

SUSTAINABILITY STATEMENT

THE STATEMENT PROVIDES AN OVERVIEW OF THE COMPANY'S STRATEGIC APPROACH TOWARDS SUSTAINABILITY INITIATIVES BY EMBEDDING ECONOMIC, ENVIRONMENTAL AND SOCIAL ("EES") AS AN INTEGRATED BUSINESS AGENDA

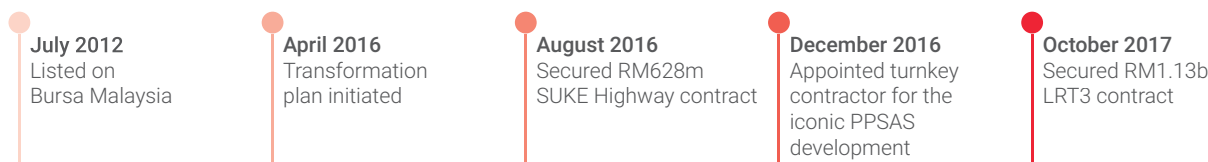
Sustainability Vision

Gabungan AQRS Berhad ("GBG") believes that with the growing positive momentum in the construction and development of large scale infrastructure activities, the Group can strive to deliver a better tomorrow. In resonance with its motivation "From Good to Better, Now going to be Great", GBG envision a world where infrastructure development and property projects are Built Great.

Our Sustainability Journey since inception

New Heights Of Excellence

The transformation plan initiated will ensure our business long-term sustainability and strategically position the Group to be a leading construction and development powerhouse in Malaysia



Governance Structure

Our Board of Directors is ultimately responsible for the company's sustainability strategies and its performance. The Board of Directors having considered sustainability issues as an integral part of its long-term strategic plan and essential for its continuous transformation plan to generate the right business momentum for long-term value creation to shareholders in particular and stakeholders in general.

Board of Directors

- Oversee sustainability performance
- Approve sustainability initiatives and budget
- Setting the tone in overall ownership of the Group's sustainability agenda

Sustainability and Management Team

- Monitor and action on related risk and report on progress
- Monitor, align and facilitate adherence to the sustainability policy
- Responsible for sustainable business policies and practices
- Formulate sustainability strategy, policies and KPI goals
- Facilitate and support operating divisions to meet sustainability goals
- Conduct sustainability awareness and engagement activities

SUSTAINABILITY STATEMENT (CONT'D)

Operating Divisions

- Day-to-day management of sustainability risks and issues
- Own and ensure compliance of relevant sustainability related policies and practices
- Record all sustainability source data
- Implement and monitor the Group's sustainability initiatives progress and recommend sustainability targets

Scope of Report

Reporting period	1 January 2017 to 31 December 2017
Reporting cycle	Annually
Coverage	This report covers only the active operating business units with focus on key risks and opportunities based on the materiality assessment exercise. Unless otherwise stated, the information presented in this Report covers only business activities in Malaysia
Reporting guidelines	Sustainable Development Goals, EES principles and Bursa Malaysia's Sustainability Reporting Guide

Sustainability Framework

Overall, the Group is focus on the following EES Sustainability Framework as the fundamental basis to guide the sustainability policies in its day-to-day operations as follows:-



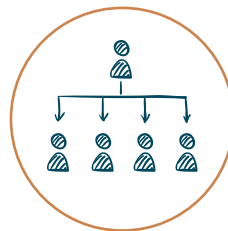
ECONOMIC

- _ Liquidity of the Group's Finances
- _ Branding of the Group
- _ Procurement Practice
- _ Bacing local businesses
- _ Expansion and Growth
- _ Product and Service Innovation



ENVIRONMENTAL

- _ Environmental Monitoring
- **waste water** • **gas emission**
- **scheduled waste**
- _ Efficient use of electricity
- _ Recycling Reuse Reduce programme



SOCIAL

- _ Employment Benefits
- _ Training & Development
- _ Work-life balance
- _ Human Rights Advocacy
- _ Safety & security
- _ Social and welfare contribution
- _ Diversity

Vision, Key Behaviours & Brand Attributes

Stakeholder Engagement

Our Stakeholders are important to the Company's long-term success. Our constant interaction with many of our stakeholders has resulted in facilitation to continuously improve all areas of our operations. By understanding their expectations and responding to their concerns, we aim to strengthen our stakeholder's confidence in us. We seek to engage stakeholders' concern through multiple forms of engagement as outlined below:-

Stakeholder Group	Issue concern	Engagement Methods
Employees	<ul style="list-style-type: none"> • Health, safety and well-being; • Talent, performance and rewards, • Equal Opportunity • Benefits • Training and education; • Diversity and inclusion 	<ul style="list-style-type: none"> • New employee induction programme • Annual Performance appraisal • Career development • Quality, Safety, Health briefings and trainings • Technical and non-technical training programmes • Regular department meetings • Employee engagement activities
Clients/ Customers	<ul style="list-style-type: none"> • Trust and Safety • Connectivity • Family-friendly facilities • On-time delivery • Minimum defect rectifications • Service Quality • Customer Service and experience 	<ul style="list-style-type: none"> • Project meetings • Client engagement surveys and feedback forms • Quality Assurance monitored by Quality Unit Department
Subcontractors and suppliers	<ul style="list-style-type: none"> • Legal Compliance • Payment schedule • Equal Opportunity of bidding • Completion deadline 	<ul style="list-style-type: none"> • Periodic meeting and dialogue sessions • Liaison with subcontractors/ suppliers before sourcing and engaging with contract managers • Contracts negotiation and bidding opportunities
Shareholders & Analyst	<ul style="list-style-type: none"> • Asset acquisition and business expansion • Risk Management • Corporate Governance • Reporting standards 	<ul style="list-style-type: none"> • General meetings, quarterly results and annual report • Walk-in visits and inquiries • Investors or Analysts briefing and engagements • Corporate announcements

Material Sustainability Matters

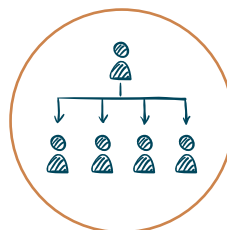
GBG has gathered the essential information on potential risk areas to determine and identify the material sustainability matters that may affect our business in relation to the economic, environment and social in which our business operates.



ECONOMIC



ENVIRONMENTAL



SOCIAL

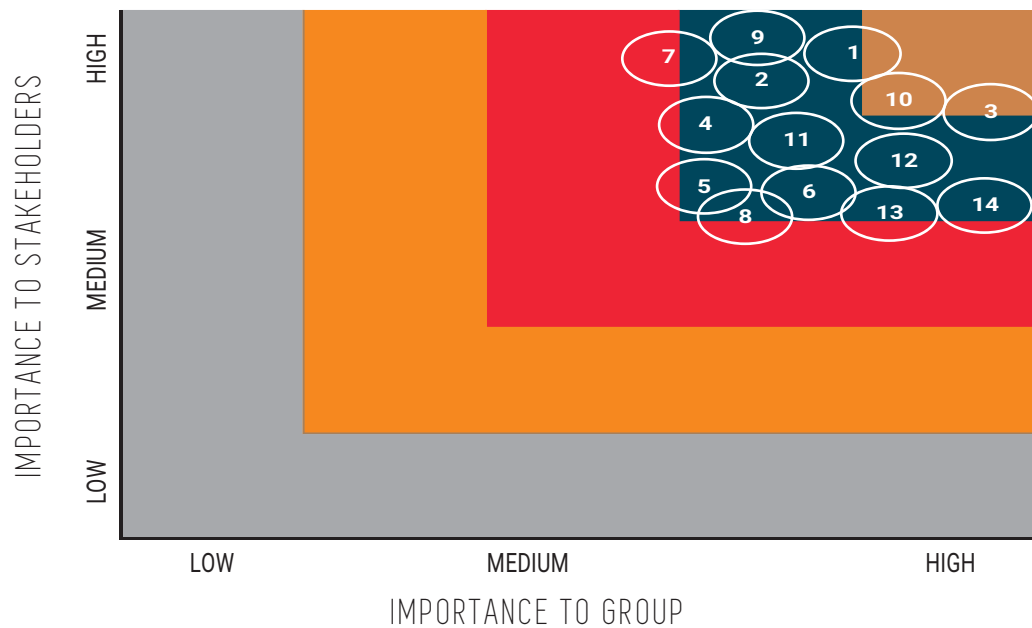
SUSTAINABILITY STATEMENT (CONT'D)

Our material areas were identified based on feedbacks and views which were inputs from both external and internal stakeholders. The internal assessment was based on a 4 steps approach as follows:

- 1) Issues identified from Key Risk Areas
- 2) Prioritization matrix employed
- 3) Review and feedback from the stakeholders
- 4) Material assessment

Materiality Assessment

All essential information is gathered during our stakeholder engagement exercise. This process helps us determine, identify and prioritise the material issues in relation to our Group's business. The risk issues identified within the Heat Map will be reviewed from time to time and updated accordingly.



No.	Material issues	EES Focus	No.	Material issues	EES Focus
1	Tender margin outcome	Economic	8	Employment and job opportunities	Social
2	Business opportunities	Economic	9	Increasing asset value	Economic
3	Business continuity	Economic	10	Financial viability	Economic
4	Regulatory compliance	Economic	11	Committed to delivering quality	Economic
5	Health and safety	Social	12	Customer satisfaction	Economic
6	Performance driven culture	Social	13	Responsive complaint management system	Economic
7	Waste management	Environment	14	Corporate governance	Governance

Economic Sustainability



Our business procurement strategy practice fully supports our Government's Policy of awarding the subcontracts works to the local business and smaller CIDB Grade of contractors and purchasing materials from local suppliers.

In addition to the above, we are also actively implementing the Industrial Collaboration Programme (ICP) at various phases i.e.; the initiative by the Government to ensure best value of money on the procurement programme, as specified by the Government Policy & Guideline.

The on-going projects that are being implemented are:

- Subcontracting Programme including training
- Skim Latihan 1 Malaysia (SL1M) Programme
- Green Building Index Programme at Pusat Pentadbiran Sultan Ahmad Shah and The Peak
- Indirect Programme i.e.; collaboration with Higher Learning Institution (HLI)

The subcontractors and main suppliers are being trained on the awareness of GBGAQRS Safety, Health & Environment and Quality procedures. Their performances are evaluated annually to ensure compliance with the company ISO9001:2008 Quality Management System.

The annual review of the sub contractors' and suppliers' performance will improve quality of services and product delivery to our projects. Project will be delivered in a timely manner by DOING THINGS RIGHT FIRST TIME AND ALL THE TIME. Optimization of resources and materials will reduce wastages and improve cost saving.

INDUSTRIAL BUILDING SYSTEM (IBS)

Besides producing and supplying IBS structural elements, the construction team also has been using IBS in our Design & Build projects e.g.; schools, PPSAS, and The Peak etc.

Among the standard components used are:

- Precast beams / columns / slabs
- Staircase
- Prefabricated roof trusses / window & door frames
- Wall panels

These methods of construction has proven to improve overall cost efficiency and timely project delivery.

The implementation of IBS also promotes sustainability deliverables.

This could be achieved by better control of production, environment, minimizing construction environment using efficient building material energy and stabilising works condition. These also reduce the dependency of foreign workers as the construction involved a lot of plants and machinery that are more efficient.

SUSTAINABILITY STATEMENT (CONT'D)

RISK MANAGEMENT

GBG has made reference to COSO framework for effective Risk Management not only to all ongoing projects but also to cater for property development activities.

It has become a useful tool in identifying, assessing and controlling project status for monitoring and mitigating threats to the timely progress of the on-going projects.

The tracking and monitoring of these risks have been carried out and tabled to the Risk Management Committee every quarterly. The risks have been reviewed at every phase of construction activities.

HAZARD IDENTIFICATION, RISK ASSESSMENT AND DETERMINING CONTROLS (HIRADC)

In recent years, Hazard Identification, Risk Assessment and Determining Controls (HIRADC) have become fundamental to the practice of planning, management and the operation of a business as a basic risk management methodology.

The continuous improvement to risk assessment practices at the workplace have resulted in numerous positive working practices and initiatives that promote a high performance culture.

Those who have already carried out risk assessment in their work, have reported positive changes in their working practice. They recognize substandard act and working condition as they develop and take necessary corrective action.

Environmental Sustainability



The Group adopts the following operating processes and practices:-

- The basic environmental waste elimination control (REDUCE, REUSE & RECYCLE) has been implemented at Corporate Head Office and project sites
- Safety, Health & Environmental unit has been actively promoting the awareness of 3R concept to staff & workers
- Basic recycling waste bins for the separation of different solid waste have been provided at strategic locations
- For PROJECT SITE:
 - Using modular recyclable steel/aluminium moulds instead of conventional timbers and plywood in the structural works activities
 - Implement cut to size steelbars at factory to reduce wastages compared to site cutting of steelbars for structural works
 - Prior to commencement of works, carry out dilapidation survey to all buildings and premises and structures within the vicinity likely to be affected by the construction activities of the project. This is to record the original and existing condition of the structures/properties to avoid disputes on building/properties damages in the later stage during construction.
 - Prior to the works, public engagement also been carried out to inform on the works to be carry out and mitigation measures of the environment that will be implemented to avoid and reduce the impact to the nearby residents
 - Implementing the full Environmental Management Plan (EMP) and Erosion and Sediment Control Plan (ESCP) approved by Department of Environment.

- Carry out the baseline data of the following common environmental parameters:
 - Noise
 - Air / Dust
 - Vibration
 - Suspended Solids
 - E.Coli
 - Biochemical Oxygen demand & Chemical Oxygen demand
- Provide necessary measures to control those parameters not to exceed the standard requirement set up by Department of Environment.
- Ensure compliance of the Detailed Environmental Impact Assessment (DEIA) throughout the entire project duration



Slope Protection



Check Dams & sediment filtration fence



Slope protection and silt fence

The Group has also adopted the green technology in the design and build project managed by GSSB (eg. Pusat Pentadbiran Sultan Ahmad Shah), the following have been implemented:

- Rain water harvesting system
- Building Automation System
- LED lighting
- Lighting Efficiency Zoning
- Façade design and External Solar Shading Coefficient Requirement
- Building orientation against sun rise and sun set
- Wetland and lake design as main landscaping surrounding building

At GBG, our property development arm embed the following best practice into delivering sustainable products.

Good design is the catalyst to promoting citizens' mental health and counteracting the stresses of urban life. A well-designed project will not only foster closer social bonds and create a more resilient populace but also increase creativity and productivity.

Major cities across the world are recognising that poor urban design can lead to more stress and anxiety for their residents, with research showing that the frenetic and isolating nature of city life can lead to a higher risk of mental diseases such as depression.

Contrary, a well-designed city can foster closer social bonds among residents and encourage creativity and productivity and lead to a more resilient populace. Part of achieving thriving, resilient and sustainable cities is ensuring that citizens can realise their potential, cope with the normal stresses of life, work productively and fruitfully and make a contribution to their community.

SUSTAINABILITY STATEMENT (CONT'D)

GBG acknowledged the importance of sustainability design in all elements of the development projects. Good integration of people with the environment and taking consideration of people culture and social play a vital role in the success of every project that GBG is developing. Some of the important consideration in the restless efforts in sustainability design are:-

Going green for well-being

We believe that people signal of health and happiness correlate with the green intensity of their environment. Studies shown that greenery and nearest to the nature can make people calmer, happier and improve their memory and focus on work. We are putting green spaces into part of our design checklists, i.e green streetscap, rooftop gardens, urban farming which enriches people's lives with the comfort that such green areas bring.

Healthy bodies, healthy minds

Physical activity improves both physical and mental wellbeing. We incorporate healthy lifestyle and encourage indoor and outdoor sports in the project as part of the lifestyle we promote. Gym equipment, futsal court, tennis court, basketball court, jogging and cycling track, strolling path etc have already being part of our sustainability design in all our projects.

The ties that bind

Public spaces are designed to ease casual meetings as people move through their everyday routines and daily lives, as communities with naturally high levels of social interaction can grow to be stronger, healthier and more resilient. We encourage a multitude of activities, collective cultural experiences and social connections. People can linger and move around more safely and comfortably.

Community facilities are adapted for a range of recreational activities, including ping pong, yoga and basketball. In parks, playgrounds and chess tables are located near one another to bring older and younger people into close proximity. These nurture multigenerational and multicultural bonds as people learn to embrace one another and live in harmony.

"GAPS"

We adopt "GAPS" in all our development design – an acronym for Green places, Active spaces, Pro-social design and Safety-conscious urban planning – to build societies that promote mental wellbeing. We appreciate and seize the opportunities as we realise the potential and value of urban design in promoting public mental health and well-being. We ensure the installation of appropriate roads design, good street lighting and distinct landmarks and way-finding cues which increase the perceptions of safety in a neighbourhood.

Social Sustainability



As a dynamic Group, we focus on the following key core work initiatives to drive our sustainability practices within our business operations.



Health, Safety & Environment

Our Construction Division operates a Safety and Health management system conforming to ISO 18001:2007 for all our construction services in building and civil engineering works.

- All staff and workers employed are fully compliant to the CIDB Green Card requirement
- GSSB provides training to staff and workers:
 - In-house safety & health related courses
 - Safety & Health induction
 - Basic Occupational first aid, CPR & AED Training
 - Heavy Lifting Training & Refreshment Course
 - Work at Height Training & Refreshment course
 - OHSAS awareness Training
 - Safety & Health Safety Day Programme
 - Rewards & Recognition Programme for Safety Compliance to Workers
 - Grand Tool Box Meeting for Staff & Workers
 - External courses
 - NIOSH Safety Passport Course
 - KTMB 038 Track Safety
 - Scaffolding Training for Level 1& 2
 - Managing Safety & Health in Construction Sector
 - OSH Sustainability Approach for Construction Industry

SUSTAINABILITY STATEMENT (CONT'D)



Fire Drill And Evacuation Training together with BOMBA DOSH



Grand Tool Box Meeting with Staff & Workers



Safety Induction for New Staff



Briefing to workers on wearing body harness while working at height

LOSS TIME INJURY (LTI)

During the financial year the following safety record was achieved against the previous 2 financial years as follows:-

	2015	2016	2017
Injury Rate (Total Injury / Total Staff)	0.0%	0.0%	0.0%
Lost Days Injury	0	0	0
Fatalities	0	0	0
Report Unsafe Condition	0	12	3

As of December 2017, Pusat Pentadbiran Sultan Ahmad Shah and Sungai Besi Ulu Kelang Elevated Highway projects have achieved passed 500,000 man hour without lost time injury.

Beyond building sustainability in our projects and our organisation, we believe in providing opportunities to engage our surrounding communities. To support our government initiative, Skim Latihan 1 Malaysia (SL1M), we have recruited over 50 employees under this programme in December 2017. These employees were placed under various departments to undergo training before they are considered for a permanent position within the organisation.



Charity and Community

This year, we organised a Jamuan Raya for the several orphanage listed under Senarai Pusat Kebajikan dan Yayasan as our act of good cheer during the Hari Raya festive period. The orphanage were:

- 1) Pusat Jagaan Cahaya Kasih Bestari
- 2) Pusat Jagaan Kasih Harapan
- 3) Yayasan Anak-Anak Yatim Wardatul Jannah

Besides hosting a sumptuous meal, cash donations as well as hampers were presented to the representatives from these orphanage.

Besides the above event, GBG continues to give donations to various charitable causes, especially in support of the underprivileged and places of worship.

Manpower Diversity

The development of our employees, retention of knowledge through internal succession and investing in technology driven working environment are major key success factors for the Group. We want our employees to be healthy and happy at work.

At the same time, the changing market landscape requires a different way of working and thinking in terms of addressing the customers' needs. As a result, our employees feel a sense of accountability and responsibility for their own work and are motivated to innovate and modernise for better performance outcome.

More human capital investment on training during the year:-

- to translate the training requirements into high-quality programmes,
- to disseminate knowledge and to generate new technical skillsets and insights, and
- to connect operating companies through actively working on creating an internal network to prepare our employees for the increasingly complex and knowledge-intensive marketplace.

SUSTAINABILITY STATEMENT (CONT'D)

Workplace diversity data for the 3 financial years

Workforce Data	2015	2016	2017
Total Number of Employees	271	214	281
Male	170	130	182
Female	101	84	99
Employees by Age Group			
<30	97	70	105
30 - 40	93	72	90
41 - 50	49	48	55
>50	32	24	31
Employees by Ethnicity			
Bumiputera	171	146	227
Non-Bumiputera	100	68	54
Foreigners	0	0	0
% of Women in Management			
Board of Directors	0%	0%	14%
Senior Management	30%	27%	11%
Middle Management	46%	42%	38%
Executive/ Supervisory	45%	49%	47%
Non-Executive	30%	32%	24%
New Hires Data			
Total Number of New Hires	64	40	133
Male	41	25	94
Female	23	15	39
Turnover rate (%)	5.5%	4.7%	2.5%

During the financial year the following training plan was carried out and implemented as follows:-

Training Subject	No. of Participants	Male	Female
Accident Reports and Investigation Procedure	1	1	
2016 Employer's Income Tax Reporting Seminar	2		2
Transforming your Constitution to conform to the Companies Act 2016	1		1
CEP Seminar on empowering OSH for all	2	2	
Preparing the Sustainability Report & Management Discussion & Analysis- What a Company Secretary Need to Know	1		1
Precast Concrete Design 2017	1	1	
2 Days workshop on the Companies Act 2016 & Companies Secretaries Practice Part II	1		1
World Day for Safety and Health at work 2017 'Optimize the collection and use of OSH data'	1	1	
MBAM Annual Safety & Health Conference 2017	1	1	
Emergency Response Management & CIMA Regulations 1996	1	1	
Authorised Entrant and Standby person for confined space	1	1	
Accident Prevention Summit 2017	1	1	
MIA Conference 2017	5	3	2
26 th National Real Estate Convention	1	1	
Briefing on Housing Development Act & Strata Management Act	3	2	1
Security Insights of Do's and Don'ts on Security Planning in Malaysia Property Development	2	2	