#### GAMUDA BERHAD 197601003632 (29579-T)

# **Sustainability Report**

# Build Right. For Life.

WE EMBRACE OUR UNIQUE RESPONSIBILITY AND ABILITY TO SHAPE THE STRATEGY FOR ENVIRONMENTAL AND BIODIVERSITY CONSERVATION AT THE DESIGN, PLANNING AND CONSTRUCTION STAGE. IT IS OUR MISSION TO ENSURE THE EMISSION REDUCTION PLAN IS INCORPORATED INTO A CITY OR A DEVELOPMENT TO ALLOW GREENHOUSE GAS REDUCTION TO BE ADOPTED SEAMLESSLY THROUGHOUT THE PROJECT DEVELOPMENT LIFE CYCLE. THAT WAY, WE DOUBLE DOWN ON OUR EFFORTS BY HELPING THE RESIDENTS OF OUR BUILT ENVIRONMENT AND THE USERS OF OUR INFRASTRUCTURE IN LOWERING THEIR RESPECTIVE CARBON FOOTPRINTS TOO.

Gamuda has accumulated years of experience in fostering positive change and legacies in the economic, environmental, social and governance sphere. Gamuda Parks is the umbrella programme encompassing our efforts in biodiversity and nature conservation and preservation, which are crucial in creating wildlife corridors to mitigate human-animal conflict while protecting endangered wildlife species. An arboretum was established by drawing on the native knowledge of *Orang Asli*, or indigenous people, and the scientific research of arborists to cultivate plant and tree species that suit the habitat, and where appropriate we revive endangered species or reintroduce native species. These trees will later be replanted at our future development sites under the Advance Tree Planting initiative.

We are taking strong guardianship of the Paya Indah Discovery Wetlands to conserve the biodiversity of this natural sanctuary and raise public awareness about the importance of wetlands, which are the habitats to an estimated 90% of the living species in the world.

As a leading engineering and construction company, Gamuda continues to play a prominent role in social enhancement with appropriate training, development, and exposure to our employees, supply chain, stakeholders, and community. We constantly upskill our workforce and contractors to match the increasingly sophisticated infrastructure projects that we embark on, and we often set up specialised training centres that cater to the niche requirements of our undertakings. From the Gamuda Plant Operator School, which raises the competency of machine plant operators, to the Tunnelling Training Academy and BIM Academy, we have partnered with global experts from Siemens, Bosch to Herrenknecht to equip our workers and other industry participants in Malaysia with the best know-how in infrastructure building. With a great emphasis on safety, we have been leading the Malaysian construction industry standards with the establishment of the KVMRT Safety Training Centre.

Gamuda's strengths lie in innovation. This is reflective in Gamuda's cutting-edge projects, the latest of which will be the upcoming Penang South Islands. It is not just a low carbon development; the smart industrial park will be powered by renewable energy, and we are incorporating low carbon mobility into the masterplan to encourage the usage of more bicycles and water transport instead of fueled-vehicles. Our innovations have won us international accolades. Our Autonomous Tunnel Boring Machine garnered the Technical Product/Equipment Innovation of the Year award at the 2019 International Tunnelling and Underground Space Association (ITA) Tunnelling Awards in Florida, and received recognition by the British Tunnelling Society in the category of Innovation in Tunnel Excavation 2019 Award, in New Civil Engineering Tunnelling Festival. We also received the coveted Sword of Honour from the British Safety Council last year for upholding safety and health at the workplace for the KVMRT Putrajaya Line project.

Gamuda is actively involved in circular construction, and we are finalising plans to lower our total greenhouse gas emissions over the next two decades towards low carbon by 2030 and carbon neutral by 2040 across all our operations. Corporate decisions will then be aligned with these long-term goals.

We are aware of the urgency to protect the planet against the triple crisis of climate change, biodiversity loss, and unsustainable exploitation of natural resources. The consequences of failing to do so collectively are dire. The evidence is clear that we must tackle this with greater resolve and urgency while elevating sustainability risk management to the top of our corporate agenda. There are four key material matters we are focused on – economic performance, climate action and biodiversity, innovation, and safety and health. In better managing a pandemic crisis, we have set up an internal polymerase chain reaction (PCR) testing lab to support our larger objective of ensuring business continuity.

We have now formalised our value creation strategy in the sustainability framework, anchored on three key pillars – Our People and Community; Planning, Design and Construction as well as Environmental and Biodiversity Stewardship. This is the result of our learnings throughout the journey of sustainability reporting, which has come to the fourth year in 2020.

This year, we share our annual updates on what we have done and what we plan to do to enhance sustainability in our business based on the global frameworks and goals such as the Global Reporting Initiative and the United Nations Sustainable Development Goals. This report provides our stakeholders with a summary of our programmes and efforts in safeguarding a sustainable environment for future generations.

## About This Report



#### **REPORTING APPROACH**

Gamuda Sustainability Report 2020 focuses on the sustainability strategy, current performance and future plans of the Group, namely on the material Economic, Environmental, Social and Governance aspects of business operations.

This report has been prepared in reference to the Global Reporting Initiative (GRI) Standards and aligns to the statutory listing requirements prescribed by Bursa Malaysia Securities Berhad (Bursa Malaysia).

The reporting principles covered in this report include:

Stakeholder Inclusiveness: capturing our stakeholder's expectations and concerns;

Sustainability Context: presenting our performance in the

wider context of sustainability;

Materiality: identifying and prioritising the key sustainability issues that our Group encounters;

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Completeness: reporting all sustainability topics that are relevant to our Group, and those that influence our stakeholders.

The Materials established as the reporting perimeters in this report are as stated below:

GRI 201	Economic Performance 2016
GRI 304	Biodiversity 2016
GRI 305	Emissions 2016
GRI 401	Employment 2016
GRI 403	Occupational Health and Safety 2016
GRI 404	Training and Education 2016
GRI 405	Diversity and Equal Opportunity 2016
GRI 413	Local Communities 2016



#### **REPORTING PERIOD**

This report refers to the financial year period from 1 August 2019 to 31 July 2020 (unless indicated otherwise).



#### **SCOPE AND BOUNDARIES**

This report covers all our main activities, and key business operations in Malaysia, mainly engineering and construction, and property division for which we have direct managerial control, unless otherwise specified. Accordingly, the following entities have been excluded:

- Our joint ventures and associate companies
- Our water and expressway concessions



#### **INDEPENDENT ASSURANCE**

We have obtained assurance for selected GRI Standard material matters for our current report. We acknowledge the credibility and importance of independent verification and have hereby obtained assurance on selected key sustainability indicators.

Kindly refer to page 127 for the Limited Assurance Statement



#### REFERENCES

References to 'Gamuda', 'the Company', 'the Organisation', 'the Group' and 'we' refer to Gamuda.



#### FEEDBACK

We value our stakeholders' feedback to continuously improve our reporting and sustainability practices. You are welcomed to contact us at:

- 록 gcc@gamuda.com.my
- **\$ +603 7491 8288**



### MEMBERSHIP

Master Builders Association Malaysia (MBAM)	The Australian Airports Association (AAA)	
Women in Rail (WIR) Malaysia	Construction Contractors Association (CCA) Western Australia	
Real Estate & Housing Developers' Association (REHDA)	Civil Contractors Federation (CCF)	
Malaysian Investment Development Authority (MIDA)	Committee for Economic Development of Australia (CEDA)	
Kuala Lumpur Business Club (KLBC)	Tunnelling and Underground Construction Society Singapor	
American Malaysian Chamber of Commerce (AMCHAM)	(TUCSS)	
Roads Australia (RA)	Taiwan Regional Engineering Contractors Association	
Infrastructure Sustainability Council of Australia (ISCA)	New South Wales Indigenous Chamber of Commerce (NSWICC)	



### MANAGING OUR SUPPLY CHAIN

Our supply chain has always been a pivotal part of business, especially in creating value beyond the Group. We strive to strengthen the relationship with our suppliers with continuous engagements and instilling good business ethics. Our efforts are centred on ensuring fair and transparent procurement practices through diligent evaluation.

In the last financial year, we have gone up a notch with our digital procurement platform, SAP Ariba e-procurement. The platform allows us to better manage the procurement processes from call for tender process to award. The system is auditable and ensures that the procurement life cycle is more transparent and accurate.

During the Movement Control Order (MCO) when we were working remotely, it became apparent that we had to rethink our approach to business continuity, system availability, accessibility, resilience and security. Hence, we invested in SAP S/4HANA, a new generation cloud-based enterprise resource planning (ERP) platform that will provide the foundation for the Group to current processes and build future business capabilities.

SAP S/4HANA is consistent with our move to become an agile organisation in responding to fast-changing market. Teams are built around end-to-end accountability, where accountability is driven down the leadership chain. This is coupled with ERP making timely, accurate data and analysis available for informed decision-making, and to identify opportunities for innovation and cost reduction. SAP S/4HANA also enables us to use digital tools to promote process automation; better customer engagement, using analytics to grow sales; and improving productivity and efficient use of raw materials and resources. This encourages less wastage and advocates sustainability throughout our operations.

Gamuda's principles of good procurement practices are governed by the Group Procurement Policy.

Following pre-assessment, regular performance monitoring is conducted throughout the working period upon the awarding of contracts to ensure all supply chains adhere to the necessary requirements that have been outlined and uphold their reputation and credentials beyond just product and service quality.

As part of our process to influence sustainability further into our supply chain, we are revising our evaluation criteria for vendor selection to have more sustainability-related requirements such as biodiversity, environmental management system and sustainability policies. In line with our efforts to create sustainable cities for the communities, we will be evaluating suppliers on their experience in sustainable construction such as green buildings, BIM technology and smart cities for relevant projects moving forward.

Our procurement strategy will focus on building the awareness on sustainability throughout the supply chain and forming strong alliances among vendors to better adopt sustainable construction. As a Group, we want to influence the industry especially our supply chain to better embrace sustainability in the near future.

## Sustainability Achievements

<ul> <li>EdgeProp Malaysia's Best Managed and Sustainable Property Awards 2020</li> <li>ILAM Malaysia's Sustainable Landscape Award (Gold) for Horizon Hills</li> <li>Building a Sustainable Development Award (Winner) for Gamuda Land</li> <li>These awards recognise developers and projects that are designed, built and maintained for sustainable and best-in-class property management.</li> </ul>	FIABCI World Prix d'Excellence Awards 2020 Master Plan Category (World Gold Award) for Gamuda City This award recognises the project that best embodies excellence in all the real estate disciplines involved in its creation. It illustrates concretely the FIABCI ideal of 'providing society with the optimal solution to its property needs'. Some of the key criteria include Architecture and Design, Environmental Impact, and Community Benefits.		Malaysia Landscape Architecture Awards 2020 Batu Patong Kelabit Eco Lodge – Green Initiative Award (Excellence) This award recognises programmes, events, campaigns or landscape architecture projects that contribute towards the enhancement of city greenery and community well-being.
Malaysia Technology Excellence Awards (MTEA) 2020 Winner of Augmented & Virtual Reality – Engineering for BIMAR app This award recognises and honours enterprises that lead the charge in developing ground- breaking projects, digital services, reimagined strategies and technological initiatives	<b>PropertyGuru Asia Property Awards 2020</b> Special recognition for ESG, Sustainable Design, Sustainable Construction and Building Communities This award recognises real estate developers who are relentless in their pursuit to be socially and environmentally responsible in their day-to- day processes.		<b>StarProperty.my Awards 2020</b> The Earth Conscious Award – Best Sustainable Development (Excellence) for Gamuda Cove This award goes to the development that has sustainability in mind. The winning project showcases environment-friendly elements in its planning, design and construction processes. Beyond that, the development encourages environmental sustainability as a way of life.
British Safety Council 2019 Sword of Honour Award for KVMRT (Sungai Buloh-Serdang-Putrajaya Line) This award is bestowed to companies that have demonstrated exemplary management of health, safety and environmental risks, with a five-star rating and a score of at least 92% in previous OSH audit.	<b>British Safety Council 2019</b> International Safety Award Best in Country Award for MMC Gamuda This award recognises overall 'best in class' submissions based on submissions from the same country of any industry.		<b>British Safety Council 2019</b> International Safety Award (with Distinction) for KVMRT (Sungai Buloh-Serdang-Putrajaya Line) Underground This award recognises organisations from around the world which has shown a true dedication to keeping their workers and workplaces safe.
<b>British Safety Council 2019</b> International Safety Award (Sector Awards under the Construction and Property Activities Category) for MMC Gamuda <i>This award recognises overall 'best in class'</i> <i>submissions to the International Safety Awards,</i> <i>by industry sector.</i>	EdgeProp Malaysia's Best Managed Property Awards 2019 ILAM Malaysia's Sustainable Landscape Award (Silver) for Valencia This award recognises projects and spaces that are designed, built and maintained based on sustainability criteria such as ecological and environmental values, community-oriented planning and design besides aesthetics and creativity.		<b>RISM Excellence Awards 2019</b> Contribution Towards Sustainability in Construction for Gamuda Berhad This award recognises concerted efforts in ensuring the socio-economic and environmental viability of the development by creating liveable communities and delivering value through innovation for greater environmental, economic and social impact.
<b>StarProperty.my Awards, 2019</b> Best Health and Wellness Development (Excellence), The Long Life Award 2019 for Horizon Hills This award recognises the development with comprehensive health, fitness and rejuvenation facilities. The project is dedicated to providing wellness living and is designed with a holistic approach to provide the residents with opportunities for a healthy lifestyle.		Technical Product/Equipment Innovation 2019 Innovation in Tunnel Excavation 2019 Winners are recognised by International Tunnelling and Underground Space Association and leading British Tunnelling Society New Civil Engineer (NCE) for the most ground-breaking innovation and outstanding projects in tunnelling and underground space use.	

ISO 9001: 2015
 ISO 14001: 2015

**3** ISO 45001: 2018

Forbes - The World's Best Employers 2020

The only Southeast Asia-based company to be listed onto the Top 50

The final list is composed of 750 multinational and large corporations headquartered in 45 countries based on employees feedback on the company's response to the COVID-19 pandemic, image, economic footprint, talent development, gender equality, and social responsibility.

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# Key Highlights

### ECONOMIC



### BIMAR, an Augmented Reality

application was developed to allow real-world visualisation of 3D building designs via mobile device during site inspections.

Recognised with the Malaysia Technology Excellence Award 2020.

### Autonomous

Tunnel Boring Machine uses Artificial Intelligence Control Algorithms to operate TBMs with autonomous control. Winner of the International Tunnelling and Underground Space Association in Miami & Innovation in Tunnel Excavation 2019 in London.



### **99%** Local Malaysian supplier and vendors.



 Sustainable Building Development

The Earth Conscious Award.

 Best-in-Class Property Management

ILAM Malaysia's Sustainable Landscape Award.

• The Responsible Developer

EdgeProp Malaysia's Best Managed and Sustainable Property Awards 2020.

• Best Property Development Putra Brand Award 2019.



### • Top 84 Council Overall Excellence in Upholding Health and Safety at the Work Place and Acing a Comprehensive Safety Audit

Sword of Honour 2019, International Safety Awards 2019 Distinction and Five Star Occupational Health and Safety Audit 2018.

### The First Malaysian-based company to achieve accreditation

from the Office of the Federal Safety Commissioner, the accreditation of Federal Level for work safety and health in the Australian construction sector.

• Lendlease Safety Award Completing TRX Residences Plot 1C and achieving 450,000 hours LTI-Free.

## ENVIRONMENT

- Gamuda Parks Arboretum set up to introduce and regenerate plant or tree species that suit the habitat.
- Tap on the native knowledge of indigenous people and professional studies by arborists to cultivate species in the livingtree museum.

## Guardianship of Paya Indah

**Discovery Wetlands,** a sanctuary for 244 bird species, 12 mammals and 19 reptiles; about 90% of living species in the world live around wetlands.

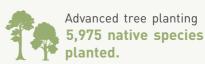
Participating in the **IUCN Red List Species Conservation** since 2018.



26 flora and
36 fauna species identified

under the IUCN Red List.

<sup>&</sup>gt;5% replanted with 14 endangered tree species.





Tree Preservation Survey

Tree planting, interactive nature board with QR code application, tree tagging and topsoil harvesting.



280,000 trees in Urban Green Reserve >1,600 acres.



As much as **35%** landscaped area in Gamuda developments.

- The Plate to Plant Campaign reduces and repurposes food waste generated throughout Gamuda's offices and developments.
- Food-composting machines collects up to 100kg of food waste daily at each Gamuda sites, which are processed into organic compost for landscapes in Gamuda developments.



### Penang's Inaugural Climate Action Week 2019

Riverside Clean-up Programme 175kg of trash was collected.



### >7,700kg of fabric waste was collected and repurposed

from Menara Gamuda, twentyfive.7, Jade Hills, Kundang Estates, HighPark Suites and Gamuda Cove.



Monthly Recycling Drive with Tzu Chi Foundation.

### SOCIAL



 COVID-19 preparedness: Gamuda started our own polymerase chain reaction (PCR) testing lab and is the first private Malaysian company to do so.

Coupled with an in-house ambulance and testing at all our construction sites, Gamuda is among the **most** well-equipped local private companies that is prepared in managing this pandemic crisis with close collaboration with the Ministry of Health.



• Developing the workforce and supply chain through **customised training programmes** such as Gamuda Plant Operator School, Tunnelling Training Academy and BIM Academy.

World-class trainings are designed in **collaboration with global brands** including Siemens, Bosch and Herrenknecht.

### English Language Unit (ELU)

to enhance the language proficiency among employees. 1<sup>st</sup> construction company in Malaysia to receive the 2019

Innovation in Assessment Award recognised by the British Council.



- Since 2017, Enabling Academy has trained 63 candidates in 7 batches, equipping them with relevant skills for employment.
- **60% of graduates** secured jobs at partner companies that share our vision for inclusive, equitable, and sustainable growth.
- Gamuda is the first private company to operate such Employment Transition Programme in Malaysia.
- Produced Malaysia's 1<sup>st</sup> Employment Transition Programme Trainer's Manual as a resource for special education teachers, vocational trainers and job coaches for people with autism and other disabilities.

### GAMUDA INSPIRATION AWARD

 Gamuda contributed a total of RM4 million to the annual Star Golden Hearts Award since 2016, providing a platform for humanitarian works expansion, recognition and

promoting the act of kindness

 and altruism in the society.
 Four winners have since received a sum channelling to the social enterprises they champion that benefit their

communities.

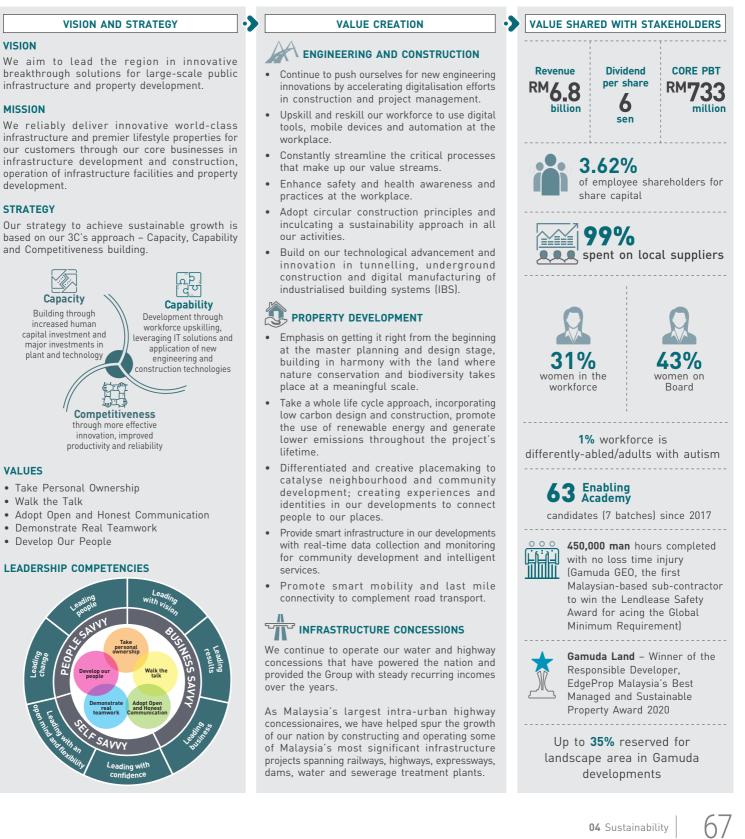
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# **Value Creation Strategy**

We have enhanced our value creation strategy with the sustainability framework – "Build Right. For Life." – that blueprints a detailed roadmap to help us achieve sustainable growth while delivering our purpose. As a builder, developer and operator, we are guided to create diverse solutions benefiting the planet, people and Gamuda's ecosystem of companies and stakeholders.

	INPUTS	ESG INTEGRATION
Financial Capital We create long-term value for our clients, shareholders, business partners and employees. Underpinned by a managerial culture that combines prudent financial management and innovative mindset, we have a business model that generates virtuous growth. We share the benefits of our performance for solid shareholder return.	RM12.6 billion Capital Employed	Build sustainable business revenue and profitability while conserving the environment and improving communities.
Organisation & Human Capital Under the pack of trust that binds Gamuda's all- round performance is our capable and dedicated employees. We invested in the human capital development cycle and have adopted a stronger framework so that our human capital is further enhanced for continuous effective contribution while aligning to integrity and transparency practices.	<ul> <li>4,284 employees (in the Group).</li> <li>Remodeled the Centralised Labour Quarters, conducted testing updated health policies, intensified cleaning and disinfection efforts, employee training and procedures in response to COVID-19.</li> </ul>	Build a forward-looking organisation that appreciates and invests in our people's professional development while ensuring their well-being. Influence the supply chain towards adopting ESG and support the local marketplace.
Manufactured Capital As a builder, developer and operator, we play a key role in the transformation of cities and regions. We endeavour to build a more sustainable world and leverage on our role as a private- sector partner working with the public interest and climate resilience in mind. By applying our core competencies, we invest in innovations and engage our network towards meaningful contributions to the UN SDGs.	<ul> <li>16 successful tunnel breakthroughs for MRT Putrajaya Line.</li> <li>Innovation of the Autonomous TBM (A-TBM), winning the Technical Product/Equipment Innovation of the Year award at the 2019 International Tunnelling and Underground Space Association (ITA).</li> <li>Sword of Honour 2019, International Safety Award Distinction and Five Star Occupational Health and Safety Audit.</li> <li>Average 58 percent (Scope 1), 96 percent (Scope 2) and 55 percent (Scope 3) lesser GHG emissions using digital industrialised building systems (IBS) construction.</li> </ul>	Build quality infrastructures and developments, with green and innovative products while creating opportunities for sustained value.
Social & Relationship Capital We integrate social responsibility issues into the Group's strategy. We value inclusive performance by being a responsible employer, business partner and community member. Hence, we place our stakeholders' best interest as part of our decision making process.	<ul> <li>Since 1996, Yayasan Gamuda has invested RM44.7 million and awarded 444 scholarships.</li> <li>More than RM4 million spent since 2016 to support the Star Golden Hearts Award and Gamuda Inspiration Award on their worthy cause to ensure continuous progress in the communities.</li> <li>Trained 63 adults with autism for sustainable employment.</li> <li>Trained 1,000 Tunnel Training Academy graduates.</li> <li>Keeping the indigenous community in Bukit Cheeding, Malaysia safe during the COVID-19 pandemic with donations of face masks and hand sanitisers.</li> </ul>	Build valued relationships with societies towards integrated partnerships and greater livability.
Natural Capital We are committed towards a circular economy to conserve and recover natural resources. The implementation of our business lines takes into the account of our stakeholders to reduce carbon footprint across the value chain with forward- looking analysis and solutions for carbon neutrality and improvement in eco-efficiency performance. We apply the 'avoid-reduce-offset' principle to our projects. We ensure integration of nature with our design aspirations and products.	<ul> <li>280,000 trees planted as part of Urban Green Reserve, covering more than 1,600 acres.</li> <li>Collaborated with the Department of Wildlife and National Parks Peninsular Malaysia (Perhilitan) in maintaining the Paya Indah Discovery Wetlands.</li> <li>Gamuda Group Sustainability Policy.</li> <li>ISO 14001:2015 Environmental Management System.</li> </ul>	Build developments that meet the needs of the present without compromising the natural resources and ability for future generations to appreciate it.

The Gamuda value creation approach encapsulates and integrates the 17 relevant United Nations Sustainable Development Goals (UN SDGs) for business and financial aspects of ESG performance. We align the five capitals with performance, value creation and specific standards. In recognising the COVID-19 pandemic that has brought the world to unchartered and challenging times, we continue to engage our valued stakeholders closely to help support the business value chain and maintain key priorities such as our employees' well-being and keeping the worksites safe.



# Sustainability Risks and Opportunities

Material matters in Gamuda Materiality Matrix have an impact on our ability to create long-term value. These matters influence the Group's management, which steers the execution of our strategy. We identify matters with risks and opportunities as part of the Risk Management Framework and our Sustainability Framework – *Build Right. For Life.* as guidance in providing solutions for sustainable urbanisation and to reduce ESG-related risks. This approach leads the performance in key focus areas in the

Gamuda Sustainability Framework Pillars	High Priority Material Matters	Sustainable Development Goals	Relevance and Risk	Where Do We See Opportunities	Strategic Response
<ul> <li>Pillar 1 Our People, Our Community</li> <li>Pillar 2 Design, Planning and Construction</li> <li>Pillar 3 Environmental and Biodiversity Stewardship</li> </ul>	Economic Performance	8 DECENTIVURE AN ECONOMIC GROWTH 9 MILLISTER INVALUE 11 MILLISTER AND ALLISTER 11 MILLISTER 11 MILLISTER 1	A large part of the Group's financial and order book development is subject to risks that are market and Government driven, intense competitive landscapes, evolving customer demands, disruptive technology and external implications of geopolitical advances. Key Risks • Market and competition risk • Financial risk • Operational risk	The Group gives high-level attention to economic performance-related risks, which are reviewed to formulate improved business strategies and responses for pre-emptive actions. This includes strategic investments on acquisitions and disposals that could have a material impact on the Group's share value. Priority is focused on margins rather than business volume as part of the Group's disciplined risk management process. The common objective across all the Group entities is to extend our presence in high value-added segments such as smart industrial parks, to strengthen internal synergies for targeted growth in the transport infrastructure projects, and accelerate international growth.	<ul> <li>Employ digital platforms for agile transformation across our lines of business.</li> <li>Stimulate organisational agility by reskilling and upskilling to higher level all-rounder competencies.</li> <li>Focus on the 3Cs - Capacity, Capability, and Competitiveness.</li> <li>Adopt targeted strategies to develop and retain talent, and achieve diversity.</li> </ul>
<ul> <li>Pillar 2 Design, Planning and Construction</li> <li>Pillar 3 Environmental and Biodiversity Stewardship</li> </ul>	Climate Action and Biodiversity	9 KURSTKY KNAWLIN KORKASTRACTICU ACTION ACTION	Climate change poses increasingly cascading threats for ecosystems, human health, and the global economy. This is in addition to the construction sector risk as it is heavily reliant on natural resources for its operations and sustained growth. Key Risks • Financial risk • Operational risk • Reputational risk • Zoonotic-pandemic related risk	Builders play an influential role in shaping the transition to a low carbon economy that is crucial to lessen climate change risks. This in turn brings new opportunities and business growth while conserving most of our natural resources. Better and more flexible adaptation strategies, policies, and measures can be put in place to reduce projected climate extremes throughout the project life-cycle analysis. This includes increasing green spaces for social and environmental integration in projects, adopting biodiversity management, and carbon offset programmes for ecological mitigation, protection, and regeneration.	Getting the right mix from the beginning at the integrated master planning and design stage, building in harmony with surroundings. Gamuda Parks to promote biodiversity conservation, enhancement and the preservation of native species. Gamuda Parks Arboretum where arborists can congregate under one umbrella with the aim to preserve and revitalise plants and trees within urban settings and to educate people to care and commune with nature. Stewardship of the Paya Indah Discovery Wetlands with the Selangor State Government will further bolster our efforts to educate the public on climate action, biodiversity conservation and coexisting with nature.

high priority material matters, aligned to the materiality within the key elements of integrated reporting and guidelines by Bursa Malaysia and Global Reporting Initiative (GRI). We undertake well-considered risks to optimise business returns while considering the holistic impact on corporate sustainability.

Gamuda Sustainability Framework Pillars	High Priority Material Matters	Sustainable Development Goals	Relevance and Risk	Where Do We See Opportunities	Strategic Response
• Pillar 2 Design, Planning and Construction	Innovation	9 AUGHTERINGUTER AUGHTAISTICHTER 11 SUSTAINALECTUS AUGOMMANTES	Delay for advancement in innovation impedes growth into new products and areas including challenges to attract and retain talents. Services and products of standard business models may risk obsolescence if the Group is not well-equipped with the changing skillsets from the advent of disruptive technology and market innovators. <b>Key Risks</b> • Technological and cyber risk • Financial risk • Reputational risk	Double down on our strengths with differentiated planning and technology-enabled project execution and delivery. As an innovative leader in some fronts, we continue to promote a culture of innovation, cultivating a data driven mindset with improvements in data literacy and digital dexterity. Modernise our digital platforms and construction technology to streamline and power our current and future business capabilities. Focus on data as a corporate asset.	Digitalisation is key to ensure our continued relevance and expansion of our business. It enables us to be agile in responding to changes in our operating environment taking into consideration the economic, environmental and social changes in a built setting. These shifts provide opportunities for the Group on the development of eco-efficient solutions that are central to the Group's businesses focused on forward-looking issues for competitive advantage.
• Pillar 1 Our People, Our Community	Safety and Health	3 GOOD REALTH AND VELOCIDAR B DECENT MORE AND ECONOMIC GROWTH CONTRACT OF ANY IN CONTRACT OF ANY IN	Maintaining a high level of safety and health standards is of paramount importance across the Group, particularly at the construction sites centred around busy urban areas where the risks are greatest. Key Risks • Financial risk • Operational risk • Reputational risk	<ul> <li>Partner with building industry advocates, utilise automation and robotic construction to accelerate the adoption of prefabricated products across the industry and elevate the supply chain for improved quality, safety and productivity.</li> <li>Institutionalise and embed the experience from the KVMRT Safety Passport Training Programmes across the organisation.</li> <li>Gamuda Plant Operator School (GPOS) that has been running since 1997 to provide trained heavy equipment and crane operators for the construction industry.</li> <li>Tunnelling Training Academy (ITTA) and Construction Training Centre (CTC) to develop higher skilled workforce, enhance construction standards and uplift safety at the worksites.</li> </ul>	Gamuda is committed to provide a safe, healthy, and conducive environment for its employees, workers, and communities where we have a business presence. The Group clinched the Sword of Honour 2019, International Safety Award Distinction, and Five Star Occupational Health and Safety Audit. In Australia, Gamuda became the first Malaysian- based company to achieve accreditation from the Office of the Federal Safety Commissioner and pre- qualification to work with Transport for New South Wales roadworks level R5, bridgeworks level B4, and financial level F150+ (unlimited).

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# Sustainability Governance and Framework

Gamuda as a company that has experience and presence globally, recognise the responsibilities we have in delivering not only quality but ethical and valued services and products. We continue to strive in practising and implementing sound corporate governance practising in all our business activities. We ensure the governance aspects are well aligned to both local and global requirements, especially governance expectations of the country we have businesses with.

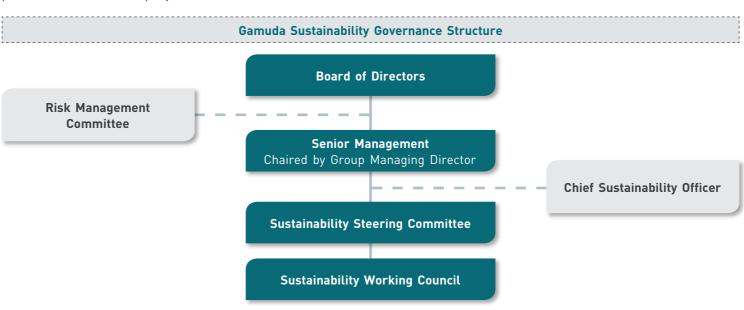
In Malaysia, our core business governance mirrors the Malaysian Code on Corporate Governance (MCCG) and adherence to related industrial best practices. The Group is committed to instill good governance through an extensive system of monitoring, meaningful policies, standard processes, training and effective communications.

We govern our sustainability matters (Economic, Environment and Social) through a comprehensive governance structure that is strongly held by risk and business representation. It sees an integrated collaboration by the Board of Directors, Senior Management, Chief Sustainability Officer, Business Leads and Business Representatives.

The risk committee acts independently to ensure long-term sustainability aspects are compliant with the sustainability principles. This all-inclusive governance approach eases our process in identifying regulatory issues and risks, preparing risk mitigation strategies as well as evaluating gap between corporate governance standards and corporate governance practices within the company. The Board of Directors (BOD) has general oversight of the Group's sustainability strategy and performance. The BOD reviews the progress and sets the aspirations on sustainability matters. The senior management that is led by the Group Managing Director, oversees the sustainability matters for the Group that include setting the direction, targets and driving the Group's objectives on sustainability. Working alongside, the Chief Sustainability Officer develops ongoing strategies to operationalise our sustainability programmes, monitors and advises the step progress to support the Group's sustainability goals.

The Sustainability Steering Committee (SSC) comprises the leads of businesses and sustainability matters (e.g. Biodiversity and Occupational Safety and Health). Together, SSC is responsible for managing all related information and performs assessments on sustainability related programmes.

The Sustainability Working Council (SWC) is responsible for monitoring all related performance data and performing assessments on sustainability related programmes. The SWC meets on a monthly basis while SSC, quarterly to discuss on the Group's performances and plans. The SWC members act as sustainability ambassadors to promote sustainability within the Group.



For further information on our corporate governance and risk management, kindly refer to:
 Corporate Governance – pages 132 to 151

• Integrity and Governance Unit (Anti-Bribery and Corruption Policy, Code of Business Ethics and Whistleblowing) – pages 150 to 151 or https://gamuda.com.my/for-investors/corporate-governance/

	OUR SUSTAINABILITY BLUEPRINT						
<b>VISION</b> We aim to lead the region in innovative breakthrough solutions for large scale public infrastructure and property development.	<b>MISSION</b> We reliably deliver innovative world- class infrastructure and premier lifestyle properties for our customers through our core businesses in infrastructure development and construction, operation of infrastructure facilities and property development.	<b>STRATEGY</b> To achieve sustainable growth through our 3C's approach – Capacity, Capability and Competitiveness.					
OUR PILLARS							
Pillar 1	Pillar 2	<b>Pillar 3</b> Environmental and Biodiversity Stewardship					
Our People and Our Community	Design, Planning and Construction						
	OUR FOCUS						
	GOVERNANCE						
	GOVERNANCE						
Economic	GOVERNANCE Environment	Social					
Economic • Economic Performance		Social <ul> <li>Safety and Health</li> </ul>					

- Innovation
- Supply Chain Management
- Governance
- Indirect Economic Impacts
- Marketing and Labelling
- Biodiversity
- Effluents and Waste
- Water Management
- Materials
- Land Remediation, Contamination or Degradation
- imployee Management Customer Satisfaction
- Stakeholder and Community
- Relations
- Customer Privacy
- OUR GLOBAL ALIGNMENT **SUSTAINABLE** 13 CLIMATE ACTION Global DEVELOPMENT **Reporting** Global Reporting Initiative (GRI) S. Initiative OUR APPROACH Adopt Open Take Personal Demonstrate Real **Develop Our Our Values** and Honest Walk the Talk Ownership Teamwork People

Communication

# Stakeholder Engagement

Our stakeholders are an integral part of our business, thus understanding and addressing their expectations is key towards further strengthening the relationship. The involvement of our key stakeholders is essential to our sustainability journey, particularly in identifying areas for improvements and defining the expectations on our sustainability areas.

We have nurtured a good relationship with our stakeholders by emphasising and prioritising the people, product quality, personalised services, social impact, economic performance and our diligence in complying with relevant laws and regulations.

The table showcased below has been revised as per data we have collated from our engagements with stakeholders throughout FY2020.

Stakeholders	Type of Engagement	Frequency of Engagement	Area of Interest	Outcomes	Addressed by Material Sustainability Matters
Customers	<ul> <li>Social media</li> <li>Newsletter</li> <li>Circulars and email</li> <li>SnagR/FieldView</li> <li>Gamuda Land mobile application</li> <li>Customer portal</li> <li>Events and campaigns</li> <li>Loyalty programme</li> </ul>	<ul> <li>Weekly</li> <li>Quarterly</li> <li>As needed</li> <li>As needed</li> <li>Ongoing</li> <li>Ongoing</li> <li>Ongoing</li> <li>Ongoing</li> <li>Ongoing</li> <li>Ongoing</li> </ul>	<ul> <li>Product quality</li> <li>Customer service and experience</li> <li>Product/services</li> <li>Safety and health</li> <li>Smart and sustainable cities</li> </ul>	<ul> <li>Understand the Group's aspiration and current policies on sustainability, especially on delivering quality product/services</li> </ul>	<ul> <li>Customer Satisfaction</li> <li>Customer Privacy</li> <li>Marketing and Labelling</li> <li>Stakeholder and Community Relations</li> </ul>
Employees	<ul> <li>Town hall</li> <li>Meetings</li> <li>SHE committee meetings</li> <li>Trainings and workshops</li> <li>Focus group discussions</li> <li>Surveys</li> <li>Internal communications</li> <li>Newsletter</li> <li>Workplace by Facebook</li> </ul>	• As needed	<ul> <li>Company direction and performance</li> <li>Career development and training opportunities</li> <li>Workplace safety and health</li> <li>Well-being of employees</li> <li>Effective communication between employees</li> <li>Fair and competitive remuneration practices</li> <li>Work-life balance</li> <li>Climate action</li> </ul>	<ul> <li>Good understanding of the Group's sustainability direction and efforts, that include updated policies and plans.</li> <li>Being part of management's forward-looking ideation process.</li> </ul>	<ul> <li>Safety and Health</li> <li>Employee Management</li> <li>Governance</li> <li>Economic Performance</li> </ul>
Suppliers and Contractors	<ul> <li>E-procurement system</li> <li>Supplier training programmes</li> <li>Supplier evaluation</li> <li>Email</li> </ul>	<ul> <li>Ongoing</li> <li>As needed</li> <li>Annual/ Biennial</li> <li>As needed</li> </ul>	<ul> <li>Transparency in procurement processes</li> <li>Knowledge sharing and capacity building</li> <li>Implementation of e-Procurement (SAP Ariba and BuildSpace)</li> </ul>	<ul> <li>Improve awareness on Group's sustainability direction and commitment while understanding the policies, culture and values</li> </ul>	<ul> <li>Supply Chain Management</li> <li>Governance</li> </ul>

Stakeholders	Type of Engagement	Frequency of Engagement	Area of Interest	Outcomes	Addressed by Material Sustainability Matters
Local Community	<ul> <li>Community development programmes</li> <li>Info centres for MRT Putrajaya Line</li> <li>Company website and social media</li> <li>Collaboration with partners for community development</li> <li>Events and roadshows</li> </ul>	• Ongoing	<ul> <li>Community development and support</li> <li>Quality, safety, health and environment (QSHE)</li> <li>Communication on our development plans and projects</li> </ul>	<ul> <li>Strengthening the relationship with communities where businesses are present while making a meaningful impact on the societies</li> </ul>	<ul> <li>Stakeholder and Community Relations</li> <li>Safety and Health</li> <li>Biodiversity</li> <li>Governance</li> </ul>
Shareholders and Investors	<ul> <li>In-house, one-to-one and small group meetings with stakeholders</li> <li>Annual General Meeting (AGM)</li> <li>Extraordinary General Meeting (EGM) of Shareholders</li> <li>Financial results announcements</li> <li>Dialogue/teleconference between the Group and investors</li> <li>Non-Deal Roadshows</li> <li>Plan visits/business showcase</li> </ul>	<ul> <li>Continuous</li> <li>Annually</li> <li>As needed</li> <li>Quarterly</li> <li>Continuous</li> <li>As needed</li> <li>Annually</li> </ul>	<ul> <li>Operational and financial performance</li> <li>Shareholder returns</li> <li>Business strategy, risk management and corporate governance</li> <li>Sustainability performance</li> </ul>	• Strengthening relationships with shareholders and investors, and improve corporate credibility	<ul> <li>Economic Performance</li> <li>Governance</li> </ul>
Regulators	<ul> <li>Industry workshops</li> <li>Meetings and consultations</li> <li>Reporting</li> <li>Inspections</li> <li>Collaboration and partnerships</li> <li>Events</li> </ul>	• Ongoing	<ul> <li>Regulatory compliance</li> <li>Improving construction sector productivity</li> <li>National Housing Policy</li> <li>Climate action</li> <li>Smart and sustainable cities</li> <li>Community development and support</li> </ul>	• Ensure strong compliance with regulations through regular reporting and communication with regulators	<ul> <li>Climate Action</li> <li>Biodiversity</li> <li>Safety and Health</li> <li>Effluents and Waste</li> <li>Governance</li> <li>Water Management</li> <li>Land Remediation, Contamination and Degradation</li> </ul>

# **Materiality**

### MATERIALITY ASSESSMENT

Evaluation of priority or materiality assessment is a vital part of our sustainability reporting exercise. The process allows us to better align our reporting content to various stakeholder areas of interest while defining our boundaries. Through our five-step materiality assessment, we are able to conclude the utmost important areas of interest on sustainability for the Group.

The closed loop assessment begins with the Group's current state assessment to understand areas of improvement in comparison to the previous years. We utilise media and subject matter's inputs from various experts to identify local and global sustainability trends that are relevant to Gamuda. We ensure that perspectives from our internal and external stakeholders are well accounted via engagements and surveys conducted throughout the financial year.

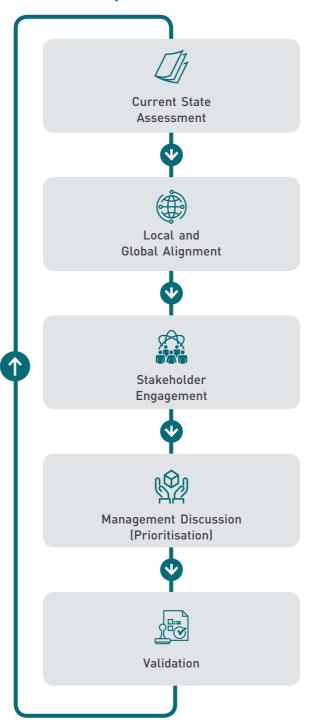
Based on the stakeholder engagement exercise, we then conduct focus group discussion, meetings and interviews with the management to prioritise the material matters and ensure the materials remain relevant to Gamuda's business.

The validation process concludes the material assessment with agreement from the Board on the finalised Materiality Matrix and alignment to the Group's Sustainability Framework.

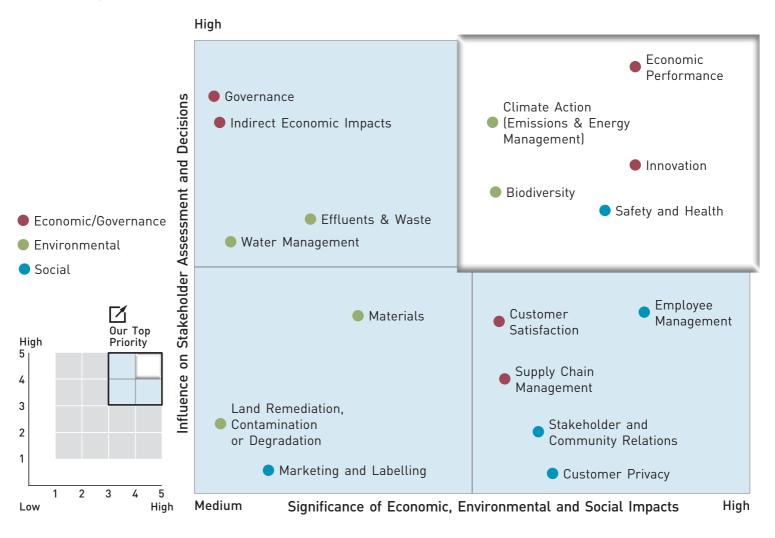
We aim to review our Materiality Matrix every year against the changing business landscape, emerging trends, regulatory development, as well as insightful stakeholder feedback to ensure we are responding to the issues that have the greatest impact on our business and stakeholders.

#### MATERIALITY MATRIX

In FY2020, we have identified 17 sustainability matters that are based on influence on stakeholder assessment and decisions, and significance of economic, environmental and social impacts (between medium to high). For FY2020, we have revisited and reassessed our sustainability matters. Through our internal material assessment, we concluded to retain all our five (5) material matters. Our material matters focus mainly on climate change (climate action and biodiversity) for environment, safety and health for social, and innovation and economic performance for economic. Materiality Assessment Process



Our materiality matrix for FY2020 is illustrated below:



### Economic/Governance

- Economic Performance
- Innovation
- Customer Satisfaction
- Supply Chain Management
- Governance
- Indirect Economic Impacts

### Environment

- Climate Action
- Biodiversity
- Effluents and Waste
- Water Management
- Materials
- Land Remediation, Contamination or Degradation

### Social

- Safety and Health
- Employee Management
- Marketing and Labelling
- Stakeholder and Community Relations
- Customer Privacy

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## **Sustainability Report**

# **Supporting UN SDGs**

The United Nations Sustainable Development Goals (UN SDGs), also known as the Global Goals, is a universal call to action to protect the planet and ensure that everyone enjoys peace and prosperity by 2030. Malaysia together with other world leaders adopted the 2030 Agenda at the United Nations General Assembly in New York on 25 September 2015. This is a global commitment towards a more sustainable, resilient and inclusive development, with 17 Sustainable Development Goals (SDGs) and 169 targets. The 2030 Agenda has been shaped by relevant United Nations (UN) agreements and conventions as well as the experiences and achievements gained through the Millennium Development Goals (MDGs), the global development agenda spanning the period 2000–2015.

### SUPPORTING UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS



We believe our role as a global citizen, we hold the commitment too alongside the nation and global aspirations such as the UN SDGs. Over the years, we have focussed on three main aspects of sustainability in our "Build Right. For Life." journey – promoting innovation, creating sustainable cities and emphasising the environment we build at. This is aligned with UN SDG Goals #9 (Industry, Innovation and Infrastructure), #11 (Sustainable Cities and Communities) and #13 (Climate Action).

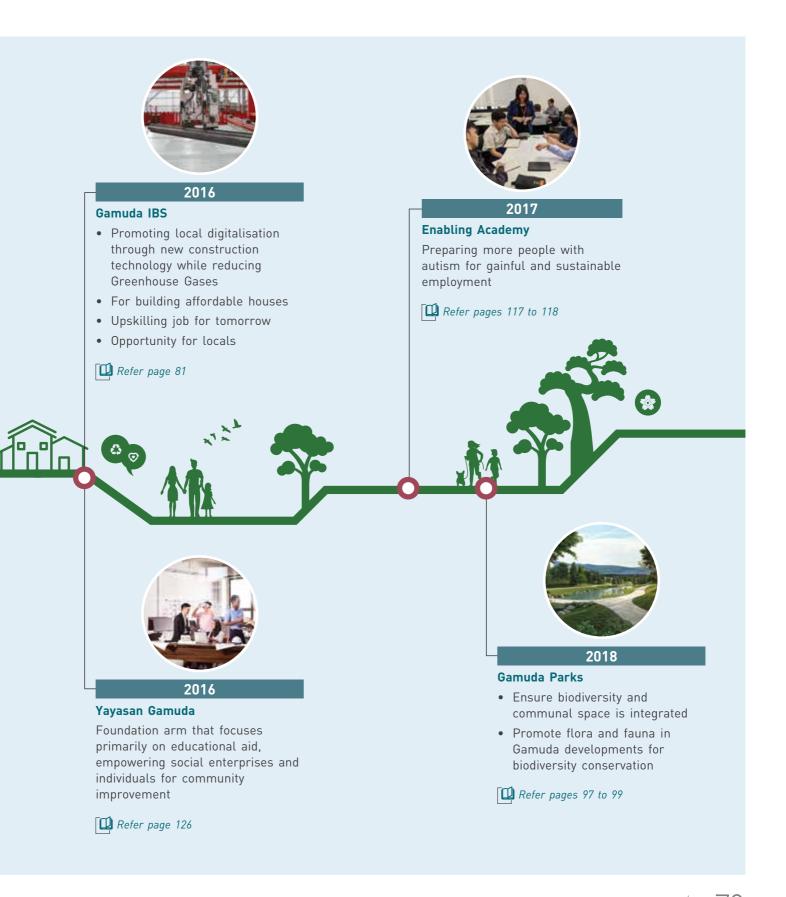


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# **Sustainability Report**

# Our Sustainability Footprint A Timeline Feature





## Building A Sustainable Nation How We Have Made Impact

#### **SMART - A CLIMATE MITIGATION**

As a leading builder of urban infrastructure, Gamuda is aware of its responsibility in designing, building and operating structural elements that are both innovative and sustainable. The Group is fully committed to this mission and has been a pioneer in producing infrastructure that not only contributes to improved and more sustained urban development, but also delivers optimal social, environmental and economic outcomes by considering the complex interlinkages between different infrastructure systems and aspects of sustainability.

### GREENER INTEGRATED CONNECTIVITY: MASS RAPID TRANSIT

Rail is one of the most efficient and environmentally friendly mode of public transport. Gamuda is at the forefront of building a greener city in Kuala Lumpur through its involvement in the construction of the Klang Valley Mass Rapid Transit (KVMRT).

The MRT is a greener and cleaner mode of transportation compared to travelling in cars, as the train is estimated to account for only about six percent of carbon emission per passenger. The total carbon emission per passenger for a MRT train is accounted at



The 9.7km-long and 13.2m in diameter SMART, or Stormwater Management and Road Tunnel is a showcase of our technological innovation being the world's first dual-purpose tunnel serving the twin objectives of diverting flood waters and relieving traffic congestion in Kuala Lumpur. SMART has been mitigating stormwater flooding since 2007. To put this into perspective, the rehabilitation costs by the town council for flooding in 1971 amounted to RM36 million, while the 2003 flooding amounted to RM100 million. With SMART, some 30,000 road users are now able to travel safely and comfortably every day.

The project has won praises and accolades, including:

UN Habitat Scroll of Honour Award in 2011

CNN listing as one of the world's Top 10 greatest tunnels

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National Geographic produced a documentary as part of its Megastructure series

### **⊖**Our Impact

#### World's 1<sup>st</sup> dual purpose tunnel

- Mitigate flash floods in Kuala Lumpur City Centre (sustainable urban design against climate risk)
- Provide an alternative reduce traffic congestion and shortening travel time (reduce carbon footprint from average 30,000 daily riders)

37.5g  $CO_2$ , compared with 600g  $CO_2$  for a car and 330g  $CO_2$  for a bus. An affordable and efficient public transportation enhances mobility for the poor and vulnerable groups, thus creating a more inclusive community. A less congested road also greatly improves the livability of the city.

KVMRT forms part of a modern rail-based network that seamlessly integrates with the existing Light Rail Transit (LRT), KL Monorail Line, Keretapi Tanah Melayu Berhad (KTMB) Komuter, Kuala Lumpur International Airport (KLIA) Transit Express Rail Link (ERL), as well as intracity and intercity bus routes. By providing a reliable and affordable public transport system, Malaysia targets to increase the public transport modal share for Kuala Lumpur to 40 percent in 2030, from 12 percent in 2009.

The 51km Kajang Line was the first of the three lines of KVMRT that was opened to the public since 2017, bolstering urban connectivity. The second line connecting the administrative capital of Putrajaya is currently under construction, and is on track for completion by 2023.

### +++Our Impact

### **Providing Connectivity** for 400,000 commuters per day (MRT Kajang/Putrajaya line)

- Providing a green travel alternative by offsetting vehicles on the road and reduce congestion indirectly *(carbon footprint offset)*
- Provide social connectivity bridging different economic demographics

#### BRIDGING SOCIAL AND ECONOMICAL CONNECTIVITY: THE HIGHWAYS

Gamuda recognises that transportation and mobility are central to sustainable development, especially for a developing country. The construction of roads provides a huge multiplier effect on the local economy by spurring development along the transportation system, thus boosting job opportunities and business activities. Sustainable transportation also enhances economic growth and improves accessibility through the facilitation of people and goods.

Our flagship highway projects include the 34.5km Shah Alam Expressway (SAE), which serves as a major inter-urban expressway connecting several key industrial and residential areas from Kuala Lumpur, Cheras, Petaling Jaya, Subang Jaya, Shah Alam to Klang, terminating at the access road to Westport in Port Klang.

#### PROMOTING LOCAL DIGITALISATION – INDUSTRIALISED BUILDING SYSTEM (IBS)

The Fourth Industrial Revolution (Industry 4.0) ushered in an era in which the widespread use of digital technology applications such as augmented reality and artificial intelligence are seen across all facets of manufacturing. Industry 4.0 is transforming project deliveries in property development in a way that manufactured homes will now become a mainstay.

To stay at the forefront of this emerging trend, we have led the digital IBS adoption in Malaysia with the nation's first two plants located in Sepang and Banting respectively. Digital IBS is a powerful production system to deliver end products that are error-free with high precision and quality.



The Damansara-Puchong Highway (LDP), spanning 40km from Sri Damansara to Puchong has spurred the growth and businesses of several major developments along it, including Kepong, Taman Tun Dr Ismail and Bandar Sunway, while opening new growth areas such as Puchong and Penchala. The 26km SPRINT Highway serves as a critical spine road network, supporting infrastructure and catalysing growth and development to the west of Kuala Lumpur.

A joint venture under the Group, Naim Gamuda (NAGA) JV Sdn Bhd is currently building the Pan Borneo Highway package (WPC-04), an 89.4km section from Pantu Junction to Batang Skrang in Sarawak. Through its construction of the Pan Borneo Highway, which connects the two Borneo states, Gamuda is facilitating a sustainable urbanisation in East Malaysia. A UNDP report on Malaysia Inland Waterway Transport System in Sarawak noted that the construction of transport networks in Sabah and Sarawak was trailing the expansion of the road and rail systems in Peninsular Malaysia. The Pan Borneo Highway package (WPC-04) will bolster accessibility to basic infrastructure in rural settlements in the two states and help reduce the urban-rural development gap.

Outside Malaysia, Gamuda has completed the colossal Panagarh-Palsit and Durgapur Expressways in India, and was involved in the construction of the 42.5km Dukhan Highway in Qatar as part of the emirate's road modernisation initiative ahead of the 2022 FIFA World Cup. We have the capacity to build pre-fabricated homes and bathroom pods at our factory, which will be fully tested prior to installation on-site. This digital manufacturing capability creates higher income job opportunities in Malaysia.

Gamuda actively supports the Construction Industry Transformation Programme (CITP), a national agenda to equip the industry with highly productive, environmentally sustainable and globally competitive players, while focusing on safety and quality standards.

We collaborated with the Construction Industry Development Board (CIDB) to promote IBS and BIM adoption in the housing industry in Malaysia. A strategic partnership was also formed with CIDB's subsidiary, Construction Research Institute of Malaysia (CREAM), to work together on data sharing and information research to help improve construction productivity in Malaysia. This collaboration will produce significant benchmarks for future policy making and implementation of schemes in support of Malaysia's IR 4.0 ambition.

### + Our Impact

#### Nation's 1<sup>st</sup> digital IBS factory

Produces **55%** Greenhouse Gases every month\*



\* In-house comparative study conducted on twentyfive.7 Sales Gallery (conventional method) and Gamuda Cove Phase 1A (IBS Technology)