

SUSTAINABILITY REPORT 2022



# TRANSFORMING FOR THE FUTURE

WE CHANGE AEROSOL, AEROSOL CHANGES THE WORLD

SAMURAI 2K AEROSOL LIMITED

(Company Registration No.201606168C)

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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.

# MESSAGE FROM THE BOARD

**Dear Valued Stakeholders,**

The Board of Directors (the “**Board**”) is pleased to present the fifth 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 2022 (“**FY2022**”). 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. The Board works closely with the Sustainability Committee to formulate the Group’s sustainability strategy, 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 and manages the objectives of our business with sustainability in mind.

Though the COVID-19 crisis posed a significant disruption to the economy over the past two years, we are pleased to share that Samurai 2K reported record-high revenues in FY2022. As we strive toward sustained economic growth, the Group will continue to actively respond to our stakeholders’ concerns, progressively improve upon our operational performance, and slowly develop our resilience against ongoing and emerging threats to our supply chains.

Samurai 2K is now embarking on the next phase of our digital transformation journey, where we plan to create an omnichannel retail experience for our customers. We are in the process of creating a fully integrated digital platform for online and offline business transactions to improve user experience and help us better understand our customers’ needs and concerns. Samurai 2K is also planning on opening a new corporate office in FY2023, to cater for the growing needs of our digital team and to strengthen our corporate image. The Group is committed to leveraging emerging digital technology in our business to maintain our competitive edge within the industry.

Lastly, we would like to express our appreciation to all our stakeholders for your continued support throughout our sustainable journey. We look forward to painting a more sustainable future together.

**Sincerely,**

**The Board of Directors**

# ABOUT THIS REPORT

Samurai 2K's Sustainability Report covers the Group's strategies, initiatives and performance in relation to the Economic, Environmental, Social and Governance ("EESG") topics we have identified to be the most material for our business and stakeholders across our value chain.

The Report contains sustainability data and statistics for the financial year dated 1 April 2021 to 31 March 2022 ("FY2022"). Where available, relevant historical performance data has been included for comparison. There has not been any restatement of information disclosed in previous years.

Unless otherwise stated, the 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, the collection point for purchases from suppliers, and office facilities for the research and development ("R&D"), finance and management functions.

This Report has been prepared with reference to the Global Reporting Initiative ("GRI") Standards: Core Option, 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 align our sustainability disclosures with the GRI Standards for its comprehensive, holistic approach to communicating the Group's sustainability performance and impact to all stakeholders.

We have not sought external assurance for this Report. As we mature in our sustainability journey, we may gradually consider adopting limited external assurance on relevant sections of future reports.

This Report will be published digitally via the SGXNet portal, and 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.



# ABOUT SAMURAI 2K

Samurai 2K is a leading aerosol coating specialist focusing on high performance coating solutions for the automotive refinishing and refurbishing industry. We use cutting-edge technology and unique techniques to provide quality aerosol goods to customers all over the world.

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. Across our production facility and offices, we have employed more than 100 full-time employees.

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 FY2022, we have sold over 16 million cans of aerosol spray paint.

We are aiming to launch a new product, the “Tintatek” technology, next year. This will be the first-ever colour mix & match system for aerosol spray paint, allowing users to generate millions of colours from only 26 basic primary colours. Users will be able to custom fill their desired colours into the aerosol can and spray it on appropriate surfaces thereafter, without any need for complicated tools or equipment.

We are also developing a spray paint service matching platform to help link up customers who require spray painting services with those who can render said services at their doorsteps. We envision this to be an incredibly economical and convenient solution to resolve our customers’ pain points.

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

# OUR PHILOSOPHY

The Group is committed to delivering long-term value creation for our stakeholders, and we strive to effect meaningful change in the aerosol industry. Our mission, vision and core values serve as a compass that guides our sustainability approach. We continuously review our sustainability goals to ensure that they are well-aligned with our commercial objectives.

## OUR BELIEF

We Change Aerosol, Aerosol Changes the World

## OUR VISION

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

## 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

## OUR CORE VALUES

**Innovation:** To embark on a new journey of growth

**Empower:** To believe in people and their dreams

**Integrity:** To act with integrity and honesty

**Communication:** To practice open, real communication

## OUR VALUE CHAIN

The Group strongly believes in the importance of monitoring, assessing and managing the sustainability-related impacts of our organisation. In doing so, we have realised that it is also our responsibility to extend sustainable business practices across our entire value chain – from product conception to its end use. Because our products are sold globally, we have formed strong ties with individuals, communities, ecosystems, and other businesses all around the world.

Over the years, we have built solid, long-lasting relationships with our suppliers, distributors, and wholesalers, some of whom have been our business partners for over a decade now. This gives us the confidence to state that our business partners are just as dedicated as we are in meeting stringent environmental, health and safety requirements and in minimising their environmental footprint. We subject all our suppliers to a rigorous pre-selection process to ensure the quality of the products we receive. In addition, as part of our sustainable procurement practices, we constantly seek to use recycled products for packaging, to reduce transportation-related greenhouse gas emissions, and to source for environmentally friendly suppliers.

Throughout the COVID-19 pandemic, Samurai 2K has been working closely with our business partners to identify and overcome potential operational issues. During the financial year, most of our suppliers were permitted to operate. Even so, to mitigate the risk of possible supply chain disruptions, our procurement team has been highly proactive in ordering more stocks from overseas suppliers. To help curb the spread of COVID-19, we have also implemented various safe management measures, in accordance with local government regulations, to ensure the health and safety of our employees and customers.



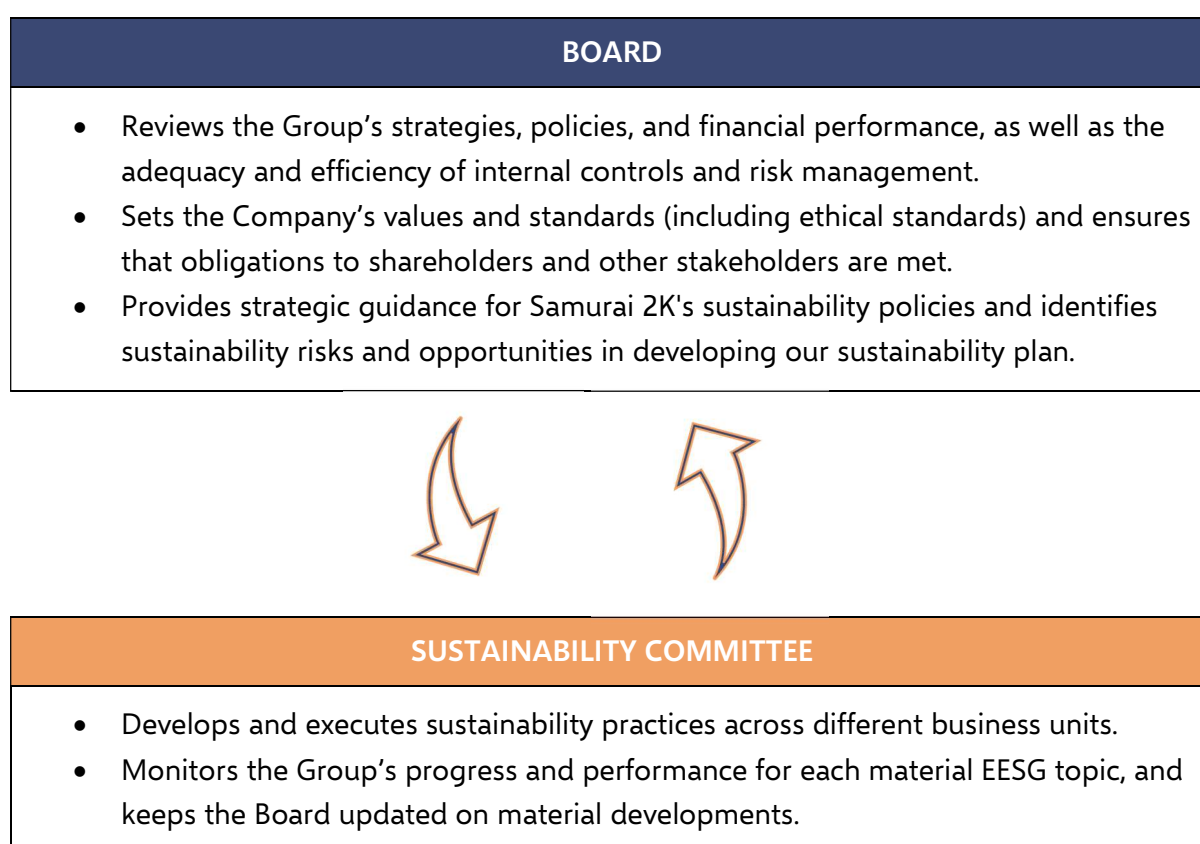
# OUR SUSTAINABILITY APPROACH

## Sustainability Governance and Principles

When it comes to mitigating the sustainability-related challenges, our organisation faces, we believe that it is important to set the tone from the top.

At Samurai 2K, the Board maintains broad oversight over all material EESG matters, and works closely together with the Sustainability Committee, comprising senior management and department heads, to identify and implement sustainability initiatives across our business processes.

Our Sustainability Governance Structure is set out as follows:



## Stakeholder Engagement

Maintaining open communication channels with key stakeholders is key to ensuring the long-term success of the Group. Across the business, we have identified several key stakeholder groups based on the magnitude of their influence and impact on our business. We constantly reach out to both internal and external stakeholders via different platforms, as outlined in Table 1, to seek their feedback on how we can improve upon the way we manage sustainability-related challenges faced by the Group.



# OUR SUSTAINABILITY APPROACH

Table 1: Our Approach to Stakeholder Engagement

STAKEHOLDER GROUPS	ENGAGEMENT PLATFORMS	THEIR EXPECTATIONS	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 taken steps to ensure that our products are high-quality, environmentally friendly, and safe for consumers' use.
<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 zero tolerance for forced labour practices and closely monitor the health and safety of our employees. We are also developing our talent management strategy to support the professional development 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 set yearly growth targets and provide timely and transparent updates to shareholders on the Group's business developments.
<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 reach out to our business partners to discuss opportunities 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 strictly comply with all relevant laws and regulations from the government agencies and departments.

# OUR SUSTAINABILITY APPROACH

## Identifying Material EESG Topics

At Samurai 2K, we seek to create long-term value for all our stakeholders by prudently managing the Group’s sustainability impacts, risks and opportunities.

In FY2019, we underwent a materiality assessment process to identify, prioritise and validate the EESG 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 identify and assess the degree of influence and impact that each EESG topic has on them and our business.

Every 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 same material topics as those shortlisted in the previous report, as summarised in Table 2, as they still bring about significant EESG impact for the Group and our stakeholders.

*Table 2: List of Material ESG Topics*

MATERIAL TOPICS	WHY IS IT MATERIAL?	OUR TARGETS FOR FY2023 AND BEYOND
<p><b>Economic Performance (GRI 201)</b></p>	<p>The economic value we generate and distribute to communities where our business operates.</p>	<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>
<p><b>Anti-Corruption (GRI 205)</b></p>	<p>Our adherence to the highest standards of corporate governance, honest and responsible business practices.</p>	<ul style="list-style-type: none"> <li>• To promote a corporate culture that emphasizes transparency and accountability</li> <li>• To maintain a zero record of non-compliance with laws and regulations</li> </ul>
<p><b>Environmental Management (GRI 307)</b></p>	<p>Our efforts to manage the environmental impact of producing aerosol container systems.</p>	<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> <li>• To maintain zero incident of non-compliance with environmental laws and regulations</li> </ul>

# OUR SUSTAINABILITY APPROACH

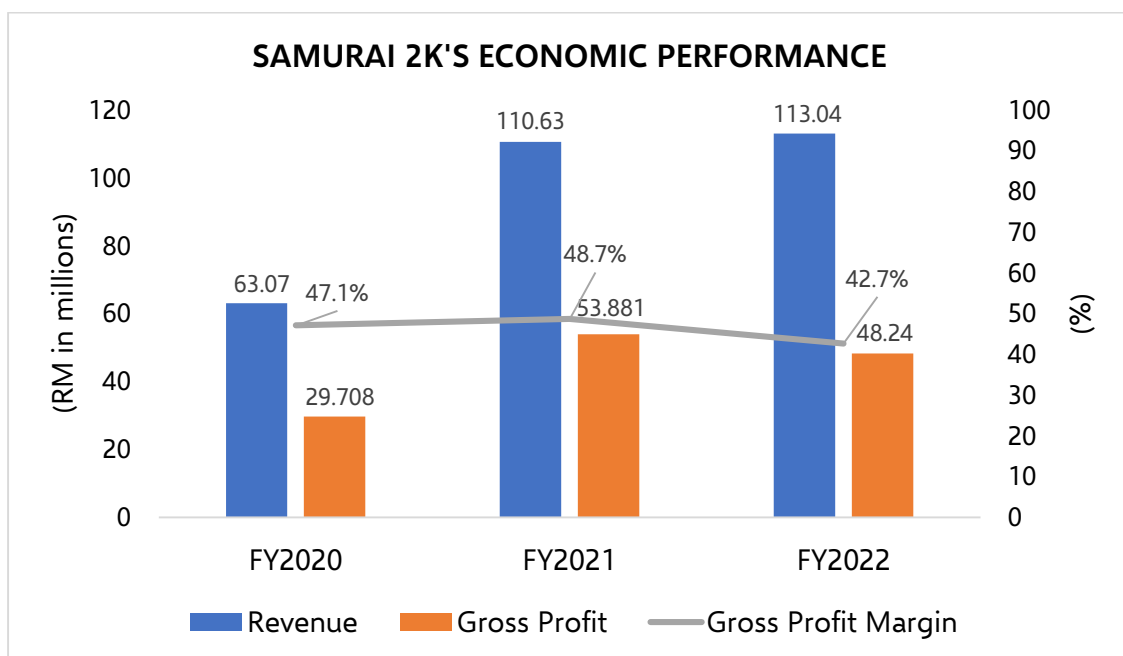
Table 2: List of Material ESG Topics (cont.)

MATERIAL TOPICS	WHY IS IT MATERIAL?	OUR TARGET
<b>Human Capital</b> (GRI 404, GRI 405)	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</b> (GRI 403, GRI 416)	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

While our foremost obligation as a business is to deliver positive returns for our stakeholders, Samurai 2K strives to achieve sustainable, steady economic growth that we believe would have a positive ripple effect on the local economy and society at large.

In FY2022, the Group's revenue increased by 2.18% to a total of RM113.04 million, marking our highest record of revenue yet. Despite the COVID-19 pandemic posing a significant disruption to our business operations, we saw an increase in demand for our products in key markets like Malaysia, Thailand, Philippines, Cambodia, and United Kingdom. However, due to higher raw material costs and freight costs, the Group's gross profit decreased by 10.48% from RM53.88 million in FY2021 to RM48.24 million in FY2022. Accordingly, our gross profit margin decreased from 48.7% to 42.7%.



In the years to come, the Group is embarking on a digital push to transform the spray paint industry. Since developing our digital strategy, Samurai 2K has been able to attract 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 own products and allow users to easily book sprayers for spray paint services.

The Group is optimistic about our future growth as we continue to expand our business globally while catering to the latest market needs.

For full details on Samurai 2K's FY2022 financial results, please refer to our Annual Report.

# ANTI-CORRUPTION

At Samurai 2K, we adopt a zero-tolerance approach towards corruption, fraud, bribery, and other forms of unethical behaviour or conduct.

We expect our employees 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.

Consistent with our commitment to abide by the highest standards of corporate governance, Samurai 2K has put in place a whistleblowing policy for our employees to report incidents of workplace misconduct to the Audit and Risk Committee. All reports of potential corruption and substantial issues, made in good faith, will be treated with confidentiality. After escalating whistle-blower reports to the Board, the Audit and Risk Committee will conduct an independent inquiry into such complaints before taking the actions necessary to satisfactorily resolve the situation. For further information on whistleblowing policy, please also refer to pages 36 and 37 of our Annual Report.

Samurai 2K regularly circulates 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.

For the fifth year in a row, Samurai 2K did not receive any reports of bribery, corruption, dishonest practices, or other workplace improprieties. As we strive to maintain our record of having zero reported incidents of non-compliance with laws and regulations, Samurai 2K will sustain our efforts to foster a workplace culture that emphasizes transparency and accountability.





# ENVIRONMENTAL MANAGEMENT

## Energy and Water

We seek to do our part for the environment by consuming electricity and water in the most efficient way possible, thus minimising our environmental footprint.

Since November 2018, we have begun regulating energy usage in our production facility in Johor, Malaysia. Our initiatives then included installing motion sensor lighting in common areas that automatically switch off when there has been no movement detected for more than five minutes. 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.

Due to the relaxation of the Movement Control Order (“MCO”) in FY2022, we have stepped up our production activities and there has been a corresponding increase in the Group’s electricity and water usages. However, there has been a slight lag between sales volume and production levels and as a result, our energy intensity ratio was higher than the target we previously set, at 0.0378 kWh of electricity consumed per can sold. The Group will be seeking to optimise our inventory management processes to avoid wasted energy and reduce costs.

*Table 3: Energy and water consumption in Samurai 2K*

SAMURAI 2K'S RESOURCE USAGE			
	FY2020	FY2021	FY2022
<b>Electricity consumption (kWh)</b>	562,692	623,613	761,337
<b>Water consumption (litres)</b>	4,145	5,186	5,298
<b>Sales volume – cans (millions)</b>	10.3	17.3	16.8
<b>Energy intensity ratio (kWh/can)</b>	0.0546	0.0360	0.0453
<b>Water intensity ratio (litres/can)</b>	0.000402	0.000300	0.000315

The Group aims to maintain the efficiency at which we consume electricity and water in our day-to-day operations, and we will continue closely monitoring our environmental performance in the coming years. We remain undeterred in our efforts to promote eco-friendly, resource-saving practices across the organisation.

# ENVIRONMENTAL MANAGEMENT

## Waste

Proper management and disposal of the waste generated in our operations is key to reducing our environmental impact across all aspects of our business.

Running a manufacturing facility generates a tremendous amount of waste. Cognisant of this fact, 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 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.

All our employees have received training on proper waste handling procedures, and external trainings on waste management has also been carried out.

## Environmental Compliance

As a good corporate citizen, we make every effort to adhere to all relevant environmental laws and regulations, and we are pleased to report that there has been zero violations of such laws and regulations over the past 4 years.

In addition, we have sought to improve upon our environmental risk management processes by implementing the ISO 14001: Environmental Management standard within our organisation. As we endeavour to reduce our environmental impact and make our day-to-day operations more sustainable, we aim to be ISO 14001 certified by FY2023 as previously was postponed due to MCO.



# HUMAN CAPITAL

## Diversity and Equal Opportunity

At Samurai 2K, we consider having a diverse workforce to be our key asset. 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.

Samurai 2K is 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.

In FY2022, women comprised 41.5% of our total workforce and 47.67% of our senior and middle management positions. 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 has been no incidents of gender discrimination reported in FY2022.

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

EMPLOYEES BY GENDER				
		Senior Management	Middle Management	Executives and Assistants
FY2020	Male	11	5	61
	Female	5	14	22
FY2021	Male	9	20	59
	Female	7	33	7
FY2022	Male	11	34	38
	Female	5	36	18

EMPLOYEES BY AGE GROUP				
		Senior Management	Middle Management	Executives and Assistants
FY2020	< 30 years old	1	6	54
	30 – 50 years old	7	11	29
	> 50 years old	8	2	0
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

# HUMAN CAPITAL

## 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 the Safetyedge Virtual Conference 2021, ENVIRO360 Virtual Conference 2021, the International Public Employment Forum 2021 and the Ultimate Guide to Work Trends 2021,

Overall, there has been an increase in the average hours of training each employee received, from 13.3 hours in FY2021 to 17.4 hours in FY2022. During the COVID-19 pandemic, we have transitioned from providing on-the-job training to our employees to conducting internal courses via virtual platforms. This has allowed our employees greater flexibility in planning their work schedules, as they can attend these online courses in their own time.

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

TRAINING HOURS BY MANAGEMENT LEVEL			
	FY2020	FY2021	FY2022
Senior Management	11.52	15.72	12.36
Middle Management	10.32	13.64	18.68
Executives and Assistants	9.37	12.97	17.54

TRAINING HOURS BY GENDER			
	FY2020	FY2021	FY2022
Male	10.58	13.58	19.59
Female	9.16	12.66	15.51

# HEALTH AND SAFETY

## Occupational Health and Safety

As the Group prides ourselves on being a responsible employer, we are committed to providing a safe and healthy work environment for all employees.

Occupational health and safety issues (“**OH&S**”) throughout the Group are managed by the Health and Safety Committee (“**HSC**”), who meets monthly to review the adequacy of existing safety procedures pertaining to Samurai 2K’s 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. We send our employees for external safety training programmes, including Forklift Safety Training, Operational Problem-Solving Series and the Safety Virtual Conference Edge. Internally, we also conduct a biennial On Job Training (by Work Process, as stated in Management’s Safe Operation Procedures) to keep our employees abreast of latest changes to the Group’s safety procedures. In addition, we also place a strong emphasis on providing adequate guidance for new workers to familiarise themselves with the relevant safety protocols before they begin operating complex machinery and equipment on their own.

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 evacuation drills for employees to familiarise themselves with the procedure. 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. Samurai 2K is committed to complying with the OSHA to the letter, and we have not received any DOSH penalty notices for non-compliance in FY2022.



# HEALTH AND SAFETY

## Occupational Health and Safety (cont.)

We are heartened to report that we have had zero incidents of work-related injuries over the past year. 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.

To encourage our employees to pursue a healthier lifestyle, we have also established a Samurai Sport Recreation Committee to organise sport activities and provide gym coaching to all employees. Smoking is also prohibited within the factory compound. The Group will continue to implement new welfare initiatives to bolster the health and safety of our employees.



# HEALTH AND SAFETY

## Customer Health and Safety

Samurai 2K's 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 even established precautionary protocols for our employees to abide by in the scenario that we need to urgently recall or remove a product from the 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.

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.

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