

Sustainability Statement

Introduction to Sustainability



Sustainable and inclusive development continue to be our core focus in order to remain resilient in today's dynamic business landscape. To future-proof our business and create inclusive economic growth for all stakeholders, we continuously refine our strategic alignment with the National Development Plan, tap on future market trends and strive to be the forerunner in innovative construction technologies and customer solutions.

This year, we further integrate the principles of sustainability across our businesses by delivering value through innovation, building sustainable cities and communities while developing our human capital. Our initiatives aim to achieve broader value creation for our key stakeholders, while aligning ourselves to the United Nations Sustainable Development Goals.

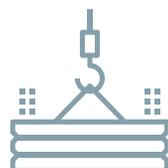
Our leading track record in infrastructure construction is a testament to our capable human capital, which we have nurtured in our many construction projects. Echoing the 11th Malaysia Plan of strengthening human capital, it remains our priority to develop a multi-skilled local workforce with competitive expertise in underground construction work and high technology construction.

We embrace the circular economy by taking advantage of our ability to maximise our resources and minimise our environmental footprint, using novel processes afforded by technology. Our sustainable township development is underpinned by holistic environmental planning, which integrates the ecosystem and land use planning to connect our local communities with nature and improve liveability. We are officially the first developer in Malaysia to publicly pledge biodiversity audits for our new townships.

Moving forward, we believe that our sustainability strategy, human capital development and focus on innovation will underpin our growth in the region.

OUR SUSTAINABILITY HIGHLIGHTS AND CONTRIBUTIONS TO UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS (SDGs)

DELIVERING VALUE THROUGH INNOVATION	SUSTAINABLE CITIES AND COMMUNITIES	HUMAN CAPITAL DEVELOPMENT
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   <p>1,800 apartment units completed using digital IBS</p>   <p>280 staff trained in BIM modelling</p> <p>Provided RM7.8 billion worth of underground-related contracts to 665 SMEs in KVMRT Line 2</p> 	    <p>5,847 trees and 676,438 shrubs planted across our development</p>  <p>5,181 of advanced tree planting</p>	     <p>Recorded 11 million man-hours without lost time injuries for PDP</p>   <p>Awarded 34 Gamuda Scholarship worth RM3.1 million</p>  <p>13.3 training hours per employee</p> <p>43% women in Board of Directors</p> 
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Our Initiatives

- | | | |
|--|---|--|
| <ul style="list-style-type: none"> ✓ Digital Industrialised Building System (IBS) ✓ Building Information Modelling (BIM) ✓ Innovative Design in Our Property Development ✓ Mobile Digital Platform (Viewpoint) | <ul style="list-style-type: none"> ✓ Group Digital Procurement Platform (SAP Ariba) ✓ Smart Cities and Green Buildings ✓ Biodiversity Conservation Efforts ✓ Infrastructure and Empowering Local SMEs ✓ Local Sourcing | <ul style="list-style-type: none"> ✓ Quality, Safety, Health and Environment (QSHE) Policy ✓ 4R Talent Management ✓ Yayasan Gamuda ✓ Enabling Academy (EA) ✓ Project Differently-Abled (DA) |
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Sustainability Statement (Cont'd.)

About This Statement



REPORTING PERIOD AND SCOPE

This is our third Sustainability Statement in our journey towards becoming a leader in sustainability advocacy. It highlights our economic, environmental and social efforts, progress and commitments to our various stakeholder groups.

A full year's data from 1 August 2017 to 31 July 2018 is included unless otherwise specified. The reporting period aligns with the Group's financial year.

Unless otherwise specified, all information provided refers to initiatives undertaken by all our business operations and employees in Malaysia which we have direct managerial control over, excluding the below:

- Our expressway concessions, Kesas Holdings Berhad
- Our water concession, Gamuda Water Sdn Bhd
- Our joint ventures and associate companies

We are putting in place the required systems and processes to progressively improve our ability to monitor, collect, analyse and report quantitative data, to enhance the integrity and accuracy of our statements over the years.



REPORTING FRAMEWORK

This statement has been developed in accordance with Bursa Malaysia Securities Berhad's Main Market Listing Requirements relating to Sustainability Statements in Annual Reports of Listed Issuers, with reference made to the Global Reporting Initiative (GRI) Standards. Going a step further, this year, we have mapped our sustainability strategies to the United Nations Sustainability Development Goals (SDGs).



INDEPENDENT ASSURANCE

We have not sought any external assurance for the current statement. However, we recognise the added value of an independent assessment and will consider such assurance as our reporting matures.



FEEDBACK

In line with our efforts to continuously engage with stakeholders and improve our sustainability reporting, we welcome your valuable feedback at gcc@gamuda.com.my.

Our Sustainability Framework

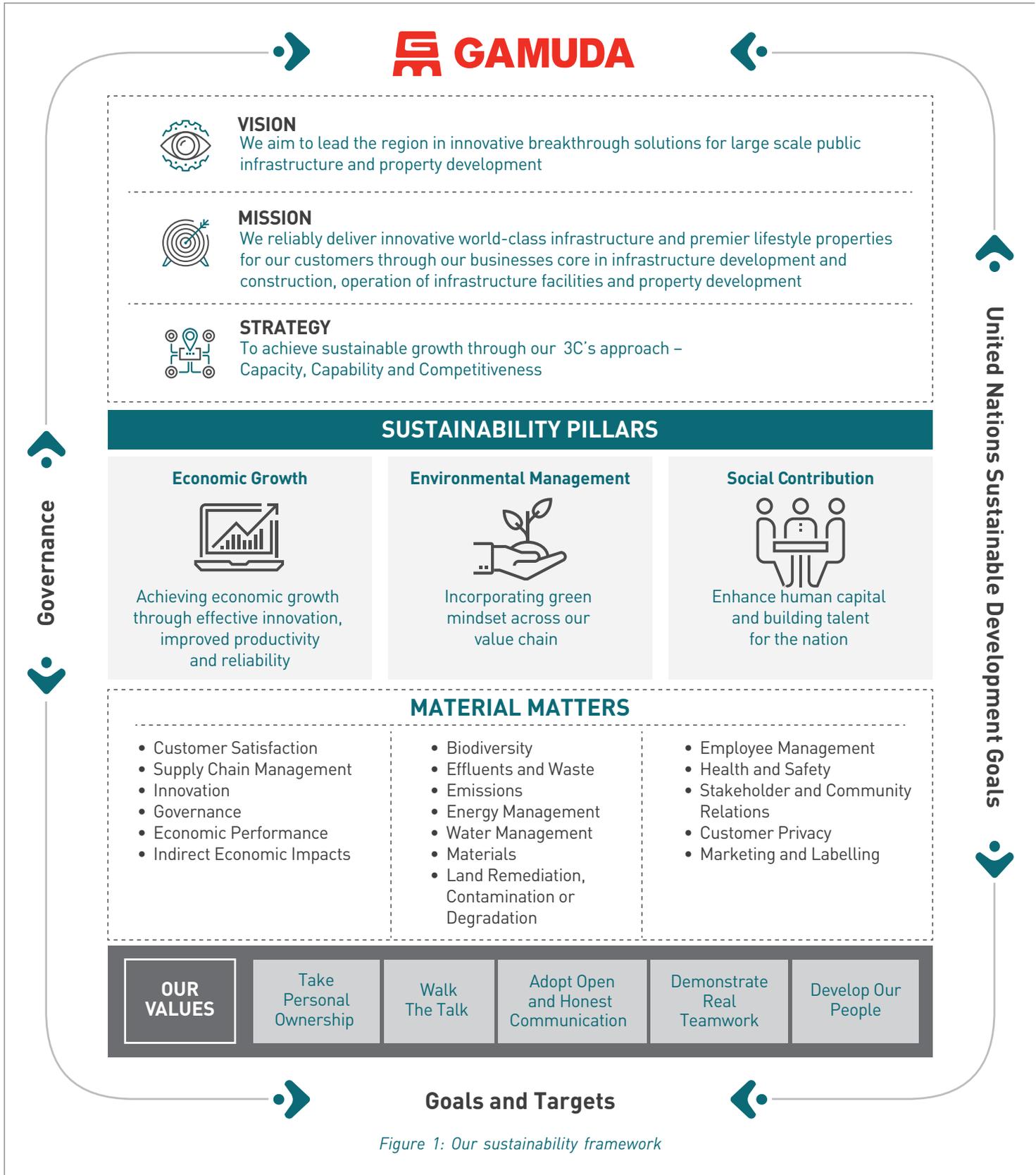
DURING THE YEAR, WE ENHANCED OUR SUSTAINABILITY AGENDA BY DEVELOPING A SUSTAINABILITY FRAMEWORK (THE FRAMEWORK), WHICH FOCUSES ON THE 3C'S OF OUR CORPORATE STRATEGY, NAMELY CAPACITY, CAPABILITY AND COMPETITIVENESS. THE 3C'S ALIGN OUR FOCUS TOWARDS DRIVING SUSTAINABLE GROWTH AND ULTIMATELY ACHIEVING OUR VISION AND MISSION.

Within the Framework, initiatives to manage our 18 material matters have been categorised according to their impact on the Sustainability Pillars of Economic Growth, Environmental Management and Social Contribution. Our initiatives are shaped by the targets in place for high priority material matters to achieve sustainability goals. These initiatives reflect the greater call by the United Nations to achieve sustainable development globally through the 17 SDGs.

Driving the entire Framework are our five core values that have helped us develop into the leading infrastructure and construction organisation that we are today. These values are further outlined in our Value Creation Strategy, on page 20 to 21 of this Annual Report. Adherence to these values, as well as with our Code of Ethics and Business Conduct and Whistleblowing Policy, ensures all our operations and dealings are conducted ethically.

For details of our Directors' Code of Conduct and Whistleblowing Policy, please refer to Section 5 (Corporate Governance) of this Annual Report.

Sustainability Statement (Cont'd.)



Sustainability Governance

Our sustainability governance model provides a foundation and a formal structure that ensures our sustainability strategies are implemented and integrated into our business, delivering long-term value to our stakeholders.

The Board of Directors drives our sustainability agenda by ensuring that our goals are met through actions taken at the management and operational levels. Our Group Managing Director, mandated by the Board of Directors, has the overall responsibility over our strategic direction while the Sustainability Committee is responsible for the implementation of sustainability strategy.

The Sustainability Committee, represented by heads across business units and Group function, is tasked to drive governance and delivery of the Group's sustainability agenda. Overseeing the functions in robustness of system and sustainability management, the Committee will champion the incorporation of sustainability into long-term strategic planning and our key business processes. To ensure quality and accuracy of reporting, the Sustainability Committee will also ensure that data integrity is upheld, driving accountability among our teams.

BOARD OF DIRECTORS

- Ultimate responsibility over sustainability
- Ensures business strategies consider sustainability

GROUP MANAGING DIRECTOR

- Sets the strategic direction and implementation of the Group's sustainability agenda
- Approves Sustainability Strategy and Framework

SUSTAINABILITY COMMITTEE

- Develops Sustainability Strategy
- Evaluates key risks and opportunities
- Oversees functions in robustness of system of sustainability management
- Reports on management targets and performance of processes and controls

Figure 2: Our sustainability governance

Sustainability Statement (Cont'd.)



ETHICAL BUSINESS CONDUCT

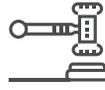
We recognise the importance of ethical business conduct across our operations to maintain our stakeholders' trust. We conduct business with integrity through good governance as guided by our corporate governance framework and terms of reference. The Group's corporate governance framework is supported by comprehensive guidelines, policies and procedures formulated by the Board.

We have zero-tolerance towards misconduct and encourage transparency and accountability within the Group. Our Whistleblowing Policy outlines the internal reporting procedure for employees to raise genuine concerns regarding wrongdoings.



RISK MANAGEMENT

We have a robust risk management framework in place to safeguard our business interest and that of our stakeholders. The framework is embedded in the Group's management systems, with clearly defined responsibilities, authorities and accountability for implementing our risk management processes and internal control system. To ensure compliance with these guidelines, our internal audit department regularly reviews the integrity and effectiveness of the Group's system of internal controls.



COMPLIANCE

Strong governance enables effective oversight of business compliance. With sound policies, systems, processes and internal controls in place, we adhere to all applicable laws and regulatory requirements, including environmental and social related regulations. We also strive to go beyond regulatory requirements, whenever possible.

In FY2018, there were zero reported incidents of major non-compliance with laws and regulations. No significant fine or non-monetary sanction was imposed on the Group.

 Further information on our corporate governance and risk management can be found in:

- *Corporate Governance Statement: pages 100 to 109*
- *Statement on Risk Management and Internal Control: pages 112 to 114*
- *Risk Management Committee Report: pages 115 to 117*

Stakeholder Engagement

We have a wide range of stakeholders, whom we identify as groups that have a significant impact on, and keen interest in our operations. We seek to develop strong relationships based on trust with each group through engagement on different platforms. The aim is to understand our stakeholders' needs and expectations for us to communicate in a transparent manner.

Stakeholder Group	Engagement Methods	Frequency	Topics of concern and interest	Our Responses	Material Matters
Employees	<ul style="list-style-type: none"> Town hall meetings, workshops, focus group discussions, SHE Committee meetings, surveys, events, internal communications and newsletter 	<ul style="list-style-type: none"> On-going 	Company direction and performance	<ul style="list-style-type: none"> Town hall sessions to share company's direction and performance 	<ul style="list-style-type: none"> Economic Performance Employee Management Health and Safety
			Career development and training opportunities	<ul style="list-style-type: none"> Provision of job-related training and workshops Career planning discussions 	
			<ul style="list-style-type: none"> Workplace health and safety Well-being of employees 	<ul style="list-style-type: none"> Conduct health and safety related training and activities Provision of centralised quarters for workers 	
Customers	<ul style="list-style-type: none"> Social media Newsletter Circulars Electronic direct mail 	<ul style="list-style-type: none"> Weekly Quarterly As needed As needed 	Customer service	<ul style="list-style-type: none"> Launch of Customer Portal 	<ul style="list-style-type: none"> Customer Satisfaction Health and Safety
			Customer experience	<ul style="list-style-type: none"> Implementation of Residence Management Application 	
			Product quality	<ul style="list-style-type: none"> Adherence to quality performance standards (QLASSIC, ISO, OHSAS certification and MyCESMM) Application of industry best practices Innovative technology (IBS and BIM) Implementation of SnagR 	
Investors and Financiers	<ul style="list-style-type: none"> Annual general meeting Investor briefings and marketing roadshows Corporate website 	<ul style="list-style-type: none"> Annually 	Operational and financial performance	<ul style="list-style-type: none"> Provide timely updates of business performance e.g. well-attended quarterly and annual financial statements briefing session 	<ul style="list-style-type: none"> Economic Performance Governance
		<ul style="list-style-type: none"> On-going 	Shareholder returns		
		<ul style="list-style-type: none"> On-going 	Business sustainability, risk management and corporate governance	<ul style="list-style-type: none"> Regular engagement with investors, potential investors and providers of capital Communicate EES strategies 	

Sustainability Statement (Cont'd.)

Stakeholder Group	Engagement Methods	Frequency	Topics of concern and interest	Our Responses	Material Matters
Local Communities	<ul style="list-style-type: none"> Community development programmes Social media Info centres, info kiosks and mobile info truck for KVMRT Line 1 and Line 2 	On-going	Community development and support	<ul style="list-style-type: none"> Provision of scholarships and sponsorships Upskilling individuals with autism 	<ul style="list-style-type: none"> Stakeholder and Community Relations Health and Safety Environmental Management and Biodiversity
		On-going	Quality, safety, health and environment	<ul style="list-style-type: none"> Adherence to health and safety regulations Operational health and safety practices on site and in townships Improvement in product quality and environmental preservation 	
		On-going	Communication on our development plans and projects	<ul style="list-style-type: none"> Regular project updates through corporate website, media and roadshows 	
Government and Regulators	<ul style="list-style-type: none"> Industry workshops Meetings and consultations Reporting 	On-going	Regulatory compliance	<ul style="list-style-type: none"> Reliable reporting and marketing communications Monitoring of compliance through legal checklist 	<ul style="list-style-type: none"> Customer Satisfaction Innovation Governance
		On-going	Improving construction sector productivity	<ul style="list-style-type: none"> Workforce upskilling Leveraging IT solutions Application of new engineering and construction technologies 	
Suppliers	<ul style="list-style-type: none"> Procurement system Supplier training programmes 	On-going	Transparency in procurement processes	<ul style="list-style-type: none"> Implementation of robust supplier assessment, appointment and management system 	Supply Chain Management
		On-going	Knowledge sharing and capacity building	<ul style="list-style-type: none"> Workforce upskilling Leveraging IT solutions Application of new engineering and construction technologies 	
Media	<ul style="list-style-type: none"> Press conferences Press releases Networking events 	On-going	Company direction and performance	<ul style="list-style-type: none"> Direct engagement and press statements 	Economic Performance
		On-going	Timely and transparent communication		
		On-going	Complaints on products and services		

Table 1: Our stakeholder engagement

Our Material Matters

Materiality assessment provides the foundation of our sustainability direction, determining matters that have significant economic, environmental and social (EES) impacts on the Group and those that are considered important to our stakeholders.

MATERIALITY ASSESSMENT

In 2018, we set out to refine and improve our approach towards sustainability reporting. We engaged an external consultant to conduct a materiality assessment workshop to prioritise our EES matters. Our materiality assessment involved a structured process comprising the four steps below:



Figure 3: Materiality assessment process

Sustainability Statement (Cont'd.)

MATERIALITY MATRIX

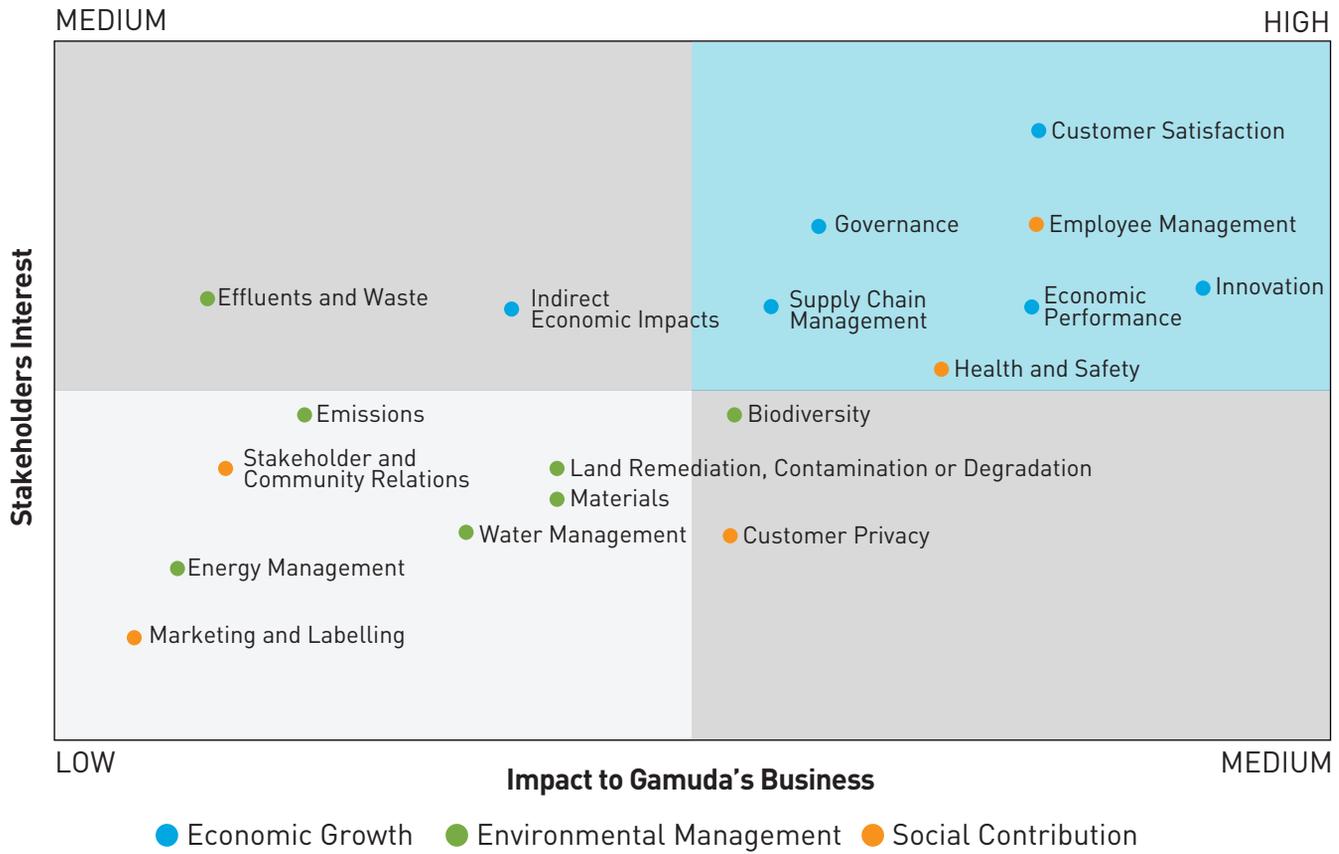


Figure 4: Materiality matrix

The seven high priority material matters indicated in the matrix above (top right quadrant) are seen to be key to our sustainability and form the focus of this year's reporting. Moving forward, we will enhance our sustainability reporting disclosures to include the remaining medium and low priority matters progressively.

OUR MATERIAL MATTERS

Themes	Material Matters	Definition	Topic Boundary*
Delivering Value through Innovation	Innovation	New ideas to create value which includes new design, technology, services or processes	Gamuda Group
	Customer Satisfaction	Measures in place to deliver and meet customer's needs and expectations	Gamuda Group
	Governance	Board and management oversight, ethics and transparency, anti-corruption	Gamuda Group
	Supply Chain Management	Creating value, efficiencies and competitiveness by developing a robust supply chain	Gamuda Group including MMC Gamuda
	Economic Performance	Economic value generated and distributed to stakeholders	Gamuda Group
Sustainable Cities and Communities	Biodiversity	Identification, assessment and management of risk associated with natural systems	Gamuda Land
Human Capital Development	Employee Management	Management of employees in terms of fair treatment, training, career development and diversity	Gamuda Group
	Health and Safety	Anticipation, recognition, evaluation and control of hazards arising in or from the workplace that could impair the health and well-being of workers	Gamuda Group including MMC Gamuda
	Stakeholder and Community Relations	Contribution to local communities' needs and mitigating impact on local communities	Gamuda Group

* Gamuda Group refers to all business operations in Malaysia excluding our concessions, associate companies and joint ventures

Table 2: Our list of material matters