



# **WORLD'S 1st "POST-FILLED"**

**FULL COLOR AUTOMOTIVE AEROSOL COLOR MATCHING SYSTEM**

**NOW YOU CAN MANUALLY MATCH THE WORLD'S COLORS. ANYTIME, ANYWHERE WITHOUT MACHINE**

## **SUSTAINABILITY REPORT 2023**

**SAMURAI 2K AEROSOL LIMITED**  
(Company Registration No. 2016061668C)

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This sustainability report has been prepared by Samurai 2K Aerosol Limited (the "Company") and its contents have been reviewed by UOB Kay Hian Private Limited (the "Sponsor"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "SGX-ST") Listing Manual Section B: Rules of Catalyst.

This sustainability report has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this sustainability report, including the accuracy, completeness or correctness of any information, statements or opinions made or reports contained in this sustainability report.

The contact person for the Sponsor is Mr Lance Tan, Senior Vice President, at 8 Anthony Road, #01-01, Singapore 229957, and telephone (65) 6590 6881

# THE BOARD'S STATEMENT

**Dear Valued Stakeholders,**

The Board of Directors (the "**Board**") is pleased to present the sixth annual Sustainability Report of Samurai 2K Aerosol Limited (the "**Company**", "**Samurai 2K**", and together with its subsidiaries, the "**Group**"), covering the financial year ended 31 March 2023 ("**FY2023**"). Underscoring the Group's commitment to transparency and good corporate governance, this Report provides a comprehensive overview of Samurai 2K's sustainability performance over the past year and our plans to chart our way towards a sustainable future.

Sustainability is about achieving long-term benefits for our stakeholders, which we can do by maintaining our market competitiveness, empowering our employees, enriching local communities, and effectively managing our environmental footprint. We oversee all sustainability matters and work closely with our Sustainability Committee to formulate the Group's sustainability strategy, determine our material ESG factors, implement sustainability initiatives across our business operations, and manage material sustainability-related risks and opportunities faced by the Group. Our sustainability strategy is closely interlinked with our business and operations, and the Board sets, manages and monitors the objectives of our business with sustainability in mind.

Samurai 2K is now embarking on new business strategies that aim to address unmet market demands and is planning new products that can potentially disrupt the global aerosol spray paint market. With our consistent dedication R&D teams and hard work over the years, one of our post-filled color matching technology, TINTAKEK, is undergoing final round of improvisation which is targeted to be launched at the end of year 2023. Coming up in the pipeline, we have two other inventions, WATERTEK, which is a water-based paint system without chemical solvent involved, and MIRRORTEK, end-product with a long lasting reflective chrome coating, set to be launched within three years.

Finally, we would like to express our appreciation to all our stakeholders for your continued support throughout our sustainable journey.

Sincerely,

**The Board of Directors**

# ABOUT THIS REPORT

## Reporting Period & Scope

This Report presents the Group's sustainability performance for the financial year from April 1, 2022 to March 31, 2023 ("**FY2023**"). Where applicable, historical performance data has been incorporated to facilitate comparison. Unless otherwise stated, our reporting scope includes all direct operations in Johor, Malaysia. Our key operating sites in Johor, Malaysia, comprises of our production facility, warehouses for inventory storage, collection point for purchases from suppliers, and office facilities for the research and development ("R&D"), finance and management functions.

Our sustainability processes were subjected to internal review by internal auditors. We have not sought external assurance for this Report. However, we are gradually considering adopting external assurance for our future sustainability reports.

## Reporting Framework

This Report has been prepared with reference to the Global Reporting Initiative ("GRI") Standards 2021, pursuant to Rules 711A and 711B of the Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Rules and the SGX Sustainability Reporting guide. We have opted to adopt the GRI Standards for its international recognition, universal applicability, and comprehensive guidelines.

Given that the Group does not currently fall within the TCFD-identified industries that are prioritised for mandatory disclosure, we will work towards progressively including climate-related disclosures consistent with the TCFD recommendation in its report for FY2025 and onwards.

## Report Contact and Feedback

This Report is published digitally via the SGXNet portal. Physical copies of the Report will not be printed. We invite all stakeholders to provide us with feedback on this Report and our sustainability performance. Please address your suggestions, comments, and/or enquiries to [ir@samurai2kaerosol.com](mailto:ir@samurai2kaerosol.com) or our headquarters at 6, Jalan Dato' Yunus 1, Taman Perindustrian Dato Yunus Sulaiman, Lima Kedai 81120 Skudai, Johor, Malaysia.

# COMPANY PROFILE

We are a prominent expert in aerosol coatings with specialization in delivering advanced coating solutions for the automotive refinishing and refurbishing sector. We use cutting-edge technology and unique techniques to provide quality aerosol goods to customers all over the world. We are principally engaged in the manufacturing, distribution, and marketing of a wide range of products under our own proprietary brands, which include:



The 2K 2-COMPONENT SAMURAI® aerosol spray paint system is a unique, easy-to-use product that allows resin and hardener to be mixed in a single aerosol can. Developed after at least 5 years of research and development, we have successfully obtained patents for this product in several countries, including United States of America, the European Union, Russia, South Korea, New Zealand, Japan, and China. In FY2023, we have sold over 10.8 million cans of aerosol spray paint.

Our products are manufactured in our production facility located in Johor, Malaysia, and are distributed in countries including Malaysia, Indonesia, Thailand, Philippines, Vietnam, Cambodia, India, United Kingdom, United States of America, and Singapore.

For more information on our product and service offerings, please visit our official website at [www.samurai2kaerosol.com](http://www.samurai2kaerosol.com).

## Our Philosophy

Our sustainability strategy is guided by our mission, vision, and core values, which act as a strong reference point. We regularly assess our sustainability objectives to ensure they harmonise effectively with our business goals. Our primary focus is to generate enduring value for our stakeholders while actively driving significant transformations within the aerosol industry.



### OUR VISION

To be the world's most respected innovative aerosol system provider

### OUR BELIEF

We Change Aerosol, Aerosol Changes the World



### OUR MISSION

To offer the most innovative aerosol system with the best user enjoyment and to create more job opportunities for all sprayers in the world



### CORE VALUES

**Simplify, focus & continuous – we are professional at work.**  
**Accountability – we take ownership of our words, actions & results**  
**Mutual benefits – we get benefits when our fans benefits**  
**Unity – we unite to gain team strength and power**  
**Respect – we gain respect by achieving outstanding results**  
**Actions – we achieve goals with no excuses**  
**Innovation – we change for a better tomorrow**

# OUR SUSTAINABILITY APPROACH

## Sustainability Governance and Principles

In order to address the sustainability challenges our organisation encounters, we recognise the significance of establishing a top-down management approach.

At Samurai 2K, the Board takes overall responsibility for overseeing all significant ESG issues and collaborates closely with the Sustainability Committee (which consists of senior management and department heads) to identify and execute sustainability initiatives throughout our operational procedures. The Board has also complied with SGX's requirement for all Directors to undergo mandatory sustainability training.

Our Sustainability Governance Structure is set out as follows:

<b>The Board</b>
<ul style="list-style-type: none"><li>• Examines the Group's approaches, guidelines, and financial accomplishments, with sufficiency and effectiveness of internal controls and risk management.</li><li>• Establishes values and principles of the Company (including ethical standards) and guarantees the fulfilment of responsibilities towards shareholders and other stakeholders.</li><li>• Offers strategic direction for Samurai 2K's sustainability policies and identifies risks and opportunities related to sustainability during the development of our sustainability plan.</li></ul>
<b>Sustainability Committee</b>
<ul style="list-style-type: none"><li>• Formulates and implements sustainability practices throughout various business divisions.</li><li>• Oversees the Group's advancement and achievements in each significant ESG material topic, and regularly informs the Board about noteworthy advancements.</li></ul>

## Stakeholder Engagement

Establishing effective channels of communication with crucial stakeholders is vital for securing the sustained prosperity of the Group. Throughout our organisation, we have identified various stakeholder groups with substantial significance and influence on our operations. We consistently engage with internal and external stakeholders through diverse platforms, as detailed in Table 1, in order to actively seek their input on enhancing our management of sustainability-related issues encountered by the Group.

Table 1: Our Approach to Stakeholder Engagement

STAKEHOLDER GROUPS	ENGAGEMENT PLATFORMS	KEY CONCERNS	HOW WE ADDRESS THEIR CONCERNS
<b>Customers/ End-users</b>	<ul style="list-style-type: none"> <li>• Customer service feedback forms</li> <li>• Social media channels</li> <li>• Workshops and exhibitions</li> </ul>	<ul style="list-style-type: none"> <li>• Business continuity</li> <li>• Good services and product quality</li> <li>• After-sales services</li> <li>• Ethical purchasing practices</li> </ul>	We have implemented measures to guarantee that our products adhere to stringent quality standards, promote environmental sustainability, and ensure consumer safety.
<b>Suppliers</b>	<ul style="list-style-type: none"> <li>• In-person meetings</li> <li>• Communication via our supplier management system</li> <li>• Supplier surveys</li> </ul>	<ul style="list-style-type: none"> <li>• Maintain ethical standards by adhering to the terms and conditions of purchasing policies and procedures</li> </ul>	We frequently communicate with our suppliers on our code of conduct for procurement practices and our expectation for the timely delivery of high-quality supplies.
<b>Employees</b>	<ul style="list-style-type: none"> <li>• Induction and orientation</li> <li>• Annual performance appraisals</li> <li>• Dialogue sessions with management</li> </ul>	<ul style="list-style-type: none"> <li>• Safe work environment</li> <li>• Foreign workers' rights</li> <li>• Child workers' policy</li> <li>• Employees' rights and welfare</li> <li>• Personal development</li> <li>• Inclusive working environment</li> </ul>	We have a strict policy of completely rejecting forced labour practices and closely monitor the well-being and safety of our employees. Additionally, we are actively working on developing a talent management strategy to foster the professional growth and advancement of our staff.
<b>Shareholders</b>	<ul style="list-style-type: none"> <li>• Annual general meeting</li> <li>• Annual reports</li> <li>• Circulars to shareholders</li> </ul>	<ul style="list-style-type: none"> <li>• Profitability</li> <li>• Transparency</li> <li>• Timely reporting</li> <li>• Fair purchasing practices</li> <li>• Dividend pay-outs</li> </ul>	We establish annual growth objectives and offer prompt and transparent updates to shareholders regarding the Group's business progress.
<b>Business Partners</b>	<ul style="list-style-type: none"> <li>• Regular meetings</li> <li>• Focus group discussions</li> </ul>	<ul style="list-style-type: none"> <li>• Business opportunities</li> </ul>	We regularly engage with our business partners to explore potential avenues for collaboration.
<b>Government &amp; Regulators</b>	<ul style="list-style-type: none"> <li>• Discussions with and notices from government agencies and departments</li> </ul>	<ul style="list-style-type: none"> <li>• Environmentally friendly business approach</li> <li>• Regulatory compliance</li> <li>• Timely reporting and resolution of issues</li> </ul>	We adhere rigorously to all applicable laws and regulations mandated by government agencies and departments.



## Sustainability In Our Value Chain

We recognise the importance of actively monitoring, evaluating, and addressing the sustainability effects linked to our organisation. We have developed enduring and solid partnerships with our suppliers, distributors, and wholesalers, many of whom have been trusted collaborators for more than a decade. This provides us with the confidence to affirm that our business associates share our commitment to adhering to strict environmental, health, and safety standards while minimising their environmental footprint. We subject all our suppliers to a comprehensive pre-selection process to ensure the quality of the products we procure. Furthermore, as part of our sustainable procurement practices, we continuously strive to utilise recycled packaging materials, reduce greenhouse gas emissions associated with transportation, and source from environmentally conscious suppliers.



We also recognise our responsibility to encourage sustainable business practices throughout our entire value chain, spanning all stages of our products' life cycle, from creation to utilization. With our products being distributed globally, we want to continue establishing strong and impactful partnerships with individuals, communities, ecosystems, and businesses around the world to promote sustainability throughout our value chain.

## Our Material ESG Topics

In FY2019, we underwent a materiality assessment process to identify, prioritise and validate the ESG risks and opportunities that were most material to our business and stakeholders. Based on the feedback received from our internal and external stakeholders, we then identified and assessed the degree of influence and impact that each ESG topic had on them and our business.

Each year, we re-evaluate the selected material topics to ensure that they remain relevant to our business climate. This year, we have decided to retain the material topics shortlisted in the previous report, as summarised in Table 2, as they still bring about significant ESG impact for the Group and our stakeholders. However, we will no longer include references to GRI 307 Environmental Compliance in our disclosures, as it is not included in the new GRI Standard 2021. We are constantly seeking to create long-term value for all our stakeholders by prudently managing the Group's sustainability impacts, risks and opportunities.

Table 2: List of Material ESG Topics

Material Topics	Explanation	Our Targets
<b>Economic Performance (GRI 201)</b>	The economic value we generate and distribute to communities where our business operates.	<ul style="list-style-type: none"> <li>• To achieve higher sales while tightening cost controls</li> <li>• To enhance online and offline marketing activities</li> <li>• To develop innovative products and maintain our market competitiveness</li> </ul>
<b>Anti-Corruption (GRI 205)</b>	Our adherence to the highest standards of corporate governance, honest and responsible business practices.	<ul style="list-style-type: none"> <li>• To promote a corporate culture that emphasises transparency and accountability</li> <li>• To maintain a zero record of non-compliance with laws and regulations</li> </ul>
<b>Environmental Management</b>	Our efforts to manage the environmental impact of producing aerosol container systems.	<ul style="list-style-type: none"> <li>• To implement energy and water efficiency improvements that also bring cost savings</li> <li>• To ensure responsible waste disposal at the locations where we operate</li> </ul>

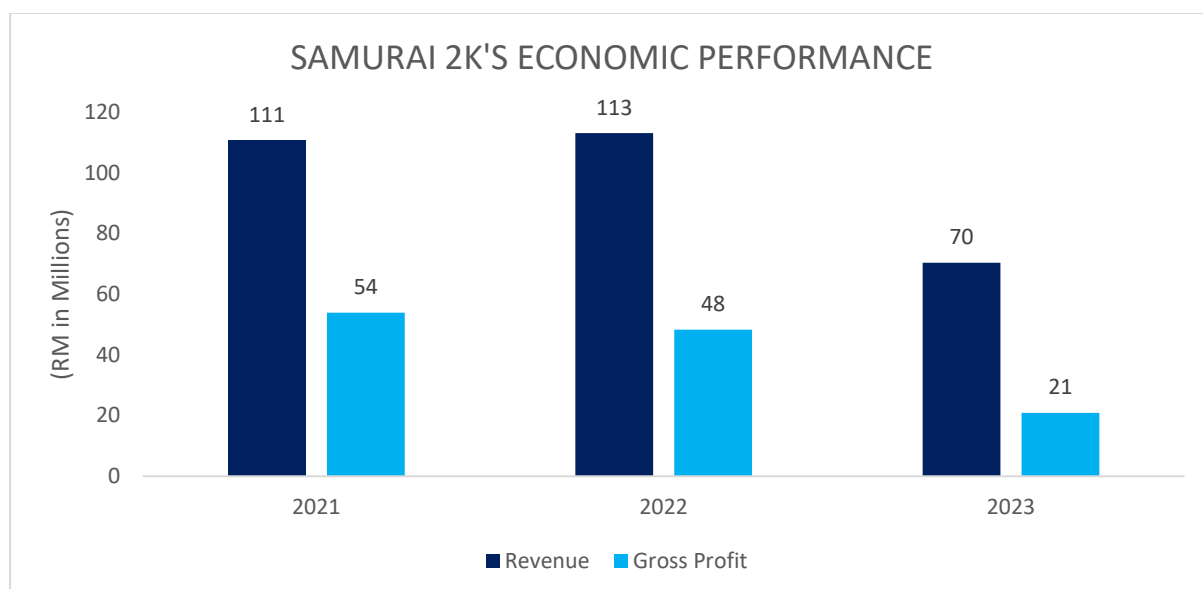
Table 2: List of Material ESG Topics (cont'd)

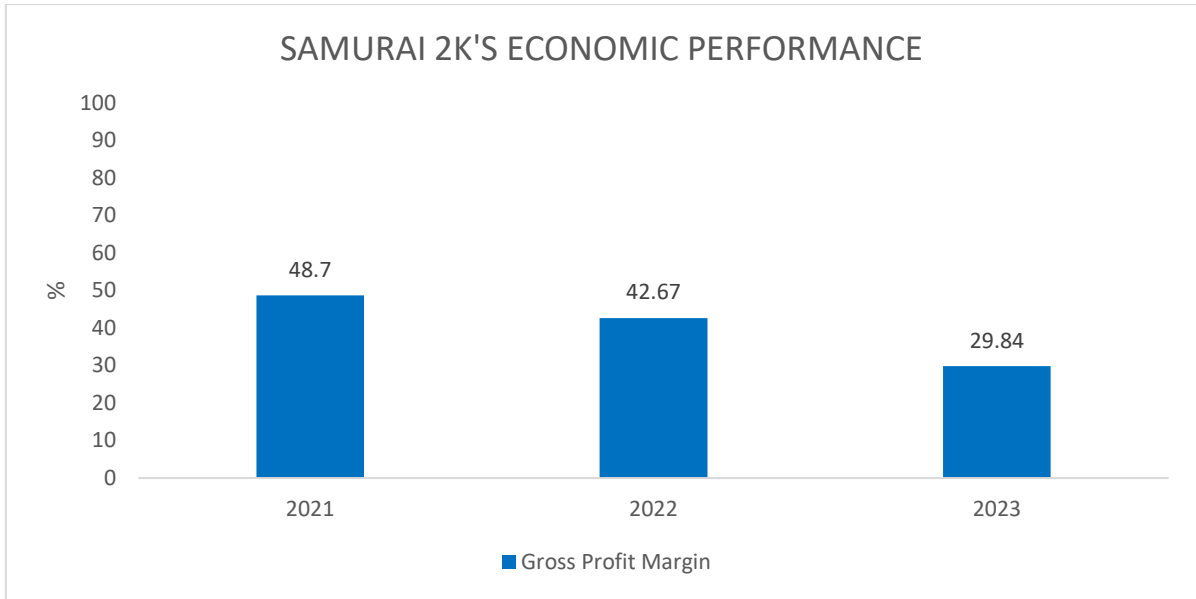
Material Topics	Explanation	Our Targets
<b>Human Capital (GRI 404, GRI 405)</b>	Our approach to providing a diverse, inclusive, and collaborative work culture where our employees feel supported in their professional development.	<ul style="list-style-type: none"> <li>• To maintain zero reported issue of gender discrimination and continue promoting a culture of unity</li> <li>• To better prepare our employees for the digital economy and recovery from COVID-19, we continue to upskill and reskill our workforce so they can remain relevant in the industry</li> </ul>
<b>Health and Safety (GRI 403, GRI 416)</b>	Our practices in place to protect our employees and customers from any potential detrimental Environmental, Health and Safety impacts, across our product life cycle.	<ul style="list-style-type: none"> <li>• To monitor all health and safety risks through effective risk mitigation management</li> <li>• To maintain zero incident of non-compliance with occupational safety and health regulations as well as regulations concerning the health and safety impacts of our products</li> </ul>

# ECONOMIC PERFORMANCE

With one of our primary business objectives to ensure favourable returns for our stakeholders, we are dedicated to pursuing sustainable and consistent economic growth that will benefit not just both the Group and society.

In FY2023, the Group's revenue was RM70.27 million, a decrease by 37.84% compared to FY2022. A FY2023 target to achieve higher sales was not met primarily due to a decrease in demand in the Malaysian and Indonesian markets for paint products. Due to higher raw material costs and freight costs, the Group's gross profit decreased by 56.53% from RM48.24 million in FY2022 to RM20.97 million in FY2023. Accordingly, our gross profit margin decreased from 42.67% in FY2022 to 29.84% in FY2023. Despite the poorer gross profits in FY2023, the gross profit margins are still positive and healthy because our core competencies are sound and that is an important basic for future economic performances. The Group is optimistic about its future growth and is actively expanding its business globally to meet the evolving market demands.





We are expanding our business into the USA and India markets, as well as focusing on the development of e-commerce as discussed in our last sustainability report. The Company has already launched its e-commerce platform in Malaysia, USA, and Australia, and plans to launch it in India soon.

Currently, the company is in the process of introducing a new and innovative product called TINTATEK. This is post-filled technology which is first-ever colour mix & match system for aerosol spray paint, allowing users to generate millions of colours from only 26 basic primary colours. Users can customise their desired colours for use in aerosol cans and spray it on appropriate surfaces thereafter, without any need for complicated tools or equipment. This product aims to address an unmet market demand and has the potential to revolutionise and disrupt the global aerosol spray paint market.

In terms of integrating more digital technologies, we have been able to extend our reach to more customers on various digital marketing channels and conduct further analysis on their needs, behaviors, and buying patterns. The Group is also in the process of developing a digital platform where we can sell our products and allow users to easily book sprayers for spray paint services. We envision this to be an incredibly economical and convenient solution to address our customers' most prominent needs.

# ANTI-CORRUPTION

Our employees are expected to carry out their duties and responsibilities in accordance with the Group's Code of Conduct. We strictly adhere to the anti-corruption and anti-dishonesty related policies we have implemented, and any unethical behaviour or malpractice, including corruption or fraud, will be met with severe consequences. We adopt a zero-tolerance approach towards corruption, fraud, bribery, and other forms of unethical behaviour or conduct.

To upholding the utmost standards of corporate governance, we have implemented a whistleblowing policy that enables our employees to report instances of misconduct in the workplace to the Audit and Risk Committee. For any cases that are brought to attention, we prioritise the confidentiality of all reports concerning potential corruption and significant matters, provided they are made in good faith. When whistle-blower reports are escalated to the Board, the Audit and Risk Committee will independently investigate such complaints before taking appropriate actions to effectively address the situation. For further information on whistleblowing policy, please also refer to page 39 of the Annual Report.

We regularly circulate email memos to our employees to raise awareness on the Group's anti-corruption policy and to inform them of our official whistleblowing channel at [whistleblowing@samuraipaint.jp](mailto:whistleblowing@samuraipaint.jp). We have also conducted training on anti-corruption for all employees.

## **FY2023 Performance**

We have achieved our FY2023 target by maintaining our clean track record this year with no instances of non-compliance with laws and regulations, bribery, corruption, dishonest practices, or any other workplace misconduct reported. To uphold this exceptional standard of zero non-compliance incidents with laws and regulations, Samurai 2K remains committed to nurturing a work environment that prioritises transparency and accountability. To further strengthen compliance measures, the company has appointed a dedicated legal officer responsible for ensuring adherence to all applicable laws and regulations.

# ENVIRONMENTAL MANAGEMENT

## Energy and Water

Since November 2018, we have been regulating energy usage in our production facility in Johor, Malaysia, which included initiatives such as installing motion sensor lighting in common areas that automatically switch off after five minutes of inactivity. In addition, we have sought to cultivate energy-saving habits among our employees by posting signboard reminders to switch off lighting and air-conditioning units across our factory and offices.

As testament to our commitment to making our day-to-day operations more environmentally sustainable, we have achieved our aim of being certified under the ISO14001: Environmental Management standard in FY2023 which was a target set out last year. In addition, there were no incidents of non-compliance with environmental laws and regulations in FY2023, which was a target set in FY2022 that we have now attained. We constantly seek to do our part for the environment by consuming electricity and water in the most efficient way possible, thus minimising our environmental footprint.

## FY2023 Performance

Resource Usage			
Resource	FY2023	FY2022	FY2021
Electricity consumption (kWh)	661,592	761,337	623,613
Water consumption (litres)	6,579	5,298	5,186
Sales volume – cans (millions)	10.8	16.8	17.3
Resource Ratios			
Energy intensity ratio (kWh/can)	0.0613	0.0453	0.0360
Water intensity ratio (litres/can)	0.000609	0.000315	0.000300

For FY2023, despite an increase in the amount of water consumed, we have managed to reduce our electricity consumption. That said, we recognise that our energy and water intensity ratios have increased. This is primarily due to being unable to leverage economies of scale that we can enjoy at higher production volumes. The Group aims to improve the efficiency of our electricity and water consumption in our day-to-day operations, and we will continue to closely monitor our environmental performance in the coming years. We remain undeterred in our efforts to promote eco-friendly, resource-saving practices across the organisation.

## **Waste**

Running a manufacturing facility generates a significant amount of waste. Hence, proper management and disposal of the waste generated in our operations is key to reducing our environmental impact across all aspects of our business.

We have put in place the necessary infrastructure to allow for the proper disposal of waste from our manufacturing operations. In accordance with the stated requirements of the Malaysia Environmental Quality Council's Environmental Quality (Prescribed Conveyance) (Scheduled Wastes) Order 2005, this includes designating a waste area within our factory and arranging for an authorised waste collector to recycle and dispose of our waste products once every two weeks.

Hazardous materials like resins, pigments, additives, solvents, and propellants are often used as a key input in the R&D and production of aerosol paint and coatings spray cans. In line with industry best practice, we have established protocols to monitor the creation of hazardous by-products and to responsibly treat and dispose of such hazardous waste.

For most of our waste, we engage a third-party company – Ranama Resources Sdn Bhd. – that is involved in our operations to ensure that our hazardous waste and by-products are to be properly disposed of, mitigating possible adverse impacts on people and the environment. As such, we are unable to provide quantitative figures on the amount of waste generated in our operations.

All our employees have received training on proper waste handling procedures, and external trainings on waste management has also been carried out. Even so, we are committed to maintaining full compliance with all relevant environmental legislation on responsible waste disposal.



# HUMAN CAPITAL

In the FY2023, all our employees are full-time and permanent employees. The following table below shows our breakdown of employees by gender and region and type of employee.

Our Workforce		
By Gender		By region
Male	Female	Malaysia
69	52	121

We also deploy 30 workers who are not our employees for operation purposes.

## Diversity and Equal Opportunity

At Samurai 2K, we consider having a diverse workforce to be our differentiating factor. By recognising and respecting the individual strengths of our employees, we are better placed to tap on their creativity and bring about our desired business outcomes. Across the Group, we are working to build a culture of unity and inclusion in the workplace.

We are committed to promoting equal opportunities in employment and we consider all forms of discrimination to be unacceptable in the workplace. All appointments and promotions are made on the grounds of performance and ability alone, regardless of employees' race, age, gender, religion, or ethnicity. We have included the relevant policies and procedures on diversity and equal opportunity in our Employee Handbook.

Our Workforce				
Gender		Senior Management	Middle Management	Executives and Assistants
FY2023	Male	60%	41%	68%
	Female	40%	59%	32%
Age Group		Senior Management	Middle Management	Executives and Assistants
FY2023	< 30 years old	0%	54%	57%
	30 – 50 years old	47%	46%	40%
	> 50 years old	53%	0%	3%

Though we operate in a male-dominated industry, we constantly seek to promote equal gender representation in the workplace at all levels by maintaining a gender-neutral compensation structure. We are pleased to share that there have been no incidents of gender discrimination reported in FY2023.

A detailed breakdown of our employee categories by age and gender can be found in the tables below:

Our Workforce				
Gender		Senior Management	Middle Management	Executives and Assistants
FY2021	Male	9	20	59
	Female	7	33	7
FY2022	Male	11	34	38
	Female	5	36	18
FY2023	<b>Male</b>	<b>9</b>	<b>19</b>	<b>41</b>
	<b>Female</b>	<b>6</b>	<b>27</b>	<b>19</b>

Our Workforce				
Age Groups		Senior Management	Middle Management	Executives and Assistants
FY2021	< 30 years old	1	34	44
	30 – 50 years old	6	19	22
	> 50 years old	9	0	0
FY2022	< 30 years old	1	50	34
	30 – 50 years old	8	20	22
	> 50 years old	7	0	0
FY2023	<b>&lt; 30 years old</b>	<b>0</b>	<b>25</b>	<b>34</b>
	<b>30 – 50 years old</b>	<b>7</b>	<b>21</b>	<b>24</b>
	<b>&gt; 50 years old</b>	<b>8</b>	<b>0</b>	<b>2</b>

## Training and Education

As a Group, we are invested in the personal and professional development of our employees. Over the year, we have consistently provided our employees with learning and development options to upskill and reskill themselves in preparation for the digital economy. By extension, developing our employees' capabilities helps us maintain market competitiveness.

We encourage all employees to discuss their professional development needs with their supervisors at any point throughout the year. At the same time, we mandate that every employee is subject to an annual performance appraisal. These annual reviews serve as an invaluable platform to help us identify and assess employees' training and development needs, as supervisors and their subordinates engage in a meaningful conversation on how the Company can better support them in achieving further productivity gains.

We regularly provide our employees with skills upgrading opportunities by sending them to workshops for Operational Management, Social Media Marketing SEO and Google SEO Content Writing and Forklift Safety Training. To help them stay updated on industry trends, we have also sent relevant personnel from the Finance, HR, Legal, Logistics, and the Safety & Health departments for KAIZEN training which promotes continuous improvement through analysis and improvement. We have our own strategic talent management policy too.

A detailed breakdown of average training hours conducted for our employees, by management level and by gender, can be found in the tables below:

Category	Total training hours	Total headcount	Average training hours	
	FY2023	FY2023	FY2023	FY2022
<b>By Gender</b>				
Male	1,211.50	69	17.56	19.59
Female	1,356.00	52	26.08	15.51
<b>By Employee Category</b>				
Senior Management	452.00	15	30.13	12.36
Middle Management	1,355.50	46	29.47	18.68
Executive and assistants	760.00	60	12.67	17.54

Overall, there has been a significant increase in the average hours of training for female employees generally in the Senior Management and Middle Management categories. Regular trainings will enable our workforce to be more productive and will prepare them to competently perform their roles as the Group implements new business strategies and operations.

A detailed breakdown of the number and percentage of employees under performance reviews and appraisals, by management level and by gender, can be found below:

Category	Employees given appraisal	Total headcount	%
<b>By Gender</b>			
Male	54	69	78%
Female	34	52	65%
<b>By Employee Category</b>			
Senior Management	12	15	80%
Middle Management	33	46	72%
Executive and assistants	43	60	72%

Overall, 72% of our employees receive performance appraisals. This allows us to learn more about our employees and what each of their strengths and weaknesses are, so that we know how to best deploy them and improve their future performances too. It also allows us to determine if certain employees need more training or can take on more responsibilities for the Group. That said, we still believe there is more room for improvement for more employees to receive performance appraisals.

### **Employee well-being**

To encourage our employees to embrace healthier habits, we have established the Samurai Sport Recreation Committee, tasked with organizing a range of sports activities and providing gym coaching opportunities for all staff members. Moreover, smoking is strictly prohibited within the factory premises. As a company, we are dedicated to introducing new welfare programs that prioritise the well-being and safety of our employees. Additionally, we have incorporated health assessments as a key performance indicator (KPI) for our employees.

# HEALTH AND SAFETY

## Occupational Health and Safety

A safe and healthy work environment is a basic necessity for all employees. Occupational health and safety (“**OH&S**”) issues throughout the Group are managed by the Health and Safety Committee (“**HSC**”), with monthly meetings to review the adequacy of existing safety procedures pertaining to our manufacturing activities.

We have established a protocol for Hazard Identification, Risk Assessment and Risk Control across the Group, whereby each department is to review, monitor and report on its OH&S risks to the HSC regularly throughout the year. The HSC also conducts random safety inspections at our factory to enforce safety standards and improve workplace safety.

Significant OH&S risks arise from the use of potentially hazardous, poisonous, and flammable raw materials in our manufacturing processes. As such, it is mandatory for our employees, visitors, contractors, and suppliers to wear personal protective equipment when entering the factory premises.

Our employees participate in external safety training programs, such as Forklift Safety Training, Operational Problem-Solving Series, and the Safety Virtual Conference Edge, to enhance their knowledge and skills. Additionally, we conduct biennial On Job Training, aligning with the Work Process outlined in Management's Safe Operation Procedures, to ensure our employees stay updated on the Group's safety protocols. We also prioritise the provision of comprehensive guidance to new workers, enabling them to familiarise themselves with the necessary safety procedures before independently operating complex machinery and equipment. These new employees undergo on-job safety training, evaluated by the department head and safety officer to ensure compliance with internal policies.

To further reduce workplace accidents and injury rates, safety briefings with the supervisor, line leader, quality control technician, and operator are conducted every morning at the production facility to raise awareness of the importance of workplace safety. Daily safety inspections are carried out before the start of work, and employees are to report any potentially dangerous activity to the Chairman of the HSC.

Every two years, we organise emergency drills for employees to familiarise themselves with the evacuation procedures. We also have an in-house Emergency Rescue Team headed by a group of competent employees who have received the relevant certifications from the Fire and Rescue Department of Malaysia.

The Department of Occupational Safety and Health (“**DOSH**”) conducts frequent and random inspections at our factory to check for potential compliance issues pertaining to Malaysia's Occupational Safety and Health Act 1996 (“**OSHA**”). Violations of the OSHA may result in financial penalties and even the termination of our business license. We are committed to complying with the OSHA to the letter.

## **FY2023 Performance**

We are pleased to report zero incidents of work-related injuries over FY2023. The Group will continue to monitor and implement control measures for all work-related hazards that have been identified in relation to our business activities. By effectively mitigating OH&S risks, we hope to minimise workplace accident rates and safeguard our employees' health and safety. We have not received any DOSH penalty notices for non-compliance in FY2023 too.

## **Customer Health and Safety**

Our business is built on trust and integrity. Our customers expect us to deliver high-quality products, provide comprehensive after-sales support and engage in ethical procurement practices. As a Group, we seek to earn the trust of our customers by being attentive to their demands and ensuring their health and safety when using our products.

To ensure that all our products are safe to use, our R&D team works closely with the product safety and regulatory affairs department to evaluate the health, environmental, and safety impact of our products from the product development stage onwards. We are committed to rectifying any identified concerns pertaining to the health and safety impacts of our goods, and all our R&D products are evaluated with proper lab testing before they are manufactured. Depending on the target end-use of the product, additional screening tests and modelling may also be performed, and customers may be asked to complete a safety evaluation and feedback form before the product is introduced to the market.

Our production facilities have been ISO 9001:2015 certified and we perform an annual quality assessment to maintain the quality standard of our products. As part of our Enterprise Resource Planning System, we have controls in place to ensure that all manufactured products are tagged with an Official Safety Data Sheet issued by the Quality Assurance Department. We have also established precautionary protocols for our employees to abide by in the scenario of an urgent product recall or removal from market.

Our sales and marketing teams collaborate closely with our research and regulatory departments to ensure that any health and safety information presented to customers is accurate and consistent with the information sent out alongside the products we sell.

As and when our customers have any concerns about the health and safety impacts of our products, we encourage them to communicate with the sales representative(s) they have been assigned to or to send in a formal complaint via the appropriate channel.

## **FY2023 Performance**

Within the reporting period, there has been zero incidents of non-compliance with regulations and voluntary codes relating to the health and safety impacts of our products. We believe that we have put in place the necessary safeguards to ensure that this will remain the case in the future.

# GRI CONTENT INDEX

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