

# GLOBALTEC Formation Berhad Sustainability and Environment, Social and Governance (“Sustainability”) Framework

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## POLICY AND PROCEDURE

<b>Document Title:</b>	Sustainability and Environment, Social and Governance (“Sustainability”) Framework		
<b>Originator:</b>	Globaltec HQ	<b>Applicable To:</b>	GLOBALTEC Formation Berhad group of companies
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## **Abbreviations**

In this Framework, the following abbreviations shall have the following meaning unless otherwise stated:

BOD	:	Board of Directors
CEO	:	Chief Executive Officer
GLOBALTEC	:	GLOBALTEC Formation Berhad
GRI	:	Global Reporting Initiatives
NGO	:	Non-governmental Organisation
SC	:	Sustainability Committee
SR	:	Sustainability Reporting
SRC	:	Sustainability Reporting Committee
TOR	:	Terms of Reference

## **1.0 Objectives**

### **1.1 General Information**

This Sustainability and Environmental, Social and Governance (“Sustainability”) Framework (hereinafter referred to as (“Framework”) defines the policies and procedures for the Sustainability Reporting Unit of GLOBALTEC Formation Berhad (“GLOBALTEC”). Rules (including Circulars and Letters) from the regulators will automatically supersede the existing operating policies and procedures herein stated.

The purpose of these procedures is to document the procedures on sustainability reporting of GLOBALTEC. Its purpose is to ensure that the sustainability reporting framework and its accompanying key procedures below are implemented effectively and are managed with responsible stewardship:

- a. Identification of sustainability matters and stakeholders;
- b. Stakeholders’ engagement;
- c. Information gathering;
- d. Measurement and initiatives monitoring; and
- e. Communication and reporting.

All personnel with a role in the sustainability reporting of GLOBALTEC are expected to uphold these procedures. It is the intention to ensure that these procedures serve as our commitment to upholding proper sustainability reporting.

### **1.2 Framework Objectives**

The main objectives of this Framework are:

- To ensure the policies and procedures/practices are oriented towards achieving GLOBALTEC’s sustainability objectives;
- Adequate and standardised sustainability policies and procedures are consistently applied throughout GLOBALTEC by all relevant staff;
- To ensure smooth and efficient operation and execution;
- To utilise this Framework as a guideline for new staff; and
- Serves as an up-to-date and ready reference source where there is a doubt with regards to the policies or the application of the procedures.

## **2.0 Definition**

### **2.1 Annual Report**

This refers to a comprehensive and audited report on initiatives of GLOBALTEC Group throughout the preceding year.

### **2.2 GLOBALTEC Formation Berhad (“GLOBALTEC”)**

This refers to GLOBALTEC Formation Berhad and its subsidiary companies (the “Group” or “GLOBALTEC Group”) where the Company has control.

### **2.3 Board of Directors (“BOD”)**

This refers to a recognised group or governing body that oversees GLOBALTEC Group. The board has ultimate authority in the decision-making for setting up the company’s policy and overall direction of GLOBALTEC Group.

### **2.4 Sustainability Committee (“SC”)**

This refers to a recognised selected group of staff who manages, oversees, monitors, and reports on all relevant matters on sustainability related to the GLOBALTEC Group. In this context, the Executive Committee (“EXCO”) shall perform the role of the Sustainability Committee.

### **2.5 Sustainability Coordinator**

This refers to personnel who uphold a high level of engagement in the organisation in achieving its sustainability objectives. This personnel provide guidance and options for corporate business and operations that are in keeping with sustainability principles to top management, personnel and clients.

### **2.6 Sustainability Reporting Champion (“SRC”)**

This refers to personnel who maintain a high level of engagement in the organisation, spearheading the sustainability efforts and program’s success that will be directly correlated with the overall effectiveness of respective GLOBALTEC Group, divisional or subsidiaries. The Divisional CEO or Managing Director shall carry out the role of the Sustainability Reporting Champion.

### **2.7 Global Reporting Initiatives (“GRI”)**

This refers to the international independent standards organisation that helps businesses, governments and other organisations understand and communicate their impacts on issues such as climate change, human rights, and corruption. The GRI also enable all companies and organisations to report their economic, environmental, social and governance performance.

### **2.8 Non-governmental Organisation (“NGO”)**

This refers to a non-profit, citizen-based group that functions independently of government. NGOs are active in humanitarian, educational, health care, public policy, social, human rights, environmental, and other areas which caused their attention, concerning their objectives. NGOs are also known as civil societies.

### **3.0 Responsibility**

#### **3.1 Board of Directors**

- a. The BOD is ultimately accountable for the sustainability framework;
- b. Provides overall direction and oversight of all sustainability initiatives;
- c. Drives the strategy for sustainability progressively;
- d. BOD will be briefed and updated on the status of sustainability matters.
- e. Endorses any Terms of Reference (“TOR”) for the Sustainability Committee; and
- f. Review and Approves the Sustainability Statement and/or Summary Report for disclosure purposes in the Annual Report.

#### **3.2 Sustainability Committee**

- a. Supports the sustainability accountability of the BOD as mentioned in Section 3.1;
- b. Reviews and updates the TOR for SC;
- c. Development of sustainability policies and frameworks for BOD endorsement;
- d. Operational general monitoring of the implementation of sustainability;
- e. Receives the sustainability updates through appropriate report to be reviewed accordingly;
- f. Annual review of the sustainability policy, frameworks, and TOR to enable any possible recommendation to the board for changes; and
- g. Provides briefing and updates to the Board on a regular or periodic basis depending on any time as required by BOD.

#### **3.3 Sustainability Coordinator**

This is a selected Coordinator at the holding company level with its functions include

- a. Drafting the TOR for Sustainability Committee;
- b. Facilitates stakeholders’ engagement session for identification of key sustainability matters;
- c. Disseminate sustainability reporting information request template to the respective champions;
- d. Co-ordinates input of disclosure information, sustainability information and measurement initiatives from respective champions;
- e. Monitors and follow-up on the implementation status of sustainability initiatives;
- f. Prepare appropriate sustainability progress report to SC;
- g. Manages sustainability initiatives within the stipulated timeline before the release of the Annual Report; and
- h. Prepares the Sustainability Statement and/or Summary Report for disclosure purposes in the Annual Report.

#### **3.4 Sustainability Reporting Champion**

- a. Supporting the Sustainability Coordinator for sustainability initiatives for GLOBALTEC Group;
- b. Assesses key sustainability matters and stakeholders involved for GLOBALTEC Group, divisional and/or subsidiaries;
- c. Drives sustainability initiatives under the purview in line with the sustainability frameworks used;
- d. Evaluates the need to outsource sustainability initiatives in which GLOBALTEC does not possess the expertise; and
- e. Liaises with Sustainability Coordinator on the implementation status update of sustainability reporting initiatives and input of disclosure information.

### **3.5 Amendments to Framework**

Any requirement to update, improve, and/or amend this Framework, the proposed changes must be submitted for authorisation and approval. A “Request for Amendments” form is required to specify the type of amendments required, such as the addition of new policy/procedure and deletion or variation of existing policy/procedures and to be approved by the Board.

## **4.0 Guidelines on Procedures**

### **4.1 Sustainability Committee**

- a. TOR for the Sustainability Committee shall comprise the following components:
  - i. Purpose, objectives and scope of work;
  - ii. Roles and responsibilities;
  - iii. Committee composition;
  - iv. Reporting structure;
  - v. Resources management;
  - vi. Review and evaluation; and
  - vii. Reporting deliverables.
- b. Appointment of a committee member shall be recommended by Management and endorsed by the BOD.
- c. The Sustainability Committee shall comprise the Chairman, Sustainability Coordinator and preferably Sustainability Champions for each subsidiary company. The Chairman of the EXCO shall be the Chairman of the Sustainability Committee. If SC Chairman is not available for the SC meeting, members made up of the quorum can appoint an alternate chairman to chair the meeting.
- d. The minimum number of members required to form a quorum is two (2), where the Chairman of the Sustainability Committee shall be the approving authority.
- e. The term of service for committee members shall be subject to annual review and approved by the BOD.

### **4.2 Resource Planning and Allocation**

- a. Sustainability Coordinator shall prepare an annual budget for sustainability reporting initiatives, in line with the annual budgetary exercise.
- b. The sustainability reporting budget shall comprise the following key cost components, where relevant:
  - i. Staff and travelling expenses;
  - ii. Consultancy and advisory expenses;
  - iii. Purchase of monitoring equipment and measuring apparatus (in any); and
  - iv. Upkeep monitoring equipment and measuring apparatus (if any).

- c. The sustainability reporting budget shall be reviewed by the Chairman of the Sustainability Committee compilation by Group Finance & Accounts Department.
- d. The sustainability reporting budget must be submitted to Finance Department for compilation before the end of September each year.
- e. A master Sustainability Reporting Monitoring Template shall be maintained to track the progress of each key sustainability matter initiative. The template shall comprise the following key information:
  - i. GRI-specific topic standards;
  - ii. Description of key sustainability matter/ disclosure title;
  - iii. Designated personnel in charge;
  - iv. Information request items and date received;
  - v. Findings – current practice, initiatives and measurement methodology and result disclosures;
  - vi. Gap analysis; and
  - vii. Recommendation – suggested enhancement, implementation status and date.
- f. Sustainability Coordinator shall also maintain the Sustainability Reporting Monitoring Template unique to each business entity.
- g. Discussion on the resource allocation, including resource constraints or budget overrun, shall be included as key agenda and communicated during the half-yearly Sustainability Committee meeting.

#### **4.3 Determining Key Sustainability Matters and Stakeholder Engagement**

##### **a. Identification of Stakeholders**

- i. Sustainability Coordinator shall facilitate discussion sessions with the respective Sustainability Champion to identify internal and external stakeholders at a minimum on an annual basis. The table below illustrates an example of how the stakeholders can be segregated:

<b>Internal Stakeholders</b>	<b>External Stakeholders</b>
Investors	Non-governmental organisations (“NGO”)
Employees	Government Authorities
Board of Directors	Media
	Industry Peers
	Community
	Customers
	Suppliers

- ii. Discussion session shall be on a roundtable approach to identify stakeholders across all pillars as per GRI Standards (i.e., Economic, Environmental and Social). The following factors shall be considered in identifying the key stakeholders:
  - Stakeholder group by nature of the industry for each business entity;
  - Internal stakeholders vs external stakeholders;
  - Degree of influence by the stakeholder group; and



- Involvement of authorities as a stakeholder group.

## **b. Identification of Key Sustainability Matters**

- Key sustainability matters shall be identified with guidance from the GRI-specific topic standards (i.e., GRI Standards 200, 300 and 400 series).
- Sustainability Coordinator shall facilitate the workshops about identifying key sustainability matters with the corresponding stakeholders, at a minimum on an annual basis.
- Materiality of sustainability matters shall be determined mainly through the outcome of stakeholder engagement (refer to Section 4.3(c): Stakeholder Engagement). In addition, an internal review of the following factors shall also be considered:
  - Business model and strategy;
  - Products and services in nature for each business entity;
  - Size of the organisation;
  - Degree of influence by stakeholder group;
  - Geographical location of the business entity;
  - Risk impact including financial and non-financial, and likelihood be aligned to GLOBALTEC's Enterprise Risk Management methodology; and
  - Organisation risk appetite.
- Each stakeholder group can be further elaborated into sub-groups and mapped to the corresponding focus areas as follow:

<b>Stakeholder Group</b>	<b>Sub-group</b>	<b>Focus Areas</b>
Employees	<ul style="list-style-type: none"> <li>▪ Mid-management</li> <li>▪ Operation staff</li> <li>▪ Support team</li> <li>▪ Contract staff</li> </ul>	<ul style="list-style-type: none"> <li>▪ Career development</li> <li>▪ Ongoing communication and engagement</li> <li>▪ Occupational health and safety</li> <li>▪ Staff welfare</li> </ul>
Government Authorities	<ul style="list-style-type: none"> <li>▪ Department of Occupational Safety and Health</li> <li>▪ Department of Environment</li> <li>▪ State and local government/agencies</li> </ul>	<ul style="list-style-type: none"> <li>▪ Regulatory compliance, approvals, standards, and certification</li> </ul>
Community	<ul style="list-style-type: none"> <li>▪ Local community</li> <li>▪ Local charities</li> <li>▪ City council</li> </ul>	<ul style="list-style-type: none"> <li>▪ Community investment,</li> <li>▪ Community wellbeing/development and impact</li> </ul>
Customers	<ul style="list-style-type: none"> <li>▪ Consumer</li> <li>▪ Utilities companies</li> </ul>	<ul style="list-style-type: none"> <li>▪ Product/ services transparency</li> <li>▪ Price competitiveness</li> <li>▪ Project delivery schedule</li> </ul>
Suppliers	<ul style="list-style-type: none"> <li>▪ Supplier</li> </ul>	<ul style="list-style-type: none"> <li>▪ Pricing</li> </ul>

Stakeholder Group	Sub-group	Focus Areas
	<ul style="list-style-type: none"> <li>Vendors</li> <li>Sub-contractor</li> </ul>	<ul style="list-style-type: none"> <li>Product and Services</li> <li>Delivery Schedule</li> <li>Health and Safety Practices</li> </ul>

- v. Sustainability Coordinator shall determine whether the materiality of sustainability matters applies based on the geographical boundary of GLOBALTEC business entities, organisational boundary (group-level vs specific key business operation) and/or value chain aspect (upstream vs downstream, within organisation vs outside the organisation).
- vi. Reference shall be drawn to Bursa Malaysia's Sustainability Toolkit: Materiality Assessment, about determining the materiality of sustainability matters. The diagram below illustrates a sample of the materiality assessment matrix, indicating the significance of sustainability matters vs the degree of influence on stakeholder assessment and decisions:

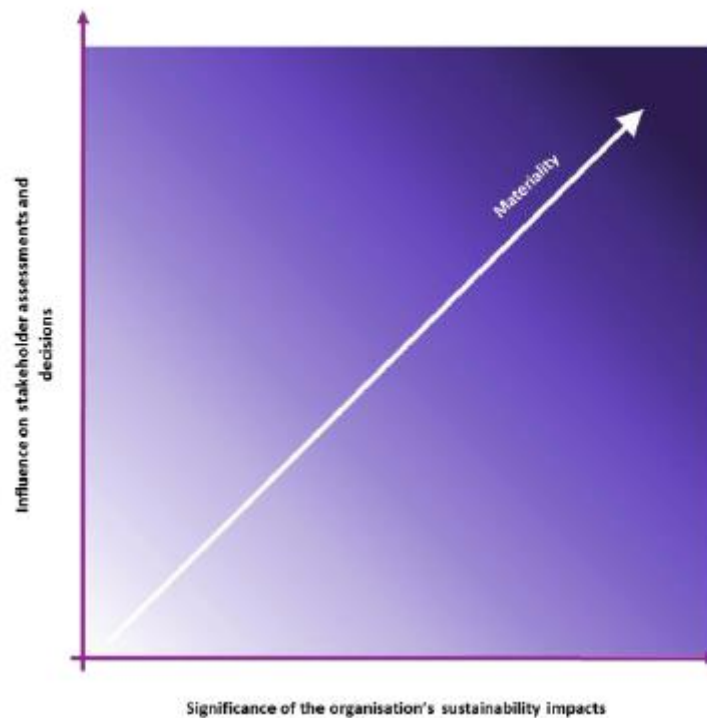


Figure 1: Materiality Assessment Diagram  
(Source: Bursa Malaysia Sustainability Toolkit)

### c. Stakeholder Engagement

- i. Sustainability Coordinator is accountable for distributing the Stakeholder Engagement Analysis template to the respective Sustainability Reporting Champion, at least ten (10) working days before the stakeholder engagement.
- ii. Respective Sustainability Reporting Champion shall determine the appropriate approach to engage each stakeholder group. Sustainability Champion shall give input on the breakdown of the stakeholder sub-group and focus area.

- iii. Consideration of the engagement frequency shall be tailored to each stakeholder group, subject to their degree of influence and the significance of the sustainability matter.
- iv. Each Sustainability Champion shall work with the personnel involved in stakeholder management (e.g., Procurement Manager, Marketing Head, Head of Investor Relations, etc.). The engagement approach the Sustainability Reporting team can undertake is elaborated below:
  - Partnership – in the form of joint venture agreement, local community projects or multi-stakeholder enterprises;
  - Dialogue – grievance mechanism, advisory boards or multi-stakeholder sessions;
  - Consultation – focus groups, questionnaires surveys, internal assessments, or online feedback survey; and
  - Others – through Annual Report, annual general meeting, town hall sessions, employee training, press release, corporate website, press conference, internal bulletins, toolbox sessions, internal committee meetings or conferences.
- v. Prior to stakeholder engagement, the Sustainability Reporting Champion shall assess the capability of personnel involved, including personal behaviour, credibility, issues knowledge, engagement techniques knowledge and project management skillset.
- vi. Documentation on the outcome of the stakeholder engagement (i.e., Stakeholder Engagement Analysis) must be properly maintained as a reference point to the stakeholder prioritisation and key sustainability matters identification. Key information required includes the following:
  - Stakeholder group;
  - Engagement approach;
  - Sustainability matters;
  - Stakeholder feedback; and
  - Possible solution or outcome of the stakeholder engagement.

An example of the documentation is illustrated below:

Stakeholder Group	Engagement Approach	Sustainability Matters	Stakeholder Feedback	Possible Engagement Outcome
NGOs	Focus groups	Sustainable supply chain	Sustainable sourcing practices to be enhanced	Work with NGOs to enhance worker skillset within the supply chain community
Employees	Town hall meeting, Employee Satisfaction Survey	Career development, staff welfare	Need more training required	Training Needs Analysis

- vii. Each Sustainability Reporting Champion shall furnish the Stakeholder Engagement Analysis to the Sustainability Coordinator for compilation, within ten (10) working days after the stakeholder engagement event.

#### **4.4 Data Collection Procedures**

##### **a. Scope of Data Collection**

- i. Sustainability Coordinator shall provide the Sustainability Reporting Monitoring Template, which contains the information request items, to the respective champions by the end of each quarter.
- ii. The sustainability reporting information request template shall be mapped to the GRI-specific topic standards that are relevant to GLOBALTEC.
- iii. Respective Sustainability Reporting Champion shall compile the sustainability reporting information as follows:
  - Description of initiatives that have materialised during the period of the disclosure;
  - Event date (where applicable);
  - Measurement results – e.g., consumption rate, ratios;
  - Cost involved or savings achieved; and
  - Gap analysis; and
  - Planned sustainability initiatives as a means of enhancement in the next 12 months.
- iv. Respective Sustainability Reporting Champion shall furnish the required sustainability reporting information to the Sustainability Coordinator by the 15<sup>th</sup> of January and July. A form of communication via e-mail is preferred.

##### **b. Measurement Methodology**

- i. Respective Sustainability Reporting Champion shall determine the measurement methodology, which largely covers the following components:
  - Performance indicator determination;
  - Basis of measurement (baseline or benchmark) or measurement criteria;
  - Goals and targets;
  - Approach to the measurement; and
  - Cost of investment, if applicable.
- ii. Performance indicators shall be tied-in to the key sustainability matters, either financial or non-financial.
- iii. Measurement of performance indicator must be anchored on a baseline point to allow comparison of performance over time. The baseline point data source must be verified and validated by the Sustainability Reporting personnel involved.
- iv. Goals for a key sustainability matter shall be either qualitative or quantitative and aligned to GLOBALTEC's strategic objectives. Targets, on the other hand, represent the performance indicator to be measured, monitored, and reported.

- v. Measurement approach shall encompass the method of data collection, period of coverage, measurement unit, frequency of data collection and outsourcing consideration (where applicable).

**c. Outsourcing of Data Collection**

- i. The respective Sustainability Reporting Champion shall assess the need to outsource the measurement work to a third-party consultant/service provider, in the event of the following circumstances:
  - GLOBALTEC personnel does not possess the capability to conduct the measurement work or monitoring;
  - Internal baseline measurement data is not reliable;
  - Investment in the tools, equipment or measuring apparatus is not cost-effective;
  - Resource constraint; or
  - Specific requirement imposed by the stakeholder to engage a third-party consultant/service provider.
- ii. Reference shall be drawn to the Procurement Policy of GLOBALTEC Group, pertaining to sourcing of third-party consultant/service providers.

**4.5 Sustainability Reporting Meeting Management**

- a. Sustainability Reporting Meeting at the operational level shall be held on a quarterly basis. This shall be facilitated by the respective Sustainability Reporting Champion.
- b. Sustainability Reporting Meeting at the committee level shall be held on a quarterly basis. Prior notice shall be issued by the Committee Secretary in advance.
- c. The quarterly Sustainability Committee meeting shall be presided by the Chairman.
- d. The Sustainability Reporting meeting (i.e., committee level) shall address the progress updates of sustainability initiatives, measurement results, goals and targets achievements, resource constraints, and outsourcing decisions (if any).
- e. Significant matters arising, which involve lawsuit or financial loss to GLOBALTEC of RM1 million, must be escalated to the BOD.
- f. Discussion during the meetings must be properly documented by an appointed team member (i.e., operational level)/Committee Secretary (i.e., committee level). The meeting minutes shall adequately cover the following information:
  - i. Agenda;
  - ii. Attendance;
  - iii. Previous meeting discussion status;
  - iv. Matters arising; and
  - v. Conclusion.

#### **4.6 Sustainability Initiative Monitoring**

- a. Each Sustainability Reporting Champion is accountable for managing the implementation of sustainability initiatives and measurement work within a planned timeframe, for status reporting on a monthly basis.
- b. Key information to be updated in the Sustainability Reporting Monitoring Template are as follows:
  - GRI-specific topic standards;
  - Description of key sustainability matter;
  - Designated personnel in charge;
  - Information request items and date received;
  - Findings – current practice, initiatives and measurement methodology and result disclosures; and
  - Recommendation – suggested enhancement, implementation status and date.
- c. Unresolved issues, if any, shall be highlighted in the corresponding quarterly Sustainability Reporting meeting (i.e., committee level).

#### **4.7 Sustainability Reporting Preparation and Approval**

- a. The Sustainability Coordinator is accountable to prepare the following reports:
  - i. Sustainability Report – quarterly and on an ad-hoc basis;
  - ii. Draft Sustainability Statement; and

The preparation of the above-mentioned reports shall commence at least three (3) months in advance, before the release date of the Annual Report.

- b. Sustainability Report - quarterly and on an ad-hoc basis;
- c. The Sustainability Statement shall contain the following disclosures:
  - i. Introduction;
  - ii. Materiality Assessment;
  - iii. Key Stakeholders;
  - iv. Key Sustainability Matters disclosure; and
  - v. Sustainability initiatives roadmap.

The Sustainability Statement must be duly reviewed by the Sustainability Committee and endorsed by the BOD, before disclosure in the Annual Report.

- d. Draft Board paper – presentation on all relevant sustainability matters
  - i. Board resolution - the resolution for Board endorsement
  - ii. Executive summary – specifies for the Board's purpose
  - iii. Summarization of recent accomplishments and current initiatives
  - iv. Recommendation – a clear and concise recommendation to the Board
  - v. Issues and Risks – an issue that will be affected by the proposal of the Board