



Sustainability Statement

Sustainability Statement

ABOUT THIS SUSTAINABILITY STATEMENT

Gadang Holdings Berhad ("Gadang") recognises the importance and is committed to embedding sustainability in our operations to perpetually pursue value for all our stakeholders. Instead of merely reporting our performance for the Economic, Environmental and Social matters like what we did in the past, in this year, we have taken a step further to map the Key Result Areas ("KRAs") and Key Performance Indicators ("KPIs") for key sustainability matters in each business division to four sustainability pillars i.e. Business Front, Environment, Workplace and Community. Refining these will enable our employees to have a better understanding of our collective contributions to the business' sustainability.

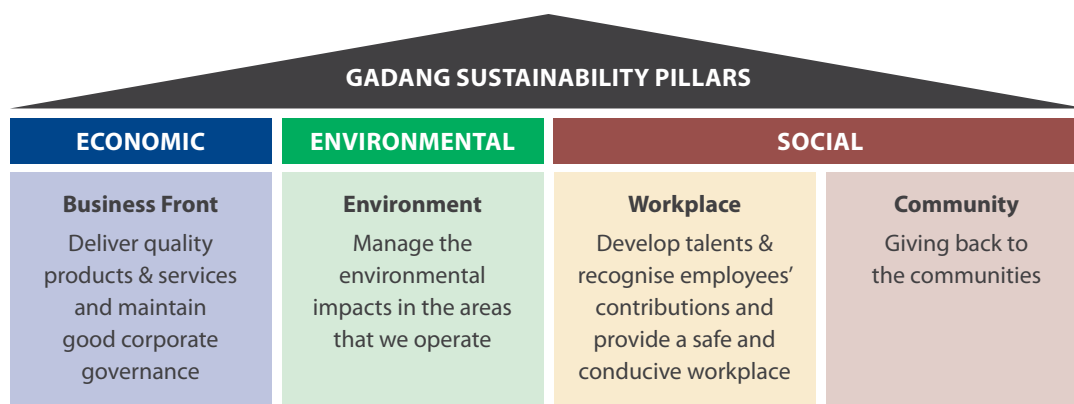


Diagram 1 - Gadang Sustainability Pillars

REPORTING PERIOD AND SCOPE

Our 3rd Sustainability Statement covers our sustainability management and performance data from 1 June 2019 to 31 May 2020, and the comparative data where applicable. The reporting scope encompasses Gadang and our active subsidiaries – collectively referred to as the "Company" or "Group" including the Utility Division, which is operating in Indonesia. We have four water treatment 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.

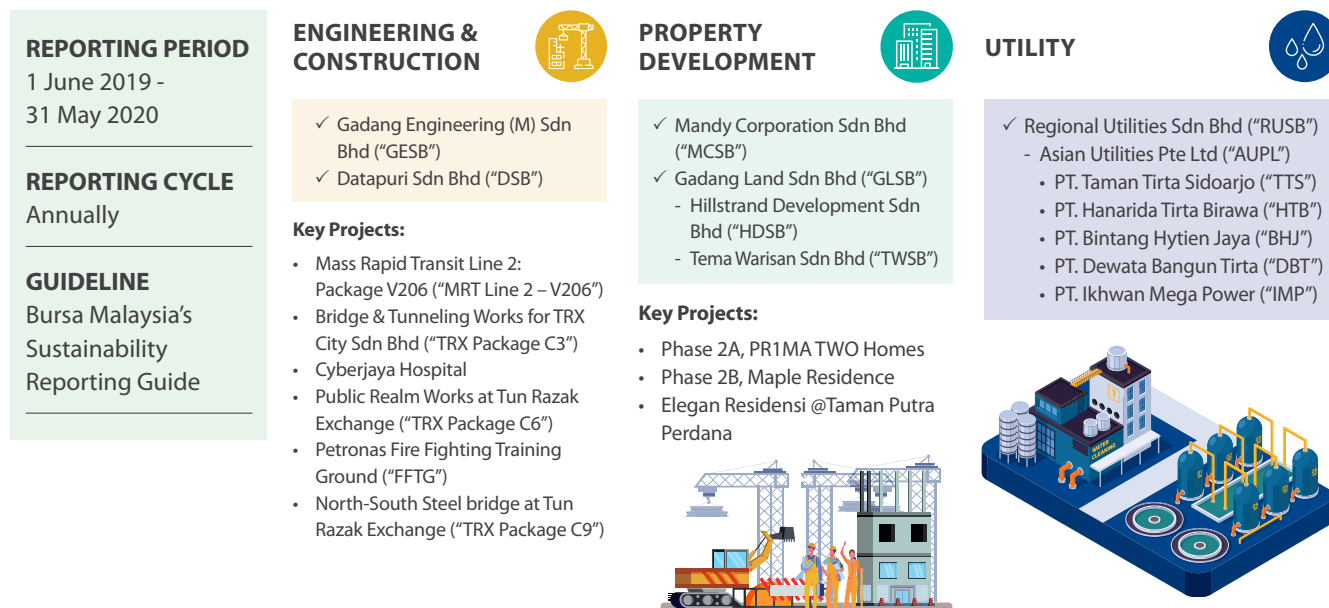


Diagram 2 - Our Reporting Period and Scope

REPORTING FRAMEWORK

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”).

INDEPENDENT ASSURANCE

We have not sought any external assurance for the current statement. However, we strive to continuously enhance the collection, analysis and reporting of relevant data to provide our stakeholders with a better insight into our sustainability management and performance data.

SUSTAINABILITY GOVERNANCE

A strong and effective governance structure is imperative in order to embed sustainability in the Company and strengthen the trust and confidence of stakeholders. 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 ensuring KRAs and KPIs are aligned to the business plan and objectives to ensure business continuity and long-term stakeholder value creation.

BOARD OF DIRECTORS (“BOARD”)



Reviews and approves the 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 cum Chief Executive Officer
- 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 and Indonesia
- 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 3 - Sustainability Governance Structure

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

Sustainability Statement

OUR STAKEHOLDER ENGAGEMENT

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**.

STAKEHOLDER GROUP	ENGAGEMENT CHANNEL	FOCUS AREA	OUTCOME	OUR RESPONSE <i>(Kindly refer to respective sections of the statement)</i>
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 maximise shareholders' value	Business Front, Environment & Workplace, pg. 66 – 86
Investors / Shareholders	- Annual General Meeting - Investor relation activities - Public announcements - Corporate website - Annual report	✓ Financial performance ✓ Quality of services & operations ✓ Information security ✓ Timely & transparent disclosure ✓ Environmental practices ✓ Occupational Health & Safety ✓ Staff development & training	Positive reputation amongst investors / shareholders	Business Front, Environment & Workplace, pg. 66 – 86
Employees	- Regular meetings - Learning & development programmes - Campaigns - Sports Club activities - Stakeholder Engagement Surveys - Sustainability activities	✓ Information security ✓ Fair employment practices ✓ Staff development & training ✓ Company performance ✓ Business ethics & compliance	Improved staff engagement	Business Front, pg. 66 – 70 & Workplace, pg. 78 – 86
Clients / Customers	- Client / Customer 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	Business Front & Environment, pg. 66 - 77 & Community, pg. 87 – 90
Government / Regulatory Authorities	- Ad hoc 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 Compliance with laws & regulations	Business Front & Environment, pg. 66 – 77
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	Business Front, pg. 66 – 70 & Workplace, pg. 78 – 86
Business Partners	- On-going communication & visits - Stakeholder Engagement Surveys	✓ Collaboration & market synergy ✓ Occupational Health & Safety ✓ Staff development & training	Recurring business opportunities	Business Front, pg. 66 – 70 & Workplace, pg. 78 – 86

STAKEHOLDER GROUP	ENGAGEMENT CHANNEL	FOCUS AREA	OUTCOME	OUR RESPONSE <i>(Kindly refer to respective sections of the statement)</i>
Media / Analyst	- Press conferences - Media releases / interviews - Ad hoc meetings	✓ Timely & transparent disclosure ✓ Environmental practices	Better understanding of Company's performance	Business Front & Environment, pg. 66 – 77
Local Communities / NGOs	- Meetings & visits - Community development programmes	✓ Accessible & affordable housing ✓ Environmental practices ✓ Community development ✓ Contribution to society	Better social relationship	Environment, pg. 71 – 77 & Community, pg. 87 – 90

Table 1 - Details of Our Engagement with Stakeholders

MATERIALITY ASSESSMENT

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") Kick off Meeting 2020 attended by 28 representatives of Management across various business functions to review the relevancy of the previous year's sustainability matters to our business and stakeholders.

We considered both internal and external factors such as risks arising from rapid changing environment, regulatory requirements and stakeholders' expectations, and also considered any new sustainability matters which we may not have addressed. We 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.



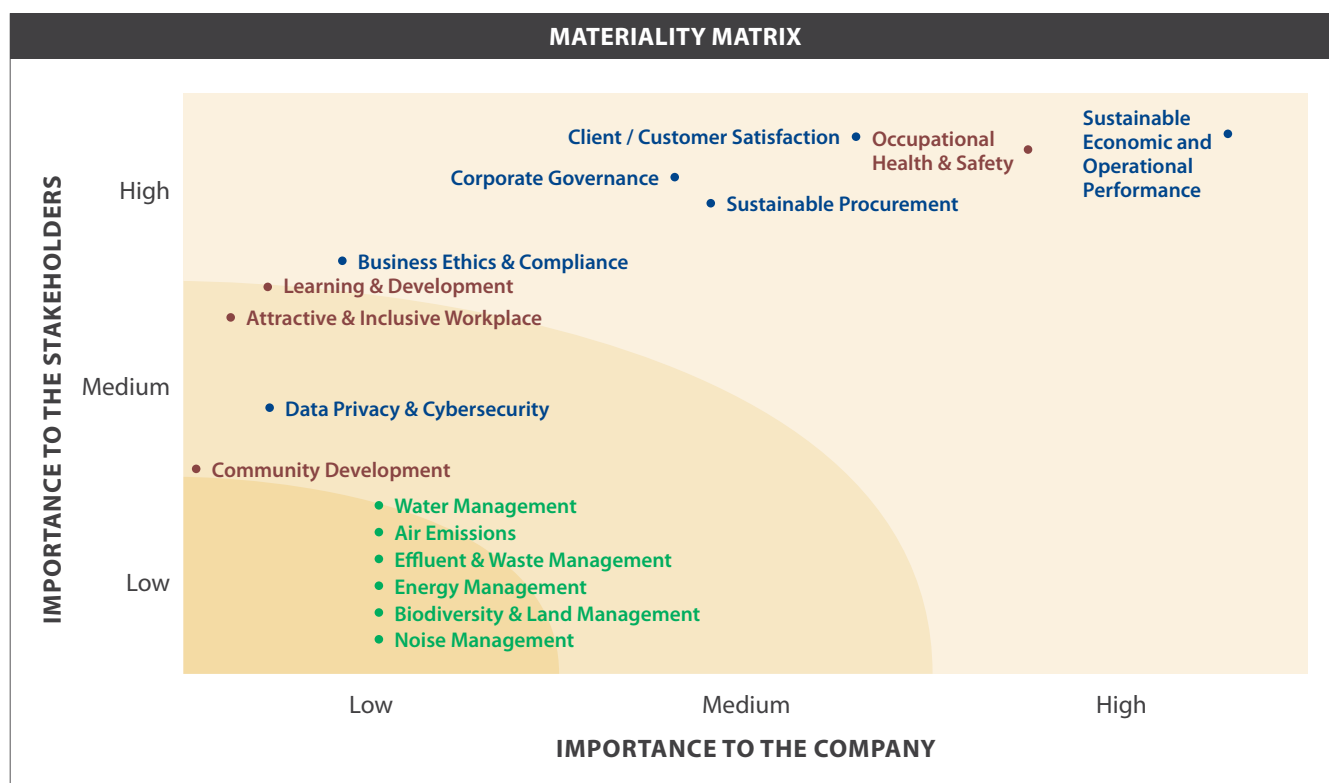
Diagram 4 - Materiality Assessment Process

Sustainability Statement

During this annual exercise, we identified Corporate Governance as a material sustainability matter due to the increasing demand from stakeholders for continuous improvement and transparency in reporting as well as to ensure compliance with the Malaysian Anti-Corruption Commission (Amendment) Act 2018. We took a step back for business expansion & strategic partnership / collaboration in view of the current challenging and depressed economic environment at the national and global front, primarily due to the Covid-19 pandemic. The materiality assessment process enables us to prioritise the sustainability matters which have the most impact on our ability to create long-term value to our stakeholders.

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 Kick Off Meeting 2020 and data collected from the surveys are used to update the materiality matrix as shown in **Diagram 5**.



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

Diagram 5 – Materiality Matrix

Out of the 16 sustainability matters identified, the top 5 sustainability matters are shown in the diagram below:



Diagram 6 - Top 5 Sustainability Matters

Please refer to the page numbers stated below for the snapshot on our achievements which demonstrated how we have addressed the stakeholders' concern on the top 5 sustainability matters.

Top 5 Sustainability Matters	Our Achievements (Kindly refer to respective sections of the statement)
Sustainable Economic & Operational Performance	Commitment to operational excellence, pg. 67 - 69
Occupational Health & Safety	Occupational Health & Safety, pg. 79 - 82
Client / Customer Satisfaction	Managing our clients / customers expectation, pg. 70
Sustainable Procurement	Procurement management, pg. 70
Corporate Governance	Commitment to corporate governance, pg. 69

Table 2 - Our Achievements for Top 5 Sustainability Matters

Sustainability Statement

Every year, we discussed with our SWG members to identify and refine our Sustainability Targets. Our FYE2020 Sustainability Targets show our sustainability performance and how these various targets are contributing towards the achievement of SDGs and the outcome for the Company. The targets are mapped to our four Sustainability Pillars.

Sustainability Pillars	Sustainability Matters	Target	Progress Update	Outcome for the Company	SDGs
Business Front	Sustainable Economic & Operational Performance	Provide affordable and clean energy to the community in Lintau.	Construction of mini-hydro plant is in progress.	Additional revenue stream for the Company upon commercial operation.	 
		Continue to optimise resources and address unproductive assets.	Disposal / Write off of assets at Net Book Value of RM2.4 mil.	Increase in cash flow amounting to RM6.1 mil and recorded a gain of RM3.9 mil. Stopped carrying depreciation cost for unproductive assets in Statements of Profit or Loss.	
		Upgrade to ISO 45001 : 2018 Occupational Health & Safety Management Systems.	Completed.	Strengthen health and safety policy and procedures.	
	Corporate Governance	Revise Code of Ethics & Conduct.	Completed.	Strengthen bribery and corruption prevention efforts for good governance and comply with relevant Acts.	
		Develop Anti-Bribery & Corruption Policy.	Completed.		
Environment	Energy Management	Install solar panel in Gadang Headquarters ("HQ").	Completed in March 2020.	Savings on electricity bill. Contribute to the reduction of carbon dioxide ("CO₂") emission, hence reducing the carbon footprint and mitigate climate change.	
	Air Emissions	Raise awareness on climate change among employees.	a) Climate Reality Talk at Gadang HQ in collaboration with Free Tree Society ("FTS") on 7 Jan 2020.	Offset the carbon footprint and mitigate climate change as each tree is equivalent to 21kg of CO ₂ offset.	
			b) Trees Planting at Bangsar Nursery in collaboration with FTS on 22 Feb 2020.	Raise climate change and environmental protection awareness.	

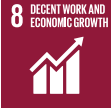
Sustainability Pillars	Sustainability Matters	Target	Progress Update	Outcome for the Company	SDGs
Workplace	Occupational Health & Safety	Continue to improve on health & safety			
		a) Zero fatalities	Achieved.	Good safety culture has a positive impact on Company reputation and investor perception of the competency of the Safety & Health team, the emphasis on the wellbeing of our employees and the general public. Zero compensation cost and / or reprimand by authorities and / or stop work order.	
		b) Reportable incident rate of less than 3	Not Achieved.	Following incidents / accidents at project sites, response plan will need to be submitted to client that incorporates additional preventive measures.	
		c) Lost Time Injury ("LTI") frequency rate of less than 0.27	Not Achieved.	Same as (b)	
		d) Number of LTI not more than 5	Achieved.	Same as (a)	
Community	Community Development	Maintain scholarship initiative, social contribution and community donation	Approved scholarship - RM149,250 Corporate Social Responsibility & Donation - RM873,128	Better branding for Company by giving back to communities.	  

Table 3 - Sustainability Targets

Sustainability Statement

FYE2020 Business Front Highlights



BEST CEO AWARD

at Focus Malaysia's
Best Under Billion
Awards 2019

CYBERJAYA HOSPITAL CIDB SHASSIC

SCORE 4-STAR RATING (85%)
GESB received the award in August 2019

PHASE 2B MAPLE RESIDENCE CIDB QCLASSIC SCORE 85%

MCSB received the award in January 2020



Revised

- ✓ **Code Of Ethics & Conduct**
- ✓ **Whistleblowing Policy & Procedures**
- ✓ **IT Policy & Procedure and
Disaster Recovery Plan**

Implemented

- ✓ **Anti-Bribery &
Corruption Policy**



TRX biggest lifting operation

which involved
1,600 tonne
giant crane



Implemented
**DSB's NAS
and Firewall
security
device**

Upgraded
**Gadang
Holdings
Berhad
& GLSB's
servers**

Launched
**New
Property
Division
website**



Passed

VMWare Licensing
Self Review Audit



ZERO

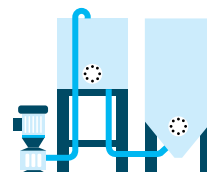
Data Breaches



Deployed
**MHW Road
Runner App**

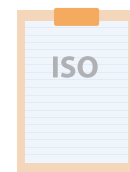


Developing
**virtual reality
show units**



**100%
Purchased Locally
in Indonesia**

Materials & equipment used
for water treatment plants



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

Diagram 7 - FYE2020 Business Front Highlights

BUSINESS FRONT

Commitment to operational excellence

Under the leadership of our Group Managing Director (“MD”) cum Chief Executive Officer (“CEO”), we continuously strive to improve and sustain our business.

In November 2019, our Group MD cum CEO, Tan Sri Dato’ Kok Onn, was awarded the Best CEO Award at Focus Malaysia’s Best Under Billion Awards 2019, for excellence in leading and guiding the Company towards greater heights. Our Chief Financial Officer, Kok Pei Ling received the award on behalf of our CEO. The assessment was based on criteria such as leadership skills, dynamism and business acumen. KPMG Management & Risk Consulting worked with Focus Malaysia to filter the winners and the final decision was validated in consultation with the firm.



We continue to focus on providing quality products and services to our clients / customers. In August 2019, our Cyberjaya Hospital achieved a score of 4-Star rating (85%) for Sistem Penilaian Keselamatan dan Kesihatan dalam Pembinaan (“SHASSIC”) from Construction Industry Development Board (“CIDB”).



68

ANNUAL REPORT 2020



We are proud to be the contractor for Tun Razak Exchange ("TRX") North-South Bridge which will connect the developments of North and South parcels of TRX financial district. The TRX North-South Bridge is spanning across one of the busiest trafficked routes in Kuala Lumpur city centre namely Jalan Sultan Ismail, the SMART Tunnel, Jalan Kampung Pandan Flyover and several smaller slip roads. Due to presence of crucial infrastructures i.e. the Kampung Pandan Flyover and the SMART Tunnel which are located within the centre of the TRX North-South Bridge, we have engineered the TRX biggest lifting operation by using a giant 1,600-tonne capacity crane, Demag CC8800-1. We successfully launched the extraordinary 66.9 metres long TRX North-South Bridge without the need for additional columns at its centre. The precise engineering, meticulous planning, careful preparation and close coordination with all parties involved had resulted in the smooth and safe execution of the work, with the adjacent crucial infrastructures carefully considered and kept in place safely. The extensive engineering study with critical technical consideration and paramount emphasis on safety, in carrying out this super-heavy lift in an urban on-set, is an invaluable experience as well as proven track record for our team to continue to excel in future projects.



On the property side, adapting to the new norm of social distancing due to Covid-19, we are in progress of developing our virtual reality show units to market and connect with our potential purchasers. The potential purchasers will be able to visualise themselves being a resident of the show units and navigate around the virtual version of the selected show units of each development.

Commitment to corporate governance

In line with good corporate governance practices, we are committed to operate our business in an ethical manner and to uphold the highest standards of professionalism and exemplary corporate conduct. During the year, we revised our Code of Ethics and Conduct ("COEC") to incorporate anti-corruption policy to comply with Section 17A - Corporate Liability on Corruption of the Malaysian Anti-Corruption Commission ("MACC") (Amendment) Act 2018. The COEC is applicable to all employees, including the directors.

We also have a standalone Anti-Bribery and Corruption ("ABC") Policy to spell out clearly the Company's stand on bribery and corruption and conducts which are prohibited. The ABC Policy is applicable to our directors, employees as well as persons associated with Gadang. It reiterates our commitment to ensure full compliance with the MACC Act 2009, MACC (Amendment) Act 2018 and any other local anti-bribery or anti-corruption laws that may be applicable. Training on these policies will be provided to all directors, employees and persons associated with Gadang.

We encourage employees and persons associated with Gadang to report unethical or unlawful matters via our Whistleblowing reporting procedures.

These policies are reviewed and approved by the Board of Directors. They are made accessible to the public on our website at gadang.com.my and are summarised in **Diagram 8**.

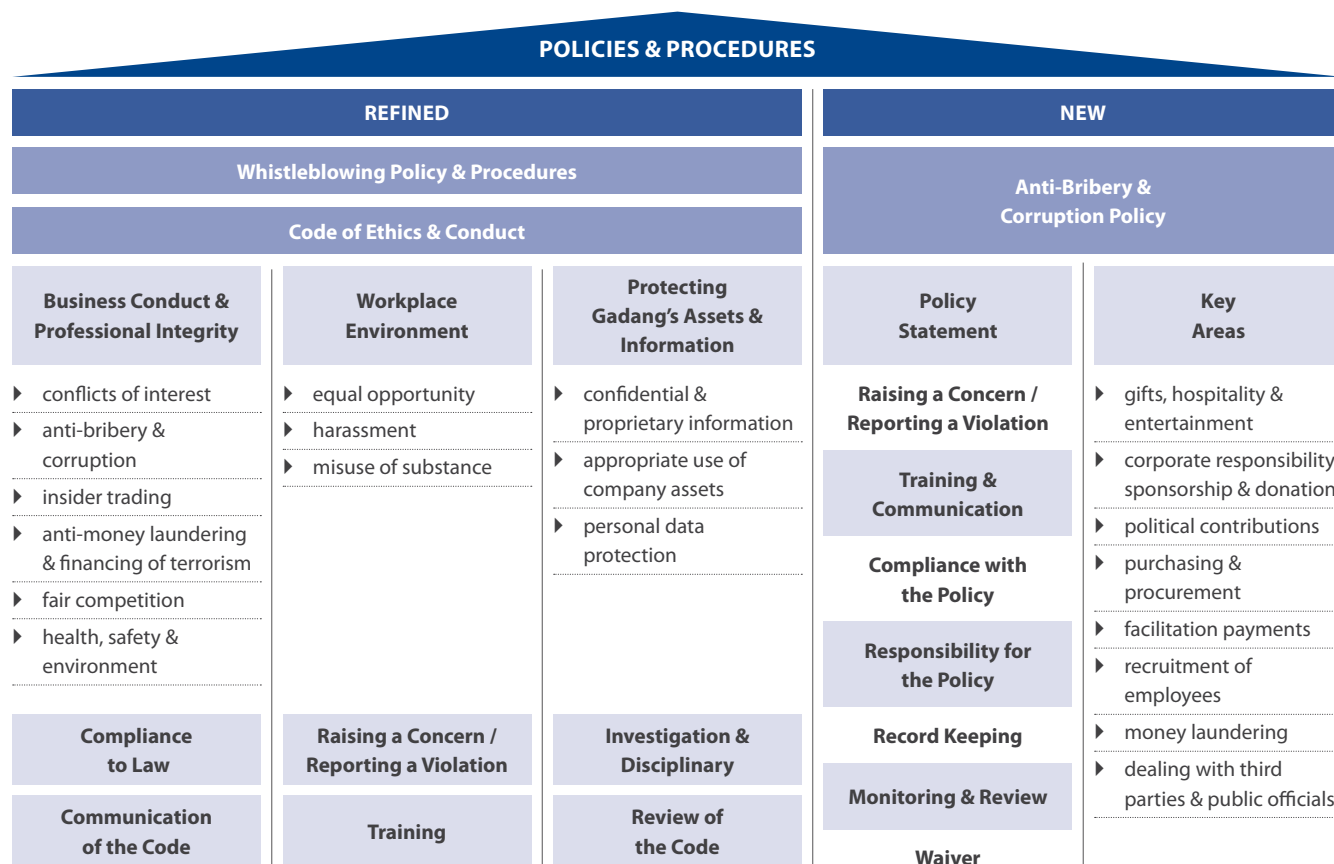


Diagram 8 - Policies & Procedures

Sustainability Statement

Procurement management

Our Procurement Committee ensures that the process of procurement is according to Group policies and 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.

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 they are of sufficient capabilities and quality. We exclude under-performing ones to ensure the quality of our products and services.

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 the water treatment plants 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.

Managing our clients / customers expectation

We engage our clients / customers frequently through meetings, visits, surveys and other discussion platform to gauge the level of our clients / customers' satisfaction. We ensure that prompt responses are given to our clients / customers when issues are raised by them.

Based on the analysis of data collected from client satisfaction surveys for construction projects, we achieved the score of above average, 3.9 out of 5.

As for our customer satisfaction surveys for Phase 2A PR1MA TWO Homes, we achieved the score of above average, 3.6 out of 5. 84% of the customers who responded said that they will consider to purchase our future development and will recommend our development to friends.

To enhance our services and efficiency to customers, we have deployed a digital platform, the MHW Road Runner App for handling vacant possession and defects management of Phase 2A PR1MA TWO Homes and Phase 2B Maple Residence. MHW Road Runner App caters to both Android and iOS users and is used to schedule appointments for handing over of property and keys to owners and tracking of defects.

We have also launched our Property Division website at gadangland.com.my which is user friendly and allows our potential purchasers to have a better browsing experience.

Protecting data privacy and improving our cybersecurity

Protection of data, information and intellectual property belonging to stakeholders against security breaches are important with the increasing threats to cybersecurity. During the year, we upgraded our Gadang Holdings Berhad and GLSB's servers, and implemented DSB's Network Attached Storage ("NAS") and Firewall security device. We also conduct software audits to ensure compliance with software licensing requirements and prevent the illegal download of software by employees. No incident of data breaches were reported during the reporting period.

In July 2019, Gadang Holdings Berhad participated in VMware International Ltd ("VMware") Licensing Self Audit Review. VMware had concluded that the software was deployed in accordance to the terms and conditions of the applicable license agreement.

Annually, 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.

We comply with relevant requirements as prescribed under the Personal Data Protection Act 2010 ("PDPA"). Our purchasers and employees are well notified of the PDPA requirements. Purchasers are required to sign the PDPA Notice in accordance with statutory compliance. PDPA Notice for purchasers is also posted on our Property Division website at gadangland.com.my

FYE2020 Environment Highlights



Diagram 9 - FYE2020 Environment Highlights

Sustainability Statement

ENVIRONMENT

Managing environmental impact

As climate change and environmental pollution pose significant risks to the humans, animals and other living things on earth, we endeavor to raise awareness and manage the environmental impact from our business decision and operations.

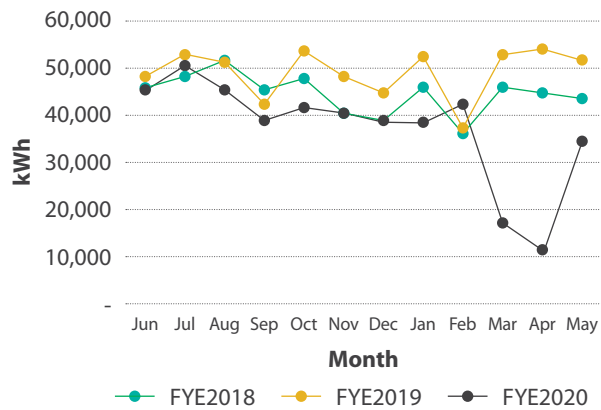
We invited Baida Jane Hercus, President of Free Tree Society to give a talk on Climate Reality to raise the awareness of employees on the impact of climate change. It was an impactful presentation on the science, impact and solutions to the climate crisis. We learnt about the local and global effects of climate change as well as what we need to do to help create a better future for the planet. It was a successful event that received overwhelming response from employees working at Gadang HQ and project sites. Our SWG Chairperson presented a token of appreciation to the President of Free Tree Society.



Subsequent to the Climate Reality Talk, we collaborated with Free Tree Society for a trees planting session at Bangsar Nursery. A group of 22 volunteers from Gadang contributed their time for this meaningful event. We spent our Saturday morning by tidying up the Bangsar Nursery and propagating more than 100 cuttings for Earth Day giveaway which falls on 22nd April each year.

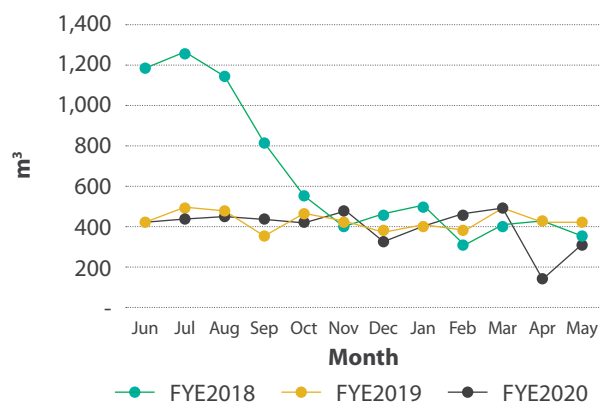


Gadang HQ Electricity Consumption



in March 2020. This will reduce CO₂ emission, hence reducing the carbon footprint and mitigate climate change. In addition, we also reap some economic benefit in the form of electricity bill savings.

Gadang HQ Water Consumption



We recognise that monitoring our energy and water consumption is an effective way to better manage our environmental impacts. Therefore, we continue our tracking of Gadang HQ electricity and water consumption. To reduce global warming effects, we continue to explore energy savings initiatives to reduce energy consumption. We have increased the air conditioner temperature to between 23 and 24 degree Celsius and replaced spoilt fluorescent lights with light-emitting diodes lights. These initiatives have reduced our electricity consumption for financial year 2020 by an average of 10%. The dip in March and April was due to our employees working from home due to the Movement Control Order ("MCO") to contain the spread of Covid-19.

We support the use of renewable energy to reduce climate impact and installed solar panel on the rooftop of Gadang HQ

Our monthly water consumption is managed within an average of 375 cubic meters, a reduction of 25 cubic meters as compared to a monthly average of 400 cubic meters last year.

We continue to maintain our ISO 14001 : 2015 Environmental Management System ("EMS") and 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 of respective projects and are committed to meet the requirements provided in GESB's Health, Safety and Environment ("HSE") Manual. For projects that fall under the list of prescribed activities of the Environmental Quality (Prescribed Activities) (Environmental Impact Assessment)

Order 2015, an Environmental Impact Assessment is carried out to ensure appropriate mitigating measures are implemented accordingly to protect the environment.

GESB carries out monthly monitoring for air, noise and water quality at project sites. Remedial actions will be taken, if any exception is noted to protect the environment. We are guided by the various standards and guidelines in monitoring of air, noise and water quality as follows:

- Malaysian Ambient Air Quality Standard
- Planning Guidelines for Environmental Noise Limits and Control
- National Water Quality Standards

Various initiatives are implemented to manage the impact of the air, noise and water to the environment.

Sustainability Statement

Case study – Air, noise and water related initiatives implemented at MRT Line 2 - V206 project site

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 bowsters are used for dust control at haul roads. It is also used to clean up soil or dirt on public roads.



Noise and vibration are 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. 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 our project sites. Hoardings are installed at the site boundaries to isolate the unsightly project sites from the public area. Acoustic panels are used as temporary noise barriers at sensitive areas such as residential, university and Bomba quarters, to contain noise at working areas.



Sustainability Statement

Silt traps are installed at the construction area to control total suspended solids and turbidity of water discharge from site into public drain. In-situ monitoring are carried out weekly and after rain event (rainfall more than 12.5mm) to ensure silt traps are working properly.



We strive to reduce the environmental impact from extraction and processing of virgin materials, waste generation, to conserve natural resources and protect the ecosystem.

As at May 2020, 63% 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.

GESB also organised Scheduled Waste Management Campaign at MRT Line 2 - V206 project site in December 2019 which was attended by 214 workers, including our subcontractors, to educate them on the proper procedures in managing the waste. For example, scheduled wastes should be stored, labelled and disposed as per the requirements of Environmental Quality (Scheduled Wastes) Regulations 2005 and Environmental Quality (Scheduled Wastes) (Amendment) Regulations 2007. Demonstration on how to clean up oil in the water using absorbent pads was conducted during the campaign.



Sustainability Statement

Case study – Waste management at Cyberjaya Hospital

Our waste at Cyberjaya Hospital is well managed and received several recognitions from Kementerian Perumahan dan Kerajaan Tempatan ("KPKT").

Cyberjaya Hospital has been selected by KPKT as role model project for Best Practice on Solid Waste Management 2019. We received a Certificate of Appreciation in November 2019.



In December 2019, Cyberjaya Hospital further received a Certificate of Appreciation as Rakan Strategik SWCorp for our commitment in implementing Peraturan-peraturan Pengurusan Sisa Pepejal dan Pembersihan Awam (Skim Bagi Sisa Pepejal Pembinaan) 2018 from KPKT.



Best practices at Cyberjaya Hospital:

- 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.
- 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.
- The site supervisor will monitor and notify the waste contractor if domestic waste is full or piled up at site for more than three days.
- 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. However, the gotong royong activities have been put on hold since the issuance of MCO by the Government.

3Rs - Reduce, Reuse and Recycle

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 ceramic tiles, concrete, ceiling board, steel bar and etc. which constitute more than 30% of the total material costs. As at May 2020, we recycled 68% of construction waste.



We also implemented Office Recycling Programme in Gadang HQ since December 2019 to recycle the waste generated by employees. Recycle bins are provided on each floor for recycling of papers, plastics, aluminiums and etc. A dedicated bin for used face masks is also provided on each floor to ensure proper disposal of used face masks.

Managing potable water supplies to Indonesia communities

We contribute to the Indonesian Government initiatives by providing potable water to the citizens. 56% of the bulk water supply in Sidoarjo is contributed by TTS and HTB. DBT contributes 14% 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 treatment 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 two hour intervals in the laboratory for raw and treated samplings to ensure that all the raw water pollutant measurement and treated effluent are in compliance to the World Health Organization 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.

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.

Sustainability Statement

FYE2020 Workplace Highlights

GADANG HOLDINGS BERHAD 199301023376 (278114-K)

78

ANNUAL REPORT 2020

ISO 45001 : 2018 Occupational Health & Safety Management System

GESB upgraded in
February 2020



ZERO Fatalities



Number of LTI < 5

**MRT LINE 2 - V206
ICP with UiTM on OSHCI
(M) maturity assessment
model**



**Implemented
face recognition
attendance system**



**Implemented KipleLive
face recognition thermal
scanner**



SCHOOL AID

2020

RM57,400 for 287 Employees' Children

2019

RM52,600 for 263 Employees' Children



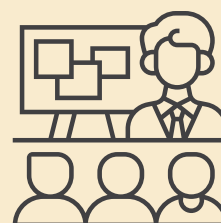
**Conducted Healthy
Lifestyle Campaign in
August 2019**

**2-day ERT Training at
Balai Bomba dan
Penyelamat Sg Buloh in
July & August 2019**



**Conducted fire drill
in December 2019**

**MRT LINE 2 - V206
You See You Act Campaign**
GESB organised in
December 2019



Training

	FYE2020	FYE2019	FYE2018
Days	566	455	538
RM	149,000	179,000	135,000
Participants	403	378	474



**MS 1722 : 2011
Occupational
Health & Safety
Management
System**
GESB

**FFTG Excellent
commitment
and performance
in HSE**
GESB obtained in
June and July 2019

**FFTG Focused
Recognitions for 100,000
and 230,000 safe
manhours without LTI**
GESB obtained in August
and September 2019

**TRX PACKAGE C6
Certificate of
Appreciation from
NIOSH**
GESB obtained in
November 2019

**Silver Award
for Employer of
Choice (Private
Sector)**
Gadang obtained in
November 2019

Diagram 10 - FYE2020 Workplace Highlights

WORKPLACE

Occupational Health & Safety

We are committed to the continuous improvement of our HSE policies and practices. Our top management personnel participates in HSE Management Walkabout. Key measures are implemented to prevent injuries, fatalities and occupational illness at project sites and workplace. 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.

GESB continues to maintain MS 1722 : 2011 Occupational Health and Safety Management System and successfully upgraded to ISO 45001 : 2018 Occupational Health and Safety Management System in February 2020.



Our FFTG project has received recognitions for demonstrating excellent commitment and performance in HSE for two consecutive months in June and July 2019 from Petronas. In addition, we also achieved recognitions for 100,000 and 230,000 safe manhours without LTI in August and September 2019 respectively.



Sustainability Statement

We actively participate in activities which promote and enhance awareness of health and safety. In November 2019, GESB received a Certificate of Appreciation from National Institute of Occupational Safety & Health (“NIOSH”) for ensuring the success of an industrial tour for Penyalia Keselamatan Tapak Bina (SSS) at TRX Package C6.



Besides Scheduled Waste Management Campaign, GESB also organised a “You See You Act Campaign” at MRT Line 2 - V206 project site on the same day as an effort to remind the workers on the importance of health and safety at work. We re-emphasised the importance of using scaffolding at work to protect the safety of workers during the campaign. We also invited officers from Fire and Rescue Department of Malaysia to provide fire demonstration to promote awareness and prevention of fire. 20 best safety performers were rewarded with gifts to encourage good safety culture.



Besides organising campaign at project sites, in August 2019 we also held a Healthy Lifestyle Campaign in Gadang HQ to foster good health and increase health and safety awareness of staff. Our programmes included free health screening, blood donation, Obesity & Weight Management talk and Gastro Esophageal Reflux Disease Talk. Our top management, including our Group Managing Director cum CEO and GESB Managing Director were also present to support the campaign held.



We had a 2-day Emergency Response Team ("ERT") Training at Balai Bomba dan Penyelamat Sungai Buloh which was attended by 31 ERT members from Gadang HQ and project sites. The ERT members were trained on the duties and responsibilities of ERT member, necessary skills of handling fire, injury and emergencies.



Sustainability Statement

Subsequent to the ERT training, we had a fire drill in December 2019 participated by 150 employees. The ERT members reinforced their skills in emergencies and evacuation, and performed life-saving actions using the available equipment and first aid kit. Officers from Balai Bomba dan Penyelamat Sungai Buloh also conducted fire demonstration to educate the employees on the proper procedures to handle fire.



In response to the Covid-19 global pandemic, we keep abreast and are fully committed to abide by the Covid-19 requirements issued by the authorities i.e. the Ministry of Health, Ministry of International Trade and Industry ("MITI") and Construction Industry Development Board. In addition, a Special Task Force for Covid-19 led by our Chief Financial Officer was set up to deal with issues related to Covid-19. Various guidelines and Standard Operating Procedures ("SOPs") including the Covid-19 Conditional MCO "The New Normal" was established and implemented across the Group to ensure the health and safety of employees are protected. We ensured that all foreign workers at our project sites undergo the Covid-19 screening tests before we allowed them to resume work in compliance with the guidelines issued by MITI, National Security Council and Ministry of Works during the Conditional MCO. All our foreign workers tested negative for Covid-19. Group HSE Department also conducted Covid-19 audits at Gadang HQ and all GESB project sites to ensure proper implementation of the SOPs. Based on the audit results, we concluded that HQ and project sites are in compliance to the Covid-19 requirements set by the authorities. In order to prevent the potential spread of the virus or infection to employees, we also implemented a face recognition attendance system and KipleLive Face Recognition Thermal Scanner at the entrance of the HQ. These new contactless technologies are able to identify employees even when they are wearing a protective mask.

Annual compliance audits are conducted by our in-house internal auditors for our projects and subsidiaries. Our HSE internal auditors conducted 4 audits which covered ISO 45001 : 2018, MS 1722 : 2011 and EMS 14001 : 2015 during the financial year. All 7 Non Conformance Reports ("NCRs") and 22 observations issued by our HSE internal auditors were closed. We also closed all 4 NCRs and 19 observations issued by SIRIM QAS International auditors.

As shown in **Table 4**, we did not achieve our HSE target of reportable incident rate of less than 3 and LTI frequency rate of less than 0.27.

Target	FYE2020	FYE2019	FYE2018
Zero life loss	No fatalities	No fatalities	No fatalities
Reportable incident rate of less than 3	8.30	7.64	3.67
Number of LTI not more than 5	3	1	2
LTI frequency rate of less than 0.27	0.74	0.17	0.65

Table 4 - HSE Performance

To improve our HSE performance, GESB has collaborated with Universiti Teknologi MARA ("UiTM") on a research to develop an Occupational Safety and Health in Construction Industry (Management) ("OSHCI (M)") maturity assessment model under MRT Line 2 - V206 Industrial Collaboration Programme ("ICP"). Guideline on

OSHCI (M) was released by the Department of Safety and Health in February 2017. Once the maturity assessment model is developed, we would be able to undertake self-assessment of the current OSHCI (M) competency in order to improve and equip ourselves with the required occupational safety and health competencies. It could enable industry players to know exactly what practices to be implemented to increase their maturity level in OSHCI (M) implementation.

This collaboration could contribute as factors for change in the Malaysian Construction Industry Transformation Programme (2016-2020) under the Quality, Safety and Professionalism thrust: Initiative Q2b: Improve level of occupational safety and health at construction site. The research which has commenced in January 2020 is expected to take about a year to complete.

Human capital development

We recognise that people are our most important asset that differentiates us from our competitors and give us the competitive advantage. The growth of the Company is very much dependent on the employee efficiency and talent. We continuously attract and retain good employees, develop their skills, and motivate them to improve their performance. We also invested in the development of Gadang Career Portal at career.gadang.com.my to provide a platform for potential new joiners to have a better understanding on our business operations when exploring career opportunities with us.

We achieved Silver Award for Employer of Choice (Private Sector) at the prestigious 19th Malaysia International HR Awards 2019 presented by Malaysia Institute of Human Resource Management in November 2019. It is a national event which is strongly supported and endorsed by the Human Resource community, nationally and internationally.

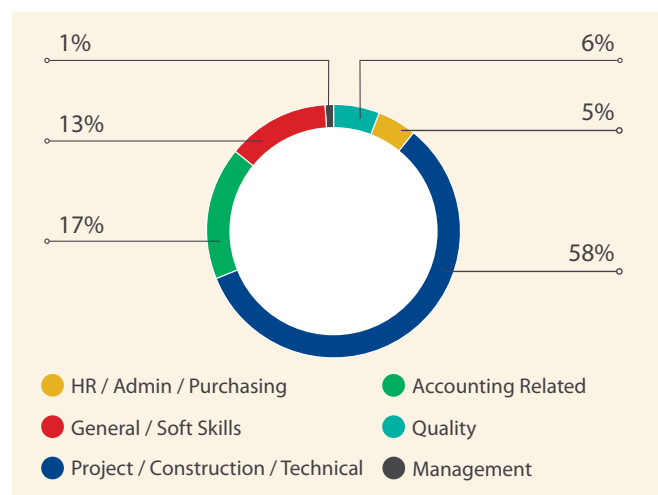


Diagram 11 - Trainings organised by Group HCD

Examples of training programmes organised by the Group Human Capital Department ("HCD") include Leadership and Coaching, Integrated Reporting A Vision for Better Corporate Reporting, Corporate Liability on Corruption (A Basic Awareness and Implementation Framework), ISO 45001 : 2018 Risk and Opportunities and OH & S Objectives and Planning, Confined Space Training for Authorised Entrant & Standby Person and etc.

Training programmes are also conducted at project sites by HSE team to improve employees' construction skills and understanding of HSE matters. The training programmes include Working at Height, Air & Water Quality Control and Noise & Vibration Control, 2019- nCoV Awareness & Health Screening Programme.



To develop our talents, we perform competency gap analysis of our employees. For this financial year, we focus on soft skills training, accounting related and quality training to increase the overall performance of employees. 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 compliance and client's requirement.

The reduction in amount invested in training is mainly due to majority of the trainings that had to be put on hold due to the MCO which did not allow for gatherings in a group. As virtual training or e-training is less effective, most of the trainings are deferred until later stage as the safety of employees remain our top priority. However, the training days and number of participants have increased as we had hosted most of the trainings internally to accommodate more participants at a time.

	FYE2020	FYE2019	FYE2018
Time Invested (Days)	566	455	538
Amount Invested	RM149,000	RM179,000	RM135,000
Number of Participants	403	378	474

Table 5 - Total Training Days, Amount Invested & Number of Participants

Sustainability Statement

Our revised COEC and ABC Policy are in place to serve as a guide to proper business etiquette for all employees.

During the year, we have also revisited the following policies to ensure fair and equitable treatment for all employees:

- Domestic Inquiry Guideline (DI Panel)
- Grievance and Disciplinary Policy
- Managing Employee Non-Performance
- Subsistence Allowance (Local & International)

We endeavor to provide equal opportunity to ensure that employment decisions are based on merit and performance without regard to religion, political opinion, gender, age, ethnicity, sexual orientation, nationality or disability. Although the construction industry is a male-dominated sector, we welcome women to work in our operations. In FYE2020, our women workforce increased from 28% to 31%.

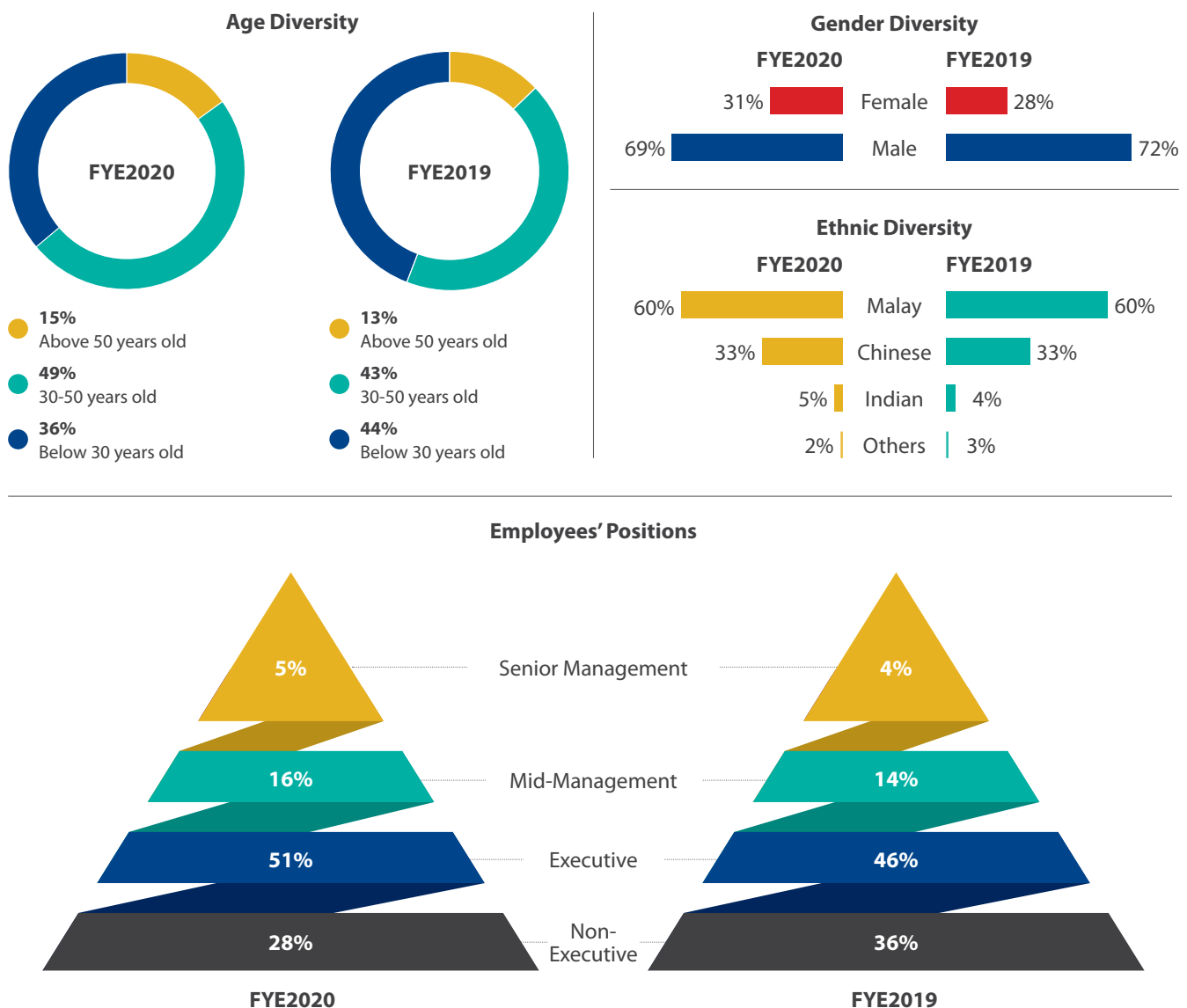


Diagram 12 - Age, Gender, Ethnicity and Positions

Employee engagement

We have an established Sports Club that organises recreational activities for its members to foster healthy lifestyle and strong bonding between employees. A glimpse of our 2019 activities are as follows.

Durian Feast at Gadang HQ - July 2019



Laser Battle at Berjaya Times Square - July 2019



Sustainability Statement

4 days 2 nights Hatyai Trip - September 2019



Year End Dinner and Lucky Draw at the Cinnamon Coffee House, One World Hotel, Bandar Utama - November 2019



To safeguard the health and safety of our employees, 2020 recreational activities are postponed to the next financial year due to the global pandemic of Covid-19. The health and safety of our employees remain our utmost priority.

FYE2020 Community Highlights



TRX PACKAGE C6
Participated in
Program Keceriaan
dan Keindahan
Perumahan Polis Desa
Tasik Sungai Besi KL
in December 2019



TRX PACKAGE C6
Demolished and
rebuilt a surau at
Jalan Barat, TRX -
Surau Al-Nur



Sprucing up the
Seri Gemilang Bridge,
Putrajaya



Donated
RM200,000 PPE to
4 hospitals in
response to
Covid-19 pandemic



RM1,050,000
scholarships awarded
since 2014

Diagram 13 - FYE2020 Community Highlights

Sustainability Statement

COMMUNITY

Giving back to communities

Besides enhancing the quality of life of Malaysians by participating in MRT Line 1 - Package V2, MRT Line 2 – Package V206, TRX and Cyberjaya Hospital projects, we ease the cost of living of local communities through our affordable housing development. We have benefited a total of 794 families through our affordable housing of Phase 2A PR1MA TWO Homes (469 families) and Phase 1A PR1MA Homes (325 families). Phase 2A PR1MA TWO Homes has been completed and handed over to owners in January 2020.

We also express concern on the wellbeing of our external stakeholders and participated in Program Keceriaan dan Keindahan Perumahan Polis Desa Tasik Sungai Besi Kuala Lumpur in December 2019. We received a Certificate of Appreciation from Persatuan Penduduk Perumahan Polis Desa Tasik Sg Besi Kuala Lumpur for fixing the potholes appearing on the surrounding roadway of police station and police housing at Desa Tasik Sungai Besi Kuala Lumpur.



As part of our initiatives to take care of the communities around us, we demolished and rebuilt a surau at Jalan Barat, Tun Razak Exchange to provide a better place of worship for the Muslim community at TRX. This initiative was a joint effort of GESB, WCT Holdings Berhad and TRX City Sdn Bhd. GESB undertook the role as the main contractor of the project. The Surau Al-Nur was completed in January 2020. It can accommodate up to 300 people at a time.



Sustainability Statement

Seri Gemilang Bridge is a ceremonial bridge located in Putrajaya which connects Heritage Square with Putrajaya Convention Centre and was completed in 2003. To promote tourism in Putrajaya, we undertook the task of sprucing up the Seri Gemilang Bridge as part of our corporate social responsibility initiative. We worked closely with Perbadanan Putrajaya to ensure smooth completion of the task. Perbadanan Putrajaya expressed their gratitude and satisfaction with GESB's hard work and commitment to give the Seri Gemilang Bridge a fresh look, and awarded a Certificate of Appreciation to GESB in recognition of its contribution.



In response to a critical shortage of Personal Protective Equipment ("PPE") as the medical frontliners were putting their lives at risk to combat the Covid-19 pandemic, we sourced and contributed RM200,000 worth of PPE such as medical non-sterile protective gowns, shoe covers and medical goggles. The PPE was distributed among four hospitals to support frontliners in carrying out the life-saving missions. We truly appreciate the tireless efforts and selfless contribution of frontliners in combating the Covid-19 pandemic.



Sustainability Statement

Besides that, we also made contributions in kind and in cash to old folks homes, National Autism Society of Malaysia, Da Ai Foundation, Yayasan Nanyang Press, Oriental Daily Sdn Bhd, Yayasan Sin Chew, Bursa Bull Charge 2019 Charity Run and for festive celebrations like what we did in Indonesia where we engaged with the local communities by inviting them to celebrate Hari Raya Aidilfitri and Hari Raya Idul Adha (Hari Raya Haji) together with our staff. This is practised every year.

