



**KOSSAN**

STRETCHING LIMITS • SINCE 1979



# Creating shared values through sustainable ecosystem

**KOSSAN RUBBER INDUSTRIES BHD.**

Integrated Annual Report 2023

# INSIDE THIS

Corporate Information	1	<b>4 CREATING SUSTAINABLE VALUE</b>	
Basis of This Report	2	About this Sustainability Statement	18
<b>1 WHO WE ARE AND WHAT WE DO</b>		2023 Key Sustainability Highlights & Achievements	19
Awards and Certifications 2023	3	Our Approach to Sustainability	20
Corporate Structure	5	Generating Sustainable Economic Value	38
Our Business Overview	6	Managing Our Environment Impact	48
<b>2 MESSAGE FROM OUR LEADERS</b>		Creating Value Through Social Engagement	61
The Market and Trends that Shape Us	8	Statement of Independent Assurance	94
In Conversation with Chairman	9	Performance Data	97
Management Discussion and Analysis	12	Performance Data Table from Bursa Malaysia's ESG Reporting Platform	107
<b>3 HOW WE CREATE VALUE</b>		<b>5 OUR GOVERNANCE</b>	
Our Value Creation Model	16	Directors' Profile	109
		Key Senior Management Profile	114
		Corporate Governance Overview Statement	115
		Statement on Risk Management and Internal Control	122
		Audit Committee Report	126

## 44th ANNUAL GENERAL MEETING



**DAY & DATE:**  
Thursday, 30 May 2024



**TIME:**  
10.30 A.M.

## Creating Shared Values Through **Sustainable Ecosystem**

At KOSSAN, we strive to create shared value between sustainability and our business.

For example, by developing products in more resource-efficient ways, we are helping to protect the planet while reducing our cost base. Similarly, our efforts to promote responsible employment practices across the industry enhance our reputation and enable us to seize new growth opportunities amongst international buyers.

This holistic approach to value creation is captured by the theme of this year's report - Creating shared values through sustainable ecosystem - highlighting our efforts to integrate sustainability at the very heart of our processes, technologies and partnerships. It is an approach that makes us stronger today and positions us for greater success tomorrow.

# REPORT

## 6 OUR PERFORMANCE

Directors' Responsibility Statement	129
Directors' Report	130
Statements of Financial Position	137
Statements of Profit or Loss and Other Comprehensive Income	139
Consolidated Statement of Changes in Equity	141
Statement of Changes in Equity	143
Statements of Cash Flows	144
Notes to the Financial Statements	149
Statement by Directors	202
Statutory Declaration	202
Independent Auditors' Report	203

## 7 OTHER INFORMATION

Global Reporting Initiative (GRI) Content Index	207
List of Top 10 Properties	214
Additional Compliance Information	215
Statistics on Shareholdings	216
Notice of Annual General Meeting	220
Proxy Form	.

## CORPORATE INFORMATION

### REGISTERED AND CORPORATE OFFICE

Wisma Kossan, Lot 782,  
Jalan Sungai Putus,  
Off Batu 3¼ Jalan Kapar,  
42100 Klang, Selangor Darul Ehsan.  
Tel: +603-3291 2657  
Fax: +603-3291 2903  
E-mail: [kossan@kossan.com.my](mailto:kossan@kossan.com.my)  
Website: [www.kossan.com.my](http://www.kossan.com.my)

### INVESTOR RELATIONS

E-mail: [ir@kossan.com.my](mailto:ir@kossan.com.my)

### COMPANY SECRETARIES

Chia Ong Leong (MIA 4797)  
(SSM Practising Certificate No. 201908000832)  
Chia Yew Ngo (LS 0001831)  
(SSM Practising Certificate No. 202008000487)

### PRINCIPAL BANKERS

OCBC Bank (Malaysia) Berhad  
Hong Leong Bank Berhad

### SHARE REGISTRAR

Boardroom Share Registrars Sdn. Bhd.  
11<sup>th</sup> Floor Menara Symphony,  
No. 5 Jalan Prof. Khoo Kay Kim,  
Seksyen 13, 46200 Petaling Jaya,  
Selangor Darul Ehsan.  
Tel: +603-7890 4700  
Fax: +603-7890 4670  
Website: [www.boardroomlimited.com/my](http://www.boardroomlimited.com/my)

### STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad  
Stock Name: KOSSAN  
Stock Code: 7153

### AUDITORS

KPMG PLT  
Chartered Accountants  
Level 10, KPMG Tower, 8, First Avenue, Bandar Utama,  
47800 Petaling Jaya, Selangor Darul Ehsan.



Scan this QR code to  
view the online version  
of Integrated Annual  
Report 2023

# Basis of This Report

## DEAR STAKEHOLDERS,

On behalf of the Board of Directors of Kossan Rubber Industries Bhd (“KOSSAN”), we are proud to present our Integrated Annual Report (“IAR”) 2023. This report reflects our commitment to integrated reporting principles, offering a detailed and interconnected analysis of our strategies and our progress towards sustainable value creation.

## SCOPE AND BOUNDARIES

This IAR covers the reporting period from 1 January 2023 to 31 December 2023, encompassing the consolidated performance of KOSSAN and its subsidiaries (“Group”). Extending beyond financial reporting, this IAR includes our non-financial performance, risk and mitigation, outcomes associated with our key stakeholders and any other factors that may have a significant influence on our ability to create value.

## REPORTING FRAMEWORK

This IAR is prepared in reference to local and international standards and frameworks, namely:

- International <IR> Framework
- Main Market Listing Requirements of Bursa Malaysia Securities Berhad
- Malaysian Code on Corporate Governance 2021
- Companies Act 2016
- Malaysian Financial Reporting Standards
- IFRS Accounting Standards
- Global Reporting Initiative Standards

## FORWARD-LOOKING STATEMENTS AND DISCLAIMER

This IAR contains certain forward-looking statements which are contingent by nature and subject to changes based on emergent risks or unforeseen developments. Therefore, these statements are not guarantees or predictions of the Group’s future outcomes. Readers are advised not to place undue reliance on them.

## ASSURANCE

This IAR has been prepared in accordance with good governance practices. Our financial statements for the year ended 31 December 2023 have been audited by our external auditors, KPMG PLT, and are disclosed in this report.

## BOARD APPROVAL

The Board has collectively reviewed and endorsed this IAR, affirming its integrity and fair representation of the Group’s financial and non-financial performance for the year under review. Additionally, the Board is of the view that the report effectively addresses all material issues and matters relevant to our operations and industry.

Approved and acknowledged on behalf of the Board by

**MOHAMED SHAFEEI  
BIN ABDUL GAFFOOR**  
Chairman

**TAN SRI DATO’  
LIM KUANG SIA**  
Group Managing Director/  
Chief Executive Officer

## HOW TO NAVIGATE OUR REPORT

### Our Capitals



Financial  
Capital



Intellectual  
Capital



Manufactured  
Capital



Social &  
Relationship  
Capital



Human  
Capital



Natural  
Capital

### Our Stakeholders



Employees



Authorities &  
Regulators



Customers



Local Communities  
& Society



Shareholders,  
Investors, Analysts &  
Bankers



Vendors/  
Suppliers













Guides to more information within the IAR



Guides to online sources for additional information







# Awards and Certifications 2023

## AWARDS AND RECOGNITION

		<p>Graduates Choice Award: <b>2023 Most Preferred Graduate Employers to Work for Manufacturing (Rubber)</b></p>			<p>Selangor Investor Appreciation Awards - <b>The Highest Investment in Selangor by Domestic Company (DDI) 2022</b></p>			<p>The Malaysia Book of Records - <b>The first glove manufacturer with Bank Negara Malaysia's Strategic Partnership for Greening Value Chain Programme to Small and Medium-sized Enterprises</b></p>
		<p>Asia Corporate Excellence &amp; Sustainability (ACES) Awards 2023: <b>Green Initiative Award</b></p>			<p>General Motors: <b>Supplier Quality Excellence Award 2022</b></p>			

## CERTIFICATIONS

### ACCREDITED LABORATORY

					
<p>Skim Akreditasi Makmal (SAMM) No. 464</p>	<p>International Laboratory Accreditation Cooperation</p>	<p>Skim Akreditasi Makmal (SAMM) No. 1038</p>	<p>International Laboratory Accreditation Cooperation</p>	<p>Skim Akreditasi Makmal (SAMM) No. 372</p>	<p>International Laboratory Accreditation Cooperation</p>
<p><b>KOSSAN Laboratory</b></p>		<p><b>Analytical Services, R&amp;D Centre</b></p>		<p><b>E-Lab Testing &amp; Research Center</b></p>	

### OCCUPATIONAL HEALTH AND SAFETY & ENVIRONMENTAL MANAGEMENT SYSTEMS

			
<p>ISO 45001</p>	<p>ISO 14001 - ISO 45001</p>	<p>ISO 14001</p>	<p>ISO 14001</p>
<p><b>BSI Assurance UK Limited</b></p>	<p><b>Lloyd's Register Quality Assurance Limited</b></p>	<p><b>Lloyd's Register Quality Assurance Limited</b></p>	<p><b>BSI Assurance UK Limited</b></p>

## Awards and Certifications 2023 (Cont'd)

## QUALITY MANAGEMENT SYSTEM



IATF 16949



ISO 9001



ISO 9001 &amp; IATF 16949



ISO 9001

Lloyd's Register Quality Assurance Limited

Lloyd's Register Quality Assurance Limited

TUV Rheinland Malaysia Sdn. Bhd.

TUV Rheinland Malaysia Sdn. Bhd.

(EN 15129, EN 1337-3,  
EN 1337-5 & EN 1337-7)  
Certificate of  
Constasy of Performance

ISO 13485 &amp; EN ISO 13485



ISO 9001



Medical Device Single Audit Program (MDSAP)

TZUS Cert.

BSI Assurance UK Limited

BSI Assurance UK Limited

BSI Group America Inc.



EU Quality Assurance Certificate



UKCA Certificate



BRC Global Standard



Hazard Analysis and Critical Control Point (HACCP)

BSI Group The Netherlands B.V.  
Sterile Natural Rubber  
Latex and Polyisoprene  
Surgical Gloves  
Sterile Nitrile and  
Natural Rubber Latex  
Examination GlovesBSI Assurance UK Limited  
Sterile Natural Rubber  
Latex Surgical  
Sterile Nitrile  
Examination Gloves

SGS United Kingdom Limited

SGS (Malaysia) Sdn. Bhd.

## HALAL ACCREDITATION



MS 2636:2019



HAS 23000



Halal National Mark

Jabatan Kemajuan Islam Malaysia (JAKIM)

Badan Penyelenggara Jaminan Produk Halal (BPJPH)

United Arab Emirates Ministry of Industry &amp; Advanced Technology

## FOREST MANAGEMENT CERTIFICATION



www.fsc.org

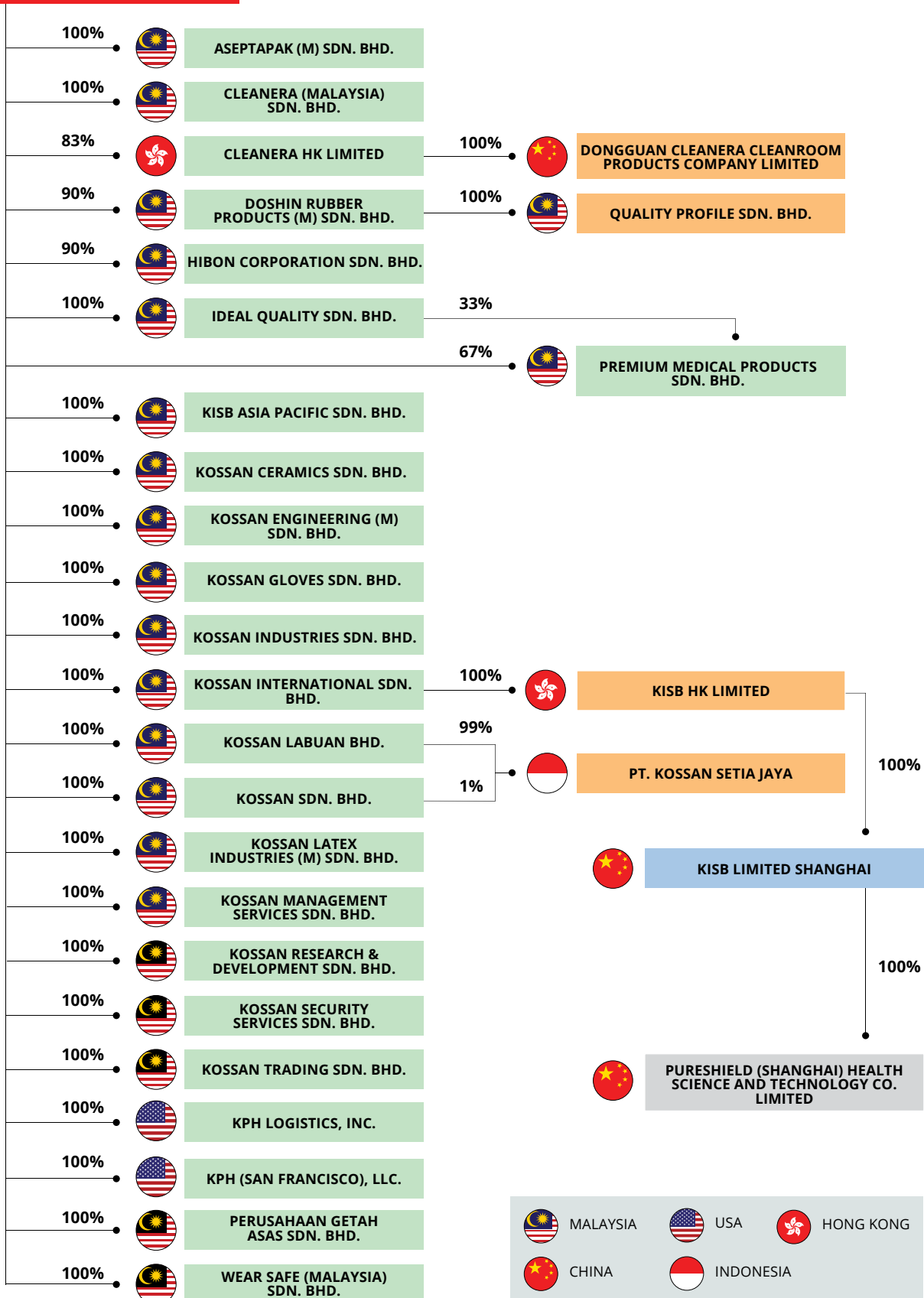
The mark of  
responsible forestry  
FSC® C195652Forest Stewardship Council (FSC)  
Standards Chain of Custody Certification

# Corporate Structure



STRETCHING LIMITS • SINCE 1979

**KOSSAN RUBBER INDUSTRIES BHD.**



## Our Business Overview

### ABOUT US

KOSSAN was founded in 1979 by Tan Sri Dato' Lim Kuang Sia who started the first company in Malaysia to manufacture rubber cutlass bearings for fishing boat propellers. In 1988, KOSSAN then ventured into glove manufacturing with the establishment of our first factory in Klang, Selangor, Malaysia.

Stretching limits since 1979, we have now emerged as the world class manufacturer of disposable gloves and technical engineered rubber products with a broad-based global market reach. Guided by our corporate philosophy, our journey continues in delivering long-term sustainable growth.



### OUR VISION

To be a respected global company by protecting lives through purposeful rubber products.

**KOSSAN**

STRETCHING LIMITS • SINCE 1979

### OUR MISSION

To provide innovative and reliable gloves and engineered rubber products in a sustainable manner and with integrity.

## CORPORATE MILESTONES

**1979**

Founded by Tan Sri Dato' Lim Kuang Sia (our Founder)

Ventured into glove manufacturing

**1988**

Listed on the Second Board of Kuala Lumpur Stock Exchange

**1996**

Ventured into high technical infrastructure rubber products

**2001**

**2003**

- Listed on the Main Board of Bursa Malaysia
- Ventured into surgical glove manufacturing
- Ventured into rubber part to metal bonded parts manufacturer

Ventured into cleanroom disposable products

**2011**

**2015**

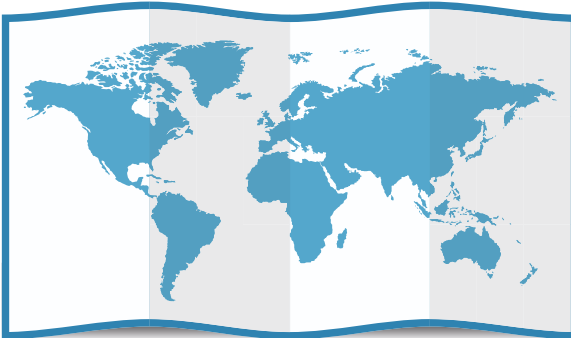
Established Yayasan Kossan

## Our Business Overview (Cont'd)

### OUR CORE VALUES

- INSPIRED** Life-changing achievements start out as unrealistic ideas. We deliver passionately because we are inspired by vision and excellence.
- CARING** We understand and care about people's needs and circumstances. So we take proud ownership of our responsibilities and relationships.
- INNOVATIVE** We believe in providing the best possibilities, so we keep taking unbeaten paths toward unprecedented solutions.
- HONOURABLE** Honesty and professional ethics are badges we proudly wear.
- COMMITTED** We are dedicated to every customer entrusted to us. We strive to make our final product ideal, and the extra mile that we walk for them is imperative.

### OUR GLOBAL PRESENCE



Our products are exported to over

**90** countries

around the world meeting the needs for protection and safety in a wide variety of personal, commercial, and industrial applications.

### OUR THREE MAIN BUSINESS DIVISIONS



GLOVES



TECHNICAL RUBBER PRODUCTS



CLEANROOM

Our products can be found in our corporate website at <https://www.kossan.com.my/> under the "Products" tab.

**2016**

Launched the first patented glove with Low Dermatitis Potential

**2017**

Awarded the world's first Halal certified glove by Jabatan Kemajuan Islam Malaysia (JAKIM)

**2018**

Launched the first protection against fentanyl nitrile glove with U.S. FDA 510(k) clearance

**2019**

The first Malaysia glove company that obtained the Indonesia Badan Penyelenggara Jaminan Produk Halal (BPJPH) Halal certification

**2022**

Founding Member of Responsible Glove Alliance (RGA)

**2023**

Rolled out the Greening Value Chain Programme

# The Market and Trends that Shape Us

## OPERATING ENVIRONMENT

### Continuing Macroeconomic Challenges

As we step into 2024, the global economic landscape continues to pose challenges for industries worldwide. Global growth is expected to slow to 3.0% in 2023 and 2.9% in 2024, well below the historical (2000-19) average of 3.8%. Advanced economies, which contribute the bulk of demand for rubber gloves, will bear the brunt of this decline, with economic growth expected to slow to 1.5% in 2023 and 1.4% in 2024 (compared to 2.6% in 2022)<sup>1</sup>.

This slowdown has been precipitated by policy tightening in response to heightened inflation, which peaked at 8.7% in 2022. Although inflation is expected to fall to 6.8% in 2023 and 5.2% in 2024, these figures remain notably higher than the levels observed over the past two decades<sup>2</sup>. Consequently, substantial monetary easing is unlikely, perpetuating a dampening effect on business investment sentiment. This, in turn, directly impacts the rubber glove industry and other manufacturing sectors.

On a positive note, previously elevated raw material prices – due largely to supply chain disruptions and geopolitical instability – have stabilised during 2023. Key inputs in glove manufacturing, such as global prices of nitrile butadiene and natural latex, have undergone a relative normalisation in price. This shift provides a more favorable environment, offering improved conditions for margin enhancement within the industry.

## MARKET TRENDS

### Changing Industry Dynamics

During the COVID-19 pandemic, the rubber glove industry witnessed an influx of new entrants keen on capitalising on heightened Average Selling Prices (“ASPs”). However, as countries gradually eased their restrictions and the immediate demand spike subsided, this resulted in an oversupply of rubber gloves, subsequently exerting downward pressure on the profit margins of established industry players.

Adding complexity to this scenario, the emergence of Chinese rubber glove manufacturers has played a pivotal role in perpetuating the oversupply situation. Leveraging a substantial cost advantage – brought about by various factors including economies of scale and relatively lower energy costs – Chinese manufacturers have been able to maintain lower ASPs, exacerbating the competitive landscape for existing players. This persistent oversupply dynamic has persisted even as industry participants undergo capacity rationalization and consolidation efforts in an attempt to adapt to changing market conditions.

### The Weakening Ringgit

During 2023, the Malaysian Ringgit (“MYR”) experienced a significant depreciation against major global currencies, reaching a low of MYR4.78 for every USD1.00 in October 2023. Additionally, in an unprecedented development, the MYR breached the RM3.50 mark against the Singapore Dollar (“SGD”) for the first time in history.

The weakening of the MYR has had a mixed effect on Malaysian rubber glove manufacturers. On one hand, the depreciation has contributed to an increase in the cost of specific raw materials, presenting a challenge for cost management. On the other hand, the sales of rubber gloves are predominantly denominated in United States Dollar (“USD”), translating into improved sales margins. This has, in turn, mitigated against the challenges posed by the oversupply situation in the glove manufacturing industry.

### Increased Demand for Health and Hygiene Products

The pandemic created awareness of the importance of hygiene products, not only within healthcare institutions but in everyday life. This is predicted to lead to long-term growth within the rubber glove industry, with the impact of this trend already visible in emerging markets which had proportionately lower use of hygiene products prior to the pandemic.

The growing long-term demand for hygiene products is supported by the demographic shift towards an ageing global population, with life expectancy continuing to rise around the world. This will place greater pressure on healthcare services, leading to a sustained rise in demand for rubber gloves and other health and hygiene products.

### Wider Glove Applications Across Industries

Rubber gloves have transcended their traditional role in healthcare, seeing expanded usage across diverse industries such as pharmaceuticals, electronics, food and beverage and automotive. This widespread adoption is propelled by a confluence of factors, including increasingly stringent health, safety and product quality regulations.

In pharmaceuticals, gloves are crucial for maintaining sterility and preventing contamination during manufacturing. The electronics industry relies on gloves to protect components and ensure a dust-free environment. In food and beverage, gloves uphold hygiene and safety standards, preventing cross-contamination. Meanwhile, automotive workers use gloves to safeguard against oils and chemicals, amongst other applications.

Taken as a whole, the widening use of rubber gloves bodes well for the industry, laying the groundwork for sustained growth over the next decade and beyond.

#### Source:

<sup>1 & 2</sup> IMF: World Economic Outlook October 2023, <https://www.imf.org/en/Publications/WEO/Issues/2023/10/10/world-economic-outlook-october-2023>

<sup>3</sup> IMF: World Economic Outlook, <https://www.imf.org/en/Publications/WEO>

## In Conversation with Chairman

# Staying the Course with Resilience



**Dear Valued Stakeholders,**

On behalf of the Board of Directors (“Board”), I am pleased to present the Integrated Annual Report of Kossan Rubber Industries Berhad (“KOSSAN” or “the Group”) for the financial year ended 31 December 2023 (“FY2023”).

Throughout the year under review, we have remained focused on navigating a challenging business landscape while upholding our core values and commitments to all stakeholders. Additionally, we made steady progress in the environmental, social, and governance (“ESG”) realm as we strive to build a stronger and more sustainable KOSSAN for the future.

Mohamed Shafeii bin Abdul Gaffoor  
Chairman



## In Conversation with Chairman (Cont'd)

### Weathering Unprecedented Challenges

As Chairman, I am responsible for overseeing the long-term direction of the Group, with particular focus on governance, sustainability and other non-operational factors. However, any analysis of our performance in these areas would not be complete without mention of the unprecedented operating environment that we have faced throughout the past two years.

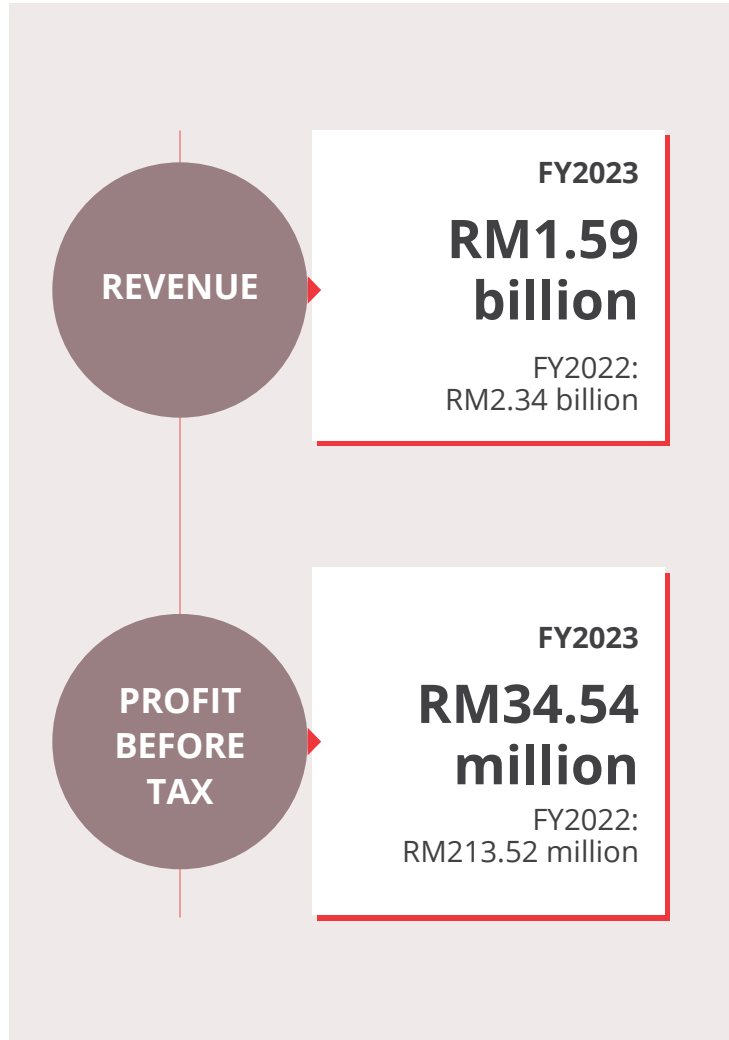
In the wake of the COVID-19 pandemic, a slew of new players entered the glove manufacturing market, seeking to capitalise on heightened demand and higher prices. However, as the world transitioned to endemicity, demand for gloves dropped sharply and the market was left with a substantial supply-demand imbalance, leading to persistently low Average Selling Prices ("ASPs") that severely hampered our competitive stance. In parallel, a turbulent macroeconomic environment has resulted in higher energy prices, increasing our production costs and forcing us to press pause on our capacity expansion plans.

Against this challenging backdrop, it fills me with pride to say that we have embraced a long-term perspective towards growth, integrating sustainable thinking within our strategies. For example, our recent decommissioning of four ageing plants did weaken our balance sheet but also freed up financial capital to invest in smarter and more efficient production technologies within our existing facilities. This will enable us to create more specialised products and also reduce the environmental impact of our production processes, thus driving our long-term competitiveness as a business. Similarly, the investment we made in our energy management system has provided us with data-driven insights into processes that could be made more efficient using digital technology, thus guiding our progressive introduction of automation and robotics solutions.

Simply put, by viewing sustainability – and the efficiency it generates – as a key driver of our competitiveness, we are positioned to emerge from present challenges with the tools to achieve greater business growth and drive improved long-term value creation for our stakeholders.

### Advancing Environmental Sustainability

As one of the world's leading glove producers, we have made sustainability a cornerstone of our business. To this end, and in line with our L.I.V.E Sustainability Principles' objectives of creating shared value through a sustainable ecosystem, we undertook various sustainable initiatives in FY2023.



As a highlight, we rolled out the Greening Value Chain ("GVC") programme in March 2023. The programme connects our suppliers to capacity building opportunities, expert consultation and carbon accounting software, enabling them to accurately measure their emissions and drive progressive reductions to their carbon footprint. During the year under review, 34% of our selected SME suppliers participated in GVC training, with more than 70% of these suppliers subsequently commencing their carbon reporting and tracking journey with the adoption of the carbon accounting solution. Through the programme, these suppliers also gain access to Bank Negara Malaysia's RM2 billion Low Carbon Transition Facility, a source of working capital and capital expenditure funding to support their low-carbon journeys.

During the year under review, we were also announced as constituents of the FTSE4Good Bursa Malaysia Index and the FTSE4Good Bursa Malaysia Shariah Index, a testament to our strong ESG practices and adherence to shariah-compliant principles. Inclusion in these indices reflects positively on our business, demonstrating our commitment to sustainable and ethical practices while potentially opening up opportunities for growth and investment.

## In Conversation with Chairman (Cont'd)

### Empowering Our Employees and Communities

As we take strides forward for the environment, we are equally committed to maintaining a safe, secure and rewarding work environment where our employees' needs come first. This aligns with our Workplace Health Programme ("WHP"), a comprehensive initiative that promotes holistic employee well-being across physical, mental and social dimensions. Under WHP, we continued to deliver relevant workplace health initiatives for employees, conducting 6 activities and 17 webinars aimed at raising awareness on important health matters during FY2023.

Complementing the WHP, a spill-over programme addressing mental health and hearing issues in the workplace was introduced in FY2023. This initiative involved collaboration with independent professional entities, such as the International Psychology Centre and Occupational Health Plus, to deliver standardised and centralised services. It aims to create awareness and drive education on the importance of mental health across our workforce while also providing support to employees who are experiencing mental health issues.

Employee training and development is another key area of focus for us, and in FY2023 our employees completed an impressive total of more than 122,000 training hours completed across our workforce during the year, translating to an average of 20.9 hours of training per employee. Trainings included essential capability-building, knowledge sharing and role specific modules, as well as one-to-one informal coaching sessions to enhance individual functional expertise.

Looking beyond our workforce, Yayasan Kossan ("YK") remains committed and consistently directed resources towards improving the well-being of local communities in the vicinity. In FY2023, YK funded a total of RM575,432.94 on 50 projects across Malaysia. Through collaborative efforts with 36 schools and 41 non-governmental organisations ("NGOs") or government bodies, YK's philanthropic initiatives yielded tangible results: 447 blood donors registered, 327 bags of blood donated and 20 sets of hand-me-down digital devices delivered to six schools and three orphanages. These contributions, along with others, positively impacted more than 21,000 beneficiaries in FY2023.

### Elevating Corporate Governance

As we diversify our business presence to new sectors and more comprehensively embrace sustainability, it is vital that we maintain a stringent, standards-based approach to corporate governance.

In 2023, all our directors completed the Mandatory Accreditation Programme ("MAP") Part II: Leading for Impact sessions organised by the Institute of Corporate Directors Malaysia, underscoring our commitment to ongoing education and professional development at the Board level.

Aside from these initiatives, key discussions at the Board level during FY2023 centred on strategy and sustainability matters. These deliberations underscore our proactive approach to addressing emerging challenges and opportunities, particularly in the context of our long-term sustainability objectives.

### Dividends

In line with our commitment in rewarding shareholders, I am pleased to announce that, for FY2023, the Group had paid an interim single tier dividend of 2.0 sen per share, totalling RM51.03 million, on 8 April 2024.

In addition, the Board also recommended a final single tier dividend of 2.0 sen per ordinary share, subject to the approval of the shareholders at the forthcoming AGM to be held on 30 May 2024. If approved, this will bring the total dividend per share to 4.0 sen in respect of FY2023 amounting to a total payout of RM102.06 million.

### Acknowledgements

On behalf of the Board, I would like to extend our heartfelt gratitude to the management and all our employees for their unwavering support and resilience throughout this challenging year. Their tireless efforts and contributions have been invaluable in propelling us forward despite the obstacles we faced, and we are united in continuing this journey together, stronger and more determined than ever.

To our customers, business partners, associates, suppliers, consultants and bankers, I would like to express my sincere appreciation for your steadfast support and trust. Many of you have been with us since the beginning, and we are deeply grateful for your continued dedication to our shared success.

As we weather through present-day business challenges, let us not forget our rich potential to build a stronger KOSSAN that advances community development, enriches the environment and builds stronger business ecosystems for our suppliers and the industry. By staying the course on these important matters, we can unfold a much brighter future ahead.

### Mohamed Shafeii bin Abdul Gaffoor

Chairman

## Management Discussion and Analysis

# Turning the Tide to Greater Success



**Dear Valued Shareholders,**

2023 marked a continuation of the challenges that have beset the glove manufacturing industry since the end of the pandemic. With inventory levels already high, the entry of and subsequent expansion by some market players has exacerbated the existing supply-demand imbalance, placing significant pressure on both our top and bottom line.

With that said, the obstacles that have stood in our way have also accelerated our innovation, make important investments and transform the way we operate, putting us in a position to rebound strongly. Through proactive and decisive action, we are turning the tide at KOSSAN and can start to look forward to a brighter and more sustainable future ahead.

**Tan Sri Dato' Lim Kuang Sia**  
Group Managing Director/Chief Executive Officer



## Management Discussion and Analysis (Cont'd)

### A Confluence of Challenges

From raw material prices to geopolitical tensions, the macroeconomic challenges of 2023 have been well documented. To us, these challenges have materialised most significantly in the form of higher energy prices. In addition to the challenges of lower demand from excess inventory clearance post-Covid-19 pandemic, we nonetheless, among the Malaysian gloves industry, similarly, faced competition from Chinese glove manufacturers who are riding on the lower energy prices to employ aggressive price undercutting strategies to gain market share. This combined effect is limiting the full utilisation of production capacity for better efficiency.

Due in part to these factors, our revenue declined from RM2.34 billion to RM1.59 billion in FY2023, with our Profit Before Tax ("PBT") falling from RM213.52 million to RM34.54 million. This is inclusive of a one-off impairment loss and write-off of plant and machinery amounting to RM35.38 million and RM5.33 million respectively, incurred due to our decision to decommission four of our ageing production plant excluding which we remained marginally profitable at an operational level.

More positively, we retain a strong balance sheet with total assets of RM4.20 billion and total equity of RM3.86 billion, ensuring our firm financial footing and providing us with the funds to capitalise on suitable growth opportunities as they arise.

### Segmental Performance Review

Our business segments comprise the Gloves division, the Technical Rubber Products ("TRP") division and Cleanroom division. The respective contributions of each division to our Group-wide financial performance are as follows:

#### Gloves Division

Our Gloves division is the largest contributor to our business in terms of revenue, leveraging a strong network to export to key markets around the world including North America, Europe and the Asia-Pacific region.

In 2023, the division delivered revenue of RM1.29 billion, a 35.73% decrease compared to the year before, and sustained a segment loss of RM38.41 million, compared to a segment profit of RM141.65 million in the preceding year. This was driven by lower sales volume, lower ASPs and higher natural gas costs across the year. The division's performance was also impacted by the one-off impairment due to the decommissioning of four of our plants and written off of plant and machinery as detailed above.

#### Technical Rubber Products Division

Our TRP division manufactures and distributes high technical engineered rubber products that are used to meet specialised applications across the infrastructure, automotive and other sectors, exporting to customers in North America, South America, Australia and the Asia-Pacific region.

Buoyed by the rebound in large-scale infrastructure projects, the division secured an increased revenue of RM204.59 million – a 3.85% increase – in FY2023 while registering a commendable 67.72% rise in segment profit to RM33.65 million thanks to its manufacturing of higher-margin products for the infrastructure sector.

#### Cleanroom Division

Our Cleanroom division produces and distributes cleanroom gloves, face masks and wipes that meet the high hygiene, barrier and compliance standards of precision industries, primarily serving the electrical and electronics industry but also boasting a clientele in healthcare.

Mirroring the trend seen in the gloves market, the division suffered from lower ASPs during the year under review, leading to a decrease in revenue from RM145.16 million to RM100.06 million and a 41.85% decrease in segment profit, from RM5.55 million to RM3.23 million.

#### Our Competitive Edge

Our focus lies in developing new axes of strength where we may possess a key advantage over our competitors. One such area is the quality and variety of our products. We leverage on our expertise in achieving compliance with rigorous standards, deliver assurance of protection and quality with relevant certifications in our product ecosystem, and leading sustainability initiatives in our governance and systems. We also diversify our product portfolios, tailored with industry-specific functionalities to cater to the broader range of market needs.

We have launched our Low Derma™ range product with High Chemical Resistant Nitrile gloves that comply with the European Union Personal Protective Equipment Regulation (PPER) Category III Type A claim for chemical resistance and EN421 standards for protection against radioactive contamination. Additionally, we have introduced medium and heavy-duty industrial single-use nitrile gloves designed

## Management Discussion and Analysis (Cont'd)

for applications in food processing, industrial safety, chemical handling and automotive use. Both of our newly launched products utilised our patented Low Derma™ formula, benefiting users with featured protection against potential skin sensitivity issues that may arise from regular nitrile gloves.

We continue to explore new markets and global opportunities to expand our cleanroom market space with our in-house brands. We are confident that the Low Derma™ clean technology to be our engine for future growth providing wider products diversification across the many cleanroom segments and applications that served specialised needs.

These achievements reflect our broader strategy of developing products and solutions that meet niche industry applications.

### Using Less to do More

In our competitive market landscape, operational efficiency has become an imperative. With large-scale players that can capitalise on larger factories and greater economies of scale, it is essential that we stay attuned to potential strategies and approaches that can give us an edge.

Operational efficiencies start with our inputs, which includes energy. In 2023, we installed an energy management system across our plants, providing decision-makers with real-time data on how and where energy is consumed across our business processes. With this enhanced visibility, we are now able to make better decisions on energy distribution and allocation, as well as integrate automation technologies that can drive further cost and energy savings.

In complement, our Enterprise Resource Planning (“ERP”) system continues to be a vital resource, providing us with a centralised view of our end-to-end business activities, from sourcing to distribution. The system enables us to channel our focus towards our most efficient and effective processes, and to isolate processes where further efficiency gains can be realised, thus empowering a proactive, continual approach to operational improvement.

In 2023, these systems, alongside the automation, robotics and other digital technologies we have installed, helped drive a significant improvement to resource and energy usage while also securing significant cost savings that directly impacted our margin and level of competitiveness.

Beyond individual technologies and systems, we are also driving the long-term transformation of our production lines. Through the decommissioning of four of our ageing production plant, we have freed up funds to invest in the modernisation of our existing plants. Our plan is to equip these plants with advanced machinery for the manufacturing of highly specialised products, enabling us to capitalise on growth opportunities once the market stabilises.

### REVIEW OF SEGMENTAL PERFORMANCE

#### GLOVES DIVISION

Revenue  
**RM1.29 billion**

FY2022:  
RM2.00 billion

#### TECHNICAL RUBBER PRODUCTS DIVISION

Revenue  
**RM204.59 million**

FY2022:  
RM197.01 million

#### CLEANROOM DIVISION

Revenue  
**RM100.06 million**

FY2022:  
RM145.16 million

### Moving Towards Sustainable Success

Delivering long-term sustainable growth has always been at the forefront of our minds and practices. Coupled with our technologies that have helped us become leaner and more cost-efficient, we believe we can gain an even more compelling, and lasting, competitive advantage by building a reputation as a sustainable and responsible organisation.

As a founding member of the Responsible Glove Alliance (“RGA”), we continue to be committed in responsible recruitment and employment practices across our supply chain. The RGA is a collaborative initiative between glove buyers and suppliers aiming to prevent, identify and remediate forced labour in the industry.

Within the context of responsible manufacturing, we are pleased to report that all of our glove plants have earned the

## Management Discussion and Analysis (Cont'd)

GOLD Certificate of Compliance from Worldwide Responsible Accredited Production ("WRAP"), a globally recognised audit and certification program. WRAP's 12 Principles encompass clear expectations in employment practices, workplace health and safety, environmental practices and legal compliance. As such, our certification recognised our efforts in ethical and sustainable glove manufacturing.

In totality, the firm actions we are taking on sustainability have positioned us as a trustworthy organisation in the industry, giving us a strong advantage in the portfolio of our existing clients and new business.

### Receiving Awards and Accolades

During FY2023, we received a range of respected awards and recognition that validate the strong progress we are making on sustainability, talent development and operational excellence.

In particular, Asia Corporate Excellence & Sustainability ("ACES") Awards 2023 awarded us the Green Initiative Award recognising our sustainability efforts in embracing innovative solutions for environment conservation.

Reflecting our commitment to attracting and retaining graduate talents, we were honoured by the Graduates' Choice Award 2023 as one of Malaysia's Most Preferred Graduate Employers to Work For in the Manufacturing (Rubber) category. Winners were selected based on the votes casted by over 1,250,000 university students across the nation.

Our dedication to operational excellence fronts continues to yield positive results, as evidenced by our receipt of the General Motors' Supplier Quality Excellence Award for the fourth consecutive year in 2023. This achievement reflects the strong relationship we have cultivated with this key client through our consistent delivery of quality solutions and our continuous pursuit of improvement.

Last but not least, our subsidiary, Ideal Quality Sdn. Bhd., was honoured by the Selangor Investors Appreciation Awards for The Highest Investment in Selangor by a Domestic Company in 2022, validating our focus and contributions on driving sustainable economic development in our home state.

### Outlook

While we execute proactive investments in technology, sustainability and operational excellence, we must also recognise the reality of a glove market that will remain challenging over the short-term.

With the existing supply-demand imbalance unlikely to correct soon and the market undergoing consolidation and capacity rationalisation, we expect that ASPs will remain relatively low

during FY2024. In response, we will continue to focus our energies on driving cost-efficiencies through the targeted implementation of automation and digital solutions, continuous human resources training and robust management system, which will enable us to reduce our production costs and overcome existing manpower challenges. We will also strive to take further steps on our sustainability journey, conscious that social and environmental responsibility is increasingly becoming a core consideration in the minds of our customers.

Looking further into the future, the long-term outlook for glove demand remains optimistic, driven by increasingly stringent compliance standards and heightened hygiene awareness – particularly in Asia and the Middle East – in both the medical and industrial sectors, and our forward-thinking investments position us strongly to capitalise. On an equally positive note, our TRP division stands to benefit from the expected recovery in global economic conditions, which will drive an uptick in infrastructure spending and create greater demand for the specialised products that we offer.

At the same time, our research and development activities will continue apace with the goal of developing specialised products and solutions that meet niche market demands. We will continue to seek out mutually beneficial collaborations that allow us to develop specialised solutions and exploit new growth opportunities.

### Acknowledgements

During the difficulties of the past two years, the strength and fortitude of our valued employees has truly come to the fore. They have harnessed innovative minds and tireless strides to keep us on track towards our goals as a company, and I owe them a sincere thank you for all their efforts.

At the same time, we have been grateful for the continued faith of our shareholders and business partners. Thank you for continuing to believe in our vision for KOSSAN – a vision that we are working hard to turn into reality.

I would also like to recognise the tireless contributions of our management team and Board of Directors, whom I rely upon for astute vision and a laser-eyed focus on improvement. Together, we have managed to weather the challenges that have come our way while also moving forward on improvements that will lay the groundwork for future success. Thank you for everything you do.

As a united team, we are turning the tide on recent turbulence and turning a page towards a better, brighter and more sustainable future ahead. Thank you for embarking on this journey with us.

### Tan Sri Dato' Lim Kuang Sia

Group Managing Director/Chief Executive Officer

# Our Value Creation Model



## FINANCIAL CAPITAL

The funds we use to carry out business activities and pursue growth opportunities.



## MANUFACTURED CAPITAL

The physical infrastructure we use to carry out production activities, including our plants and equipment.



## HUMAN CAPITAL

Our experienced workforce and the competencies, skills and knowledge they use to create value for the Group and our stakeholders.



## INTELLECTUAL CAPITAL

Our established systems and processes, intellectual property and collective know-how.



## SOCIAL AND RELATIONSHIP CAPITAL

The collaborative, trust-based relationships we have nurtured with our stakeholders.



## NATURAL CAPITAL

The natural resources we use to produce our goods, and the processes we have adopted to reduce our environmental impact.

## KEY INPUTS



- Strong financial track record.
- Effective balance sheet management.
- Net cash position.



- Fully equipped, technologically advanced manufacturing plants across Malaysia.
- Efficient production capabilities for gloves, technical rubber products and cleanroom products.



- Experienced Board and Management with diversified industry and corporate knowledge.
- Ingrained, ISO-compliant processes for workplace safety.
- Comprehensive in-house human rights governance practices.
- In-house training centre and wellness centre.

## INITIATIVES

## MARKET TRENDS\*



- Developing products for specialised applications that offer higher margins.
- Exploring new growth opportunities in emerging markets.
- Undertaking strategic cost optimisation initiatives.
- Implementing an auto dosing system to enhance efficiency in the chemical dosing process.
- Leveraging Enterprise Resource Planning system to drive operational efficiency.
- Progressively digitising our manufacturing processes.
- Driving employees' learning and development through tailored and role-specific training programmes.
- Delivering impactful programmes to enhance our employees' physical and mental health.
- Safeguarding our employees through comprehensive occupational health and safety processes.

\*Notes:

For more information on our Market Trends, please refer page 8 of this IAR.

For more information on our Risks and Opportunities, please refer to pages 28 to 35 of this IAR.

## Our Value Creation Mode (Cont'd)



- More than 30 years of experience in glove production.
- Experienced and specialised research and development ("R&D") team trained in advanced analytical and testing techniques.
- In-house R&D Centre and independent testing laboratory.
- In-house Quality Assurance Department.



- Strong, collaborative relationships with our customers and suppliers.
- Yayasan Kossan ("YK"), our foundation for community development.
- Longstanding partnerships with NGOs, schools and other community-based organisations.



- Group-wide Environmental Management System and Environmental Policy.
- Systematic practices across waste, water, energy and emission management.

### RISKS AND OPPORTUNITIES\*



- Digitising and automating our processes.
- Introduced 270 e-Learning modules.
- Building competitive edge through patented products and processes.
- Supports responsible Forestry and is committed to sustainable sourcing to European Union countries complying to the European Union Deforestation-free Regulation (EUDR).
- Rolled out the Greening Value Chain ("GVC") programme.
- Continue to promote responsible practices across the industry as a member of the Responsible Glove Alliance ("RGA").
- Conducted community-based events through YK.
- Launched YK Digital Aid, programme to distribute hands-me-down digital devices.
- Adopting carbon accounting system to calculate and manage our carbon footprint.
- Implementing energy efficiency initiatives.
- Installing an additional 1.14MWp in solar energy capacity.

### OUTCOMES



- Revenue: RM1.59 billion
- Profit Before Tax: RM34.54 million
- Total assets: RM4.20 billion
- Shareholders' equity: RM3.84 billion
- Total Dividend payout per share = 4.0 sen (for FY2023).
  - Interim dividend: 2.0 sen per share (paid on 8 April 2024).
  - Proposed final dividend: 2.0 sen per share (subject to shareholders' approval at the forthcoming Annual General Meeting).



- Increased operational efficiency of our production activities.
- Gained clear oversight of our manufacturing processes in order to carry out streamlining in future.



- 122,392 training hours with an average of 20.9 hours per employee.
- 96% of our plants are certified with ISO 45001: 2018 for occupational health and safety management systems.
- Zero work-related fatalities.



- Launched our Low Derma™ range products of High Chemical Resistant nitrile gloves and medium and heavy-duty industrial single-use nitrile gloves.
- 54 patents granted in 15 countries to-date.
- Obtained the Forest Stewardship Council (FSC) Chain of Custody certification.



- Awarded the Malaysia Book of Records for the GVC programme.
- Invested more than RM575,000 in community development, impacting the lives of 21,368 beneficiaries.



- 78% of our plants are certified with ISO 14001: 2015 for environmental management systems.
- 11% reduction in Gloves Division's Scope 1 and 2 emissions intensity compare to FY2022.
- 94.5% of our packaging sourced from recycled or recyclable materials.
- Total installed solar energy capacity increased by 36% to 4.3MWp.
- 13.5% of water used derived from reclaimed water sources.
- 19% reduction in Gloves Division water consumption intensity compared to FY2022.
- Planted 1,201 trees under the Low Derma #Staylow programme to-date.
- Included as constituents in the FTSE4Good Bursa Malaysia Index and FTSE4Good Bursa Malaysia Shariah Index.

# About this Sustainability Statement

We are pleased to present our annual Sustainability Statement, covering the Environmental, Social and Governance (“ESG”) efforts and performance of Kossan Rubber Industries Berhad (“KOSSAN” or “the Group”) during the year ended 31 December 2023 (“FY2023”).

## Reporting Scope & Boundaries

KOSSAN is one of Southeast Asia’s leading conglomerates and is listed on the Main Market of Bursa Malaysia Securities Berhad (“Bursa Malaysia”). The Group is headquartered in Selangor, Malaysia.

The scope of this Statement covers KOSSAN’s Gloves and Technical Rubber Products (“TRP”) divisions, the core operations of which are both located in Malaysia and over which the Group has direct management control. These two divisions collectively contributed 94% of the Group’s revenue in FY2023.

## Reporting Period & Cycle

The reporting period of this Statement is from 1 January 2023 to 31 December 2023, unless stated otherwise. Our Sustainability Statement is issued on an annual basis and our last Statement was published in April 2023.

## Reporting Alignment

**This Statement has been prepared in accordance with the following standards and guidelines:**

- Bursa Malaysia Main Market Listing Requirements
- Bursa Malaysia Main Market Listing Requirements (Enhanced Sustainability Reporting Requirements: Annexure A Practice Note 9)
- Bursa Malaysia Sustainability Reporting Guide (3rd edition)
- Malaysian Code on Corporate Governance 2021
- The Global Reporting Initiative (“GRI”) Standards

## It is also aligned with or referenced to:

- The International Integrated Reporting Framework (“IIRF”) principles
- The United Nations Sustainable Development Goals (“UN SDGs”)
- The Greenhouse Gas Protocol (“GHG Protocol”)
- ESG rating tools (FTSE Russell ESG Ratings, Morgan Stanley Capital International (“MSCI”) ESG Rating, S&P Global Corporate Sustainability Assessment (“CSA”), CDP guidance documents, EcoVadis ratings)

## Assurance

### External Assurance

We recognise the value of independent verification in ensuring the accuracy and integrity of this Statement. For our sustainability disclosures, we have sought external assurance for the reporting year from KPMG PLT. This exercise was conducted in accordance with Malaysian Approved Standard on Assurance Engagements ISAE 3000 (Revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information for selected key performance indicators (“KPIs”). The Limited Assurance Report is available within this report from pages 94 to 96.

### Internal Assurance

To ensure the accuracy and integrity of our disclosures, the Internal Audit Department has reviewed selected indicators in this statement and has been approved by the Audit Committee.

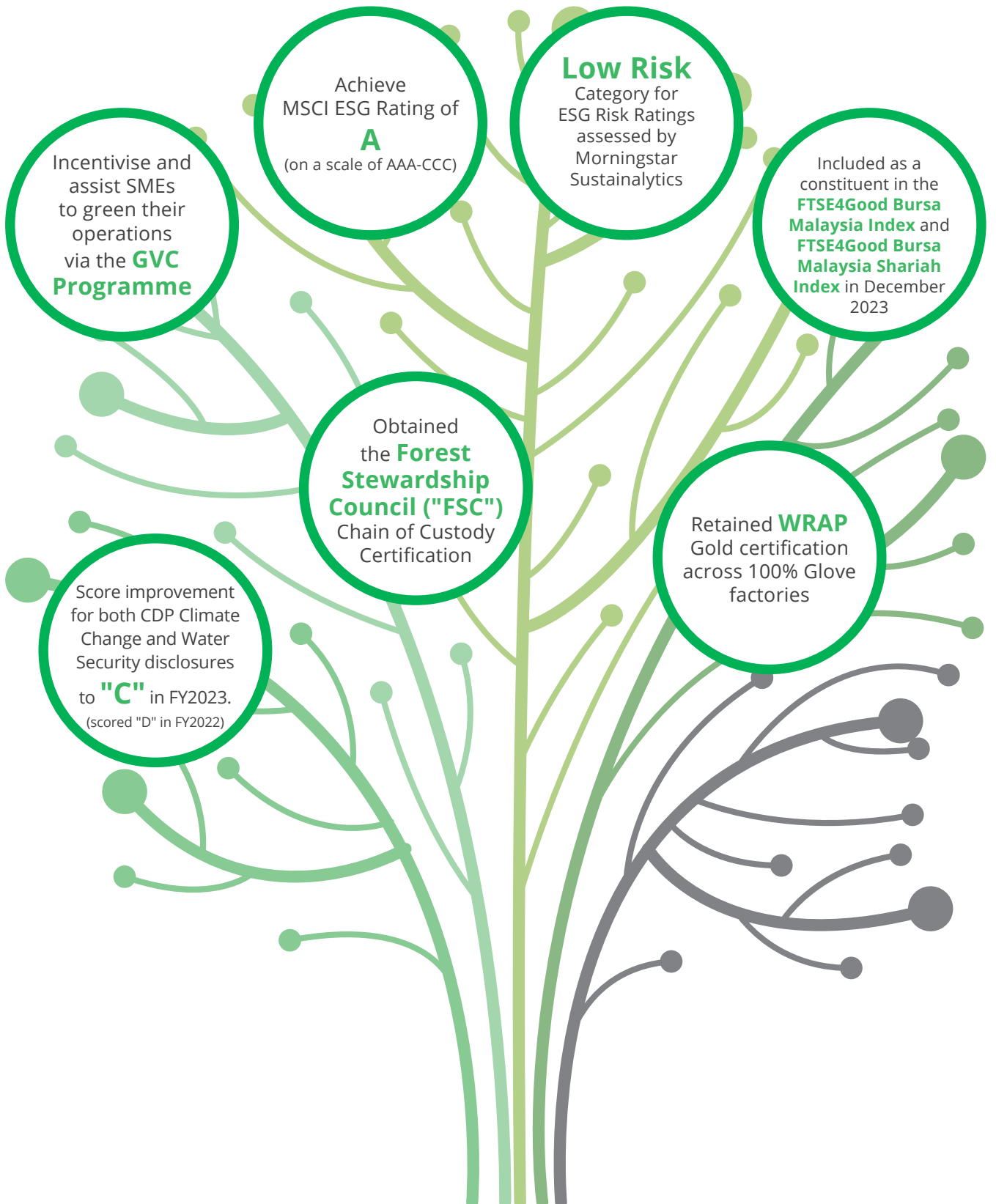
The selected indicators are:

- Anti-corruption [C1(a), C1(b) & C1(c)]
- Diversity [C3(a) & C3(b)]
- Labour practices and standards [C6(a), C6(b), C6(c) & C6(d)]
- Water [C9(a)]

## Statement Availability & Feedback

This Statement is available on our website. As part of our commitment to continuous improvement, we welcome any comments, questions or suggestions related to this Statement, which may be directed to our Sustainability Department at [sustainability@kossan.com.my](mailto:sustainability@kossan.com.my).

# 2023 Key Sustainability Highlights & Achievements



# Our Approach to Sustainability

## Our Sustainability Journey

Over the past eight years, we have progressively embedded sustainability across our processes, thinking and actions, strengthening our commitment to the creation of shared value between our business and the communities and natural environments that we interact with.

### 2016 – 2020

#### Adopting Compliance-based Reporting

- Adopted annual sustainability reporting based on Bursa Malaysia's Sustainability Reporting Guide
- Engaged an external consultant to create the KOSSAN Sustainability Framework

### 2021

#### Building our Capacity

- Took steps to enhance our data collection and reporting processes, aided by the identification of areas of improvement in our approach to sustainability
- Started tracking carbon emissions data across select business units and products to enhance our sustainability reporting

### 2022

#### Putting Frameworks and Formal Processes in Place

- Reviewed and upgraded the KOSSAN Sustainability Policy and Framework
- Established the KOSSAN Sustainability Committee
- Identified key focus areas and established sustainability initiatives based on key prioritised areas and periodic reporting
- Took steps to empower our people and improve our processes on sustainability
- Established a Group-wide carbon accounting mechanism while enhancing data collection and disclosure of Scope 1, 2 and 3 emissions

### 2023 - 2024

#### Driving Transformation and Closer Business Integration

- Launched the KOSSAN Sustainability Strategy and Blueprint
- Improved our sustainability reporting mechanism through enhanced tracking and monitoring processes
- Establishing the KOSSAN Sustainability Centre of Excellence ("KSCE") to drive the adoption of best practices across our business
- Introducing sustainability-related KPIs to incentivise positive impact creation amongst management-level employees
- Aligning with the recommendations of the Task Force on Climate-related Financial Disclosures ("TCFD Recommendations")

## Our Approach to Sustainability (Cont'd)

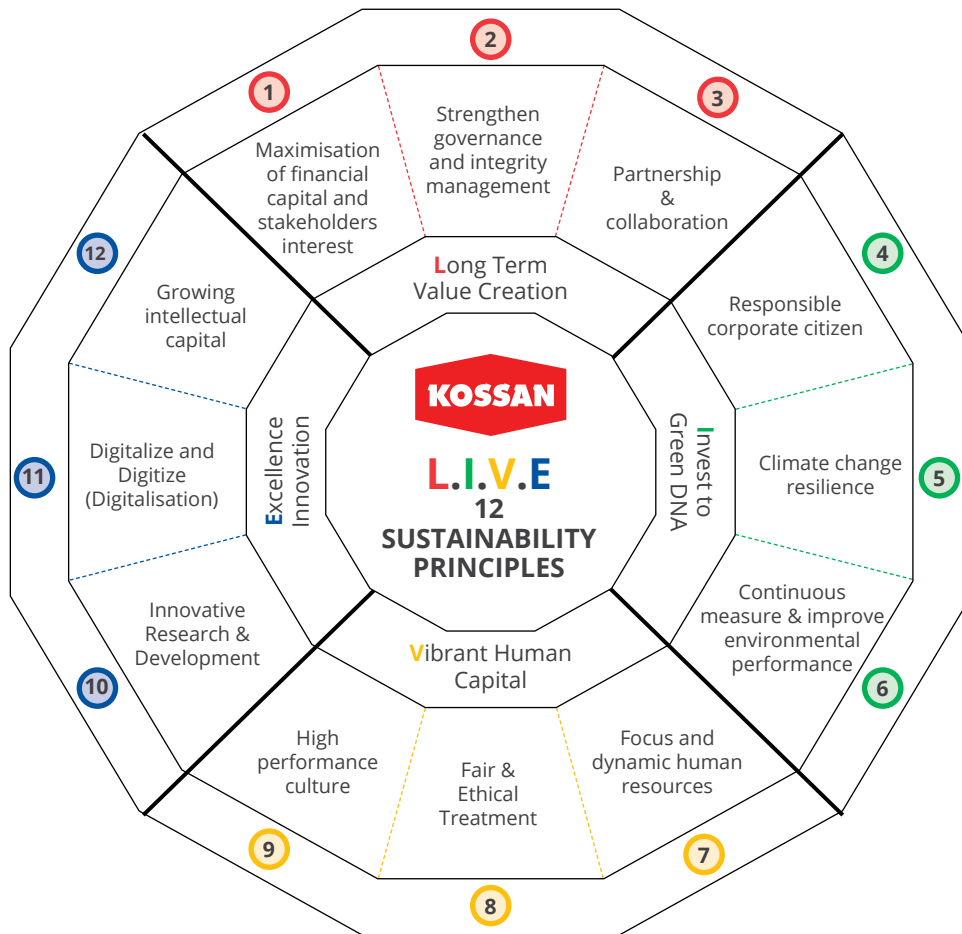
### EMBEDDING SUSTAINABILITY IN OUR BUSINESS PROCESSES

Sustainability has always been deeply ingrained in our DNA. In looking ever forward to the future, we strive to strike a harmonious equilibrium between the imperatives of economic growth, societal well-being and environmental preservation.

This aspiration is reflected in our comprehensive Sustainability Framework, which enshrines our dedication to “Creating Shared Values Through Sustainable Ecosystem” via our L.I.V.E 12 Sustainability Principles. Collectively, these principles detail the outcomes we seek to achieve, empowering us to ensure ongoing compliance and maximise positive impact while remaining true to our values.

The 12 principles, in turn, sit under four key pillars, which were determined via a thorough analysis of various factors including our business model, geographic locations, existing and emerging ESG issues and trends, and the perspectives of our diverse stakeholders.

By aligning high-level strategic objectives to specific, measurable goals and targets, the framework serves as a guide for our people in driving impact, uniting us behind a shared vision of what a sustainable future looks like at KOSSAN, as expressed by our three desired outcomes.



### DESIRED OUTCOME



#### ENVIRONMENT

Protecting environment and preserve green ecosystem for future generations



#### SOCIAL

Responsible corporate citizen fostering values through accountable actions



#### GOVERNANCE

Uphold highest standard of governance practices and ensure compliance to laws and regulations to preserve the integrity of our brand and reputation

## Our Approach to Sustainability (Cont'd)

As new policies, trends and technological developments emerge, and the needs of our stakeholders change, our framework will evolve in step. At the same time, we will continue to provide regular updates on our progress, achievements and obstacles in driving sustainable impact via our annual sustainability reporting.

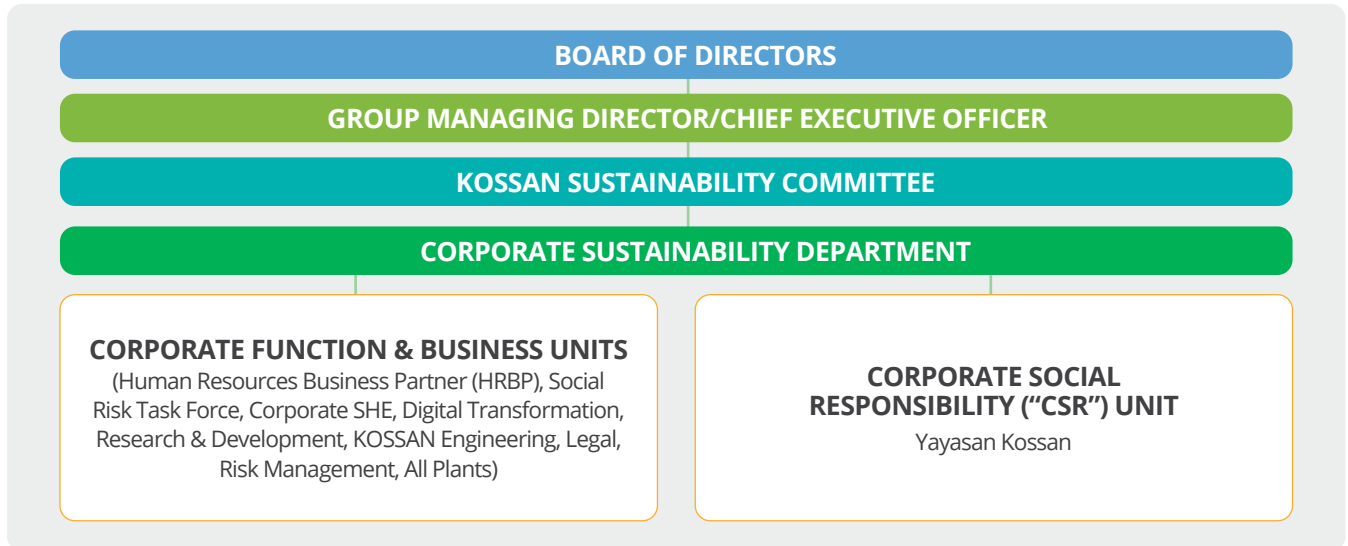
In FY2023, we attained the following outcomes under each of our **L.I.V.E** 12 Sustainability Principles:

KOSSAN Sustainability Principles	Strategy	Outcomes
<b>Pillar 1: Long Term Value Creation</b> <span style="float: right; border: 1px solid black; border-radius: 50%; padding: 2px 5px;">L</span>		
Maximisation of Financial Capital and Stakeholders' Interest	Consistently achieve our economic performance targets	<ul style="list-style-type: none"> <li>Revenue: RM1.59 billion</li> <li>Profit Before Tax: RM34.54 million</li> </ul>
Strengthen Governance and Integrity Management	Uphold the highest integrity standards while maintaining compliance with rules and regulations and adhering to our zero-tolerance policy towards bribery and corruption	<ul style="list-style-type: none"> <li>Maintained zero reported cases of bribery and corruption for FY2023</li> </ul>
Partnership & Collaboration	Drive internal and external collaborations towards creating and sharing good values and best practices	<ul style="list-style-type: none"> <li>Maintained a high customer satisfaction rate of 94% in FY2023</li> <li>Rolled out the Greening Value Chain ("GVC") Programme and achieved 34% participation rate from selected SME suppliers.</li> </ul>
<b>Pillar 2: Invest to Green DNA</b> <span style="float: right; border: 1px solid black; border-radius: 50%; padding: 2px 5px;">I</span>		
Responsible Corporate Citizen	Produce sustainable and eco-friendly products that minimise harm to the environment, biodiversity and local communities	<ul style="list-style-type: none"> <li>94.5% of packaging sourced from recycled or recyclable materials.</li> <li>78% of our plants are ISO14001 certified</li> <li>Planted 1,201 trees under the Low Derma #Staylow programme to date</li> </ul>
Climate Change Resilience	Drive our readiness to achieve carbon neutrality	<ul style="list-style-type: none"> <li>11% reduction in Glove Division's Scope 1 and 2 emission intensity compare to FY2022.</li> <li>Increased solar energy capacity by 36% to 4.3MWp</li> <li>19% reduction in Gloves Division's water consumption intensity compared to FY2022</li> <li>58% of waste generated was recycled and diverted from going to landfill</li> </ul>
Continuously Measure and Improve Environmental Performance	Deliver high performance levels in environmental stewardship	<ul style="list-style-type: none"> <li>CDP Climate Change and Water Security disclosures score improved from 'D' to 'C' in FY2023.</li> </ul>
<b>Pillar 3: Vibrant Human Capital</b> <span style="float: right; border: 1px solid black; border-radius: 50%; padding: 2px 5px;">V</span>		
Focused and Dynamic Human Resources	Nurture a work culture that drives high performance levels and embraces diversity, translating into positive results	<ul style="list-style-type: none"> <li>Workforce Breakdown: 77% Male; 23% Female</li> <li>100% return to work rates for employees who take parental leave</li> </ul>
Fair & Ethical Treatment	Be a responsible and caring employer	<ul style="list-style-type: none"> <li>100% of glove factories are WRAP GOLD certified.</li> <li>96% of our plants are ISO45001 certified.</li> <li>Maintain zero work-related fatalities.</li> </ul>
High Performance Culture	Nurture high performing employees who align with our vision and mission	<ul style="list-style-type: none"> <li>Recorded 20.9 average training hours per employee in FY2023 compared to 18.9 hours in FY2022</li> </ul>
<b>Pillar 4: Excellence Innovation</b> <span style="float: right; border: 1px solid black; border-radius: 50%; padding: 2px 5px;">E</span>		
Innovative Research & Development	Leverage new competitive advantages to lead the market in the right direction	<ul style="list-style-type: none"> <li>Launched High Chemical Resistant nitrile gloves, which offer enhanced protection against radioactive contamination.</li> <li>Launched medium and heavy-duty industrial single-use nitrile gloves with wide-ranging applications across industries.</li> <li>Obtained the Forest Stewardship Council ("FSC") Chain of Custody Certification</li> </ul>
Digitalise and Digitise (Digitalisation)	Drive transformation to create excellent strategies that meet industrial revolution demands	<ul style="list-style-type: none"> <li>Digitalising stand-alone operating system into an integrated monitoring system</li> <li>Implemented a cloud-base system to monitor and review environmental performance</li> <li>Implemented auto-dosing system</li> </ul>
Growing Intellectual Capital	Strengthening and protecting our intangible values	<ul style="list-style-type: none"> <li>54 patents in 15 countries to date</li> <li>171 product trademarks to date</li> </ul>

## Our Approach to Sustainability (Cont'd)

### SUSTAINABILITY GOVERNANCE

To drive progress against our sustainability aspirations, we have implemented a structured governance framework that clearly defines the roles and responsibilities of key parties within the Group. The structure reflects our belief that sustainability should be ingrained at and led from the highest levels in order to create lasting impact.



#### BOARD OF DIRECTORS ("BOARD")

- Deliberating on and approving our sustainability strategy and pathway
- Overseeing the implementation of our sustainability strategy and performance against set targets

#### GROUP MANAGING DIRECTOR / CHIEF EXECUTIVE OFFICER ("GROUP MD/CEO")

- Leading the formulation of sustainability strategies, priorities and targets
- Ensuring that sustainability is fully considered in the decision-making process

#### KOSSAN SUSTAINABILITY COMMITTEE ("KSC") (CONSIST OF EXECUTIVE DIRECTORS OF THE GROUP)

- Managing sustainability risks and opportunities
- Overseeing the implementation of sustainability strategies
- Providing input and direction as necessary on sustainability-related matters

#### CORPORATE SUSTAINABILITY DEPARTMENT ("CS")

- Supporting the KSC in embedding sustainability within business operations by identifying existing gaps and coordinating with heads of departments to develop and implement suitable remediation measures
- Monitoring the development and implementation of sustainability initiatives
- Leading the materiality assessment and stakeholder engagement processes
- Monitoring sustainability trends and sustainability risks and opportunities

#### CORPORATE FUNCTION, BUSINESS UNITS & CSR UNIT

To ensure effective sustainability-related communication and efficient data collection, we have appointed Sustainability Champions within our corporate function, our various business units and our CSR unit – Yayasan Kossan. These champions play a crucial role in executing sustainability initiatives and are also empowered to identify process improvement opportunities and drive process reengineering initiatives that align with our Sustainability Action Plan, thus enabling us to accelerate our sustainability progress even further.

## Our Approach to Sustainability (Cont'd)

### ENGAGING OUR STAKEHOLDERS

Our approach to sustainability and business as a whole is guided by the input of our stakeholders, who are defined as individuals or groups whose interests are impacted or potentially impacted by our activities. By listening closely to their input, we gain a clear picture of the positive and negative ramifications that our operations have on them. This enables us to develop strategies and initiatives that create shared value, reinforcing our social legitimacy and positioning ourselves for long-term prosperity.



#### EMPLOYEES

##### Why They Are Important

The well-being and continuous professional development of our employees is crucial to maximising productivity, driving innovation and maximising our growth potential.

##### Key Areas of Concern

- Remuneration and benefits
- Career development and training opportunities
- Work-life balance
- Career advancement
- Occupational safety, health and wellbeing
- Healthy and conducive workplace environment
- Human rights and fair labour practices

##### Engagement Method & Frequency

- Employee engagement survey
- Performance appraisal
- Volunteer programmes
- Recreational events
- Wellness programmes
- Company intranet

##### Our Response

- Providing competitive remuneration and benefits
- Availing employees of health and wellness talks and programmes
- Strengthening workplace safety measures
- Providing employees with training and upskilling programmes
- Upholding zero tolerance for discrimination by race, religion, gender, age, disability, culture, social origin, cast, sexual orientation, marital status, political opinions etc.
- Respecting and protecting human rights and labour rights

##### Link to Material Matters

- Human Rights & Labour Practices
- Diversity & Inclusivity
- Workplace Safety
- Health & Wellness
- People Development
- Cyber Security & Data Privacy



#### CUSTOMERS

##### Why They Are Important

Understanding the changing needs and concerns of our customers enables us to foster strong, lasting relationships and develop purpose-fit products and solutions, increasing our long-term economic potential.

##### Key Areas of Concern

- Product and service quality and timely delivery
- Pricing
- Human rights and labour practices
- Sustainability efforts
- Ethical business conduct
- Data privacy

##### Engagement Method & Frequency

- Corporate announcements
- Media announcements
- General meetings
- Company website
- Trade shows
- Customer satisfaction survey
- Social compliance audits

##### Our Response

- Ensuring high product quality
- Practising strategic pricing
- Upholding both human rights and labour rights
- Continuously enhancing ESG practices and widening implementation
- Adhering to our Social Compliance Policy and undertaking audits of our compliance to the policy
- Upholding zero tolerance towards bribery and corruption
- Rigorously protecting customer data

##### Link to Material Matters

- Product Quality & Safety
- Ethical Business
- Partnership & Collaboration
- Cyber Security & Data Privacy
- Environmental Compliance
- Combating Climate Change
- Waste Management
- Water and Effluents Management
- Human Rights & Labour Practices
- Workplace Safety

#### ENGAGEMENT FREQUENCY

● As needed

● Ongoing

● Annually

## Our Approach to Sustainability (Cont'd)



### SUPPLIERS/ VENDORS

#### Why They Are Important

Our suppliers and vendors play a crucial role in ensuring the uninterrupted flow of materials and services required for the seamless operation of our businesses. By fostering strong relationships with them, we are better able to meet the demands of our customers and drive our long-term growth as a business.

#### Key Areas of Concern

- Payment terms
- Contract terms and conditions
- Business continuity
- Product specifications and quality expectations
- Ethical business practices

#### Engagement Method & Frequency

- Meetings and briefings
- Social compliance audits

#### Our Response

- Ensuring our suppliers and vendors understand our business needs and quality expectations
- Clearly communicating our stance on integrity, labour and human rights, inclusivity, health and safety, and environmental protection
- Clearly communicating and driving enforcement of our Vendor Code of Conduct
- Availing our suppliers of resources to drive their decarbonisation journey through the Greening Value Chain ("GVC") programme

#### Link to Material Matters

- Ethical Business
- Partnership & Collaboration
- Product Quality & Safety
- Cyber Security & Data Privacy
- Combating Climate Change
- Human Rights & Labour Practices



### SHAREHOLDERS, INVESTORS, ANALYSTS & BANKERS

#### Why They Are Important

Fostering the trust and confidence of our shareholders, investors, analysts and bankers enables us to secure the financial capital that powers our expansion and growth.

#### Key Areas of Concern

- Financial performance and growth prospects
- Dividends
- Compliance to regulatory requirements
- Sustainability efforts
- Good governance and ethical business
- Human rights and fair labour practices

#### Engagement Method & Frequency

- General meetings
- Financial reporting
- Annual report
- Corporate announcements
- Investor conference & analyst briefings
- Media release and interview
- Company website

#### Our Response

- Providing timely updates on our performance
- Maintaining a dividend policy that prioritises shareholder rewards
- Upholding good governance practices and policies
- Continuously enhancing ESG practices and widening implementation
- Investing in automation and digitalisation

#### Link to Material Matters

- Ethical Business
- Product Quality & Safety
- Environmental Compliance
- Combating Climate Change
- Human Rights & Labour Practices
- Workplace Safety
- Diversity & Inclusivity
- Partnership & Collaboration

#### ENGAGEMENT FREQUENCY

- As needed
- Ongoing
- Annually

## Our Approach to Sustainability (Cont'd)



### AUTHORITIES & REGULATORS

#### Why They Are Important

By maintaining strong relationships with authorities and regulators, we remain abreast of regulatory changes, enabling us to proactively adapt and minimise risks associated with non-compliance.

#### Key Areas of Concern

- Adherence to regulatory requirements
- Adherence to government policies
- Record in economic performance and job creation
- Record in addressing key environmental and labour issues

#### Engagement Method & Frequency

- General meetings
- Industry associations meetings
- Reporting on regulatory requirements and compliance
- Site inspections and visits
- Correspondences

#### Our Response

- Maintaining stringent compliance to applicable local and international laws, legislation and standards
- Integrating ESG within our business
- Advocating for ESG integration across our supply chain

#### Link to Material Matters

- Ethical Business
- Environmental Compliance
- Waste Management
- Water and Effluents Management
- Human Rights & Labour Practices
- Diversity & Inclusivity
- Workplace Safety
- Health & Wellness



### PRESSURE GROUPS/NGOS

#### Why They Are Important

By maintaining strong relationships with pressure groups and non-governmental organisations ("NGOs"), we are able to stay abreast of socio-economic and environmental changes, leading to the creation of initiatives that deliver shared value for our business and local communities.

#### Key Areas of Concern

- Human rights and fair labour practices
- Environmental impact

#### Engagement Method & Frequency

- Correspondences

#### Our Response

- Upholding zero tolerance for discrimination by race, religion, gender, age, disability, culture, social origin, cast, sexual orientation, marital status, political opinions etc.
- Upholding human rights and labour rights
- Maintaining our Zero Cost Recruitment Policy
- Providing access to a third party grievance mechanism
- Integrating ESG within our business
- Advocating for ESG integration across our supply chain

#### Link to Material Matters

- Combating Climate Change
- Human Rights & Labour Practices
- Diversity & Inclusivity
- Workplace Safety
- Partnership & Collaboration



### LOCAL COMMUNITIES & SOCIETY

#### Why They Are Important

As a leading conglomerate, we have a responsibility to take the lead in driving positive social and economic impact for local communities, whether through environmental protection, community investments or the employment opportunities we provide.

#### Key Areas of Concern

- Economic well-being of local communities
- Employment opportunities provided to members of local communities
- Environmental impact of business activities

#### Engagement Method & Frequency

- Corporate social responsibility programmes
- Company website
- Local council meetings

#### Our Response

- Driving community development through financial assistance, charity programmes and the sponsorship of relevant initiatives through Yayasan Kossan
- Providing employment and career development opportunities to Malaysians

#### Link to Material Matters

- Community Welfare
- Waste Management
- Water and Effluents Management

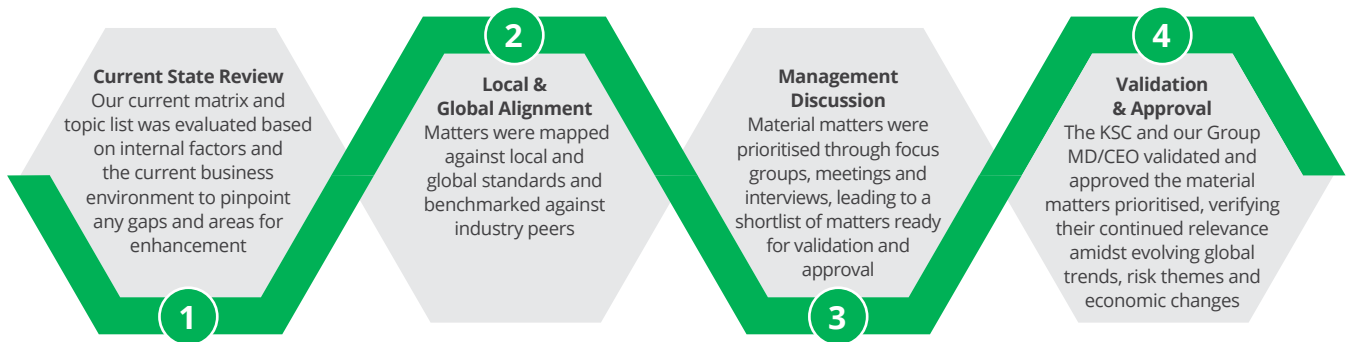
## Our Approach to Sustainability (Cont'd)

### SUSTAINABILITY MATERIAL MATTERS

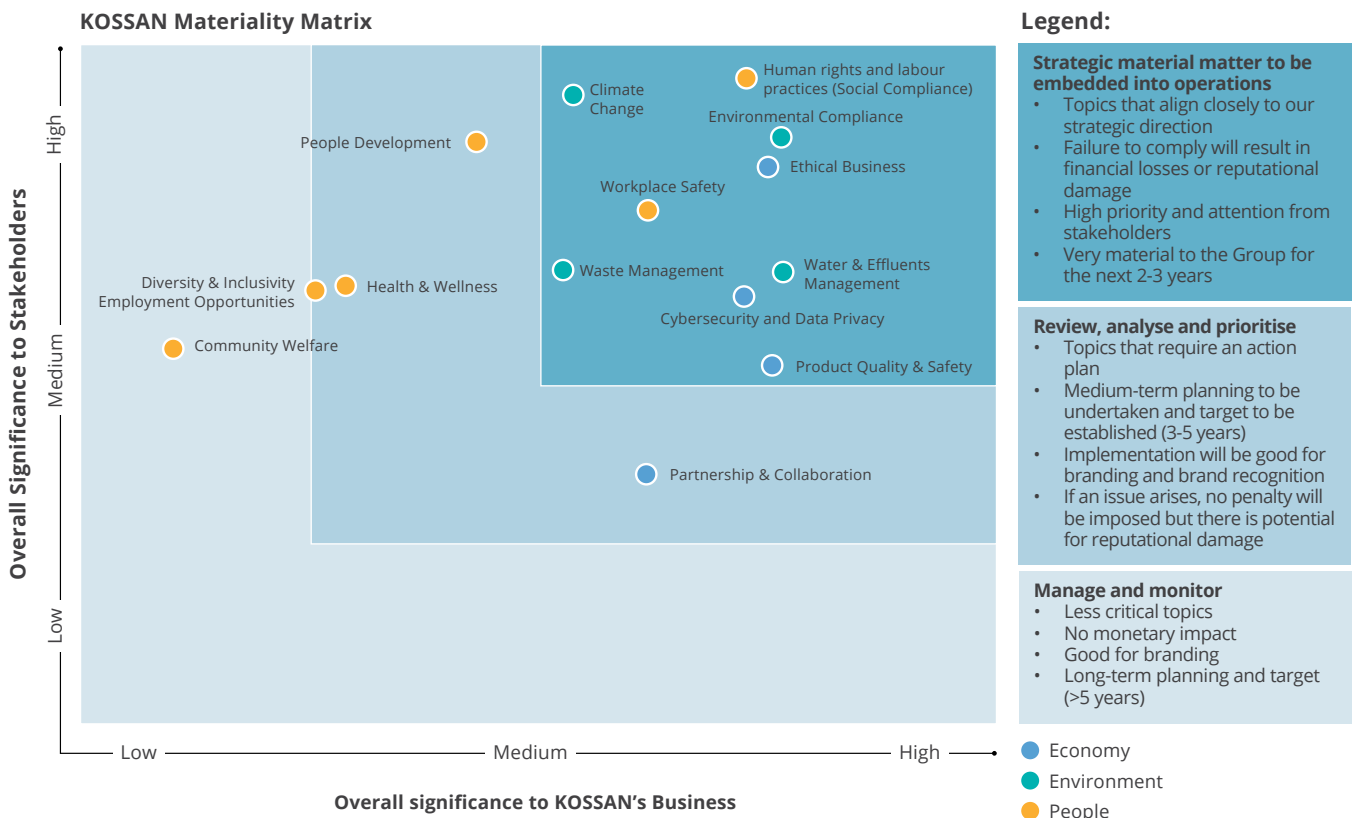
At the core of our sustainability strategy lie our material matters, which are defined as economic, environmental and social issues that hold the greatest significance for our stakeholders and have the potential to impact our ability to create both financial and non-financial value over the short, medium, and long-term. By identifying and actioning strategies to deal with these issues, we can minimise the risk of financial, legal or reputational damage to our business and maximise value creation.

Our last full materiality assessment was undertaken in FY2020. Therefore, we have conducted a high-level review – guided by Bursa Malaysia’s Sustainability Reporting Guide (3rd Edition) and the GRI Standards – in FY2023 to validate whether the material matters identified remained relevant to our business, with this process also aimed at aligning our material matters to relevant UN SDGs.

### MATERIALITY VALIDATION PROCESS



Following our review in FY2023, we identified 14 key material matters that are most relevant to us and our stakeholders. This list remained largely the same as our material matters in FY2022, with a few minor changes, as detailed below.



## Our Approach to Sustainability (Cont'd)

### Overview of Changes in Material Matters:

#### New Material Matter

**Cyber Security and Data Privacy** – Included as a result of the digitalisation transition taking place across the Group, which exposes us to a wider range of cyber risks and necessitates the implementation of robust measures to ensure the security of our stakeholders’ data and our intellectual property

#### Revised Names and Scopes

Social Compliance & Labour Practice renamed as **Human Rights & Labour Practice**

Employment Opportunity renamed as **Diversity & Inclusivity**

#### Updates In Importance

**Workplace Safety** – Positioned slightly higher in FY2023 due to our growing efforts to address and enhance our workplace safety practices

**Diversity & Inclusivity** – Positioned slightly higher in FY2023 to reflect our efforts to build a diverse talent pool in order to drive value creation and foster workplace innovation

**Community Welfare** – Positioned lower in FY2023 due to most key concerns having already been addressed through constant engagement with local communities

### MANAGING OUR MATERIAL MATTERS

The details of how we manage our 13 material matters are elaborated herein:

#### Legends



Employees



Authorities & Regulators



Customers



Pressure Groups/NGOs



Suppliers/ Vendors



Local Communities & Society



Shareholders, Investors, Analysts & Bankers



### Human Rights & Labour Practices

#### Description

Treating our people and those that work with us fairly and ensuring their fundamental rights are safeguarded and respected.

#### Importance to the Group

Our employees play a crucial role in our operations. Therefore, it is essential that we adopt measures to ensure that their rights and dignity – with particular emphasis on our migrant workforce – are respected in a non-discriminatory manner, in alignment with local labour laws, international requirements and globally recognised best practices.

#### Importance to Our Stakeholder Groups

Failure to comply with labour laws may result in sanctions, potentially leading to the disruption of the delivery of goods to our customers or even the revocation of market access by authorities.

#### Risk

- Non-compliance with laws and regulations may impact our ability to market our products and attract and retain clients
- Non-compliance may also lead to legal ramifications, thus damaging our reputation.

#### Opportunity

By maintaining strong human rights practices, we can reinforce our reputation as a responsible employer and improve our competitiveness.

#### Our Response

- Establishing a task force to regularly monitor and ensure compliance across our operations
- Committing to the fair and ethical treatment of all employees
- Remaining alert and adaptive to changes to or the introduction of new regulations
- Ensuring staff are kept abreast of new regulations and the potential impacts of non-compliance
- Playing an active role in driving responsible practices in the industry as a founding member of the Responsible Glove Alliance (“RGA”)

#### Link to

#### Stakeholder Groups Affected



#### Supporting SDGs



## Our Approach to Sustainability (Cont'd)



### Environmental Compliance

#### Description

Adhering to applicable environmental laws and rules and conducting business in a responsible fashion.

#### Importance to the Group

Our commitment to environmental compliance empowers us to embrace sustainable practices, leading to enhanced operational efficiency, reduced costs, an enhanced brand image and meeting customers' requirement.

#### Importance to Our Stakeholder Groups

Our degree of compliance to environmental laws and regulations directly impacts our reputation and propensity to be subject to legal proceedings, with such negative outcomes reflecting poorly on our stakeholders.

#### Risk

As environmental regulations evolve in step with changing norms and expectations around environmental protection, any incidents of non-compliance could result in the suspension of operations, financial penalties and reputational damage.

#### Opportunity

By adhering to environmental laws and regulations, we can reduce our environmental footprint and make a greater positive impact on natural environments surrounding the areas where we operate, earmarking ourselves as a responsible organisation.

#### Our Response

- Introducing and maintaining relevant policies, practices and processes across our operations that strictly comply to all relevant national, local and industry-specific environmental regulations
- Obtaining and retaining ISO 14001 certifications for our operations



### Ethical Business

#### Description

Ensuring that ethical business practices are adhered to by all people working for and with the Group.

#### Importance to the Group

Amidst growing scrutiny of business conduct, it is crucial to ensure that our business practices and processes meet the highest standards of ethics, thus maintaining the trust of our stakeholders and strengthening our reputation.

#### Importance to Our Stakeholder Groups

Setting forth unambiguous ethical criteria and enforcing employee accountability can diminish the occurrence of fraud, corruption and unethical behaviour within the Group. This safeguards the interests of all stakeholders and helps to drive our sustainability as a business.

#### Risk

Unethical business conduct may result in financial losses due to penalties in addition to negative impacts on our reputation, thus affecting our business prospects.

#### Opportunity

By promoting and upholding the highest standards in integrity, we can enhance our reputation as a trustworthy company amongst our stakeholders.

#### Our Response

- Adopting key policies and procedures to govern ethical business conduct and ensure ongoing compliance with laws and regulations
- Conducting regular review of the effectiveness and efficiency of our policies and procedures
- Conducting regular risk assessments to identify corruption risks across our business
- Implementing reasonable and appropriate control measures to address corruption risks
- Conducting trainings to instill awareness of ethical business practices amongst our employees

#### Link to

#### Stakeholder Groups Affected



#### Supporting SDGs



#### Stakeholder Groups Affected



#### Supporting SDGs



## Our Approach to Sustainability (Cont'd)

### Combating Climate Change

#### Description

Addressing climate-related risks and opportunities across our value chain while taking steps to minimise our emission of greenhouse gases (“GHG”) into the atmosphere.

#### Importance to the Group

As a leading conglomerate, we have a responsibility to set a strong example in carbon emissions reduction and contribute to the country's objective of becoming carbon neutral by 2050.

#### Importance to Our Stakeholder Groups

Climate change has emerged as a paramount global concern, and the climate initiatives we undertake have become a crucial factor considered by our customers, shareholders, government authorities and the media when undertaking assessments of our business.

#### Risk

- Potential inefficiencies in carbon reduction efforts could lead to financial and reputational damage
- Inadequate adaptation to climate-related challenges may impact our ability to achieve our business goals, including our expansion plans, in future

#### Opportunity

- By taking sustainable actions to reduce the carbon emissions generated by our operations and respond to extreme weather events, we can drive long-term value for our business and the environment
- Through effective climate mitigation and adaptation strategies, we can ensure business continuity and drive significant cost reductions

#### Our Response

- Implementing our Climate Mitigation Action Strategy to reduce our carbon emissions
- Implementing renewable energy initiatives at our factories
- Introducing a comprehensive carbon accounting system and database

#### Link to

#### Stakeholder Groups Affected



#### Supporting SDGs



### Water & Effluents Management

#### Description

Adopting sound water management strategies and maintaining responsible effluent discharge practices across our operations.

#### Importance to the Group

Clean water is a key input in our manufacturing processes and, given its current scarcity, enhancing our efficiency in water consumption and integrating water recycling methods into our production processes is not only a responsibility but an imperative for the long-term vitality of our business.

#### Importance to Our Stakeholder Groups

Our environmental management strategies play a crucial role in shaping the impression and outlook of our stakeholders. Among these strategies, the management of water and effluents holds significant importance.

#### Risk

Poor water management may lead to higher costs and wastage of this precious resource, resulting in increased water scarcity.

#### Opportunity

Efficient water management and the promotion of water conservation behaviours across our workforce can drive reduced operational costs and enhance our image as an organisation.

#### Our Response

- Adopting a water recycling strategy and optimising our usage of water through the promotion of water conservation behaviours
- Introducing a Group-wide water management strategy
- Continually exploring alternative water sources to reduce our impact on municipal water

#### Stakeholder Groups Affected



#### Supporting SDGs



## Our Approach to Sustainability (Cont'd)

### Workplace Safety

#### Description

Minimising exposure of our employees to hazards at work and taking steps to prevent work-related injuries and diseases.

#### Importance to the Group

Ensuring the safety of our people is of utmost importance. Any risks related to occupational safety and health not only pose a threat to our valuable workforce but also have the potential to cause accidents that could harm our reputation and result in financial consequences.

#### Importance to Our Stakeholder Groups

Government authorities and regulators, and our customers are adopting a more rigorous approach towards workplace hazards as they recognise the importance of ensuring occupational safety and health standards.

#### Risk

Workplace accidents and injuries may lead to productivity loss, legal repercussions and reputational damage.

#### Opportunity

By maintaining a strong safety culture, we can improve overall employee well-being and drive increased productivity while maintaining our reputation as a responsible and trustworthy organisation

#### Our Response

- Implementing a comprehensive range of safety and health policies and practices across the Group
- Strict adherence to all applicable safety and health laws and regulations
- Attaining ISO 45001 certifications for the occupational safety and health management systems we utilise in our factories

### Cyber Security & Data Privacy

#### Description

Ensuring the security and confidentiality of our business and stakeholders' data and our intellectual property in an increasingly complex and challenging cyber threat landscape.

#### Importance to the Group

As we accelerate our adoption digital technologies across the Group, it is imperative that we ensure safe data storage and management.

#### Importance to Our Stakeholder Groups

With the worldwide migration to digital systems and ways of working, cyber security and data privacy is becoming a key concern for stakeholders and a core consideration in their assessments of companies.

#### Risk

Any cyber attacks and breaches that occur within our systems could lead to significant business disruptions and undermine the trust and confidence of our stakeholders.

#### Opportunity

By maintaining robust cyber security and improving our data management practices, we can protect the critical data of our stakeholders and safeguard our reputation as a trustworthy organisation.

#### Our Response

- Installing appropriate security solutions such as firewalls and antivirus software
- Housing our equipment in secure facilities with robust physical protection
- Utilising sophisticated backup systems to mitigate against data loss
- Adopting policies and procedures while driving IT security awareness

#### Link to

#### Stakeholder Groups Affected



#### Supporting SDGs



#### Stakeholder Groups Affected



#### Supporting SDGs



## Our Approach to Sustainability (Cont'd)



### People Development

#### Description

Offering work environments that facilitate continuous upskilling in areas relevant to our employees' professional and personal development.

#### Importance to the Group

The quality of our human capital directly impacts our efficiency as an organisation, thus affecting our competitiveness and capacity to attract customers and drive investments.

#### Importance to Our Stakeholder Groups

Learning and development opportunities are a major factor considered by potential employees when choosing an employer, and the availability of relevant upskilling resources may lead existing employees to choose to remain at KOSSAN instead of continuing their career elsewhere.

#### Risk

Inadequately trained employees are more likely to deliver poor job performance, suffer injuries and cause issues related to non-compliance, each of which lead to increased business costs.

#### Opportunity

By delivering effective learning and development programmes, we can drive long-term employee satisfaction and improve our ability to attract and retain top quality talent.

#### Our Response

- Regularly reassessing training needs while implementing role-specific learning and development programmes
- Fostering a culture of continuous learning, in line with evolving market trends
- Providing opportunities for career advancement and professional development, and thus empowering our employees to reach their full potential

#### Link to

#### Stakeholder Groups Affected



#### Supporting SDGs



### Product Quality & Safety

#### Description

Providing high quality and safe products and solutions that firmly align with market needs and the ever-evolving expectations of our customers around the world.

#### Importance to the Group

Our ability to deliver high quality and safe products that meet the ever-changing demands of the market and the expectations of our customers sets us apart and fortifies our resilience as a business.

#### Importance to Our Stakeholder Groups

Our ability to maintain product quality and safety directly influences our customers' risk of harm and is thus a key determinant of the trust that our stakeholders have in us.

#### Risk

Non-compliance to or shortfalls against product quality and safety standards may result in financial penalties and potential operational disruptions, which would in turn impact our reputation in key markets.

#### Opportunity

By consistently delivering to high quality and safety standards that meet the needs and expectations of the market, we can forge a strong competitive edge and drive long-term business value.

#### Our Response

- Implementing quality management systems in line with local, national and industry-specific standards, international requirements and customer requirements
- Maintaining stringent quality control systems covering all product manufacturing phases to ensure that product quality, safety and performance requirements are met

#### Stakeholder Groups Affected



#### Supporting SDGs



## Our Approach to Sustainability (Cont'd)



### Waste Management

#### Description

Ensuring the safe disposal of hazardous and non-hazardous waste from our business operations.

#### Importance to the Group

The waste we generate from our production processes has a major impact on our overall environmental impact and, as a consequence, our risk of financial, legal and reputational repercussions.

#### Importance to Our Stakeholder Groups

In addition to the increasing importance ascribed to environmental impact by our existing and potential clientele, any waste that is improperly disposed of may lead to negative impacts on the quality of life of local communities, in addition to harming their ability to generate economic value.

#### Risk

Non-compliance with environmental regulations pertaining to waste may result in regulatory action from authorities, while also negatively impacting local communities.

#### Opportunity

Through the implementation of effective waste reduction and resource efficiency strategies, we can drive long-term cost savings while simultaneously meeting our environmental protection goals.

#### Our Response

- Continuously monitoring our consumption of resources while employing a 4R strategy to drive more systematic and effective waste management
- Implementing detailed tracking of our waste management performance, in line with ISO 14001 certifications for our operations



### Partnership & Collaboration

#### Description

Driving sustainable local economic development through strategic partnerships with suppliers, schools, reputable NGOs and other community-based organisations.

#### Importance to the Group

Through strategic partnerships, we are better positioned to adapt to emerging trends and capitalise on new growth opportunities.

#### Importance to Our Stakeholder Groups

Improved understanding and collaboration between the Group and our business partners empowers innovation and growth, driving shared, long-term value.

#### Risk

The undertaking of activities that negatively impact local communities directly influences the impression that important stakeholders form on our business.

#### Opportunity

Through collaboration with like-minded partners, we can promote enhanced value chain resilience and create shared benefits across the industry.

#### Our Response

- Driving internal and external collaborations towards creating and sharing good values and best practices
- Undertaking impact assessments and due diligence on potential partners
- Strengthening our supply chain partners through purpose-fit capacity building programmes

#### Link to

#### Stakeholder Groups Affected



#### Supporting SDGs



#### Stakeholder Groups Affected



#### Supporting SDGs



## Our Approach to Sustainability (Cont'd)



### Health & Wellness

#### Description

Uplifting workforce fitness and well-being to drive productivity and unlock sustainable business growth.

#### Importance to the Group

By driving improved health and wellness across our workforce, we can harness our employees' untapped capabilities, unlocking increased productivity and fostering a culture of innovation.

#### Importance to Our Stakeholder Groups

By investing in employee health and wellness, we can position ourselves as an employer of choice, enhancing our performance in talent attraction and retention.

#### Risk

Ineffective health and well-being initiatives, or any unintended consequences arising from such initiatives, may lead our employees to form a less positive impression of the Group, leading to talent attrition.

#### Opportunity

Through the implementation of comprehensive health and well-being initiatives, we can drive improved employee satisfaction and retention, leading to long-term productivity gains.

#### Our Response

- Providing regular health screenings and wellness programmes
- Encouraging employee feedback to assess programme effectiveness
- Promptly addressing any gaps in employees well-being
- Improving accessibility to healthcare resources and facilities



### Diversity & Inclusivity

#### Description

Embracing diversity and inclusivity by creating a culture of acceptance and belonging, thus cultivating work environments that are geared to drive innovation and improved value creation.

#### Importance to the Group

Having a workforce composed of individuals from different backgrounds and with varied experiences enables a broader spectrum of perspectives to be considered, ultimately leading to the development of more robust business strategies that support sustainable growth and value creation.

#### Importance to Our Stakeholder Groups

The significance of diversity as a pivotal gauge of a company's progressive and sustainable nature is increasingly being acknowledged by stakeholders. Furthermore, stakeholders recognise the importance of cultivating an environment where employees can truly feel a sense of belonging in their work.

#### Risk

Any instance of discriminatory employment practices may lead to conflicts, tainting working relationship, impact the wellbeing of our employees, and significantly damage our reputation.

#### Opportunity

By nurturing workplaces that value and promotes diversity, equity and inclusion, we can establish ourselves as a fair and responsible organisation.

#### Our Response

Continually monitoring our non-discrimination practices to maintain diverse, equitable and inclusive workplaces across the dimensions of race, religion, gender, age, disability, culture, social origin, cast, sexual orientation, marital status, political opinions etc.

#### Link to

#### Stakeholder Groups Affected



#### Supporting SDGs



#### Stakeholder Groups Affected



#### Supporting SDGs



## Our Approach to Sustainability (Cont'd)



### Community Welfare

#### Description

Creating positive and lasting impacts through voluntary community engagements and support.

#### Importance to the Group

By undertaking actions and initiatives that drive sustainable economic development, we can enhance our standing in local communities and amongst our stakeholders while unlocking improved employee morale.

#### Importance to Our Stakeholder Groups

Local communities stand to benefit from development and support initiatives through improved quality of life and greater economic opportunities.

#### Risk

Any activities that negatively impact local communities may lead to significant reputational damage, harming our ability to forge partnerships, expand our client base and reach our business goals.

#### Opportunity

Through effective planning of community-based initiatives, we can maximise our impact on local economic development and build a long-term reputation as a caring and responsible organisation.

#### Our Response

Established Yayasan KOSSAN to conduct a range of initiatives that benefit local communities

#### Link to

#### Stakeholder Groups Affected



#### Supporting SDGs



## Our Approach to Sustainability (Cont'd)

### SUPPORTING THE UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS

Our commitments and measures are only meaningful if they contribute to addressing greater challenges. To this end, we have aligned our Sustainability Framework with key UN SDGs, placing particular focus on “Decent Work and Economic Growth” (SDG8), “Responsible Consumption and Protection” (SDG12), and “Climate Action” (SDG13).



### Generating Sustainable Economic Value



Maintaining a healthy work culture and implementing practices that protect and respect human rights, support career advancement, value innovation and enshrine ethical practices across the Group and our supply chain



Ensuring that our products meet international quality and safety standards to drive shared value for our business and our customers



Driving accountability through rigorous cyber security and data privacy practices while enforcing ethical business practices across our operations



Working with our customers and suppliers to develop sustainable solutions and accelerate climate-friendly transitions

### Material Matter



### Material Matter



Human Rights & Labour Practices



Ethical Business



Water & Effluents Management



Environmental Compliance



Combating Climate Change



Workplace Safety

## Our Approach to Sustainability (Cont'd)

### Managing Our Environment Impact

				
  				 
<p>Stewarding water responsibly by implementing water saving strategies, enhancing the efficiency of our processes and reducing the volume of effluents discharged</p>	<p>Driving energy efficiency by investing in modern production equipment and progressively implementing green energy within our operations</p>	<p>Cultivating effective waste management practices that promote circularity and reduce waste-to-landfill</p>	<p>Implementing resource-efficient practices across our operations while retaining strict compliance to environmental regulations</p>	<p>Reducing our carbon footprint by adopting renewable energy, driving energy efficiency and rigorously monitoring our Group-wide emissions</p>







### Material Matter

				
---	---	---	---	---

### Creating Value Through Social Engagement

					
		 	  	  	 
<p>Providing financial support to underserved communities through the long-term initiatives spearheaded by Yayasan Kossan</p>	<p>Prioritising the health and safety and well-being of our workforce through comprehensive policies and frameworks while looking after their holistic physical and mental well-being</p>	<p>Creating a culture of continuous learning through purpose-fit employee development programmes and modules delivered at our state-of-the-art KOSSAN Training Centre</p>	<p>Strictly upholding human rights and fair labour practices for all employees and enhancing their safety while at work</p>	<p>Fostering work environments where every individual feels valued and respected, supported by recruitment, remuneration performance evaluation process that are rooted in equality</p>	<p>Aligning with international norms and standards in employment practices and driving positive change across the industry</p>

### Material Matter

					
---	---	---	---	---	---



Cyber Security & Data Privacy



Product Quality & Safety



Partnership & Collaboration



Diversity & Inclusion



People Development



Waste Management



Health & Wellness



Community Welfare

# Generating Sustainable Economic Value



**Integrity is a fundamental value that guides every decision we make, and our business is founded on the principles of upholding high standards of governance with the utmost honesty, transparency and accountability.**

This means conducting ourselves in the manner expected of respected global company by enforcing ethical business practices, ensuring exceptional product quality and safety, protecting against cyber threats and developing meaningful partnerships and collaborations. Ultimately, these actions enable to not only safeguard our reputation as a company but generate sustainable economic value far beyond our operations alone.



## ETHICAL BUSINESS

### WHY IT MATTERS

Upholding high standards in business ethics is imperative as this lays the groundwork for stronger relationships with our customers and collaborators, enhanced employee loyalty and improved relations with authorities and regulators. Ultimately, through ethical business conduct we enhance reputation as a responsible and future-ready organisation, driving long-term success and value creation.

### OUR COMMITMENT

We demonstrate utmost respect for ethical principles and are committed to leading by example in our industry through ethical business conduct and by implementing effective governance practices across our operations.

### OUR APPROACH

#### Maintaining a Robust Framework of Codes and Policies

To drive ethical business conduct across our business footprint, we have developed a comprehensive set of codes and policies that are applicable to all business units with the Group. These codes and policies are communicated to all employees and stakeholders, including third-party vendors, with all personnel expected to fully comprehend and comply with the rules and regulations stipulated within while carrying out their responsibilities. To ensure their continued relevance and effectiveness, all our codes and policies undergo periodic reviews.

## Generating Sustainable Economic Value (Cont'd)

### OUR LIST OF POLICIES IS OUTLINED AS FOLLOWS:

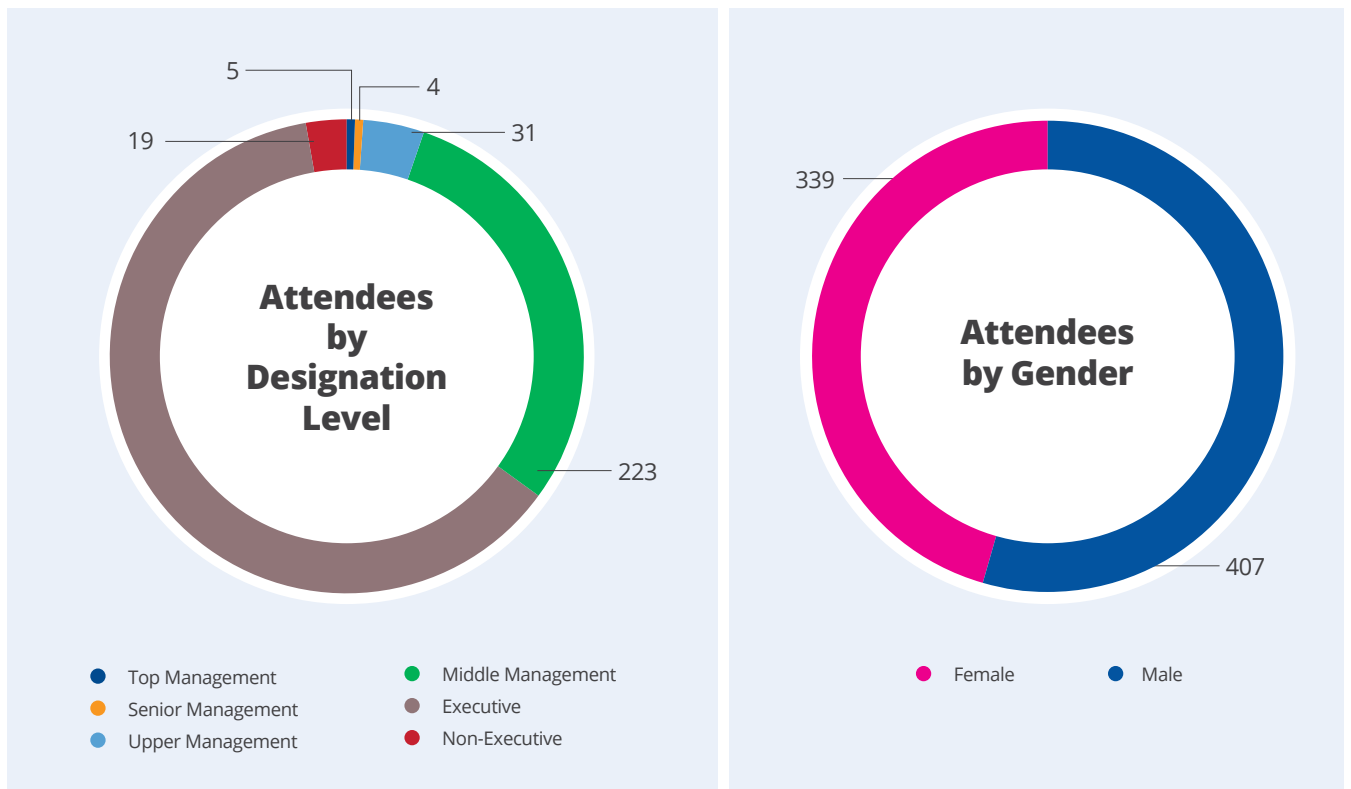
CORPORATE POLICIES:	SUSTAINABILITY POLICIES:
<ul style="list-style-type: none"> <li>• Anti-Bribery and Corruption (“ABC”) Policy</li> <li>• Whistleblowing Policy &amp; Procedure</li> <li>• KOSSAN Code of Ethics and Conduct (“KCEC”)</li> <li>• Remuneration Policy for Directors and Senior Management</li> <li>• Director’s Fit and Proper Policy</li> </ul>	<ul style="list-style-type: none"> <li>• Group Sustainability Policy</li> <li>• Environmental Policy</li> <li>• Safety and Health Policy</li> <li>• Human Rights-related policies (Child Labor Policy, Forced Labor Policy, Zero Cost Recruitment Policy)</li> <li>• Vendor Code of Conduct</li> </ul>

Our firm commitment to ethical business practices is underpinned by a zero-tolerance stance towards any form of unethical behaviour, with this principle applied throughout the Group hierarchy, from top management to non-executive level employees. Meanwhile, we stay informed about relevant local, international, and industry-specific regulations, with any gaps detected promptly addressed to ensure our continued compliance.

In FY2021, we formulated our Anti-Bribery and Corruption Framework (“ABC Framework”) and adopted our No Gift Policy, establishing clear parameters and practices to prevent the occurrence of bribery and corrupt practices within our business. The ABC Framework stipulates that political donations are strictly prohibited and that the Group’s resources should not to be used for this purpose.

In addition, we have set out our Anti-Bribery and Corruption Guidelines (“ABC Guidelines”) and our Gifts, Hospitality and Entertainment Guidelines (“GHE Guidelines”) to provide further guidance to all directors, officers and employees of KOSSAN in maintaining high ethical standards. As we strive to inculcate a culture of integrity across the Group, our Corporate Legal department facilitates training on these two guidelines, delivering anti-bribery and corruption training for 746 employees during FY2023. All attendees completed individual assessments at the end of each training session, providing us with insight into the effective of the training in driving understanding of the guidelines.

The breakdown of attendees for anti-bribery and corruption training sessions is as follows:



## Generating Sustainable Economic Value (Cont'd)

Moreover, we continue to roll out our anti-bribery and corruption initiatives to enhance understanding and awareness through various platforms such as our corporate website, internal portal, KCEC, induction programmes and interactive e-learning modules. Supporting this, our "Say NO to Corruption" posters are available in five different languages and distributed across our premises.

Meanwhile, we foster a culture of trust and transparency through our dedicated whistleblowing channel, which is accessible to all employees and stakeholders. The channel provides them with a safe avenue to voice any concerns pertaining to misconduct or ethical breaches without fear of retaliation.

### Conducting Regular Corruption Risk Assessments

Complementing these wide-ranging efforts, our Risk Management department conducts monthly corruption risk assessments across our operations to identify potential risks and drive the implementation of effective controls. The department also consolidates risk registers from all process owners on a quarterly basis, presenting consolidated risk ratings to the Risk Management Committee for further consideration and action.

The corruption risk assessment conducted in FY2023 found that our business has a low risk of bribery and corruption. This is reflected in the zero reported cases of bribery or corruption recorded during the year.

### Our Performance

#### Cases of Bribery and Corruption

In FY2023, we maintained our record of zero reported cases of bribery or corruption in FY2023 (FY2022: 0, FY2021: 0).

#### Employee Awareness on ABC

100% of our new hires in FY2023 acknowledged our ABC Policy.

### MOVING FORWARD

Looking forward, we will remain committed to upholding good governance and ethical practices across the Group. To this end, we will continue to proactively review our governance framework, with a view to introducing enhancements that further solidify our actions.

## Generating Sustainable Economic Value (Cont'd)



### CYBER SECURITY AND DATA PRIVACY

#### WHY IT MATTERS

In order to stay ahead in a rapidly evolving market and industry environment, it is essential that we embrace digital and Fourth Industrial Revolution (“IR 4.0”) technologies. However, while this approach unlocks greater productivity and efficiency, it also exposes us to an increasingly challenging threat landscape, requiring the implementation of robust cyber security and data privacy measures.

#### OUR COMMITMENT

We are fully committed to enhancing our cyber security and data privacy protocols by adopting industry best practices and implementing cyber protection strategies, thus securing the confidential data of our stakeholders and our own intellectual property.

#### OUR APPROACH

##### Harnessing Expertise and Collaboration

To drive data security and privacy amidst the fast-evolving cyber threat environment, we leverage the collective expertise of our teams, each of whom play specific roles within our overall threat protection approach.

Our dedicated IT team form the backbone of our efforts. Leveraging extensive experience, they are entrusted with developing and implementing cyber security and IT infrastructure to safeguard crucial data, systems, networks, and intellectual property. Our Board of Directors, meanwhile, drives our agenda from a risk management point of view, complemented by the work of the Risk Management and Sustainability Committee, which conducts periodic evaluations of our risk profile and performance, including cybersecurity risks. The coordinated action of these key teams enables us to identify emerging threats and implement effective mitigations in a timely manner, thus minimising the risk of cyber or data breaches.

##### Establishing a Strong Policy Framework

To enforce high cyber security and data privacy standards across our operations, we have implemented a range of essential IT policies that are specifically designed to promote safe and secure usage of our IT resources. These include our:



Employees are made aware of these policies and are reminded of the importance of ensuring continuous adherence to their recommended practices. To facilitate this, the policies are published on our intranet portal for easy, anytime access.

#### Implementing Effective Controls

We have implemented the following key measures to protect our IT environment and digital resources from cyber security threats, preventing critical and confidential information or data from being accessed and leaked by unauthorised internal or external parties.

##### Robust Access Protocols

All our servers, systems, and applications are shielded with stringent user credentials and access permissions. Users are granted access solely upon authentication with the appropriate credentials, with their access further restricted to specifically assigned permissions.

To further bolster access security, we enforce strong password requirements that require users to create complex passwords, with passwords changed every 90 days for additional security. We have also adopted Multi-Factor Authentication (“MFA”) as an extra security feature, requiring users to provide additional verification in addition to their username and password.

## Generating Sustainable Economic Value (Cont'd)

### External Threat Protection

Our IT environment is protected from any external cybersecurity harms or threats through the deployment of various enterprise class solutions. To protect from external cyber threats, we deployed firewalls as a first layer of protection from external intrusion, and to filter & block malicious activities. Efforts have also been initiated to mitigate cyberattacks by further segmenting internal network to prevent the spread of cybersecurity threats within the internal networks.

In addition to our firewall, all our servers have been "server hardened" to limit user access to essential services, with access to non-essential services blocked. Servers are further protected with the use of trusted and up-to-date service components.

To protect information and data in cloud storage from being leaked to third parties, cloud-based services such as SharePoint are only allowed to be accessed from within the company premises, with employees unable to access SharePoint from outside of the company, such as from their home or a cybercafe.

### Antivirus Protection

All computers and servers are protected with Antivirus endpoints to detect and remove malicious or known viruses. Our email solution is protected by Email Security Gateway ("ESG") that automatically filters out emails suspected of phishing, ransomware, fraud, malicious software and viruses, preventing these threats from arriving into the mailbox of users. Email links are also actively checked and verified to be safe by the ESG before allowing the links to be accessed.

In 2023, we engaged a third-party expert to perform an IT security and penetration assessment. We leveraged on the outcome by taking proactive measures to enhance our application and infrastructure as well as to prevent cyberattacks.

### Training and Backup

We strive to inculcate a culture of awareness on cyber risks and data protection through email awareness messages and newsletters that are frequently disseminated to employees. Relevant articles are also posted in internal portals, educating employees on the harms of email threats and the appropriate actions to be undertaken in the event of such incidents.

To protect against loss of server information due to unforeseen events, critical servers are actively backed up on a daily, weekly and monthly basis, with backup storage stowed off-site so they can be used to recover data in the event of a disaster.

### PDPA Compliance

Our Group strictly adheres to the regulations set forth in the Personal Data Protection Act 2010 ("PDPA"). It is imperative that all employees handle clients' personal and confidential information with the utmost care and confidentiality. Third parties we collaborate with are also bound by a Non-Disclosure Agreement ("NDA") to ensure the protection of sensitive information. Furthermore, all service agreements with third parties include a standard personal data clause for added security.

## Our Performance

In FY2023, we successfully maintained our track record of zero recorded incidents of identified leaks, theft or loss of customers and employees data (FY2022: Zero recorded incidents).

### MOVING FORWARD

The Group will focus on ramping up cybersecurity training and engagement programs for our staff to promote heightened awareness and vigilance across the Group. Simultaneously, we will continuously enhance our cybersecurity infrastructure and adopt recognised best practices to improve breach prevention and address the rapidly changing nature of cyber threats.

## Generating Sustainable Economic Value (Cont'd)



### PRODUCT QUALITY & SAFETY

#### WHY IT MATTERS

Delivering safe and high quality products is central to our customer promise, enabling us to enhance trust in our company and differentiate ourselves in a competitive market. At the same time, we are cognisant of the significant reputational, legal and financial impacts that could arise from any instances of non-compliance and take thorough precautions to minimise such risks within our operations and supply chain.

#### OUR COMMITMENT

Conscious of the vital importance of product quality and safety, we commit to consistently meeting and exceeding laws, regulations and standards across our markets of operation while remaining attuned and responsive to evolving market demands and customer expectations pertaining to protection, safety and other product attributes.

#### OUR APPROACH

##### Attaining International Standards in Quality and Safety

In ensuring that our quality standards meet global regulatory requirements, we are guided by our Quality Management System ("QMS"). The system mandates specific practices to undertake across the production cycle, from incoming raw materials to the development of finished products, and governs our research and development processes. Specifically, it details the correct sampling plans, testing procedures and acceptance and rejection criteria to adhere to, while also providing tools for detection, segregation and verification. This ensures that quality and safety is considered across all processes undertaken in the development of gloves and TRPs.

Supported by our QMS, we have attained the following international and country-level certifications:

- ISO 13485:2016 and EN ISO 13485:2016
- MDSAP
- ISO 9001:2015
- CE 2797
- UKCA 0086
- MS 2636:2019 (JAKIM)
- Malaysia MPPHM 2020, and MHMS 2020
- Indonesia HAS 23000-1
- UAE Halal National Mark, UAE.S 2055-4:2014
- BRCGS CP Issue 4
- MS 1500:2019
- MS 2200:2013 Part 2
- MDR (EU) 2017/745
- PPER (EU) 2016/425 Module D
- Forest Stewardship Council™ (FSC) Chain of Custody
- BS EN 681: Pt. 1
- EN 15129, EN1337-3, EN1337-7
- IATF16949:2016

Furthermore, our gloves continue to meet the key country and region-level product quality and safety standards including the American Society for Testing and Materials ("ASTM") standards (USA), European Standards ("EN") (Europe), the Australian/New Zealand ("AS/NZ") standards (Australia & New Zealand), the Japanese Industrial Standards ("JIS") (Japan) and the Guobiao ("GB") standards (China). They are also aligned with the ISO 13485 quality system for quality management systems in the production of medical devices.

In addition, our gloves comply with relevant regulations governing quality management systems and medical devices including the US Food and Drug Administration Quality System Regulation ("QSR"), Europe Medical Devices Regulation (EU) 2017/745, Canada Medical Device Regulation (SOR/98-282), Malaysia Medical Device Act (Act 737), Japanese Pharmaceutical Affairs Law (J-PAL), Australian Therapeutic Goods (Medical Devices) Regulations 2002, and the UK Medical Devices Regulations 2002.

To ensure that the QMS is effectively implemented across our production activities, we hold annual management review meetings and internal quality audits, with gaps identified duly recorded and addressed by the relevant department. Follow-ups are then carried out to ensure that the identified issue has been rectified.

##### Implementing Effective Quality and Safety Controls

Supporting the QMS, we adhere to stringent inspection and testing procedures, enabling us to promptly identify and prevent the distribution of any products that do not meet our quality or safety standards. Moreover, we have in place dedicated regulatory assurance and quality assurance teams which are charged with ensuring that all quality, safety and performance requirements are met before products are distributed to customers.

## Generating Sustainable Economic Value (Cont'd)

At the outset of our production process, incoming materials undergo rigorous inspection to ensure compliance with our standards. Packaging materials are inspected to verify alignment with customer-approved artwork, while chemicals and raw materials undergo laboratory testing to ensure they meet regulatory requirements, including the strict standards of the European Union's Registration, Evaluation, Authorisation and Restriction of Chemicals ("REACH") regulations and the Substances of Very High Concern ("SVHC") list. We also adhere to established procedures for handling and controlling incoming materials, such as packaging, former and chemicals, to ensure their integrity and safety.

Throughout the manufacturing processes, we maintain a keen focus on monitoring process parameters to ensure that our products consistently meet their intended specifications. We conduct inspections according to detailed quality plans outlined in our in-process inspection and testing procedure. Pre-packing inspections are also carried out to verify that product packs for customer shipments meet specific requirements, including those related to customer specifications and regulatory standards.

At the completion of the manufacturing process, a further series of comprehensive inspections and tests are carried out to verify quality and safety levels.

Finally, prior to shipment, our finished goods undergo a final round of inspection to ensure that they meet customers' regulatory and specification requirements. By adhering to these stringent pre-shipment protocols, we strive to ensure high quality products are delivered to our customers.

All testing takes place at in-house and external laboratories. Our in-house laboratory offers the necessary equipment to carry our detailed testing of material designs and end-products, thus enabling the delivery of products that meet internationally recognised technical quality standards. For clinical trials, we work with accredited and experienced external laboratories, with risk and impact assessments conducted and participant consent obtained prior to the commencement of the trial in question. These trials are monitored by our regulatory assurance team to ensure they meet the ethical standards of the World Medical Association's Declaration of Helsinki.

Adding a further level of control, all stakeholders are provided with avenues to report any product quality and safety concerns, which are then promptly investigated. In the event of a product safety or quality incident, investigation will be carried out by a cross-functional team and, if necessary, perform corrective actions. These may include carrying out recalls of the affected products, formulating preventive actions and procedures to avoid future incidents and performing other actions to address the issue in question.

### Ensuring Accurate Product Labelling

We have established a comprehensive process to ensure accuracy when labelling our products, with practices in full compliance with the regulatory and safety requirements of our importing countries. Our dedicated regulatory team verifies all information featured on primary package labels and outer cartons, ensuring that vital details are accurately displayed. Furthermore, they authenticate any product claims added to labels to ensure their accuracy.

### Standing Against Animal Cruelty

We commit to not undertaking animal testing except where legally required to. Where animal testing is necessitated, we ensure that all processes are cruelty-free and utilise an external laboratory to regulate the maintenance of high standards. Throughout such tests, we continuously monitor procedures undertaken and promptly raise and address any issues that arise.

## Our Performance

### Compliance with Product Quality and Safety Regulations

In FY2023, we recorded zero incidents of non-compliance with regulations and/or voluntary codes concerning the health and safety impacts of our products.

### Compliance with Product Information and Labelling Regulations

In FY2023, we recorded zero incidents of non-compliance with regulations and/or voluntary codes concerning product and service information and labelling.

### Compliance with Marketing Communications Regulations

In FY2023, we recorded zero incidents of non-compliance with regulations and/or voluntary codes concerning marketing communications, including advertising, promotions and sponsorships.

## MOVING FORWARD

As we strive to expand our business presence across new markets and strengthen relationships with existing buyers, the quality and safety of our products will continue to be a vital consideration. To this end, we will maintain strong and consistent oversight of the evolving regulatory requirement with a view to enhancing our QMS and implementing additional quality and safety practices across our production processes.

## Generating Sustainable Economic Value (Cont'd)



### PARTNERSHIP & COLLABORATION

#### WHY IT MATTERS

Collaborations with our business partners and suppliers are crucial to achieving our goals as they allow us to access a bigger pool of knowledge, resources and perspectives, while also enabling us to promote responsible practices across our supply chain. At the same time, we approach our customer relationships as partnerships as this enables us to understand their needs more thoroughly and develop tailored products and experiences to meet their needs.

#### OUR COMMITMENT

We are dedicated to building strong connections both internally and externally and to forging mutual benefit through these partnerships. To us, this means sharing best practices with our partners while accessing knowledge, insights and tools that contribute to our long-term business strength and sustainability.

#### OUR APPROACH

##### Enhancing Customer Experience and Engagement

Our customers are placing increasing emphasis on sustainability, making it imperative that we adopt best practices across the ESG spectrum. Through ongoing engagements, we gain a clear picture of the issues that are most important to them, guiding our committed efforts to innovate products, solutions and approaches that balance business needs with the imperative of sustainable social and environmental impact. This extends to maintaining a rigorous approach to reporting, through which we provide our customers with transparent disclosure of our efforts in sustainability, forging greater trust.

Beyond sustainability, we work collaboratively with our customers to understand their business requirements, utilising the insights we gain to develop personalised products and solutions. To aid this process, we maintain regular contact and communication via email, phone calls, face-to-site visits, exhibitions and roadshows, actively seeking feedback on our solutions and discuss areas for improvement.

Our customer collaborations are reinforced by our efforts to ensure timely responses to customer enquiries and concerns, including those related to social responsibility and environmental sustainability. We actively solicit such input through surveys, reviews, and feedback forms, valuing our customers' input as a crucial driver of improvement.

During FY2023, we maintained a high customer satisfaction rate of 94%, with our customer satisfaction survey covering four key areas: product quality, product innovation, services and regulatory compliance. Respondents of the survey contributed to 80% of accumulative sales during the year, a 1% improvement compared to the preceding year.

##### Harnessing Value in Our Supply Chain

The practices of our business partners have a direct impact on our standing as an organization. With this in mind, we have implemented our Vendor Code of Conduct, which establishes key principles that all suppliers, contractors and service providers are obligated to acknowledge and uphold across all activities involving the Group. The code details requirements in social compliance and anti-forced labour, health, safety and environmental compliance as well as ethical conduct including anti-bribery and corruption.

## Generating Sustainable Economic Value (Cont'd)

In line with our commitment to uphold business ethics and ESG across our supply chain, we carry out risk-based pre-assessments for new and existing suppliers. These assessments serve to identify any negative environmental and social impacts that may arise through our relationship with the supplier in question and include the supplier's approach to recruitment, harassment, discrimination, forced labour, child labour, working hours, freedom of association, remuneration and health and safety in the workplace as well as covering supplier practices in environmental and waste management.

In addition to this pre-assessment, we evaluate our existing business partners on a regular basis – across the same environmental and social metrics – to confirm their ongoing compliance and performance against our standards. Where any issues are identified, we collaborate with suppliers to implement of corrective and preventive actions ("CAPA") to drive compliance across all issues identified.

### Driving Decarbonisation Through Strategic Partnerships

Recognising the challenges brought about by the ever-changing business environment, including heightened expectations around sustainability and climate action, we are taking action to strengthen the resilience of our supply chain and achieve a sustainable ecosystem. In FY2023, we rolled out the Greening Value Chain ("GVC") programme, created by Bank Negara Malaysia ("BNM") in partnership with our solution provider and other strategic partners, for our suppliers. The programme provides them with free education and technical assistance on climate-related topics plus access to a carbon accounting software that they can use to accurately measure and understand their emissions, thus empowering them to accelerate their climate action journey and enhance their competitiveness. As a participant, they also gain access to BNM's RM2 billion Low Carbon Transition Facility ("LCTF"), a source of low-cost financing to support their adoption of climate-friendly practices and technologies.

In complement to the programme, we delivered ESG training sessions for our suppliers in FY2023, with topics including an introduction our ESG Policy, the basics of climate change and greenhouse gases, a guide to carbon accounting and associated tools, and green financing. Meanwhile, 34% of our selected SME suppliers participated in the training offered under the GVC programme, with 70% of participants going on to adopt GVC's carbon accounting solution.

As a whole, the programme achieved significant success, earning us recognition from the Malaysia Book of Records for being the first glove manufacturer in Malaysia to establish a strategic partnership with the central bank.



## Generating Sustainable Economic Value (Cont'd)

### Our Performance

#### Customer Satisfaction

In FY2023, we maintained a high customer satisfaction rate of 94%, as measured by our customer satisfaction survey.

#### Anti-competitive Behaviour

In FY2023, we were involved in zero legal actions, and incurred no legal repercussions or penalties, regarding anti-competitive behavior or violations of anti-trust and monopoly legislation.

#### Supplier Social and Environmental Assessments

During FY2023, we carried out detailed assessments of our suppliers' social and environmental impacts through virtual evaluations, on-site visits and self-assessments, as detailed below:

Category	Number	%
Existing primary suppliers assessed (based on all active existing primary Tier 1 suppliers)	88	100%
New primary suppliers assessed (based on all new primary Tier 1 supplier)	0	N/A*
Primary suppliers assessed for social and environmental impacts	76	86%
New primary suppliers that were screened using social and environmental criteria	0	N/A*
Number of site audits conducted	37	42%

\* No new primary suppliers during the year.

#### Proportion of Spending on Local Suppliers

In line with our commitment to supporting the local business ecosystem, 62% of our procurement spend in FY2023 went to local suppliers.

	2021	2022	2023
Procurement Spending on Local Suppliers	40%	56%	62%

### MOVING FORWARD

Effective and trust-based partnerships will continue to be vital to our evolution and growth within a fast-changing business landscape. By working closely with our customers, we will strive to stay a step ahead of the innovation curve and develop solutions that meet their business and sustainability requirements. Meanwhile, we will take further steps to drive the adoption of responsible and sustainable practices across our supply chain, cognisant of the impact this has on our own business prospects.

# Managing Our Environment Impact



At the core of our operations lies a dependence on the Earth's natural resources. To ensure the long-term sustainability of our business, we thus recognise the critical need to safeguard natural resources and optimise their consumption. Furthermore, as a global entity, we embrace our duty to the international community and are cognisant of growing expectations from regulatory and governing bodies.

Accordingly, we spearhead a wide range of initiatives aimed at amplifying our environmental stewardship, placing emphasis on ensuring compliance, improving waste and water management, and taking action to mitigate the impacts of climate change.



## ENVIRONMENTAL COMPLIANCE

### WHY IT MATTERS

As a responsible manufacturer, we acknowledge the profound and extensive impacts our operations may exert on natural ecosystems and resources across land, air, water and soil. Our pledge towards upholding environmental compliance is rooted in our duty to conduct business ethically. Accordingly, we consistently prioritise the minimisation of our environmental footprint with the primary goal of safeguarding our planet and its resources for the well-being of future generations.

### OUR COMMITMENT

We remain committed in adhering to all national and local environmental regulations that pertain to our industry and maintaining rigorous alignment of our practices with global standards and norms. Our steadfast commitment to strict compliance ensures that our operations consistently meet all relevant standards of environmental protection and sustainability.

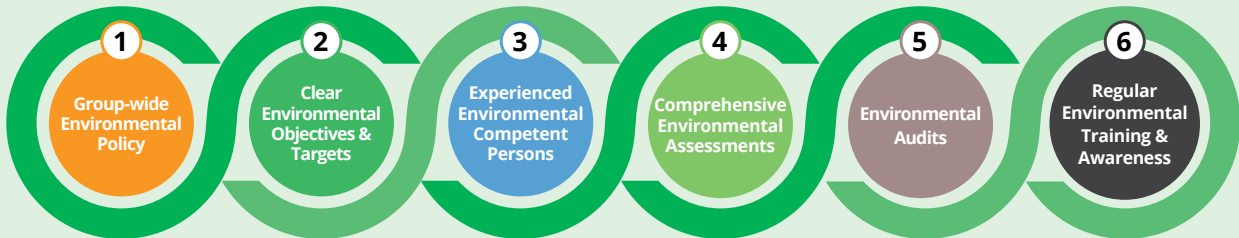
### OUR APPROACH

#### Adopting a Stringent Approach to Environmental Compliance

In our pursuit of unwavering compliance with the requirements set forth by the Department of Environment ("DOE") and other international standards, we have embraced a holistic approach guided at the highest level by our Group-wide Environmental Management System ("EMS") Framework. This framework, crafted in alignment with the Plan-Do-Check-Act Model specified in the ISO 14001 Environmental Management System standard, comprises six integral components that collectively drive a robust approach to managing our environmental impacts.

## Managing Our Environment Impact (Cont'd)

### KOSSAN Environment Management Framework



**1 Group-wide Environmental Policy**  
Our overarching policy is designed to embed environmental sustainability within the Group, offering employees a vital tool to work together towards achieving our environmental goals and targets. The policy is shared and communicated with all employees, vendors and other relevant stakeholders, outlining best practices in key areas, including:

- Undertaking environmental protection actions
- Responsible consumption of natural resources and energy
- Strategic emissions and waste management
- Accurate measuring and monitoring environmental indicators
- Transparent reporting and resolving environmental issues
- Nurturing an environmentally conscious culture

**2 Clear Environmental Objectives & Targets**  
Through the findings of regular environmental data assessments and reviews, we establish targeted environmental goals to enhance our performance. The progress made towards these goals is monitored by Environmental Departments at the plant level that directly report to plant-level Management, who then share the results with Top Management at the Group level.

**3 Experienced Environmental Competent Persons**  
Licensed competent persons have been assigned across all our factories to ensure the effective management of industrial effluents and hazardous waste in accordance with the environmental laws established by the DOE.

The competent person assigned to oversee industrial effluents diligently monitors and assesses real-time data, taking necessary measures to ensure that the discharged quality meet the standards outlined in the local environmental regulations. Similarly, the competent person responsible for hazardous waste management closely monitors the waste disposal processes, ensuring that they are carried out safely and in strict accordance with local environmental regulations.

**4 Comprehensive Environmental Assessments**  
Regular Environmental Aspect and Significant Impact ("EASI") assessments are carried out to identify any environmental issues and evaluate the environmental impacts of our operations. Outcomes of these assessments are utilised to better develop relevant environmental mitigation strategies and set appropriate targets.

**5 Environmental Audits**  
Both internal and external parties conduct routine environmental monitoring audits to verify adherence to applicable laws and regulations. Following all audits, we take prompt action to address any shortfall. In FY2023, 17 external audits and 30 internal audits were carried out to ensure our strict adherence to related laws and regulations, as well as internationally-recognised standards

**6 Clear Environmental Objectives & Targets**  
We uphold a schedule of role specific training and engagement events to educate our staff on current industry standards and enhance our collaboration with association members and regulatory bodies. This includes:

- Chemical Safety Management & Spillage Control training and drills
- Schedule Waste Management training
- Industrial Effluents Treatment System training
- Course for Certified Environmental Professionals in the Operation of Industrial Effluent Treatment Systems
- Course for Certified Environmental Professionals in Sewage Treatment Plant Operation
- ISO14001 Awareness training

In addition to our robust EMS framework, our employees are guided by established Standard Operation Procedures ("SOP") and Work Instructions ("WI") that outline steps to responsibly handle and manage effluents, chemicals and hazardous waste. This measure not only protects the safety of employees but also upholds stringent standards for compliance and environmental protection.

## Managing Our Environment Impact (Cont'd)

### Tracking the Environmental Impact of our Operations

Mindful of our responsibility to manage and mitigate negative environmental impacts, we leverage robust data tracking to effectively monitor our environmental performance with the aim of identifying opportunities for improvement. In line with this, we have embarked on a journey to digitalise our stand-alone operating system into an integrated monitoring system, while enhancing our maintenance monitoring platform to facilitate faster rectification actions and pinpoint new process improvement opportunities. Complementing these efforts, we have implemented a cloud-base system to monitor and review environmental performance across various aspects. At the operational level, regular inspections are carried out to detect potential leakage points, with precautionary measures taken to avoid spillage and liquid stagnant.

### Our Performance

As a testament to our efforts, we recorded zero incidents of non-compliance with environmental laws and regulations during FY2023. Furthermore, 78% of our factories are ISO14001 certified, underscoring our dedication to environmental excellence and sustainable practices.

### MOVING FORWARD

We remain committed to safeguarding the environment and enhancing our environmental performance, with an immediate focus on achieving ISO14001 certification across 100% of our factories. In tandem, we will continue to diligently monitor our operations, ensuring the implementation of sound practices that foster long-term shared value.

## Managing Our Environment Impact (Cont'd)



### COMBATING CLIMATE CHANGE

#### WHY IT MATTERS

Climate change stands as a paramount concern on a global scale, with its impacts extending to businesses, their value chains and the lives of people worldwide. In light of these challenges, urgent climate action is imperative and it is incumbent upon all nations and industries to collectively adopt environmentally friendly business approaches for decarbonisation. This imperative has also become an integral factor in our clientele's procurement decisions, making proactive climate action vital in ensuring the sustainability of our business activities.

#### OUR COMMITMENT

We remain steadfast in supporting the national climate agenda to become a carbon neutral country by 2050, as well as Malaysia's Nationally Determined Contribution ("NDC") to the Paris Agreement, which has set the target of achieving a 45% reduction in Greenhouse Gas ("GHG") emissions by 2030. Recognising that climate action plays a crucial role in safeguarding long-term business continuity, the Group has placed strategic focus on reducing emissions and embracing the transition to a low carbon manufacturing.

#### OUR APPROACH

Aligned with our Climate Mitigation Action 3S Strategy, we have been diligently undertaking urgent measures to mitigate our environmental impact. Our efforts span a broad spectrum, focusing on enhancing energy efficiency, embracing renewable energy sources and exploring additional solutions to reduce our emissions.

##### Maintaining a Robust Monitoring System

In the pursuit of streamlining carbon management, we recognise the need for a more advanced and efficient approach to diligently monitoring and managing our carbon footprint. In response, we have digitalised our emissions tracking capabilities, leveraging cutting-edge technologies to enhance accuracy, timeliness and overall effectiveness.

Through the implementation of a Carbon Intelligence System, we have significantly improved our accuracy in calculating our emissions data. Automated emissions calculations are done in accordance with the Green House Gas ("GHG") Protocol, leveraging scientifically validated emission factors stored within the database, including those from the United States Environmental Protection Agency ("EPA"), United Kingdom Department for Business, Energy, and Industrial Strategy ("BEIS") and Malaysia Energy Information Hub ("MEIH"). With data validation and error detection mechanisms integrated, the likelihood of inaccuracies has reduced, enhancing the credibility of our reporting.

Our integrated approach had led to accurate pinpointing of emission sources across our operations, facilitating the effective implementation of strategic measures and adequate allocation of resources towards areas that contribute most to our overall carbon footprint.

The digitalisation of emission tracking represents a pivotal step in our sustainability journey. By harnessing the power of

technology, we are not only meeting current environmental challenges but also positioning ourselves for a more sustainable and resilient future.

##### Taking Steps to Improve Energy Efficiency

With the majority of our emissions derived from the natural gas and electricity we utilise, our strategy for addressing climate change revolves around enhancing the energy efficiency of our operations.

Over the past year, we conducted comprehensive energy audits and energy methodology research across our manufacturing facilities to identify opportunities for improvement. These assessments empowered us to recognise operational areas with the greatest energy consumption and implement targeted optimisation strategies.

In exercising and promoting responsible energy consumption, we actively participate in initiatives such as the lights-out Earth Hour and conduct energy awareness training sessions. We also practice energy-saving measures like switching off lights during break times and optimising air-conditioning unit temperatures. Additionally, we have installed digital timers to better regulate the running time of office space and street lamps within our premises. Furthermore, we are progressively transitioning the lighting in our manufacturing plants to more energy-efficient LED lights.

To further enhance energy efficiency, we have invested in cutting-edge technologies designed to streamline manufacturing processes. Through the integration of automation, advanced sensors, and real-time monitoring systems, we aim to minimise energy wastage and enhance overall operational efficiency.

One notable example of this initiative is the installation

## Managing Our Environment Impact (Cont'd)

of a high-performance rotary screw compressor and a computerised compressed air management system at our production line. This system estimates future compressed air demand by analysing historical air consumption patterns. Leveraging this demand projection, alongside the technical characteristics of the components and our understanding of the system's behaviour, we employ a simulation-based optimisation process to forecast the most efficient switching operations. Similarly, we have installed inverters on our chiller system, enhancing the unit's accuracy in maintaining a constant temperature while reducing energy wastage.

Concurrent with the implementation of these technologies, we take steps in reengineering our production processes to optimise our energy efficiencies. Our ongoing initiatives encompass a spectrum of measures, including:

- Conversion of chiller refrigerant gas to enhance energy performance
- Optimisation of burner gas supply pressure
- Optimisation of oven temperatures and improvement of air profiles
- Optimisation of thermal oil heater temperatures
- Identification and deactivation of redundant processes in the manufacturing line
- Adjustment and reinstallation of equipment to maximise functionality
- Tailoring equipment parameters according to plant utilisation rates

Further to this, we conduct timely preventive maintenance to ensure our machineries and equipment are maintained in optimal condition, a vital aspect in safeguarding energy efficiency.

### Expanding Renewable Energy Use

Acknowledging the substantial role we can play in mitigating concerns surrounding climate change, we remain committed to transitioning towards sustainable energy sources. In this regard, we recognise the significance of embracing solar energy as an alternative, clean and renewable energy source that mitigates harmful greenhouse gas emissions and reduces our carbon footprint.

In line with this commitment, we have intensified our reliance on renewable energy by integrating solar panels into our manufacturing facilities. As of 31 December 2023, we have installed solar panels with a total installed capacity of 4.3MWp, representing a noteworthy increase of 1.14MWp compared to the preceding reporting year.

To this end, we will continue to explore the feasibility of installing solar panels at other factories, identifying it as a key area of focus in reducing our dependency on non-renewable energy sources. In doing so, we aim to lower our Scope 2 GHG emissions and reaffirm our commitment to environment sustainability.

### Transitioning to Electric Vehicles

While energy efficiency and renewable energy represent significant avenues for emission reduction, we are committed to maximising our contribution to the green agenda, particularly through our non-road and road vehicles. In our efforts to minimise emissions, we have replaced a portion of our conventional forklifts with electric counterparts across our manufacturing plants. By transitioning to electric forklifts, which produce zero emissions during operation, we are able to substantially reduce our total emissions and reduce our environmental footprint.

### Giving Back to Nature

Rooted in our firm belief that improving lives and preserving nature is equally important, we have leveraged on our innovation of Low Derma ("LD") Technology™ to support human health as well as the environment.

Since 2022, we have launched #StayLOW, a sustainability initiative under our LD Technology™, with a dual focus on reducing health risks through hand protection innovations and mitigating environmental impact by giving back to nature. While our technology continues to advance in enhancing hand protection through nitrile gloves, we are also extending our efforts to contribute to nature.

The #StayLOW programme is a collaborative endeavour involving our partners, glove users and technology teams worldwide, aimed at contributing towards carbon sequestration through reforestation programmes. For every thousand pairs of LD Technology™ gloves sold, USD 5 cents are contributed to the project fund. As of 31 December 2023, this programme has facilitated the planting of 1201 trees, estimated to remove 223.03 tonnes of carbon dioxide from the atmosphere.

## Managing Our Environment Impact (Cont'd)

## Our Performance

In FY2023, our Group-wide, combined Scope 1 and 2 emissions declined by 29%, from 421,567.65 tonnes CO<sub>2</sub>e to 298,953.09 tonnes CO<sub>2</sub>e, largely due to the lower production rate of our Gloves division during the year.

Despite this lower output level, Gloves division's Scope 1 and 2 emissions intensity has improved, dropping from 0.026 tonnes CO<sub>2</sub>e/1000pcs gloves to 0.023 tonnes CO<sub>2</sub>e/1000pcs due to our continuous efforts to enhance energy efficiency. Reduced consumption intensities for natural gas and purchased electricity were the main contributors to this improvement, declining by approximately 12.5% respectively.

Meanwhile, the Scope 1 and 2 emissions intensity of our TRP division decreased from 2.74 tonnes CO<sub>2</sub>e/1000kg rubber compounded to 2.46 tonnes CO<sub>2</sub>e/1000kg rubber compounded.

## Emissions

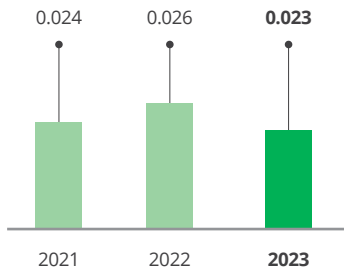
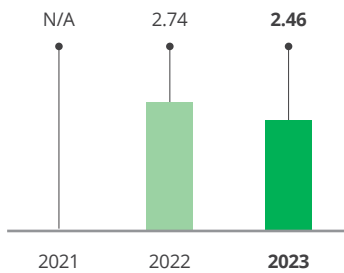
Scope 1									
	2021			2022			2023		
	Gloves	TRP	Total	Gloves	TRP	Total	Gloves	TRP	Total
Stationary Combustion (tonnes CO <sub>2</sub> e)	382,028.27	N/A	382,028.27	292,572.26	2,329.61	294,901.87	209,814.46	2,363.04	212,177.50
Mobile Combustion (tonnes CO <sub>2</sub> e)	N/A	N/A	N/A	474.36	171.17	645.53	399.92	165.17	565.09
<b>Scope 1 Total</b>	<b>382,028.27</b>	<b>N/A</b>	<b>382,028.27</b>	<b>293,046.62</b>	<b>2,500.78</b>	<b>295,547.40</b>	<b>210,214.38</b>	<b>2,528.21</b>	<b>212,742.59</b>
Scope 2									
	2021			2022			2023		
	Gloves	TRP	Total	Gloves	TRP	Total	Gloves	TRP	Total
Purchased Electricity (tonnes CO <sub>2</sub> e)	130,997.74	N/A	130,997.74	115,116.57	10,903.68	126,020.25	78,013.34*	8,197.16*	86,210.50*
<b>Scope 1 and 2 Total</b>	<b>513,026.01</b>	<b>N/A</b>	<b>513,026.01</b>	<b>408,163.19</b>	<b>13,404.46</b>	<b>421,567.65</b>	<b>288,227.72</b>	<b>10,725.37</b>	<b>298,953.09</b>
Scope 3									
	2021			2022			2023		
	Total (Gloves & TRP)			Total (Gloves & TRP)			Total (Gloves & TRP)		
Waste Generated in Operations (tonnes CO <sub>2</sub> e)	N/A			N/A			1,826.32		
Business Travel (tonnes CO <sub>2</sub> e)	N/A			28.45			70.00		
Employee Commuting (tonnes CO <sub>2</sub> e)	N/A			5,222.04			3,408.66		
<b>Scope 3 Total</b>	<b>N/A</b>			<b>5,250.49</b>			<b>5,304.98</b>		
<b>Scope 1, 2 and 3 Total</b>	<b>513,026.01</b>			<b>426,818.14</b>			<b>304,258.07</b>		

## Note:

- Scope 1 Stationary Combustion emissions cover emissions from natural gas and diesel consumption at our production facilities, with the emission factors used sourced from UK BEIS and US EPA.
- Scope 1 Mobile Combustion emissions cover emissions from gasoline and diesel consumption and emissions from the mileage incurred by company vehicles. The emission factors used are obtained from US EPA.
- Scope 2 emissions cover purchased electricity from our production facilities and hostels, and is calculated using the location-based method based on the emission factors of MEIH 2019 Grid Emission Factor (GEF) (Source: <https://meih.st.gov.my/documents/10620/384e8c1-b782-49a1-8dff-74c836b3a3f7>)
- Scope 3 Business Travel emissions cover all vehicles except trains. Emissions from air travel by our migrant workers are not accounted for in this year's calculation, and steps will be taken to include this information in our next Sustainability Statement. Emission factors used are sourced from UK BEIS, US EPA and France ADEME.
- Scope 3 Employee Commuting emissions cover all employee commuting activities, with the emission factor used sourced from UK BEIS.
- Tracking of Scope 3 Waste Generated in Operations emissions commenced in FY2023, covering both scheduled and non-scheduled waste, with emission factors used sourced from UK BEIS and US EPA.
- The Scope 1 emission of our TRP division in FY2022 has been restated due to the reclassification of energy consumed from LPG gas consumption to natural gas consumption.
- \*\*N/A\*\* indicates that the data have been subject to external assurance.

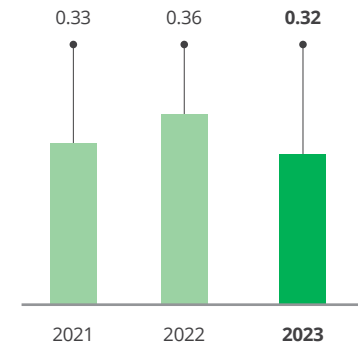
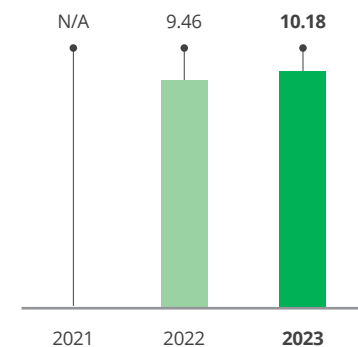
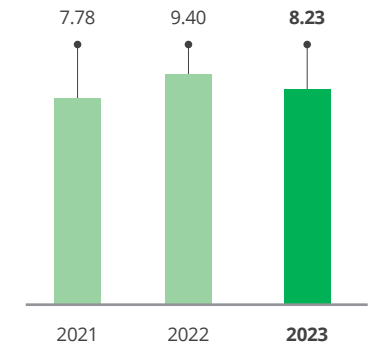
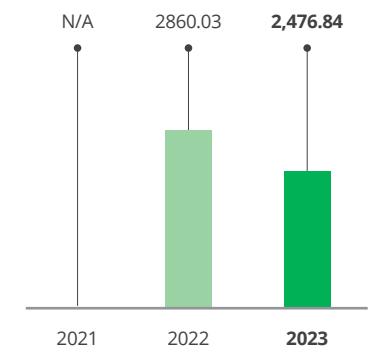
## Managing Our Environment Impact (Cont'd)

## Emissions

Scope 1 & 2  
Emission IntensityGloves Division  
(tonnes CO<sub>2</sub>e/ 1000pcs gloves)TRP Division  
(tonnes CO<sub>2</sub>e/ 1000kg rubber  
compounded)

(Note: The Scope 1 & 2 emission intensity of our TRP division in FY2022 has been restated due to the reclassification of energy consumed from LPG gas consumption to natural gas consumption.)

## Energy Consumption

Natural Gas  
Consumption IntensityGloves Division  
(MMBtu/ 1000pcs gloves)TRP Division  
(MMBtu/ 1000kg rubber  
compounded)Purchased Electricity  
Consumption IntensityGloves Division  
(kWh/ 1000pcs gloves)TRP Division  
(kWh/ 1000kg rubber  
compounded)

	2021			2022			2023		
	Gloves	TRP	Total	Gloves	TRP	Total	Gloves	TRP	Total
Solar Energy Consumption (kWh)	3,066,789.00	N/A	3,066,789.00	2,834,791.00	N/A	2,834,791.00	3,849,183.40*	229,000.00*	4,078,183.40*
Installed Capacity (MWp)	2.61	N/A	2.61	3.16	N/A	3.16	3.82	0.48	4.30

Please refer to the Appendix on pages 98 to 99 for more data on our energy consumption.  
\*\*" indicates that the data have been subject to external assurance.

## MOVING FORWARD

We are committed to enhancing our future environmental disclosures through the adoption of Task Force on Climate-Related Financial Disclosures ("TCFD") recommendations in the near future. This will provide us with a deeper understanding of the climate-related risks and opportunities we face, empowering us to proactively fine-tune our practices and strategies to mitigate against potential operational disruptions while embracing emerging opportunities. We are also embarking on the undertaking of product lifecycle assessments, representing a proactive measure to enhance our reporting through the tracking of additional Scope 3 emissions categories.

## Managing Our Environment Impact (Cont'd)



### WATER & EFFLUENTS MANAGEMENT

#### WHY IT MATTERS

Water and effluent management are critical aspects of environmental stewardship and sustainable development. With access to clean water for drinking, sanitation and agriculture being fundamental to human health and well-being, we are committed to ensuring responsible water management practices to safeguard these essential needs. In a similar vein, we recognise the importance of managing our effluent discharge in a conscientious manner to prevent pollution of water bodies and protect aquatic ecosystems.

This need is heightened by the water scarcity faced in many regions of the world due to climate change, making it imperative for us to set a positive example through our practices.

#### OUR COMMITMENT

Recognising the crucial role of water in our manufacturing processes, we place significant emphasis on effective water and effluent management as part of our Climate Mitigation 3S Strategy. Our objective is to improve our water footprint and minimise the environmental impact of effluent discharged from our business activities. Through these efforts, we strive to ensure accessibility to clean water and sanitation, thus contributing to the well-being of both people and the environment.

#### OUR APPROACH

##### Undertaking Robust Monitoring and Oversight

Water conservation is an integral component of our sustainable manufacturing approach. With the objective of reducing water consumption and enhancing water efficiency, we consistently evaluate our production processes and implement innovative approaches to maximise water consumption efficiency whenever feasible. Regular monitoring is carried out to keep track of water withdrawal and consumption intensity, and our operational teams also conduct scheduled inspections to promptly identify any potential water leakage.

To complement our efforts, we have integrated a magnetic flowmeter within our real-time monitoring system. This enables us to accurately monitor water flow rate, dosing and pressure, further enhancing our ability to manage water resources effectively.

##### Driving Water Conservation Initiatives

Recognising that holistic water management enhances the long-term value of our business, we have consistently implemented water conservation initiatives across our business. Examples of these ongoing efforts include the optimisation of our plant processes and our use of an auto dosing system to enable precise dosing and reduce our water consumption. Meanwhile, in our efforts to reduce extraction of clean water, we reuse tank water in our manufacturing line and treated water from our waste water treatment plant for various purposes, such as latex waste treatment and general house keeping.

We have also introduced a series of educational and training initiatives to drive awareness on the importance of water conservation amongst our employees. These programmes provide employees with actionable strategies to adopt in their day-to-day practices, thus embedding sustainable water usage within our organisational culture.

##### Reducing Our Reliance on Municipal Water Sources

To reduce our dependence on municipal water supplies, we have been steadily increasing our use of reclaimed water since FY2021. Doing so demonstrates our dedication to responsible water management and contributes to improved water security at the national level. Currently, municipal water makes up approximately 86.5% of our total water use, with the remaining 13.5% derived from reclaimed water sources.

##### Mitigating Water Risks

Recognising the critical importance of water to our business activities, we have implemented robust measures to enhance water security. Leveraging science-based tools such as the Aqueduct Water Risk Atlas provided by the World Resources Institute ("WRI"), we systematically evaluate water risks associated with our business. Using this assessment, we develop preventive measures and take proactive actions to mitigate potential risks. The insights we gain also aid our efforts to situate our operations in regions and areas that are not susceptible to water stress.

## Managing Our Environment Impact (Cont'd)

The most recent survey undertaken indicates that all our operations are located in areas with a low to medium water risk. Nevertheless, we have installed reservoir tanks across our facilities to ensure a reliable supply of water during water crises. Further to this, our main water storage tanks are equipped with an automatic water level control system that adjusts the operation of the water pump based on water level information, and we have installed alarm systems to notify us of low water levels within our storage tanks.

In our efforts to mitigate the impacts of flood damage to our operations, our premises are constructed at an elevated level. As part of our emergency preparedness measures, equipment including mobile and portable generators are placed on standby, ready to be deployed as necessary. Furthermore, our employees receive comprehensive flood response training to ensure their ability to effectively manage emergencies.

### Maintaining Responsible Effluent Management Practices

To minimise adverse environmental impacts, we ensure that our wastewater is appropriately treated and discharged. In doing so, we strictly follow the guidelines outlined in the Environmental Quality (Industrial Effluent) Regulations 2009 (Standard B) established by Malaysia's Department of Environment ("DOE") and all regulations pertaining to the jurisdictions of our operations.

Our water discharge management processes are guided by our EMS Framework and are in accordance with the requirements of ISO14001. Through licensed competent persons and relevant internal teams, we diligently monitor the quality of our discharge on a regular basis by referring to real-time data. Further to this, we conduct daily waste

water monitoring and carry out test at our onsite laboratory to ensure that water discharge quality parameters – such as temperature, pH value, biological oxygen demand ("BOD"), chemical oxygen demand ("COD"), total suspended solids ("TSS"), ammoniacal nitrogen and free chlorine – are met at our wastewater treatment plant. This allows us identify any shortfalls and take prompt measures to resolve such issues. In addition, we engage third party laboratories to undertake comprehensive analysis on a weekly basis across a wider range of parameters, providing an extra layer of control over the quality of our wastewater treatment processes.

We have also made considerable investments in upgrading the equipment used in our wastewater treatment plant, including:

- Upgrading our Dissolved Air Flotation ("DAF") System with a new design that enables enhanced solid-supernatant separation, resulting in lower COD concentration in DAF supernatants
- Incorporating new waste water technology such as Anoxic treatment and Moving Bed Biofilm Reactor (MBBR) process to drive quality improvements
- Installing screw press to complement the existing filter press to enhance dewatering efficiency
- Upgrading our cooling towers to improve efficiency in maintaining discharge temperature

Through our continuous efforts, we have maintained our adherence to Standard B for water discharge quality as defined by the Environmental Quality (Industrial Effluent) Regulations 2009, meeting all the necessary parameters related to BOD, COD and TSS.

## Our Performance

### Water Consumption

As a testament to our ongoing efforts to optimise water usage, our overall water consumption fell to 2.139 million m<sup>3</sup> in FY2023, a 36% reduction from 3.352 million m<sup>3</sup> in FY2022. Accordingly, the water intensity of our Gloves division has also improved.

	2021			2022			2023		
	Gloves	TRP	Total	Gloves	TRP	Total	Gloves	TRP	Total
Water Consumption (m <sup>3</sup> )	2,586,719.75	N/A	2,586,719.75	3,273,230.25	78,851.28	3,352,081.53	2,068,430.07	70,896.12	2,139,335.19
Intensity*	0.12	N/A		0.21	16.13		0.17	16.24	

**Note:**

- Water consumption data covers the production facilities and hostels of both divisions.
- Water withdrawal and consumption data relating to our TRP division in FY2022 was restated due to the use of the wrong unit of measurement in last year's report. As a result, the figures presented for overall water withdrawal and overall water consumption in FY2023 is 55,520m<sup>3</sup> lower than in last year's report.
- \* The unit of measurement for the intensity of Gloves and TRP Divisions are m<sup>3</sup>/1000pcs of gloves and m<sup>3</sup>/1000kg rubber compounded respectively.

## Managing Our Environment Impact (Cont'd)

### Water Withdrawal

In FY2023, we recorded total water withdrawal of 5.582 million m<sup>3</sup>, with municipal sources comprising approximately 86.5% of the total and approximately 13.5% stemming from reclaimed water sources. This marks a 27% decrease compared to the 7.607 million m<sup>3</sup> in water withdrawn in FY2022, with this reduction mainly attributable to our production lines operating at a lower capacity.

### Water Discharge

In FY2023, our water discharge decreased by 19%, from approximately 4.255 million m<sup>3</sup> to 3.442 million m<sup>3</sup>, due to our production lines operating at a lower capacity.

Treated Water Discharged (m <sup>3</sup> )	2021		2022		2023	
	Gloves	TRP	Gloves	TRP	Gloves	TRP
<b>Total Discharged</b>	<b>5,041,067.97</b>	<b>N/A</b>	<b>4,254,787.46</b>	<b>-</b>	<b>3,442,221.36</b>	<b>-</b>
<b>By destination:</b>						
Surface Water	5,041,067.97	N/A	4,254,787.46	-	3,442,221.36	-
Subsurface / Well	-	N/A	-	-	-	-
Beneficial / Other Use	-	N/A	-	-	-	-
Ocean	-	N/A	-	-	-	-
Off-site Water Treatment	-	N/A	-	-	-	-
<b>Total Treated Water Discharged</b>	<b>5,041,067.97</b>	<b>N/A</b>	<b>4,254,787.46</b>	<b>-</b>	<b>3,442,221.36</b>	<b>-</b>
<b>By level level of treatment:</b>						
Discharge to a Third Party Without Treatment	-	N/A	-	-	-	-
Discharged to the Natural Environment Without Treatment	-	N/A	-	-	-	-
Primary Treatment Only	-	N/A	-	-	-	-
Secondary Treatment	4,654,634.61	N/A	3,658,074.96	-	3,095,560.56	-
Tertiary Treatment	386,433.36	N/A	596,712.5	-	346,660.80	-
<b>Total Treated Water Discharged</b>	<b>5,041,067.97</b>	<b>N/A</b>	<b>4,254,787.46</b>	<b>-</b>	<b>3,442,221.36</b>	<b>-</b>
<b>Treated Water Discharged Intensity*</b>	<b>0.233</b>	<b>N/A</b>	<b>0.271</b>	<b>-</b>	<b>0.275</b>	<b>-</b>

Note:

\* The unit of measurement for the intensity of Gloves and TRP Divisions are m<sup>3</sup>/1000pcs of gloves and m<sup>3</sup>/1000kg rubber compounded respectively.

### MOVING FORWARD

We remain focused on decreasing our reliance on municipal water sources at our facilities, driving awareness on water saving strategies amongst our employees and explore opportunities for water recycling. Concurrently, we will strive to enhance water efficiency across our production processes and increase the effectiveness of our wastewater treatment facilities.

## Managing Our Environment Impact (Cont'd)



### WASTE MANAGEMENT

#### WHY IT MATTERS

As a manufacturing entity, waste management constitutes a fundamental aspect of our Climate Mitigation 3S Strategy. We are cognizant that sustainable waste management and resource conservation is crucial for addressing the ongoing challenges associated with landfills, including land contamination and heightened carbon emissions. The significance of our endeavours is magnified by the global push towards a circular economy, which serves as a cornerstone in mitigating climate change.

#### OUR COMMITMENT

To minimise our environmental impact stemming from this aspect, the Group is determined to minimise waste generated by our production processes and improve circularity throughout our operations to address the prevalent issues associated by landfills.

#### OUR APPROACH

##### Cultivating Good Waste Management Practices

Adhering to sound waste management practices is essential for meeting the stringent requirements stipulated by the DOE and fulfilling our duty of care. Our waste management endeavours are fortified by a resilient Group-level EMS Framework, which has been aligned with ISO 14001 standards. To propel our sustainable waste management approach, we have adopted the 4R Strategy of Reengineering, Reducing, Recycling, and Reusing. This comprehensive waste management hierarchy prioritises our efforts in handling waste generated by our activities, guiding our primary focus towards reengineering our processes and products to proactively prevent waste generation.



Across our operations, we utilise computer-generated weighing chits to track and analyse the waste we generate, and identify areas for continuous improvement. Waste is classified into two main categories: scheduled waste and non-scheduled waste. Scheduled waste primarily consists of latex lumps and sludge, which is a by-product of waste water treatment, while non-scheduled waste encompasses a wide range of materials, including general waste, food waste, paper packaging, plastics, rubber dust, rejected gloves and broken formers.



Our strategy for efficient waste management centres on improving waste segregation and labelling at the source, considering the distinct types of waste (scheduled and non-scheduled) and further classifying them into specific categories. This ensures that scheduled waste is securely stored in a location separate from our manufacturing facilities and offices. Complementing this approach, we have implemented 3R colour bins across all our facilities to serve as visual reminder encouraging recycling practices.



Aware that the nature of our manufacturing processes leads to scheduled waste generation, we have appointed dedicated licensed competent persons at each of our operational sites. These individuals are responsible for overseeing our waste management practices and processes, ensuring that disposal is carried out safely and in a timely manner via approved and accredited collectors in strict accordance with the DOE's Environmental Quality (Scheduled Wastes) Regulations 2005. Additionally, the scheduled waste we generate is reported and disclosed through the government's Electronic Scheduled Waste Information System ("eSWIS") portal to maintain compliance and transparency.

## Managing Our Environment Impact (Cont'd)

To ensure our employees are well-equipped to carry out their responsibilities, we organise various training and awareness sessions to raise their knowledge and competencies on key topics such as identification of waste, waste management and handling, recycling awareness. SOPs and WIs are in place to provide clear instructions on how to responsibly handle and manage waste, with annual refreshers conducted to place these guidelines at the top of their minds.

### Promoting Innovation and Driving Resource Efficiencies

The integration of innovative solutions and resource optimisation initiatives across our operations constitutes pivotal elements within our waste management initiatives. Specifically, within our glove divisions, we have implemented solutions at our wastewater treatment plant to diminish the volume of sludge produced. Additionally, we have transitioned from using spill kits with ash to spill kits with cotton rags, effectively curtailing the generation of ash waste necessitating incineration. These cotton rags are recoverable and reusable subsequent to being used, further enhancing our sustainability efforts.

In line with our automation endeavours, we have established an automated dosing system within our production line. The innovative auto doser can be programmed to dispense exact quantities of chemicals or substances at specific intervals to mitigate the risk of human error and ensuring precise dosing. This has significantly optimised resource consumption while reducing reliance on manual labour, resulting in heightened productivity and cost savings.

Meanwhile, within the TRP division, we have introduced auto-coating machines to replace manual adhesive coating. This upgrade not only reduces our chemical usage but also eliminates manual application.

### Embracing Resource Efficiency

Embracing the concept of waste circularity, rejected gloves find new life through transfer and repurposing in our TRP division, culminating in the creation of eco shoes. Moreover, we repurpose acid waste from our production to clean formers and use it as a pH adjuster in our waste water treatment plant.

Committing to a closed-loop system, we actively collect and return reusable plastic waste to our suppliers for further utilisation, advocating our stance on minimising environmental impact and adopting sustainable practices.

In our pursuit of sustainable manufacturing, we strive to minimise environmental impact and combat deforestation by utilising sustainable packaging solutions and reducing our reliance on plastics. Presently, 94.5% of our packaging is sourced from recycled or recyclable materials, reflecting our commitment to environmental sustainability. We remain dedicated to exploring sustainable packaging crafted from eco-friendly or Forest Stewardship Council ("FSC") certified packaging materials to further decrease our environmental footprint.

To end this, we maintain a vigilant oversight of our overall resource consumption, particularly focusing on primary materials such as latex and nitrile in the gloves division, alongside natural rubber, synthetic rubber and metal components in our TRP division.

## Our Performance

### Waste Generated

There were no recorded incidents of non-compliance in relation to waste management in FY2023, with no waste either imported or exported.

During the year under review, waste generated intensity within our gloves division increased from 0.62kg/1,000pcs gloves to 0.70kg/1,000pcs, largely attributable to the non-schedule waste generated during the decommissioning of old factories. Through stringent monitoring and mitigation efforts, our schedule waste generated has decreased by 25% in FY2023 to 5,036.93MT, compared to 6,722.72MT in FY2022.

Meanwhile, the total waste generated in our TRP division has increased by 3.3% from 804.43MT in FY2022 to 831.02MT in FY2023, coupled with an increase in intensity from 164.58kg/1000kg rubber compounded to 190.33kg/1000kg rubber compounded. This increase within the TRP division is due to a shift in our product mix.

Overall, approximately 57.7% of our waste generated from operations was managed through recycling, reuse or other recovery processes in FY2023, compared to approximately 66.6% in FY2022. The decrease was primarily attributed to unrecyclable waste generated from the decommissioning of old factories, which mainly consisted of aggregate and concrete contaminated with paints, fasteners, adhesives, wall coverings, insulation and dirt.

## Managing Our Environment Impact (Cont'd)

	2021		2022		2023	
	Gloves (kg/ 1000pcs gloves)	TRP (kg/ 1000kg rubber compounded)	Gloves (kg/ 1000pcs gloves)	TRP (kg/ 1000kg rubber compounded)	Gloves (kg/ 1000pcs gloves)	TRP (kg/ 1000kg rubber compounded)
Waste Generated Intensity	0.50	N/A	0.62	164.58	0.70	190.33

	2021		2022		2023	
	Gloves	TRP	Gloves	TRP	Gloves	TRP
Scheduled Waste (MT)	7,598.22	N/A	6,722.72	7.22	5,036.93	19.89
Non-Scheduled Waste (MT)	3,094.53	N/A	2,984.22	797.21	3,655.12	811.12
<b>Total Waste Generated (MT)</b>	<b>10,692.75</b>	<b>N/A</b>	<b>9,706.94</b>	<b>804.43</b>	<b>8,692.05</b>	<b>831.01</b>

	2021		2022		2023	
	Gloves	TRP	Gloves	TRP	Gloves	TRP
Waste disposal through incineration (with or without energy recovery), landfilling, other disposal operations (MT)	10,692.75	N/A	2,941.60	565.56	3,200.28	825.98
Waste Recycled/ Recovered/ Reused (MT)		N/A	6,765.34	238.87	5,491.77	5.03
<b>Total Waste Generated (MT)</b>	<b>10,692.75</b>	<b>N/A</b>	<b>9,706.94</b>	<b>804.43</b>	<b>8,692.05</b>	<b>831.01</b>

### Resource Consumption

Raw material (Glove Division)	2021 (MT/ 1000pcs gloves)	2022 (MT/ 1000pcs gloves)	2023 (MT/ 1000pcs gloves)
Latex consumption intensity	0.010	0.010	0.014
Nitrile consumption intensity	0.008	0.008	0.011

The increase of latex and nitrile consumption intensity in the gloves division during the year was due to a change in our product mix, which featured a greater proportion of specialised products.

Raw material (TRP Division)	2021 (kg / 1000kg rubber compounded)	2022 (kg / 1000kg rubber compounded)	2023 (kg / 1000kg rubber compounded)
Natural Rubber & Synthetic Rubber Consumption Intensity	N/A	424.90	461.87
Metal Components Consumption Intensity	N/A	815.99	776.73

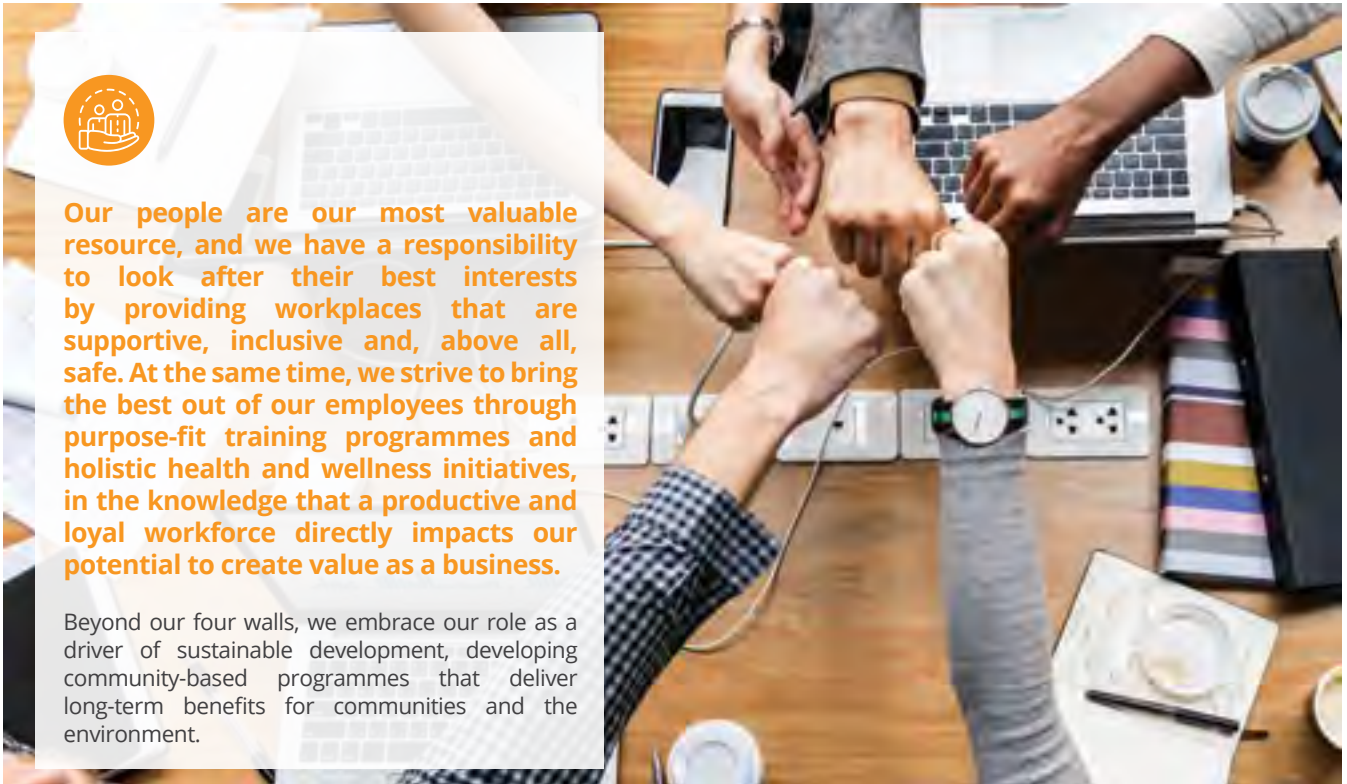
The increase of natural rubber and synthetic rubber consumption intensity from 424.90kg/1000kg rubber compounded to 461.87kg/1000kg rubber, alongside the decrease of metal component consumption intensity, is similarly attributable to the change in our product mix.

*Note: The Metal Components Consumption Intensity of our TRP division in FY2022 was restated due to recognition of a calculation error.*

### MOVING FORWARD

In our pursuit of a greener future, we remain focused on taking significant steps towards improving our waste management practices and maximising resource utilisation efficiency. Moreover, we will continuously explore innovative recycling solutions as an essential component of our sustainable manufacturing approach. Through these proactive measures, we actively address waste management challenges and contribute to a more sustainable world.

# Creating Value Through Social Engagement



**Our people are our most valuable resource, and we have a responsibility to look after their best interests by providing workplaces that are supportive, inclusive and, above all, safe. At the same time, we strive to bring the best out of our employees through purpose-fit training programmes and holistic health and wellness initiatives, in the knowledge that a productive and loyal workforce directly impacts our potential to create value as a business.**

Beyond our four walls, we embrace our role as a driver of sustainable development, developing community-based programmes that deliver long-term benefits for communities and the environment.



## HUMAN RIGHTS AND LABOUR PRACTICES

### WHY IT MATTERS

We believe that upholding fair labour practices and respecting human rights are not only moral obligations but fundamental to driving our sustainability as an organisation and empowering long-term success across our value chain. As such, we have ingrained these considerations deeply within our values, driving action to safeguard the dignity of our workforce, enhance their safety and ensure the protection of their fundamental human rights at all times. This unlocks improved employee satisfaction, loyalty and productivity, while also enhancing the trust of our stakeholders and our reputation as an organisation.

### OUR COMMITMENT

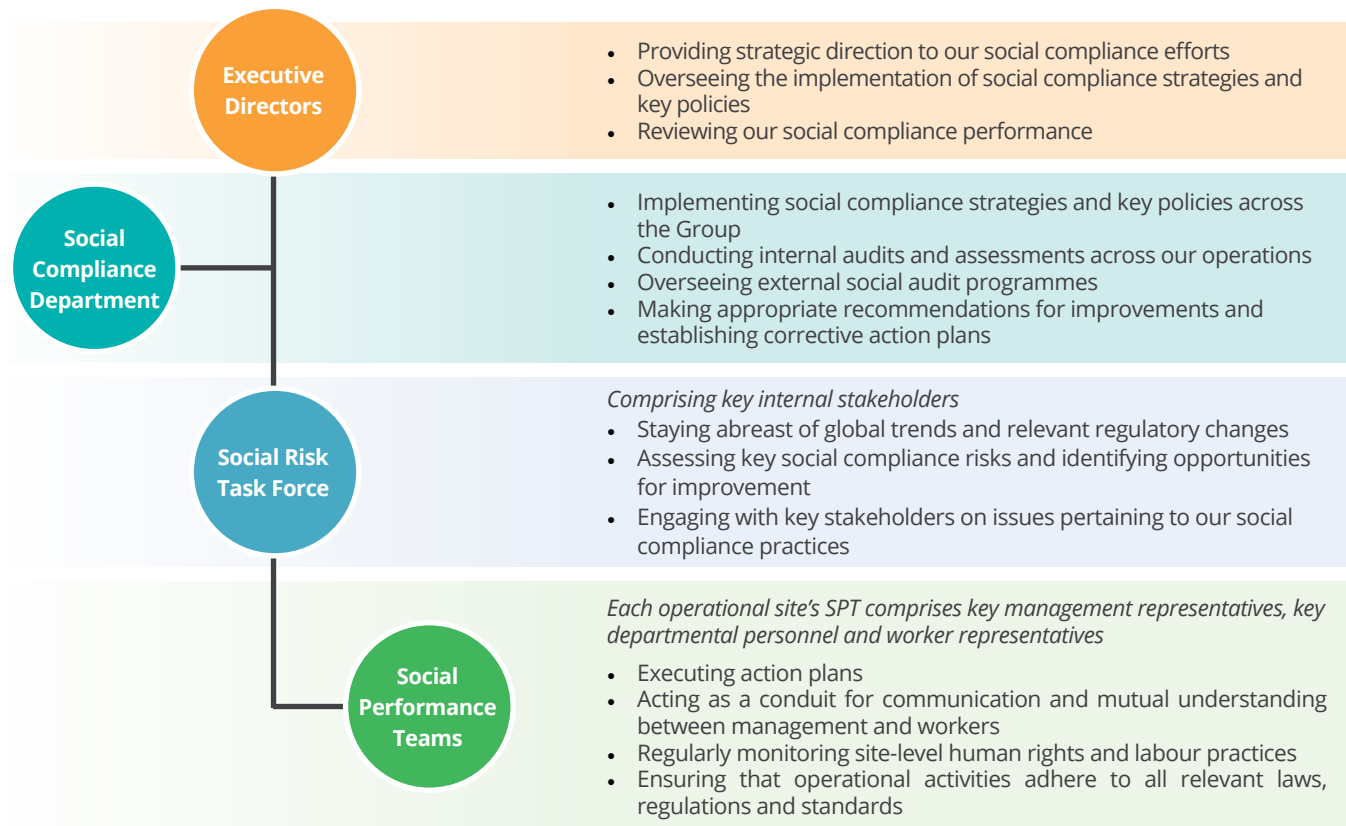
We commit to continuously advancing our efforts in tackling human rights risks across our own operations and supply chain while upholding a fair, sustainable and inclusive workplace for all, in line with established international standards.

### OUR APPROACH

#### Robustly Governing Social Compliance

Our approach to upholding human rights is underpinned by a robust social governance structure, spearheaded by our Executive Directors and the involvement of key internal stakeholders at all levels of the Group. This allows us to make well-informed decisions and implement suitable policies and practices that drive long-term value for our people and our business.

## Creating Value Through Social Engagement (Cont'd)



### Upholding Decent Labour Practices

We strictly abide by all applicable local and international laws and standards pertaining to labour practices. In demonstrating our maturity as a responsible enterprise and building trust with our stakeholders, we have established our Social Accountability Management System & Policy Roadmap, which is aligned to the following regulations and standards:

- Employment Act 1955 (2022 amendment)
- Industrial Relations Act 1967 (2020 amendment)
- SA 8000
- ISO 26000
- ISO 20400
- The International Labour Organisation's ("ILO") 11 indicators of forced labor
- Ethical Initiative Trading ("ETI") Base Code
- The amfori Business Social Compliance Initiative ("BSCI") Code of Conduct
- The Worldwide Responsible Accredited Production ("WRAP") 12 Principles
- Sedex Member Ethical Trade Audit ("SMETA") guidelines
- UN Guiding Principles on Business and Human Rights

The system and roadmap clearly outlines the standards that govern our practices and is instrumental in driving our conformance to the priorities and demands set forth by our internal and external stakeholders such as eradicating debt bondage, ensuring reasonable working hours, safeguarding freedom of association, respecting the right to collective bargaining and prioritising occupational health and safety. Our commitment to these social imperatives is evidenced by our prohibition of forced labor, bonded labour, modern slavery and child labour across our operations. In addition, we adhere to a thorough verification process to prevent the hiring of individuals under the age of 18, as stipulated by our Recruitment Policy.

## Creating Value Through Social Engagement (Cont'd)

The system and roadmap encompasses the following key policies:

**Social Accountability Management System & Policy Roadmap**

- ▷ Policy on Forced Labour and Modern Slavery
- ▷ Child Labour Policy
- ▷ Prevention of Abuse Policy
- ▷ Policy on Right of Workers to Hold Their Own Passport
- ▷ Policy on Deduction from Wages
- ▷ Zero Cost Recruitment Policy
- ▷ KOSSAN Code of Conduct
- ▷ Policy Against Workplace Harassment & Discrimination
- ▷ Grievance Procedure
- ▷ Occupational Safety & Health Policy
- ▷ Recruitment Agency Code of Conducts
- ▷ Vendor Code of Conduct

These key policies, and our Employee Handbook, are translated into the native languages of our workforce. They are communicated via awareness sessions and distributed to all employees, in addition to being accessible via our intranet portal.

### Upholding Responsible Recruitment Practices

We firmly uphold fair and ethical recruitment practices that aim to mitigate the risk of human trafficking. This encompasses paying all costs incurred in enabling migrant workers to undertake work with the Group, including passport fees and travel, as detailed in our Employer Pay Recruitment Policy, and conducting rigorous due diligence audits on recruitment agents to ensure that workers are not subjected to recruitment fees, travel costs and other pre-employment expenses during the hiring process.

We commence our recruitment process for migrant workers by collecting proposals from licensed recruitment agencies that hold certifications in ethical human capital resourcing. These agencies are then subjected to a due diligence assessment, conducted jointly with an independent auditor, which evaluates their:



Further to this, all recruitment agencies that we work with are required to sign a commitment indicating their willingness to abide by our Recruitment Agency Code of Conduct.

To oversee the recruitment process, representatives from our Human Resources and Social Compliance departments travel to source countries along with representatives from an independent auditor. Once there, translators and independent legal representatives are present throughout the recruitment process to facilitate communication with potential candidates and brief new hires on their employment contracts, our Employer Pay Recruitment Policy and social compliance practices. Furthermore, interviews are conducted at multiple stages of the recruitment process to ensure that no recruitment fees have been paid. Should fees be discovered to have been paid, immediate remedial action is taken.

### Standing Against Forced Labour and Modern Slavery

We stand resolutely against forced labour and enforce a zero-tolerance policy against such practices in all forms. To this end, we adhere to the following practices:

- Enabling migrant workers to retain full control of their personal documents and belongings
- Offering personal storage options in our hostels for migrant workers to safeguard their belongings
- Upholding the right of our migrant workers to resign without facing any repercussions or repatriation cost. The length of notice provided to our employees is compliance with Malaysian Employment Act 1955, should there be any implementation of significant operational changes
- Providing migrant workers with transparent employment terms, in their own language, that clearly outline the obligations stated above

## Creating Value Through Social Engagement (Cont'd)

These practices are clearly articulated throughout our operations and supply chain via our Supplier Code of Conduct, Prohibition of Forced Labor Policy and Zero Cost Recruitment Policy.

In FY2023, we recorded zero substantiated complaints concerning human rights violation.

### Prohibiting Child Labour

We strictly prohibit the employment of child labour and young workers who are under the ages of 15 and 18 respectively across our operations and value chain. To this end, our Human Resources Department ("HRD") and recruitment agent verify the age of potential candidates during the recruitment process. In the event that a worker under the age of 18 is discovered within our operations due to oversight, misrepresentation, false identification documents or any other reason, our Child Labour Remediation Procedure is duly implemented and we assume responsibility for ensuring the safety and protection of the child.

Our stance against child labour and the practices outlined above are clearly set out in our Child Labour Policy and Supplier Code of Conduct. In any instance of non-compliance within our supply chain, the relevant supplier or sub-contractor is required to implement Corrective and Preventive Actions ("CAPA") which include undergoing training to enhance their understanding of their responsibilities and minimise the risk of such an incident reoccurring. Failure to address the issue promptly or repeated instances of non-compliance will lead to the immediate termination of the supplier or sub-contractor's business relationship with the Group.

During the year under review, we maintained our record of zero reported cases of child labour.

### Upholding Reasonable Working Hours

In accordance with the Employment Act 1955 and international standards, we commit to providing all employees with reasonable working hours and maintaining overtime limits that are below statutory requirements. Specifically, we adhere to a 60-hour work week that includes a weekly mandatory rest day, with overtime work undertaken on a voluntary basis and paid at the overtime rate as specified by the Act.

We utilise purpose-fit digital tools to accurately track and manage working hours, and our plants' respective Human Resources departments diligently monitor their employees' weekly working hours to ensure that they remain within the 60-hour limit. Further to this, monthly reports on working hours are prepared and reviewed by our Social Compliance department to ensure our compliance towards ILO regulations.

### Upholding the Right to Freedom of Association and Collective Bargaining

We respect our employees' right to participate in any association. We do not interfere, restrain or coerce our employees concerning the exercising of their fundamental right to form, assist in the formation of or join a trade union and participate in its lawful activities, in accordance with the Trade Unions Act 1959 and the Industrial Relations Act 1967.

In line with our efforts to maintain inclusive workplaces, all our plants have workers representatives who are elected by their fellow employees, with all nationalities represented. These representatives participate in monthly meetings organised by the Social Committee, providing a platform for them to voice the needs, concerns and feedback of our employees directly to Senior Management.

### Respecting Freedom of Movement

We respect and uphold the right of our employees to freedom of movement without imposing any constraints.

Employees are not required to obtain permission to leave their workplace or hostel outside of working hours.

Furthermore, we do not impose any restrictions on the movements of migrant workers who choose to return to their home countries either before or after fulfilling their contracts.

## Creating Value Through Social Engagement (Cont'd)

### Providing Decent Housing

Our migrant workers' accommodation fully complies with the Workers' Minimum Standards of Housing and Amenities (Amendment) Act 2019 (Act 446). Hostels are equipped with various amenities to enhance their comfort and quality of life, including laundromats, canteens, refrigerators, prayer rooms, and various recreational facilities, providing them with easy access to daily necessities.

### Maintaining Robust Grievance Mechanisms

We firmly believe that listening to our employees and taking their concerns seriously is vital to fostering desirable working environments. To this end, we have established a comprehensive externally managed Suara Kami helpline. Through this mechanism, employees may raise any complaints or concerns related to unfair treatment, unethical practices, disrespect, harassment or workplace safety through multiple channels such as QR codes, WhatsApp, and phone calls. By providing them with these diverse reporting options, we aim to create an environment where they feel comfortable and empowered to speak up on any suspected breaches of their human rights or labour practices.

In our efforts to foster direct communication with our employees, we have implemented the Management by Walking Around ("MBWA") programme. Under this programme, representatives from HRD conduct walkabouts of our factories and floor operations every two weeks, engaging with employees at a personal level and listening to any concerns that they may have. The insights gathered from these interactions are then compiled and submitted to Corporate HRD or Social Compliance Department for a thorough review, facilitating the implementation of actions to address the issues raised.

A total of 48 grievances were lodged in FY2023 through Suara Kami, our external helpline. Grievances received consisted of matters relating to hostel, discrimination, verbal abuse, repatriation, safety hazards and others. 43 of these cases have since been resolved, with the remaining 5 cases pending verification of actions taken by the Group.

### Strengthening Human Rights Awareness

In order to cultivate a strong awareness of human rights and social compliance across our workforce, we avail them of various training programmes. In FY2023, these programmes included:

- Training workshops on the ILO Indicators and the Employment Act 1955 for manager-level employees across the Group, totalling 270 training hours
- 35 awareness sessions on the WRAP 12 Principles, totalling 778 training hours
- Awareness training on our social compliance-related policies and commitments, our industrial relations framework, our grievance mechanism, the WRAP 12 Principles and amendments to the Employment Act 1955, provided to 3,275 employees and totalling 4,013 training hours
- Our annual roadshow briefings, with key topics covered including our external grievance hotline, the ILO Indicators and the Employment Act 1955, reaching 2,113 employees and totalling 4,226 training hours
- Externally-provided training on human rights, totalling 64 training hours

In addition, we developed posters to drive awareness of our stance against harassment and discrimination, with these posters disseminated across the Group for employees' understanding and adherence.

### Undertaking Social Compliance Audits

To ensure ongoing compliance across our operations, our Social Compliance department proactively conducts internal audits on a frequent basis. These audits enable us to identify and mitigate potential risks and progressively enhance the effectiveness of our procedures and policies. They also ensure that we are adequately prepared for external audits as mandated by local and industry-level regulations.

In FY2023, 29 internal social compliance audits were carried by the department. During this time, our operations were also subjected to 29 external audits, covering 100% of our glove operations, including the audit programmes of SMETA, WRAP and our customers. To this end, we have maintained our Sedex membership.

## Creating Value Through Social Engagement (Cont'd)

### Driving Change Through the Responsible Glove Alliance

We are one of the seven founding members of the Responsible Glove Alliance ("RGA"), which was launched in March 2022. The purpose of the RGA is to enable collective efforts between all glove suppliers and buyers towards reducing the risk of forced labour within the industry.

As a member, we adhere to the following Membership Commitments:

#### Code of Conduct

- Members will commit to the principles and standards outlined in the Freely Chosen Employment of the Responsible Business Alliance ("RBA") Code of Conduct
- These provisions align with the ILO Forced Labour Indicators, and prohibit all forms of forced, bonded (including debt bondage) or indentured labour, involuntary or exploitative prison labour, slavery and trafficking in persons

#### Cascading Commitments

- Members will commit to cascading these commitments within their supply chains
- Minimum requirement will be to ensure immediate/next tier suppliers acknowledge and implement the principles and standards set in the Freely Chosen Employment section of the RBA Code of Conduct
- Members will be obligated to take measures to monitor supplier adherence to the principles

#### Continuous Improvement

- Members commit to undertaking continuous improvement measures, which include but are not limited to conducting assessments and social compliance activities and implementing corrective actions

#### Transparency and Accountability

- Members will commit to transparency and fostering accountability

## Our Performance

### Human Rights and Labour Practices-related Certifications

In FY2023

**100% of our glove manufacturing plants maintained their WRAP Gold certifications**

### MOVING FORWARD

In addition to ongoing efforts to improve our human rights and social compliance practices, we shall continue to play an active role across the industry as a member of the RGA. Our primary focus here will be on developing comprehensive, industry-wide standards by collaborating with relevant stakeholders including buyers, manufacturers and international labour rights organisations. Through these partnerships, we shall aim to enhance the sustainability of the glove manufacturing supply chain, thus safeguarding the industry's long-term vitality.

## Creating Value Through Social Engagement (Cont'd)



### WORKPLACE SAFETY

#### WHY IT MATTERS

Workplace safety is of the utmost importance to us as it directly impacts the well-being and livelihood of our employees, our risk of accidents and injuries and our ability to ensure the uninterrupted flow of our business operations. Beyond these tangible impacts, we view workplace safety not only as a legal and ethical obligation but a fundamental responsibility towards our employees, customers and communities. By building a culture that prioritises safety, we can solidify our reputation as a socially responsible organisation.

#### OUR COMMITMENT

We commit to safeguarding our workforce by prioritising safety at every level of the organisation and fostering a safety-centric culture – endowing each employee with the responsibility to identify hazards, implement preventive measures and promote safe practices amongst their colleagues and within their workplace.

#### OUR APPROACH

##### Implementing a Comprehensive OHS Management System

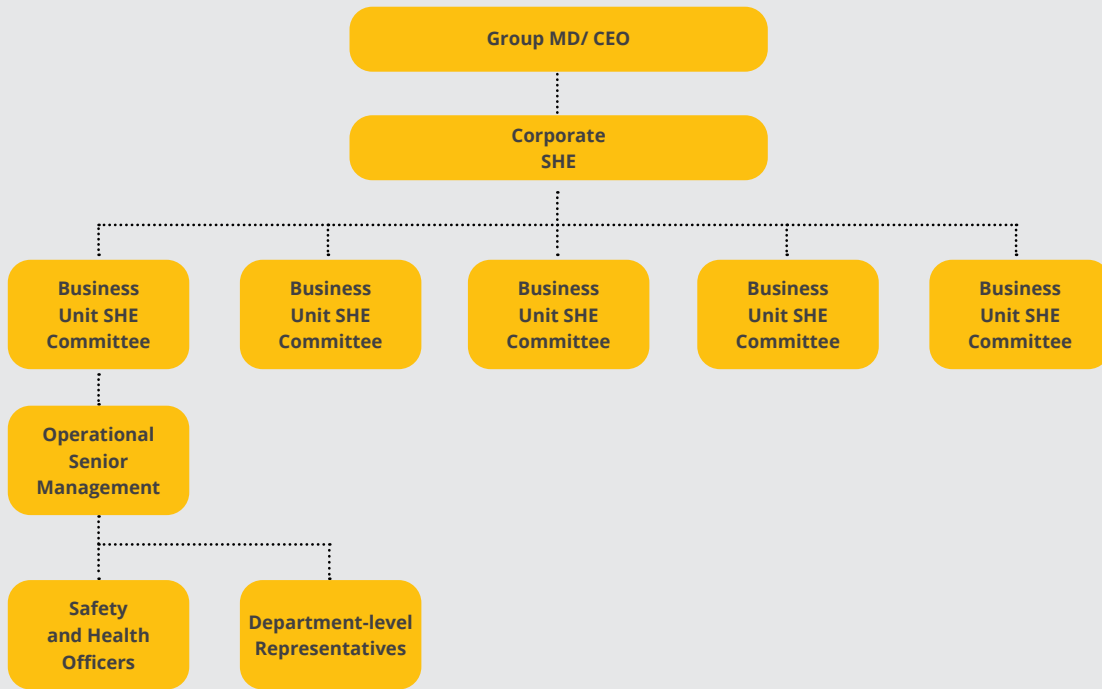
Our approach to workplace safety is guided by our Occupational Health & Safety Management System (“OHS Management System”), which encompasses a wide array of policies and procedures and is aligned with ISO 45001 – Occupational Safety and Health Management System.

In implementing our OHS Management System, we are supported by our competent staff – trained in health and safety standards – who operate within a well-established structure and system that is designed to promote accountability on safety at all levels. The key role within this structure is played by our Corporate Safety, Health and Environment (“CSHE”) unit, which is responsible for formulating safety and health targets, developing relevant initiatives, undertaking risk assessments and ensuring our compliance to local occupational safety and health (“OSH”) standards and guidelines. The CSHE unit reports directly to the Group Managing Director/Chief Executive Officer.

The CSHE unit governs the Safety, Health and Environment Committees (“SHE Committees”) of our business units, each of which are chaired by Senior Management personnel of the business unit in question and comprise of safety and health officers and representatives from various departments. These committees are charged with driving the development of safety and health rules and measures that address the specific risks faced by their workplaces. In striving to maximise business unit-level performance, they also undertake regular reviews of the safety and health performance of each site and of all safety and health programmes launched.

## Creating Value Through Social Engagement (Cont'd)

The overall structure used to govern safety and health across the Group is detailed below.



### Establishing our OSH Framework

Placed at the very core of our operational decision-making practices, our Occupational Safety and Health Framework (“OSH Framework”) stands as a testament to our unwavering dedication to safeguarding the safety and well-being of our employees. The framework encompasses a range of policies and procedures and is aligned with ISO 45001, driving strict and ongoing compliance with all relevant regulatory requirements.

The framework details clear processes and best practices across the following areas:



## Creating Value Through Social Engagement (Cont'd)

### Group-wide Safety and Health Policy



Our Safety and Health Policy is geared towards safeguarding the well-being of all individuals within our organisation, including external parties such as our suppliers, vendors and contractors. Acting as a guiding compass, it details clear practices and expectations in maintaining safe workplaces, empowering employees to take ownership of their safety and the safety of those around them.

As a whole, the policy empowers us to:

Adopt preventive measures to minimise the risk of injuries, mitigate health hazards and limit the risk of property damage

Drive proactive safety awareness through comprehensive and transparent communication with our employees, contractors and other stakeholders

Comply with all OSH rules and regulations

Undertake continuous monitoring of relevant safety and health indicators

Conduct thorough investigations and implement remediation or compensation plans for any incidents that occur

This policy is communicated to and shared with all employees, vendors and other stakeholders of the Group, thus ensuring that all personnel involved in our business are fully aware and equipped to support our commitment to safety and health.

### Safety and Health Officers



Our framework is backed up by certified safety and health officers who oversee safety operations at all of our operational sites. These individuals ensure rigorous compliance to local regulations set forth by the Department of Safety and Health (“DOSH”) and industry standards by:

Developing and implementing safety and health procedures and safe systems

Conducting regular inspections of workplaces to ensuring that they comply with relevant regulations and safety protocols

Conducting thorough risk assessments across all our operations and developing risk mitigation plans in response to issues identified

Recommending corrective actions and amendments to our safety policies to management-level personnel

Analysing patterns related to incidents, near-miss accidents, dangerous occurrences and occupational health issues

Leading comprehensive training programmes that equip employees with the skills needed to navigate their roles safely

Should a safety incident occur, our safety and health officers promptly undertake an investigation in adherence with DOSH protocols, disseminating the findings of the investigation to both Senior Management and the DOSH through detailed reports. Actions to rectify the incident and prevent future incidents are then swiftly devised and implemented.

## Creating Value Through Social Engagement (Cont'd)

### Safety and Health Assessment



We undertake regular safety and health assessments to identify potential hazards in our workplaces and guide the implementation of appropriate measures to both eliminate these hazards and mitigate their associated risks. This systematic approach is ingrained across the Group and is guided by our Hazard Identification, Risk Assessment and Risk Control ("HIRARC") procedure, which is based on the Guidelines for Hazard Identification, Risk Assessment and Risk Control issued by DOSH.

In carrying out these assessments, we start by deconstructing work activities into individual tasks and identifying the potential risks associated with each task. These risks are then evaluated and assigned a risk rating based on the level of risk, likelihood and severity. Based on the risk rating, appropriate control measures are implemented, with reviews of these control measures and assessments of remaining risks conducted regularly, thus enabling adjustments and improvements to be made progressively. The results of all assessments are thoroughly documented for Group-wide understanding and alignment on safety and health issues.

Further to the assessment outlined above, we also conduct ergonomics risk assessments ("ERA") across our operations to identify ergonomics risks – including those related to musculoskeletal disorders – present at our workplaces and particularly in our production line activities. Identified risks are evaluated and control measures are put in place, with these measures regularly evaluated to drive continual improvement.

### Safety and Health Objectives & Targets



We develop thorough safety and health objectives and targets aimed at preventing fatalities, reducing the incidence of workplace accidents and mitigating against the risk of occupational diseases. These objectives and targets are crafted in alignment with our Safety and Health Policy and are informed by the outcomes of safety and health assessments and audits.

### Safety and Health Audit



During FY2023, all our operational sites underwent rigorous internal audits aimed at ensuring strict compliance with our established safety protocols and procedures. Additionally, external audits were conducted by DOSH, our clients and reputable third-party certification bodies.

These external audits served as an additional layer of validation, affirming our unwavering dedication to continuous improvement and accountability in safety and health, thus further strengthening our reputation as a responsible and reliable industry leader.

## Creating Value Through Social Engagement (Cont'd)

### Safety and Health Training and Awareness



We conduct regular safety and health training sessions and workshops to enhance our employees' overall safety awareness and build their proficiency in First Aid and emergency response readiness.

Our approach includes providing specialised training on correct procedures when undertaking high-risk activities such as chemical handling and fire safety management, equipping our team members with the expertise needed to manage emergencies involving hazardous materials. Furthermore, through initiatives like personal protective equipment ("PPE") training, basic firefighting training and Organisasi Keselamatan Kebakaran ("OKK") training, we emphasise the importance of wearing PPE and impart crucial fire safety knowledge to our employees, cultivating a workforce that is prepared to handle any emergencies that occur. We also offer annual safety and health refresher trainings and weekly safety toolbox briefings to drive awareness on safety issues and hazards amongst on-site workers.

Further to this, we undertake to provide all employees with purposeful communication around safety and health issues. To this end, CSHE disseminates weekly safety newsletters through our intranet portal and develops hazard signages and posters which are displayed in multiple languages to ensure that our employees – of all nationalities – are aware of workplace hazards and our safety measures.

During FY2023, 2,374 employees underwent safety and health training, totalling 14,039 training hours.

### Emergency Readiness



To bolster our emergency preparedness, we invested in firefighting training and in conducting comprehensive emergency evacuation drills in FY2023. This adds to the capabilities of our dedicated Emergency Response Team ("ERT"), which is responsible for leading our response to any unforeseen incidents or emergencies that arise across our operational sites.

### Implementing Appropriate Safety and Health Controls

We have implemented a comprehensive array of control measures and practices aimed at detecting and minimising unsafe behaviours at the workplace. These initiatives include the establishment of a Work Unit Management System ("WUMS"), whereby safety and health inspections are carried out by the person-in-charge of each department, and the implementation of detailed standard operating procedures ("SOP") and work instructions ("WI") that outline the steps each employee must take to perform their tasks in a safe manner. These SOPs and WIs encompass the compulsory use of PPE at all times during working hours.

To mitigate noise-related health risks, we carry out noise test, provide audiometric test and hearing conservation training and implement workplace risk controls through our hearing conservation programme. The programme drives awareness of the adverse effects of prolonged noise exposure and the importance of utilising protective measures, encouraging proactive self-care against these risks by our employees.

Cognisant of the danger posed by hazardous chemicals and waste, we ensure that these are properly labelled and stored at designated areas, which are clearly indicated by appropriate cautionary signs. In the case of spillages or leakages, we adhere to a clear protocol, with our ERT team prepared to respond promptly and decisively.

### Adhering to Comprehensive Reporting Procedures

All work-related safety and health incidents are investigated and reported according to standardised procedures. Investigations are led by the relevant process owner and the SHE Committee of the business unit affected, with appropriate corrective actions determined by following the hierarchy of controls – which includes elimination, substitution, engineering controls, administrative controls and PPE. The implemented corrective actions are then monitored to prevent the reoccurrence of similar incidents.

## Creating Value Through Social Engagement (Cont'd)

All incidents are reported to CSHE on monthly basis for the department's review. In addition, we diligently compile monthly Safety Health Observation Reports ("SHOR") and Safety Health Equipment Reports ("SHQR"), which analyse our Group-wide performance against safety regulations and standards. The insights of these reports inform the ongoing improvement of our practices, empowering the safe operation of equipment across our departments and operational sites.

### Uplifting Standards Across Our Business Partners

The safety and health track record of our business partners impacts our standing as an organisation, and we take seriously our responsibility to ensure that our standards are mirrored across our supply chain. Our approach here includes:

- Mandating that vendors and suppliers strictly conform to our Supplier Code of Conduct, which encompasses clear ethical standards and HSE protocols
- Requiring vendors and suppliers to obtain the relevant work permits and carry out job hazard analysis procedures prior to commencing work within our facilities
- Providing vendors and suppliers with comprehensive safety and health SOPs that outline best practices in safety and health
- Conducting detailed toolbox briefings to discuss site-specific safety and health risks and hazards

## Our Performance

### Safety and Health Certifications

As a testament to our commitment to excellence in safety and health, 96% of our plants have attained the ISO 45001:2018 certification.

### Work-related Injuries and Fatalities

During FY2023, we maintained our safety record with zero fatalities amongst both employees and non-employees.

	2021		2022		2023	
	Employees	Suppliers/ Vendors/ Contractors	Employees	Suppliers/ Vendors/ Contractors	Employees	Suppliers/ Vendors/ Contractors
Fatalities	-	-	-	-	-	-
Fatality Rate	-	-	-	-	-	-
Percentage of employees covered for LTIFR (%)	100	N/A	100	-	100	-
Lost Time Injury Frequency Rate ("LTIFR")	1.34	N/A	1.48	-	1.07	-
DOSH Work-related Recordable Cases (Including Fatalities)	27	N/A	30	-	17	-

### MOVING FORWARD

Moving forward, we will strive to further enhance our safety and health performance by strengthening our safety protocols and introducing more effective training initiatives, while taking steps to embed a culture of safety consciousness more deeply across our operations. At the same time, we will remain committed to achieving and maintaining 100% compliance with ISO 45001 standards, thus setting a benchmark for excellence in health and safety within the manufacturing industry.

## Creating Value Through Social Engagement (Cont'd)



### PEOPLE DEVELOPMENT

#### WHY IT MATTERS

The development of human capital is essential to our success as it serves a pillar of our growth, innovation and sustainability. Through ongoing training, mentorship, and career advancement opportunities, we strive to foster a culture of continuous learning and improvement, ensuring that our employees are equipped with the knowledge, skills and capabilities needed to adapt to evolving market demands and emerging industry trends. This, in turn, lays a strong foundation for our long-term growth and prosperity.

#### OUR COMMITMENT

We are committed to continuously nurturing the potential of our people through impactful training and development initiatives, thus supporting their career aspirations and building a pipeline of future leaders who are equipped to carry forth our strategies far into the future.

#### OUR APPROACH

##### Fostering a Culture of Continuous Learning

To promote a strong learning culture within the Group, we have established KOSSAN Training Centre ("KTC"), an in-house training facility that is managed by our Group Learning & Development department. This facility serves as a dedicated hub for employee development, offering a wide range of specialised classroom training programmes, from technical skills training to leadership development initiatives, and providing a conducive environment for hands-on learning, interactive workshops, knowledge sharing and other modalities of learning.

Supported by the resources of KTC, we have introduced a range of training initiatives that are tailored to meet the evolving needs of our employees across various departments and job roles. In addition, we offer non-work-related workshops covering topics such as mitigating unconscious biases and other issues that are vital to building responsible and sustainable work environments.

To this end, we strive to promote fun and engaging learning culture, encouraging our employees to continuously acquire new skills and expand their knowledge while at KOSSAN.



## Creating Value Through Social Engagement (Cont'd)

### Upskilling our Factory Workers

To drive continuous on-the-job learning, we provide our factory workers with production floor management training which includes KOSSAN On-Job-Training ("KOJT") and One-Point Lesson ("OPL") modules structured around the 5W1H model (what, who, when, where, why, and how). These modules are designed to equip our employees with practical and easy-to-understand skills and knowledge that empower them to carry out hands-on tasks with precision.

### Digitalising Learning and Development

With the increasing demand for "anywhere, anytime" access, we have taken the opportunity to extend our training programmes beyond traditional mediums with the creation of a comprehensive collection of digital learning resources. The 270 e-Learning modules we have created thus far cater to the specific challenges faced by employees in job functions across our operations, covering a wide range of critical topics including our company policies, environmental compliance, social compliance, workplace safety, human rights and labour practices, and waste management. Each module is accessible through our eLearning Library, providing our employees with the means to continually enhance their knowledge, skills and proficiency in their respective roles, wherever they choose to learn.



### Providing Pathways for Growth and Career Advancement

Beyond role-specific training, we drive the development of our people by providing them with fair and equitable opportunities to advance in their careers. Through twice-yearly performance reviews, employees engage in constructive, two-way conversations on their career growth objectives, aiding our Senior Management in crafting pathways for advancement that suit their skills and areas of interest.



In FY2023, 75 employees were promoted across the Group. For more information on our employment practices and approach to performance evaluation, please read the *Diversity & Inclusivity* topic on pages 81 to 88.

### Fostering Talent through Academic Collaborations

In FY2023, we participated in career fairs hosted by reputable institutions including Institut Kemahiran Mara ("IKM") and the German-Malaysian Institute ("GMI"). These events provided us with the invaluable opportunity to connect with talented individuals who are seeking to embark on a career in manufacturing, enabling us to showcase our unique company culture, strongly-held values, industry-leading practices and the rewarding career paths we offer.

In FY2023, we also invited a group of Chemical Engineering students from Universiti Tunku Abdul Rahman ("UTAR") to visit our facilities. This industrial visit provided the students with a first-hand glimpse into our manufacturing processes, technologies and industry practices, while also giving them the opportunity to interact with our experienced professionals and gain valuable insights into the applications of chemical engineering in a real-world manufacturing setting.

By taking part in career fairs and partnering with leading academic institutions, we are positioning ourselves as a catalyst for the growth of Malaysia's next generation of manufacturing professionals while simultaneously strengthening our long-term talent pool, thus safeguarding the sustainability of our business.

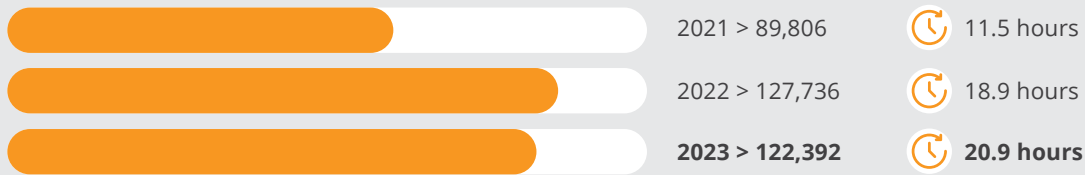
## Creating Value Through Social Engagement (Cont'd)

### Our Performance

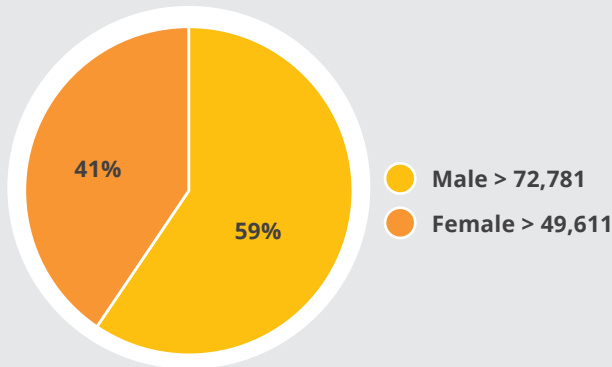
#### Training Hours

Our efforts to drive continuous employee development is evidenced by the total of 122,392 man training hours completed by our workforce during FY2023, translating to an average of 20.9 hours of training per employee.

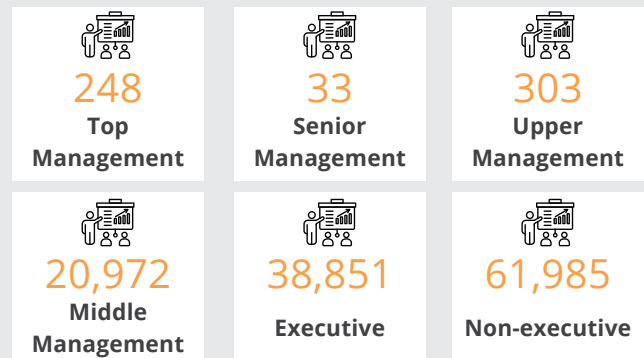
#### Total and Average Training Hours



#### Total Training Hours by Gender and Employee Category (FY2023)



#### Total Training Hours by Employee Category (FY2023)



#### Total Training Hours by Theme (FY2023)



#### Total Training Hours by Type (FY2023)



### MOVING FORWARD

In the face of a fast-evolving industry landscape, the quality of our human capital will become more mission-critical than ever. To stay ahead of the competition, we will continue to invest in comprehensive skills training, mentorship and leadership development initiatives, empowering our workforce to unleash their full potential. By fostering a culture of continuous learning, we are poised to meet the challenges of tomorrow and build a brighter future for our employees and our organisation.

## Creating Value Through Social Engagement (Cont'd)



### HEALTH & WELLNESS

#### WHY IT MATTERS

We view employee health and wellness as crucial to maximising our potential as an organisation. Healthier employees equate to safer work environments, reduced healthcare costs and improved productivity. At the same time, employees who feel cared for by their employers are likely to feel a greater sense of satisfaction with their work, resulting in greater employee loyalty and retention.

#### OUR COMMITMENT

As a responsible employer, we commit to safeguarding the health of our employees holistically across the physical, mental and social dimensions. From health screenings to wellness workshops, fitness activities to awareness programmes on key health issues, our actions are geared towards fostering a culture that puts our people and their well-being first.

#### OUR APPROACH

##### Providing Comprehensive Medical Support

Our commitment to employee health begins with the on-site medical support we provide to all employees. Managed in collaboration with ASP Medical Group, KOSSAN Wellness Centre is our in-house outpatient clinic, offering a range of on-demand medical services to address any health issues that our employees encounter. The centre is strategically located near all our plants for easy employee access, with shuttle services provided to migrant workers requiring medical attention, and is also accessible by dependents of employees at a special promotional rate with consultation fees waived.

Each of our operational site has a fully-equipped first-aid room enabling us to address urgent medical situations in a timely manner. Furthermore, we provide our employees with optometric tests, audiometric tests and health screenings. Led by qualified healthcare professionals, these screenings provide employees with valuable insights into their current health status and enable the identification of potential risk factors or underlying health concerns. This results in personalised recommendations, enabling our employees to take proactive steps in improving their health and reducing their risk of chronic diseases.

All employees are also availed of group personal accident and group hospitalisation and surgical insurance, providing them with protection for any workplace accidents or healthcare issues that occur. At the same time, we aim to reduce such risks at the source by distributing personal protective equipment (PPE) face masks and self-test kits to all employees at our operational sites.



## Creating Value Through Social Engagement (Cont'd)



### Being a Family-friendly Organisation

We strive to support our employees in balancing work duties with their family responsibilities, cognisant of the challenges that parenthood, taking care of elders and other duties entail.

As a basis, all employees are entitled to marriage leave and maternity/paternity leave, with 76 qualified female and 122 eligible male employees who availed themselves of their maternity and paternity benefits returning to work in FY2023. In addition, we have established nursing rooms across our operational sites, providing new mothers with a private and conducive space to express milk or attend to their infant's needs while at work. This provides them with the assurance that they can return to full-time work without sacrificing the quality of care they provide to their loved ones.

We also understand the challenges expectant mothers may face when commuting to work, especially during the later stages of pregnancy. To alleviate their concerns and enhance their safety and convenience, we provide reserved parking spaces located close to the entrance of our facilities, allowing them to access our premises with ease and minimal physical exertion.

In times of loss, we extend a bereavement benefit to the immediate family members of deceased employees as a goodwill gesture, alleviating the financial burdens they may be facing and providing a firmer footing for them to move forward.

### Digitising Healthcare Management

Our newly-launched healthcare mobile app represents the next step in our efforts to enhance employees welfare. The innovative app functions as a central hub for all healthcare matters, enabling employees to conveniently access their claim records and medical histories, request guarantee letters, consult with doctors online and find nearby panel clinics and hospitals. The app also includes a round-the-clock helpdesk, ensuring that our valued staff members receive support whenever a healthcare issue arises.

### Offering Diverse Health Programmes

We believe in prevention than cure. We review monthly outpatient medical records of all our subsidiaries. Carry out program and activities monthly by referring to our employee outpatient medical record and customary design awareness physical and webinar program to remind and educate our employee the importance of healthy living habits. Through our Workplace Health Programme, we provide our employees with a diverse range of tailored health initiatives ranging from educational workshops to fitness challenges and wellness seminars, striving to empower them with the knowledge, resources and support they need to prioritise their health and thrive both personally and professionally.



## Creating Value Through Social Engagement (Cont'd)

In FY2023, initiatives offered included:



### Fix Your Posture Day @ KOSSAN Wellness Centre

Our "Fix Your Posture Day" initiative aimed to raise awareness on the importance of proper posture for long-term spine health. Held at KOSSAN Wellness Centre, the event engaged employees through a series of activities and information sessions led by experienced healthcare professionals. Employees accessed valuable insights, practical tips and ergonomic techniques to improve their posture and mitigate their risk of spine-related issues.



### Zumba @ KOSSAN Training Centre

To encourage physical activity amongst our employees, we held a series of Zumba sessions at KOSSAN Training Centre. Zumba is a fun and energetic workout that caters to individuals of all fitness levels, providing our employees with an enjoyable way to stay active, reduce stress, and improve overall well-being that they can incorporate within their own fitness routines. The sessions also contributed to fostering a greater sense of community and camaraderie amongst our workforce.



### URTI Awareness Programme

We conducted an awareness programme on Upper Respiratory Tract Infections ("URTIs"), focusing on the common cold. Led by qualified healthcare professionals, the programme educated our employees on the causes and symptoms of URTIs, their potential health impact and practical strategies they can adopt to prevent and manage such infections.

Specifically, employees gained access to valuable insights on the importance of maintaining good hygiene practices, such as regular handwashing and proper respiratory etiquette, and learned about the significance of a healthy lifestyle, including adequate rest, hydration and nutrition, in supporting their immune system. They also had the chance to undergo a health assessment that determined their susceptibility to URTIs, empowering them to take proactive steps to protect their health.



### Mind Your Health Programme

Spanning four days, our comprehensive "Mind Your Health" campaign aimed to drive awareness on key topics and issues pertaining to mental and physical well-being. Through an engaging mix of interactive workshops and wellness challenges, as well as expert-led seminars, our employees learned about healthy habits and wellness practices they can incorporate into their daily routines. This was followed up by the distribution of informational handouts and guides after the campaign to support ongoing lifestyle changes.

## Creating Value Through Social Engagement (Cont'd)



### Campaign on Ergonomic Issues at the Workplace

A pivotal yet often overlooked aspect of workplace well-being is ergonomics. Recognising its importance to long-term health, we launched the “Ergonomic Issues at Workplace: The Proactive Approach” campaign at several of our facilities during the past year, raising awareness amongst our employees on risks associated with workplace ergonomics.

Through interactive workshops, employees were provided with practical guidance on ergonomic adjustments they can make to their workstations to reduce strain and discomfort. Additionally, they had the opportunity to participate in ergonomic assessments, receiving personalised recommendations they could implement to improve their work environment.

### Monthly Wellness Talks and Programmes

Through our partnership with ASP Medical Group, we organised a range of online health webinars addressing diverse health issues including stress management, nutrition, fitness, mindfulness, work-life balance and personal development. Through interactive presentations, Q&A sessions and hands-on demonstrations, employees gained valuable knowledge and skills that they can put to use in improving their overall well-being and quality of life.

Webinars across the following topics were provided to our employees in FY2023:

- Prevention of Heart Disease (ASP x Prince Court Medical Centre)
- Do you need the Second Booster for Covid-19?
- Gastrointestinal & Liver Diseases
- Special Raya Nutrition Talk: Healthier Body, Healthier Soul
- Vertigo & Its Treatments
- Prevention of Heart Disease
- Are you having Fertility Issues?
- Common Digestive Disorders
- Mind Your Mind: Mental Health Talk
- Learn and Prevent Influenza
- Is Obesity The New Normal?
- The Infamous Three Highs
- A Deep Dive into Tuberculosis

In addition to our Workplace Health Programme, our dedicated Sports and Recreational Committee organises a range of sports and recreational activities to improve employee well-being promote a healthy work-life balance. All activities are fully funded by the Group.

## Creating Value Through Social Engagement (Cont'd)

### Our Performance

Our efforts to foster a supportive work environment are evidenced by our continued achievement of 100% return to work rates for employees who take parental leave.

	2021*		2022		2023	
	Male	Female	Male	Female	Male	Female
Total number of employees entitled to parental leave	N/A	N/A	2,237	2,539	2,314	2,866
Total number of employees who took parental leave	N/A	N/A	121	111	122	76
Total number of employees who returned to work in the reporting period after the end of parental leave	N/A	N/A	121	111	122	76
Return to work and retention rates of employees who took parental leave	N/A	N/A	100%	100%	100%	100%

\* No breakdown data for FY2021.

### MOVING FORWARD

Moving forward, we will continue to adopt a proactive approach to employee health and well-being that extends beyond regulatory compliance alone. Our efforts will focus on extending the reach and efficacy of our health screenings, innovating digital healthcare solutions and providing more comprehensive support to expectant mothers and other employees facing specific challenges and circumstances. We will also strive to enhance the resources we provide across the mental and emotional aspects of health, with the aim of supporting our employees through about any issues they may be facing, regardless of whether such issues are personally or professionally-related.

## Creating Value Through Social Engagement (Cont'd)



### DIVERSITY & INCLUSIVITY

#### WHY IT MATTERS

We believe in fostering a diverse and welcoming work environments where every individual is valued, respected and empowered to thrive. Doing so provides us with access to a broader range of perspectives and ideas, fuelling innovation and enabling us to adapt to ever-changing market realities and customer needs.

#### OUR COMMITMENT

We commit to upholding inclusivity and equality by maintaining a zero-tolerance stance against discrimination based on race, religion, gender, age, disability, culture, social origin, cast, sexual orientation, marital status, political opinions, etc. across all aspects of our programmes, activities and employment practices. Specifically, we commit to fostering inclusive workplace that empower our people to achieve their fullest professional potential.

#### OUR APPROACH

##### Establishing a Comprehensive Policy Framework

We are dedicated to maintaining diverse, equitable and inclusive workplaces across the dimensions of race, religion, gender, age, disability, culture, social origin, cast, sexual orientation, marital status, political opinions, etc. anchored in a culture that enshrines the fair and ethical treatment of all employees.

The values of diversity, equity and inclusion are enshrined in our Code of Ethics and Conduct as well as our Employee Handbook. Meanwhile, our Prohibition of Workplace Harassment and Discrimination Policy and Prevention of Abuse Policy outline our commitment to maintaining work environments that are free from harassment, discrimination and any form of abuse or misconduct, articulating our zero-tolerance stance towards behaviours that undermine the well-being, dignity or rights of our employees, contractors or visitors. These policies are firmly embedded within the KOSSAN Code of Conduct ("KCEC"), serving as a clear and comprehensive guide for all employees on acceptable standards of behaviour. The code clearly defines what constitutes harassment and discrimination, provides examples of prohibited conduct and outlines the correct procedures for reporting concerns or incidents.

Through this comprehensive, policy-based approach, we strive to ensure that every employee understands their rights and their responsibilities towards maintaining respectful and inclusive workplaces. This demonstrates our commitment to fostering a culture of accountability, transparency and mutual respect across the Group.

##### Adopting an Objective Performance Evaluation Process

With the aim of ensuring that all our employees have an equal opportunity to achieve their career advancement goals, we have implemented standardised criteria for performance evaluations across all departments and levels

within the Group. The criteria used covers various aspects of performance including job-specific competencies, key performance indicators ("KPIs") and the employee's behavioural record, with this criteria regularly reviewed to ensure alignment with our organisational goals and values. By adopting this objective approach, we ensure consistency and transparency in the evaluation process, minimise the risk of bias and subjectivity, and promote a culture of fairness. This, in turn, drives greater employee satisfaction and retention.

##### Standing Against Harassment and Discrimination

We strictly prohibit any form of discrimination and harassment against employees, regardless of whether such incidents occur inside or outside company premises, and within or beyond working hours. Our standards and expectations in this regard are communicated via our Harassment and Discrimination Policy, Sexual Harassment Policy and our grounds and processes for disciplinary actions, which are accessible for all employees through our Employee Handbook and company intranet portal. In addition, harassment and discrimination prohibition posters are disseminated across the Group to drive employee awareness.

In FY2023, we addressed and reviewed four incidents concerning harassment and discrimination within the Group. Two of the incidents concerned allegations of sexual harassment and the other two concerned allegations of discrimination. Following established protocols outlined in our industrial relations framework, each case was subjected to thorough investigation and management procedures including the initiation of formal a domestic inquiry aimed at gathering evidence and establishing facts. Identity of employees are obscured to prevent retaliation during the process.

The domestic inquiry process commenced with the appointment of a dedicated panel, followed by the issuance of notices of the inquiry to both the accused and the victim,

## Creating Value Through Social Engagement (Cont'd)

thus providing both parties with the opportunity to secure representation. During the proceedings, the panel read out the charges of the case and allowed the accused and the victim to present supporting evidence. The panel then deliberated on the merit and credibility of the evidence presented. Ultimately, guided by the principle of fairness, the panel reached the following conclusions:

- One case of alleged sexual harassment resulted in the accused being found guilty, with the person's contract immediately terminated
- Following thorough investigation, two cases of alleged discrimination were closed due to insufficient evidence to support the claim. Explanation and counseling were provided to the complainants
- One case of alleged sexual harassment was closed as the accused resigned during the domestic inquiry process

We implemented case-specific remediation plans to support all victims and claimants, including those whose cases had not yet been resolved, providing regular counselling sessions to address any emotional or psychological impacts from the incident. Superiors were advised to closely monitor their mental health and offer any further support that may be required, and the victims and claimants were advised to lodge a police report concerning the case in question. In the aftermath of these actions, positive improvement has been observed among the majority of the victims and claimants.

To minimise the risk of further incidents occurring, we conducted additional training sessions on abuse, improper language, and Harassment and Discrimination Policy and our stance against sexual harassment across all operational sites. 2,880 employees participated in these sessions, totalling 2,906 hours of training.

### Upholding Equality in Employment Practices and Remuneration

We commit to upholding equality across all our employment practices. This begins with evaluating potential employees fairly during the recruitment process, with hiring decisions made purely based on the potential employee's capabilities, suitability for the role in question and level of experience. There is no difference in the salary packages we offer to male and female employees.

Employees hired are availed of a comprehensive range of work benefits designed to support better quality of life and fulfil their diverse needs. From competitive compensation packages and healthcare coverage to professional development opportunities, we are committed to ensuring that our team members feel valued, supported and empowered to thrive both personally and professionally during their time with the Group.

All employees are compensated at a level not lower than the minimum wage rate established by the local labour laws. Their wage, benefits and statutory deductions are detailed and itemised clearly within their payslip, and their overall remuneration package is clearly outlined in their native language within their employment contract, with the package – and their employment – subject to mutual agreement between themselves and the Group. Further to this, we promote pay transparency by disclosing the salary range of each job grade through our intranet portal.

In order to maintain a competitive remuneration structure, we regularly review our remuneration packages against local guidelines and industry benchmarks.

We recognise and reward the contributions of our permanent employees through performance-based bonuses and increments, with these rewards based on their achievement of previously assigned KPIs. In evaluating employee's performance against their KPIs, we carry out regular performance reviews of permanent employees which include employee self-assessments and subsequent evaluations by their direct superiors and Senior Management. This approach ensures that bonuses and increments are allocated in a fair, transparent and meritocratic manner, incentivising high performance and encouraging continuous improvement.

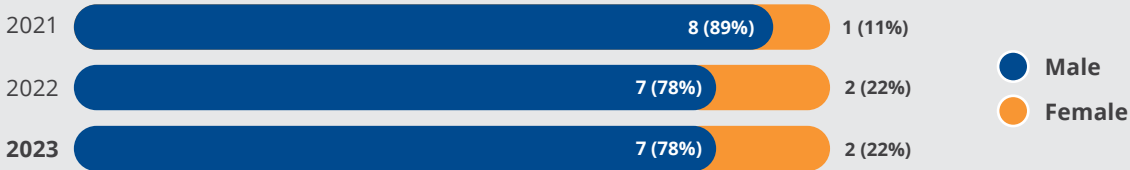
In addition to our competitive remuneration and rewards, we provide our permanent employees with a range of career development opportunities, irrespective of gender.

## Creating Value Through Social Engagement (Cont'd)

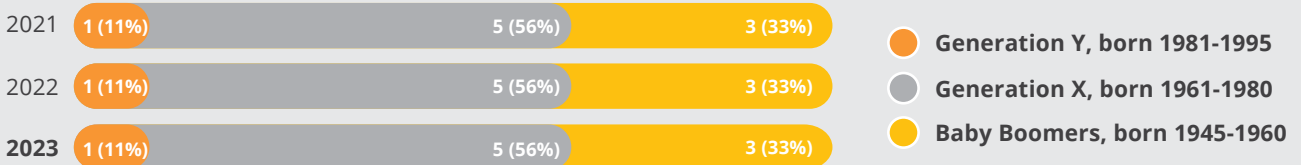
Further to these practices, we strictly adhere to ethical labour practices and refrain from undertaking salary deductions, withholdings or monetary penalties for any form of misconduct. In addition, employees with a monthly salary of below RM4,000 who work overtime or exceed normal working hours are provided with overtime pay in accordance with Malaysian labour laws, while employees working on rest days are granted replacement leave to maintain work-life balance. In FY2023, 75 employees were promoted within the Group.

### Board Diversity Breakdown

#### Board Diversity by Gender



#### Board Diversity by Age Generation



#### Board Diversity by Ethnicity

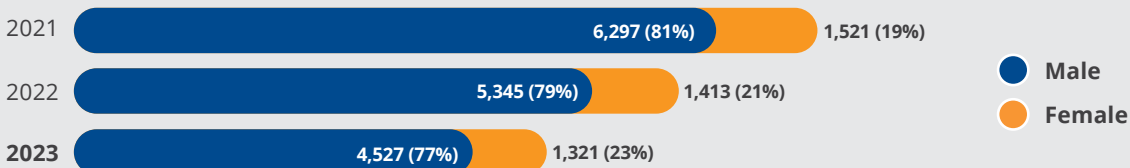


### Workforce Profile

#### Total Employees

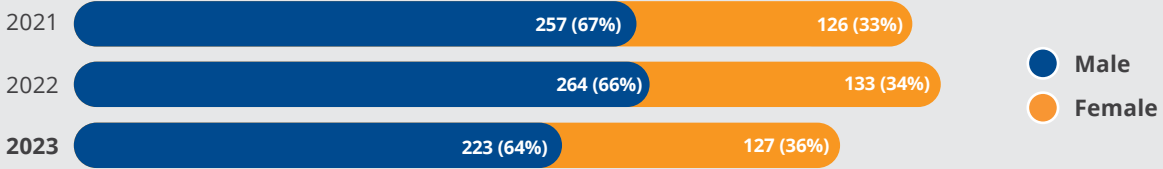


#### Employee Breakdown by Gender

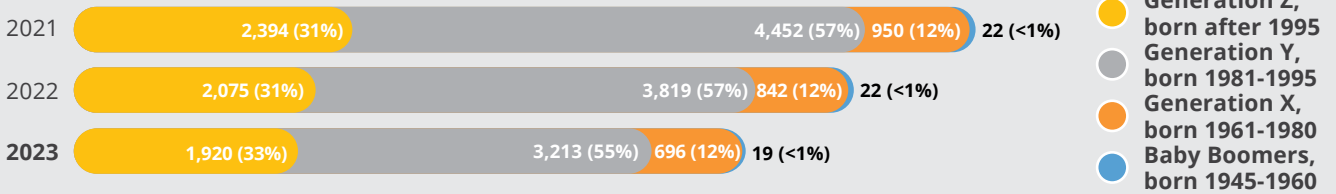


## Creating Value Through Social Engagement (Cont'd)

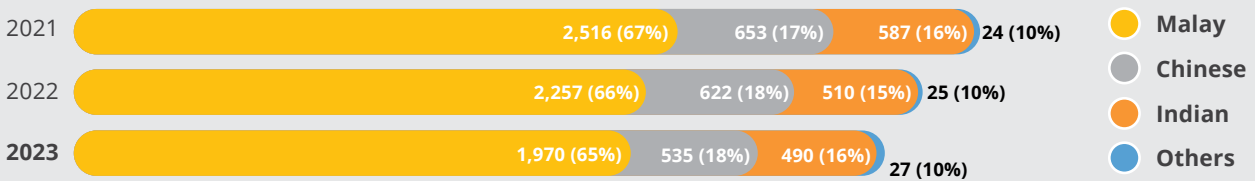
### Leadership Breakdown by Gender (Manager-Level and Above)



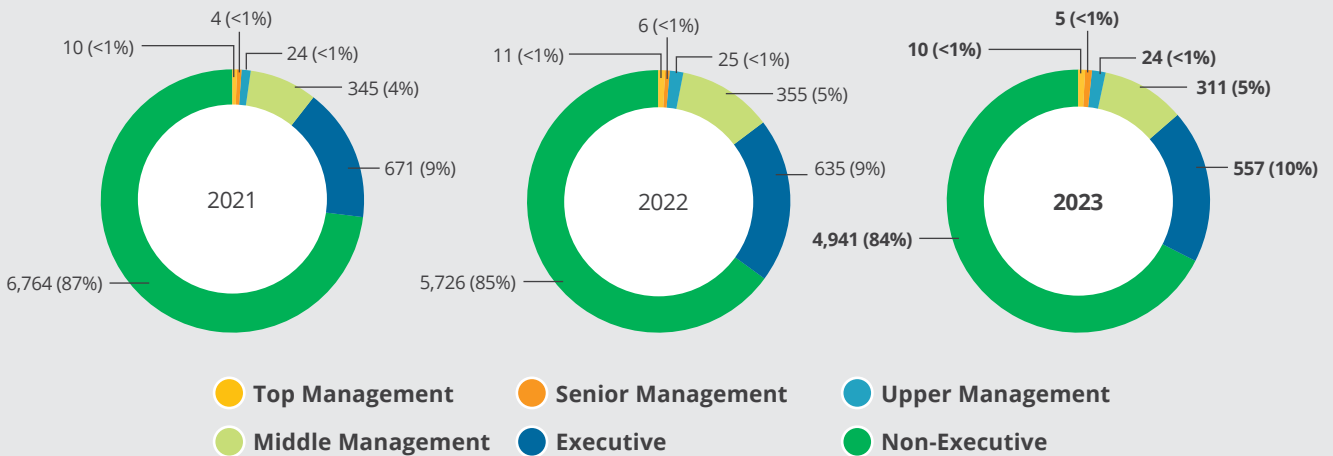
### Employee Breakdown by Age Group



### Employee Breakdown by Ethnicity Local only



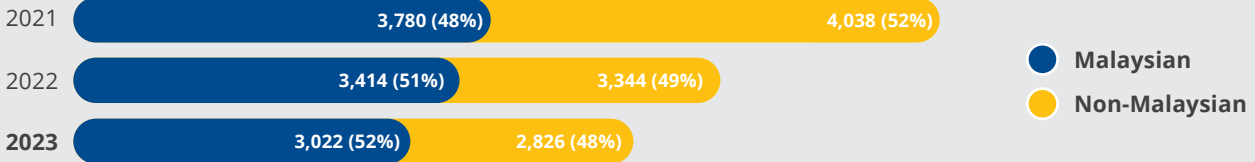
### Employee Breakdown by Job Category



Note: 100% of our Top Management and Senior Management team members are Malaysian.

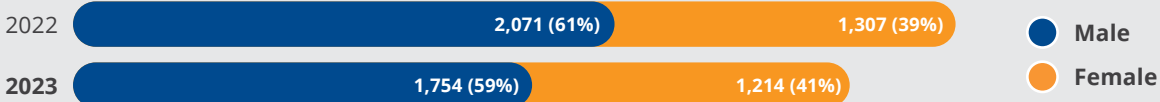
## Creating Value Through Social Engagement (Cont'd)

### Employee Breakdown by Nationality Group



### Employee Breakdown by Employment Type

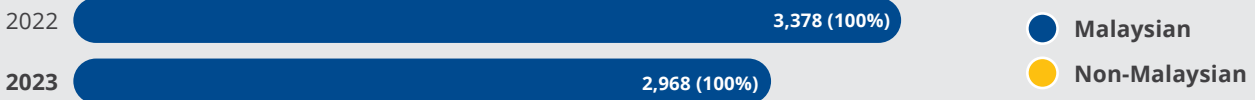
#### Permanent Employees by Gender



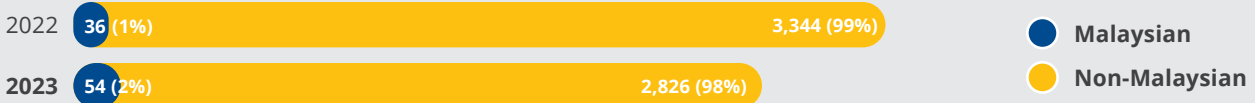
#### Temporary Employees by Gender



#### Permanent Employees by Nationality Group



#### Temporary Employees by Nationality Group



\* No breakdown data for FY2021.

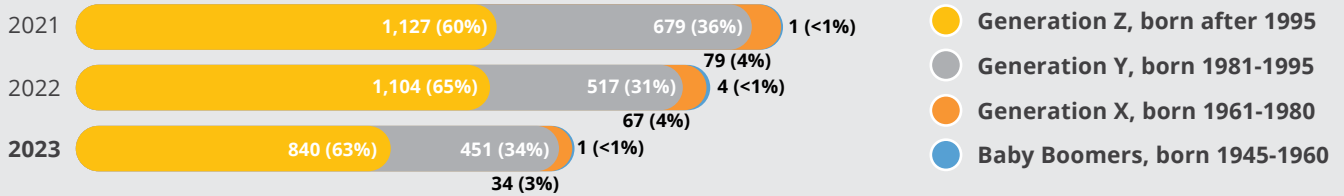
## Creating Value Through Social Engagement (Cont'd)

## Profile of New Hires

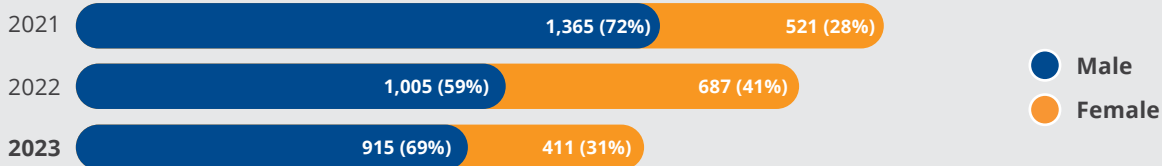
## New Hires



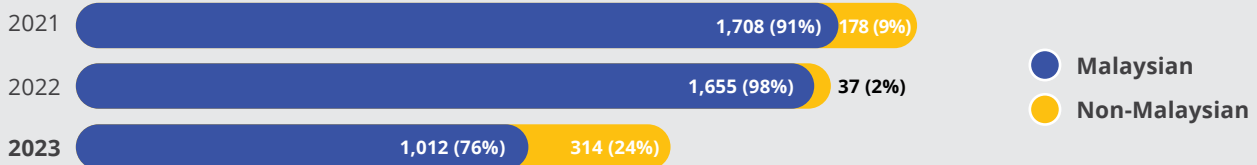
## New Hires by Age Group



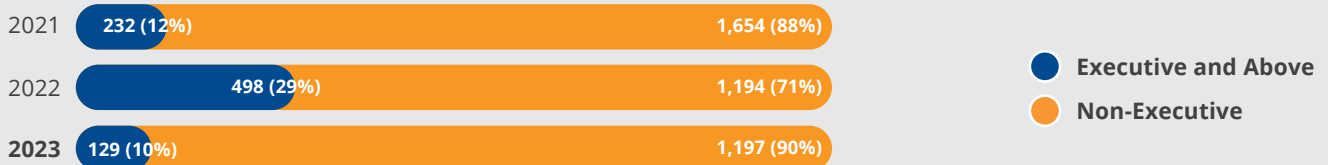
## New Hires by Gender



## New Hires by Nationality Group



## New Hires by Job Category



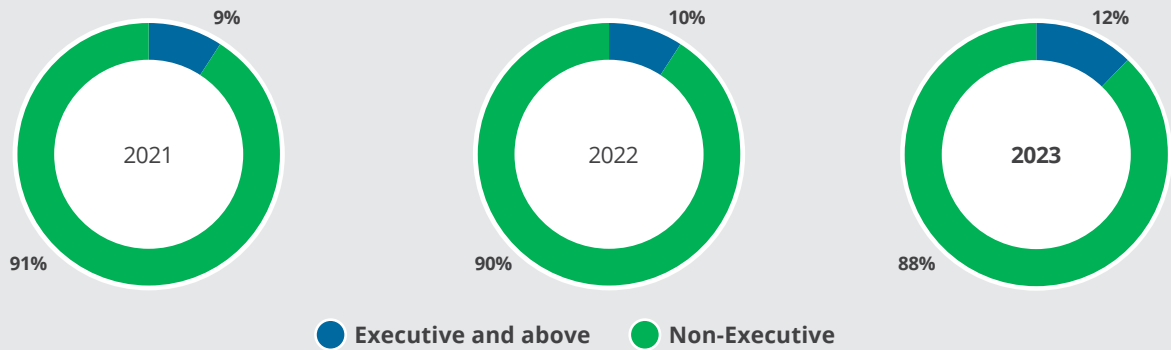
## Creating Value Through Social Engagement (Cont'd)

### Employee Attrition

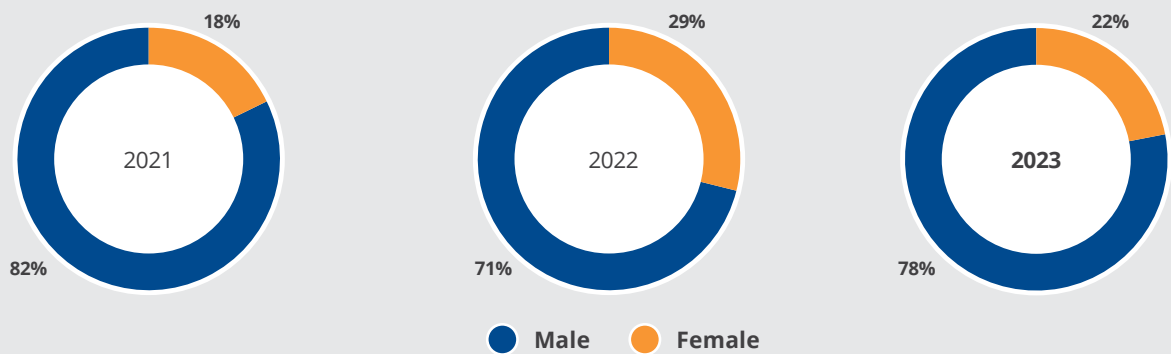
#### Attrition Rate



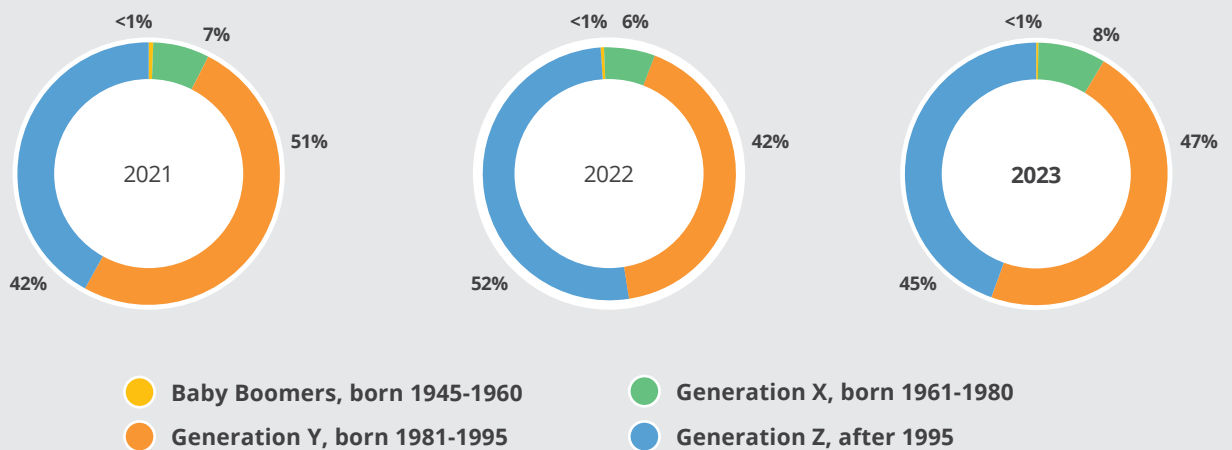
#### Attrition by Job Category



#### Attrition by Gender

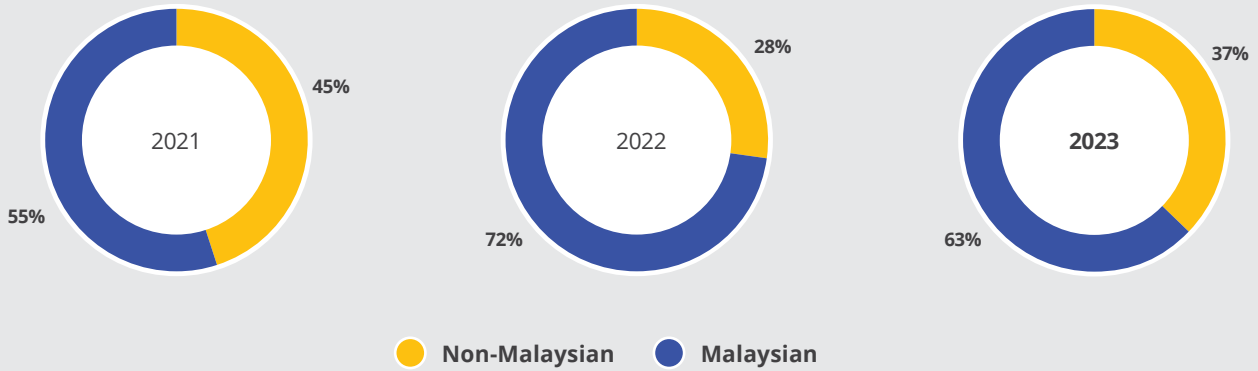


#### Attrition by Age Group



## Creating Value Through Social Engagement (Cont'd)

### Attrition by Nationality Group



### Our Performance

#### Ratio of Basic Salary and Remuneration of Women to Men

Demonstrating our commitment to pay equality, we maintained a consistent 1:1 ratio in basic salary and remuneration for male and female employees at all job grades throughout FY2023. Additionally, the ratio of our standard entry wage by gender in relation to the local minimum wage was maintained at a balanced 1:1.

#### Employee Performance and Career Development Reviews

During the year, 100% of our confirmed permanent employees underwent regular performance and career development reviews, resulting in 75 employees being promoted.

### MOVING FORWARD

As a socially responsible organisation, we will continue to prioritise the advancement of diversity, inclusion and equality within all our workplaces. Building upon our established Prohibition of Workplace Harassment and Discrimination Policy, we will also invest in initiatives geared towards ensuring that all employees feel safe, respected and valued.

## Creating Value Through Social Engagement (Cont'd)



## COMMUNITY WELFARE



## WHY IT MATTERS

We believe that the value we create as a business should contribute to the sustainable development of society. In doing so, we not only fulfill our mandate as a responsible corporate citizen but build stronger relationships with local communities and our stakeholders at large, contributing to our reputation and long-term business success.

## OUR COMMITMENT

We commit to advancing community development by:

- Creating equal education opportunities, particularly within underserved communities
- Enhancing the welfare of local community members, with a focus on underprivileged or neglected children, senior citizens, vulnerable individuals and people with disabilities
- Supporting environmental conservation and preservation
- Supporting the development of the arts and culture

## OUR APPROACH

Our community outreach efforts are primarily channelled through our foundation, Yayasan Kossan ("YK"). Established with the objective of funding and supporting philanthropic activities, YK focuses on four pillars: Medical, Arts and culture, Education and Environment.



Guided by its vision of "Making Life Better for All", YK's priority is to provide direct aid to the needy and the underprivileged within local communities.

## Creating Value Through Social Engagement (Cont'd)

### Highlights of our Efforts in FY2023

During FY2023, YK conducted a range of initiatives across its four pillars, including:



*YK volunteers and nurses from PDN at the blood donation campaign held on 15 November 2023.*

### Blood donation campaigns

In collaboration with the Pusat Darah Negara (“PDN”) blood donation drive, YK collected a total of 202 packs of blood across two donation campaigns, with each pack of blood is estimated to save three lives.

### One-off medical donations

YK distributed donations of RM500 each to 16 beneficiaries, with the donations contributing to improving their quality of life and mobility.

### Donation to Love & Care Charitable Association Selangor

The Love & Care Charitable Association Selangor is a non-governmental organization (“NGO”) that focuses on providing food assistance to needy communities in Klang. To support their efforts, YK made a donation of RM50,000 towards purchasing a Convotherm Combi Oven that will enhance the NGO’s efficiency in preparing food for their beneficiaries.

### YK Health & Safety Carnival 2023

YK disseminated valuable tips to enhance everyday health and safety through this annual two-day event, benefitting 827 local community members from Klang, Selangor.



*Zumba session (left) and group photo (right) at the Health & Safety Carnival 2023.*

## Creating Value Through Social Engagement (Cont'd)

### Highlights of our Efforts in FY2023 (Cont'd)



#### Festive giveaways

YK brought festive cheer to welfare homes for senior citizens, children and people with disabilities during Chinese New Year, Hari Raya, Deepavali and Christmas, reaching more than 700 beneficiaries.



Hari Raya Giveaway 2023 at SK Sungai Kapar Indah.



Christmas Giveaway at Grace Home for the Destitute.



#### "Let's Read" by Sin Chew Daily

YK continued to support Sin Chew Daily's efforts to nurture a culture of reading amongst young people by sponsoring the purchase of 26 sets of the newspaper for 166 days to encourage reading amongst schoolchildren.



Group photo at the launching event at SJKC Pui Ying.



Media extract from Sin Chew Daily on the initiative, dated 12/4/2023.

## Creating Value Through Social Engagement (Cont'd)

### Highlights of our Efforts in FY2023 (Cont'd)

#### YK Bright Classroom 2023

YK refurbished a classroom at SK (2) Tengku Bendahara Azman, benefiting 181 schoolchildren.

#### YK Kids Get Ready to School 2023

YK provided basic educational necessities to 450 children from 16 schools, easing the financial burden faced by their families.



Group photo with students from SJK (T) Vallambrosa (left) and SK Kampung Jawa 2 (right) under the YK Kids Get Ready to School programme.

#### YK Digital Aid

Through this newly-launched programme, YK provided refurbished digital devices to those in need, including schools, orphanages and underprivileged families, enhancing educational outcomes through the power of technology.



Launching event at SK Meru Jalan Tap.



### Beach cleaning, Coastal clean-up, and Plant a Tree activities

A total of 99 volunteers participated in YK's environmental programmes in FY2023, contributing to the preservation of vital ecosystems and natural environments.



Beach cleaning at Pantai Remis, Jeram. Our volunteers managed to collect a total of 101.41kg of rubbish, equivalent to the weight of 10 car tires.



Coastal clean-up at Pulau Perhentian Kecil, Terengganu in conjunction with the International Coastal Cleanup Day. Volunteers (including members of our team) collected a total of 172kg of rubbish from the land and 37.5kg of debris through diving activities.

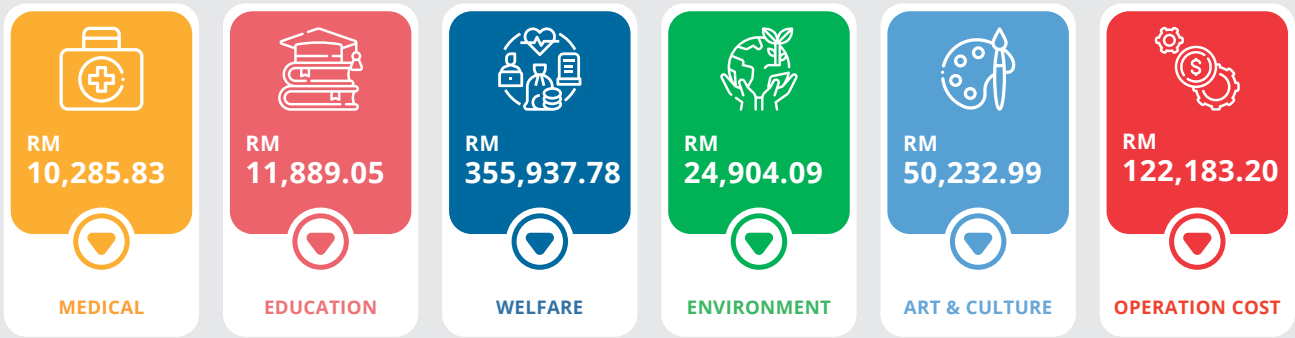


YK volunteers planted a total of 130 "Bakau Kurap" mangrove trees at Taman Rekreasi Paya Bakau Sijangkang, contributing to biodiversity preservation and climate change mitigation.

## Creating Value Through Social Engagement (Cont'd)

### Our Performance

In FY2023, YK conducted a total of 50 events and invested more than RM575,000 impacting the lives of 21,368 beneficiaries. The breakdown of YK's investment for FY2023 is as follows:



#### Contribution to date:

TREES PLANTED



1,637

VOLUNTEERS



3,080

SCHOOLS SERVED



105

BENEFICIARIES



129,392

ASSOCIATIONS



82

Further details about YK's projects, events and programs can be found on its website at <https://yayasankossan.com.my/>.

### MOVING FORWARD

Through YK, we will continue to contribute to the sustainable development of local communities through impactful initiatives that meet the needs of the underserved and underprivileged. Guided by our responsibility to be a pillar for society, our efforts will be focusing on improving the efficacy of our existing programmes and establishing partnerships that enable us to extend our reach further.

# Statement of Independent Assurance



**KPMG PLT**  
(LLP0010081-LCA & AF 0758)  
Chartered Accountants  
Level 10, KPMG Tower  
8, First Avenue, Bandar Utama  
47800 Petaling Jaya  
Selangor Darul Ehsan, Malaysia

Telephone +60 (3) 7721 3388  
Fax +60 (3) 7721 3399  
Website [www.kpmg.com.my](http://www.kpmg.com.my)

**The Board of Directors**  
Kossan Rubber Industries Bhd  
Wisma Kossan,  
Lot 782, Jalan Sungai Putus,  
Off Batu 3½ Jalan Kapar,  
42100 Klang, Selangor Darul Ehsan

Dear Sirs,

**Independent Limited Assurance Report on Selected Sustainability Information of Kossan Rubber Industries Bhd ("Kossan" or the "Company") and its subsidiaries (the "Group") for the financial year ended 31 December 2023**

We, KPMG PLT ("KPMG"), were engaged to provide limited assurance on the Kossan's Selected Sustainability Information (the "Subject Matter"), published in Kossan's Integrated Annual Report for the financial year ended 31 December 2023 (the "Integrated Annual Report"), in the form of an independent limited assurance conclusion as to whether anything has come to our attention that would cause us to believe that the Subject Matter, in all material respects, has not been prepared in accordance with Kossan's definition and calculation methodologies, including any significant inherent limitations (the "Applicable Criteria").

#### Subject Matter

The Selected Sustainability Information covered by our limited assurance engagement for the financial year ended 31 December 2023 are as follows:

- (i) Total Electricity Consumption (GJ);
- (ii) Total Renewable Energy Consumption (GJ);
- (iii) Total Natural Gas Consumption (GJ); and
- (iv) Total Scope 2 GHG emission (tonnes CO<sub>2</sub>e) – purchased electricity.

The boundary of the limited assurance engagement by KPMG on the Selected Sustainability Information covers the Group's operations in Malaysia for the Gloves and Technical Rubber Products divisions.

#### Board of Directors and Management's Responsibilities

The Board of Directors of Kossan (the "Directors") and the management of Kossan (the "Management") are responsible for the preparation and presentation of the Subject Matter in accordance with the Applicable Criteria, and the information and assertions contained within it; for determining that the criteria is appropriate to meet their needs; and for establishing and maintaining appropriate performance management and internal control systems from which the Subject Matter is derived.

The Directors and the Management are responsible for the prevention and detection of fraud and error mainly through the implementation and continued operation of an adequate system of internal control.

## Statement of Independent Assurance (Cont'd)



*Kossan Rubber Industries Bhd (the "Company")*  
Independent Limited Assurance Report on Selected Sustainability Information of  
Kossan Rubber Industries Bhd for the financial year ended 31 December 2023  
18 April 2024

#### Board of Directors and Management's Responsibilities (continued)

The Directors and the Management are also responsible for ensuring that staff involved with the preparation and presentation of the description of the Subject Matter in the Integrated Annual Report are properly trained, ensuring that information systems are properly updated and that any changes in reporting encompass all significant business units.

The Directors and the Management are responsible for disclosing to us their knowledge of: (i) known, actual or possible non-compliance with laws or regulations that have or may have a material effect on the Subject Matter; and (ii) allegations of or suspected fraud or dishonesty committed against the Company.

The Directors and the Management are responsible to make available to us the Subject Matter and any other information timely to facilitate the completion of the engagement within the required time frame.

The Directors and the Management are responsible for disclosing to us facts that may affect the Subject Matter, of which they may become aware up to the date of the independent limited assurance report.

#### Our Responsibilities

Our responsibility is to carry out a limited assurance engagement and to express a limited assurance opinion based on the work performed and evidence obtained.

We conducted our engagement in accordance with Malaysian Approved Standard on Assurance Engagements (ISAE) 3000 (Revised), *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information*. This standard requires that we plan and perform procedures to obtain limited assurance that nothing has come to our attention that causes us to believe that the Subject Matter, in all material respects, is not prepared in accordance with the Applicable Criteria.

#### Procedures Performed

Our limited assurance engagement on the Subject Matter consists of making enquiries, primarily of persons responsible for the preparation of the Subject Matter, and applying analytical and other evidence gathering procedures, as appropriate. These procedures included:

- Enquired Management to gain an understanding of the processes established from which the Subject Matter is derived;
- Interviewed relevant staff responsible for preparing and presenting the Subject Matter in the Integrated Annual Report;
- Compared the Subject Matter presented in the Integrated Annual Report to underlying sources on a sample basis to determine whether all the relevant information has been appropriately disclosed; and
- Read the Subject Matter presented in the Integrated Annual Report to determine whether they are in line with our overall knowledge of, and experience with, the sustainability performance of the Company.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement and consequently the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

## Statement of Independent Assurance (Cont'd)



Kossan Rubber Industries Bhd (the "Company")  
Independent Limited Assurance Report on Selected Sustainability Information of  
Kossan Rubber Industries Bhd for the financial year ended 31 December 2023  
16 April 2024

#### Our Quality Management and Independence

Our firm applies Malaysian Approved Standard on Quality Management, ISQM 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have complied with the independence and other ethical requirements of the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

#### Inherent Limitations

Due to the inherent limitations of any internal control structure, it is possible that errors or irregularities in the information presented in the Integrated Annual Report may occur and not be detected. Our engagement is not designed to detect all weaknesses in the internal controls over the preparation and presentation of the Integrated Annual Report, as the engagement has not been performed continuously throughout the period and the procedures performed were undertaken on a test basis.

#### Conclusion

Our conclusion has been formed on the basis of, and is subject to, the matters outlined in this report.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Based on the limited assurance procedures performed and evidence obtained, as described above, nothing has come to our attention that would lead us to believe that the Subject Matter for the financial year ended 31 December 2023, in all material respects, is not prepared in accordance with the Applicable Criteria.

#### Restriction on distribution and use of our report

In accordance with the terms of our engagement, this report on the Subject Matter has been prepared for the Directors for the purpose as described in the first paragraph of this report and for no other purpose. Our report should also not be regarded as suitable to be used or relied on by any party.

We consent to the inclusion of this report in Kossan's Integrated Annual Report in respect of the financial year ended 31 December 2023, to assist the Directors in responding to their governance responsibilities by obtaining an independent limited assurance report on the Subject Matter. We will not accept any liability or responsibility to any other party to whom our report is shown or into whose hands it may come.

KPMG PLT  
(LLF0010081-LCA & AF 0750)  
Chartered Accountants

Petaling Jaya

Date: 16 April 2024

## Performance Data

Indicator	Unit of Measurement	2021	2022	2023
<b>Emissions</b>				
<b>GHG Emissions</b>				
<b>Scope 1</b>				
Company Stationary Combustion (Glove Division)	tonnes CO <sub>2</sub> e	382,028.27	292,572.26	209,814.46
	tonnes CO <sub>2</sub>	381,634.12	292,271.70	209,577.14
	tonnes CH <sub>4</sub>	7.19	5.51	3.95
	tonnes N <sub>2</sub> O	0.71	0.55	0.40
Company Mobile Combustion (Glove Division)	tonnes CO <sub>2</sub> e	N/A	474.36	399.92
	tonnes CO <sub>2</sub>	N/A	471.63	397.88
	tonnes CH <sub>4</sub>	N/A	0.02	0.01
	tonnes N <sub>2</sub> O	N/A	0.10	0.01
Company Stationary Combustion (TRP Division)	tonnes CO <sub>2</sub> e	N/A	2,329.61	2,363.04
	tonnes CO <sub>2</sub>	N/A	2,327.20	2,360.36
	tonnes CH <sub>4</sub>	N/A	0.04	0.04
	tonnes N <sub>2</sub> O	N/A	0.00	0.00
Company Mobile Combustion (TRP Division)	tonnes CO <sub>2</sub> e	N/A	171.17	165.17
	tonnes CO <sub>2</sub>	N/A	170.65	164.79
	tonnes CH <sub>4</sub>	N/A	0.01	0.00
	tonnes N <sub>2</sub> O	N/A	0.00	0.00
Total Scope 1	tonnes CO <sub>2</sub> e	382,028.27	295,547.40	212,742.59
	tonnes CO <sub>2</sub>	381,634.12	295,241.18	212,500.17
	tonnes CH <sub>4</sub>	7.19	5.58	4.00
	tonnes N <sub>2</sub> O	0.71	0.66	0.41
<b>Scope 2</b>				
Purchased Electricity (Glove Division)	tonnes CO <sub>2</sub> e	130,997.74	115,116.57	78,013.34*
	tonnes CO <sub>2</sub>	130,997.74	115,116.57	78,013.34
Purchased Electricity (TRP Division)	tonnes CO <sub>2</sub> e	N/A	10,903.68	8,197.16*
	tonnes CO <sub>2</sub>	N/A	10,903.68	8,197.16
Total Scope 2	tonnes CO <sub>2</sub> e	130,997.74	126,020.25	86,210.50*
	tonnes CO <sub>2</sub>	130,997.74	126,020.25	86,210.50
<b>Scope 3</b>				
Business Travel	tonnes CO <sub>2</sub> e	N/A	28.45	70.00
Employee Commuting	tonnes CO <sub>2</sub> e	N/A	5,222.04	3,408.66
Waste Generated in Operations	tonnes CO <sub>2</sub> e	N/A	N/A	1,826.32
Total Scope 3	tonnes CO <sub>2</sub> e	N/A	5,250.49	5,304.98
Total GHG Emissions (Scope 1 and 2)	tonnes CO <sub>2</sub> e	513,026.01	421,567.65	298,953.09
	tonnes CO <sub>2</sub>	512,631.86	421,261.43	298,710.67
	tonnes CH <sub>4</sub>	7.19	5.58	4.00
	tonnes N <sub>2</sub> O	0.71	0.66	0.41
Total GHG Emissions (Scope 1, 2 and 3)	tonnes CO <sub>2</sub> e	513,026.01	426,818.14	304,258.07
Scope 1 & 2 Intensity (Gloves Division)	tonnes CO <sub>2</sub> e/1000 pcs gloves	0.024	0.026	0.023
Scope 1 & 2 Intensity (TRP Division)	tonnes CO <sub>2</sub> e/1000 kg rubber compounded	N/A	2.74	2.46
<b>GHG Emissions Avoidance</b>				
<b>Scope 2</b>				
Renewable Energy	tonnes CO <sub>2</sub> e	2,324.63	2,148.77	3,091.26
	tonnes CO <sub>2</sub>	2,324.63	2,148.77	3,091.26
Scope 2 Avoidance Subtotal	tonnes CO <sub>2</sub> e	2,324.63	2,148.77	3,091.26
	tonnes CO <sub>2</sub>	2,324.63	2,148.77	3,091.26
<b>Carbon Absorption</b>				
Number of Trees Planted in StayLow Program	tonnes CO <sub>2</sub> e	N/A	64.45	223.03
	tonnes CO <sub>2</sub>	N/A	64.45	223.03
Total Emissions Trees Planted Absorb	tonnes CO <sub>2</sub> e	N/A	64.45	223.03
Total GHG Emissions Avoidance	tonnes CO <sub>2</sub> e	2,324.63	2,213.22	3,314.29

## Performance Data (Cont'd)

Indicator	Unit of Measurement	2021	2022	2023
<b>Energy</b>				
<b>Purchased Electricity Consumption</b>				
Gloves Division	kWh	167,945,825.00	147,585,356.12	102,919,973.99*
	GJ	604,604.97	531,307.28	370,511.91*
TRP Division	kWh	N/A	13,979,073.41	10,814,188.86*
	GJ	N/A	50,324.66	38,931.08*
Total Purchased Electricity Consumption	kWh	167,945,825.00	161,564,429.53	113,734,162.85*
	GJ	604,604.97	581,631.95	409,442.99*
Electricity Consumption Intensity (Gloves Division)	kWh/1000 pcs gloves	7.78	9.40	8.23
Electricity Consumption Intensity (TRP Division)	kWh/1000 kg rubber compounded	N/A	2,860.03	2,476.84
<b>Renewable Energy Consumption - Solar Energy</b>				
Electric Generated (Gloves Division)	kWh	3,066,789.00	2,834,791.00	3,849,183.40*
	GJ	11,040.44	10,205.25	13,857.06*
Installed Capacity (Gloves Division)	MWp	2.61	3.16	3.82
Electric Generated (TRP Division)	kWh	N/A	-	229,000.00*
	GJ	N/A	-	824.40*
Installed Capacity (TRP Division)	MWp	N/A	-	0.48
Total Renewable Energy Consumption - Solar Energy	kWh	3,066,789.00	2,834,791.00	4,078,183.40*
	GJ	11,040.44	10,205.25	14,681.46*
Installed Capacity	MWp	2.61	3.16	4.30
Renewable Energy Consumption Intensity (Gloves Division)	kWh/1000 pcs gloves	0.14	0.18	0.31
Renewable Energy Consumption Intensity (TRP Division)	kWh/1000 kg rubber compounded	N/A	-	52.45
<b>Total Electricity Consumption</b>				
Gloves Division	kWh	171,012,614.00	150,420,147.12	106,769,157.39*
	GJ	615,645.41	541,512.53	384,368.97*
TRP Division	kWh	N/A	13,979,073.41	11,043,188.86*
	GJ	N/A	50,324.66	39,755.48*
Total Electricity Consumption	kWh	171,012,614.00	164,399,220.53	117,812,346.25*
	GJ	615,645.41	591,837.19	424,124.45*
% of Renewable Energy Consumption out of Total Electricity Consumption	%	1.79	1.72	3.46
<b>Fuel Consumption</b>				
<b>Diesel</b>				
Gloves Division	litre	N/A	159,591.24	146,400.36
	GJ	N/A	6,110.75	5,605.67
TRP Division	litre	N/A	44,127.96	45,774.76
	GJ	N/A	1,689.66	1,752.72
Total Diesel Consumption	litre	N/A	203,719.20	192,175.12
	GJ	N/A	7,800.41	7,358.39
Diesel Consumption Intensity (Gloves Division)	litre/1000 pcs gloves	N/A	0.01	0.01
Diesel Consumption Intensity (TRP Division)	litre/1000 kg rubber compounded	N/A	9.03	10.48
<b>Gasoline</b>				
Gloves Division	litre	N/A	29,673.66	14,576.39
	GJ	N/A	994.25	488.40
TRP Division	litre	N/A	23,013.58	18,335.16
	GJ	N/A	771.09	614.34
Total Gasoline Consumption	litre	N/A	52,687.24	32,911.55
	GJ	N/A	1,765.34	1,102.73
Gasoline Consumption Intensity (Gloves Division)	litre/1000 pcs gloves	N/A	0.002	0.001
Gasoline Consumption Intensity (TRP Division)	litre/1000 kg rubber compounded	N/A	4.71	4.20

## Performance Data (Cont'd)

Indicator	Unit of Measurement	2021	2022	2023
<b>Energy</b>				
<b>Liquefied Petroleum Gas (LPG)</b>				
Gloves Division	MMBtu	N/A	-	-
	GJ	N/A	-	-
TRP Division	MMBtu	N/A	-	-
	GJ	N/A	-	-
Total Liquefied Petroleum Gas (LPG) Consumption	MMBtu	N/A	-	-
	GJ	N/A	-	-
Liquefied Petroleum Gas (LPG) Consumption Intensity (Gloves Intensity)	MMBtu/1000 pcs gloves	N/A	-	-
Liquefied Petroleum Gas (LPG) Consumption Intensity (TRP Intensity)	MMBtu/1000 kg rubber compounded	N/A	-	-
<b>Natural Gas</b>				
Gloves Division	MMBtu	7,192,501.27	5,673,536.40	3,949,260.71*
	GJ	7,588,808.09	5,986,148.26	4,166,864.98*
TRP Division	MMBtu	N/A	46,240.03	44,459.40*
	GJ	N/A	48,787.86	46,909.11*
Total Natural Gas Consumption	MMBtu	7,192,501.27	5,719,776.43	3,993,720.11*
	GJ	7,588,808.09	6,034,936.11	4,213,774.09*
Natural Gas Consumption Intensity (Gloves Division)	MMBtu/1000 pcs gloves	0.33	0.36	0.32
Natural Gas Consumption Intensity (TRP Division)	MMBtu/1000 kg rubber compounded	N/A	9.46	10.18
<b>Total Energy Consumption</b>				
Total Renewable Energy	GJ	11,040.44	10,205.25	14,681.46*
Total Non-Renewable	GJ	8,193,413.06	6,626,133.80	4,631,678.19
Total Energy Consumption	GJ	8,204,453.50	6,636,399.05	4,646,359.65
<b>Waste</b>				
<b>Waste Disposed</b>				
Gloves Division	MT	N/A	2,941.60	3,200.28
TRP Division	MT	N/A	565.56	825.98
Total Waste Disposed	MT	N/A	3,507.16	4,026.26
<b>Waste Reused / Recycled / Other recovery process</b>				
Gloves Division	MT	N/A	6,765.34	5,491.77
TRP Division	MT	N/A	238.87	5.03
Total Waste Reused / Recycled / Other recovery process	MT	N/A	7,004.21	5,496.80
<b>Waste Generated</b>				
Gloves Division	MT	10,692.75	9,706.94	8,692.05
TRP Division	MT	N/A	804.43	831.01
Total Waste Generated	MT	10,692.75	10,511.37	9,523.06
Overall Waste Generated Intensity (Gloves Division)	KG/1000 pcs gloves	0.50	0.62	0.70
Overall Waste Generated Intensity (TRP Division)	KG/1000 kg rubber compounded	N/A	164.58	190.33
<b>Scheduled Waste</b>				
Gloves Division	MT	7,598.22	6,722.72	5,036.93
TRP Division	MT	N/A	7.22	19.89
Total Scheduled Waste Generated	MT	7,598.22	6,729.94	5,056.82
Schedule Waste Generated Intensity (Gloves Division)	KG/1000 pcs gloves	0.35	0.43	0.40
Schedule Waste Generated Intensity (TRP Division)	KG/1000 kg rubber compounded	N/A	1.48	4.56

## Performance Data (Cont'd)

Indicator	Unit of Measurement	2021	2022	2023
<b>Waste</b>				
<b>Non-Scheduled Waste</b>				
Gloves Division	MT	3,094.53	2,984.22	3,655.12
TRP Division	MT	N/A	797.21	811.12
Total Non-Scheduled Waste Generated	MT	3,094.53	3,781.43	4,466.24
Non-schedule Waste Generated Intensity (Gloves Division)	KG/1000 pcs gloves	0.14	0.19	0.29
Non-schedule Waste Generated Intensity (TRP Division)	KG/1000 kg rubber compounded	N/A	163.10	185.78
<b>Raw Materials</b>				
<b>Gloves Division</b>				
Latex Consumption	MT	33,242.95	30,263.75	35,032.00
Nitrile Consumption	MT	141,326.74	97,389.55	113,118.00
Total Gloves Division Raw Materials Consumption	MT	174,569.69	127,653.30	148,150.00
Latex Consumption Intensity	MT/1000 pcs gloves	0.010	0.010	0.014
Nitrile Consumption Intensity	MT/1000 pcs gloves	0.008	0.008	0.011
<b>TRP Division</b>				
Natural Rubber	KG	N/A	1,154,300.00	1,150,130.00
Synthetic Rubber	KG	N/A	922,492.00	866,452.00
Other Rubber Compound	KG	N/A	384,948.00	130,499.00
Metal Components	KG	N/A	3,988,365.31	3,391,307.01
Total TRP Division Raw Materials Consumption	KG	N/A	6,450,105.31	5,538,388.01
NR & Synthetic Rubber Consumption Intensity	KG/1000 kg rubber compounded	N/A	424.90	461.87
Total Rubber Consumption Intensity	KG/1000 kg rubber compounded	N/A	503.66	491.76
Metal Components Consumption Intensity	KG/1000 kg rubber compounded	N/A	816.00	776.73
<b>Water</b>				
<b>Municipal Water Withdrawal</b>				
Gloves Division	m <sup>3</sup>	6,917,521.00	6,389,017.00	4,758,411.43
TRP Division	m <sup>3</sup>	N/A	78,851.28	70,896.12
Total Municipal Water	m <sup>3</sup>	6,917,521.00	6,467,868.28	4,829,307.55
<b>Reclaimed Water Withdrawal</b>				
Gloves Division	m <sup>3</sup>	710,266.72	1,139,000.71	752,249.00
TRP Division	m <sup>3</sup>	N/A	-	-
Total External Waste Water	m <sup>3</sup>	710,266.72	1,139,000.71	752,249.00
<b>Water Withdrawal</b>				
Gloves Division	m <sup>3</sup>	7,627,787.72	7,528,017.71	5,510,660.43
TRP Division	m <sup>3</sup>	N/A	78,851.28	70,896.12
Total Water Withdrawal	m <sup>3</sup>	7,627,787.72	7,606,868.99	5,581,556.55
Water Withdrawal Intensity (Gloves Division)	m <sup>3</sup> /1000 pcs gloves	0.35	0.48	0.44
Water Withdrawal Intensity (TRP Division)	m <sup>3</sup> /1000 kg rubber compounded	N/A	16.13	16.24
<b>Treated Water Discharged (By destination)</b>				
<b>Gloves Division</b>				
Surface water	m <sup>3</sup>	5,041,067.97	4,254,787.46	3,442,221.36
Subsurface / well	m <sup>3</sup>	-	-	-
Beneficial / other use	m <sup>3</sup>	-	-	-
Ocean	m <sup>3</sup>	-	-	-
Off-site water treatment	m <sup>3</sup>	-	-	-
Total Treated Water Discharged (Glove Division)	m <sup>3</sup>	5,041,067.97	4,254,787.46	3,442,221.36
Water Discharged Intensity (Gloves Division)	m <sup>3</sup> /1000 pcs gloves	0.23	0.27	0.28

## Performance Data (Cont'd)

Indicator	Unit of Measurement	2021	2022	2023			
<b>Water</b>							
<b>TRP Division</b>							
Surface water	m <sup>3</sup>	N/A	-	-			
Subsurface / well	m <sup>3</sup>	N/A	-	-			
Beneficial / other use	m <sup>3</sup>	N/A	-	-			
Ocean	m <sup>3</sup>	N/A	-	-			
Off-site water treatment	m <sup>3</sup>	N/A	-	-			
Total Treated Water Discharged (TRP Division)	m <sup>3</sup>	N/A	-	-			
Water Discharged Intensity (TRP Division)	m <sup>3</sup> /1000 kg rubber compounded	N/A	-	-			
<b>Total Treated Water Discharged</b>	m <sup>3</sup>	5,041,067.97	4,254,787.46	3,442,221.36			
<b>Treated Water Discharged (By level of treatment)</b>							
<b>Gloves Division</b>							
Discharge to a third party without treatment	m <sup>3</sup>	-	-	-			
Discharge to the natural environment without treatment	m <sup>3</sup>	-	-	-			
Primary Treatment only	m <sup>3</sup>	-	-	-			
Secondary Treatment	m <sup>3</sup>	4,654,634.61	3,658,074.96	3,095,560.56			
Tertiary Treatment	m <sup>3</sup>	386,433.36	596,712.50	346,660.80			
Total Treated Water Discharged	m <sup>3</sup>	5,041,067.97	4,254,787.46	3,442,221.36			
Water Discharged Intensity (Gloves Division)	m <sup>3</sup> /1000 pcs gloves compounded	0.23	0.27	0.28			
<b>TRP Division</b>							
Discharge to a third party without treatment	m <sup>3</sup>	N/A	-	-			
Discharge to the natural environment without treatment	m <sup>3</sup>	N/A	-	-			
Primary Treatment only	m <sup>3</sup>	N/A	-	-			
Secondary Treatment	m <sup>3</sup>	N/A	-	-			
Tertiary Treatment	m <sup>3</sup>	N/A	-	-			
Total Treated Water Discharged	m <sup>3</sup>	N/A	-	-			
Water Discharged Intensity (TRP Division)	m <sup>3</sup> /1000 kg rubber compounded	N/A	-	-			
<b>Total Treated Water Discharged</b>	m <sup>3</sup>	5,041,067.97	4,254,787.46	3,442,221.36			
<b>Raw Water Consumption</b>							
Gloves Division	m <sup>3</sup>	2,586,719.75	3,273,230.25	2,068,439.07			
TRP Division	m <sup>3</sup>	N/A	78,851.28	70,896.12			
Total Water Consumption	m <sup>3</sup>	2,586,719.75	3,352,081.53	2,139,335.19			
Water Consumption Intensity (Gloves Division)	m <sup>3</sup> /1000 pcs gloves	0.12	0.21	0.17			
Water Consumption Intensity (TRP Division)	m <sup>3</sup> /1000 kg rubber compounded	N/A	16.13	16.24			
<b>Effluents</b>							
Temperature (Average)		Min	Max	Min	Max	Min	Max
Compliance limit	degree celcius	-	40	-	40	-	40
Gloves Division	degree celcius	N/A		32.64		32.43	
TRP Division	degree celcius	N/A		-		-	
Quality of water discharged (BOD) - Biochemical Oxygen Demand (Average)		Min	Max	Min	Max	Min	Max
Compliance limit	mg/L	20.00	50.00	20.00	50.00	20.00	50.00
Gloves Division	mg/L	29.63		23.05		19.63	
TRP Division	mg/L	N/A		-		-	
Quality of water discharged (COD) - Chemical Oxygen Demand (Average)		Min	Max	Min	Max	Min	Max
Compliance limit	mg/L	80.00	200.00	80.00	200.00	80.00	200.00
Gloves Division	mg/L	135.64		114.07		97.50	
TRP Division	mg/L	N/A		-		-	

## Performance Data (Cont'd)

Indicator	Unit of Measurement	2021		2022		2023	
<b>Water</b>							
<b>Effluents</b>							
Quality of water discharged (TSS) - Total Suspended Solids (Average)		Min	Max	Min	Max	Min	Max
Compliance limit	mg/L	50.00	100.00	50.00	100.00	50.00	100.00
Gloves Division	mg/L	26.85		18.31		16.86	
TRP Division	mg/L	N/A		-		-	
<b>Board Diversity</b>							
<b>Gender</b>	<b>Headcount</b>	No.	%	No.	%	No.	%
Male	Headcount	8	89%	7	78%	7	78%
Female	Headcount	1	11%	2	22%	2	22%
Total	Headcount	9	100%	9	100%	9	100%
<b>Age Generation</b>							
Generation Z, Born After 1995	Headcount	0	0%	0	0%	0	0%
Generation Y, Born 1981-1995	Headcount	1	11%	1	11%	1	11%
Generation X, Born 1961-1980	Headcount	5	56%	5	56%	5	56%
Baby Boomers, Born 1945-1960	Headcount	3	33%	3	33%	3	33%
Total	Headcount	9	100%	9	100%	9	100%
<b>Ethnicity (Local Only)</b>							
Malay	Headcount	1	11%	1	11%	1	11%
Chinese	Headcount	8	89%	7	78%	7	78%
Indian	Headcount	-	0%	1	11%	1	11%
Others	Headcount	-	0%	-	0%	-	0%
Total	Headcount	9	100%	9	100%	9	100%
<b>Workforce Profile</b>							
<b>Employee Count</b>							
Total	Headcount	7,818	-	6,758	-	5,848	-
<b>Leadership Breakdown by Gender (Manager-Level &amp; Above)</b>							
Male	Headcount	257	67%	264	66%	223	64%
Female	Headcount	126	33%	133	34%	127	36%
Total	Headcount	383	100%	397	100%	350	100%
<b>Employee Diversity Profile</b>							
<b>Job Category</b>							
Top Management	Headcount	10	<1%	11	<1%	10	<1%
Senior Management	Headcount	4	<1%	6	<1%	5	<1%
Upper Management	Headcount	24	<1%	25	<1%	24	<1%
Middle Management	Headcount	345	4%	355	5%	311	5%
Executive	Headcount	671	9%	635	9%	557	10%
Non-Executive	Headcount	6,764	87%	5,726	85%	4,941	84%
Total	Headcount	7,818	100%	6,758	100%	5,848	100%
<b>Gender</b>							
Male	Headcount	6,297	81%	5,345	79%	4,527	77%
Female	Headcount	1,521	19%	1,413	21%	1,321	23%
Total	Headcount	7,818	100%	6,758	100%	5,848	100%
<b>Age Generation</b>							
Generation Z, Born After 1995	Headcount	2,394	31%	2,075	31%	1,920	33%
Generation Y, Born 1981-1995	Headcount	4,452	57%	3,819	57%	3,213	55%
Generation X, Born 1961-1980	Headcount	950	12%	842	12%	696	12%
Baby Boomers, Born 1945-1960	Headcount	22	<1%	22	<1%	19	<1%
Total	Headcount	7,818	100%	6,758	100%	5,848	100%

## Performance Data (Cont'd)

Indicator		Unit of Measurement	2021		2022		2023	
<b>Workforce Profile</b>								
<b>Nationality</b>			No.	%	No.	%	No.	%
Malaysian		Headcount	3,780	48%	3,414	51%	3,022	52%
Non-Malaysian		Headcount	4,038	52%	3,344	49%	2,826	48%
Total		Headcount	7,818	100%	6,758	100%	5,848	100%
<b>Ethnicity (Local Only)</b>								
Malay		Headcount	2,516	67%	2,257	66%	1,970	65%
Chinese		Headcount	653	17%	622	18%	535	18%
Indian		Headcount	587	16%	510	15%	490	16%
Others		Headcount	24	1%	25	1%	27	1%
Total		Headcount	3,780	100%	3,414	100%	3,022	100%
<b>Women by Job Category</b>								
Top Management		Headcount	N/A	N/A	-	0%	-	0%
Senior Management		Headcount	N/A	N/A	1	<1%	1	<1%
Upper Management		Headcount	N/A	N/A	2	<1%	2	<1%
Middle Management		Headcount	N/A	N/A	133	9%	124	9%
Executive		Headcount	N/A	N/A	287	20%	277	21%
Non-Executive		Headcount	N/A	N/A	990	70%	917	69%
Total		Headcount	N/A	N/A	1,413	100%	1,321	100%
<b>Employee Diversity by Employment Type</b>								
<b>Gender</b>								
Permanent	Male	Headcount	N/A	N/A	2,071	31%	1,754	30%
	Female	Headcount	N/A	N/A	1,307	19%	1,214	21%
Temporary	Male	Headcount	N/A	N/A	3,274	48%	2,773	47%
	Female	Headcount	N/A	N/A	106	2%	107	2%
Total		Headcount	N/A	N/A	6,758	100%	5,848	100%
<b>Nationality</b>								
Permanent	Malaysian	Headcount	N/A	N/A	3,378	50%	2,968	51%
	Non-Malaysian	Headcount	N/A	N/A	-	0%	-	0%
Temporary	Malaysian	Headcount	N/A	N/A	36	1%	54	1%
	Non-Malaysian	Headcount	N/A	N/A	3,344	49%	2,826	48%
Total		Headcount	N/A	N/A	6,758	100%	5,848	100%
<b>New Hire Profile</b>								
<b>New Hire</b>								
Total		Headcount	1,886	24%	1,692	25%	1,326	23%
<b>New Hire Diversity</b>								
<b>Job Category</b>								
Top Management		Headcount	-	0%	2	<1%	1	<1%
Senior Management		Headcount	2	<1%	5	<1%	-	0%
Upper Management		Headcount	4	<1%	66	4%	5	<1%
Middle Management		Headcount	67	4%	165	10%	24	2%
Executive		Headcount	159	8%	260	15%	99	7%
Non-Executive		Headcount	1,654	88%	1,194	71%	1,197	90%
Total		Headcount	1,886	100%	1,692	100%	1,326	100%
<b>Gender</b>								
Male		Headcount	1,365	72%	1,005	59%	915	69%
Female		Headcount	521	28%	687	41%	411	31%
Total		Headcount	1,886	100%	1,692	100%	1,326	100%
<b>Age Generation</b>								
Generation Z, Born After 1995		Headcount	1,127	60%	1,104	65%	840	63%
Generation Y, Born 1981-1995		Headcount	679	36%	517	31%	451	34%
Generation X, Born 1961-1980		Headcount	79	4%	67	4%	34	3%
Baby Boomers, Born 1945-1960		Headcount	1	0%	4	0%	1	0%
Total		Headcount	1,886	100%	1,692	100%	1,326	100%

## Performance Data (Cont'd)

Indicator	Unit of Measurement	2021		2022		2023	
<b>New Hire Profile</b>							
<b>Nationality</b>		No.	%	No.	%	No.	%
Malaysian	Headcount	1,708	91%	1,655	98%	1,012	76%
Non-Malaysian	Headcount	178	9%	37	2%	314	24%
Total	Headcount	1,886	100%	1,692	100%	1,326	100%
<b>Ethnicity (Local Only)</b>							
Malay	Headcount	N/A	N/A	1,186	72%	653	65%
Chinese	Headcount	N/A	N/A	120	7%	59	6%
Indian	Headcount	N/A	N/A	335	20%	288	28%
Others	Headcount	N/A	N/A	14	1%	12	1%
Total	Headcount	N/A	N/A	1,655	100%	1,012	100%
<b>Employee Attrition</b>							
<b>Employee Count</b>							
Attrition Rate	Headcount	-	31.20%	2,820	38.90%	2,218	35.24%
<b>Job Category</b>							
Top Management	Headcount			-	0%	3	<1%
Senior Management	Headcount			-	0%	1	<1%
Upper Management	Headcount	-	9%	6	<1%	8	<1%
Middle Management	Headcount			65	2%	77	3%
Executive	Headcount			202	7%	182	8%
Non-Executive	Headcount	-	91%	2,547	90%	1,947	88%
Total	Headcount	-	100%	2,820	100%	2,218	100%
<b>Gender</b>							
Male	Headcount	-	82%	2,007	71%	1,719	78%
Female	Headcount	-	18%	813	29%	499	22%
Total	Headcount	-	100%	2,820	100%	2,218	100%
<b>Age Generation</b>							
Generation Z, Born After 1995	Headcount	-	42%	1,470	52%	993	45%
Generation Y, Born 1981-1995	Headcount	-	51%	1,184	42%	1,041	47%
Generation X, Born 1961-1980	Headcount	-	7%	160	6%	180	8%
Baby Boomers, Born 1945-1960	Headcount	-	<1%	6	<1%	4	0%
Total	Headcount	-	100%	2,820	100%	2,218	100%
<b>Nationality</b>							
Malaysian	Headcount	-	55%	2,033	72%	1,403	63%
Non-Malaysian	Headcount	-	45%	787	28%	815	37%
Total	Headcount	-	100%	2,820	100%	2,218	100%
<b>People and Development</b>							
<b>Training Hours</b>							
Total Training Hours	Hours			89,806		127,736	122,392
Average Training Hours Per Employee	Hours			11.50		18.90	20.90
<b>Total Training Hours - Gender</b>							
Male	Hours	N/A	N/A	N/A	N/A	72,781	59%
Female	Hours	N/A	N/A	N/A	N/A	49,611	41%
Total	Hours	N/A	N/A	N/A	N/A	122,392	100%
<b>Average Training Hours - Gender</b>							
Male	Hours	N/A	N/A	N/A	N/A	16.1	-
Female	Hours	N/A	N/A	N/A	N/A	37.6	-

## Performance Data (Cont'd)

Indicator	Unit of Measurement	2021		2022		2023	
<b>People and Development</b>							
<b>Total Training Hours - Employee Category</b>							
		No.	%	No.	%	No.	%
Top Management	Hours	N/A	N/A	N/A	N/A	248	<1%
Senior Management	Hours	N/A	N/A	N/A	N/A	33	<1%
Upper Management	Hours	N/A	N/A	N/A	N/A	303	<1%
Middle Management	Hours	N/A	N/A	N/A	N/A	20,972	17%
Executive	Hours	N/A	N/A	N/A	N/A	38,851	32%
Non-Executive	Hours	N/A	N/A	N/A	N/A	61,985	51%
Total	Hours	N/A	N/A	N/A	N/A	122,392	100%
<b>Average Training Hours - Employee Category</b>							
Top Management	Hours	N/A	N/A	N/A	N/A	24.8	N/A
Senior Management	Hours	N/A	N/A	N/A	N/A	6.5	N/A
Upper Management	Hours	N/A	N/A	N/A	N/A	12.6	N/A
Middle Management	Hours	N/A	N/A	N/A	N/A	67.4	N/A
Executive	Hours	N/A	N/A	N/A	N/A	69.8	N/A
Non-Executive	Hours	N/A	N/A	N/A	N/A	12.5	N/A
<b>Total Training Hours - Type</b>							
E-Learning	Hours	N/A	N/A	N/A	N/A	2,715	2%
On-Job Training	Hours	N/A	N/A	N/A	N/A	36,697	30%
Classroom / Virtual	Hours	N/A	N/A	N/A	N/A	82,980	68%
Total	Hours	N/A	N/A	N/A	N/A	122,392	100%
<b>Total Training Hours - Theme</b>							
Anti-Bribery & Corruptions	Hours	N/A	N/A	N/A	N/A	903	1%
Environmental	Hours	N/A	N/A	N/A	N/A	6,170	5%
Human Right & Labour Practice	Hours	N/A	N/A	N/A	N/A	11,882	10%
Soft Skill, Professional Certification & Others	Hours	N/A	N/A	N/A	N/A	9,540	8%
Quality	Hours	N/A	N/A	N/A	N/A	4,818	4%
Technical & Functional	Hours	N/A	N/A	N/A	N/A	75,041	61%
Workplace Safety	Hours	N/A	N/A	N/A	N/A	14,039	11%
Total	Hours	N/A	N/A	N/A	N/A	122,392	100%
<b>Parental Leave</b>							
<b>Total Number of Employee Entitled</b>							
Male	Headcount	N/A	N/A	2,237	47%	2,314	45%
Female	Headcount	N/A	N/A	2,539	53%	2,866	55%
Total	Headcount	N/A	N/A	4,776	100%	5,180	100%
<b>Total Number of Employee Applied</b>							
Male	Headcount	N/A	N/A	121	52%	122	62%
Female	Headcount	N/A	N/A	111	48%	76	38%
Total	Headcount	N/A	N/A	232	100%	198	100%
<b>Total Number of Employee Returned in Reporting Period After Leave End</b>							
Male	Headcount	N/A	N/A	121	52%	122	62%
Female	Headcount	N/A	N/A	111	48%	76	38%
Total	Headcount	N/A	N/A	232	100%	198	100%
<b>Returned and Retention Rate of Employee Applied</b>							
Male	Headcount	N/A	N/A	121	52%	122	62%
Female	Headcount	N/A	N/A	111	48%	76	38%
Total	Headcount	N/A	N/A	232	100%	198	100%

## Performance Data (Cont'd)

Indicator	Unit of Measurement	2021	2022	2023
<b>Occupational Accident/ Illness</b>				
<b>Employees</b>				
Number of Fatality Case due to workplace accident		-	-	-
Fatality Rate due to workplace accident		-	-	-
Percentage of employees covered for LTIFR (%)		100%	100%	100%
Lost-Time Injury Frequency Rate (LTIFR) (number/a million hours worked)		1.34	1.48	1.07
Number of DOSH Work-related Recordable Cases (Including Fatalities)		27	30	17
Fatality due to Workplace Illness		N/A	-	-
Workplace Illness Frequency Rate		N/A	1.57	-
The number of workplace illness (Including fatalities)		N/A	11	-
<b>Non-Employees (Suppliers/ Vendors/ Contractors)</b>				
Number of Fatality Case due to workplace accident		N/A	-	-
Fatality Rate due to workplace accident		N/A	-	-
Percentage of employees covered for LTIFR (%)		N/A	100%	100%
Lost-Time Injury Frequency Rate (LTIFR) (number/a million hours worked)		N/A	-	-
Number of DOSH Work-related Recordable Cases (Including fatalities)		N/A	-	-
Fatality due to Workplace Illness		N/A	-	-
Workplace Illness Frequency Rate		N/A	-	-
The number of workplace illness (Including fatalities)		N/A	-	-

## Notes:

- The data and information provided have been prepared to the best of our ability in ensuring completeness, accuracy and reliability.
- "N/A" indicates data not available.
- Figures stated may not add up due to rounding figure.
- Scope 1 Stationary Combustion emissions cover emissions from natural gas and diesel consumption at our production facilities, with the emission factors used sourced from UK BEIS and US EPA.
- Scope 1 Mobile Combustion emissions cover emissions from gasoline and diesel consumption and emissions from the mileage incurred by company vehicles. The emission factors used are obtained from US EPA.
- Scope 2 emissions cover purchased electricity from our production facilities and hostels, and is calculated using the location-based method based on the emission factors of Malaysia Energy Information Hub ("MEIH") 2019 Grid Emission Factor ("GEF") (Source: <https://meih.st.gov.my/documents/10620/384e8c1-b782-49a1-8dff-74c836b3a3f7>).
- Scope 3 Business Travel emissions cover all vehicles except trains. Emissions from air travel by our migrant workers are not accounted for in this year's calculation, and steps will be taken to include this information in our next Sustainability Statement. Emission factors used are sourced from UK Department for Business, Energy & Industrial Strategy ("BEIS"), US Environment Protection Agency ("EPA") and Agence De l'Environnement et de la Maîtrise de l'Energie ("ADEME"), the French Agency For Environment and Energy Management.
- Scope 3 Employee Commuting emissions cover all employee commuting activities, with the emission factor used sourced from UK BEIS.
- Tracking of Scope 3 Waste Generation in Operations emissions commenced in FY2023, covering both scheduled and non-scheduled waste, with emission factors used sourced from UK BEIS and US EPA.
- The Scope 1 emission of our TRP division in FY2022 has been restated due to the reclassification of energy consumed from LPG gas consumption to natural gas consumption.
- Water consumption data covers the production facilities and hostels of both divisions.
- Water withdrawal and consumption data relating to our TRP division in FY2022 was restated due to the use of the wrong unit of measurement in last year's report. As a result, the figures presented for overall water withdrawal and overall water consumption in FY2023 is 55,520m<sup>3</sup> lower than in last year's report.
- The Metal Components Consumption Intensity of our TRP division in FY2022 was restated due to recognition of a calculation error.
- "\*" indicates that the data have been subject to external assurance.

## Performance Data Table from Bursa Malaysia's ESG Reporting Platform

Indicator	Measurement Unit	2023
<b>Bursa (Labour practices and standards)</b>		
Bursa C6(a) Total hours of training by employee category		
Executive	Hours	60,407
Non-executive	Hours	61,985
Bursa C6(b) Percentage of employees that are contractors or temporary staff	Percentage	49.00
Bursa C6(c) Total number of employee turnover by employee category		
Executive	Number	271
Non-executive	Number	1,947
Bursa C6(d) Number of substantiated complaints concerning human rights violations	Number	0
<b>Bursa (Anti-corruption)</b>		
Bursa C1(a) Percentage of employees who have received training on anti-corruption by employee category		
Executive	Percentage	80.15
Non-executive	Percentage	0.38
Bursa C1(b) Percentage of operations assessed for corruption-related risks	Percentage	100.00
Bursa C1(c) Confirmed incidents of corruption and action taken	Number	0
<b>Bursa (Emissions management)</b>		
Bursa C11(a) Scope 1 emissions in tonnes of CO <sub>2</sub> e	Metric tonnes	212,742.59
Bursa C11(b) Scope 2 emissions in tonnes of CO <sub>2</sub> e	Metric tonnes	86,210.50
Bursa C11(c) Scope 3 emissions in tonnes of CO <sub>2</sub> e (at least for the categories of business travel and employee commuting)	Metric tonnes	5,304.98
<b>Bursa (Energy management)</b>		
Bursa C4(a) Total energy consumption	Megawatt	1,290,655.46
<b>Bursa (Water)</b>		
Bursa C9(a) Total volume of water used	Megalitres	2,139.33519
<b>Bursa (Health and safety)</b>		
Bursa C5(a) Number of work-related fatalities	Number	0
Bursa C5(b) Lost time incident rate ("LTIR")	Rate	1.07
Bursa C5(c) Number of employees trained on health and safety standards	Number	2,374
<b>Bursa (Data privacy and security)</b>		
Bursa C8(a) Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Number	0
<b>Bursa (Waste management)</b>		
Bursa C10(a) Total waste generated	Metric tonnes	9,523.06
Bursa C10(a)(i) Total waste diverted from disposal	Metric tonnes	5,496.80
Bursa C10(a)(ii) Total waste directed to disposal	Metric tonnes	4,026.26
<b>Bursa (Supply chain management)</b>		
Bursa C7(a) Proportion of spending on local suppliers	Percentage	62.00

Internal assurance

External assurance

No assurance

(\*)Restated

## Performance Data Table from Bursa Malaysia's ESG Reporting Platform (Cont'd)

Indicator	Measurement Unit	2023
<b>Bursa (Diversity)</b>		
Bursa C3(a) Percentage of employees by gender and age group, for each employee category		
Age Group by Employee Category		
Executive Generation Z, Born After 1995	Percentage	1.66
Executive Generation Y, Born 1981-1995	Percentage	8.57
Executive Generation X, Born 1961-1980	Percentage	5.03
Executive Baby Boomers, Born 1945-1960	Percentage	0.26
Non-executive Generation Z, Born After 1995	Percentage	31.17
Non-executive Generation Y, Born 1981-1995	Percentage	46.37
Non-executive Generation X, Born 1961-1980	Percentage	6.87
Non-executive Baby Boomers, Born 1945-1960	Percentage	0.07
Gender Group by Employee Category		
Executive Male	Percentage	8.60
Executive Female	Percentage	6.91
Non-executive Male	Percentage	68.81
Non-executive Female	Percentage	15.68
Bursa C3(b) Percentage of directors by gender and age group		
Male	Percentage	78.00
Female	Percentage	22.00
Generation Z, Born After 1995	Percentage	0.00
Generation Y, Born 1981-1995	Percentage	11.00
Generation X, Born 1961-1980	Percentage	56.00
Baby Boomers, Born 1945-1960	Percentage	33.00
<b>Bursa (Community/Society)</b>		
Bursa C2(a) Total amount invested in the community where the target beneficiaries are external to the listed issuer	MYR	575,000.00
Bursa C2(b) Total number of beneficiaries of the investment in communities	Number	21,368

Internal assurance

External assurance

No assurance

(\*)Restated

## Directors' Profile



## TAN SRI DATO' LIM KUANG SIA

Group Managing Director/  
Chief Executive Officer,  
Non-Independent  
Executive Director

71



M

### Date Appointed:

14 June 1979 (Founder)

### Board Committee Membership(s):

NIL

### Qualifications and Working Experience:

Tan Sri Dato' Lim, a founder director of KOSSAN, graduated with a Bachelor of Science Degree in Chemistry from Nanyang University in Singapore in 1975, a Post-graduate Diploma in Chemical Engineering from University College, University of London in 1976 and a Master's Degree in Chemical Engineering from Imperial College, University of London in 1977.

### Present Appointment(s):

- Honorary President of The Associated Chinese Chambers of Commerce and Industry of Malaysia
- Honorary President of The Chinese Chamber of Commerce and Industry of Kuala Lumpur and Selangor
- Executive Advisor to the Klang Chinese Chamber of Commerce and Industry
- Deputy President of the Malaysia Teochew Chamber of Commerce
- Honorary Life President of the Teochew Association Klang and Coast
- Honorary Advisor of The Malaysia Lin Chamber of Commerce Selangor State Liaison Committee
- Honorary Advisor to the Lim Association Klang and Coast
- Deputy Chairman of Pin Hwa High School
- Vice Chairman of Kwang Hua Private High School
- Vice Chairman of Hin Hua High School
- Board Member of Confucian Private Secondary School

### Directorship(s) in other Public Companies and Listed Entities:

- Founder and Trustee of Yayasan Kossan



## MOHAMED SHAFEEI BIN ABDUL GAFFOOR

Chairman,  
Independent  
Non-Executive Director

61



M

### Date Appointed:

23 January 2017

### Board Committee Membership(s):

NIL

### Qualifications and Working Experience:

En. Mohamed Shafeii graduated with a Bachelor of Arts (Hons) Degree from the University of Waterloo, Canada in 1986 and obtained the Master of Business Administration (Oil and Gas Management) from University of Dundee, United Kingdom in 1994.

He has experience in auditing, administration and consulting. He was an economist with Bank Negara Malaysia in 1986, an auditor with Ernst & Young between 1987 to 1990 and was with Shapadu Corporation Sdn. Bhd., a company involved in transportation, toll concession, oil and gas and investment, between 1991 to 1994. He joined Desa Pachi Consultancy Sdn. Bhd., a company that provides management and technical consulting services in 1995 as its Managing Director. While at the consulting company, he was seconded to Westmont Industries Bhd./Sabah Shipyard Sdn. Bhd. (1997 to 1999) and Ipco International Ltd. (2000 - 2002) as their Managing Director and to Xian Leng Holdings Bhd. (1998 to 2008) as its Independent Director.

In 2018, he joined Perak Corporation Berhad and was the Group Chief Executive Officer until his resignation in 2020. In addition, he sat as the Non-Executive Chairman of Majuperak Holdings Berhad from 2018 to 2019. Currently, he is the Chief Executive Officer of Panah Jaya Services Sdn. Bhd., a company that involved in oil and gas activities.

### Directorship(s) in other Public Companies and Listed Entities:

- NIL

LEGEND: ● Chairperson

● Member

AC Audit Committee

RC Remuneration Committee

## Directors' Profile (Cont'd)

**Date Appointed:**

26 August 2013

**Board Committee Membership(s):**

AC

RMC

NC

RC

**Qualifications and Working Experience:**

Mr. Lee is a Chartered Accountant with membership in the Malaysian Institute of Accountants and the Institute of Chartered Accountants in England and Wales. Mr. Lee qualified as an accountant in 1980 and has experience in accounting and tax. He joined Malayan Banking Berhad in 1983. His experience with Malayan Banking includes internal audit, information technology, branch supervision, retail banking, products development and market research, as well as treasury operations. He was the Head of Finance in Malayan Banking Berhad from 1997 until his retirement in 2008.

Mr. Lee was the Independent Non-Executive Director of HSBC Bank Malaysia Berhad from 2013 to 2022. During his tenure, he sat as the Chair of the Audit Committee as well as a member of the Nominations and Remuneration Committee. In 2016, he joined HSBC Amanah Malaysia Berhad as an Independent Non-Executive Director and was redesignated as Non-Independent Non-Executive Director in 2019. He was the member of the Audit, Risk and Nominations and Remunerations Committees until his retirement in 2022.

**Directorship(s) in other Public Companies and Listed Entities:**

- Trustee of Yayasan Kossan

**Date Appointed:**

23 January 2017

**Board Committee Membership(s):**

RC

AC

NC

RMC

**Qualifications and Working Experience:**

Madam Hoh is a Chartered Accountant with membership in the Institute of Chartered Accountants in England and Wales since 1983. She graduated with a Bachelor of Commerce from the University of Melbourne, Australia in 1978.

She has experience in accounting, auditing, internal audit, administration, education and training. She was with KPMG Malaysia (1984-2000 and 2008-2010) and headed one of its audit departments. Her last position in KPMG was technical director. During her second stint at KPMG, she was a Director in the Professional Practice Department.

From 2000 to 2002, she was the senior technical consultant at the Malaysian Accounting Standards Board where she assisted in the formulation of accounting standards for application in Malaysia. Between 2004 and 2008, she taught at University Tunku Abdul Rahman and University of Malaya. She was the Operations Director at the Institute of Internal Auditors Malaysia between 2011 to 2012. Madam Hoh was with The Malaysian Institute of Certified Public Accountants as its Senior Technical Manager from 2012 to 2019. Her main scope of work was to provide technical support to two of the Institute's Committees – the Accounting and Audit Technical Committee and the Financial Statements Review Committee.

**Directorship(s) in other Public Companies and Listed Entities:**

- NIL

## Directors' Profile (Cont'd)



**SHARON  
SHANTHY A/P  
DORAIRAJ**

Independent  
Non-Executive Director

**Date Appointed:**

1 November 2022

**Board Committee Membership(s):**

**NC** **AC** **RC**

**Qualifications and Working Experience:**

Ms. Sharon graduated with a Bachelor of Science (Mathematics) from Universiti Sains Malaysia and is a Chartered Banker of the Asian Institute of Chartered Bankers. She is also certified in various psychometrics instruments including Hogan, DDI and SHL and leadership coaching such as Gallup's Strength.

She is a strategic human capital leader with 30 years of experience in driving transformation, change management and merger and acquisition ("M&A") transactions. Her working experience includes being the Senior Vice President, Group Human Resource at Alliance Bank Malaysia Berhad from 2017 to 2022, Chief Human Resource Officer at MCIS Zurich Insurance Berhad from 2014 to 2017 and 17 years in OCBC Bank (Malaysia) Berhad from 1996 covering transformational performance, remuneration, talent and succession management, industrial relations and organisational learning. Other than financial institutions, her role as Human Resource Analyst, Malaysia Airlines System Berhad and Human Resource Manager at Halim Mazmin Group exposed her to people management in service and logistics industries.

**Directorship(s) in other Public Companies and Listed Entities:**

- NIL



**TAN  
KONG CHANG**

Non-Independent  
Executive Director

**Date Appointed:**

26 August 2013

**Board Committee Membership(s):**

NIL

**Qualifications and Working Experience:**

Mr. Tan is currently a Key Senior Management and holds the position of Chief Operating Officer in the Gloves Division and Executive Director of Human Resources of the Group. Additionally, he is responsible for all expansion and upgrading of manufacturing facilities and the construction of the Group's buildings. He also oversees several subsidiaries in the Gloves Division.

He graduated with a Bachelor's Degree in Architecture from the University of Southwestern Louisiana, USA in 1992. Mr. Tan was a Project Architect with DEG Akitek Sdn. Bhd. from 1992 to 1995 and a Project Manager with KYM Holdings Berhad from 1996 to 1997. In 1998, he joined Perusahaan Getah Asas Sdn. Bhd., a subsidiary, where he gained experience in finance, human resource, production management, quality control and research and development.

**Directorship(s) in other Public Companies and Listed Entities:**

- NIL

## Directors' Profile (Cont'd)

**Date Appointed:**

26 August 2013

**Board Committee Membership(s):**

NIL

**Qualifications and Working Experience:**

Mr. Lim Siau Tian is currently a Key Senior Management and holds the position of Executive Director of Marketing in the Gloves Division. Additionally, he oversees several subsidiaries in the Gloves Division and drives several corporate level projects. He is chairing the Corporate Sustainability committee for the company.

He graduated with a Bachelor's Degree in Marketing from the University of Central Oklahoma, USA in 1998. After his graduation, he was involved in the trading of medical disposables in the USA from 1998 to 2003, culminating in his appointment as the Operations and Marketing Manager. He joined KOSSAN in 2003 and was promoted to General Manager of Marketing in the Gloves Division in 2008. Following this, he held several roles and contributed his expertise in the rubber glove industry during his term as Trustee in Malaysian Rubber Council and as elected committee member in the Malaysian Rubber Glove Manufacturers Association.

**Directorship(s) in other Public Companies and Listed Entities:**

- President and Trustee of Yayasan Kossan

**Date Appointed:**

26 August 2013

**Board Committee Membership(s):**

NIL

**Qualifications and Working Experience:**

Mr. Lim Siau Hing is currently a Key Senior Management and holds the position of Executive Director of the Technical Rubber Products Division and oversees all the division's subsidiaries.

He graduated with a Bachelor's Degree in Business Administration (majoring in Operations Management and Analysis) from the University of Central Oklahoma, USA in 1998. He joined KOSSAN upon graduation and gained experience in quality control, production management, engineering and marketing.

**Directorship(s) in other Public Companies and Listed Entities:**

- NIL

## Directors' Profile (Cont'd)

**Date Appointed:**

26 August 2013

**Board Committee Membership(s):**

RMC

**Qualifications and Working Experience:**

Mr. Lim Ooi Chow is currently a Key Senior Management and holds the position of Executive Director of Engineering and oversees several subsidiaries in the Gloves Division.

He graduated with a Bachelor's Degree in Computer Science from Monash University, Australia in 2005. He obtained his Masters of International Business, also from Monash University in 2006. Upon graduation, he worked as a Computer Engineer in Australia. He joined KOSSAN in 2007 and gained experience in finance, information technology, project management, production management and engineering.

**Directorship(s) in other Public Companies and Listed Entities:**

- NIL

**Notes:**

The details of Directors' attendance at Board Meetings are set out in the Corporate Governance Overview Statement on page 117 of this Integrated Annual Report. None of the Directors of the Company have family relationships with any Director and/or substantial shareholder with the exception of the following:

- Mr. Lim Ooi Chow is the son of Tan Sri Dato' Lim Kuang Sia.
- Messrs Lim Siau Tian, Lim Siau Hing and Lim Ooi Chow are cousins.
- Messrs Lim Siau Tian and Lim Siau Hing are nephews of Tan Sri Dato' Lim Kuang Sia.

Other than as disclosed, none of the Directors have any conflict of interest or potential conflict of interest with the Company, have not been convicted of any offence, other than traffic offences, within the past five years and have no public sanction or penalty imposed by any relevant regulatory bodies during the financial year.

LEGEND: ● Chairperson

● Member

AC Audit Committee

RC Remuneration Committee

NC Nominating Committee

RMC Risk Management Committee

# Key Senior Management Profile

## PUAN SRI DATIN CHOW CHENG MOEY



### Chief Financial Controller

#### Qualifications and Working Experience:

Puan Sri Datin Chow holds a Bachelor of Science Degree in Engineering. She joined KOSSAN in 1980 and has served in various capacities in the Group prior to her appointment in her present position in February 2017.

NIL NIL NIL

Puan Sri Datin Chow is the spouse of Tan Sri Dato' Lim Kuang Sia and the mother of Mr. Lim Ooi Chow

## MOK CHEE HONG



### Chief Financial Officer

#### Qualifications and Working Experience:

Mr. Mok is a Fellow Member of the Association of Chartered Certified Accountants and a member of the Malaysian Institute of Accountants. He joined KOSSAN in his present position in June 2021.

He started his career as an auditor with BDO Binder before joining Talam Corporation Berhad as Assistant Finance Manager and Panasonic Malaysia as Finance Manager. He subsequently moved to Carlsberg Brewery Malaysia Berhad as Senior Finance Manager and then to a multinational company as Financial Controller. Prior to joining KOSSAN, he was the Chief Financial Officer in a public listed company.

NIL NIL NIL NIL

## LEE HON CHEE



### Senior Group Accountant

#### Qualifications and Working Experience:

Mr. Lee is a member of the Malaysian Institute of Accountants and holds a Bachelor's Degree in Business Accounting. He joined KOSSAN in 1994 and has served in various capacities in the Group prior to his appointment in his present position in 2009.

NIL NIL NIL NIL

## TAN ENG TECK



### General Manager, Business Development (TRP)

#### Qualifications and Working Experience:

Mr. Tan holds an Honours Degree in Polymer Science and Technology. He joined KOSSAN in 1994 and has held various positions in KOSSAN prior to his appointment in his present position in 2003.

NIL NIL NIL NIL

## YAU KIM WOON



### Senior General Manager, Corporate Strategy

#### Qualifications and Working Experience:

Mr. Yau holds a Diploma in Accounting from Ungku Omar Polytechnic, and a Bachelor of Business Admin (Hons.), major in Operation Management from University Utara Malaysia. He joined KOSSAN in his present position in June 2022.

He started his career as a Customer Service Executive with one of the largest mineral companies in the world, NS BlueScope Sdn. Bhd. He built his career along the path of supply chain management in Fast Moving Consumer Goods (FMCG) and the medical device industries.

His last position held before joining KOSSAN was the Regional Director APAC – Demand Fulfilment with Teleflex Medical Sdn. Bhd., where his scope of responsibility covered APAC region.

NIL NIL NIL NIL

- Present Directorship(s) in other public companies and listed entities
- Any family relationship with any director and/or major shareholder of the Company
- Any conflict of interest or potential conflict of interest with the Company
- Any list of convictions for offences, other than traffic offences, within the past 5 years and particulars of any public sanction or penalty imposed by the relevant regulatory bodies

#### Note:

The disclosure on the particulars of the key senior management is made in compliance pursuant to Appendix 9C of Bursa Malaysia Securities Main Market Listing Requirements.

# Corporate Governance Overview Statement

The Board of Directors (“Board”) of Kossan Rubber Industries Bhd. (“KOSSAN” or “the Company”) remains committed and continues to endeavour to comply with the principles and practices set out in the Malaysian Code on Corporate Governance 2021 (“MCCG”) with the aim in ensuring long-term sustainable growth of the Group for the interest of shareholders and other stakeholders. With that in mind, the Board regularly reviews its corporate governance practices ensuring alignment with the MCCG and applicable regulatory obligations.

We are pleased to present our Corporate Governance Overview Statement (“Statement”) for the financial year ended 31 December 2023 (“FY2023”). This Statement provides an overview on how the Company and its subsidiaries (“Group”) had applied and adopted the three (3) principles of the MCCG during the financial year under review.

This Statement is prepared in compliance with the Bursa Malaysia Securities Berhad Main Market Listing Requirements (“MMLR”) and should be read together with the Corporate Governance Report 2023 (“CG Report”), which is available on our website at <https://www.kossan.com.my/about-us/corp-governance.html>



## PRINCIPLE A: Board Leadership and Effectiveness

### ROLES AND RESPONSIBILITIES

Corporate governance plays a vital role in ensuring an effective board that can make informed decisions that benefit and deliver sustainable value to the Company and stakeholders. We, the Board of Directors, are responsible for the oversight and overall effective management of the Company. To enable us to effectively discharge our responsibilities whilst meeting the goals and objectives of the Company, we had established a Board Charter in 2014 that clearly sets out the governance structure, authority and responsibilities of the Board, Board Committees, individual directors and Management, including a formal schedule of issues and decisions reserved for the Board. The Board also delegates specific responsibilities, as set out in each respective terms of reference (“TOR”), to the Board Committees, namely, the Audit, Nominating and Remuneration Committees.

The Board Charter and TORs of each Board Committee are published on our website at <https://www.kossan.com.my/about-us/corp-governance.html>.

 [KOSSAN Board Charter](#)

 [KOSSAN Nominating Committee Terms of Reference](#)

 [KOSSAN Audit Committee Terms of Reference](#)

 [KOSSAN Remuneration Committee Terms of Reference](#)

## Corporate Governance Overview Statement (Cont'd)

### THE BOARD

The Board currently has nine (9) members, comprising one (1) independent non-executive chairman, three (3) independent non-executive directors ("INEDs") and five (5) executive directors ("EDs").

#### Chairman

En. Mohamed Shafiei bin Abdul Gaffoor, our Independent Non-Executive Chairman, chairs the Board meetings, sets the agenda items, promotes active engagement among Directors and ensures the smooth functioning of the Board. He provides leadership for the adoption of good corporate governance practices and leads the Board towards continuous improvements. The Chairman of the Board is not a member of the Audit, Nominating and Remuneration Committees.

The positions of the Chairman of the Board and Chief Executive Officer ("CEO") are held by different individuals. Their clear and distinct roles and responsibilities are set out in the Board Charter. This is to ensure balance of power and authority with no one individual has unfettered powers on decision making.

#### Group Managing Director/Chief Executive Officer

Tan Sri Dato' Lim Kuang Sia, the Group Managing Director/CEO, focuses on the Group's businesses and manages the day-to-day operations of the Company as well as implements the Board's decisions.

#### Senior Independent Non-Executive Director

Mr. Lee Choo Hock is the appointed Senior INED. He serves as the principal conduit between the Chairman and the Board and, importantly, represents the views of independent directors and leads communication to ameliorate misunderstanding and boardroom tension. Further, he is also the Whistleblowing Committee Chairman who oversees the whistleblowing function and ensures its effectiveness.

Mr. Lee has served the Company for a cumulative term of more than nine (9) years, since his appointment to the Board in 26 August 2013. The Board, with Mr. Lee abstaining from deliberation, was satisfied that Mr. Lee has met the independence guidelines as set out in Chapter 1 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Malaysia") and is able to continue to bring independent and objective judgment to the Board.

The Board, except for Mr. Lee, unanimously recommended that Mr. Lee continues to serve as an INED of the Company, subject to the approval of the shareholders through a two-tier voting process as per Practice 5.3 of the MCGG.

#### Independent Non-Executive Directors

Our INEDs play an important role in providing objective, impartial and independent views, advice and judgment to the Board. Their presence ensures adequate check and balance in Board decisions and safeguard the interest of minority shareholders.

#### Company Secretaries

The Board is supported by two suitably qualified and competent Company Secretaries. The Company Secretaries assisted the Chairpersons of the Board and Board Committees in the distribution of notices, agendas and meeting materials, ensuring compliance with Board procedures as well as providing advice on regulatory compliance and corporate governance. The Company Secretaries regularly undertake continuous professional development to keep abreast of the latest developments. The Board is satisfied with the performance and support rendered by the Company Secretaries.

## Corporate Governance Overview Statement (Cont'd)

**Board and Board Committee Attendance**

Members of the Board and Board Committees had discharged their roles and responsibilities in FY2023 through their attendance at the Board and Board Committees meetings which were set out as below:

NAME	ATTENDANCE				
	BOD	AC	NC	RC	RMC
<b>1. MOHAMED SHAFEII BIN ABDUL GAFFOOR</b> <i>Chairman, Independent Non-Executive Director</i>	6/6				
<b>2. TAN SRI DATO' LIM KUANG SIA</b> <i>Group Managing Director/CEO, Non-Independent Executive Director</i>	5/6				
<b>3. LEE CHOO HOCK</b> <i>Senior Independent Non-Executive Director</i>	6/6	6/6	2/2	1/1	4/4
<b>4. HOH KIM HYAN</b> <i>Independent Non-Executive Director</i>	6/6	6/6	2/2	1/1	4/4
<b>5. SHARON SHANTHY A/P DORAIRAJ</b> <i>Independent Non-Executive Director</i>	6/6	6/6	2/2	1/1	
<b>6. TAN KONG CHANG</b> <i>Non-Independent Executive Director</i>	6/6				
<b>7. LIM SIAU TIAN</b> <i>Non-Independent Executive Director</i>	6/6				
<b>8. LIM SIAU HING</b> <i>Non-Independent Executive Director</i>	5/6				
<b>9. LIM OOI CHOW</b> <i>Non-Independent Executive Director</i>	6/6				4/4

LEGEND: ● Chairperson  
● Member

**BOD** Board of Directors  
**AC** Audit Committee

**RC** Remuneration Committee  
**NC** Nominating Committee

**RMC** Risk Management Committee

**Board Administration**

In relation to board meetings, agendas for upcoming meetings were set by the Chairman and supported by the Company Secretary. The notices and agendas were distributed to the members prior to meetings together with the relevant Board papers. This is to ensure that all members are able to receive complete and accurate information in a timely manner. Information shared to the members are required to be clear, concise and of sufficient depth to facilitate constructive deliberations and assist the members in decision-making process. Executive directors and/or senior management will join meetings discussions by invitation when required, enabling the members to understand the matters in depth and question Management directly.

To facilitate Directors' attendance at meetings, an annual meeting calendar was given to all Directors before the beginning of each new financial year. Each Director is also required to notify the Chairman of the Board prior to his/her acceptance of directorship outside the Group. The notification should include an approximate indication of time to be spent on the new directorship.

## Corporate Governance Overview Statement (Cont'd)

### BUSINESS CONDUCT AND CORPORATE CULTURE

#### The KOSSAN Code of Ethics and Conduct ("KCEC")

The KCEC was adopted to help the employees of the Group to make the right choices and to act appropriately in response to ethical behaviour in the workplace. The KCEC is applicable to all directors and employees of KOSSAN.

#### Anti-Bribery and Corruption ("ABC") Policy

The Group has implemented an ABC Policy to guide and govern the prevention of corrupt practices and other unethical conduct within the organisation. The ABC Policy emphasises the Group's zero-tolerance approach towards any form of bribery and corruption.

#### Whistleblowing Policy

The Board has implemented a Whistleblowing Policy that enables both employees and members of the general public to report any instances of malpractice or improper conduct. The Policy is supported by a set of procedures that provide clear guidelines on how to raise concerns and report any suspected wrongdoing.

All reports are received by the Whistleblowing Committee which comprises exclusively of the following INEDs:

- Lee Choo Hock : *Chairman/Senior Independent Non-Executive Director*
- Mohamed Shafeii bin Abdul Gaffoor : *Member/Independent Non-Executive Director*
- Hoh Kim Hyan : *Member/Independent Non-Executive Director*

The Whistleblowing Policy underscores the Board's commitment to promoting transparency, accountability, and ethical conduct throughout the organisation. It assures whistleblowers that their identity will be kept confidential and that they will not face any form of retaliation, harassment or victimisation. The Board believes that the Whistleblowing Policy serves as an essential tool for enhancing corporate governance, risk management and ethical behaviour across the organisation.

### SUSTAINABILITY GOVERNANCE

The responsibility to embed sustainability in the Group's business strategy and operations rests with the Board. The Board is assisted by the Group Managing Director/CEO who oversees the formulation, implementation and effective management of the Company's sustainability strategies and targets. In 2022, the Board had adopted the Sustainability Policy which comprises four (4) guiding principles, i.e., Long term value creation, Invest to green DNA, Vibrant human capital and Excellence innovation (L.I.V.E.) with twelve (12) Sustainability Principles.



Further details on the sustainability governance structure, key sustainability matters and stakeholders engagements can be found in the Sustainability Statement on pages 23 to 35 of this IAR.

#### DIRECTORS TRAININGS

As the business landscape continues to evolve, our Board recognises the importance for Directors to keep themselves up-to-date on the latest developments in order to discharge their duties and responsibilities effectively. To achieve this, all Directors had, during the financial year under review, attended trainings to continuously update their knowledge and skills which includes not only legislative developments but also market trends, economic environment, technological advancements, and ESG (environmental, social and governance) considerations. Additionally, our Company Secretary provides regular updates to the Board and its committees on regulatory and corporate governance matters.



The trainings attended by the Directors in FY2023 are set out on pages 8 to 12 of the CG Report.

In 2023, all Directors had completed the Mandatory Accreditation Programme ("MAP") Part II with the Institute of Corporate Directors Malaysia ("ICDM"), a corporate body approved by Bursa Malaysia.

## Corporate Governance Overview Statement (Cont'd)

### NOMINATING COMMITTEE ("NC") STATEMENT

The NC comprises exclusively of INEDs and is chaired by Ms. Sharon Shanthy a/p Dorairaj, an INED. The NC plays an essential role in ensuring the effectiveness of our Board. This includes reviewing and assessing the composition of the Board, tenure of the independent directors and appointment and/or re-appointment of a board member. The NC is also responsible for assessing the performance of the Directors of the Company every year.

#### Appointment of New Directors

The NC is responsible for assessing suitable candidates for any new appointment of directors to the Board. Candidates are sourced from unrelated third parties and the NC will interview the shortlisted candidates prior to recommending to the Board for approval.

The NC has a selection criterion which are based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender as well as the criteria specified in the Directors Fit and Proper Policy ("DFPP"). The DFPP serves as a guide to ensure the person appointed or elected/re-elected as a Director possesses the necessary character, integrity, experience, competence and time commitment to discharge his/her role effectively.

#### Re-election of Directors

Annually, the NC reviewed the eligibility of the retiring Directors who are subjected to re-election at the forthcoming Annual General Meeting ("AGM") pursuant to the Company's Constitution. Having considered the outcome of the Board Effectiveness Evaluation for FY2023 ("BEE 2023"), their contribution to board deliberations, their ability to act in the best interest of the Company in decision making and also the

DFPP, the NC was satisfied that each retiring Director met the performance criteria required for an effective Board and recommended the re-elections of the retiring Directors to the Board.

Each of the retiring Directors abstained at the Board deliberations and decisions regarding his own eligibility to stand for re-election.

The Board, save for the retiring Directors who had abstained from deliberations on their own re-election, supported the NC's views and recommends the re-appointment of the retiring Directors at the forthcoming AGM. The statement of support is included in the notes accompanying the Notice of AGM.

#### Evaluation

The NC, being the evaluation committee, undertook the annual evaluation of the Board as a whole, Board Committees and individual Directors, including the independence of each Independent Director for the financial year under review. The BEE 2023 was facilitated by the Company Secretary. The assessments and evaluations carried out were properly documented.


The outcome of the BEE 2023 indicated that the performance of the Board and the Board Committees during the evaluation period had been satisfactory and they had discharged their duties and responsibilities effectively and in accordance with their TORs. The outcome of the evaluation formed one of the basis of the NC's recommendations to the Board for the re-election of Directors at the forthcoming AGM.

### REMUNERATION

The Group's Remuneration Policy aims to attract and retain competent Directors and senior management who are capable of effectively leading and managing the Group. The remuneration packages for the EDs and senior management are tied to their individual and corporate performance, responsibilities, qualifications, skills and experiences. In the case of the NEDs, their remuneration levels commensurate to their responsibilities, skills, and time commitments. The Group's Remuneration Policy can be found on our Company's website at <https://www.kossan.com.my/about-us/corp-governance.html>.

The Remuneration Committee ("RC") is chaired by Mdm Hoh Kim Hyan, an INED, and the members comprises wholly of INEDs. During the financial year under review, the RC reviewed the remuneration packages of the EDs and senior management prior recommending their packages to the Board for approval. The proposed fees for INEDs were reviewed by the Board as a whole.

To ensure impartiality and transparency, Directors do not participate in discussions or voting on decisions relating to his/her own remuneration package during the RC and Board meetings.

 Details of the remuneration of Directors of the Company for FY2023 on a name basis, including the components of remuneration, can be found on page 37 of the CG Report.

## Corporate Governance Overview Statement (Cont'd)

### PRINCIPLE B: Effective Audit and Risk Management

#### EFFECTIVE AND INDEPENDENT AUDIT COMMITTEE ("AC")

The AC comprises three (3) INEDs. The Chairman of the AC is not the Chairman of the Board. Mr. Lee Choo Hock, the Senior INED, is the Chairman of the AC while En. Mohamed Shafeii bin Abdul Gaffoor, also an INED, is the Chairman of the Board.

Two (2) of the AC members are chartered accountants and all members of the AC are well educated and financially literate. They attended courses to improve their understanding of matters under the purview of the AC, including developments in accounting and auditing standards and practices. None of the members of the AC were former key audit partners who are required to exercise a cooling-off period of at least three (3) years before his/her appointment to the AC.

The AC undertook an annual assessment of the competency and independence of the external auditors and recommended their re-appointment to the Board, upon which the shareholders' approval will be sought at the forthcoming AGM. The external auditors were required to declare their independence annually to the AC as specified by the By-Laws issued by the Malaysian Institute of Accountants. The external auditors had provided the declaration in their annual audit plan presented to the AC.

The AC also reviewed the provision of non-audit services rendered to the Group by the external auditors and its affiliates and noted that the total amount of fees paid and payable for non-audit services rendered by the Group external auditors and its affiliates for FY2023 was RM410,314.



A summary of the activities undertaken by the AC in FY2023 are set out in the AC Report on pages 126 to 127 of this IAR.

#### RISK MANAGEMENT AND INTERNAL CONTROL

##### Establishing an Effective Risk Management and Internal Control Framework

The Board is responsible for the Group's risk management framework and system of internal control and the review of their adequacy and integrity. The Board had established the Risk Management Framework to ensure that an effective system of internal control that provides reasonable assessment of effective and efficient operations, financial controls and compliance with laws and regulations as well as with internal procedures and guidelines are in place within the Group.

The AC is responsible to assist the Board in ensuring the adequacy and effectiveness of internal controls and oversees the risk management function through the Risk Management Committee ("RMC"). The RMC comprises a majority of independent directors to oversee the Group's risk management framework and policies. The RMC reviews and recommends for the Board's consideration and approval the risk management principles, framework and policies for managing risks within the Group. The RMC also monitors and assesses the risk appetite and tolerance of the Group to safeguard the Group's assets and shareholders' investment.



Further details of the risk management and internal control are set out in the Statement on Risk Management and Internal Control on pages 122 to 125 of this IAR.

##### Internal Audit ("IA")

The Board has established an in-house IA function which reports directly to the AC. The IA function undertakes an independent assessment of the internal control system of the Group and provides assurance to the AC that no material issue or major deficiency has been noted which could pose a high risk to the overall system of internal control. The IA assignments were carried out in accordance with the 2023 audit plan approved by the AC.

The Board ascertained that the IA personnel are free from any relationships or conflicts of interest, which could impair their objectivity and independence and is satisfied that the IA function is adequately staffed with qualified and experienced persons.

The IA function is carried out in accordance with the IA Charter and IA Framework with reference to The Institute of Internal Auditors' International Professional Practices Framework. The AC, in its oversight of the IA function, was satisfied that the said function was effective and able to function independently.




Further details of the IA function are contained in the AC Report on page 128 of this IAR.

## Corporate Governance Overview Statement (Cont'd)

### PRINCIPLE C: Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders

#### COMMUNICATION WITH STAKEHOLDERS

The Board aims to achieve effective engagement with our shareholders and other stakeholders by providing information that are consistent, accurate, transparent and timely through various platforms including our Company's website, annual reports, financial statements, announcements made to Bursa Malaysia and engagements through the investor relations function.

 A summary of our Stakeholders Engagements' activities conducted in FY2023 are shown on pages 24 to 26 of the Sustainability Statement of this IAR.


#### CONDUCT OF GENERAL MEETING

The Company had leveraged on technology by conducting the 43rd AGM virtually. The Notice of the 43rd AGM was sent to all shareholders at least 28 days in advance of the 43rd AGM ensuring shareholders were given sufficient notice and time to consider the agenda items that will be discussed and decided at the AGM.

All Directors and senior management attended the 43rd AGM, either at the broadcast venue or virtually, to address questions raised by shareholders, financial and/or non-financial related. Shareholders, corporate representatives and proxies who registered for remote participation and voting via Boardroom Smart Investor Portal were able to join the live streaming of the proceedings of the AGM, posed questions and casted their votes online. To make the AGM more meaningful and interactive, questions posed by shareholders were displayed on screen to all meeting participants during the meeting itself.

The Company had appointed Boardroom Share Registrars Sdn. Bhd. as poll administrators to conduct the polling process on all resolutions tabled at the AGM, and Sky Corporate Services Sdn. Bhd. as scrutineers to verify the poll results. The poll results were announced to Bursa Malaysia on the same day for the benefit of shareholders.

The Minutes of the 43rd AGM (including the responses to the related questions raised by shareholders during and after the AGM) were published in our website within 30 business days after the conclusion of the 43rd AGM at <https://www.kossan.com.my/investors/corporate-information.html>

 [KOSSAN 43rd AGM Minutes](#)

#### COMPLIANCE STATEMENT

This Statement was approved by the Board on 16 April 2024.

# Statement on Risk Management and Internal Control

## INTRODUCTION

This Statement is made pursuant to paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad where the Board of Directors (“Board”) of a public listed company is required to publish a statement about the state of risk management and internal controls of the listed issuer as a group and is prepared in accordance with Principle B Part II of the Malaysian Code on Corporate Governance of Securities Commission Malaysia (“MCCG”), with the guidance from the “Statement on Risk Management and Internal Control – Guidelines for Directors of Listed Issuers”.

The Board is committed to maintain and continuously improve the Group’s system of risk management as well as internal controls and is pleased to provide the following statement which outlines the nature and scope of risk management and internal controls of the Group during the year under review.

## BOARD’S RESPONSIBILITY

The Board acknowledges and affirms its responsibility in establishing and maintaining an effective risk management framework and internal control system to safeguard shareholders’ investments and the Group’s assets and also ensures that the system of internal control manages risk and forms part of its corporate culture.

The Board continuously reviews the risk management framework, processes, responsibilities and assesses for reasonable assurance that the risks faced by the Group are being managed effectively and efficiently within the Group’s defined risk appetite and tolerance. However, the Group’s risk management and internal control system is designed to manage, rather than eliminate the risk of failure to achieve business objectives. Notwithstanding and due to the limitations inherent in any system of risk management and internal control, the system can only provide reasonable but not absolute assurance against material misstatement, loss or fraud.

The Board delegates the oversight and implementation of the Board’s policies and procedures on the system of risk management and internal control to the Audit Committee (“AC”). The AC is responsible to, amongst others:

- Review and monitor the effectiveness of the Group’s system of risk management and internal control;
- Evaluate the process of identifying, evaluating, monitoring and reporting of risks and internal control;
- Evaluate and monitor the risk management framework in line with the Group’s business objectives and risk appetite;
- Identify changes to risk and take appropriate actions to mitigate and control risks;
- Provide assurance to the Board that the risk management and internal control system is operating adequately and effectively; and
- Review the Internal Audit Report of its findings, recommendations, management responses and action plans and present to the Board of its recommendation on a quarterly basis.

## RISK MANAGEMENT

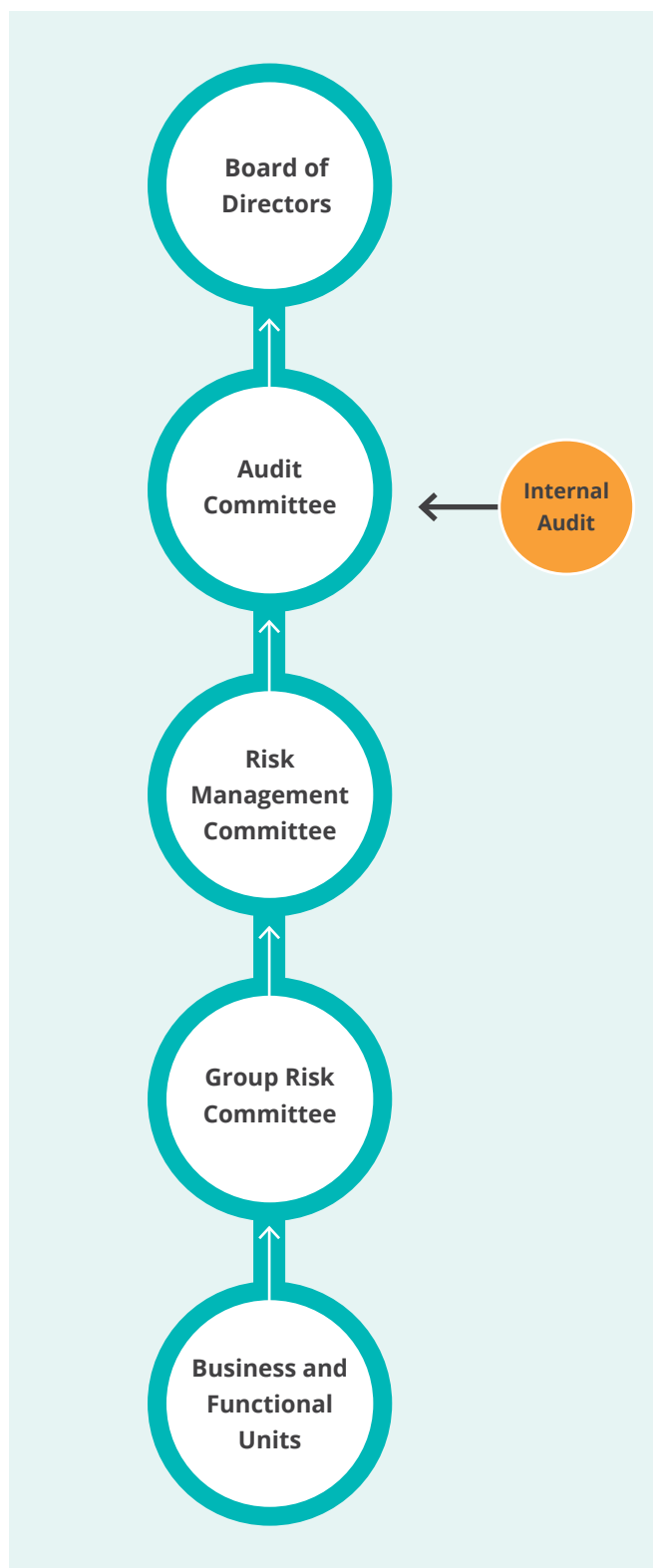
The Board has established a risk management framework for identifying, monitoring, reviewing and continually improving risk management. The risk management framework is being adopted as a standardised approach in implementing risk management in the Group for timely identification, reporting and management of principal risks. The implementation of the risk management framework promotes an effective risk culture whilst embedding risk management into its processes and structures to create and maintain an environment that enables the Group to meet performance objectives.

The key features of the risk management framework provide a risk control environment that includes:

A **Risk Management Policy Statement** describing the Group’s commitment to embed risk management to create and maintain an environment that enables the Group to meet performance objectives driven through technological advancement, people value, and continual improvement to deliver sustainable business growth, manage risk exposures and pursue opportunities in line with its risk appetite;

## Statement on Risk Management and Internal Control (Cont'd)

A **Governance and Risk Organisation Structure** identifying the Board in retaining the overall risk management responsibility and the delegation of authority and responsibility of the management and reporting mechanism as depicted in the diagram below;



A **Risk Management Committee ("RMC")** established by the Board and reporting to the Audit Committee to provide assurance concerning the Group's risk management. The RMC is fully represented by members of the Board and is tasked with the overall responsibility to oversee the implementation of the risk management framework and policies within the Group. The RMC is responsible to, amongst others:

- Ensure the overall risk management processes are adopted by the Group and to oversee the development of appropriate guidelines and policies for implementation;
- Ensure the risk management processes are integrated into all core business processes and that the culture of the organisation reflects the risk consciousness of the Board;
- Review the quarterly risk management reports, risk registers, risk management activities and management response thereto;
- Identify and communicate to the Board on principal risks challenges and management action plans to manage the risks; and
- Evaluate and review the risk management framework and policy.

A **Group Risk Committee ("GRC")** formed in May 2020 to support the RMC in establishing the strategic approaches to implementing risk management within the Group. The GRC is headed by an Executive Director who is a member of the RMC and comprises majority of other Executive Directors who are risk owners themselves and are responsible to ensure the implementation of the risk management framework, procedures and policies within the Group.

A **Risk Management Process** which is aligned to risk management practices of ISO 31000:2018 Risk Management – Guidelines. Risks arising from the business operations are continuously identified and updated into a risk register. The level of residual risk is determined after identifying and evaluating the effectiveness of the controls measures. Each risk is mapped based on a matrix which specifies its likelihood (how likely the risk to occur) and its impact (the extent of its impact if the risk did occur). The risks are assessed to determine if the residual risk rating is High, Medium, or Low. Thereafter, depending on the residual risk rating, the owners of these risks will drive the implementation of risk mitigation measures guided by a residual risk response guide towards achieving a residual risk that is within the acceptable tolerance. On a quarterly basis, a risk management report detailing the Group's status of risk reviews and any incidents is presented to the RMC for review and deliberation and thereafter recommend for endorsement by the AC and the Board.

The Board believes that maintaining a sound system of risk management and internal control is premised on a clear understanding and appreciation of the key elements of the Risk Management Framework and Governance Policies.

## Statement on Risk Management and Internal Control (Cont'd)

### INTERNAL CONTROL

Whilst the Board focuses on effective risk oversight and setting the tone and culture towards an effective risk management and internal controls structure, the management is entrusted with the implementation of the system of internal control encompassing the types of control including strategic, financial, operational, compliance and governance to achieving the Group's objectives.

The Group has a clear defined organisation structure with clearly defined lines of authority, accountability and responsibility of the Board, Board Committees, corporate and operations unit management.

The key processes in reviewing the adequacy and effectiveness of the risk management and internal control system include the following:

**The Audit Committee**, assisted by the Risk Management Committee and the Internal Audit Department, performs the duty of reviewing and evaluating the adequacy and effectiveness of the Group's system of risk management and internal control.

**The Nominating and Remuneration Committees ("NRC")** assist the Board to review and recommend the appointment of new directors and remuneration policies for directors and senior management. The NRC also assesses the effectiveness of the Board, the Board Committees and individual Board member.

**The Risk Management Committee ("RMC")** has been established by the Board and is supported by the Group Risk Committee ("GRC") to provide assurance concerning the Group's risk management. The RMC performs quarterly review of the risk management processes and oversee the development of appropriate guidelines and policies for implementation.

**The Internal Audit Department ("IA")** performs internal audits on the effectiveness of internal control mechanism on various operating units and also checks on the compliance with laws and regulatory requirements, including policies and procedures. Significant findings of non-compliance are highlighted in the reports to the Audit Committee.

### The key features of the internal control processes are described as follows:

- Board meetings are held at least once in a quarter with a formal agenda on matters for discussion. During the meeting, the Board reviews the financial performance of the Group, discuss and deliberate on the business development, management, corporate issues and regulatory matters affecting the Group.
- Board Committees with clearly defined terms of reference and authority hold regular meetings and assist the Board in overseeing internal controls and Board effectiveness. This includes reviewing the adequacy and integrity of the Group's internal control system and to follow-up on action plans by Management on the recommendations proposed by the internal audit department.
- The Group Managing Director/Chief Executive Officer ("Group MD/CEO") plays a pivotal role in communicating the Board's expectations of the system of risk management and internal control to management. This is achieved through his active participation in the management of the business as well as chairing at various management and committee meetings. The Group MD/CEO will update the Board of any significant matters that require Board immediate attention.
- Monthly management meetings are held to review the financial and manufacturing operational performance of business units including key performance indicators, productivity, efficiency and effectiveness. This includes evaluation of factors impacting performance such as business, operational and key management.
- There is an established mechanism to identify and review the risks element that impact on the financial performances of the Group to manage risks including and not limited to volatility of foreign exchange rates, escalating cost of operations and competitive pricing of products.
- A Whistleblowing Policy serves as an avenue for all employees and the general public to raise concerns about malpractice or improper conduct within the Group whilst ensuring the integrity of the process and information and also protecting the rights of informants.
- An Anti-Bribery and Corruption Policy which describes the Group's commitment to ensure zero-tolerance against any forms of bribery and corruption. The Group is committed to maintain and preserve the highest standard of integrity, transparency and accountability in our business operation.

## Statement on Risk Management and Internal Control (Cont'd)

### ASSURANCE MECHANISM

The Group has in place an in-house Internal Audit Department ("IA") established by the Board to provide independent assurance on the adequacy and effectiveness of the risk management and internal control system.

For the year ended 31 December 2023, the IA reviewed the adequacy and effectiveness of the internal control processes and necessary actions have been and are being taken to remedy any significant failings or weaknesses for the financial year under review and up to the date of approval of this Statement for inclusion in this Annual Report.

The Board, through the AC, has reviewed the effectiveness of the Group's system of risk management and internal control. There were no significant risk management and internal control aspects that would have resulted in any material losses or contingencies that would require disclosure in this Annual Report.

The Board has received assurances from the Group MD/CEO and the Chief Financial Officer that for the year ended 31 December 2023, the Group's risk management and internal control system is operating adequately and effectively in all material aspects, based on the risk management and internal control system of the Group. Taking into consideration the information and assurances given, the Board is satisfied with the adequacy, integrity and effectiveness of the Group's system of risk management and internal control.

Continuous quality assurance audits are being conducted as part of the requirements and compliance of the ISO 9001, ISO 13485, IATF 16949, MS ISO/IEC 17025, ISO 14001 and ISO 45001 certifications.

### BOARD'S COMMITMENT

The Board remains committed towards keeping abreast with the ever-changing business environment in order to support the Group's business and operations. There were no material losses incurred during the current financial year as a result of weaknesses in internal control that would require a separate disclosure in this Annual Report.

The Board and the Management, in striving for continuous improvement, have and will continue to put in place appropriate measures to further strengthen and enhance the Group's system of risk management and internal control environment.

### REVIEW OF THIS STATEMENT BY EXTERNAL AUDITORS

The external auditors have reviewed this Statement on Risk Management and Internal Control pursuant to the scope set out in Audit and Assurance Practice Guide ("AAPG") 3, Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report issued by the Malaysian Institute of Accountants for inclusion in the Annual Report of the Group for the year ended 31 December 2023, and reported to the Board that nothing has come to their attention that cause them to believe that the statement intended to be included in the Annual Report of the Group, in all material respects:

- a) has not been prepared in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, or
- b) is factually inaccurate.

AAPG 3 does not require the external auditors to consider whether the Statement on Risk Management and Internal Control covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system including the assessment and opinion by the Board of Directors and management thereon. The auditors are also not required to consider whether the processes described to deal with material internal control aspects of any significant problems disclosed in the Annual Report will, in fact, remedy the problems.

This Statement has been approved by the Board on 16 April 2024.

# Audit Committee Report

The Audit Committee is pleased to present the Audit Committee Report for the year ended 31 December 2023.

## 1. TERMS OF REFERENCE OF THE AUDIT COMMITTEE

The duties and responsibilities of the Audit Committee ("AC") are set out in the Terms of Reference of the AC and is available on KOSSAN's website at [www.kossan.com.my](http://www.kossan.com.my).

 [AC Terms of Reference](#)

## 2. COMPOSITION AND ATTENDANCE AT MEETINGS

The AC comprises the following members and the details of their attendance at the AC meetings held during the year ended 31 December 2023 were as follows:

Composition of the AC	Attendance
Lee Choo Hock <i>(Chairman / Senior Independent Non-Executive Director)</i>	6/6
Hoh Kim Hyan <i>(Member / Independent Non-Executive Director)</i>	6/6
Sharon Shanthly a/p Dorairaj <i>(Member / Independent Non-Executive Director)</i>	6/6

Other directors and members of the Management team attended the AC meetings at the invitation of the AC, when necessary. The Group's external auditors attended three (3) of the meetings while the internal auditors attended five (5) of the meetings.

## 3. SUMMARY OF ACTIVITIES

The following activities were carried out by the AC during the financial year under review:

### (a) Financial Reporting

Reviewed the quarterly and annual financial statements of the Group prior to submission to the Board for consideration and approval.

### (b) External Audit

- (i) Reviewed and discussed with the external auditors the nature and scope of the audit and audit plan prior to the commencement of audit and ensured the audit was comprehensive.
- (ii) Discussed and reviewed the Group's financial statements with the external auditors including issues and findings noted in the course of the audit and Management's responses thereto.
- (iii) Reviewed the award of non-audit services provided by the external auditors and its affiliates and the overall independence of the external auditors.
- (iv) Assessed the suitability, objectivity and independence of the external auditors and recommended to the Board for their re-appointment.
- (v) Conducted private meetings with the external auditors without the presence of Executive Directors or Management.

## Audit Committee Report (Cont'd)

### 3. SUMMARY OF ACTIVITIES (CONT'D)

#### (c) Internal Audit

- (i) Reviewed the internal auditors' reports which covered all business sectors of the Group, the audit findings and the recommendations on the internal control system.
- (ii) Reviewed the follow-up audit reports submitted by the internal auditors to ensure the implementation of agreed audit recommendations by Management in a timely manner.
- (iii) Reviewed and approved the annual internal audit plan to ensure adequate scope and coverage of the Group's key activities.
- (iv) Reviewed the competency and adequacy of resources of the internal audit function to ensure it is effective and able to function independently, and that all internal audit personnel are free from any relationships or conflicts of interest which could impair their objectivity and independence.

#### (d) Risk Management and Internal Controls

- (i) Reviewed the adequacy and effectiveness of internal control and risk management framework of the Group.
- (ii) Reviewed and discussed with the external and internal auditors on their evaluation of the system of internal control of the Group.
- (iii) Reviewed the risk profile of the Group and the business divisions and action plans by Management to mitigate risks.

#### (e) Annual Report

Reviewed the AC Report, Statement on Risk Management and Internal Control, Corporate Governance Overview Statement and Corporate Governance Report before recommending to the Board for inclusion in the annual report.

#### (f) Others

- (i) Reviewed the whistleblowing procedures and whistleblowing activities to monitor the actions taken in respect of whistleblowing reports received.
- (ii) Reviewed the Terms of Reference of the AC pursuant to the amendments to the Main Market Listing Requirements by Bursa Malaysia on AC.
- (iii) Reviewed any related party transactions ("RPT") and confirmed no conflict of interest situation that had arisen within the Group including any transaction, procedure or course of conduct that raised questions of management integrity.
- (iv) Reviewed any RPT tabled by Management before presentation to the Board to ensure the RPT undertaken were in the best interest of the Group, the values were fair, reasonable and on normal commercial terms and were not detrimental to the interest of the minority shareholders.
- (v) Reviewed, on half yearly basis, the terms of the Shareholders' Mandate for Recurrent Related Party Transactions of a revenue or trading nature were adhered to and ensured procedures used were at arm's length and in accordance with the Group's normal commercial terms and were not prejudicial to the minority shareholders or disadvantageous to the Group.

The AC discharged its duties and responsibilities in accordance with its Terms of Reference.

## Audit Committee Report (Cont'd)

### 4. INTERNAL AUDIT FUNCTION

The Group has in place an in-house Internal Audit Department (“IA”) established by the Board to ensure a sound internal control system is in place. The IA reports directly to the AC and is guided by the Internal Audit Charter. The IA performed audits based on an annual internal audit plan approved by the AC. During the financial year under review, the IA performed financial, operational and compliance audits. The IA also reviewed recurrent related party transactions for compliance to mandate.

The IA reported its findings, recommendations and Management’s responses to the AC on a quarterly basis. Follow-up reviews were conducted and the status of the implementation of action plans were monitored and reported to the AC.

The cost incurred for the internal audit function for the financial year ended 31 December 2023 was RM383,973 (2022: RM540,699)

### 5. REPORT TO THE EXCHANGE

There were no material matters that warrant reporting to Bursa Malaysia Securities Berhad.

### 6. EVALUATION OF THE AC

The Nominating Committee (“NC”) reviewed the term of office and performance of the AC and each of its members through an annual effectiveness evaluation. The NC was satisfied that the AC and members had carried out their duties in accordance to their Terms of Reference.

**Lee Choo Hock**  
Chairman  
Audit Committee  
16 April 2024