

SUSTAINABILITY STATEMENT



SUSTAINABILITY STATEMENT (CONT'D)

Hua Yang recognises the significant potential for growth and long-term value creation in sustainability. We firmly believe that responsible business practices must incorporate sustainability as a fundamental element. Our company views sustainability as a strategic driver that permeates every aspect of our operations; encompassing economic, environmental, and social dimensions.

We are committed to striking a delicate balance between the interests of our shareholders and those of the environment and local communities. The impact our business has on these entities is carefully considered, guided by strong ethical standards. It is our aim to set a positive example for our stakeholders and ensure that sustainability is deeply ingrained within our entire organisation.

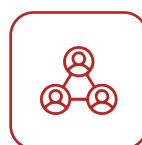
To achieve this, we have identified four pillars of sustainability that serve as our guiding principles:



Deliver affordable and dependable quality service and products



Build a sustainable environment through innovation



Promoting engagement and investing in the local community

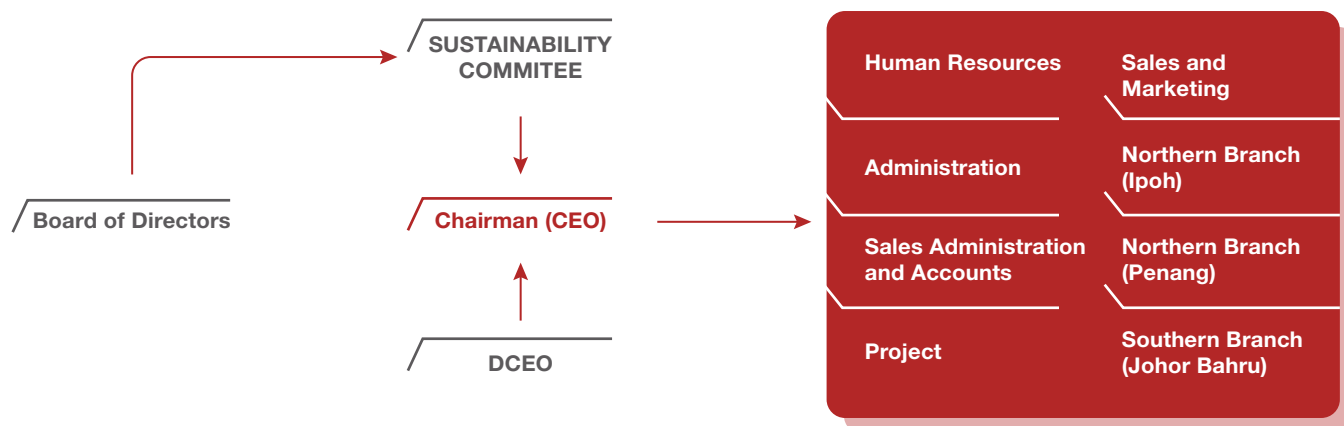


Enhancing values by motivating our workers and ensuring reliable and efficient supply chain management

By addressing the economic, environmental, and social risks (EES) we face, our strategies establish a strong foundation for our business. Additionally, we actively seek to tackle specific local issues and challenges, striving to make a positive and lasting impact on the communities we serve.

SUSTAINABILITY COMMITTEE

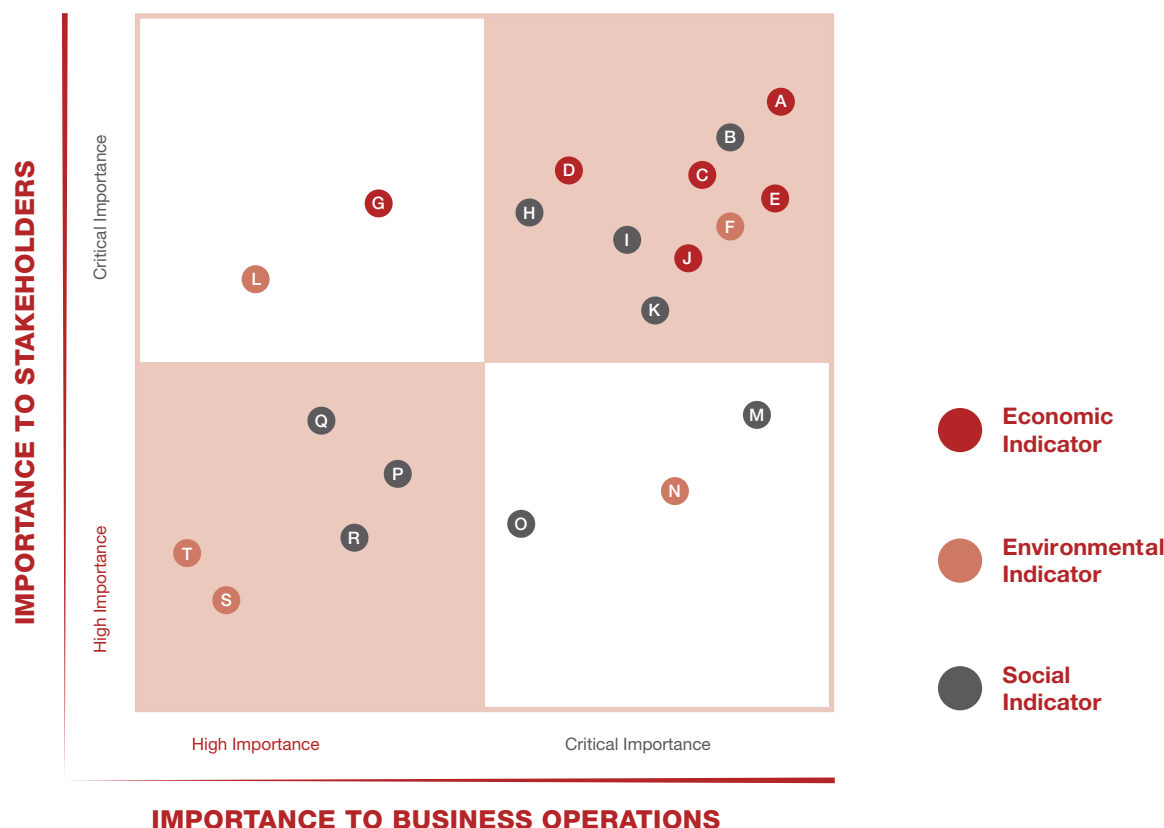
Our Sustainability Committee serves as an internal body within our organisation, tasked with both advisory and supervisory responsibilities related to our sustainability objectives. The primary role of the committee is to develop and oversee the Group's sustainability strategy. The Board of Directors provides oversight to the Sustainability Committee, and it is chaired by the Chief Executive Officer.



SUSTAINABILITY STATEMENT (CONT'D)

MATERIAL SUSTAINABILITY MATTERS / INDEX

By implementing a comprehensive process of identification, ranking, and verification, the Group identified and refined 20 material sustainability matters that hold significance to our business operations and have a substantial impact on our stakeholders. These matters were assessed based on their importance, relevance, and impact. The resulting materiality matrix, which highlights the final findings, is presented as follows:



Material Sustainability Matters	Relevant Stakeholder (s)	Applicable GRI Indicator (s)
A Housing Affordability	Customers, Communities	Product Service and Labelling
B Occupational Safety and Health	Regulators & Government Agency, Vendors & Suppliers, Employees	Occupational Health and Safety
C Business Digitisation	Customers, Communities	GRI General Standard Disclosures
D Market Presence	Shareholders & Investors, Vendors & Suppliers	GRI General Standard Disclosures
E Economic Performance	Shareholders & Investors, Customers	GRI General Standard Disclosures
F Regulatory Compliance	Regulators & Government Agency, Shareholders & Investors, Customers	Compliance
G Supply Chain Management	Vendors & Suppliers, Customers	GRI General Standard Disclosures
H Ethics and Integrity	Regulators & Government Agency, Shareholders & Investors	GRI General Standard Disclosures
I Customer Satisfaction and Brand Reputation	Customers and Shareholders & Investors	Product Service and Labelling
J Project Management	Regulators & Government Agency	Compliance
K Corporate Governance and Transparency	Regulators & Government Agency, Shareholders & Investors	GRI General Standard Disclosures
L Energy	Regulators & Government Agency, Customers, Vendors & Suppliers	Energy
M Product Quality	Customers	Product Service and Labelling
N Waste Management	Regulators & Government Agency, Customers, Communities	Waste and Effluents
O Employee Benefits	Employees	Diversity and Equal Opportunity
P Customer Privacy	Customers	Customer Privacy
Q Employee Development and Training	Employees	Training and Education
R Contribution to Society	Communities, Media	Local Communities
S Green Buildings Compliance	Customers, Shareholders & Investors and Vendors & Suppliers	Compliance
T Water	Customers, Communities	Water

SUSTAINABILITY STATEMENT (CONT'D)

ECONOMIC SUSTAINABILITY

As the Group remains dedicated to its primary goal of attaining business sustainability and making meaningful contributions to a more sustainable society, we have successfully identified priority areas that will safeguard long-term profitability and foster growth for the Group.

1. EMBEDDING ETHICAL BUSINESS PRACTICES

An essential aspect of fostering an ethical corporate culture is compliance with government laws and regulations, as well as adopting the Malaysian Code of Corporate Governance 2021 ("MCCG"), which guides our commitment to corporate accountability as a responsible business. We prioritise sustainability by integrating it into our company strategy, with the active involvement and full support of our senior management team.

To uphold high ethical standards and demonstrate responsible business practices, our Board of Directors has approved the Group's Anti-Bribery and Anti-Corruption Policy. This policy serves as a testament to our unwavering dedication to maintaining integrity.

Furthermore, we have implemented a Whistleblowing Policy, which is readily accessible to our stakeholders through our corporate website. This policy is designed to encourage the reporting of any instances of business misconduct, ensuring transparency and providing a means for stakeholders to voice concerns regarding any wrongdoing within the Group.

2. BUSINESS DIGITALISATION

The digitalisation of our business has been instrumental in enhancing efficiency and productivity. With the introduction of new initiatives, such as computer replacement, sourcing a new workflow system to improve automation processes, and enhancing network security features, we have experienced significant improvements in our operations.

Notably, the replacement of our computers has led to enhanced performance and reliability. This upgrade has enabled our employees to work more efficiently, ultimately benefiting the overall productivity of the company. Furthermore, we are currently in the process of sourcing a new Workflow system that will enhance automation processes within our organisation. This system aims to streamline workflows, improve efficiency, and optimise productivity. Additionally, we are taking proactive measures to enhance network security by implementing advanced features to mitigate phishing and spam emails. Our priority is to safeguard sensitive information and ensure the utmost security for our network infrastructure.

3. PRODUCT QUALITY CONTROL

The significance of quality control within the construction industry cannot be overstated. Its primary objective is to ensure that all deliverables meet the established standards and guidelines set by regulatory and environmental agencies, as well as client expectations. The quality of construction heavily relies on effective monitoring and tracking. By implementing a robust monitoring system and employing advanced planning techniques, we can minimise errors and achieve optimal outcomes. This proactive approach allows us to identify and address potential issues before they manifest.

Our unwavering commitment to safety standards and building guidelines is evident through our ongoing adherence to the updated CIS 7:2021 standard, titled 'Quality Assessment System for Building Construction Work,' and the 'Quality Assessment System in Construction' (QLASSIC) standard, as mandated by Malaysia's Construction Industry Development Board (CIDB). These standards serve as the foundation for our quality control processes, ensuring that our construction projects meet the highest industry benchmarks and deliver exceptional results.

SUSTAINABILITY STATEMENT (CONT'D)

4. CUSTOMER SATISFACTION

Ensuring customer satisfaction is an essential aspect of every industry, and the construction sector is no different. Recognising the significance of fostering positive customer relationships, we have implemented various communication channels to facilitate seamless and effective interactions with our valued customers. These channels encompass:

1. Feedback and Comments: We provide customers with the convenience of sharing their feedback and comments through both email and phone, enabling them to communicate with us easily and promptly.
2. Walk-in Customer Care: At all our Customer Care Offices, we have dedicated personnel available to address customer inquiries, concerns, and provide personalised assistance.
3. Continued Usage of Customer Care Offices: We maintain ongoing accessibility to our Customer Care Offices across all completed projects managed by our own personnel. This ensures that customers can continue to benefit from our services and support even after the project's completion.
4. Defect Management System: We subscribed a comprehensive defect management system to address any issues that may arise in our completed projects during the Defect Liability Period (DLP). This system allows us to meticulously analyse and evaluate defects, utilizing the Qlassic scoring framework as a benchmark for assessing product quality.

Our commitment to providing multiple communication channels has yielded positive results in managing customer satisfaction as we have built strong relationships and established a high level of trust with our customers. We remain dedicated to nurturing these relationships and continually improving our services to meet and exceed customer expectations.

SUSTAINABILITY STATEMENT (CONT'D)

WORKPLACE SUSTAINABILITY

At Hua Yang, we recognise that our employees are the foundation of our company, and aligning them with our corporate values is crucial for creating value for all stakeholders. We are committed to fostering a positive employee experience, understanding that happy and engaged employees are motivated to deliver exceptional results and foster positivity throughout the organisation.

As our most valuable asset, we strive to provide our employees with a fair, stimulating, and rewarding workplace that facilitates their career growth. We emphasise the significance of career development and encourage our employees to seize opportunities to reach their full potential through our range of self-development programs.

Furthermore, the health and well-being of our employees remain a top priority and in recent years we have established a dedicated Group Emergency Response Team (ERT) consisting of 20 members who are responsible for implementing and monitoring workplace safety measures. Their roles include reporting, recording, and investigating workplace accidents and instances of non-compliance with safety standards outlined in the Group's policies and procedures. Additionally, the ERT conducts annual planned emergency evacuation exercises to ensure preparedness and safety in unforeseen situations.

DIVERSITY AND INCLUSION

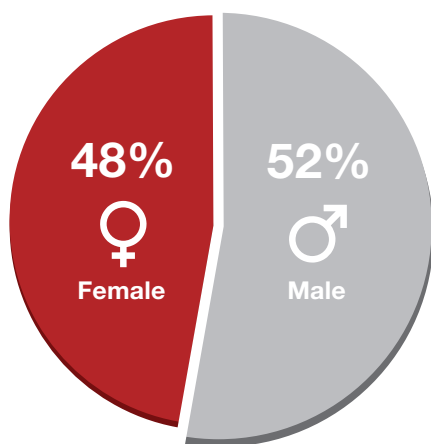
Diversity and inclusion in the workplace play a crucial role in fostering a thriving and dynamic organisational culture. At Hua Yang, we embrace diversity as it means recognising and valuing the unique perspectives, backgrounds, and experiences that individuals from different races, ethnicities, genders and ages bring to the table. Inclusion, on the other hand, involves creating an environment where all employees feel respected, empowered, and included, regardless of their differences. As we foster diversity and inclusion in the workplace, we believe that we can unlock a wealth of benefits; while enhancing creativity, innovation, and problem-solving by bringing together a variety of perspectives and ideas.

We are committed to maintaining an equal opportunity workplace, one in which all our employees have a fair chance to pursue managerial positions based on their merits, capabilities, and qualifications, irrespective of their gender, race, or age. We understand the connection between an employee's drive, motivation, and the organisation's career development program. Therefore, we offer a range of training programs to empower our employees, enhance their skills and knowledge, and provide opportunities for growth and advancement within the company.

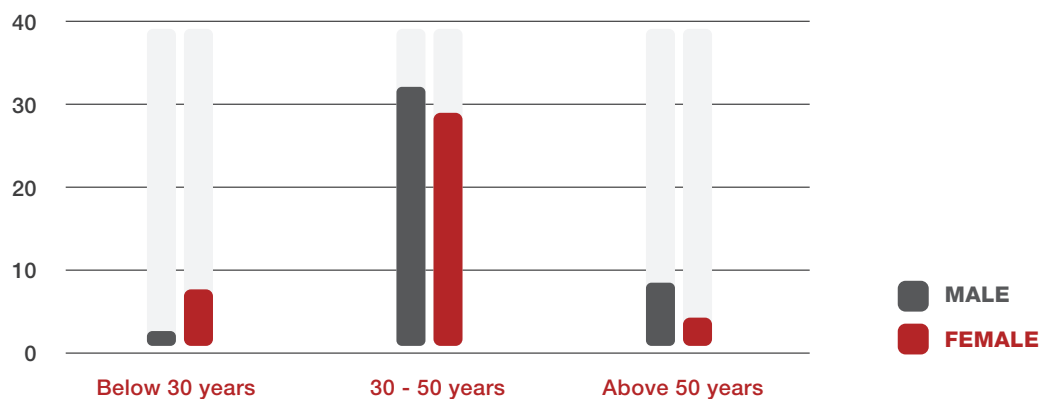
Our workforce reflects a balanced distribution, with 48% females and 52% males. We value the diversity in age among our employees, with the majority falling within the age range of 30 and above. This diverse age representation contributes to the strength and dynamism of our workplace, creating a stable and vibrant environment that benefits our organisation as a whole.

SUSTAINABILITY STATEMENT (CONT'D)

EMPLOYEE GENDER DISTRIBUTION



STAFF STRENGTH: 79



EMPLOYEE DEVELOPMENT AND TALENT MANAGEMENT

At Hua Yang, we have always emphasised the importance of our people as our greatest asset. We firmly believe that the value of our employees is directly linked to the time and energy invested in their growth and development. In line with our vision, values, as well as business goals, we are committed to nurturing our talent, recognising that their development is instrumental in driving both productivity and profitability.

As our largest group of stakeholders, we are dedicated to providing our employees with clear development plans and pathways that enable them to learn, grow, and reach their full potential. To support their continuous improvement and personal growth, we have initiated a comprehensive training program, ensuring that all staff members have the opportunity to participate in a minimum of four (4) hours of training per year. These training sessions cover a wide range of technical and soft skill topics, equipping our employees with the knowledge and skills needed to thrive in their roles and beyond.

SUSTAINABILITY STATEMENT (CONT'D)

ENVIRONMENTAL SUSTAINABILITY

REDUCING ENERGY USAGE

In our daily lives, we naturally rely on a substantial amount of energy and resources, which in turn have an impact on the environment. As a responsible and environmentally conscious business, we understand the significance of maintaining a harmonious balance between human activities and nature. As such, we strive to create value for all stakeholders, including employees, shareholders, supply chains, society, and the planet by ensuring best business practices are adhered to in our projects.

Given the nature of our business, our projects inherently consume significant amounts of energy, particularly during the construction phase. However, we have implemented measures to mitigate this impact and actively reduce wasteful practices. Some of the initiatives we have undertaken encompass:

- Incorporating energy-saving light fixtures and implementing specific control systems that optimise elevator usage in our high-rise projects.
- Utilising LED lightbulbs in corridors and carparks for projects within the Central region.
- Implementing an open corridor concept that promotes excellent ventilation, reducing the reliance on air conditioning or fans.
- Installing an elevator collective control system that enhances the efficiency of elevator travel time while simultaneously reducing energy consumption.

Some steps we have implemented to reduce energy usage within the office include:

- Moving from physical server to a cloud server to reduce energy cost.
- Closure of certain working floors and reorganisation of staff seating arrangement.
- Encouraging staff to use the stairs when moving between office floors.
- Ensuring the air conditioning and lights are turned off in the office during lunch time.

These initiatives demonstrate our unwavering dedication to reducing our environmental impact and pursuing sustainable practices in all aspects of our operations. We are fully committed to managing our resources in a responsible and efficient manner. As part of this commitment, we closely monitor our energy consumption throughout our projects and corporate buildings, striving to decrease the Group's overall electricity usage.

CENTRAL REGION



**LED
Lightbulbs**



**Ventilation & Open
Corridor Concept**



**Elevator Collective
Control System**

ENERGY SAVING INITIATIVES



**Install Energy-Saving
Light Fixtures**



**Implement Control
Systems**

SUSTAINABILITY STATEMENT (CONT'D)

WATER MANAGEMENT

Recent unpredictable weather patterns in the country have underscored the significance of implementing an efficient water management system and optimising the use of our water resources. Water conservation remains a crucial concern, and at Hua Yang, we are actively engaged in reducing our water consumption through effective planning that prioritises both comfort and performance.

To ensure responsible water usage and minimise wastage, we have implemented several water management initiatives. Notably, we have integrated rainwater harvesting systems into our development projects in the Northern, Central, and Johor Bahru regions. This system allows us to collect rainwater, which is then recycled for irrigation purposes and landscape usage. The table below provides an overview of our water management efforts across various projects throughout the country.



STATE	PROJECT	SOLUTION	DESCRIPTION
PENANG	Aston Acacia	Rain water harvesting tank	Tank at roof top supplies rain water for landscaping usage at podium and cleaning at refuse room
KLANG VALLEY	Astetica	Rain water harvesting tank	Rain water collected and supplied for landscaping purposes
JOHOR	Elemence (Taman Denai Alam)	Rain water harvesting tank at Phase 1 Parcel 1 & Parcel 2, 4 unit Link bungalow	Rain water collected for landscaping purposes as well as to fulfil requirements by Local Authorities.

SUSTAINABILITY STATEMENT (CONT'D)

RESPONSIBLE WASTE MANAGEMENT

Responsible waste management is of utmost importance specifically in the construction industry due to the significant amount of waste it generates. To prevent any adverse effects on the environment and society, implementing an efficient and sustainable waste management system is crucial in preserving the natural environment. A well-designed waste management system not only reduces the burden on landfills but also enhances energy production.

In our previous projects, we have collaborated with independent contractors to ensure proper waste disposal in accordance with stringent guidelines, minimising pollution. For instance, in Phase 1, Parcel 1 of our Elemence Project in Taman Denai Alam, Johor, we engaged an independent contractor for a six (6) month period to handle rubbish collection and mitigate pollution before the Local Authorities took over waste management responsibilities. Other phases of the Elemence project received education on recycling practices during the construction stage, including recycling scrap metal and utilising centralised waste and recycling stations.

Additionally, our construction sites undergo regular monitoring by regulatory bodies such as the Department of Environment (DOE) to ensure compliance with the Environmental Quality Act 1974 and its subsidiary regulations, including the Environmental Quality (Scheduled Wastes) Regulations 2005. Within our organisation, we have instilled a strong emphasis on recycling and effective waste management. We have even initiated an internal “Go Paperless” campaign, encouraging the use of electronic communications, documents, and report submissions via email.

Hua Yang maintains that environmental sustainability is an integral part of our business philosophy. As a law-abiding organisation, we are committed to fulfilling our responsibilities in a responsible manner to safeguard the environment.

MONITORED BY THE DEPARTMENT OF ENVIRONMENT



**Environmental Quality Act
1974 Compliance**



**Environmental Quality
(Scheduled Wastes)
Regulations 2005
Compliance**