossil fuel exhaustion mainly on carbon emission issues. As a result, MBM Resources Berhad ("MBMR") maintains its focus on improving the environmental performance of vehicle and component manufacturing. Our goal will be to invest in recycling waste, recycling water, conserving energy and improving the sustainability skills and knowledge of our employees.



### ABOUT THIS REPORT

This report aims to share with our stakeholders our integrated report on all information and activities undertaken throughout the year. The Group is continuously reviewing its approach on sustainable development and intends to engage in more activities and programmes that can improve sustainable development practices and performances across its management and operations.

Our report puts an emphasis on Environmental, Social and Governance ("ESG") issues that matter to our company and our stakeholders. The contents of the report have been the subject of a process that includes:

**Classification:** We identify and classify related contents through meetings and discussions with the Sustainable Development Team to understand the significance of the topics. Therefore the involvement of stakeholders is important so that the contents relate to our business and social activities.

**Details:** The contents are indicated accordingly to ensure that all information are factually accurate. This will be further communicated to the Business Unit Chief for verification.

**Prioritisation:** The contents listed are classified according to the priority of the

events and the importance of the topics for our stakeholders. This is to ensure that the contents disclosed are relevant and informative to stakeholders.

**Approval:** All finalised contents are included in a report and submitted to the Sustainable Development Team Leaders for review. After verification, the management team must ensure that the contents are valid before it is presented to the Board members for approval.

The MBMR Group believes that it is essential for us to continuously identify all potential opportunities for sustainable development. We will integrate our corporate culture with our values by delivering effective programmes for our community, retaining and acquiring talents within our workforce.

Our report will present the three major pillars of sustainability – economic, environmental and social. In preparing this report, we conducted activities involving various groups of stakeholders and priorities through engagement and meeting with the Sustainability Team at subsidiaries level discussion on materiality assessment and adopting the sustainability guidelines provided by Bursa Malaysia. Going further along our 2020 journey, we strive to improve for a better outcome by achieving our goals on economic, environmental and social sustainability.

## ABOUT US

MBM Resources Berhad (“MBMR”) is an automotive group with diverse investments in distributorship and dealership of major international vehicle brands, automotive parts manufacturing and property management in Malaysia.

The motor trading segment covers the marketing and distribution of motor vehicles, spare parts and provision of related services. Auto parts segment comprises of manufacturing of automotive parts and components, including steel and alloy wheels and discs, noise, vibration and harness products and provision of tyre assembly services.

The property segment includes the development of Menara MBMR, The Signature Hartamas and other segments encompassing investment holding, corporate headquarter and dormant companies.



### OUR MISSION

To be the Automotive Partner of Choice to our Employees, Customers and Investors



### OUR VISION

To be a Complete Automotive Group

## MOTOR TRADING



## AUTO PARTS MANUFACTURING



# OUR GOALS

Without an objective, a company is unable to have a sustainable strategy and investors will not obtain sustainable returns. Hence, having the objectives in all aspects of business is important, particularly in sustainable development. Our goal is to emphasise our role in contributing not just to the economy, but also to the community and the environment. Hence, we integrate our sustainable development objectives to clearly reflect our vision, values and our materiality matters. In addition to our strong fiscal performance, we are committed to achieving better and broader sustainability objectives. In line with the United Nations Sustainability Development Goals (UNSDGs) to improve quality of life and to transform the world to be a better place to live, we have set our goals to support this vision.

### REDUCE INEQUALITIES

- Adopt policies, including tax, salary and social protection policies to gradually achieve greater equality.
- Strengthen and promote social, economic and political inclusion for all, regardless of age, gender, disability, race, ethnic origin, religion, economic or other status.



### GENDER EQUALITY

- To put an end to all forms of discrimination, especially against women in the workplace and within the society.
- Encourage effective participation of women and equal opportunities for leadership at all levels of social, economic and business decision-making.

Strengthen the use of technology, especially information and communication technologies, to promote women's empowerment.



### GOOD HEALTH AND WELL-BEING

- We provide training to our staff and educate our community/society on the importance of safe driving.
- Ensure the safety and our community well-being are monitored and prioritised.
- Remunerate our people with competitive values based on the market rate and to reward them accordingly.



### DECENT WORK AND ECONOMIC GROWTH

- To adopt competitive strategies in business.
- Strengthen our governance and risk management.
- Stimulate our activities to support the domestic economy.



### RESPONSIBLE CONSUMPTION AND PRODUCTION

- Review innovation in environmentally responsible products.
- Minimise waste materials.
- Effectiveness and innovation of environmentally friendly replacement materials.



# OUR SUSTAINABILITY GOVERNANCE

Our sustainability governance provides a baseline to guide the development of our sustainable development strategies and goals. It ensures that our governance is integrated and driven by the implementation of sustainability in the company. This will be achieved by integrating our decisions into our business strategy, managing objective-setting and reporting processes, strengthening relationships with external stakeholders, and ensuring overall accountability. At the Group Board level, the Chief Executive Officer (“CEO”) assists the Board of Directors by supervising responsibilities related to support activities such as strategy, business operations, reporting and management. The MBMR Sustainability Committee team is fully responsible for reporting directly to the CEO and taking the lead in further monitoring all activities related to sustainable development. The sustainability team members at the subsidiary level provide the data and all the support needed to measure and report our group’s progress. The progress updates are shared on a quarterly basis and it is MBMR sustainability committee team’s responsibility to ensure that the reported data are checked and factually accurate. Support and involvement from the subsidiaries are instrumental in inculcating a culture of sustainability throughout our business hence empowers us to achieve our goals.

Based on our current structure in sustainability governance, the basic consideration taken as our guideline in building effective governance in our sustainability are as follows:

- **Leader’s Commitment.**

Responsible in every aspect of the activities and reporting. Leading the team members by demonstrating leadership through empowerment and example.

- **Responsibility Establishment.**

Assigning responsibilities not only by giving them an opportunity to perform but also to make them have a sense of belonging in the team. This helps to ensure that sustainability is integrated with other business goals by including sustainability performance into the company’s annual goals and employee performance review and rewards.

- **Communication.**

Strategies and plans are important but it will not be effective if it is not communicated clearly to the right people. The importance of communication is one of the main factors in any successful strategy and planning.

- **Align with Business Structure.**

It is important to ensure that the sustainability governance structures

align with and complement our current business model. It also should consider the overall organisational structures so that it can be more effective.

- **Agility.**

Being flexible to adapt and engage sustainability activities within the Group will advance the sustainability plan. Agility will help to ensure the sustainability activities are relevant to the business strategies.

Our business structure is based on the nature of our business and the requirements needed to ensure the performance of the company. The same applies to how we manage sustainable development. Effective governance rests on a sound structure which will lead and guide sustainable development direction and priorities. It is adapted according to requirements, needs, business model and level of integration of sustainability in the enterprise.

Therefore, to ensure sustainability governance structure and efficiency,

we believe that our structure as below is well defined.



The development of our governance structure for sustainability will continue to grow and we believe that the more we can improve it, the better we can achieve it.

# SOCIAL

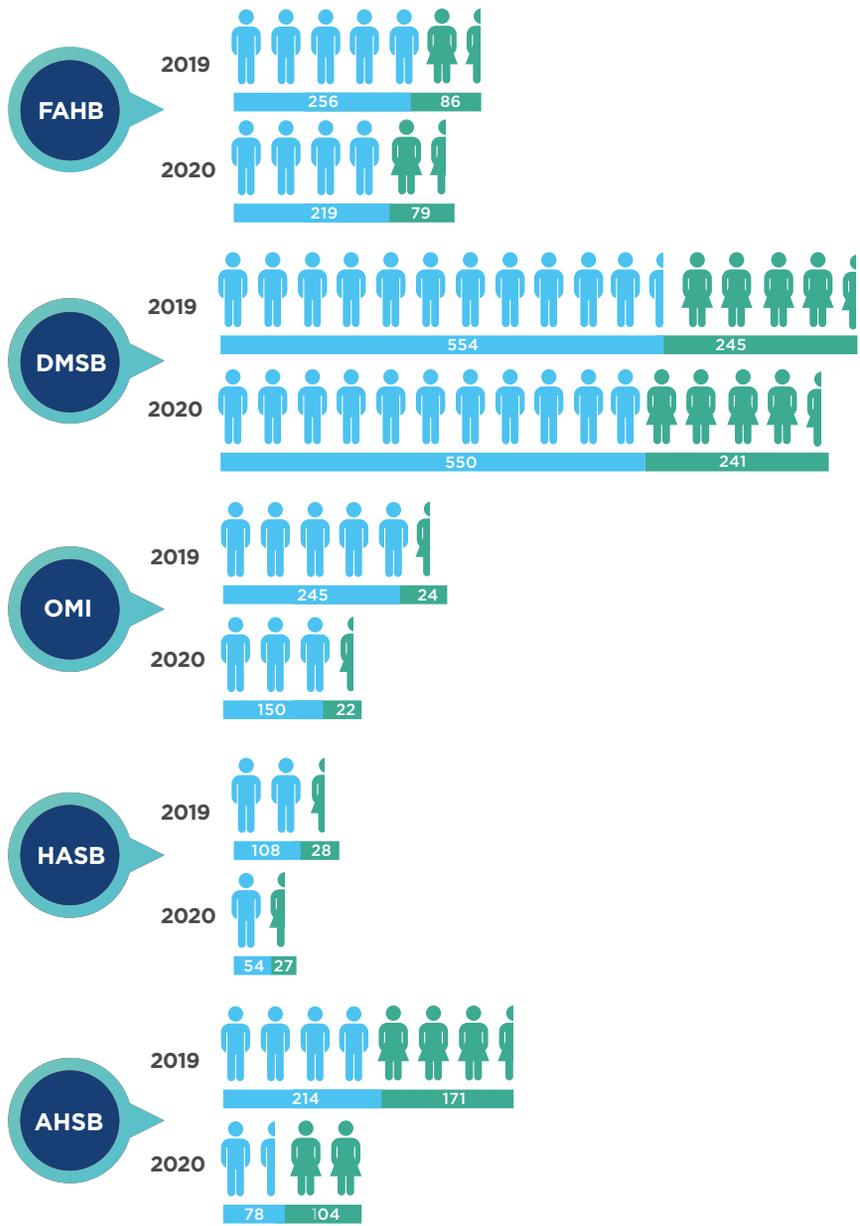
In MBMR, our focus on creating a sustainable and successful workplace that is able to promote wellbeing is managed through understanding what our people need not only at work but also from the place they live. Our social sustainability combines the physical realm with the social world, including infrastructure, social amenities, engagement, freedom and rights for the people.

From the business perspective, we integrate our social sustainability by understanding the impacts of cooperation of people and society. It may not significantly reflect in the triple bottom line, but it evaluates the person's performance which affects the Group's business performance. With the growing awareness of the challenges of fragility, persistent inequality and racial discrimination, it works alongside economic and environmental sustainability. As part of our responsibility, we create opportunities for our people and the society to engage with us to build a strong community that can withstand division caused by conflict and exogenous shocks especially in the current pandemic situation.

## EQUAL OPPORTUNITY

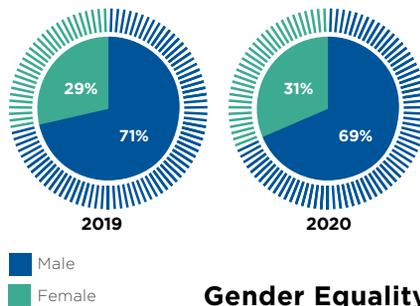
Our equal opportunity is always principled on "everyone is equal". No individual with whom we engage, be it our people, suppliers, vendors or even customers in the course of our activities, quality of products and services will receive less favourable treatment than another. This applies to any race, ethnic origin, gender, marital status, sexual orientation, age, religion, physical ability or even education level. Our equal opportunity policies are implemented across the Group and this fosters an atmosphere of respect in the workplace.

Our fair treatment to all our people is to provide them with a safe and pleasant workplace environment that is free from discrimination and harassment. Our aim is always to provide the most efficient and comfortable working environment for our people. The diversity in gender, ethnicity, religion and culture has been one of our strengths in crafting a strong workforce. With different knowledge, ability, experiences and culture, our people are more than just an individual



Male Female

Male and Female Employees 2019 - 2020



Male Female

Gender Equality

who not only knows about themselves but also about others. As a result, it creates respect and sincerity in their professional relationships. These are the principles of providing our employees with a safe and harmonious workplace with ongoing education programmes; improve skills through training and fair reward opportunities. Here we share our gender diversity within the group and how we have advanced over the past few years.



**HEALTHIER WORKPLACE**

A healthy workplace environment will only be ideal if it is paired with a positive outcome that is maintained progressively. Our people’s motivation and happiness are the most important factors in creating a healthy and happy workplace environment. Their productivity and efficiency are easily influenced by their working environment.

Since the outbreak of COVID-19 pandemic, our workplace culture has been bounded by requirements of social distancing, tight medical screening, stringent standard operating procedures (SOP) as well as the practices of new normal at work. Protecting our people’s health and safety has always been a top priority, especially during this crisis. During the first stage of this pandemic, our Group fully implemented work-from-home basis and currently our workforce are working from office on rotation basis and strictly following SOP guidelines. The management and supervisory teams are also trained to ensure that the workforce’s health and safety are always being monitored closely. Our responsibilities include ensuring our people adheres to the following:

- Wearing of masks at all times and gloves when needed.
- Following the provided SOPs.
- Pre-entry health and thermal screening.
- Ensure social distancing during working or even during rest hour.

- Encourage our people to clean and sanitise, their work station.

Our duties in ensuring the safety of our people are not limited by just providing hand sanitisers, face masks, gloves, soap and water, but also to ensure we engage cleaning and sanitising services to control and prevent the spread of COVID-19.

Every company has their own corporate culture that determines its value and it can create a positive workplace culture. Overcoming challenges will be possible with the support and cooperation of all. To remain alert and informed of the outbreak conditions, the management team of each subsidiary is required to report daily updates. It is also important for us to ensure our people are well educated and aware of their roles in combating the pandemic.

Among others have been enforced by the group are:

- Compulsory wearing of masks at all times.
- Body temperature check
- MySejahtera check in.
- Social distancing through work at home basis or duty rotation.
- Hand sanitising.
- Awareness through posters.
- Enforce strict SOPs at the workplace.

**COMMUNITY ENGAGEMENT**

MBMR’s business contributes to the economic livelihoods of the communities within the areas which we operate. We create direct and indirect employment opportunities, responsible in paying taxes to the government for infrastructure and community investment and also deliver our contributions through our corporate activities all year long. Our approach to community engagement strategy is owned and driven by our local businesses which are closest to our communities by providing the necessary.

During the pandemic, our community engagement campaigns and programmes are focused on creating awareness on the importance of safety and health.

We are continuously involved in sharing information and always look forward to providing the best safety precaution to our community and educating the community on topics related to safety and health during this pandemic. In 2020, the

pandemic may have slowed down physical activities, but we continued to conduct various activities at almost all levels of the community virtually. We are committed to balancing our business needs with the support for community growth and well-being. It is important for us to take a more strategic approach in planning our future investment programmes related to our activities. The outbreak of the COVID-19 pandemic has steered our focus towards our peoples’ welfare and to continuously promote our campaigns and programmes towards building safety, healthy and environmental conservation awareness.

Although physical activities are restricted during this period of time, we have never failed to update our shareholders and stakeholders on our business developments and activities. In 2020, product launches and updates, and our social contribution were shared through online media such as Facebook, websites and several other online news platforms. In order to balance our business needs with the support for community growth and well-being, and as part of our Corporate Social Responsibility (“CSR”) by giving back to the community program, MBMR donated RM300,000.00 to the Ministry of Health in support of the government’s efforts in combating COVID-19.

We continuously explore more strategic approaches in planning our future investment programmes that are linked to our businesses and areas of operations. Healthcare has been embedded as part of our investment strategy focus in our support programmes for our community which includes safety education and environmental awareness.

The year 2020 opened up an opportunity for us to explore, create and appreciate our community through activities in a non-traditional way. Although the year has been tough, yet we have successfully adapted to the situation and managed to uphold our responsibilities to our community. Our activities include:

- Physical participation in the international car carnival by Federal Auto Holdings Berhad. This has given us the opportunity to meet our community and share our product information during the carnival.



- Donation to Pertubuhan Kebajikan Islam Peribadi Mulia, Sungai Kantan, Kajang by Autoliv Hirotako Sdn. Bhd., which is part of our corporate social responsibility.
- Launch of Daihatsu X FTS – a corporate social responsibility collaboration with FTS known as “Rewilding Roadshow” Phase 2.
- Sponsorship for Pertubuhan Orang Cacat Sarawak (“POCS”) - renewal of POCS existing signboard.
- Blood Donation Programme 2020 with National Blood Centre.
- COVID-19 Emergency Response Team (“CERT”) training for employees and surrounding communities by OMI.
- Daihatsu X Free Tree Society collaboration ‘Rewilding Roadshow’ @ Taman Tugu.
- E-showrooms for community by motor trading sector.
- Online marketing events through Facebook, Instagram, Youtube and Websites.
- Online analyst briefing.

## STAFF BENEFITS AND DEVELOPMENT

Our employees are our greatest asset, and knowing the importance of their future values, our investment in their talent is vital towards continued growth and success of our businesses. As our business landscape becomes more and more competitive, it is imperative to improve employee performance in changing markets. The general term “staff development and training”, are no longer an added benefit to our employees, but are vital to the company’s growth and sustainability.

The benefits and value of training and development have a knock-on effect. Competitiveness in leadership and confidence can effectively influence the performance of our employees. It generates job satisfaction and commitment, resulting in overall workforce improvements that lead to a profitable business. Management plays its part by ensuring that the training offered is aligned with the company’s current trend and future workplace skills that can support the company’s goals. We always understand the importance of investment in human capital, thus we encourage our people to keep themselves updated with the latest trend, skills and knowledge in new areas of interest to be more efficient in facing future challenges.

COVID-19 has altered our way of life and even our learning experiences. During the pandemic. We continue to improve our human skills through online courses, such as sales, marketing, management, coaching and even improving knowledge in information technology. At the same time, MBMR never ignores safety, health education and training for our people. A COVID-19 Emergency Response Team has been established to monitor the evolution of the COVID-19 situation within and around the Group.

Knowing the importance of our people as the backbone of the organisation we were committed in our responsibilities towards our people by keeping them updated with new skills to enhance their knowledge. This recognition is demonstrated in a number of ways, including by fairly rewarding our

employees based on their performance. Our Transformation Management Team has also enhanced the strategic compensation and benefits scheme which must clearly define the staff benefits, compensation, recruitment, methods of rewarding and giving incentives and other indirect reward schemes.

As part of our sustainability approach, we integrate all aspects of a business and for this reason, our people’s benefits and development serves as a tool that not only enhances the competencies required to perform their responsibilities but also provides the means to give satisfaction to the employees. This creates a sense of belonging in the organisation and build the individual’s confidence as they invest in their future. Comprehensively, we also encourage our people to develop their thinking abilities and creativity by sharing their opinion and suggestion to the management through workshop sessions and open door management concept.

COVID-19 was never an excuse for MBMR not to provide skill enhancement training to its people. In 2020, various trainings, workshops and meetings were conducted to ensure our people are always updated with new skills and be competitive in the market. Below are some of the trainings and meetings that were conducted in 2020 for our people:

- Malaysian Anti-Corruption Commission (“MACC”)
- Emotional Quality Profile (“EQP”)
- Sustainability
- Job Description Training
- Monthly online management training
- Staff briefing

## MINIMISING INJURIES

As part of our safety and health objectives, we aim to minimise injuries and accidents in the workplace. The well-being of our people is of utmost importance to us, which is why we must ensure that everyone is well aware and we pledge to minimise injuries. We consistently apply the most stringent safety risk policies and

keep our management teams abreast of our Group-wide goal of minimising injuries. Everyone must be accountable for achieving this objective and for improving safety conditions in the workplace. With respect to the above, we always keep our employees aware of the hazards around their workplace.

One of our major responsibilities is to prevent workplace injuries and ensure that our people are safe and healthy. A safe work environment improves employee morale, while boosting productivity which has proven to have a positive impact on our bottom line.

Inopportunately, workplace injuries are all too common and are usually repetitious mishaps. While some occupational injuries are inevitable as it is not within our realm of control. Hence, we tighten our procedures in safety and health to ensure that all incidents are taken seriously and analysed accordingly. Preventive measures shall be taken immediately by the management team.

Our Occupational Safety and Health Administration (“OSHA”) officers are well trained to recognise hazards and to ensure every incident is reported to the management team. Any near miss, first aid incident, accident and other related workplace injury should be investigated immediately. The aim is to identify the root cause of the accident rather than to consign blame of the incident. The OSHA team should be in good communication with all the workers and be able to prevent unsafe behaviours that can lead to injuries such as rushing, complacency, fatigue and inattentiveness.

We strive to safeguard our people from any possible injuries at the workplace and in relation to the above, we always ensure that there is awareness among our people by giving continuous education on hazards at the workplace. It is part of our practice to provide ongoing reminders, education and awareness which are scheduled in advance on a yearly basis.



On the other hand, we have made it compulsory for our OSHA from each subsidiary to report their activities and incidents on a monthly basis to MBMR’s Risk Management officer. These reports will be studied and presented to the Board members on a quarterly basis and to be analysed if there is a need to review factors such as health and safety regulation or policy. SOP implementation, supervision and quality control inspection process, maintenance procedures for machinery/equipment, hazard recognition and control methods.

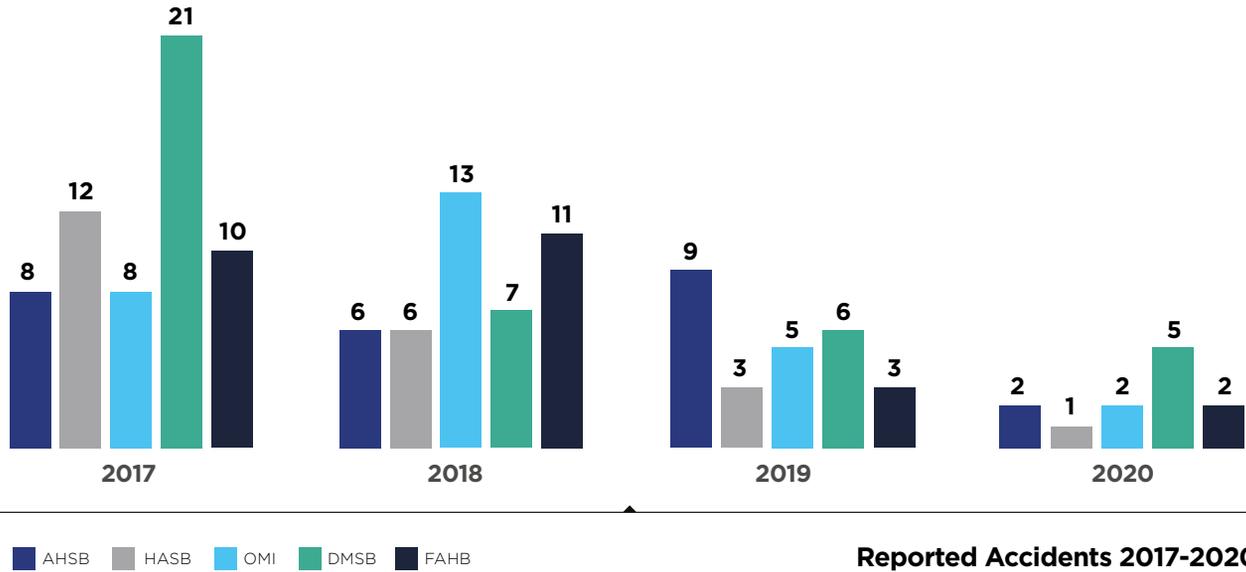
In 2020 there were more safety awareness and health activities conducted to ensure the staff are well trained and updated with the new rules and regulations on OSHA by the authorities. Total reported accident cases have decreased from 26 cases in 2019 to 12 cases in 2020.

Although the pandemic situation has restricted our movement in physical activities, yet it did not affect our continuous efforts in staying active in our OSHA activities. Below are activities successfully organised by the Group:

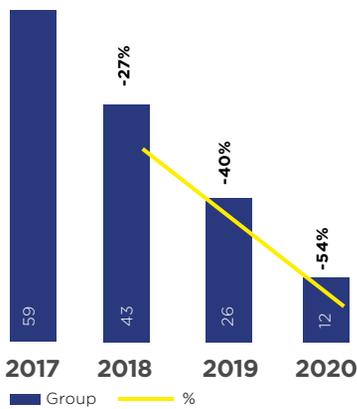
- COVID-19 SOPs and Passenger lift inspection by DOSH Selangor
- Occupational Safety & Health meeting with DOSH Negeri Sembilan
- Fire safety meeting with BOMBA Setapak
- Bomba pump house weekly check
- Chemical spillage audit
- Monthly audit fire equipment & first aid
- Ergonomic training & manual handling at workplace
- Screening test – COVID-19
- Chemical Health Risk Assessment and Noise Risk Assessment
- Ongoing reminders, education and awareness which are scheduled ahead of time on an annual basis
- Health screening and blood donation programmes
- Distribution and supply of face masks to all employees
- Supply of hand sanitisersto all employees
- Ensure that all facilities are well maintained and safe to be used
- Continuous communication on safety and awareness such as group briefings, WhatsApp groups, email reminders, poster.

## OUR CORPORATE RESPONSIBILITY

It is obvious that outbreak of the COVID-19 pandemic has changed our lifestyle, normality and even our individual behaviour. The living requirements today are a total opposite of everything that was previously normal. Positive may not sound good during this period of time as being negative of COVID-19 is the positive outcome. Social distancing is a new norm, while isolation is much better than socialising. These factors have brought us to change our ways of socialising with the society and engaging our corporate responsibilities to our people and community.



**Group OSHA**



Although the situation may seem tough coupled with the safety conditions that restricted our movements to organise corporate responsibility activities, we continue to reach out to our community via online platforms and at certain levels through physical activities conducted.

CSR is embedded as part of the platform for MBMR to deepen our shareholder and stakeholder engagement. In 2020, MBMR shared its CSR values by giving back to the community. Below are some of the activities conducted:

1. Sponsoring the renewal of POCS existing signboard for Pertubuhan Orang Cacat Sarawak by DMMS Kuching, Sarawak.
2. Blood Donation Programme 2020 with National Blood Centre by DMM Sales Sdn Bhd.

3. Sharing prosperity with Pertubuhan Kebajikan Islam Peribadi Mulia, Sungai Kantan, Kajang by Autoliv Hirotako Sdn Bhd.
4. Donation drive by Oriental Metal Industries Sdn Bhd to ease difficulties of the foreign workers under quarantine.



The impact of the outbreak of COVID-19 cannot be underestimated. In some business sectors, there is literally no business, causing lifestyle changes. At the same time, the authorities have taken on the challenge of combating the spread of the pandemic with the government spending billions of ringgit to support the economy to ensure the nation's survival. In support of the government's fight against COVID-19, MBMR has reached out by donating RM300,000.00 to Sumbangan Perubatan Kementerian Kesihatan Malaysia. The donation was intended to help the government fund expenses incurred to help frontline workers purchase

**Reported Accidents 2017-2020**



medical equipment, personal protective equipment (PPE).

In MBMR, our basic components of CSR are integrated with our business values and we share the values with society by communicating empathy, understanding and supporting those who need it most. This present situation is certainly an ideal time to promote CSR because it can be of great benefit to everyone in this extremely difficult period.

Clearly, we all hope for the quickest and safest possible resolution of our current problems and a return to our normal lives as soon as possible.

# ECONOMIC

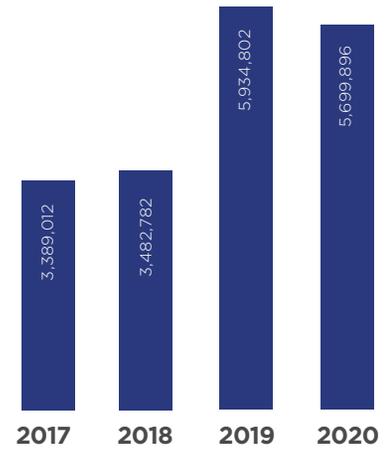
In maintaining economic sustainability, our sustainable development is focused on conducting our business to promote organic economic growth and a healthy competitive business environment to create positive vibes to communities, now and into the future. We believe that this approach will enable us to deliver long-term value and satisfaction to both our shareholders and stakeholders.

First of all, it is important for us to ensure a sustainable economy within our group – one that achieves economic opportunities and holistic growth for all. This includes improving the sustainability performance of the group along their value chain and across industries through better resource efficiency and sustainable consumption and production practices.

The COVID-19 outbreak has indirectly forced us to re-evaluate how we run our business operations. It forces us to explore innovative ways of solving problems through various disaster recovery actions. This includes leveraging on our people’s knowledge and skills in delivering relevant customer service and on digitisation to support business continuity through crisis and beyond.

To enhance our performance, we prioritise areas of concern, establish action plans through clear objectives by developing competencies to promote sustainable development successfully. Our goals and achievements will be guided by:

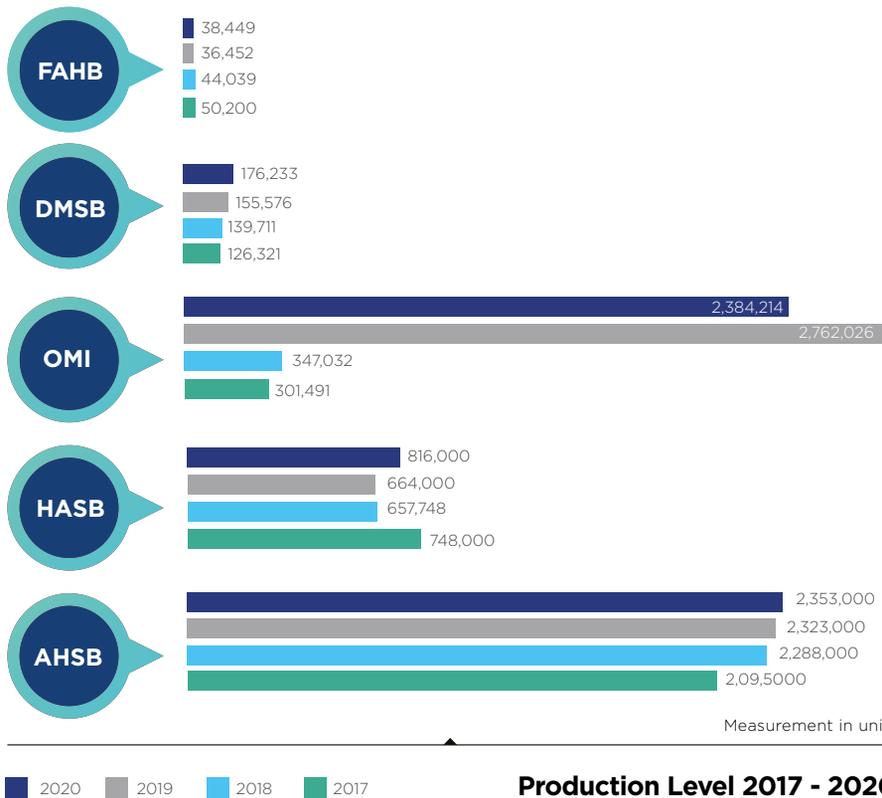
- Consolidation – evidently and completely integrate economic, social



**Group Productivity**

and environmental considerations into strategic planning, decision-making and operating processes.

- Customer Commitment – communicate with customers to understand their expectations and integrate the information and understanding into our business strategies.
- Improvement – build a culture that creates innovative thinking on the challenges of our evolving business environment.



**Production Level 2017 - 2020**



**Outcome and Benefits of Cost Reduction Activities in 2020**

ISSUES	STATUS
Workforce Retrenchment	No retrenchment exercises.
Salary Cut	No salary cut was imposed across the Group
Compensation and Benefits	Staff benefits such as EPF, SOCSO and medical coverage are well covered by the company. However, staff entertainment such as annual dinner, sports activities and other group activities were put on hold due to strict SOP compliance and in support of efforts to combat the spread of COVID-19.
Recruitment	No new position hiring exercise was done, replacement of staff who left behind is necessary to ensure exception business continuity.

**REDUCE COSTS**

The outbreak of COVID-19 may seem to be a disaster yet somehow for some businesses, it was a great wake-up call or reminder for them to be more cautious and alert of unforeseen circumstances in the future. In MBMR, our cost reduction programmes were focused on cutting activities in terms of unnecessary expenses and material planning efficiencies. Although the approach may affect our product and service quality, with our strategic approach, these issues were tackled effectively. Our manufacturing and motor trading have set a high standard in their quality of products and services and this has increased the productivity level. Throughout the year, our production level has been carefully monitored to ensure the productivity level meets the target, as measurement for effective operation and material cost. In the table above are some of the positive outcomes and benefits of the cost reduction activities undertaken during the difficult year of 2020.

Our management always believe that keeping our people in a secured condition will help them improve their efficiency and this has been proven through our 2020 financial performance results which we have shared in our Annual Report. We certainly have many other considerations to be taken especially when it involves cost efficiency. For obvious reasons we believe that:

- a. Cutting staff benefits can lead to our people's frustration and dissatisfaction.
- b. Giving additional work without compensation can cause demotivation.
- c. Being prudent in expenses is the best solution.

No organisation would want to be portrayed as a frustrating place to work in with bad products and customer service. This is the main reason for MBMR's management to implement, practise and enforce the strategic cost efficiency exercise. This exercise has helped us to improve growth and profits by allowing us to reduce costs in areas of the business that can be controlled, while also freeing-up resources to focus on transformation and innovation for our people's benefits.

**BOOST NATION'S ECONOMY**

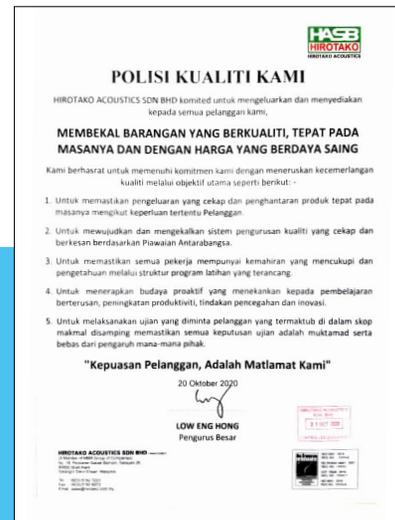
Amidst climate and economic volatility coupled with growing concerns on climate change and environmental degradation, we strategically prioritise our sustainability goals. As one of the public listed organisations in Malaysia, and in the industry that is one of the biggest contributors to the national Gross Domestic Product (GDP), our role in boosting the nation's economy is very crucial. Our contribution to the nation's economy includes:

- a. Create job opportunities - contributes to job creation and skill development

- b. Innovation-driven to create healthy competition - digitisation in sales and marketing.
- c. Create economic development - manufacture automotive components which include steel wheels, steering wheels, airbags and seatbelts.

The government, consumers and our investors are expecting more from the automotive industry. The evolution of the advancement of automation technology has pushed us to be more proactive, and innovative in fitting into the consumers' new norm lifestyle and culture. Our teams are always looking forward to gauge how the automotive industry should respond to this challenge.





**PRODUCT QC**

Product quality is one of the materiality matters that is highlighted by our stakeholders. At the most basic level, our manufactured product quality conforms to specifications. As the consumer expectations have risen over time, our manufacturing quality has become an absolute requirement, regardless of where the product is distributed. The principal task of quality control in our manufacturing involves enforcing the use of specific processes and materials to ensure quality standards are being met. If these are not

achieved, then corrective actions and future preventive measures must be taken. Our Operations Manager and Management Team will ensure that the quality control planning is in order and complies with the standards required of each product manufactured. Rework, scrap, reject items and recalls are the damages that need to be evaded at all cost to avoid customer dissatisfaction and especially stakeholder confidence on our products. This will help us to maintain our competitiveness in the market. Our production team continue to be detailed in not allowing any room for errors by specifying which production

activities are to be completed by which personnel or team to reduce the chances of mistakes or accidents.

To enhance our products and services quality, we ensure that our people are well educated, trained and always updated with the latest technology and market trends to meet the consumers' requirements. Our business is not just to satisfy our stakeholders in dealing with our products but also responsible for their safety. We are always forward to more efficient in our product and ensuring the quality of service to be more trustworthy and reliable.

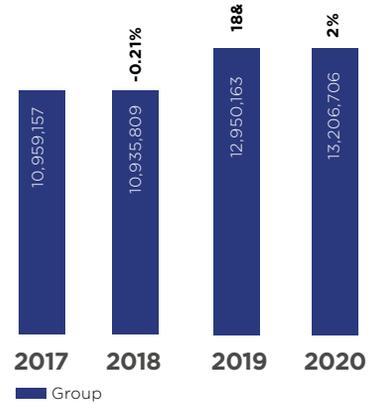
# ENVIRONMENTAL

In MBMR, we are aware that each of us produces both negative and positive impact through our day-to-day actions, be it either from our consumption or daily activities which are related to nature, energy, water or even a small move that is unavoidable in our day-to-day life. In every report, we would always highlight the importance of such awareness especially among our people and our community. The environmental goals are defined centrally at MBMR, yet the responsibility for implementing improvement measures will depend on each individual in the Group. Thus, clear communication, strong leadership and togetherness are important in achieving our goals.

## ENERGY SAVING

Energy consumption has always been monitored closely as we are aware that it is the largest direct source of carbon emissions by the Group. This is the first source discussed in every cost cutting activities in our management meeting. Our commitment is to manage and reduce our energy consumption. This commitment will continue and our team is also assessing the carbon footprint for 2021 as part of our energy and pollution control measurement guidelines for future report. Our teams have continuously worked on energy savings initiatives and below are some of the activities conducted:

## Group Energy Consumption



- Gradual conversion from normal lightings to LED - by departments each year.
- Scheduled maintenance inspection to reduce high energy consumption during start-up.
- Electricity consumption control within the company by implementing timer switches.
- Proposing solar panel investment - to be installed at manufacturing plant.

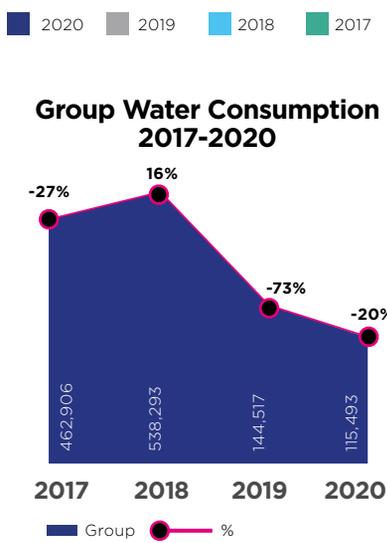
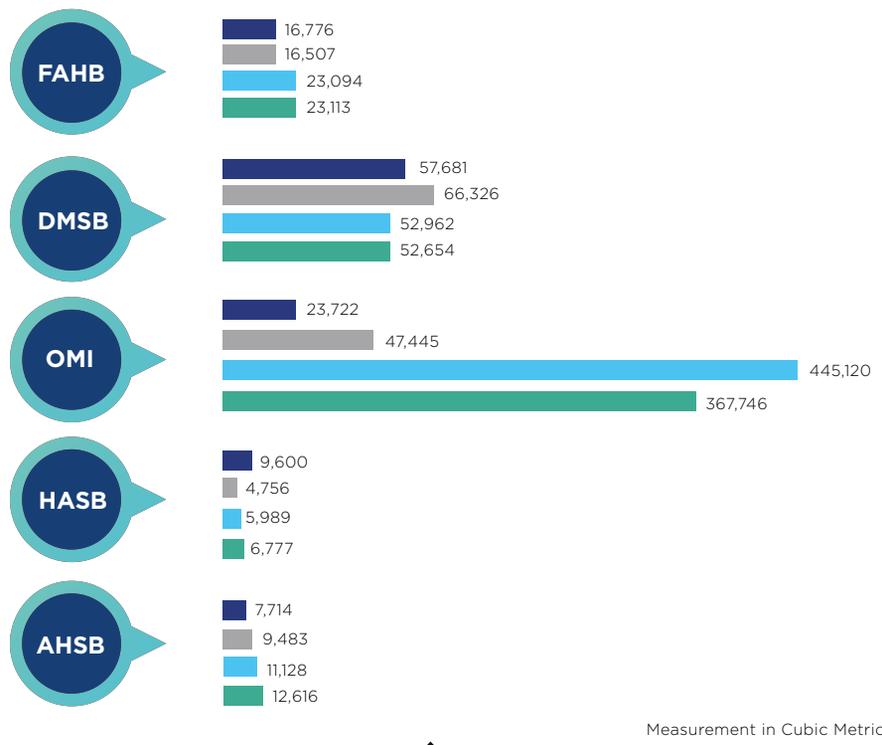
As customary in our report disclosures, we share the total consumption for the whole year and compare it with past years' energy usage. The savings and utilisation are compared by percentage and benchmarked against our production level to justify the decrease or increase in consumption. However, since 2019, our teams aim to achieve at least 5% of consumption reduction as part of their initiative to reduce the carbon footprint. These details can be found in our sustainability full report from our website. Our efforts to reduce carbon footprint is not only due to the cost of utilisation but it is also to fulfil our responsibility towards our people, community and our future generation. Due to the Covid-19 pandemic, few initiatives were kept in view such as part of the solar panel implementation. We are still looking for a better options and alternatives that can help the environment to be safer for everyone.



Measurement in KWH

■ 2020 ■ 2019 ■ 2018 ■ 2017

## Energy Consumption 2017-2020



**Water Consumption 2017-2020**

is crucial to help reduce the consumption as water can be reused or recycled. Manufacturing and motor trading sectors in the Group will constantly monitor the water consumption to meet our goal of lowering the water usage. Below are the current water conservation practices in the Group.

- Water treatment for manufacturing operations in HASB and OMI.
- Rain water harvesting at Menara MBMR (monitored by MBMR Properties Sdn Bhd).
- Water recycling for manufacturing chiller systems.

**WATER CONSERVATION**

Water conservation is one of the matters that has always been taken seriously by MBMR. Malaysia has experienced water shortages several times in 2019 and 2020. This issue has been highlighted in the Group as a reminder on the importance of water conservation. In 2020, the Group utilised 115,493 cubic metric of water and the amount may not seem to be very significant for our industry but we do not want our people to neglect the importance of water efficiency. Thus, maintaining the water treatment process

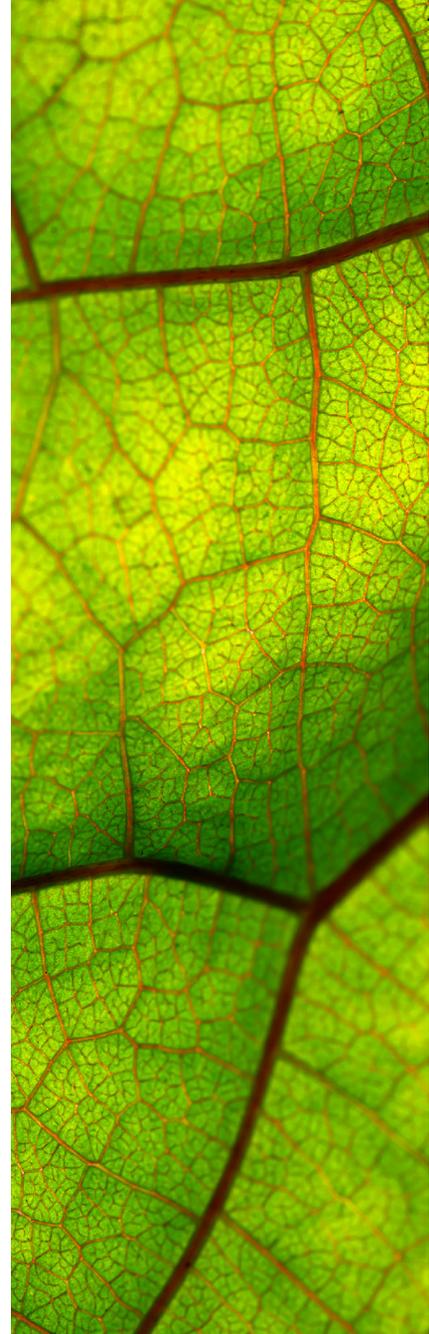
**MINIMISING WASTE**

Recycling is the first thing that comes to mind when we think of minimising waste because waste is highly visible and for some reason it is easy to manage. In fact, office waste is often recyclable but this will need efforts from everyone in the organisation. Our team has been practicing a comprehensive office recycling strategy in order for our business to achieve “zero waste to landfill”. Therefore, here are some of the initiatives that have been implemented, continuously monitored and newly applied to meet this goal.

- Ban of plastics usage by not allowing bottled water/drinks to be taken into the workplace.
- Reusing discards such as boxes, printing papers and files.
- Reduce scheduled waste especially chemical or oil spills at workplace.
- Waste water treatment.
- Paper recycling for production of goods.
- Reinforce policies, regulations, incentives and financing structures to support the implementation.

The pandemic has changed the global experiences especially consumer preferences and our team has considered the impact of these changes which affect the way we market our products, communicate with our prospective customer, build a stronger relation with our existing customers and provide the experiences that consumer need and want. Thus, these factors create an opportunity for us to accelerate the pivot to digitalisation by creating new lines of offering and services such as contactless payments, online service bookings and even test-drive delivery service. This will help us to meet our paperless goals to reduce waste and to be more competitive with other industry players in the market.





## OUR STAKEHOLDERS

In MBMR, our stakeholders hold the key to the success of our business and social environment. Therefore, keeping our good reputation with our stakeholders are crucial. Our business interacts with vast range of stakeholders on daily basis. Most of our stakeholders are direct contributors in our value chain and important to our aptitude in sustainability growth. Thus, effective management of stakeholder engagement focus on attending to the expectation of the stakeholders. Our commitments to our stakeholders are as follows.

### **Our Employees**

- Work Environment – Stay free of harassment and discrimination.
- Positive Culture – Harmoniously working with respect, trust and integrity.
- Opportunities – Encouragement from the top to enhance skills, knowledge and education.
- Rewards – Fair assessment and performance based driven.

### **Our Customers**

- Products and services – Ensure it is safe, reliable and cost-effective.
- Our values – To continuously improve to meet the expectation.
- Compliance – To comply with the regulatory requirements.
- Effectiveness – Responsive and responsible to any enquiries.

### **Our Communities**

- Contribution – Sharing our knowledge and wealth as necessary.
- Engagement – Participate and supportive of the surrounding activities.
- Respect – Share our values by respecting others.

### **Our Shareholders**

- Long-term stability – Improve business growth to enhance competitive position in the market.
- Responsible – Managing investment and business risk.
- Compliance – To ensure the business comply with the regulatory requirements.
- Disclosure – True and fair in our reporting.

### **Our Business Partners and Suppliers**

- Ethical practices – Against bribery and corruption.
- Honesty – Transparent in all business dealings.
- Relationship – Long-term and mutually beneficial.
- Values – Exchange and sharing of knowledge and experiences.

We always believe that the best way to approach our stakeholders is to be effective and transparent especially in communication. Understanding the stakeholder's needs during the period

of the Movement Control Order (MCO), the MBMR Group has extended rental discounts for our tenants to help ease their cash flow burdens. This was in line with our commitment to business partners to foster long-lasting relationships even throughout challenging times.

We believe that our reputation has always been based on the way we conduct our business and share our values with our stakeholders. It is therefore crucial for us to ensure that our activities take place with integrity and respect to others. It is an invaluable asset as delivering our values to our stakeholders is part of our people, our brands and our brand image. To maintain that reputation, it requires a high standard of conduct and strong communication with our stakeholders. Our engagement activities continued throughout the year 2020.

EVENTS	DESCRIPTION	FREQUENCY
<p><b>Annual General Meeting (AGM)</b></p>	<p>Yearly meeting with the members or shareholders, where new Board Members are elected, presentation of the company's financial performance and other activities are reported. We also share our future plan during this meeting to ensure our stakeholders are aware of the business development.</p>	<p>Once a year</p>
<p><b>Analyst Briefing</b></p>	<p>Simultaneously with the release of our quarterly results to Bursa Malaysia, the briefings are organised and attended by financial analysts, fund managers and research analysts to gain further insight and review of the presented results. This facilitates the attendees to produce their reports which are published for the public or investors and media consumption.</p>	<p>Twice a year</p>
<p><b>Events with Authorities</b></p>	<p>Events organised with the local authorities and regulators to share our knowledge with the community. We have been updating our activities and always ensure we comply to the authorities requirements.</p>	<p>At least once a year</p>
<p><b>Media Releases</b></p>	<p>Consistently been sharing our events, quarterly results and any other business development related news with our shareholders and stakeholders through media.</p>	<p>Quarterly</p>
<p><b>Websites and Email</b></p>	<p>Our website - <a href="http://www.mbmr.com.my">www.mbmr.com.my</a>, provides information on the company's subsidiaries, business partners, associates and updated information on our business performance.</p> <p>Currently, we are in the midst of updating our website and looking forward to new looks in 2021.</p> <p>We also can be reached at <a href="mailto:info@mbmr.com.my">info@mbmr.com.my</a> for our investors, suppliers, contractors and the community to correspond with us.</p>	



## MATERIALITY MATTERS

Our world is uncertain and ever-changing. As a result, it is important for us to identify our materiality matters to help us on sustainability issues that matter most to our business, our people and our stakeholders.

Each year, we conduct a materiality assessment to help ensure our strategy is focused at the right areas. This process is to assess the changing sustainability landscape and to understand and prioritise the issues that matter to us and people who is related to us. This assessment will also help us to evolve our strategy and tailor our reporting so that it integrates and aligns with the interests and needs of our business, people and stakeholders.

Our sustainability team uses our internal evaluation of materiality to identify priority sustainability issues throughout the Group. As our stakeholders' expectations increase, our material issues will also be updated and new issues will be added to our matrix. Information collected and updates will be provided to our stakeholders through our sustainability reports. However, given that we have a variety of means of communication, we also tackle many other issues outside our reporting cycle. Assessing materiality helps us understand the significance of the issues, which will also help us in planning our engagement with stakeholders. Indirectly, this will steer us to develop our strategy to better meet the expectations of our stakeholders by focusing on their needs and interests in our report.

Any matters that impact our business significantly across the Group, be it

costs, risks, productivity, product quality, services, our people and all matters important to our stakeholders are of equal importance to us. To date, we have identified 13 significant issues.

In the 2019 Issues of Materiality Report, we highlighted the 13 issues that were recognised and analysed, along with the results reported in the matrix. Initially, material data are collected from subsidiaries through management analysis and internal discussions. Due to the lack of information, the data may not be accurate and in order to improve data collection, our Sustainability Development teams have agreed to conduct a biennial survey. The survey were based on identified issues and the results or analysis will be discussed in more details. However, this does not prevent us from receiving feedback from our stakeholders. We practise a transparent and open concept for discussion of any existing or new matters through our communication platforms such as websites, emails, calls, etc.

At the same time, the teams are also working on the efficiency of our activities and are monitoring the expenses related to the materiality matters which is important to be shared with the stakeholders. The cost effectiveness and results of activities will be disclosed upon completion of the project. The matrix will be shared in the sustainability report once every two years to ensure that the information collected is factual and based on the results of the research or survey. The annual report consists of activities conducted and updates on new issues that matter to our business and our stakeholders.

At the same time, our Sustainability Development Team has taken proactive



steps by subscribing to the Sustainability Development Bulletin updated with the latest information on current progress on sustainable development. Information shared with the Sustainable Development team via email. The members are always looking forward to participate in the Sustainable Development Reporting training. The MBMR management team strongly encourages the sustainability team to take part in more training to improve their knowledge, which will help improve future sustainability reporting. This opportunity is open to all members of the MBMR group who wish to take part and acquire new knowledge or to improve their career.

The following are some of the trainings the Sustainability Development Team participated in in 2020.

As we simplify our materiality issues, we recognise the new factors that have come to light from our stakeholders. These emerging issues include customer loyalty and corporate image. To ensure these factors are relevant to the sustainability of our company, a survey was carried out in 2020. The survey will continue until 2021 to ensure that feedback from our stakeholders, in particular our clients, is collected and thoroughly analysed. Our

material issues are categorised along the four pillars as above. The highlighted issues are the new materiality issues that have just been recognised to be added to our matrix and will be shared in our next reporting cycle.

While our comprehensive materiality matrix is presented every two years, our efforts to improve our materiality process are ongoing. This will help us to identify the issues and to make sure that our materiality assessment is effective. Our team is determined and committed in working together to improve the process. We focus on the right methods to ensure issues that are relevant to our company and important to our stakeholders only. The importance of an appropriate process and analysis is critical to determine the importance of the issues within our matrix.

We believe that sharing the results of the materiality assessment can be a starting point for continuing the communication and retaining the participation of our sustainability initiatives. The response and input from all stakeholders will be incorporated into the broader sustainability strategy. From there, we will be able to create more communication plans for each group and report more effectively to the Board on the progress made.

TITLE	MATTERS DISCUSSED	DATE	ORGANISER
Sustainability Accelerator Program Workshop A	<ul style="list-style-type: none"> <li>• Understanding of Sustainability</li> <li>• Current baseline</li> <li>• Governance &amp; Meeting Structure</li> </ul>	29 June 2020	Malaysian Investor Relation Association (MIRA)
Sustainability Accelerator Program Workshop B	<ul style="list-style-type: none"> <li>• Sustainability Framework &amp; Plan</li> <li>• Materiality Assessment</li> <li>• Stakeholder Engagement</li> </ul>	10 August 2020	Malaysian Investor Relation Association (MIRA)



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