

# SUSTAINABILITY STATEMENT

## About This Report

As one of the market leaders in the distribution business of steel related products and building materials, AYS Ventures Bhd (“AYS” or “the Group”) understands its responsibility in promoting sustainability across our operations and practices. We are pleased to present our fourth Sustainability Statement in which we demonstrate our commitment to inculcating a culture of sustainability through our value chain. Through this sustainability statement, we highlight the strides we have made towards achieving sustainable business, even as we face the challenges brought upon by the COVID-19 pandemic head-on.

## Reporting Scope and Boundary

The contents of this statement disclose the sustainability performance of our key subsidiaries as listed below:

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

This sustainability statement covers the Group’s strategies, initiatives, and performance on economic, environmental and social (“EES”) issues for the reporting period from 1 April 2020 to 31 March 2021, unless stated otherwise.

## Reporting Framework and Guidelines

This statement has been prepared in accordance with the Bursa Malaysia Securities Berhad Listing Requirements and with reference to the Bursa Malaysia Sustainability Reporting Guide (2nd Edition). We have also aligned this statement to the reporting standards of the Global Reporting Initiative (“GRI”).

In an effort to evolve our reporting practice, we have incorporated introductory elements of Integrated Reporting (“IR”) in this statement. Our disclosures are reported according to the Six Capitals (i.e. Financial, Manufactured, Intellectual, Human, Social & Relationship and Natural) as prescribed by the International Integrated Reporting Council framework and we have also introduced for the first time our Value Creation Model.

## OUR COMMITMENT TO SUSTAINABILITY

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.

Our Environmental, Social and Governance Policy states our commitment to sustainability that:

- 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 investments.
- 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.



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## United Nations Sustainable Development Goals (“UNSDG”)

We adopted five UNSDGs which mapped from the EES risks and opportunities arising from our business operations in the past. This year, we maintained all five UNSDGs as they representing our aspirations and business direction to build an initiative to achieve our target. We also mapped the UNSDGs to the six capitals and relevant stakeholders. Please refer to Figure 1 for details.

### Sustainability Target FY2021-2022

In FY2020, we set seven targets to monitor our sustainability performance, we achieved three out of the seven in FYE 2021. Due to the impact of COVID-19, we have put on hold our target for community development as we are unable to conduct programmes face-to-face during the pandemic.

Target	Achievement in FY2021
Zero fatality for all business operations	<b>Achieved:</b> Zero fatality case reported in FY2021
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.	<b>Achieved:</b> All employees gone through the requirements of the Anti-Bribery and Corruption Policy and are aware of the Group's stance and expectations towards anti-bribery and corruption.
Upgrade and implement certification for ISO 45001:2018	<b>In-progress:</b> The Group is at the final stage of upgrading the ISO 45001:2018, pending final audit process by certification body.

Target	Achievement in FY2021
Establish performance monitoring of air pollution control system	<b>Achieved:</b> Stack emission monitoring has been established and the result complied with the statutory permissible limits.
Construction of new covered warehouse with warehousing facilities	<b>In-progress:</b> The Group had acquired a piece of freehold land measuring approximately 23.510 acres in the FY 2021. The initial warehouse rationalization plan has been extended due to the new acquisition as mentioned above.
To integrate sustainability strategy and framework into oversea subsidiary's business operation	<b>In-progress:</b> The Group is still at the initial stage of integrating the sustainability strategy and framework into our oversea subsidiary's business operation.
Establish a CSR Task Force to develop a community development strategy	<b>Target frozen in</b> FY2021 as it is difficult to conduct social programmes involving physical interactions with the community due to the COVID-19 pandemic

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**Figure 1: United Nations Sustainable Development Goals**



	Human Social & Relationship	<ul style="list-style-type: none"> <li>● Employees</li> <li>● Investors</li> <li>● Regulators</li> <li>● Customers</li> </ul>	Ensure healthy lives and promote well-being for all at all ages
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- We priorities safety and health in our business operations by adopting safety standards and systems as well as implementing a Quality, Environmental, Safety and Health policy, in addition to various safety measures to protect our employees, customers, suppliers and vendors and the general public.
- We promote healthy lifestyles by organising programmes that focus on employee well-being and raising awareness on individual safety and health.
- We manage our wastes responsibly and ensure proper storage as well as disposal of hazardous and non-hazardous waste.
- We maintain incident record keeping, stringent monitoring and improved initiatives.

	Human Financial Social & Relationship	<ul style="list-style-type: none"> <li>● Employees</li> <li>● Investors</li> <li>● Regulators</li> <li>● Customers</li> <li>● Contractors</li> <li>● Suppliers, Vendors and Bankers</li> </ul>	Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all
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- The steady growth of our business over the years has allowed us to provide more employment opportunities, especially to locals, and to contribute to the development of the national economy.
- We provide competitive salaries to our employees in addition to training opportunities for growth and career development.

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**Figure 1: United Nations Sustainable Development Goals** *Cont'd*



	Human Social & Relationship	<ul style="list-style-type: none"> <li>• Employees</li> <li>• Regulators</li> </ul>	Create fair opportunities and provide equal treatment to all employees regardless of race, gender, age or region
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- Ensure equal opportunity and reduce inequalities of outcome to all employees regardless of race, gender, age or region.

	Nature Social & Relationship Manufactured	<ul style="list-style-type: none"> <li>• Employee</li> <li>• Customers</li> <li>• Regulators</li> <li>• Suppliers, Vendors and Bankers</li> <li>• Local communities</li> </ul>	Ensure sustainable consumption and maintain product quality
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- We practice the 3Rs (Reduce, Reuse, and Recycle)
- We track water and energy usage at our office and warehouse besides implementing strategies to improve efficiency
- We educate our workers and employees and carry out periodical site inspections to ensure disposal of hazardous waste in a proper manner, and ensure compliance with the Environmental Quality Act 1974

	Social & Relationship Manufactured	<ul style="list-style-type: none"> <li>• Employees</li> <li>• Customers</li> <li>• Investors</li> <li>• Suppliers, Vendors and Bankers</li> </ul>	Maintain product quality certification and compliance to national and international regulations
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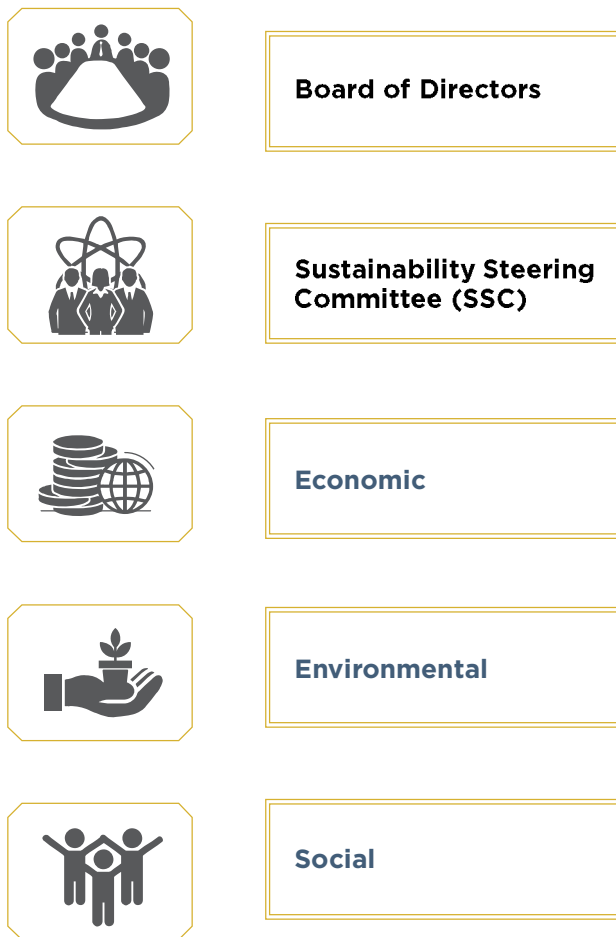
- Established an Anti-Bribery and Corruption Policy
- We maintain product quality certification to continuously meet and exceed customer expectations
- We remain compliant to all relevant regulatory requirements

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## SUSTAINABILITY GOVERNANCE

While the Board is primarily responsible for the Group’s sustainability practices and performance, it is assisted by the Sustainability Steering Committee comprising representatives from all levels of the Group in managing the sustainability related matters. The 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



## ROLES AND RESPONSIBLES

### Board of Directors

- Oversees overall sustainability efforts implemented by the SSC and SWC
- Provide final approval for sustainability related matters
- Provides approval of the Group’s annual sustainability statement

### Sustainability Steering Committee

- Reports overall sustainability progress to the Board of Directors
- Seeks approval from the Board of Directors for sustainability initiatives recommended by the SWC
- Monitors sustainability efforts and progress implemented by the SWC

### Sustainability Working Committee - Economic, Environmental and Social

- 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

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### FINANCIAL CAPITAL

<p><b>Revenue</b></p> <p><b>RM753.658</b> MILLION</p>
<p><b>Profit Before Interest and Tax</b></p> <p><b>RM41.593</b> MILLION</p>
<p><b>Profit After Tax</b></p> <p><b>RM24.572</b> MILLION</p>
<p><b>Total Assets</b></p> <p><b>RM707.311</b> MILLION</p>
<p><b>Shareholders' Funds</b></p> <p><b>RM277.462</b> MILLION</p>

\* *Group Financial Performance. Refer to Management Discussion & Analysis section for further details on financial performance.*

### HUMAN CAPITAL

#### CORPORATE GOVERNANCE

Sustainable business practices require sound corporate governance. In order to sustain long-term value creation and protect the interest of stakeholders, AYS's governance framework is guided by the Malaysia Code on Corporate Governance 2017. The detailed disclosure is presented on our Corporate Governance Overview Statement on pages 51 to 62 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. We have also made available our Code of Business Conduct to stakeholders through our corporate website.

#### Anti-Bribery and Corruption Policy and Whistleblowing Policy

We have developed a Group Anti-Bribery and Corruption ("ABC") Policy to reinforce basic principles of the Group on integrity and create anti-bribery culture with the Group. The ABC Policy applies to all Directors, employees and business associates who perform work on behalf of the Group. Our ABC Policy also outlines the expected behaviour and conduct of Directors, employees and business associates pertaining to gifts, hospitality and entertainment, donations and sponsorships, facilitation payments and more.

Also, we 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 our policies and practices. All complaints will be investigated and such breaches may lead to disciplinary measures, including dismissal. This year, we reviewed our Whistleblowing Policy and adopted some good practices as recommended by Good Practice Guide to Whistleblowing Policies issued by CPA Australia. For the year under reporting, the Group has received zero whistleblowing report via the whistleblowing reporting channel.

All existing employees have been briefed through the requirements of the policies and they are aware of the Group's stance and expectations as well as the procedures outlined in the policies. We have also made available both our ABC Policy and Whistleblowing Policy to stakeholders through our corporate website.

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## OCCUPATIONAL SAFETY AND HEALTH

Ensuring the safety of our employees is of utmost importance to the Group. We strive to comply with relevant laws and legislations to ensure that health and safety in the workplace is not being compromised amid the COVID-19 pandemic 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.

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 comprising of first aiders, fire fighters and chemical spillage team. This Committee provides a platform for employees and employer to discuss and address health and safety issues. It is 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.

Following our target to retain zero workplace fatalities and to drive down overall lost-time injuries, AYS 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 FY2021 are:-

- Safety signage: We place all required signage in designated areas.
- Fire drill: We conduct a fire drill once every two year for all employees.
- Health and Safety briefing: We conduct weekly and monthly 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.

## Procedure to Operate Amid COVID-19 Outbreak

The COVID-19 pandemic has made an indelible mark on our daily lives and operations, as it has for all businesses around the world. We believe in the safety of our employees and also in our responsibility to maintain the safety of our customers and the communities in which we operate. With this mindset, we formulated a set of internal standard operating policies and procedures that govern how we work in the ‘new normal’. The policies and procedures were prepared in line with regulations issued by the Ministry of Health, Ministry of International Trade and Industry, and other relevant regulatory body. Recommended practices such as physical distancing, wearing of face masks, and maintaining hygienic practices are detailed in the policies and procedures.

Due to our efforts to foster a safe work environment, we recorded zero major injury and a total of 104 hours of loss time injury (“LTI”). Our Lost Time Injury Frequency Rate (“LTIFR”) for this year recorded at 181.34. Investigations and corrective actions were immediately undertaken following the incidents.

In FY2021, we maintained our target for zero fatality case. 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.

	FY2021	FY2020	FY2019
LTI	104	976	1104
LTIFR	181	1329	1578

ZERO fatality case



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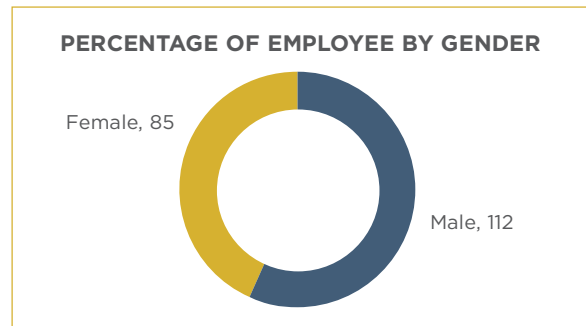
## TALENT MANAGEMENT

### Employee Distribution

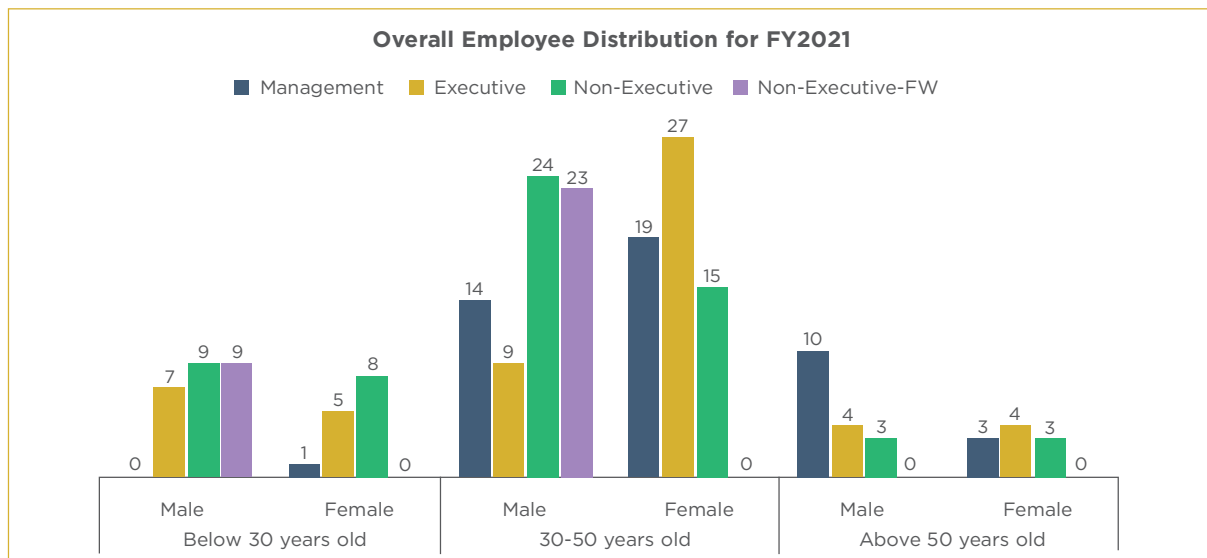
At AYS, we believe that diversity and inclusiveness will instill a strong sense of responsibility in our employees and encourage them to give their best performance, which is essential in enhancing our overall productivity output.

Our workforce consists mostly of male employees (57%) compared to female employees (43%) due 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 FY2021 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 (66%). This group is made up of experienced and skilled employees and we are committed to further build their knowledge and skills in the future.



### Training and Development

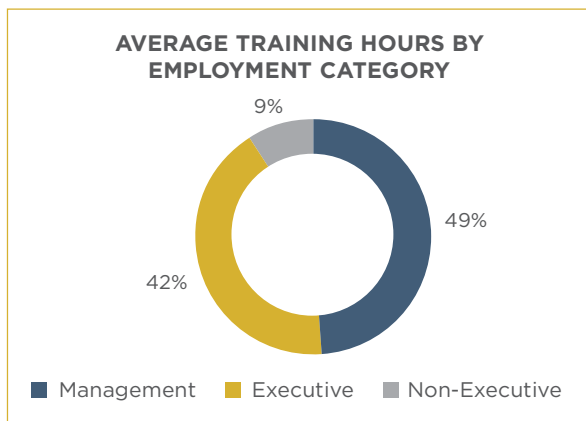
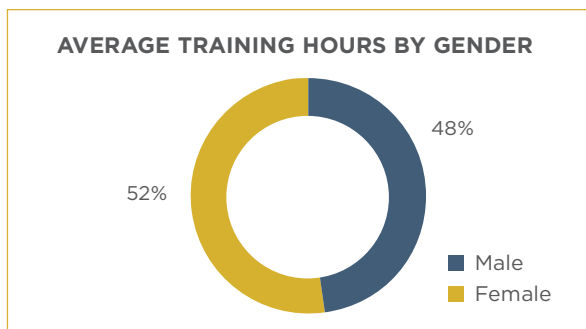
AYS firmly believes that the creation of long-term value and knowledge sharing amongst our employees is a significant driver of business excellence. As such, we place great importance on developing our workforce through training programmes aimed at improving product knowledge, providing updates on current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

However, in FY2021, due to the impediments brought upon by the COVID-19 pandemic, the Group only provided a total of 92.35 hours of training. Nevertheless, we will strive to ensure our employees continue to be equipped with the latest skillsets and competencies which drive innovative ideas and allow for continuous deliverance of excellence.

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Our female employees (52%) participated in more hours of training programmes compared to male employees (48%) in FY2021. In terms of employment category, our management team underwent the most training hours (49%) compared to our executives (42%) and non-executives (9%).



### 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 FY2021, our average monthly turnover rate is at 2.67% after averaging the turnover rate for all 12 months from April 2020 to March 2021. We will strive to ensure staff turnover rate maintaining at relatively low level.

Turnover Rate		
FY2021	FY2020	FY2019
2.67%	1.15%	2.31%

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.

<p><b>Leave Entitlement</b></p> <ul style="list-style-type: none"> <li>• Annual</li> <li>• Medical</li> <li>• Hospitalization</li> <li>• Marriage</li> <li>• Maternity &amp; Paternity</li> <li>• Bereavement, calamity</li> <li>• Examination and study</li> <li>• Prolonged illness</li> </ul>	<p><b>Incentives:</b></p> <ul style="list-style-type: none"> <li>• Monthly Full Attendance</li> <li>• Shift and meal allowance</li> <li>• Annual Bonus</li> </ul>
<p><b>Insurance:</b></p> <ul style="list-style-type: none"> <li>• Medical</li> <li>• Group Personal Accident</li> <li>• Hospital &amp; Surgical</li> </ul>	<p><b>Others:</b></p> <ul style="list-style-type: none"> <li>• Company Mobile Phone</li> <li>• Travel Allowance</li> <li>• Company Vehicles for Directors</li> <li>• Membership Subscriptions to Professional Associations</li> <li>• Monthly Sports &amp; Recreational Activities</li> </ul>

### Performance Management and Employee Engagement

AYS 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.

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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.

Due to the impediments brought upon by the COVID-19 pandemic, the recreational and sports activities has been halted. Activities that we organised in FY2021 is more towards to the safety & health related activities.

### MANUFACTURED CAPITAL

#### **Trading & Services**

AYS is one of the leading steel and construction materials distributor in the region with over 20 acres of warehousing land and a capacity of 120,000 metric tonnes of storage capacity. With its spacious and well-equipped warehouses, AYS trade in large variety of flat and long steel products of various grades and dimensions.

In addition, our modern warehouse facility consisting of 160,000 square feet covered warehouse strategically located in Port Klang Free Zone (PKFZ) with direct connection to the wharf of West Port at Port Klang.

#### **Manufacturing**

AYS operates with its state-of-the-art industrial 4.0 ready factory with 20,000 metric tonnes of annual capacity, covering over 10,000 meter square of workshop area to provide pre-fabricate steel structure components by a fully automated CNC cut & drill process including shot blast & shop prime. It manages project by integrating BIM model, process precisely, tracking all components information till assembly.

Our cold roll forming manufacturing facility with 8400 metric tonnes of annual capacity will be able to meet production order for both local and overseas markets. All YODOFORM sections are precisely cold-formed from imported high tensile zinc coated steel and conforms to all international standards.

### INTELLECTUAL CAPITAL

Intellectual capital is an intangible asset that contributes to the Group's bottom line. These assets include the expertise of employees, organizational processes, and the sum of knowledge contained within the Group.

AYS has strong presence in the regional markets, with more than 38 years of history, and has identified itself as one of the market leaders in the distribution business of steel related products and building materials. The YODOFORM 'Z' and 'C' sections are precisely cold-formed from imported high tensile zinc coated steel which conform to all international standards.

Our human capital, core values, vision and mission statement, company policies and procedures, work culture, and its organizational structure also create values and contribute to an improved competitive position for the Group.

### NATURAL CAPITAL

AYS 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.

Our 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 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, recycle) as part of waste management protocol

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### Energy and Water

Electricity is the main source of energy consumed at our workplace. Although natural capital is not a material input in our workplace, we are committed to energy and water conservation; we continuously monitor 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.

#### Energy Conservation Initiative:

- 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

#### Water Conservation Initiative:

- 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

Location	Electricity Consumption (kWh)		
	FY2021	FY2020	FY2019
Lot 6488	386076	446230	439259
Bukit Raja	76894	73855	59374
Lot 3846	425860	531304	551240
Lot 3845	56440	96751	111130
PKFZ	64343	97616	105371
<b>Total</b>	<b>1009613</b>	<b>1245756</b>	<b>1266374</b>

The overall energy reduction is mainly attributed to our employees working from home during the MCO period. Various energy conservation initiatives that were undertaken during the year may also contributed to the reduction in energy consumption.

### Water Consumption (Cubic Metre)

Location	FY2021	FY2020	FY2019
Lot 6488	19776	14524	10569
Bukit Raja	817	2075	2045
Lot 3846	7103	8609	7153
Lot 3845	3688	4572	4408
PKFZ	825	1379	939
<b>Total</b>	<b>32209</b>	<b>31159</b>	<b>25114</b>

The overall increase in water consumption is mainly due to increase in the frequency in cleaning and housekeeping activities during the pandemic period.

### Environmental Monitoring

To ensure we continue to operate within permissible regulatory limits, our business operations are subjected to periodical environmental monitoring. Through monitoring activities, we evaluate the impact on air quality and noise. We ensure we abide by regulatory requirements and are able to develop measures to limit our environmental impacts. In FY2021, our air quality emission evaluated by external consultant and the results are satisfactory.

### 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, the scheduled waste from our manufacturing processes 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.

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	Scheduled Waste (KG)		
	FY 2021	FY 2020	FY 2019
SW 409	2183	1197.5	108
SW 410	10	158	441
SW417	1338	1114	-
SW 306	310	-	-

Waste Code	Name of Waste
SW 409	Contaminated paint containers
SW 410	Contaminated gloves & rags
SW 417	Waste of paints
SW 306	Spent of hydraulic oil

### SOCIAL AND RELATIONSHIP CAPITAL

#### Customer Engagement

Customer focus is vital to the continuing growth and success of the Group's businesses. AYS 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. We received more than 78% satisfactory rate from our customers who are satisfied with the service we provide.

- **Events and Activities**

We invite customers for our company events and also support customers for their events. However, due to the COVID-19 pandemic, most of the company events has been put on halt.

- **Meeting**

Our sales & marketing team frequently interacts with customers to ensure that we keep abreast of the latest developments and market trends. It is our intention to reduce physical interaction during the COVID-19

pandemic, however, if physical interaction is unavoidable, our sale & marketing team shall strictly comply to our internal COVID policies and procedures, and also to comply with customer's COVID-19 related procedures.

- **After Sale Services**

Our team provides and shares technical knowledge on the products when required.

#### 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.

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

In FY2021, we recorded zero non-compliances with environmental laws and regulations.

#### 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 as part of an annual assurance to our stakeholders on our commitment towards meeting our customer requirements.

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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 three subsidiaries. These certifications are accredited by Standards Malaysia and the United Kingdom Accreditation Service (UKAS) and certified Bureau Veritas Certification (Malaysia) Sdn Bhd.

### Supply Chain Management

Effective supply chain management is important in ensuring we deliver quality products to our customers and continue to facilitate sustainable business growth. Prior to appointment, all suppliers and vendors undergo a screening process against a set of criteria to ensure parties will be able to deliver quality products. Once appointed, all suppliers and vendors are subject to regular performance evaluations to ensure we continuously engage with high-performing partners who are able to assist us in meeting customer expectations.

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 is mainly from international suppliers, mainly due to product availability that the local suppliers unable to supply and cost efficiency. Our AYSFZ, AYSM and CHY obtain majority of its products from local suppliers, therefore ensuring that local business continues to profit as the Group grows its business value chain.

	FY 2021		FY 2020		FY 2019	
	L	NL	L	NL	L	NL
	%	%	%	%	%	%
AYSFZ	100	-	100	-	100	-
AYSM	100	-	100	-	100	-
CHY	55	45	34	66	33	67
AYSH	12	88	12	88	4	96

\*L = Local, NL = Non-Local

### Community Development

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.

The Group also has a small group of enthusiastic employees who undertakes various types of voluntary initiatives to undertake the community programmes. However, due to the COVID-19 pandemic, all the planned programmes were put on hold.

Our weekly recycling programmes with an aimed to reduce office waste and reuse existing products to emphasise the importance of recycling practices to the environment is also temporary put on hold during the MCO period. Nonetheless, we will monitor the development of the pandemic and if situation permits, we will resume all the planned programmes in order for us to contribute to the development of the communities where we operate.

### CONCLUSION

Although 2020 has brought on unprecedented challenges, we took them as an opportunity to rethink and redesign the way we work to make success a possibility in the 'new normal'. This includes innovative solutions to enable the Group to continue enhancing our sustainability performance across our operations, despite movement restrictions. Though we have to make changes to the way we carry out our day-to-day operations, we are pleased with the positive results of our initiatives.

As we journey into the next year, we will continually keep abreast of developments in our industry, actively and regularly engage with 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.