

SUSTAINABILITY REPORT 2021

WE CHANGE AEROSOL, AEROSOL CHANGES THE WORLD



NOW YOU CAN MATCH WORLD PAINT COLOURS ON YOUR OWN. ANY TIME, ANYWHERE!

THE WORLD'S ONLY **"POST-FILLED"** AEROSOL TECHNOLOGY

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**”) is proud to present our annual Sustainability Report (“**SR**”) of Samurai 2K Aerosol Limited (the “**Company**”, “**Samurai 2K**”, and together with its subsidiaries, the “**Group**”), covering the Financial Year ended 31 March 2021 (“**FY2021**”)

This report aims to communicate Samurai 2K’s commitment and on-going efforts of our sustainability practices in contributing to the economy, environment and community which we operate. We recognise the importance of maintaining a sustainable business and have been taking steps to progressively improve our sustainability performance over the years.

In this sustainability report, we present how Samurai 2K strives to achieve long-term benefits and sustainability in our economic performance and contribute to the community within the areas in which we operate whilst effectively managing our environmental footprint. 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.

FY2021 was a challenging year due to the Covid-19 Pandemic (“Covid-19”) which had negatively impacted our economy. The Group has continued to impose stringent health and precautionary measures to ensure the safety and health of our employees and visitors to our properties with 60% of our workforce working in office and the remaining 40% working from home. This is in line with the tightening measures under the various movement control orders enforced by the Government of Malaysia. We have ensured that our office premises were cleaned and sanitized by implementing a schedule to fog our Company’s premises 3 times daily. We have supplied all our employees with hand sanitizers, masks, enforced usage of MySejahtera application to check-in (an application developed by the Government of Malaysia to assist in monitoring of Covid-19) and health declaration forms for all employees and visitors. Through these challenges, we continue to support Malaysia in its fight against Covid-19 by donating approximately RM1 million medical supplies such as protective clothing, hand thermometers and facemasks to the local State Government.

Despite the pandemic, the Board is cautiously positive that we will see economic recovery in 2022 and 2023 with advances in technology and medical breakthrough past the pandemic. We will continue to respond to our stakeholders’ concerns and progressively improve our operations and build up our resilience in response to the challenges around us. We are committed to maintain our competitive edge to deliver sustainable growth and value.

Sincerely,
Board of Directors

About This Report

This report focuses on the evaluation of Samurai 2K's sustainability performance in terms of economic, environmental, social and governance aspects.

Unless otherwise stated, this report covers our operating sites located in Johor, Malaysia within FY2021 as the operating sites include our main business operations i.e. collection point of purchases from suppliers, production facility, storage of inventory, distribution to customers, research and development, finance and management functions.

This report is published on a yearly basis and prepared with reference to 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 economic, environmental and social performance.

We have not sought external assurance for this report, and we may consider gradually adopting external assurance for the relevant sections for future reports.

Feedback

For any suggestions, comments, and enquires related to this report, kindly contact us at ir@samurai2kaerosol.com or our headquarters at 6 Jalan Dato' Yunus 1, Taman Perindustrian Dato Yunus Sulaiman, Lima Kedai 81120 Skudai, Johor, Malaysia.

Organisational Profile

Samurai 2K is the premier aerosol paint solution provider, specialising in high-performance coating solutions for the automotive repainting industry. We use cutting-edge technology and unique techniques to provide quality aerosol goods to customers all over the world. We focus in the manufacturing, distribution, and marketing of our products under our own brands as below:



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 (“USA”), and Singapore. We have employed more than 100 full-time employees across our production plant and offices as at 31 March 2021.

Our 2K Aerosol System is a unique 2-in-1 idea that allows two chemical components, such as resin and hardener, to be blended in one aerosol can. There would be no more fuss and no need for an air compressor because the two components (Resin and Hardener) will be engaged only when needed. It's simple to use and doesn't require any other hardener, catalyst, or activator. We have successfully obtained patents in several significant nations, including United States of America, the European Union, Russia, South Korea, New Zealand, Japan, and China.



OUR BELIEF

We change Aerosol, Aerosol changes the world

OUR VISION

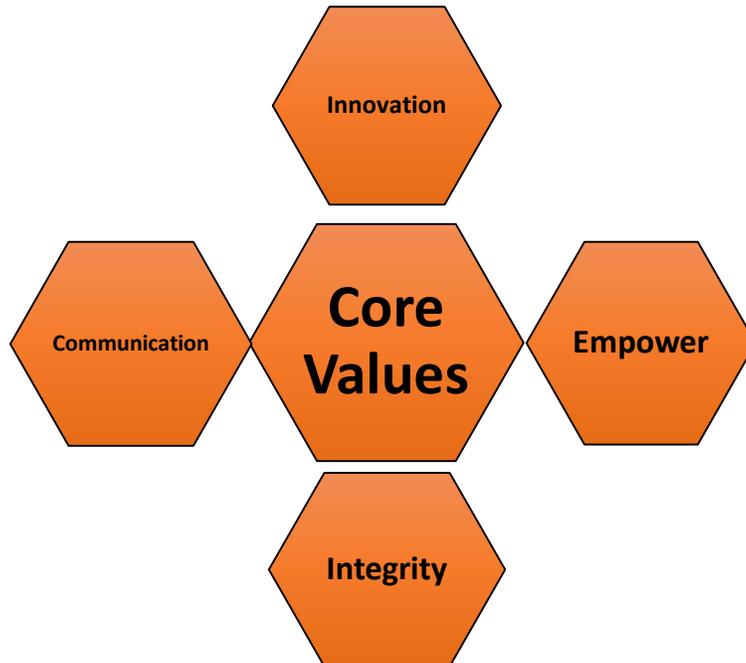
To be the world's most respected innovative aerosol system provider

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



VALUES



Innovation

We embark on a new journey of growth

Empower

We believe in people and their dreams

Integrity

We practice with integrity and honesty

Communication

We practice open, real communication

Our vision and strategy are founded on the goals we've set for ourselves. We are committed to achieving our long-term objectives and effecting constructive change in the industry. We work hard to make sure that our sustainability goals are aligned with our commercial objectives.

Our Value Chain

We think it is our obligation to track and reduce our environmental footprint throughout our business value chain. We assessed them on a regular basis in tandem with the growth of our Company. The whole sequence of processes involved in the creation of all our innovative goods is depicted in our value chain. We ensured that our business operates smoothly and efficiently from product conception to delivery to customers. As our products are sold globally, we have links to individuals, communities, ecosystems, and other businesses all around the world.

We strived to tap into expansion opportunities across our business processes to continue to maximise our efficiency and effect along our business. We accomplished this by capitalising on our market scale and catalysing improvements that will increase the efficiency of our current value chain.

For many years, we have worked closely with our suppliers, distributors, and wholesalers who were dedicated to high quality, environmental, health, and safety requirements. We have a number of suppliers who have been supplying us for more than a decade and have gone through our rigorous pre-selection process to ensure the quality of the products we receive. Our suppliers, distributors, and wholesalers, who were critical to our business, have built strong, long-term partnerships with us. Our sustainability initiatives include looking for environmentally friendly suppliers, reducing any transportation-related greenhouse gas emissions, whenever possible, and using recycled products.

In response to Covid-19, we have been working closely with our suppliers to overcome the potential operational disruptions and issues. During the financial year, there was no material disruption as most of our suppliers were also permitted to operate. Our procurement team have also taken proactive measures to order more stocks from overseas suppliers. We have implemented various measures to ensure the health and safety of our people such as restrictions imposed on suppliers from entering our office and warehouse premises and designated areas for delivery of goods and submission of suppliers' invoices.

In addition, we worked closely with our customers to observe and put in place the safe management measures as announced by local government authorities to help curb the spread of Covid-19 infection. During the nationwide Malaysian Movement Control Order, customer visits to our plant and office were not allowed and we have since transited to an online customer service platform for our customers. The Company has also accelerated the digital transformation by forming a new team led by the Chief Digital Officer in transforming traditional business model into a digital model through Online-to-Offline (O2O) marketing, E-Commerce, Samuraian Fan Application and Blockchain development, to further integrate all our processes for a sustainable business model in future.

Our Sustainability Approach

Sustainability Governance and Principles

The Group recognises the value of establishing a sustainable governance structure to identify and implement sustainability initiatives across our business processes. We formed a Sustainable Committee, which is made up of senior management and department heads, to help us improve our sustainability governance. The functions of the Board and the Sustainability Committee for Sustainable Governance are as follows:



Our Sustainability Approach

Stakeholders' Engagement

Our dedication to creating long-term success underpins our approaches to engaging with our key and relevant stakeholders. We have identified different groups of stakeholders internally and externally, and we consider their relevance to us on the magnitude of their influence and impact to our business. We appreciate the feedback we've received from our stakeholders and we keep tight ties with them as it helps us to understand their expectation and for us to improve the relevance of our business strategies, assessment of risks and opportunities and our approach to managing the Group's key challenges. Please refer to **Table I** for details of our approach on stakeholders' engagement and expectation.

Table I: Our Approach on Stakeholders' Engagement

Stakeholder	Mode of Engagement	Stakeholders' Expectation	How We Address Stakeholders' Expectation
Customers / End-users	Dialogue sessions, customer service channels, social media platforms, workshops, and exhibitions	Business continuity, good services and product quality, after-sales services, and ethical purchasing practices	We uphold corporate governance practice to ensure ethical business conducts and put in measures to ensure our products meeting expected quality, safety and environmentally friendly standards
Suppliers	Through our local presence with office in our production facility, supplier management systems, and supplier surveys, we maintain close relationships and regular discussion with our suppliers	Maintain ethical standards by adhering to the terms and conditions of purchasing policies and procedures	We keep close contact with our suppliers to communicate our expectation on quality and timeliness of supplies, as well as code of conduct for our procurement practice
Employees	Regular individual performance assessments, induction and orientation programs, employee training, interviews, employee appraisals, dialogue sessions with management, day-to-day leadership and collaboration	Safe work environment, foreign workers' rights, employees' accommodation arrangement, child workers' policy, employees' rights and welfare, personal development, good working environment	We have formed a team to supervise health and safety matters at our main operating sites, regularly monitor benefits and welfare for our employees and foreign workers, conduct performance appraisal on yearly basis and close communication with employees on any significant changes on work arrangement
Shareholders	Annual general meeting, annual reports, individual meetings and calls, external meetings, conference, and circulars to shareholders	Profitability, transparency, timely reporting, fair purchasing practices	We uphold corporate governance practice, set yearly growth targets and provide timely and transparent updates to our shareholders on the Group's key developments and business operations
Business Partners	Regular meetings and discussion	Partnership for opportunities and growth	We hold regular meetings with our business partners to discuss on potential collaboration
Government and Regulators	Discussions with and notices from government agencies and departments	Environmentally friendly business approach, compliance with regulations, timely reporting and resolution of issues	We strictly comply with and closely monitor advisories and updates of relevant laws and regulations from the government agencies and departments.

Our Sustainability Approach

Identifying Material Sustainability Topics

Samurai 2K has adopted a materiality assessment process to identify, prioritise and validate the environmental, social, governance, and economic challenges that affect our business. In identifying topics that were material and relevant to our business and stakeholders, we compile feedback received from our internal and external stakeholders and assess the degree of influence and impact that these topics have on them and our business. Our goal is to manage our most important sustainability impacts, risks, and opportunities while also providing long-term value to all our stakeholders.

To ensure that our material topics stay relevant in the business climate, we re-evaluate the material topics on a yearly basis through engagement with our internal and external stakeholders. Through this materiality assessment process, the material topics shortlisted in the previous report still brings about significant economic, environmental, social and governance impact and remain material to the Group and stakeholders in FY2021. Details of the ESG topics are summarised in *Table 2: List of material ESG topics*.

Table 2: List of material ESG topics

Material Topic	Mapped GRI Standards	Reasons for Selection of this Material Topic	Key Stakeholders in Concern	Reference	Commitments & Targets
1. Economic Performance (economic aspect)	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"> Annual Report 2021 – Operations & Financial Review Sustainability Report 2021 Page 12 – 13 	<ul style="list-style-type: none"> To continue expand our sales and tighten cost controls. To enhance online and offline marketing activities, as well as develop new and innovative products to maintain our market competitiveness.
2. Anti-corruption (governance aspect)	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"> Sustainability Report 2021 Page 14 	<ul style="list-style-type: none"> To promote a culture that is transparent, safe, and accountable and maintain zero record of non-compliance with regulations.
3. Energy, Water and Waste Management (environmental aspect)	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"> Sustainability Report 2021 Page 15 – 18 	<ul style="list-style-type: none"> To source for more electricity and water efficiency improvements that will help to cultivate good practices across organisation to save energy. To monitor waste generated and ensure responsible waste disposal at all our locations of operation. To maintain zero incident of violation of any environmental laws.

Our Sustainability Approach

Identifying Material Sustainability Topics (Cont'd)

Material Topic	Mapped GRI Standards	Reasons for Selection of this Material Topic	Key Stakeholders in Concern	Reference	Commitments & Targets
4. Human Capital (social aspect)	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 2021 Page 19 – 20	<ul style="list-style-type: none"> • To conduct and introduce more internal and external training programs. • To better prepare our employees for the digital economy and recovery from Covid-19, we continue to upskill and reskill our workforce so that they can remain relevant in the industry.
	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 2021 Page 21 - 22	<ul style="list-style-type: none"> • To maintain zero reported issue of gender discrimination and continue to promote a culture of unity.
5. Health and Safety (social aspect)	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 2021 Page 23 – 24	<ul style="list-style-type: none"> • To attain zero safety incidents and maintain zero penalty or fine on breaches and non-compliance by DOSH. • To monitor safety and health risks through effective risk mitigation management.
	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 2021 Page 25 - 26	<ul style="list-style-type: none"> • To maintain zero incident of non-compliance with regulations concerning health and safety impacts of our products.

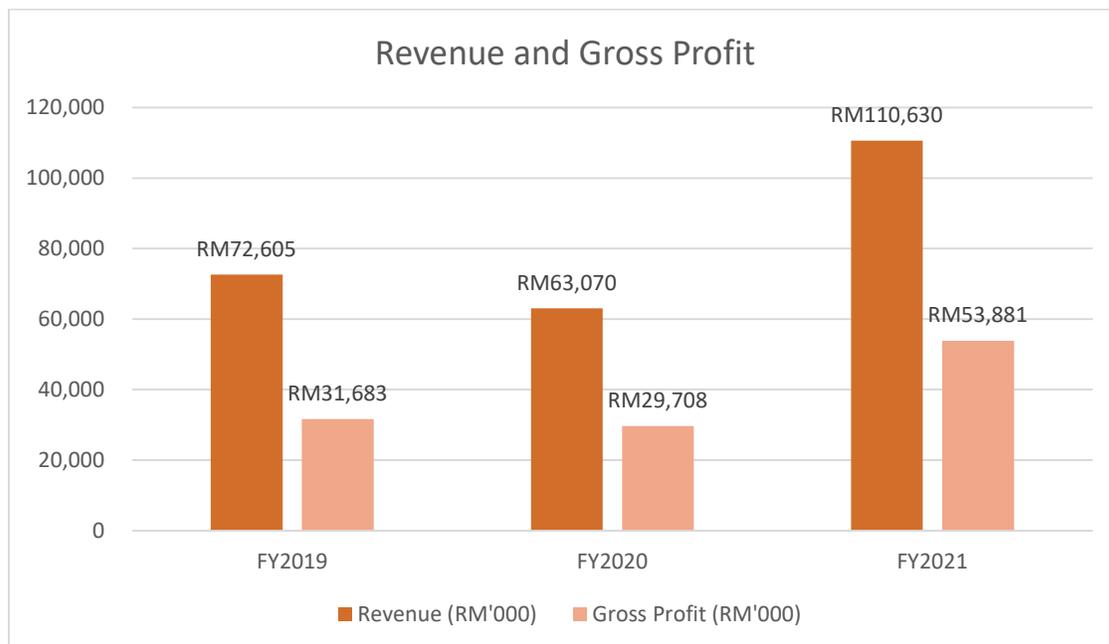
Material Sustainability Topics

Economic Performance

We were committed to delivering long-term value for our shareholders and other stakeholders, by striving to achieve long-term profitability. In FY2020's Sustainability Report, we had hoped to market our 2K single head products in the USA and some European countries by second half of FY2020. Unfortunately, the plan has been delayed due to Covid-19. For the USA market, we are currently developing distribution channels and digital platform for our products.

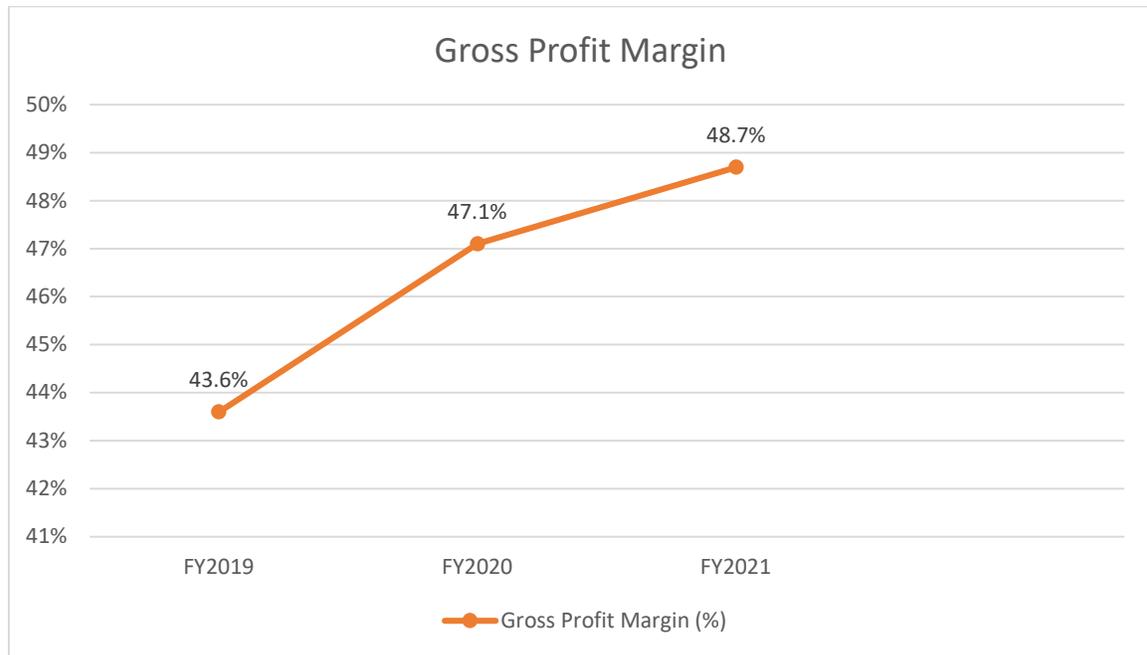
Our revenue has increased by RM47.5 million or 75.4% from RM63.1 million in FY2020 to RM110.6 million in FY2021. Overall, year-on-year sales volume increased by 7.0 million cans or 68.0% from 10.3 million cans in FY2020 to 17.3 million cans in FY2021, mainly due to higher demand from Malaysia and Indonesia. Other markets such as Thailand, Vietnam, Philippines, Cambodia, India, United Kingdom and Singapore shown a slight improvement in revenue as well in FY2021.

Gross profit margin increased from 47.1% in FY2020 to 48.7% in FY2021. The increase in the gross profit margin was mainly due to the (i) increase of selling price across all range of products; and (ii) the depreciation of US Dollar which resulted in a slightly lower purchase price on imported materials. Our other income of RM2.1 million as reported in FY2021 is mainly attributed by net foreign exchange gain. Aside from our income, our administrative expenses increased by RM3.0 million mainly due to increase in personnel cost and other administration expenses and our marketing and distribution expenses also increased by RM7.4 million mainly due to enhancement of online and digital marketing activities carried out in FY2021.



Material Sustainability Topics

Economic Performance (Cont'd)



For detailed financial results, please refer to the following sections in our FY2021 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 FY2022

With the global economic impact of Covid-19 as well as the implementation of various movement control orders in Malaysia, we expect a difficult operating environment and conditions over the next 12 months. Nonetheless, we will make every effort to overcome these circumstances, expanding our sales while tightening cost controls. To preserve our market competitiveness, the Group will continue to improve online and offline marketing operations, as well as develop new and innovative products.

Material Sustainability Topics

Anti-corruption

Corruption of any kind is not tolerated in Samurai 2K. When it comes to business ethics, we hold ourselves to the highest standards and fight bribery and corruption head on. Any alleged acts of corruption and bribery shall be carefully reviewed, investigated and due actions to be taken under the current zero tolerance policy for fraud, corruption, and unethical behaviour. Samurai 2K takes corruption extremely seriously, and we strictly adhere to our anti-corruption and anti-dishonesty related policies and processes. Any report of potential corruption or substantial issues brought to through the whistle-blowing route will be escalated to the Board.

We expect all employees to uphold high ethical standards in accordance with the expectations set forth in the code of conduct, as we place a strong focus on ethical business conduct for all employees. Any unethical behaviour or malpractice including corruption or fraud will be met with severe consequences, including official disciplinary procedures. We have also circulated memo through emails to all employees to create awareness of the anti-corruption policy and the whistle-blowing policy that the Group has in place.

Whistleblowing Policy

In keeping with its commitment to the highest levels of corporate governance, Samurai 2K has implemented a whistleblowing policy. Employees can report workplace misconduct to the Audit and Risk Committee in good faith and in confidentially. The Audit and Risk Committee will escalate any whistle-blower reports received to the Board during the Board meeting. The Audit and Risk Committee can conduct independent inquiries into any complaints and to take whatever action is necessary in response to the findings.

Samurai 2K is dedicated to open communication to ensure that all issues were handled honestly and appropriately. As a result, a special email address (whistleblowing@samuraipaint.jp) has been established, and a note has been sent out to all employees informing them of the new channel.

During FY2021, no reports of bribery and corruption in our commercial transactions with suppliers, dishonest practices, or other workplace improprieties were received. We were also glad to inform that for the fourth year in a row, the Company has not received reports of fraud or corporate malpractice.

Below is a table to depict our performance relating to reported incidents of bribery and corruption over the past 3 years:

Financial Report Period	FY2019	FY2020	FY2021
Performance Indicator	Incident report for bribery and corruption		
Target Set	Zero Cases	Zero Cases	Zero Cases
Our Performance	Zero Cases	Zero Cases	Zero Cases

Targets for FY2022

As a long-term commitment, Samurai 2K will continue to promote the whistleblowing policy and remind our employees to follow the Group's code of conduct. We will also continue to foster a transparent and accountable culture to maintain our record of zero reported non-compliances with regulations for years to come.

Material Sustainability Topics

Energy and Water Management

We were conscious of our environmental responsibilities. We strive to optimise our electricity and water usage as a stakeholder in the environment in which we operate to ensure that resources were consumed only when they were needed and in the most efficient way possible.

We have formalised our strategy in regulating energy usage in our production facility in Johor, Malaysia, in November 2018. We have also placed motion detectors in certain common areas to save electricity when there's been no movement for more than 5 minutes. Additionally, we continue to raise awareness and cultivate energy-saving behaviour amongst the employees by posting reminder-to-turn-off signs at the areas near to the switch of lights and air-conditioners throughout our factory/ office complexes.

Although our energy conservation programme launched in FY2019 is still in place, we noticed a spike in the electricity and water usage in FY2021 as compared to FY2020. This is mainly due to increased production activities amidst the spike of revenue in FY2021 and Covid-19 preventive measures whereby for the safety of our employees, we have encouraged them to diligently clean their hands to prevent the spread of the virus. Nonetheless, our consumption of electricity and water per sales volume (cans) has been decreased in FY2021 which is attributable to our efficiency in consuming electricity and water during our day to day operations amidst the increase in revenue and operation activities. Please refer to the below table for our energy and water consumption as well as consumption per sales volume over the past three years:

Total Consumption by Category	FY2019	FY2020	FY2021
Electricity (kWh)	624,619	562,692	623,613
Water (litre/ m ³)	6,157	4,145	5,186

Consumption per Sales Volume	FY2019	FY2020	FY2021
Sales Volume – cans ('million)	12.2	10.3	17.3
Electricity (kWh) consumed per can	0.051	0.055	0.036
Water (litre/ m ³) per can	0.0005	0.0004	0.0003

Material Sustainability Topics

Energy and Water Management (Cont'd)

Targets for FY2022

We will continue to source for equipment with potential reduction in energy and water consumption. We will also strive to achieve our newly established yearly target in consumption of electricity and water i.e. 0.0378 kWh of electricity per sales volume (can) (i.e. 5% higher than the consumption recorded in FY2021 considering the post-Covid-19 normalisation process to take place after FY2021) and 0.0003 litre of water per sales volume (can) (i.e. baseline set according to the consumption recorded in FY2021), in order to better assess our performance in using energy and water. Moving forward, we will continue to promote our energy and water conservation programmes to cultivate good resource-saving practices across our organisation.

Material Sustainability Topics

Waste Management

Samurai 2K understands the importance of waste management because we are involved in the research, development, and production of aerosol paint and coatings spray cans, which primarily entail the use of hazardous ingredients such as resins, pigments, additives, solvents, and propellants. As a result, waste management is critical in preventing environmental degradation.

We have incorporated environmentally friendly practices into our manufacturing operations, by having designated wastage area and scheduled waste collection twice a month with authorised waste collector. We have also implemented protocols to closely monitor hazardous by-products and waste treatment processes. All employees have received training on the need of properly disposing of waste products.

Management of environmental risks is one of the business priorities to Samurai 2K, and we are devoted to reducing our environmental impact in all aspects of our business. All our external trainings on waste management scheduled were postponed due to Malaysian government's Movement Control Order in FY2021. We are in the process of obtaining ISO14001: Environmental Management at our workplace to protect and improve the quality of life for our employees, customers, and communities.

Target for FY 2022

To protect the local people and the environment, we will continue to monitor waste created and ensure proper garbage disposal at all our operating locations. We also target to be ISO14001 certified by end of 2021.



Material Sustainability Topics

Environmental Compliance



As a corporate citizen, we have an important role to play in environmental conservation and protection. We believe that as a result of our operating activities, our actions may have an impact on the environment. As a result, we strive to operate in a manner that is both ecologically friendly and compliant with regulatory authorities. The Malaysia Environmental Quality Council's Environmental Quality (Prescribed Conveyance) (Scheduled Wastes) Order 2005, as well as Malaysia's environmental legislation, were carefully followed.

We incorporate good environmental practices into our daily procedures in addition to complying with environmental legislation and regulations. Although we had to postpone the process of acquiring ISO14001: Environmental Management certification due to the Malaysian government's Movement Control Order, we have, however, begun to practice and implement ISO14001 in our daily operations. This demonstrates our commitment to environmental preservation while also serving as a guide for our workers as they carry out their responsibilities.

We are pleased to report that there was no reported incident of violation of any environmental laws for FY2021.

Below is a table to depict our performance relating to violation of environmental laws over the past 3 years:

Financial Report Period	FY2019	FY2020	FY2021
Performance Indicator	Violation of environmental laws		
Target Set	Zero Cases	Zero Cases	Zero Cases
Our Performance	Zero Cases	Zero Cases	Zero Cases

Target for FY2022

We will continue to adhere to all relevant environmental laws and regulations and aim to improve our environmental risk management in the future. At the same time, we make every effort to ensure that no environmental laws and regulations are broken.

Material Sustainability Topics

Training and Education

Developing our employees is critical to our success at Samurai 2K. Through internal courses or on-the-job training, we consistently provide learning and development options for our employees to improve themselves. This is to ensure that our employees have the skills and information they need to stay competitive in the business.

We sent our employees to trainings in FY2021 to enhance their key capabilities, such as technical, business, and administrative skills. The trainings include “Kemudahan Penginapan Pekerja (Human Resource Training)”, “Import/Export Documentation & Procedures”, “SafetyEdge Virtual Conference 2021” and “Enviro360 Virtual Conference 2021” and we have managed to involve majority of our employees from Finance and HR department, Legal Department, Safety & Health and Logistics Department to attend the trainings.

We are pleased to report that in FY2021, we clocked higher average training hours per employee in each category as compared to FY2020. This is attributable to Covid-19 where many of the trainings were conducted online via virtual platforms and thus there is flexibility for our employees to plan and attend the online trainings based on their work schedule. We continue to facilitate constant upskilling of our employees through on-the-job trainings for employees who were still working in the office.

Please refer to the below table for the statistics on average training hours conducted for each category of employees.

Category of employee	FY2019	FY2020	FY2021
Senior Management	15.73	11.52	15.72
Middle Management	14.63	10.32	13.64
Executive and Assistants	10.32	9.37	12.97
Female	10.13	9.16	12.66
Male	14.46	10.58	13.58

Material Sustainability Topics

Training and Education (Cont'd)

Annual formal performance assessments were conducted at Samurai 2K to ensure that performance expectations and results were clearly communicated and addressed. During the appraisal, any expectations or results for the coming year will be explicitly expressed to the personnel. We encourage our supervisors to provide regular and constructive feedback to their subordinates and to discuss any training and development needs. In FY2021, 5 employees were promoted, 62 employees received bonuses and 9 employees had salary increments.

In light of the current Covid-19, we have adopted a number of measures over the last few months, such as temperature screening at all access points and keeping social distance at our facilities. We have also educated our employees on the necessity of following the Malaysian government's and health authorities' recommendations and Standard Operating Procedures. We also keep our personnel informed about Covid-19 on a regular basis.

Targets for FY2022

We intend to organise and implement more targeted internal and external training programs in the future so that our employees can achieve improvement in productivity and quality. In addition, we continue to upskill and reskill our targeted employees to keep them relevant in the business and better equip them for the digital economy and recovery from Covid-19.

Material Sustainability Topics

Diversity and Equal Opportunity

Regardless of race, age, gender, religion, or ethnicity, we were committed to hiring people who have the requisite skills and expertise to fit into their relevant roles at Samurai 2K. Furthermore, we understand the importance of having diverse workforce since it allows us to see things from various viewpoints and stimulates different thinking to solve problems. We always promote the working culture that values differences to generate desired business outcomes. We considered diversity and non-discrimination were critical to the Group's long-term viability and to improve employee satisfaction and retention. We are delighted to report that no incidents of gender discrimination were reported in FY2021.

Below is a table to depict our performance relating to reported incidents of gender discrimination over the past 3 years:

Financial Report Period	FY2019	FY2020	FY2021
Performance Indicator	Reported incidents of gender discrimination		
Target Set	Zero Cases	Zero Cases	Zero Cases
Our Performance	Zero Cases	Zero Cases	Zero Cases

Even though we work in a male-dominated business, women make up 58% of our senior and middle management positions in FY2021, an increase from 54% in FY2020. We believe that it is important to have more women in leadership positions as we will be able to improve gender diversity in leadership, thus leading to better decision-making and innovation. We foster an environment in which all our employees were treated fairly and with respect. We want to create a culture where all our employees have equal chances and can contribute to the success of our Group. We were also dedicated to maintaining a gender-neutral compensation structure. To establish a dynamic and innovative organisation, we continue to draw on the diverse perspectives, value-add, and contributions of our diverse employees. In addition, we have included policy and procedures on diversity and equal opportunity in our Employee Handbook.

Material Sustainability Topics

Diversity and Equal Opportunity (Cont'd)

Please refer to the below tables for our full-time employee profile:

Financial Year	Gender	Senior Management	Middle Management	Executive and Assistants
FY2019	Male	8	6	69
	Female	5	11	16
FY2020	Male	11	5	61
	Female	5	14	22
FY2021	Male	9	20	59
	Female	7	33	7

Financial Year	Age Group	Senior Management	Middle Management	Executive and Assistants
FY2019	<30 years old	1	6	61
	30 to 50 years old	9	10	24
	>50 years old	3	1	-
FY2020	<30 years old	1	6	54
	30 to 50 years old	7	11	29
	>50 years old	8	2	-
FY2021	<30 years old	1	34	44
	30 to 50 years old	6	19	22
	>50 years old	9	-	-

Over the past year, the world was engulfed by the unforeseen circumstance of Covid-19. Whilst this has resulted in numerous challenges and disruptions across our operations, protecting the safety of our people and ensuring safe operations were top priorities of the Group and we are grateful for the support of all our employees during this unprecedented time.

Targets for FY2022

We will continue to develop a culture of unity amongst our diverse employees and preserve our zero reported case of gender discrimination in the future.

Material Sustainability Topics

Occupational Health and Safety

The health and safety of our employees were our priority at Samurai 2K. Our manufacturing process uses potentially hazardous, poisonous, or flammable raw materials. As a result, we have put in place safety procedures that our Health and Safety Committee (the "**Committee**") will monitor and oversee. A monthly Committee meeting will be held virtually to review previous topics discussed and safety inspection will be performed at our production facility located at Johor, Malaysia on a random spot-check basis.

We prioritise health and safety in all our activities and we constantly work to reduce the risk of accidents and injuries to our employees. In line with statutory requirements, we provide our employees with personal protective equipment ("**PPE**"), safety training, such as Forklift Safety Training, Operational Problem-Solving Series, Safety Virtual Conference Edge, and Initial Ergonomic Training. On a regular basis, we also offer operational training programs, such as biennial On Job Training (by Work Process, as stated in Management's Safe Operation Procedures), to keep our employees abreast on the most recent safety measures and procedures.

All new employees who were involved in production activities must participate in safety training and drills to be familiar with the operation of the machinery and equipment, as well as the safety measures and procedures during the manufacturing process. Every morning at the production facility, safety briefings with the supervisor, line leader, quality control technician, and operator were held to raise awareness of workplace safety. Before work begins, regular safety inspections will be carried out. Every two years, all personnel have to participate in emergency evacuation drills to familiarise themselves with the procedures. Any potentially dangerous activity will be reported to the Committee's Chairman, who will take appropriate action.

We also follow the Malaysia Occupational Safety and Health Regulations 1996 to the letter. The Department of Occupational Safety and Health ("**DOSH**"), which is part of the Malaysia Ministry of Human Resources, regulates these laws, and the Group is subject to frequent and random inspections by the authorities. For any violations, the Group will face financial penalties, and non-compliance may result in the termination of its business license. We have not received any DOSH penalty notices for non-compliance with the Occupational Safety and Health Administration in FY2021.

Material Sustainability Topics

Occupational Health and Safety (Cont'd)

To protect our employees from Covid-19, we have taken swift action in accordance with the advisories from Malaysian Government and Ministry of Health to reduce the risk of infection. All necessary PPE, such as earplug, safety shield, apron for filling operator, safety gloves and goggles were given to employees. Face masks are also provided to all employees daily.



Given the existing state of affairs, we have also implemented the following measures of recording body temperature of all the employees and visitors who entered our plant, enforcing health declaration, checking in by scanning the MySejahtera application, social distancing measures by marking the floor with red lines to remind employees of safe distancing, doing sanitizing three times a day and fogging at the office daily. Furthermore, to reduce risks of infection at our Company compound, we have been working with 60% capacity in our office premises and the remaining 40% working from home. Any employee found to have any slight symptoms of Covid-19 will be sent to the clinic for further checking. We have also started to conduct Rapid Swab Test for all our employees since January 2021 and for new joiner to ensure that all our employees are healthy and free of Covid-19 virus.

Below is a table to depict our performance relating to reported incidents workplace injury and non-compliance issued by DOSH over the past 3 years:

Financial Report Period	FY2019	FY2020	FY2021
Performance Indicator	Reported incidents of injury cases		
Target Set	Zero Cases	Zero Cases	Zero Cases
Our Performance	2 Minor Non-fatal Cases	Zero Cases	2 Minor Non-fatal Cases
Performance Indicator	Reported incidents of non-compliance by DOSH		
Target Set	Zero Cases	Zero Cases	Zero Cases
Our Performance	Zero Cases	Zero Cases	Zero Cases

For the 2 minor non-fatal cases, we have taken immediate action to investigate the root cause of the incidents and the precaution safety measures (such as to provide proper trainings and briefings to all technician and production workers) are in place accordingly to avoid such incident recurring in the future.

Targets for FY2022

Going forward, we will aim to achieve zero safety incident and maintain a zero penalty or non-compliance issued by DOSH. Through risk mitigation management, we will continue to monitor and reduce any safety and health hazards.

Material Sustainability Topics

Customer Health and Safety

Customers are one of our most important stakeholders, thus their health and safety when using our products were paramount. Customers expect high-quality services and products, as well as after-sales support and ethical purchasing procedures. As a result, it was critical that we strived to meet their expectations and ensure that our products were safe to use to earn their trust.

Our goods were evaluated for their Health, Environmental, and Safety impact from the product development stage onwards, with guidance available to end customers, so that any identified concerns were recorded and can be corrected immediately. Customer contacts, market awareness, and evolving product trends influence our product conceptions. Our research teams will collaborate with our product safety and regulatory affairs department from the start of product development to ensure that our products were safe for use. Additionally, depending on the predicted end-use of the product, additional screening tests and modelling may be performed to allow our customers to complete safety evaluations and feedbacks. These principles were embedded in our new product development processes.

We have controls in place in our Enterprise Resource Planning System to ensure that all items have a material safety data sheet before they were manufactured. All our research and development products were evaluated with proper lab testing. Once finalised, the products will be tagged with an Official Safety Data Sheet issued by the Quality Assurance Department (“**QA**”). Our production facilities were ISO9001:2015 certified and we perform annual quality assessment to maintain the quality standard of our products.

We have protocols and systems in place to ensure the safe storage of hazardous substances, and we shared this information with our customers as needed. We have an Emergency Rescue Team (“**ERT**”) headed by a group of competent employees trained for emergency rescue training certified by the Fire and Rescue Department of Malaysia. We have also performed Hazard Identification, Risk Assessment and Risk Control (“**HIRARC**”) for all our processes. Furthermore, we have protocols in place to deal with emergency scenarios, such as the need to recall or remove a dangerous product that may have an impact on nearby population. 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 correct and consistent with the information sent out with the products we sell.

We have also established systems in place to track any non-compliance with legislation or standards relating to our products' health and safety. There is also a formal complaint mechanism in place, and all our customers will be assigned to at least one sales representative. We intend to improve this approach and further integrate it into our business to identify any difficulties or areas of possible risk.

We are delighted to share that no incidents of reported non-compliance with rules relating to the health and safety implications of our products occurred in FY2021.

Material Sustainability Topics

Customer Health and Safety (Cont'd)

Below is a table to depict our performance relating to reported incidents of non-compliance with rules relating to health and safety implications over the past 3 years:

Financial Report Period	FY2019	FY2020	FY2021
Performance Indicator	Reported incidents of non-compliance concerning the health and safety impacts of products		
Target Set	Zero Cases	Zero Cases	Zero Cases
Our Performance	Zero Cases	Zero Cases	Zero Cases

The Company has faced extraordinary hurdles because of Covid-19 and we will continue to keep a careful eye on the uncertain situation. During this time, we've been working closely with our customers to address obstacles and have changed our business strategy to cater to e-commerce and social media platforms to attract more end-users in various markets. We are devoted to continuing to serve our customers and end-users and reacting to their requirements by utilising technology to keep in touch with them.



Targets for FY2022

We target to have zero incident of non-compliance with regulations relating to the health and safety implications of our products in the future.

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