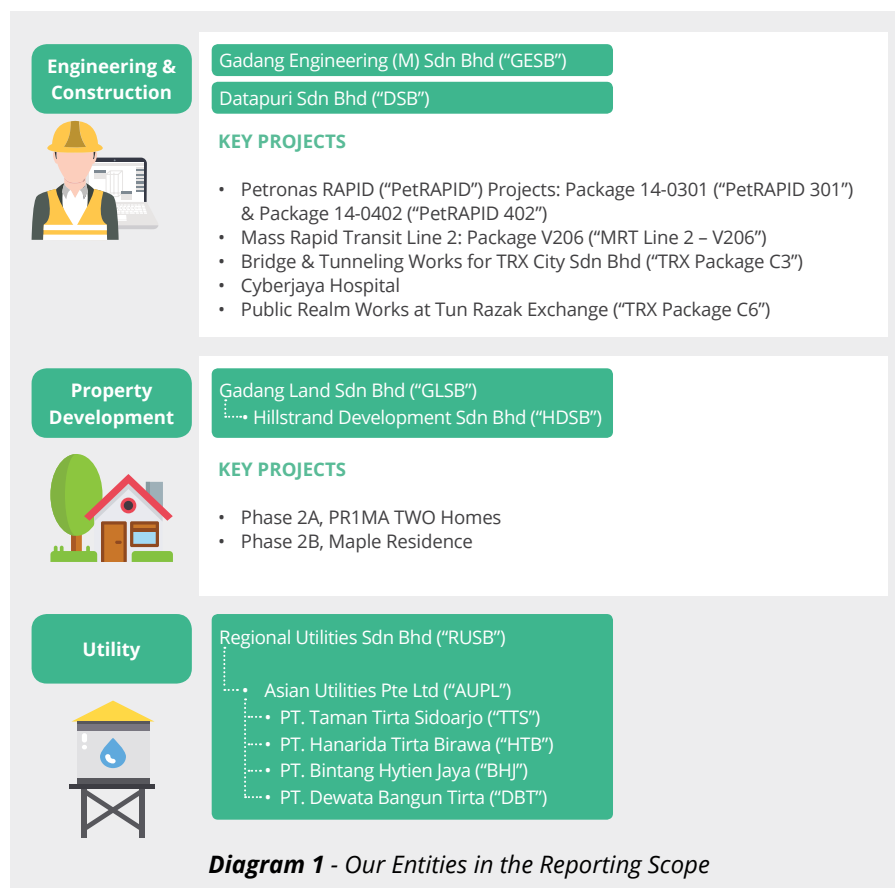


SUSTAINABILITY STATEMENT

ABOUT THIS SUSTAINABILITY STATEMENT

Gadang Holdings Berhad ("Gadang") recognises the importance of embedding sustainability in our operations and being accountable for our actions to perpetually pursue value for all our stakeholders, in line with our organisation's mission. In this second year of embarking the journey of sustainability, we continue to demonstrate our efforts and commitment in managing our Economic, Environmental and Social ("EES") performance to create long term value for our stakeholders.



REPORTING PERIOD

1 June 2018 - 31 May 2019



REPORTING CYCLE

Annually



GUIDELINE

Bursa Malaysia's Sustainability Reporting Guide



FEEDBACK

Risk Management Department

Wisma Gadang
No. 52 Jalan Tago 2
Off Jalan Persiaran Utama
Sri Damansara
52200 Kuala Lumpur
Tel : + 603 6279 6382
Fax : + 603 6279 6376
Email : risk@gadang.com.my

In preparing this statement, we referred to Sustainability Reporting Guidelines and Toolkits – 2nd Edition issued by Bursa Malaysia and aligned our sustainability matters to United Nations Sustainable Development Goals ("SDGs").

The reporting scope encompasses Gadang and our active subsidiaries – collectively referred to as the "Company" or "Group". In this financial year, we have expanded our reporting scope to cover Utility Division which is operating in Indonesia. We have four water concessions in Indonesia with a total water production capacity close to 1,100 litre / second and a mini-hydro power plant which is under construction.

SUSTAINABILITY STATEMENT

OUR SUSTAINABILITY GOVERNANCE

It is imperative to have a strong sustainability governance structure in order to embed sustainability into our business strategies and operations. Our sustainability governance structure has clear lines of accountability starting from the tone set by the Board in directing the business strategies and its commitment in overseeing the sustainability matters while ensuring business continuity and long-term stakeholder value creation.

Board of Directors ("Board")



Reviews and approves overall strategic plans for the Company whilst maximising stakeholders' value through the management of financial (business growth, profitability, etc) and non-financial indicators, including economic, environmental and social ("sustainability") related matters arising from its business activities

Board Risk Committee ("BRC")



Supports the Board by monitoring the implementation of the strategic plans by the Management

Risk Management Committee ("RMC")



- Chaired by the Group Managing Director / Group Chief Executive Officer ("Group CEO")
- Supported by the respective Heads of Business Divisions to achieve the Company's sustainability objectives
- Accountable for the development and implementation of sustainability strategies
- Provides status updates on sustainability performance

Risk & Sustainability Facilitator ("RSF")



Supports the RO & SWG

Risk Owners ("RO") & Sustainability Working Group ("SWG")



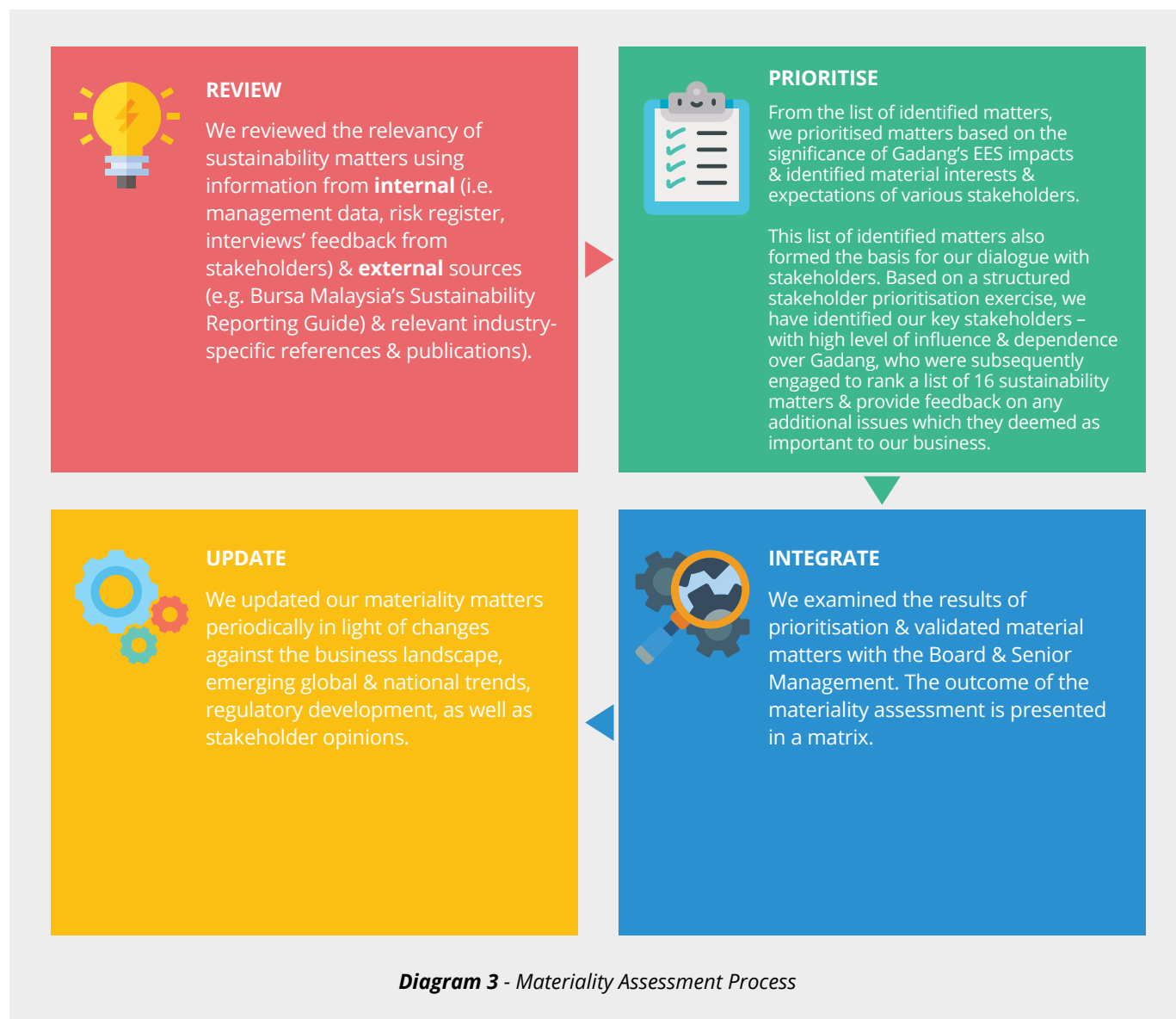
- Chaired by the Chief Financial Officer ("CFO") and represented by risk owners i.e. Heads of Departments ("HODs") and representatives from various departments across all business divisions in Malaysia
- Sets the scope of sustainability management measures and drive the implementation and monitoring of sustainability management, across all business divisions whilst promoting interdepartmental collaboration
- Identifies, assesses and reports on sustainability risks and opportunities relevant to the Company's operations, providing progress updates on sustainability activities performance, and oversees the production of the Company's sustainability disclosures to ensure compliance with the regulatory requirements and subsequently recommends it for approval

Diagram 2 - Sustainability Governance Structure

SUSTAINABILITY STATEMENT

OUR MATERIAL SUSTAINABILITY MATTERS

We reviewed the 16 sustainability matters which were identified last year and assessed them against our risk management framework before concluding that the 16 sustainability matters remain relevant in FYE2019 and no additional sustainability matter is identified. Our materiality assessment process allows us to prioritise the sustainability matters which have the most impact on our ability to create long-term value to our various stakeholders.



SUSTAINABILITY STATEMENT

OUR STAKEHOLDER ENGAGEMENT

We engaged with our stakeholders to have a better understanding on how our activities impact on the EES and what are the stakeholders' needs and expectations in order to create long term value. We do not restrict our engagement to only stakeholders with the high level of influence or interest in our organisation. We also engaged other stakeholders who may not have great influence or interest in our organisation as our operations may have significant impact on them. **Diagram 4** depicts the outcome of our structured stakeholder prioritisation exercise.

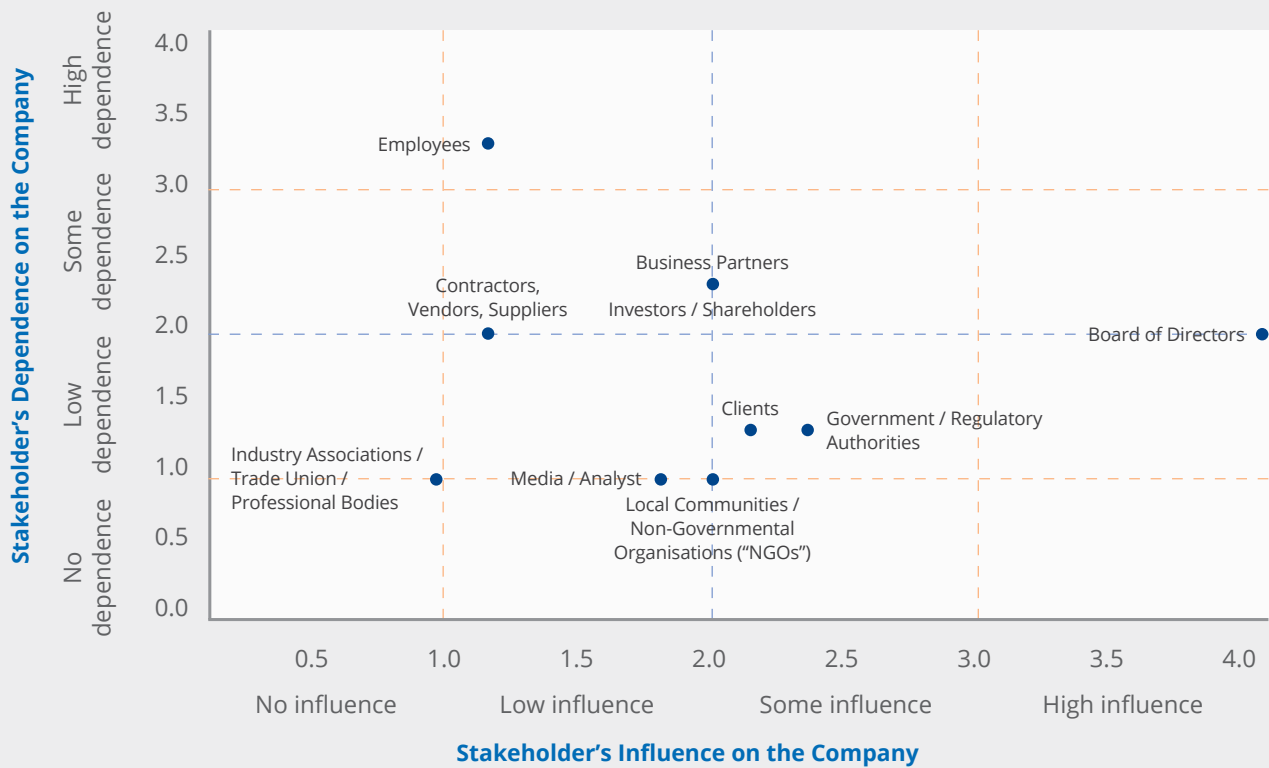
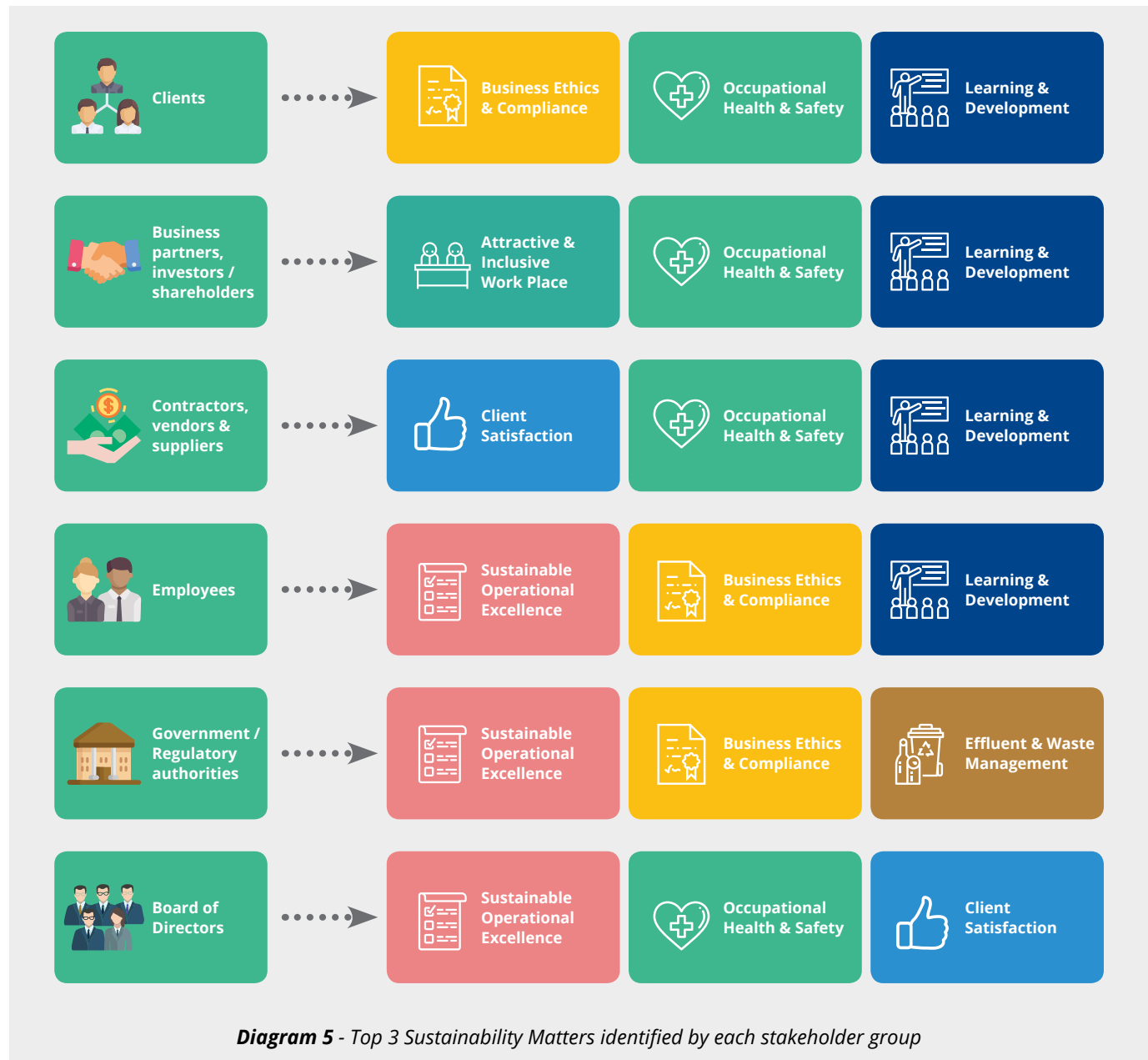


Diagram 4 - Stakeholder Prioritisation Matrix

SUSTAINABILITY STATEMENT

Based on the data collected through the stakeholder engagement process, most of the stakeholders would like us to prioritise sustainable operational excellence, occupational health & safety, learning & development and business ethics & compliance. These areas are quite consistent with the Company's sustainability initiatives in the current year, except for occupational health & safety and learning & development which still have rooms for improvement. We will take these into consideration when developing our group sustainability targets in the following reporting year.



SUSTAINABILITY STATEMENT

Our stakeholder engagement process includes both formal and informal approach to understand their needs and concerns in order to align their key interest with our Company's strategies and business operations. Details as shown in **Table 1**.

Table 1 – Details of Our Engagement with Stakeholders

Stakeholder Group	Engagement Channel	Focus Area	Outcome	Our Response (Kindly refer to respective sections of the statement)
Board of Directors	- Board meetings - Annual General Meeting - Corporate / Company events - Email correspondences - Stakeholder Engagement Surveys	✓ Business strategy ✓ Financial performance ✓ Environmental practices ✓ Human capital management ✓ Client satisfaction ✓ Occupational Health & Safety	Aligned strategic plans that maximize shareholders' value	Economic, Environmental & Social, pg. 65 – 82
Investors / Shareholders	- Annual General Meeting - Investor relation activities - Public announcements - Corporate website - Annual report	✓ Financial performance ✓ Quality of services & operations ✓ Information security ✓ Open & transparent communication ✓ Environmental practices ✓ Occupational Health & Safety ✓ Staff development & training	Positive reputation amongst investors / shareholders	Economic, Environmental & Social, pg. 65 – 82
Employees	- Regular meetings - Learning & development programme - Campaigns - Sports Club activities - Stakeholder Engagement Surveys	✓ Information security ✓ Fair employment practices ✓ Staff development & training ✓ Company performance ✓ Business ethics & compliance	Improved staff engagement	Economic, pg. 65 – 68 & Social, pg. 77 – 82
Clients	- Client satisfaction surveys - Sales & marketing channels of business divisions - Exhibitions - Corporate website - Stakeholder Engagement Surveys	✓ Accessible & affordable housing ✓ Quality of services & operations ✓ Information security ✓ Environmental practices	Recurring business opportunities	Economic, Environmental & Social, pg. 65 – 82
Government / Regulatory Authorities	- Adhoc public invitations - Site visits - Conferences - Participation in organised programmes - Stakeholder Engagement Surveys	✓ Information security ✓ Compliance to regulatory requirements ✓ Business ethics & compliance	Better understanding of Company's sustainability commitment	Economic & Environmental, pg. 65 – 76
Contractors, Vendors, Suppliers	- Supplier / Subcontractor evaluations - Regular meetings - Stakeholder Engagement Surveys	✓ Corporate governance practices ✓ Terms of contract & payment ✓ Client satisfaction ✓ Occupational Health & Safety ✓ Staff development & training	Better understanding of Company's sustainability commitment	Economic, pg. 65 – 68 & Social, pg. 77 – 82
Business Partners	- On-going communication & visits - Stakeholder Engagement Surveys	✓ Collaboration & market synergy ✓ Occupational Health & Safety ✓ Staff development & training	Recurring business opportunities	Economic, pg. 65 – 68 & Social, pg. 77 – 82
Media / Analyst	- Press conferences - Media releases / interviews - Adhoc meetings	✓ Open & transparent communication ✓ Environmental practices	Better understanding of Company's performance	Economic & Environmental, pg. 65 – 76
Local Communities / NGOs	- Meetings & visits - Community development programmes	✓ Accessible & affordable housing ✓ Environmental practices ✓ Community development ✓ Contribution to society	Better social relationship	Environmental & Social, pg. 69 – 82

MATERIALITY ASSESSMENT – BUSINESS SUSTAINABILITY

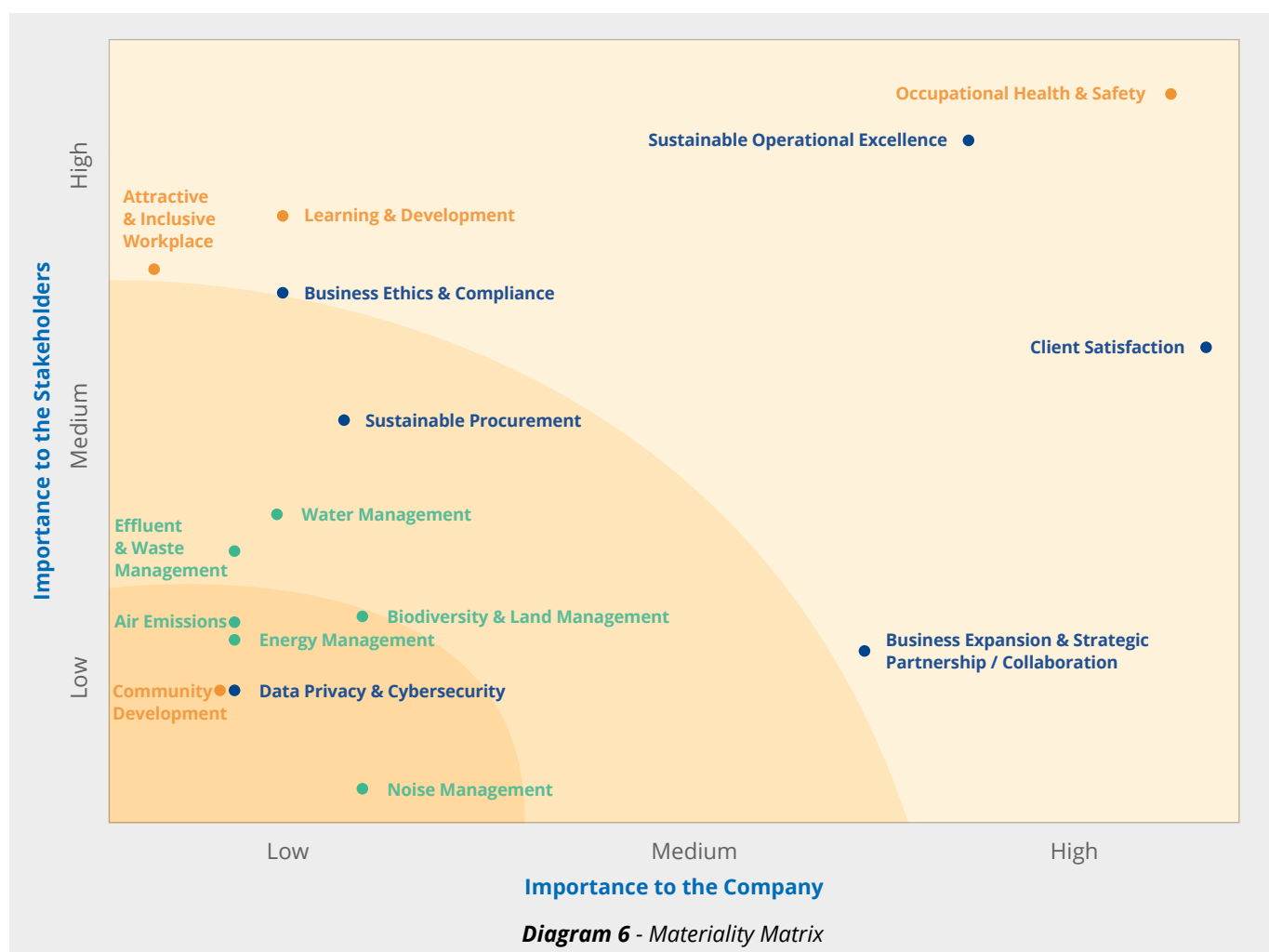
We adopted a structured materiality assessment process to identify and assess the significance of sustainability matters to our business and most importantly, our stakeholder groups.

The process began with a Sustainability Working Group (“SWG”) Roundtable Discussion attended by 20 representatives of Management across various business functions to review a comprehensive list of 16 sustainability matters that we have identified in FYE2018. During the process of review, we considered both internal and external factors such as risks arising from rapid changing environment, regulatory requirements and stakeholders' expectation, and also considered any new sustainability matters which we may not have addressed. This is to ensure that the sustainability matters remain relevant to our business and stakeholders. We also reviewed the significance of each sustainability matter to the Company, by taking into account the degree of impact and likelihood of the occurrence of events associated with these identified sustainability matters.

SUSTAINABILITY STATEMENT

Stakeholders' perceptions on the level of importance of identified sustainability matters may change every year as the Company improves and progress further. Therefore, we engage our key stakeholders, i.e. Board of Directors, employees, contractors, vendors, suppliers, clients, shareholders, regulatory authorities and business partners, through surveys annually to gauge their perceptions on the level of importance of identified sustainability matters to ensure that the sustainability matters reported are aligned to their needs.

The results from the SWG Roundtable Discussion and data collected from the surveys are used to update the materiality matrix as shown in **Diagram 6**.



Legend	Economic, Environmental & Social Impacts
● Economic	Economic refers to impact of Company's business operations on the economic conditions of its stakeholders & on economic systems at local, national & global levels. It does not focus on the financial condition of the Company
● Environmental	Environmental refers to the impact of Company's business operations on the living & non-living natural systems, including land, air, water, ecosystem and climate change
● Social	Social refers to the impact of Company's business operations on the social systems within which it operates

SUSTAINABILITY STATEMENT

Diagram 7 depicts our efforts and commitment in embedding sustainability in our business strategies and operations from FYE2018 to FYE2019.



SUSTAINABILITY STATEMENT

During our SWG Roundtable Discussion, we have established the 2019 Sustainability Targets as follows:

Table 2 – 2019 Sustainability Targets

	2019 Sustainability Targets	Outcome status
Economic 	Sustainable Operational Excellence	
	GESB Quality Management System ("QMS")	Achieved
	- Upgrade to ISO 9001:2015	
	Implementation of Online Investor Relations System	Achieved
	Business Ethics & Compliance	
	Revise Code of Conduct & Ethics	In Progress
	Data Privacy & Cybersecurity	
	Revise IT Policy & Procedure and Disaster Recovery Plan	Achieved
	Relocation of disaster recovery location to Data Centre in Cyberjaya	Achieved
	Implementation of Network Attached Storage ("NAS") for 3 project sites	Achieved
Environmental 	Enhance firewall for Head Office and project sites servers	Achieved
	Implementation of disaster recovery NAS replication to data centre in Cyberjaya	Achieved
	Post the Customer Personal Data Protection Policy on website	Achieved
Social 	GESB Environmental Management System ("EMS")	Achieved
	- Upgrade to ISO 14001:2015	
	E-waste campaign	Achieved
	Occupational Health & Safety	
	0 fatalities	Achieved
	Reportable incident rate of < 3	Not Achieved
	Loss Time Injury ("LTI") frequency rate of < 0.27	Achieved
	Number of LTI not more than 5	Achieved
	Attractive & Inclusive Workplace	
	Develop Annual Training Plan	Achieved

SUSTAINABILITY STATEMENT

ECONOMIC

ECONOMIC SUSTAINABILITY HIGHLIGHTS

FINANCIAL



REVENUE
2019 : 687,692,910
2018 : 594,770,559



NET PROFIT
2019 : 44,140,938
2018 : 98,399,680



EMPLOYEE BENEFITS
2019 : 69,883,086
2018 : 78,745,333

SUSTAINABLE OPERATIONAL EXCELLENCE



CIDB Certificate of Achievement SCORE 5-Star Rating
GESB received the award in March 2019



Automated Total Station for TRX Package C3
To monitor movement / settlement of SMART tunnel



Online Investor Relations System
Implemented for Gadang website in October 2018



100% Purchased Locally in Indonesia
Materials & equipment used for water treatment plants



ISO 9001:2015 QMS
GESB, TTS, HTB & DBT

BUSINESS ETHICS & COMPLIANCE



0 Ethics / Integrity Issue reported

DATA PRIVACY & CYBERSECURITY



Posted Customer Personal Data Protection Policy on Website



Relocation of Disaster Recovery Location to Data Centre in Cyberjaya



Disaster Recovery NAS Replication to Data Centre in Cyberjaya
Implemented in March 2019



Firewall
Enhanced firewall for Head Office and project sites



Revised IT Policy & Procedure and Disaster Recovery Plan



NAS
Implemented for project sites



ZERO Data Breaches

Diagram 8 - Economic Sustainability Highlights

SUSTAINABILITY STATEMENT



SUSTAINABLE OPERATIONAL EXCELLENCE



As of result of our continuous effort to improve and innovate our business processes to ensure sustainable operational excellence, CIDB awarded the highest five-star SCORE rating to GESB which has to be renewed every 2 years, during the International Construction Week in March 2019, a leap from the previous three-star SCORE rating.



Steel moulds are used to reduce the construction waste generated from the usage of plywood at MRT Line 2 – V206 project site to achieve cost efficiency. Precast elements such as crosshead and segmental box girdle are used to shorten the construction time and reduce construction waste. Use of steel moulds and precast elements which complement each other further improve the quality of works.



We continue to adopt advanced technology that complement and support our construction works in order to deliver quality and reliable works to our clients. For our TRX Package C3 project, we introduced Automated Total Station ("ATS"), an advanced optical monitoring system which is built around high precision robotic total station to provide automated monitoring of deformation or settlement in the existing SMART tunnel. 10 monitor prisms and 2 vibration monitors were installed at specified locations of SMART tunnel that may be subject to deformation. ATS and 3 reference prisms were deployed at stable locations outside the zone of influence that are inter-visible with the monitor prisms. ATS would measure the position between the monitor prisms and reference prisms. The readings are transmitted offsite to a data processing server. Alarm notification will be sent to the authorised users via SMS or email once abnormality in readings is detected so that immediate action can

be taken. A report is churned out to identify if the construction work at site has affected the structure of the existing SMART tunnel. During the year, there were no abnormality in readings.

We applied Business Information Modelling ("BIM") in Cyberjaya Hospital and TRX Package C3 which allows us to plan, design and construct efficiently. It increases our productivity, minimizes reworks and enhances work coordination. Industrialised Building System ("IBS") is used in Cyberjaya Hospital and PR1MA TWO Homes to reduce labour and wastages.

For our Phase 2B Maple Residence – Double Storey Terrace Homes development, we aim to achieve the Quality Assessment System In Construction ("QLASSIC") with a score of 80 and above. Incentive will be provided to the main contractor if they manage to achieve the certification.

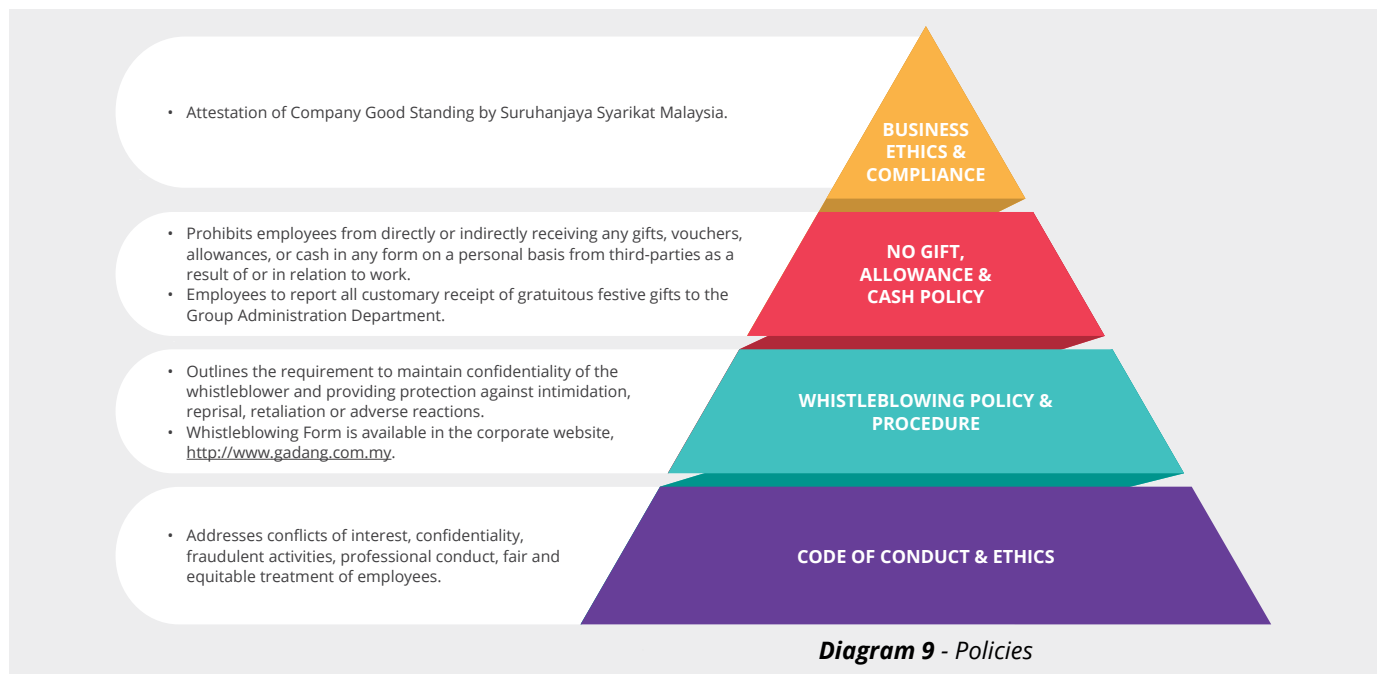
We are also committed in delivering quality projects through continuous operational excellence improvement. GESB has upgraded to ISO 9001:2015 Quality Management System ("QMS") in September 2018. TTS, HTB and DBT which are operating in Indonesia continue to maintain their ISO 9001:2015 QMS certification.

SUSTAINABILITY STATEMENT



Good governance and business ethics are important to protect the interest of stakeholders and these build trust and confidence of stakeholders in our company. We review our policies regularly to ensure they reflect latest changes in legislative requirements and the business environment. During the reporting year, no ethics or integrity breaches were reported.

We have the following policies to ensure our business is conducted with the highest standards of integrity and accountability. We also prohibit our employees from participating in overseas incentive trips paid for by suppliers.



PROCOM'S FUNCTIONS

- Review recommendations to purchase construction materials;
- Review recommendations for award of sub-contracts;
- Review recommendations to purchase plant & machinery;
- Review budget for new project secured

Reliable contractors and suppliers play an important role to help us achieve our quality objectives. We conduct evaluation on our contractors and suppliers to ensure that our pool of contractors and suppliers are of sufficient capabilities and quality. We exclude unsatisfactory contractors and suppliers in our business dealings to ensure quality products are delivered to our stakeholders.

We promote the development of local economy in the countries that we operate by hiring / dealing with local contractors, suppliers and work force. Materials and equipment used for water treatment plant in Indonesia are 100% sourced and purchased locally. Opportunities are given to small and medium enterprises who are performing well to encourage and support their business growth.

We have a Procurement Committee ("PROCOM") that ensures the process of procurement is according to Group policies and ensures that the required materials, supplies, plant and machinery, equipment and sub-contract services are procured at the most favorable and competitive terms, without compromising their quality, technical requirements and timeliness of delivery. Sustainable materials are considered during sourcing to support the use of environment friendly materials.

SUSTAINABILITY STATEMENT



CLIENT SATISFACTION



We engage our clients frequently through meetings, visits, surveys and other discussion platform to gauge the level of our clients' satisfaction. We ensure that prompt responses are given to our clients when issues are raised by them. Based on the analysis of data collected from client satisfaction surveys, we achieved the average satisfactory rating.



BUSINESS EXPANSION & STRATEGIC PARTNERSHIP / COLLABORATION



We continuously explore and seek for business expansion and strategic partnership opportunities to bring in greater economic benefits. Our TRX Package C3 is a joint-venture with CRFG Malaysia Berhad, a construction company wholly owned by China Railway First Group Co Ltd, that supports knowledge transfer. Strategic Partnerships allow us to move out from our comfort zone, become more competitive and improve our overall project management skills.



DATA PRIVACY & CYBERSECURITY



Protection of data, information and intellectual property belonging to stakeholders against security breaches are important to protect the data privacy of our stakeholders. Various initiatives have been implemented to further enhance the confidence of our stakeholders in response to our heightened security. This can be seen from our investment in enhanced firewall for Head Office and project sites. We also conduct software audits randomly to ensure compliance with software licensing requirements and prevention of illegal download of software by employees. During the financial year, Gadang Holdings Berhad and GESB had participated in Microsoft Software Licensing Review Program. Microsoft SAM and Compliance Department had concluded that Microsoft products used are appropriately licensed. Autodesk Malaysia had also concluded that Autodesk AutoCAD licensing are in order.

During the year, we reviewed and updated our IT Policy and Procedure and Disaster Recovery Plan to ensure the guidelines for managing the security of our IT infrastructure and offsite disaster recovery facility remain relevant. For better data protection in the event of a mishap, we have relocated our data recovery location to a data centre in Cyberjaya. As data retention is critical in our day to day operation, we have extended our NAS facility to cover project sites. All staff at project sites can backup their work data in NAS. All the data stored in NAS is replicated to the data centre in Cyberjaya to prevent loss of data. No incident of data breaches were reported during the reporting period.

We comply with relevant requirements as prescribed under the Personal Data Protection Act 2010 ("PDPA"). Our customers and employees are well notified of the PDPA requirements. Customers are required to sign the PDPA Notice in accordance with statutory compliance. PDPA Notice for customer is also posted on our property sales website.



LOOKING BACK

As committed in FYE2018, we made progress by deploying new technology such as automated total station in our project, enhanced our IT systems and strengthened our policies and procedures while upholding our business integrity.



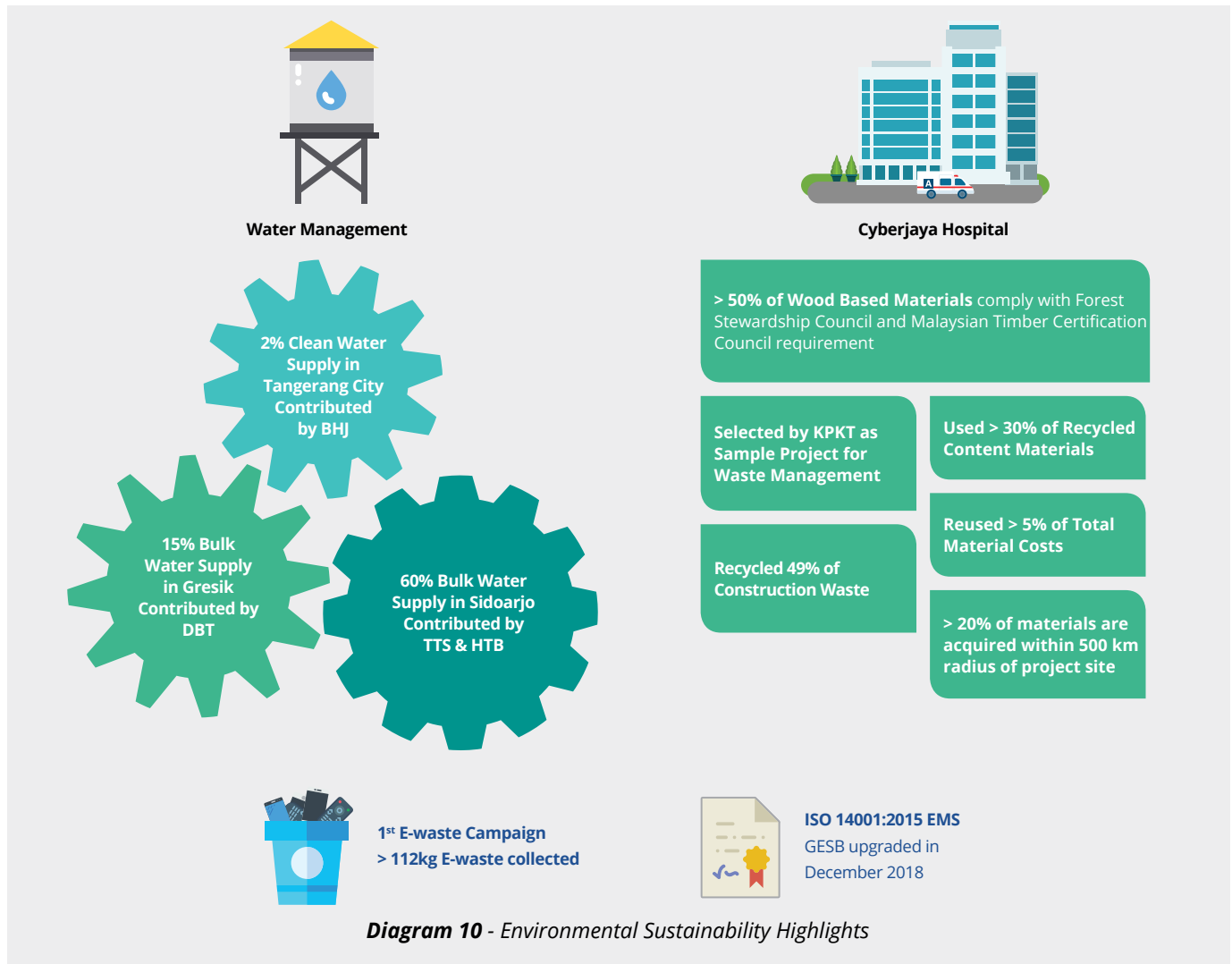
LOOKING FORWARD

We will continue to explore and deploy new technology and digitalisation in delivering and managing our projects, and continue to uphold our business integrity.

SUSTAINABILITY STATEMENT

ENVIRONMENTAL

ENVIRONMENTAL SUSTAINABILITY HIGHLIGHTS



We endeavor to manage the environmental impact from our business decision and operations. A Green Building that focuses on the efficient use of resources, such as energy, water and materials can reduce detrimental health impact and improve the ecosystem. Our maiden Green Building project was at The Vyne property development where we obtained the Provisional Green Building Index Certification last year. Our second Green Building project is the on-going Cyberjaya Hospital.

We ensure compliance with the Environmental Quality Act 1974 and other legislations throughout all stages of our construction and property development projects. We protect the environment by following a set of guidelines specified in the Environmental Management Plan ("EMP") of respective projects and committed to meet the requirements provided in GESB's Health, Safety and Environmental Manual. Environmental Impact Assessment ("EIA") is carried out in accordance with the requirements of Section 34A Environmental Quality Act 1974 and appropriate mitigating measures are implemented accordingly to protect the environment.

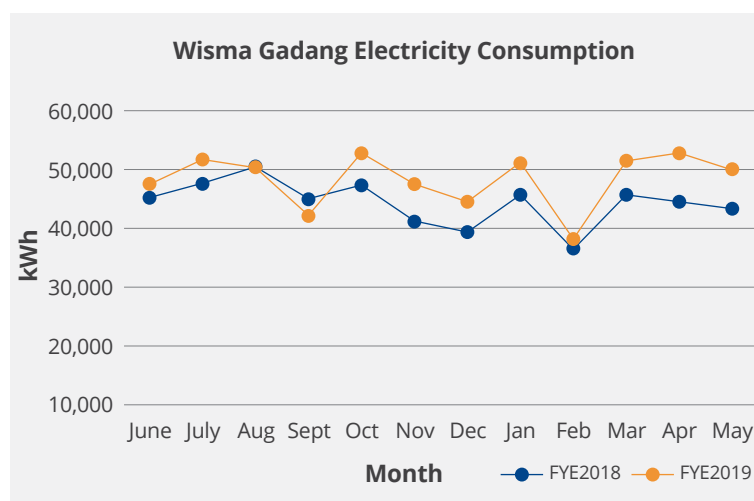
We have also successfully upgraded to ISO 14001:2015 Environmental Management System ("EMS") in December 2018.

SUSTAINABILITY STATEMENT

ENERGY MANAGEMENT

To efficiently manage our energy consumption, we have initiated monitoring of electricity usage at Wisma Gadang. The results will serve as a guideline for electricity consumption monitoring.

We noted that except for February 2019, the electricity usage for the month of October 2018 to May 2019 are higher as compared to previous year. This is mainly due to the increase in average temperature from 26.5 degree Celsius (October 2017 to May 2018) to 30.5 degree Celsius (October 2018 to May 2019) which resulted in higher energy consumption due to increased usage of air conditioners. The lower electricity consumption for February 2018 and 2019 is due to Chinese New Year holidays. Recognising that the global warming effects have impacted our energy consumption, we aim to explore energy efficiency initiatives to reduce our energy consumption.



For our Cyberjaya Hospital, we used materials such as polyurethane foam for walls, low-emissivity glass for windows, aluminum foil and rock wool for roofing to minimize the heat transfer between the building's internal and external environment for effective energy management in thermal comfort.

NOISE MANAGEMENT

Our projects are subjected to different schedules of permissible sound levels of the Planning Guidelines for Environmental Noise Limits and Control ("PGENLC") as shown in **Table 3**. Noise management is not applicable for TRX Package C6 as the nature of works performed do not generate extensive noise.

Table 3 – Noise monitoring for project sites and relative maximum permissible sound levels

Project Sites	Planning Guidelines for Environmental Noise Limits & Controls	Maximum Permissible Sound Levels		Average Results	
		Daytime 7am – 10pm (dBA)	Night time 10pm – 7am (dBA)	Daytime 7am – 10pm (dBA)	Night time 10pm – 7am (dBA)
MRT Line 2 – V206	Schedule 1: Suburban Residential (Medium Density) Areas, Public Spaces, Parks, Recreational Areas		LAeq : 45		Y
	Schedule 6: Residential	L90 : 60*	L90 : 55^	α	Y
		L10 : 75*	L10 : 70^	α	α
		Lmax : 90*	Lmax : 85^	Y	Y
PetRAPID 301 & 402	Schedule 1: Designated Industrial Zones	LAeq : 70	LAeq : 60	α	α
TRX Package C3	Schedule 4: Urban Residential (High Density)	LAeq : 65	LAeq : 60	α	α
Cyberjaya Hospital	Schedule 1: Commercial Business Zones	LAeq : 65	LAeq : 55	α	β
	Schedule 1: Urban Residential (High Density) Areas, Designated Areas (Residential – Commercial)	LAeq : 60	LAeq : 50	β	β

α – Within the permissible limit of PGENLC

β – Slightly exceed the permissible limit by no more than 5%

Y – Exceeds the permissible limit by more than 5%

* – Daytime: 7am – 7pm

^ – Evening: 7pm – 10pm

SUSTAINABILITY STATEMENT

Although some of the readings for MRT Line 2 – V206 exceeded the permissible limits, the readings were not significantly higher than that of the baseline as seen in **Table 4**. The noise level has exceeded the permissible level mainly due to bore piling works, pile cap works, heavy vehicles movement along main road, temple activity and community activity.

 MRT Line 2 – V206	Parameters (dBA)	Daytime Baseline	Night time Baseline	Average Daytime	Average Night time
	LAeq		62		ε
	L90		60		δ
	Lmax	101	88	δ	ε

Table 4 – Average readings for MRT Line 2 – V206 project site against relative baselines and parameters

δ – Within the baseline ε – Slightly exceeds the baseline by no more than 7%



At the MRT Line 2 – V206 project site, noise and vibration control is managed by restricting the movement of heavy vehicles to daytime working hours, and only using routes that will cause minimum disturbance in the vicinity. Construction works that have to be carried out at night are subject to approval from the client and local authorities. No major disturbances are allowed near the residential areas for work carried out at night. Hoarding are installed at the site boundary to isolate the unsightly project sites from the public area. Acoustic panels are used as temporary noise barriers at sensitive areas such as residential and university, to contain noise at working areas. Noise generating equipment and machineries are inspected regularly

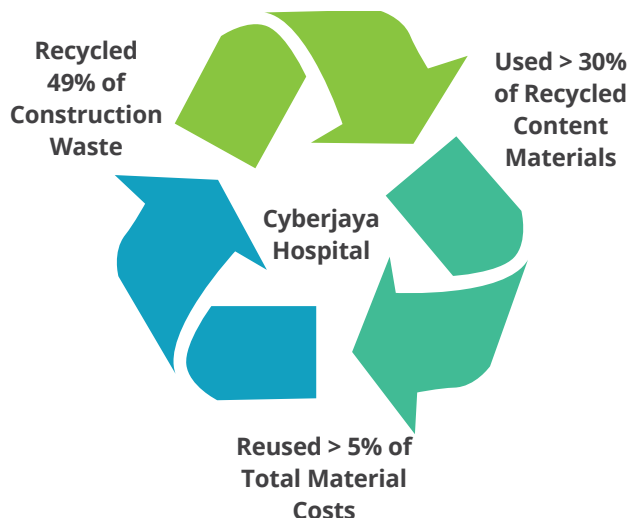
and maintained in good working condition to reduce noise generation. We have also added more noise barriers at residential areas which are nearby to our project sites.

As for Cyberjaya Hospital, the noise level has slightly exceeded the permissible level mainly due to on-going construction activities and vehicular movements along the main road and commercial area. No particular activity was observed during night time except for infrequent vehicular movements along the nearby connecting roads as well as insect noise.

Our water treatment plants in Indonesia are located nearby the residential and community areas. Therefore, all generator set rooms in the plant are provided with soundproof acoustic wall panel to comply with the noise standard.



To conserve natural resources, efforts are geared to reduce the environmental impact from extraction and processing of virgin materials, generation of waste and proper waste management.



For our Cyberjaya Hospital, we reused building materials on site such as reusable prefabricated formwork system for column, wall and slab. The reused materials constitute more than 5% of the total material costs. We also used recycled content materials for skim coat, concrete, weld steel fabric, steel bar and etc. which constitute more than 30% of the total material costs. As at May 2019, we recycled 49% of construction waste.

Cyberjaya Hospital has been selected by Kementerian Kesejahteraan Bandar, Perumahan dan Kerajaan Tempatan ("KPKT") as role model project for good waste management practice. In line with the enforcement of Solid Waste and Public Cleansing Management (Scheme for Construction Solid Waste) Regulations 2018 and Solid Waste and Public Cleansing Management (Licensing) (Undertaking or Provision of Collection Services for Construction Solid Waste) Regulations 2018 effective from 1 November 2018, the enforcement team from

SUSTAINABILITY STATEMENT



Perbadanan Pengurusan Sisa Pepejal dan Pembersihan Awam has selected Cyberjaya Hospital project as a training site for the enforcement team on how to handle waste management at project site from July to December 2018.

Competent waste contractor is appointed for the site. Location for roller bins, rubbish chute and rubbish rooms are allocated promptly at site. Waste is separated to domestic, scrap metal, timber and construction waste. Health, Safety and Environment (“HSE”) Department provides briefing to the workers about the location of roller bins, rubbish chute, rubbish rooms and dispose point or opening for rubbish chute. Sufficient signages are displayed for all roller bins at site. Subcontractors must supply sufficient workers to join gotong royong activities arranged by GESB twice a week. It is a requirement imposed by GESB to ensure waste is properly managed at site. The site supervisor will monitor and notify the waste contractor if domestic waste is full or piled up at site for more than 3 days.

For MRT Line 2 – V206 project, construction waste is collected and disposed as and when needed. The accumulation of waste at project sites is prohibited. Wood is reused whereas metal is recycled. We developed and implemented a Waste Management Plan (“WMP”) which outlines the requirement for providing dedicated areas for the storage of construction waste. The WMP is reviewed annually. Waste disposed are in accordance with the requirement as set by the Department of Environment (“DOE”) and other relevant regulatory bodies. We have established procedures for managing the collection and delivery of construction waste to reuse or recycling facilities. Progress updates on implementation of WMP are included as an agenda for discussion at project site meetings as and when needed.

We conducted oil spill drill at MRT Line 2 – V206 project in April 2019. The objectives of this drill are to educate workers on how to respond during an oil spill incident and how to manage the oil spill material (scheduled waste). Also to increase awareness among the workers to reduce oil spill during working at site.



Open burning is strictly not allowed at sites in accordance to Section 29A Environmental Quality Act 1974. Any person who contravenes subsection (1), will be liable to a fine not exceeding RM500,000 or to imprisonment not exceeding 5 years or both. As stipulated in the letter of award to the main contractor for development of Maple Residence, additional penalty ranging from RM1,000 to RM5,000 shall be imposed on the contractor if they carry out open burning at sites.

For our water supply business in Indonesia, sludge and sediments from backwash and sedimentation tanks are treated to an acceptable limit before discharge to the drain or river. The volume of sludge and sediments generated by the water treatment plants are significantly low at approximately 3% of the volume of treated water. The solid waste and trash from the water treatment plants and intake are collected and disposed fortnightly at the approved dump site.

E-waste is broken or obsolete electronic or electric appliances such as computer, laptop, monitor, printer, power cord cable, power bank, battery, handphone, television, air conditioner, washing machine and refrigerator, oven, etc. They contain toxicants that have serious impact on health and environment if they are not handled properly. The tremendous amount of e-waste generated throughout the years has become the concern of the nation. Malaysia is estimated to reach 53 million

SUSTAINABILITY STATEMENT

pieces of e-waste in 2020, which is 3.5 times higher than 1995. During the year, our IT department organised an e-waste campaign for two weeks in Wisma Gadang to raise awareness on the importance of handling and recycling the e-waste. Staff are encouraged to bring the e-waste to Wisma Gadang for proper disposal. We have collected more than 112 kg of e-waste during this campaign. The e-waste is recycled according to the regulations of DOE by Used Computer Malaysia. Used Computer Malaysia, a brand under TM Recycle IT Sdn Bhd, is an appointed contractor of the DOE.



BIODIVERSITY & LAND MANAGEMENT



We take measures to protect the ecosystem as our business operations can affect local natural habitats and the surrounding communities. 50% of the wood based materials used in Cyberjaya Hospital complied with Forest Stewardship Council and Malaysian Timber Certification Council requirement. This can contribute to the sustainable management of natural forest and forest plantations in Malaysia.

Erosion and Sedimentation Control Plan, Flood Protection Plan and Detailed Environmental Impact Assessment are examples of measures taken to protect the environment. Check dams and temporary earth drains, silt fences, turfing, silt traps, wheel washing facilities and sediment ponds are used as sediment control measures.

We also utilized the open space at our water treatment plants for green planting and vegetation.



SUSTAINABILITY STATEMENT



PetRAPID team collaborated with Petronas project team to complete the cleaning of about 12 km of Main Storm Water Drainage ("MSTW") within a very tight time frame of 2 months. The team has worked extended hours to implement all the erosion control measures along the MSTW including gravel dyke wall, cut off V-drain and all graveling on both side of the drains. The team demonstrated strong commitment and innovation in achieving the desired outcome of ensuring the storm water discharge quality is within DOE's limits.



We are guided by the Malaysian Ambient Air Quality Standard ("MAAQS") in monitoring of air emissions. During the reporting year, parameters monitored at our project sites were maintained below the permissible limit as set by MAAQS. This is shown in **Table 5**.

Table 5 – Ambient Air Quality Monitoring of Project Sites

Parameters	Averaging Time	MAAQS	MRT Line 2 – V206	PetRAPID 301 & 402	TRX Package C3	Cyberjaya Hospital	TRX Package C6
Total Suspended Particulates ("TSP")	24 hours	260 $\mu\text{g} / \text{m}^3$	α	α		α	α
Particulate Matter ("PM ₁₀ ")	24 hours	150 $\mu\text{g} / \text{m}^3$		α	α		
Particulate Matter ("PM _{2.5} ")	24 hours	75 $\mu\text{g} / \text{m}^3$			α		
Sulphur Dioxide ("SO ₂ ")	24 hours / 1 hour	105 $\mu\text{g} / \text{m}^3$ / 350 $\mu\text{g} / \text{m}^3$		α	α		
Nitrogen Dioxide ("NO ₂ ")	24 hours / 1 hour	75 $\mu\text{g} / \text{m}^3$ / 320 $\mu\text{g} / \text{m}^3$	α	α	α		α
Carbon Dioxide ("CO")	1 hour	35 $\mu\text{g} / \text{m}^3$	α	α	α		α
Ozone ("O ₃ ")	1 hour	200 $\mu\text{g} / \text{m}^3$			α		

α - Within MAAQS limit

For the MRT Line 2 – V206 project, air quality is monitored by maintaining natural buffer zones which act as a filter for dust control, as well as ensuring exhaust emissions are within acceptable limits by maintaining all vehicles, plant and equipment in good working condition. Water bowsers are used for dust control at haul roads. It is also used to clean up soil or dirt on public roads.



SUSTAINABILITY STATEMENT

Other initiatives to minimise air emission include conducting environmental training programmes focusing on air quality management for all employees. We also cover our earth and soil stockpile with canvas or geotextile, and exposed soil areas and haulage roads are damped with water especially during dry weather conditions. Water is frequently sprayed during hacking, crushing and drilling works. Vehicles which carry soil, sand and other similar types of materials are covered with tarpaulin, canvas or other equivalent materials before they are allowed to enter the public road.



We contribute to the Indonesia government initiatives by providing potable water to the citizen. 60% of the bulk water supply in Sidoarjo is contributed by TTS and HTB. DBT contributes 15% of bulk water supply in Gresik while BHJ contributes 2% of potable water supply for Tangerang City. The raw water from the rivers or any other surface water sources will be treated in water plants to remove the pollutants, particles and bacteria to become potable water before distribution to the societies and industries. We analysed the water quality at every 2 hours interval in the laboratory for raw and treated samplings to ensure all the raw water pollutant measurement and treated effluent are in compliance to the World Health Organization ("WHO") and the 'Peraturan Menteri Kesehatan' (Permenkes No. 492/2010) standards requirement. Additional analysis and certification are carried out at the Balai Besar Teknik Kesehatan Lingkungan dan Pengendalian Penyakit, Kementerian Kesehatan Republik Indonesia's laboratory on monthly basis.

GESB carries out monthly water quality monitoring. It is noted that the average total suspended solids readings for TRX Package C6 have exceeded the National Water Quality Standards ("NWQS") limit. This is due to discharge from other nearby project sites and the surrounding commercial outlets that resulted in the high level of total suspended solids. GESB has conducted drainage cleaning and housekeeping to remove the clogged rubbish.

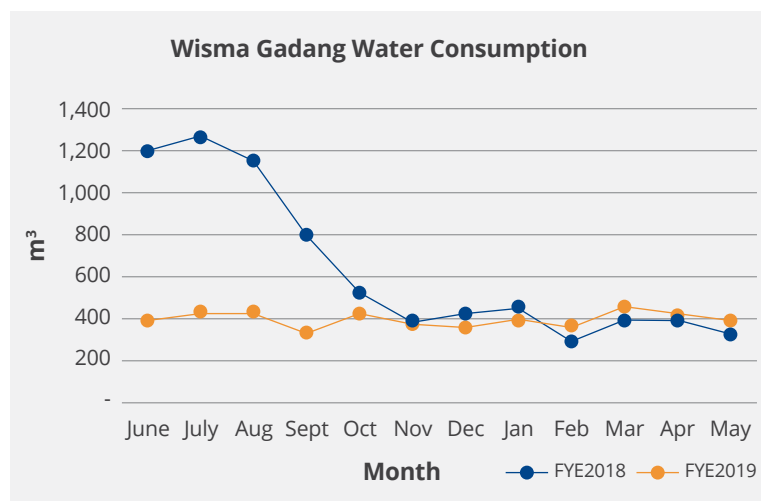
Table 6 – Water Quality of Project Sites against NWQS of Malaysia

Parameters	NWQS II / III	MRT Line 2 – V206	PetRAPID 301 & 402	TRX Package C3	TRX Package C6
pH	6 – 9 / 5 – 9	α	α	α	α
Total Suspended Solids (mg/L)	50 / 150	α	α	α	β

α – Within NWQS limit
β – Not within NWQS limit

We constructed temporary drainage to collect and channel surface run-off water to silt traps at our MRT Line 2 – V206 project sites. Additional silt trap is installed to cater to the surface run-off water. Spillage of oil and grease is not allowed to flow into watercourses or seep into the ground. Section 27 Environmental Quality Act 1974 spelt out that no person, unless licensed, is allowed to discharge or spill any oil or mixture containing oil into Malaysian waters in contravention of the acceptable conditions specified under Section 21. If there is leakage into such channels, it is immediately cleaned and contaminated materials shall be handled as scheduled waste. Clean rainwater accumulated in bunded areas are pumped out and drained to adjacent waterways. Chemical treatment is implemented for water discharged from sedimentation ponds. Mechanical silt traps are also installed at TRX Package C3.

SUSTAINABILITY STATEMENT



Low rainfall was recorded in most of the states in Malaysia since February 2019 and last till March 2019. Dam water levels dropped in the heatwave and threatened the water supply of some of the states. Drought has also been declared in some of the districts in Malaysia. We recognize the importance of conserving water and initiated monitoring of water consumption in Wisma Gadang. Our water consumption is managed within the average of 400 cube meter monthly. The water consumption has reduced substantially since October 2017 due to our initiative in conserving water by replacing all timed flush urinals that operates automatically at regular intervals to infrared sensor flush urinals.



LOOKING BACK

As committed in FYE2018, we standardised our environmental monitoring measures by developing sustainability reporting templates which are used across the group for more meaningful analysis of performance results against standards.

LOOKING FORWARD



We will continue to explore new initiatives that can preserve and protect the environment.

SUSTAINABILITY STATEMENT

SOCIAL

SOCIAL SUSTAINABILITY HIGHLIGHTS

OCCUPATIONAL HEALTH & SAFETY



Best Safety Performing Contractor Award
GESB PetRAPID team received recognition from Petronas



Tapak Bina Sejahtera ("TABAS") Award
GESB received from Majlis Perbandaran Sepang ("MPS")



Number of LTI < 5



ZERO Fatalities



OHSAS 18001:2007 Occupational Health & Safety Management System
GESB renewed in December 2018



MS 1722:2011 Occupational Health & Safety Management System
GESB renewed in December 2018



LTI frequency rate of < 0.27

LEARNING & DEVELOPMENT



Developed Annual Training Plan



Training

	2019	2018*
Days	455	538
RM	179,000	135,000
Participants	378	474

* Restated to exclude trainings which were subsequently claimable from client

COMMUNITY DEVELOPMENT

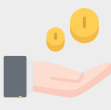


Cleaning of SK LKTP Sungai Mas
GESB PetRAPID team participated in Petronas event



Beach Cleaning Program 2018
GESB PetRAPID team supported Petronas event

ATTRACTIVE & INCLUSIVE WORKPLACE



School Aid
2019 : RM52,600 for 263 Employees' Children
2018 : RM55,200 for 276 Employees' Children



Traditional Chinese Medicine Medical Benefit



RM875,000 scholarships awarded since 2014



4 Water Treatment Plants are 100% operated by locals in Indonesia

Diagram 11 - Social Sustainability Highlights



OCCUPATIONAL HEALTH & SAFETY



We are committed to the continuous improvement of our HSE policies and practices. Key measures are implemented to prevent injuries, fatalities and occupational illness at project sites and workplace. During the year, we have received recognitions for our efforts taken to improve HSE. The recognitions include Best Safety Performing Contractor from Petronas and TABAS from MPS.

PetRAPID team received Best Safety Performing Contractor recognition from Petronas. Good HSE compliance with Petronas HSE system is demonstrated. The team also demonstrated strong HSE leadership during Tool Box Talks, management walkabout, audit and dedication to identification of work place hazards.



SUSTAINABILITY STATEMENT



TABAS is the initiative from MPS to promote clean, safe and quality management at project site. There are 6 audit scopes and project site which achieves 85 marks and above will be awarded with TABAS certificate. 6 departments from MPS who conducted the audit included the Jabatan Bangunan, Jabatan Kejuruteraan, Jabatan Kesihatan, Jabatan Perlesenan, Unit Perkhidmatan Bandar and Jabatan Penguatkuasa.



Diagram 12 - HSE Objectives, Practices & Values

We have successfully renewed our OHSAS 18001:2007 Occupational Health and Safety Management System and MS 1722: 2011 Occupational Health and Safety Management System in December 2018. Various workshops were conducted by consultants to prepare our staff for migration to ISO 45001:2018 Occupational Health and Safety Management System. Monthly meetings, weekly briefings, safety induction courses and refresher trainings are held to foster the safety awareness and culture across the Group. HSE trainings are conducted depending on the employees' role and project requirements.

Annual compliance audits are conducted by our group internal auditors for our projects and subsidiaries. Our HSE internal auditors conducted six audits which cover OHSAS 18001:2007, MS 1722:2011 and EMS 14001:2015 during the financial year. All the 17 Non Conformance Reports ("NCRs") issued by our HSE internal auditors were closed. We also closed all 4 NCRs issued by SIRIM QAS International auditors.

Table 7 - HSE Performance

Target	2019 Performance	2018 Performance
Zero life loss	No fatalities	No fatalities
Reportable incident rate of less than 3	7.64	3.67
Number of LTI not more than 5	1	2
LTI frequency rate of less than 0.27	0.17	0.65

As shown in **Table 7**, we did not achieve our HSE target of reportable incident rate of less than 3. We take cognizance that there is much room for HSE improvement.

As part of our effort to reduce the incident rate, we continuously come out with solutions to prevent reoccurrence of incidents. We also revisit and revise our Hazard Identification, Risk Assessment and Risk Control to improve our site safety. Additional trainings are conducted at site to increase safety awareness. Safety inspection criteria are further improved to have more stringent compliance.

Various safety, health and environmental campaigns were organized to foster good health and safety practices and increase staff awareness.



SUSTAINABILITY STATEMENT

LEARNING & DEVELOPMENT

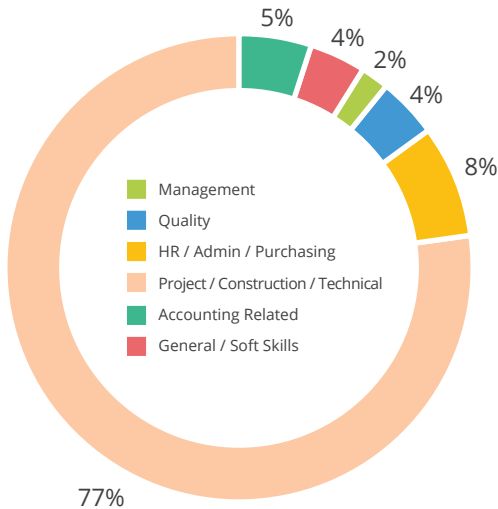


Diagram 13 - Trainings organised by HCD

We are committed to provide training and development to all employees in order to sustain our competitive edge in the fast-changing business environment. To prepare our workforce for future challenges, we have developed our first Annual Training Plan in 2019 by looking into competencies gap of each of the employees in aspect of technical and soft skills. The Group has allocated a total training fund of RM340,000 for calendar year 2019 to develop the employees' skills further and improve the overall performance.

On top of the training programs that are scheduled in the Annual Training Plan, the Company also grants ad-hoc trainings upon request if there are any changes / new laws and regulations being implemented, or at the request of the client, to ensure 100% fulfilment of statutory compliances and client's requirement.

Examples of training programmes organised by Human Capital Department ("HCD") include QClassic Awareness, Authorised Entrant and Standby Person for Confined Space, Construction Law Conference, Winning at CIPPA, 21st Conference and Exhibition on Occupational Safety and Health (Enhancing OSH in New Digital Era), Certified Inspector Sediment and Erosion Control, Contract Management for Construction and etc.

Training programmes are also conducted at project sites by HSE team to improve employees' construction skills and understanding of health, safety and environmental matters. The training programmes include Waste Management, Soil Erosion and Sediment Control, Air Pollution Control, Working At Height, Hot Work Training and others.

	FYE2019	FYE2018*
 TIME INVESTED	455 DAYS	538 DAYS
 AMOUNT INVESTED	RM179,000	RM135,000
 NUMBER OF PARTICIPANTS	378 PARTICIPANTS	474 PARTICIPANTS

* Restated to exclude trainings which were subsequently claimable from client

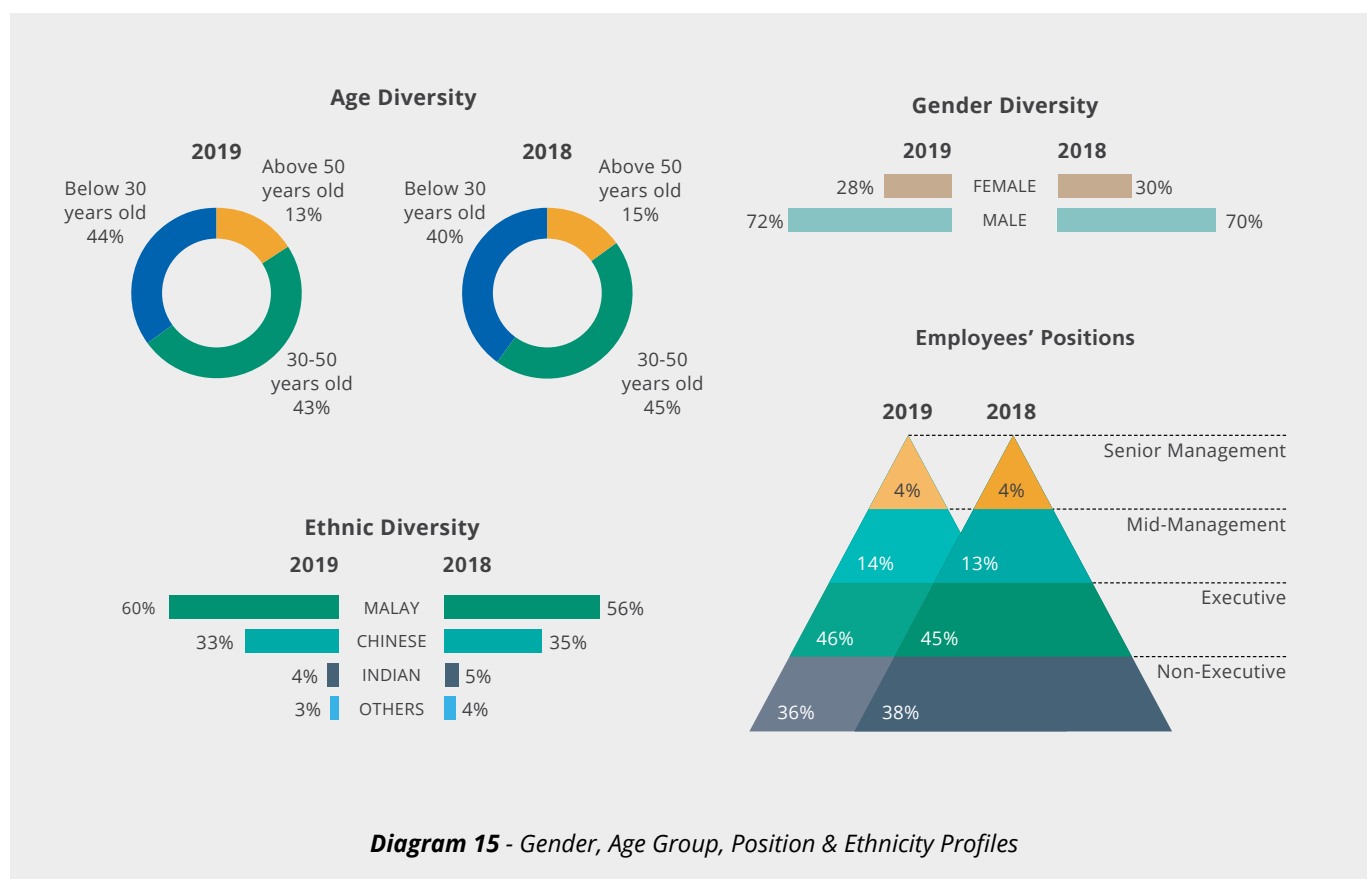
Diagram 14 - Total Training Days, Amount Invested & Number of Participants

SUSTAINABILITY STATEMENT



We have a Code of Conduct & Ethics (“Code”) that serves as a guide to proper business etiquette for all employees and ensures we observe the highest standards of integrity which addresses conflict of interest, confidentiality, crime, professional conduct, fair and equitable treatment. This Code will be reviewed and revised to incorporate anti-corruption policy to comply with Section 17A - Corporate Liability on Corruption of the Malaysian Anti-Corruption Commission (Amendment) Act 2018.

Our Equal Employment Opportunity Policy highlights our values and the enforcement of fair employment practices which covers recruitment, promotion, transfer, compensation, benefits administration, training, education, and recreational activities.



It is imperative to take care of the health of employees to increase the productivity of employees. During the year, we reviewed the staff medical policy and introduced new benefit of allowing the medical expenses claim for Traditional Chinese Medicine (“TCM”). Employees who visit TCM practitioner that is registered under Traditional and Complementary Medicine Council and hold a valid and subsisting practicing license shall be allowed for medical reimbursement.

The following policies support fair and equitable practices:

- Employee Share Option Scheme
- Employee Handbook
- Group Performance Management System
- Group Substance Abuse Policy
- Grievance Procedure

SUSTAINABILITY STATEMENT



RECREATIONAL & SPORTING ACTIVITIES

Besides work, we encourage our employees to have a healthy lifestyle. We sponsor weekly after-work sports activities as follow;

- jazzercise;
- yoga; and
- Tai Chi.

We have an established Sports Club that organises recreational activities for its members, such as;

- badminton;
- family day;
- outings;
- lucky draw & dinner; and
- short trips.



COMMUNITY DEVELOPMENT



We enhance the quality of life of Malaysian by participating in MRT Line 1 - Package V2, MRT Line 2 - Package V206 and Cyberjaya Hospital projects. We ease the cost of living of local communities through our affordable housing development. Our affordable housing, Phase 1A PR1MA Homes comprising 325 units were fully sold and handed over to the purchasers. We continue our effort in developing affordable housing through Phase 2A PR1MA TWO Homes which will benefit 469 families. To cater to different market needs, we have Maple Residence, a freehold luxury landed housing development which consists of 3.97 acres of Green Central Park and surrounded with 4.2 km jogging path to foster healthy lifestyle. The residents can enjoy community features and 2 acres private club house facilities such as lap pool, wading pool, outdoor jacuzzi, gymnasium, half basketball court, barbecue area, thematic playground, reflexology path, gazebo, multipurpose room, reading room, lounge area, water feature at outdoor plaza, mini amphitheatre and others.

SUSTAINABILITY STATEMENT

We also support social activities such as beach cleaning program organized by Petronas. GESB has diligently completed the maintenance and cleaning of approximately 2 km patrol road within 2 days in preparation of Beach Cleaning Program held in December 2018. Petronas has awarded us a certificate in recognition of our efforts in this event.



We also participated in a school cleaning project at Sekolah Kebangsaan LKPT Sungai Mas at Johor. We repainted some of the facilities to protect them from wear and tear and adverse weather condition.



The Company has made monetary contributions to old folks homes, Majlis Kebangsaan Kesatuan Pekerja-pekerja Kerajaan Malaysia, Yayasan Sin Chew, Yayasan Nanyang Press, Oriental Daily Sdn Bhd, Yayasan Bursa Malaysia, Koperasi JKR Negeri Selangor dan Wilayah Persekutuan Berhad and others for festive celebration.



LOOKING BACK

We have developed Annual Training Plan in 2019 to improve our employees' skills and performance.

LOOKING FORWARD



We will continue to invest in learning and development, and implement appropriate health and safety measures to improve our performance in these areas.