

SUSTAINABILITY STATEMENT



INTRODUCTION

AT Systematization Berhad and its subsidiaries (“the Group”) believes in conducting business responsibly and in an ethical manner by ensuring that sustainability is integrated across our business and that the Group continues to contribute to the sustainable development of our environment and community. The Group is pleased to present our Sustainability Statement for the financial year ended 31 March 2024 (“FY2024”) which reflects the sustainability efforts undertaken by the Group in FY2024.

The Board recognises the need for the Group’s strategies to promote sustainability and regularly reviews the strategic direction of the Group in order to integrate sustainability development into the Group’s business strategy and to adopt corporate governance best practices in delivering performance and long-term growth for its stakeholders. The Group is committed to implementing initiatives that ensure the integration of sustainability and Environmental, Social and Governance (“ESG”) considerations into our business strategy and practices.

SCOPE AND BASIS OF SCOPE

This Statement covers the Group’s sustainability activities of our business operations in Malaysia, namely fabrication and automation segment, gloves manufacturing segment, renewable energy and property segments over which we have direct managerial control. We excluded our associated companies from our reporting scope.

REPORTING FRAMEWORKS AND STANDARDS

This Statement has been developed and prepared in accordance with Bursa Malaysia’s Listing Requirements with reference to Bursa Malaysia’s Sustainability Reporting Guide (2nd Edition).

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SUSTAINABILITY GOVERNANCE

The Group's sustainability governance structure is integrated into our corporate governance framework. As part of the Group's commitment to integrating sustainability throughout our organization, the responsibilities of our Board and its committees have been broadened to encompass sustainability elements. The Board of Directors is ultimately responsible for the Group's strategic direction on sustainability while being supported by the respective Board Committees and senior management. The senior management team work together to ensure that sustainability management is effectively handled by addressing its associated impacts, risks, and opportunities in an integrated manner that optimizes value creation.

STAKEHOLDER ENGAGEMENT

As part of the Group's sustainability strategy, we continue to actively engage with our various stakeholders to determine matters of concern to them, to understand their expectations and requirements. The Group believes that engaging with stakeholders can bring continuous improvement and boost the chances of success of the Group in the long term. The engagement approach to key stakeholders is summarised as below:-

STAKEHOLDER GROUPS	ENGAGEMENT CHANNELS	AREAS OF INTEREST
Employees 	<ul style="list-style-type: none"> • Training programmes • Management meetings • Informal periodic departmental meetings • Company dinners and events such as birthday celebration • Whistle-blowing channel • Annual performance review • Telephone and e-mail 	<ul style="list-style-type: none"> • Work life balance • Safe and conducive workplace • Compensation, welfare, and employee care • Career enhancements • Fair human resource policies and practices • Job security • Development through training
Customers 	<ul style="list-style-type: none"> • Proposals/Quotations/Agreements • Brochures • Customer feedback form and survey • Advertisement • Site visits • Website, social media 	<ul style="list-style-type: none"> • Pricing • Service delivery • Product's quality assurance • Payment terms and timeliness • Business continuity

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STAKEHOLDER GROUPS	ENGAGEMENT CHANNELS	AREAS OF INTEREST
<p>Suppliers/Vendors</p> 	<ul style="list-style-type: none"> • Pricing review - Proposals/ Quotations/Agreements • Supplier/Vendor registration • Business meetings • Site visits • Supplier assessment review and performance 	<ul style="list-style-type: none"> • Product and service quality • Competitive price and terms of payments • Vendor selection process • Clear procurement policies and practices • Sustainable supply chain management • Health & safety policies • Maintaining good relationship
<p>Shareholders</p> 	<ul style="list-style-type: none"> • Annual General Meeting or Extraordinary General Meeting • Annual Report or Circular • Press releases • Company's website • Announcements on Bursa Malaysia website 	<ul style="list-style-type: none"> • Company's financial performance • Corporate governance • Regulatory compliance • Internal control and risk management • Business Strategy
<p>Community</p> 	<ul style="list-style-type: none"> • Community welfare and engagement • Responsible corporate citizen - giving back to the community • Employment opportunity 	<ul style="list-style-type: none"> • Product sponsorships through CSR activities • Local recruiting and hiring • Internship programme
<p>Regulatory Authorities</p> 	<ul style="list-style-type: none"> • Consultation sessions and conference meetings • Training programmes and dialogue • Audit and verification • Updating and renewal of permits & license • ISO and relevant certificate compliance 	<ul style="list-style-type: none"> • Regulatory compliance • Approvals of permits and certifications
<p>Financiers</p> 	<ul style="list-style-type: none"> • Meetings and continuous correspondences • Annual reviews 	<ul style="list-style-type: none"> • Business direction and key corporate developments • Business strategy & economic performance

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SUSTAINABILITY MATTERS

The Group has identified and assessed sustainability matters which encompass a range of key areas that are crucial for our business operations and have significant implications for stakeholders. These matters are assessed based on their likelihood and potential impact, taking into consideration the economic, environmental, social and governance risks and opportunities, as well as their financial implications. These are discussed below.

Economic Sustainability

Economic and Business Performance

Our Board of Directors, together with the management team identify the opportunities that are relevant to the long-term success of the Group. Various efforts are continuously being undertaken to improve the efficiency and profitability of the Group. Through its businesses, the Group creates employment opportunities for Malaysians.

The Group constantly endeavours to extend market presence and expand our customer base by constantly improving the quality, reliability and efficiency of our products and services. At the same time, we also prioritise business ethics and good governance to build trust and maintain the confidence of our customers.

Economic performance and growth is one of the primary factors that contributes to the business sustainability of the Group. It is crucial that the Group continues to be prepared and resilient against potential disruptions to our business strategies or operations. The Group is committed to achieving sustainable economic growth to enhance our shareholders' returns and deliver fair rewards to our employees.

The Group's economic performance is measured to ensure the economic sustainability of the Group, which is elaborated in the Management Discussion and Analysis section, as set out on Page 9 to Page 17 of this Annual Report.

Continuous Innovation for Sustainable Manufacturing

The Group constantly innovates and actively integrates new technologies into its operations to maintain competitive advantage and to ensure the Group's success in the market. We practice stringent quality control checks in our business operations as a reflection of our commitment to providing only the best-in-class products and services. The Group has invested in an industrial balancing machine which allows the balancing process to be implemented before setting up the Group's machineries. As a result, tool life has improved, and this contributed to significant reduction in tooling cost. The Group has also invested in a tool presetter machine which helps to reduce machines down time. The application of these advanced equipment has enabled the integration of tool condition monitoring and tool life prediction into the Group's business process. As a result, the Group has seen machine productivity improved, while also being better equipped to maintain the quality and integrity of machined parts, minimise material waste and reduce manufacturing cost.

To further prepare our engineering factory to move forward for Industry 4.0, the Group has invested in digital system to manage multiple revisions of the bill of material, alternate sources and parts and real time inventory tracking. This has established a foundation towards a scalable digital supply chain management system. Our real time shop floor control system with business intelligence analytics on various operational data such as production output, work in progress, yield and quality of production has increased the intensity of operations towards a trend of continuous improvement. The Group has also commenced an upskilling programme to train and equip operation floor personnel with the knowledge and skills to operate these new systems. More on the Group's upskilling efforts can be read in the Talent Training and Development section on Page 30 of this Sustainability Statement.

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The above reflects the Group's commitment to continuously investing in technology and automation towards Industry 4.0, with the aim of propelling business growth and performance to the highest levels. The advent of Industry 4.0 and the Internet of Things have given rise to the development of various technologies such as Artificial Intelligence and cloud computing, which have immense potential to strengthen and boost performance. The Group believes that further integration of such new technologies and automation would eventually produce products and services that are not only superior but are made in a sustainable and ethical manner. Therefore, the Group is committed to adopt and leverage the said innovations where applicable.

Certification & Accreditation

We continue to strive for excellence in all areas of our business by achieving accreditation and complying with international standards in the industry. Our accreditations achieved with various certification bodies are as follows:-

AT Precision Tooling Sdn Bhd	
	ISO 9001 : 2015 Certified by BSI Certified since May 2015
	ISO 13485 : 2016 Certified by BSI Certified since November 2016
AT Engineering Solution Sdn Bhd	
	ISO 9001 : 2015 Certified by BSI Certified since August 2019
AT Glove Engineering Sdn Bhd	
 ISO 9001 / ISO 13485 CERT NO: 110733	 QS 18042014 CB 15 MDQMS 15102014 CB 01
 ISO 9001 / ISO 13485 CERT NO: 110733	 QS 18042014 CB 15 MDQMS 15102014 CB 01
	ISO 9001 : 2015 Certified by KGS Certified since May 2021
	ISO 13485 : 2016 Certified by KGS Certified since May 2021

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AT Glove Engineering Sdn Bhd (Cont'd)	
	CE Certificate of Compliance Certified by EuropeCert Certified since January 2021
	Medical Device Registration Certified by Medical Device Authority Malaysia Certified since June 2021
	FDA Certificate of Registration Certified by U.S. Food and Drug Administration Certified since December 2021
	HALAL Certificate of Authentication Certified by Department of Islamic Development Malaysia (JAKIM) Certified since October 2022

Procurement Practice

The Group is committed to ensure that speed, efficiency and quality are adhered to in the supply chain management process. As we progress in the value chain, we also remain committed to our internal procedures through our vendors working towards improving and strengthening their capabilities as well as pursuing accreditation of the international quality certifications. We conduct regular audits and visits to our vendors and suppliers to ensure that they are progressing well against targets. Concurrently, we maintain our strong adherence to risk management and fraud prevention by ensuring all procurement procedures are governed by best practice compliance and governance policies. All sourcing and procurement processes are conducted in strict adherence to these policies which are designed to detect fraud and/or corruption, and to enable procurement procedures to be carried out in an effective and transparent manner.

As a Malaysian company, the Group fully supports local suppliers who are capable in providing us with the best solutions in terms of quality, delivery and value, and thus enabled us to ship reliable products in a timely manner. The number of Malaysian suppliers engaged this year decreased from 94% in FY2023 to 92% of total suppliers in FY2024. However, the value of orders given to Malaysian suppliers increased from 97% in FY2023 to 99% of total value in FY2024.

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Environmental Sustainability

Waste Management

It is our duty to the present and future generations to minimise our environmental footprint and address the pressing issue of climate change. To this end, we comply with the Environment Quality Act 1974 and the Group's waste management system adheres to the requirements set by the Department of Environment ("DOE"). This system is implemented through various operational procedures to minimise waste generated. We have established designated working committees, namely ATP Environmental, Health & Safety Committee that monitors our compliance with DOE requirements. In adherence to the DOE guidelines, we maintain a monthly reporting system through the Electronic Scheduled Waste Information Systems to track and document the generation and disposal of scheduled waste. An analysis of total waste generated is also conducted quarterly to control excessive waste production. To meet DOE requirements, we also send our effluent samples to external labs for regular testing. All chemicals used and waste materials such as coolants, hydraulic oil, zinc phosphates and other chemical compounds are safely disposed through a licensed waste transporter and contractor. The Group has also replaced thermal oil heaters with hot water boilers powered by the latest and environment- friendly technology, to reduce used oil waste. Further, we practice the reuse, reduce and recycle concept across our business operations.

Energy and Water Conservation

The Group undertakes efforts to improve the manufacturing processes and continuously reduce the consumption of energy and water resources within our factory. We employ deliberate measures such as rainwater harvesting and the utilisation of recycled water for general cleaning purposes, including floors and drainage systems, at our production facilities. Our manufacturing facilities have also been installed with transparent roofing and energy saving lights to reduce energy consumption. We have implemented energy efficiency practices including using solar powered energy-saving devices and shutting down air conditioning 30 minutes before offices are closed. We have also installed a flow meter to monitor the usage of water and power inverters in certain machines.

Producing Green Energy via Solar Photovoltaic Plants

In line with the growing interest of renewable energy in Malaysia and towards creating a greener portfolio with sustainable capacity, the Group has ventured into the power generation and renewable energy business since year 2015. Currently, the Group is operating on two (2) solar photovoltaic plants, with a capacity of 425kW at Plot 82 and 300kW at Plot 49 in Penang, respectively. These solar photovoltaic plants are built on the rooftops of the Group's manufacturing plants. Harnessing the power of photovoltaic technology, these solar photovoltaic plants are equipped with photovoltaic modules, enabling them to generate clean energy for the national grid on an annual basis. Our contribution to the production of clean energy through these solar photovoltaic plants helps reduce dependence on non-renewable energy sources and supports the transition towards a low-carbon economy. During the year 2024, these plants continue to yield environmental benefits as summarised below:

	 Carbon Dioxide	 Passenger Cars	 Tree Seedlings
PLOT 82 <i>Generated 545 MWh per year</i>	476 metric tons avoidance per year	104 taken off the road for 1 year	8,993 grown for 10 year
PLOT 49 <i>Generated 404 MWh per year</i>	353 metric tons avoidance per year	77 taken off the road for 1 year	6,667 grown for 10 year

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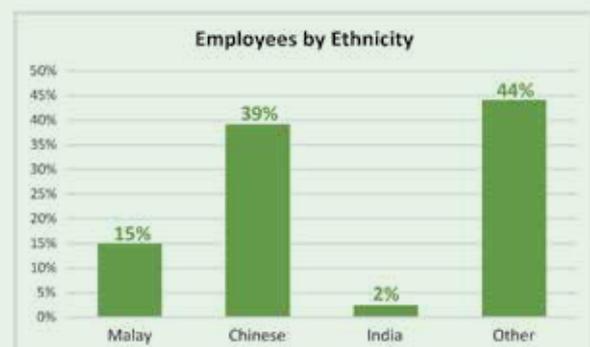
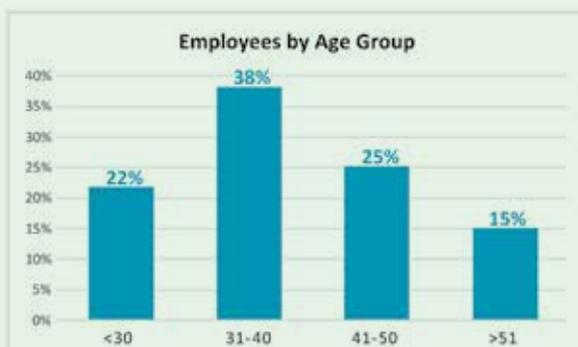
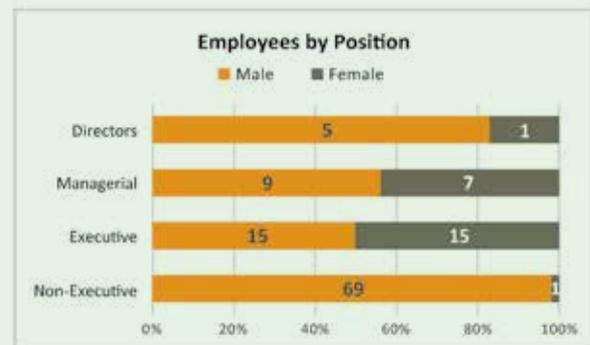
Social Sustainability

Workforce Diversity

We highly appreciate the importance of our employees, recognising them as the foundation of our success. We firmly believe in a non-discriminatory approach during the recruitment process, where considerations such as ethnicity, gender, religion, or age do not influence the selection of potential candidates. Our sole focus is on evaluating candidates based on their competence, experience, and capabilities.

Our Group complies strictly with labour laws and code of employment practices. We are committed to eliminating practices of using child and illegal labour. The Group does not employ any person below the legal age as defined by the Employment Act in Malaysia. All employees are treated fairly and based on our employment agreement which clearly stipulates the terms of employment and compensation.

As of 31 March 2024, our Group's workforce comprised a total of 122 employees. The demographic breakdown of our employees is displayed below:



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Talent Training and Development

The Group believes that human capital development is important to ensure that the Group has the right and relevant skill sets and knowledge essential for the business sustainability and growth. Hence, we invest in the training and development of our employees so that they are able to excel in their positions. This is especially true in our industry where technologies are constantly evolving, and we must change and upskill accordingly to ensure we are at the forefront of all advancements and therefore well equipped to serve our customers. We constantly upgrade our employees' skills, knowledge and experience through training and practical programmes, held both internally and externally. Training on the job is provided to equip our factory workers with the knowledge and skills essential to carrying out their responsibilities. We believe that enhancing an individual employee's competency levels will lead to an increase in productivity and further improve their quality of work and workplace. In turn, this will boost the Group's overall productivity and performance. Beyond profitability however, we also believe that providing employees with opportunities for career expansion and upskilling amid rapid technological advancements is key to their personal growth and wellbeing, and this in turn contributes to societal growth and development.

During the FY2024, our Group's employees have attended a total of 16 training sessions. Below are some highlights of the various training programmes conducted during the FY2024:

Internal Training

Date	Topics
May 2023	• General Equipment Training
June 2023	• ISO 9001:2015 Internal Audit Training

External Training

Date	Topics
Apr 2023	• First Aid Training Course - Basic First Aid & Cardiopulmonary Resuscitation
Apr 2023	• PKF Special Complimentary 2023 Tax Budget Webinar Series - Part 1: Maximizing Tax Benefits From Budget 2023
June 2023	• MasterCam Software Training 2D
June 2023	• MasterCam Software Training Multi Axis
July 2023	• Seminar Perakuan Bomba dan Organisasi Keselamatan Kebakaran (OKK)
August 2023	• Webinar on SST Facilities and Audit Procedure
September 2023	• Chartered Quality Institute and International Register of Certificated Auditors Certified ISO 9001:2015 Lead Auditor Training Course
September 2023	• ISO 9001:2015 Quality Management System Requirements Training Course
September 2023	• ISO 9001:2015 Quality Management System Internal Auditor Training Course (Bespoke)
October 2023	• Transforming Production from Industry 3.0 to Industry 4.0
November 2023	• Tax Budget 2024
November 2023	• Industry 4.0 in Practice - Technical add on and Internet of Things IR4.0
December 2023	• Budget 2024 : Complete annual tax planning with e-invoicing & Special Voluntary Disclosure Programme 2.0
March 2024	• Project Management Foundation and Practices

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Occupational Health and Safety

Safety issues are always on top of the agenda at the staff meetings and serve as a key performance indicator in evaluating employees' performance. The Group via the health & safety committee at the subsidiary level oversees the Occupational Health and Safety Management System ("OHSAS") by reviewing the safety and health policy and making recommendations for any revision of such policies. Employees are required to wear personal protection equipment such as safety goggles, gloves, boots and face mask when entering high risk areas inside the factory to prevent the occurrence of any unsafe act or accident. Supervisors are required to monitor work practices performed by employees to ensure safety procedures are followed in accordance with the safety guides and manuals. These protocols ensure the reduction of incidents such as injuries and lost working days recorded. Medical surveillance is performed on employees who are likely to be exposed to occupational health hazards. Fire drills and safety training as well as risk awareness campaigns are conducted regularly to ensure that employees understand on how to respond properly in the event of an emergency.

Our Halal-Certified Gloves Promote Sustainability and Inclusion

We recognise the significance of producing halal-certified gloves as a sustainability matter. By obtaining halal certification for our glove production, we demonstrate our commitment to meeting the needs of diverse customer groups while respecting their religious beliefs and practices. This initiative aligns with our sustainability goals by fostering inclusivity and social responsibility. We actively engage with suppliers who provide halal-certified raw materials, ensuring the integrity of our glove manufacturing processes. Through employee training and awareness programs, we empower our workforce to handle and produce halal-certified gloves in compliance with strict halal standards. By offering halal-certified gloves, we expand our market reach and cater to the preferences of Muslim consumers, further enhancing our business sustainability.

Community Engagement

Beyond integrating sustainability into our operations, we value the importance of enhancing connections with local communities to foster goodwill and promote community health and well-being. Our Group remains committed to fulfilling its role as a socially responsible company, aiming to make a positive impact on the community. As part of our commitment to serving and supporting the community, we contribute donations, sponsorships, and assistance to a wide range of charitable organizations, non-profit entities, government agencies, and individuals in need within our community. During the year, the Group has provided sponsorships towards Aidilfitri celebration ceremony organised by Balai Polis Diraja Malaysia, Bayan Lepas.

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Governance Sustainability

Risk Management

The Group has integrated its risk management framework into its management systems, ensuring that responsibilities and accountability for implementing risk management processes and internal control systems are clearly defined. The Risk Management Group oversees the Group's risk management efforts, including sustainability risks, while the internal audit function regularly monitors and reviews the Group's internal control system. An effective risk governance and management framework not only safeguards our business operations, but also reinforces the confidence of our stakeholders.

Ethical Business Conduct

We uphold integrity in the way we conduct our business, guided by good governance practices outlined in our corporate governance framework and terms of reference. Our Code of Conduct sets the behavioural standards and provides a communicable and understandable guide for all employees on ethical and compliance issues.

Whistleblowing

We ensure that the Group's zero-tolerance stance towards any form of misconduct is strictly adhered to. Our Whistleblowing Policy and procedures encourages our employees as well as contractors, suppliers and customers to raise genuine concerns of any malpractices or misconduct. Our whistleblowing mechanism allows us to deal with such allegations in a confidential manner, providing appropriate protection to the whistleblower against any form of reprisals.

Anti-Bribery and Anti-Corruption

We are committed to conducting our business free from any acts of bribery or corruption. All our employees, contractors and suppliers are required to adhere to all anti-bribery and anti-corruption legislations.

CONCLUSION

As a responsible corporate citizen, the Group remains committed to driving sustainability across our business operations and workforce. We believe a business that is run sustainably and with best practice corporate governance principles will not only be beneficial to the environment and surrounding communities but also be able to deliver strong returns for our shareholders. We will therefore continue to integrate sustainability into all areas of operation while seeking new areas to be developed for long-term value creation.

This Statement was approved by the Board on 25 July 2024.