

SUSTAINABILITY STATEMENT

INTRODUCTION

Our Sustainability Statement (“SS”) focuses on GSB Group Berhad’s (“GSB” or “The Group”) sustainability practices in which we focus and highlight more on the economic, environmental, and social (“EES”) impacts of our activities and initiatives. This year will be our second attempt to comply with Bursa Malaysia Securities Berhad (“Bursa Malaysia”) compliance, and we are reporting in accordance with the Global Reporting Initiative (“GRI”) Standards for sustainability reporting, our focus on reviewing our material issues and mapping out our route forward to embed sustainability throughout our business operations.

We are committed to creating a positive and enduring social impact through our sustainability initiatives that support our business, the environment and the communities in which we operate.

Also, throughout this statement, we demonstrate our commitment to integrating sustainability practices and preparing this statement on pursuant to the Bursa Malaysia’s Main Market Listing Requirements (“MMLR”), Sustainability Reporting Guide issued by Bursa Malaysia and guided with guidelines issued by the GRI.

REPORTING STANDARDS

We have based our reporting approach on the framework and guidance provided by the GRI. This report has been prepared in accordance with the “core” option of the GRI Standards. This includes adhering to the GRI principles for defining the report’s contents:

- Stakeholder Inclusiveness – being responsive to stakeholder expectations and interests.
- Sustainability Context – presenting performance in the wider sustainability context.
- Materiality – focusing on issues where we can have the greatest impact and that are most important to our business and stakeholders.
- Completeness – including relevant information that is of significant economic, environmental and social impact to enable stakeholders to assess the company’s performance.

REPORTING SCOPE AND BOUNDARIES

GSB’s SS 2019 has been prepared in accordance with the GRI Standards. This SS covers the reporting period from 1 April 2018 to 31 March 2019. Our focus for this year is relating to reviewing our material sustainability topics that covers economic, environmental and social. The content of this report is based on the material topics that we have identified. Our scope and boundaries cover all our entities and operations in Malaysia. The Group will focus on the sustainability reporting enhancement and to support comprehensive sustainability efforts across the Group moving forward.

OUR CORE VALUES

GSB’s Code of Conduct provides reference for Directors in relation to the Board’s role, powers, duties, functions and ethical values. The code was formulated to enhance the standard of corporate governance and corporate behaviour with the intention of achieving the ethical behaviour for directors based on trustworthiness and values that are commonly acceptable. It is also to uphold the spirit of responsibility and social responsibility in line with prevailing legislation & regulations.

SUSTAINABILITY STATEMENT

(CONT'D)

WHO WE ARE

GSB Group Berhad is listed on the Main Market of Bursa Malaysia. The Group has two significant business segments which offer different products and services, and are managed separately because they are of different industry and also require different marketing strategies. The significant business segments are namely the property development of residential and commercial properties, and manufacturing and replication of optical discs.

As a responsible and careful property developer, we believe in realising properties for a better tomorrow. We aim to deliver potential properties with lucrative investment returns coupled with high capital appreciations. We have carved our niche in the industry by having a strong foundation and excellent knowledge on choice developments.

GSB is committed to deliver positively, incorporating values of integrity, passion and efficiency. The Group would remain focused in providing excellent products and services to our customers and strive to enhance shareholders' values.

LOCATION OF REGISTERED OFFICE

Level 8, Symphony House
Block D13, Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan
Malaysia

LOCATION OF BUSINESS OFFICE

No. 1, Jalan Wangsa Permai
First Floor, Bangunan One Wangsa
Taman Wangsa Permai
52200 Kuala Lumpur
Wilayah Persekutuan
Malaysia

REVIEW OF OPERATIONS

The Group's review of operations are elaborated in "Management Discussion and Analysis" section of this Annual Report.

OUR APPROACH TO DRIVING SUSTAINABILITY

Our approach to sustainability is based on our core values of integrity, humility and building relationship, supported by policies and procedures at Group level. We consistently embed sustainability into the core of our business. We bear a special responsibility to use our knowledge and experience for the betterment of society and to further develop and initiate improvements for and with society. Some of our initiatives in contributing towards being a positive global citizen included initiatives that were carried out through efforts in the workplace, the marketplace and the environment.

The following value-added sustainability strategies form as the basis of GSB's steps to strengthen our approach to sustainability.

SUSTAINABILITY STATEMENT

(CONT'D)

SUSTAINABILITY STRATEGY

1. As a Public Listed Company

- As a public listed company, we are pre-emptive of the sustainability matters mainly on the Economic value creation for the shareholder and stakeholder;
- We plan to elevate sustainability in company governance, through engaging in direct board oversight and accountability over environmental and social issues, more diversity and special expertise on boards, and linking executive and other employee compensation to sustainability goals;
- We want to robust regular dialogues with key company stakeholders on sustainability challenges, including clients, employees, investors and suppliers; and
- We are in progress to develop systematic performance improvements to achieve environmental neutrality and other sustainability goals across the entire value chain, including operations, supply chains and products.

2. As a service provider

- We plan to give a quality service to all of the clients as they are part of our valued stakeholders.

GOVERNANCE OF THE SUSTAINABILITY

Being a Public Listed Company, GSB complies with the Corporate Governance practices and being closely monitored under the leadership of our Board of Directors, as guided by the Malaysian Code on Corporate Governance 2017.

In line with sustainability, the Board has the ultimate responsibility to ensure that the sustainability efforts are embedded in the strategic direction of the company. We are in the midst of establishing the Sustainability Steering Committee, to oversee the formulation, implementation and effective management of our sustainability matters in line with the strategies. Currently the plans for the sustainability direction is being spearheaded by the key management people however the Group intends to formalise this process. The committee will be supported by various working groups responsible for implementing the initiatives within the organisation.

Our sustainability strategy will be led by the Board of Directors and will be implemented and monitored within the following governance structure. The below structure will be enhanced accordingly.

SUSTAINABILITY STRUCTURE

Board of Directors	The Board oversees the overall sustainability initiatives and sets policies to drive sustainability practices in the Group.
Sustainability Steering Committee	The Group is in the process of setting up a Sustainability Steering Committee which interfaces to formulate sustainability policies and drive the sustainability efforts and initiatives while ensuring consistency with the Group's sustainability strategy and business strategy.
Sustainability Sub-Working Groups	Sustainability Sub-working Groups will be established to carry out the following:- <ul style="list-style-type: none"> • Set sustainability priorities and goals • Develop and implement a sustainability programmes • Advise on sustainability opportunities and innovations • Track, monitor and analyse sustainability metrics and measures • Address and manage challenges and constraints to the sustainability initiatives • Work on Quality, Health, Safety, and Environmental issues of the Group

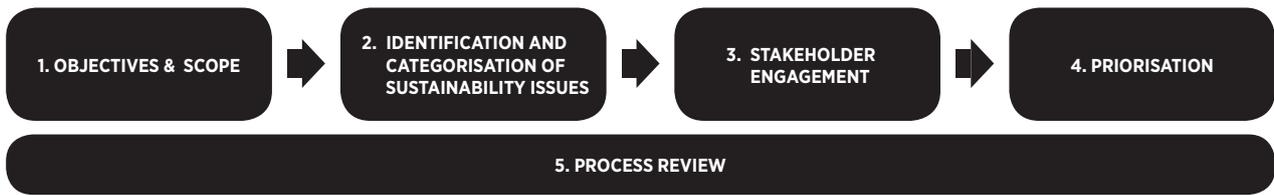
SUSTAINABILITY STATEMENT

(CONT'D)

STRATEGIES AND DIRECTIONS

Despite the challenging operating environment, GSB continues to practice prudence and stay focused on delivering quality growth, while being watchful of emerging risks. The Group is fully committed to uphold responsible business operation which is reflected through its prudent infrastructure transformation as well as sustainability in its supply chain. The Materiality Assessment Process illustrated below will be implemented and enhanced moving forward.

OUR MATERIALITY ASSESSMENT PROCESS



1. OBJECTIVES & SCOPE

GSB is in the process of undertaking a materiality study within the top management and middle management to determine the objectives and scope of the sustainability reporting. Our scope and boundaries covers all our entities and operations in Malaysia.

2. IDENTIFICATION OF RELEVANT SUSTAINABILITY MATTERS

The process initiated with sustainability issues relevant to GSB and its stakeholders. In generating the list, the Group assesses the operating environment and emerging trends affecting our sector and conducted study across a broad range of references to identify the relevant sustainability issues. The references include Bursa Malaysia’s Sustainability Reporting Guide and Toolkits, and international standards such as the Global Reporting Initiative Standards.

We have undertaken a review of material factors and sustainability matters in order to ensure that our understanding of both the current and future risks and opportunities facing our markets is adequately addressed, as well as to gather stakeholder perspectives and ensure we are responding to their needs. As we update our material factors, we will continue to evolve our management approach to ensure that we are addressing them in a holistic and integrated manner. This may involve developing new policies and procedures, implementing various initiatives, measures and action plans, setting indicators as well as to establish a proper mechanism to capture, analyse and report sustainability data and information.

Our Significant Material Factors

As we monitor, manage and report on a wide variety of issues, key to our approach is focusing our resources on material sustainability risks and opportunities that are associated with each material factors. Understanding our key priority allows us to set our time, resources and investment to the best use.

SUSTAINABILITY STATEMENT (CONT'D)

Combining the views from GSB’s stakeholders and management from the preliminary materiality process, the materiality table has been derived to show the different levels of importance of the sustainability matters. The below factors will be further enhanced in the coming years.

Materiality	Factors	Why Material
Very Important	Optimisation/ Resources	To help the company become efficient and effective.
	Market Condition	Market condition affects all businesses in every industry.
	Compliance	Compliance with laws and regulations is one of our main requirements.
	Capital Injection of Funds	To take the business further.
	Business Model	Business model plays a vital role in challenging market condition of the market and business.
	Customer Satisfaction	To ensure customers feedback are obtained for improvement.
	Local Environmental Impact	It safeguards the environmental impact.
	Corporate Governance	To ensure that the company protects the members, officers and management.
	Risk Assessment	It gives the initial view of the risk appetitive and mitigation.
	Climate Change	Climate change would have a significant impact on business.
Important	Business Ethics/Code	Maintaining business ethics is our core values.
	Business Mix	Diversification is part of our business model to stay sustainable.
	Economic & Local Economic Impact	To balance the economic & local impact.
	Conducive work environment	Working environment is crucial to retain and develop staff force.

The materiality process involved steps including identification of potential material topics by reviewing GRI aspects, benchmarking against key corporate peers and analysing past reports, which reflects the feedback from customers, community representatives and employees generally.

The materiality factors above are based on the priority of the organisation.

SUSTAINABILITY STATEMENT (CONT'D)

3. STAKEHOLDERS ENGAGEMENT

Our interaction involves different stakeholder groups and this engagement is important to ensure we can identify, prioritise and address material matters and be adopted in our business strategies. The business and functional units are empowered to interact with their respective stakeholders on their chosen platforms. All issues raised by stakeholders are brought to the attention of the Management by the respective business and functional units. Ongoing engagements where applicable are carried out on a regular basis as they are integral to our business development, relationships with stakeholders and commitment to sustainability.

The following table describes our stakeholders and how we engage with stakeholders:

Stakeholders	Description	Method of Engagement
Shareholders/ investors	Investors provide the Group with the financial capacity for business operation and growth. Key to engage with shareholders continuously ensuring they understand the Group's operation, strategies and business growth.	<ul style="list-style-type: none"> Annual General Meeting Annual Reports Bursa Malaysia announcements
Customers	<ul style="list-style-type: none"> Property: House buyers / commercial properties buyers, and our new buyers. Optical discs: Buyers 	<ul style="list-style-type: none"> Daily through various channels such as emails, site visits, social media and brochures. Corporate events
Financiers/ banks/ analysts	Funds and information providers	<ul style="list-style-type: none"> Annual General Meetings Extraordinary General Meetings Media announcements Corporate interviews Facility review
Government ministries, local authorities, municipalities and other government linked entities	Government ministries and local authorities set the legal framework on our businesses. We engage them to ensure compliance with the regulatory framework established by them.	<ul style="list-style-type: none"> Periodic meetings Regulatory compliance Briefing and trainings Meeting with various regulators Compliance with the rules and regulations
Employees	Our employees are critical in our operation and the achievement of our Group objectives.	<ul style="list-style-type: none"> Townhall sessions Company annual dinner/festival functions and celebrations Informal periodic department meetings
Suppliers/ Contractors	Our suppliers are mainly raw materials suppliers and administration supplies.	<ul style="list-style-type: none"> Suppliers audit and review Tender exercises and meetings Emails and phone calls communication Suppliers' briefing
Non-governmental organisations	Environmental matters	<ul style="list-style-type: none"> Meeting with various non-governmental organisations

SUSTAINABILITY STATEMENT

(CONT'D)

4. PRIORITISATION OF MATERIAL SUSTAINABILITY MATTERS

GSB has undertaken a stakeholder prioritisation and engagement process to engage with its stakeholders. These include ongoing efforts to engage with stakeholders in the usual course of business through the day-to-day operations, as well as specific engagements carried out to seek stakeholders' feedback. The outcome of these engagements was considered in the course of the Group's materiality assessment.

As part of the process in conducting the materiality assessment of sustainability matters, the Group has conducted the specific engagement process as follows:

- To determine the key stakeholders with whom the Group should engage, the Group carried out assessments to identify key stakeholders based on each stakeholder's influence and dependence on the Group.
- To gain an insight into these key stakeholders' concerns, interests and expectations, the Group conducted discussions including on-going sessions throughout the year to gauge stakeholders' concerns pertaining to the list of sustainability matters identified.
- Where applicable, GSB also took into account feedbacks from other stakeholder groups, gathered through various channels and through the ongoing engagements during the course of conducting its business operation.

5. PROCESS REVIEW

The materiality process is undertaken as a key component of GSB's journey towards identifying the material sustainability matters. The key management team has reviewed and implemented the processes and outcome of the materiality process including the Group's materiality which guides the Group in addressing and managing its material sustainability matters in its business operations.

KEYS OF SUSTAINABILITY

This section aims to provide insights on the Group's sustainability commitments and practices across the three key areas of economic, environmental and social undertaken by our key business divisions.

ECONOMIC

The Group's financial review and outlook are elaborated in the Management Discussion and Analysis section of this Annual Report. Our commitment to business is focus on strong corporate governance and prudent management in view of challenging internal and external environment. We strive to achieve by enforcing on the following aspects:

- **WHISTLEBLOWING POLICY**

A formal Whistleblowing Policy has been established to assist in ensuring that the Group's business and operations are conducted in an ethical, moral and legal manner. The Whistleblowing Policy is designed to encourage employees or external parties to disclose suspected malpractice or misconduct and to provide protection to employees or external parties who report allegations of such practices.

- **CODE OF CONDUCT FOR COMPANY DIRECTORS**

The Group is committed to conduct its businesses and operations with integrity, openness and accountability and to also conduct its affairs in an ethical responsible and transparent manner. The Group has Code of Conducts that set out the standards and ethical conduct expected of all Directors of the Group.

The Code of Ethics provides commitment to ethical values through key requirements relating to conflict of interest, confidential information, insider information, protection of the Group's assets and compliance with law and regulations.

SUSTAINABILITY STATEMENT (CONT'D)

- **CORPORATE GOVERNANCE AND COMPLIANCE**

GSB, guided by the Malaysian Code on Corporate Governance 2017, has been proactive in promoting good corporate governance and ensures that the principles and best practices of good governance are applied throughout the Group. Details of our corporate governance framework and practices of the Group are elaborated in the Corporate Governance Overview Statement of this Annual Report.

- **RISK MANAGEMENT**

An integral part of good corporate governance, a comprehensive risk management framework enables GSB to identify and manage risks in a systematic and consistent manner. In driving risk awareness, decision-making and business processes are put through prudent risk assessment. Fraud, corruption and economic value-added risks have been identified as material to ensure business sustainability.

- **OUR SUPPLY CHAIN**

Supply Chain management is an integral part of all businesses and key to optimum performance. Accordingly, GSB places great emphasis on our suppliers' EES credentials in the lifecycle of supply chain when making responsible sourcing decisions.

GSB is cognizant that there is still much to improve on managing sustainability in supply chain, and will continue to collaborate with its suppliers and vendors to work towards enhanced sustainability practices with respect to EES matters.

- **COMMITMENT TO QUALITY**

GSB has the policies, procedures and best practices in place to deliver products and services of outstanding quality. Furthermore, regular reviews, process improvements and quality control assessments are conducted to ensure that our processes remain in compliance and are continually enhanced.

- **BUSINESS CONDUCT**

We strive to be environmentally responsible and encourage all our stakeholders to do the same. Consequently, they need to use sustainable materials whenever they are cost-effective.

- **SAFETY AND HEALTH**

It is one of our key priorities to maintain a safe and healthy work environment for our workforce to ensure that our talent work under safe conditions. We also believe in providing a comfortable and conducive working environment for our employees.

The Board fully acknowledges that employees are the backbone of the operations and central to the success and continued viability of the Group. To this end, the Group strives to provide a healthy, comfortable and safe working environment for its diverse workforce and offers its employees fair compensation for their contributions and efforts.

SUSTAINABILITY STATEMENT

(CONT'D)

ENVIRONMENTAL

We are mindful of the environmental impact of our activities and maintain full compliance with all the environmental regulation. We take responsibility to managing our environmental impacts seriously. GSB will continue to develop effective environment initiatives to protect the environment.

The industry we are in has extensive direct and indirect impacts on the environment and aligning ourselves with the goals of sustainable of sustainable development.

- **WATER AND ENERGY MANAGEMENT**

We promote the water saving practices among employees and adopting water-efficient technologies and equipment wherever possible. The water consumed at our head office and site is obtained from the Syabas and SAJ water supply. We have taken small steps to control the water usage to be in line with the sustainability efforts, namely:

- Slow the flow. Adjusting the water pressure outflow for the toilets, wash basins, pantry, throughout our office building and plant.
- Seek the Leak. Conducting checks and fixing leaks immediately, where possible.

We understand that the energy management is essential for combating climate change and for lowering an organisation's overall environmental footprint. Our electricity supply is from the local supply for both the head office and plant. We always aim to minimise the energy usage by implementing the following efforts:

- Maintenance and replacement of electrical equipment and light fittings to maximise energy efficiency.
- Constantly remind all staff to switch off the lighting, water dispenser, air conditioning, or other electrical appliances in office and pantry when they are not required.

- **WASTE MANAGEMENT**

GSB acknowledges that the environmental impact of paper usage is significant. The Group's approach to waste management is to avoid unnecessary paper consumption and waste generation, where possible and appropriate, in order to reduce the wastage. GSB has always looked at ways to reduce paper usage. Generally the group practises the following on the paper management:

- Reducing paper – by encouraging avoiding printing and photocopying and emphasising on paperless and electronic mode. In addition to this, practise double sided printing or reduce the size to have the best economical usage of papers.
- Reusing – by printing on the other side of the printed papers.
- Recycle – recycle the papers by having proper recycling bins.

- **ENVIRONMENTAL COMPLIANCE**

Compliance with laws and regulations is always the highest priority for GSB.

Our operations namely the property development and manufacturing divisions are in compliance with the relevant requirements, according to the assessment conducted by the respective stakeholders during financial year ended 2019. Divisions with improvement needs have their action plans in place to become fully compliant with the requirements, in ensuring that all resources are available to our employees managing the environmental regulation.

During the financial year ended 2019, we are pleased to highlight that we have not been fined or penalised for any significant environmental violations by Department of Environment.

SUSTAINABILITY STATEMENT (CONT'D)

SOCIAL

The Group is committed to promote social responsibilities as an integral part of the Group whilst pursuing business growth to enhance shareholders' and stakeholders' value. The Group recognises that for long term sustainability, its strategic orientation will need to cater beyond the financial parameters. The Group's contributions in the social sector include retaining the current talents and exploring business opportunities in its areas of operations. It also strives to provide a safe working environment for all its employees and business partners.

- **SUPPLY CHAIN MANAGEMENT**

GSB's Procurement Standard Operating Policy guides the business conduct of our employees to ensure all suppliers are treated fairly and in the best interest of GSB. Our Procurement Policy seeks to upkeep confidentiality and avoid conflicts of interest in transactions with our suppliers. GSB engages with local suppliers where possible to support the local economy and minimise environmental impacts from transportation.

- **EMPLOYMENT**

We aim to create a sustainable value with our business activities. This objective unites our employees and consistent with our corporate values which guides our decision making and our actions. We offer a challenging and conducive working environment, providing our employees with competitive compensation and benefits programme aligned with industry practices.

The Group offers attractive benefits in addition to basic salary to enhance employee wellness and retain the best talent possible.

GSB complies with the local statutory requirements on wages and benefits such as minimum wages order, employees' provident fund, employees' social security and leaves provision. These benefits include group personal insurance and mobile subsidy.

We hire local employees wherever possible, to stimulate and help develop local communities.

- **DIVERSITY AND EQUAL OPPORTUNITIES**

GSB provides equal employment opportunity without discriminating our candidates against their race, religion, age, gender, expression, ethnicity, national origin, disability, pregnancy, political affiliation, union membership, covered veteran status, protected genetic information or marital status.

This includes hiring and employment practices such as wages, promotions, rewards, and access to training.

The diversity of our employees with their individual differences and perspectives is essential to our strength and innovative capabilities. We want to create an inclusive working environment in which every employee is valued and individual performance is recognised.

GSB implements various initiatives to realise gender diversity, for female employees for middle and above management positions. The Board of Directors ("BOD") of GSB currently has six (6) members, of whom two (2) of them are women, representing 33.33% of the BOD.

SUSTAINABILITY STATEMENT

(CONT'D)

- **EDUCATION AND INDIVIDUAL DEVELOPMENT**

The Group continuously provides its employees with skills development and training programmes that encourage progression and self-enrichment. Throughout the year under review, GSB conducted several in-house trainings to motivate employees and to upgrade their skills and knowledge. Employees have also enrolled in continuous courses, seminars and workshops.

- **SAFETY, HEALTHY AND CONDUCTIVE WORK ENVIRONMENT**

As a responsible corporation, we respect the interests of our stakeholders, our shareholders, employees, customers, suppliers, teaming partners, and the wider community and we actively seek out opportunities both to improve the environment and to contribute to the well-being of the communities in which we do business. The Group will continue to identify and undertake more related events to fulfil its Corporate Social Responsibility in any way and would contribute to preserving the values of Society.

The Group places great emphasis on safety and health aspects of its employees while maintaining a comfortable and conducive work environment. The Group emphasises on a workplace that is free from theft, violence, harassment, intimidation and other unsafe and disruptive influences due to internal and external conditions.

- **MARKETING AND CUSTOMER PRIVACY**

We take seriously our marketing efforts and Customer Privacy. Our marketing brochures, our websites and other marketing materials undergone strict and robust review prior to releasing it to the general public. We also take into consideration and review continuously various laws and regulation governing our marketing materials as breach of customer privacy may pose a risk to reputation as well as customer dissatisfaction. We engage with various ministries including Housing Ministry, local authorities and municipalities on the requirements.

We secure our potential and existing customers' data vigorously and continuously review our interaction of the public's expectation of privacy with the collection and dissemination of data.

We are pleased to mention that there were no serious breach to our marketing materials and leakages of customers' data for the financial year ended 2019.

- **LEADERSHIP AND COMMITMENT**

Top management ensure that the requirements of the management system, including the policies and objectives, are consistent with the strategic context and direction of our organisation, and that the policies and objectives are established whilst ensuring that the human and financial resources needed for crucial implementation and enforcement are available.

LOOKING AHEAD

Since it is a continuous Sustainability reporting, we have made plans to develop towards formalising sustainability within our business, we recognise that we still have room for enhancement, both in terms of initiatives undertaken and our reporting structure. As we continue on our sustainability journey, our ultimate goal is to build a sustainable business for generations to come. To achieve this, we will continually keep abreast of developments in our industry, actively and regularly engage our stakeholders, build upon our existing sustainability framework, and seek to further embed sustainable practices within our businesses so as to improve our overall sustainability performance.

Moving forward, we will enhance the materiality factors and metrics and targets to measure issues that are material to our business and move towards benchmarking our progress against the reporting standards.