

SUSTAINABILITY REPORT

BOARD STATEMENT

Dear Stakeholders,

The Board of Directors (the “**Board**”) of LY Corporation Limited (the “**Company**” or “**LY Corporation**”, together with its subsidiaries, the “**Group**”, “**we**” or “**us**”), is pleased to present the Group’s sustainability report (this “**Report**”) for the financial year ended 31 December 2023 (“**FY2023**”).

The Group remains steadfast in its commitment to sustainability. As we grow and expand our business, we seek to operate in a way that contributes to a better society, respects human rights, reduces environmental footprint and promotes sustainable business practices. As a supporter of a greener and more sustainable future, we are committed to managing and reducing our environmental impact through continuous improvements in our business processes and operations. In FY2023, the solar photovoltaic systems implemented at various manufacturing facilities in Batu Pahat generated 3,572.6 megawatt hours of active solar energy. As solar electricity produces no carbon emission, the Group reduced its carbon emissions by approximately 2,215 tonnes.

Being in the wooden bedroom furniture industry, we acknowledge the climate-related challenges faced in incorporating sustainability into our operations. Key challenges include ensuring regulatory compliance and adopting responsible wood sourcing practices. Despite these challenges, we are keenly aware of numerous opportunities for growth and opportunity. For instance, the Group adopts sustainable manufacturing practices that minimise waste and environmental harm while conserving energy and natural resources, including sustainable sourcing of raw materials, recycling wood waste, and using environmentally friendly materials for our production processes.

Our Sustainability Steering Committee (“**SSC**”) plays a crucial role in overseeing and updating the Board and Management on the Group’s policies, strategies and initiatives related to sustainability measures. The SSC conducts an annual materiality assessment identifying the material topics affecting the Company’s effort towards sustainability and further integrates the underlying implications of the material topics in the development of our strategic direction. Meanwhile, our Sustainability Working Committee (“**SWC**”) is responsible for implementing the Group’s sustainability initiatives. As we progress on our sustainability journey, we will be regularly reviewing and revising our performance indicators and targets to align with our business objectives. We will also be strengthening our engagement with stakeholders to improve our sustainability efforts and practices to build a long-term, sustainable business.

We would like to take this opportunity to express our utmost gratitude towards the management of the Group (the “**Management**”), all our staff, customers, suppliers and business partners for their boundless support and commitment to our sustainability goals. We aim to continue to create greater value for all our stakeholders in the year ahead.

The Board of Directors

LY Corporation Limited



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ABOUT THIS REPORT

This Report is published annually to outline our Group's sustainability approaches, initiatives and strategies. The information presented in this Report covers the reporting period from 1 January 2023 to 31 December 2023 ("**FY2023**"), unless stated otherwise. There were restatements of data and information made from previous reporting periods to ensure accuracy and comparability.

This Report has been reviewed by the Board in compliance with Rule 71B of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") Listing Manual Section B: Rules of Catalyst. This Report has not been subjected to external assurance.

REPORTING FRAMEWORK

This Report is prepared with reference to the Global Reporting Initiative Standards ("**GRI Standards**"), Task Force on Climate-related Financial Disclosures ("**TCFD**") recommendations and published in pursuant to 711(A) and 711(B) Listing Manual Section B: Rules of Catalyst of the SGX-ST. 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 contents of this Report were developed using the four (4) reporting principles established by the GRI Standards as follows:

1. Stakeholder inclusiveness: The Report's context was determined based on engagement and discussions with various stakeholders that the Group considers to be accountable.
2. Sustainability context: The Report covers the Group's performance in the context of sustainability which includes Economic, Environmental, Social and Governance ("**EESG**") aspects.
3. Materiality: Material issues in the Report are determined through stakeholder engagements and internal discussions.
4. Completeness: The Report covers the impacts of the Group's sustainability efforts during the reporting period using all relevant information collected.

SCOPE OF REPORT

This Report covers all aspects of the Group's furniture designing, manufacturing, trading and sales in Malaysia for FY2023, which is aligned with our financial statements and includes the following entities:

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

FEEDBACK

This Report forms part of our Annual Report for FY2023 ("**2023 Annual Report**") and can be viewed or downloaded from <https://www.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
- Ms. Teo Gin Lian, Chief Financial Officer (CFO) at teogl@lyfurniture.com

SUSTAINABILITY REPORT

KEY HIGHLIGHTS

Dimensions	Material Topics	FY2023 Achievements
Economic	Economic Agility	<ul style="list-style-type: none"> Participated in the Malaysian International Furniture Fair (“MIF”) 2023 in Malaysia and Drema show in Poznan under LY Furniture
	Quality of Product and Services	<ul style="list-style-type: none"> Achieved zero cases of significant chargeback under LY Furniture and LHG (FY2022: zero cases)
	Customer Satisfaction	<ul style="list-style-type: none"> Obtained an average score of 4.09 out of 5 across all three (3) aspects for LY Furniture (FY2022: Obtained an average score of 4.12 out of 5 across all three (3) aspects for LY Furniture)
Environmental	Climate Change	<ul style="list-style-type: none"> Monitored any potential risks and opportunities that climate changes have on our operations. Tracked Scope 1, Scope 2 and Scope 3 Greenhouse Gas emissions
	Energy Usage	<ul style="list-style-type: none"> Generated a total of 3,572.6 MWh of solar energy, which is equivalent to approximate 2,215 tonnes of carbon dioxide (CO₂) avoidance
	Water Consumption	<ul style="list-style-type: none"> Adopted more water efficient fixtures and fittings to reduce water consumption Performed frequent checks and maintenance on pipes and installations to prevent potential water leakages Reduced water intensity by 13.7% under LY Furniture
	Waste Management	<ul style="list-style-type: none"> 81,400 kg of non-hazardous waste diverted from disposal 3,853,000 kg of hazardous and non-hazardous waste directed to disposal
	Material Use	<ul style="list-style-type: none"> 95.2% of wood from sustainable source (FY2022: 98%)
Social	Talent Attraction and Retention	<ul style="list-style-type: none"> Provided fair and competitive compensation packages to ensure that employees’ well-being, and career progression are well-taken care of
	Training and Development	<ul style="list-style-type: none"> Attained an average 10.0 training hours per employee (FY2022: 8.6 training hours)
	Workplace Health and Safety	<ul style="list-style-type: none"> 4 cases of work-related injuries/ill health under LY Corporation (FY2022: 4 cases)
Governance	Corporate Governance	<ul style="list-style-type: none"> Complied with principles of the Code of Corporate Governance and provided explanations where there are deviations to the Code of Corporate Governance
	Ethics, Bribery and Corruption	<ul style="list-style-type: none"> Achieved zero cases which are unethical, fraudulent or corrupt in nature (FY2022: zero cases)
	Regulatory Compliance	<ul style="list-style-type: none"> Achieved zero significant fines and zero reported cases of non-compliance with all applicable laws, rules and regulations (FY2022: zero significant fines and zero reported cases)

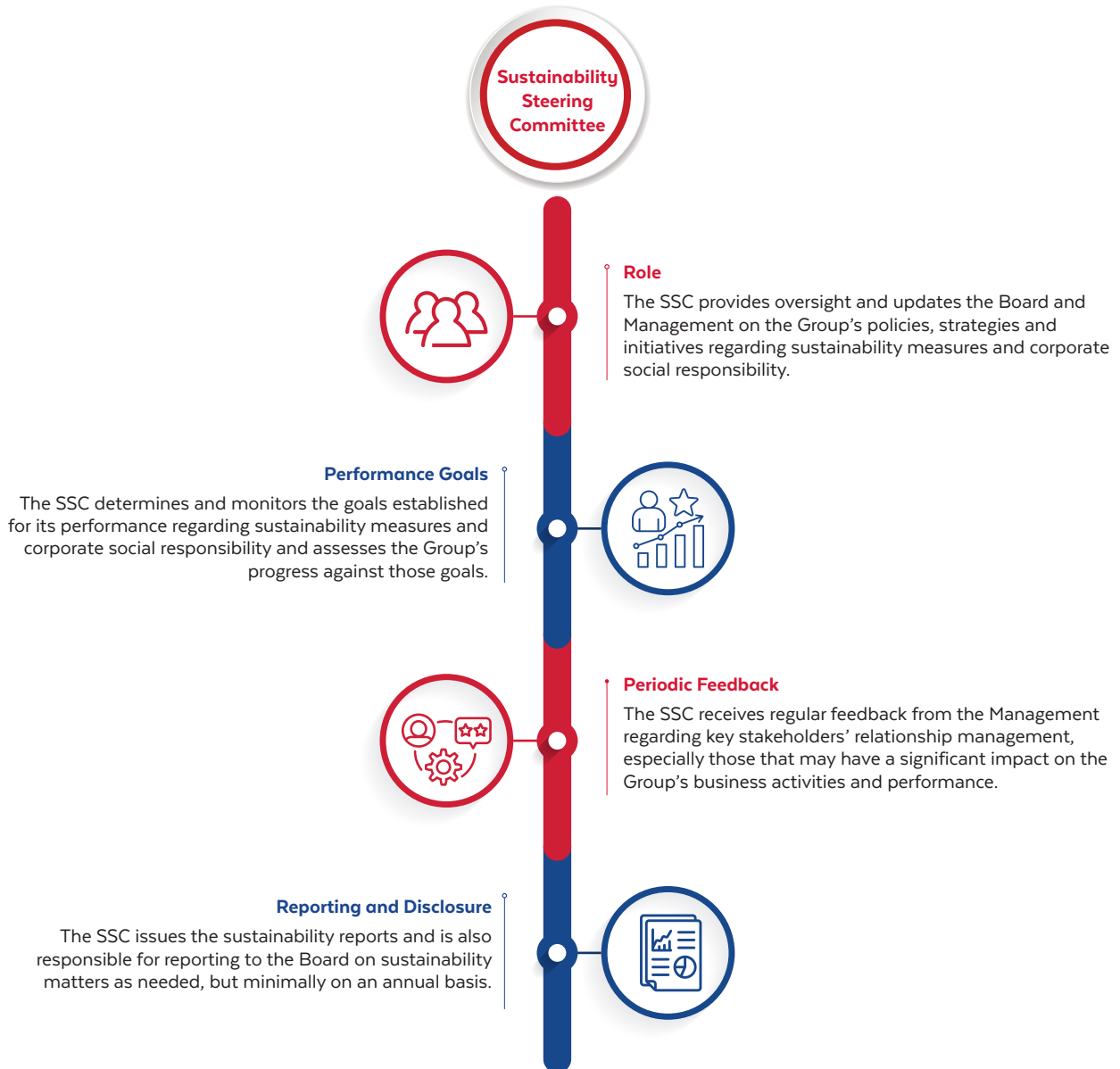
SUSTAINABILITY REPORT

MANAGING SUSTAINABILITY AT LY CORPORATION

We recognise the critical role of a strong sustainability governance framework in ensuring accountability and transparency. Spearheading these efforts, the Sustainability Steering Committee (“SSC”), with support from the Sustainability Working Committee (“SWC”), actively engages in the execution and monitoring of the Group’s sustainability practices and performance. The SSC comprises of Heads of Departments from Finance, Sales & Marketing, Administration, Purchasing & Procurement, and Operations, reflecting a comprehensive approach to sustainability oversight.



SUSTAINABILITY STEERING COMMITTEE



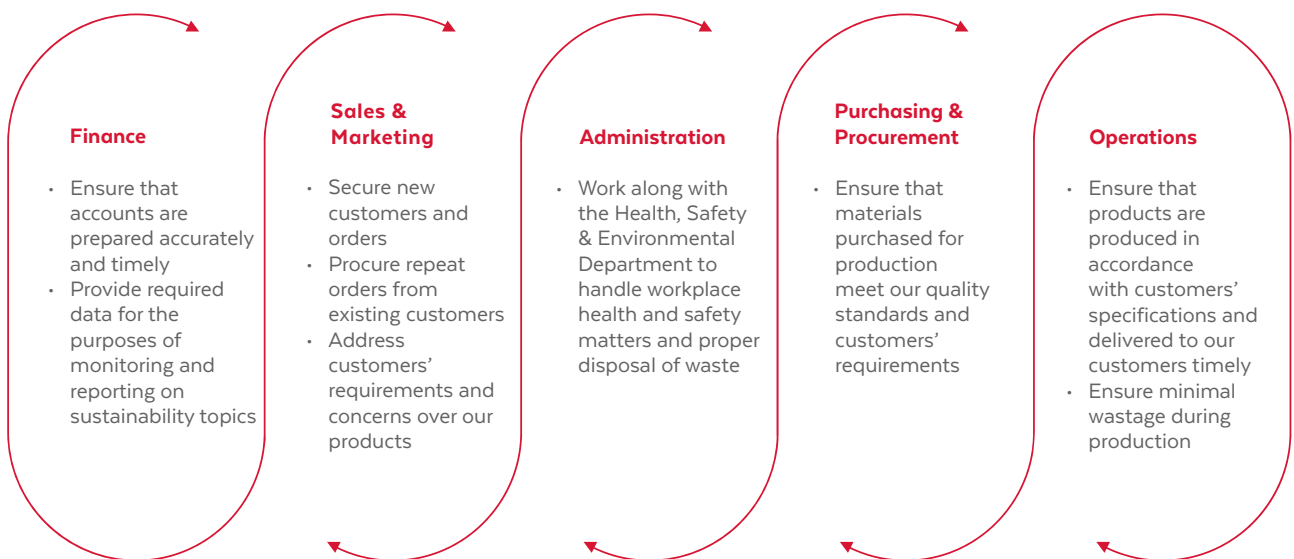
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SUSTAINABILITY WORKING COMMITTEE

The SWC comprises of representatives from various departments, including Finance, Sales & Marketing, Administration, Purchasing & Procurement and Operations. Under the guidance of the SSC, these representatives are responsible for the execution of the Group's sustainability initiatives.

Sustainability Working Committee



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STAKEHOLDER ENGAGEMENT

We actively communicate with and address the needs of our stakeholders to align our objectives with their expectations. Regular assessments of the distinct needs and expectations of various stakeholder groups ensure that their concerns play a significant role in shaping our business decisions. The following table provides a summary of the diverse activities undertaken to engage with stakeholders, highlights the primary concerns expressed by stakeholders, and outlines our sustainability commitments aimed at addressing their concerns.

Stakeholder	Engagement Platforms	Frequency	Key Feedback/Concern	Commitments to Sustainability
Investors	Annual general meeting	Annual	<ul style="list-style-type: none"> Sustainable profitability and shareholders' returns Long-term business growth Accurate, timely and transparent disclosure of information High standards of corporate governance 	<ul style="list-style-type: none"> Strive to generate sustainable long-term profitability Adhere to timely, transparent and accurate dissemination of pertinent information to the market Ensure good corporate governance are in place in accordance to principles and provisions of the Code of Corporate Governance 2018
	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"> Job security Safe working environment Fair and competitive employment practices Staff development and well-being Work-life balance Competitive remuneration and benefits 	<ul style="list-style-type: none"> Seek to ensure the job security of employees when making business decisions Create a safe and cohesive working environment Provide fair and equal opportunities to all employees Provide talks and trainings on safety Share economic value generated by the Group with employees through increments and bonuses
	Training and development	Throughout the year		
	Feedback platform	Throughout the year		
Customers	Emails	Throughout the year	<ul style="list-style-type: none"> Quality of finished goods Timely delivery of finished goods Competitive pricing Timely response to customers' feedbacks and complaints 	<ul style="list-style-type: none"> Deliver products with high standards of quality and consistency according to customers' specifications Ensure timely shipment of products Price negotiation with clients to ensure competitive pricing in the market while maintaining the Group's profit margin Prompt to deliver after-sales services upon customers' requests
	Tele-conversations	Throughout the year		
	Physical and/or virtual meetups with customers	Throughout the year		
Suppliers/ Sub-contractors	Emails	Throughout the year	<ul style="list-style-type: none"> Provide suppliers consistent/greater business opportunities Meeting our Group's quality requirements 	<ul style="list-style-type: none"> Committed to making sustainable procurement choices Providing timely feedback on quality of materials/products to suppliers/sub-contractors
	Tele-conversations	Throughout the year		
	Physical and/or virtual meetups with suppliers/sub-contractors	Ad-hoc		

SUSTAINABILITY REPORT

Stakeholder	Engagement Platforms	Frequency	Key Feedback/Concern	Commitments to Sustainability
Government/ Regulators	Correspondences through emails and letters	Throughout the year	<ul style="list-style-type: none"> Compliance with laws, rules and regulations Corporate governance Safe working environment 	<ul style="list-style-type: none"> Strict compliance with relevant laws, rules and regulations Fair and reasonable business practices Prioritise employees' health and safety Provide directors and employees regular trainings to update them of latest regulations and practices
	Meetings, briefings and regular reporting	Ad-hoc		
The Community	Community outreach initiatives	Ad-hoc	<ul style="list-style-type: none"> Eco-sustainable business practices Responsible and ethical business practices Contribution to local community 	<ul style="list-style-type: none"> Understand and support initiatives by local community/ government



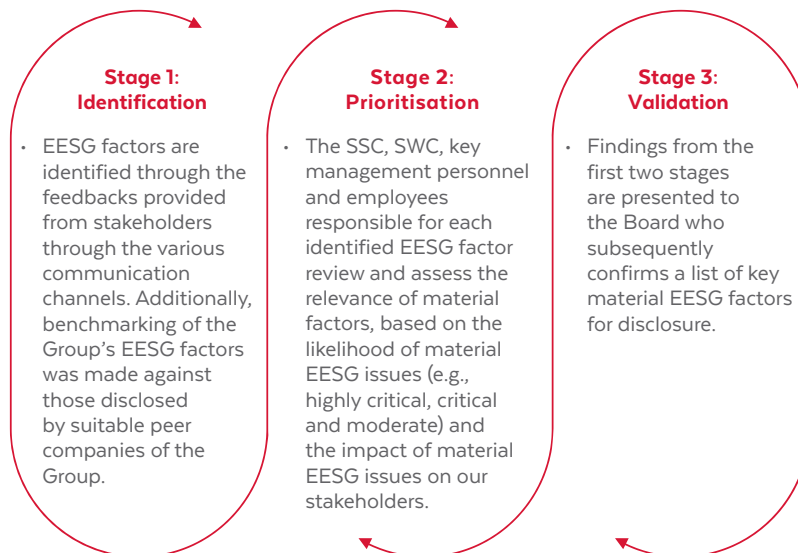
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MATERIALITY ASSESSMENT

To stay informed on material and salient sustainability issues, the Group periodically evaluates and benchmarks its business operations against its peers. This annual assessment involves an examination of the dynamic business landscape, taking into account emerging global trends, stakeholders' opinions and latest regulatory developments.

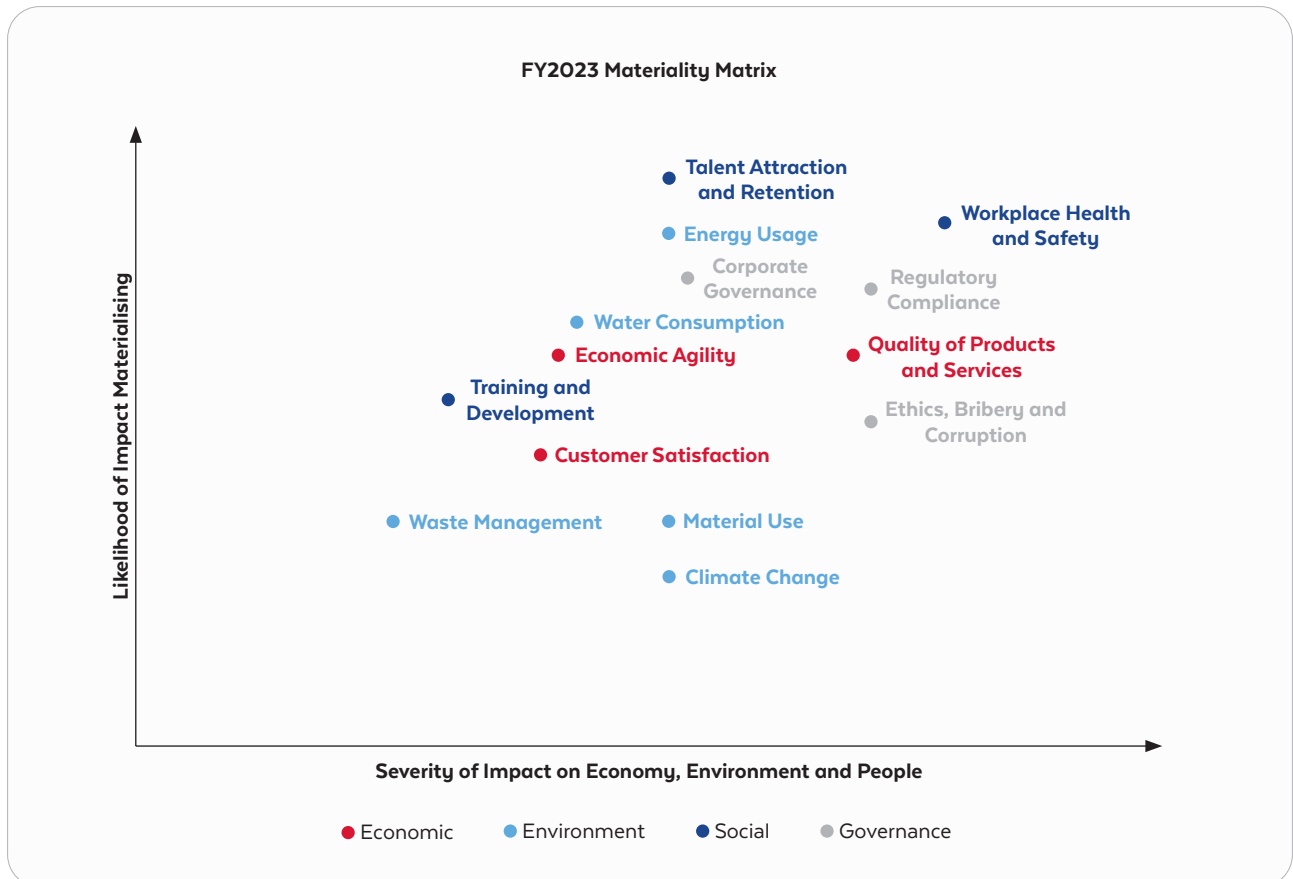
In the previous section, we highlighted the diverse channels of engagement utilised to collect opinions and feedback from various stakeholders. These insights, derived from our engaged stakeholders, form a crucial component of our materiality assessment process. By considering the perspectives of stakeholders, we gain a comprehensive understanding of the issues that matter most to them.

This materiality assessment allows us to prioritise and address concerns that have a significant impact on our business, economy, environment and people. It serves as a strategic guide, helping the Group align our sustainability initiatives with the evolving expectations of stakeholders. The materiality assessment is outlined below:



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Following the materiality assessment conducted by the SSC, we have reaffirmed the relevance and significance of all 14 identified material topics. As we transition into FY2023, no changes have been identified or deemed necessary regarding the material topics. This steadfast continuity underscores our commitment in addressing key issues that matter most to our stakeholders and aligning our sustainability initiatives with their expectations.



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MATERIAL TOPICS - AT A GLANCE

For each material topic, we report on its significance to our business, economy, environment and people, as well as measures that are taken to address these material aspects.

Material Topic	Significance of Impact	How We Are Addressing the Issue
Economic		
Economic Agility	We recognise the importance to adapt to the constantly evolving business environment in the furniture industry.	We strive to continue to expand our presence into new markets and strengthen our product offerings through collaboration with business partners and engagements in business fairs.
	We aim to be adaptable and expand into new markets and product offerings to diversify our risks and increase our market presence.	We also believe that our strategy for diversification over the years will help us to mitigate the financial impact of the pandemic and global market events.
Quality of Products and Services	We believe that providing our customers with products and services of the highest quality is the cornerstone of business growth.	We uphold our standard of delivering quality products and services through our rigorous quality control inspections and dedication to customer service. We also invest in our human capital through provision of regular trainings.
	We recognise that delivering consistent excellent quality products and services is critical for our customer satisfaction and brand loyalty.	Our quality assurance policy also emphasises the importance of products being of excellent quality before delivery to our customers.
Customer Satisfaction	We recognise the importance of quality in our products and services, as it forms a large part of our branding.	We are committed to engage in open communication with our customers and to hear their views and concerns.
	We are committed to providing our customers with high quality furniture and services, while seeking to maintain this business relationship in the long run.	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.
Environmental		
Energy Usage	The Group recognises that investing in energy conservation not only reduces our carbon footprint but will simultaneously aid in our cost savings.	We constantly review our production processes to optimise the use of energy. We have also adopted renewable energy solutions which improves our energy efficiency and diversify our energy supply.
Water Consumption	We recognise that water is a finite resource and businesses play an important role in ensuring the sustainability of water resources.	We strive to minimise water consumption and improve water usage efficiency through active monitoring. We also seek to inculcate a sense of environmental stewardship in our employees through reminders to minimise use of water.
Material Use	We believe in providing the best quality products to our customers but not at the expense of the environment.	We are committed to achieve our economic goals in a sustainable and environmentally friendly manner. The Board and Management recognises the importance of using materials that adheres to our quality policy. We continue to strive towards making sustainable procurement choices.
Waste Management	We recognise that minimising waste produced can reduce environmental degradation and conserve resources.	We aim to effectively manage and minimise waste produced from our business activities through resourceful usage and the adoption of recycling initiatives.
Climate Change	We recognise the impact that climate changes might have on our business and see the importance of partaking in global efforts to mitigate the impact of our operations on the environment.	We perform regular risk assessments and constantly monitor for any potential risks and opportunities that climate changes have on our operations.

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Material Topic	Significance of Impact	How We Are Addressing the Issue
Social		
Talent Attraction and Retention	We believe that attracting and retaining competent employees is crucial to the success of our business.	We strive to provide fair and competitive compensation packages for our employees. Furthermore, we also ensure that employee's well-being, welfare, and career progression are well-taken care of.
Training and Development	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.	We strive to retain our talent pool by offering them in-house and external training programmes to upgrade their skill sets and meet the needs of their professional development. We advocate good working environment by providing orientation and on-job supervision and guidance.
Workplace Health and Safety	We are committed to providing a safe and healthy working environment for all employees.	We have established a Safety, Health and Environment Policy and our Safety, Health and Environment Committee is responsible for ensuring that the policy is understood and adhered by all employees and workers. Regular trainings are provided to promote health and safety awareness amongst our employees.
Governance		
Corporate Governance	We are committed to establishing a strong corporate governance culture with zero tolerance towards unethical practices.	We strive to uphold the highest standard of corporate governance and transparency and compliance to the principles of the Code of Corporate Governance. We established a code of conduct which is expected to be complied with by all employees as our commitment to the ethical standards.
Ethics, Bribery and Corruption	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.	We have zero tolerance towards unethical practices, bribery, corruption and fraud. 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. We have established internal controls and written policies on areas of Conflict of Interest, Whistle-blowing, Employment Code of Conduct and Anti-Bribery & Anti-Corruption Policy to provide guidance to our employees in their business conduct.
Regulatory Compliance	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.	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. The Group upholds a strong ethical culture and all employees are inculcated with the importance of regulatory compliance since their orientation training.

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ECONOMIC

LY Corporation is committed to attaining robust and sustainable economic performance, surpassing customer expectations through our extensive corporate network, efficient inventory management, and years of industry expertise. Our goal is to offer competitive, state-of-the-art products, improve operational efficiency, and provide outstanding customer service. Ultimately, we aim to generate long-term value for all stakeholders, foster growth and scalability, and enhance overall profitability.

For detailed information on our financial performance, please refer to the financial statements in our 2023 Annual Report.

ECONOMIC AGILITY

We aim to venture into new markets and introduce innovative product lines, thereby diversifying our risks and enhancing our market presence. We are committed to maintaining economic agility and operational readiness, enabling us to promptly address evolving market conditions and risks. In FY2023, our focus remains on expanding into untapped markets and enhancing our product portfolio to ensure continued diversification.

Economic Value Generated and Distributed

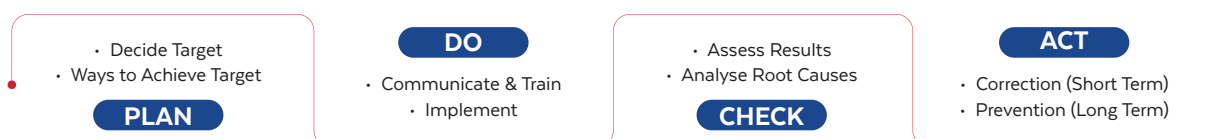
Financial Year		FY2022 RM'000	FY2023 RM'000
Economic Value Generated		240,898	205,054
Economic Value Distributed	Operating Costs	192,530	175,561
	Employee Wages and Benefits	37,766	35,007
	Capital Providers	2,247	2,523
	Government	98	140
	Communities	23	35
	Total Economic Value Distributed	232,664	213,266
Economic Value (Distributed)/Retained		8,234	(8,212)

The Group remains resilient and attentive, closely monitoring the ever-changing market dynamics and consumer purchasing trends. Our commitment is to sustainably grow the business and stay relevant in the industry. We aim to expand our presence into new markets and enhance our product offerings, reflecting our dedication to continuous improvement. In FY2023, we have actively participated in various furniture and builders trade fairs, connecting with a broader customer base and expanding our market reach.

Perpetual Target	Performance in FY2023
To expand our presence into new markets and strengthen our product offerings.	Attended and participated several trade fairs for furniture and builders to reach out to a wider customer base.

QUALITY OF PRODUCTS AND SERVICES

Our business philosophy, established since the inception of the Group in 1976, centers around the delivery of high-quality products and services. The cornerstone of our commitment lies in the Group's Quality Policy, which underscores the significance of a Plan-Do-Check-Act ("PDCA") approach. This methodology is instrumental in facilitating continuous improvement across all our business processes, ultimately elevating customer satisfaction.



We recognise the significance of investing in our human capital through comprehensive training programmes. This approach is aimed at enhancing their ability to conduct rigorous quality checks and maintain a higher standard of internal audits for our quality assessments. Specifically, the Group places a strong emphasis on quality assurance training, enabling employees to acquire the necessary knowledge and skills to assess and report on the conformance and implementation of quality procedures. In FY2023, the Group has organised various in-house training courses related to ISO standards, conducted by both internal and external trainers.

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As a testament to our commitment to upholding elevated quality standards, there were no significant customer chargeback cases of more than RM50,000 in FY2023.

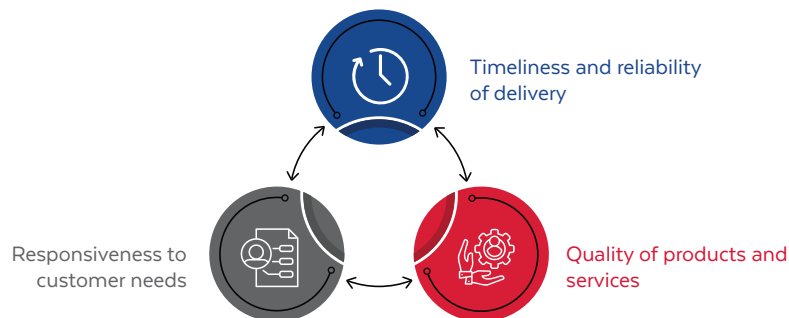
Perpetual Target	Performance in FY2023
To achieve no more than five (5) significant customer chargeback cases in FY2023.	Zero significant customer chargeback cases in FY2023. (FY2022: zero significant customer chargeback cases)

CUSTOMER SATISFACTION

We prioritise our customers' experience and are dedicated to exceeding their expectations in product and service delivery. The Group places great value on all feedback received from customers, considering them as opportunities for continuous improvement. To underscore this commitment, our dedicated Sales and Marketing team has established a robust customer feedback process, ensuring that all feedback is received and addressed with care and intention.

Upon receiving feedback from customers, a thorough investigation is conducted, and identified issues are directed to the respective departments for necessary actions. Subsequently, our team provides prompt and detailed explanations to customers, demonstrating our commitment to their well-being.

In accordance with the ISO 9001:2015 requirements, an annual customer survey for LY Furniture is conducted by our Sales and Marketing Team, overseen by the Executive Director of Sales and Marketing of LY Furniture. This annual survey serves to identify areas for improvement and guides the development of corrective actions. The key criteria for our customer survey include:



Customers are requested to evaluate our products and services against these criteria, assigning grades based on five (5) different levels of satisfaction, ranging from 1 (Not Satisfied) to 5 (Fully Satisfied). In recognition of our continuous efforts, LY Furniture achieved an average score of 4.09 across all three (3) criteria in FY2023.

Perpetual Target	Performance in FY2023
To achieve an average of above 4.0 across all three (3) criteria for the customer satisfaction survey for FY2023 for LY Furniture and LHG.	Obtained an average score of 4.09 across all three (3) criteria for LY Furniture (FY2022: Obtained an average score of 4.12 across all three (3) criteria for LY Furniture)

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MOVING FORWARD

As we move forward, our commitment to growth and innovation remains unwavering. We strive to explore new opportunities and expand our range of products. With steadfast dedication, we will consistently enhance our quality standards to deliver exceptional value to our stakeholders. Our goal is to exceed customer expectations and provide unparalleled satisfaction through our products and services. All targets for economic-related material topics of our Group are perpetual as follows:

Material Topics	Perpetual Targets
Economic Agility	To expand our presence into new markets and strengthen our product offerings.
Quality of Products and Services	To achieve no more than five (5) significant customer chargeback cases.
Customer Satisfaction	To achieve an average of above 4.0 across all three (3) aspects for the customer satisfaction survey for LY Furniture.

ENVIRONMENTAL

As one of Malaysia's leading manufacturers and exporters of wooden bedroom furniture, we fully support the implementation of the TCFD, and we will continue to build on and improve on our actions and disclosures as we embed climate-related risks and opportunities into our business and strategy.

EESG, including climate-related considerations, is recognised as a material concern and our focus this year has been on understanding how climate-related risks and opportunities will impact the Group in a changing climate, using scenario analysis to enhance our understanding of how financial impacts could change in a range of future scenarios. We have also progressively taken actions to decarbonise our business practices, to ensure resilience against a range of physical and transition risks.

TCFD REPORT (CLIMATE CHANGE)

GOVERNANCE

Good corporate governance is central to executing the Group's sustainability strategy. LY Corporation's commitment to effective corporate governance on climate and sustainability-related matters is underpinned by the strong leadership and effective oversight by the Board and senior management of the Group.

The Board has ultimate responsibility for sustainability reporting and has integrated sustainability considerations into the Group's business and strategy. The Board is responsible for reviewing and approving the Group's sustainability policies, practices and performance disclosures. The Board conducts regular assessments of environmental trends and evaluates potential risks and opportunities associated with climate change to ensure effective oversight of strategic risk management. Refer to our Sustainability Steering Committee Structure on pages 16 and 17 of the Report for further details.

GROUP STRATEGY

Clear communication of the Group's sustainability strategy allows our stakeholders to better understand how climate-related issues may affect our future performance. This section discloses the actual and potential impacts of climate-related risks and opportunities on the Group's businesses, strategy, and financial planning where such information is material.

With the goal of keeping the global temperature rise below 1.5 degrees Celsius, as stipulated in the Paris Agreement, we have made it a top priority to tackle climate change within our EESG agenda. A critical first step involves understanding the impact of climate change on the Group's operations and the potential risks and opportunities associated with climate change.

Scenario Analysis

As a party to the Paris Agreement, Malaysia has committed to reducing its economy-wide carbon intensity (relative to GDP) by 45 per cent by 2030 as compared to 2005 levels. Malaysia also aspires to achieve net-zero in greenhouse gas emissions earliest by 2050. While climate scenario analysis does not predict future events, it serves as a tool to examine diverse potential futures. Each scenario includes distinct assumptions, drivers, and levels of detail.

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Our climate risks are assessed in three time-horizons: short (1-3 years), medium (by 2030) and long (by 2050), in line with the scenario recommendations of the TCFD and our progressive roadmap. Climate risk assessment uses longer-term horizons since several of the climate risks have the most severe potential effects toward the end of the long-term horizon and worsen after that. Against these following models, we pinpointed six top climate-related risks and two climate-related opportunities. We then utilised insights from research papers and studies to analyse their potential effects on our business, strategy, and financial planning. The Group’s adopted scenarios are outlined below:

LY Corporation Scenario	IPCC 6th Assessment Report	IPCC - Warming by 2100 (best estimate)
Strong Mitigation Scenario	SSP ⁽¹⁾ 1 – 2.6 “Low GHG emission scenarios”	1.3-2.4 °C (1.8°C)
Delayed and Disorderly Scenario	SSP 2 – 4.5 “Intermediate GHG emission scenarios”	2.1-3.5 °C (2.7°C)
Business as Usual Scenario	SSP 3 – 7.0 “High GHG emission scenarios”	2.6-4.6 °C (3.6°C)

Note:

(1) SSP refers to Shared Socio-Economic Pathways that look at a wider range of options or scenarios simulated by future climate change.

Strong Mitigation Scenario (below 2°C)

In this scenario global greenhouse gas (“GHG”) emissions are effectively controlled, aiming to keep global warming within an estimated 2 degrees Celsius. Achieving net zero CO₂ emissions is anticipated in the latter half of the century. The mitigation pattern aligns closely with the “Low GHG emission scenarios” SSP1-2.6 scenario outlined in the IPCC’s 6th Assessment Report. The main risk for LY Corporation in this context is transitional, arising from policy changes. Goods and services, including energy, may become more expensive due to heightened pricing of GHG emissions.

Delayed and Disorderly Scenario

The physical damage from climate change is more severe in this scenario and the mitigation/transition is disorderly, as the global community adapts to a changing world. The emission profile in this scenario aligns closely with the “Intermediate GHG emission scenarios” “SSP2-4.5 scenario outlined in the IPCC’s 6th Assessment Report. The transition risks to LY Corporation in this scenario are less severe than in Strong Mitigation Scenario. However, the physical risks and the impacts of adaptation are more severe, particularly towards the end of the long-term horizon.

Business as Usual Scenario

In this scenario, global emissions of GHGs continue to rise at approximately current levels. The pace and severity of global warming increase significantly. The emission profile in this scenario closely resembles the “High GHG emission scenarios” “SSP3-7.0 scenario outlined in the IPCC’s 6th Assessment Report. The primary risk for LY Corporation in this scenario arises from the accelerating severity of acute and chronic physical risks of climate change. Long-term effects, such as the increasingly severe impact of extreme weather and rising temperatures, pose significant challenges.

RISK MANAGEMENT

Risk management is the set of processes that support the achievement of the Group’s objectives by addressing its risks and managing the combined potential impact of those risks. These processes are carried out by the Board and senior management of the Group. This section discloses how LY Corporation identifies, assesses, and manages climate-related risks.

Climate-Related Risks and Opportunities

In FY2023, members of SSC were engaged in a series of physical and virtual meetings to identify climate-related risks that impact the Group as a whole. In alignment with the TCFD framework, we explored climate-related risks and opportunities across three timeframes: short-term (1 to 3 years), medium-term (by 2030) and long-term (by 2050).

According to Malaysia’s National Communications reporting to the United Nations Framework Convention on Climate Change (“UNFCCC”), there is an expected increase in rainfall across all regions by 2030. Additionally, the average air temperature in the country may rise by 0.5 to 1 degrees Celsius by 2030 and could further increase by 0.9 to 1.6 degrees Celsius by 2050. This anticipated temperature rise will exert additional pressure on the electricity grid to manage the heightened demand for energy required for cooling.

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Transition risks and opportunities

In line with the CDP Climate Change 2023 Reporting Guidance, we have evaluated the likelihood and magnitude of every identified transition risk and opportunity. This assessment is accompanied by the underlying assumptions used to determine potential financial impact figures, the details of risks and opportunities identified which are as follows:

Transition Risk #1

Risk	Energy costs may fluctuate, and the Group is subject to a carbon tax based on its carbon emissions.
Risk Driver	The carbon tax might manifest as higher electricity tariffs, as power providers transfer the carbon tax costs to end-users.
Company-Specific Description	While our Group is not directly impacted by the increase in carbon taxes, we acknowledge the risk of climate change if there are stricter policies and higher prices for greenhouse gas emissions in the future. If we do not take steps to reduce emissions, meeting regulatory requirements could become costly. Studies ¹ have shown that the carbon tax may increase to RM150/tCO ₂ e by 2030 from the initial RM35/tCO ₂ e. For every S\$5/tCO ₂ e (RM18/tCO ₂ e) increase, electricity tariffs could go up by 1% ² . Therefore, in the short and medium term, we might see a 3% and 9% increase in electricity tariffs respectively.
Time Horizon	Short to medium term
Potential Financial Figure	Short Term: RM4,321,000 Medium term: RM4,513,000
Explanation of Financial Impact Figure	Climate change regulations might lead to slight energy price hikes. We estimated that total energy costs represent less than 5% of LY Corporation's annual operating costs, which was RM90,693,000 in FY2023. Considering potential carbon tax increases in Malaysia, the Group's energy spending could reach RM4,513,000 in the medium term. However, this is expected to have minimal impact on the overall financial position of the Group as we actively manage this exposure by incorporating renewable energy sources, such as solar energy.

Transition Risk #2

Risk	Risk of regulatory changes towards enhanced emission-reporting obligations such as GRI, TCFD and etc.
Risk Driver	Nationwide drive to decarbonisation. Increased focus on sustainability.
Company-Specific Description	The evolving emission-reporting regulation and obligation will increase our professional fees, training expenses and administrative expenses to meet reporting requirements.
Time Horizon	Medium to long term
Potential Financial Figure	Medium Term: RM1,047,000 Long term: RM1,097,000
Explanation of Financial Impact Figure	As per industry expectations, it is projected that all related expenses for supporting Sustainability/TCFD reports in Malaysia will likely see a rise of 5% to 10% in the medium to long term. To address this potential risk, we consistently monitor regulatory requirements and assess our capabilities to meet them.

¹ <https://penanginstitute.org/publications/issues/a-proposal-for-carbon-price-and-rebate-cpr-in-malaysia/>
² <https://www.nccs.gov.sg/singapores-climate-action/mitigation-efforts/carbontax/>

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Transition Risk #3

Risk	Regulations governing existing wood products and manufacturing services, alongside evolving customer behaviour and a trend towards sustainable manufacturing practices.
Risk Driver	Changing investor expectation. Evolving and more stringent rules and regulations.
Company-Specific Description	As our Group is committed to a more environmentally friendly and sustainable future, we are dedicated to minimising and managing our environmental footprint. Specifically, LY Furniture Sdn. Bhd. has achieved the Certificate for Chain-of-Custody of Forest-Based Products Programme for the Endorsement of Forest Certification (“PEFC”) in 2021. Please see further benefits of our PEFC Certification as further elaborated below.
Time Horizon	Medium to long term

Transition Risk #4

Risk	Increased cost of raw materials.
Risk Driver	Fluctuations in currency exchange rates. Market demand and competition.
Company-Specific Description	Increased cost of sourcing the raw materials will increase our operating expenses, for instance travelling expenses/transport charges/license fees.
Time Horizon	Medium to long term
Potential Financial Figure	Medium term: RM3,394,000 Long term: RM3,703,000
Explanation of Financial Impact Figure	It is anticipated that related expenses may increase by 10–20% in the medium to long term. To address this potential risk, the group is diversifying its suppliers and maintaining a stockpile of raw materials to account for potential delays due to disruptions in the global supply chain.

Opportunity #1

Opportunity	Adoption of resource efficient practices through using more efficient modes of transport/logistics/operational processes and equipment. Explore solar energy as renewable energy sources, and promotion of recycling/digitalisation/water-savings sustainable habits in office space.
Opportunity Driver	Initiatives and efforts in business practices to support Corporate Social Responsibility.
Company-Specific Description	We have adopted resource-efficient practices in our office spaces by implementing recycling initiatives and minimising paper usage which is expected to lead to a reduction in costs associated with filing, printing & stationery/postage, and travelling expenses/transport charges within our Group. Moreover, our Group has capitalised on solar energy to generate electricity and save operating costs.
Time Horizon	Short to medium term
Potential Financial Figure	Short Term Cost Savings: RM61,000 Medium Term Cost Savings: RM122,000
Explanation of Financial Impact Figure	Our Group embraces sustainable manufacturing practices, focusing on environmental conservation, and the efficient use of energy and natural resources. This includes sustainably sourcing raw materials, recycling wood waste, and incorporating environmentally friendly materials into our production processes. More than 95% of our timber wood were sourced from sustainable sources. It is anticipated that the cost reductions within our Group are estimated to range from 5% to 10% in the short to medium term.

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Opportunity #2

Opportunity	Development and/or expansion of low emission goods and services, as well as diversify business activities.
Opportunity Driver	Cost savings and operational efficiency. Competitive edge.
Company-Specific Description	Our goal is marked by an expansion into emerging markets and product lines for enhanced market presence. Through intensified promotion and marketing of millwork products, coupled with the addition of new customers, the Group has successfully diversified its portfolio into the manufacturing of millwork products. Furthermore, the Group has extended its diversification efforts to include the production of Kitchen Cabinets. For instance, the Millwork and Furniture segments accounted for 70.6% and 29.4% of the Group's revenue respectively in FY2023. We will disclose the potential financial impact when the opportunity materialises.

Physical risks and opportunities

Although currently not considered significant, there is a potential for an increase in climate-related physical risk over time. Recognising the uncertainty of the future, we have included a physical risk assessment in our overall evaluation of climate-related risks. This helps us understand how future developments might affect our practices. The following section outlines the main risks and their potential impacts.

Acute Physical Risk #1

Risk	Risk of extreme weather events such as flash flood, intense rainfall and heat waves impacting the Group's warehouses, factory and office building.
Risk Driver	Increased intense rainfall and flash flood leading to urban flooding, potentially causing damage to buildings and transportation networks.
Company-Specific Description	More frequent extreme weather events, such as flash flooding and intense rainfall could disrupt the transportation networks used by our employees to commute to our office. This could lead to an increase in various expenses, including general expenses and insurance charges, of the Group.
Time Horizon	Long term
Potential Financial Figure	RM3,692,000
Explanation of Financial Impact Figure	Studies have shown that all regions in Malaysia could experience increment of rainfall amount by 2030. Additionally, severe dry spells are projected to occur between 2025 and 2035 in Peninsular Malaysia, and between 2045 and 2055 in East Malaysia. It is estimated that all the associated costs are assumed to increase by 10% in the long term. However, we plan to conduct regular assessment of adequacy of our insurance to protect against climate risk.

Chronic Physical Risk #2

Risk	Risk of rising mean temperature could result in higher usage of air conditioners to maintain comfortable indoor temperatures.
Risk Driver	Increased daily mean temperature and mean sea level rise, leading to changes in weather patterns.
Company-Specific Description	Rising global average temperatures could result in increased water and electricity costs in our offices.
Time Horizon	Long term
Potential Financial Figure	RM4,644,000
Explanation of Financial Impact Figure	Research has shown that the average air temperature in Malaysia may increase by 0.5 to 1 degree Celsius by 2030, and could further increase by 0.9 to 1.6 degrees Celsius by 2050. It is estimated that a 1-degree Celsius rise in temperature could result in approximately a 4 to 5% increase in electricity consumption. This suggests a 20% rise in electricity tariffs in the long-term. To address this risk, we will constantly monitor our electricity bills as well as practise sustainability habits to reduce our electricity consumption.

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METRICS AND TARGETS

We will continue to enhance our disclosures on the implementation of our Net Zero Roadmap by 2050. This includes improving our ability to identify and measure emissions, working with our suppliers and customers, and exploring new ways in which we can use analytics, automation, and artificial intelligence to enhance decision making and transparency.

Greenhouse gas emissions

The majority of GHG emissions within our operations arise from the use of electricity and fuel (diesel and unleaded petrol). Activities from our projects are the key driver of GHG emissions.

We monitor our GHG emissions regularly and report Scope 1 direct emissions and Scope 2 indirect emissions in line with the GHG Protocol and the GRI Standards. Our Scope 1 direct emissions are primarily from motor vehicles and on-site furnaces. Scope 2 emissions are from purchased electricity.

Scope 1 Emissions

Scope 1 mobile emissions refer to a wide variety of company-owned or operated vehicles, engines and equipment that generate GHG emissions through the combustion of various fuels while moving from one location to another. To further curtail our emissions, we practise efficient planning of route for our motor vehicles, and regular maintenance is performed to ensure optimal engine performance and fuel consumption, which in turn reduces our GHG emissions.

The Group's Scope 1 GHG emission in FY2023 is as below:

Pollutant	CO ₂	CH ₄	N ₂ O
Emission Factor - Diesel (kg/TJ) ³	74,100	3.9	3.9
Emission Factor- Petrol (kg/TJ) ⁴	69,300	33	3.2
Global Warming Potential (GWP)	1	28	265

Financial Year	FY2022	FY2023	
Fuel Used	Diesel	Diesel	Unleaded petrol
Fuel Consumed (litre)	100,142	68,512	28,598
CO ₂ Emissions (tCO ₂ e)	266.40	175.07	63.82
CH ₄ Emissions (tCO ₂ e)	0.39	0.26	0.85
N ₂ O Emissions (tCO ₂ e)	3.72	2.24	0.78
Total GHG Emissions (tCO₂e)	271	178	65
		243	
Number of employees	1,039 ⁵	1,145	1,145
GHG Intensity (tCO ₂ e/employee)	0.26	0.21	

Scope 2 Emissions

Our Scope 2 GHG emissions are indirect emissions generated from the consumption of purchased energy in the form of electricity. The Group's Scope 2 GHG emission in FY2023 is as below:

Pollutants	CO ₂
	FY2022 and FY2023
Operating Margin (OM) Grid Emission Factor (GEF)	0.62 ⁶
Global Warming Potential (GWP)	1

3 Retrieved from: Road Transport N₂O and CH₄ Default Emission Factors and Uncertainty Ranges (Chapter 3: Mobile Combustion) of 2006 IPCC Guidelines for National Greenhouse Gas Inventories.

4 Retrieved from: Road Transport N₂O and CH₄ Default Emission Factors and Uncertainty Ranges (Chapter 3: Mobile Combustion) of 2006 IPCC Guidelines for National Greenhouse Gas Inventories.

5 This figure was restated from 1,042 (published figure) to 1,039 (1 less male employee and 2 less female employees) due to update in the source data.

6 Retrieved from: Institute for Global Environmental Strategies (IGES) List of Grid Emission Factors 2023.

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Financial Year	FY2022	FY2023
Electricity Consumed (kWh)	8,482,062	7,657,364
Solar energy (kWh)	3,524,600	3,572,600
Purchased energy (kWh)	4,957,462	4,084,764
Scope 2 CO ₂ Emissions (tCO ₂ e)	3,073.63 ⁷	2,532.55
Number of Employees	1,039 ⁸	1,145
GHG Intensity (tCO ₂ e/employee)	2.96	2.21

MATERIAL USE

Demonstrating our dedication to sustainable growth, the Group closely monitors and manages the resources utilised by our business. In FY2023, 95.2% of our wood (timber) were sourced from sustainable sources.

Target for FY2023	Performance in FY2023
At least 90% of wood sourced from sustainable sources.	95.2% of our wood (timber) were sourced from sustainable sources.

The Group remains committed to making sustainable procurement decisions for our manufacturing operations, emphasising environmental-friendly sourcing to our suppliers. Rigorous evaluations are conducted for potential suppliers to assess their environmental impact, and only those with minimal or no negative effects are considered for collaboration. Annual evaluations are also conducted on existing suppliers to ensure ongoing adherence to sustainability standards and fulfilment of the Group's expectations.

In 2021, LY Furniture achieved the Certificate for Chain-of-Custody of Forest-Based Products under the Programme for the Endorsement of Forest Certification ("PEFC"). The certification encompasses the purchase of PEFC-certified and PEFC-controlled source sawn timber and wood panels, as well as the manufacture and sale of PEFC-certified and PEFC-controlled source wooden bedroom set furniture using a physical separation and percentage-based method. The receipt of the PEFC certification will further reinforce our brand reputation as an environmentally responsible business, including but not limited to the following:

- Our products can be labelled as PEFC-certified products to ensure our customers that the wood we are using for our products comes from sustainably managed forests;
- Meet the growing demand of customers who are also sourcing for sustainable supplies as part of their corporate social responsibility commitments; and
- Meet overseas regulatory requirements to facilitate the export of our products to overseas customers.

Our current PEFC certification is valid until the end of 2026.

Perpetual Target
Explore ways to increase adoption of renewable sources of energy and environmental-friendly production methods.

ENERGY USAGE

The Group acknowledges that investing in energy conservation not only reduces our carbon footprint but also contributes to cost savings. We actively monitor our electricity consumption, striving to optimise energy usage. For data on electricity consumption, kindly refer to the disclosures under the TCFD Report - Scope 2 Emissions. Additionally, we have ventured into efficient and renewable solar solutions to enhance our energy efficiency, diversify our energy supply sustainably, and reduce the environmental impact of our operations.

In FY2023, the solar photovoltaic (PV) system installed had generated a total of 3,572.6 MWh of solar active energy, which is equivalent to approximately 2,215 tonnes of carbon dioxide (CO₂) avoidance.

Perpetual Target
Continue venturing into efficient and renewable solar solutions to enhance our energy efficiency and reduce the environmental impact of our operations.

⁷ This figure was restated from 4,663.13 tCO₂e to 3,073.63 tCO₂e using the latest emission factors published by IGES to ensure data accuracy and comparability.

⁸ This figure was restated from 1,042 (published figure) to 1,039 (1 less male employee and 2 less female employees) due to update in the source data.

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WATER CONSUMPTION

We recognise the crucial role businesses play in sustaining water resources. Therefore, we have monitored our water usage and implemented various measures to enhance water efficiency. These measures include adopting more water-efficient fixtures and fittings, installing water conservation apparatus, and conducting regular checks and maintenance on pipes and installations to prevent potential water leakages. Our water consumption in FY2023, compared to the previous year, is as follows:

Financial Year	FY2022	FY2023
Water Consumed (cubic meters)	105,015 ⁹	99,827
Number of Employees	1,039 ¹⁰	1,145
Water Intensity (Total water consumption/Number of employee)	101.1	87.2

To achieve our long-term goal of reducing water intensity by 20%, we constantly monitor our performance through regular assessments and evaluations. This approach allows us to identify areas of improvement and implement effective measures to enhance water efficiency across our operations. We remain committed to embracing innovative technologies and sustainable practices that contribute to the responsible use and conservation of water resources, aligning with our overarching environmental sustainability objectives.

Target for FY2023 - FY2024	Performance in FY2023
Reduce water intensities by 5% in FY2023.	We have reduced the water intensity by 13.7% and will continue monitoring water usage and repairing leaky pipe.

WASTE MANAGEMENT

Proper waste management is pivotal in ensuring the sustainability of resources and environmental preservation. We are focused on efficiently handling and reducing waste generated from our business activities by implementing resource-conscious practices and embracing recycling initiatives. In FY2023, the type of waste and total weight of non-hazardous waste directed to disposal, as well as total weight directed to disposal are outlined below:

Type of waste	Hazardous/ Non-hazardous	Type of input	Activities that generate the waste
Contaminated empty drums/ container from LYFSB	Hazardous	Raw material	Manufacturing process
Carton from LYFSB and LEM	Non-hazardous	Waste	
Plastic from LYFSB and LEM			
Scrap Iron from LYFSB			
Battery from LYFSB			

Total weight of non-hazardous waste diverted from disposal

Entity	Types of non-hazardous	Amount generated (metric tons)	Recovering method
LYFSB	Carton	26.2	Recycling (offsite)
	Plastic	22.9	
	Scrap Iron	25.6	
LEM	Carton	3.4	
	Plastic	3.3	
TOTAL		81.4	

⁹ The figure was restated from 108,750 cubic meters to 105,015 cubic meters due to an update in the source data.

¹⁰ This figure was restated from 1,042 (published figure) to 1,039 (1 less male employee and 2 less female employees) due to update in the source data.

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Waste directed to disposal – hazardous waste

Entity	Types of hazardous	Amount generated (metric tons)	Disposal method
LYFSB	Contaminated empty drum/container	35.0	Offsite
	Contaminated rags	55.6	
	Paint sludge	26.3	
TOTAL		116.9	

Waste directed to disposal – non-hazardous waste

Entity	Types of non-hazardous	Amount generated (metric tons)	Disposal method
LYFSB	Saw dust	2,022.7	incineration (without energy recovery)
	Scrap medium-density fibreboard (“MDF”)/chipboard (“CB”)/Plywood	835.3	incineration (with energy recovery)
	Factories’ Rubbish	287.6	landfilling
	Veneer	59.0	landfilling
LEM	Scrap MDF/CB	352.0	incineration (with energy recovery)
	Saw dust	93.2	incineration (without energy recovery)
	Factories’ Rubbish	86.4	landfilling
TOTAL		3,736.2	

The wood waste generated at LY Furniture serves a dual purpose in contributing to our sustainability efforts. Primarily, it acts as feedstock for our factory boiler, generating heat crucial for our production processes. Moreover, we collaborate with third-party boilers to utilise this wood waste efficiently. Sawdust, a byproduct, is sold to other companies for their usage or additional processing. In our commitment to minimising waste, we have implemented measures to maximise the usage of wood, reducing offcuts and promoting efficient resource utilisation.

Target for FY2023 - FY2024	Performance in FY2023
Reduce waste intensities by 5% in FY2023.	We have reduced the waste intensity by 0.5% by recycling the drums/container for other uses in the production area, minimising the uses of rags during the process of glaze.

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MOVING FORWARD

Remaining steadfast in our commitment to energy conservation and environmental protection, we will actively refine our approach to enhancing waste management practices and elevate recycling rates. We are committed to sustaining our record of zero penalties for non-compliance with all relevant environmental regulations in the jurisdictions where we operate. The short, medium, and long-term targets of our Group are outlined below:

Material Topics	Short-Term Target (1-3 years)	Medium-Term Target (by 2030)	Long-Term Target (by 2050)
Climate Change	<ul style="list-style-type: none"> To maintain zero incidents of environmental policy related fines. Continue with sustainable practices in office spaces. 	<ul style="list-style-type: none"> Reduce GHG emission levels and emission intensities by 8% by 2030 (in comparison with 2022). Include other categories of Scope 3 GHG emissions (e.g. employee commute). 	<ul style="list-style-type: none"> Reduce GHG emission levels and emission intensities by 15% by 2030 (in comparison with 2022). Explore other clean or renewable energy sources.
Material Usage	Explore ways to increase adoption of renewable sources of energy and environmental-friendly production methods.		
Energy Use	Continue venturing into efficient and renewable solar solutions to enhance our energy efficiency and reduce the environmental impact of our operations.		
Water Consumption	Reduce water intensities by 5%.	Reduce water intensities by 8% (in comparison with 2022).	Reduce water intensities by 15% (in comparison with 2022).
Waste Management	Reduce waste intensities by 5%.	Reduce waste intensities by 8% (in comparison with 2022).	Reduce waste intensities by 15% (in comparison with 2022).

SOCIAL

The acronym LY represents “Lian You” (联友), symbolising the idea of “uniting friends.” The Group firmly believes in the significance of collaboration, particularly in the dynamic and rapidly evolving global market. Our corporate philosophy is not just a concept but is actively integrated into our corporate practices, as we reach out to all stakeholders as detailed in preceding sections.

Acknowledging that employees, customers, and communities form the bedrock of a prosperous and enduring organisation, the Group is committed to empowering and nurturing the development of our staff to their fullest capabilities. Additionally, we aspire to contribute positively to the communities where we are situated. As a socially conscious business, the Group is committed to empowering lives and giving back to the communities that have supported our business. This dedication to enhance the welfare of our communities resonates strongly with the core values and principles that guide our actions and decisions.

Throughout FY2023, we continued our dedication to supporting charitable causes in the communities where we operate, and made a total donation of RM5,900 to Tabung Kebajikan Makswip and Trinity Community Children Home Society.

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TALENT ATTRACTION AND RETENTION

Our approach to employee compensation is rooted in the principles of fairness, equality, and alignment with job requirements, qualifications, and experience. We review our benefit packages against industry standards regularly to uphold their competitiveness. We condemn all forms of discrimination based on race, ethnicity, age, gender, or nationality.

Our recruitment process is characterised by its robustness, fairness, and transparency, with selection criteria firmly rooted in merit. In addition to providing competitive compensation, we prioritise the well-being, welfare, and career progression of our employees. Our benefit packages include provisions for medical allowances, annual leaves, and special leaves for significant life events such as marriage, prenatal care, and paternity.

As a token of appreciation for employees who have dedicated over five (5) years of service to the company, we reward them with long service awards, recognising their valuable contributions and unwavering commitment. Through these measures, we aim to attract and retain competent individuals who resonate with and embody the culture and values of our Group.

Employees' Profile¹¹

As of 31 December 2023, the comparison of our employees' profile with FY2022 is outlined below:

Workforce	No. of headcount		% of total headcount	
	FY2022	FY2023	FY2022	FY2023
By Gender				
Male	823	933	79.2	81.5
Female	216	212	20.8	18.5
By Age Group				
18-30 years old	427	407	41.1	35.5
31-50 years old	537	657	51.7	57.4
Over 50 years old	75	81	7.2	7.1
By Nationality				
Malaysian	549	663	52.8	57.9
Bangladeshi	190	193	18.3	16.9
Chinese	0	1	0	0.1
Myanmar	206	101	19.8	8.8
Nepalese	85	182	8.2	15.9
Pakistanis	9	5	0.9	0.4
TOTAL	1,039	1,145	100.0	100.0

¹¹ The employee data for FY2022 has been all restated due to an update in the source data (No. of headcount: 1,042 to 1,039; No. of new hires: 368 to 341; No. of turnovers from 643 to 657).

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Workforce	No. (Rate ¹²) of new hires		No. (Rate ¹³) of turnovers	
	FY2022	FY2023	FY2022	FY2023
By Gender				
Male	292 (23.8)	479 (43.9)	541 (44.1)	463 (42.4)
Female	49 (4.0)	67 (6.1)	116 (9.4)	68 (6.2)
By Age Group				
18-30 years old	109 (8.9)	210 (19.2)	304 (24.8)	199 (18.2)
31-50 years old	210 (17.1)	319 (29.2)	330 (26.9)	314 (28.8)
Over 50 years old	22 (1.8)	17 (1.6)	23 (1.9)	18 (1.6)
By Nationality				
Malaysian	341 (27.8)	438 (40.1)	380 (31.0)	312 (28.6)
Nepalese	0 (0)	107 (9.8)	41 (3.3)	35 (3.2)
Bangladeshi	0 (0)	0 (0)	95 (7.7)	63 (5.8)
Myanmar	0 (0)	0 (0)	129 (10.5)	117 (10.7)
Pakistanis	0 (0)	0 (0)	9 (0.7)	4 (0.3)
Chinese	0 (0)	1 (0.1)	0 (0)	0 (0)
Indonesian	0 (0)	0 (0)	1 (0.1)	0 (0)
Vietnamese	0 (0)	0 (0)	2 (0.2)	0 (0)
TOTAL	341 (27.8)	546 (50.0)	657 (53.5)	531 (48.6)
Perpetual Target	Performance in FY2023			
Improve employee recruitment and retention and increase ratio of local workers.	We observed a 50% enhancement in the recruitment of new employees and a decrease in the number of individuals departing the Group.			

12 Rate of new hires was calculated by: Number of new hires/Average number of employees at the beginning of period and end of period.

13 Rate of turnovers was calculated by: Number of turnovers/Average number of employees at the beginning of period and end of period.

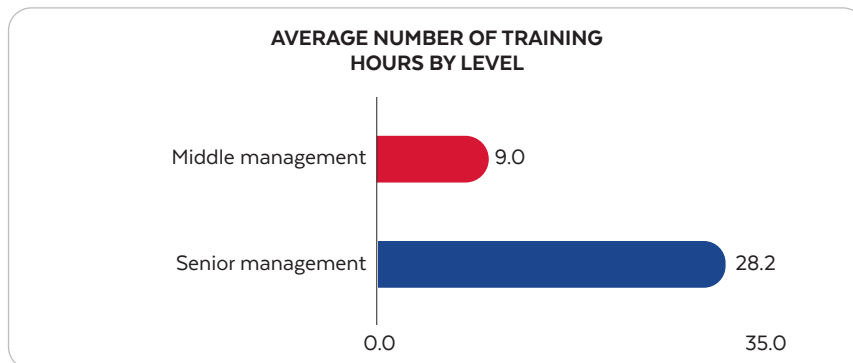
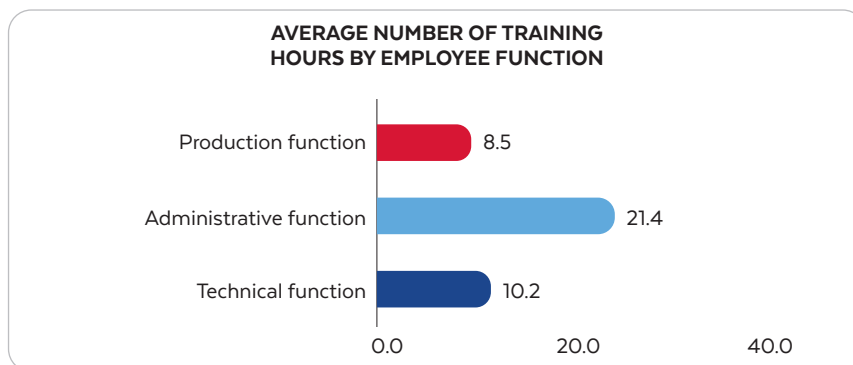
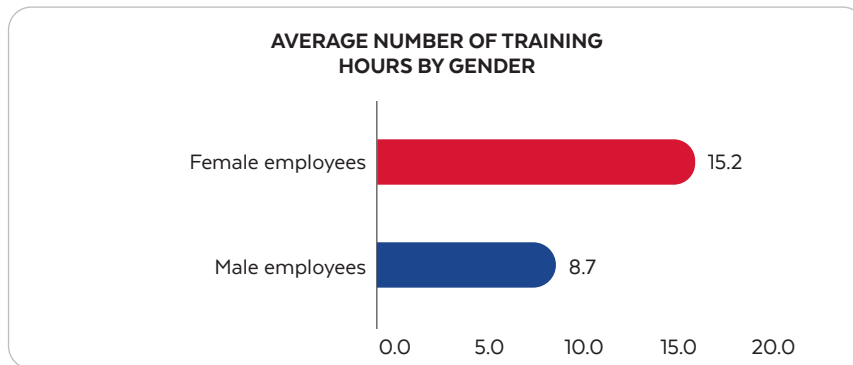
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TRAINING AND DEVELOPMENT

The Group recognises that our success hinges on a competent team capable of achieving our business objectives. Therefore, we are committed to fostering the growth of our employees through a diverse range of internal and external training and development programs. These initiatives aim to provide our staff with cutting-edge skills and knowledge, enabling them to stay ahead of the curve and meet the demands of their professional growth.

In FY2023, we conducted training programs covering various topics such as security, information security, fire safety, personal data protection act, and department/function-specific training. Additionally, all new employees undergo induction training where they are introduced to basic company rules and regulations, as well as Occupational Health and Safety (“OHS”) awareness.

The details of our employee training statistics for FY2023 are as follows:



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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).
- 3: Average number of training hours by male or female employees = Total number of training hours by male or female employees/total number of male or female employees.
- 4: Average number of training hours by production or administrative or technical function = Total number of training hours by production or administrative or technical function/total number of employees from production or administrative or technical function.
- 5: Average number of training hours by middle or senior management = Total number of training hours by middle or senior management/total number of middle or senior management.

We believe in the importance of regularly evaluating our employees’ performance and providing constructive feedback to support their improvement and growth. To achieve this, we have instituted a quarterly performance review system that offers employees prompt and actionable insights into their work. The review process assesses various aspects, including the quality of work, output, work responsibility, timeliness, ability to follow instructions, relationships with colleagues, and critical thinking skills. This ongoing review process enables employees to monitor their progress, receive acknowledgment for their accomplishments, and make necessary adjustments to enhance their job performance.

Target for FY2023	Performance in FY2023
To provide an average of 10 hours of training per employee of the Group.	Attained an average 10.0 training hours per employee. (FY2022: 8.6 training hours)

WORKPLACE HEALTH AND SAFETY

The Group places the highest priority on the health and safety of our employees, implementing proactive measures to instill a culture of safety. We have established a comprehensive Safety, Health, and Environment Policy (“**SHE Policy**”) to guide all employees in maintaining safe and healthy work practices. The Management is responsible for ensuring compliance with all health and safety regulations, and employees undergo training on proper health and safety procedures. The Group has achieved the ISO 45001:2018 certification for occupational health and safety management.

To oversee the implementation of the SHE Policy and ensure its adherence by all employees, a dedicated Safety, Health, and Environment Committee (“**SHE Committee**”) has been formed. This committee comprises key leaders and safety representatives from various factories and warehouses. Our commitment to employees’ safety and health remains steadfast as we endeavor to create a secure and healthy work environment for all.

In LY Furniture, we employ the following model for every work activity to identify work-related hazards that pose a risk of high-consequence injury:



Wearing of personal protective equipment is mandated wherever deemed appropriate. Additionally, we have installed machine covers to mitigate sound levels and pinch hazards, ensuring the health and safety of our employees.

In FY2023, the breakdown of the injury rate, in comparison to the previous year, is as follows:

Indicator	FY2022	FY2023
	Total Number (Rate) ¹⁴	
Fatalities as a result of work-related injury	0 (0)	0 (0)
High-consequence work-related injuries ¹	0 (0)	0 (0)
Number of recordable work-related injuries ² , excluding high-consequence work-related injuries	4 (0.27)	4 (0.42)
Number of hours worked	2,930,932	1,904,749

¹⁴ Rate of fatalities/high-consequence work-related injuries/Recordable work-related injuries was calculated by Number of fatalities/high-consequence/recordable as a result of work-related injury/Number of hours worked X 200,000.

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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.
- 3: Number of hours worked is calculated as: Average number of employees during the year x number of hours worked a week x 52 weeks in a year

The primary causes of the mentioned work-related injuries were attributed to a failure to adhere to designated working instructions. This lapse in following established protocols and procedures created an environment where employees were exposed to increased risks and hazards.

Proactive measures have been implemented to uphold first-aid rooms, with trained first-aiders available at every factory within LY Furniture. For employees in need of medical check-ups or treatments, we arrange transportation to health clinics to facilitate their access to medical attention. Fire drills are regularly conducted to familiarise employees with fire-fighting equipment usage and proper responses in fire safety situations.

Our factories and warehouses are well-equipped with first-aid rooms, trained first-aiders, and Emergency Response Teams (“ERTs”) to address any emergency situations. All employees are covered by personal accident and life insurance and have access to a network of panel clinics for medical check-ups and treatments.

Perpetual Target	Performance in FY2023
To achieve zero major (i.e. leave of absence of more than 4 calendar days) case of workplace injuries and fatalities.	Four (4) cases of minor injuries and zero fatality.

MOVING FORWARD

The Group is unwavering in our dedication to empowering our workforce through training and professional development initiatives. Our objective is to cultivate a skilled and adaptable workforce capable of navigating the dynamic business environment effectively. Our goal is to attain zero major workplace incidents in the upcoming years. Moreover, we aspire to extend our positive influence on the community by actively participating in and expanding our involvement in various social initiatives. The short, medium, and long-term targets of our Group are outlined below, in comparison with FY2022:

Material Topics	Short-Term Target (1-3 years)	Medium-Term Target (by 2030)	Long-Term Target (by 2050)
Talent Attraction and Retention	Improve employee recruitment and retention and increase ratio of local workers.		
Training and Development	To provide an average of 8 hours of training per employee for the Group.	To provide an average of 12 hours of training per employee for the Group.	To provide an average of 15 hours of training per employee for the Group.
Workplace Health and Safety	To achieve zero major (i.e., leave of absence of more than 4 calendar days) case of workplace injuries and fatalities.		

SUSTAINABILITY REPORT

GOVERNANCE

The Board and Management are both committed to upholding high ethical standards and following effective corporate governance practices, fostering the Group's enduring sustainability. Through robust internal controls and a dedicated approach to corporate governance, the Group endeavors to generate value for its stakeholders while nurturing a principled and ethical corporate environment. Aligned with the guidelines outlined in the Code of Corporate Governance ("**CG Code**"), the Group implements various sustainability measures to embed the principles of good governance across its operations.

Our Board is characterised by a well-balanced composition of directors possessing diverse skills, experiences, and knowledge, enabling the Group to effectively pursue its long-term objectives. The following overview provides a summary of the composition of our Board and Management, more details can be found in the earlier sections of the 2023 Annual Report.

Description	Percentage (%)
Board Independence The number of independent board of directors as a percentage of all directors.	50.0
Women on the Board The number of female board directors as a percentage of all directors.	16.7

CORPORATE GOVERNANCE

The Group prioritises the adoption of robust corporate governance practices to enhance transparency and accountability. Both the Board and Management are dedicated to cultivating a corporate culture characterised by integrity and ethical conduct. To uphold the principles of good governance, we closely align our framework with the CG Code issued by the Monetary Authority of Singapore, staying updated with the latest revisions. The Board has instituted specialised committees, including the Nominating Committee ("**NC**"), Remuneration Committee ("**RC**"), and the Audit and Risk Committee ("**ARC**"), to ensure the segregation of key functions and establish well-defined responsibilities.

Perpetual Target	Performance in FY2023
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 2023 Annual Report.

SUSTAINABILITY REPORT

ETHICS, BRIBERY AND CORRUPTION

The Group places a high value on integrity and ethical conduct, recognising them as essential for maintaining credibility and accomplishing strategic objectives. Our stringent zero-tolerance policy towards bribery, fraud, and corruption reflects our belief that ethical behaviour contributes to long-term stakeholder value. We have various annual declaration requirements and a whistle-blowing channel for the reporting of any critical concerns to the Board. In FY2023, there were no instances of unethical, fraudulent, or corrupt conduct that were brought to the Board's attention.

To actively promote ethical behaviour, we have implemented internal controls and established written policies covering Conflict of Interest, Whistleblowing, Employment Code of Conduct, and Anti-Bribery & Anti-Corruption. These policies serve as clear guidelines for our employees and are communicated to all new hires as part of their onboarding process. The key components of these policies are outlined 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

Anti-Bribery & Anti-Corruption Policy

- Iteration that the Group is committed to conduct its business dealings with integrity and has a zero-tolerance approach against all form of bribery and corruption
- Guidelines to identify potential and corruption risks that may affect the Group
- Guidelines towards Conflict of Interest, Gifts, Entertainment, Corporate Hospitality and Travel, Dealing with Public Officials, and Corporate Social Responsibility and Donations
- Iteration that facilitation payments are strictly prohibited and the guidelines for employees should they encounter any request for facilitation payments

The Group prioritises the cultivation of professional and ethical conduct among its staff. The Employee Code of Conduct is shared with all new hires and existing employees. It is imperative for all employees to uphold integrity in their actions. Those found engaging in misconduct or falling short of performance expectations may be subjected to disciplinary measures, up to and including termination. In FY2023, there were no instances of employee misconduct leading to dismissal.

Perpetual Target

To achieve zero cases which are unethical, fraudulent or corrupt in nature

Performance in FY2023

Achieved zero cases which are unethical, fraudulent or corrupt in nature.

SUSTAINABILITY REPORT

REGULATORY COMPLIANCE

Ensuring compliance with regulations is crucial, as any failure to do so may result in legal and financial consequences, posing potential harm to the Group's reputation. Additionally, the Group's policy on labour standards aligns with government regulations and guidelines, explicitly prohibiting discrimination, child labour, and forced labour across all aspects of our operations and business activities. The establishment of well-defined labour standards reflects the Group's commitment to socially responsible behaviour, emphasising its impact and the protection of human rights by prohibiting discrimination, slavery, and any form of inhumane treatment while promoting equality and fairness. Specifically, the Group adheres to various laws, regulations, and rules, including:

Ministry of International Trade and Industry	
<ul style="list-style-type: none"> Industrial Co-ordination Act (1975) 	
Department of Occupational Safety and Health	
<ul style="list-style-type: none"> Factories and Machinery Act (1967) 	
Ministry of Human Resource	
<ul style="list-style-type: none"> Employment Act (1955) 	
Department of Environment	
<ul style="list-style-type: none"> Environmental Quality Act (1974) 	
Personal Data Protection Department	
<ul style="list-style-type: none"> Personal Data Protection Act (2010) 	
Singapore Exchange Limited	
<ul style="list-style-type: none"> SGX-ST Catalist Rules 	
Monetary Authority of Singapore	
<ul style="list-style-type: none"> Code of Corporate Governance 2018 	
Singapore Companies Act	
Malaysia Companies Act 2016	
Malaysia Timber Industry Board	
<ul style="list-style-type: none"> Malaysian Timber Industry Board (Incorporation) Act (1973) Timber Industrialisation Methods (Registration) (1991) 	
Perpetual Target	Performance in FY2023
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.

SUSTAINABILITY REPORT

MOVING FORWARD

Our primary emphasis is on maintaining a robust corporate governance culture and ensuring strict compliance with all relevant laws, regulations, and rules within the regions where we operate. This dedication reflects our unwavering commitment to ethical business practices, accountability, and transparency. Upholding these standards is not only a legal imperative but also a cornerstone of our corporate identity, demonstrating our responsibility as a conscientious organisation. All targets for governance-related material topics of our Group are perpetual as follows:

Material Topics	Perpetual Targets
Corporate Governance	To achieve zero non-compliance with the principles of the Code of Corporate Governance.
Ethics, Bribery and Corruption	To achieve zero cases which are unethical, fraudulent or corrupt in nature.
Regulatory Compliance	To achieve zero significant fines and reportable cases of non-compliance with all applicable laws, rules and regulations.

GRI CONTENT INDEX

LY Corporation Limited has reported the information cited in this GRI content index for the period of 1 January 2023 to 31 December 2023 with reference to the GRI Standards.

GRI Standard	Disclosure Number & Title	Section Reference
GRI 2: General Disclosures 2021	2-1 Organisational details	Annual Report 2023: Corporate Profile
	2-2 Entities included in the organisation's sustainability reporting	Sustainability Report: About this Report
	2-3 Reporting period, frequency and contact point	Sustainability Report: About this Report - Scope of Report
	2-4 Restatements of information	There has been restatement of figures or information disclosed in our previous report
	2-5 External assurance	LY Corporation has not sought external assurance for this reporting period, and may consider it in the future
	2-6 Activities, value chain and other business relationships	Annual Report 2023: Corporate Profile Annual Report 2023: Message to Shareholders
	2-7 Employees	Sustainability Report: Social - Employees' Profile
	2-8 Workers who are not employees	There were no workers who are not employees
	2-9 Governance structure and composition	Annual Report: Corporate Governance Report Sustainability Report: Sustainability Steering Committee
	2-10 Nomination and selection of the highest governance body	Annual Report: Corporate Governance Report
	2-11 Chair of the highest governance body	Annual Report: Corporate Governance Report
	2-12 Role of the highest governance body in overseeing the management of impacts	Sustainability Report: Sustainability Steering Committee
	2-13 Delegation of responsibility for managing impacts	Annual Report: Corporate Governance Report Sustainability Report: Sustainability Steering Committee
	2-14 Role of the highest governance body in sustainability reporting	Sustainability Report: Sustainability Steering Committee
	2-15 Conflicts of interest	Annual Report: Corporate Governance Report Sustainability Report: Governance - Ethics, Bribery and Corruption
	2-16 Communication of critical concerns	Sustainability Report: Governance - Ethics, Bribery and Corruption

SUSTAINABILITY REPORT

GRI Standard	Disclosure Number & Title	Section Reference
	2-17 Collective knowledge of the highest governance body	This covers confidential information of LY Corporation's board meetings and are not to be disclosed due to confidentiality reasons
	2-18 Evaluation of the performance of the highest governance body	Annual Report: Corporate Governance Report Sustainability Report: Sustainability Steering Committee
	2-19 Remuneration policies	Annual Report: Corporate Governance Report
	2-20 Process to determine remuneration	Annual Report: Corporate Governance Report
	2-21 Annual total compensation ratio	This covers confidential information and are not to be disclosed due to confidentiality reasons.
	2-22 Statement on sustainable development strategy	Sustainability Report: Sustainability Steering Committee
	2-23 Policy commitments	Annual Report: Corporate Governance Report Sustainability Report: • Governance – Ethics, Bribery and Corruption • Governance – Regulatory Compliance
	2-24 Embedding policy commitments	Annual Report: Corporate Governance Report Sustainability Report: • Governance – Ethics, Bribery and Corruption • Governance – Regulatory Compliance
	2-25 Processes to remediate negative impacts	Sustainability Report: Governance – Ethics, Bribery and Corruption
	2-26 Mechanisms for seeking advice and raising concerns	Sustainability Report: Governance – Ethics, Bribery and Corruption
	2-27 Compliance with laws and regulations	Annual Report: Corporate Governance Report Sustainability Report: • Governance – Ethics, Bribery and Corruption • Governance – Regulatory Compliance
	2-28 Membership associations	Currently, we do not hold significant roles in any membership associations
	2-29 Approach to stakeholder engagement	Sustainability Report: Stakeholder Engagement
	2-30 Collective bargaining agreements	There are no collective bargaining agreements in place.
GRI 3: Material Topics 2021	3-1 Process to determine material topics	Sustainability Report: Materiality Assessment
	3-2 List of material topics	
Topic-specific disclosure		
Economic Agility GRI 3: Material Topics 2021/GRI 201: Economic Performance 2016		
GRI 3: Material Topics 2021	3-3 Management of material topics	Sustainability Report: Materiality Assessment
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	Sustainability Report: Economic Agility
	201-2 Financial implications and other risks and opportunities due to climate change	Sustainability Report: TCFD Report
Ethics, Bribery and Corruption GRI 3: Material Topics 2021/GRI 205: Anti-Corruption 2016		
GRI 3: Material Topics 2021	3-3 Management of material topics	Sustainability Report: Materiality Assessment
GRI 205: Anti-Corruption 2016	205-1 Operations assessed for risks related to corruption	Sustainability Report: Ethics, Bribery and Corruption
	205-3 Confirmed incidents of corruption and actions taken	

SUSTAINABILITY REPORT

GRI Standard	Disclosure Number & Title	Section Reference
Energy Usage GRI 3: Material Topics 2021/GRI 302: Energy 2016		
GRI 3: Material Topics 2021	3-3 Management of material topics	Sustainability Report: Materiality Assessment
GRI 302: Energy 2016	302-1 Energy consumption within the organisation	Sustainability Report: • Greenhouse Gas Emissions • Energy Usage
	302-3 Energy intensity	
	302-4 Reduction of energy consumption	
Water Consumption GRI 3: Material Topics 2021/GRI 303: Water and Effluents 2018		
GRI 3: Material Topics 2021	3-3 Management of material topics	Sustainability Report: Materiality Assessment
GRI 303: Water and Effluents 2018	303-5 Water consumption	Sustainability Report: Water Consumption
Climate Change GRI 3: Material Topics 2021/GRI 305: Emissions 2016		
GRI 3: Material Topics 2021	3-3 Management of material topics	Sustainability Report: Materiality Assessment
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	Sustainability Report: Greenhouse Gas Emissions
	305-2 Energy indirect (Scope 2) GHG emissions	
	305-3 Other indirect (Scope 3) GHG emissions	
	305-4 GHG emissions intensity	
	305-5 Reduction of GHG emissions	
Waste Management GRI 3: Material Topics 2021/GRI 306: Waste 2020		
GRI 3: Material Topics 2021	3-3 Management of material topics	Sustainability Report: Materiality Assessment
GRI 306: Waste 2020	306-3 Waste generated	Sustainability Report: Waste Management
	306-4 Waste diverted from disposal	
	306-5 Waste diverted to disposal	
Talent Attraction and Retention GRI 3: Material Topics 2021/GRI 401: Employment 2016		
GRI 3: Material Topics 2021	3-3 Management of material topics	Sustainability Report: Materiality Assessment
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	Sustainability Report: Talent Attraction and Retention
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	
Workplace Health and Safety GRI 3: Material Topics 2021/GRI 403: Occupational Health and Safety 2018		
GRI 3: Material Topics 2021	3-3 Management of material topics	Sustainability Report: Materiality Assessment
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	Sustainability Report: Workplace Health and Safety
	403-5 Worker training on occupational health and safety	
	403-6 Promotion of worker health	
	403-9 Work-related injuries	
	403-10 Work-related ill health	

SUSTAINABILITY REPORT

GRI Standard	Disclosure Number & Title	Section Reference
Training and Development GRI 3: Material Topics 2021/GRI 404: Training and Education 2016		
GRI 3: Material Topics 2021	3-3 Management of material topics	Sustainability Report: Materiality Assessment
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	Sustainability Report: Training and Development
	404-2 Programmes for upgrading employee skills and transition assistance programs	
	404-3 Percentage of employees receiving regular performance and career development reviews	
Talent Attraction and Retention GRI 3: Material Topics 2021/GRI 406: Non-discrimination 2016		
GRI 3: Material Topics 2021	3-3 Management of material topics	Sustainability Report: Materiality Assessment
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	Sustainability Report: Talent Attraction and Retention
Regulatory Compliance GRI 3: Material Topics 2021/GRI 408: Child Labour 2016		
GRI 3: Material Topics 2021	3-3 Management of material topics	Sustainability Report: Materiality Assessment
GRI 408: Child Labour 2016	408-1 Operations and suppliers at significant risk for incidents of child labour	Sustainability Report: Regulatory Compliance
Regulatory Compliance GRI 3: Material Topics 2021/GRI 409: Forced or Compulsory Labour 2016		
GRI 3: Material Topics 2021	3-3 Management of material topics	Sustainability Report: Materiality Assessment
GRI 409: Forced or Compulsory Labour 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labour	Sustainability Report: Regulatory Compliance

SUSTAINABILITY REPORT

TCFD RECOMMENDATIONS CONTENT INDEX

Governance		
TCFD 1(a)	Describe the board's oversight of climate-related risks and opportunities.	Governance
TCFD 1(b)	Describe management's role in assessing and managing climate-related risks and opportunities.	
Strategy		
TCFD 2(a)	Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term.	Group Strategy
TCFD 2(b)	Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.	
TCFD 2(c)	Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	
Risk Management		
TCFD 3(a)	Describe the organisation's processes for identifying and assessing climate-related risks.	Risk Management
TCFD 3(b)	Describe the organisation's processes for managing climate-related risks.	
TCFD 3(c)	Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.	
Metrics and Targets		
TCFD 4(a)	Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.	Metrics and Targets
TCFD 4(b)	Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 GHG emissions, and the related risks.	
TCFD 4(c)	Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets	