



Quality Product, Sustainable Future



**TEH AH YAU RUBBER
FACTORY
SDB BHD**

**2021
Sustainability Report**

CONTENT

1. Managing Director's Statement

2. WE ARE TEH AH YAU RUBBER

Vision, Mission, Strategy & Customers

Core Values

Report Summary

At a Glance

3. PEOPLE

Human Rights for All

Community

Our Company Workforce

Health and Safety

Development and Training

Medical and Health Benefits

4. ENVIRONMENT

Solar Power

Biodiversity

Water

Waste

Energy

5. SUSTAINABILITY

Governance Structure

Material Topics

TAY Materiality Matrix

6. SUPPLY CHAIN

Sustainable Raw Material

7. PRODUCT

Quality and Approach



Photo: Teh Ah Yau Rubber Factory, bird's eyeview

Managing Director's Statement

[102-14]

As we move into the future of business which aims to achieve the UN's vision of sustainable development, TAY continues to work steadily towards our sustainability commitments. Our approach centres on environmental conservation and economic development.

Natural rubber provides huge benefit to society as they are manufactured into many kinds of important rubber goods. However, environmental damages generated from this sector can become a big issue. NR processing consumes large amount of water, energy and other natural resources.

“ We are not making a product for today. We want to make a sustainable product where the future is going ” - MD, TAY

In order to reduce the environmental impacts, we are committed to make natural rubber production more friendly for the planet.

We are convinced that environmental responsibility makes good business sense. Our success as a commodity producer is inextricably linked to helping meet the social and environmental good.

TAY is fortunate to be in the position to enable environmental protection alongside accomplishing good business. Our customers expect us to have knowledge and take collaborative actions on environmental protection. With this knowledge we continue to partake in sustainable business to mitigate risks as well as benefit from opportunities.

KILANG GETAH TEH AH YAU SDN. BHD.
鄭鏡粒狀梘廠有限公司 (Co. No. : 40609-P)
TEH AH YAU RUBBER FACTORY SDN. BHD.
ISO 9001 : 2008
Cert No. : CI/9669

WE ARE TEH AH YAU RUBBER

Teh Ah Yau Rubber Factory Sdn Bhd (TAY) is founded in 1975, and one of the leading manufacturers of natural rubber products in Malaysia.

TAY has production units in Malaysia and trading operation in Singapore and exports to more than 30 countries in 6 continents.

We adopt good manufacturing practices and employs over 150 workers with production capacity 60,000m metric tones annually.

Our Vision, Mission, Strategy and Customers [102-16]



Consistent quality products in parallel with business sustainability.

To provide a working environment, products and solution that makes productive and efficient use of resources.



Continuous improvement to manufacturing for peak level of value and quality. Environmental protection for a sustainable business

Building long-term mutually beneficial relationship by committing to customer's satisfaction.



OUR CORE VALUES

[102-16]

Customer Commitment

Developing long term relationships

Quality

Products and services that deliver premium value

Integrity

Upholding the highest standards in our actions

Respect for People

Valuing people, encouraging development and rewarding performance.

Environment

Inclusive work place where employees can share and contribute to fullest

Teamwork

Working together across functions

Safety

Safe work environment for employees and safe products for customers

Good Citizenship

We act to protect the environment and bring value to the community

Profitability

Providing value to shareholders by building a high-performing business

"OUR VALUES REFLECTS WHO WE ARE AND WHAT WE STAND FOR AS A COMPANY."

REPORT SUMMARY [102-12, 102-16]

THIS REPORT highlights TAY's sustainability initiatives and objectives.

Our Sustainability objectives are delivered through targets set annually in our Sustainability Action Plan.

This report details performance against our targets.

Four topics covered in this report represents our most significant sustainability impacts:

1. People
2. Environment
3. Supply Chain
4. Product

TAY incorporates **Ten Principles of the UN Global Compact** into our strategic policies and procedures

HUMAN RIGHTS

- Businesses should support and respect the protection of internationally proclaimed human rights.
- Make sure they are not complicit in human right abuses.

LABOUR STANDARD

- Uphold freedom of association and recognition of the right to collective bargaining.
- Elimination of all forms of forced and compulsory labour.
- Effective abolition of child labour
- The elimination of discrimination in respect of employment and occupation.

ENVIRONMENT

- Business should support a precautionary approach to environmental challenges
- Undertake initiatives to promote greater environmental responsibilities.
- Encourage the development and diffusion of environmentally friendly technologies.

ANTI-CORRUPTION

- Businesses should work against corruption in all its form including extortion and bribery.

AT A GLANCE...

LEADER IN SUSTAINABILITY

Silver Medal in

ecovadis

Business Sustainability Ratings

for 3 years consecutively.



RECYCLING

We recycled **ALL**



Plastics Waste
78.6 tons



Paper Waste
2.7 tons



Metal Waste
9.4 tons



Production Waste
51.6 tons

SOLAR ENERGY



Our 1st solar power plant contributes

about **15%** of all energy used for natural rubber manufacturing.

LESS CO2 EMISSIONS



We reduce CO2 emissions of drying process by **10%**.

WATER CONSUMPTION



100% RECYCLING EFFLUENT and **RAIN** water for manufacturing.

ENERGY EFFICIENCY



Our energy consumption declined by **3.5%** from previous year.

Human Rights for All

TAY policies are set according to the UN Guiding Principles on Business and Human Rights and the UN Global Compact.

We will work to ensure the individual's right to:

- Privacy and personal dignity
- Promoting equality for all people
- Not accept discrimination based on skin colour, race, nationality, social background, disability, sexual orientation, political or religious conviction, gender or age.

TAY does not tolerate any form of physical/verbal abuse. **This commitment is stipulated in all our governing documents and all employees are required to sign** the code of conduct.

TAY follows up on human rights issues through risk assessments and audit programmes.



In 2019, **more than half** of senior- and middle-management positions are women.

TAY reported **0 cases** on sexual harassment in the workplace.



Our policies includes:

- ◆ Code of ethics
- ◆ Whistleblowing
- ◆ Grievances
- ◆ Sexual harassment
- ◆ Anti discrimination
- ◆ Equal gender rights

“TAY fully supported and paid for the mass disinfection for town of Semeling during the COVID-19 pandemic in 2021.”



Community

Any complaints raised by communities are managed in accordance with good practices for Incident and Deviation Management.

TAY have local initiatives and **support social impact initiatives** - better child education, sports activities, local infrastructure, local community events/food support.

There are clear guidelines to avoid corruption.

Our Company Workforce

[102-8]

Total number by Gender and Employment type [102-8]*

	2021			
	Female	%	Male	%
Permanent Staff	7	6.5	7	6.5
Contract Staff^	8	7.5	84	79.5
Part time staff	none	none	none	none

*No portion of our workforce are non-employees and no seasonal variants. Data compiled by HR department

^Due to the nature of heavy labour, a larger proportion of production workers are males.

Percentage by Age and Management category [405-1]

	Board members	Senior management	Middle management	Junior management
<30	0%	9%	26%	0%
30 - 50	9%	4%	4%	44%
>50	4%	0%	0%	0%

Percentage by Gender and Management category [405-1]

	Female	Male
Board members	0%	100%
Senior management	0%	100%
Middle management	55%	45%
Junior management	64%	36%



Our TAY Employee Age
Ranging
from 19 years to 70 years



Health & Safety Policy

TAY Safety Principle: If a job cannot be done safely, it shall not be done.

New Health Vision:

2021 has been a challenging year globally on the fight against Covid-19. The pandemic highlighted some of the health areas that could have been strengthened in our way of life and work.

In TAY we immediately recognised the adverse effect on business and well-being of our employees and even extended families this pandemic can bring. **We need to see employee health and safety in a new light by implementing strategies catering to health promotion.**

2022 Health & Safety Targets

- 1) Zero Accidents
- 2) 100% 2 doses Covid-19 vaccination for all employees

2022 Improved Workplace Targets

- 1) Promoting guidelines on Covid and Hygiene Awareness at workplace and dormitory
- 2) Improved dormitory condition for workers – target 50% workers stay in singled-bedded (up from current 20%)
- 3) Improve standard of living for workers by subsidising healthier food and educating on eating well and good diet plan.



Development and Training [403-5]

Training Objectives:

The programs are aimed at the knowledge of each module while promoting awareness and encouraging teamwork.

Training Target

Achieve 100% of employees trained on company's labour rights policies by Dec 2022. We will keep conducting more effective courses and introducing new topics to accelerate employee development.

TAY provides in-house training across the work year to develop new skills for employees and participate in actual improvement processes. Employees are required to undertake mandatory training at least once a year on selected topics.

Training Programs

Health & Safety modules

- Prevention of Coronavirus
- Maintenance Safety on Conveyor Machine
- Safety Procedures and Hazards Communications
- Hazardous Chemicals Handling
- Safety Alert Lifter / Fire Alarm Training

Environmental modules

- Green Products & Procurement
- Environmental Procedure Awareness

- Waste Control
- Sustainability Leadership
- 5S Management
- Environmental Analysis and Reporting

Labour, Ethics & Human Rights modules

- Employee Injury Scheme & HR Procedures
- Diversity & Fair Employment
- Grievances & Sexual Harassment
- Anti-Discrimination
- Employee Code of Conduct

Average hours of training per year per employee [404-1]

Training Programs	Shipping		Administration		Production*		Percentage of Employees trained		
	Senior	Junior	Senior	Junior	Senior	Junior	Male	Female	Total
	Male	Female	Male	Female	Male				
Health & Safety	3.42hrs	1.77hrs	3.42hrs	1.77hrs	3.42hrs	3.42hrs	100%	100%	100%
Environmental	1.5hrs	1.85hrs	1.5hrs	1.85hrs	1.5hrs	1.5hrs	87%	85%	86%
Labour, Ethics & Human Rights	1.21hrs	5.08	1.21hrs	5.08hrs	1.21hrs	1.21hrs	39%	100%	47%



Medical and Health benefits

[401-2]

Our investment in human resources and the quality of benefits for full-time employees can be a key factor in retaining employees and job satisfaction.



Our Target and Commitment:

To ensure life security and well-being, all full-time employees are covered under 9 social subsidies.

Medical and Social Subsidies:

1. Life and Disability Insurance
2. Medical (hospitalisation) insurance
3. Outpatient clinic fees
4. Hospitalisation fees up to 60 days
5. Dental and optical healthcare benefits
6. Maternal and Paternal leave
7. Prolong illness paid salary subsidies
8. Child care benefits
9. Single parent benefit

Environmental Policy and Target

The company Environmental Vision aims to contribute to the future of a sustainable society.

We are aware of the **huge gap between target in GHG emissions and renewable energy in the Climate Change Performance Index (CCPI) of Malaysia.**

TAY has pursue a range of environmental initiatives that includes:

- **Reducing our environmental footprint** and prevents environmental pollution throughout the lifecycle of our products and business activities
- Continually improving our global environmental management systems.





Solar Power

We built our 1st solar power plant in 2020 to reduce the use of fossil fuels.

It is estimated about 15% of all energy used for our natural rubber manufacturing will be produced with renewable energy by year 2022.

In the 1st half of 2020, we succeeded to reducing the total energy consumption by 3.5% from previous year.

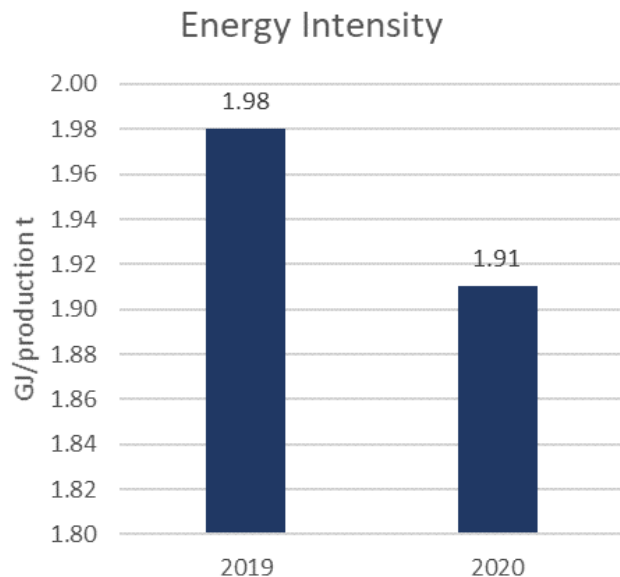


Photo: Solar panels, TAY



BIODIVERSITY

TAY continues in initiatives to preserve biodiversity in our business activities to reduce environmental impacts and operate in a sustainable manner.

Our activities to protect and conserve biodiversity includes:

- **Anti-littering and clearing of wild land.**
- **Promoting fish and bird proliferation at pond site**
- **Tree planting**

Our Biodiversity Measures in 2021



Employees plant 100 trees, 200 fruits tree surrounding operation area.



Prohibit wildlife hunting and fishing.



Zero harm on wildlife and life below water.



Prohibit fire activities such as open burning, fireworks and etc.



Prohibit deforestation for rubber plantation.



Water [303-3]

TAY uses treatment ponds to harvest rain and re-use the water for our manufacturing process. This reduces negative impact on our surrounding aquatic ecosystems.

Total Volume of Water Used**

Sources	Quantity (m3)		
	FY19	FY20	FY21
Municipal Water	226	95	32
Recycled and Reused*	227,520	182,856	68,256
Total Consumption^	227,746	182,951	68,288
% of Water Recycled and Reused	99.90	99.95	99.95

*Production wastewater from harvested rain

^Municipal + Recycled and Reused water

** Water volume by flow meter

We regularly monitor the performance of the treatment system to comply with the respective requirements by local authorities. Regular environmental audits also review the water management practices to verify our site complies with these standards.

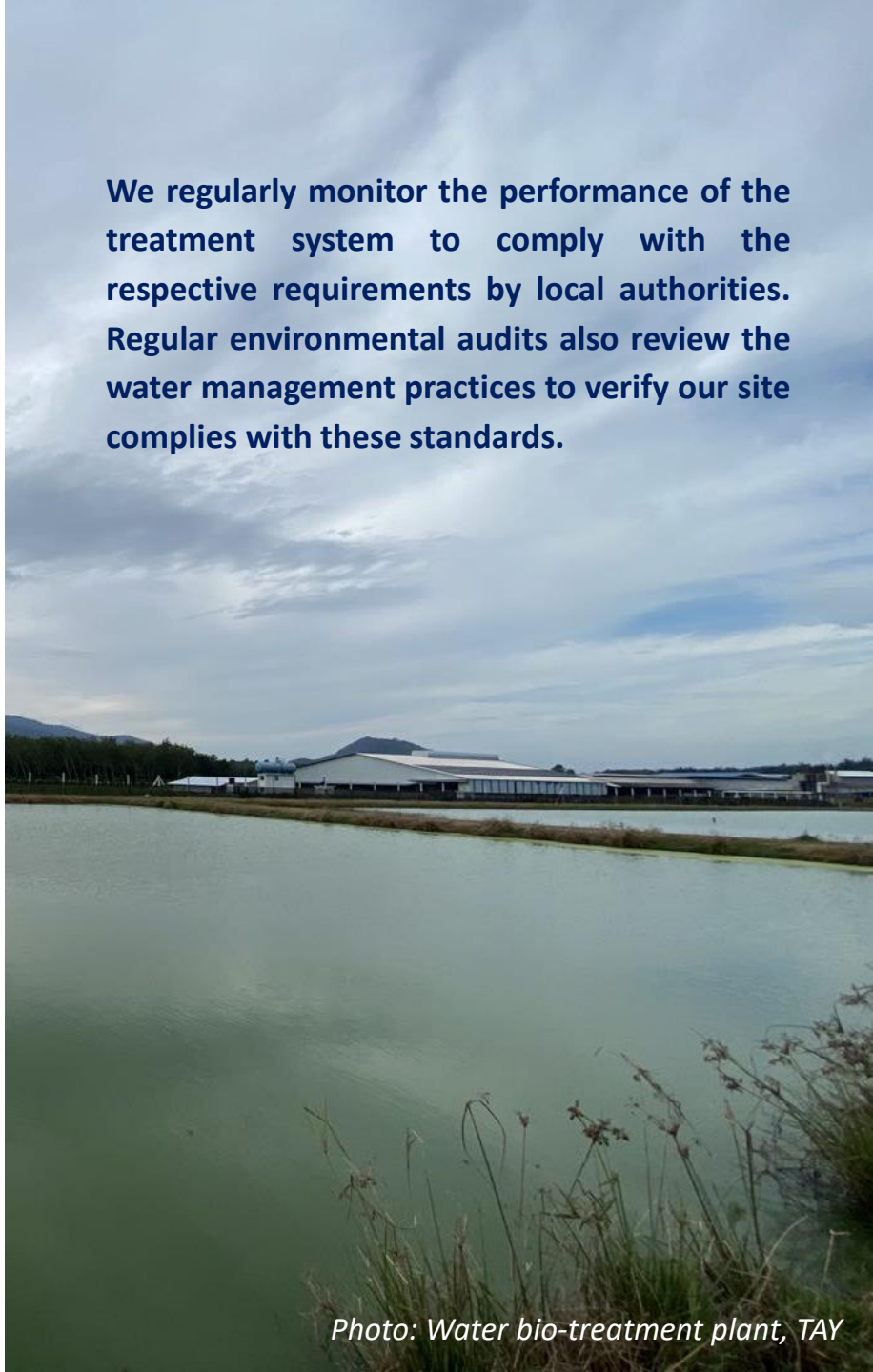


Photo: Water bio-treatment plant, TAY



Waste [306-4]

Our waste management achieves the following;

- Zero production waste to landfill
- Zero discharge of waste water.
- Paper-less meetings and training programs
- Eradication of plastic straws and utensils



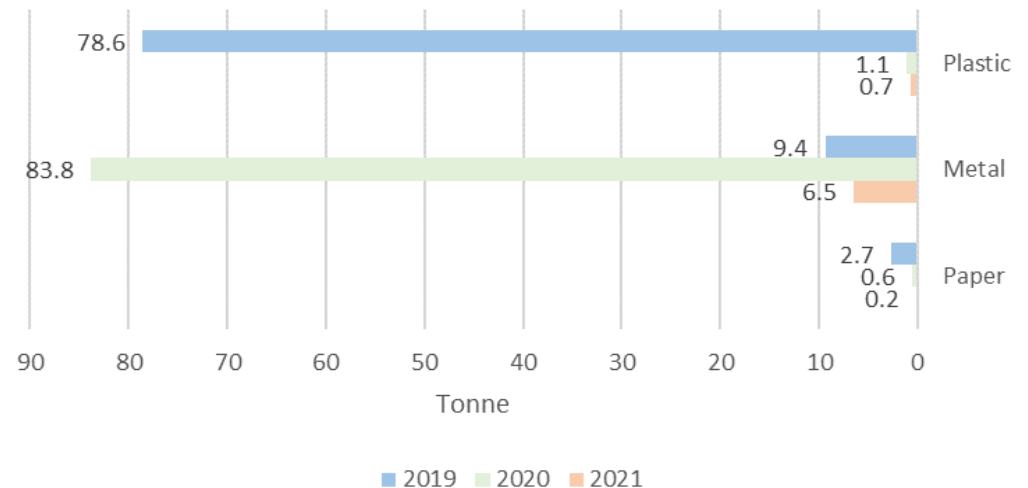
In 2020, we succeeded in reducing paper and plastic waste by 81% and 99% respectively.

Waste Diverted from Disposal*

	FY19	FY20	FY21
Total Waste (tonne)	258.8	621.5	264.6
Hazardous waste recycled	2.1	1.5	0.7
Non-hazardous waste recycled	256.7	620.0	263.9

*Methodology according to ISO14001

Plastic, Metal & Paper Waste Recycled





Energy Consumption[^] [302-1, 302-4]

a) Total fuel consumption from **non-renewable** sources

Type of Fuel Used	Quantity (GJ)		
	FY19	FY20	FY21
Diesel (Scope 1)	43,782	47,849.92	17,343.93

b) **Electricity** consumption

Type of Fuel Used	Quantity (GJ)		
	FY19	FY20	FY21
Grid Electricity	22,960	29,159	9,350

Total energy consumption (a + b + c)

Year	Quantity	
	GJ	GJ for every tonne of product produced
2019	63,388	1.979
2020	81,024	1.975
2021	28,272	1.845

c) Total consumption from **renewable sources**

Type of Fuel Used	Quantity (GJ)	
	FY20	FY21
Solar (Scope 1)	4014.65	1578.17

Reduction of Energy Consumption

We achieved direct **9% energy reduction** on our new drying processing line due to conservation and improved drying efficiency.

Year	DRYING PROCESS		
	GJ	Production	GJ/mt
2019	38,734	32,025 mt	1.209
2020	42,951	35,870 mt	1.197
2021	46,317	42,516 mt	1.089

Coverison (US Energy Information Administration):

- 1000Lit Diesel equivalent to 38.29GJ

- 1kwh equivalent to 0.0036GJ

[^]Consumption is 12 months basis from Aug 2020 – Jul 2021

Sustainability Governance Structure

[102-18]

ESG Committee (ESGC) comprises of TAY group management team. ESGC has direct advisory supervision on TAY's sustainability strategy, workplans and performance targets.

CSO reports directly to ESGC and heads the DSL, which comprises managers across all operational units.

Heads of Departments and their line supervisors are held accountable for their ESG performances.



Our Material Topics

Why it matters [102-44, 102-46, 102-47, 103-1]

TAY as a natural rubber producer is part of the agricultural industry. We convert raw materials bought from smallholders into value-added semi-finished products, selling directly to global rubber products and tyre makers. **We have a clear and direct social impact on labour and environmental sustainability within the community we operate in.**

We employ over 100 local and migrant workers and have a responsibility for their well-being and equal employment for our staffs.

We are also an integral part of the Automotive supply chain with **direct flow-down responsibility to meet global sustainability targets.** Key to our approach in sustainability is management of material issues. This ensures that we focus on the most significant issues in economic, environmental, social and governance.

Material Topics raised with stakeholders

Material Topics & Impacts	Explanation	Boundary	GRI Standards
Business ethnics and supplier compliance	Conducting legally compliant business activities with third-parties and responsible information management.	Internal Internal/Supplier Internal/Supplier External Suppliers Supplier/Customer Supplier/Customer	GRI 205-1 : Operations assessed for risks related to corruption GRI 205-2 : Communication & training about anti-corruption policies & procedures GRI 205-3 : Confirmed incidents of corruption and action taken GRI 206-1 : Legal actions for anti-competitive behavior, anti-trust, and monopoly practices GRI 414-1 : New suppliers that were screened using social criteria GRI 415-1 : Political Contributions GRI 418-1 : Substantiated complaints concerning breaches of customer privacy and losses of customer data

Material Topics [102-44, 102-46, 102-47]

Material Topics raised with stakeholders

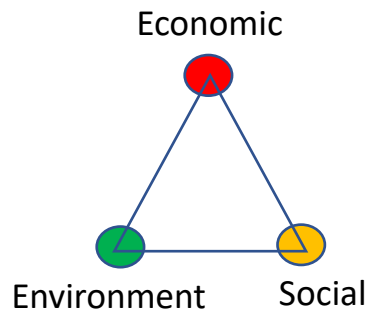
Material Topics & Impacts	Explanation	Boundary	GRI Standards
Labour and Human Rights	Promoting a fair & ethical relationships with employees. Investing in their health and well-being at work Enabling employees to acquire new skills for personal development and job satisfaction.	Internal	GRI 401-2 : Benefits provided to full-time employees that are not provided to temporary or part-time employees
		Internal	GRI 403-5 : Worker training on occupational health and safety
		Internal	GRI 403-9 : Work-related injuries
		Internal	GRI 404-1 : Average hours of training per year per employee
Environmental Sustainability	Taking responsibility in minimizing carbon footprints. Setting targets and implementing good practices for sustainable business.	Internal	GRI 302-1 : Energy consumption within the organization
		Internal	GRI 302-4 : Reduction of energy consumption
		Internal	GRI 303-3 : Water recycled and reused
		Internal	GRI 306-4 : Waste diverted from disposal
		External	GRI 307-1 : Non-compliance with environmental laws and regulations
Sustainable Procurement	Taking a precautionary approach and engaging our stakeholders early in the supply chain on CSR	Suppliers	GRI 308-1 : New suppliers that were screened using environmental criteria

TAY Materiality Matrix

Our Approach [102-44, 102-46, 103-2]

We establish commitments in our **company growth guided by 3 pillars of economic, social and environmental sustainability**. Targets and mechanisms are developed from our policies and also follows **GRI reporting** requirements. We approach the list of material topics from two main perspectives: **Importance to external stakeholders** in relation to **Impact on TAY's business**.

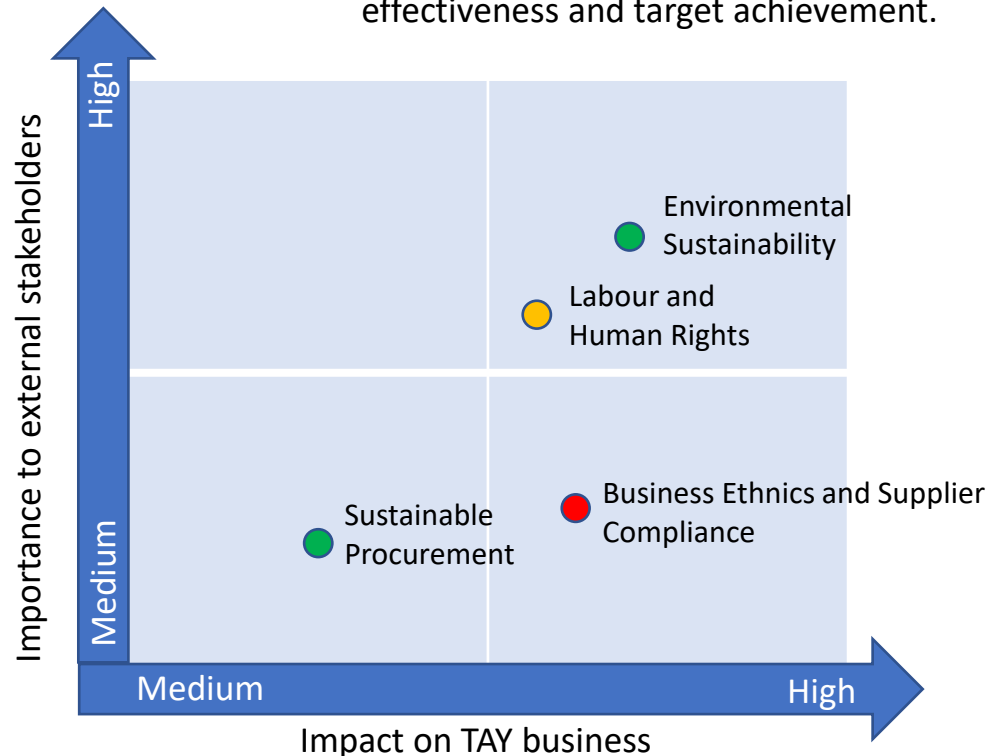
3 Pillars of Growth



Our Evaluation [102-44,103-3]

Documentation and KPI reporting generated such as supplier qualification, audit, questionnaire, code of conducts, material declarations, policies and supply agreements is recorded for comprehensive third-party assessment with Ecovadis for evaluation.

Internal ESG Committee sets annual review, progress, effectiveness and target achievement.



Material Topics KPI Reporting : **Business Ethics and Supplier Compliance**

Communication and training about anti-corruption policies and procedures [205-2]

2021	Governance body members	Senior management	Middle Management	Junior Management	External Parties	
					Suppliers	Customers
Communication of anti-corruption policies & procedures	100%	25%	83%	100%	none	none
Training of anti-corruption & ethics	100%	25%	83%	100%	none	none
% completed	100%	25%	83%	100%	none	none

Confirmed incidents of corruption and actions taken [205-3]

	2020	2021
Total no. of confirmed incidents	none	none
Total no. of confirmed incidents that led to discipline or dismissal	none	none
Total no. of contract termination due to violation	none	none
Total no. of legal cases of corruption	none	none

Legal incidents for anti-competitive behavior, anti-trust and monopoly practices [206-1]

	2020	2021
Total no. of complaints from regulatory bodies	none	none
Total no. of complaints from outside parties	none	none
Total no. information data breaches	none	none

Substantiated complaints concerning breaches of customer privacy and losses of customer data [418-1]

	2020	2021
Total no. of legal cases of anti-competition or violation of anti-trust	none	none

Material Topics KPI Reporting : Labour and Human Rights

Work Related Injuries [403-9]

Employees	FY20	FY21
No. of fatalities	none	none
No. of high-consequence work-related injuries (non-fatal)	none	None
No. of recordable work-related injuries	6	1
LTIFR (non-fatal)	42.32	13.35

Sub-contract workers	FY20	FY21
No. of fatalities	none	none
No. of high-consequence work-related injuries (non-fatal)	none	none
No. of recordable work-related injuries	9	3
LTIFR (non-fatal)	66.77	52.26

Total Workers	FY20	FY21
LTI severity rate	623.53	270.43
Total recordable case frequency (TRCF)	17.32	13.89
Accident incidence rate (AIR)	105.63	33.33
Accident severity rate (ASR)	177	64.9

- Due to the work involved in manufacturing, the related hazards are mainly physical - exposure to constant loud noise, fumes, heavy loads, equipment malfunctions, floor spills and high temperatures.
- All employees undergo mandatory regular trainings according to company health & safety handbook and policy.
- All subcontractors workers undergo safety orientation briefings on-site prior to engaging on any work.
- We track the injury rates for both employees and subcontractor workers. The LTIFR is calculated based on per 1 million man-hrs and a total 242,112 man-hrs (employees) and 57,408 man-hrs (sub-contractors) in FY 2021
- 2021 workforce is based on 97 employees and 23 subcontractors workers.



Sustainable Raw Material

TAY as a **member Forest Stewardship Council (FSC)** Malaysia aims at eliminating deforestation and ensure sustainable source of supply in the region.



Since **transportation is the largest source of carbon emission** in our supply chain, **we do not procure raw material which location is above 200km radius from our factory.**

Vendors

We requires supplier and contractors to engage their employees with written contracts on fair terms.

High-risk suppliers must document their understanding of legal requirements and hazards and present plans showing how risk will be eliminated or controlled.

We perform audits and inspections for quality, technical and business follow-up.

Through this process, we **have previously suspended and banned suppliers due to non-compliance or unethical behavior.**

We review new suppliers of raw materials by using social and environmental criteria.

Material Topics KPI Reporting : Sustainable Procurement

New Supplier Requirements

All new suppliers are subject to pre-qualification based on company requirements set out in our Supply Code of Conduct (CoC).

The CoC covers comprehensive requirements within employment, environment, health and safety, social responsibility, anti-corruption and compliance with laws and regulations.

Risk assessments are done before suppliers are approved.

Risk-exposed suppliers are subject to detailed requirements from TAY. TAY also requires that suppliers and their contractors follow TAY's principles in our CoC.

New suppliers screened using environmental criterias [308-1]

	2020	2021
Total % signed Code of Conduct	72%	80%
Total % screened with Supplier Sustainability Questionnaire	100%	100%
Total % screened with CSR Risk Analysis	100%	100%
Total % signed Tay Sustainability Clause	72%	80%
Total % signed with REACH declaration	72%	80%

New suppliers screened using social criterias [414-1]

	2020	2021
Total % signed Code of Conduct	72%	80%
Total % screened with Third Party Information Security Due Diligence Questionnaire	100%	100%
Total % screened with Anti-Corruption Questionnaire	100%	100%
Total % screened with CSR Risk Analysis	100%	100%

Quality and Services

Customers have become increasingly concerned about the protection of consumer rights. Product safety, security, and accessibility are very important in this respect.

Our Approach

TAY has configured its quality management system by defining mechanisms across all processes, from sourcing, product planning, manufacturing, and quality testing.



100% of plastic packaging in our product are recyclable and 33% of them comes from recycled materials.

All our products are declared and compliant with EU Directive for REACH, RoHS and Conflict Minerals reporting



TEH AH YAU RUBBER SDN BHD
Reg. No: 197801003619 (40609-P)

**Topah Baru Estate,
08100 Semiling, Bedong,
Kedah, Malaysia.**

T 604-4573616

F 604-4573618

contact@tayrubber.com.my

www.tayrubber.com.my