



OSK HOLDINGS BERHAD (207075-U)

OSK



SUSTAINABILITY REPORT 2018

MOVING FORWARD, PROGRESSING TOGETHER.





THE COVER DESIGN OF OUR 2018 SUSTAINABILITY REPORT showcases a collage of activities that demonstrates our commitment to uplift the quality of life of our local communities. From building homes for the Orang Asli community to enhancing access to education for the underserved communities, we remain steadfast to promoting sustainable growth for our stakeholders as we move forward and progress together.



INSIDE THIS REPORT

Gaining Momentum About This Report 2 Chairman's Message 3	Economic 17	Governance 38
About Us 4 Our Vision & Mission 5 Our Values 5 Corporate Structure 6	Environment 24	Community 40
Implementation Platform Driving Sustainability 8 Sustainability Policy 10 Governance Structure 10 Stakeholder Engagement 11 Materiality Matters 13 FY2018 KPI Achievements 15	Social 28	Moving Forward 50

FEATURES IN THIS SUSTAINABILITY REPORT



This icon indicates where more details can be accessed elsewhere in our Sustainability Report or Annual Report 2018.



This icon indicates where more details can be accessed online.



To access our Sustainability Report, please scan the QR code above with your smart device.

ABOUT THIS REPORT



OSK Holdings Berhad (“OSK” or “the Company”) and its subsidiaries (“OSK Group” or “the Group”) have published a Sustainability Report for the third consecutive year. This report documents OSK’s progress in creating and evolving a sustainability culture and sustainable development practices within the Company and the Group. It reports on the continuous efforts taken to refine and develop a framework for OSK to grow as a corporate community which is committed to the principles and aspirations of sustainability. At the same time, the report also presents OSK’s performance in managing its economic, environmental and social impacts on all its stakeholders during the financial year ended 2018 (“FY2018”). As much as possible, this report is intended to be an honest, transparent and comprehensive accounting of sustainability measures within OSK.

REPORTING PERIOD



1 January to 31 December 2018

REPORTING CYCLE

As per Bursa Malaysia’s Listing Requirements, OSK reviews, updates and reports on its sustainability performance on an annual basis according to its financial year.

REPORTING SCOPE

In the third year of reporting, OSK tracks the key performance indicators (“KPIs”) of the 10 most material matters selected in the financial year ended 2017 (“FY2017”) and reviews their respective action plans and programmes. In addition, the report presents an updated sustainability framework which will be introduced in the financial year ending 2019 (“FY2019”) to align sustainability issues to the Group’s overall business strategies and risk management initiatives.

REPORT COVERAGE

This report covers OSK, a public company listed on the Main Market of Bursa Malaysia Securities Berhad, and its main subsidiaries: OSK Property Holdings Berhad (“OSKP”) and PJ Development Holdings Berhad (“PJD”). This report only focuses on operations in Malaysia and excludes any business operations and corporate activities conducted beyond Malaysia. It also excludes any operations undertaken by the Group’s joint venture partners, occupants, tenants and sites beyond the direct and immediate control of OSK Group.

DEFINITIONS

COMPANY NAME	ABBREVIATION
Acotec Sdn. Bhd.	Acotec
Atria Shopping Gallery Sdn. Bhd.	Atria
Olympic Cable Company Sdn. Bhd.	OCC
OSK Capital Sdn. Bhd.	OSK Capital
OSK Construction Sdn. Bhd.	OSKC
OSK Holdings Berhad	OSK
OSK Property Holdings Berhad	OSKP
PJ Development Holdings Berhad	PJD
Swiss-Garden International Sdn. Bhd.	SGI
SGI Vacation Club Berhad	SGI VC

REFERENCE AND GUIDELINES

Principal Guidelines

- Global Reporting Initiative Standards (“GRI Standards”) Sustainability Reporting Guidelines

Additional Guidelines

- Bursa Malaysia Sustainability Reporting Framework
- ISO 26000:2010 Guidance on Social Responsibility
- ACCA Malaysia Sustainable Reporting Guidelines for Malaysian Companies

FEEDBACK

Stakeholders can access this report from our corporate website at <http://www.oskgroup.com/corporate-announcements/>. Hard copies will only be made available upon request. OSK invites feedback from all stakeholders for our continuous improvement. For further enquiries, please contact:

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CHAIRMAN'S MESSAGE



**Tan Sri Ong Leong Huat @
Wong Joo Hwa**
Executive Chairman

On behalf of the Board of Directors, it is my pleasure and privilege to present OSK Holdings Berhad's Sustainability Report for 2018, our third in this series.

When we first embarked on our journey towards sustainability, many of us understood its importance, however few among us fully grasped the scope and scale of the initiatives required to integrate sustainability into our business operations. The last three years' journey has been a learning experience for the Group.

Even fewer expected the benefits of prioritising sustainability to have such an increasingly rewarding effect on our people and potential impact on our businesses. Like any large corporation, it takes time for the reasons why we are doing this to filter down to every level of the Group.

Now that we are committed towards sustainability, we begin to realise and appreciate the way in which sustainable companies are invariably the most innovative and whose brands are universally recognised and respected.

It stands to reason that involvement in planning and implementing sustainability considerations compels participants to review their processes and practices with the objective of finding more efficient solutions. I am confident this exercise will progressively help us to improve the way we run our businesses in the years to come.

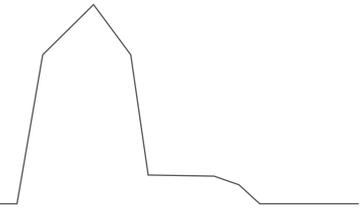
From when we started out, today, there is a subtle but nonetheless noticeable shift in outlook and attitude among the management and employees of OSK towards our embrace of sustainability. Where there was once scepticism, there is now acceptance, which we hope would eventually become enthusiasm.

Even so, we must keep up our efforts to create greater understanding of the benefits of sustainability before it can grow into a priority within the Group. Nevertheless, I am pleased to note that sustainability is steadily but surely becoming an integral part of our diversified business operations and extensive corporate activities.

I would like to take this opportunity to record my appreciation to the government and our regulators for their efforts in promoting sustainability, and I would like to also thank our Board, management and employees for their support and hard work in this long-term commitment that OSK Group has made to be a sustainable organisation.

**Tan Sri Ong Leong Huat @
Wong Joo Hwa**
Executive Chairman

ABOUT US



OSK Holdings Berhad ("OSK") was incorporated in 1963 as a small stockbroking company and it was listed on the Kuala Lumpur Stock Exchange ("KLSE" - now known as Bursa Malaysia Securities Berhad or "Bursa Malaysia") in 1991. OSK grew to become a regional investment bank under OSK Investment Bank Berhad ("OSKIB").

In 1997, OSK diversified into properties through its subsidiary company, OSK Property Holdings Berhad ("OSKP"), which was listed on the KLSE in 2002. When OSKIB became a regulated entity by Bank Negara Malaysia in 2007, the shares of OSKP were distributed to the shareholders of OSK to comply with regulatory requirements.

In 2012, OSKIB merged with RHB Investment Bank Berhad in a share swap exercise resulting in OSK becoming a major shareholder in RHB Banking Group, a position which OSK continues to hold at the present time.

In 2015, OSKP was merged back into the OSK Group and subsequently delisted from the Main Market of Bursa Malaysia. OSKP is today one of the leading property developers in Malaysia with residential, township and commercial projects located in strategic growth areas across the country. OSKP is also growing its overseas presence beginning with its development project in Melbourne, Australia.

In the same merger exercise in 2015, PJ Development Holdings Berhad ("PJD") became part of the OSK Group. PJD was established in 1965 as a plantation and property development company and it was listed on the KLSE in 1974.

PJD eventually divested its plantation business and ventured into four (4) key areas of property development, construction, manufacturing of Industrialised Building System wall panels and cables under the Acotec and Olympic Cable brands respectively, and hospitality under the Swiss-Garden International and SGI Vacation Club brands. In 2016, upon completion of the unconditional voluntary takeover offer exercise by OSK, PJD was delisted from the Main Market of Bursa Malaysia.

Today, OSK Group is a conglomerate with diversified interests in five (5) business sectors.



ABOUT US

OUR VISION & MISSION

At OSK, our vision is to be a long-term business builder that delivers superior value to all our internal and external stakeholders.



SHAREHOLDERS

We seek to create long-term value for our shareholders through delivering strong and sustainable returns.



BUSINESS UNITS

We help our businesses deliver unique and high quality products and services to our customers through the expertise of our business leaders, our willingness to invest in talent, our efficient infrastructure and our effective operational processes.



BUSINESS PARTNERS

We create and nurture mutually rewarding long-term partnerships with our suppliers, consultants, business associates and customers.



EMPLOYEES

We aim to be an employer of choice through maintaining a good work culture and adopting a genuine interest in the long-term career development of our employees.



COMMUNITY

We aim to enrich the lives of the communities in which we operate.



<http://www.oskgroup.com/>

OUR VALUES

We aim to achieve our vision by embracing these values in our daily work.



EXCELLENCE

We make decisions and formulate strategies based on objective facts. We try our best to have a thorough understanding of our businesses and the markets in which we operate so that we make decisions that are well thought-through.

We adopt high standards in all that we do so that our businesses consistently deliver high quality products and services.



FORWARD THINKING

We adopt a long-term view of our businesses and the markets that we operate in, and we are conscious of the long-term effects of the decisions we make.



HUMILITY & RESPECT

In all our internal and external dealings, we seek to create an environment of mutual respect through demonstrating humility, appreciation and cooperation.



INTEGRITY

We are dedicated to building strong relationships that are mutually beneficial to all our stakeholders and us. Even in the most challenging situations, we behave in a professional and ethical manner.



PEOPLE DRIVEN

Our people are the ones who power the organisation. As such, we try our best to recruit, groom and retain people who have good character, are committed to the organisation and are highly skilled in their areas of expertise.

CORPORATE STRUCTURE

AS AT 28 FEBRUARY 2019

OSK
OSK Holdings Berhad



PROPERTY

- Property Development
- Property Investment

FINANCIAL SERVICES

- Capital Financing
- Investment Holdings and Others

CONSTRUCTION

- Construction

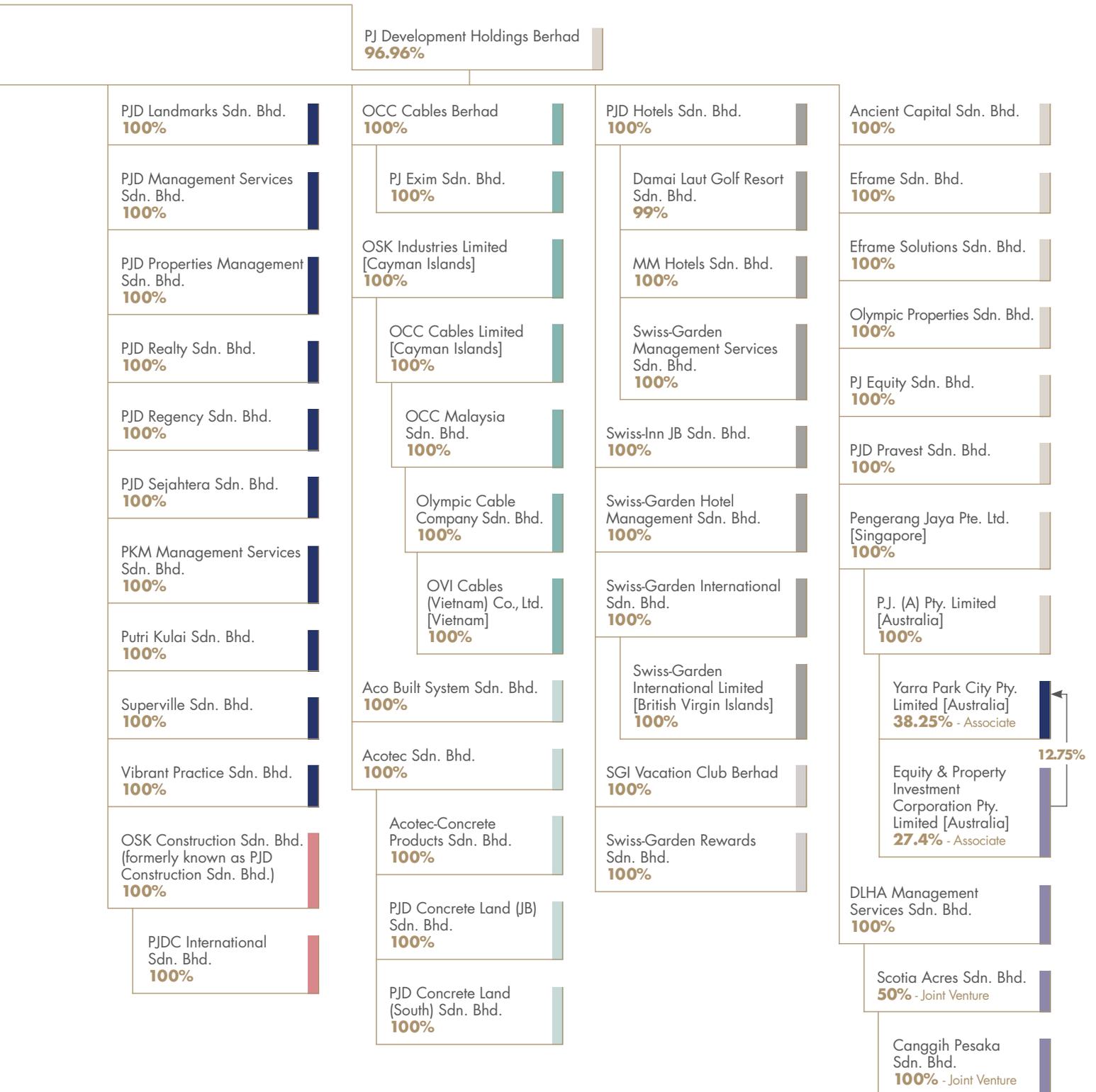
INDUSTRIES

- Cable
- IBS

HOSPITALITY

- Hotels & Resorts
- Vacation Club

CORPORATE STRUCTURE



DRIVING SUSTAINABILITY

Since kick-starting our sustainability journey three years ago, OSK continues to incorporate sustainable practices into our operations and activities in our attempt to consistently create value for our stakeholders. There is better understanding and appreciation for the value of a sustainable approach in doing business through optimising our resources; upholding our work ethics; empowering our people as well as creating opportunities and contributing to external communities.

The graphic below charts how our sustainability campaign has developed over the years.



The Group has always been a responsible corporate citizen with our active engagement in philanthropic activities which are intended to enhance the quality of life of the communities we operate in.

Our formal sustainability journey began in the financial year ended 2016 ("FY2016") when we set out to determine the impact of our businesses on the economic, environmental and social dimensions of our stakeholders. This resulted in the determination of the 10 most material matters which were relevant to OSK.

The following year in FY2017, the Group embarked on a concerted effort to manage our material matters which led to the formulation of KPIs for each of the 10 most material matters.

We continued to track the KPIs in FY2018 but we also took stock in FY2018 by reviewing and refining our sustainability framework in order to align with the Group's macro strategy for business and risk management framework. The updated sustainability framework was subsequently approved by the Board of Directors and will be rolled out in FY2019.

A new chapter of OSK's sustainability journey will begin in FY2019. The task of guiding ourselves towards a sustainable future will continue on even as we strive to bridge the gap between our short-term goals and long-term aspirations.

IMPLEMENTATION PLATFORM

At the outset, OSK established a roadmap to pave the way for sustainable development to become an integral aspect and organic component of our operations and activities.

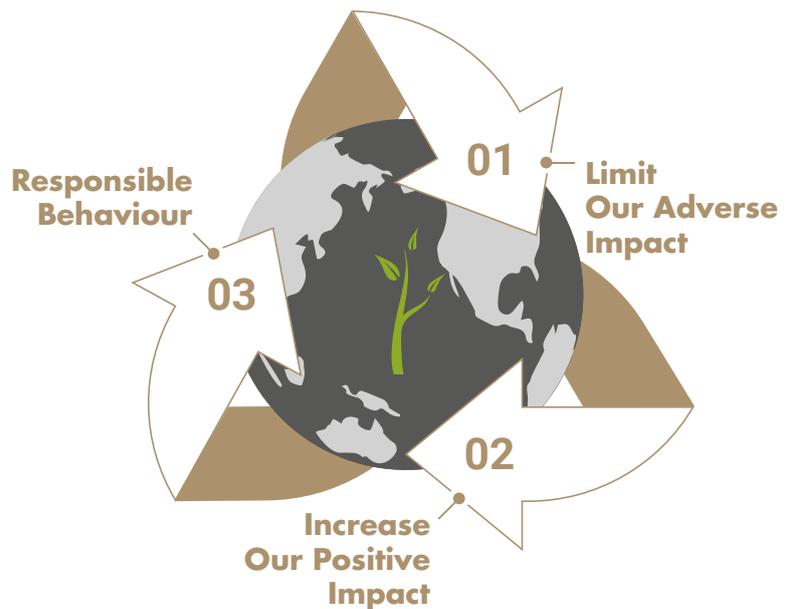
In effect, this roadmap represents a phased approach to plan and implement sustainability initiatives and programmes across the entire Group which involves every subsidiary, business unit and department.

OSK'S ROADMAP TO SUSTAINABILITY IMPLEMENTATION



WHAT IS 'SUSTAINABILITY' TO OSK?

Integrated sustainability is the capability and capacity to bring positive change to the economy, society and community while minimising negative impacts on the environment through ethical and responsible business operations.



IMPLEMENTATION PLATFORM

SUSTAINABILITY POLICY

Guiding Principles for OSK's Sustainability Policy

- To comply with, and exceed where practicable, all applicable legislation, regulations and codes of practice.
- To ensure that all Directors and employees are fully aware of our Sustainability Policy and are committed to its implementation and improvement.
- To engage with relevant stakeholder groups to identify and align their concerns with the Group's sustainability strategy, where applicable.
- To integrate sustainability considerations into our business decisions.
- To ensure that external parties involved in any business dealings with the Group are aware of and strive to adhere to our Sustainability Policy, where practicable.
- To review and report the key sustainability matters annually and continually strive to improve our sustainability performance.

Sustainability Pillars

OSK seeks to achieve sustainable development in order to have a positive impact on our stakeholders in the following pillars or dimensions of:



Our Sustainability Policy is available for viewing at our website <http://www.oskgroup.com/corporate-governance/>

GOVERNANCE STRUCTURE FOR SUSTAINABILITY

Under the Governance structure, OSK's sustainability strategy is driven by the Board of Directors. The Chief Sustainability Officer ("CSO") and Group Management Risk Committee ("GMRC") are responsible for the overall sustainability strategy and implementation across the Group.

Meanwhile, the Sustainability Working Group ("SWG") drives, tracks and monitors progress and improvements towards achieving the Group's key sustainability objectives.



IMPLEMENTATION PLATFORM

STAKEHOLDER ENGAGEMENT

Engagement with our stakeholders is a vital process in driving sustainability at OSK as it enables us to balance the Group's priorities with the expectations of our shareholders, business partners, suppliers, customers, communities and employees.

We maintained continuous engagement with our key stakeholders throughout FY2018 to seek their feedback through various means including meetings, customer surveys, roadshows and social media as summarised in the table below:

STAKEHOLDER GROUP	ENGAGEMENT METHODS	OSK'S STANCE	AREAS OF INTEREST
Business and Industry Partners 	<ul style="list-style-type: none"> • Annual and sustainability reports • Consultation on industry matters • Corporate presentation • Events and roadshows • Forums and dialogues • Membership in associations 	Together with our industry peers, OSK is committed to advancing the industry through active participation in the marketplace and sharing updates on our progress, challenges and other developments.	<ul style="list-style-type: none"> • Industry best practices • Innovation that advances the industry • New business opportunities • OSK's position within the industry
Community 	<ul style="list-style-type: none"> • Community engagement activities • Community partnership • Social media tools • Website, catalogues and brochures 	OSK is an integrated part of society and we understand that our business operations have an impact on the community. We are committed to our role as a contributor and enabler for the communities in which we operate.	<ul style="list-style-type: none"> • Impact of operations on community • Local community development • Philanthropy • Staying connected with the company
Customers including Tenants, Shoppers and Guests 	<ul style="list-style-type: none"> • Events and roadshows • Feedback channels • Loyalty programmes • Market research • Meetings • Social media tools • Website, catalogues and brochures 	Relationships and trust are the foundation of everything we do. OSK envisions being the partner of its customers and maintaining a long-term perspective of its business operations.	<ul style="list-style-type: none"> • Brand reputation • Confidence and trust in the Company • Pleasant experience • Value for money
Employees 	<ul style="list-style-type: none"> • Annual dinner • Employee engagement survey • Employee volunteering • Internal employee portal • Internal engagement activities • Training and development • Townhall meetings • Whistle-blowing channel 	OSK is committed to providing an engaging, inclusive and stimulating work environment that encourages quality performance, high employee satisfaction and loyalty.	<ul style="list-style-type: none"> • Attractive remuneration • Career development • Work-life balance

IMPLEMENTATION PLATFORM

STAKEHOLDER GROUP	ENGAGEMENT METHODS	OSK'S STANCE	AREAS OF INTEREST
Government and Regulators 	<ul style="list-style-type: none"> Formal meetings Performance reports 	<p>Each subsidiary is responsible to comply with all relevant regulations. We support the Government's initiatives and place great emphasis on being an exemplary corporate citizen.</p>	<ul style="list-style-type: none"> Compliance Contributions to the economy, local community and nation-building
Media 	<ul style="list-style-type: none"> Events and launches Media networking sessions Media visits 	<p>Delivering the right message to the media is key especially at corporate events and launches where we disseminate first-hand project information.</p>	<ul style="list-style-type: none"> Corporate updates Events Upcoming developments
Shareholders and Investors 	<ul style="list-style-type: none"> Annual general meetings Annual and sustainability reports Bursa announcements Investor relations meetings or conference calls Quarterly financial reports Shareholder updates 	<p>OSK's overall goal is to create sustainable shareholder value while fulfilling the expectations of other stakeholders. A strong focus on financial performance, risk management and internal control is instrumental in achieving this goal.</p>	<ul style="list-style-type: none"> Brand reputation Future competence Long-term relationship development OSK's position within the industry Positive investment growth Risk management
Supply Chain Partners 	<ul style="list-style-type: none"> Satisfaction survey Supplier audits Supplier events 	<p>OSK works across its value chain to minimise risks, maximise future opportunities and ensure sustainable economic growth.</p>	<ul style="list-style-type: none"> Fair procurement Staying connected with the Company Support of local suppliers and local produce



Annual General Meetings keep shareholders updated on the Company's direction and developments



Maintaining a good relationship with the media is important to the Company

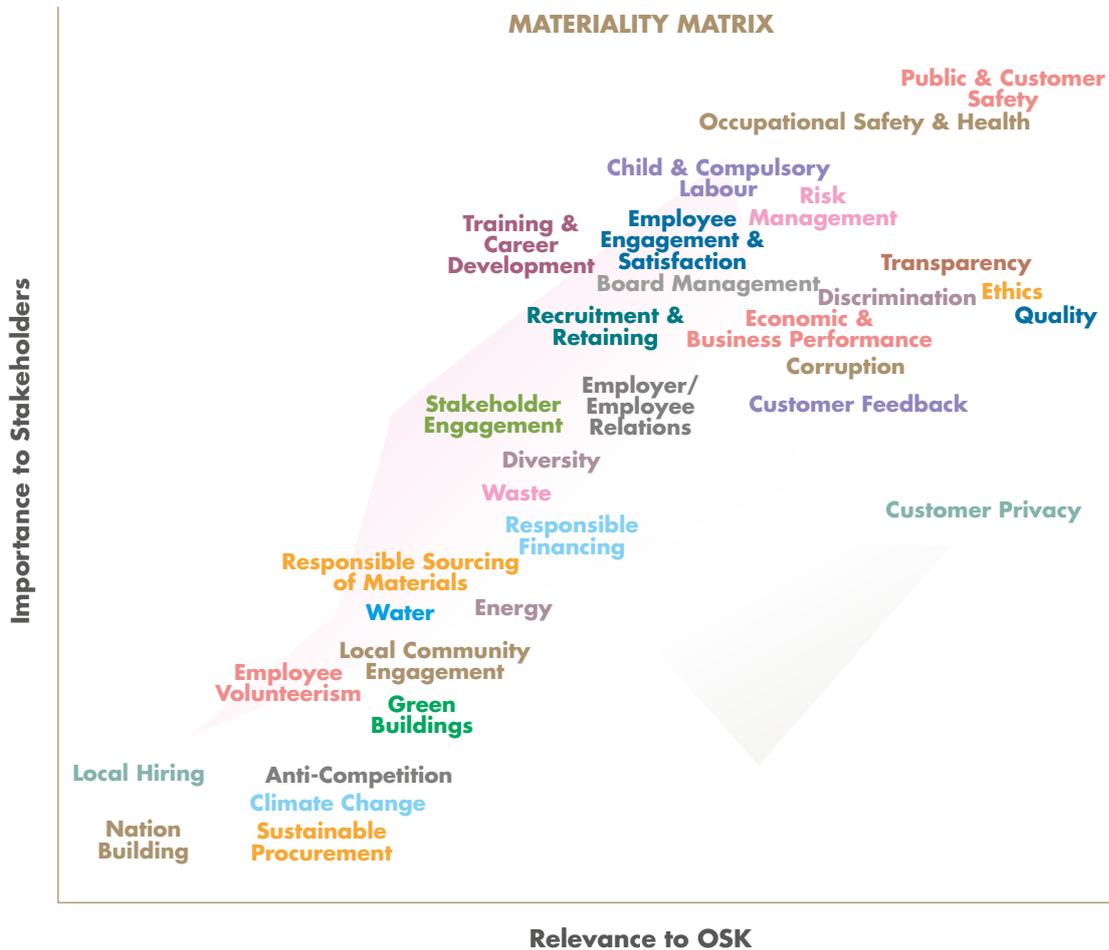
IMPLEMENTATION PLATFORM

MATERIALITY MATTERS

In FY2016, we conducted a study to identify:

- factors critical to OSK’s business functionality and continuity; and
- issues vital to how our stakeholders perceive the way we conduct our business.

This resulted in the charting of the Group’s materiality matrix and selection of the 10 most material matters to OSK and its stakeholders, clustered according to the Sustainability Pillars or dimensions of Economic, Environment, Social and Governance. Please refer to our FY2016 and FY2017 Sustainability Reports for deeper insights on how we conducted the study.



IMPLEMENTATION PLATFORM

These 10 most material matters are deemed important to both the Group and stakeholder groups involved or impacted by the Group's operations including shareholders and investors, customers, business partners and associates, employees, vendors and suppliers as well as the government and the larger community.

In FY2017 and FY2018, the materiality matters were reviewed by the CSO and SWG, with both concluding that the materiality matrix and findings from the FY2016 materiality survey remained relevant to the Group since there has been no change to the Group's business portfolio.

In line with our commitment to continuously improve our sustainability disclosure, the Group plans on commissioning a new materiality study in FY2019 to update our key material matters in line with the updated sustainability framework, which we will be adopting in FY2019.

 Further details are available in the 'Moving Forward' chapter at the end of this report.



IMPLEMENTATION PLATFORM

In FY2017, we set KPIs for each of these material matters, followed by action plans and programmes to achieve the targets. We have continued to monitor these KPIs and have summarised our Group’s achievements in FY2018 in the table below.

MOST MATERIAL MATTERS: KPIs & ACHIEVEMENTS

MATERIAL MATTER	OWNER	KPI	TARGET	ACHIEVEMENT
Economic				
Economic & Business Performance	All	Number of initiatives taken to contribute to local economy/ community	Minimum 3 initiatives per year	<ol style="list-style-type: none"> OSK Foundation (“OSKF”) supported 37 organisations/ beneficiaries in FY2018.  Details are listed in the Community section of this report. OSK Property (“OSKP”) and OSK Construction (“OSKC”) held a Lunch Box Project fundraiser for a school within proximity of the Iringan Bayu township.  Details are listed in the Economic section of this report. Atria Shopping Gallery (“Atria”) supported and continues to support the Alzheimer’s Disease Foundation Malaysia (“ADFM”) via a dementia-friendly community corner within the mall.
Environment				
Waste Management	All	Number of waste management initiatives or campaigns conducted	Minimum 2 initiatives per year	<ol style="list-style-type: none"> Recycling Right Campaign. Recycling of excess or cuttings from Acotec panels to minimise wastage. 3R (Reduce, Reuse, Recycle) practices encouraged company-wide.  Details are listed in the Environment section of this report.
Social				
Quality	Property Development	Quality Assessment System for Building Construction Works (“QLASSIC”) score for development projects	To achieve average score of 75.0%	OSKP achieved an average score of 81.2% for its projects completed in FY2018.
Public & Customer Safety	Property Investment - Atria	Timely maintenance of public facilities calculated by number of major breakdowns (requiring specialist/ service provider actions) per year	To keep within the number of allowable major breakdowns per year (not more than 8 breakdowns with 4 being the target allowable)	Atria experienced 3 major breakdowns in FY2018.

IMPLEMENTATION PLATFORM

MATERIAL MATTER	OWNER	KPI	TARGET	ACHIEVEMENT
Social (Cont'd)				
Occupational Safety & Health	Construction	Number of initiatives conducted to cultivate a safety and health awareness culture	Minimum 2 activities per year	<ol style="list-style-type: none"> OSKC introduced the OSK Quality Standards.  Details are listed in the Social section of this report. OSKC conducted 186 toolbox meetings and 26 on-the-job trainings across their sites in FY2018.
Training & Career Development	Human Resources ("HR")	Percentage of training satisfaction score	To achieve an average satisfaction score of 75.0%	The Group achieved an average score of 85.0% for training satisfaction.
Employee Engagement	HR	Percentage of employee satisfaction score	To benchmark against the Global Engagement Index ("GEI")	The Group achieved an overall employee satisfaction score of 68.6% vs. the average GEI of 65.0%.
Governance				
Business Ethics	Company Secretarial ("Co-Sec")/All	Number of initiatives taken to enhance business ethics practices	Minimum 3 initiatives per year	<ol style="list-style-type: none"> Updated the Code of Conduct and Business Ethics. Rollout of the Bahasa Melayu version of the Personal Data Protection policy. Cascading of the above policies to all employees via engagements and employee portal.
Risk Management	Risk Management	Number of activities conducted to cultivate a positive risk management culture	Minimum 2 activities per year	<ol style="list-style-type: none"> Conducted internal risk awareness training to OSK Group employees. Completed OSKP Risk Management Approaches and Methodology workshop. Completed key Information Technology ("IT") system backup and recovery manuals for all business units. Conducted Risk Control Self-Assessment Exercise with OSK Capital.  Details are listed in the Governance section of this report.
Transparency	Co-Sec	Maintain good corporate governance ("CG") practices and disclosure	To be listed in the Minority Shareholder Watchdog Group ("MSWG") Top 100 Companies for Overall CG & Performance	<p>MSWG has yet to release the list for FY2018 at time of printing.</p> <p>The Company was included in the FY2017 list.</p>

The following chapters offer an insight into the sustainability measures and actions taken by OSK according to the five pillars of Economic, Environment, Social, Governance and Community.

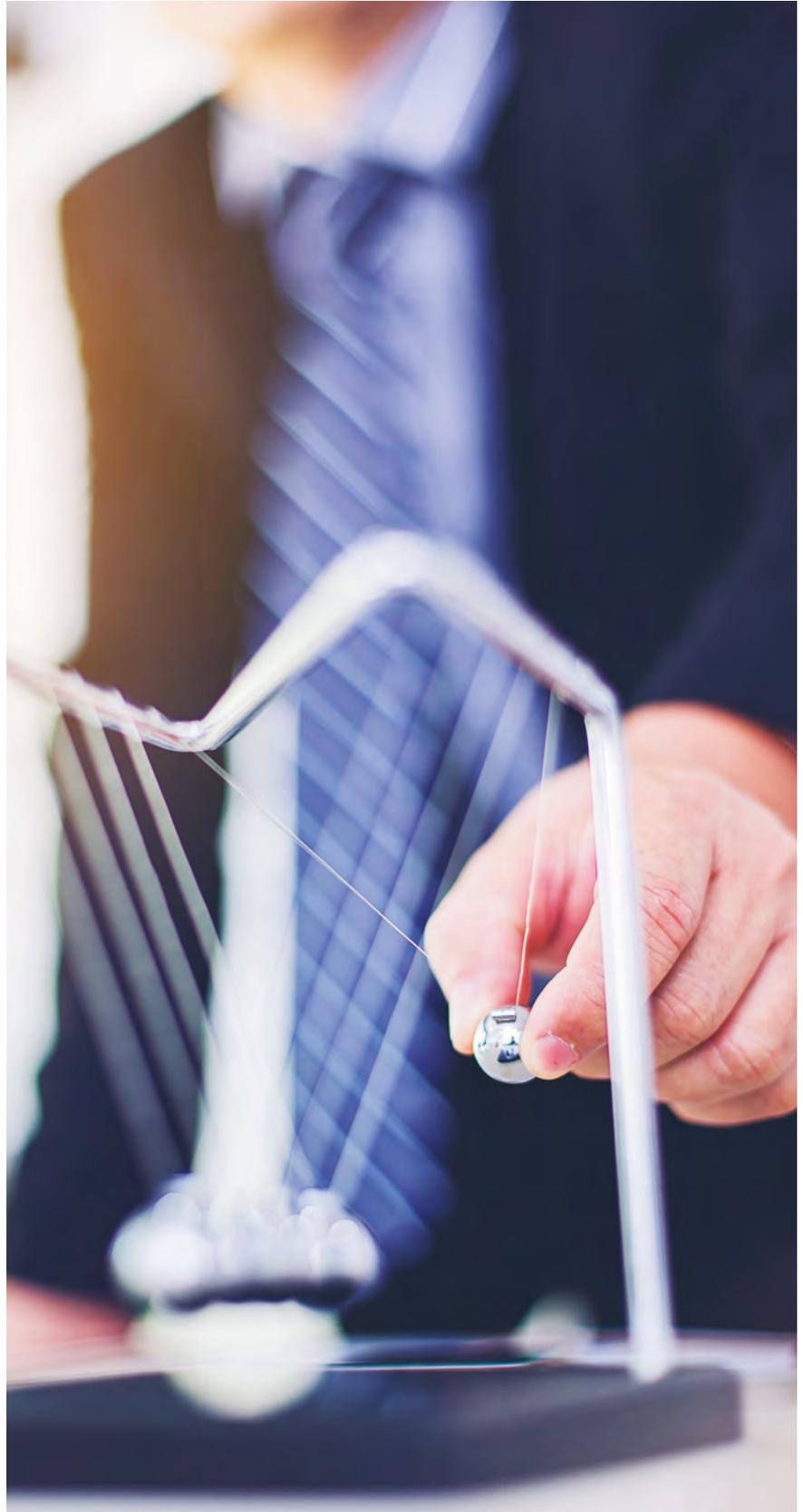
ECONOMIC



As an established company with diversified business interests, OSK understands the significant impact of the Group's economic and financial performance on all stakeholders within our sphere of influence.

We are committed to maintain sustainable economic stakeholder value to ensure the continuous well-being of our shareholders, customers and business partners through generating positive returns, ensuring the consistency in the quality of our products and services as well as creating business opportunities for our vendors and suppliers.

We do this via:



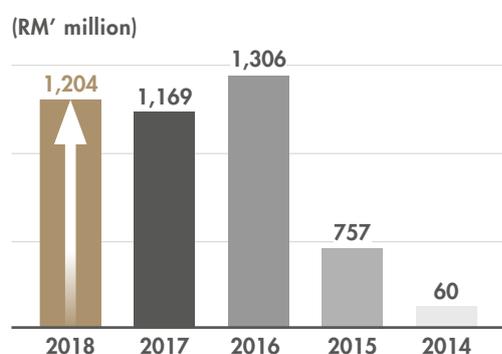
ECONOMIC

ENSURING SUSTAINABLE FINANCIAL PERFORMANCE

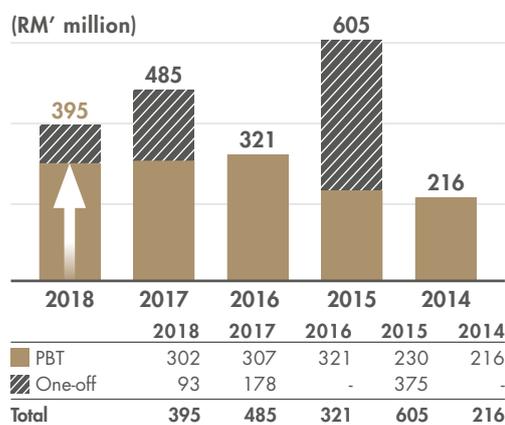
OSK has been a strong and steady performer over an extended period, generating and maintaining robust financial results for the benefit of our stakeholders. The Group's financial indicators have been on an upward trend in the last five years as we continue efforts to lay the groundwork for sustainable long-term growth. Our financial performance for FY2018 is featured below, as are the results of the previous four financial years to show our growth trajectory.

 A more comprehensive presentation of our financial results and business performance is found in our Annual Report 2018.

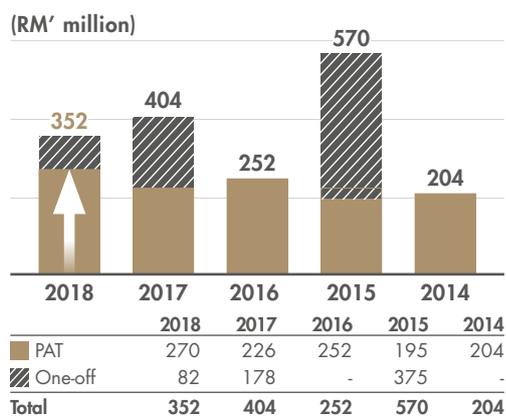
Revenue RM1,204 million



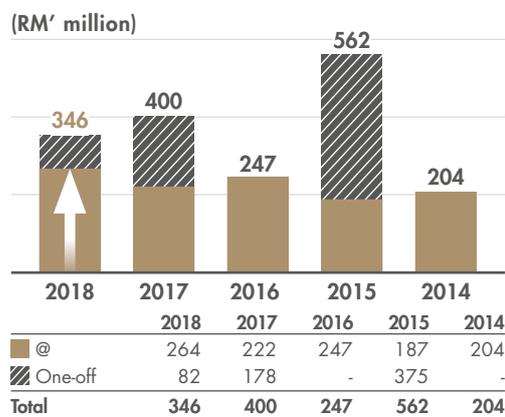
Profit Before Tax RM395 million



Profit After Tax RM352 million



Profit Attributable To Owners Of The Company RM346 million



@ Profit Attributable To Owners Of The Company

 One-off items include:

FY2018: Gains on disposals of hotel properties.

FY2017: Gain on deemed disposal arising from the dilution in equity interest in a subsidiary company in Melbourne, Australia and realisation of foreign currency translation gain.

FY2015: Negative goodwill arising from the acquisition of OSK Property Holdings Berhad and PJ Development Holdings Berhad and subscription of right issue in RHB.

ECONOMIC

CREATING VALUE THROUGH OUR PROPERTY DEVELOPMENT PROJECTS

The Group’s subsidiary OSKP is a leading property developer for sustainable living, with projects spread across Peninsular Malaysia as well as an integrated project in Melbourne, Australia. Our properties cater to a broad range of income groups, to ensure that every strata of society can afford to purchase residential units, be it affordable homes or higher-end properties.

During the year under review, OSKP celebrated a few milestones as outlined in the subsequent stories:

Hitting the Right Notes

In FY2018, the Company was recognised among the top 15 property developers in Malaysia at The Edge Top Property Developer Awards. The Company also received another prestigious award in December 2018 at The Edge Billion Ringgit Club & Corporate Awards 2018 for the Highest Growth in Profit After Tax over three years under the Property Sector for companies with market capitalisation below RM3 billion.



OSK Property Launches Iringan Bayu

On 27 January 2018, OSKP launched Iringan Bayu, a new township in Seremban featuring a country living concept that is set to add to Seremban’s growing vibrancy.

Spread across 770 acres of land, Iringan Bayu is intended to be a Bandar Selamat (Safe City) via the Crime Prevention Through Environmental Design (CPTED) approach which discourages or impedes criminal behaviour while at the same time enabling the community to keep a watchful eye.



The entire township is scheduled to be completed within 10 years and the guarded neighbourhood will come with a 22-acre Verdant Central Park green lung as well as other comprehensive amenities.

ECONOMIC



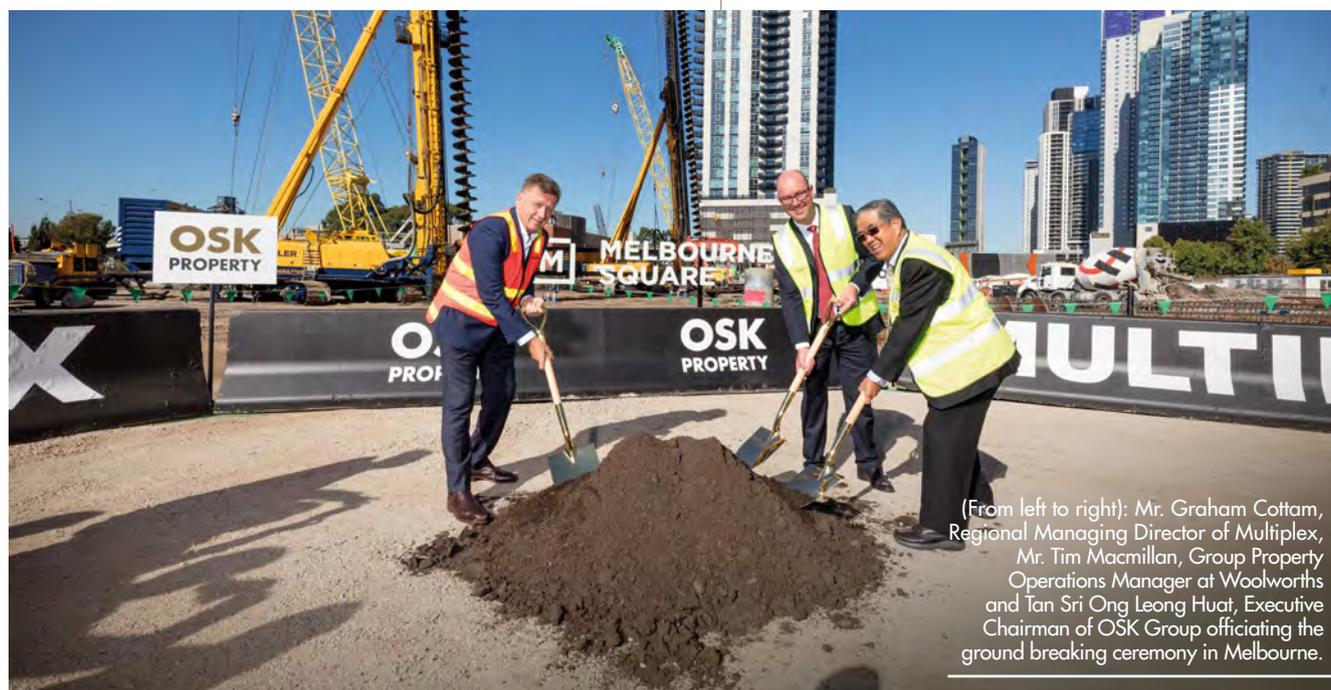
'Zero Entry' Campaign to Facilitate House Buying

In FY2018, OSKP introduced a '20188 Zero Entry' three-month campaign to ease the financial burden of potential house buyers keen on owning a property. The zero-entry package offered a 0% down-payment, waiver on various fees as well as additional savings through a variety of smart investment plans. OSKP also held lucky draws during the campaign period, where a total of 18 winners walked away with cash rebates of RM20,188 each.

Construction Commences on First Stage of Melbourne Square

OSKP charted a new milestone with the official commencement of construction for the first residential stage of the Melbourne Square development at Southbank which is set to become one of Melbourne's largest mixed-use urban precincts. The groundbreaking ceremony was held at the site together with leading global contractor, Multiplex, who has been tasked to bring Melbourne Square to life. Construction for Phase 1 is expected to complete in late 2020.

The event also saw the announcement of Woolworths as an anchor tenant at Melbourne Square, signalling the introduction of Southbank's first full-line supermarket, spanning approximately 3,800 square-meters across two levels. Melbourne Square is a joint venture development by OSKP and Employees Provident Fund Malaysia. The project aims to give Southbank a "green heart" with a 3,700 square-meter public park and network of leafy spaces as well as critical community infrastructure such as a full-line supermarket, a childcare facility along with other F&B and retail options.



ECONOMIC



The Lunch Box Project: Building a Healthier Community Together

In building a healthier community, OSKP together with OSKC and OSKF joined hands with SJK (C) Kampung Baru Mambau, which is located within the vicinity of our Iringan Bayu development in Seremban to support the state council’s new dietary requirement through The Lunch Box Project. This project was carried out for a period of one-month through a crowdfunding activity within the organisation where OSK employees and OSKF donated towards providing over 700 students with a lunch box and cutlery set.

CREATING EMPLOYMENT FOR LOCAL TALENTS

With more than 2,000 employees, OSK is an established source of stable employment for local talents. We continue to prioritise recruiting and retaining local talents over foreigners as we understand the role we play in job creation for the domestic economy and the easier and faster assimilation into the Malaysian work culture. The only exception we make in this case is when any particular skills or experiences are not readily available in the country.

In FY2018, the Group participated in several career fairs and student engagement programmes in a bid to:

- Provide job exposure and on-the-job training to new entrants to the workforce
- Act as career advisors to job seekers
- Increase the Group’s brand awareness and prestige
- Connect with prospective talents

The career fairs and other events we participated in were:

- Malaysia Career and Training Fair by JobStreet.com
- Selangor Internship and Market Day
- SEGi Campus Job Fair
- Universiti Malaya Career Fair
- Monash University Career Fair
- HELP VIVA Final Year Thesis Presentation
- Taylor’s Internship Engagement Day
- Karnival Kerjaya 2018 by CIDB

NURTURING YOUNG TALENT

The Group also places strong emphasis on talent development through our Internship Programme which is offered to university students who are pursuing their diploma or degree programmes. Through this programme, we provide students with exposure to work and learn in an exciting, fast-moving organisation. Placements are done across the Group, in both the business and functional units. In FY2018, OSK offered 158 internship opportunities across the Group.

PROVIDING OPPORTUNITIES TO LOCAL BUSINESSES

As a strong supporter of local businesses, OSK provides opportunities to vendors and suppliers to do business with us. At OSK, we source from local businesses which adhere to our standards of quality and business ethics. Although we do not have a formal policy, our selection of vendors and suppliers are invariably skewed towards those who share our values on innovation, reliability, quality and responsibility.



OSK offered **158 internship opportunities** across the Group

ECONOMIC

ADVOCACY AND ENGAGEMENT

OSK, as a Company and represented by senior management personnel on an individual basis, are active advocates and participants in the respective industries of our businesses. Our membership in several associations provide us with the platform to engage with partners and peers, which essentially give us a voice to engage with stakeholders such as the government and the civil society.

OSK, as a Company and our senior management are members of the following associations:

COMPANY:

COMPANY	ASSOCIATION
Atria	<ul style="list-style-type: none"> Member, Malaysia Shopping Malls Association ("PPK")
Acotec	<ul style="list-style-type: none"> Member, Construction Industry Development Board ("CIDB") Member, Malaysian Fire Protection Association
OCC	<ul style="list-style-type: none"> Member, Malaysian Cable Manufacturers Association
OSK	<ul style="list-style-type: none"> Member, Federation of Public Listed Companies Berhad ("FPLC") Member, Malaysian Institute of Corporate Governance ("MICG") Member, The Institute of Internal Auditors Malaysia
OSKC	<ul style="list-style-type: none"> Member, Construction Industry Development Board ("CIDB") Member, Master Builders Association Malaysia ("MBAM")
OSKP	<ul style="list-style-type: none"> Member, Real Estate & Housing Developers Association Malaysia ("REHDA") International Corporate Ordinary Member, International Real Estate Federation ("FIABC") Malaysian Chapter
SGI VC	<ul style="list-style-type: none"> Member, Malaysian Holiday Timeshare Developers' Federation ("MHTDF")

INDIVIDUAL:

COMPANY	NAMES	ASSOCIATION
OSK	Ong Ju Yan, <i>Group Managing Director</i>	<ul style="list-style-type: none"> Member, Malaysia Australia Business Council Member, REHDA Youth
	Ong Ju Xing, <i>Deputy Group Managing Director</i>	<ul style="list-style-type: none"> Member, Malaysia Australia Business Council Member, REHDA Youth
OSKP	Ong Ghee Bin, <i>Chief Executive Officer</i>	<ul style="list-style-type: none"> Member, Malaysia Australia Business Council Committee Member of REHDA Selangor
SGI VC	Ivan Ting, <i>Chief Executive Officer</i>	<ul style="list-style-type: none"> Vice Chairman of the Malaysian Holiday Timeshare Developers' Federation ("MHTDF")

ECONOMIC

AWARDS AND RECOGNITIONS

A hallmark of OSK’s commitment to quality standards, work practices and business ethics is the assembly line of awards we achieve year after year. In FY2018, our subsidiary companies and business units were recognised with the following awards:

OSK Holdings

- 1. The Edge Billion Ringgit Club & Corporate Awards 2018**
(Highest Growth in Profit After Tax Over Three Years – Property Category)
12 December 2018
- 2. National Annual Corporate Report Awards (NACRA 2018)**
(Industry Excellence Award – Properties and Hotels) – Annual Report 2017
6 December 2018

Atria Shopping Gallery

- 3. Malaysia Book of Records – Most Number of Christmas Trees Displayed in a Shopping Mall**
1 December 2018

OSK Property

- 4. Bangunan Ceria Award by MBPJ for Atria SOHO – Commercial Category**
13 December 2018
- 5. The Edge Property Excellence Awards – Top Property Developers Awards 2018 (No.14)**
29 October 2018
- 6. Sin Chew Business Excellence Awards – Property Excellence**
29 October 2018

Property Insight Top 10 Developers

- 1 June 2018
- 8. Prop Social – You City (Most Innovative Design)**
20 April 2018

OSK Construction

- 9. SHASSIC Five Star Award**
25 January 2018

SGL Vacation Club

- 10. AGODA 2018 Gold Circle Awards – SGL VC Melaka**
12 October 2018
- 11. Interval International Select Resort – Swiss-Garden Beach Resort Kuantan**
12 March 2018

Swiss-Garden International

- 12. Malaysia Tourism Council Gold Awards 2018 – Gold Award 4 Star Hotel Chain**
10 October 2018



Atria and OSK’s “Adopt A Christmas Tree” campaign once again successfully entered into the Malaysia Book of Records by registering the “Most Number of Christmas Trees Displayed in a Shopping Mall” with a total of 206 trees on display

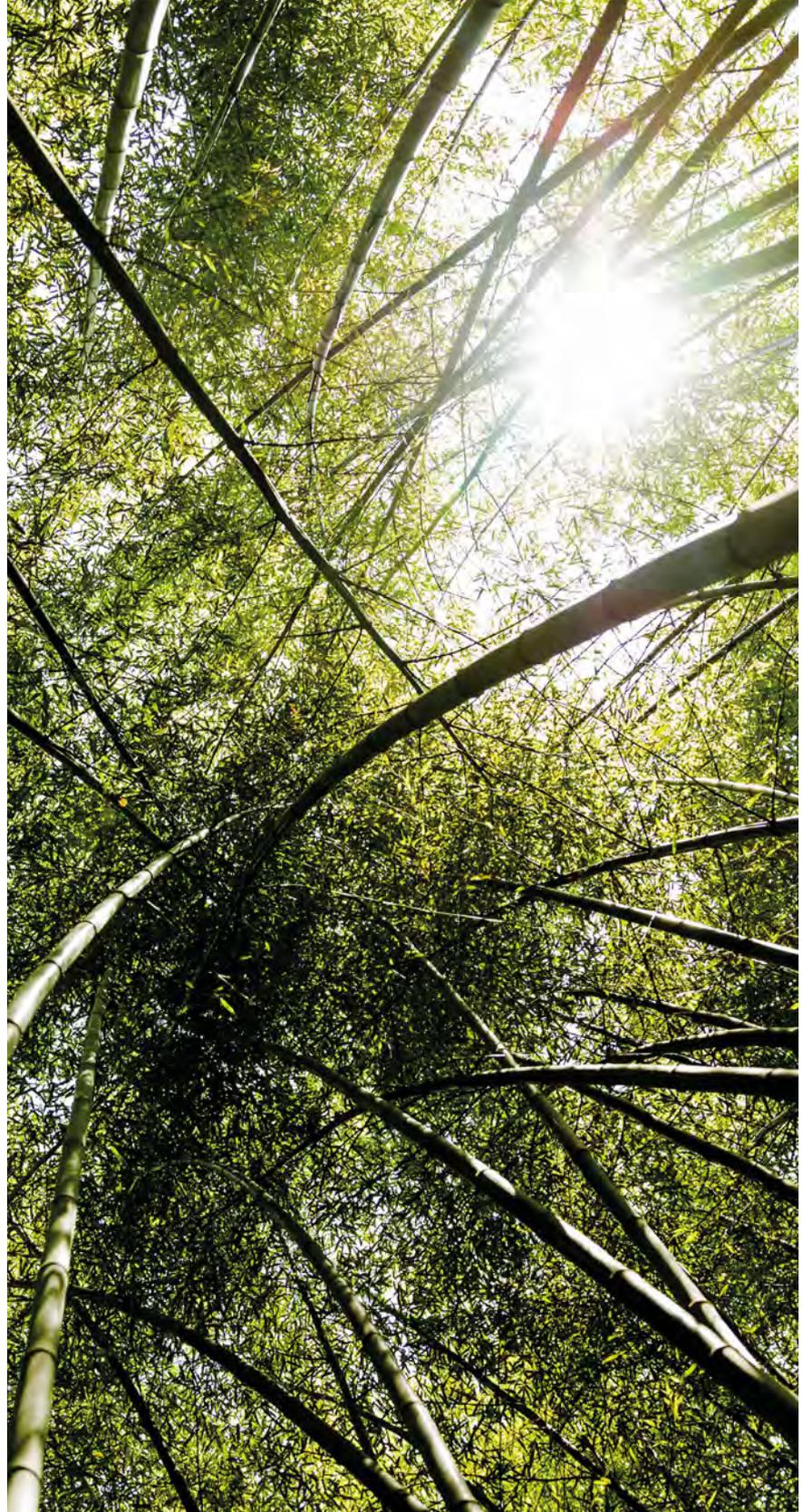
ENVIRONMENT



As a company with a business portfolio which includes property and construction, OSK is fully aware of the need to create sustainable living conditions without damaging the environment and the ecosystem.

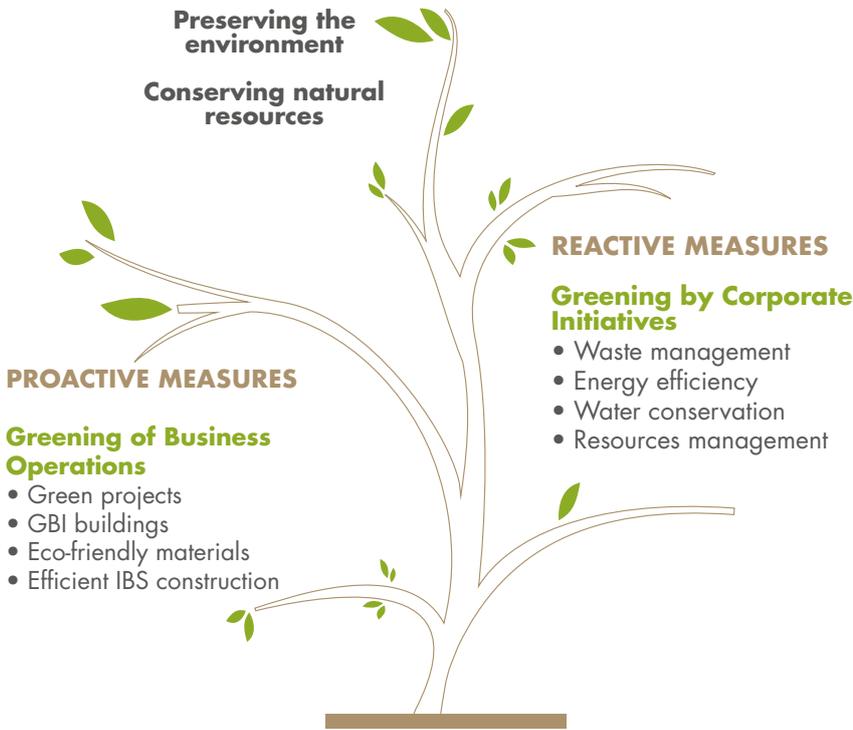
We are committed to the conservation of resources and preservation of the environment via a balance of proactive measures in business operations and reactive considerations in corporate activities.

Together, they serve to build future structures and systems that maximise the use of resources even as we strive to minimise wastage and mitigate other adverse repercussions.



ENVIRONMENT

OUR APPROACH TOWARDS ENVIRONMENTAL SUSTAINABILITY



Green Building Index ("GBI")

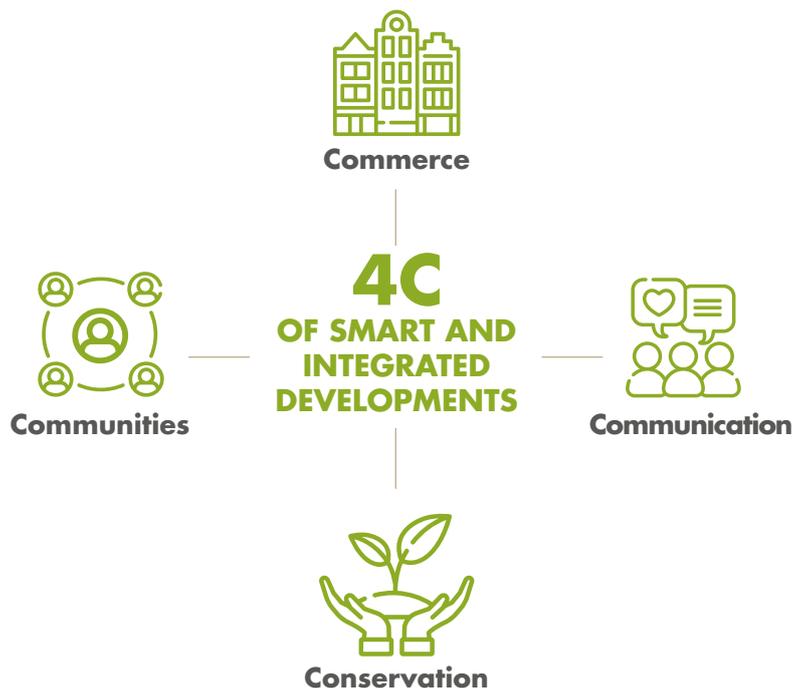
The GBI is an environmental rating system for buildings developed and audited in Malaysia by the Malaysian Institute of Architects and Association of Consulting Engineers Malaysia.

The GBI encourages the practice of creating and using processes that are environmentally responsible and resource-efficient throughout a building's life-cycle.

PRIORITISING SUSTAINABLE LIVING

The Group through its subsidiaries OSKP and OSKC, is prioritising smart and integrated developments designed for sustainable living. This is a holistic approach that enables people to live closer together in a sustainable manner with buildings and infrastructure integrated so as to conserve natural resources and improve the quality of life while being capable of promoting economic growth. Similar to smart cities, smart developments facilitate the integration of the 4Cs: commerce, communities, communication and conservation.

For starters, we are designing our property projects to meet the requirements of the GBI, which in a nutshell include sustainable site planning and management, energy efficiency, indoor environment quality, innovative features as well as the use of eco-friendly materials and resources.



ENVIRONMENT

Many of our projects have been and are being constructed using green building materials and construction methods. Among them are the Atria Shopping Gallery and SOFO in Damansara Jaya, USJ One in Subang Jaya, You City in Cheras, Woodsbury Suites in Butterworth and our recently-launched residential township Iringan Bayu in Seremban.

As the Group moves towards efficient and sustainable construction methods, OSKP and OSKC are making progress in working with our Industrialised Building System (“IBS”) division to utilise more IBS solutions in its development projects in line with the Government’s efforts to promote the use of IBS.

As a manufacturer of hollow core precast concrete wall panels, the Group’s IBS division, Acotec, is also driving IBS awareness and implementation for projects in Malaysia and Singapore. Acotec’s wall panel is an environmentally-friendly product with certification by Green Label Singapore. The excess or cuttings from the panels can be recycled to produce new panels which minimises wastage.

MANAGING RESOURCES IN THE WORKPLACE

Beyond our efforts to ‘green’ our operations in property development, construction and industries, we continue to educate and encourage our business units and employees to reduce and recycle waste consistent with good environmental practices. We have embarked actively to reduce wastage of electricity and water consumption as well as adopted a systematic approach to reuse materials over their entire life cycles.

Energy Management



Atria’s sensor-based escalators stop when not in use.



Atria uses LED energy-efficient lights.



Atria uses a Building Control System to optimise energy usage efficiency in the building, such as Air Conditioning and Mechanical Ventilation (“ACMV”) and lighting.



You Vista has photo and motion sensors connected to lights and fans in common areas which will automatically switch off when no one is around.



SGI VC’s Melaka property is fitted with Variable Refrigerant Flow (“VRF”) air-conditioning system and solar energy to heat water.

Water Conservation



Our green property projects feature rainwater harvesting systems that reduce potable water consumption by 50%.



Potable water consumption for landscape irrigation has also been reduced by 50% via the use of native and adaptive plants.



Facilities at Atria’s toilets are fitted with sensors that control water volumes.



Other energy saving or energy-efficient amenities at our buildings include:

- Low-flow sink and bathtub faucets, showerheads and toilets at our hotels.
- Dual-flush valves on water closets that provide a full flush and optional half flush.
- Lavatory/sink aerators with more restrictive alternatives.
- Using higher-efficiency plumbing fixtures.

ENVIRONMENT

RECYCLING FOR BETTER WASTE MANAGEMENT AND CONSERVATION OF RESOURCES

Waste management is one of the 10 most material matters for the Group and is the only issue identified under the Environment pillar. Underpinning this effort is our practice of the 3R principles of 'reduce', 'reuse' and 'recycle'.



The 3R programme has been implemented across our offices and in properties under our management. Recycling bins are prominently placed at:

- Atria Shopping Gallery
- Faber Towers
- OSK headquarters in Plaza OSK
- SGI hotels and SGI VC properties
- Project Sites



**OSK
Group**



2,012.9 kg
of recyclables



emission
reduction of
1,091.1 kg



We partnered with iCycle Malaysia, a waste separation and recycling solutions provider, who managed the collection of recycled items and analysed our impact to the environment over the course of the campaign.



In FY2018, we embarked on a group-wide recycling campaign which was aimed at embracing the concept of recycling the right way and to take the necessary steps in managing our waste responsibly, individually and as a company.

We partnered with iCycle Malaysia, a waste separation and recycling solutions provider, who managed the collection of recycled items and analysed our impact on the environment over the course of the campaign. They also ensured that the items were sorted and recycled properly by certified end-recyclers.

As at the end of December 2018, the Group recorded a total collection of 2,012.9kg of recycled items which was equivalent to a reduction of 1,091.1kg of carbon dioxide emission.

As part of the Company's move towards reducing our environmental footprint, Atria also participated in the global Earth Hour movement as a stand against climate change. In March 2018, Atria went dark in light of Earth Hour by switching off its exterior façade and other non-essential lights for one hour. Shoppers were also invited to show their support via the Earth Hour Glow Party, which offered shoppers especially children a unique experience with a string of activities, which were held in the dark.



SOCIAL



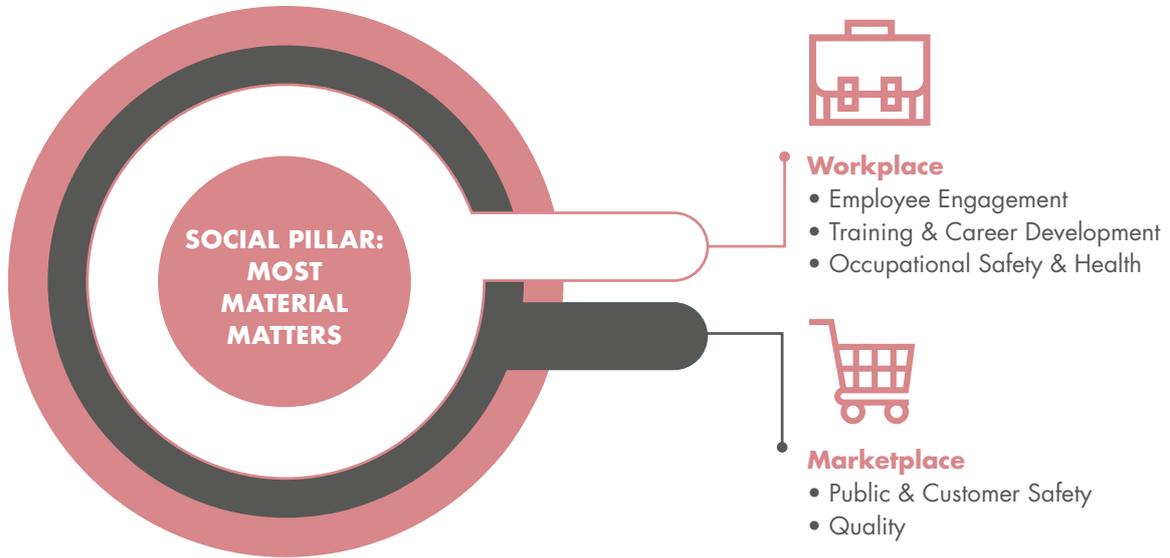
OSK's operations and activities have considerable social impacts on the workplace as well as marketplace.

As an employer with a 2,000-strong workforce, we are responsible for the job security, career development and health and safety of all our employees. Furthermore, due to the nature of our businesses in property, hotels and industries, we are also responsible for the products and services provided to our end customers.

Half of OSK's 10 most material matters fall under the social pillar of sustainability, indicating the relevance and significance of this dimension to our stakeholders.

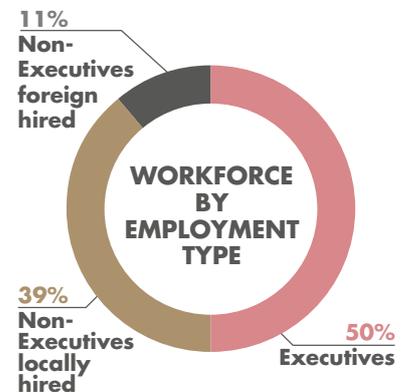
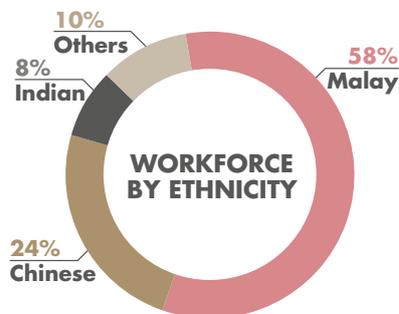
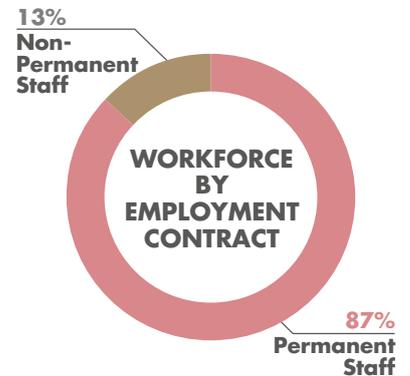
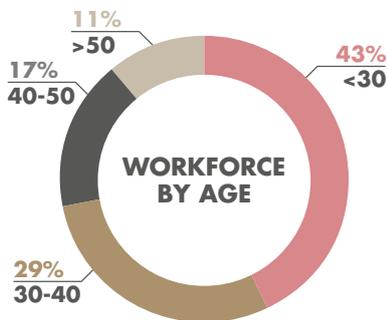


SOCIAL



Diversity and Inclusion

The Group is committed to creating an environment that celebrates individuality and diversity as we believe that a wide band of inclusion provides the Group with deeper cultural awareness, ideas exchange which will in turn contribute to the growth of the businesses. In FY2018, OSK had a roll call of 2,170 employees (FY2017: 2,302) and our diversity and inclusion performance is listed as follows:



SOCIAL



OSK Group organised a workshop on fitness and self-defence education to raise awareness on the importance of personal wellness and self-defence in conjunction with International Women's Day.

OSK Implements Staggered Hours for Employees

Arising from the feedback from employees and management's further deliberation, OSK introduced a staggered hours system to provide employees with greater flexibility to meet their personal obligations. Employees can now attend to family matters or avoid congestion by choosing one of two options available to employees based at OSK's headquarters in Plaza OSK.

The Group is mindful that the improved flexible work arrangements will better promote work-life balance through modification of weekly working hours, especially for parents or caregivers to elderly parents which make it convenient for them to manage their daily routine without compromising working hours.



Benny from SheFights sharing some practical lessons on fitness and self-defence

Self-Defence Techniques for Ladies

The Group organised a workshop on fitness and self-defence to raise awareness and educate on the importance of personal wellness and self-defence in conjunction with International Women's Day.

Conducted by SheFights, an organisation which strives to empower women through self-defence, our female employees who participated in the programme were taught basic self-defence techniques that can be used when they face threats or are in danger. The participants learned techniques such as the bear hug escape, front choke escape, hair pulling escape, kicking and striking. More importantly, the workshop promoted the importance of having the right mindset to avoid danger by staying alert, aware and focused at all times.



The ladies learnt a few basic self-defence techniques

SOCIAL

Materiality Matter: Employee Engagement

OSK engages employees on a regular basis to seek their views on a broad range of issues from the work environment to employee feedback. Some of the business units also hold regular townhall meetings with their employees. Such input not only fosters better ties between all tiers of employees, but also aids in decision-making by the management.

Our Human Resources teams also carry out numerous surveys among employees each year to provide management with ideas and insights from the ground. These surveys are reviewed by management with action plans being formulated as required to tackle the issues that surfaced. During the year under review, OSK’s group-wide engagement index was 68.6% (FY2017: 78.3%). The drop in engagement levels is partly due to a restructuring of the survey questions which removed a portion of the questions that were utilised in the previous year’s survey. Nonetheless, these results are still higher than the Global Engagement Index score which was at 65.0% for FY2018.

OSK and its subsidiaries held several activities throughout the year to bring together the management and employees. The following are some highlights in FY2018:



Yoga Mondays



OSK Group Annual Dinner: Magical World of Fantasy



OSK Group Bowling Tournament



OSK Movie Nights

SOCIAL

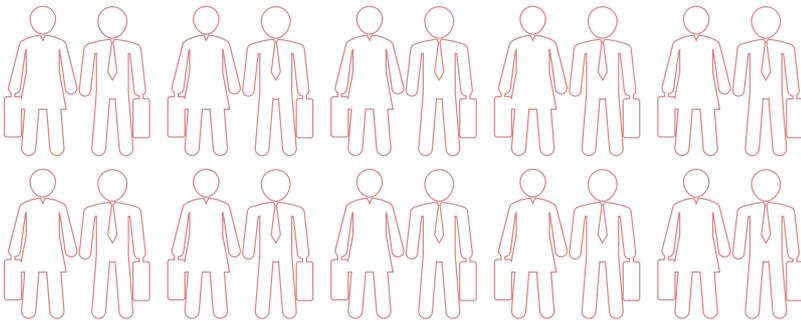
Materiality Matter: Training and Career Development

OSK employees are given ample opportunities for career development, as reflected by the Group’s emphasis on knowledge acquisition and skills development through training.

During the year under review, we invested in various training programmes in order to enhance our employees’ abilities and capabilities to cope with the rapid changes and new trends surfacing at both domestic and international levels.



Employee Training 2018



Employee participation in training **3,127**

Total number of training hours **15,032**

Leadership Development Programme for Group Leaders 2018-2019

A total of 18 group leaders participated in a 3.5-month learning journey, an outcome of focus group discussions with the respective CEOs/COOs using the OSK Leadership Competency Framework.

The programme was launched by our Group Managing Director on 22 October 2018, with its first module completed on 1 & 2 November 2018 and second module on 22 & 23 November 2018.

We have a Leadership Competency Framework in place to nurture leadership qualities and to better equip our employees to drive business performance as well as generate business continuity.

Leveraging on our internal capabilities to develop our employees, we introduced an initiative called “Leaders as Teachers”. These trainings were aimed to build ownership among Senior Managers to develop their teams in line with our People Driven value.

It was further aimed to facilitate knowledge transfer, improve employee engagement and systematically build a culture of continuous learning and development. In FY2018, we conducted 127 job-specific training for all levels of employees, out of which 25% of them were delivered by our senior managers.

In the interest of improving the quality of our training, we have put in place a training evaluation process in FY2016 and set a target to achieve a benchmark score of 75. We have achieved an average score of 85 in FY2017 and FY2018, exceeding the set benchmark by 10 points.

The 3.5-month programme was designed to address a number of competencies including self-mastery through reflection, emotional intelligence required to inspire performance, cultivating networks and partnerships, and also coaching and developing others.



18 group leaders participated in a **3.5-month learning journey**

SOCIAL

Materiality Matter: Occupational Safety and Health

Ensuring a safe and healthy workplace is a top priority at OSK, where our practices are benchmarked against legislations and regulations which include the Occupational Safety & Health Act, Factories and Machinery Act and Occupational Health and Safety Assessment Series. At OSK, occupational safety and health is managed at both company and subsidiary levels as the safety measures to be taken across our different business divisions differ according to the nature of their businesses.

The Group and subsidiaries carry out the following on a regular basis:



First Aid Certification Awarded to OSK Group Safety & Health Committee

A group of 35 members from OSK Group’s medical team and safety & health committee received certificates to acknowledge them as members of the First Aid Team. They attended a 2-day Basic Occupational First Aid, Cardiopulmonary Resuscitation and Automated External Defibrillator (CPR & AED) training course in Plaza OSK, as a preparation for them to respond to and prepare for emergencies. This training also adhered to the Group’s Occupational Safety and Health Administration (“OSHA”) guideline which requires trained personnel to administer first aid in the absence of medical professionals.

Ergonomics at the Workplace

Ergonomics and workplace are always the most talked about subject amongst office workers. In a workshop attended by over 50 employees, OSKians learned about ergonomics and its relationship to a productive working environment. Held in conjunction with the World Day for Safety and Health at Work, ergonomics or workplace wellness seeks to adapt work or working conditions to suit people in their working environment. The workshop delved into how one can prevent and reduce discomfort and injury at the workplace due to incorrect postures and wrong configuration of computer workstations as well as a series of stretching exercises that are easy for the employees to do at their workstations.



Staying Mentally, Physically and Emotionally Healthy

The Group organised a lunch talk on “Self Care: Caring for My Mental Health” by Befrienders KL which focuses on the early signs of mental health stresses as well as tips to manage stress and overall emotional well-being.

At OSK Group, we are supportive of health and wellness initiatives for our employees for the many positive business benefits it offers, which include greater productivity, improved job satisfaction, and better quality of life.

SOCIAL



Measuring Performance

OSK has instilled a performance-based culture in order to drive productivity and catalyse human capital development. Performance of our management and employees are measured using a mixture of the balanced scorecard (“BSC”) methodology of assessing KPIs and reviewing core values and competencies.

All executive-level employees and above are assessed against their KPIs along with a review of their core values. The BSC accounts for 60% of their evaluation while the core values account for the balance 40%. Non-executives are assessed 100% on core values. Our annual performance management period runs between 1 January and 31 December each year.

At OSK, we encourage the recognition of our employees for their contributions and celebrate their successes. Remuneration and increment allocations are aligned to market surveys while the bonus pot allocations depend on the financial indicators of the business divisions and the Company’s performance as a whole. Some of our business units also hold their own awards nights to celebrate successes with their respective teams.

Human Rights

OSK is fully committed to operating in an ethical and responsible manner. As a conglomerate which is involved in diverse businesses, the Company is committed to protect our employees’ rights and provide a workplace that is safe, healthy and secure. OSK is committed to respect labour rights principles in accordance with the relevant Malaysian labour laws.

Our stand on human rights places emphasis on treating everyone at OSK and everyone with whom we come into contact with fairness, respect and dignity.

MARKETPLACE

OSK has numerous touchpoints with customers and members of the public due to the nature of our businesses. Therefore, we are accountable for the safety and quality of products as well as efficiency of service delivery to our customers.

Materiality Matter: Public and Customer Safety

We place a premium on the safety of our customers, in particular at Atria and our Swiss-Garden International chain of hotels and residences.

Atria strives to offer our customers a safe and secure location for shopping and dining experiences. Atria features amenities for the disabled, which includes dedicated parking bays and ramps for easy access. It also offers single female drivers designated parking slots in the immediate vicinity to entrances. In addition, there are panic buttons in selected pillars of the car park in case of any emergencies or untoward circumstances. Meanwhile, we also have safety signs throughout the mall e.g. escalators and toilets to create awareness to shoppers on potential safety hazards. Atria also conducted a fire drill together with its tenants to ensure that everyone is aware of the steps to take in case of a fire incident.

Similarly, the safety and health of guests and visitors at all Swiss-Garden premises are of utmost priority apart from ensuring their comfort. The lifts in the city hotels require key card access, ensuring our hotel guests are the only visitors who are able to gain entry onto their respective floors. All our hotels are installed with CCTV cameras in strategic locations while our security personnel conduct 24-hour patrolling of the premises.

SOCIAL

Materiality Matter: Quality

Quality is a cornerstone of our business offerings to customers, whether they are properties, building materials or hospitality services. OSK is committed in ensuring quality and reliability in everything we do.

Our Quality Commitment

CERTIFICATION	DESCRIPTION
ACOTEC	
BS 476:Part 22:1987	Product Listing Certificate
Sijil Pemasangan Keselamatan Kebakaran	Concrete Hollow Core Panel (Infilled)
IBS Status Manufacturer	Sistem Konkrit Pratuang: Hollow Panel
Quality Management System (ISO 9001:2008)	Manufacture of Precast Concrete Wall Panel
Singapore Green Label	022-020-0274 "Eco-Friendly Building Material"
Environmental Management System (ISO 14001:2004)	Manufacture of Precast Concrete Wall Panel
OCC	
Quality Management System (ISO 9001:2008)	Design and manufacture of low and medium voltage power cables
Loss Prevention Certification Board	Fire-Resistant Cables
TUV SUD PSB	Various product ranges
SIRIM QAS International	Various product ranges
Jabatan Kerja Raya Malaysia	Various product ranges
Tenaga Nasional Berhad	Various product ranges
OSKP	
Quality Management System ISO 9001:2015	
OSKC	
Quality Assessment System in Construction ("QLASSIC")	
SGI	
ISO Certification 9001:2015 Provision of hotel management services	

Our construction subsidiary, OSKC achieved a 5-Star CIDB Malaysia Safety and Health Assessment System in Construction ("SHASSIC") score of 88% for its high rated Safety, Health & Environment compliance in document check and site/workplace inspection during the year under review. With the score of 88%, OSKC has also received the client's appreciation award from Business Unit 1 of Sime Darby Properties for the Development of Rimbun Sanctuary at Bukit Jelutong L2.

OSKC also achieved the following certifications:

- Quality Management System (ISO 9001:2015); and
- Occupational Health and Safety (OHSAS18001:2007) – Provision of Construction Services for Building Works.

In FY2018, OSKC introduced its own quality management system, OSK Quality Standard ("OQS"), an internal quality measurement method in line with the

quality standards set by the Construction Industry Standard (CIDB – CIS 7 Standard and BCA – CONQUAS Standard). The establishment and continuous upgrade of OSK's quality standards serves as a benchmark to deliver quality products to our internal and external customers. As a testament to this commitment, OSKC obtained a QLASSIC score of 82.8% for the Iringan Bayu show units while the residential projects at Emira and Rimbun Sanctuary were granted a post assessment score of 80.3% and 80.0% respectively.

SOCIAL

Customer Engagement

OSK engages with our customers on a regular basis in order to build relations and provide an avenue for feedback on our products and services. Through these interactions, we are better placed to improve customer experience while providing quality products and efficient service delivery. During the year in review, we held many events for customer engagement.



Luminari Merdeka colouring contest winners with their prizes



Children showing off their skills at Iringan Bayu's Kids Talent Competition



Children working on their masterpieces at Ryan & Miho's colouring contest



1st Anniversary Celebration of Atria-ADFM Community Corner



The public took part in TimurBay's Feel Seoul Good activities

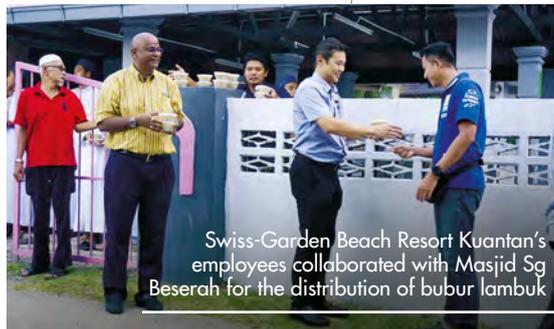
SOCIAL



Atria Makan Fun Run 2.0 was organised to bridge relationships with its customers and neighbouring community



SGI VC organised an Interval International workshop for its members



Swiss-Garden Beach Resort Kuantan's employees collaborated with Masjid Sg Beserah for the distribution of bubur lambuk



Atria Grand Draw offered prizes worth more than RM100,000 to its shoppers

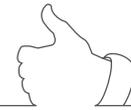


Swiss-Garden International Berbuka Puasa Event with Malaysian AIDS Foundation



Representatives from Atria and members of the Damansara Jaya community engaged in a dialogue session

GOVERNANCE



Good governance is considered a backbone of sustainability since it revolves around the processes for making, implementing and monitoring decisions.

As a general observation, companies anchored in the principles of corporate governance are better placed to create value for their stakeholders and this would eventually result in business growth and corporate sustainability.

It is for this reason that OSK has included Governance as a pillar of sustainability.

At OSK, we consistently review our governance policies, processes and practices to ensure they can evolve in tandem with international standards and industry best practices.

 At all times, we comply with all legislations and regulations on corporate governance, which is comprehensively detailed in our Annual Report 2018.



GOVERNANCE

PROMOTING SOUND BUSINESS ETHICS

Three of the Group’s most material matters fall under the Governance dimension: Business Ethics, Risk Management and Transparency.

OSK is committed to carrying out its business activities with integrity, consistent with the values of the Group.

In FY2018, we further enhanced our Code of Conduct and Business Ethics which is in the midst of being cascaded down to all employees through engagements and via our employee portal. We also launched the Personal Data Protection Policy in Bahasa Melayu (“BM”) version so that our BM-speaking employees are able to understand and adhere to the policy.



OSK is committed to carrying out its business activities with **integrity**, consistent with the values of the Group

MANAGING RISKS AND OPPORTUNITIES

OSK has in place a comprehensive risk management framework that we believe can help us identify, evaluate and minimise our business risks while also being able to take advantage of potential opportunities. With regards to sustainability, we seek to find a balance between business gains and the impact on the environment and society.

OSK has in place a GMRC to assess opportunities and its role is supported by our business units. The GMRC reports directly to the Risk Management Committee at the Board level.

In FY2018, the Group Risk Management (“GRM”) team conducted Group-wide awareness workshops which incorporated an introduction to basic risk management terminologies, methodologies and case studies.

As part of the implementation of a revised risk management framework and methodology, the GRM team co-organised a ‘Risk Management Approaches and Methodology’ training session with OSKP’s Quality Assurance/Quality Control team. The training covered a range of topics including an introduction to risk management, the risk management framework, risk registers, impact parameter, likelihood rating and risk treatment options. The training was attended by the key management teams from the northern and central regions.

The Company acknowledges the importance of systems and data integrity. As such, the GRM team worked with the Group Information Technology and Business Process teams to kick-start the Disaster Recovery Planning project. The first phase was completed with the documentation of key IT systems backup and recovery manuals for all business and functional units.

The GRM team also conducted a pilot project for the Risk Control Self-Assessment exercise with the management team from OSK Capital to identify areas of potential risks and opportunities for improvement.

Greater insights are available from the Statement of Risk Management and Internal Control, which forms part of OSK’s Annual Report 2018.

ENSURING TRANSPARENCY AT ALL LEVELS

OSK encourages whistleblowing to ensure our people always stay within the boundaries of ethical and professional behaviour. We have established a structured process for employees and members of the public to disclose any offences or malpractices related to our business dealings, operations and other activities through our Whistleblowing and Fraud policies.

Our Whistleblowing policy can be viewed at our website <http://www.oskgroup.com/corporate-governance/>.

COMMUNITY



OSK is a driving force for community empowerment and upliftment as we believe in the sustainable concept of growing together.

In this regard, our efforts extend beyond philanthropy to a more holistic and effective form of community development best described by the quote: "Give a man a fish and you feed him for a day; teach a man to fish and you feed him for a lifetime".

In order to achieve this, we set out to reinforce the foundational blocks of life and learning for selected segments of society.

Essentially, this involves improving conditions for those struggling on a basic level so they have the necessary breathing space to focus on learning and earning a living. At the same time, we also supplement access to knowledge and skills, particularly for those who need it the most.



COMMUNITY

OSK FOUNDATION: PROVIDING A SOLID BASE

OSK Foundation (“OSKF” or “the Foundation”) was established in May 2015 as the philanthropic arm of OSK Group to consolidate and further enhance the Company’s on-going commitment towards contributing to the well-being of our community. Every year, OSK allocates up to 0.5% of its net profit to the Foundation to assist and promote the causes that we are running or have adopted. It is the Foundation’s commitment for the disbursed funds to have the strongest impact by ensuring that we give effectively and efficiently within our core focus areas of Education, Community Development and the Environment.

Going beyond donations associated with charitable giving, the Foundation also focuses on giving time and attention through advocating volunteerism by our management and employees.

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OSK Foundation spearheads the community initiatives for OSK within our core focus areas of Education, Community Development, and the Environment.

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OSK FOUNDATION’S FOCUS AREAS



It is managed by an administration that reports to a Board of Trustees (“BOT”), chaired by Tan Sri Ong Leong Huat and prominent corporate captains; Tan Sri Azlan Zainol, Chairman of RHB Bank Berhad and Tan Sri Dato’ Dr Michael Yeoh, President of the International Strategy Institute and the Economic Club of Kuala Lumpur.

In FY2018, OSKF supported 37 organisations and beneficiaries, some of which are highlighted in the subsequent stories:

COMMUNITY

EDUCATION: PREPARING YOUTH FOR THE FUTURE

OSKF understands the value of education as a key factor to bridge the income gap between the 'haves' and the 'have-nots' in today's socio-economic landscape. Accordingly, we channelled our efforts to inspire and to provide broader opportunities for education to students from underserved backgrounds.



The partnership between OSKF and CTG offers a personalised mentoring programme to the second cohort of 30 bright students from low income families



OSKF Closes the Gap

OSKF understands that a good education unlocks opportunities later in life. In this regard, OSKF sponsored a second cohort of 30 bright students from low income families to participate in a three-year mentoring programme by Closing The Gap ("CTG").

The programme is intended to increase the students' prospects of advancing to higher education in quality universities. The mentoring programme is the brainchild of Teach For Malaysia ("TFM") alumni members to close the educational gap between affluent and low-income students.

The programme is divided into four phases in order to build a strong relationship between mentor and mentee, to provide personalised support to mentees in identifying their interests, and to expose them to opportunities.

During the launch on 8 February 2018, OSK's Group Managing Director, Mr. Ong Ju Yan shared on the importance of education as well as his own pearls of wisdom with the students.

COMMUNITY

Inspiring Students on Education

OSKF has been an avid supporter of TFM for several years based on a shared appreciation of the benefits of bringing together high-performing professionals and graduates to empower high-needs students from challenging socio-economic backgrounds.

In FY2018, OSKF sponsored one TFM Fellow to serve as a full-time teacher on a two-year tenure. In addition, one of our OSK senior management also co-taught at one of these high-need schools during the TFM Week.



TFM fellow in action at school



OSK Group's Executive Director, Dato' Saiful took on the role of a 'teacher' as part of TFM Week.

Teacher for A Day

OSK Group's Executive Director Dato' Saiful Bahri Zainuddin spent half a day teaching 35 Form Two students at a high-need school in Klang as part of TFM Week. Dato' Saiful, in co-teaching a history class, had a clear and simple goal and that was to inspire students to pursue education with drive. Following the history lesson, Dato' Saiful also shared his journey of becoming a successful leader by stressing the importance of teamwork and not giving up easily while also leading a balanced lifestyle.

OSKF Continues Scholarship Programme for TAR UC Students

As a continuity from our last report, OSKF once again provided full scholarships to another seven students from Tunku Abdul Rahman University College ("TAR UC") in FY2018 to pursue their Diploma courses in various Business Studies majoring in Accounting, Business Administration, E-Commerce & Marketing, and Finance & Investment.



TAR UC students and OSKF representatives at the presentation of the scholarships

OSKF's CEO, Ms Cheryl Ong presented the scholarship certificates to the students during a ceremony at Plaza OSK witnessed by OSK Group's Executive Chairman Tan Sri Ong Leong Huat and representatives from TAR UC led by Vice President of Student Affairs and Quality Assurance Dr Chook Ka Joo.

In line with the philosophy of paying it forward, scholarship recipients are required to undergo a minimum of 20 hours of voluntary community service each semester with the objective of instilling the practice of giving back to society and becoming well-rounded individuals.

COMMUNITY



Engineers from "Liter of Light" showed volunteers how to assemble the solar-powered lights



350 villagers from Kampung Ulu Tual B in Pahang benefited from the "Liter of Light" initiative

Villagers are now able to do more at night with the help of the solar-powered lights



During the installation, the volunteers also turned educators by sharing functional knowledge on the solar lights to enable the villagers to be self-sufficient in repairing and maintaining the lights.

COMMUNITY DEVELOPMENT: EMPOWERING THE ORANG ASLI

OSKF perceives empowerment as an intrinsic component of sustainability as it provides others with the tools to be masters of their own destiny. In doing so, they are able to participate in socio-economic activities on their own and subsequently contribute to the economy and society. In FY2018, a few of our efforts were focused on enhancing the social well-being of the Orang Asli ("OA") community.

Lighting up Lives with OSK

OSK participated in the "Liter of Light" project to transform the lives of 350 villagers at Kampung Ulu Tual B in July 2018. "Liter of Light" is an initiative designed to provide remote rural communities without access to electricity supply with lighting via cost-effective, solar-powered lights for use after dark.

35 volunteers from OSKP and OSKC, together with support from the "Liter of Light" team, embarked on a two-day journey to install 60 solar-powered lights at the Orang Asli settlement. On the first day, our volunteers were taught how to build solar-powered lights from scratch out of a plastic bottle, installing a simple circuit, micro-solar panel, LED bulb and a battery.

Volunteers celebrating the completion of the house in three days



COMMUNITY

Creating Greater Access to Early Education for Orang Asli Children

OSKF through a three-year collaboration with Persatuan Kebajikan Suara Kanak-kanak Malaysia ("SUKA") Society via the Empowered2Teach programme, sponsored the setting up and funding of a pre-school Kelas Komuniti Asalnika in Kampung Pos Musuh, Tapah, Perak. Empowered2Teach is a programme by SUKA which aims to empower the indigenous community to start their own pre-school classes by equipping them with the materials and training for the teachers. This programme was intended to prepare the pre-schoolers with the basic foundation needed to work towards completing their formal education.

In line with this programme, OSKF also sponsored the school syllabus and stationeries to six other OA pre-schools in Slim River, Gopeng, Gerik and Gua Musang. To date, 115 Orang Asli children aged between four to six have benefited from this programme.



115 children have benefited from the Empowered2Teach programme



Various methods and techniques are used to teach the students



The children learn through interactive activities

EPIC Home Building Effort for the Orang Asli

OSKP and OSKC leaders turned out in full force to build a new home for an Orang Asli family in Kampung Orang Asli Serendah together with EPIC Homes. A total of 34 volunteers lent their time and effort for 'The Epic Build 2.0' to build the home for a family of five in three days.

The 640 sq. ft. six-module house features a foyer, two bedrooms with doors, kitchen, ceiling storage and a living room. The new home marks a significant improvement in living conditions for Airy and his family. This is the second home that OSK Group has supported through this initiative.



Airy and his family of five receiving the keys to their new home

COMMUNITY

OTHER COMMUNITY EFFORTS

In FY2018, the Group and OSKF also carried out many other activities towards the betterment of the community. Some of the highlights are featured in the stories below:

Gifts of Hope Bridges Communities

Our Gifts of Hope programme serves as a platform for OSK employees to participate in the Group's Corporate Social Responsibility ("CSR") programmes through contribution towards a donation drive as well as volunteering at the festive gatherings with the beneficiaries. The programmes are carried out during the four major festivals in Malaysia namely Chinese New Year, Hari Raya Aidilfitri, Deepavali and Christmas.

In FY2018, Gifts of Hope reached out to over 200 beneficiaries through different charity homes and associations in support of children, single mothers and the elderly from underserved communities.



OSKF's group of volunteers celebrated Chinese New Year at Great Heart Community Centre, Klang with single mothers and their families



OSKF through its Gifts of Hope initiative gave a festive Buka Puasa treat to 15 single mothers and their families from SURI, a social enterprise that strives to empower low-income single mothers by providing them with an avenue for additional income

COMMUNITY



OSKF was delighted to share the joy and celebration of Christmas with children from Praise Emmanuel Children's Home and Rumah Shalom



OSKF volunteers brought Deepavali cheer to the elderly, single mothers and their families as well as children from Persatuan Kebajikan Kanak-kanak Kajang

OSKF adopted Cik Coklat, a 3D fibreglass life-sized baby elephant sculpture by Yusof Gajah



OSKF Speaks Up for Palliative Care

OSKF came out in support of Hospis Malaysia's 'Speak Up - There's an Elephant in the Room' campaign, which aimed to create awareness on the importance of planning palliative care for patients with life-limiting illnesses. The Foundation sponsored Cik Coklat, one of ten 3D fibreglass life-sized baby elephant sculptures produced for this campaign.



The colourful elephants are the face for "Speak Up - There's an Elephant in the Room" campaign by Hospis Malaysia



COMMUNITY

To us, CSR is much more than just a programme. It is integral to who we are and how we do business. It is inherent in our culture and values, which are ingrained in our business strategy and daily operations, and championed in every part of our organisation across business units. Our business units are encouraged to engage with the communities in which they operate.

Below is a snapshot of some of these community engagements and activities organised by our business units in their local communities:



SGI VC teamed up with Developing Youth Organisation in "Once Upon a Chef with SGI VC", an educational cooking workshop with children from Hiichiikok Foundation and Rumah Sayangan



Swiss-Inn Sungai Petani hosted a Christmas Luncheon for 12 senior citizens from Gospel Methodist Church.



Swiss-Garden Beach Resort Kuantan contributed household items to Casa Harapan Shelter for Children and Women



Liter of Light



[HTTPS://WWW.THEINCITEMENT.COM/OUR-
WORK/LITER-OF-LIGHT.HTML](https://www.theincitement.com/our-work/liter-of-light.html)



Impacted the lives of
350 ORANG ASLI
VILLAGERS at
Kampung Ulu Tual B, Pahang

35 VOLUNTEERS
from OSK Property &
OSK Construction



Installation of
**60 SOLAR-
POWERED LIGHTS**
made out of a plastic bottle,
a simple circuit, micro-solar
panel, LED bulb and
a battery

MOVING FORWARD

With every new undertaking, we always learn on the job. In the last three years, OSK has consistently found new ways and ideas to generate sustainability in our approach to business.

The lessons we have learnt during this period have given us the insights to sustain our efforts in clearer and better ways. Going forward, we will continue to make the necessary adjustments to our sustainability endeavours in order to be more effective and efficient.

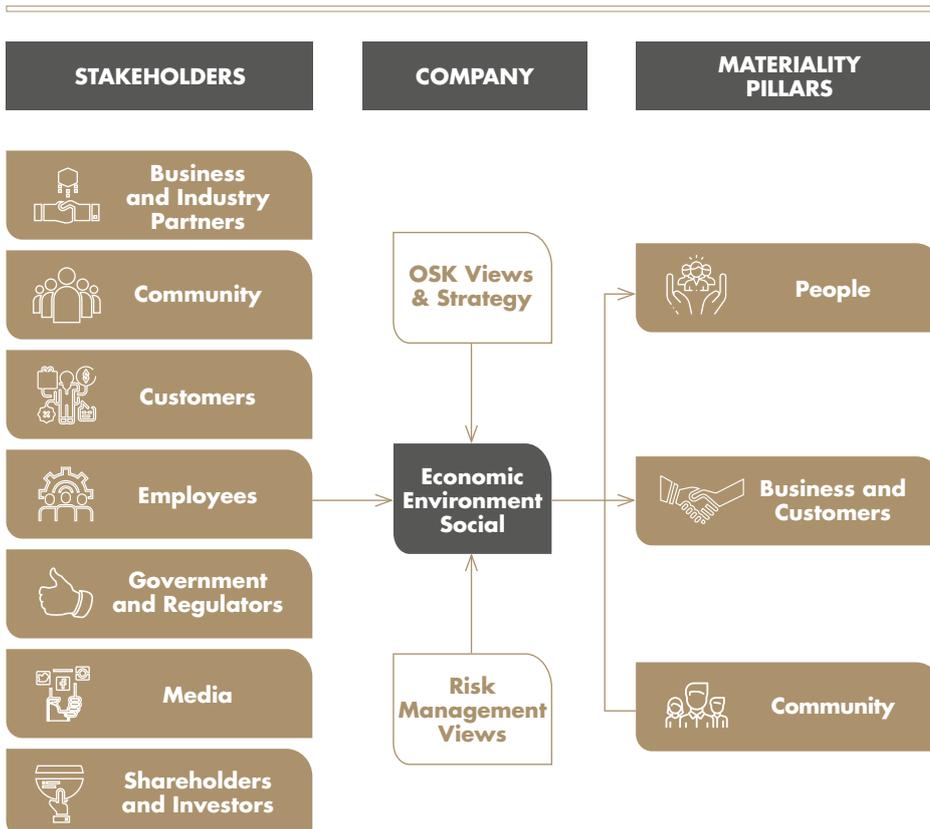
ADJUSTING OUR SUSTAINABILITY FRAMEWORK

Achieving corporate sustainability is a challenge that brings together people, plans and processes. At the heart of this is a sustainability framework balanced between the collective aspirations of the Company and the disparate expectations of its various stakeholders.

In simple terms, the framework maps a company's business and risk management strategies to their impact on the economic, environmental and social priorities of the stakeholders. Yet like most nascent undertakings, there is always room for improvement with existing plans and processes often requiring adjustments and refinements to account for changes caused by internal corporate priorities or external market forces.

In FY2018, we carried out a review of our sustainability action plans and noted that our efforts for sustainable development were spread uniformly across all five business divisions although the two core segments of Property and Financial Services formed the bulk of OSK's business. Accordingly, we have decided to place more focus on key sustainability initiatives and efforts on these two dominant core businesses starting from FY2019. In FY2019, OSK will also be adopting a new sustainability framework to better focus our initiatives in the years to come.

NEW SUSTAINABILITY FRAMEWORK



MOVING FORWARD

THIS WILL BE SUPPORTED BY OUR INTENTIONS TO:-

1. Conduct a new Materiality Study

We are set to review our most material matters in order to refine what matters most to OSK and our stakeholders. The exercise will include conducting surveys, evaluation of results and the subsequent development of a new materiality matrix and the identification of key material matters for the Group.

2. Align to Group’s Enterprise Risk Management Framework

We will work together with the GRM team to align the new materiality matters for sustainability where possible with the Group’s risk matters. In this way, KPIs and initiatives for both sustainability and risk management can be appropriately focused on the same or similar objectives.

3. Explore the adoption of suitable United Nations’ Sustainable Development Goals (“SDGs”)

We are in the early stages of assessing the 17 SDGs to determine their relevance and inclusion in our sustainability initiatives.

As we head into another year in our journey towards sustainable development, OSK remains committed to embedding sustainability into our corporate culture and conduct. We are confident that the steps we are taking now will have a positive impact on the Group and all our stakeholders in the years to come.





Closing The Gap



WWW.FACEBOOK.COM/CLOSINGTHEGAPMALAYSIA



OSK Foundation sponsors the second cohort of **30 STUDENTS** from 8 schools



83% of our second cohort are from households with monthly income below RM4,000



CTG programme is delivered through **MENTORING, WORKSHOPS AND RESIDENTIAL CAMPS**



Closing the Gap is a social initiative that **EMPOWERS BRIGHT STUDENTS** from under-represented backgrounds with the **KNOWLEDGE AND SKILLS** to enter quality universities and achieve their fullest potential

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