

Introduction

YX Precious Metals Bhd (“YXPM” or “Company”) is built upon its corporate vision of emphasizing on the sustainability of its products, branding, customers and progressive organization. While we drive our business forward in becoming the best jewellery wholesale and manufacturing company, we never lose sight on what is fundamentally important to all our stakeholders. We consider sustainability as a vital part of our organisation and business model with regards to financial and non-financial value creation.

In pursuing a more enhanced reinforcement of the YXPM and its subsidiaries, namely Yi Xing Goldsmith Sdn Bhd, Gemas Precious Metals Industries Sdn Bhd, GPM Refinery Sdn Bhd and Emas Assayer Sdn Bhd (collectively known as “YXPM Group” or “Group”) sustainability agenda and goals, the Group is pleased to present its first inaugural Sustainability Statement (“Statement”) which details its key sustainability highlights and performance as YXPM strives to better showcase and improve how it addresses its material Environmental, Social and Governance (“ESG”) topics across its operations.

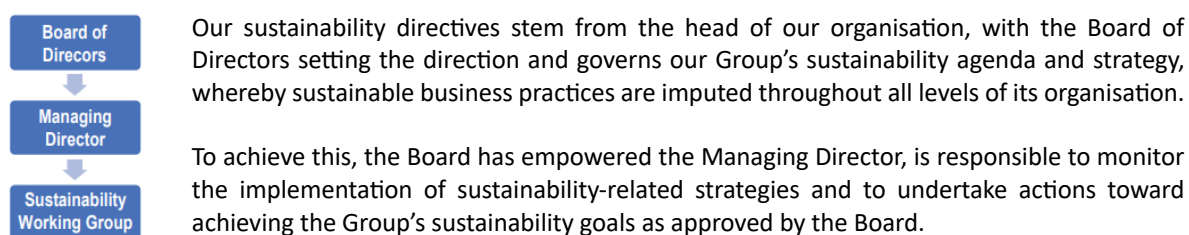
YXPM is committed to pursue a fulfilling sustainability journey and ultimately build a resilient and future-proof organisation that creates meaningful value for its stakeholders across the short, medium and long-term perspectives.

Sustainability Governance Structure

YXPM has always conducted its business activities ethically and in compliance with prevailing laws and regulations. The Group’s actions reflect accountability and social responsibility to drive sustainable development by creating value through the identifying, evaluating, monitoring and managing risks and opportunities across the ESG areas.

YXPM views sustainability governance as part of business management by monitoring and managing sustainability matters together with our daily operations. The Board adopts a sustainable governance approach that fits for the Group’s purposes considering, amongst others, its culture, needs, sustainability-related risks and opportunities and level of maturity of its sustainability intellect and readiness. The governance structure enables the Board and the Management to monitor critical material sustainability topics and their progress, as well as the associated risks and opportunities.

As part of our commitment towards sustainability, we have established a clear governance structure to ensure utmost compliance and optimal performance across our business operations. The sustainability governance structure of the Group is established in the following manner:



The Managing Director is assisted by the Sustainability Working Group, which comprises the following members:

- i. Samuel Sia Hsiao Guong (Group Financial Controller);
- ii. Ong Hui Eng (Head of Resource Planning); and
- iii. Zack Yeoh (Factory Manager).

The Sustainability Working Group is responsible for identifying, evaluating, monitoring and managing the potential sustainability risks and opportunities as well as ensures all material sustainability matters are being considered and managed by the Group through its sustainability initiatives, including stakeholder engagement and materiality assessment.

Stakeholder Engagement

The Board recognises and admits that the contribution and support of the internal and external stakeholders are of utmost importance for realising the Group's missions and long-term business sustainability. With the objective of identifying and prioritising material sustainability matters, the Group's engagement with different groups of stakeholders is crucial. Engagements are carried out regularly with various groups of stakeholders as they are integral to the development and commitment of the Group towards sustainability.

The Group has engaged with the internal and external stakeholders in both formal and informal manners at the required interval. The table below sets forth the different segments of the stakeholder engagements as well as the area of interest identified and appropriate responses to address the interest arising.

Stakeholder	Matters of Concern	Engagement approaches
Employees	<ul style="list-style-type: none"> • Career development and growth prospects • Discrimination • Remuneration commensurate with job responsibilities • Training opportunities and job security • Occupational safety and health • Employee welfare 	<ul style="list-style-type: none"> • Internal and external training • Code of conduct and human resource policies • Staff welfare • Corporate activities and events • Performance management system • Whistleblowing channel
Government & Regulators	<ul style="list-style-type: none"> • Compliance with laws and regulations • Accuracy, transparency and disclosure 	<ul style="list-style-type: none"> • Corporate website • Policies in place to comply with relevant government laws and regulations • Permits and Licenses
Customers	<ul style="list-style-type: none"> • Product quality • Customers' satisfaction • Long term business relationship • Timely delivery 	<ul style="list-style-type: none"> • Quality management system • Customers engagement
Shareholders & Investors	<ul style="list-style-type: none"> • Long term sustainable growth • Diversification • Risk management • Group governance • Financial returns 	<ul style="list-style-type: none"> • Corporate website • Annual general meetings • Quarterly reporting • Annual report • Analyst meetups
Suppliers, Bankers & Business partners	<ul style="list-style-type: none"> • Procurement process • Business sustainability • Prompt payment 	<ul style="list-style-type: none"> • Constant and regular engagement
Community	<ul style="list-style-type: none"> • Job creation for local communities • Provide help to the needy 	<ul style="list-style-type: none"> • Corporate social responsibility events • Job opportunity
Analyst / Media	<ul style="list-style-type: none"> • Share price performance • Financial / operational performance • Business expansion plan • Corporate governance 	<ul style="list-style-type: none"> • Quarterly financial results • Annual report • Bursa announcement

Feedback

In line with YXPM's continuous effort to improve its performance in sustainability standards, the Group welcomes stakeholders' feedback on any issues. Any comments and/or enquiries related to this Sustainability Statement can be directed to our Group Financial Controller, Mr. Samuel Sia Hsiao Guong at samuelsia@yxgroup.com.my.

Materiality Assessment

We assessed the significance of each of the sustainability matters identified on its level of impact and influence to the Group, based on internal rating criteria and methodology. The result of the assessment is shown in the matrix below.

Greater Importance ↑ External Stakeholders		<ul style="list-style-type: none"> • Product quality • Recycled input materials • Responsible waste management 	<ul style="list-style-type: none"> • Compliance to laws and regulations • Ethics and conduct
		<ul style="list-style-type: none"> • Procurement practice • Employment diversity 	<ul style="list-style-type: none"> • Security and loss prevention
			<ul style="list-style-type: none"> • Employee development, talent recruitment and retention • Employee wellbeing
	Internal Stakeholders → Greater importance		

Sustainability Strategies/ Activities

Sustainability strategies/ activities proposed by our group to address material sustainability matters are as follows:

	Material Matters	Sustainability Strategies/ Activities
Governance		
1	Compliance to laws and regulations	Risk management, Management and oversight
2	Ethics and conduct	Comply with Code of Ethics and Conduct, Anti-Bribery and Corruption Policy, Anti-Money Laundering Policy, Whistleblowing Policy and Fit and Proper Policy
Environment		
3	Recycled input materials	Supports recycled scrap precious metals as source for production.
4	Responsible waste management	Establishment of a solid waste management system
Economic		
5	Product quality	Maintain product quality in accordance with ISO 9001:2015
6	Security and loss prevention	Installation of CCTV system and subscription for insurance
7	Procurement practice	Support local suppliers by purchasing materials and engaging services locally
Social		
8	Employment diversity	Supports equal opportunity and anti-discrimination
9	Employee development, talent recruitment and retention	Employee engagement and employee training
10	Employee wellbeing	Employees remuneration and benefits

Governance

Compliance to laws and regulations

YXPM strives to abide by all laws and regulations applicable to its business. The Group has established a Risk Management Framework to identify, assess and address risk including risk of incompliance with laws and regulations. In addition, the Board assumes the responsibility in maintaining a sound system of risk management and internal control throughout the Group.

The Group has also put in place internal control system and Standard Operating Policies and Procedures as a guidance for all employees regarding their responsibilities and obligations that is necessary to be fulfilled by complying to all applicable laws and regulations.

The Group is pleased to share that there was no material breach of laws and regulations in Financial Year Ended 31 December (“FYE”) 2022.

Ethics and conduct

To promote responsible business practices, a Code of Conduct has been adopted by the Group as a guidance for the Directors and employees on business conducts and maintaining a healthy corporate culture.

The Group has also set in place the Anti-Bribery and Corruption Policy, which prohibits corrupt practices especially in the area of engaging in kick-back payments relating to sales and purchases, thus ensuring that we conduct our business in a professional and ethical manner. This benefits our Group in building of trust with our customers and suppliers as everyone in the supply chain will be able to obtain fair deal without worrying of being short-changed.

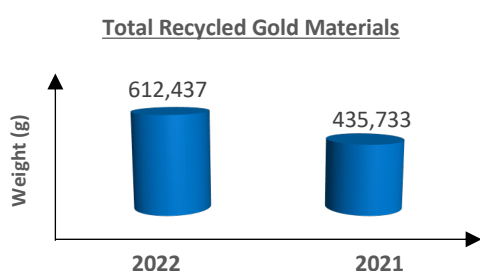
A whistleblowing policy has also been developed and adopted by the Group to encourage individuals to be confident in raising their concerns without fear of reprisal, discrimination or adverse consequences.

The Group is pleased to share that in FYE 2022, none of our Directors or employees were involved in any bribery, corruption practices or unethical behaviour.

Environmental

Recycled input materials

YXPM has been practicing the principles of the circular economy well before it became a popular ideal. The circular economy is all about creating closed loops where both waste and new inputs are minimised and existing items/ materials are re-purposed, repaired and re-cycled.



We carry out refining process to recycle scrap gold bars, used gold jewellery as well as gold waste created from our manufacturing process. During the FYE 2022, YXPM Group has refined 612,437 g (2021: 435,733g) of gold materials as part of our recycling initiative. The refined gold can either be used as input materials in our production process or sell to our customers upon demand.

In FYE 2022, our Group has started our own refinery business through GPM Refinery Sdn Bhd, which provides refinery services to the gold industry in Malaysia. With our in-house refining capabilities, we hope to promote greater recycling awareness and initiative in the Malaysian gold industry.

Responsible waste management

YXPM's strong ESG commitment towards safeguarding the environment also involves a solid waste management system which ensures the Group propagates a responsible and strategic waste production, management and disposal.

Given the large range of materials that the Group deals with in its manufacturing processes, the Group ensures the waste generated is disposed across its operations responsibly. Pollution control systems were installed in our manufacturing facilities to be in compliance with the Environmental Quality Act, 1974. The Group has obtained the following certificates from the Department of Environment of the Federal Territory of Kuala Lumpur:

- i. Certificate of Written Permission under Regulation 4 of the Environmental Quality (Sewage and Industrial Effluents) Regulations, 1979
- ii. Certificate of Written Permission – Controls and Chimneys under the Environmental Quality (Clean Air) Regulations, 1978

In addition, YXPM has appointed a licenced waste disposal contractor, which holds the license to schedule wastes listed under Environmental Quality (Scheduled Wastes) Regulations 2005 on its schedule wastes. The total scheduled wastes generated by the Group during FYE 2022 is 1,630 kg (2021: 1,052 kg)

During the FYE 2022, no non-compliance was identified or highlighted by the relevant authorities in relation to waste management and disposal.

Economic

Product quality

As part of the Group's continuous effort and commitment to quality, the Group is accredited with ISO 9001:2015 in the Quality Management System for its design, manufacture and sales of gold jewellery. This accreditation which has been awarded to the Group since the year 2007 speaks of the Group's commitment to continuously improving its overall performance and provide a sound basis for sustainable development initiatives.

Through the implementation of the International Standard, we are able to offer our customers the following benefits:-

- a) the ability to consistently provide products and services that meet customers' and relevant regulatory requirements;
- b) facilitating opportunities to enhance customers' satisfaction;
- c) addressing risk and opportunities associated with its context and objectives; and
- d) the ability to demonstrate conformity to specified quality management system requirements.

As part of our initiative to maintain top quality of products, we performed assay on our material purchased and products manufactured. In FYE 2022, we have performed assay on 3,836 samples (FYE 2021: 3,399 samples) to ensure that we achieve the quality intended for our products.

Security and loss prevention

Due to the nature of our business, YXPM is susceptible to the risk of pilferage, theft and robbery that could result in monetary losses and personal injury or death. For the FYE 2022, the Group did not experience any incidences of theft and robbery by external parties, nor did the Group encounter any pilferage by internal staff which will have a material adverse effect on the financial performance.

In preventing losses arising from pilferage, theft and robbery, YXPM has implemented various preventive and detective measures in the Group's manufacturing facilities and wholesale sales office. Among measures implemented by the Group are as follows:

- i. Double layer security doors;
- ii. Installation of 24-hour CCTVs to record and monitor all activities on the premises;
- iii. Restricted access of visitors or employees in certain areas of the manufacturing facilities and wholesale sales office;

- iv. Strong room and safe has been installed in the premise to safeguard our inventories; and
- v. Periodic stock count and strict weight control.

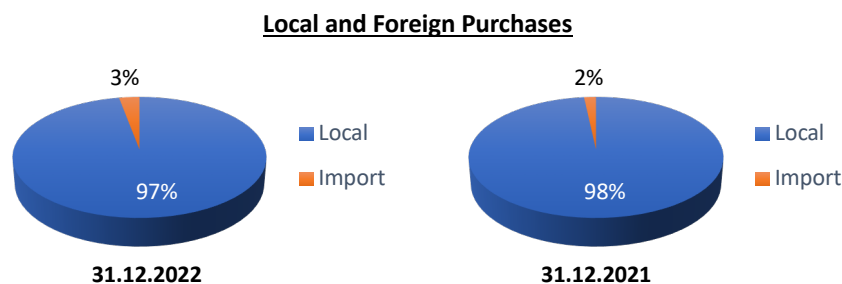
In addition, the Group has subscribed to jeweller’s block insurance policy to cover the Group’s bank notes, stocks and merchandise against physical losses or damage as prescribed in the insurance policy. We have also maintained various insurance policies covering risk against fire, flood, theft and damage to property, plant and machinery. The total sum insured during FYE 2022 are RM71.3 million (FYE 2021: RM58.7 million)

Further, we have placed great emphasis on the security of the data we collected especially from our customers. The management has put in place a Personal Data Protection Policy, which was drafted in accordance with the requirements of Personal Data Protection Act, 2010 in Malaysia. All our employees are required to comply with the policy when accessing the personal data collected. During FYE 2022, no complaints received (2021: no complaints) by us concerning breaches of customer privacy and losses of customer data.

Spending on local suppliers

YXPM has a clear and transparent procurement policy that ensures business is conducted in an ethical, legal and socially responsible way. The Group believes that a strong local supply chain is vital to the long-term development of business and creates sustainable economic value for the nation as a whole. In cases where there is no alternative but to source internationally, the Group selects partners with high standards in areas such as ethical behaviour, environmental stewardship and workplace practices.

Total purchases made by the Group are as follows:



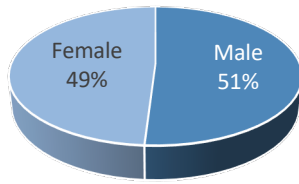
Social

Employment diversity

The Key Senior Management acknowledges that our employees are a vital asset to the Group. Through our Employee Handbook and Human Resource Policy, YXPM provides a working environment which is free from any form of harassment or discrimination and bullying on the ground of race, gender, religion, age or any form of discrimination and bullying that are not tolerated.

At the same time, we respect the diversity of our employees, work to maximise the performance of each individual and actively strive to create an environment where our employees can come together and work toward common goals. The Group does not engage in any illegal, forced or child labour. We operate in accordance with local employment labour laws and regulations.

Gender



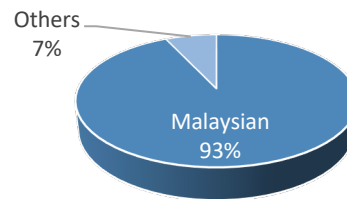
For gender equality in the workplace, 51% of the workforce as of 31 December 2022 are made up of men and the remaining 49% are women.

Gender	Number of Employee	Ratio
Male	51	51%
Female	49	49%
Total	100	100%

We have a majority of the employees from local. Total foreign employees constitute to only 7% of our total workforce.

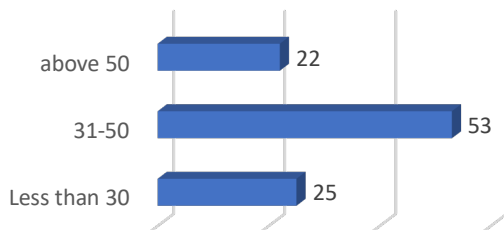
In line with the spirit of shared prosperity, we open various career opportunities to the local communities. Nevertheless, the Group believes in fair employment practices whereby all employees are treated fairly without any sort of discrimination and harassment.

Employee Origin



The primary age group of the employees are between the age of 30 to 50 years old, which comprise 53 employees or 53% of the total employees of the Group.

Age Group



Employee development, talent recruitment and retention

The Group believes that its employees are its greatest assets and are critical to the overall success of the Group. We provide relevant trainings and opportunities to equip and prepare staff in enhancing their skills and capabilities through on the job training and participating in external training. Each training is followed by an assessment to ensure that staffs have properly mastered the skillset.

In addition, our Group also participates in several training programmes conducted by external training organiser. We believe that through training and development, it will help to nurture and promote individual success and sustainably, which in turns increases the overall value to the organisation.

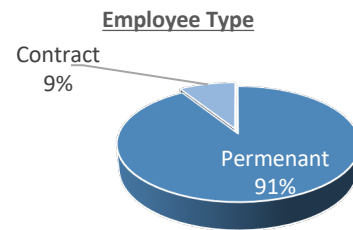
During the financial year, the Group's employees has been selected to undergo various training modules to further improve and strengthen their skills. Among the modules covered by our training programme includes products, production technic, leadership as well as self-development.

The Group has implemented a mentorship system whereby senior staffs are required to provide guidance for junior staffs in their daily responsibilities. Such system will not solely help junior staffs to understand their respective roles better but also develops a stronger bonding and working relationship among the staffs.

Employee wellbeing

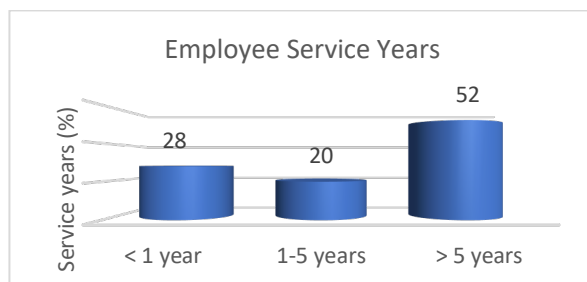
The Group strives to be fair in the treatment of our employees with regards to the terms and conditions of their employment.

As of 31 December 2022, our workforce comprised 91% of permanent staff.



We have implemented an Employee Handbook to observe and comply with all required workforce rules and regulations in the Group's operations, including reasonable working hours, fair overtime compensation, public holidays and annual leave for our employees. There was no differential treatment between contract staff and permanent staffs.

Engagement between employees is practiced at all levels of the business hierarchy and cultivated on a regular basis. When employees are engaged at work they tend to feel well connected to the Group. In order to foster closer engagement between the Group and employees, the Group has organised several activities during the year including annual lunch and training sessions.



Through these initiatives, we managed to foster a culture of inclusiveness which is also the key in reducing turnover rates and boosting employee retention.

Employee enthusiasm with the Group remains encouraging with 52% of our employees serving for more than 5 years.

For an employee who requires to travel outstation, the Group provides accommodation to ensure that he/she has a comfortable living condition away from home without much worries.

Conclusion

The above activities and initiatives continue to demonstrate YXPM Group's commitment to sustainability and the betterment of the economy, environment and social aspects of the community in which the Group operates. The journey towards attaining sustainable growth and long-term profitability is continuous, and the principles of sustainability have been ingrained into the Group's culture, value system and way of doing business.