



**2020**

**SUSTAINABILITY  
REPORT**

**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 Catalist.

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.

## Board's Message

The board of directors (the “**Board**”) of Samurai 2K Aerosol Limited (“**Samurai 2K**”, and together with its subsidiaries, the “**Group**”) is pleased to present the sustainability report for the financial year ended 31 March 2020 (“**FY2020**”).

In this third sustainability report about our sustainability values in action, we present of how Samurai 2K strives to improve in our economic performance and contribute to the community within the areas in which we operate whilst effectively managing our environmental footprint. We are aware that sustainability is a journey and over the past three years we have been taking steps to progressively improve our sustainability performance. The Board considers sustainability issues when periodically reviews and formulates strategy for the Group. We believe that sustainability is not just about financial accountability but also being accountable for the monitoring and achievement of our environmental, social, and governance (“**ESG**”) goals.

As the world struggles with the COVID-19 pandemic, the Group has initiated to impose stringent health and precautionary measures, to ensure the safety and health of our employees and visitors to our property. The Group expects that there will be impact on the operations and the Board will continue to monitor the evolving situation and will make announcements as and when there are developments on this matter. Following the announcement made by the Malaysian Prime Minister on 16 March 2020 to impose Movement Control Order, the Group’s headquarters in Malaysia was closed from 18 March 2020 to 3 May 2020 to curb the spread of COVID-19 infection in the country. As a responsible Malaysian corporate citizen, Samurai 2K donated approximately RM1 million medical supplies to aid the Ministry of Health of Malaysia to fight against COVID-19. In view of the COVID-19 outbreak and as a sign of solidarity, the Group has adopted certain cost measures starting from May 2020 by voluntary reduction of salary for 3 months with a review for an extension, if necessary.

Going forward, we will continue to respond to our stakeholders’ concerns and progressively improve our operations and strengthen our resilience in response to the challenges around us. We are committed to uphold governance and sustainability practices to achieve long-term success and add value for all our stakeholders.

*Sincerely,*

**Board of Directors**



## About This Report

This report is prepared in accordance with the GRI Standards: Core Option pursuant to Rules 711A and 711B of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) Listing Rules and the Sustainability Reporting guide (the “**SGX Sustainability Reporting Guide**”). We have chosen to adopt the GRI Sustainability Reporting Standards as it is a globally recognised sustainability reporting framework for voluntary corporate reporting of environmental and social performance.

We have not sought external assurance for this report and we may consider doing so in future annual sustainability reports.



This report focuses on the evaluation of Samurai 2K’s sustainability performance in terms of economic, environmental, social and governance aspects. In preparation for this report, we have considered material sustainability issues and strategies which consequently optimise our business growth.



Unless otherwise stated, this report covers the period from 1 April 2019 to 31 March 2020 for our operations in Singapore and Malaysia.



For any suggestions, comments, and enquires related to this report, kindly contact our headquarters at (60)7-510 3188. Our headquarters is located at 4 Jalan Dato’ Yunus 1, Taman Perindustrian Dato Yunus Sulaiman, Lima Kedai 81120 Skudai, Johor, Malaysia.

## Who We Are

Samurai 2K focuses on high performance coating solutions for the automotive repainting business and we are the leading aerosol paint solution provider. We apply innovative approaches and breakthrough technology to deliver superior aerosol products to end users worldwide. We focus in the manufacturing, distribution, and marketing of our products under our own brands as below:



Our production facility is in Johor, Malaysia, and our products are distributed to countries including Malaysia, Indonesia, Thailand, Philippines, Vietnam, Cambodia, India, United Kingdom, United States of America and Singapore. There were more than 100 employees in Samurai 2K across the production facility and headquarters as at 31 March 2020.

Our 2K Aerosol System is an innovative of 2-in-1 concept whereby two separate chemical components such as resin and hardener can be mixed within an aerosol can. The two components (Hardener and Resin) will be activated when needed and there is no more hassle and no need for air compressor. It is user-friendly and can be used independently of additional hardener, catalyst or activator. We have successfully secured patents for in various major countries such as US, EU, Russia, South Korea, New Zealand, Japan and China.

**Vision**

- To lead the change towards circular and renewable aerosol coating products while adapting to global evolution
- We change the aerosol; Aerosol changes the world.

**Mission**

I can't believe the World without SAMURAI Paint

**Values**

**Innovation**

We embark on a new journey of growth

**Empower individuals**

We believe in people and their dreams

**Integrity**

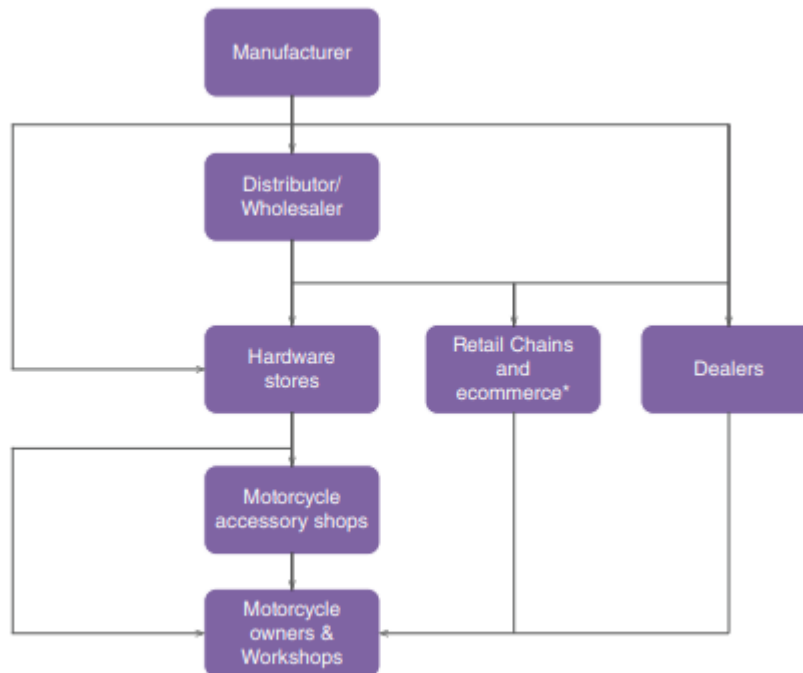
We practice with integrity and honesty

**Communication**

We practice open, real communication

Our vision and strategy is built based on the ambitions outlined for ourselves. We are determined and motivated to sustain our long-term goals and drive a positive change across the industry. We strive to ensure that our sustainability goals are integrated into our business goals.

## Our Value Chain



Source: Frost & Sullivan

Note: \*observed only in Malaysia

At Samurai 2K, we believe that it is our responsibility to monitor and minimise our environmental footprint across our business value chain. Therefore, we continuously review our value chain in conjunction with the development of our business. In our value chain, we illustrate the full sequence of processes involved in the production of all our innovative products. It is our responsibility to ensure that the value chain runs both efficiently and effectively all the way from production ideation to customer use. We have connections to people, communities, ecosystems, and other businesses around the world as our products are distributed worldwide.

To continuously maximise our efficiency and impacts along our value chain, we need to tap on expansion opportunities across our business processes. We achieve this by leveraging on our market size and catalyse changes which will improve the operations of our existing value chain.

We have been working closely with our supplier, distributors, and wholesalers who are committed to high quality, environmental, health and safety standards for many years. We have several suppliers who have supplied us for more than a decade and they underwent our stringent pre-selection assessments to ensure the quality of products supplied. We forged strong, long-term relationships with our suppliers, distributors, and wholesalers, who are crucial to our success. Our sustainability efforts include sourcing for environmental-friendly suppliers, minimise in any greenhouse gas emissions from transportation, and those that supply recycled materials.

The COVID-19 pandemic has impacted our value chain and we have been working closely with our suppliers to overcome the challenges. We have taken measures to review and monitor our business continuity plans to minimise any possible disruptions to our value chain which include making adjustments to the Group's operations in response to the evolving situation, to ensure the continuous flow of our raw materials from suppliers and finished goods to customers.

# Our Sustainability Approach

## Sustainability Governance and Principles

The Group acknowledges the importance of putting sustainability governance structure in place to identify and execute sustainability initiatives within our business processes. To enhance our sustainability governance, we have established Sustainability Committee which comprised of senior management personnel and Heads of Department. The Board's and Sustainability Committee's roles with regard to sustainability governance include:



The Board comprises Non-Executive Chairman, Executive Directors, Non-Executive Directors, and Independent Directors. The Board is involved in the supervision of the management of the Group's operations. It reviews strategies, policies, and financial performance and assesses key risks provided by Management as well as the adequacy and effectiveness of internal controls and risk management of the Group. It evaluated key performance indicators and long-term business and organisational goals to provide strategic direction for Samurai 2K's sustainability practices. In formulating our sustainability strategy, the Board reviewed material ESG factors, sustainability data collated and assessed by the Sustainability Committee, goals, and targets and identified sustainability risks and opportunities.

The Sustainability Committee comprises senior management and heads of department who monitor and manage our sustainability practices and update the Board on material developments on a periodic basis.



# Our Sustainability Approach

## Stakeholders' Engagement

At Samurai 2K, our approaches to sustainability is supported by our commitment to create long-term sustainable value for our stakeholder. We value the feedback arising from our stakeholder engagements as it has helped strengthen the relevance of our reporting and approach to managing the Group's material issues. We believe that maintaining a close relationship with our stakeholders is crucial as they support us in addressing sustainability challenges. Therefore, to ensure that we can continuously improve, we always engage with and consult our diverse groups of stakeholders to understand their expectations. Please refer to **Table 1** for details of our approach on stakeholders' engagement.

*Table 1: Our Approach on Stakeholders' Engagement*

Stakeholder	Mode of Engagement	Stakeholder Expectation
<b>Customers / End-users</b>	Face-to-face dialogue, customer service organisation, social media platforms, workshops, and exhibitions	Good quality of services and products, after-sales services, fair purchasing practices
<b>Suppliers</b>	Close relations and constant dialogues with our business partners through our local presence with offices in all production locations, supplier management systems and supplier surveys	Compliance with terms and conditions of purchasing policies and procedures, maintain ethical standards
<b>Employees</b>	Induction and orientation programs, employees training, interviews, employee appraisals, dialogue sessions with management, regular individual performance reviews, day-to-day leadership and teamwork	Foreign workers' rights, employers' accommodation arrangement, child workers' policy, employees' rights and welfare, personal development, good working environment
<b>Shareholders</b>	Annual general meeting, annual reports, individual meetings and calls, external meetings, conference and circulars to shareholders	Profitability transparency, timely reporting, fair purchasing practices
<b>Business Partners</b>	Regular meetings and discussion	Partnership for opportunities and growth
<b>Government and Regulators</b>	Discussions with government agencies and departments	Environmental-friendly business approach, compliance with regulations, timely reporting and resolution of issues



# Our Sustainability Approach

## Identifying Material Sustainability Topics

Samurai 2K has undertaken a comprehensive process to identify, prioritise and validate the environmental, social, governance and economic issues that are related to our Group. Our aim is to manage our most significant sustainability impacts, risks and opportunities and at the same time create long-term value for all our stakeholders. By using the GRI Standards, we have identified the material ESG factors for our Sustainability Reporting. Details of the ESG topics are summarised in *Table 2: List of material ESG topics*.

Going forward, we will continually re-evaluate and review our material ESG topics with our stakeholders to ensure they remain relevant in the business environment.

*Table 2: List of material ESG topics*

Material Topic	Mapped GRI Standards	Description	Key Stakeholders in Concern	Reference	Commitments & Targets for FY2021
<b>1. Economic Performance (economic aspect)</b>	GRI 201 – Economic Performance	Our economic performance, the value generated and distributed to communities where our business operates.	All stakeholders	<ul style="list-style-type: none"> <li>Annual Report 2020 – Operation &amp; Financial Review</li> <li>Sustainability Report 2020 Page 9 – 10</li> </ul>	<ul style="list-style-type: none"> <li>To continue expand our sales and tighten cost controls.</li> <li>To enhance online and offline marketing activities, as well as develop new and innovative products to maintain our market competitiveness.</li> </ul>
<b>2. Anti-corruption (governance aspect)</b>	GRI 205 – Anti-Corruption	Our practices to comply with anti-corruption law and regulations and to demonstrate our adherence to integrity, governance, and responsible business practices.	All stakeholders	<ul style="list-style-type: none"> <li>Sustainability Report 2020 Page 11</li> </ul>	<ul style="list-style-type: none"> <li>To promote a culture that is transparent, safe, and accountable and maintain zero record of non-compliance with regulations.</li> </ul>
<b>3. Energy, Water and Waste Management (environmental aspect)</b>	GRI 307 – Environmental Compliance	Apply to the production of aerosol container system which has a direct impact on the environment.	Government and regulators, community, shareholders and financial investor	<ul style="list-style-type: none"> <li>Sustainability Report 2020 Page 12 – 13</li> </ul>	<ul style="list-style-type: none"> <li>To source for more electricity and water efficiency improvements that will help to cultivate good practices across organisation to save energy.</li> <li>To monitor waste generated and ensure responsible waste disposal at all our locations of operation.</li> <li>To maintain zero incident of violation of any environmental laws.</li> </ul>

# Our Sustainability Approach

## Identifying Material Sustainability Topics (Cont'd)

Material Topic	Mapped GRI Standards	Description	Key Stakeholders in Concern	Reference	Commitments & Targets for FY2021
<b>4. Human Capital (social aspect)</b>	GRI 404 – Training and Education	Our approach ensuring all employees are trained and enhance their skillsets. Performance and career development reviews to facilitate continued employability are issues of interest to our stakeholders.	Employees, Government and regulators	• Sustainability Report 2020 Page 14 – 15	<ul style="list-style-type: none"> <li>• To conduct and introduce more internal and external training programs.</li> <li>• To better prepare our employees for the digital economy and recovery from the COVID-19 situation, we continue to upskill and reskill our workforce so that they can remain relevant in the industry.</li> </ul>
	GRI 405 – Diversity and equal opportunity	Our approach to provide a diverse, inclusive and collaborative work culture, and an environment that values differences.	Employees, Government and regulators	• Sustainability Report 2020 Page 16	<ul style="list-style-type: none"> <li>• To maintain zero reported issue of gender discrimination and continue to promote a culture of unity.</li> </ul>
<b>5. Health and Safety (social aspect)</b>	GRI 403 – Occupational Health and Safety	Our measures in place to ensure that our employees are in a safe and secure working environment.	Employees, Government and regulators, Business partners	• Sustainability Report 2020 Page 17 - 18	<ul style="list-style-type: none"> <li>• To attain zero safety incidents and maintain zero penalty or fine on breaches and non-compliance by DOSH.</li> <li>• To monitor safety and health risks through effective risk mitigation management.</li> </ul>
	GRI 416 – Customer Health and Safety	Our practices in place to ensure all of our products are assessed for their Health, Environmental, and Safety impacts from the product development stage to the end customers.	Customer, Government and regulators, Shareholders, Suppliers, Business Partners	• Sustainability Report 2020 Page 19 - 20	<ul style="list-style-type: none"> <li>• To maintain zero incident of non-compliance with regulations concerning health and safety impacts of our products.</li> </ul>

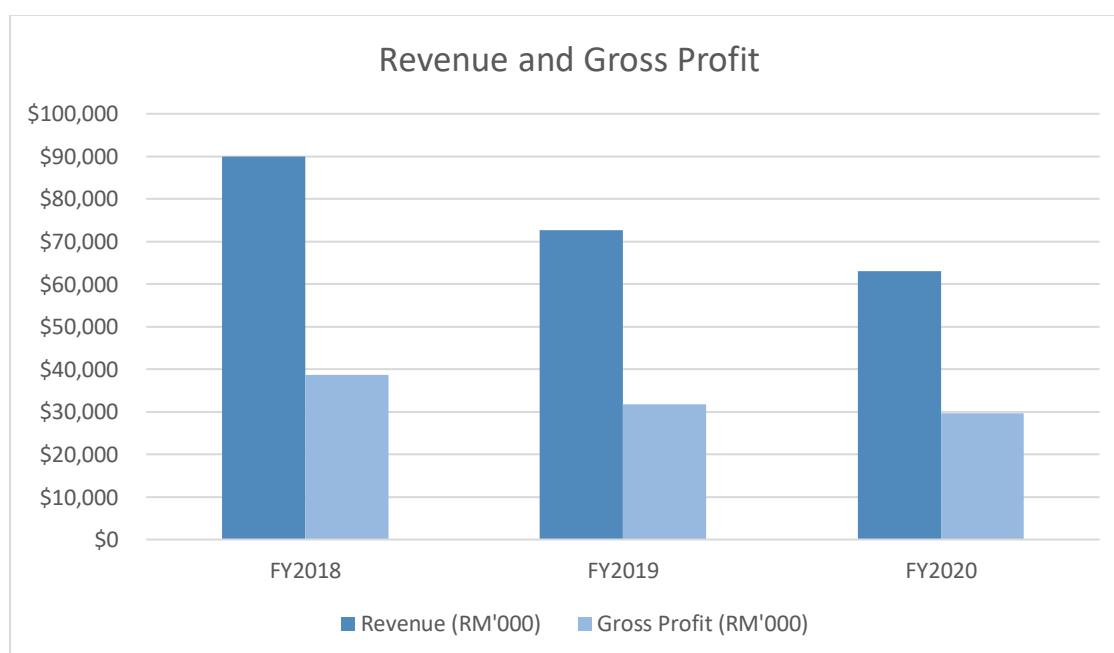
# Material Sustainability Topics

## Economic Performance

At Samurai 2K, we are committed to creating sustainable value for our shareholders and stakeholders by adopting responsible business practices and growing our business in a sustainable manner. We strive to deliver long-term profitability and to take into account of the interest of all stakeholders such as employees, suppliers, and investors as a whole. In FY2019 Sustainability Report, we had hoped to market our 2K single head products in the USA and some European countries by 2H of FY2020. Unfortunately, the plan has been delayed due to the COVID-19 pandemic. For the USA market, we are currently developing distribution channels for our products.

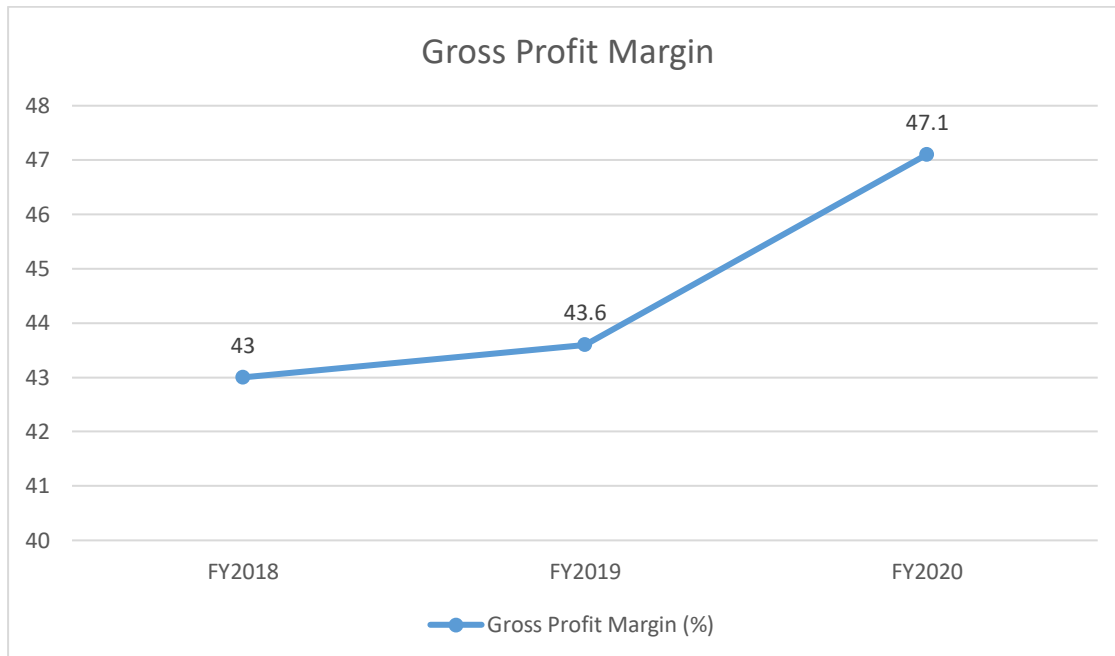
Our revenue has decreased by approximately RM9.5 million or 13.1% from RM72.6 million in FY2019 to RM63.1 million in FY2020, mainly due to a decrease in total sales volume of 1.9 million cans from 12.2 million cans in FY2019 to 10.3 million cans in FY2020. Although the turnover declined by 13.1% due to decrease in exports to Indonesian by 19.2% and Malaysia sales by 10.2% year-on-year, exports to other markets continued to grow 5.4% year-on-year.

Gross profit margin has increased from 43.6% for FY2019 to 47.1% in FY2020. The slight increase in the gross profit margin was mainly due to the appreciation of Indonesia Rupiah against Ringgit Malaysia by approximately 3.0% at the beginning of FY2020 and it was stable until mid of March 2020 which has caused the export selling prices to be slightly higher. In addition, the depreciation of US Dollar from the beginning of FY2020 until February 2020 has resulted in a slightly lower purchase price on imports. We believe that to build strong brand and to remain competitive in the market, marketing plays an important role. In FY2020, marketing and distribution expenses has increased approximately by RM3.4million from RM6.2million in FY2019 to RM9.6million in FY2020. This was mainly due to the enhancement of online and offline marketing activities carried out in FY2020.



## Material Sustainability Topics

### Economic Performance (Cont'd)



For detailed financial results, please refer to the following sections in our FY2020 Annual Report:

- Operations and financial review
- Consolidated statement of profit or loss and other comprehensive income
- Statement of financial position
- Consolidated statement of changes in equity
- Consolidated statement of cash flows

#### **Targets for FY2021**

With the impact COVID-19 outbreak brought to the global economy, we foresee challenging operating environment and conditions for the next 12 months. Nevertheless, we will put our efforts to overcome the situation and to continue expand our sales and tighten cost controls. The Group will continue to enhance online and offline marketing activities, as well as develop new and innovative products to maintain our market competitiveness.

## Material Sustainability Topics

### Anti-corruption



Samurai 2K does not tolerate corruption in any form. When it comes to business ethics, we hold ourselves to the highest standards and maintain a strong stance against bribery and corruption. With the existing zero tolerance policy towards fraud, corruption, and unethical actions, any malpractices of corruption and bribery will be investigated and penalised. Samurai 2K takes corruption very seriously, as such, we strictly adhere to the policy and procedures towards corruption and dishonesty which are in compliance with anti-compliance and anti-fraud laws. Any report of corruption or significant matters raised through the whistle-blowing channel will be escalated to the attention of the Board.

As we placed heavy emphasis on ethical business conduct on all employees, we expect all employees to uphold high ethical standards in accordance with the expectations set out in the code of conduct. Any unethical conduct or malpractice relating to corruption or fraud will be given stern action such as formal disciplinary proceedings.

#### ***Whistleblowing Policy***

Samurai 2K has put in place a whistle-blowing policy which in line with the commitment to the highest standards of corporate governance and professionalism. The whistle-blowing policy provides a mechanism for employees to report malpractices in the workplace to the Audit Committee, in good faith and in confidence. Any whistleblowing reports received will be escalated to the Board during the Board meeting by the Audit Committee. The Audit Committee has the authority to conduct independent investigations into any complaints and for the necessary follow up action to be taken on such a report.

Samurai 2K is committed to open communication so as to reassure all issues will be managed in good faith and responsibly. As such, a designated email address ([whistleblowing@samuraipaint.jp](mailto:whistleblowing@samuraipaint.jp)) has been set up and a memo has been issued to all employees to notify them of such channel.

During FY2020, there was no whistleblowing report received against bribery and corruption in our business dealings with suppliers, dishonest practices or other improprieties in the workplace. We are pleased to report that the Company has zero reports of fraudulent or corporate malpractices received for 3 consecutive years.

#### **Targets for FY2021**

Going forward, Samurai 2K will continue to promote the whistleblowing policy and remind our employees continue to adhere to code of conduct. We will ensure that the directors, management, and employees refrain from involvement in corrupt activities. We will also strive to promote a culture that is transparent, safe, and accountable to ensure that we can maintain our zero record of non-compliance with regulations for years to come.

## Material Sustainability Topics

### Energy and Water Management

At Samurai 2K, we are aware of our responsibility towards the environment. Being a stakeholder in the environment in which we operate in, we will continue to monitor our electricity and water usage to ensure resources are consumed on the need-to and optimised basis.

In November 2018, we have formalised approach towards managing energy usage in our production plants located at Johor, Malaysia. Aside from closely monitoring of our daily utility consumption, we also made efforts to spread awareness and strongly encourage our employees to adopt good electricity and water saving habits by switching off lights and power points that are not in use, and stopping a running water tap.

Our initiative to launch energy conservation programme in FY2019 has significantly helped us to reduce on electricity usage. We continue to record and analyse daily utility usage across the plants and the results are presented to all the employees on a weekly basis. As a result of our energy and water conservation initiatives, our yearly electricity and water consumption has reduced by approximately 10% and 33% respectively from FY2019 to FY2020. With our dedication to lowering our energy and water consumption, we are pleased to report that the Company has met its FY2020 target.

Total Consumption by Category	FY2018	FY2019	FY2020
Electricity (kWh)	620,237	624,619	562,692
Water (litre/ m <sup>3</sup> )	5,013	6,157	4,145

#### **Targets for FY2021**

Going forward, we will continue to source for equipment with potential for electricity and water consumption reduction. We will also continue to promote our energy conservation programme to cultivate good energy-saving practices across our organisation.

# Material Sustainability Topics

## Waste Management

Samurai 2K recognises the importance of waste management as we are involved in the research and development and manufacturing of aerosol paint and coatings spray cans which mainly involve the usage of controlled hazardous materials such as resins, pigments, additives, solvents, and propellants. Therefore, waste management is vital to us in preventing pollution of the environment.

We have adopted environmental friendly methods into our manufacturing processes and raised awareness throughout the Company and have put in place procedures to carefully monitor hazardous by-products, and all waste treatment processes. Trainings have been conducted to all employees on the importance of proper disposal of waste materials.

Environmental matters are one of the issues Samurai 2K takes most seriously and we remain committed to minimising our environmental impact in all areas of the Group's operations. As such, we are in the midst of implementing ISO14001: Environmental Management at our workplace to preserve and enhance the quality of life for employees, customers and the communities in which we operate.

### **Target for FY 2021**

Going forward, we will continue to monitor waste generated and ensure responsible waste disposal at all our locations of operation in order to protect the local people and environment.

## Environmental Compliance

We believe that we must play an important role to conserve and save the environment. We also believe that our actions can have a significant impact on the environment. As such, we seek to conduct our operation in an environmentally responsible manner and compliant with regulatory authorities. We strictly comply to the Environmental Quality (Prescribed Conveyance) (Scheduled Wastes) Order 2005 established by Malaysia Environmental Quality Council, and Malaysia's environmental laws. We take this very seriously as non-compliance with the laws can result in penalties and fines, or even licence revocation for the Group.

Apart from complying with environmental legislation and regulations, we also practice good environmental practices into our daily processes. Due to the Movement Control Order which was imposed by the Malaysia Government in 2020, we had delayed the process in obtaining the certification of ISO14001: Environment Management. However, we have started to practice and implement the ISO14001 in our day-to-day operation. This shows that we are committed to conserve the environment and at the same time it serves as a guide for our employees when they perform their duties.

We are pleased to report that there was no reported incident of violation of any environmental laws for FY2020.

### **Target for FY2021**

Going forward, we will continuously comply to the environmental legislation and regulations and strive to improve our environmental protection. At the same time, we strive to maintain zero incident of violation of any environmental laws.

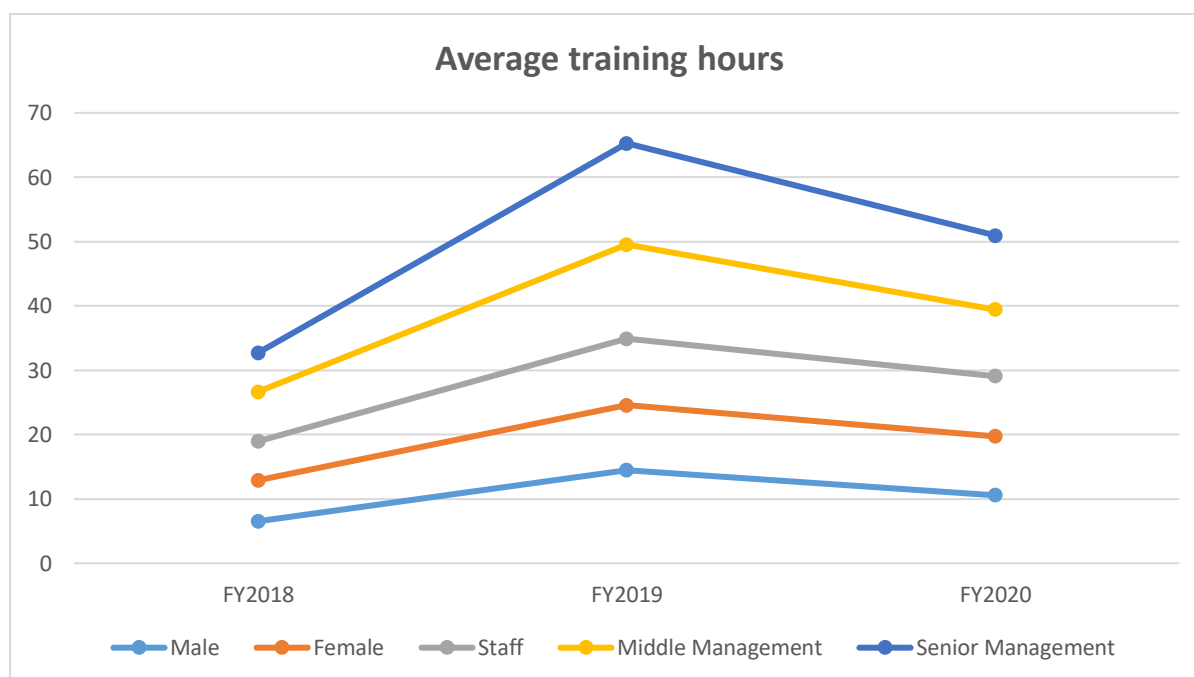
# Material Sustainability Topics

## Training and Education

At Samurai 2K, we strongly believe that cultivating our employees is crucial to our success. We constantly provide learning and development resources opportunities for our people to better themselves through internal courses or on-the-job training. This is to ensure that our people are equipped with the skills and knowledge to remain relevant in the industry.

In FY2020, we have sent our employees for trainings which are in line with employees’ core competencies such as technical skills, business and administrative trainings. We have conducted in-house trainings on “Internal Quality Auditor Training”, “Legal Requirement ISO 14001 Training” and “Safe Chemical Handling & Spillage Training”, as well as external trainings such as “Employer’s Right in Misconduct & Termination of Employment”, “Seminar Pengurusan Buangan Terjadual (Waste Management Seminar)”, “Seminar Keselamatan Kebakaran 2019 (Fire Safety Seminar)” and “FMM (Federation of Malaysia Manufacturers) Johor SHE (Safety, Health and Environment) Conference: Safety is a Mission, Not an Intermission”. About 40 employees in total have received and benefited such training courses in FY2020.

We are also pleased to report that in FY2020, we clocked over 632 hours in training and development which is an average of 15.8 training hours per employee. We have also introduced fire safety training program known as Latihan Kursus Asas Keselamatan Kebakaran Bangunan/ Kilang, Awareness Training on ISO14001:2015 as well as Internal Quality Auditor Training (ISO9001:2015) as targeted in FY2019. We facilitate constant upskilling of our employees through both internal and external training to maintain a productive workforce.



	FY2018	FY2019	FY2020
Senior Management	6.06	15.73	11.52
Middle Management	7.70	14.63	10.32
Employee	6.06	10.32	9.37
Female	6.37	10.13	9.16
Male	6.54	14.46	10.58



## Material Sustainability Topics

### Training and Education (Cont'd)

At Samurai 2K, we conduct formal performance appraisals annually to ensure that performance expectations, as well as results, are clearly communicated and discussed. Any expectations or results for the next year will also be clearly communicated to the employees during the appraisal. We encourage our supervisors to provide feedback to their subordinates on a regular basis and to discuss on any training and development needed in a timely manner. In FY2020, a total of 38 employees have received promotion letters, bonuses and increments which are based on their performance.

In view of the current COVID-19 pandemic, we have implemented a number of safeguards like temperature screening at all entry point and maintaining social distance at our premises over the course of the past few months to minimise the risks on our employees as well as communities. We have also educated our employees on the importance of complying with the guidance and Standard Operating Procedures issued by the Malaysian Government and health authorities. We also provide regular updates to our employees on matters relating to COVID-19.

#### **Targets for FY2021**

Going forward, we target to conduct and introduce more internal and external training programs so that our employees can contribute effectively to the Company. Besides, to better prepare our employees for the digital economy and recovery from the COVID-19 situation, we continue to upskill and reskill our workforce so that they can remain relevant in the industry.

## Material Sustainability Topics

### Diversity and Equal Opportunity

At Samurai 2K, we are committed to employing people who have the necessary skills and experience to fit in their relevant roles irrespective of their race, age, gender, religion or ethnicity. Moreover, we recognise the value a diverse workforce as diversity provides different perspectives and fosters innovative thinking to solve business challenges. As such, we consistently promote to cultivate a working culture that values differences to achieve better business results. We strongly believe that diversity and non-discrimination are crucial for long-term sustainability of the business. We also believe that diversity and non-discrimination help to increase employee satisfaction and retention and at the same time it can promote innovation which will eventually contribute to organisational excellence. We are pleased to report that there was no reported incident of discrimination in FY2020.

Even though we operate in a male-dominated industry, 54% of our senior and middle management employee are female. We value of having more women in leadership and by doing so, we hope to increase gender diversity in leadership for better decision making and greater innovation. Samurai 2K's recruitment of employees is based solely on merit, without any discrimination. We create an environment where our employees treat each other equally and with respect. We want to build a culture where diverse perspectives can help drive our Company forward and equal opportunities are given to all our employees.

Number of employees by category	FY2019		FY2020	
	Male	Female	Male	Female
Senior Management	8	5	11	5
Middle Management	6	11	5	14
Employee (e.g. associate)	69	16	61	22

Number of employees by category	FY2019			FY2020		
	Senior management	Middle management	Employee (e.g. associate)	Senior management	Middle management	Employee (e.g. associate)
< 30 years old	1	6	61	1	6	54
30 to 50 years old	9	10	24	7	11	29
> 50 years old	3	1	-	8	2	-

We are also committed to ensuring remuneration structure that are fair and no gender bias. We continue to tap into the different perspectives, value-add and contributions of our diversified workforce to create an organisation that is dynamic and innovative. We have also included policies and procedures on diversity and equal opportunities into our Employee Handbook as targeted in FY2019.

#### **Targets for FY2021**

Going forward, we will maintain our zero reported issue of gender discrimination and continue to promote a culture of unity.

# Material Sustainability Topics

## Occupational Health and Safety

At Samurai 2K, the health and safety of our employees are top priorities. We acknowledge the production process involves dangerous, toxic or flammable raw materials. Therefore, we have put in place safety measures which will be monitored and supervised by our Health and Safety Committee (the “Committee”). The Committee members include Employer/Manager as a Chairman, Safety Health Officer as Secretary, and Representatives of an employer and an employee as Committee members. As a responsible employer, we aim to address and prevent the variety of health and safety risks that employees are exposed to, wherever possible.

We are continuously working towards the minimisation of the risk of accidents and injuries to our employees and place health and safety as top priority in our operations. We believe that giving ample trainings to our employee could minimise the risk of accidents and injuries to occur. We provide our employees with protective equipment, safety training, such as Forklift Safety Training, Forklift Driver Competent Person training, and Industrial First Aid and Cardiopulmonary resuscitation (“CPR”) and supervision in accordance with all regulatory requirements. We also conduct operational training programmes, such as biannual On Job Training (by Work Process, as described in Management’s Safe Operation Procedures) on a regular basis, so that our employees are updated with the latest safety measures and enhanced procedures accordingly.

It is compulsory for all new employees to attend safety training and drills in order to familiarise themselves with the operation of the machinery and equipment as well as the safety precautions and procedures during the production process. In order to refresh employees’ knowledge on workplace safety, safety briefings are conducted every morning at the production facility which involve the supervisor, line leader, quality control technician, and operator. Regular safety checks will be also conducted before the commencement of work. Emergency evacuation exercises are conducted twice a year for all employees to raise their awareness and familiarise with the procedures. Any hazardous activities will be reported to the head of the Committee for action. We have also implemented an eight hours Safety and Health Training for every employee in the production team as targeted in FY2019.

Monthly meetings will also be conducted by the Committee to discuss all safety information, activities, issues, new safe work practices, as well as review existing safety measures. There was zero accidents and injuries reported in FY2020.

We also abide strictly by the rules and regulations set out in Malaysia Occupational Safety and Health Regulations 1996. These rules are regulated by the Department of Occupational Safety and Health (“DOSH”), a department under Malaysia Ministry of Human Resources, and the Group is subjected to periodic and random checks by the authorities. Financial penalties will be imposed on the Group for breaches and non-compliance can lead to revocation of business licence. In FY2020, we have not received any penalty notice issued by DOSH in respect of non-compliance with the Occupational Safety and Health Administration.

## Material Sustainability Topics

### Occupational Health and Safety (Cont'd)

To protect our employees from the COVID-19 pandemic, the Company has taken prompt measures that are aligned with the Malaysian Government and Ministry of Health's advisories to minimise the risk of infection. As the Malaysia Prime Minister announced the Conditional Movement Control Order with various economic and social activities allowed from 4 May 2020, we have gradually resumed our operations by allowing our employees to return to the office on a team rotation basis and encouraged our employees to continue working from home, where possible. We have also implemented COVID-19 Standard Operating Procedures, social distancing and other health and safety measures as prescribed by the authorities at our workplace. In view of the current situation, we encourage meeting to be conducted virtually via video or voice conferencing applications for all internal and external meeting, as we endeavour to do our part to protect the health and safety of our employees, clients, and the communities around us.

#### **Targets for FY2021**

Going forward, Samurai 2K will continue to work towards attaining zero safety incidents and maintain zero penalty or fine on breaches and non-compliance by DOSH. We will also continue to monitor and reduce any safety and health risks through effective risk mitigation management.



# Material Sustainability Topics

## Customer Health and Safety

As customers are one of our key stakeholders, health and safety of our customer are of utmost importance. Customers' expectations are good quality services and products, after-sales services, and fair purchasing practices. Therefore, it is important that we aim to satisfy their expectations and make our products are safe for use in order to gain their confidence and at the same time, enhance our business reputation.

Our products are assessed from the product development stage, with advice available, to the end customers from their Health, Environmental, and Safety impacts perspective so that any identified risks are noted and can be rectified immediately. Our product concepts come from customer interactions, market awareness, and emerging product trends. To ensure that our products are safe to use, our research teams will liaise with our product safety and regulatory affairs department from the beginning stage of product development. They will access from our customers' health, safety, and environmental effects perspective. Furthermore, additional screening tests and modelling may be carried out depending on the expected end use of the product to enable safety assessments to be completed by our customers. These principles are already embedded in our new product development processes.

We have controls in place within our Enterprise Resource Planning System to ensure that a material safety data sheet is produced for all products prior to production. This is to ensure that they are assessed against the criteria of the United Nations Globally Harmonized System of Classification and Labelling of Chemicals so that all health, safety, and environmental aspects such as persistence and bioaccumulation can be considered for manufacturing, production, storage, distribution, supply, and end product use. Safety Health and Environment department will manage the risks to health and safety at our manufacturing sites during the products manufacturing process. Besides, there are also policies and procedures in place to promote process safety and quality control. Our manufacturing sites are certified ISO9001:2015 and they are in compliance with the Malaysia Government standard for Safety Management.

We have procedures and systems in place to ensure the safe storage of hazardous chemicals and this information is passed on to our customers where applicable. Moreover, we have procedures in place to deal with emergency situations such as having to recall or withdraw an unsafe product that may affect surrounding communities. Our sales and marketing teams work closely with our research teams and regulatory department to ensure that any details that are provided to customers relating to health and safety are accurate and reflect the information that is sent out with the products that we supply.

We also have formal procedures to capture any non-compliance with regulations or codes relating to the health and safety of our products. Formal complaint procedure is also in place and all our customers will have at least one sales contact within the business. It is our intention to enhance this procedure to further embed it within our business to capture any issues or areas of potential risk.

We are pleased to report that in FY2020, there was no incident of reported non-compliance with regulations concerning the health and safety impacts of our products.

## Material Sustainability Topics

### Customer Health and Safety (Cont'd)

The COVID-19 pandemic has posed unprecedented challenges to the Company. As the situation is still evolving, we will continue to monitor the situation closely. We have been working very closely with our customers to overcome challenges during this period. We are committed to continue serving our customers and responding to their needs through leveraging the use of technology to stay in touch with our customers.

#### **Targets for FY2021**

Going forward, we will continue to maintain zero incident of non-compliance with regulations. We will gather customer feedback regularly for continuous improvement on our products.



**WE PUT HEALTH  
& SAFETY FIRST**

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## GRI Content Index

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