

SUSTAINABILITY STATEMENT

INTRODUCTION

AT Systematization Berhad and its subsidiaries (the "Group") believes in conducting business with responsibility and in an ethical way by ensuring that we promote sustainable economic and social development, contributing sustainability to communities and the environment. The Board recognizes the need for the Group's strategies to promote sustainability and regularly reviews the strategic direction of the Group as well as the progress of the Group's operations. The Board takes into consideration the economic, environmental, social and governance aspects when developing the Group's strategies.

OUR APPROACH

In ATS, sustainability means managing its business responsibly for long term success while creating value for its distributors, employees, shareholders, community and the environment. The Group is committed to nurture a customer-focused, socially responsible company that generates sustainability returns to its shareholders and other stakeholders. This Sustainability Statement has been prepared in accordance with the Sustainability Reporting Guide and Toolkits, issued by Bursa Securities.

CORE AREAS



ECONOMIC SUSTAINABILITY

Continuous Innovation

In Industry Revolution ("IR") 4.0 era, we are subject to rapid technological changes and new products developments. Innovation is the process of making improvement by introducing something new which gives ATS the competitive advantage needed to be a success in our market. Our research and development team is well-trained and responsible for the process and product quality. The Group invested balancer and presetter which are fundamental for our engineering factory to move forward for IR 4.0 to be implemented effectively. The Group has a proven track-record more than 20 years and still maintaining a sustainable growth in this challenging economy environment.

Certificate & Accreditation

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

TYPE OF CERTIFICATE	CERTIFICATION BODIES
ISO 9001 : 2015	BSI
ISO 13485 : 2016	BSI

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Procurement Practice

The Group is committed to ensure that speed, efficiency and quality are adhered to in the supply chain management process. As we progress up the value chain, we remain committed to our internal procedures through which our vendors work towards improving and strengthening their capabilities as well as pursuing accreditation to international quality certifications. We conduct regular audits and visits to our vendors and suppliers to ensure that they are progressing well against targets.

Effective Engagement with Stakeholders

ATS is dedicated and committed to ensure the interest of all vital stakeholders such as shareholders and investors, employees, customers, suppliers, bankers, government, regulators and local communities.

- (i) The Group maintains online corporate website to provides latest corporate news of the Group including announcements, quarterly results and other development with the objective to provide timely information to our various stakeholders within the Group;
- (ii) The Group also manages online social media through Facebook to share activities conducted by the Group and to foster harmonious relations within our various stakeholders;
- (iii) The Group's business activities are consistently aligned to the needs of its customers. Customer loyalty and satisfaction are a decisive success factor for ATS. The Group strives for long-term partnerships based on mutual trust and respect. With innovative technologies, dependable products and excellent services, ATS provides customers with solutions that contribute in turn to their success.
- (iv) Suppliers are ATS's partners. Together with them, the Group continuously improves the quality and costing of materials and components. ATS places emphasis on gaining the active support of its suppliers in the innovation process. The Group respects the IP rights (intellectual property rights) of its partners and strives for long-term cooperative relationships characterized by mutual respect and joint commitment to addressing business challenges.

The Group recognises the importance of practising good corporate governance, accountability and transparency as set out in the MCCG 2017 and are determine to ensure such high standards are practiced within the Group to enhance shareholders' value.



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ENVIRONMENTAL SUSTAINABILITY

Waste Management

We have a responsibility to current and future generations to minimise our impact on the environment and address the pressing issue of climate change. To this end, we comply with environmental laws and the Group's waste management system adheres to the Department of Environment ("DOE") requirements. This system has been in place through various operations procedures to minimise waste generated. We established the Safety, Health and Quality Management working committee that monitors our compliance with the DOE requirements. A monthly reporting of scheduled waste generated and disposal record is maintained in compliance with the DOE through eSWIS system. Analysis of total waste generated quarterly were presented during the meeting to control excess waste production. All chemical used and waste materials such as coolants, hydraulic oil, zinc phosphates and other chemical compounds are safely disposed through licensed waste transporter and contractor.

Energy and Water Conservation

The Group made conscious effort in improving our manufacturing processes and continuously reduce the use of energy and water throughout the factory. We have harvested rain water and used recycle water for general cleaning such as floor, drainage system at the production. Our manufacturing facilities have also been installed with transparent roofing and energy-saving lights to reduce energy consumption. We have implemented energy efficiency practices such as using solar energy-saving devices and shut down air conditioning 30 minutes before the office close.

Green Initiatives

Environment care is one of the Group's key sustainability interests. We strive to achieve a sustainable balance between development and conservation to minimize and protect the impact on the ecosystem. In line with the growing interest of renewable energy in Malaysia and towards creating greener portfolio with sustainable capacity, the Group has diversified into business of power generation and renewable energy. The Group is now operating two (2) solar photovoltaic plants of 425kW and 300kW respectively. These solar photovoltaic plants are built on rooftop and covered car park area of the Group's manufacturing plants, equipped with photovoltaic modules and able to produce clean energy annually for the national grid using photovoltaic technology.

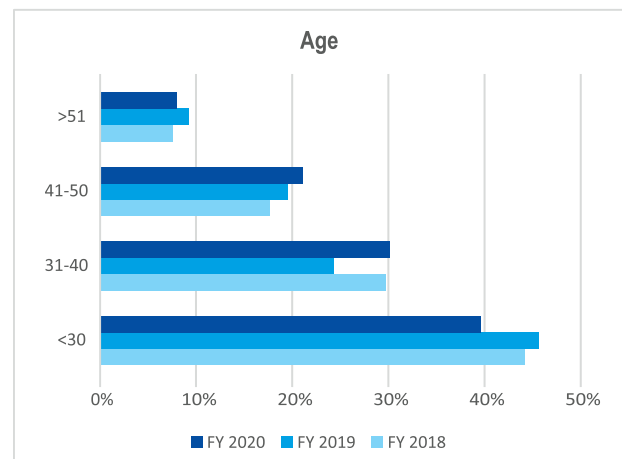
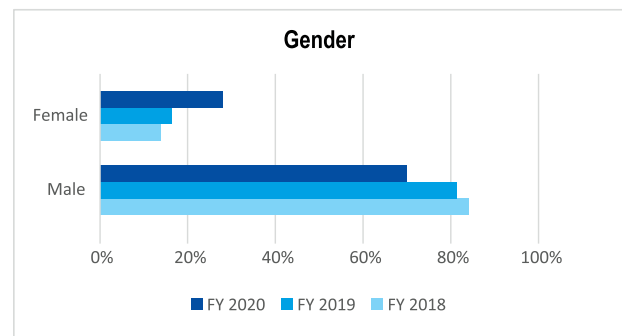
SOCIAL SUSTAINABILITY

Diversity

We value employees as they are the backbone of the Group. Our Group does not discriminate against the race, gender, religion or age of a person when employing from the workforce as we prioritise their competency, experience and capability of the candidate. The selection process is solely based on competent and qualified basis.

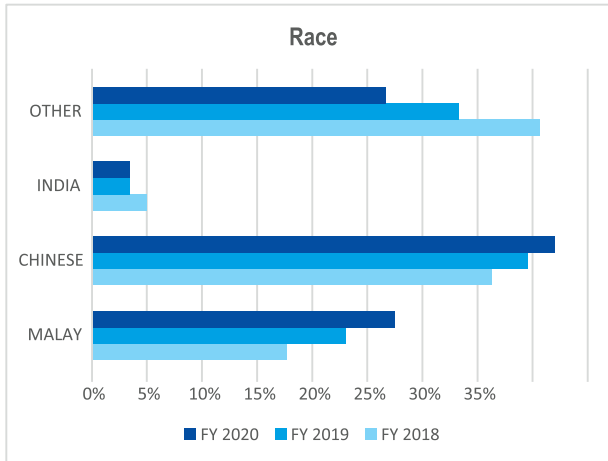
Our Group complies strictly with labour law and code of employment practices. We are committed to eliminating the labour practices of using child and illegal labour. The Group does not employ any person below the legal age as defined by the Employment Act in Malaysia. All employees are treated fairly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

While the Group appreciates diverse opinions and perspective contributed by women, they are less likely to be employed in factory due to the nature of the work. As such, male and younger workers account as majority of the workforce.



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Talent Training & Development

The Group believes that human capital development is important to ensure that the Group has the right and relevant skill sets and knowledge essential for business sustainability and growth. Hence, we invest in training and development needs of our employees so that they can excel in their given position. This is especially true in our industry where technologies are changing and we are required to stay forefront to serve our customers. The Group constantly upgrades the employees' skills, knowledge and experience through training and practical programmes, both held internally and externally. On the job training are provided upfront to equip the factory workers with knowledge and skills in carrying out their responsibilities. Enhancement on individual employee's competency level will lead to overall increase in productivity and further improve their quality of work and workplace.

Health & Safety in Workplace

The Group has a Health & Safety Committee that oversee the Occupational Health and Safety Management System ("OHSAS") by reviewing the safety and health policy of work and make recommendations for any revision of such policies. Safety issues will always be one of the agenda of the staff meeting and a key performance indicator in performance evaluation of the employees. Employees are required to wear personal protection equipment such as safety goggles, gloves, boots and face mask when entering high risk area inside factory to prevent the occurrence of any unsafe act or near miss accident. Supervisors have to monitor the work practices performed by the employees to ensure they followed safety procedures in accordance with the safety guides and manuals. These activities will ensure reduction of incidents of injuries

and lost working days recorded. Medical surveillance is performed on employees who are likely to expose due to occupational hazardous to health. Fire drill and safety training as well as risk awareness campaigns are conducted to ensure that employees understand how to respond properly in the event of an emergency.

Community Engagement

Beyond building sustainability in our areas of operations, we believe in engaging and strengthening relationships with the surrounding communities to establish goodwill and to contribute towards community health and well-being. The Group continued to play its role as a socially responsible corporation to provide positive force to community. The Group improve community well-being through cash donation or sponsorship to non-profitable organization, government agency and charitable organisations.

