

Sustainability Statement

The Board of Directors (the “Board” or “BOD”) is pleased to present our third Sustainability Statement in line with the Bursa Malaysia Securities Berhad Listing Requirements. We have taken steps to incorporate standard disclosures in according to the Global Reporting Initiatives (“GRI”) reporting guidelines and Bursa Malaysia Sustainability Reporting Guide Second Edition into this Statement.

This Statement provides an overview of our sustainability practices and performance for the financial year ended 31 March 2020 in the areas of corporate governance, upholding stakeholders’ interests, promoting a safe, healthy and harmonious working environment for all our employees and contributing to the communities in which we operate.

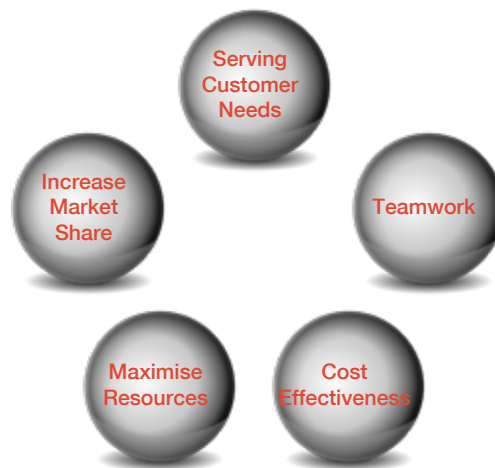
The scope of this Sustainability Statement extends to our key subsidiaries (collectively referred to as “AYS” or the “Group”) as listed below:

- Ann Yak Siong Hardware Sdn Bhd (“AYSH”)
- AYS Marketing Sdn Bhd (“AYSM”)
- CH Yodoform Sdn Bhd (“CHY”)
- AYS Metal Products and Engineering Sdn Bhd (“AYSMPE”)
- AYS (FZ) Sdn Bhd (“AYSFZ”)

The qualitative and quantitative data presented in this Sustainability Statement represents the Group’s Economic, Environmental and Social (“EES”) performances from 1 April 2019 to 31 March 2020, unless stated otherwise.

SUSTAINABILITY STRATEGY AND FRAMEWORK

We have embraced the values of corporate responsibility and elements of sustainability management since the early days of our operations. These values are reflected in our vision and mission, core values, policy statements and work practices across our operations and contribute to the development of the Group’s Sustainability Framework.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE POLICY

- Balancing EES risks and opportunities in the interest of stakeholders to enhance investors perception and public trust.
- Making the Earth a better place to live in through responsible investment and weigh on an appropriate risk-return profile for these investment.
- Considering the impacts of the Group’s operations on the local community.
- Ensuring potential negative impacts on environment, society, human health and safety are properly assessed, addressed and monitored.
- Focusing on compliance and policies, and uplifting the integrity of the Group’s subsidiaries, its shareholders, Board of Directors and employees.

We recognise that stakeholders are increasingly interested in understanding the approaches of organisations in managing their EES risks and opportunities, as well as the positive and negative impact of business operations; we have formulated an overarching sustainability strategy that encompasses EES risks and opportunities for the Group which are broken down into four key pillars; Economic, Workplace, Environment and Society.

SUSTAINABILITY STRATEGY	
<p>Economic: Engage in business practices that focus on sustainable returns and ensure a healthy economic growth</p>	<p>Workplace: Implement measures that protect the health and safety of our employees while ensuring fair practices and equal opportunities</p>
<p>Environment: Adopt sustainable measures that facilitate responsible resource use and reduce our environmental impact</p>	<p>Society: Support our local community by creating employment opportunities and contribute to societal harmony</p>

In 2019, we mapped the EES risks and opportunities arising from our business operations to five United Nations Sustainable Development Goals (“UNSDGs”). In 2020, we maintained all five UNSDGs because they represent our aspirations and business direction to build an initiative to achieve our target.

UNSDGs	GOALS
	<ul style="list-style-type: none"> • Ensure safe and secured workplace • Maintain and comply to certification for ISO45001 • Maintain incident record keeping, stringent monitoring and improved initiatives
	<ul style="list-style-type: none"> • Ensure fair treatment and remuneration to all employees • Prioritise local hiring to enhance local economic growth
	<ul style="list-style-type: none"> • Create fair opportunities and provide equal treatment to all employees regardless of race, gender, age or region
	<ul style="list-style-type: none"> • Establish sustainable procurement practises by prioritising local suppliers to support our business operations • Maintain product quality through stringent monitoring measures
	<ul style="list-style-type: none"> • Maintain product quality certification to continuously meet and exceed customer expectations • Remain in compliance to national and international regulations where applicable

We also started by setting targets in 2020, and in the next two years, we focus on the set targets, the most material challenges, as well as improved our sustainability reporting and documentation. An overview of our targets for Financial Year (“FY”) 2021-2022 are as below.

TARGET FY2021-2022

- Zero fatality for all business operations.
- Implement a Group Anti-Bribery and Corruption Policy and Framework including roll-out of anti-bribery and corruption awareness to employees throughout the Group and incorporation into staff induction process.
- Upgrade and implement certification for ISO 45001:2018.
- Establish performance monitoring of air pollution control system.
- Construction of new covered warehouse with warehousing facilities.
- To integrate sustainability strategy and framework into oversea subsidiary’s business operation.
- Establish a CSR Task Force to develop a community development strategy.

SUSTAINABILITY GOVERNANCE

While the Board is primarily responsible for the Group’s sustainability practices and performance, it is assisted by the sustainability committee comprising representatives from all levels of the Group in managing sustainability related matters. The Sustainability Steering Committee (“SSC”) and Sustainability Working Committee (“SWC”) make up the remaining governance structure with roles and responsibilities to ensure our sustainability practices and initiatives are maintained and followed by our stakeholders. The SSC endeavours to review, develop and implement sustainability strategies which ultimately embedding sustainability goals into the daily business operations and strategies.



Several of the key roles and responsibilities of our BOD, SSC and SWC are listed below.

BOD	<ul style="list-style-type: none"> Oversees overall sustainability efforts implemented by the SSC and SWC Provides final approval for sustainability related matters Provides approval of the Group's annual sustainability statement
SSC	<ul style="list-style-type: none"> Reports overall sustainability progress to the BOD Seeks approval from the BOD for sustainability initiatives recommended by the SWC Monitors sustainability efforts and progress implemented by the SWC
SWC	<ul style="list-style-type: none"> Identifies material sustainability matters relevant to the Group Implements sustainability initiatives Reports to the SSC on the overall progress of sustainability initiatives and highlights any challenges or limitations

STAKEHOLDER ENGAGEMENT

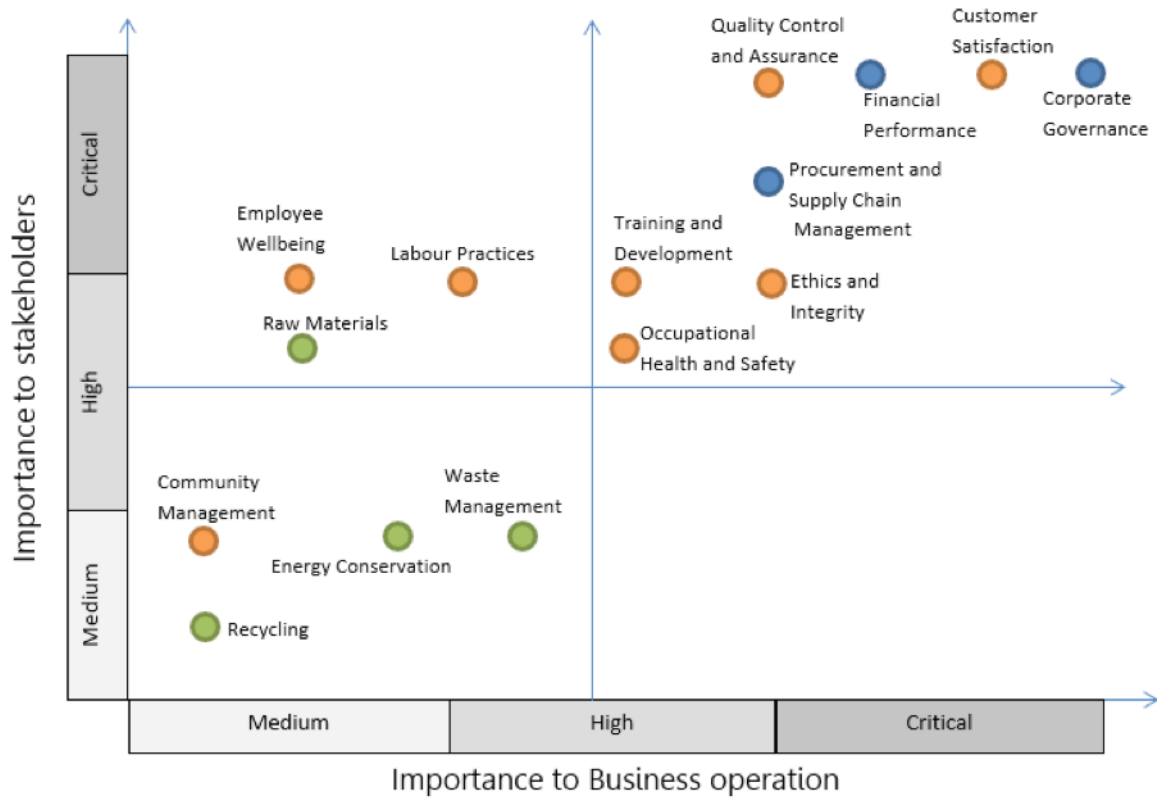
The Group believes that it is through a stakeholder-driven approach that we can accelerate sustainability. We value our partnerships with numerous stakeholders as a way to not only address our sustainability issues, but to help our stakeholders address their sustainability challenges. By establishing effective and transparent lines of communication with our stakeholders, we aim to address their concerns in a collaborative manner that meets both the stakeholders' interests and the Group's vision for sustainable growth. The table below presents our stakeholder engagement sessions for FY2020.

STAKEHOLDERS	AREAS OF INTEREST	METHODS OF ENGAGEMENT	FREQUENCY
INVESTORS	<ul style="list-style-type: none"> Group financial performance High financial returns Good corporate governance 	Annual general meeting	Annually
		Annual report	Annually
		Company website	As and when required
		Press release	As and when required
CUSTOMERS	<ul style="list-style-type: none"> Efficient complaints resolution Customer-company relationship management Competitive pricing Quality of products and service 	Regular client meetings	As and when required
		Feedback sessions	As and when required
		Satisfaction surveys	Annually
		Community and networking events	As and when required
EMPLOYEES	<ul style="list-style-type: none"> Performance management Training and development Work-life balance Benefits and remuneration Occupational health and safety 	Circulation of internal policies	As and when required
		Management meetings	As and when required
		Employee appraisal	Annually
SUPPLIERS AND VENDORS	<ul style="list-style-type: none"> Transparent procurement practices Payment schedule Pricing of services 	Evaluation and performance reviews	Annually
		Contract negotiation	As and when required
		Vendor registration	As and when required
REGULATORY AGENCIES AND STATUTORY BODIES	<ul style="list-style-type: none"> Governance compliance Labour practices Occupational health and safety Environmental management and compliance 	Inspections/audits by local authority	As and when required
		Regular meetings with regulators	As and when required
LOCAL COMMUNITIES	<ul style="list-style-type: none"> Social issues Impact of business operations Environmental impacts 	Community engagement	As and when required
		Corporate Social Responsibility (CSR) programmes	Annually As and when required

MATERIAL SUSTAINABILITY MATTERS

Material Sustainability Matters (“material matters”) comprise indicators that represent governance, economy, environment and societal topics that are important to both our operations and stakeholders.

In FY2018, the Group conducted its first materiality assessment and identified 15 material sustainability matters representing our EES risks and opportunities, where 8 out of the 15 material matters were ranked within the High to Critical range for our business operations and stakeholders. This year, the Group conducted a reassessment of material matters to ensure their relevance in representing our key risks and opportunities. Based on the reassessment exercise, the Group maintained all the material matters and presented in a materiality matrix as below.



LEGEND

- Economic Indicator
- Environmental Indicator
- Social Indicator

To further emphasise on our commitment to sustainability, we mapped our material sustainability matters to reflect its relevance to our stakeholders and the corresponding GRI Indicators as well as the five UN SDGs as presented in the table below.

	Material Sustainability Matter	Relevant Stakeholder(s)	Corresponding GRI Indicator(s)	UNSDGs
	Corporate Governance	Investors, Suppliers and Vendors, Regulatory Agencies	GRI General Standard Disclosures	16
	Customer Satisfaction	Customers	GRI General Standard Disclosures	8
	Financial Performance	Investors, Financiers, Suppliers and Vendors	Economic Performance	8
	Quality Control and Assurance	Customers, Suppliers and Vendors, Regulatory Agencies	Socioeconomic Compliance	8
	Procurement and Supply Chain Management	Suppliers and Vendors, Regulatory Agencies	Procurement Practices	8
	Ethics and Integrity	Investors, Suppliers and Vendors, Regulatory Agencies	GRI General Standard Disclosures	16
	Training and Development	Employees	Training and Education	3, 8
	Occupational Health and Safety	Employees, Suppliers and Vendors, Regulatory Agencies	Occupational Health and Safety	3
	Labour Practices	Employees, Suppliers and Vendors, Regulatory Agencies	Child Labour and Forced or Compulsory Labour	3, 10
	Employee Well-being	Employees	Diversity and Equal Opportunity	3, 10
	Raw Materials	Suppliers and Vendors	Materials	12
	Waste Management	Suppliers and Vendors, Regulatory Agencies	Effluents and Waste	12
	Energy Conservation	Suppliers and Vendors	Energy	12
	Community Engagement	Local Communities	Local Communities	3
	Recycling	Suppliers and Vendors, Regulatory Agencies	Effluents and Waste	12

SUSTAINABLE ECONOMIC

Economic and Business Performance

Economic performance is imperative to the sustainability of the Group as it supports the growth of our business operations. It is a top priority for AYS as well as for our stakeholders, and as such, appropriate plans and strategies have been set in place in order to maximise value returned to our stakeholders. Please refer to page 13 of our Management Discussion & Analysis report for full details on our financial highlights. To read the full disclosure of our financial performance, kindly refer to our Financial Statements FY2020.

Sound Corporate Governance

Sustainable business practices require sound corporate governance. The Group subscribes to the principles and best practices outlined by the Malaysian Code on Corporate Governance 2017, details of which are presented on Page 19 of this Annual Report.

Ethics and Integrity

At AYS, we hold ourselves to the highest standards of professional conduct. Our Code of Business Conduct outlines the expected standards of behaviour for our employees with respect to corporate governance and ethical principles whilst promoting integrity and respect among employees. We disseminate the requirements to our employees during our orientation programme.

Anti-Bribery and Corruption Policy and Whistleblowing Policy

We have developed a Group Anti-Bribery and Corruption Policy to reinforce basic principles of the Group on integrity and create anti-bribery culture within the Group. In FY2021, we plan to implement an anti-bribery framework and roll-out anti-bribery and corruption awareness to employees throughout the Group and incorporation into the staff orientation programme. We also have in place Group Whistleblowing Policy with mechanisms to enable employees and external parties to confidentially report any breach, or suspected breach, of any law or of our policies and practices. All complaints are investigated and such breaches may lead to disciplinary measures, including dismissal.

To date, the Group has received zero whistleblowing report via the Whistle-Blower reporting channel.

Compliance

At AYS, we promote a culture of compliance by ensuring strict adherence to laws and regulations. In meeting the legalities outlined by national laws, the Group complies to the following general regulatory requirements related to the trading and manufacturing industry listed in the table below. While these regulations represent the overall compliance of the Group, we also comply to subsidiary regulations and laws enforced by the nation to ensure that our business continues to meet Malaysia's legal requirements.

MAINTAINING REGULATORY COMPLIANCE		
 Economic	 Environmental	 Social
<ul style="list-style-type: none"> • Employment Act 1955 • Companies Act 2016 • Minimum Wage Order 2016 	<ul style="list-style-type: none"> • Environmental Quality Act 1974 • Environmental Quality (Scheduled Wastes) Regulations 2005 • Environmental Quality (Clean Air) Regulations 2014 	<ul style="list-style-type: none"> • Fire Services Act 1988 • Occupational Safety and Health Act 1994 • Factories and Machinery Act 1967

Procurement Practises

Suppliers who are both local and non-local are the key component of our supply chain as they support our services in trading and manufacturing of steel and construction materials. While we may not have an official policy to enforce preferential selection of local suppliers, we are aware of our responsibility as a Group to enhance Malaysia's economic prosperity by contracting suppliers operating within the country.

As traders and manufacturers, the quality and cost of the products we procure remain as important aspects of our business, regardless of its national or international source, hence, the Group actively hires local suppliers for products that meet our selection criteria. While most of our products from AYSH and CHY are mainly from international suppliers, mainly due to product availability that the local suppliers unable to supply and cost efficiency. Our AYSMPE, AYSFZ and AYSM obtain majority of its products from local suppliers, therefore ensuring that local business continues to profit as the Group grows its business value chain. Nevertheless, we are observing some increasing trend of engaging local suppliers compared to last year, as illustrated in the table below.

COMPANY	FY2019		FY2020	
	LOCAL	NON-LOCAL	LOCAL	NON-LOCAL
AYSFZ	100%	-	100%	-
AYSM	100%	-	100%	-
AYSMPE	46%	54%	55.80%	44.20%
CHY	33.15%	66.85%	34.22%	65.78%
AYSH	4.47%	95.53%	11.65%	88.35%

In addition, to ensure the quality of our products, we apply strict standards where all suppliers are vetted using stringent preselection criteria and evaluated progressively upon selection. We conduct performance evaluations of our suppliers every year to ensure their performance meet our expectation.

Quality Management

We employ stringent standards and certifications across all our business processes to improve our products reliability, durability and performance of our products. We maintain strict compliance with the quality and operations system certifications listed below as part of an annual assurance to our stakeholders on our commitment towards meeting our customer requirements.

SUBSIDIARIES	STANDARDS AND CERTIFICATIONS
AYSMPPE	MS 1390:2010 Specification for glass-reinforced polyester panels and panel water tanks
	BS 1564:1975 Specification for pressed steel sectional rectangular tanks
CHY	AS 1397 G450 Continuous hot-dip metallic coated steel sheet and strip- coatings of zinc and zinc alloyed with aluminium and magnesium
AYSH	MS EN 10025 Specification for hot rolled products of structure steels (further divided into three parts)
	MS 146:2014 Specification for hot rolled steel bars for reinforcement of concrete

As part of our ongoing initiatives to achieve top-level quality and customer satisfaction, we maintain our certification to the following standards for the Group and our four subsidiaries. These certifications are accredited by Standards Malaysia and the United Kingdom Accreditation Service (UKAS) and certified Bureau Veritas Certification (Malaysia) Sdn Bhd.

STANDARDS AND CERTIFICATIONS	EXPIRY DATE	SCOPE
ISO 14001:2015	11 March 2021	<ul style="list-style-type: none"> • Stockist and distributor of structural steel products for construction and engineering application • Trading of building and construction materials • Warehousing Activities • Manufacture of Presses-Steel and Fiberglass Reinforced Polyester (FRP) sectional water storage tanks • Manufacture of metallic coated cold form steel section • Pre-processed steel structure components using fully automated CNC cut and drill process including surface treatment by blasting
ISO 9001:2015		
OHSAS 18001:2007		

SUSTAINABLE WORKPLACE

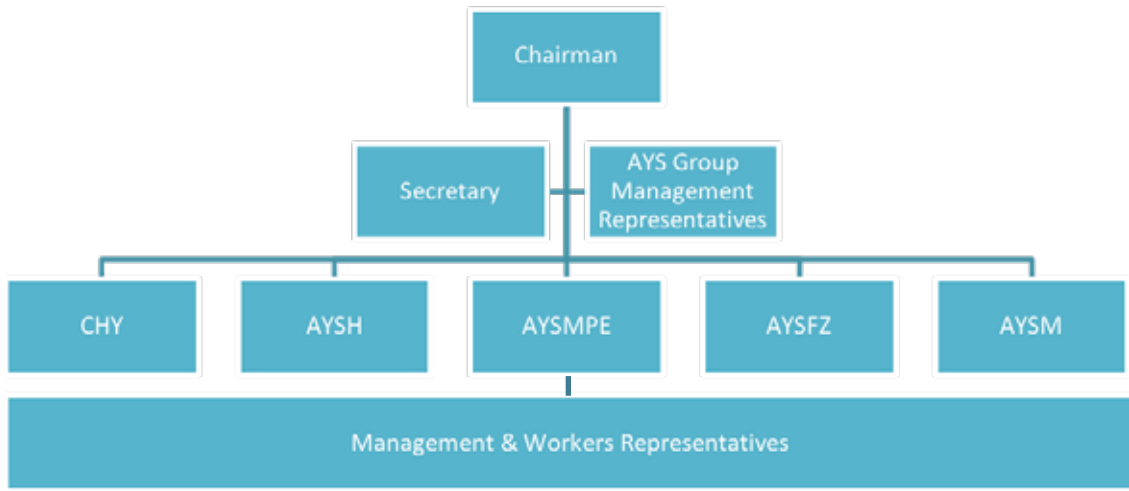
At AYS, we strive to comply with relevant laws and legislations to ensure that health and safety in the workplace is not being compromised and the general well-being of our employees is protected. With the aim of reducing the frequency and severity of incidents, we inculcate safety awareness by providing safety training and regular safety reviews.

During the recent COVID-19 pandemic, AYS has put in place the Standard Operating Procedures (“SOP”) and Mitigating Plan to manage and mitigate the impact of any pandemic outbreak. Measures for protecting employees from exposure to, and infection with, COVID-19 has been implemented by the Group from the early stages of the outbreak in 2020. In addition, AYS also complied with Ministry of Health’s SOPs and Guidelines in combating to the COVID-19 pandemic.

Occupational Health and Safety

Safety measures and practices within the Group is supervised by our dedicated Safety, Health and Environmental Committee (“SHEC”), represented by both the management as well as the workers are varying ratios across each of our subsidiaries. We have also formed an Emergency Response Team (“ERT”) comprising of first aiders, fire fighters and chemical spillage team. Both the SHEC and ERT are responsible for the formulation of mitigation measures to minimise accidents and occupational health issues, ensuring the Group adheres to regulatory requirements and creating awareness of OSH risks and hazards within the Group.

SHEC is also tasked to ensure our business operations are in compliance with applicable environmental legal requirements enforced by local authorities. The environmental performance shall be further elaborate in the Sustainable Environment section below.



The table below presents the roles and responsibilities of our SHEC committee.

ROLES AND RESPONSIBILITIES
• To establish programmes to ensure compliance to the safety requirements stipulated in OHS 1994
• To conduct safety inspection and formulate appropriate safety audit checklist
• To assist in the development of safety & health rules and implement safe working system
• To review the effectiveness of safety and health programmes
• To carry out trend analysis on near-miss, accidents or incidents that occur within the Group
• To report any unsafe or unhealthy working conditions or practises within the Group and provide recommendations for corrective actions
• To review safety & health policies adopted by the Group and recommend any required revision based on national regulations
• To assist in the investigation of any accidents and provide recommendations to prevent reoccurrence
• To investigate any complaints regarding safety & health matters reported within the Group

Following our target to retain zero workplace fatalities and to drive down overall lost-time injuries, AIS offers continuous training and education programmes and provides personal protection equipment to all authorised operation workers and visitors. Examples of health and safety initiatives that were conducted in FY2020 are:-

- Safety signage: We place all required signage in designated areas.
- Fire drill: We conduct a fire drill once a year for all employees.
- Health and Safety briefing: We conduct weekly briefing session on health and safety at operating sites to all employees.
- Health and safety induction: We provide a briefing to all new employees on Health and Safety SOPs.
- Health and safety awareness programme: We carry out health and safety awareness programme periodically on health and safety knowledge and best practices.
- Provision of basic First Aid, AED, and CPR training.
- Provision of ERT and chemical spillage training.
- Regular maintenance of fire-fighting equipment.

Incident Records

This year, we recorded five major injuries and a total of 976 hours of loss time injury (“LTI”), as compared to last year of one major injury and a total of 440 hours of LTI. Our Lost Time Injury Frequency Rate (“LTIFR”) for this year recorded at 6.81, as compared to 5.72 for last year. Investigations and corrective actions were immediately undertaken following the incidents.

Despite we recorded an increase for both LTI and LTIFR, we maintained our target for zero fatalities case in FY2020. Nonetheless, we will strive harder to ensure that “zero” fatality is maintained and also to reduce further on both the LTI and LTIFR as an effort of our continued improvement on safety initiatives and engagement programmes and to protect our employees and public from any safety and health risks related to our operation.

Employee Distribution

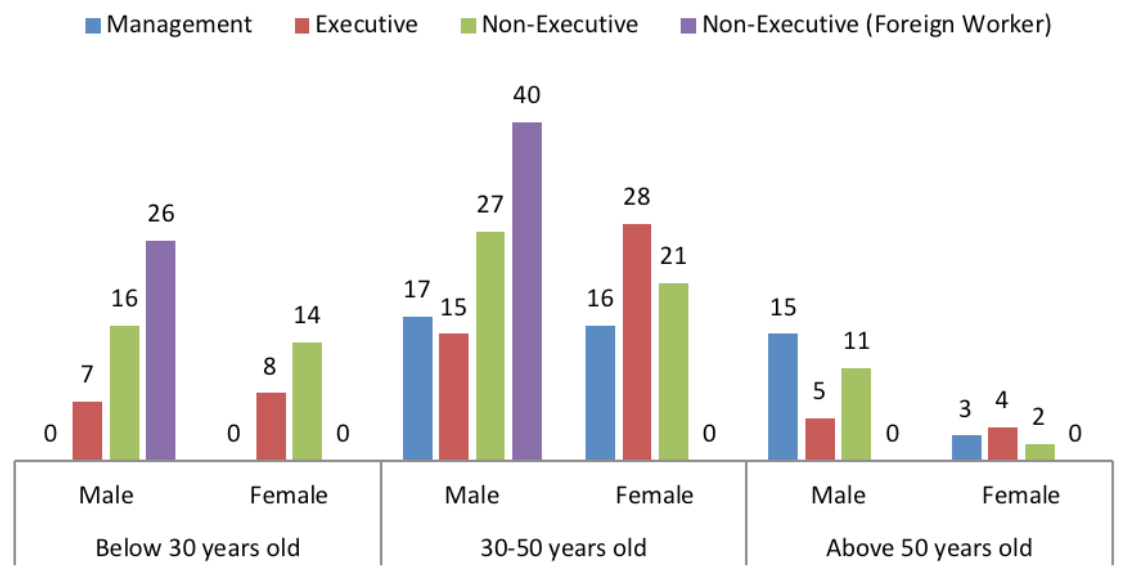
At AYS, we believe that diversity and inclusiveness instil a strong sense of responsibility in our employees and encourage them to give their best performance, which is essential in enhancing our overall productivity output.

Our workforce consists of mostly male employees (65%) compared to female employees (35%) which is attributed to the nature of work which involves heavy manual tasks. Nevertheless, we do not restrict our female employees from undertaking any professional positions and tasks, provided that they are fully qualified for the job.

We stand strongly against any form of gender, racial or age discrimination and recruit employees who are best qualified for the job based on their qualifications, skills and experiences in the industry.

The Group’s total employee distribution by gender, age and employment category for FY2020 is presented in the graph below. The employee’s age distribution within the Group mainly ranges in the 30 to 50 years old age group (60%). This group is made up of experienced and skilled employees and we are committed to further building their knowledge and skills in the future.





Overall Employee Distribution for FY2020



Employee Talent Development

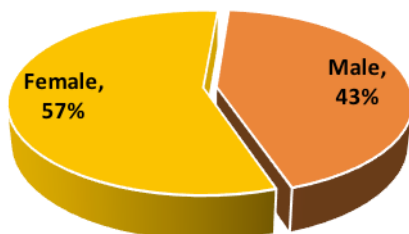
AYS firmly believes that by creating long-term value and knowledge sharing amongst our employees is a significant driver of business excellence. As such, we place great importance on developing our workforce through training programmes aimed at improving product knowledge, providing updates on current industry trends and enhancing competency, in preparation for the current and future industry climate.

In FY2020, the Group provided a total of 302.25 hours of training. The training programmes provided to our employees are primarily focused on competency, skills development, safety, orientation and seminars relevant to the industry; several examples of the training programmes are listed in the table below.

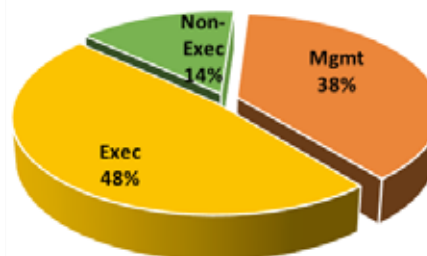
LIST OF TRAINING PROGRAMMES			
 Competency	 Safety	 Skills Development	 Orientation
<ul style="list-style-type: none"> • “Do-it Right The First Time” • Fundamental of Office Administration • Product Knowledge Sharing • Scheduled Waste Briefing • Tax Planning for HR Managers • Total Procurement Transformation & Solutions • UMW Forklift Operations & Safety Training 	<ul style="list-style-type: none"> • Chemical Handling Standard Operating Procedure • Emergency Response Plan • First Aid, CPR & AED • Hearing Awareness & Conservation Program • Kes-Kes Kemalangan Di Tempat Kerja • OSH National Conference • Overhead Crane & Hoist Handling 	<ul style="list-style-type: none"> • Certified Env. Professional in Bag Filter Operations • Defectiveness Identification & Inspection • Defining Performance and Developing KPSs • Emergency Response Plan • Making Quality A Way of Life • Steel Connection Under Monotonic and Seismic Loading • Stress Management • Supervisory Upskill Program • Technical Report Preparation Workshop EIMAS CePSWaM 	<ul style="list-style-type: none"> • 27 employee orientation sessions were held for FY2020

Our female employees (57%) participated in more hours of training programmes compared to male employees (43%) in FY2020. In terms of employment category, our executives underwent the most training hours (48%) compared to our management team (38%) and non-executives (14%). Year on year, the Group actively encourages the participation of our employees in training programmes that would further improve their skills and career value.

Average Training Hours by Gender







Average Training Hours by Employment Category



Remuneration and Employee Benefits

AYS is committed to offering competitive remuneration and benefits scheme to its employees, benchmarked periodically against market salary levels and employment benefits. The Group's remuneration and benefits' policies and practices have enabled recruitment of required talent for operations and business expansion while maintaining staff turnover rate at relatively low levels. In FY2020, our average monthly turnover rate is at 1.15% after averaging the turnover rate for all 12 months from April 2019 to March 2020. As compared to FY2019 of 2.31%, we record a decrease in staff turnover rate. We will strive to ensure staff turnover rate maintaining at relatively low level. Employee benefits are given to our full-time employees aimed at supporting the workforce through fair leave allocation and insurance coverage, among others. A full list of employee benefits is given below.

LIST OF EMPLOYEE BENEFITS			
 Leave Entitlement	 Incentives	 Insurance	 Others
<ul style="list-style-type: none"> • Annual • Medical • Hospitalisation • Marriage • Maternity & Paternity • Bereavement, calamity • Examination and study • Prolonged Illness 	<ul style="list-style-type: none"> • Monthly Full Attendance • Shift and meal allowance • Annual Bonus 	<ul style="list-style-type: none"> • Medical • Group Personal Accident (GPA) • Hospital & Surgical (H&S) 	<ul style="list-style-type: none"> • Company Mobile Phone • Travel Allowance • Company Vehicles for Directors • Membership Subscriptions to Professional Associations • Monthly Sports & Recreational Activities

Performance Management and Employee Engagement

The Group encourages employees to have more communication with their superiors which includes but not limited to regular performance discussion, where on-going mentoring programmes are provided with subsequent follow-up to ensure that employees meet their objectives and career goals. AYS has in place a structured performance evaluation system incorporating target setting and performance assessment on annual basis with involvement of both the employee and his/her superiors, with processes in place for face-to-face interaction, feedback, performance review and career development review.

Employees are also able to provide feedback to the Group on areas of concern at the workplace through participation in survey to identify needs of staff, grievances, if any, and areas where improvement is required.

In addition to the above, we organised various employee engagement activities under AYS Sports Club, a committee who are elected once every two years to manage recreational and sports activities for the Group. Activities that we organised include the Badminton Tournament, Bowling Tournament, festival gathering, annual trip and more as part to improve on employee relations. During the year, we also organised the company dinner that is held on every three-year basis is a simple gesture to appreciate our employees for their hard work and effort for the company.



SUSTAINABLE ENVIRONMENT

We further embed sustainability practices to consider the impacts of our business operations on the surrounding environment. SHEC with the support of Safety Officer have identified every significant environmental aspect of our operations with detailed work instructions and standard operating procedure to manage specific activity. Table below tabulate our environmental efforts.

ENVIRONMENTAL EFFORTS	
Air Quality Control	Control and monitor closely air emission at manufacturing site
Noise Control	Monitoring of boundary noise to ensure noise level not exceed the maximum Department of Environment (“DOE”) permissible sound limit
Energy Control	Implement energy conservation initiatives
Water Control	Implement water conservation initiatives
Waste Control	Continuous monitoring on scheduled waste generation and disposal method
3R	Advocate 3R (reduce, reuse and recycle) as part of waste management protocol

Energy and Water

While our business operation does not contribute to energy-intensive and high-water consumption industry, we are committed to resource conservation; we continuously innovate the way we manage our energy and water consumption. We have formulated a list of energy and water conservation initiatives and communicated to all employee to adhere to these initiatives. We plan to implement a performance monitoring to ensure these initiatives are fully incorporated into our day-to-day operations.

ENERGY CONSERVATION INITIATIVES:	WATER CONSERVATION INITIATIVES:
<ul style="list-style-type: none"> • Replace conventional lightbulbs with LED bulbs to reduce long term cost of electricity • Switch off electrical appliances when not in use • Switch off lights and air-conditioning system during lunch time • Place signage at strategic locations such as meeting room, toilet, corridor etc. to conserve electricity as well as turning off lights and air-conditioning system • Switch off air-conditioning system in the meeting rooms when the rooms are not occupied • Install factory roof with design that facilitates natural lighting to minimise use of light features 	<ul style="list-style-type: none"> • Place signage at strategic location such as toilet, pantry and etc. to conserve water • Taps in the toilets and pantry should not be left running when not in use • Inspect toilets and pantry regularly to ensure no leakage pipes • Repair immediately any pipe leakage detected

In FY2020, we recorded a total electricity consumption of 1245756 kWh and total water consumption of 31159 cubic meter in various locations across our business operations. As compared to previous year record, we saw a marginal decrease for electricity consumption, which may be resulted from our energy conservation initiative. On the other hand, we saw an increase in water consumption as compared with previous year record. Nonetheless, we will strive harder to improve our water conservation initiatives and aim to reduce our water consumption in future. The table below presents our comparison of electricity consumption and water consumption in various locations.

Electricity Consumption (kWh)

LOCATION	kWh	
	FY2020	FY2019
Headquarter	446230	439259
Bukit Raja	73855	59374
Jalan Kapar – Lot 3846	531304	551240
Jalan Kapar – Lot 3845	96751	111130
PKFZ	97616	105371
Total	1245756	1266374

Water Consumption (Cubic Metre)

LOCATION	CUBIC METRE	
	FY2020	FY2019
Headquarter	14524	10569
Bukit Raja	2075	2045
Jalan Kapar – Lot 3846	8609	7153
Jalan Kapar – Lot 3845	4572	4408
PKFZ	1379	939
Total	31159	25114

Moving forward, we will continue to be vigilant in our energy and water consumption as well as explore alternative opportunities for improving resource efficiency across all our operations. This will not only ensure environmental resource conservation but also incur economic savings through consumption reductions at both our headquarter as well as our manufacturing sites.

Waste Management

We practice the 3R (Reduce, Reuse and Recycle) approach in which we segregate recyclables including reusable waste. With this, we managed to reduce considerable amount of waste being disposed to domestic waste collection by local council. To facilitate waste segregation, we provide several bin types for different recyclable waste comprising paper & cardboard, plastics, cans and glass at several locations. We collaborate with a local non-governmental organisation (“NGO”) and contribute our reusable waste to them on a periodic basis.

In addition to the above, our business operations, throughout our manufacturing processes, also generate scheduled waste which is managed in accordance with the Environmental Quality (Scheduled Waste) Regulations, 2005. Scheduled waste generated is properly stored and labelled and disposed in every six months, or as and when it reaches a certain quantity. We only appoint contractors who are licensed by the DOE to collect and transport the scheduled waste for treatment prior to disposal.

In FY2019, we generated scheduled waste for SW 409 (disposed containers, bags or equipment contaminated with chemicals, pesticides, mineral oil or scheduled wastes) and SW 410 (rags, plastics, papers or filters contaminated with scheduled wastes). As part of the Group’s growth strategy, we have started the structural steel components production, and we have generated additional scheduled waste from the category of SW 417 (Waste of inks, paints, pigments, lacquer, dye or varnish). In total, we generated 1197.5kg for SW 409, 158kg for SW 410, and 1114kg for SW 417 in this financial year.

SUSTAINABLE SOCIETY

Giving back to society is at the core of our business values. The group is committed to strive for the betterment of the society through our contribution to the development and progress of the communities where we operate. We therefore consciously work towards making a difference, however small it may be, to the communities we operate in.

Local Community Programmes

The Group also has a small group of enthusiastic employees who undertakes various types of voluntary initiatives to undertake the community programmes.

This year, we continue to focus our efforts on recycling programmes as an initiative to encourage sustainable business practices. All our employees have been actively involved in weekly recycling programmes with an effort to reduce office waste and reuse existing products to emphasise the importance of recycling practices to the environment. On a periodic basis, the recyclable items are contributed to local NGO’s recycling center to support the local community environmental protection initiatives. On 23 November 2019, AYS volunteers have organised a recycling event by visiting to Tzu Chi Foundation to participate the Recycle Day with the local community. From the recycling program, AYS able to learn and instil the 3R (reduce, reuse and recycle) as part of waste management protocol for the Group in our daily business operation.

In continuing our endorsement towards elevating local communities’ socioeconomic level, the Group has collectively donated to various associations who organise educational programmes and provide household supplies and food.

Customer Engagement

Customer focus is vital to the continuing growth and success of the Group's businesses. The Group understands that customer satisfaction and engagement are important material issues that have an impact on its reputation and brands. We have put in place customer satisfaction survey process that we conduct annually to improve and enhance the supply chain management. Our customer engagement methods inclusive of the following:

- **Customer Satisfaction Survey**
Surveys are conducted annually to seek feedback to ensure that the products are meeting the needs and specifications of customers.
- **Events and Activities**
We invite customers for our company events and also support customers for their events.
- **Meeting**
Our sales & marketing team frequently interacts with customers to ensure that we keep abreast of the latest developments and market trends.
- **After Sale Services**
Our team provides and shares technical knowledge on the products when required.

MOVING FORWARD

As we continue on our sustainability journey, our ultimate goal is to build a sustainable business for generations to come. Though we have taken the essential steps to integrate sustainable practices into the core of the Group's businesses, we recognise that we still have room for enhancement. We will continually keep abreast of developments in our industry, actively and regularly engage our stakeholders, build upon our existing sustainability framework, learn from our past initiatives, contributions and activities, and seek to further embed sustainable practices within our businesses to improve our overall sustainability performance.

The outbreak of the COVID-19 pandemic has disrupted most of the economic sector, and also affected most of the social activities. Both World Health Organisation and Ministry of Health ("MOH") have emphasis on the "new normal" in dealing with this pandemic, we shall adapt to this new normal practise and instil into our business operations. Maintaining social distancing, practising personal hygiene, as well as practicing 3W (wash, wear, worn) and 3R (rutin, rehat, ruang kerja) recommend by MOH is our main focus in our business operation in combating this pandemic.