

CORPORATE GOVERNANCE REPORT

STOCK CODE : 5398
COMPANY NAME : GAMUDA BERHAD
FINANCIAL YEAR : July 31, 2021

OUTLINE:

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

Disclosures in this section are pursuant to Paragraph 15.25 of Bursa Malaysia Listing Requirements.

SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES PURSUANT TO CORPORATE GOVERNANCE GUIDELINES ISSUED BY BANK NEGARA MALAYSIA

Disclosures in this section are pursuant to Appendix 4 (Corporate Governance Disclosures) of the Corporate Governance Guidelines issued by Bank Negara Malaysia. This section is only applicable for financial institutions or any other institutions that are listed on the Exchange that are required to comply with the above Guidelines.

**SECTION A:
DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE**

Disclosures in this section are pursuant to Paragraph 15.25 of Bursa Malaysia Listing Requirements.

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company’s leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.1

The board should set the company’s strategic aims, ensure that the necessary resources are in place for the company to meet its objectives and review management performance. The board should set the company’s values and standards, and ensure that its obligations to its shareholders and other stakeholders are understood and met.

Application	: Applied
Explanation on application of the practice	<p>The Board of Directors (“Board”) of Gamuda Berhad (“Gamuda” or “Company”) recognises the importance of maintaining a high standard of corporate governance practices within Gamuda and its subsidiary companies (“Group”) and devotes considerable effort to identify and formalise best practices.</p> <p>The Board believes that sound and effective corporate practices are fundamental to the smooth, effective and transparent operation of a company and its ability to attract investment, protect the rights of shareholders and stakeholders, and enhance shareholder value.</p> <p>The Board will continuously evaluate the status of the Group’s corporate governance practices and procedures with a view to adopt and implement the best practices in so far as they are relevant to the Group, bearing in mind the nature of the Group’s businesses and the size of its business operations.</p> <p>A framework of delegated authority is in place consistent with the structure of delegation below the Board level. The Board reserves to itself certain key matters to approve, including the Group’s strategic plans, major capital expenditure, corporate governance issues, dividend policy and external financial reporting.</p> <p>The Board delegates responsibility for the day-to-day operation of the business to the Group Managing Director who recognises his responsibility for ensuring that the Company operates within a framework of prudent and effective controls.</p> <p>In discharging his duties in leading the Company with due care, skill and diligence, the Company led by the Group Managing Director is driven and guided by the Value Creation Strategy as illustrated below: -</p>

INPUTS
Key resources to optimally manage our business



Financial Capital



Human Capital



Social and Relationship Capital



Intellectual Capital



Manufactured Capital



Natural Capital

BUSINESS ACTIVITIES
Gamuda's management of resources to create and sustain value for our stakeholders

- RM13.9 billion of capital employed
- RM4.5 billion construction order book
- RM4.6 billion unbilled property sales
- RM3.5 billion cash position

Refer to pages 172 to 347 for the Group's Financial Statements.

- 3,615 employees (in the Group)
- Strong leadership with highly skilled engineering capabilities (tunnelling, project management, design and technical, planning and programming)
- Reward structures linked to performance and value drivers including ESG KPIs
- Diverse and inclusive workforce

Refer to pages 92 to 115 of the SR2021.

- Yayasan Gamuda, a foundation arm that focuses on socio-economic, community investment and development
- Responsive stakeholder engagement with communities along our project alignment, investors, clients, supply chain and employees
- Embracing sustainable development and responsible ESG practices

Refer to pages 95 to 99 of the SR2021.

- Specialist capabilities in construction, tunnelling and climate science
- Digital engineering excellence and innovation – Autonomous Tunnel Boring Machine (A-TBM), Digital IBS
- Establishment of internal strategic green technology fund to realise the Gamuda Green Plan 2025 (GGP 2025) targets

Refer to the Statement from the Group Managing Director on pages 10 to 16.

- Gamuda Digital Transformation and Fourth Industrial Revolution (IR 4.0) roadmap
- Digitalised sustainable procurement with SAP Ariba and ERP with SAP S/4HANA
- Sustainable business investment and certification
- Integrated digital ecosystem with Building Information Modelling (BIM) technology as a key enabler for sustainable growth

Refer to pages 124 to 131 of the SR2021.

- GGP 2025
- Reduce direct and indirect corporate greenhouse gas emissions intensity by 30 percent in 2025, and 45 percent in 2030
- One million trees and saplings by 2023 under the Advance Tree Planting scheme

Refer to pages 77, 79-91, 118-123 of the SR2021.

OUTCOMES
Our business activities and outputs have the following impacts on our stakeholders

- Revenue of RM5 billion
- Core profit before tax of RM786 million
- Healthy balance sheet with low gearing of 0.2 times

- Effective executive leadership and new appointments to key operational positions
- Develop in-house SMEs to lead in new market opportunities on renewable energy (RE) and divest carbon intensive assets
- Rigorous COVID-19 control measures (RM8 million in RT-PCR laboratory, Gamuda Clinics and Triage Centre) to protect employees and sustain business
- 43 percent of women representation on the Board

- The Group allocates around two percent of its profits to Yayasan Gamuda
- RM51 million disbursed to Gamuda Scholarship since 1996
- Gamuda is the first corporate company in Malaysia to operate Employment Transition Programme (ETP) for people with autism
- Awarded a total of RM50,000 to 10 outstanding winners of the Star Golden Hearts Award (SGHA) 2021
- Awarded an additional RM150,000 to two winners of the Gamuda Inspiration Award (GIA) 2021 – Crisis Relief Services and Training (CREST) and Suriana Welfare Society Malaysia (Suriana)
- Heightened engagement with stakeholders on ESG matters to align with the GGP 2025
- Education and employment programmes for the *Orang Asli*

- Successful completion of Phase One – MRT Putrajaya Line
- 100 percent Digital IBS adoption across Gamuda Land's developments
- USD5 million collaboration in a Silicon Valley technology venture studio for co-development in the green technology space
- Group's clean energy growth plan comprising development of over 300MW of RE projects in the next five years

- ESG evaluation criteria in Gamuda's procurement framework in efforts to reduce our Scope 3 emissions
- The Group's operation in Malaysia (excluding Gamuda Land, joint ventures and associate companies, except for MRT Putrajaya Line - included in the percentage) recorded 99.5 percent of its procurement sourced from local suppliers, while Gamuda Land recorded 98.1 percent spending on local suppliers
- Saved more than RM300 million from sustainable e-procurement through SAP Ariba while leveraging on ERP solution via SAP S/4HANA
- ISO 9001, ISO 14001, ISO 19650, Green Building Index (GBI), Green Real Estate (GreenRE), Infrastructure Sustainability Council of Australia (ISCA) and Low Carbon Cities Framework (LCCF)
- 100 percent of Gamuda's operational sites are certified with ISO 45001
- First main contractor in Malaysia to be BIM Level 2 certified by the Research Establishment

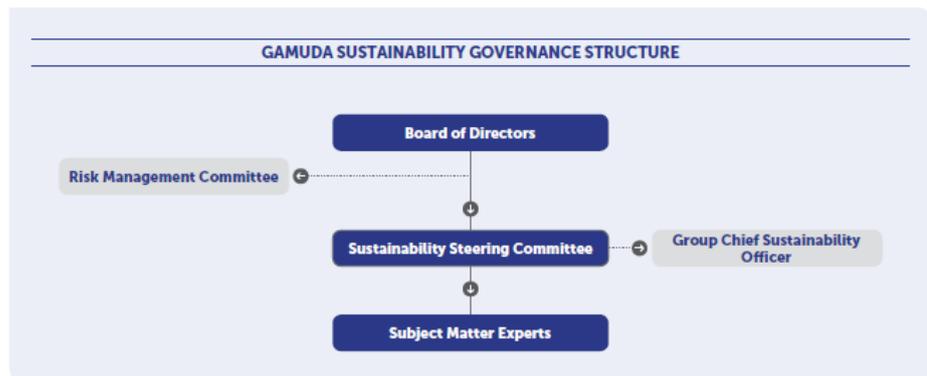
- Investment of RM33 million in Gamuda Parks' programmes for the development of 2,000 acres greenspaces and waterscapes across 12 urban forest clusters within Gamuda Land's developments
- Low carbon operations and effective monitoring on Scope 1 and Scope 2 usage across the Group, with Limited Assurance
- Maximising efficiency in water consumption (reduction of freshwater demand) across the Group's managed infrastructures and construction sites

Gamuda value creation approach encapsulates and integrates the 17 relevant United Nations Sustainable Development Goals (UN SDGs) for business and financial aspects of ESG performance. We align the five capitals with performance, value creation and specific standards.

The aforesaid Value Creation Strategy has been formalised and disseminated to employees and continuously reinforced through their tenure with the Group.

The Group's strategy framework to achieve sustainable growth is based on our 3C's approach i.e. Capacity, Capability and Competitiveness building.

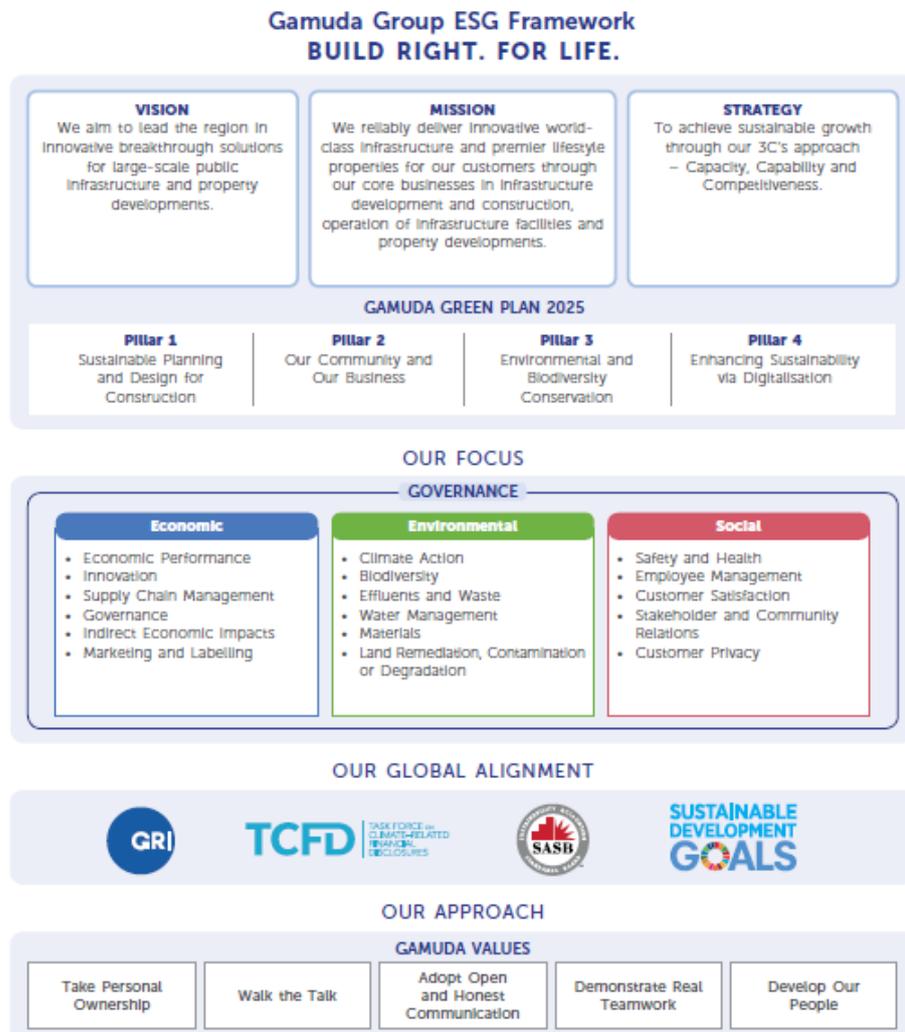
At Gamuda, good governance plays a key role in achieving the Group's objectives to deliver our sustainability targets moving forward. This year, the sustainability governance structure was further strengthened with the effective implementation of the Gamuda Green Plan ("GGP") 2025. Beyond the Group, the governance structure also looks to drive ESG across its value chain:



In recognising the COVID-19 pandemic that has brought the world to uncharted and challenging times, Gamuda continues to engage its valued stakeholders closely to help support the business value chain and maintain key priorities such as its employees' well-being and keeping the worksites safe. As Gamuda entered the second year of the COVID-19 pandemic in 2021, its focus has shifted to further defining the Group's environmental social and governance ("ESG") goals with a clear set of targets to map our path to green economy.

Gamuda's Group-wide Sustainability Framework as illustrated below has been developed by prioritising the identified material matters to streamline our strategy, measure performance and reflect the value creation to Gamuda's overall vision and mission:

It is the Company's aspiration for such transparent disclosure to inspire and ensure accountability, identify and manage risks and enable the Group to seize new opportunities.



We want to commit in areas where we can make the biggest impact when it comes to climate action. As an infrastructure group, master planning and engineering design are where we can make a difference.

The Group is not new to incorporating ESG attributes into our corporate strategy. Our sustainability journey began more than two decades ago when Gamuda started building the township development in Kota Kemuning.

Accelerating Group-wide efforts against climate change for a resilient future, the GGP 2025 as mentioned above, was launched in conjunction with World Environment Day on 5 June 2021:



It is a framework with defined carbon reduction targets across the Group to chart our plans and commitments for the next five years, with an extended view to 2030 and beyond. It commits the entire Group to circular construction with specific steps to reduce corporate direct and indirect greenhouse gases emission intensity by 30% in 2025, and by 45% in 2030. Taking decisive action on climate change, our ESG Steering Committee is chaired by top-level leadership to aggressively drive our Green Plan forward.

The Management's performance under the leadership of the Group Managing Director is monitored by the Board. More details affecting business units, ground operations, strategies and performances are usually presented and discussed at the Board Meetings including specific matters that are reserved for the full Board's decision, as follows: -

- key corporate strategies and plan involving acquisitions and disposals of material assets; and
- major investment decisions affecting the Group's direction and policies and approvals of all financial results and announcements.

The relevant members of the Management are always in attendance at Board meetings to present these updates on the progress of key initiatives, business targets and achievements to date, and to provide clarification on the queries and issues raised by the Board. The Group Managing Director and the Management are neither substantial shareholders nor controlling shareholders of the Company.

The Chairperson of the Audit Committee would inform the Directors at the Board Meetings, of any salient matters raised at the Audit Committee Meetings and which requires the Board's notice or direction.

The Head of Legal and Company Secretarial is also in attendance at the Board Meetings to respond to any enquiries by the Board on legal and regulatory matters of the Group.

As depicted in the illustration below, Board Committees have been established to assist the Board in its oversight function with reference to specific responsibility areas. It should however be noted that at all times, the Board retains collective oversight over the Board Committees. These Board Committees have been constituted with clear terms of references and they are actively engaged to ensure that the Group is in adherence with good corporate governance.

All these Board Committees report to the Board on all matters they have considered and recommended.

The Board Committees exercise transparency and full disclosure in their proceedings. Issues deliberated by the Board Committees are presented to the Board with appropriate recommendations. The ultimate responsibility for the final decision on all matters lies with the Board.

The Audit Committee assists the Board in the discharge of its fiduciary duties, overseeing the financial reporting process and ensuring that the results of the Company's operations are fairly presented in its financial statements. A full Audit Committee Report is set out on page 161 of the Annual Report 2021.



The Board is satisfied that risk management policies and procedures designed and implemented by the Management of the Company through the Risk Management Committee is prudent in ensuring that an effective internal control and risk management systems are in place to enable risk to be assessed and managed. A Risk Management Committee Report is set out on pages 159 to 160 of the Annual Report 2021.

Pursuant to its terms of reference, the Nomination Committee was established in 2002 to assist the Board in carrying out the following duties:

- a. to review, from time to time, the Policy Framework on the nomination and recommendation of candidates to be members of the Board;
- b. to review annually the Board's required mix of skills, experience and other qualities including the core competencies which non-executive directors should bring to the Board;
- c. to assess annually the effectiveness of the Board as a whole and the Audit Committee respectively;
- d. to identify suitable training programmes for the Directors for each financial year end.

The terms of reference of the Nomination Committee is available for reference on Gamuda's corporate website at www.gamuda.com.my or for easy access, please scan the QR code below with a smartphone:



The Nomination Committee in assessing the performances of the Board as a whole on an annual basis also considers the succession planning for the Principal Officers of the Company.

We have rolled out our Leadership Competency Framework to streamline and formalise our approach to developing our people and strengthen succession planning. One of the main highlights that stemmed from our aim to enhance leadership amongst our people is our Leap to Lead initiative.

Launched in February 2019, Leap to Lead involves series of ongoing leadership talks that address the three pillars of the Leadership Competency Framework – business savvy, self-savvy and people savvy. Taking the first step towards this change of culture, external speakers are brought in to complement the insights provided by our own people. This is done to provide a broader perspective of how to demonstrate leadership in the workplace, regardless of rank.

Gamuda aspires to churn out leaders who can take on important roles, agile and adaptable to constant change. We strongly believe that the Leap to Lead initiative can play a significant role in achieving this. We take pride in our talent pool and believe that Gamudians can leverage each other's strengths to give Gamuda a competitive edge.

Across the Group, the Company has put in place a structured Group-wide leadership succession planning review process for key senior management positions, assessing the capacity, level of readiness and aspiration of this leadership pool during the financial year under review.

With millennials and generation Y employees comprising 40% of the workforce in Gamuda, the Group sees the need for more of them in senior management ranks. This is necessary for the Group's long-term growth. Gamuda started by identifying good talent with great potential, and placing them in critical roles while moving them up the value chain as part of development and succession planning.

In January 2021, the Management has appointed several young leaders in their 30s to fill at least half of the board seats and executive positions across Gamuda Engineering and Gamuda Land, with the view that ESG and digital will be central in our operations moving forward. These young leaders' profiles are as set out on pages 48 and 50 of the Annual Report 2021.

In line with the Group's transition and succession plans, more is expected from high potential next generation leaders within Gamuda Group who demonstrate ownership, strategic analysis and critical thinking to move up to key senior management positions in the near future. For this purpose, we have appointed Mr. Justin Chin Jing Ho as the Alternate Director to our Deputy Group Managing Director, YBhg Dato' Ir Ha Tiing Tai. Mr. Justin Chin's profile is set out on page 48 of the Annual Report 2021.

The business environment has significantly changed and continues to evolve at a fast pace; driven by the two powerful transformative forces of climate action and digitalisation. Our younger leaders will lead the charge, positioning our Group to benefit from new business opportunities that arise from this new reality particularly in circular construction, renewable energy, data and analytics. Our experienced senior staff will continue to play crucial roles in our Group's operations as strategic advisors in guiding, mentoring and coaching our younger leaders.

	<p>There is a growing interest among the Company’s employees to explore different ways to harness technology, whether it is to automate or improve on daily deliverables. This is evident from many of the great initiatives seen across the organisation, such as in BIM and IBS, where pockets of innovation had been recognised with industry awards. To keep this culture of creative collaborative growing, a community known as Gamuda Excellence Transformation (“GET”) has been set up during the financial year. GET aims to elevate digital excellence across Gamuda and catalyse the development of real, people-driven solutions regardless of project background.</p> <p>Moving on to remuneration of the Board, the Remuneration Committee’s main responsibility is to review and recommend the framework of Executive Directors’ remuneration to the Board, in particular, the remuneration packages for the Executive Directors in all its forms, drawing from outside advice, where necessary and fees payable to the Non-Executive Directors.</p> <p>The Remuneration Committee aims to ensure that Directors’ remuneration is competitive, motivates good performance and loyalty, and supports growth in shareholder value. The remuneration of the Non-Executive Directors takes the form primarily of fees, which is approved by the Company shareholders.</p> <p>The Board recognises Investor Relations (“IR”) as a key component of its Corporate Governance obligations. To meet the high expectations of the investment community, the Board has set up a dedicated IR unit headed by the Group Managing Director, and assisted by the Senior Group General Manager, Investor Relations, to provide direct access to top management in all matters pertaining to IR. To enhance the effectiveness of the IR unit, the Board has instituted a comprehensive IR policy and programme. Details of the Investor Relations are set out from pages 35 to 36 of the Annual Report 2021.</p>
Explanation for departure :	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
Measure :	
Timeframe :	

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.2

A Chairman of the board who is responsible for instilling good corporate governance practices, leadership and effectiveness of the board is appointed.

Application	: Applied
Explanation on application of the practice	<p>The Chairman of the Company, YBhg Dato' Mohammed Hussein ("Dato' MH") is an Independent Non-Executive Director, which provides effective oversight over Management and reflects the Company's commitment to uphold corporate governance.</p> <p>From Dato' MH's profile on page 40 of the Annual Report 2021, it is noted that Dato' MH was previously with the Maybank Group for 31 years holding various positions before he retires in 2008.</p> <p>During Board Meetings, the Chairman leads the discussion, allowing sufficient time for deliberations on key issues and complex matters. He also encourages active participation and allows views including dissent to be freely expressed. He also ensures that every Board resolution is put to vote and the will of majority prevails.</p> <p>Where necessary, the Chairman will conduct separate sessions with the Non-Executive Directors ("NEDs") to allow for discussion on any pertinent issues raised by the NEDs and/or issues from the Management, as may be shared by the Chairman with the other NEDs.</p> <p>For the financial year under review, the Chairman conducted two separate sessions with the NEDs:</p> <ul style="list-style-type: none">• One session was held on 7 October 2020 to deliberate further on the main reports and/or statements under the Corporate Governance section of last year's annual report.• Another session was held on 23 March 2021 where the Management updated the NEDs on the status of the Penang project. <p>The Chairman plays a key role in the conduct of the general meetings. Besides ensuring the proper flow of resolutions tabled at general meetings, he manages the communication on the floor. He further encourages active participation from shareholders and allows sufficient amount of time during the questions and answers session.</p>

Explanation for departure :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure :		
Timeframe :		

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.3

The positions of Chairman and CEO are held by different individuals.

Application	:	Applied
Explanation on application of the practice	:	<p>There is a clear division of responsibilities at the helm of the Company to ensure a balance of authority and power, as the roles of the Chairman and the Group Managing Director are distinct and separate.</p> <p>As mentioned above, the Chairman of the Company, Dato' MH is an Independent NED, who through the Board, provides effective oversight over Management and reflects the Company's commitment to uphold corporate governance.</p> <p>The Group Managing Director, YBhg Dato' Lin Yun Ling is responsible for the overall business and implementation of Board policies, decisions and powers within delegated limits for all matters except those reserved for the Board or delegated to Board Committees</p> <p>The division of responsibilities between the Chairman and the Group Managing Director is clearly established and agreed by the Board which can be summarised as follows: -</p> <p>Chairman (Dato' MH): -</p> <ul style="list-style-type: none">• Leadership of the Board and in ensuring its effectiveness on all aspects of its role as well as governance of the Board.• The orderly conduct of meetings and that adequate time is available for discussion of all agenda items, in particular strategic issues as well as facilitates matters between the Board and its investors.• Promotes a culture of openness and debate by facilitating the effective contribution of Independent Directors, in particular ensuring constructive relationships between Executive, Non-Executive and Independent Directors.• Ensuring that the Directors receive accurate, timely and clear information.

	<p>Group Managing Director (YBhg Dato' Lin Yun Ling): -</p> <ul style="list-style-type: none"> • manages the day-to-day business operations of the Group and ensures that the appropriate standards of corporate governance permeate throughout the organisation. • A central part includes recommending key strategies/ policies and implementing those agreed/ approved by the Board, planning the future direction of the Group and allocating decision making and responsibilities accordingly. • acts as the Group's official spokesperson and manages communication with shareholders and employees. • takes a leading role in the relationship with all external agencies and in promoting Gamuda Group. 	
<p>Explanation for departure :</p>		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p>Measure :</p>		
<p>Timeframe :</p>		

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.4

The board is supported by a suitably qualified and competent Company Secretary to provide sound governance advice, ensure adherence to rules and procedures, and advocate adoption of corporate governance best practices.

Application	: Applied
Explanation on application of the practice	<p>Both the Company Secretaries of Gamuda are qualified to act as Company Secretary pursuant to Section 235 of the Companies Act 2016. One has legal qualification and holds an LLB whilst the other is an Associate member of the Malaysia Institute of Chartered Secretaries and Administrators ("MAICSA").</p> <p>The appointment of Company Secretaries is based on the capability and proficiency determined by the Board. The Constitution of the Company permits the removal of Company Secretaries by the Board.</p> <p>All members of the Board, whether as a whole or in their individual capacity, have access to the advice and services of the Company Secretaries on all matters relating to the Group to assist them in the furtherance of their duties.</p> <p>Both Company Secretaries report directly to the Board through the Chairman on all Board and governance matters and also has an internal reporting line to the Group Managing Director on corporate secretarial and legal matters in respect of the business. Among the duties and responsibilities carry out by the Company Secretaries are as follows: -</p> <ul style="list-style-type: none">• The Company Secretaries ensures that the dates for Board Meeting and Board Committees Meetings are scheduled well in advance and the Board has formal schedule of matters specifically reserved for the Board's discussion and approval. The schedule also ensures that the direction of these meetings is properly controlled and are in the hands of the Board.• The Company Secretaries manage the logistics of all Board and Board Committee meetings.• All issues discussed and all decisions made during the Board Meetings as well as attendances will be properly recorded by the Company Secretaries to ensure completeness and accuracy.

	<ul style="list-style-type: none"> • For annual general meetings which are held at the beginning of December annually, the Company Secretaries play an important role in ensuring that the due processes and proceedings are in place and properly managed. During the meeting, the Company Secretaries will assist the Chairman and the Board to conduct the meeting and ensure the minutes are properly recorded, particularly the questions raised by the shareholders. • The Company Secretaries provide support to the Board in fulfilling its fiduciary duties and leadership role in shaping the corporate governance of Gamuda Group. • The Company Secretaries regularly keep the Board updated and informed of the requirements such as restriction in dealing with the securities of the Company and updates as issued by the various regulatory authorities including the latest developments in the legislations and regulatory framework affecting the Group as well as best practices of the Malaysian Code on Corporate Governance. <p>While responding to the Board evaluation, the Board did not express any dissatisfaction with the performance and support rendered by the Company Secretaries to the Board in discharging its functions.</p> <p>In order to upskill themselves and keep abreast with the latest developments in corporate governance realm, the Company Secretaries have attended relevant training and professional development programmes during the financial year relating to Companies Act 2016, Malaysian Code on Corporate Governance (“MCCG”) and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.</p>
Explanation for departure :	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
Measure :	
Timeframe :	

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.5

Directors receive meeting materials, which are complete and accurate within a reasonable period prior to the meeting. Upon conclusion of the meeting, the minutes are circulated in a timely manner.

Application	: Applied
Explanation on application of the practice	<p>Recognising the importance of sound and timely information flow to Board effectively, the Company Secretaries ensures that the dates for Board Meeting and Board Committees Meetings are scheduled well in advance by preparing an annual tentative calendar and a formal schedule of matters specifically reserved for the Board are also included in the tentative calendar. The schedule also ensures that the direction of these meetings is properly controlled and are in the hands of the Board</p> <p>Notices of meetings setting out the agenda in particular, financial information are promptly emailed to all Directors in a timely manner prior to meetings and in any case, at least seven days prior to a meeting. The same notification is then sent to the Management, which includes the deadlines for submission of meeting materials. Upon receipt from the Management, the Company Secretaries ensure that the meeting materials are uploaded on iPads as soon as practicable for the Board's review.</p> <p>Management presentations are given by the Management to facilitate proper consideration and debate of matters brought before the Board. Progress on key initiative is reported regularly and documented together with routine matters such as financial performance and current progress of project and operation in each of the Group's business activities.</p> <p>The Chairman ensures that the Board is not deprived of time and that there is sufficient amount of time allowed for the Board to make an informed decision at the scheduled Board meetings. If he contemplates that more time is required to deliberate on matters submitted by the Management in particular pertinent matters like material acquisitions and/or disposal, corporate exercises, etc, then a Special Board Meeting will be convened for these purposes. For the financial under review, two Special Board Meetings were held in November and July 2021 respectively.</p>

	<p>All issues discussed and all decisions made during the Board Meetings will be properly recorded by the Company Secretaries and reviewed by the Board for completeness and accuracy. The minutes of Board Meetings are circulated to all Directors for their perusal prior to confirmation of the minutes by the Chairman of the meetings to be done at the commencement of the following Board Meetings. Senior Management staff usually attends Board Meetings for purposes of briefing the Board on various matters submitted for their consideration.</p> <p>This enables the Board to make informed decisions on corporate and business issues under consideration. When Directors are unable to attend a meeting, they are advised to make their views known, if any, to the Chairman of Board prior to the meeting.</p>	
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

There is demarcation of responsibilities between the board, board committees and management.

There is clarity in the authority of the board, its committees and individual directors.

Practice 2.1

The board has a board charter which is periodically reviewed and published on the company’s website. The board charter clearly identifies–

- the respective roles and responsibilities of the board, board committees, individual directors and management; and
- issues and decisions reserved for the board.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board articulates its roles and responsibilities in its Directors’ Handbook, and describes those areas reserved for the Board’s determination. The Board had adopted the Directors’ Handbook in 2002.</p> <p>The Board believes that the Directors’ Handbook, which sets out the roles, duties and responsibilities of the Company Directors and the broader issues of directors’ ethics, amongst others, collectively with the various policies, procedures and practices that have been in place for a long time, the Constitution of the Company and statutory and regulatory requirements, have effectively encapsulated the essence of the suggested contents of a Board charter.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

The board is committed to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness.

The board, management, employees and other stakeholders are clear on what is considered acceptable behaviour and practice in the company.

Practice 3.1

The board establishes a Code of Conduct and Ethics for the company, and together with management implements its policies and procedures, which include managing conflicts of interest, preventing the abuse of power, corruption, insider trading and money laundering.

The Code of Conduct and Ethics is published on the company's website.

Application	: Applied
Explanation on application of the practice	: <p>The Board has adopted a Directors' Code of Conduct on 28 September 2016. In addition to the Company Directors' Code of Ethics established by the Companies Commission of Malaysia, the Directors' Code of Conduct is the Board's commitment towards establishing a corporate culture which prescribes ethical conduct that permeates throughout the Company and ensuring the implementation of appropriate internal systems to support, promote and ensure its compliance.</p> <p>The Directors' Code of Conduct is available for reference on Gamuda's corporate website at www.gamuda.com.my or for easy access, please scan the QR code below with a smartphone:</p> <div data-bbox="810 1308 1102 1626" data-label="Image"></div> <p>The Board is committed to ensuring that all its business activities operate with the highest standards of business ethics and integrity as summarised in the Company's written code on business practices, which are applicable Group-wide including Group operations overseas.</p> <p>The Directors' Code of Conduct encapsulated the following measures to reinforce the practices articulated therein and guide the behaviours of the Company Directors: -</p>

- protect and ensure the proper use of the Company's assets;
- ensure compliance with laws, rules and regulations;
- handle actual or potential conflict of interest;
- encourage reporting of unlawful or unethical behaviour;
- prevent corrupt practices which include the offering and acceptance of gifts and benefits.

Among the measures implemented by the Company to reinforce the practices contained in the Directors' Code of Conducts are as follows: -

- Gift and/or Benefits Policy whereby all gifts and benefits received by the Company employees from suppliers/contractors are required to be declared and handed over to the Human Resource Department for donation to charitable organisation;
- Sexual Harassment Policy in tandem with the Company's belief that all employees should be treated with dignity and respect and that a safe, healthy and supportive work environment should be preserved for all the employees of the Company;
- Social Media Policy & Guidelines which governs proper usage of all forms of social media in the Company;
- The Enterprise-Wide Information Security Policy ("EWISP") was developed to ensure a consistent company-wide process approach for the establishment, implementation, operation, review, maintenance and improvement towards Information Security Management System (ISMS). Through a comprehensive suite of information security control objectives and supporting policy statements, the EWISP explains how ISO27002, the international standard code of practice for information security management, applies within the Group. Its purpose is to communicate management directives and standards of care to ensure consistent and appropriate protection of information throughout the Group.

This year, we completed implementing the first phase of our new generation cloud-based enterprise resource planning (ERP) system, which is on the SAP S/4HANA platform. This enables the Group to have:

A single source of truth

Better organisational efficiency through streamlined processes and automation

Improved governance, compliance and risk reduction

	<ul style="list-style-type: none"> • Drone Use Policy to ensure that all the Company staff are using drones safely, effectively and in compliance with the current regulations in Malaysia. A Gamuda Drone Standard Operating Procedures (“SOP”) has also been developed and ongoing drone pilot training has also been set up for the Company staff. • Group-wide digital procurement system was rolled out in financial year 2018 to make procurement more transparent and effective; by using a consistent, collaborative approach leveraging on the SAP Ariba platform that embraces supply chain and procurement best practices to improve value and sustainable savings. • The Anti-Bribery & Corruption (“AB&C”) Policy and the Whistleblowing Policy (supersedes the whistleblowing policy adopted by the Group in 2011) were also adopted on 28 July 2020 following the establishment of an Integrity and Governance Unit. <p>Following the adoption of the above two policies, the Integrity Pledges for Directors and Company employees was also rolled out during the financial year under review. The pledge sets a clear leadership tone that there is no compromise on the issue of corruption and reinforces the will and corruption-free stand of the Board and the Management of Gamuda as well as the Group. It also demonstrates Gamuda long-standing commitment to promote integrity and good governance amongst its personnel and further reaffirms the Group’s stand in ensuring that there are no corrupt practices or elements of corruption throughout the Group and that any abuse of power will not be tolerated.</p>
Explanation for departure :	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
Measure :	
Timeframe :	

Intended Outcome

The board is committed to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness.

The board, management, employees and other stakeholders are clear on what is considered acceptable behaviour and practice in the company.

Practice 3.2

The board establishes, reviews and together with management implements policies and procedures on whistleblowing.

Application	: Applied
Explanation on application of the practice	<p>Gamuda Group's commitment to an ethical business environment and strong governance resilient to the threats of corruption, abuse of power and malpractices is sighted by the formation of the Integrity and Governance Unit ("IGU") on 13 December 2019.</p> <p>During the financial period, IGU in collaboration with the business heads/entities, undertook the following initiatives:</p> <ul style="list-style-type: none">• Improve operational efficiency and transparency;• Develop Gamuda Organisational Anti-Corruption Plan ("OACP") 2021-2024;• Conduct Corruption Risk Assessment("CIA"); <p>the details of which are set out in the Statement by IGU on page 164 of this Annual Report which encompasses the adoption of the following two policies, namely: -</p> <ul style="list-style-type: none">• The Anti-Bribery & Corruption ("AB&C") Policy; and• The Whistleblowing Policy (supersedes the whistleblowing policy adopted by the Group in 2011). <p>The above two policies are available for reference on Gamuda's corporate website at www.gamuda.com.my or for easy access, please scan the QR code below with a smartphone: -</p> <div data-bbox="826 1688 1123 2011" data-label="Image">A QR code is displayed within a dark grey rounded rectangular frame. Above the QR code, the text "Scan me" is written in white. The QR code itself is black and white.</div>

The Group's AB&C Policy guides the Group's Employees, Business Associates and associated parties in the proper conduct of our business dealings and to eliminate and prevent any form of corruption and bribery in the Group.

The Group AB&C Policy applies to all Group Directors, Employees, Employees of Controlled Organisations and Business Associates acting on the Group's behalf, within the Group's internal dealings as well as the Group's external dealings with other businesses, organisations, local authorities as well as government.

Employees who are to, in the course of their duties at the Group, encounter actual or suspected violations of the AB&C Policy report their concerns using the reporting channels stated in the Whistleblowing Policy and Procedure. Reports should be made in good faith by the employee and should be addressed in a timely manner without incurring fear of reprisal, regardless of the outcome of any investigation. Anonymous reports will not be entertained.

The Whistleblowing Policy should be read together with the Group's Anti- Bribery & Corruption Policy and the Code of Business Ethics and other related materials on disciplinary action under the custodian of the Group Human Resource. Provisions in this Policy shall be reviewed and amended whenever necessary to ensure its effective implementation.

The main objectives of the Whistleblowing Policy are:

- To encourage and guide Employees and members of the public to communicate and disclose any Improper Conduct (as defined) within the Group to the appropriate party within the Group in accordance with this Whistleblowing Policy and Procedure; and
- To clarify the protection accorded to Employees and members of the public who report allegations of any Improper Conduct;
- To ensure disclosures of improper Conduct is managed in an appropriate and timely manner.

Following on the adoption of the above two policies, IGU then implemented Integrity Pledges for Directors and the Company employees ("Pledge") during the financial year under review. The Pledge sets a clear leadership tone that there is no compromise on the issue of corruption and reinforces the will and corruption-free stand of the Board and the Management of Gamuda as well as the Group.

	The Pledge also demonstrates Gamuda long-standing commitment to promote integrity and good governance amongst its personnel and further reaffirms the Group's stand in ensuring that there are no corrupt practices or elements of corruption throughout the Group and that any abuse of power will not be tolerated.	
Explanation for departure :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure :		
Timeframe :		

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 4.1

At least half of the board comprises independent directors.

For Large Companies, the board comprises a majority independent director.

Application	: Applied												
Explanation on application of the practice	<p>During the financial year under review, the Board comprises one (1) Group Managing Director, one (1) Deputy Group Managing Director, and a significant presence of five (5) NEDs of whom four (4) are Independent Directors. Hence, the Board's composition has fully complied with the provisions of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad for independent non-executive directors to make up at least one third (1/3rd) of the Board membership and for a director who is qualified under Paragraph 15.09 (1) (c) of Bursa Securities' Listing Requirements to sit on the Audit Committee.</p> <p>The Board composition which comprises majority Independent Directors also conforms with Practice 4.1 of the MCCG namely, Gamuda, being classified as a Large Company is recommended to maintain a Board that is significantly independent, as illustrated below: -</p> <div data-bbox="555 1205 1390 1621" data-label="Figure"><p>Balance of Independent and Non-Independent Directors</p><table border="1"><thead><tr><th>Category</th><th>Percentage</th><th>Count</th></tr></thead><tbody><tr><td>Executive Directors</td><td>29%</td><td>(2)</td></tr><tr><td>Non-Executive Director</td><td>14%</td><td>(1)</td></tr><tr><td>Independent Director</td><td>57%</td><td>(4)</td></tr></tbody></table></div> <p>The Board current size of seven members enable effective and independent oversight by the Board and the Board composition with majority Independent Directors does fairly represent the investment of the majority and minority shareholders in the Company. The current Board brings with it a broad range of business, financial, technical and public service background.</p> <p>The biographical particulars of the Directors are set out in the Profile of Board of Directors from pages 40 to 48 of the Annual Report 2021.</p>	Category	Percentage	Count	Executive Directors	29%	(2)	Non-Executive Director	14%	(1)	Independent Director	57%	(4)
Category	Percentage	Count											
Executive Directors	29%	(2)											
Non-Executive Director	14%	(1)											
Independent Director	57%	(4)											

	<p>An updated list of the Board members of the Company and their respective roles and functions are also maintained on the corporate website. For easy access, please scan the QR code below with a smartphone:</p> <div data-bbox="831 360 1123 674" style="text-align: center;">  </div>	
<p>Explanation for departure :</p>		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p>Measure :</p>		
<p>Timeframe :</p>		

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 4.2

The tenure of an independent director does not exceed a cumulative term limit of nine years. Upon completion of the nine years, an independent director may continue to serve on the board as a non-independent director.

If the board intends to retain an independent director beyond nine years, it should justify and seek annual shareholders' approval. If the board continues to retain the independent director after the twelfth year, the board should seek annual shareholders' approval through a two-tier voting process.

Application	: Not applicable - No independent director(s) serving beyond 9 years						
Explanation on application of the practice	<p>The Board is mindful of the recommendation of the MCCG on limiting the tenure of independent directors to nine (9) years of service irrespective of whether it's a consecutive service of nine (9) years or a cumulative service of nine (9) years with intervals.</p> <p>The length of tenure of each of its Independent Director is illustrated below: -</p> <div data-bbox="699 1070 1254 1256"><p style="text-align: center;">Length of Tenure of Independent Directors</p><table border="1"><tr><td style="text-align: center;">2</td><td style="text-align: center;">7 – 9 years</td></tr><tr><td style="text-align: center;">1</td><td style="text-align: center;">4 – 6 years</td></tr><tr><td style="text-align: center;">1</td><td style="text-align: center;">1 – 3 years</td></tr></table></div> <p>YM Tunku Afwida binti Tunku A.Malek has reached her 9-year term with Gamuda and will be retiring as an Independent Director at the Forty-fifth (“45th”) Annual General Meeting (“AGM”) of the Company scheduled for 8 December 2021.</p> <p>In addition, the Board assesses the independence of its Independent Directors through a Self-Assessment of Independence of Independent Directors on an annual basis under the annual Board evaluation process. The assessment of independence is based on the criteria prescribed under the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and the Corporate Governance Guide issued by Bursa Malaysia Berhad.</p> <p>During the financial year under review, none of the Independent Directors disclosed any relationships and/or transactions that could materially interfere with their independent judgements and decisions.</p> <p>The Board is satisfied with the level of independence demonstrated by all Independent Directors.</p>	2	7 – 9 years	1	4 – 6 years	1	1 – 3 years
2	7 – 9 years						
1	4 – 6 years						
1	1 – 3 years						

Explanation for departure :		
<p><i>Large companies are required to complete the columns below.</i> <i>Non-large companies are encouraged to complete the columns below.</i></p>		
Measure :		
Timeframe :		

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 4.3 - Step Up

The board has a policy which limits the tenure of its independent directors to nine years.

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 4.4

Appointment of board and senior management are based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender.

Application :	Applied																																																																																																																																	
Explanation on application of the practice :	<p>The Board is a firm believer in promoting diversity in its membership, including gender, ethnicity and age and strives to maintain the right balance for effective functioning of the Board.</p> <p>The Company Directors are professionals in the fields of construction & engineering, finance, accounting, legal and toll infrastructure and experienced senior public administrators. Together, they bring a wide range of competencies, capabilities, technical skills and relevant business experience to ensure that the Group continues to be a competitive leader within its diverse industry segments with a strong reputation for technical and professional competence.</p> <p>The Board composition in terms of each of the Director's industry and/or background experience, age and ethnic composition is illustrated as follows: -</p> <table border="1" style="width: 100%; border-collapse: collapse; text-align: center;"> <thead> <tr> <th rowspan="2"></th> <th colspan="5">Industry/ Background Experience</th> <th colspan="3">Age Composition</th> <th colspan="2">Ethnic Composition</th> <th colspan="2">Gender</th> </tr> <tr> <th>Construction & Engineering</th> <th>Public Services</th> <th>Banking</th> <th>Accounting/ Finance</th> <th>Legal</th> <th>50 to 59 years</th> <th>60 to 69 years</th> <th>70 to 79 years</th> <th>Bumiputera</th> <th>Non-bumiputera</th> <th>Male</th> <th>Female</th> </tr> </thead> <tbody> <tr> <td>Directors</td> <td></td> </tr> <tr> <td>Dato' Mohammed Hussein</td> <td></td> <td></td> <td>✓</td> <td>✓</td> <td></td> <td></td> <td></td> <td>✓</td> <td>✓</td> <td></td> <td>✓</td> <td></td> </tr> <tr> <td>Dato' Lin Yun Ling</td> <td>✓</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td>✓</td> <td></td> <td></td> <td>✓</td> <td></td> <td></td> </tr> <tr> <td>Dato' Ir Ha Tiing Tai</td> <td>✓</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td>✓</td> <td></td> <td></td> <td>✓</td> <td></td> <td></td> </tr> <tr> <td>Raja Dato' Seri Eleena Almarhum Sultan Azlan Muhibbuddin Shah Al-Maghfur-lah</td> <td></td> <td></td> <td></td> <td></td> <td>✓</td> <td></td> <td>✓</td> <td></td> <td>✓</td> <td></td> <td></td> <td>✓</td> </tr> <tr> <td>Tan Sri Dato' Setia Haji Ambrin Buang</td> <td></td> <td>✓</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td>✓</td> <td>✓</td> <td></td> <td>✓</td> <td></td> </tr> <tr> <td>Tunku Afwida Tunku A.Malek</td> <td></td> <td></td> <td>✓</td> <td>✓</td> <td></td> <td>✓</td> <td></td> <td></td> <td>✓</td> <td></td> <td></td> <td>✓</td> </tr> <tr> <td>Nazli Mohd Khir Johari</td> <td>✓</td> <td></td> <td></td> <td>✓</td> <td></td> <td></td> <td>✓</td> <td></td> <td>✓</td> <td></td> <td></td> <td>✓</td> </tr> </tbody> </table> <p><small> The profile of the Board members are set out on pages 40 to 48 of this Annual Report.</small></p> <p>In evaluating candidates for appointment to the Board, the Nomination Committee and the Board will always evaluate and match the criteria of the candidate based on experience, skills, competencies, knowledge, potential contribution and boardroom diversity (including gender, ethnicity and age).</p>		Industry/ Background Experience					Age Composition			Ethnic Composition		Gender		Construction & Engineering	Public Services	Banking	Accounting/ Finance	Legal	50 to 59 years	60 to 69 years	70 to 79 years	Bumiputera	Non-bumiputera	Male	Female	Directors													Dato' Mohammed Hussein			✓	✓				✓	✓		✓		Dato' Lin Yun Ling	✓						✓			✓			Dato' Ir Ha Tiing Tai	✓						✓			✓			Raja Dato' Seri Eleena Almarhum Sultan Azlan Muhibbuddin Shah Al-Maghfur-lah					✓		✓		✓			✓	Tan Sri Dato' Setia Haji Ambrin Buang		✓						✓	✓		✓		Tunku Afwida Tunku A.Malek			✓	✓		✓			✓			✓	Nazli Mohd Khir Johari	✓			✓			✓		✓			✓
	Industry/ Background Experience					Age Composition			Ethnic Composition		Gender																																																																																																																							
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Explanation for departure :		
<p><i>Large companies are required to complete the columns below.</i> <i>Non-large companies are encouraged to complete the columns below.</i></p>		
Measure :		
Timeframe :		

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 4.5

The board discloses in its annual report the company's policies on gender diversity, its targets and measures to meet those targets. For Large Companies, the board must have at least 30% women directors.

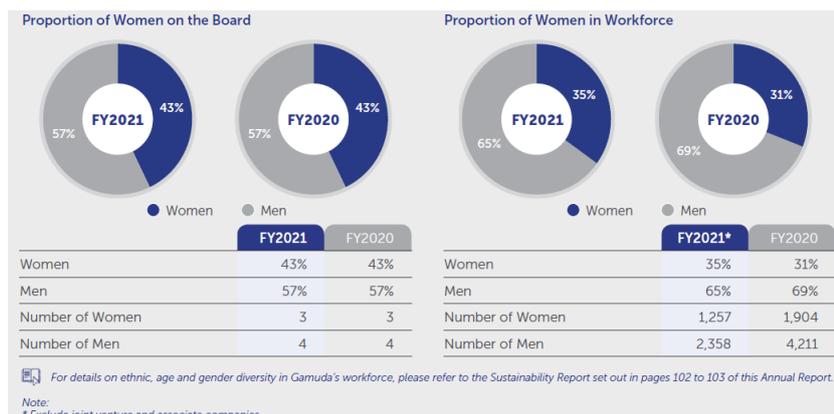
Application	: Applied
Explanation on application of the practice	<p>Recognising the benefits of diversity in its broad spectrum, the Board has adopted a Diversity and Inclusion Policy on 28 September 2016. The said policy is available for reference on Gamuda's corporate website or for easy access, please scan the QR code below with a smartphone:</p> <div data-bbox="831 853 1123 1171" style="text-align: center;">A QR code is displayed within a dark grey rounded rectangular frame. Above the QR code, the text "Scan me" is written in white. A small white arrow points downwards from the text towards the QR code.</div> <p>The Board has consistently maintained the 30% women directors on its Board as it believes that women directors will add value to Board discussions by bringing new perspectives, approaches and ideas to help the Group succeed.</p> <p>Under the Board composition mentioned under Practices 4.1 and 4.4 of this CG Report, women representation on the Board is now 43%, which has exceeded the 30% requirement. These women Directors are professionals in the fields of construction & engineering, banking, & finance and legal.</p> <p>The Company will continue to play an important role in sustainable job creation and to be at the forefront of the economic recovery post-pandemic.</p> <p>Gamuda also ensure that women are part of our highest governance levels whereby Group key governance positions are led by calibre women such as:</p> <ul style="list-style-type: none">➤ Group Legal and Company Secretarial;➤ Group Human Resources and Administration;➤ Group Corporate Communications and Sustainability/ Group Chief Sustainability Officer;➤ Integrity and Governance Unit;

- Executive Director, Gamuda Engineering (Building & IBS Business Function)
- Executive Director, Gamuda Land (Architectural, Planning, Design, Innovation & ESG);and
- Executive Director, Gamuda Land (Commercial Real Estate Operations Development).



While engineering is a male-dominated profession, Gamuda constantly offer opportunity and encourage women to take up roles that are traditionally occupied by men.

From a specialty instructor who conducts fire safety training for all site workers working underground at the MRT Kajang Line, to a site engineer who was promoted to become the Section Head of KLCC East underground station, Gamuda have groomed many female workers who excelled in the engineering roles along with their male counterparts.



Gamuda practices the principle of reward-based on meritorious performance with no discrimination towards race, religion, age, sexual orientation, disabilities, nationality and other demographic factors in the process of employee hiring, employee benefits, appraisal, remuneration and promotion. In financial year 2021, there were zero incidents of discrimination.

Explanation for departure :		
<p><i>Large companies are required to complete the columns below.</i> <i>Non-large companies are encouraged to complete the columns below.</i></p>		
Measure :		
Timeframe :		

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 4.6

In identifying candidates for appointment of directors, the board does not solely rely on recommendations from existing board members, management or major shareholders. The board utilises independent sources to identify suitably qualified candidates.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board, through the Nomination Committee, will review the suitability of an individual to be appointed on the Board taking into account the skills, expertise, background, experience and boardroom diversity (including gender, ethnicity and age). The decision as to who shall be nominated remains the responsibility of the full Board after considering the recommendations of the Nomination Committee.</p> <p>In undertaking this responsibility, the Nomination Committee leverages on several sources to gain access to a wide pool of potential candidates. The responsibilities of the Nomination Committee in this regard are outlined in its Terms of Reference which is available Gamuda's corporate website at www.gamuda.com.my or for easy access, please scan the QR code below with a smartphone:</p> <div data-bbox="847 1330 1102 1608" data-label="Image"></div> <p>The Nomination Committee shall evaluate the candidates on the aspect of their: -</p> <ul style="list-style-type: none">▪ skills, knowledge, expertise and experiences;▪ professionalism;▪ integrity; and▪ for position of independent non-executive director, the candidates' abilities to discharge such responsibilities/ functions independently as expected from the independent non-executive director;

	<p>In searching for suitable candidates, the Nomination Committee may receive suggestions from existing Board Members and Management. The Nomination Committee is also open to referrals from external sources available, such as industry and professional associations, as well as independent search firms.</p> <p>Following the imminent retirement of YM Tunku Afwida binti Tunku A.Malek at the forthcoming 45th AGM, the Board, through the Nomination Committee, undertook a review of the shortlisted Board candidates to fill the Board seat to be vacated by YM Tunku Afwida.</p> <p>The criteria for selecting the Board candidates was premised on the following:</p> <ol style="list-style-type: none"> i. Candidates are experienced Independent Directors as they are currently sitting in the Board of public companies listed on Bursa Malaysia Securities Berhad; ii. Age of candidates ranged between 40 to 74 years; iii. Mixture of race and ethnics; iv. Potentials with broad spectrums of experience either in public and/or private sectors; v. Currently, holding directorships in not more than five public listed companies. 	
<p>Explanation for departure :</p>		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p>Measure :</p>		
<p>Timeframe :</p>		

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 4.7

The Nominating Committee is chaired by an Independent Director or the Senior Independent Director.

Application	:	Applied
Explanation on application of the practice	:	<p>The Nomination Committee of the Company was established by the Board on 1 February 2002. The Board has elected the Nomination Committee from amongst themselves, and comprises exclusively of Independent Directors, namely: -</p> <p>Chairman: YBhg Dato' Mohammed Hussein (Independent Non-Executive Chairman)</p> <p>Members: YM Tunku Afwida Tunku A.Malek (Independent Non-Executive Director)</p> <p>Puan Nazli Mohd Khir Johari (Independent Non-Executive Director)</p> <p>The appointment of the Nomination Committee members terminates when the member ceases to be a Director, or as determined by the Board.</p> <p>The Chairman of the Committee shall be an Independent Non-Executive Director appointed by the Board. In the absence of the Chairman, the members present shall elect a Chairman for the meeting from amongst themselves.</p> <p>Hence, the Nomination Committee is chaired by an Independent Director namely, YBhg Dato' Mohammed Hussein.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Stakeholders are able to form an opinion on the overall effectiveness of the board and individual directors.

Practice 5.1

The board should undertake a formal and objective annual evaluation to determine the effectiveness of the board, its committees and each individual director. The board should disclose how the assessment was carried out and its outcome.

For Large Companies, the board engages independent experts periodically to facilitate objective and candid board evaluations.

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>Given current challenging economic and social conditions as a result of the COVID-19 pandemic, the Board has reviewed the cost of engaging external independent experts to facilitate Board evaluations for the current financial year ended 31 July 2021 and has deferred the engagement of external independent experts as the Company needs to conserve its resources for its operations, COVID-19 related expenses and new projects. This cost may be deferred to the next financial year ending 2022 or further to financial years ending thereafter, if deemed necessary by the Board.</p> <p>During the financial year 2021, an annual evaluation of the effectiveness of the Board as a whole and the Audit Committee were conducted internally. The evaluation process is led by the Nomination Committee's Chairman and supported by the Company Secretaries. The aforesaid evaluations for the year 2020/2021 were conducted internally, facilitated by the Company Secretaries. The evaluations were conducted using questionnaires that were administered by the Company Secretaries which employ a self and peer rating assessment model. The Board, if it deems necessary, will engage independent consultant to facilitate the assessment process.</p> <p>The evaluation results are considered by the Nomination Committee, which then make recommendations to the Board and are aimed at helping the Board to discharge its duties and responsibilities. The evaluation is based on specific criteria, covering areas such as the Board composition and structure, principal responsibilities of the Board, the Board process and Board governance.</p>

The 2020/2021 Evaluations of the Board's Performance and the 2020/2021 Audit Committee Self-Assessment have been structured to ensure a balanced and objective review by the Directors and the Audit Committee, respectively for the above key areas.

Following the two (2) evaluations, the Board concluded that the Board as a whole and its Board Committees have been effective in their overall discharge of its function and duties. The following-matters were highlighted during the course of the aforesaid evaluations: -

- On Board size, there is room for one more independent director with the right competency;
- To look for Board candidate with the right competency;
- More visits to Gamuda areas of operations to be arranged after the COVID-19 pandemic;
- Room for improvement in the area of enterprise-wide risk management.

The Board has also undertaken an annual assessment of the independence of its Independent Directors. The criteria for assessing the independence of an Independent Director were developed by the Nomination Committee with the support of the Company Secretaries which include the relationship between the Independent Director and the Company and his involvement in any significant transaction with the Company.

Retiring Directors who are seeking re-election are subjected to Directors' assessment overseen by the Nomination Committee. The Board, on the recommendation of the Nomination Committee, makes a determination as to whether it will endorse a retiring Director for re-election.

YM Tunku Afwida has completed her 9-year tenure with Gamuda. In accordance with Practice 4.2 of the Malaysian Code on Corporate Governance where it is recommended that the tenure of an independent director should not exceed a cumulative term limit of nine years, YM Tunku Afwida will not be seeking re-election at the forthcoming 45th AGM.

Upon the recommendation of the Nomination Committee, the Board has confirmed that the following Company Directors who are retiring pursuant to Clause 105 of the Constitution of the Company and standing for re-election at this year's 45th AGM continue to perform effectively and demonstrate commitment to their roles: -

	<p>a. YBhg Dato' Ir. Ha Tiing Tai; and b. Puan Nazli binti Mohd Khir Johari.</p> <p>As a policy, the Board itself would also assess, evaluate and determine the independence of Independent Directors when they are due for retirement and/or re-appointment at the annual general meeting of the Company.</p> <p>The Board has established an age limit for Independent Directors i.e. the mandatory retirement age of Directors shall be 75 years.</p> <p>The Nomination Committee met two times during the financial year ended 31 July 2021 i.e. on 25 September 2020 and 16 June 2021, with full attendance of its members.</p>
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
<p>Measure</p>	<p>: The Board through the Nomination Committee will continuously monitor the cost of engaging external independent experts to facilitate Board evaluations. Depending on the severity of the COVID-19 pandemic and the impact on the Group's operation, this cost may be deferred to the next financial year ending 2022 or to financial years ending thereafter, if deemed necessary by the Board.</p>
<p>Timeframe</p>	<p>: Others</p> <p>Depending on the severity of the COVID-19 pandemic, by financial year ending 2022 or to financial years ending thereafter, if deemed necessary by the Board.</p>

Intended Outcome

The level and composition of remuneration of directors and senior management take into account the company's desire to attract and retain the right talent in the board and senior management to drive the company's long-term objectives.

Remuneration policies and decisions are made through a transparent and independent process.

Practice 6.1

The board has in place policies and procedures to determine the remuneration of directors and senior management, which takes into account the demands, complexities and performance of the company as well as skills and experience required. The policies and procedures are periodically reviewed and made available on the company's website.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board has in place a Remuneration Policy for Directors and Key Senior Management which is clear and transparent, designed to support and drive business strategy and long-term objectives of the Gamuda Group.</p> <p>In this regard, the Remuneration Committee is responsible to formulate and review the remuneration policies for the Directors and Key Senior Management of the Company to ensure the same remain competitive, appropriate, and in alignment with the prevalent market practices. The said policy was approved by the Board for adoption on 27 June 2018 and is available for reference on Gamuda's corporate website at www.gamuda.com.my or for easy access, please scan the QR code below with a smartphone:</p> <div style="text-align: center;">  </div>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

The level and composition of remuneration of directors and senior management take into account the company's desire to attract and retain the right talent in the board and senior management to drive the company's long-term objectives.

Remuneration policies and decisions are made through a transparent and independent process.

Practice 6.2

The board has a Remuneration Committee to implement its policies and procedures on remuneration including reviewing and recommending matters relating to the remuneration of board and senior management.

The Committee has written Terms of Reference which deals with its authority and duties and these Terms are disclosed on the company's website.

Application	:	Applied
Explanation on application of the practice	:	<p>The Remuneration Committee was established by the Board on 1 February 2002 and comprises mainly NEDs, namely: -</p> <p>Chairman: YBhg Dato' Mohammed Hussein (Independent Non-Executive Chairman)</p> <p>Members: YTM Raja Dato' Seri Eleena Almarhum Sultan Azlan Muhibbuddin Shah Al-Maghfur-lah (Non-Executive Director) YBhg Dato' Lin Yun Ling (Group Managing Director)</p> <p>The Remuneration Committee's main responsibility is to review and recommend to the Board the framework of Executive Directors' remuneration, in particular, the remuneration packages for the Executive Directors in all its forms, drawing from outside advice, where necessary and fees payable to the Non-Executive Directors.</p> <p>The Remuneration Committee aims to ensure that Directors' remuneration is competitive, motivates good performance and loyalty, and supports growth in shareholder value.</p> <p>The Remuneration Committee met once during the financial year under review i.e. on 22 July 2021, with full attendance of its members. At this meeting, the Remuneration Committee undertook the following reviews of the remuneration packages prepared by the Human Resource Department: -</p>

	<ol style="list-style-type: none"> 1. The Group Managing Director's and Deputy Group Managing Director's remuneration; 2. The Non-Executive Directors' (include Independent Director) remuneration; and 3. Group Senior Management's remunerations. <p>The objective of the aforesaid reviews was to align the Executive Directors' remuneration packages with the remuneration of Executive Directors from peer companies in the same industries.</p>	
Explanation for departure :		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure :		
Timeframe :		

Intended Outcome

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

Practice 7.1

There is detailed disclosure on named basis for the remuneration of individual directors. The remuneration breakdown of individual directors includes fees, salary, bonus, benefits in-kind and other emoluments.

Application	: Applied
Explanation on application of the practice	<p>The Board aims to set remuneration at levels which are sufficient to attract and retain the Directors needed to run the Group successfully, taking into consideration all relevant factors including the function, workload and responsibilities involved.</p> <p>The performance of Directors is measured by the Directors' contribution and commitment to both the Board and the Group. The Executive Directors' and senior management's remuneration depend on the performance of the Group during the financial year, which is determined based on the individual Key Performance Indicator ("KPI") and aligned to the Division level performances. The KPIs comprise quantitative and qualitative targets. The quantitative targets included annual revenue, profit before tax, and EBITDA, and the qualitative targets included stakeholders' engagement, leveraging on technology and human capital development.</p> <p>The Remuneration Committee, whilst establishing the appropriate levels of the Directors' remuneration package for the financial year 2021, has considered the information in the salary survey of comparator listed companies provided from external sources and information from sources within the Company, taking into account external market data, conditions within the business and performance of the Group.</p> <p>The remuneration of Non-Executive Directors is approved by shareholders at the AGM of the Company, as prescribed by the Company's Constitution and the Companies Act 2016. The remuneration philosophy of Non-Executive Directors is to establish a remuneration structure that commensurate with the contribution and level of responsibilities undertaken by a particular Non-Executive Director.</p>

After due consideration on market trends together with the Company's performance and given market uncertainties due to the pandemic and the butterfly effect of the pandemic, the Board on the recommendation of the Remuneration Committee has decided that: -

- the salary pay cuts for Executive Directors and Senior Management be maintained for the calendar year 2021 in the same quantum as calendar year 2020 as follows:
 - ▶ Executive Directors : 20% - 30%
 - ▶ Key Senior Management : 10% - 30%.
- staff salaries with annual salaries RM1.0 million and below, after a 12-month pay cut were reinstated in June 2021.

To be consistent with the non-reinstatement of the Executive Directors' and Key Senior Management's salaries, the Non-Executive Directors (include Independent Directors) have voluntarily agreed that the non-reinstatement should also be applied to their remuneration. However, the Board (save for the Non-Executive Directors) has decided that the Directors' fees of the Non-Executive Directors (include Independent Directors) be reinstated in respect of the financial year ended 31 July 2021.

Detailed information on named basis of the Directors' remuneration are disclosed under Note 6 of the Financial Statements section on page 236 of the Annual Report 2021 and is also illustrated below:

2021	Salaries, bonus and EPF RM'000	Fees RM'000	Other emoluments* RM'000	Total RM'000
Directors				
Executive:				
Y Bhg Dato' Lin Yun Ling	4,098	-	330	4,428
Y Bhg Dato' Ir. Ha Tiing Tai	2,357	-	252	2,609
Encik Mohammed Rashdan bin Mohd Yusof	2,359	-	176	2,535
Y Bhg Dato' Ubull a/I Din Om	563	-	122	685
	9,377	-	880	10,257
Non-executive:				
Y Bhg Dato' Mohammed bin Haji Che Hussein	-	210	101	311
YTM Raja Dato' Seri Eleena binti Almarhum Sultan Azlan Muhibbuddin Shah Al-Maghfur-lah	-	130	14	144
Y Bhg Tan Sri Dato' Setia Haji Ambrin bin Buang	-	130	12	142
YM Tunku Afwida binti Tunku A.Malek	-	165	26	191
Puan Nazli binti Mohd Khir Johari	-	160	24	184
	-	795	177	972

* Included in other emoluments are allowances and benefits-in-kind.

Explanation for departure :

*Large companies are required to complete the columns below.
Non-large companies are encouraged to complete the columns below.*

Measure	:	
Timeframe	:	

Intended Outcome

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

Practice 7.2

The board discloses on a named basis the top five senior management's remuneration component including salary, bonus, benefits in-kind and other emoluments in bands of RM50,000.

Application	:	Applied
Explanation on application of the practice	:	Gamuda has adopted the Step Up to Practice 7.2. The detailed information on the Company's top five Group Senior Management on a named basis are disclosed under Practice 7.3 below.
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

Practice 7.3 - Step Up

Companies are encouraged to fully disclose the detailed remuneration of each member of senior management on a named basis.

Application	: Adopted																																			
Explanation on adoption of the practice	: Detailed information on the Company's top five Group Senior Management on a named basis are disclosed as follows: - <table border="1"><thead><tr><th>Group Senior Management Remuneration FYE 2021</th><th>Salaries, bonus and EPF RM'0000</th><th>Fees RM'000</th><th>Other Emoluments RM'000</th><th>Total RM'000</th></tr></thead><tbody><tr><td>1 Y.Bhg. Dato' Azmi Haji Mat Nor</td><td>936</td><td>-</td><td>151</td><td>1,087</td></tr><tr><td>2 Y.Bhg. Dato' Haji Abdul Sahak Safi</td><td>487</td><td>-</td><td>347</td><td>834</td></tr><tr><td>3 Mr. Ngan Chee Meng</td><td>564</td><td>-</td><td>121</td><td>685</td></tr><tr><td>4 Mr. Soo Kok Wong</td><td>510</td><td>-</td><td>126</td><td>636</td></tr><tr><td>5 Mr. Szeto Wai Loong</td><td>508</td><td>-</td><td>123</td><td>631</td></tr><tr><td>Total</td><td>3,005</td><td>-</td><td>868</td><td>3,873</td></tr></tbody></table>	Group Senior Management Remuneration FYE 2021	Salaries, bonus and EPF RM'0000	Fees RM'000	Other Emoluments RM'000	Total RM'000	1 Y.Bhg. Dato' Azmi Haji Mat Nor	936	-	151	1,087	2 Y.Bhg. Dato' Haji Abdul Sahak Safi	487	-	347	834	3 Mr. Ngan Chee Meng	564	-	121	685	4 Mr. Soo Kok Wong	510	-	126	636	5 Mr. Szeto Wai Loong	508	-	123	631	Total	3,005	-	868	3,873
Group Senior Management Remuneration FYE 2021	Salaries, bonus and EPF RM'0000	Fees RM'000	Other Emoluments RM'000	Total RM'000																																
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Total	3,005	-	868	3,873																																

Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

Practice 8.1

The Chairman of the Audit Committee is not the Chairman of the board.

Application	: Applied
Explanation on application of the practice	<p>The Audit Committee comprises exclusively of Independent Directors.</p> <p>The composition of the Audit Committee is also in line with Practice 8.1 of the MCGG i.e. the Audit Committee Chairman and the Board Chairman are held by different Independent Directors of the Company.</p> <p>The composition of the Audit Committee is as follows: -</p> <ol style="list-style-type: none">1. YM Tunku Afwida Tunku A. Malek Chairperson2. YBhg Dato' Mohammed Hussein Member3. Puan Nazli Mohd Khir Johari Member <p>YM Tunku Afwida holds a Bachelor of Science (Honours) degree in Economics and Accountancy from City University London, UK; qualified as a Chartered Accountant from the Institute of Chartered Accountants in England and Wales and is a member of the Malaysian Institute of Accountants. The possession of sound financial understanding and experience equips the Chairman of the Audit Committee with the ability to lead discussions and deliberations and ultimately be satisfied that the end result fairly reflects the understanding of the Audit Committee. Her full profile can be viewed on page 45 of the Annual Report 2021.</p> <p>The duties and responsibilities of the Chairman of the Audit Committee are outlined in the Terms of Reference of the Audit Committee, which is available on Gamuda's corporate website at www.gamuda.com.my or for easy access, please scan the QR code below with a smartphone:</p>

			
Explanation for departure	:		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>			
Measure	:		
Timeframe	:		

Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

Practice 8.2

The Audit Committee has a policy that requires a former key audit partner to observe a cooling-off period of at least two years before being appointed as a member of the Audit Committee.

Application	:	Applied
Explanation on application of the practice	:	<p>As a measure to safeguard the independence and objectivity of the audit process, the Board through the Audit Committee has adopted an External Auditor Policy on 28 September 2017 which delegates the responsibility to assess the suitability, objectivity and independence of the external auditor to the Audit Committee.</p> <p>A review of the said policy was carried out on 23 September 2020 by the Audit Committee to streamline the policy with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("MIA By-Laws").</p> <p>Under the External Auditor Policy, a former key audit partner is required to observe a cooling-off period before he can be appointed as a member of the Audit Committee.</p> <p>The External Auditor Policy is available on Gamuda's corporate website at www.gamuda.com.my or for easy access, please scan the QR code below with a smartphone:</p> <div style="text-align: center;"></div>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

Practice 8.3

The Audit Committee has policies and procedures to assess the suitability, objectivity and independence of the external auditor.

Application	: Applied
Explanation on application of the practice	<p>The Audit Committee is responsible for assessing the capabilities and independence of the external auditor and to make subsequent recommendations to the Board on the appointment, re-appointment or termination of the external auditor.</p> <p>The effectiveness, performance and independence of the external auditor i.e. Ernst & Young PLT ("EY") is reviewed annually by the Audit Committee. The lead audit partner is required to rotate after a maximum of years specified in the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("MIA By-Laws"). If it becomes necessary to replace the external auditor for performance or independence reasons, the responsibility for the selection, appointment and removal of the external auditor has been delegated to the Audit Committee by the Board pursuant to the aforesaid External Auditor Policy.</p> <p>EY has provided the required confirmation of their independence to the Audit Committee that they are and have been independent throughout the conduct of the audit engagement during the financial year ended 31 July 2021 in accordance with:</p> <ul style="list-style-type: none">• MIA By-Laws; and• the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants. <p>The Audit Committee has on 16 June 2021 and 22 September 2021 reviewed the suitability and independence of EY and is satisfied that EY has met the relevant criteria prescribed under Paragraph 15.21 of Bursa Malaysia Securities Berhad's Main Market Listing Requirements.</p> <p>Hence, the Board supports the Audit Committee's recommendation to reappoint EY for the ensuing financial year at the 45th AGM.</p>

	<p>During the financial year, EY has attended two (2) out of the four (4) Audit Committee Meetings of the Company held to discuss their audit plan, audit findings and the financial statements.</p> <p>EY will highlight to the Board through the Audit Committee matters that require the Audit Committee's or the Board's attention together with the recommended corrective actions thereof. The Management of the Company is held responsible for ensuring that all these corrective actions are undertaken within an appropriate time frame.</p> <p>The Audit Committee also meets EY without the presence of the Executive Directors and Management as this allows for free and honest exchange of views and opinions on matters related to external auditors' audit and their findings. For this purpose, the Audit Committee and the external auditors met twice (September 2020 and June 2021) during the financial year under review.</p> <p>The Audit Committee has considered the provision of the non-audit services by EY during the financial year under review and concluded that the provision of these services did not compromise their independence and objectivity. The total amount of audit fees paid/payable to the external auditors is:</p> <p>AUDIT AND NON-AUDIT FEES</p> <p>The amounts of the external audit fees and non-audit fees incurred for the financial year ended 31 July 2021 were as follows:</p> <table border="1" data-bbox="494 1187 1380 1344"> <thead> <tr> <th>Type of Services</th> <th>Company (RM'000)</th> <th>Group (RM'000)</th> </tr> </thead> <tbody> <tr> <td>Audit services</td> <td>489</td> <td>1,690</td> </tr> <tr> <td>Non-audit services</td> <td>363</td> <td>655</td> </tr> <tr> <td>Total</td> <td>852</td> <td>2,345</td> </tr> </tbody> </table> <p>The non-audit fees incurred for services rendered to the Group by the external auditors and its affiliates for the financial year ended 31 July 2021 was RM655,000/- (2020 : RM1,079,000). The non-audit fees are mainly in relation to the provision of the following services: -</p> <ul style="list-style-type: none"> ➤ Company taxation services and tax advisory; ➤ sustainability reporting services; and ➤ Advisory services for proposed sale of toll highways. 	Type of Services	Company (RM'000)	Group (RM'000)	Audit services	489	1,690	Non-audit services	363	655	Total	852	2,345
Type of Services	Company (RM'000)	Group (RM'000)											
Audit services	489	1,690											
Non-audit services	363	655											
Total	852	2,345											
Explanation for departure :													
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>													
Measure :													
Timeframe :													

Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

Practice 8.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

Application	:	Adopted
Explanation on adoption of the practice	:	<p>The Audit Committee of Gamuda is comprise solely of Independent Directors, namely: -</p> <ol style="list-style-type: none">1. YM Tunku Afwida Tunku A. Malek Chairperson / Independent Non-Executive Director2. YBhg Dato' Mohammed Hussein Member / Independent Non-Executive Chairman3. Puan Nazli Mohd Khir Johari Member / Independent Non-Executive Director

Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

Practice 8.5

Collectively, the Audit Committee should possess a wide range of necessary skills to discharge its duties. All members should be financially literate and are able to understand matters under the purview of the Audit Committee including the financial reporting process.

All members of the Audit Committee should undertake continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules.

Application	:	Applied
Explanation on application of the practice	:	<p>As reiterated in Practice 8.4, the Audit Committee of Gamuda comprise solely of Independent Directors.</p> <p>Collectively, the Audit Committee possesses a wide range of necessary skills to discharge its duties.</p> <p>All members of the Audit Committee are financially literate, whilst the Chairperson of the Audit Committee is a member of the Malaysian Institute of Accounts, and thus, fulfilling paragraph 15.09(1)(c) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, which calls for one member of the audit committee to be a member of a professional accountancy body. The biographical particulars of the Audit Committee members are set out in the Profile of Board of Directors section (pages 40, 45 and 46) of this Annual Report.</p> <p>All members of the Audit Committee have undertaken continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules.</p> <p>During the reporting year, the Audit Committee members has attended numerous training courses, the details of which are as set out on page 156 of the Annual Report 2021 which can be easily access by scanning the QR code below with a smartphone:</p>

	<div data-bbox="847 192 1102 472" style="text-align: center;">  </div> <p data-bbox="555 495 1396 613">During the Audit Committee Meetings, the members were briefed by the external auditors, Ernst & Young PLT on the following key areas: -</p> <ul data-bbox="555 640 1396 824" style="list-style-type: none"> • Financial Reporting developments; • Adoption of Malaysian Financial Reporting Standards; and • Other changes in regulatory environment.
Explanation for departure :	
<p data-bbox="204 969 1206 1039"><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
Measure :	
Timeframe :	

Intended Outcome

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

Practice 9.1

The board should establish an effective risk management and internal control framework.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board is satisfied that risk management policies and procedures designed and implemented by the Management of the Company through the Risk Management Committee is prudent in ensuring that an effective internal control and risk management systems are in place to enable risk to be assessed and managed.</p> <p>The Risk Management Committee's focus is on the Group's key operational risks and policy issues that could have an impact on the Group's viability and sustainability. The work of this Committee forms an important part of the Group's control function. Significant risks faced by the businesses are identified and evaluated based on the likelihood and potential impact of each risk and where necessary, actions to mitigate the risks were also identified.</p> <p>In addition to the regular monthly and quarterly management reviews of projects and business operations, an Independent Director and Executive Directors, together with the divisional managing directors and relevant Group functional heads meet at least once a year as the Risk Management Committee under the chairmanship of the Group Managing Director.</p> <p>The Statement on Risk Management and Internal Control of the Group which provides an overview of the state of internal control within the Group, is set out from pages 157 to 158 of the Annual Report 2021 which can be easily access by scanning the QR code below with a smartphone:</p> <div data-bbox="847 1758 1102 2033" data-label="Image">A QR code is displayed within a dark grey rounded rectangular frame. Above the QR code, the text "Scan me" is written in a white sans-serif font. The QR code itself is black and white, with a small white triangle pointing downwards towards the top center of the code.</div>

Explanation for departure :		
<p><i>Large companies are required to complete the columns below.</i> <i>Non-large companies are encouraged to complete the columns below.</i></p>		
Measure :		
Timeframe :		

Intended Outcome

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company’s objectives is mitigated and managed.

Practice 9.2

The board should disclose the features of its risk management and internal control framework, and the adequacy and effectiveness of this framework.

Application	: Applied
Explanation on application of the practice	: The Statement of Risk Management and Internal Control is set out from pages 157 to 158 of the Annual Report 2021 which can be easily access by scanning the QR code below with a smartphone: 
Explanation for departure	:
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure	:
Timeframe	:

Intended Outcome

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

Practice 9.3 - Step Up

The board establishes a Risk Management Committee, which comprises a majority of independent directors, to oversee the company's risk management framework and policies.

Application :	Not Adopted
Explanation on adoption of the practice :	<p>However, the Board has established a Risk Management Committee which is chaired by the Group Managing Director and comprises the following members: -</p>  <p>The Chairperson of the Audit Committee namely, YM Tunku Afwida Tunku A.Malek is a member of the Risk Management Committee.</p> <p>As a step up on overall responsibility for risk oversight, the Board will continue to assess whether this oversight is to be carried out either by the full Board or through delegation to one or more standing committees comprising majority of independent directors.</p> <p>The Risk Management Committee ("RMC") Report of the Company which provides an overview of the RMC's terms of reference, risk management framework and risk identification, evaluation and ranking is set out from pages 157 to 158 of this year Annual Report.</p>

Intended Outcome

Companies have an effective governance, risk management and internal control framework and stakeholders are able to assess the effectiveness of such a framework.

Practice 10.1

The Audit Committee should ensure that the internal audit function is effective and able to function independently.

Application	:	Applied
Explanation on application of the practice	:	<p>The Internal Audit function of the Company is performed by an in-house Internal Audit Department (“IAD”), which reports directly to the Audit Committee and maintain its impartiality, proficiency, and due professional care.</p> <p>On the request of the Audit Committee, an external quality assurance review (“QAR”) was conducted on the Internal Audit function by Ernst & Young (“EY”) in financial year 2020 and such reviews will be conducted periodically.</p> <p>The role and functions of the IAD including the audit scope and audit coverage are detailed in the Statement of Internal Audit set out on page 162 of the Annual Report 2021 which is easily access by scanning the QR code below with a smartphone: -</p> <div style="text-align: center;">  </div>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

Companies have an effective governance, risk management and internal control framework and stakeholders are able to assess the effectiveness of such a framework.

Practice 10.2

The board should disclose–

- whether internal audit personnel are free from any relationships or conflicts of interest, which could impair their objectivity and independence;
- the number of resources in the internal audit department;
- name and qualification of the person responsible for internal audit; and
- whether the internal audit function is carried out in accordance with a recognised framework.

Application	:	Applied
Explanation on application of the practice	:	<p>As disclosed in Practice 10.1, EY was engaged to conduct a QAR in financial year 2020 and from the QAR conducted, no issues were raised by EY on the independence and objectivity of the Internal Audit Department (“IAD”) personnel.</p> <p>The Head of IAD will assist the Audit Committee in ensuring that the internal audit personnel are free from any family relationship with any Directors and/or major shareholders and that they do not have any conflict of interest with the Group. The Head of IAD’s performance review is submitted to the Audit Committee on an annual basis.</p> <p>Among the key enhancement areas arising from the QAR are as follows: -</p> <ul style="list-style-type: none">• Integrate the use of audit tools for audits and data analysis since they are essential for effective & productive internal audit practice;• Implement job rotation between IAD and business units and vice versa as an option to enhance operational knowledge. <p>The Internal Audit Charter defines the authority, duties and responsibilities of IAD. IAD is also guided by the internal policies and procedures as well as the Professional Practices Framework and the Internal Control Framework of the Committee of Sponsoring Organisation of the Treadway Commission (COSO) in assessing and reporting on the adequacy and effectiveness of the internal control, governance and risk management processes.</p>

	<p>IAD is headed by Mr. Wong Siew Ping, a Chartered Accountant and a Certified Member of the Institute of Internal Auditors. There are 15 Internal Auditors in the Group, and the total internal audit cost incurred during the financial year was RM1,787,300 (this includes seven auditors based at business units and projects. Cost incurred: RM483,460).</p> <p>A majority of the staff have relevant qualifications, and all staff are encouraged to continuously enhance their knowledge, skills and competencies through relevant professional courses, seminars, training courses and on-the-job training.</p>	
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

There is continuous communication between the company and stakeholders to facilitate mutual understanding of each other's objectives and expectations.

Stakeholders are able to make informed decisions with respect to the business of the company, its policies on governance, the environment and social responsibility.

Practice 11.1

The board ensures there is effective, transparent and regular communication with its stakeholders.

Application	: Applied																																													
Explanation on application of the practice	<p>Gamuda has a wide range of stakeholders, whom it has identified as groups that have a significant impact on, and keen interest in our operations.</p> <p>The Board is assured that Management conducts regular engagements with the key stakeholder groups of Gamuda listed below to allow Gamuda to gain insights into matters that they are most concerned with. The outcome of these engagements will progressively inform and outline Gamuda sustainability strategic priorities and guide the implementation of our sustainability initiatives.</p> <p>Following is our significant stakeholder engagements and results accomplished in FY2021:</p> <table border="1"> <thead> <tr> <th colspan="5">Customers</th> </tr> <tr> <th>Type of Engagement</th> <th>Frequency of Engagement</th> <th>Area of Interest</th> <th>Outcome</th> <th>Addressed by Material Sustainability Matters</th> </tr> </thead> <tbody> <tr> <td> <ul style="list-style-type: none"> Social media Newsletter Circulars and email Viewpoint/FieldView Gamuda Land Lifestyle Mobile app Customer portal Events and campaigns Loyalty programme </td> <td> <ul style="list-style-type: none"> Weekly Quarterly As needed As needed Ongoing Ongoing Ongoing Ongoing </td> <td> <ul style="list-style-type: none"> Product quality Customer service and experience Product/services Safety and health Smart and sustainable 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Intended Outcome

There is continuous communication between the company and stakeholders to facilitate mutual understanding of each other's objectives and expectations.

Stakeholders are able to make informed decisions with respect to the business of the company, its policies on governance, the environment and social responsibility.

Practice 11.2

Large companies are encouraged to adopt integrated reporting based on a globally recognised framework.

Application	: Applied
Explanation on application of the practice	<p>The Annual Report 2021 continues to apply the selected key content elements and guiding principles of the Integrated Reporting, <IR> Framework. The Group will continue to enhance its disclosures progressively in the next two years to achieve a comprehensive integrated report that reflects all the principles set out by the International Integrated Reporting Council, IIRC.</p> <p>The current Annual Report of Gamuda provides stakeholders with a balanced and meaningful overview of the Group's financial and non-financial information including strategic performance. Components such as Management and Discussion Analysis, Sustainability Report, Corporate Governance Overview Statement and Statement of Risk Management and Internal Control form an integral part of the non-financial information.</p> <p>Performance of the Group's domestic and international operations as well as its long-term strategy is detailed. This includes the contribution of Gamuda's business to the six (6) capitals of value creation presented in an integrated manner.</p> <p>To add value to stakeholder, this year's Sustainability Report outlines the Group's ESG agenda through GGP 2025; which includes:</p> <ul style="list-style-type: none">• reduction targets in Scope 1 and 2;• adoption on renewable energy;• social initiatives and biodiversity conservation.

	<p>The contents in the Sustainability Report is prepared in reference to the Global Reporting Initiatives (GRI) Standard and the Sustainability Accounting Standards Board (SASB) with key material matters assured via the external Limited Assurance, referencing to International Standard on Assurance Engagements (ISAE) 3000. All these are in alignment to preparing the Company towards Science Based Targets initiative (SBTi) and Task Force on Climate-related Financial Disclosures (TCFD) adoption.</p>	
<p>Explanation for departure</p>		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p>Measure</p>		
<p>Timeframe</p>		

Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

Practice 12.1

Notice for an Annual General Meeting should be given to the shareholders at least 28 days prior to the meeting.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board seeks to encourage shareholders attendance and active participation at its annual general meeting (“AGM”) to raise any pertinent issues. The Chairman of the Audit, Remuneration and Nomination Committees, together with other Directors will attend the AGM to interact with the Company shareholders.</p> <p>The notice for AGM outlines the resolutions to be tabled during the AGM and is accompanied with detailed explanatory notes and background information where applicable to shed clarity on matters that will be decided at the AGM.</p> <p>Given the significance of AGM, it is essential for the notice of AGM to be provided to shareholders in a timely manner to accord them with sufficient time to consider the resolutions that will be discussed and decided at the AGM.</p> <p>In this regard, more than 21 days’ notice has always been given for AGMs every year. For this year’s 45th AGM scheduled for 8 December 2021, the Notice is issued on 9 November 2021.</p> <p>The notification of the publication of the Annual Report 2021 and the Notice of 45th AGM are published on:</p> <ul style="list-style-type: none">• the Company’s website; and• Bursa Malaysia's website. <p>For easy access to the Company’s website, please scan the QR code below with a smartphone: -</p> <div style="text-align: center;"></div>

	<p>The Notice of AGM is also advertised in at least one nationally circulated daily newspaper and in writing to Bursa Securities.</p> <p>This goes above and beyond Section 316(2) of Companies Act 2016 and paragraph 7.15 of Main Market Listing Requirements by Bursa Malaysia Securities Berhad which call for a 21-days' notice period for public companies or listed issuers respectively.</p>	
Explanation for departure	:	
	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

Practice 12.2

All directors attend General Meetings. The Chair of the Audit, Nominating, Risk Management and other committees provide meaningful response to questions addressed to them.

Application	: Applied
Explanation on application of the practice	<p>The Board acknowledges its responsibility as the steward of the Company to continuously engage with shareholders and provide meaningful responses to their questions since shareholders regards general meetings as one of the available avenues for them to communicate directly with the Board.</p> <p>Gamuda AGM provides a useful platform for direct communication between the Board and shareholders and a key medium used to disclose information to shareholders and stakeholders. Material information such as financial reports and audits are discussed at the AGM, giving shareholders and stakeholders a chance to get more credible information so that they can take informed decision.</p> <p>The AGM was scheduled well in advance to encourage full attendance of the Board i.e. before commencement of each new calendar year to facilitate booking of Directors' schedule.</p> <p>To ensure effective participation of, and engagement with shareholders at the Forty-fourth ("44th") AGM of Gamuda held on 8 December 2020, all members of the Board were present at the 44th AGM which was conducted virtually for the first time in Gamuda's history, either in person at the Auditorium, Level 2, Menara Gamuda, Block D, PJ Trade Centre, No. 8, Jalan PJU 8/8A, Bandar Damansara Perdana, 47820 Petaling Jaya, Selangor ("Broadcast Venue") or via video conferencing. This was because the 44th AGM was held during the enforcement of the Recovery Movement Control Order period in accordance with the Securities Commission Guidelines.</p> <p>Besides presenting the Group's operation review and business outlook of the core businesses to the shareholders, the Deputy Group Managing Director also presented the Company's responses to the questions raised by the Minority Shareholders Watch Group and the pre-submitted questions by the Company shareholders and/or proxies. The Company had also answered several questions posted at the virtual 44th AGM. The questions that were not answered by the Company at the virtual 44th AGM due to time constraints, were posted on the corporate website of the Company as soon as practicable after the AGM.</p>

	<p>During the virtual Q&A session, there was active Directors' participation at the AGM since questions raised were answered collectively by the Board according to their areas of responsibilities, as follows: -</p> <ul style="list-style-type: none"> • Operational matters were answered by the Group Managing Director and/or the Deputy Group Managing Directors; • Financial matters were answered by the Deputy Managing Director and the Group Chief Financial Officer; and • Corporate governance matters were handled by the Chairman. <p>The Chairman of the Nomination and Remuneration Committees namely, YBhg. Dato' Mohammed Hussein and the Chairperson of the Audit Committee namely, YM Tunku Afwida Tunku A. Malek, were present at the virtual 44th AGM.</p> <p>Before attendance of external auditors was made mandatory by the Companies Act 2016, the Company has always ensured that the partner of the Company's external auditor is present at every AGM to answer relevant questions raised by the Company shareholders on the audit process.</p> <p>The minutes of the 44th AGM (including the list of attendance of Directors, the pertinent questions raised by shareholders and the respective responses, and outcome of the voting results) were made available to the shareholders and public for reference at the Company's website. For easy access to the Company's website, please scan the QR code below with a smartphone: -</p> <div style="text-align: center;">  </div>
Explanation for departure :	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
Measure :	
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Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

Practice 12.3

Listed companies with a large number of shareholders or which have meetings in remote locations should leverage technology to facilitate–

- including voting in absentia; and
- remote shareholders' participation at General Meetings.

Application	:	Applied
Explanation on application of the practice	:	<p>As mentioned in the previous Practice, the 44th AGM was conducted on a fully virtual basis to enable effective participation and engagement with shareholders.</p> <p>Commencing from the Fortieth AGM of the Company in 2016, poll voting using electronic voting system was conducted. A shareholder of the Company can vote in person or appoint a proxy or proxies to attend and vote on his/her behalf. From the past two years' AGM, polling results were announced within 15 minutes after the voting was conducted.</p> <p>In view of the COVID-19 pandemic which has yet to be eradicated for the Company to convene a face-to-face meeting, the forthcoming 45th AGM of the Company will continue to be conducted virtually i.e. through live streaming and using Remote Participation and Voting Facilities to give shareholders and proxies opportunity to follow and participate in the meeting effectively.</p>
Explanation for departure	:	
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Measure	:	
Timeframe	:	

SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES PURSUANT TO CORPORATE GOVERNANCE GUIDELINES ISSUED BY BANK NEGARA MALAYSIA

Disclosures in this section are pursuant to Appendix 4 (Corporate Governance Disclosures) of the Corporate Governance Guidelines issued by Bank Negara Malaysia. This section is only applicable for financial institutions or any other institutions that are listed on the Exchange that are required to comply with the above Guidelines.

[Click here to enter text.](#)