# VALUE CREATION AT GAMUDA

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# **OUR APPROACH TO VALUE CREATION**

## **OUR VISION**

We lead the region in innovative breakthrough solutions for large-scale public infrastructure and property developments.

# **OUR STAKEHOLDERS**

At the heart of our operations lies our valued stakeholders, who are paramount to our decisionmaking process. Our approach is comprehensive, taking into account the diverse needs and expectations of our stakeholders, as well as the intricacies of the regional operating landscape in which we thrive. This integrated perspective is the cornerstone of our commitment to fostering enduring growth across the region.

## **OUR MISSION**

We reliably deliver innovative infrastructure solutions and premier townships for our stakeholders through our core businesses in engineering and construction, property developments and infrastructure concessions.

# **OUR PEOPLE, SHAREHOLDERS** AND OTHER STAKEHOLDERS

Our stakeholders provide the capital, both financial and nonfinancial, essential for value creation. Therefore, delivering value to them is paramount.

# **GROUP STRATEGY**

Gamuda's sustained robust growth stems from adept strategic leadership rather than reliance on acquisitions or diversification. It hinges on four decades of honed strengths: innovation, human capital, resilience, and strategic acumen.

# **RISK APPETITE**

We adapt our risk appetite to the evolving operating landscape, foster a culture of risk awareness, and strengthen our risk management for regional expansion and growth.

## **OUR VALUES**

- ✓ Take personal ownership
- ✓ Adopt open, honest communication
- Develop our people
- ✓ Walk the talk
- Demonstrate real teamwork

# ACTING ON OUR KEY MATERIAL ISSUES

We undertake materiality assessments in order to determine the matters that are important to our stakeholders. In our annual review, we have identified and prioritised the following key matters:

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    Economic
    Environmental
    Social

  Economic performance
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Digital transformation and innovation



Climate action

The Gamuda Green Plan 2025 is Gamuda's roadmap towards driving ESG within the Group via four pillars: Sustainable Planning and Design for Construction; Our Community in Our Business; Environmental and Biodiversity Conservation; and Enhancing Sustainability via Digitalisation.

# **EMBEDDING ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) PRACTICES**

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Safety and health

# **CREATING VALUE**

Our core purpose is to deliver long-term value for our stakeholders.

A source of sustained growth in total returns for investors and funders.

An employer of choice.

A comprehensive provider of integrated township development.

A preferred business and community partner.

# **OUR VALUE CREATING BUSINESS MODEL**

By leveraging our adept strategic leadership, partnerships, and forward-thinking practices, we foster growth across the region. From project inception to completion, we optimise resources, utilise technology and engineering innovation to achieve construction excellence.

# **INPUTS - KEY CAPITALS**

# VALUE WE CREATE AND DISTRIBUTE

#### FINANCIAL CAPITAL

- > Total equity RM10,927 million
- > Borrowings RM6,924 million
- > Cash balances RM4,177 million
- > Net cash generated from operating activities RM405 million

# MANUFACTURED CAPITAL

- Elevating digital excellence engineering, tunnel R&D, digital contracts and commerical and data; data warehousing
- > Integration of masterplanning and placemaking for township development
- > Environmental, Social and Governance (ESG) practices in an effort to reduce Scope 1, 2 and 3 emissions

Attractive returns (dividends) and growth in investments (share price). Transparent and timely disclosure of financial and non-financial results.

Implementing Next-Gen Digital IBS, autonomous tunnel boring machine (TBM) for railway tunnels, and leveraging Autodesk Construction Cloud for advanced project management with Artificial Intelligence (AI) and Augmented Reality (AR) integration.

#### HUMAN CAPITAL

- > 4,219 employees across 9 countries
- > Optimising human capital growth with robust training and development
- > Ensuring fair human rights for workers

#### SOCIAL AND RELATIONSHIP CAPITAL

- > Gamuda has invested RM157.8 million from 2015 to 2022 for community programmes
- Star Golden Hearts Award (SGHA) and Gamuda Inspiration Award (GIA) – to empower social changemakers
- Enabling Academy Autism Employment Transition Programme (ETP)

#### NATURAL CAPITAL

- > Gamuda Parks for biodiversity conservation and education
- > Gamuda Green Plan 2025 decarbonisation pathway towards net zero
- Indigenous participation Reconciliation Action Plan, employment opportunities at Gamuda's Arboretum and nurseries

High-performance culture while prioritising work-life balance. Highly engaged workforce valuing diversity, equity and inclusion.

Expanding education, supporting environment and education, empowering Indigenous communities, and enabling sustainable employment and better quality of life for young adults with autism.

Advocate for the generation and utilisation of renewable energy, alongside the protection and preservation of biodiversity.

#### GOVERNANCE

Backed by robust governance and effective Board leadershipStrong Corporate Governance Framework

# SHARED VALUE OUTCOMES

#### **KEY RISK TYPES:**

- Cost escalation and disruption of supply chain
- Interest rate increase and ringgit depreciation
- Capital and liquidity risk
- Policy shifts
- Climate change and biodiversity

Construction orderbook in excess of **RM25 billion** 

Unbilled property sales of **RM6.7 billion** 

**Strategic property** landbank in Malaysia, Vietnam, Singapore, Australia and the United Kingdom with a Balance GDV of RM62 billion

Group posted all-time-high core post-tax profit of RM860 million

Dividend payout: Total dividend of **50 sen**, which includes special dividend of **38 sen**, first and second interim dividend of **12 sen** 

Two-time consecutive **Overall Most Outstanding Company in Malaysia** and five-time winner in **Construction and Engineering Sector** by Asiamoney

Bringing Australia's first autonomous TBM

Increased Gamuda Scholarship investment to **RM20 million** from RM13 million last year

More than 60% progress towards one million tree planting goal by 2023

**6,717,286 kWh** of renewable energy utilisation, increased by more than double since last year

2,183,311 kg waste avoidance to landfill

23% reduction in Scope 1 and Scope 2 GHG emissions intensity

# STAKEHOLDER ENGAGEMENT

We actively engage diverse stakeholders, both internal and external, to comprehend and address their needs. These stakeholders influence or are impacted by our operations. We focus on enhancing these relationships to maximise value creation, as outlined in our Investor Relations, Code of Business Ethics, Public Relations and Stakeholder Management Policies.

#### Stakeholders Engaged

Stakenolders Engaged	5	Feedback through customer and business mobile apps		
40,000 •—•• Customers/Clients	Loyalty programmes		✓ Community	
18,800 • Shareholders, Investors/I Analysts	Financiers,		Community	
25 Government and Regula	tors INTERNAL STAKEH	IOLDERS	-	
170 •• Media	Ongoing engagement <ul> <li>Sharing knowledge vi</li> </ul>	Annual feedback a collaborative • Performance appraisals	<ul> <li>Employees</li> </ul>	
18,500 Community	platforms	Audits	<ul> <li>Business</li> </ul>	
4,219 •• Employees	Employees' activities	<ul> <li>Development discussions</li> <li>Employees' activities, newsletters and surveys</li> </ul>		
722 •• Business Partners	Project site visits		✓ Suppliers/ Contractors	
5,692 •• Suppliers/Contractors	Feedback through t dialogues	townhalls and		
Engagement Effectiveness Effective Sufficient Improvement Needed				
CUSTOMERS/CLIENTS				
WHO THEY ARE AND HOW THEY CONTRIBUTE VALUE	<ul><li><b>ISSUES RAISED</b></li><li>Quick customer service</li></ul>	<ul> <li>STRATEGIC RESPONSES</li> <li>Adherence to global quality standards compliance</li> </ul>		

**EXTERNAL STAKEHOLDERS** 

Reviews of projects, programmes

Key conferences and industry

Project progress briefings and

Ongoing engagement

and relationships

events

newsletters

Customers and clients generate demand for our projects and offer insights into upcoming trends. Understanding their needs is crucial to meet and potentially exceed their expectations, and requirements.

- response • Delivery of sustainable homes
- On-time, on-budget infrastructure completion

• Company's performance

and internal controls

• Business strategies

(financial and non-financial)

implementation and progress

• Ensuring corporate governance

**ISSUES RAISED** 

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• Implementation of Next-Gen Digital IBS for cost and safetv

Customers/ Clients

Shareholders,

Investors/

Financiers,

Analysts

Media

• Have strict budget and progress oversight

Annual feedback

• Stakeholder panel

Thought leader interviews

Benchmarking exercises

with industry peers

Communication audits

Compliance assessments

ENGAGEMENT EFFECTIVENESS IN UNCOVERING STAKEHOLDER CONCERNS

#### SHAREHOLDERS, INVESTORS/FINANCIERS, ANALYSTS

#### WHO THEY ARE AND HOW THEY CONTRIBUTE VALUE

Shareholders and financiers contribute vital financial capital, while analysts evaluate and communicate information about the Group's performance and future outlook.

#### STRATEGIC RESPONSES

- Strategy development (business and sustainability)
- Timely reporting (quarterly and annually)
- Timely query resolution
- Have robust governance framework

#### ENGAGEMENT EFFECTIVENESS IN UNCOVERING STAKEHOLDER CONCERNS

GOVERNMENT AND REGULATORS			
WHO THEY ARE AND HOW THEY CONTRIBUTE VALUE Regulatory bodies within governments to oversee and assess industry standards, influencing businesses accordingly.	<ul> <li>ISSUES RAISED</li> <li>Ensuring company adherence to applicable regulations</li> <li>Upholding corporate governance and best business practices</li> </ul>	<ul> <li>STRATEGIC RESPONSES</li> <li>Dedicated Integrity and Governance Unit ensures Group-wide governance standards</li> <li>Business Units manage risk for compliance</li> <li>Actively engage in industry committees for policy advocacy</li> </ul>	
ENGAGEMENT EFFECTIVENESS IN UNCOVERING STAKEHOLDER CONCERNS			

#### MEDIA

#### WHO THEY ARE AND HOW THEY CONTRIBUTE VALUE

The media serves as a crucial platform for impartial and trustworthy dissemination of information about Gamuda to the public.

#### COMMUNITY

#### WHO THEY ARE AND HOW THEY CONTRIBUTE VALUE

Our engagement with the communities where we operate, understanding their 🔿 needs and making contributions to their lives is crucial. Our actions will leave either a positive or negative legacy.

#### **EMPLOYEES**

#### WHO THEY ARE AND HOW THEY CONTRIBUTE VALUE

Engaged employees cultivate stronger connections, enhance motivation, and 6 contribute to improved retention, productivity, and quality. This also ensures alignment with our corporate values.

#### **BUSINESS PARTNERS**

#### WHO THEY ARE AND HOW THEY CONTRIBUTE VALUE

Collaboration with our partners is essential to jointly set and attain our mutual business goals.

#### SUPPLIERS/CONTRACTORS

#### WHO THEY ARE AND HOW THEY CONTRIBUTE VALUE

We count on suppliers/contractors for quality, timely delivery, emphasising ethics and integrity.

#### **ISSUES RAISED**

- Ensuring transparency and promptness in sharing information and progress updates with stakeholders
- Demonstrating Gamuda's integrity and dedication to delivering value to stakeholders

#### STRATEGIC RESPONSES

- Proactively engage with diverse media outlets
- Maintain open-door communication with the media
- Swiftly respond to all media inquiries

ENGAGEMENT EFFECTIVENESS IN UNCOVERING STAKEHOLDER CONCERNS

#### **ISSUES RAISED**

- Meeting manpower and upskilling requirements in the construction sector for infrastructure projects
- Promoting equal participation in local employment and businesses

#### STRATEGIC RESPONSES

- Setting up dedicated training centers for construction-related skills, including vocational education
- Implementing strong procurement contracts to facilitate significant local engagement in employment and businesses, with a focus on small and medium enterprises

ENGAGEMENT EFFECTIVENESS IN UNCOVERING STAKEHOLDER CONCERNS

#### **ISSUES RAISED**

- Competitive compensation
- Opportunities for career growth and training
- Emphasis on safety and well-being
- Promotion of work-life balance

#### STRATEGIC RESPONSES

- Competitive and equitable compensation and benefits in line with industry standards
- Ongoing on-the-job training and professional development opportunities
- Flexible work options
- Operational sites hold ISO 45001 certification
- In-house COVID-19 testing laboratory, Centralised Labour and Quarantine Quarters and clinics

ENGAGEMENT EFFECTIVENESS IN UNCOVERING STAKEHOLDER CONCERNS

#### **ISSUES RAISED**

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- Proficiency in efficient and timely deliveries
- Building trustworthy and integral relationships

#### STRATEGIC RESPONSES

- Consistent transparent communication on policies, structures and operations
- Regular updates on company strategy and performance through monthly reports, and regular meetings
- Engaging in collaboration through business chambers and associations

#### ENGAGEMENT EFFECTIVENESS IN UNCOVERING STAKEHOLDER CONCERNS

#### **ISSUES RAISED**

- Transparency and objectivity in procurement processes
- Knowledge sharing and capacitybuilding
- Timeliness in payment transaction

#### STRATEGIC RESPONSES

- Advancing digital procurement processes
- Empowering suppliers/contractors through training
- Easy access to policies and values
- Mandatory Declaration of Compliance/AB&C Clause

ENGAGEMENT EFFECTIVENESS IN UNCOVERING STAKEHOLDER CONCERNS