

# GAMUDA GROUP ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) POLICY STATEMENT

Sustainability has always been part of our DNA in pursuing development, balancing economic and social growth with protecting the environment. Climate change is the biggest challenge of our time, and as a Group, we have a responsibility to do better as we continue to pursue this path of sustainable development.

The global landscape has transformed significantly and continues to evolve at a fast pace, driven in part by the COVID-19 pandemic. Governments are aggressively revising their carbon reduction targets while many countries are already charting their economic revival and growth with green investments. Major economies are rolling out their emission trading schemes as a key market mechanism to achieve their climate goals, which will drive innovation in clean, low-carbon technologies and bridge green premiums. We will ride on this wave of innovative solutions that will decarbonise our global economy and focus on two fronts – first to reduce our carbon footprint across our business and second to explore the new arising market opportunities.

ESG must be central to our business plans and operations, requiring a whole-of-Group conviction to change how we conduct our business. Taking decisive action on climate change, our ESG Steering Committee is chaired by top-level leadership to drive the Gamuda Green Plan 2025 (GGP) forward aggressively; steered by the Group's value creation strategy with our sustainability framework – ***Build Right. For Life.***

The GGP will anchor our ESG vision on four pillars featuring a structured 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:

## **PILLAR 1: SUSTAINABLE PLANNING & DESIGN FOR CONSTRUCTION**

Pillar 1 of the GGP 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. Our Group's carbon reduction initiatives will target Scope 1 (direct) and Scope 2 (indirect from the generation of purchased electricity) emissions. Reduction in Scope 2 emissions will be particularly challenging given Malaysia's heavy reliance on coal-fired electricity generation, but we are encouraged by the recently revised national target of 31% renewable energy by 2025.

We will primarily achieve our carbon reductions via enabling renewable energy (RE) supply for our offices, project sites and assets via a combination of direct on-site feed-in supply complemented by off-site RE trading and purchase mechanisms. In tandem, we will improve the productivity of our operations by adopting a circular construction approach, maximising the efficiency of raw materials and resources, reducing wastage while avoiding pollutions and advocating sustainability throughout our operations. We will also introduce ESG evaluation criteria in our procurement framework to drive sustainable change in our supply chain to reduce our Scope 3 emissions.

Cognisant of our ability to greatly influence the total lifecycle carbon footprint of our developments via sustainable planning and design, we commit to incorporating sustainable master planning with integrated transport and green mobility in all of our townships and developments including our landmark projects like the Penang South Islands. This will be in addition to the introduction and integration of innovative solutions for circular systems for waste and water as well as energy-efficient buildings and smart features.

## **PILLAR 2: OUR COMMUNITY IN OUR BUSINESS**

Recognising our people as our most important assets, we will embrace diversity without discrimination against gender, marital status, race, nationality, ethnicity, age, or disability as well as ensure equitable and fair pay for our employees. We also commit to prioritising indigenous participation and will take steps towards ensuring that modern slavery does not exist in our workplace and our supply chain. Underscoring our commitment to sustainability, we will link ESG performance to executive remuneration and performance management, aligning Group with our sustainability priorities in enhancing shareholder value.

We will continue developing a sustainable pipeline of internal subject matter experts (SMEs) in the relevant areas of climate science and ESG who will be accountable for the GGP delivery. These SMEs will also lead the charge in exploring new market opportunities, business models and revenue streams for sustainable growth with a focus on renewable energy and circular construction in addition to pursuing opportunities to divest from carbon-intensive assets.

We will align our Group's ESG efforts with our business strategy and long-term goals, guided by the UN Global Compact principles for responsible business. Our ESG business outcomes will be measured for transparency and accountability, and we will implement robust systems for sustainability governance in the areas in which we operate. The Group intends to progressively enhance our ESG disclosures across metrics outlined in the Global Reporting Initiative (GRI) and to align with the Science Based Targets initiative (SBTi) and reporting standards put forward by the Task Force on Climate-related Financial Disclosures (TCFD).

## **PILLAR 3: ENVIRONMENTAL AND BIODIVERSITY CONSERVATION**

Gamuda Parks will lead the charge for Pillar 3 to drive impactful efforts in nature conservation and biodiversity stewardship. We will nurture and plant 1 million trees and saplings by 2023 via our Advance Tree Planting scheme to support the development of *greenscapes* and *waterscapes*, which will provide cooling, sponge rainwater runoff, foster community well-being and allow nature to exhibit its glory by creating a unique sense of place across our townships and property developments.

We will also intensify our biodiversity conservation agenda via our wetlands arboretum with a forest seed bank for native species. To complement our efforts, we will develop in-house specialists in the areas of arboriculture and horticulture and partner with the indigenous community through structured initiatives to tap into their inherent knowledge of nature.

## **PILLAR 4: ENHANCING SUSTAINABILITY VIA DIGITALISATION**

We will continue to progress our transformation into a data-driven organisation and digitally integrate our critical processes with a Group-wide focus on upskilling data literacy and digital skills as a key enabler for sustainable growth. Building Information Modelling (BIM) as a key digital engineering tool within this ecosystem will enable us to holistically coordinate our design, costing and programming data allowing for greater precision in the design and construction phases and an increased 'lifecycle view' for the operations and maintenance phase of the project lifecycle.

Our Digital Industrialised Building Systems (IBS) will be used across all of our developments and townships for enhanced quality, reduced waste, increased productivity and reduction in reliance on foreign labour, in addition to upskilling of the local workforce and supply chain in line with our circular construction framework.

Our Group is steadfastly committed to the fight against climate change, supporting global and national sustainability agendas, including the United Nations Sustainable Development Goals (UN SDGs) and Malaysia's Nationally Determined Contributions (NDC) for climate action under the United Nations Framework Convention on Climate Change (UNFCCC) and the Paris Agreement. The sustainability of our Group is in our hands, and each of us in the Group will play an essential role in the success of our ESG journey together.