



BGMC International Limited

(Incorporated in the Cayman Islands with limited liability)
(Stock code: 1693)

BETTERING OUR TOMORROW TOGETHER

ENVIRONMENTAL, SOCIAL AND
GOVERNANCE REPORT
2017



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ABOUT THIS REPORT

This is the first environmental, social and governance (“ESG”) report published by BGMC International Limited (“Company”). It is written in compliance with the ESG reporting guide (“Guide”) as set out in Appendix 27 to the Rules Governing the Listing of Securities (“Listing Rules”) on The Stock Exchange of Hong Kong Limited (“Stock Exchange”).

THIS REPORT PRESENTS THE ENVIRONMENTAL AND SOCIAL PERFORMANCE OF THE COMPANY AND ITS SUBSIDIARIES (COLLECTIVELY “GROUP” OR “BGMC”) FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2017 (“FY2017”). IT COVERS THE FOLLOWING BUSINESS SEGMENTS OF THE GROUP:



Building and Structure

Energy Transmission and Distribution



Earthwork and Infrastructure

The fourth and fifth business segments – Concession and Maintenance, and Mechanical and Electrical – are not included in the calculation of environmental key performance indicators (“KPIs”) as these operations contribute insignificant data collection.

In FY2017, all of the Group’s operations were located in Malaysia, hence the relevant laws and regulations to be observed by the operations of Group with regards to ESG (as declared in this report) are those legislated in Malaysia.

Notes on Key Performance Indicators (“KPIs”)

KPIs for environmental subject areas presented in this report only cover the period from 1 December 2017 until 28 February 2018. The next ESG report for the financial year ending 30 September 2018 (“FY2018”) will present KPIs for the period from 1 October 2017 to 30 September 2018. Data are collected only from projects that are active throughout the entire period of reporting.

All calculations of environmental KPIs are in accordance with the document titled “How to prepare an ESG Report? – Appendix 2: Reporting Guidance on Environmental KPIs” (“**Environmental KPI Guide**”) published on the website of the Stock Exchange. Where relevant, the KPIs are also presented in the form of intensities, where the amount measured is divided by either the total construction floor area (“CFA”) or the office area that contributes to the KPI.

Definitions

Unless otherwise defined, all capitalized terms in this report shall carry the same meaning as defined in the Guide.

MANAGEMENT'S MESSAGE



**Core value -
to give back to
our community
and create a
better future
for the younger
generations.**

Dear Stakeholders,

We, on behalf of the Group, are pleased to present our first ESG report for FY2017.

On 9 August 2017, the Company was successfully listed on the Main Board of the Stock Exchange. Besides providing a growth platform for us, this event has also made us a larger company possessing greater resources and capacity to contribute to environmental and social sustainability. This is not to say that we had never been doing our part as a good corporate citizen. In fact, under the leadership of our Chairman Tan Sri Dato' Sri Goh Ming Choon, we have always organized or participated in initiatives that help to build a better and more sustainable community. It is always our core value to give back to the community and create a better future for the younger generations.

We have chosen to issue a separate ESG report for FY2017 as we want to present to our stakeholders more meaningful and substantial content. Despite only having

been listed on the Main Board of the Stock Exchange for eight months as of the date of this report, we have managed to establish an ESG framework and collected three months' worth of data for the environmental KPIs. We believe that these data collections and publishing, though not a requirement by the Listing Rules, will show our commitment towards disclosing the true picture of our ESG performance.

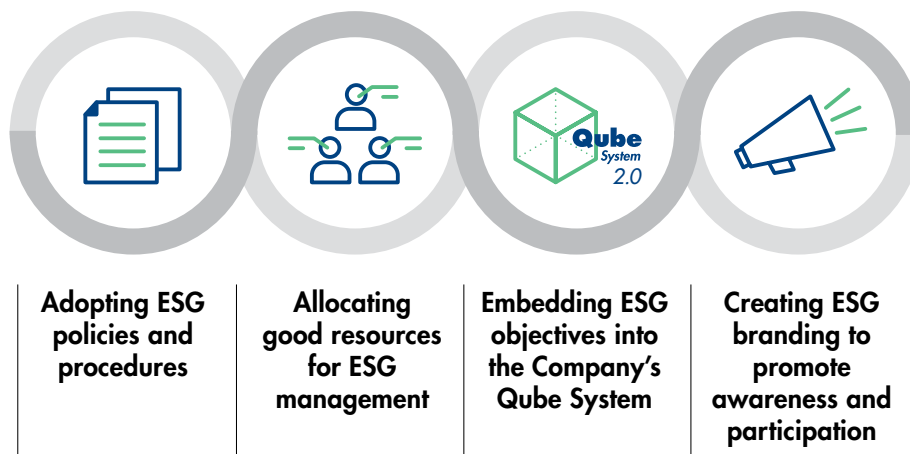
We hope that this report paints a fundamental picture of the Group's directions in terms of ESG so that our valued stakeholders can be assured that we will always have sustainability in our culture. What we disclose in this report is merely a beginning process. We will continue to build up our ESG performance and uphold the trust that our stakeholders have placed upon us.

Thank you.

BGMC International Limited
The Management

SUSTAINABILITY MANAGEMENT OBJECTIVES, STRATEGY AND APPROACH

The Group's immediate objectives for ESG are to instil the concept of environmental and social sustainability in its business and growth and to continuously improve on each subject area listed in the Guide that is relevant to the Group. It does this by:



ADOPTING ESG POLICIES AND PROCEDURES



The Group currently has in place the following policies and procedures that strengthen the ESG management, measurement, monitoring and reporting activities:

- | | |
|--|--|
| a. Emission Reduction Policy | g. Subject Area Materiality Assessment Procedure |
| b. Waste Reduction Policy | h. Stakeholder Influence Assessment Procedure |
| c. Personal Data Protection Policy | i. Stakeholder Engagement Procedure |
| d. Intellectual Property Protection Policy | j. Sustainability Data Collection Procedure |
| e. Anti-Bribery and Anti-Corruption Policy | k. Sustainability Reporting Procedure |
| f. ESG Reporting Policy | |

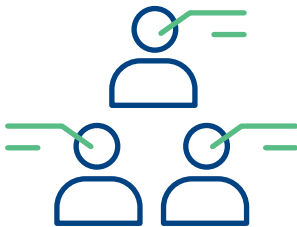
The above-mentioned policies (a) to (f) set the directions for the Group to achieve its ESG objectives. The details of these policies are described in the remaining sections of this report under their respective related aspects.

Procedure (g) above is required to determine the materiality of each subject area listed in the Guide. This assessment is necessary because different industries have different levels of materiality with respect to the various subject areas, and there are certain subject areas that are not relevant or are insignificant to the Group's operations. A materiality assessment will determine the subject areas that the Group needs to address, measure and report. Details of this materiality assessment procedure are presented in the section "Materiality Assessment" on Page 10 of this report.

Procedure (h) above is required to determine which stakeholders the Group needs to engage, and the level of engagement required for each stakeholder group. This assessment is important because achieving sustainability is a collective effort by the Group and its stakeholders. Different stakeholders have different needs and expectations and require different methods of engagement. Details of this stakeholder influence assessment procedure are presented in the section "Stakeholder Engagement" on Page 8 of this report.

After the materiality and stakeholder influence assessments, the next step is to engage the stakeholders that have been assessed to be relevant, collect sustainability data, and finally prepare the ESG report. The aforementioned procedures (i) to (k) are for this purpose.

ALLOCATING GOOD RESOURCES FOR ESG



The Company's board of directors ("**Board**") has overall responsibility for the Group's ESG strategy and reporting. In line with the Corporate Governance Code as set out in Appendix 14 to the Listing Rules of the Stock Exchange, the Board is responsible for evaluating and determining the Group's ESG-related risks and ensuring that appropriate and effective ESG risk management and internal control systems are in place.

The Group has set up a sustainability working group ("**SWG**") which comprises the chief executive officer ("**CEO**") as the chairman, and project directors as well as relevant heads of divisions as members. The principal roles and functions of the SWG include establishing ESG management approach, strategy, priorities and objectives; determining the scope of the ESG report; identifying and disclosing additional ESG issues and KPIs; engaging stakeholders from time to time in order to understand their views and better meet their expectations; collecting information for General Disclosure and data for the KPIs which the Group intends to report; and providing confirmation to the Board on the effectiveness of internal control systems for ESG matters.

In addition, the Group has a specific department to coordinate the implementation of the Group's ESG management, measurement, monitoring and reporting framework as established by the SWG. The Group has also appointed AdviseAsia Global Services Hub Sdn. Bhd. ("**AdviseAsia**") as the independent professional consultant on ESG matters. Throughout the month of November 2017, AdviseAsia has conducted ESG training and workshops to advise the SWG on the initial establishment of ESG reporting and risk frameworks.

EMBEDDING ESG INTO THE QUBE SYSTEM



The Group's long-term progress is driven by a suite of operational efficiencies moving in tandem every day to create and sustain value for all stakeholders from clients to the greater community. The Group calls this suite of operational efficiencies the **Qube System**. The Qube System grows with the Group through constant process improvements that keep the Group moving forward.

In line with the Group's emphasis on ESG, two new elements have been added into the original Qube System to make **Qube System 2.0**. The two new elements are:

SUSTAINABILITY

Conducting business responsibly in the environments, economies and communities the Group operates in for the benefit of today's and future generations.

GOVERNANCE

Balancing the interests of all stakeholders to operate with accountability, fairness and integrity.

CREATING AN ESG IDENTITY



The Group believes that ESG management and initiatives are more than just obligations to fulfill the Listing Rules. Achieving a sustainable future will depend on the long-term engagement of various stakeholders in the Group's ESG efforts. To garner greater awareness and unite all stakeholders towards shared ideals, the Group has adopted a stand called "Better Together" - a movement that creates an identity for and embodies the collaborative nature of its ESG activities. Under the "Better Together" movement, the Group has the following three specific mottos for the three types of sustainability initiatives:

SUSTAINING TOGETHER

The Group uses this motto to promote environmental sustainability. It is associated with initiatives to reduce emissions of air pollutants and greenhouse gases, as well as to reduce hazardous and non-hazardous wastes.

PROSPERING TOGETHER

The Group uses this motto to promote economic* sustainability. It is associated with efforts in balancing the interests of all stakeholders and operating with accountability, fairness and integrity, such as the implementation of personal data protection policies, anti-corruption policies, fair employment policies, and intellectual property policies.

CARING TOGETHER

The Group uses this motto to promote community investments. It is associated with initiatives such as supporting local charities, community sponsorships, and employee welfares.

Note (): The Guide does not outline the specific subject area on economic aspects. However, some of the aspects in the Guide can be mapped into the Global Reporting Initiative ("GRI") standards on economic subjects.*

















STAKEHOLDER ENGAGEMENT

The SWG has carried out stakeholder influence assessment using the stakeholder influence matrix (see Figures 1A and 1B).

As a result, the SWG has identified a list of stakeholders, stakeholders' engagement level, and their respective methods of engagement (see Figure 2). These stakeholders have since been engaged accordingly, where the Group has discovered that some of them have only just become aware of ESG due to the Group's engagement with them. This shows that despite this fundamental stage of stakeholder engagement, positive ESG impacts have already become tangible. Moving forward, the Group aims to create more ESG values amongst its stakeholders by engaging with them more comprehensively.

-  Minimum Effort
-  Consult
-  Inform
-  Engage

STAKEHOLDER DEPENDENCY

HIGH DEPENDENCE	4				
	3				
NO DIRECT IMPACT	2				
	1				

STAKEHOLDER INFLUENCE

1
NO
INFLUENCE

2
LOW
INFLUENCE

3
SOME
INFLUENCE

4
HIGH
INFLUENCE

Figure 1A: Stakeholder Influence Matrix

STAKEHOLDER PRIORITIZATION	LEVEL OF ENGAGEMENT	ENGAGEMENT STRATEGIES
	MINIMUM EFFORT	<ul style="list-style-type: none"> These stakeholders need the minimum amount of effort compared to all the stakeholders in the other quadrants. Keep them sufficiently informed. Provide stakeholders with access to communication channels for feedback purposes.
	CONSULT	<ul style="list-style-type: none"> Keep these stakeholders adequately informed and engage when needed to ensure no issues are arising. Honour commitments made through company policy, industry best practice and applicable regulations. Otherwise, endeavour to keep stakeholders satisfied insofar as the costs and benefits allow.
	INFORM	<ul style="list-style-type: none"> Ensure these stakeholders' concerns are proactively addressed as they may have influence over other stakeholders who may have significant influence and may be involved in the processes as needed.
	ENGAGE	<ul style="list-style-type: none"> These are stakeholders the Group fully engages and collaborates with, to find solutions to issues and make the greatest efforts to keep satisfied. It would be prudent to invest well in engagement processes to understand their key concerns.

Figure 1B: Legend for Stakeholder Influence Matrix










STAKEHOLDER GROUP	LEVEL OF ENGAGEMENT	METHOD OF ENGAGEMENT
INDUSTRY PLAYERS		<ul style="list-style-type: none"> None
CUSTOMERS		<ul style="list-style-type: none"> Written correspondence Customer satisfaction survey Monitor non-compliances
EMPLOYEES		<ul style="list-style-type: none"> Workshops Employee handbook Company policies Grievance channel Whistleblowing channel
GOVERNMENT AND REGULATORS		<ul style="list-style-type: none"> Written correspondence Submission of statutory reports Monitor regulation changes
LOCAL COMMUNITIES		<ul style="list-style-type: none"> None
PROVIDERS OF CAPITAL		<ul style="list-style-type: none"> None
SHAREHOLDERS		<ul style="list-style-type: none"> None
SUB-CONTRACTORS		<ul style="list-style-type: none"> Written correspondence Performance evaluation form
SUPPLIERS		<ul style="list-style-type: none"> Written correspondence Survey form Data collection form Performance evaluation form

Figure 2: Stakeholder Engagement Methods

MATERIALITY ASSESSMENT

The SWG has assessed the materiality of each ESG subject area, aspect and KPI listed in the Guide, using the materiality assessment matrix (see Figure 3).

As a result, some KPIs under the Guide's "comply or explain" provisions have been determined to be immaterial to the Group's business and hence are not measured and disclosed in this report. They are explained in Figure 4. Meanwhile, some KPIs under the Guide's "Recommended Disclosures" have also been excluded from this report. They are listed in Figure 5.

-  Not Relevant for Disclosure
-  Relevant for Disclosure
-  Critical for Disclosure

EXTERNAL ASSESSMENT (IMPACT ON STAKEHOLDERS)



INTERNAL ASSESSMENT (IMPACT ON BUSINESS)



Figure 3: Materiality Assessment Matrix

ASPECT OR KPI NO.	COMPONENT UNDER THE "COMPLY OR EXPLAIN" PROVISIONS THAT IS NOT REPORTED	WHY IT IS NOT REPORTED
A1.1	Emission data from gaseous fuel consumption.	The Group uses only a very insignificant amount of gaseous fuel.
	Hydrofluorocarbons ("HFC") and perfluorocarbons ("PFC") emissions from refrigeration/air-conditioning.	The Group uses only a very insignificant amount of refrigerant. The head offices of the Group use a centralized chilled-water air-conditioning system that does not require HFC or PFC as refrigerants.
A1.2	Removal of greenhouse gases ("GHG") from newly planted trees.	The Group is not in the position to decide whether trees are planted with buildings. This decision lies in the hands of corporate clients and property developers.
	GHG emissions from electricity used for processing sewage by government departments.	The amount of sewage produced from the Group's operations is very insignificant, as most of the fresh water used by the Group goes into the public drainage system.
A2.5	Total packaging material used for finished products per unit produced.	The completed works of the Group do not require packaging. Although in some cases, the Group does protect the finished parts with materials such as paper, plastic, and plywood, these are usually salvaged from construction wastes.
B6	Information on policies and compliance with relevant laws and regulations that have significant impact on the issuer relating to advertising and labelling.	The Group does not advertise or label its products or services.

Figure 4: Unreported KPIs under the "Comply or Explain" Provisions of the Guide and Their Explanations

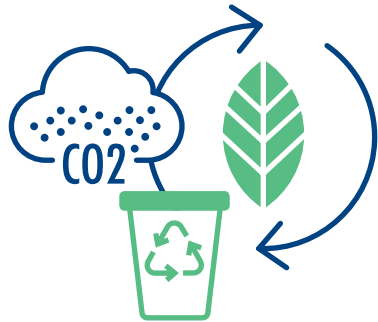
ASPECT OR KPI NO.	COMPONENT UNDER THE "RECOMMENDED DISCLOSURE" PROVISIONS THAT IS NOT REPORTED
B5.1	Number of suppliers by geographical region.
B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.
B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.
B6.4	Description of quality assurance process and recall procedures.
B8.2	Resources contributed (e.g. money or time) to the focus area of community investment.

Figure 5: Unreported KPIs under the "Recommended Disclosure" of the Guide



CO₂

**SUSTAINING
TOGETHER**



POLICIES AND TARGETS

SUSTAINING TOGETHER

ASPECT A1: EMISSIONS AND WASTES

The Group has an emission reduction policy that describes its strategies to reduce the emission of air pollutants and GHG. The strategies include incorporating greener options into the selection of company vehicles; maintaining efficient vehicles and machinery; choosing eco-friendly workspaces, systems, and fittings; conscious use of air-conditioning, electricity and paper; conscious arrangements of business air travels; selection of major vendors whose warehouses or factories are closer to project sites; and setting up rainwater harvesting systems at project sites.

The Group also has a waste reduction policy that describes its strategies to reduce its hazardous and non-hazardous wastes. The strategies include reducing the spillage of hazardous waste by using methods like dip trays and bund walls, reducing the use of hazardous substances by exploring alternatives, as well as reducing, reusing, and recycling products that result in non-hazardous wastes.

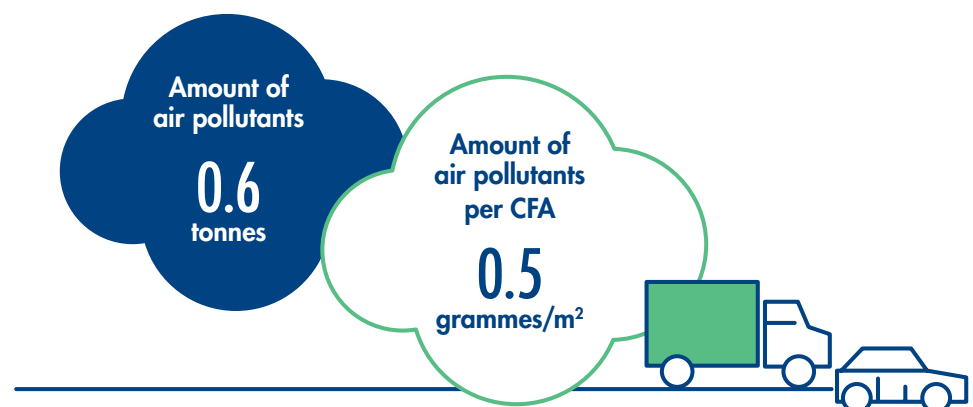
LAWS AND REGULATIONS

There are currently no laws or regulations in Malaysia that govern the emission of GHG, although many of the Group's clients have embarked on their own emission reduction initiatives thus requiring the Group to follow suit. Emission of air pollutants and handling of hazardous and non-hazardous wastes are governed by the Malaysian Environmental Quality Act 1974, with which the Group complies.

AIR POLLUTANTS

In accordance with the Environmental KPI Guide, air pollutants refer to nitrogen oxides ("NO_x"), sulphur oxides ("SO_x"), and particulate matter ("PM"). The main sources of air pollutants in the Group's operations are construction machinery and motor vehicles used for employee commuting and transporting goods.

These figures show the amount and intensity of air pollutants emitted by the Group's operations during the period from 1 December 2017 to 28 February 2018.



GREENHOUSE GASES

In accordance with the Environmental KPI Guide, GHG emissions refer to the sum of carbon dioxide ("CO₂") emission and the CO₂ equivalent emissions of methane ("CH₄") and nitrous oxide ("N₂O"). GHG emissions are categorized into direct emissions and indirect emissions.

The main sources of direct emission of GHG in the Group's operations are motor vehicles used for employee commuting and transporting goods, as well as machinery and power generators for construction activities. The main sources of indirect emission of GHG in the Group's operations are the use of purchased electricity, paper waste disposed at landfills, electricity used for processing fresh water by government departments, and business air travels by employees. The Group does not purchase gas fuel for its operations, while the amount of electricity used for processing sewage is negligible because almost all of the fresh water consumed by the Group's operation does not go into the sewerage system.

Direct GHG emissions due to mobile and stationary combustion (motor vehicles, machinery and power generators):

904
TONNES

Indirect GHG emissions due to consumption of purchased electricity:

320
TONNES

Other indirect GHG emissions due to paper waste disposed at landfills, electricity used for processing fresh water, and business air travel by employees:

24
TONNES

Total GHG Emissions

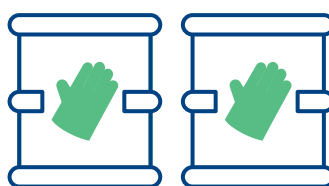
1,248
TONNES

per CFA:
0.00101
TONNES/m²

These figures (right) show the amounts and intensity of greenhouse gases emitted by the Group's operations during the period from 1 December 2017 to 28 February 2018.

HAZARDOUS WASTES

Hazardous wastes from the Group's operations are mainly unwanted hazardous substances, contaminated soil due to spillage of hazardous substances, empty drums or containers previously used to store hazardous substances, and contaminated rags such as cloths, gloves and other garments that have come into contact with hazardous substances. Hazardous substances in construction services include but are not limited to diesel oil, lubricants, paints, and coating.



Hazardous Wastes Produced by Project Sites:

400
TONNES

per CFA:
0.00033
TONNES/m²

These figures (left) show the amount and intensity of hazardous wastes produced by the Group's operations during the period from 1 December 2017 to 28 February 2018.

NON-HAZARDOUS WASTES

Non-hazardous wastes that may result from the Group's operations include all other domestic and construction wastes like paper, plastics, wood, and metal.

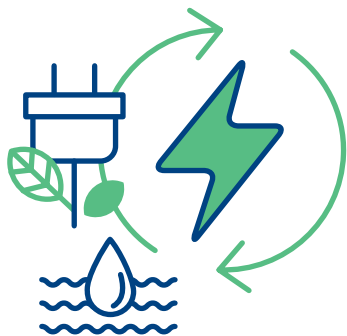
Non-Hazardous Wastes Produced by Project Sites:

1,745
TONNES

per CFA:
0.00142
TONNES/m²

These figures (lower left) show the amount and intensity of non-hazardous wastes produced by the Group's operations during the period from 1 December 2017 to 28 February 2018.





ASPECT A2: USE OF RESOURCES

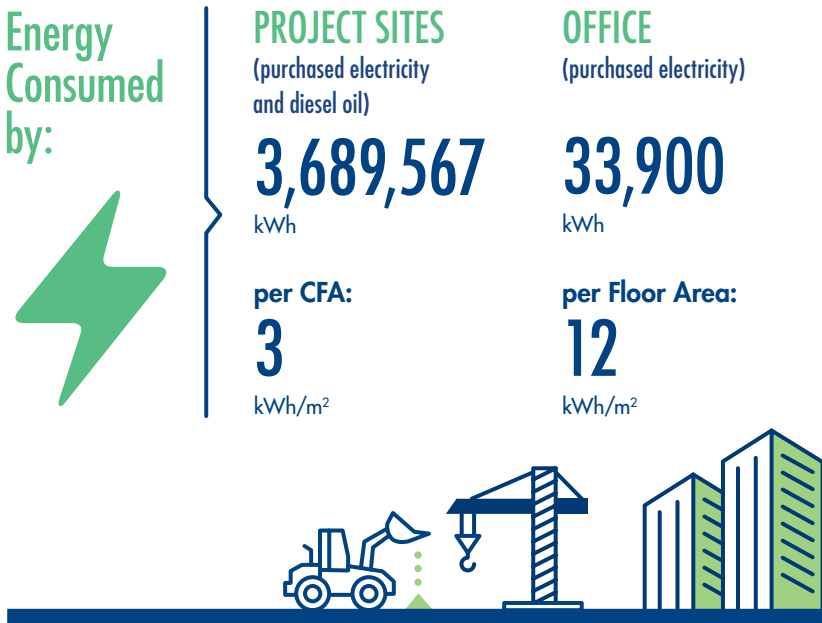
In any office, one of the highest factors of energy consumption is the air-conditioning system. The Group’s head offices are located in a building that uses a centralized chilled-water air-conditioning system which is an energy-efficient system compared to individual split-unit air-conditioners. The common areas of the building are also equipped with motion-sensing lighting systems which automatically switch off when an area is unoccupied. Majority of the lighting used in the Group’s head offices and site offices are LED lamps.

In addition, the Group has put up signage to remind its employees to switch off unused lights and air-conditioners and turn off water taps after use. Along the same lines, employees are reminded to switch off their computers when they leave the office. All these are efforts to promote conscious use of resources.

Moving forward, the Group aims to repackaging its energy efficiency initiatives by adopting the new “Sustaining Together” slogan, revamping relevant signage, and extending the initiatives to include project sites.

ENERGY CONSUMPTION

The Group consumes energy in the form of electricity for its office operations as well as worksite construction activities. It also consumes energy generated from diesel oil used by construction machinery. However, as and when possible, the Group taps into the existing electricity supply network to power construction site offices and operations. This is to minimize the usage of diesel-powered generators which are less efficient in nature. These figures (right) show the amounts and intensities of electricity consumed by the Group’s operations during the period from 1 December 2017 to 28 February 2018.



WATER CONSUMPTION

The Group consumes water for its worksite construction activities. The amount of water used at its offices are very insignificant and immeasurable as the head offices share the building’s public restrooms. These figures (lower right) show the amount and intensity of water consumed by the Group’s worksite operations during the period from 1 December 2017 to 28 February 2018.





ASPECT A3:

THE ENVIRONMENT AND NATURAL RESOURCES

If not managed properly, construction activities tend to have significant impacts on the environment and natural resources. Some of the Group's activities, as part of the requirements by its clients, involve clearing lands and exposing slopes. Others involve handling of hazardous substances that, if leaked, will contaminate the surrounding environment. Heavy vehicles entering and leaving construction sites are also prone to tracking mud and silt onto paved roads. The nature of construction sites is such that large amounts of water are needed to carry out cleaning activities which are crucial for maintaining a safe and healthy work environment as well as to deliver good quality works. Construction sites are also notorious for producing large amounts of construction and domestic wastes that, if not well contained, will also pollute the surroundings.

While there are many small efforts to address these issues individually, the Group has adopted a higher-level philosophy called the Green Ocean Builder ("G.O. Builder") model. Through this model, the Group strives to develop more efficient ways to build and reduce construction time, turn blue ocean thinking into green by making small differences to grow its business sustainably, and use the world's finite resources responsibly. The Group continuously pursues better ways of conducting business to stay ahead of the curve as well as build sustainable growth and value. To be a G.O. Builder is to remodel industry conventions. It is a philosophy which demands constant innovation and improvement towards how the Group utilizes time, energy, manpower and resources while reducing or eliminating wastage.

As part of the G.O. Builder model, the Group employs an industrialized building system ("IBS") which involves prefabricating building components off-site in a much more controlled environment. As a result, on-site construction activities are simplified and construction times are shortened, thus significantly reducing the risks of environmental incidents such as slope failures, silt and hazardous substance leakage, and air pollution. The amount of construction waste also reduces as a result, and less cleaning is required, thus reducing water consumption.

While IBS creates a general reduction in environmental impact, the Group continues to carry out the following smaller mitigation efforts for comprehensive protection:

- Adhere strictly to all requirements by the Malaysian Department of Environment under the Ministry of Environment and Natural Resources.
- Provide slope protection with regular inspections.
- Provide drip trays and bund walls to prevent spillage of hazardous substances.
- Provide washing bays for heavy vehicles leaving construction sites.
- Set up rainwater harvesting systems.
- Set up recycling stations at project sites.
- Provide ample waste collection bins and clear them regularly.



Washing bays provide quick and effective cleaning so heavy vehicles do not track mud and silt.

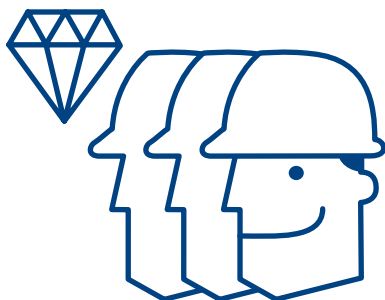


Simple harvesting systems collect rainwater for general cleaning - one of the on-site activities that consumes the most water.



PROSPERING TOGETHER

PROSPERING TOGETHER



ASPECT B1: EMPLOYMENT

The Group considers its employees as valuable assets. It strives to provide its employees decent working environments, while providing opportunities for them to develop alongside the Group's growth. In FY2017, all of the Group's employees were working in Malaysia. Therefore, the Group adopts employment policies that comply with the latest Malaysian Employment Act 1955 and Malaysian Industrial Relations Act 1967, among other laws and regulations that govern employment practices in Malaysia.

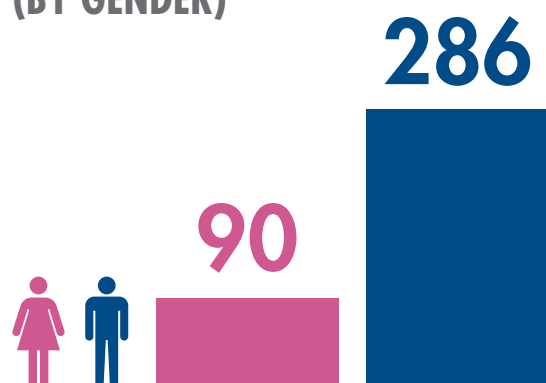
Beyond these, the Group has other provisions including but not limited to:

- A merit-based and structured compensation system where employees' remuneration packages are tied closely to their level of experience, qualifications, and performance.
- A transparent and systematic employee performance appraisal process where employees' contributions to the Group are timely and duly recognized and rewarded.
- Fair and non-discriminatory recruitment and promotion systems where candidates are given equal consideration and opportunities (i.e. merit-based). See Note A
- Reasonable working hours and rest periods.
- Equal opportunities, diversity and anti-discrimination at the workplace where the Group considers the fundamental cultural needs of the major races and religions of Malaysia, as well as observes festive public holidays for those major races and religions. Employees are also given equal opportunities to perform and develop regardless of personal traits, backgrounds, or origins.
- Benefits and welfare such as annual and sick leave entitlement, medical and dental fees reimbursements, gym memberships, marriage and bereavement allowances, and insurance coverage that are above and beyond the minimum requirements of laws and regulations. More information on employee welfare can be found in the "Community Investment" section on Page 29 of this report.
- Fair dismissal provisions where employees are fully informed of their rights with respect to termination of employment. The Group takes great measures to ensure dismissal cases are handled ethically, sensitively, and cordially, as well as in accordance with standard operating procedures.
- A clear and well-communicated employee grievances procedure where employees have free and convenient access to high-level management and the human resources department to channel their grievances.

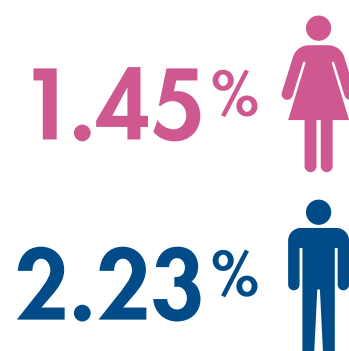
Note A: Construction services being one of the Group's main core business, it is natural that a larger percentage of the Group's employees are males.

In FY2017, the total workforce and turnover rates by gender and age group are as shown.

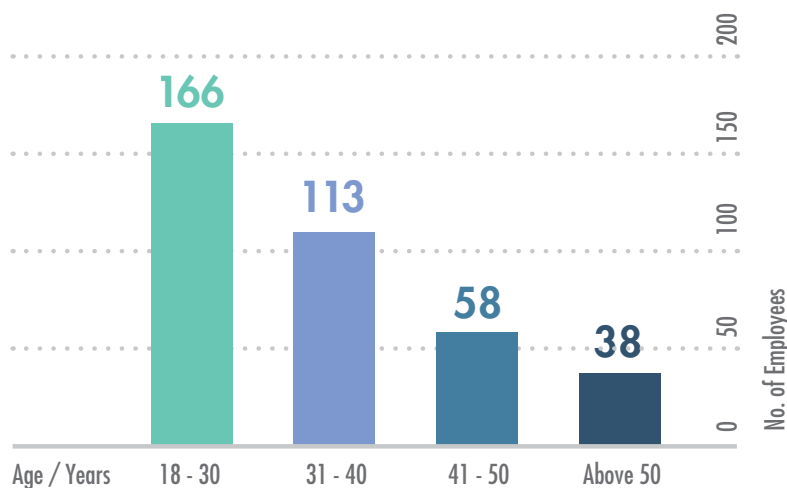
AVERAGE NUMBER OF EMPLOYEES IN FY2017 (BY GENDER)



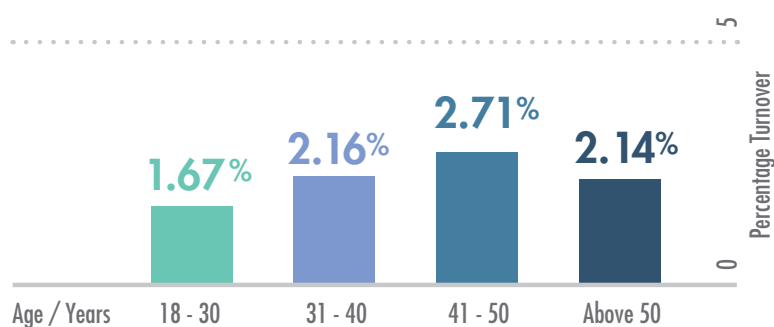
AVERAGE MONTHLY EMPLOYEE TURNOVER RATE IN FY2017 (BY GENDER)

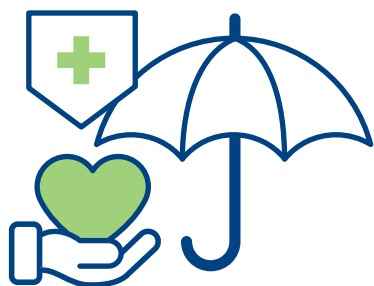


AVERAGE NUMBER OF EMPLOYEES IN FY2017 (BY AGE GROUP)



AVERAGE MONTHLY EMPLOYEE TURNOVER RATE IN FY2017 (BY AGE GROUP)





ASPECT B2: HEALTH AND SAFETY

The Group's Environment, Safety and Health ("ESH") Division is dedicated to managing all health and safety matters of its employees at the workplace. It strives to provide a healthy and safe working environment in the corporate office as well as project sites. A comprehensive set of policies and procedures on safety and health is strictly enforced by a team of qualified safety and health officers, supported by dedicated safety and health personnel, that form the Group's ESH Division.

At the baseline, the Group complies with the latest safety and health laws and regulations including but not limited to the Malaysian Occupational Safety and Health Act 1994, Malaysian Factories and Machinery Act 1967, and Malaysian Construction Industry Development Board ("CIDB") Act 1994.

Some of the Group's provisions for safety and health include but are not limited to:

- Provision of personal protective equipment for all employees.
- Training on good workplace safety and health practices that are tailored specifically to the work nature of work and working environment.
- Training on ergonomic habits and practices at the workplace.
- Ample safety and health signage at offices and sites.
- Inclusion of other organizations' employees and workers in the Group's safety and health programmes to increase the programmes' effectiveness.
- Adequate first-aid boxes at all offices and sites.

No. of Work-Related
Fatalities in FY2017:

} 0

No. of Lost Days
Due to Work Injury
in FY2017:

} 7

In FY2017, the number of work-related fatalities and lost days due to work injury are as shown.





ASPECT B3: **DEVELOPMENT AND TRAINING**

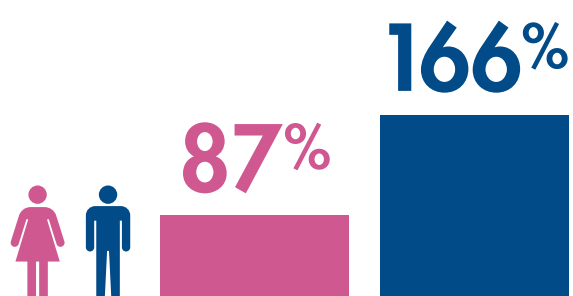
Employee training and development is a major part of the human resources department's role upon which the Group places great emphasis. The Group has systematic procedures to determine the training and development needs of each employee which involve employee performance appraisal, training needs analysis, training requisition and training evaluation procedures. Employees and their supervisors can decide their individual needs for training, while the human resources department looks at the larger picture from departmental, divisional, and organizational levels to determine general training needs.

The Group generally provides two types of formal training to its employees, namely outsourced training where employees attend externally organized training and in-house training where the Group invites professionals to train larger groups of employees, usually in one of the Group's existing facilities. The Group also sponsors its employees to attend professional courses that can upgrade professional knowledge and skills in performing duties at work with reasonable employment bonds with the company for a predetermined period that is disclosed in the employee handbook.

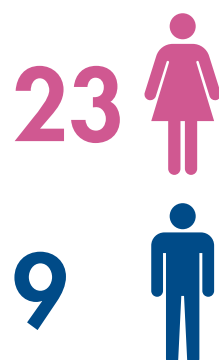


In FY2017, the percentage of employees trained and average training hours completed per employee by gender and employee category are as shown.

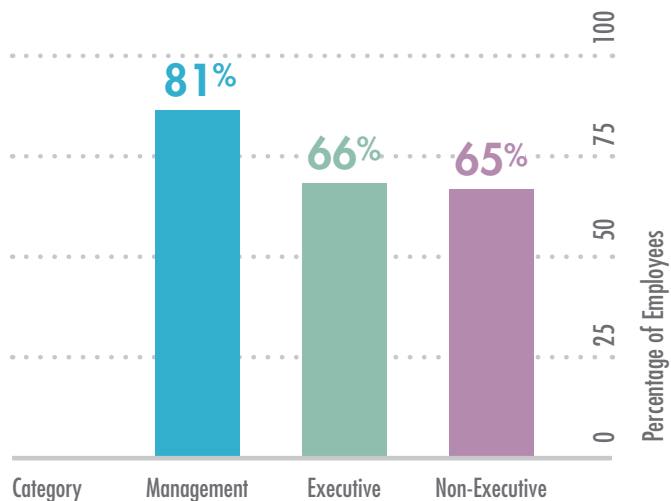
PERCENTAGE OF EMPLOYEES TRAINED IN FY2017 (BY GENDER)



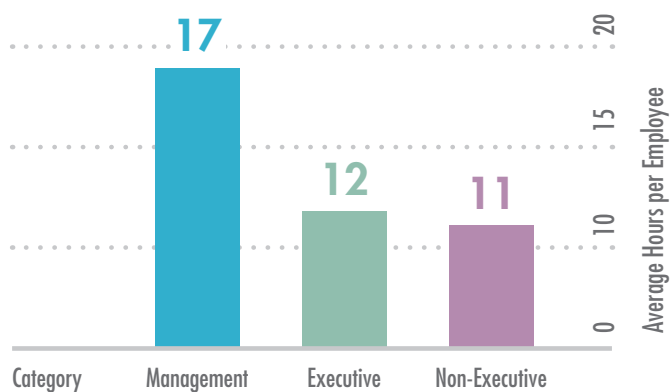
AVERAGE TRAINING HOURS PER EMPLOYEE (BY GENDER)



PERCENTAGE OF EMPLOYEES TRAINED IN FY2017 (BY CATEGORY)



AVERAGE TRAINING HOURS COMPLETED PER EMPLOYEE IN FY2017 (BY CATEGORY)





ASPECT B4: **LABOUR STANDARDS**

The Group has zero tolerance for illegal child labour and forced labour. The Group has a strict policy against employing illegal child labour and forced labour within the Group as well as its suppliers and sub-contractors in line with the Children and Young Persons Employment Act 1966 of Malaysia.

The Group ensures that all of its employees work voluntarily for the Group and are not intimidated or threatened to enforce employment. They also retain their rights and privileges at all times from recruitment stage until termination of employment. The Group does not employ any persons under the age of 18.

The Group holds concise and verified records of its employees. It is a pre-requisite for all prospective employees to provide the Group with official and certified true copies of documented evidence of date of birth, such as identity cards and/or passports.

The Group provides channels for its employees to voice out any contravention to this policy via employee grievances and whistleblowing procedures as set out in the Group's employee handbook and annual performance appraisal where employees can put on the record any contravention to this policy.

The Group ensures its suppliers and sub-contractors adhere to this policy via pre-qualification procedures to select legally established suppliers and sub-contractors where they are required to sign a declaration of compliance with this policy and provide their list of workers and work permits. The Group also carries out regular inspections on workers at its project sites. If the Group discovers, after due investigation, that its supplier or sub-contractor employs illegal child labour or forced labour, the Group will instruct the supplier or sub-contractor to cease the use of illegal child labour or forced labour immediately, report the supplier or sub-contractor to the relevant authorities, and blacklist the said supplier or sub-contractor from all future projects.



ASPECT B5: **SUPPLY CHAIN MANAGEMENT**

As part of the Group's policy to reduce emissions, during vendor selection, the Group also considers the distance that the supplier will travel to deliver items to project sites especially when the items will be delivered at high frequencies while weighing other feasibility factors such as product specifications, vendor performance, and after-sales service.

Most products used by the Group for construction projects are in accordance with its clients' specifications, in which case the Group is usually not in the position to decide whether such products are used or not. However, the Group will make it a point to use environmentally friendly products (such as those that are recyclable, non-toxic, or use minimal packaging material) whenever the Group is in the position to decide so. The Group also takes initiative to promote the use of such environmentally friendly products to its clients and consultants.



ASPECT B6: **PRODUCT RESPONSIBILITY**

QUALITY, HEALTH AND SAFETY

While the inherent qualities of a finished structure or installation are fundamentally determined by the design, specifications and product selections by the Group's clients, the Group is responsible for providing high-quality construction services resulting in equally high-quality finishes to its clients. The Group does this by deploying a dedicated team of quality assurance and quality control ("QAQC") personnel that ensures works carried out on-site are in accordance with clients' specifications. The Group's ESH Division, on the other hand, ensures construction services are carried out in a safe and healthy manner (see Aspect B2: Health and Safety on Page 21 of this report).

The Group has in place a quality management system ("QMS") whereby project management and site activities follow a stringent set of procedures to consistently achieve client satisfaction. The Group's QMS is certified under the ISO 9001:2015 and is subject to annual audits. As is typical for a QMS, the Group's QMS stipulates how client complaints are managed. Client complaints are properly recorded and monitored until such actions have been taken to address said complaints. Root cause analysis is also carried out to prevent the recurrence of complaints. In FY2017, the Group received 97 non-compliance reports ("NCR") across all active projects in that period and all such NCRs have been duly addressed.

INTELLECTUAL PROPERTY RIGHTS

The Group observes and protects its clients' intellectual property rights in accordance with intellectual property laws and regulations such as the Malaysian Copyright Act 1987, Patents Act 1983 and Trade Marks Act 1976. As per the Group's written policy, it is committed to respecting the intellectual property of others. Employees, consultants, professional service providers, sub-contractors and other agents acting on behalf of the Group shall conduct (or engage an able party to conduct) searches for pre-existing patents, trademarks, or copyrights to avoid infringing conduct. While administering duties and obligations to the Group, employees, consultants, professional service providers, sub-contractors and other agents acting on behalf of the Group shall use legal and ethical resources to prevent the tainting of the Group's operations with improper introduction of proprietary information of third parties.

PRIVACY RIGHTS

The Group protects the privacy of its stakeholders by complying with the Malaysian Personal Data Protection Act 2010. The Group does this by first ensuring its stakeholders are clearly informed of its personal data protection policy via issuance of copies of the policy to its clients.

The Group's personal data protection policy includes information on the type of personal data that the Group may collect, why and how the personal data are collected, the parties with whom the Group may share the personal data, the possible transfer of personal data outside of Malaysia, the choices the Group offers its stakeholders, responsibilities on personal data protection, retention period, and stakeholders' consent.

The Group assures its stakeholders that personal data collected are wholly for the purpose of properly carrying out its obligations to its stakeholders, that it does not unnecessarily disclose personal data to third parties, that it protects personal data with its best endeavours, and that its stakeholders have options to control how their personal data are used.



ASPECT B7: **ANTI-CORRUPTION**

The Board and the management support integrity, ethical conduct, fairness, honesty, and openness in all business dealings. These standards of professionalism are underpinned by a zero-tolerance approach to bribery which builds client and business partner confidence and upholds the Group's good reputation. The Group is committed to ensuring that no bribes, kickbacks or similar gifts, payments or advantages are solicited from or given or offered to any person, whether in the public or private sector, for any purpose. All employees and consultants of the Group and its subsidiaries are required to adhere to high standards of business and professional and ethical conduct.

The Group complies with the Malaysian Anti-Corruption Commission Act 2009. It has in place an anti-bribery and anti-corruption policy which forms part of the Group's employee handbook. This is intended to set out minimum standards to assist such persons in recognizing circumstances which may lead to or give the appearance of corruption or unethical business conduct.

In addition, the Group has in place a whistleblowing policy published as part of its employee handbook which explains the provision of a secure whistleblowing channel for its employees that leads directly to the Group's compliance officer. The policy also protects whistleblowers against unfair dismissal, victimization or unwarranted disciplinary action even if the concerns turn out to be unsubstantiated.

As of 30 September 2017, there has been no confirmed non-compliance incidents related to bribery, extortion, fraud and money laundering within the Group.

Subsequent to its listing on the Stock Exchange, the Group has established contact with Hong Kong's Independent Commission Against Corruption ("ICAC") since February 2018 to guide the Group and its directors towards stronger corporate governance with a special focus on anti-bribery and anti-corruption.



CARING TOGETHER

CARING TOGETHER



ASPECT B8: COMMUNITY INVESTMENT

The Group believes in giving back to the local community and helping to improve the livelihood and sustainability of these important stakeholders. The Group's community investment initiatives in FY2017 are described in the remaining parts of this section.

RECYCLING STATION

Since 16 August 2016, the Group has set up a recycling station at its head office in Malaysia. As part of the Group's efforts to promote a recycling culture within its community, the Group has, since 26 March 2018, given its internal recycling bins a major facelift while inaugurating a brand new recycling station with the capacity to collect recyclable materials from the entire office building where the Group's head office is located.



New Recycling Station at the Group's Head Office since 26 March 2018



Old Recycling Station at the Group's Head Office since 16 August 2016



New Internal Recycling Bins since 26 March 2018

BUKA PUASA DINNER

It is the Group's tradition to hold dinner events during the month of Ramadan where both Muslim and non-Muslim colleagues come together to enjoy a breaking-fast feast. Such gatherings provide occasions for the Group's employees to put aside work formalities and foster closer bonds and greater unity.



Employees at One City, Subang Jaya, having Buka Puasa Dinner on 9 June 2017

HOUSE OF JOY ORPHANAGE

On 21 December 2016, the Group, represented by a team of its employees, visited the House of Joy – a private non-profit charitable home that provides shelter, care, and training for orphans, children, and teens who are underprivileged, abused, abandoned, and neglected. Besides children, the House of Joy also shelters and cares for some underprivileged senior citizens. Through the visit, the Group hoped to bring a measure of warmth, cheer and goodwill to the residents – and at the same time, inspire its employees to think about the impact they can have on the lives around them to nurture a kinder future. The Group also hoped to help lessen the burden of the caretakers and managers of the home by means of donations in cash and in kind.



Visit to House of Joy on 21 December 2016

EMPLOYEE CARE

The Group believes employee welfare goes a long way in cultivating sustainable business growth and community well-being in general. In FY2017, the Group via its human resources department and sports club, organized a plethora of activities ranging from birthday celebrations to theme park visits. These activities were held to foster stronger bonds between the Group's employees thus creating better working relationships.

MONTHLY BIRTHDAY CELEBRATIONS

More than just a birthday celebration, this monthly occasion provides opportunities for the Group's employees to connect in a relaxed atmosphere.

FRUIT OF THE WEEK

To inculcate healthy eating habits by handing out a different fruit each week to its employees.





Scenes from the SOLID Team Building event on 8 October 2016 at the Grand Ballroom of Sky Park One City, Subang Jaya



Employees taking a group shot during the Urban Race event at Pangkor Island on 26 November 2016



Employees trying their hand at archery at Arena 51, Petaling Jaya, on 26 August 2017



Employees navigating through the obstacles of District 21 Adventure Park, Putrajaya, on 12 August 2017



Employees racing in a game at Slide @ One City, Subang Jaya, on 10 September 2017

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