



STAYING  
THE COURSE



LY CORPORATION  
LIMITED

SUSTAINABILITY  
REPORT 2020

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The contact person for the Sponsor is Ms Pauline Sim Poi Lin, Head of Corporate Finance, at 3 Shenton Way #24-02 Shenton House Singapore 068805, telephone (65) 6319 4954.

## BOARD STATEMENT

Dear Stakeholders,

LY Corporation Limited (the “**Company**”) and its subsidiaries (collectively, the “**Group**”) is pleased to present its sustainability report (this “**Report**”) for the financial year ended 31 December 2020 (“**FY2020**”).

The outbreak of the COVID-19 pandemic has significantly disrupted the global supply chain and businesses worldwide are striving to overcome these challenging times. Nonetheless, the Group remain committed to sail through this crisis and conduct our business in an economically sustainable manner.

Our Board of Directors (the “**Board**”) is dedicated to the Group’s sustainability efforts and is responsible for determining and overseeing the Group’s material sustainability topics. The Board has considered the sustainability topics as part of its strategy formulation.

Under the guidance of the Board, our Sustainability Steering Committee (which comprises the head of departments of the various departments of the Group) plays an essential role in ensuring the successful implementation of our sustainability initiatives. With the aim of fostering greater transparency and accountability, this report presents our initiatives, progress and targets towards achieving sustainable growth.

In view of the COVID-19 pandemic, we place the protection of the health and safety of our employees as top priority. In order to safeguard the wellbeing of our employees, we have implemented safety measures such as the mandatory wearing of face masks, safe distancing and regular sanitisation at our workplaces and health screening for our employees.

We have also put in place appropriate measures to enhance our operational resilience and maintain our ability to generate returns for our stakeholders amidst the economic uncertainties and operational challenges brought about by the COVID-19 pandemic.

We continue to stay committed to conducting business in a sustainable manner by engaging in environmentally friendly initiatives such as sourcing of sustainable raw materials and recycling of waste materials generated in the course of production. We also embarked on our journey on adopting renewable energy sources to reduce our carbon footprint.

We also recognise that the success of our sustainability journey requires a concerted and continuous effort from all our valued stakeholders. Hence, we would like to take this opportunity to express our utmost gratitude towards the Board, the management of the Group (the “**Management**”) and all our staff for their contribution and unwavering commitment to achieve our sustainability goals.

We are committed to build a sustainable future and deliver greater value to our esteemed stakeholders.

## ABOUT THIS REPORT

This Report provides a summary of the Group's approaches, initiatives and strategies related to sustainability and responsible business practices.

## REPORTING FRAMEWORK

This Report has been prepared in accordance with the Global Reporting Initiative ("GRI") Standards: Core option and the Listing Manual (Section B: Rules of Catalist) ("**Catalist Rules**") of the SGX-ST (namely, Catalist Rules 711A and 711B). The Company has selected the GRI Standards as it is a globally recognised and widely adopted framework, which enables our stakeholders to compare our sustainability performance against our industry peers.

The content of this Report is defined by the four (4) reporting principles under the GRI Standards – Stakeholder Inclusiveness, Sustainability Context, Materiality and Completeness.

## SCOPE OF REPORT

The report covers the Group's furniture manufacturing and sale businesses in Malaysia for FY2020, which comprises:

- LY Furniture Sdn. Bhd. and LY Global Hub Sdn. Bhd. (collectively "**LY Furniture**")
- Leyo Holdings Sdn. Bhd. and its subsidiaries, Leyo Manufacturing Sdn. Bhd. and Titan Hardware Sdn. Bhd. (collectively "**LHG**")

## SUSTAINABILITY GOVERNANCE AND REPORT DEVELOPMENT

The Board provides the oversight of the performance of the Sustainability Steering Committee ("**SSC**") and the Sustainability Working Committee ("**SWC**") which are responsible for implementation of sustainability initiatives for the Group.

## FEEDBACK

This report forms part of our Annual Report for FY2020 ("**2020 Annual Report**") and can be viewed or downloaded from <https://investor.lyfurniture.com/>. As part of our continued efforts to improve our reporting, we welcome our stakeholders to submit their feedback to the following personnel:

- Mr. Tan Yong Chuan, Chief Executive Officer (CEO) at [tanyc@lyfurniture.com](mailto:tanyc@lyfurniture.com)
- Ms. Teo Gin Lian, Chief Financial Officer (CFO) at [teogl@lyfurniture.com](mailto:teogl@lyfurniture.com)

## KEY HIGHLIGHTS

Dimensions	Material Areas	FY2020 Achievements
Environmental	Material Use	<ul style="list-style-type: none"> <li>• Dedicated in attaining PEFC in the financial year ending 31 December 2022 (“FY2022”)</li> <li>• 85% of wood from sustainable source (FY2019: 90%)</li> </ul>
Social	Training and Development	<ul style="list-style-type: none"> <li>• Attained an average 4.6 training hours per employee (FY2019: 7.3 training hours)</li> </ul>
	Workplace Health and Safety	<ul style="list-style-type: none"> <li>• Achieved zero cases of workplace fatalities (FY2019: zero cases)</li> </ul>
Governance	Corporate Governance	<ul style="list-style-type: none"> <li>• Complied with principles of the Code of Corporate Governance and provided explanations where there are deviations to the Code of Corporate Governance (FY2019: same as FY2020)</li> </ul>
	Ethics, Bribery and Corruption	<ul style="list-style-type: none"> <li>• Achieved zero cases which are unethical, fraudulent or corrupt in nature (FY2019: zero cases)</li> </ul>
	Regulatory Compliance	<ul style="list-style-type: none"> <li>• Achieved zero significant fines and zero reported cases of non-compliance with all applicable laws, rules and regulations (FY2019: zero significant fines and zero reported cases)</li> </ul>
Economic	Economic Agility	<ul style="list-style-type: none"> <li>• Launched nine (9) new products for LY Furniture and one (1) new product line for LHG (FY2019: 39 new products for LY Furniture and diversified into original brand manufacturer business under LHG)</li> </ul>
	Quality of Product and Services	<ul style="list-style-type: none"> <li>• Invested approximately RM84,000 (FY2019: RM44,000) for quality review purpose</li> <li>• Achieved zero cases of significant chargeback under LY Furniture and LHG (FY2019: six cases)</li> </ul>
	Customer Satisfaction	<ul style="list-style-type: none"> <li>• Achieved an average of 4.1 (over a full score of 5.0) across all three (3) aspects for the customer satisfaction survey (FY2019: 3.7)</li> </ul>

## MANAGING SUSTAINABILITY AT LY CORPORATION

We recognise the importance of a robust sustainability governance structure to ensure accountability and transparency. The SSC, supported by the SWC, takes a pro-active role in executing and monitoring of the Group’s sustainability practices and performance. The SSC comprises the Heads of Departments from Finance, Sales & Marketing, Administration, Purchasing & Procurement and Operations departments.



### SUSTAINABILITY STEERING COMMITTEE

Sustainability Steering Committee



**Role**  
The SSC provides oversight and updates the Board and Management on the Group's policies, strategies and initiatives regarding sustainability measures and corporate social responsibility.



**Performance Goals**  
The SSC determines and monitors the goals established for its performance regarding sustainability measures and corporate social responsibility and assesses the Group’s progress against those goals.



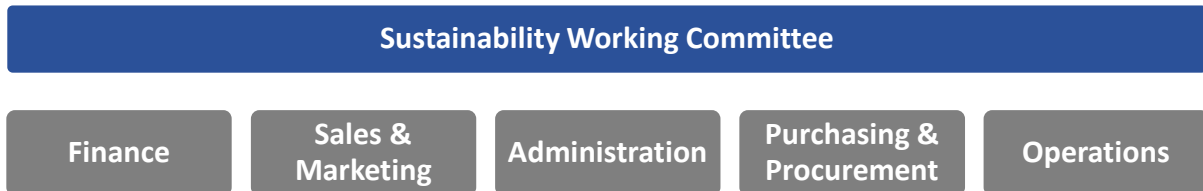
**Periodic Feedback**  
The SSC receives regular feedback from the Management regarding key stakeholders' relationship management, especially those that may have a significant impact on the Group's business activities and performance.



**Reporting and Disclosure**  
The SSC issues the sustainability reports and is also responsible for reporting to the Board on sustainability matters as needed, but minimally on an annual basis.

## SUSTAINABILITY WORKING COMMITTEE

The SWC consists of representatives from Finance, Sales & Marketing, Administration, Purchasing & Procurement and Operations departments. Under the directives of SSC, the representatives are responsible for implementing the Group’s sustainability initiatives.



### *Roles and Responsibilities of the SWC*

<b>Finance</b>	<ul style="list-style-type: none"> <li>• Ensure that accounts are prepared accurately and timely</li> <li>• Provide required data for the purposes of monitoring and reporting on sustainability topics</li> </ul>
<b>Sales &amp; Marketing</b>	<ul style="list-style-type: none"> <li>• Secure new customers and orders</li> <li>• Procure repeat orders from existing customers</li> <li>• Address customers' requirements and concerns over our products</li> </ul>
<b>Administration</b>	<ul style="list-style-type: none"> <li>• Work along with the Health, Safety &amp; Environmental Department to handle workplace health and safety matters and proper disposal of waste</li> </ul>
<b>Purchasing &amp; Procurement</b>	<ul style="list-style-type: none"> <li>• Ensure that materials purchased for production meet our quality standards and customers' requirements</li> </ul>
<b>Operations</b>	<ul style="list-style-type: none"> <li>• Ensure that products are produced in accordance with customers' specifications and delivered to our customers timely</li> <li>• Ensure minimal wastage during production</li> </ul>

## STAKEHOLDER ENGAGEMENT

Under the GRI Standards, stakeholders are defined as “entity or individual that can reasonably be expected to be significantly affected by the reporting organisation’s activities, products and services, or whose actions can reasonably be expected to affect the ability of the organisation to successfully implement its strategies and achieve its objectives” and we have identified our key stakeholders accordingly as presented in the table below. We strive to maintain open communication and strong relationships with our stakeholders regularly to better understand their expectations and concerns. Their valuable inputs guide us to make better-informed decisions and implement appropriate sustainable business strategies for the Group.

Our approach towards stakeholder engagement is summarised as follows:

Stakeholder	Engagement Platforms	Frequency	Key Feedback/ Concern	Commitments to Sustainability
Investors	Annual general meeting	Annual	<ul style="list-style-type: none"> <li>Sustainable profitability and shareholder returns</li> <li>Long-term business growth</li> <li>Accurate, timely and transparent disclosure of information</li> <li>High standards of corporate governance</li> </ul>	<ul style="list-style-type: none"> <li>Strive to generate sustainable long-term profitability</li> <li>Adhere to timely, transparent and accurate dissemination of pertinent information to the market</li> <li>Ensure good corporate governance are in place in accordance to principles and provisions of the Code of Corporate Governance 2018 (Please refer to our Corporate Governance Report set out on pages 14 to 40 of our 2020 Annual Report)</li> </ul>
	Annual report	Annual		
	Financial result announcements	Bi-annual		
	Other corporate announcements	Ad-hoc		
	Company website	Throughout the year		
Employees and Workers	Performance reviews with Heads of Department	Quarterly	<ul style="list-style-type: none"> <li>Job security</li> <li>Safe working environment</li> <li>Fair and competitive employment practices</li> <li>Staff development and well-being</li> <li>Work-life balance</li> <li>Competitive remuneration and benefits</li> </ul>	<ul style="list-style-type: none"> <li>Seek to ensure the job security of employees when making business decisions</li> <li>Create a safe and cohesive working environment</li> <li>Provide fair and equal opportunities to all employees</li> <li>Provide talks and trainings on safety (Please refer to the “Workplace Health and Safety” section of this Report)</li> </ul>
	Training and development	Throughout the year		
	Feedback platform	Throughout the year		



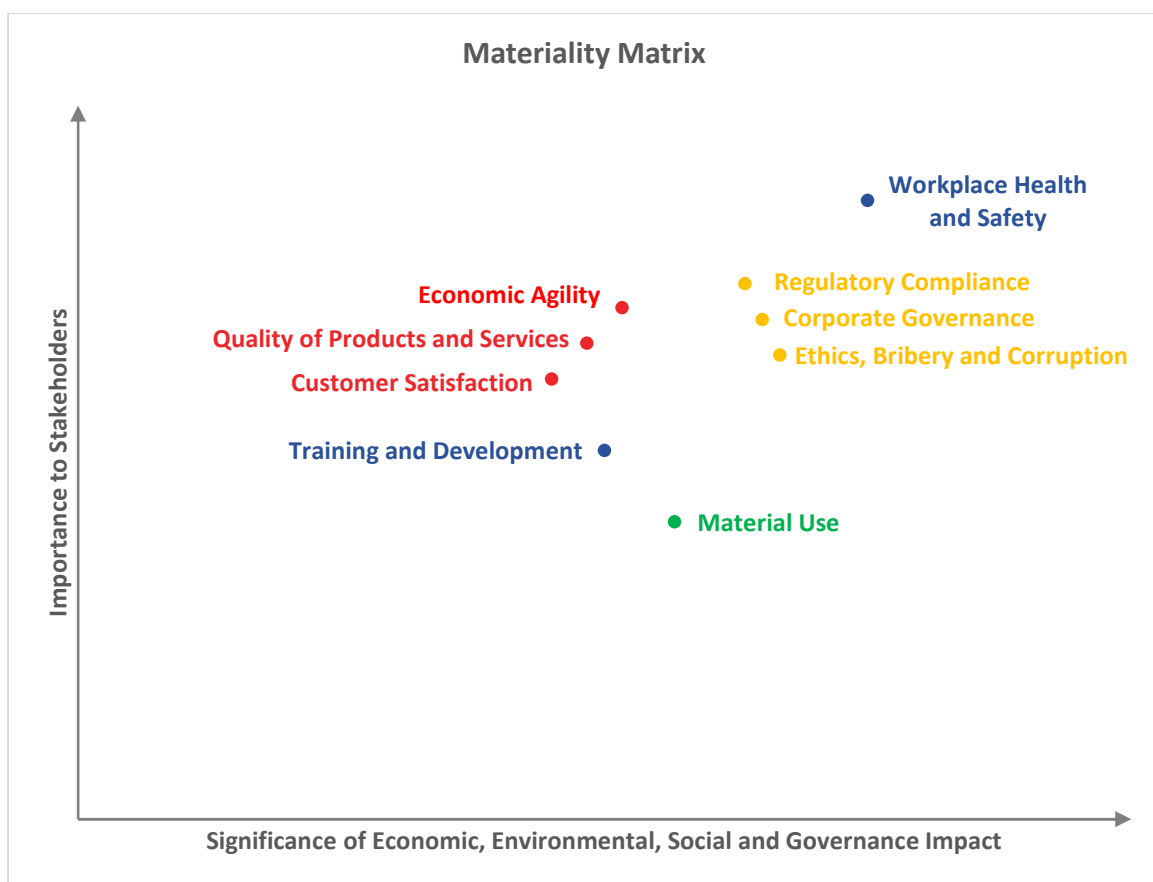
Stakeholder	Engagement Platforms	Frequency	Key Feedback/ Concern	Commitments to Sustainability
				<ul style="list-style-type: none"> <li>Share economic value generated by the Group with employees through increments and bonuses</li> </ul>
Customers	Emails	Throughout the year	<ul style="list-style-type: none"> <li>Quality of finished goods</li> <li>Timely delivery of finished goods</li> <li>Competitive pricing</li> <li>Timely response to customer feedbacks and complaints</li> </ul>	<ul style="list-style-type: none"> <li>Deliver products with high standards of quality and consistency according to customers' specifications</li> <li>Ensure timely shipment of products</li> <li>Price negotiation with clients to ensure competitive pricing in the market while maintaining the Group's profit margin</li> <li>Prompt to deliver after-sales services upon customers' requests</li> </ul>
	Tele-conversations	Throughout the year		
	Physical and virtual meetups with customers	Throughout the year		
Suppliers/ Sub-contractors	Emails	Throughout the year	<ul style="list-style-type: none"> <li>Provide suppliers consistent / greater business opportunity</li> <li>Meeting our Group's quality requirements</li> </ul>	<ul style="list-style-type: none"> <li>Committed to making sustainable procurement choices</li> <li>Providing timely feedback on quality of materials/products to suppliers/sub-contractors</li> </ul>
	Tele-conversations	Throughout the year		
	Physical and virtual meetups with suppliers/sub-contractors	Ad-hoc		
Government/ Regulators	Correspondences through emails and letters	Throughout the year	<ul style="list-style-type: none"> <li>Compliance with laws, rules and regulations</li> <li>Corporate governance</li> <li>Safe working environment</li> </ul>	<ul style="list-style-type: none"> <li>Strict compliance with relevant laws, rules and regulations</li> <li>Fair and reasonable business practices</li> <li>Prioritise employees' health and safety</li> <li>Provide directors and employees regular trainings to update them of latest regulations and practices</li> </ul>
	Meetings, briefings and regular reporting	Ad-hoc		

Stakeholder	Engagement Platforms	Frequency	Key Feedback/ Concern	Commitments to Sustainability
The Community	Community outreach initiatives	Ad-hoc	<ul style="list-style-type: none"> <li>• Eco-sustainable business practices</li> <li>• Responsible and ethical business practices</li> <li>• Contribution to local community</li> </ul>	<ul style="list-style-type: none"> <li>• Understand and support initiatives by local community/ government</li> <li>• Proper waste management and disposal system in place</li> </ul>

## MATERIALITY ASSESSMENT

Through engagement with the Management, we took into consideration of the sustainability of our business model and assessed the material topics that were significant to the Group and its stakeholders. Our approach aims to be aligned with the reporting principles of Stakeholder Inclusiveness, Sustainability Context, Materiality and Completeness.

The Group’s material topics are identified and prioritised in the materiality matrix. In accordance to the reporting principles, we consider the materiality topic’s importance to the stakeholders as well as the significance of the topic’s Economic, Environmental, Social and Governance impacts. The material topics are ranked in the materiality matrix and are further discussed in the subsequent pages of the report.



### MATERIAL TOPICS – AT A GLANCE

A materiality analysis was performed to identify key sustainability issues that were significant to our stakeholders. This analysis guides us to focus on key areas that we can strengthen in so as to achieve a sustainable business model.

Our review focuses on four (4) key sustainability dimensions with nine (9) identified topics. For each material topic, we report on its importance to our business and stakeholders, coupled with measures to mitigate it. For applicable topics, we have also included the COVID-19 related measures implemented in FY2020.

Material Topic	Relevance	How We Are Addressing the Issue
<b>Environmental</b>		
<b>Material Use</b>	We believe in providing the best quality products to our customers but not at the expense of the environment.	<p>We are committed to achieve our economic goals in a sustainable and environmentally friendly manner.</p> <p>The Board and Management recognises the importance of using materials that adheres to our quality policy. We strive to make sustainable procurement choices.</p> <p>To further our sustainable efforts, we are still in the midst of attaining the Programme for the Endorsement of Forest Certification (“PEFC”), the application of which was affected by COVID-19 pandemic.</p>
<b>Social</b>		
<b>Training and Development</b>	We believe that our business’ productivity and profitability is dependent on our human capital capacity and quality. Investing in training and development programmes to groom skilled and competent employees and workers create long-term value for our Group.	<p>We strive to retain our talent pool by offering them in-house and external training programmes.</p> <p>We advocate good working environment by providing orientation and on-job supervision and guidance.</p>
<b>Workplace Health and Safety</b>	<p>With the detrimental health impacts brought by the COVID-19 pandemic, we recognise that the health and safety of our employees are of utmost importance.</p> <p>We are committed to provide a safe and healthy working environment for all employees.</p>	<p>We emphasis on the need of continuous training for the employees and workers to upkeep a high standard of workplace health and safety.</p> <p>In FY2020, we have sent our employees for trainings relating to topics such as fire drill, first aid and cardiopulmonary resuscitation (“CPR”) and COVID-19 awareness.</p> <p>We conduct regular trainings to refresh employees and workers with the latest safety guidelines and strengthen their workplace health and safety awareness.</p> <p>We also adopted COVID-19 pandemic related safety measures such as safe distancing, health screening and regular sanitisation to promote a safe and healthy work environment for all employees.</p>

Material Topic	Relevance	How We Are Addressing the Issue
<b>Material Topic</b>	<b>Relevance</b>	<b>How We Are Addressing the Issue</b>
<b>Governance</b>		
<b>Corporate Governance</b>	We are committed to establish a strong corporate governance culture with zero tolerance towards unethical practices.	<p>We strive to uphold the highest standard of corporate governance and transparency and compliance to the principles of the Code of Corporate Governance.</p> <p>We established code of conduct which are expected to be complied by all employees as our commitment to the ethical standards.</p>
<b>Ethics, Bribery and Corruption</b>	We believe that upholding high standards of ethics and conducting our business with integrity is fundamental for the business' success. Therefore, we are committed to building a positive corporate image through our exemplary corporate governance and business ethics.	<p>We have zero tolerance towards unethical practices, bribery, corruption and fraud. In the event of conflict of duties or interests, our employees are expected to make prompt disclosures.</p> <p>We also have a whistle-blowing policy in place to enable the reporting and follow-up on concerns of malpractice or any suspicion of fraudulent or inappropriate activities within the Group</p> <p>We target to achieve zero cases of unethical, fraudulent or corrupted behaviours.</p>
<b>Regulatory Compliance</b>	With a strong ethical culture, we seek to ensure compliance with all regulatory requirements at all times. Any breach of laws, rules and regulations could significantly hurt our businesses and negatively impact our reputation in the industry.	<p>The Board and Management set a strong tone at the top with zero tolerance towards any non-compliances with the Group's policies, applicable laws, rules and regulations.</p> <p>The Group upholds a strong ethical culture and all employees are inculcated with the importance of regulatory compliance since their orientation training.</p> <p>In FY2020, there are zero significant fines and reportable cases of non-compliances with all applicable laws, rules and regulations.</p>

Material Topic	Relevance	How We Are Addressing the Issue
<b>Economic</b>		
<b>Economic Agility</b>	<p>We recognise the importance to adapt to the constantly evolving business environment in the furniture industry.</p> <p>We aim to be adaptable and expand into new markets and product offerings to diversify our risks and increase our market presence.</p> <p>We are dedicated to be economically agile and operationally ready to respond to the ever-changing pandemic situation.</p>	<p>In FY2020, despite COVID-19 related operational restrictions, we managed to expand our product offerings with LY Furniture launching nine (9) new product models and LHG introducing one (1) new product line.</p> <p>We also implemented COVID-19 safety precautions and economically sustainable measures in order to ensure that our business stays operationally ready.</p> <p>We also believe that our strategy for diversification over the years will help us to mitigate the financial impact of the pandemic.</p>
<b>Quality of Products and Services</b>	<p>We believe that providing our customers with products and services of the highest quality is the cornerstone of business growth.</p> <p>We recognise that delivering consistent excellent quality products and services is critical for our customer satisfaction and brand loyalty.</p>	<p>We uphold our standard of delivering quality products and services through our rigorous quality control inspections and dedication to customer service.</p> <p>Our quality assurance policy emphasizes the importance of products being of excellent quality before delivering to our customers.</p> <p>In FY2020, we have continued to invest in our quality review processes and will continue to enhance our quality assurance efforts to create greater value for our customers.</p> <p>We have zero cases of significant chargeback cases for LY Furniture in FY2020.</p>
<b>Customer Satisfaction</b>	<p>We recognise the importance of quality in our products and services, as it forms a large part of our branding.</p> <p>We are committed to providing our customers with high quality furniture and services, while seeking to maintain this business relationship in the long run.</p>	<p>We are committed to engage in open communication with our customers and to hear their views and concerns.</p> <p>We have established feedback channels to receive prompt feedback. We also have formalised process in place to receive, escalate, follow-up and report customers' feedback.</p>

## ENVIRONMENTAL

As we operate in the furniture manufacturing industry, we are fully aware of the importance of environmental protection and responsible use of resources. We are committed in reducing the ecological footprint created by our operational activities. It is our responsibility to educate our stakeholders and take on measures to minimise undesirable impacts on the environment such as pollution. We also strive to effectively manage our resource consumption.

### OUR APPROACH

#### MATERIAL USE

We endeavour to monitor and manage resources consumed by our business to demonstrate our dedication to a sustainable growth. We aim to make more sustainable procurement choices for our manufacturing operations and will always remind our suppliers to source from sustainable sources.

In FY2020, 85% of our wood (that is, timber) were sourced from sustainable sources. There was a decline in usage of sustainable sourced wood as resources availability was affected by the COVID-19 pandemic. Nonetheless, we conducted strict assessment of all our new suppliers and aim to make sustainable procurement choices with no detrimental impact to our environment.

As part of our sustainable initiatives, we strive to use renewable material in our production process. With conscious efforts to track and monitor our material usage, we identified that we have utilised 527,279,551 kilograms of wood material for production in FY2020.

We resonate strongly with the value of promoting sustainable forest management in our business philosophy and are in the midst of attaining the Programme for the Endorsement of Forest Certification (“PEFC”), the application of which was delayed by the COVID-19 pandemic. We anticipate to complete the certification process and attain PEFC by FY2022.

The receipt of PEFC will further reinforce our brand reputation as an eco-friendly business. Below are some of the benefits:

- (a) Enables us to source responsibly and to communicate to customers that the wood we are using for our products comes from sustainably managed forests;
- (b) Leading retailers are demanding PEFC-certified products as part of their corporate social responsibility commitments and are developing responsible procurement policies for many forest products. With PEFC certification, we will be well placed to meet these requirements;
- (c) PEFC certification assists in meeting regulatory requirements such as the European Union Timber Regulation and the US Lacey Act; and
- (d) We are able to use the PEFC label by selling products produced from PEFC-certified material.

Target for FY2020	Performance in FY2020	Target for financial year ending 31 December 2021 (“FY2021”)
To attain PEFC	In Progress (FY2019: In Progress)	To maintain our efforts in practising PEFC’s guides so as to attain PEFC by FY2022

Target for FY2020	Performance in FY2020	Target for financial year ending 31 December 2021 ("FY2021")
At least 90% of wood sourced from sustainable sources in FY2020	85% of wood (that is, timber) were sourced from sustainable sources (FY2019: 90% of wood (that is, timber) were sourced from sustainable sources)	At least 90% of wood sourced from sustainable sources in FY2021

## ENERGY USE

We are exploring efficient and renewable solar solutions to reduce carbon footprint and diversify our energy supply in a sustainable manner. In FY2020, we have installed solar photovoltaic (PV) systems and the total solar active energy generated in FY2020 is 22.55MWh which is equivalent to 15.65 tonnes of carbon dioxide (CO<sub>2</sub>) avoidance.

## WASTE MANAGEMENT

We strive to minimise our waste generation through efficient resources usage and implementation of recycling measures. Recycling is the key to our waste management practices. In FY2020, LY Furniture recycled approximately 3,345,778 kilograms of wood waste, 66,967 kilograms of plastic waste, 24,910 kilograms of carton waste and 28,987 kilograms of scrap iron. We use the wood waste generated in LY Furniture as feedstock for our factory boiler to produce heat for production process and also send sawdust to other companies for their usage. For LHG, approximately 129,370 kilograms of medium-density fibreboard and chipboard waste were also sent to a third-party boiler for their usage.

## MOVING FORWARD

Moving forward, we will continue to strive to attain PEFC. We also target to maintain our record of zero incidents of penalties for non-compliance to all relevant environmental regulations of the jurisdictions that we operate in. We will continue to endeavour in playing a proactive role in environmental conservation, seek innovative ways to enhance our waste management practices and increase our waste recycling rates.



## SOCIAL

LY stands for “Lian You” (联友), which means “uniting friends”. Hence, we strongly believe that one cannot succeed without friends, especially in an ever-changing and fast-growing globalised market.

Our corporate philosophy extends to all our stakeholders as identified in previous pages. We are committed to bring about a positive contribution to the communities we operate in through our business activities and initiatives.

We believe that our employees are key to our continued success and hence the need to empower them and continually invest in employee training and development. We also strive to be a socially responsible corporate and endeavour in social initiatives to contribute back to the society.

### OUR APPROACH

#### TALENT ATTRACTION AND RETENTION

Our sustained growth dependent on our ability to attract and retain talents. Our employees’ compensation packages are set in line with job requirements as well as qualifications and experience. In addition, Management also conducts periodic review of employees’ compensation package to ensure that they remain competitive and adequate according to industry standards.

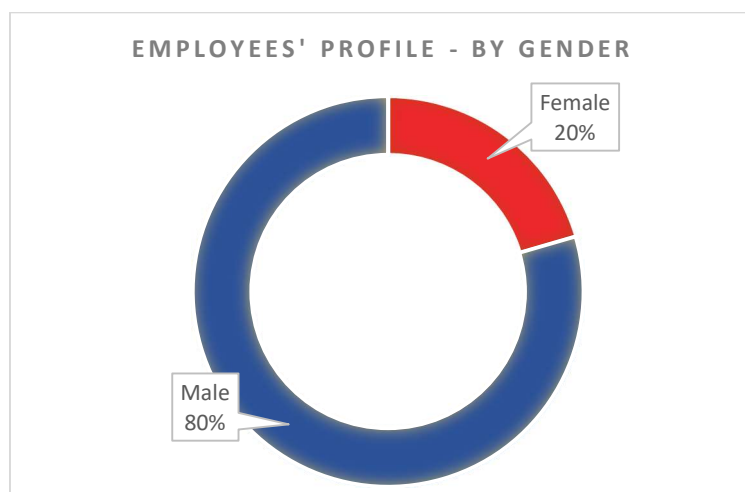
Our compensation package includes benefits such as personal and family medical allowance. In addition, marriage leave, prenatal leave and paternity leave are also extended to our employees as long as they meet the requirements.

To foster the culture of employee appreciation, employees who have been with us for more than five (5) years of continuous service and have performed well are eligible for long service awards in recognition of their efforts for their valued contribution and dedicated services over the years.

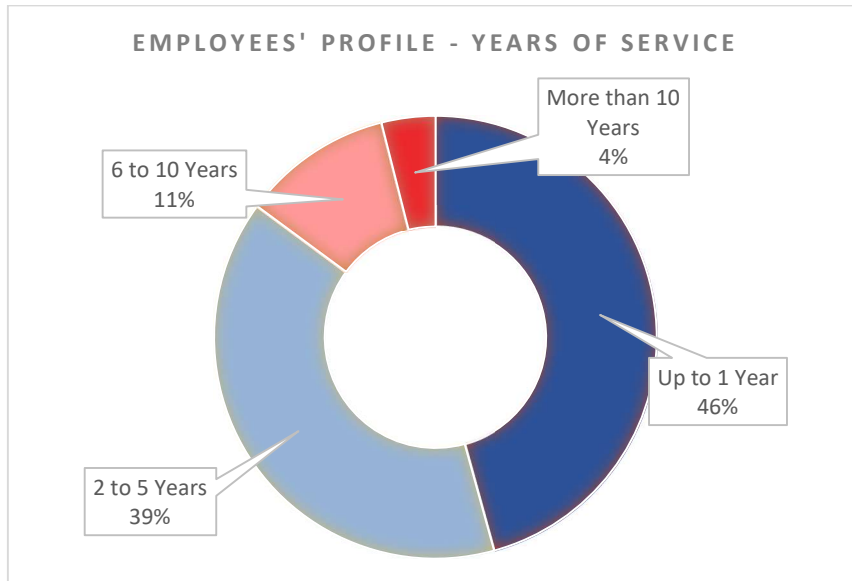
#### *Employees’ Profile*

As at 31 December 2020, we have 1,737 LY Furniture employees and 102 LHG employees, a total of 1,839 employees, all of whom are permanent employees. In FY2020, there was an increase of 189 employees as compared to the prior year.

Due to the nature of our operations, a significant proportion of our employees are male.



We establish good working relationship with our employees and have a high employee retention rate. More than 50% of our employees have been with us for at least two (2) years, with approximately 15% of employees having over six (6) years of employment with us.



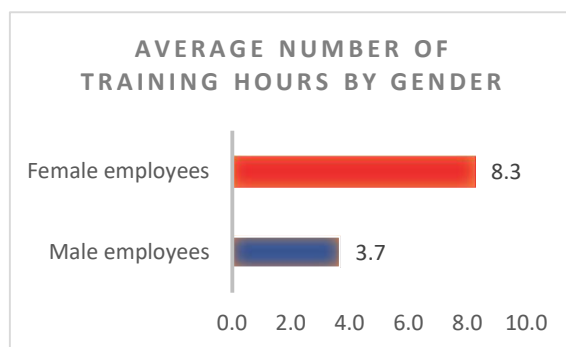
**TRAINING AND DEVELOPMENT**

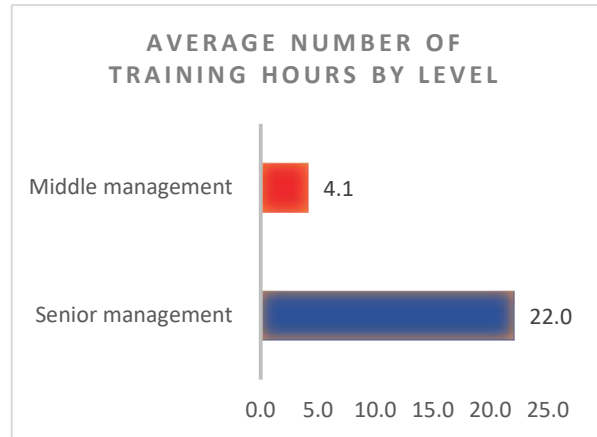
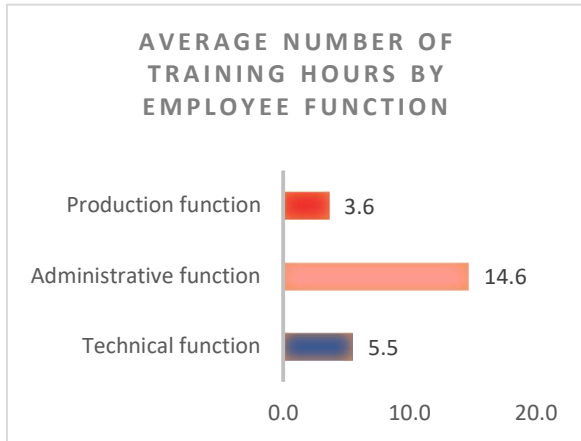
We believe in developing and nurturing employees to build a competent team which to meet the business goals of the Group. We ensure that employees are presented with learning and training opportunities to upgrade their skill sets and meet their professional development needs.

In-house training and development programmes are conducted to educate our employees about the Group’s processes and industry standards. In FY2020, we conducted training for employees on topics such as COVID-19 awareness, fire drill, first aid, CPR, security, cyber security and information security and department/function-specific training. Our employees’ knowledge and competency are further nurtured through on-the-job training and coaching.

The average number of training hours clocked in FY2020 was 4.6 hours per employee. We also seek to ensure that our employees at all levels are adequately involved in training and development activities.

The details of our employee training statistics were as follows:





Notes:

- 1: Senior management refers to employees with designation of Assistant Manager and above (excluding general workers from production function).
- 2: Middle management refers to employees with designation of Executive and below (including general workers from production function).

The average number of training hours for female employees were approximately double of male employees as there were more male employees in the production division, where training mostly took the form of on-the-job training. The average training hours for administrative function were more than production and technical function in FY2020 as there were lesser production and technical function related trainings conducted due to social distancing measures arising from the COVID-19 outbreak.

Generally, there was a decline in the number of training hours for FY2020 as it was more difficult to conduct training in view of stringent safety requirements imposed due to COVID-19 outbreak.

We also established a quarterly performance evaluation system which provides prompt feedback for employees and help them improve on identified gaps and reinforce good practices. The evaluation criteria include quality of work, quantity of work done, work responsibility, timeliness in work, ability to take instructions from supervisors, relationship with co-workers and critical thinking. A score of 1 being lowest and 5 being highest, will be graded for each employee by their supervisors and reviewed by the Heads of Department. Regular reviews help employees to monitor their development and also provide timely reward for good performance.

Target for FY2020	Performance in FY2020	Target for FY2021
Increase the average number of training hours provided to our employees by 5%	Average of 4.6 hours of training was provided (FY2019: Average of 7.3 hours was provided)	To provide an average of 4 hours of training per employee for the Group.

## WORKPLACE HEALTH AND SAFETY

It is vital for our business to ensure workplace health and safety to promote the well-being of both employer and employee. It is our duty to continuously enforce a culture with good health and safety practices.

Our Group’s Safety, Health and Environment Policy (“**SHE Policy**”) serves as a guideline for health and safety practices for all employees. Our SHE Policy sets a strong tone that safety and health is a joint responsibility between the Management and workers within our Group. Our Management is in charge of ensuring the compliance of all environment, health and safety laws, rules and regulations. It is also necessary to ensure that all workers are properly trained with adequate health and safety practices. They are also strongly encouraged to promptly report to their supervisors if they observed any safety violations or unsafe work practices. LY Furniture is also ISO45001:2018 certified for occupational health and safety management system for manufacture of wooden furniture.

Our Safety, Health and Environment Committee (“**SHE Committee**”) is responsible for ensuring that the policy is understood and adhered by all employees and workers. Our SHE Committee for LY Furniture is led by a Chairman and supported by an Assistant Chairman, two (2) Secretaries and 55 Safety Officers from various factories and warehouses. Our SHE Committee for LHG is headed by a Chairman, a Vice Chairman, a Secretary and eight (8) representatives from factories.

In LY Furniture, to identify work related hazards that poses a high consequence work injury, we adopted the following model for every work activity:



We adopted measures such as usage of personal protective equipment and engineering control, wherever it is appropriate. We also installed machine covers to reduce sound level and pinch hazard to safeguard the health and safety of our employees.

In FY2020, LHG has zero cases of workplace injuries and fatalities and LY Furniture has a total of 40 reported injuries and zero cases of fatalities. Our overall work-related injury rate (per 1,000,000 manhours worked) has increased from 6.30 in FY2019 to 10.37 in FY2020. The breakdown of the injury rate was as follows:

Indicator	FY2020	
	Total Number	Rate per 1,000,000 man-hours worked
Fatalities as a result of work-related injury	0	0
High-consequence work-related injuries <sup>1</sup>	14	3.63
Number of recordable work-related injuries <sup>2</sup> , excluding high-consequence work-related injuries	26	6.74
Overall work-related injury incidents	40	10.37
Number of hours worked	3,856,320	N/A

Notes:

- 1: High-consequence work-related injuries refers to work-related injury that results in a fatality or in an injury from which the worker cannot, does not, or is not expected to recover fully to pre-injury health status within six (6) months
- 2: Recordable work-related injuries refers to work-related injury or ill health that results in any of the following: death, days away from work, restricted work or transfer to another job, medical treatment beyond first aid, or loss of consciousness; or significant injury or ill health diagnosed by a physician or other licensed healthcare professional, even if it does not result in death, days away from work, restricted work or job transfer, medical treatment beyond first aid, or loss of consciousness

The main causes of the aforementioned work-related injuries were due to human error especially relating to machine handling and not adhering to work instructions. We have since performed briefing to supervisors to step up on continuous supervision to ensure that all employees properly handle machinery and equipment with care and strong safety awareness.

#### *Occupational Health and Safety Measures*

We have taken proactive steps to ensure that first-aid rooms are maintained and trained first aiders are available at every factory in LY Furniture. For employees who require medical check-ups or treatments, we will arrange transport to send them to health clinics to seek medical attention.

Fire drills are conducted to ensure that employees are aware of how to use fire-fighting equipment and how to respond in a fire safety situation.

Each of our factories have at least one (1) Emergency Response Team (ERT) member who is well versed in the appropriate responses to various emergency situations occurring at the factories.

We have also obtained Group's personal accident and life insurance to ensure adequate insurance coverage for all staff in LY Furniture. We prioritise the welfare of our employees and have provided the option of 8 panel clinics for employees in LY Furniture who requires medical check-up or treatment. For LHG, we also provided seven (7) panel clinics for all confirmed staff to receive annual medical check-up. All foreign workers are provided with transport to clinics as and when required.

#### *First Aid and Cardiopulmonary Resuscitation ("CPR") Training*

Knowledge of first aid and CPR is of vital importance, especially so in a manufacturing work environment. We conduct first aid and CPR training regularly to educate our employees on their roles and responsibilities and the right way to administer first aid and CPR. We have 25 certified first aiders in LY Furniture in FY2020.



First Aid and CPR Training

### *COVID-19 Awareness Training*

In order to protect our employees from the detrimental health effects of COVID-19 pandemic, we have implemented COVID-19 awareness training to educate our employees on the risks, preventive measures and personal health care. The training was conducted at each of our factories in open spaces with adequate social distancing measures in place.



COVID-19 Awareness Training

### *COVID-19 Safety Measures*

As of 4 January 2021, 15 of our employees were infected with COVID-19. They have all since recovered. In view of the detrimental health impact of COVID-19 pandemic, we strive to protect our employees and workers and have implemented the following health and safety measures:

- Work-from-home arrangements for employees where possible;
- Split team arrangement and ensure there is no cross deployment or interaction between employees of different shifts where possible;
- Conduct of virtual meetings between colleagues, customers and employees where possible to minimise physical contact;
- Centralised hostel for LY Furniture's foreign workers to reduce interaction with foreign workers from other companies;
- Conducted swab tests for all local and foreign workers at LY furniture;
- Conducted swab test for all foreign workers at LHG and for those who displayed COVID-19 related unwell symptoms;
- Mandated wearing of face masks at our workplace;
- Provision of hand sanitisers to employees at accessible locations;
- Frequent disinfection of common areas in office;
- Daily temperature screening for all on-site employees;
- Conduct of health declarations and MySejahtera scans at all factories;
- Active monitoring of employees' health via daily health declaration; and
- Formalised reporting procedures for any suspected and confirmed COVID-19 cases within the Group.

We will continue to stay vigilant and undertake adequate preventive measures for COVID-19 to safeguard the health and safety of our employees and workers.

Perpetual Target	Performance in FY2020
To achieve zero case of workplace injuries and fatalities	There was a total of 40 injuries and zero fatality in FY2020. (FY2019: 28 injuries and zero fatality)

### *Contributing to our Community*

We strive to make positive contributions back to our local communities. Amidst the COVID-19 pandemic, we were unable to conduct our annual blood donation drive in 2020. Instead, we have contributed a total of 10,000 pieces of face masks to a local hospital.

### **MOVING FORWARD**

We will continue to invest in training and nurturing our employees for their skill upgrade and professional development. We will strive to achieve zero cases of workplace injuries and fatalities in FY2021 with our robust workplace health and safety measures established. We will also aim to create greater positive impact to the community by being more proactive in social initiatives.

## GOVERNANCE

We are committed to uphold high standards of ethics and corporate governance as we believe that this is fundamental in fostering stakeholders' trust in our business. With a robust internal control system and high standard of corporate governance, we are dedicated to build a sound corporate with ethical environment that creates long term value for our stakeholders. We also strive to keep ourselves updated with the latest changes in legal and regulatory requirements to ensure compliance at all times.

### *Enterprise Risk Management*

Enterprise risk management is a holistic business strategy that aims to identify, measure, prioritise and respond to risks that may hinder the achievement of the Group's strategic objectives. Therefore, we perform annual enterprise risk assessment to identify and respond to emerging new risks and ensure that adequate mitigating controls are implemented to address existing risks identified.

The enterprise risk assessment is conducted via environmental scanning activities and involves group discussions with top management and the respective risk owners in business units to identify and prioritise key business risks which may hamper our ability to achieve the Group's strategic goals.

We strive to stay vigilant and work closely with stakeholders to ensure that the risks are monitored and managed promptly.

## OUR APPROACH

### CORPORATE GOVERNANCE

We are dedicated to maintain the highest standards of corporate governance and foster a culture of transparency and accountability for a sustainable business that delivers long term stakeholder value. Our Board emphasises on a strong tone at the top of integrity and ethical behaviour for all employees.

Our Group also strive to align with our corporate governance framework with the principles and provisions of the Code of Corporate Governance issued by the Monetary Authority of Singapore. We make sure that we keep ourselves updated with the latest changes so as to stay compliant with the Code of Corporate Governance at all times.

We recognise the importance of having strong and independent element on the Board in order to exercise objective judgement on business decisions. It is also essential for progressive renewal of our Board composition.

Audit and Risk  
Committee

Remuneration  
Committee

Nominating Committee

We strive to ensure that our Board and its committees (that is, Audit and Risk Committee, Remuneration Committee and Nominating Committee) is well-balanced with sufficient mix of directors with diversity, competency and independence for effective corporate governance and robust strategy formulation.



Perpetual Target	Performance in FY2020
To achieve zero non-compliance with the principles of the Code of Corporate Governance	We have complied with the principles of the Code of Corporate Governance and provided explanations where there are deviations to the Code of Corporate Governance 2018 in our 2020 Annual Report. (FY2019: same as FY2020)

## ETHICS, BRIBERY AND CORRUPTION

We place utmost importance on high ethical standards for our business conduct. Our employees are expected to conduct business with professionalism and integrity. We believe that fostering credibility and achieving our strategic goals through ethical business conduct creates long term stakeholder value. In FY2020, we have zero reports relating to business conduct which are unethical, fraudulent or corrupt in nature.

We have established Conflict of Interest Policy, Whistle-blowing Policy and Employment Code of Conduct as guidelines for employees in their business conduct. Every new employee is formally communicated about these policies during their onboarding. The key elements of the policies are as shown below:

### Conflict of Interest Policy

- Employees must not accept gifts, entertainment or favours that may influence one's objectivity in exercising judgment on behalf of the company
- Potential scenarios where interests may be conflicted
- Reporting procedures if conflicts of interests arise

### Whistle-blowing Policy

- Guidelines for employees to raise concerns of malpractice or any suspicion of fraudulent or inappropriate activities within the Group to the Investigation Committee ("IC")
- Escalation process to IC or where appropriate or required, to relevant government authorities for further investigation or action
- Procedures in place to protect anonymity of whistle-blowers and notifying them of the outcome

### Employee Code of Conduct

- Contains a comprehensive list of examples of employee misconduct
- Misconduct includes violation of company safety rules, forgery, theft, sexual harassment and sleeping on the job
- Code of Conduct is easily accessible by all employees through the Group's shared drive

In the event if any concerns are raised, we have an Investigation Committee to ensure that adequate resources are in place to conduct prompt independent investigation and execute appropriate follow up action. This aims to provide a safe avenue for all stakeholders to report potential misconduct, especially on fraud, ethics, bribery, corruption and non-compliances without fear of reprisal.

We place a strong emphasis on the importance of employees' conduct and we expect them to display professional behaviour with integrity at all time. In FY2020, our Human Resources Department has conducted investigations and dismissed 20 employees due to misconduct. The reasons for misconduct mainly pertain to absenteeism and punctuality issues.

Perpetual Target	Performance in FY2020
To achieve zero cases which are unethical, fraudulent or corrupt in nature	Achieved zero cases which are unethical, fraudulent or corrupt in nature (FY2019: zero cases)

## REGULATORY COMPLIANCE

We adopt a “zero tolerance” stance towards regulatory breach and will not hesitate to take any disciplinary actions against violators. We strive to educate our employees with relevant laws, rules and regulations in their area of job scope through training during their orientation programme.

Regulatory compliance is of paramount importance as any failure to comply will not only result in legal and financial impact, but also reputational loss to the Group. Some of the relevant laws, rules and regulations that the Group adheres to, is as follows:

### Ministry of International Trade and Industry

- Industrial Co-ordination Act (1975)

### Department of Occupational Safety and Health

- Factories and Machinery Act (1967)

### Ministry of Human Resource

- Employment Act (1955)

### Department of Environment

- Environmental Quality Act (1974)

### Personal Data Protection Department

- Personal Data Protection Act (2010)

### Singapore Exchange Limited

- SGX-ST Catalist Rules

### Monetary Authority of Singapore

- Code of Corporate Governance 2018

### Singapore Companies Act

### Malaysia Timber Industry Board

- Malaysian Timber Industry Board (Incorporation) Act (1973)
- Timber Industrialisation Methods (Registration) (1991)

Despite our committed efforts to achieve zero significant fines, LY Furniture incurred approximately RM63,000 of penalty expenses in FY2020. There were no single penalty cases which exceeded the threshold of RM50,000 for significant fines. Management has since reminded employees that regulatory compliance is critical to their business conduct and has zero tolerance towards any non-compliance behaviours.

Perpetual Target	Performance in FY2020
To achieve zero significant fines and reportable cases of non-compliance with all applicable laws, rules and regulations	Achieved zero significant fines and reportable cases of non-compliance with all applicable laws, rules and regulations (FY2019: zero significant cases)

## MOVING FORWARD

Moving forward, we will continue to maintain a high standard of corporate governance and remain in compliance with all relevant laws, rules and regulations in the jurisdictions we operate in.

## ECONOMIC

Through our sustainable business strategy, we are dedicated to create long term value for our stakeholders.

### OUR APPROACH

#### ECONOMIC AGILITY

Despite the economic slowdown brought about by the COVID-19 pandemic, it has led to a booming e-commerce activity and accelerated digital transformation with work-from-home arrangements becoming the new norm. With more people find themselves spending time at home, demand for home furniture has been resilient despite the economic uncertainty.

#### *Economic Value Generated and Distributed*

Financial Year		FY2019 RM'000	FY2020 RM'000
<b>Economic Value Generated</b>		<b>248,528</b>	<b>243,467</b>
	Operating Costs	194,650	191,396
	Employee Wages and Benefits	43,791	44,192
<b>Economic Value Distributed</b>	Capital Providers	6,545	1,844
	Government	1,852	2,661
	Communities	32	26
	<b>Total Economic Value Distributed</b>	<b>246,870</b>	<b>240,119</b>
<b>Economic Value Retained</b>		<b>1,658</b>	<b>3,348</b>

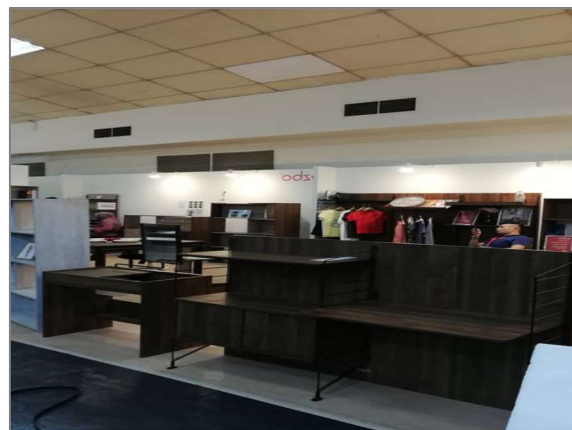
We will remain resilient and vigilant in monitoring the fast-changing pandemic situation so as to continue to grow the business in a sustainable manner.

We also strive to continue to expand our presence into new markets and strengthen our product offerings. In FY2020, we have offered nine (9) new product models under the original equipment manufacturer (OEM) business of LY Furniture and also one (1) new self-assembly furniture product line under the original brand manufacturer (OBM) business of LHG.

Eight (8) of our staff from LHG also attended the Malaysia International Furniture Fair for promotional efforts to reach out to overseas buyers.



LHG's new product line - Classic bedroom set



Malaysia International Furniture Fair

### Operational Resilience Amidst COVID-19

As part of the pandemic containment efforts, the need for increased safety measures and regulatory requirements have limited our operational capacity. Therefore, we have adopted measures in order to stay operationally ready during the period. Some of these measures include:

- Ensure that there are at least two (2) alternative suppliers for each type of raw material to diversify sources of supply
- Increase in manpower to handle backlog for departments affected by operational delay
- Close monitoring of the delivery and arrival of raw materials to minimise supply disruptions
- Rented additional warehouses to store finished goods produced in light of the low availability of shipping containers worldwide
- Work closely with overseas customers to secure shipping containers to ensure timely delivery of products

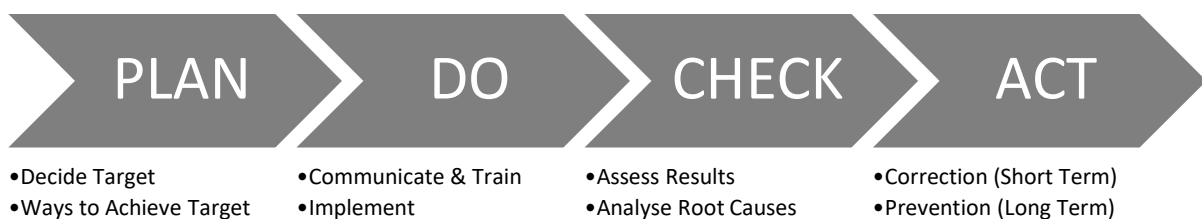
To navigate the ongoing COVID-19 crisis and continue to engage in business development, we have also implemented pandemic related safety measures, which are described in the section titled 'COVID-19 Safety Measures' of this Report.

We remain optimistic that situation will improve as the COVID-19 related safety restrictions are eased with more people being vaccinated. We also believe that the product expansion and diversification strategy we have adopted over the years will help us cushion the financial impact of this economic slowdown. Apart from traditional bedroom furniture manufacturing, we have further diversified our product offering with LHG's easy-to-assemble and space saving furniture line and LY Furniture's manufacture of millwork products.

Perpetual Target	Performance in FY2020
To expand our presence into new markets and strengthen our product offerings	Launched nine (9) new products for LY Furniture and one (1) new product line for LHG (FY2019: 39 new products for LY Furniture and diversified into original brand manufacturer business under LHG)

### QUALITY OF PRODUCTS AND SERVICES

Delivering excellent quality products and services is at the heart of our business philosophy since the Group was set up in 1976. Our Group's Quality Policy emphasises the importance of a Plan-Do-Check-Act ("PDCA") approach to ensure continual improvement and enhance customer satisfaction in all our business processes.



In FY2020, we have invested approximately RM30,000 for LY Furniture and approximately RM54,000 for LHG for performing product quality check to ensure consistent product quality before delivering to our customers.

We see the importance of investing in our human capital through training programmes so as to equip them to conduct better quality checks and higher standard of internal audits on our quality assessments. There was an increase in 91% of our quality review costs as compared to prior year which demonstrates our commitment for delivering top quality to our customers.

As of FY2020, 66 employees of LY Furniture underwent training and were equipped to conduct effective internal audit based on ISO9001:2015 framework. This enables employees to develop the required knowledge and skill sets to assess and report on the conformance and implementation of the quality procedures. In FY2020, external auditors, together with our 66 trained employees were engaged in the ISO9001:2015 audit to review the effectiveness of our quality management system, highlight gaps and provide feedback to improve our quality process. We have five (5) opportunities for improvement issues raised by external auditors. We are in the midst of rectifying the issues and have since reminded all staff of the importance to stay vigilant and committed in ensuring compliance with quality standards.

For both LY Furniture and LHG, we did not have any significant customer chargeback cases (that is, cases with chargeback amounts of RM50,000 and above) in FY2020.

In order to minimise future errors in product quality issues, we have since reminded all staff of the importance of strict adherence to all quality control measures. We also emphasised the tone of zero tolerance towards non-compliance to quality procedures.

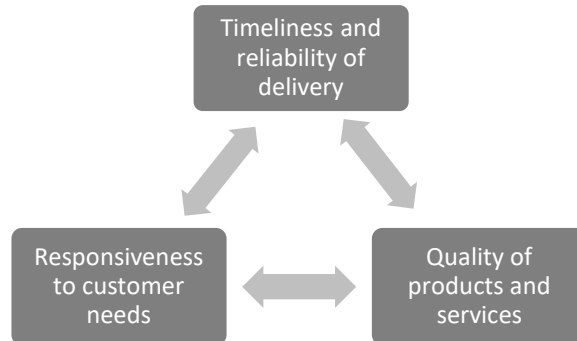
Target for FY2020	Performance in FY2020	Target for FY2021
To achieve no more than five (5) significant customer chargeback cases in FY2020	Zero significant customer chargeback cases in FY2020 (FY2019: six (6) significant customer chargeback cases)	To achieve no more than five (5) significant customer chargeback cases in FY2021

## CUSTOMER SATISFACTION

Ensuring customer satisfaction is the foundation of our business success. As a customer-centric business, we prioritise our customers' experience and strive to exceed their expectations in our products and services delivery. We seek to establish open communication with our customers to address their concerns with prompt response. Our dedicated Sales and Marketing team established a customer feedback process to ensure that all feedbacks are received and addressed delicately and intentionally.

Upon the receipt of feedback from customer, a thorough investigation will be conducted and issues will be directed to the respective departments for their necessary actions. Thereafter, our team will provide a prompt detailed explanation to our customers to show our commitment to our customers' well-being. With a greater customer satisfaction, it will reinforce a positive brand image for the Group.

For LY Furniture, in accordance to ISO9001:2015 requirements, we will conduct an annual customer survey overseen by our Executive Director of Sales and Marketing and executed by our Sales and Marketing Team. The annual survey highlights areas with room for improvement and provide guidance in development of corrective action. The key criteria for our customer survey are as follows:



Customers are required to grade our products and services against these criteria based on five (5) different levels of satisfaction, from 1 (Not Satisfied) to 5 (Fully Satisfied). In FY2020, we obtained an average score of 4.09 across all three (3) aspects, which is attributed largely to an increase in responsiveness to customer needs. To improve timeliness and reliability of delivery, we also encourage strong communication between our schedule planner and customers to update any changes in delivery.

We seek to obtain valuable feedback from our customers and strive to continuously improve on our products and services quality so as to deliver exceptional customer service.

Target for FY2020	Performance in FY2020	Target for FY2021
To achieve an average of above 4.0 across all three (3) aspects for the customer satisfaction survey for FY2020	Obtained an average score of 4.1 across all three (3) aspects for LY Furniture (FY2019: obtained above 3.7 average across three (3) aspects)	To achieve an average of above 4.0 across all three (3) aspects for the customer satisfaction survey for FY2021 for LY Furniture  To implement customer satisfaction survey in FY2021 for LHG

## MOVING FOWARD

Moving forward, we will continue to stay resilient and aim to have a 10% growth in our revenue in FY2021. We also aim to continuously enhance our quality review regime to attain excellent quality standard for our products and deliver great value to all our stakeholders.

## GRI CONTENT INDEX

GRI Standard	Disclosure Number and Title	Page Reference and Remarks	
<b>GRI 101: Foundation 2016</b>			
<b>GENERAL DISCLOSURES</b>			
GRI 102: General Disclosures 2016	<b>Organizational profile</b>		
	102-1	Name of the organization	LY Corporation Limited
	102-2	Activities, brands, products, and services	2020 Annual Report – Corporate Profile (Page 01)
	102-3	Location of headquarters	2020 Annual Report – Corporate Profile (Page 01)
	102-4	Location of operations	2020 Annual Report – Corporate Profile (Page 01)
	102-5	Ownership and legal form	2020 Annual Report – Group Structure (Page 06), Notes to the Financial Statements, Corporate Information (Page 61), Statistics of Shareholdings (Pages 108 to 109)
	102-6	Markets served	2020 Annual Report – Corporate Profile (Page 01), Notes to the Financial Statements, Revenue, Disaggregation of revenue (Page 76)
	102-7	Scale of the organization	This Report – Employees' Profile (Pages 14 to 15) 2020 Annual Report – Corporate Profile (Page 01) 2020 Annual Report – Financial Review (Pages 04 to 05)
	102-8	Information on employees and other workers	This Report – Employees' Profile (Pages 15 to 16)
	102-9	Supply chain	We do not specifically disclose our supply chain
	102-10	Significant changes to the organization and its supply chain	Not applicable as there is no significant changes to the organisation and its supply chain
	102-11	Precautionary Principle or approach	This Report – Governance (Pages 22 to 25)
	102-12	External initiatives	None
	102-13	Membership of associations	Our subsidiaries, LY Furniture Sdn Bhd and Leyo Manufacturing Sdn. Bhd. are members of the Malaysian Furniture Council
<b>Strategy</b>			
102-14	Statement from senior decision-maker	This Report – Board's Statement (Page 1)	
<b>Ethics and integrity</b>			
102-16	Values, principles, standards, and norms of behavior	This Report – Governance (Pages 22 to 25)	



GRI Standard	Disclosure Number and Title	Page Reference and Remarks
<b>Governance</b>		
	102-18 Governance structure	This Report – Managing Sustainability at LY Corporation (Pages 4 to 5), Corporate Governance (Pages 22 to 23)
<b>Stakeholder engagement</b>		
	102-40 List of stakeholder groups	This Report – Stakeholder Engagement (Pages 6 to 8)
	102-41 Collective bargaining agreements	The Group’s employees are not covered by collective bargaining agreements
	102-42 Identifying and selecting stakeholders	This Report – Stakeholder Engagement (Pages 6 to 8)
	102-43 Approach to stakeholder engagement	This Report – Stakeholder Engagement (Pages 6 to 8)
	102-44 Key topics and concerns raised	This Report – Stakeholder Engagement (Pages 6 to 8)
<b>Reporting practice</b>		
	102-45 Entities included in the consolidated financial statements	2020 Annual Report – Group Structure (Page 06)
	102-46 Defining report content and topic Boundaries	This Report – About This Report (Page 2)
	102-47 List of material topics	This Report – Material Topics – At a Glance (Pages 8 to 11)
	102-48 Restatements of information	Not applicable as there is no restatement of information
	102-49 Changes in reporting	The scope of reporting for FY2020 includes the performance of LHG
	102-50 Reporting period	This Report – About This Report (Page 2)
	102-51 Date of most recent report	31 December 2019
	102-52 Reporting cycle	Annual
	102-53 Contact point for questions regarding the report	This Report – About This Report (Page 2)
	102-54 Claims of reporting in accordance with the GRI Standards	This Report – About This Report (Page 2)
	102-55 GRI content index	This Report – GRI Content Index (Pages 30 to 34)
	102-56 External assurance	We have not sought external assurance for this reporting period, and may consider it in the future.
GRI Management Approach 2016	103-1 Explanation of the material topic and its Boundaries	The material factor boundaries are defined as where the Group has significant impacts and has caused or contributed to the impacts through its business relationships.

GRI Standard	Disclosure Number and Title	Page Reference and Remarks	
		<p>Material factors with internal boundaries:</p> <ul style="list-style-type: none"> <li>▪ Training and Development</li> <li>▪ Workplace Health and Safety</li> </ul> <p>Material factors with internal and external boundaries:</p> <ul style="list-style-type: none"> <li>▪ Corporate Governance</li> <li>▪ Ethics, Bribery and Corruption</li> <li>▪ Regulatory Compliance</li> <li>▪ Economic Agility</li> <li>▪ Quality of Products and Services</li> <li>▪ Material Use</li> <li>▪ Customer Satisfaction</li> </ul>	
<b>ECONOMIC AGILITY</b>			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundaries	2020 Annual Report – Financial Contents (Pages 47 to 107)
	103-2	The management approach and its components	This Report – Economic: Economic Agility (Pages 26 to 27)
	103-3	Evaluation of the management approach	
GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed	
<b>QUALITY OF PRODUCTS AND SERVICES</b>			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundaries	This Report – Economic: Quality of Products and Services (Pages 25 to 26)
	103-2	The management approach and its components	
	103-3	Evaluation of the management approach	
<b>CUSTOMER SATISFACTION</b>			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundaries	This Report – Economic: Customer Satisfaction (Pages 27 to 28)
	103-2	The management approach and its components	
	103-3	Evaluation of the management approach	
<b>MATERIAL USE</b>			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundaries	This Report – Environmental: Material Use (Pages 12 to 13)
	103-2	The management approach and its components	
	103-3	Evaluation of the management approach	

GRI Standard	Disclosure Number and Title	Page Reference and Remarks
<b>GRI 301: Materials 2016</b>	301-1 Materials used by weight or volume	
<b>TRAINING &amp; DEVELOPMENT</b>		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundaries	This Report – Social: Training and Development (Pages 16 to 17)
	103-2 The management approach and its components	
	103-3 Evaluation of the management approach	
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	
<b>WORKPLACE HEALTH AND SAFETY</b>		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundaries	This Report – Social: Workplace Health and Safety (Pages 17 to 21)
	103-2 The management approach and its components	
	103-3 Evaluation of the management approach	
GRI 403: Occupational Health and Safety 2018	403-9 Work related injuries	
<b>CORPORATE GOVERNANCE</b>		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundaries	This Report – Governance: Corporate Governance (Pages 22 to 23)
	103-2 The management approach and its components	
	103-3 Evaluation of the management approach	
<b>ETHICS, BRIBERY AND CORRUPTION</b>		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundaries	This Report – Governance: Ethics, Bribery and Corruption (Pages 23 to 24)
	103-2 The management approach and its components	
	103-3 Evaluation of the management approach	
GRI: Anti-Corruption 2016	205-3 Confirmed incidents of corruption and actions taken	
<b>REGULATORY COMPLIANCE</b>		

GRI Standard		Disclosure Number and Title		Page Reference and Remarks
GRI 103: Management Approach 2016	103-1	103-1	Explanation of the material topic and its Boundaries	This Report – Governance: Regulatory Compliance (Page 24)
		103-2	The management approach and its components	
		103-3	Evaluation of the management approach	
GRI 419: Socioeconomic Compliance 2016	419-1	419-1	Non-compliance with laws and regulations in the social and economic area	