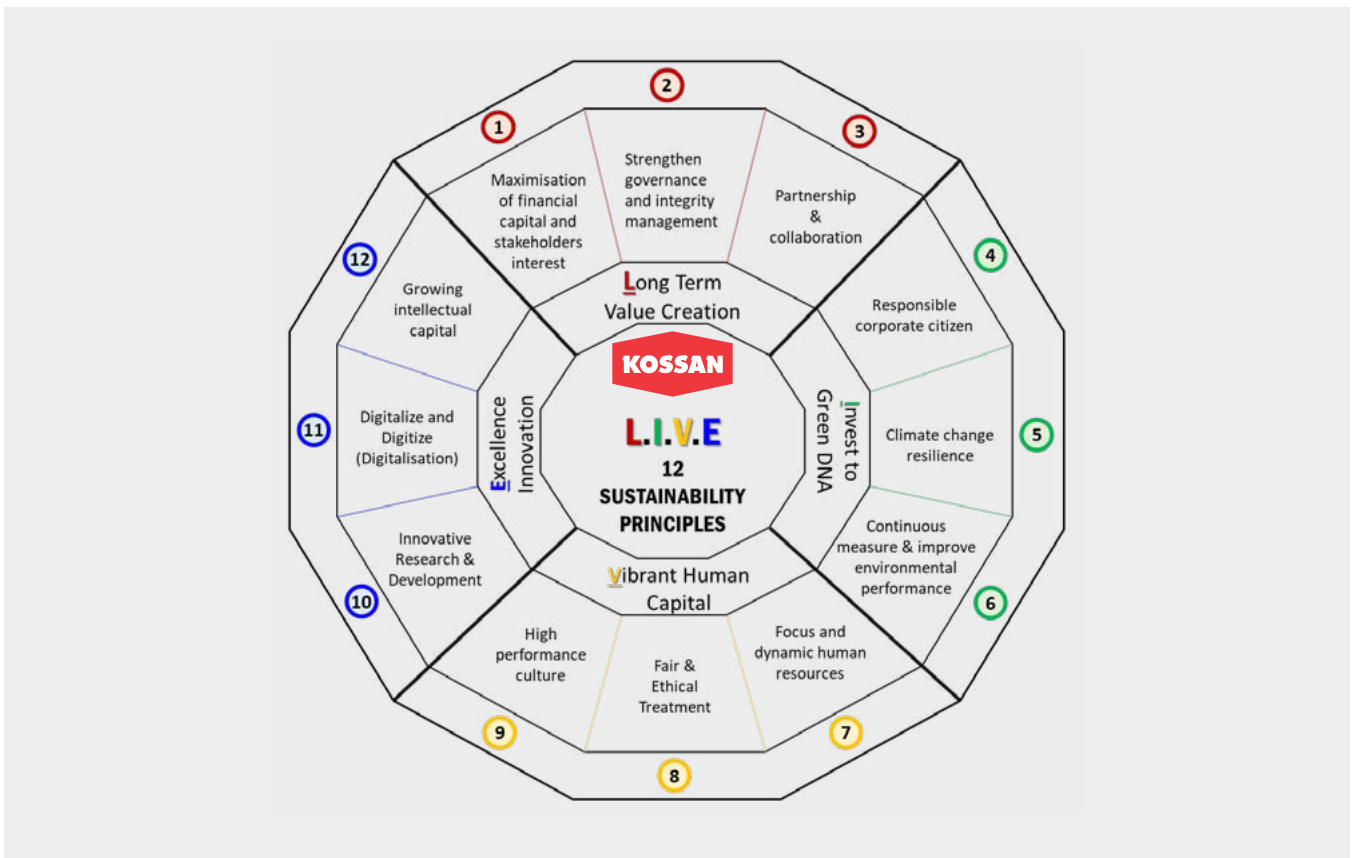


# OUR SUSTAINABILITY FRAMEWORK

## Our Sustainability Framework

With the objective of delivering sustainable shared values between our businesses and the people, communities and environments that we impact, we have developed our Sustainability Policy in 2022.

The policy encompasses a set of principles that we call the **L.I.V.E 12 Sustainability Principles**, which have been integrated into our strategy and our operational processes. They are geared towards embedding sustainability in our DNA, with the overarching objective of **“Creating Shared Values Through Sustainable Ecosystem”**.



Below are the outcome from the L.I.V.E 12 Sustainability Principles:

<span style="font-size: 2em; color: red; font-weight: bold;">L</span> Long Term Value Creation		
KOSSAN Sustainability Principles	Strategy	Outcomes
1. Maximisation of financial capital and stakeholders’ interest	Consistently achieve our economic performance targets	Revenue: RM2.34 billion Profit Before Tax: RM213.52 million
2. Strengthen governance and integrity management	Upholding the highest integrity standards while maintaining compliance with rules and regulations and a zero-tolerance policy towards bribery and corruption	Cases of bribery and corruption: • Zero cases of bribery and corruption in FY2021 • Zero cases of bribery and corruption in FY2022
3. Partnership & collaboration	Driving internal and external collaborations towards creating and sharing good values and best practices	Collaborated with our strategic partner on Greening Value Chain (“GVC”) Programme for KOSSAN’s suppliers

## Our Sustainability Framework (Cont'd)

### I Invest to Green DNA

KOSSAN Sustainability Principles	Strategy	Outcomes
1. Responsible corporate citizen	Produce sustainable and eco-friendly products that cause no harm to the environment, biodiversity and to local communities	Preliminary study of our life cycle assessment
2. Climate change resilience	Driving carbon neutral readiness	Launched our 3S Strategy, which includes: <ul style="list-style-type: none"> <li>• Sustaining Landfill</li> <li>• Sustaining Energy</li> <li>• Sustaining Water</li> </ul>
3. Continuous measure & improve environmental performance	Delivering high performance levels in ESG stewardship	FTSE Russell rating: <ul style="list-style-type: none"> <li>• 3 stars for FY2021 &amp; FY2022</li> </ul> CDP Rating: <ul style="list-style-type: none"> <li>• FY2021 – not rated</li> <li>• FY2022 – 'D' rating</li> </ul>

### V Vibrant Human Capital

KOSSAN Sustainability Principles	Strategy	Outcomes
1. Focus and dynamic human resources	Nurture a work culture that drives high performance levels and embraces diversity, thereby translating into positive results	Breakdown of workforce by gender: <ul style="list-style-type: none"> <li>• FY2021: Male: 80.5%; Female: 19.5%</li> <li>• FY2022: Male: 79.1%; Female: 20.9%</li> </ul>
2. Fair & Ethical Treatment	Be a responsible and caring employer	Gloves factories which are WRAP GOLD certified: <ul style="list-style-type: none"> <li>• FY2021: 13% certified</li> <li>• FY2022: 63% certified</li> </ul> <p><i>Note: As at Jan 2023, 100% of our gloves factories are WRAP GOLD certified.</i></p> <p><i>(The WRAP certification audit inspects the entire production process to ensure compliance with the WRAP Principles, providing customers with assurance that goods are ethically produced.)</i></p>
3. High performance culture	Nurture high performing employees who align with our vision and mission	Learning and development hours: <ul style="list-style-type: none"> <li>• FY2021: 89,806 training hours</li> <li>• FY2022: 127,736 training hours</li> </ul>


### E Excellence Innovation


KOSSAN Sustainability Principles	Strategy	Outcomes
1. Innovative Research & Development	Leverage new competitive advantages to lead the market in the right direction	The first Halal gloves manufacturer to obtain UAE Ministry of Industry and Advanced Technology ("MoIAT") Halal Certification  The first Glove company to obtain Dermatest 5-star seal from an independent German dermatology institute
2. Digitalize and Digitize (Digitalisation)	Drive transformation to create excellent strategies that meet industrial revolution demands	Implemented data integration system
3. Growing Intellectual Capital	Registered products trademark	142 product trademarks

# STAKEHOLDER ENGAGEMENT




We engage with our stakeholders to gain a clear and comprehensive picture of our impacts as an organisation. The insights we gain from these engagements aid us in developing strategies that deliver sustainable shared values for all.

Employees		● As needed	● Ongoing	● Annually
 <p><b>Why They Are Important</b></p> <p>Our employees and the skills they offer are vital to the current and future success of the Group, as reflected in "Vibrant Human Capital" being one of our sustainability principles.</p>	<p><b>Key Areas of Concern</b></p> <ul style="list-style-type: none"> <li>• Compensation and benefits</li> <li>• Exit and retirement benefits</li> <li>• Transparent performance reviews</li> <li>• Career advancement</li> <li>• Health, Safety and Environment policies and approaches</li> </ul>	<p><b>Engagement Method &amp; Frequency</b></p> <ul style="list-style-type: none"> <li>● Employee engagement survey</li> <li>● Performance appraisal</li> <li>● Volunteer programmes</li> <li>● Wellness programmes</li> <li>● Company intranet</li> </ul>		
	<p><b>Our Response</b></p> <ul style="list-style-type: none"> <li>• Launching our Wellness Centre to provide physical and mental health support to our employees</li> <li>• Initiating our Workplace Health Programme to support holistic wellbeing amongst our employees</li> </ul>	<p><b>Link to Material Matters</b></p> <ul style="list-style-type: none"> <li>• People Development</li> <li>• Social Compliance &amp; Labour Practice</li> <li>• Workplace Safety</li> <li>• Health &amp; Wellness</li> </ul>		

Customers		● As needed	● Ongoing	● Annually
 <p><b>Why They Are Important</b></p> <p>Our customers are the heart of our business, and their continued satisfaction is core to our ability to deliver sustainable shared values.</p>	<p><b>Key Areas of Concern</b></p> <ul style="list-style-type: none"> <li>• Product and service quality</li> <li>• Timely delivery of products and services</li> <li>• Workplace safety and security</li> <li>• Ethical business conduct</li> </ul>	<p><b>Engagement Method &amp; Frequency</b></p> <ul style="list-style-type: none"> <li>● Corporate announcements</li> <li>● Media announcements</li> <li>● Meetings</li> <li>● Company website</li> <li>● Tradeshows</li> <li>● Satisfaction survey</li> <li>● Social compliance audits</li> </ul>		
	<p><b>Our Response</b></p> <ul style="list-style-type: none"> <li>• Continuing to actively engage our customers on key matters related to product and service delivery</li> <li>• Continuing to keep customers informed on product updates</li> </ul>	<p><b>Link to Material Matters</b></p> <ul style="list-style-type: none"> <li>• Product Quality &amp; Safety</li> <li>• Ethical Business</li> <li>• Partnership &amp; Collaboration</li> <li>• Social Compliance &amp; Labour Practice</li> <li>• Workplace Safety</li> <li>• Climate Change</li> </ul>		

Shareholders, Investors, Analysts & Bankers		● As needed	● Ongoing	● Annually
 <p><b>Why They Are Important</b></p> <p>Our shareholders are our source of capital, and they expect that we will deliver continued profitability, leading to significant monetary benefits.</p>	<p><b>Key Areas of Concern</b></p> <ul style="list-style-type: none"> <li>• Economic and financial performance</li> <li>• Dividend and growth prospects</li> <li>• Sustainability performance and tracking</li> </ul>	<p><b>Engagement Method &amp; Frequency</b></p> <ul style="list-style-type: none"> <li>● General meetings</li> <li>● Corporate announcements</li> <li>● Investors conference and analysts briefings</li> <li>● Media release and interview</li> <li>● Company website</li> </ul>		
	<p><b>Our Response</b></p> <ul style="list-style-type: none"> <li>• Providing regular updates on our performance across:                             <ul style="list-style-type: none"> <li>- Dividends growth prospects</li> <li>- Sustainability, social investment and corporate governance</li> <li>- Investment in automation and digitalisation</li> </ul> </li> </ul>	<p><b>Link to Material Matters</b></p> <ul style="list-style-type: none"> <li>• Ethical Business</li> <li>• Product Quality &amp; Safety</li> <li>• Climate Change</li> <li>• People Development</li> <li>• Partnership &amp; Collaboration</li> </ul>		

## Stakeholder Engagement (Cont'd)

Authorities & Regulators		As needed	Ongoing	Annually
 <p><b>Why They Are Important</b></p> <p>Authorities and regulators are our gateway to key markets and opportunities. As such, it is vital that we work closely with relevant bodies at the federal, local and municipal level.</p>	<p><b>Key Areas of Concern</b></p> <ul style="list-style-type: none"> <li>Adhering to regulatory requirements</li> <li>Adhering to government policies</li> <li>Delivering strong economic performance</li> <li>Addressing key environmental issues</li> <li>Engaging with the public and local communities</li> </ul>	<p><b>Engagement Method &amp; Frequency</b></p> <ul style="list-style-type: none"> <li>Meetings</li> <li>Industry association meetings</li> <li>Reporting on regulatory requirements and compliances</li> <li>Site inspections and visits</li> <li>Correspondences</li> </ul>		
	<p><b>Our Response</b></p> <ul style="list-style-type: none"> <li>Continuing to conduct regular engagements with various government and regulatory authorities on issues related to our businesses</li> </ul>	<p><b>Link to Material Matters</b></p> <ul style="list-style-type: none"> <li>Waste Management</li> <li>Climate Change</li> <li>Water &amp; Effluents Management</li> <li>Workplace Safety</li> <li>Health &amp; Wellness</li> <li>Ethical Business</li> </ul>		
<hr/>				
Local Communities & Societies		As needed	Ongoing	Annually
 <p><b>Why They Are Important</b></p> <p>As a sustainable and community-oriented organisation, we believe that our operations should provide social and economic benefits to local communities.</p>	<p><b>Key Areas of Concern</b></p> <ul style="list-style-type: none"> <li>Economic wellbeing of local communities</li> <li>Sustainable and meaningful employment opportunities</li> <li>Workplace safety and health</li> <li>Delivering positive impact to surrounding communities and natural environments</li> </ul>	<p><b>Engagement Method &amp; Frequency</b></p> <ul style="list-style-type: none"> <li>Corporate social responsibility programmes</li> <li>Company website</li> <li>Local council meetings</li> <li>Project launches</li> </ul>		
	<p><b>Our Response</b></p> <ul style="list-style-type: none"> <li>Driving community development through financial assistance, charity programmes, and sponsorship of relevant initiatives</li> <li>Conducting CSR programmes</li> </ul>	<p><b>Link to Material Matters</b></p> <ul style="list-style-type: none"> <li>Partnership &amp; Collaboration</li> <li>Community Wellness</li> </ul>		
<hr/>				
Vendors/Suppliers		As needed	Ongoing	Annually
 <p><b>Why They Are Important</b></p> <p>Our suppliers and vendors provide us with the materials and services we require enabling our businesses to serve the customers and communities.</p>	<p><b>Key Areas of Concern</b></p> <ul style="list-style-type: none"> <li>Payment terms</li> <li>Contract terms and conditions</li> <li>Future business dealings</li> </ul>	<p><b>Engagement Method &amp; Frequency</b></p> <ul style="list-style-type: none"> <li>Meetings and briefings</li> </ul>		
	<p><b>Our Response</b></p> <ul style="list-style-type: none"> <li>Ensuring our suppliers and vendors understand our business needs</li> <li>Clearly communicating our stance on integrity, labour and human rights, inclusivity, health and safety, and the environment</li> </ul>	<p><b>Link to Material Matters</b></p> <ul style="list-style-type: none"> <li>Climate Change</li> <li>Ethical Business</li> </ul>		

## IDENTIFYING OUR MATERIAL MATTERS

In 2022, material sustainability matters were identified to understand factors that are critical to KOSSAN's business and the level of importance to our stakeholders.

The process of materiality assessment was guided by the Global Reporting Initiative ("GRI") sustainability standards, a widely adopted global standards for sustainability reporting, and Bursa Malaysia Sustainability Reporting Guide (3<sup>rd</sup> Edition). In addition, we have also adopted several goals under the United Nations Sustainable Development Goals ("UN SDGs") Agenda which are important and relevant to KOSSAN.

### GLOBAL REPORTING INITIATIVE

GRI is an independent international organisation which helps businesses and governments worldwide understand and communicate their impact on critical sustainability issues. GRI Standards are the most widely adopted global standards for sustainability reporting and are designed to enhance the global comparability and quality of information on these impacts, thereby enabling greater organisational transparency and accountability.

### UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS

UN SDGs are 17 interconnected and equally valued initiatives aimed to build a sustainable and inclusive world by 2030. Unanimously committed by 193 nations in 2015, the 17 sustainability goals contain 169 proposed targets with implementation strategies for countries to adopt.

Based on the assessment process in FY2022 (Identification, Prioritisation, Respond and Management), we have conducted a review and reassessment in FY2022.

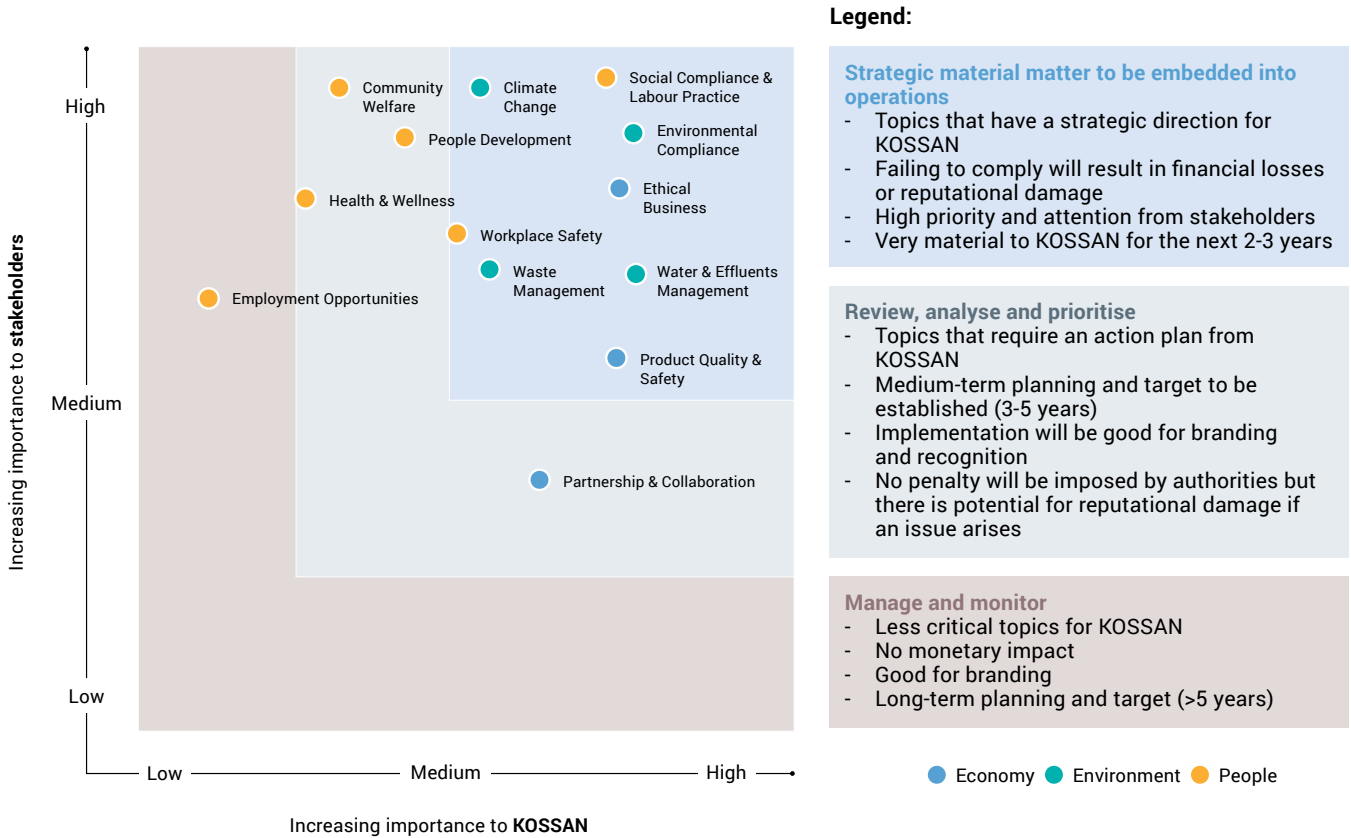
The following are the reassessment process of our materiality profile:



13 topics were identified and reviewed. In FY2021, the assessment was done to identify, analyse and recommend action to the Management.

## Identifying Our Material Matters (Cont'd)

In FY2022, the matrix was introduced and mapping the material matters to the matrix was done based on the same foundation i.e. level of importance to the stakeholders and business and ranked it Low to High Importance quadrant.



The identified sustainability matters were categorised into three (3) wide sustainability factors, based on GRI standards – Economy, Environment and People. From thereon, the most material sustainability matters are categorised under “Strategic & Embed”:

KOSSAN's Most Material Sustainability Matters	
● Climate Change	● Workplace Safety
● Social Compliance & Labour Practice	● Waste Management
● Environmental Compliance	● Water & Effluents Management
● Product Quality & Safety	● Ethical Business

Changes made upon completion of the review process (as compared to FY2021):

1. Pollution Management renamed to **Waste Management**.
2. Energy & Emission renamed to **Climate Change**.
3. Partnership with Schools renamed to **Partnership and Collaboration**.
4. New inclusion of material matters i.e. **Environmental Compliance** was included.
5. Water Management renamed to **Water & Effluents Management**.

Other material matters remain the same.

## Identifying Our Material Matters (Cont'd)

Each of the 13 material matters identified for FY2022, and their importance to our business and our key stakeholders, is elaborated on below.

Material Matter	Description	Importance to the Group	Importance to Our Stakeholder Groups	Stakeholder Groups Affected
<b>Generating Sustainable Economic Value</b>				
<b>Ethical Business</b>	The policies and practices we institute to protect against unethical business conduct, including bribery and corruption, across our organisation.	As a responsible organisation, it is critical that we safeguard against the long-term damage that may be caused by any incidents of unethical business conduct.	Any incident of unethical business conduct would directly impact how our stakeholders view us, could lead to financial penalties, and would have a long-term impact on our reputation and business prospects.	<ul style="list-style-type: none"> <li>• Customers</li> <li>• Shareholders, Investors, Analysts &amp; Bankers</li> <li>• Authorities &amp; Regulators</li> <li>• Vendors/ Suppliers</li> </ul>
<b>Product Quality &amp; Safety</b>	The measures we enact to ensure strict compliance to product quality, safety and performance standards, including by way of product testing, accurate labelling and a “vigilance system” for stakeholders to report any product quality and safety incidents.	Any incidents that occur as a direct result of shortfalls in quality or safety standards could result in financial penalties, product recalls and loss of reputation in key markets.	Any incidents relating to product quality and safety may result in extensive negative media coverage, thereby impacting the perception of our organisation across our key stakeholders.	<ul style="list-style-type: none"> <li>• Customers</li> <li>• Shareholders, Investors, Analysts &amp; Bankers</li> <li>• Authorities &amp; Regulators</li> </ul>
<b>Partnership &amp; Collaboration</b>	The impact we have on local economy development through partnerships with schools, reputable NGOs and other community-based organisations.	Through strategic partnerships we can deliver long-term value for local communities, enhance our reputation amongst the general public, and earmark ourselves as a progressive and responsible organisation.	Our impact in local communities and amongst vulnerable groups directly influences the impression that important stakeholders form of us.	<ul style="list-style-type: none"> <li>• Shareholders, Investors, Analysts &amp; Bankers</li> <li>• Authorities &amp; Regulators</li> </ul>
<b>Managing Our Environmental Impact: Combating Climate Change</b>				
<b>Environmental Compliance</b>	Policies, practices and processes introduced and maintained to ensure we comply fully with all relevant national, local and industry-specific environmental regulations.	As environmental regulations evolve in step with changing norms and expectations around environmental protection, any incidents of non-compliance could result in financial penalties and reputational damage.	Any incidence of non-compliance would attract the attention of the media, draw scrutiny from regulators and the government, and may lead our customers to switch to other competitors.	<ul style="list-style-type: none"> <li>• Customers</li> <li>• Shareholders, Investors, Analysts &amp; Bankers</li> <li>• Authorities &amp; Regulators</li> </ul>

## Identifying Our Material Matters (Cont'd)

Material Matter	Description	Importance to the Group	Importance to Our Stakeholder Groups	Stakeholder Groups Affected
<b>Managing Our Environmental Impact: Combating Climate Change</b>				
<b>Waste Management</b>	Strategies to minimise waste as a result of our production processes, and to minimise their discharge to the surrounding environment.	Waste makes up a large component of our environmental impact, and therefore also affect our reputation in the market and our ability to achieve our business targets.	Our customers increasingly view environmental impact as a key factor in deciding which companies to work with, while local communities and their economic activities are directly affected by wastes that are released in their vicinity.	<ul style="list-style-type: none"> <li>• Customers</li> <li>• Authorities &amp; Regulators</li> <li>• Local Communities &amp; Society</li> </ul>
<b>Climate Change</b>	Sustainable actions taken to reduce the carbon emissions generated by our operations, and to respond to extreme weather events and other externalities which may be caused by climate change.	As a responsible, future-oriented organisation, it is incumbent on us to set a positive example for the industry and to contribute to the nation's goal of attaining carbon neutral by 2050.	As climate change has become a foremost global issue, climate action taken by companies has become a key consideration for customers, government authorities, shareholders and the media alike.	<ul style="list-style-type: none"> <li>• Customers</li> <li>• Shareholders, Investors, Analysts &amp; Bankers</li> <li>• Authorities &amp; Regulators</li> </ul>
<b>Water &amp; Effluents Management</b>	Sustainable actions taken to reduce the use of water and ensure its responsible discharge across our organisation.	Water has become a scarce resource and, as an environmentally responsible organisation, it is our duty to implement production processes that maximise the efficiency of the water we use and adopt water recycling strategies.	Our stakeholders form their impression and outlook of our organisation based on our environmental management strategies, of which water and effluents makes up a key component.	<ul style="list-style-type: none"> <li>• Customers</li> <li>• Authorities &amp; Regulators</li> <li>• Local Communities &amp; Society</li> </ul>
<b>Creating Value Through Social Engagement</b>				
<b>Social Compliance &amp; Labour Practices</b>	Practices adopted to ensure that the rights and dignity of our employees and especially our migrant workforce are respected at all times, in line with local labour laws and globally-recognised standards.	The glove manufacturing industry relies upon foreign labour and, as a responsible producer, we must ensure that we are guided by a fair, ethical and non-discriminatory approach at all times.	Potential employees treat the labour practices track record of companies as a key consideration when deciding where to work, while authorities may sanction companies or remove access to markets based on labour practice violations.	<ul style="list-style-type: none"> <li>• Customers</li> <li>• Shareholders, Investors, Analysts &amp; Bankers</li> <li>• Authorities &amp; Regulators</li> <li>• Vendors/ Suppliers</li> <li>• Local Communities &amp; Society</li> </ul>



## Identifying Our Material Matters (Cont'd)

Material Matter	Description	Importance to the Group	Importance to Our Stakeholder Groups	Stakeholder Groups Affected
<b>Creating Value Through Social Engagement</b>				
<b>Workplace Safety</b>	Initiatives launched and actions taken to ensure the safety of our employees when carrying out our business activities.	Any occupational safety and health dangers not only threaten our valued workforce but have the potential to lead to accidents that may damage our reputation and lead to financial ramifications.	Government authorities and regulators are taking an increasingly stringent stance on workplace hazards, with the media likely to amplify news of any incidents linked to inadequacies in occupational safety and health standards.	<ul style="list-style-type: none"> <li>• Customers</li> <li>• Shareholders, Investors, Analysts &amp; Bankers</li> <li>• Authorities &amp; Regulators</li> <li>• Vendors/Suppliers</li> <li>• Local Communities &amp; Society</li> </ul>
<b>Health &amp; Wellness</b>	Actions taken to promote the holistic wellbeing of our workforce across physical, mental and social dimensions.	By taking care of our employees, we can maximise their potential and realise long-term benefits within our business in the form of greater productivity and innovation.	The way that organisations treat their employees has a direct link on its reputation amongst its key stakeholders, with these stakeholders increasingly adopting a more broad-based view of what constitutes workplace health.	<ul style="list-style-type: none"> <li>• Customers</li> <li>• Shareholders, Investors, Analysts &amp; Bankers</li> </ul>
<b>People Development</b>	Programmes and initiatives introduced to upskill our employees in areas relevant to their continuous professional development and in line with evolving market trends and technologies.	By delivering meaningful learning and development programmes, we can improve our ability to attract and retain talent while driving uplift in human capital, better enabling us to meet our objectives and targets as a business.	Human capital has a direct effect on our operational efficiency, which in turn impacts our competitiveness and our ability to attract customers, drive investment and maintain our reputation.	<ul style="list-style-type: none"> <li>• Customers</li> <li>• Shareholders, Investors, Analysts &amp; Bankers</li> </ul>
<b>Employment Opportunities</b>	Our commitment to and actions towards maintaining diverse, equitable and inclusive workplaces across the dimensions of race, gender, religion, age, socio-economic group and culture.	A diverse workforce is a stronger workforce, bringing together a wider range of perspectives towards driving stronger business strategies for sustainable growth and value creation.	Stakeholders increasingly see the embrace of diversity as a key indicator of a company's progressiveness and sustainability.	<ul style="list-style-type: none"> <li>• Shareholders, Investors, Analysts &amp; Bankers</li> <li>• Authorities &amp; Regulators</li> </ul>
<b>Community Welfare</b>	The initiatives we launch to support at-risk communities and meet the needs of society during trying times.	By contributing to local communities, we can maximise the reach and impact of the value we create while building a long-term reputation as a caring and responsible organisation.	The government of Malaysia views community activity as an indicator of our contribution to national development, while the media will likely place more focus on organisations that are active in local communities.	<ul style="list-style-type: none"> <li>• Shareholders, Investors, Analysts &amp; Bankers</li> <li>• Authorities &amp; Regulators</li> </ul>

# OUR APPROACH TO SUSTAINABILITY

## ABOUT THIS SUSTAINABILITY STATEMENT

In accordance with our commitment to create sustainable shared values for our stakeholders, employees, local communities and natural environments, we are proud to present our sustainability statement.

This statement discloses our plans, progress and performance on our sustainability journey for the financial year ended 31 December 2022 ("FY2022") and aims to provide an in-depth account of our efforts to create value across the Environmental, Social and Governance ("ESG") spectrum.

### Reporting Scope and Boundary

This statement covers our strategies, actions and outcomes for reporting period 01 January 2022 to 31 December 2022, covering our Gloves and Technical Rubber Products (TRP) divisions, both of which the core operation & business units are located in Malaysia and the Group has direct management control.

### Reporting Framework

This statement has been prepared with reference to the Global Reporting Initiative ("GRI") Standards and Bursa Malaysia Sustainability Reporting Guide (3<sup>rd</sup> Edition), with material matters aligned with the United Nations Sustainable Development Goals ("UN SDGs").

Further to this, our sustainability reporting framework is in accordance with the following guidance and standards:

- Bursa Securities Main Market Listing Requirements
- Bursa Securities Sustainability Reporting Guide (3<sup>rd</sup> Edition)
- Malaysian Code on Corporate Governance 2021
- FTSE4GOOD Bursa Malaysia Index Rating Guide
- Sustainability Related Indices Criteria (FTSE Russell ESG ratings, CDP Guidance Documents)
- Greenhouse Gas ("GHG") Protocol

### Assurance

To ensure that all information and data (financial and non-financial) are reported accurately, this Report adheres with stringent governance frameworks and reporting standards. We have not obtained external assurance for this report but may explore to do so as our sustainability reporting progresses over time.

### Feedback



Please address all feedback to our Corporate Sustainability Team at [sustainability@kossan.com.my](mailto:sustainability@kossan.com.my). You may also scan this QR code to provide feedback.

## OUR SUSTAINABILITY JOURNEY

With the overarching aim of "Creating Shared Value Through Sustainable Ecosystem", our sustainability journey has spanned the past seven years, beginning with our first report and progressively developing through the embedding of sustainability in our processes and infrastructure towards the launch of the Kossan Sustainability Strategy and Blueprint and other key initiatives.

### 2016 – 2020

#### Compliance-based Reporting

- Adopting yearly sustainability reporting based on the Bursa Malaysia Sustainability Reporting Guide
- Engaging with an external consultant to draft the Kossan Sustainability Framework

### 2021

#### Capacity Enhancement & Roll-out

- Identifying improvement areas while enhancing data collection and reporting
- Enhancing our sustainability reporting to include disclosure of carbon emissions data across certain business levels and products

### 2022

#### Process Enhancement & Strengthening of Sustainability Infrastructure

- Improving the Kossan Sustainability Policy & Framework
- Establishing the Kossan Sustainability Committee
- Establishing sustainability initiatives based on key prioritised areas and periodic reporting
- Enhancing our sustainability infrastructure, including people, process and system
- Setting up our carbon accounting mechanism while enhancing data collection and disclosure for Scopes 1, 2 and 3

### 2023

#### Transformation & Integration to Business Strategies

- Launching the Kossan Sustainability Strategy and Blueprint
- Driving continuous improvements to our reporting mechanism (i.e. tracking and monitoring)
- Setting up the Kossan Sustainability Centre of Excellence ("KSCE")
- Introducing sustainability-related KPIs for our management

## Our Approach to Sustainability (Cont'd)

### 2022 SUSTAINABILITY HIGHLIGHTS

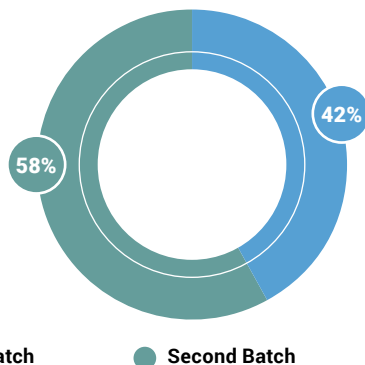
In FY2022, we made strides in our initiatives across the ESG spectrum, with key achievements including:

#### Participating in the Greening Value Chain programme

On 9 November 2022, Bank Negara Malaysia (“BNM”) announced a strategic partnership with selected government agencies and private sector players to launch the Greening Value Chain (“GVC”) programme. The programme was announced in conjunction with Finance Day at COP27 in Sharm El-Sheikh Egypt.

KOSSAN were selected to join the GVC Programme with the task of piloting private sector participation. Through the programme, our strategic SME supply chain partners are empowered to decarbonise their operations, with access to BNM’s Low Carbon Transition Facility (“LCTF”), totalling RM2 billion.

#### Participation of our supply chain partners in the GVC programme



#### Driving operational efficiency via the digitalisation of our monitoring system

We recognise that operational efficiency is a key factor in achieving our sustainability targets. To this end, by ensuring a seamless monitoring system for our operations, we can drive process improvements and enable rectification actions to be carried out based on real-time data, translating to faster and more efficient actions.

This is the next step in our ongoing digitalisation journey, which has spanned over a decade and incorporated the use of Industrial Revolution 4.0 (“IR 4.0”) technologies in our factories to optimise our business processes.

In 2022, we kicked-off projects in digitalising our monitoring system, with the aim of maximising product quality and output, as well as improving production lead times.

 More information on GVC is available at <https://www.bnm.gov.my/-/cop27-gvc-lctf>



#### In-house factory operations platform

##### Objectives

Digitalisation of our stand-alone operating system into an integrated monitoring system

##### Investment Cost (RM)

In-house project management team



#### Lab Information Management System (“LIMS”)

##### Objectives

Integrating laboratory data within our monitoring system

##### Investment Cost (RM)

RM1 million



#### Computerized Maintenance Management System (“CMMS”)

##### Objectives

Enhancing our maintenance monitoring platform for faster rectification actions and new process improvement opportunities

##### Investment Cost (RM)

RM400,000

The digitalisation of our monitoring system will be conducted across 4 phases, and targeted to complete by 2025.

#### Safety, Health & Environment (“SHE”) Management

As of FY2022:

**96% of our plants have been certified with ISO45001:2018**

**74% of our plants have been certified with ISO14001:2015**

In addition, FY2022 saw the launch of the Work Related Road Safety Program (“WRRS”) in collaboration with the SOCSO and the Malaysian Institute of Road Safety Research (“MIROS”) as a pilot project in one of our plants, in compliance with ISO 39001:2012.

## Our Approach to Sustainability (Cont'd)



### Driving awareness in Anti-Bribery & Corruption (“ABC”)

In order to ensure continuous awareness of ABC, the Risk Management department distributed “Say NO to Corruption” posters to all 12 of our premises (including our plants and our corporate office). The poster was produced in four different languages to ensure it can be read and understood by all employees.

69 posters were distributed to 12 premises (plants and corporate office)

### Driving glove innovation for shared value

In 2022, we launched our Low Derma (“LD”) Technology sustainability initiative, #StayLOW, which is elaborated below:

#### THE LD™ TECHNOLOGY SUSTAINABILITY INITIATIVE

As a forward-looking company, unceasing innovation and the pursuit of sustainability initiative are key to our future, the health of glove users and the health of the environment.

Innovating towards  
A leaner, more  
Optimised  
Formula

Reduces the use of unnecessary chemicals in a shorter, more streamlined manufacturing process that does not compromise on the protection/safety qualities. A leaner, more optimised formula also enables the proper formation of chemical bonds resulting in very little leaching of excessive chemicals during the glove manufacturing process. In turn, the waste treatment process is more efficient, and kinder to the environment.

Innovation for  
Glove Users’  
Health

Occupational hazards are unavoidable risks associated with specific industries. That’s where gloves made with LD Technology play their part, by protecting users’ health arising from common glove issues such as allergies, hand fatigue, motor skills diseases or unwanted injuries.

Innovating to  
Give Back to Nature

As part of our #StayLOW green agenda, the goal is to develop and implement sustainable initiatives for the restoration of nature - on Land, under the Sea and in the Air.



Total Planted 200



Sea Exploring

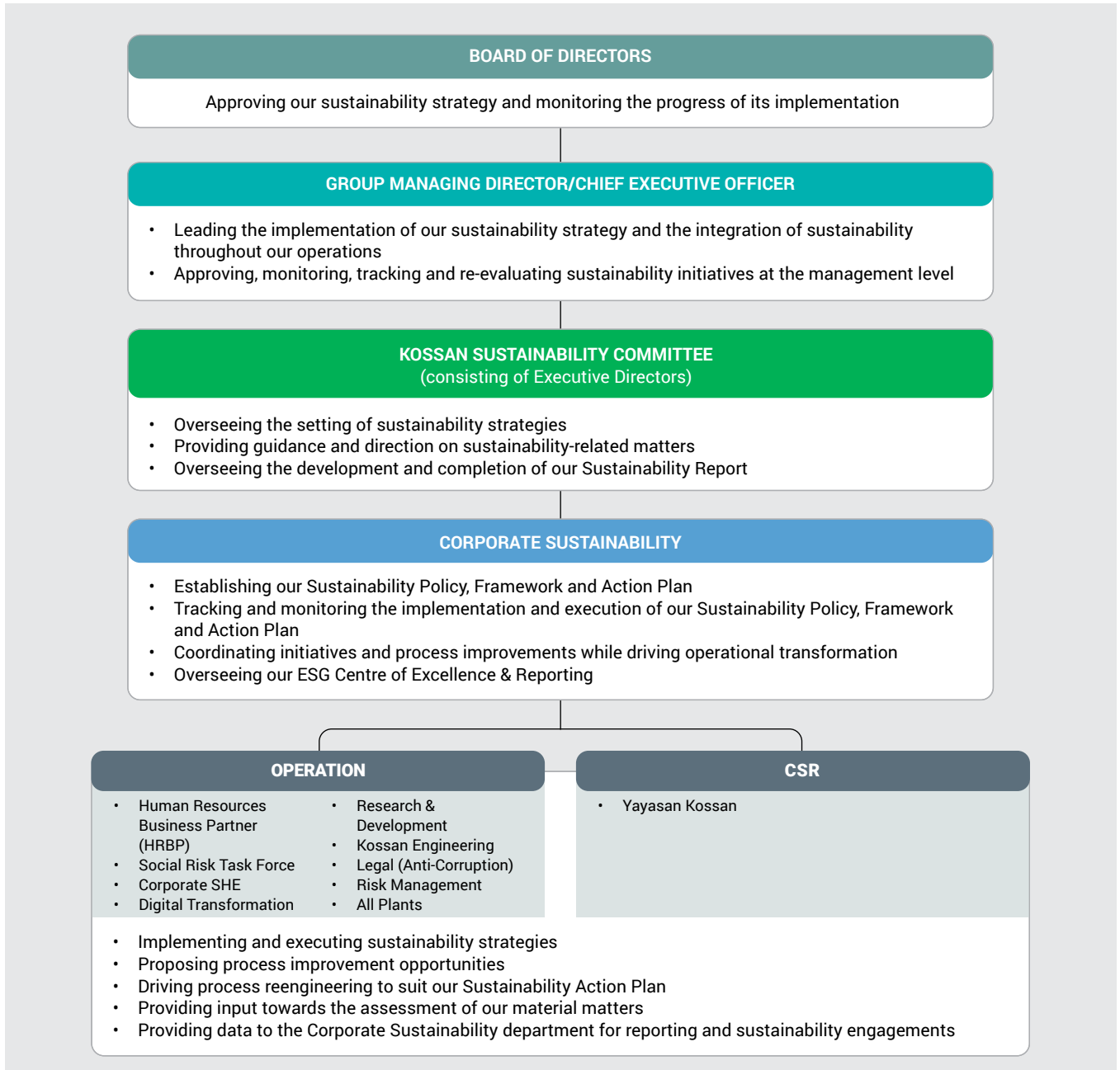


Air Exploring

## Our Approach to Sustainability (Cont'd)

### SUSTAINABILITY GOVERNANCE

KOSSAN Sustainability Governance structure is detailed below:



### SUPPORTING THE UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS (“SDGs”)

By aligning our sustainability strategies to relevant SDGs, we are able to benchmark our actions and their outcomes against global goals that have been identified as crucial to sustainable development around the world.



# GENERATING SUSTAINABLE ECONOMIC VALUE

## Generating Sustainable Economic Value

As one of the world's leading rubber glove producers, our operations deliver economic benefits to the local communities we operate in as well as our home country of Malaysia. However, in generating this value, we must make sure that we operate in ways that are responsible, always ensuring the quality and safety of our products while enforcing the standards of ethical business across our diverse workforce and supply chain. Equally, we strive to leverage our reputation and reach in developing meaningful partnerships and collaborations, enabling us to impact positive change beyond our business.



### ETHICAL BUSINESS

In seeking to set a positive example in our industry, we take a stringent approach to ensure ethical business within our operations.

The Risk Management department took steps to drive awareness of what constitutes ethical business amongst our workforce, distributing "Say NO to Corruption" posters in four different languages to all 12 of our premises (including our plants and our corporate office). Through this awareness campaign, it is our hope that Kossanians will become more informed and empowered to report any incidents of unethical business practices they witness in the course of their day-to-day work.

#### Our Performance

**In FY2022, we recorded zero cases of bribery and corruption.**

### PRODUCT QUALITY & SAFETY

At KOSSAN, we are driven to provide high quality, safe products and solutions that firmly align with market demand and the ever-evolving expectations of our customers around the world. To this end, both our gloves and technical rubber products are governed by high quality and safety standards.

By upholding our strict quality standards for our goods, services and overall operations, we are committed to playing our part in the value chain and upholding the trust that has been placed in us. Our strong Quality Management System ("QMS") which makes sure that our quality standards comply with global regulatory requirements, serves as the direction for this.

We hold annual Management Review Meetings and Internal Quality Audits to evaluate the QMS's successful implementation. Any gaps that are found are recorded and addressed as needed. In addition, follow-ups are carried out to ensure that closure has been achieved.

## Generating Sustainable Economic Value (Cont'd)

Demonstrating the efficacy of our QMS, we continued to retain the following certifications during the year under review:

### Certifications Related to QMS:

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 1500:2009  
MS 2200:2013 Part 2  
MDR (EU) 2017/745  
PPER (EU) 2016/425 Module D  
BS EN 681: Pt. 1  
EN 15129, EN1337-3, EN1337-7  
IATF16949:2016

Our gloves comply with quality management systems and regulations for medical devices, specifically ISO 13485:2016/EN ISO 13485:2016 Medical Device Quality Systems, US Food and Drug Administration Quality System Regulation (QSR), Europe Medical Device 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 TG(MD)R, and UK MDR 2002.

Our stringent quality control system covers all phases of the product lifecycle, from raw materials to in-process and finished products, as well as products in research and development. It also includes detailed sampling plans, testing procedures, and acceptance and rejection criteria. In order to guarantee that our products are produced in a responsible and safe manner, our system also includes tools for detection, segregation and verification. In addition, our manufacturing processes include stringent inspection and testing procedures to identify any non-conforming products and prevent their distribution and unintended use. In supporting this, our dedicated regulatory assurance team ensures strict product compliance and accurate reporting at all times, and are updated with the latest regulations and requirements for our products, while our quality assurance team ensures that product quality, safety and performance requirements are met.

To ensure adherence to the technical and biological characteristics of various regulatory requirements, our products are tested in our in-house and external laboratories. Specifically, our TRP division is equipped with an in-house certified laboratory that is responsible for material design and product testing, enabling the delivery of products with internationally recognised technical quality. We also appoint accredited and experienced laboratories for clinical trials, with risk and impact assessments conducted and participant consent obtained prior to these clinical trials. On-going clinical trials are monitored by our regulatory assurance team to ensure that the trials are conducted ethically and in compliance with the Declaration of Helsinki.

During the year under review, we have added new testing for disinfectant chemicals based on the U.S Environment Protection Agency ("EPA") List N: Disinfectants for Coronavirus (COVID-19) and have improved protection by increasing list of chemotherapy drugs tested on our Low Derma gloves with consideration of the potential health risk that these drugs may cause to the glove users.

Demonstrating our consistent product quality standards, we retained the following certifications as a result of our extensive measures:

### Certifications Related to Product Quality & Safety Standards:

US ASTM standards  
Europe EN standards  
Japan JIS standards  
Australia and New Zealand AS/NZ Standard  
International ISO standards  
China GB Standards

A vigilance system is in place for stakeholders to report any product quality and safety incidents, while a cross-functional team investigates reported incidents, and where necessary, performs corrective action, recommends product recalls or formulates preventive actions for future production.

Accurate product labelling is another key area of focus for us. To this end, we ensure that the labelling of all our products is accurate and in full compliance with the regulatory and safety requirements of importing countries, and strictly in adherence with our established labelling review process.

In addition, we adopt a cruelty-free principle in our research and development processes, and are committed to replace, reduce and refine animal testing in accordance with best practices. To this end, we do not use animal testing except where legally required. When such testing is required, an external laboratory is used and we monitor testing procedures and any issues that may arise from animal testing procedures.

## Generating Sustainable Economic Value (Cont'd)

### Our Performance

In FY2022:

- We maintained our quality and regulatory standards, with no incidents of non-compliance with regulations and/or voluntary codes concerning the health and safety impacts of products and services.
- We achieved 93% customer satisfaction rate on our customer satisfaction survey covering four key areas: product quality, product innovation, services and regulatory compliances. Respondents of the survey contributed to 62% of accumulative sales in the year 2022. From the responses to the survey, analysis is conducted to identify areas for improvement and KOSSAN remains committed to constantly elevating customer experience and continuously improving the quality of our relationship with customers.
- We recorded zero incidents of non-compliance with regulations and/or voluntary codes concerning product and service information and labelling, and marketing communications, including advertising, promotion and sponsorship.

### PARTNERSHIP AND COLLABORATION

By collaborating with reputable NGOs, schools and other community-based organisations, we seek to maximise the reach of our sustainability initiatives and nurture the next generation of leaders. During FY2022, our efforts in this area focused on inspiring and upskilling students in tertiary education.

Through a career talk held at Kolej Vis Mechatronic in Taman Sri Muda, Shah Alam, our Corporate Human Resources department's talent acquisition team had the chance to meet 40 students from the Mechatronic Engineering department, delivering an hour programme on how to write an effective resume while also providing vital interview tips.



40 students from the Mechatronic Engineering department attended the career talk.

Meanwhile, our Research & Development team, held a virtual talk with students from Universiti Tunku Abdul Rahman (UTAR) on "Innovation of Sustainable Development to Shape the Future". The talk focused on innovation in the manufacturing and rubber industry and the importance of operating responsibly in line with climate change action. It was attended by more than 300 students.



Snapshots from the virtual talk at UTAR.



# MANAGING OUR ENVIRONMENT IMPACT: COMBATING CLIMATE CHANGE

## Managing Our Environment Impact: Combating Climate Change

We have a responsibility to act in ways that minimise our impact on the environment. With the aim of managing and preserving these valuable natural resources for current and future generations, we have adopted a comprehensive set of practices that drive environmentally responsible actions across the Group.

Our approach is guided at the highest level by our Environmental Management System (“EMS”) Framework, which is based on the ISO 14001 Environmental Management System standard. The EMS Framework contains six key components, which together drive a robust approach to managing our environmental impacts.



### ENVIRONMENTAL COMPLIANCE

With environmental regulations changing in line with evolving expectations placed on manufacturers, we have adopted a stringent approach to compliance, striving to remain in tune and responsive to all national and local regulations that pertain to our industry, in addition to global standards and norms. Doing so not only creates long-term value for the environment, but also minimises our risk of incurring financial penalties and suffering reputational damage.

To this end, our environmental compliance commitment is prefaced on the need to conduct our business in a responsible manner, with the ultimate objective of preserving our planet and its resources for future generations. We are guided in this respect by our Group-wide framework. Aided by this structure, we carry out regular environmental assessments and audits that enable us to identify areas of non-compliance and formulate strategies to address these shortfalls.

### KEY COMPONENTS OF KOSSAN’S EMS FRAMEWORK

- A ENVIRONMENTAL POLICY
- B ENVIRONMENTAL COMPETENT PERSONS
- C ENVIRONMENTAL ASSESSMENT
- D ENVIRONMENTAL OBJECTIVES AND TARGETS
- E ENVIRONMENTAL AUDITS
- F ENVIRONMENTAL TRAINING AND AWARENESS

#### A ENVIRONMENTAL POLICY

Within the framework, our Environmental Policy plays a central role. The policy is shared and communicated with all employees, vendors and other relevant stakeholders, outlining best practices in:

- ✓ Undertaking environmental protection actions
- ✓ Using natural resources and energy efficiently
- ✓ Managing emissions and waste
- ✓ Measuring and monitoring environmental indicators
- ✓ Reporting and resolving environmental issues
- ✓ Nurturing an environmentally conscious culture

## Managing Our Environment Impact: Combating Climate Change (Cont'd)

### B ENVIRONMENTAL COMPETENT PERSONS

At each of our plants, specific personnel are responsible for ensuring that our actions in managing industrial effluents and hazardous waste (or scheduled waste) remain in line with local environmental laws issued by the Department of Environment ("DOE").

The competent person for industrial effluents monitors real-time data and takes necessary measurements, with the aim of ensuring that discharge quality is compliant with local environmental regulations.

Meanwhile, the competent person for hazardous waste monitors waste disposal processes to ensure that waste is disposed safely and in accordance with local environmental regulations.

### C ENVIRONMENTAL ASSESSMENT

To keep track of the environmental impact of our operations and develop mitigation measures in the event of any issue, Environmental Aspect and Significant Impact ("EASI") assessments are conducted on a regular basis. The results of these assessments guide our formulation of targets and enable us to develop timely mitigation measures to counter environmental issues.

### D ENVIRONMENTAL OBJECTIVES & TARGETS

Guided by our Environmental Policy and the outcome of regular environmental data reviews, specific environmental targets are set to drive improvement in our performance. Our progress against these targets is monitored by plant-level Environment Departments and reported directly to plant-level Management, who then disseminate findings to Top Management at Group level.

### E ENVIRONMENTAL AUDITS

Our plants and operations are subject to several environmental audits:

- Environmental audits conducted by the Internal Audit Department at Group level, with findings reported to the Audit Committee
- External audits conducted by the DOE, customers and other third parties (e.g. certification bodies)

In the aftermath of all audits, Management takes swift action to correct any areas of shortfall.

### F ENVIRONMENTAL TRAINING & AWARENESS

To ensure that best practices are embedded throughout our workforce, employees are provided with role-specific training, with specific focus on the management of hazardous waste. Employees are also communicated on the outcomes of EASI assessments conducted, empowering them to carry through any mitigation measures which have been earmarked.

Specifically, we recognise that one of the biggest challenges facing the manufacturing industry lies in managing climate change. With the advent of IR4.0, emerging technologies such as automation, robotics, Artificial Intelligence (AI), Machine-to-Machine (M2M) communication and the Internet of Things (IoT), are changing the way the world operates. Nevertheless, all these technologies are leveraged by the KOSSAN Climate Mitigation Action Strategy.

With an overarching emphasis on operational efficiency, the strategy focuses on Sustaining Energy, Sustaining Water and Sustaining Landfill (3S).

## SUSTAINABLE ECOSYSTEM TO CREATE OPERATION EFFICIENCY

### SUSTAINING ENERGY

#### Improving energy efficiency by:

- Utilising alternative energy sources
- Conducting research and development on energy reduction mechanisms
- Introducing a new energy methodology to our operations

### SUSTAINING WATER

#### Improving water footprint by:

- Reviewing water utilisation in our operations
- Utilising alternative water sources
- Improving our operating and maintenance procedures
- Undertaking process/operation analysis for reduction of water usage

### SUSTAINING LANDFILL

#### Cultivating good waste management practices:

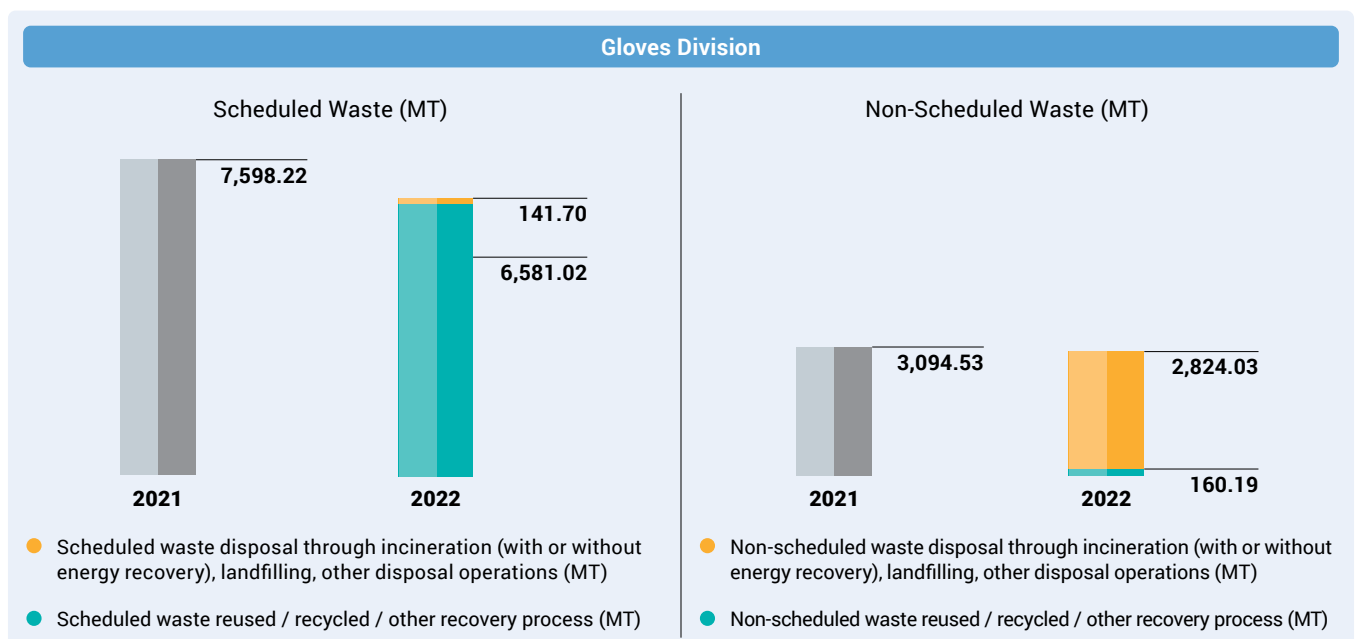
- Reducing
- Recycling
- Reusing
- Reengineering

## Managing Our Environment Impact: Combating Climate Change (Cont'd)

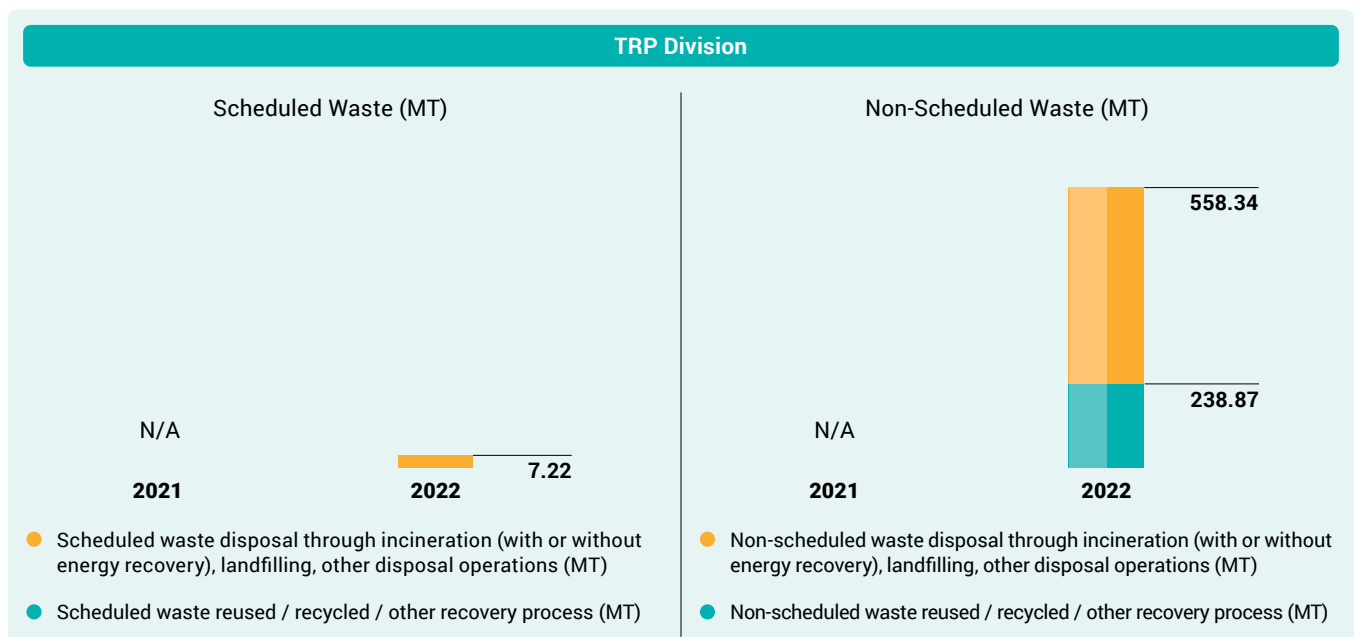
### WASTE MANAGEMENT

Waste management is one of our key focus areas in driving operational efficiency. We are equally cognisant that waste management is critical to address prevalent issues caused by landfills such as land contamination and heightened carbon emissions. To minimise environmental impact from our business activities, we are committed to reduce our overall waste generated and continuously enhance our waste management strategy.

During the year under review, we commenced detailed tracking of our waste management performance across the Gloves and TRP divisions and have implemented extensive measures that is aligned to ISO 14001:2015 standards to drive our waste management strategy. Our measures primarily focus on constant monitoring, responsible consumption of resources and employing our 4R Strategy (Reducing, Recycling, Reusing and Reengineering) that enabled us to manage our waste systematically. Approximately 66.4% of overall waste generated from our operations in FY2022 was managed via recycling, reuse or through other recovery processes.



- Non-scheduled waste disposal through incineration (with or without energy recovery), landfilling, other disposal operations (MT)
- Non-scheduled waste reused / recycled / other recovery process (MT)

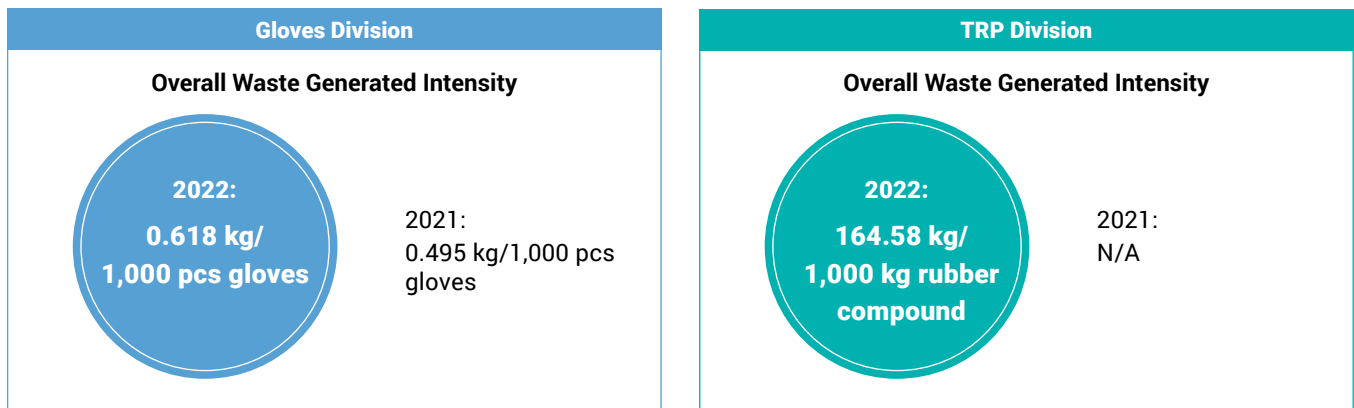


- Non-scheduled waste disposal through incineration (with or without energy recovery), landfilling, other disposal operations (MT)
- Non-scheduled waste reused / recycled / other recovery process (MT)

## Managing Our Environment Impact: Combating Climate Change (Cont'd)

### Our Performance

In terms of overall waste generated intensity, our Gloves division has recorded an increase from 0.495kg/1,000 pieces gloves in FY2021 to 0.618kg/1,000 pieces gloves in FY2022 due lower machines utilisation rate. Collection of performance data for the TRP division only commenced in FY2022, hence the following year's data will yield meaningful comparison.



Please refer to the Appendix page 66 for more data on our waste generated.

Scheduled waste generated within our operation mainly consists of sludge, which is a by-product of waste water treatment. As for non-scheduled waste, this largely comprises general waste, paper packaging, plastics, rubber dust, broken formers etc. Approximately 66.4% of our waste generated from operations have been managed via recycled, reused or through other recovery process.

Our scheduled waste is managed in accordance with the Department of Environment's ("DOE") Scheduled Wastes Regulations 2005 and is disposed through licensed contractors approved by the DOE. In addition, we report and disclose our scheduled waste generation via the relevant government portal, with no waste either imported or exported in FY2022.

In FY2022, we recorded 2 cases of non-compliance with fines relating to schedule waste labelling. We have taken immediate action to rectify the matters.

### Responsible consumption of resources

#### Gloves Division

Raw Material	2021	2022
Latex Consumption Intensity	0.01007 MT/ 1,000 pcs gloves	<b>0.01013 MT/ 1,000 pcs gloves</b>
Nitrile Consumption Intensity	0.00772 MT/ 1,000 pcs gloves	<b>0.00766 MT/ 1,000 pcs gloves</b>

#### TRP Division

Raw Material	2021	2022
Natural Rubber & Synthetic Rubber Consumption Intensity	Disclosure begins in FY2022	<b>424.899 kg/ 1,000 kg rubber compounded</b>
Metal Components Consumption Intensity		<b>503.657 kg/ 1,000 kg rubber compounded</b>

As of FY2022, approximately 94% of our packaging (in terms of quantity) is made from recycled or recyclable materials. We will continually explore alternative materials to reduce reliances on non-recyclable items.

## Managing Our Environment Impact: Combating Climate Change (Cont'd)

### CLIMATE CHANGE

This material matter corresponds to the **Sustaining Energy** component of our Climate Mitigation Action Strategy.

As an issue that threatens the planet and all who live on it, climate change is a matter that must be considered and addressed by all corporate companies and especially those engaged in resource and emissions-intensive manufacturing activities. The urgency to take action on this front is only amplified by the Malaysian government's commitment to become a carbon neutral nation by 2050 and reduce carbon emissions intensity by 45% by 2030.

Throughout FY2022, we have placed focus on managing our impact of climate change on our operations, realising that immediate attention and action is needed in order to ensure that climate change will not disrupt our future operations and potential expansion. To this end, we are committed to reduce our carbon emissions via a 'reduce and optimise' strategy on energy consumption, which is in turn guided by our Climate Mitigation Action Strategy.

Kossan Engineering Sdn. Bhd. was tasked to look into the implementation and rolling out of renewable energy initiatives at our factories. As of 31 December 2022, three plants have successfully installed solar panels with the installed capacity of 3.16 MWp of solar energy, and we are presently exploring the feasibility of installing solar panels at other factories.

Realising the urgency of taking action, we have also introduced a comprehensive carbon accounting system and database, and have improvised our Green House Gas ("GHG") calculation methodology by taking Methane (CH<sub>4</sub>) and Nitrous Oxide (N<sub>2</sub>O) into consideration when calculating our emissions. In FY2022, emissions tracking commenced in our TRP division, while we also expanded our scope by tracking emissions from mobile combustion and other fuel sources that contribute to stationary combustion under Scope 1, as well as business travel and employee commuting under Scope 3. This expanded scope in emissions tracking will aid us in identifying our Group-wide emissions baseline, enabling us to develop plans aligned with the science-based reduction targets ("SBTi"), in line with the ambition of the Paris Agreement to limit global warming to 1.5°C and the Malaysian government's commitment to become a carbon neutral nation by 2050.

Our emissions reduction efforts are complemented by actions taken and processes adopted across our operations, including:


- ▶ Fitting all factories and offices with LED lights and solar-powered perimeter spotlights, while setting up lighting timers to reduce electricity consumption from lights
- ▶ Replacing diesel forklifts with electric forklifts and reach trucks
- ▶ Monitoring motors and promptly replacing inefficient ones
- ▶ Optimising oven settings and establishing parameters to maximise energy efficiency
- ▶ Taking actions to maximise heat loss prevention in dipping lines
- ▶ Installing various other production-related equipment and advanced technologies to optimise equipment efficiency, while optimising production parameters to reduce electricity consumption

## Managing Our Environment Impact: Combating Climate Change (Cont'd)

For FY2022, natural gas consumption and purchased electricity consumption of our Gloves division have declined by 23.4% and 12.1% respectively comparing to FY2021. As a result of lower production demand in our Gloves division, gas consumption intensity and electricity consumption intensity has increased during FY2022. However, we are continuously looking into opportunities for operational transformation and reengineering in order to further reduce our energy consumption.

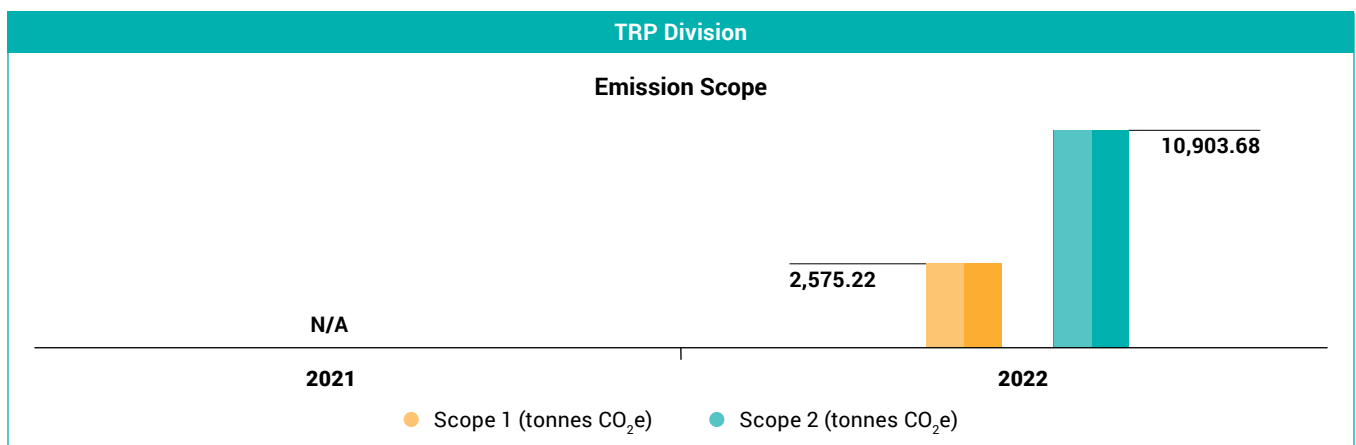
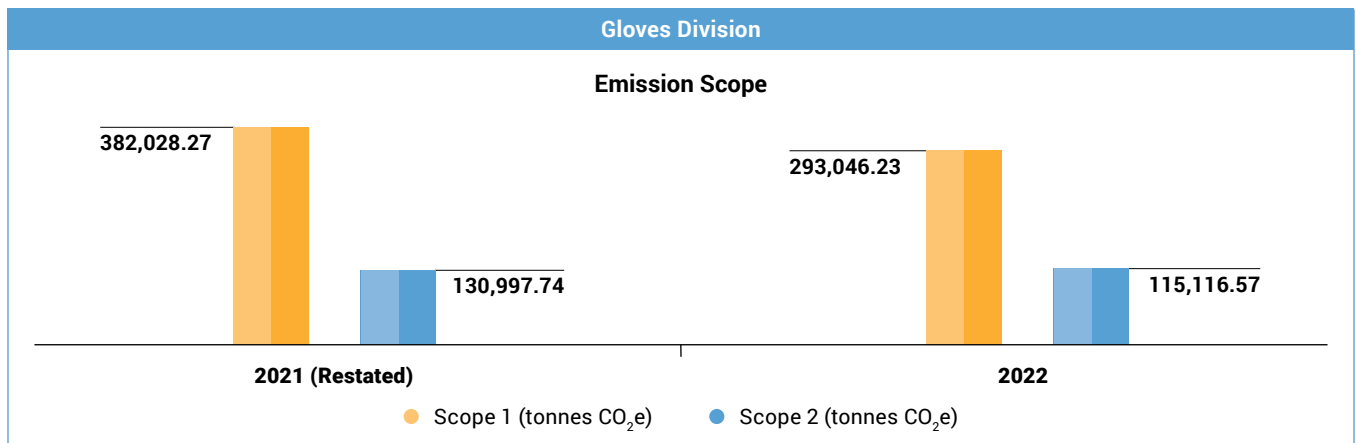
Beyond our operations, we are also taking action to assist our SME suppliers in their decarbonisation efforts through Bank Negara Malaysia's ("BNM") Greening Value Chain programme, through which suppliers can access a carbon accounting solution to measure their carbon emissions. Suppliers who participate can then receive funding to carry out emissions reduction strategies – such as adopting renewable energy – from BNM's Low Carbon Transition Facility ("LCTF").

Moving forward and with the objective of minimising our emissions further, we will undertake further monitoring on our operational performance metrics, specifically in the areas of energy efficiency, water management and waste management, enabling us to identify the areas with the highest climate-related risks and develop feasible targeted approaches.

 More information on GVC is available at <https://www.bnm.gov.my/-/cop27-gvc-lctf>

### Our Carbon Footprint

As we only commenced the collection of emissions data in our TRP division during the year in review, FY2023 will yield meaningful analysis on the efficacy of our efforts.

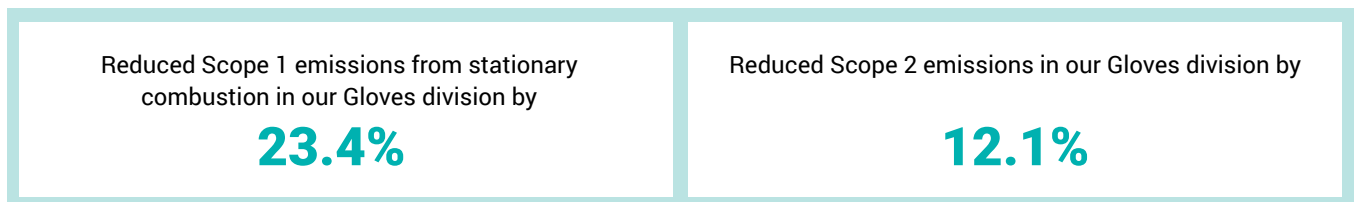
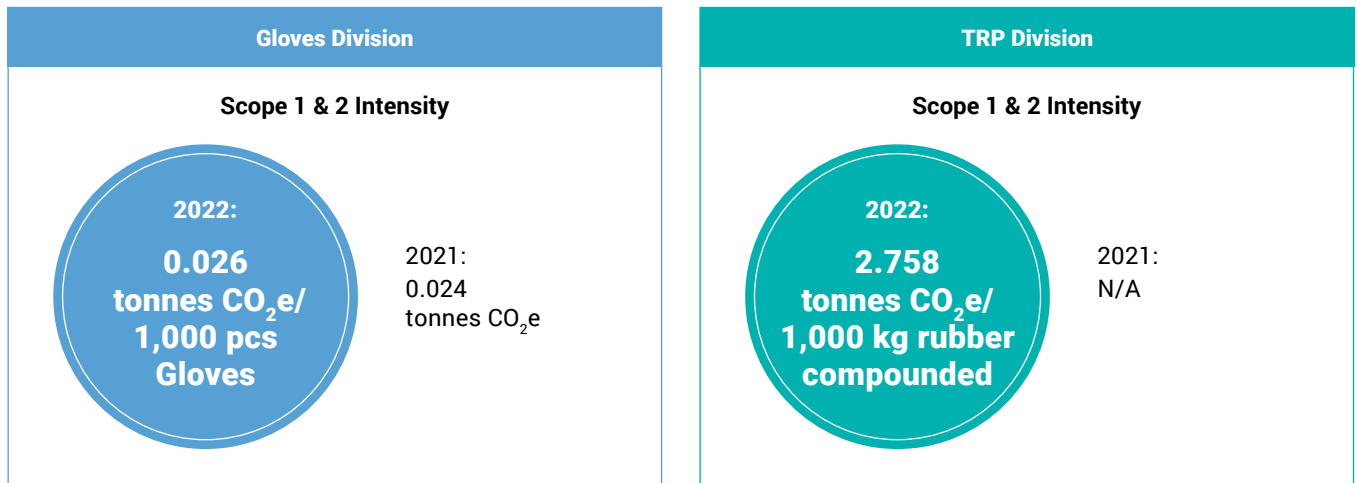


## Managing Our Environment Impact: Combating Climate Change (Cont'd)

### Scope 3 Emissions – 5,250.49 tonnes CO<sub>2</sub>e

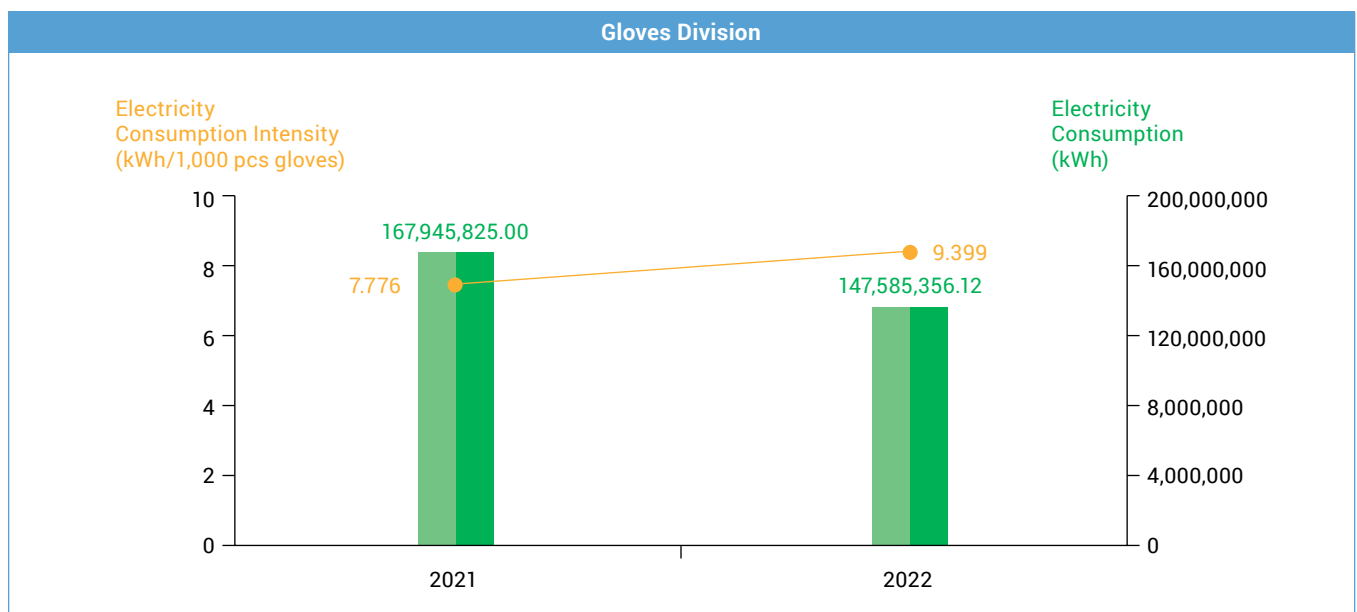
Note: Scope 3 emission comprises emission from business travels and employee commuting.

Due to lower production output during FY2022, the division's emissions intensity increased marginally.

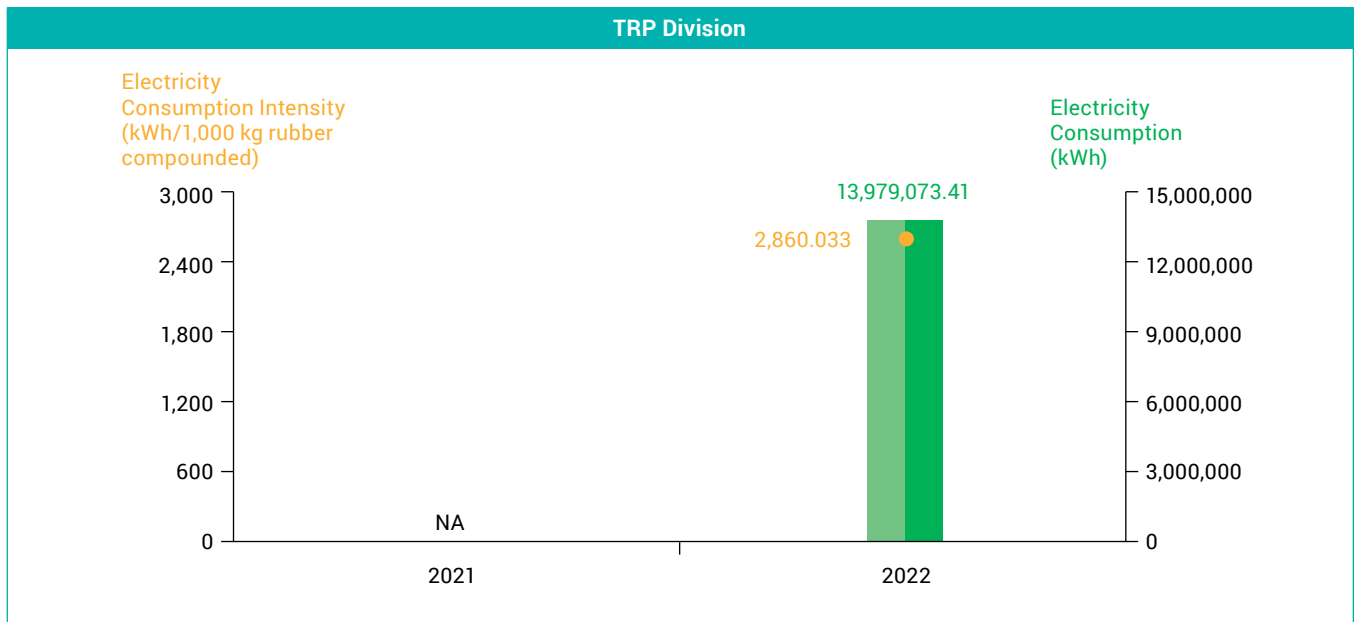


🔍 Please refer to the Appendix page 67 for more data on our emission data.

### Energy consumption of renewable and non-renewable fuels

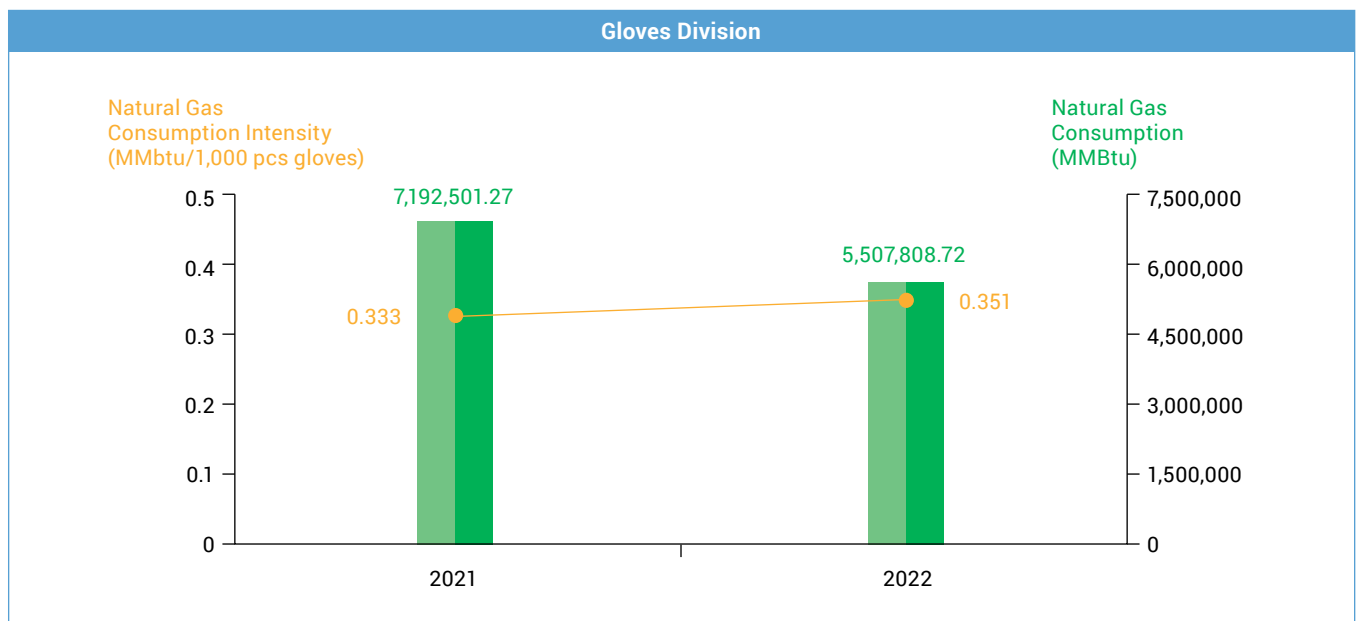


## Managing Our Environment Impact: Combating Climate Change (Cont'd)



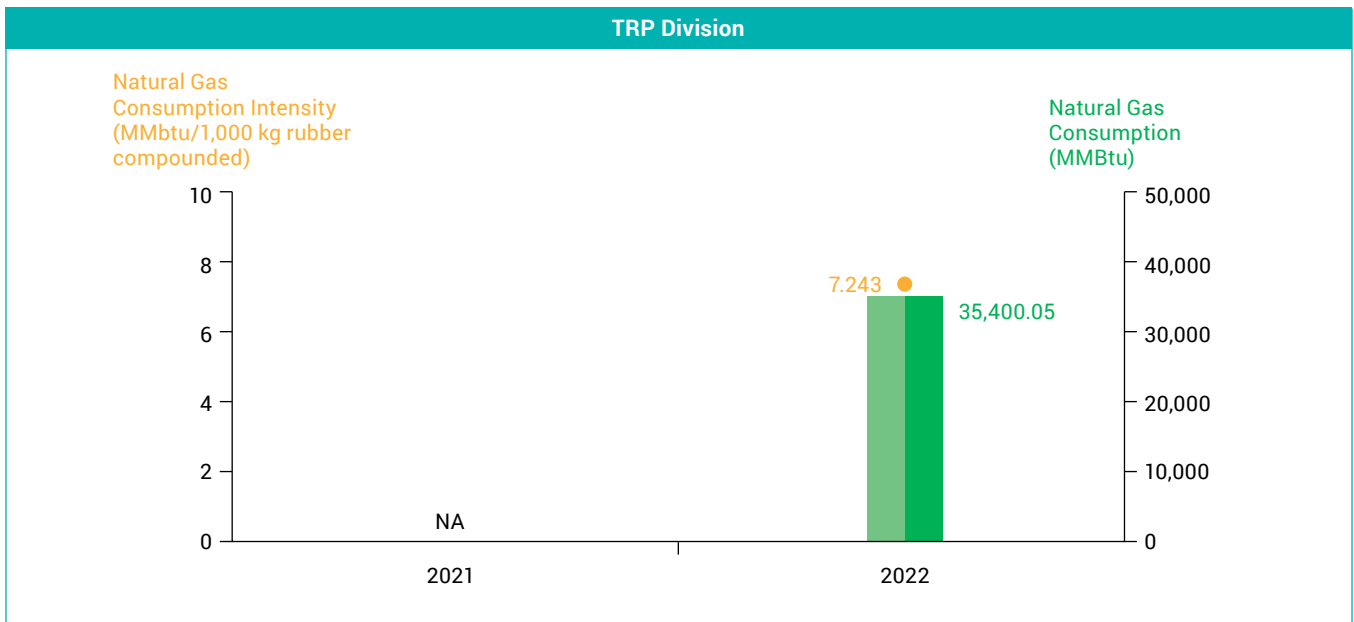
During the year in review, we also installed additional solar PV, supporting our renewable energy adoption journey.

- Increased our solar energy installed capacity by **0.55 MWp**





## Managing Our Environment Impact: Combating Climate Change (Cont'd)



🔍 Please refer to the Appendix pages 68 to 69 for more data on our energy consumption.

### WATER AND EFFLUENTS MANAGEMENT

Water is a key input in our manufacturing process and thus an area where we must place considerable attention within our overall environmental management agenda. Reflecting to our commitment to water stewardship, we strive to optimise the usage of water while minimising environment impact.

To reduce our reliance on municipal water sources, we began our first withdrawal of reclaimed water at certain manufacturing plants in year 2021. Accordingly, utilisation of reclaimed water has increased by approximate 60% from 0.71 million m<sup>3</sup> in 2021 to 1.14 million m<sup>3</sup> in FY2022. Overall, we recorded a total water withdrawal of 7.662 million m<sup>3</sup>, comprising approximately 85% water withdrawn from municipal water supply, while 15% of water withdrawal comprised of reclaimed water. Alongside this, we continue to explore alternative water sources as part of our water management strategy. In seeking to minimise water consumption and maximise water efficiency, we continuously review our production processes and introduce innovative methods to optimise water usage wherever relevant. Regular monitoring is carried out to track water withdrawal and water consumption intensity.

#### Our Performance

##### Raw Water Consumption

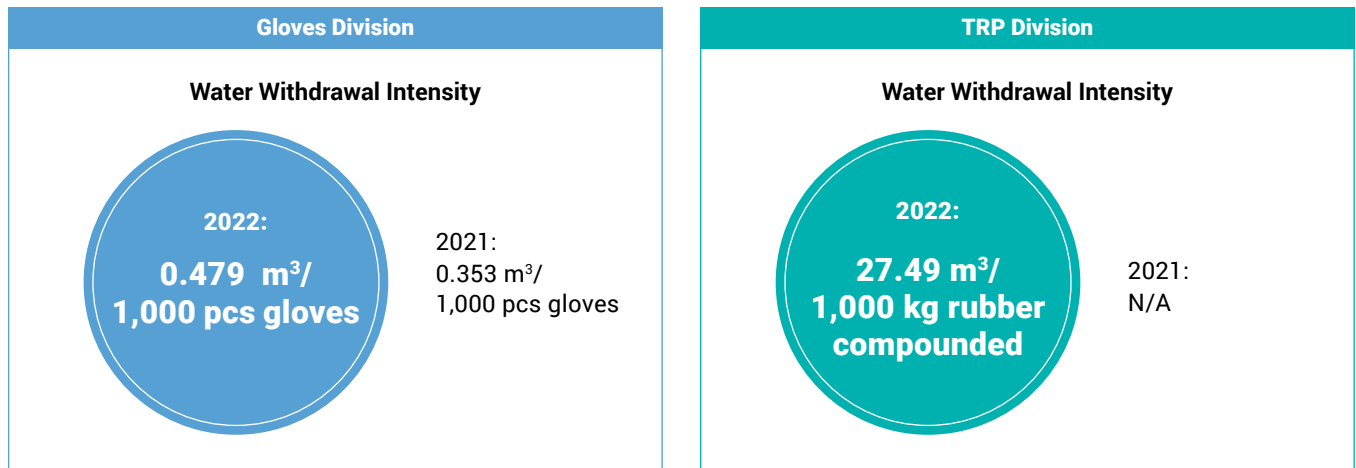
During the year under review, we witnessed a slight reduction in water consumption by our Gloves division, a trend which we intend to accelerate through effective water saving tactics moving forward.

- Reduced water consumption in our Gloves division by **0.7%**

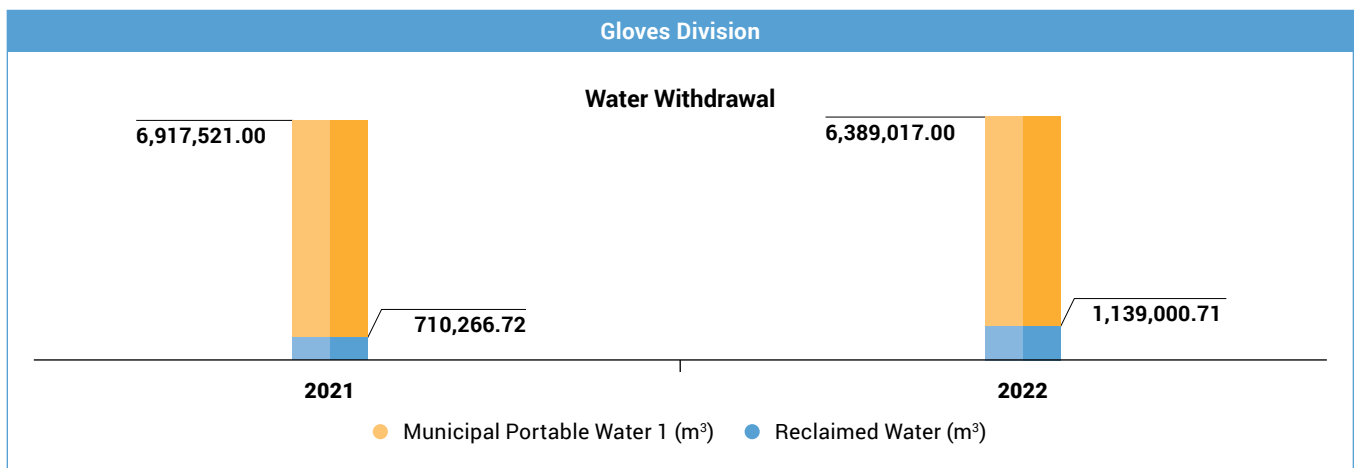
## Managing Our Environment Impact: Combating Climate Change (Cont'd)

In our Gloves division, FY2022 also saw an increase in water withdrawal intensity from 0.153 m<sup>3</sup>/1000pcs gloves to 0.208 m<sup>3</sup>/1000 pcs gloves due to lower output demand.

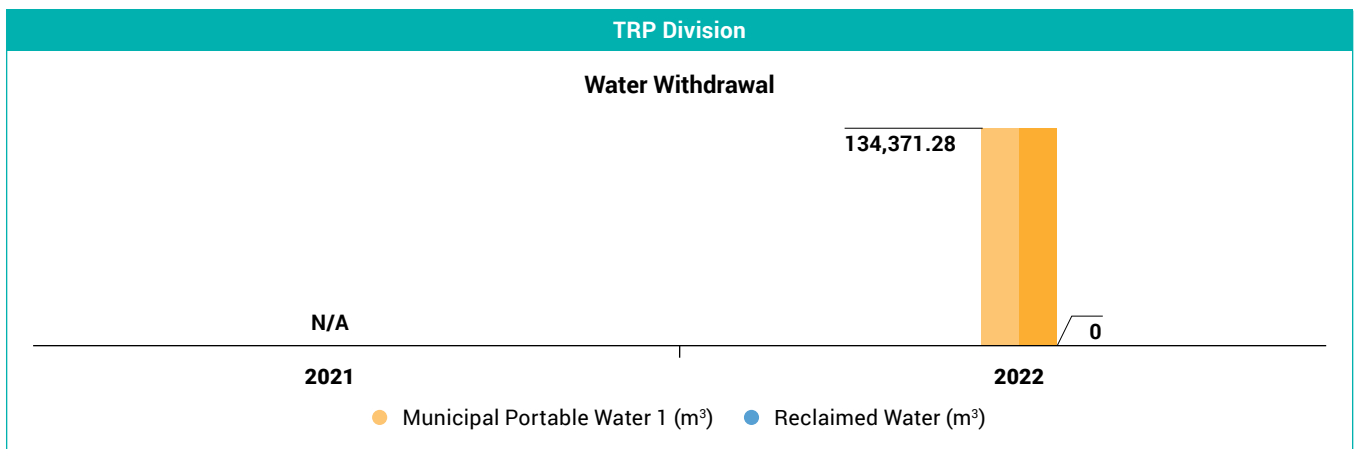
Meanwhile, with the commencement of water withdrawal data collection in our TRP division during the year under review, we will be equipped to develop strategies that minimise our impact in future.



Our withdrawal of reclaimed water to replace municipal water sources - as shown below - indicates strong progress in overall water stewardships across the Group. In FY2022, we commenced tracking of water withdrawal by sources in our TRP division, and hope to execute a similar transition to sustainable sources in this division over time.



## Managing Our Environment Impact: Combating Climate Change (Cont'd)

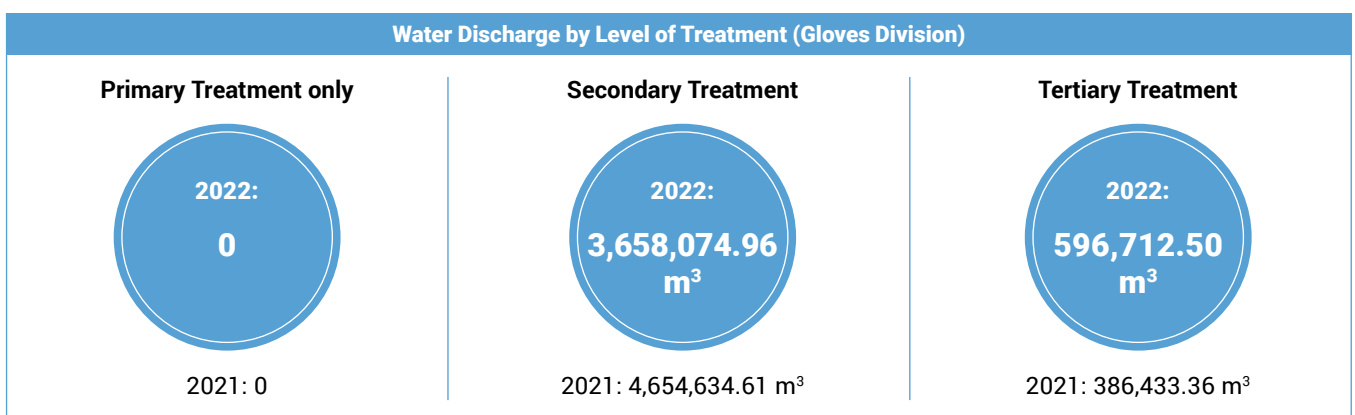


Driven by our dedicated teams of experts, our water management processes are in full compliance with ISO14001:2015 requirements. In managing wastewater discharge quality, constant monitoring is carried out to ensure our wastewater are adequately treated through our waste water treatment plant before discharge to the public drain. We have maintained Standard B for water discharged quality with relevant parameters pertain to biological oxygen demand (BOD), chemical oxygen demand (COD) and total suspended solids (TSS) meeting the standards set by the Malaysian Department of Environment (DOE) for effluent water discharge. Testament to our robust practices, we recorded zero reported incidents of non-compliance relating to effluents discharged during the financial year under review.

Driven by lower production levels in FY2022, our discharge of wastewater also decreased significantly.

- Reduced total wastewater discharge in our Gloves division by **15.6%**

During the year under review, a greater proportion of water discharged went to tertiary treatment, whereby inorganic compounds, bacteria, viruses and other contaminants are filtered and removed, making the water safe to the environment.



Note: There were no wastewater discharged by the TRP division

🔍 Please refer to the Appendix pages 69 to 70 for more data on our water consumption, withdrawal and discharge.

# CREATING VALUE THROUGH SOCIAL ENGAGEMENT

## Creating Value Through Social Engagement



In KOSSAN, we embrace people-first approach to create a positive workforce culture and quality relationship with the society. This includes providing a safe and conducive working environment, conducting community outreach programmes, established clear policy and guidelines as well as consistent engagement with the stakeholders.

### SOCIAL COMPLIANCE AND LABOUR PRACTICES

In respecting the rights and dignity of our employees and recognising the particular challenges that migrant workers face in a foreign country, we strive to maintain a fair, ethical and non-discriminatory approach to all our employment practices while being continuously compliant to all local labour laws and international standards.

To this end, we have implemented a comprehensive in-house human rights governance approach that includes policies and standard operating procedures ("SOP") pertaining to human rights, our social management system and responsible recruiting procedures, with implementation and monitoring overseen by our Social Performance Team ("SPT") and our Social Committee.

Our approach on social compliance and labour practices is buttressed by the following commitments and actions:

#### Social Accountability Management System & Policy Roadmap

As part of KOSSAN Social Compliance initiatives, we introduced our Social Accountability Management System & Policy Roadmap in February 2020 to demonstrate our maturity as a responsible enterprise, building trust between our business and our clients, customers, shareholders and other stakeholders.

The system measures our state of compliance to the social priorities and requirements of our internal and external stakeholders (including local communities, governmental and non-governmental organisations, our employees, our management and our shareholders). It is reflected in our verifiable commitment to certain factors, including but not limited to:

- ▶ Willing compliance with employment, health, hygiene, safety and environment laws
- ▶ The betterment of local communities and surrounding areas
- ▶ Compliance by our vendors to the Kossan Vendor Code of Conduct
- ▶ Respect for basic civil and human rights
- ▶ Compliance with the WRAP 12 Principles, ETI Base Code and our customer's Codes of Conduct

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

Key policies that we have established under Social Accountability Management System & Policy Roadmap are translated in the languages relevant to our people, and communicated through knowledge share sessions and are uploaded to our intranet portal for employees' ease of access. The policies are:

### Policy on Forced Labour

We are committed to ensuring compliance with employment laws, regulations, stakeholder requirements and best practices to ensure no Kossanians or those in our supply chain are subjected to forced labour.

Our focus is on ensuring fair, safe and healthy working conditions for all our employees, in alignment with all of our stakeholders' requirements.

Key practices and approaches that we maintain in managing human rights and labour practices include:

**A RESPONSIBLE RECRUITMENT**

**B FAIR AND ETHICAL TREATMENT**

**C REASONABLE WORKING HOURS**

**D FAIR REMUNERATION**

**E FREEDOM OF ASSOCIATION**

**F FREEDOM OF MOVEMENT**

**G FREEDOM TO HOLD PERSONAL DOCUMENTS**

**H PROTECTING YOUNG CHILDREN AND PERSONS**

**I EQUAL EMPLOYMENT AND DIVERSITY**

**A RESPONSIBLE RECRUITMENT**

We are dedicated to ensuring fair and ethical recruitment practices for all employees, including migrant workers. To achieve this, we follow our Employee Pays (Zero-Cost) Policy, which guides our recruitment policies and practices. We take several measures to protect workers, including prohibiting coercion and debt bondage, allowing freedom of movement, and providing employment contracts in the workers' native languages.

During recruitment interviews in the source country, prospective workers are informed about our zero-cost policy and social compliance practices. We ensure that workers do not have to pay any recruitment fees, travel costs, or pre-employment expenses. We conduct interviews at four stages of the pre- and post-recruitment process to verify that no recruitment fees have been paid to agents. If we discover that a worker has paid fees, we will take immediate remedial action.

We have also implemented a Recruitment Agency Code of Conduct (RACC) to communicate our commitment to zero-cost recruitment and acceptable agency practices. Recruitment agencies go through a due diligence audit conducted jointly with an independent consultant. Qualified agencies are required to sign a commitment to comply with the RACC. Any agency found to have collected fees from workers will be investigated and disqualified immediately if found to have violated the RACC or Recruitment Agency Agreement.

In summary, KOSSAN is fully committed to fair and ethical recruitment practices for all employees, including migrant workers. We take comprehensive measures to ensure that workers are not exploited or required to pay any recruitment fees. Our Recruitment Agency Code of Conduct provides additional safeguards to ensure that our zero-cost policy is adhered to at all times.

**B FAIR AND ETHICAL TREATMENT**

We believe in treating all employees fairly and ethically. To ensure that this belief is ingrained throughout the organisation, we have incorporated these values in our Code of Ethics and Conduct as well as our Employees Handbook. We have also established a Prevention of Abuse Policy and a Prohibition of Workplace Harassment and Discrimination Policy.

At the same time, we recognise the importance of giving employees a voice. In line with this, we have established a grievance and whistle-blowing channel for employees to report unfair or unethical treatment.

Our Grievance Policy and Procedures, which can be accessed on our internal employee portal, provide a safe and confidential avenue for employees to report misconduct, non-compliance or issues related to their work environment. Every grievance raised is treated confidentially and impartially. Meanwhile, our Whistle-Blowing Policy and Framework, available on both the internal employee portal and corporate website, provides a secure and confidential channel for internal and external parties to report malpractice or improper conduct, with every report received treated confidentially and impartially. Additionally, we have elected workers representatives who act as a voice for migrant workers, receiving their feedback and channelling it to management and vice versa.

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

### C REASONABLE WORKING HOURS

We prioritise the health and well-being of our employees. As such, we strictly adhere to local labour laws in terms of work hours and rest days, by enforcing work hour and overtime limits, and providing all employees with mandatory rest days. Overtime work at KOSSAN is on a voluntary basis and will be paid at the overtime rate, as per the Malaysia Employment Act. To this end, we are committed to progressively adjust work schedules towards a 60-hour work week in line with international standards. This ensures that our employees are not overworked and have enough time to rest and recharge.

### D FAIR REMUNERATION

In the belief that every everyone deserves to be fairly compensated for their hard work and dedication, we ensure that all our employees receive salaries no lower than the minimum wage rate established by the local labour laws.

To ensure that our remuneration packages are competitive, we benchmark them against market rates and finalise them based on mutual agreement between the company and the employee. We also adhere to fair labour practices and do not unlawfully withhold or deduct salaries, or impose any monetary penalties for any misconduct.

### E FREEDOM OF ASSOCIATION

We recognise and respect the right of our employees to engage in lawful group activities, whether formal or informal. As a company, we do not interfere with, restrain or coerce our employees in exercising this right, in accordance with the relevant local labour laws.

### F FREEDOM OF MOVEMENT

We acknowledge and uphold the mobility rights of our employees, and we do not impose any restrictions on their movement beyond

their working hours. Our workers are not required to seek permission to leave their workplace or accommodation during non-working hours, and we also provide hostel wardens who are available to assist them in arranging transportation.

### G FREEDOM TO HOLD PERSONAL DOCUMENTS

We value the right of our employees to possess their own personal documents and belongings. Our migrant workers have full ownership of their belongings and are free to resign at any time without any penalties. Further to this, we have established personal storage facilities in our hostels which they may use to ensure the security of their belongings

### H PROTECTING YOUNG CHILDREN AND PERSONS

We are dedicated to upholding a child's entitlement to education and denounce the employment of minors and young individuals who are under 18 years of age. In the event of any infringement of the age requirement, a remediation process is implemented.

Over the years, we have strictly adhered to our minimum age regulations and maintained a clean record with no reports of non-compliance

### I EQUAL EMPLOYMENT AND DIVERSITY

We champion equal employment opportunities, and as such, hire candidates based on qualifications and experience. Furthermore, we provide career advancement opportunities to high-performing employees regardless of their nationality, race, religion, gender, age or background. Our commitment to gender equality extends to our remuneration packages, where there is no differentiation between male and female employees when determining pay scales, increments or performance rewards.

## Policy Against Workplace Harassment & Discrimination

We are committed to providing a work environment to all employees that is free of all forms of harassment and discrimination.

As required by the Kossan Code of Ethics and Conduct, all employees are required to report any case of harassment or discrimination to the Human Resources department in order to protect those affected by the incident in question.

In line with International Labour Organisation ("ILO") 11 Indicators of Forced Labour, we have also established other policies related to Social Accountability, as follows:

<b>Prevention of Abuse Policy</b>	All workers have a right to a workplace free of all forms of abuse.
<b>Policy on Right of Workers to Hold Their Own Passport</b>	A clear policy on the workers' rights to hold their own passport or to decide where and how to keep their passport.
<b>Policy on Deduction from Wages</b>	A clear guideline on salary deduction from worker's salary, as per the Social Accountability 8000 International Standard (SA8000:2014).
<b>Child Labour Policy</b>	A clear and transparent policy on the prevention of all forms of child labour and young persons in KOSSAN.

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

The implementation of the above policies is subject to ongoing verification by external independent social compliance auditors such as Worldwide Responsible Accredited Production ("WRAP") and Sedex Members Ethical Trade Audit ("SMETA").

### Worldwide Responsible Accredited Production Certification Audit




All Glove Plants Have Received Gold Certification (March 2023)

Established in 2000, WRAP is an independent certification programme focused on promoting and certifying safe, lawful, humane and ethical manufacturing globally. WRAP certification audits involve the inspection of the entire production process to ensure that production is compliant with the WRAP principles, thereby providing customers with assurance that goods are ethically produced.

Our glove plants have undergone the WRAP audit (in phases) since 2020. As of March 2023, we have successfully received the GOLD Certificate of Compliance for all plants, indicating that our operations across these plants demonstrate full compliance with the WRAP principles.

As of March 2023, only 17 facilities in Malaysia have received Gold Certification, 8 of which belong to KOSSAN.

 For more information about the eight plants certified by WRAP, refer to <https://wrapcompliance.org/en/certification/facility-monitor-list/>

### Access to Remediation Action (Suara Kami)

Suara Kami is an external operational grievances tool/channel managed and operated by an independent third party to handle worker complaints and concerns on negative impacts they may have suffered as result of certain business practices.

The system was introduced in 2021, with SOPs shared across all our premises and translated into six languages (English, Malay, Bahasa Indonesia, Nepali, Burmese and Bengali). In addition, relevant helpline training for Suara Kami has also been fully implemented, thereby mitigating against any difficulties our employees may face in accessing and using the channel.



### Responsible Glove Alliance Launches to Protect Industry Workers in Malaysia

[responsibleglove.org](https://responsibleglove.org)



### Membership in 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 effort between all glove suppliers and buyers towards reducing the risk of forced labour in rubber glove production within Malaysia.

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

All founding members of the RGA have committed to providing three years of financial support towards the alliance, in addition to committing to the alliance's core principles which recognise the importance of promoting responsible recruitment and employment practices in the medical supplies industry.

### 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



More information on RGA and its membership commitments is available at <https://www.responsibleglove.org/>

### Our Performance

#### In FY2022:

- **Zero cases of discrimination were recorded across our business footprint, a testament to our efforts in embedding a culture of meritocracy where diversity is valued.**
- **Zero cases of non-compliance with socioeconomic laws and regulations were recorded across our business footprint.**



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

### WORKPLACE SAFETY

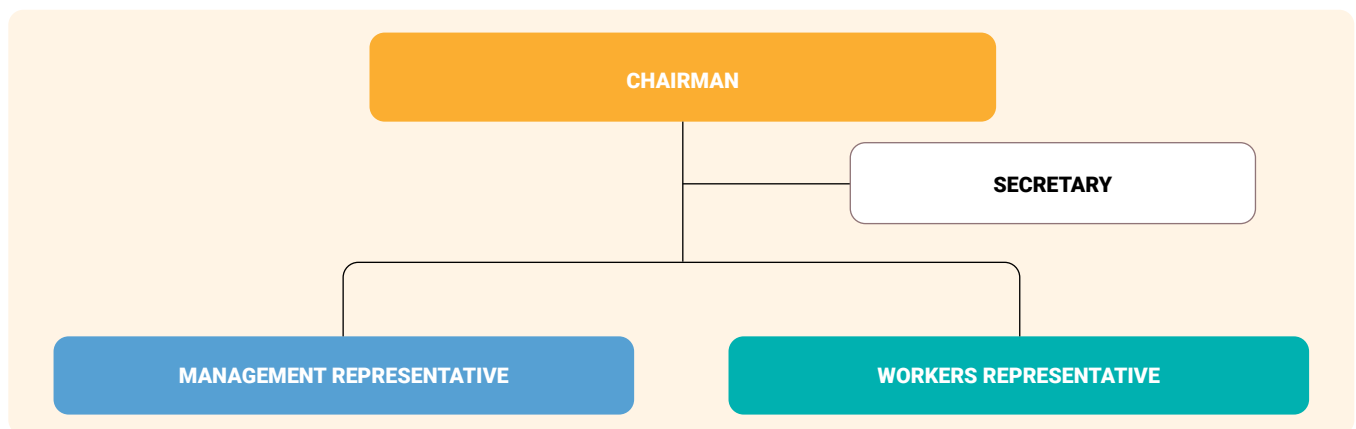
As a manufacturing company, our production processes naturally pose a range of occupational safety and health dangers, and it is incumbent on us to minimise these risks. To this end, we have implemented a comprehensive range of policies and practices, supported by trained personnel and regular assessments to identify emerging issues.

A centralised unit called Corporate Safety Health & Environment (“SHE”) drives programmes, initiatives and the setting of goals and target relating to workplace safety and health. SHE reports directly to the Group Managing Director/Chief Executive Officer, thereby enabling more effective direction-setting and implementation of safety and health initiatives.

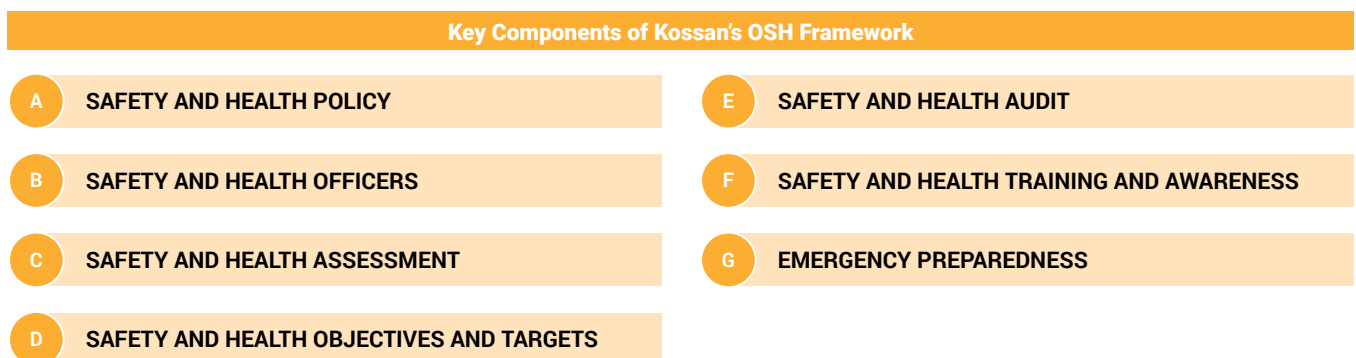
Beyond this, the roles and responsibilities of SHE include:

- Inspecting places of work
- Investigating any accidents that occur
- Assisting in the development of safety and health rules, and our safety system
- Reviewing the effectiveness of our safety and health programmes
- Carrying out studies on trends in accidents, near-misses, dangerous occurrences, occupational poisoning and occupational diseases that occur on our premises
- Reviewing our safety and health policies and making recommendations to Management on any revisions therein
- Making recommendations to Management on remedial measures to be taken on any matter prejudicial to the safety and health of persons at the place of work, and recording such recommendations in reports

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



Our commitment to workplace safety and health is reinforced by our Occupational Safety and Health (“OSH”) Management System framework, which is guided by ISO 45001 Occupational Safety and Health Management System. The framework enables a comprehensive approach to safety management where all aspects of safety are considered and managed with accountability.



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

### A SAFETY AND HEALTH POLICY

Our dedication to safety and health is evident in our Safety and Health Policy, which outlines our pledge to:

- ✓ Implement measures to ensure occupational safety and health
- ✓ Eradicate potential occupational hazards
- ✓ Monitor safety and health indicators
- ✓ Report and resolve safety and health incidents
- ✓ Comply with all relevant OSH legislation
- ✓ Foster a culture of health and safety awareness

This policy is communicated to and shared with all employees, vendors, and other stakeholders to ensure everyone is aware of our commitment to safety and health.

### B SAFETY AND HEALTH OFFICERS

Registered safety and health officers are present at all of our plants to ensure the effective management of safety and health matters in line with local laws issued by the Department of Safety and Health ("DOSH") as well as industrial guidelines and standards.

In the event of any safety and health incidents, the officers investigate according to DOSH guidelines and report to Management and DOSH accordingly. Corrective and preventative actions are then formulated and implemented based on these findings.

During the year in review, we recorded zero work-related fatalities at our plants.

### C SAFETY AND HEALTH ASSESSMENT

With the aim of proactively identifying potential hazards within our operational processes and minimising risks to employees, we regularly conduct Hazard Identification, Risk Assessment and Risk Control ("HIRARC") assessments. The findings from these assessments are duly recorded, before being subsequently used to develop mitigation measures and formulate targets for improved performance.

### D SAFETY AND HEALTH OBJECTIVES AND TARGETS

With the aim of driving progressive improvement to our safety and health performance, detailed objectives and targets are developed in accordance with our safety and health policy. These targets are also influenced by the results of safety and health indicator reviews and audits.

### E SAFETY AND HEALTH AUDIT

Annual safety and health audits are conducted by the Internal Audit Department, with findings discussed with Management and presented to the Audit Committee. Additionally, plants undergo external audits by DOSH, our customers and other third-party certification bodies, with management ensuring that corrective actions are taken promptly.

### F SAFETY AND HEALTH TRAINING AND AWARENESS

Regular safety and health training programs and workshops are conducted to continuously improve employees' general safety knowledge, first aid and emergency response preparedness. Additionally, specific knowledge for operational tasks, such as the handling of chemicals and spillage, is also provided.

To ensure the safe handling of hazardous chemicals, trained safety and health officers handle them according to specifications and safety procedures listed in Material Safety Data Sheets. These officers are equipped with personal protective equipment to prevent any harm. In case of chemical spillage incidents, strategically located chemical spillage kits, emergency showers, and eye washout stations at each plant ensure employee safety.

### G EMERGENCY PREPAREDNESS

With the aim of driving preparedness for emergencies, each plant follows an established framework and clear procedures. This includes the formation of an Emergency Response Team ("ERT"), use of emergency evacuation plans for different emergency scenarios, and the identification of employee assembly points.

Further to this, emergency drills for various scenarios such as fire, flood, health disease, occupational injury and fatalities are conducted regularly by the ERT, thereby driving improved execution in the event of an actual emergency.

#### Our Performance

As of FY2022, 96% of our plants have now successfully obtained the ISO 45001:2018 certification, while 74% of our plants have successfully obtained the ISO 14001:2015 certification.

During the past year, we also successfully conducted a pilot Work Related Road Safety Program ("WRRS") at one of our plant, which was carried out in collaboration with SOCSO and the Malaysian Institute of Road Safety Research ("MIROS"), in compliance with ISO 39001:2012.

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

### HEALTH AND WELLNESS

We believe that all employees should be able to balance their work responsibilities with holistic physical, mental and social wellbeing. To this end, we have introduced a range of programmes that enable them to find this balance and to feel supported by the management in putting their needs first.

In FY2022, we stepped up our action on employee wellness with the launch of our Workplace Health Programme (“WHP”), an occupational health initiative led by the Corporate SHE to support our employees’ physical and mental health needs. The programme was delivered during SHE Week across all our plants. In conjunction with the programme, a virtual mental health talk was also held, enabling our employees to develop a better understanding of mental health issues at the workplace and how to manage it. An external expert was invited as the speaker to provide in-depth understanding about these important issues.



*Our Management team at the launch of WHP week on 5 October 2022.*

Cognisant of the strains placed by working long hours in physically demanding roles, we also offered our employees a free comprehensive eye examination which was conducted by the optometry team from the Management and Science University (“MSU”), providing them with important insight on their eye health and eyesight status.



*Snapshots of the eye examinations provided by the team from MSU.*

Beyond these initiatives, our employees continue to benefit from the medical offered by our in-house outpatient clinic, KOSSAN Wellness Centre, which is managed in collaboration with ASP Medical Group. Ideally located within reach of all our plants, the clinic is easily accessible for all employees, with migrant workers provided with transport should they have any medical issues that require attention. Further to this resource, individual clinics are located at each of our factory sites and staffed with qualified doctors, enabling us to address medical situations that require immediate attention and action.

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

### PEOPLE DEVELOPMENT

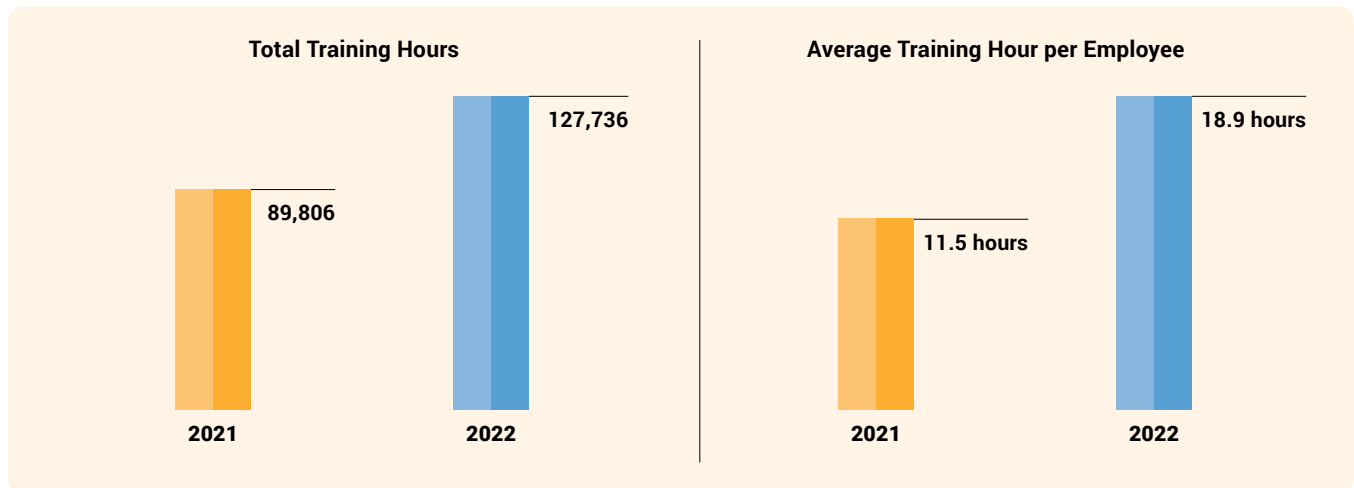
Our investments in training and education benefit us in two key ways – by enhancing the human capital at our disposal and enabling us to attract and retain top quality talent. Beyond these factors, we also believe that it is our duty to offer work environments that facilitate continuous professional and personal development, thereby enabling our employees to fulfil their potential.

To this end, our dedicated learning and development designs programmes that are customised to the role-specific needs of targeted groups within our employee base, with modules offered pertaining to technical skills, soft skills, management skills and leadership training. These modules are offered to employees through on-the-job trainings at plants, in-person workshops and our in-house online learning platform.

In FY2022, a key focus area of training was environmental management and carbon management, wherein two programmes were offered to our employees. The first of these programmes was geared towards driving awareness of our Environmental Management System (“EMS”). It was conducted in collaboration between Kossan Latex Industries (M) Sdn. Bhd. and Wear Safe (Malaysia) Sdn. Bhd. with the aim of upskilling employees on waste management, energy saving and compliance, in order to drive achievement of the targets and goals of our L.I.V.E 12 Sustainability Principles. Meanwhile, our Corporate Sustainability department conducted introductory training for key management personnel on carbon management and the carbon accounting process, covering topics that included an overview on carbon accounting, an overview on Scope 1, 2 and 3 emissions, the importance of climate reporting for businesses and stakeholders, and the carbon data collection process.

#### Our Performance

**In FY2022, our employees completed a total of 127,736 learning and development hours. This translates to 18.9 training hours per employee, which is a reflection of our commitment to driving upskilling and continuous professional development across our workforce.**



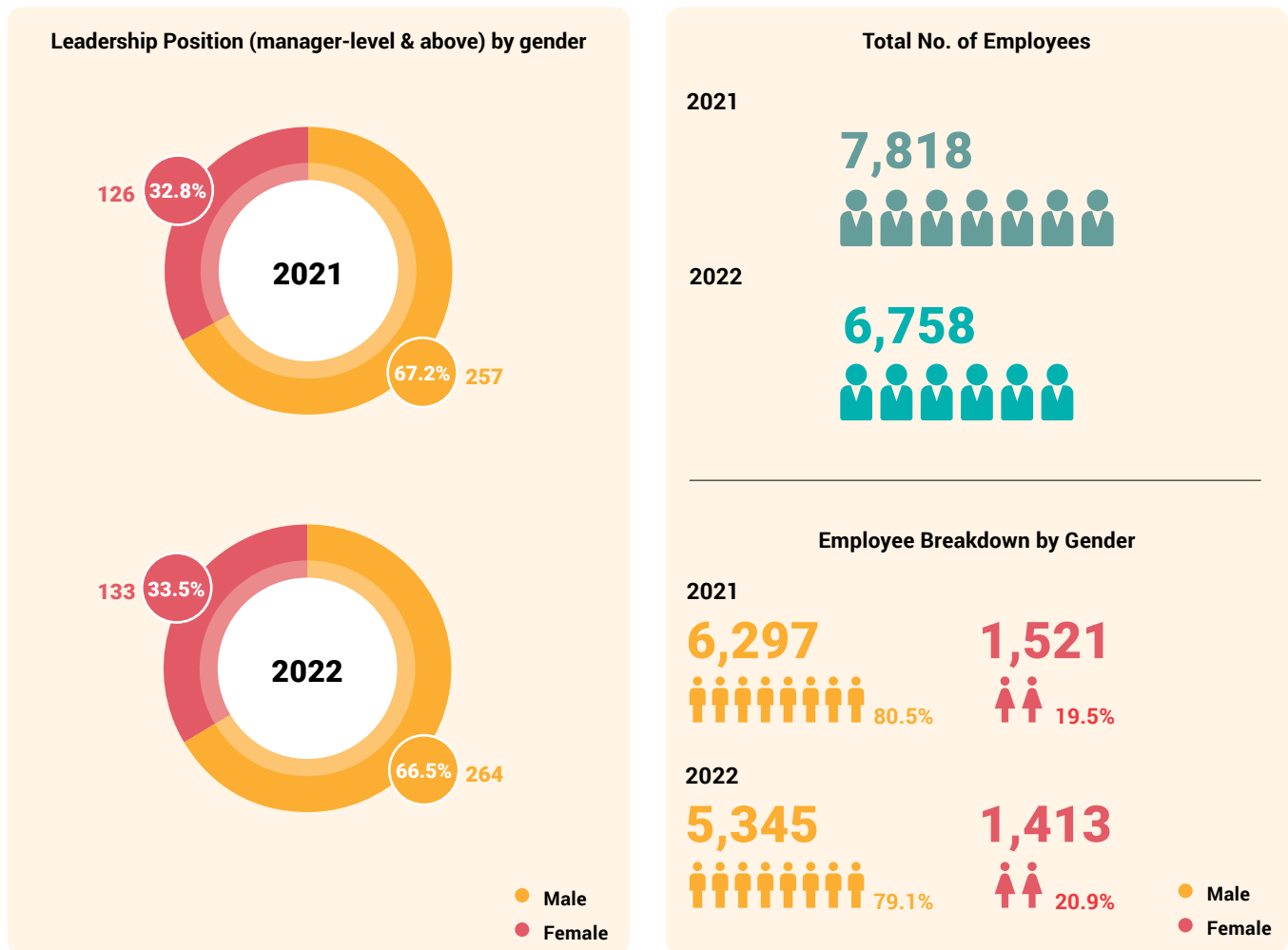
Further to this, the performance of all employees is evaluated regularly. Evaluations begin with an employee self-evaluation in relation to set KPIs. After this, further evaluations are conducted by direct superiors and Senior Management, with the results of these evaluations utilised to determine performance-linked bonuses, increments, competitive benefits and promotions to reward those who meet or surpass their KPIs.

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

### EMPLOYMENT OPPORTUNITIES

As a leader in our industry, we seek to nurture an organisation that values and promotes diversity by race, gender, religion, age, socio-economic group and culture, pertaining to which a breakdown of our workforce is provided below.

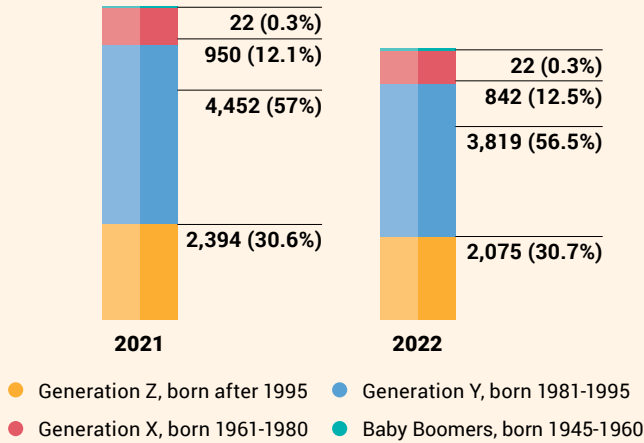
#### Workforce Profile



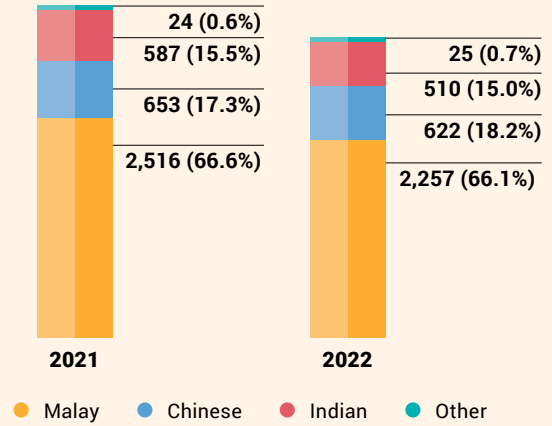
# Creating Value Through Social Engagement (Cont'd)

## Workforce Profile (Cont'd)

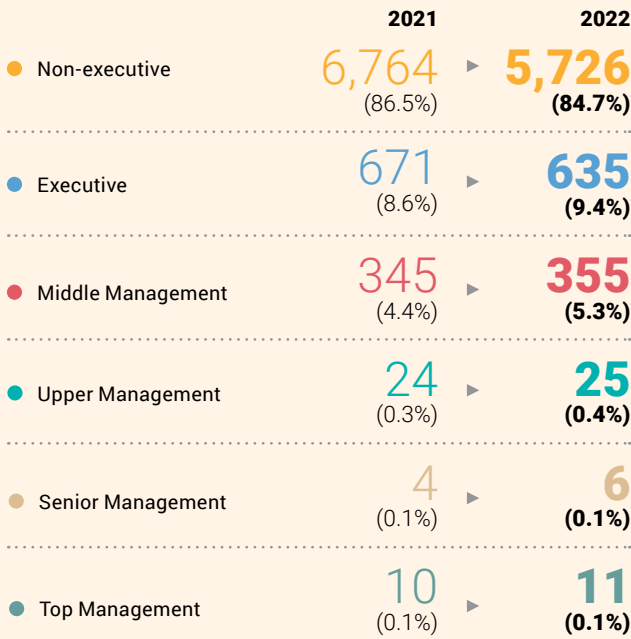
Employee Breakdown by Age Generation



Employee Breakdown by Ethnicity (Local only)



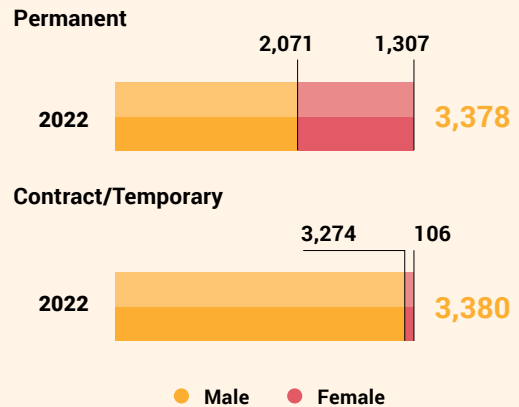
Employee Breakdown by Job Category



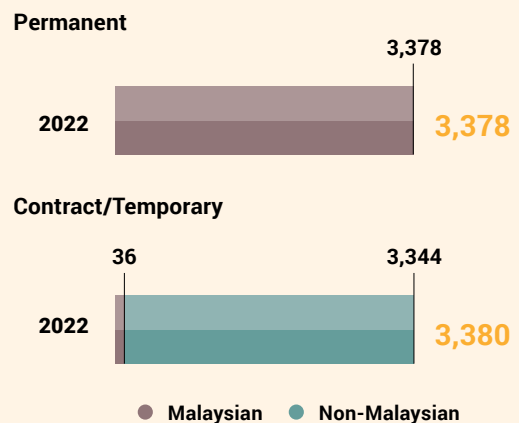
Notes:

- Permanent employees are employees under permanent employment for an indeterminate period.
- Temporary employees are employees under fixed term employment contracts, which end when a specific time period expires, or when a specific task that has a time estimate attached is completed. A temporary employment contract is of limited duration, and is terminated by a specific event, such as the end of a project or work phase or return of replaced employees.

Employee by Employment Type by Gender

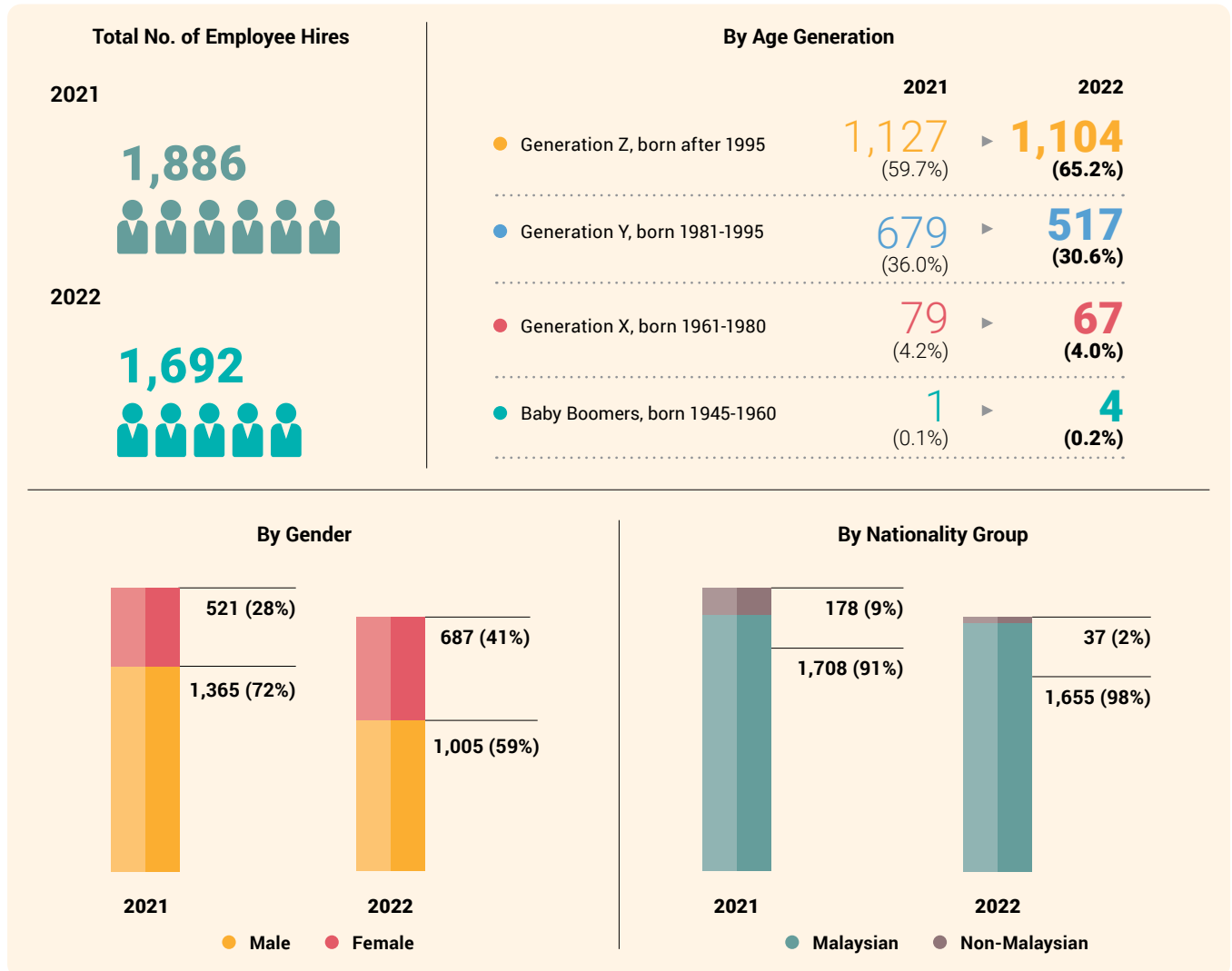


Employee by Employment Contract by Nationality Group

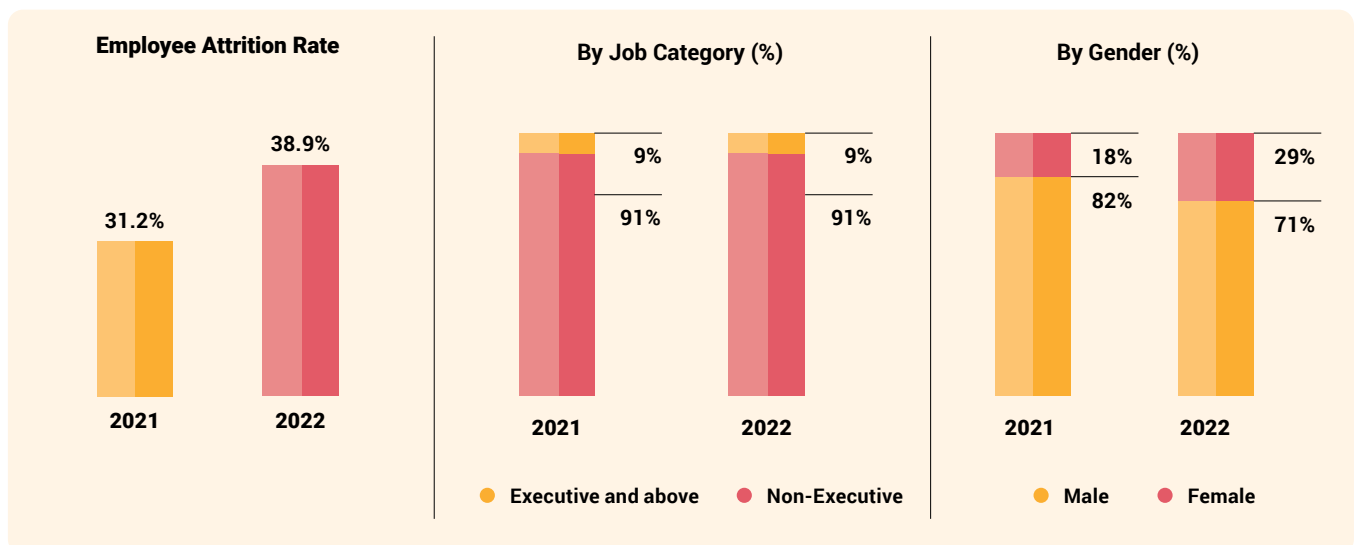


## Creating Value Through Social Engagement (Cont'd)

### New Hires Profile

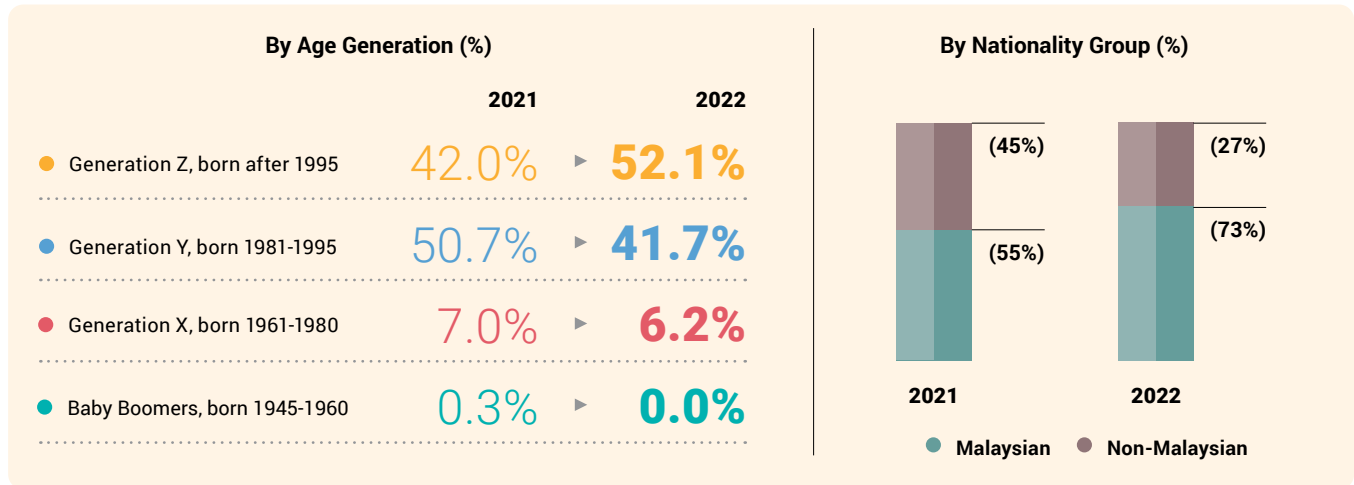


### Employee Attrition



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

### Employee Attrition (Cont'd)



### COMMUNITY WELFARE

As a responsible organization, we embrace our duty to uplift underprivileged communities, conscious of the long-lasting impact we can create through our resources and reach. To this end, we established Yayasan Kossan with the objective of funding and supporting philanthropic activities for education and social welfare.

**OUR VISION**  
Our Vision is "MAKING LIFE BETTER FOR ALL"



**YAYASAN KOSSAN**  
We Care • We Love • We Help

As a caring corporate citizen, besides achieving sustainable profitability, Kossan is committed to create share value for the society and have made CSR an important focus. Since its establishment, much efforts have been made to help those in need alongside with numerous donations to worthy causes. Founder, Dato' Lim Kuang Sia believes that a consolidated effort in CSR will be more effective, well-organized, structured and impactful in benefiting the needy and this is the main spirit of setting up the YAYASAN KOSSAN (YK)

**OUR MISSION**  
We are committed:

- To create equal education opportunities particularly for deserving and less affordable.
- To enhance the welfare of the society especially the neglected children and senior citizen, vulnerable and disabled individuals.
- To support conservation and preservation of the environment for common good.
- To support the development and activities for arts and culture.

**OBJECTIVE OF YAYASAN KOSSAN**  
Yayasan Kossan (YK) is established with the objective to fund and support philanthropic activities for :-

**EDUCATION  
SOCIAL WELFARE**  
\* covering medical and health, environment, arts and culture.

Our priority is to provide direct aid to the needy of the underprivileged within our community.



We Care  
We Love  
We Help

In FY2022, Yayasan Kossan conducted a range of initiatives to benefit local communities, including:

- Sponsoring provisions for selected charity homes during festive seasons
- Providing financial assistance to underprivileged communities towards purchasing basic schooling items including school bags, uniforms, shoes, socks, stationery and books
- Refurbishing classrooms at selected schools, including by supplying new table and chairs for students and teachers, and carrying our repainting works
- Raising funds to improve the existing facilities and the cleanliness of public areas in Pulau Ketam, in line with Pulau Ketam's Sustainable Environmental Project
- Donating pet foods and other necessities to alleviate the burden of animal shelters
- Increasing awareness on health and safety within local communities by providing free health screenings, conducting health and safety talks, and carrying out other activities
- Cultivating patriotism amongst the younger generations in conjunction with Malaysia 65<sup>th</sup> Independence Day
- Taking climate action by planting trees under our Plant A Tree programme



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



Students from SJKT Methodist Kapar, where we sponsored a Deepavali celebration.



Partial Certificates of animal adoption from Zoo Negara.  
(Yayasan Kossan donated RM10,000 and adopted 10 animals from Zoo Negara)



Through the YK Kids Get Ready To School Programme, we provided essential school supplies to 12 schools in the Klang area.



A total of 19 Kossanians volunteered for the Plant A Tree programme at Free Tree Society ("FTS") in Bangsar.

## APPENDICES

### PERFORMANCE DATA TABLES

#### ENVIRONMENTAL

##### Waste Management

Waste Management	2021		2022	
	Gloves	TRP	Gloves	TRP
Scheduled waste disposal through incineration (with or without energy recovery), landfilling, other disposal operations (MT)	No breakdown	Disclosure begins in FY2022	141.70	7.22
Scheduled waste reused/ recycled/ other recovery process (MT)	No breakdown		6,581.02	0
<b>Total Scheduled Waste Generated (MT)</b>	7,598.22		<b>6,722.72</b>	<b>7.22</b>
Scheduled Waste Generated Intensity	0.352 kg/ 1,000 pcs gloves		<b>0.428 kg/ 1,000 pcs gloves</b>	<b>1.477 kg/ 1,000 kg rubber compounded</b>
Non-scheduled Waste Disposal through incineration (with or without energy recovery), landfilling, other disposal operations (MT)	No breakdown		2,824.03	558.34
Non-scheduled waste reused/ recycled/ other recovery process (MT)	No breakdown		160.19	238.87
<b>Total Non-scheduled Waste Generated (MT)</b>	3,094.53		<b>2,984.22</b>	<b>797.21</b>
Non-scheduled Waste Generated Intensity	0.143 kg/ 1,000 pcs gloves		<b>0.190 kg/ 1,000 pcs gloves</b>	<b>164.10 kg/ 1,000 kg rubber compounded</b>
<b>Overall Waste Generated (MT)</b>	10,692.75		<b>9,706.94</b>	<b>804.43</b>
Overall Waste Generated Intensity	0.495 kg/ 1,000 pcs gloves		<b>0.618 kg/ 1,000 pcs gloves</b>	<b>164.58 kg/ 1,000 kg rubber compounded</b>

##### Raw Material Consumption

###### Gloves Division:

Raw Material	Gloves	
	2021	2022
Latex Consumption Intensity	0.01007 MT/ 1,000 pcs gloves	<b>0.01013 MT/ 1,000 pcs gloves</b>
Nitrile Consumption Intensity	0.00772 MT/ 1,000 pcs gloves	<b>0.00766 MT/ 1,000 pcs gloves</b>

## Appendices (Cont'd)

## TRP Division:

Raw Material	TRP	
	2021	2022
Natural Rubber & Synthetic Rubber Consumption Intensity	Disclosure begins in FY2022	424.899 kg/ 1,000 kg rubber compounded
Metal Components Consumption Intensity		503.657 kg/ 1,000 kg rubber compounded

## Carbon Footprint

Emission Scope	Emission by Activity Data	2021		2022		
		Gloves (Restated)	TRP	Gloves	TRP	Total
Scope 1 Stationary Combustion (tonnes CO <sub>2</sub> e)	Natural Gas	382,028.27	Disclosure begins in FY2022	292,544.52	1,880.26	294,424.78
	LPG	N/A		0	522.08	522.08
	Diesel	N/A		27.24	1.72	28.96
Scope 1 Mobile Combustion (tonnes CO <sub>2</sub> e)	Diesel	N/A		405.39	117.58	522.97
	Petrol	N/A		69.08	53.58	122.66
Scope 2 (tonnes CO <sub>2</sub> e)	Purchased Electricity	130,997.74		115,116.57	10,903.68	126,020.25
Scope 3 (tonnes CO <sub>2</sub> e)	Business Travels	N/A		28.45		28.45
	Employee Commuting	N/A	5,222.04		5,222.04	
Total Scope 1 & 2 (tonnes CO <sub>2</sub> e)		513,026.01	408,162.80	13,478.90	421,641.70	
Total Scope 1, 2 & 3 (tonnes CO <sub>2</sub> e)		513,026.01	426,892.19		426,892.19	
Scope 1 & 2 Intensity		0.024 tonnes CO <sub>2</sub> e/ 1,000 pcs gloves	0.026 tonnes CO <sub>2</sub> e/ 1,000 pcs gloves	2.758 tonnes CO <sub>2</sub> e/ 1,000 kg rubber compounded		

## Note:

- Environmental data is provided on monthly basis by cross-functional teams at each of our manufacturing facilities, through a cloud-based system. Data is verified against documentary evidence submitted (including invoices, meter readings and consumption records).
- Taking CH<sub>4</sub> & N<sub>2</sub>O into consideration to calculate our emission, hence restating of 2021 Scope 1 emission data.
- Carbon emissions from purchased electricity (Scope 2) is calculated based on the emission factors 2019 from 2019 Grid Emission Factor (GEF) (Source: <https://meih.st.gov.my/documents/10620/384e88c1-b782-49a1-8dff-74c836b3a3f7>), hence restating the Scope 2 emission reported in FY2021.

## Appendices (Cont'd)

### Renewable and Non-Renewable Energy Consumption

Electricity	2021		2022	
	Gloves	TRP	Gloves	TRP
Electricity Consumption (kWh)	167,945,825.00	Disclosure begins in FY2022	147,585,356.12	13,979,073.41
Electricity Consumption Intensity	7.776 kWh/ 1,000 pcs gloves		9.399 kWh/ 1,000 pcs gloves	2,860.033 kWh/ 1,000 kg rubber compounded
<b>Total Consumption (kWh)</b>	<b>167,945,825.00</b>		<b>161,564,429.53</b>	

Note: Electricity consumption includes consumption from factories & hostels.

Renewable Energy	2021		2022	
	Gloves	TRP	Gloves	TRP
Renewable Energy Consumption (kWh)	3,066,789.00	Disclosure begins in FY2022	2,834,791.00	0
Solar Panel Design Capacity	2.61 MWp		3.16 MWp	0
Renewable Energy Intensity	0.142 kWh/ 1,000 pcs gloves		0.181 kWh/ 1,000 pcs gloves	0
<b>Total Consumption (kWh)</b>	<b>3,066,789.00</b>	<b>2,834,791.00</b>		

Natural Gas	2021		2022	
	Gloves	TRP	Gloves	TRP
Natural Gas Consumption (MMBtu)	7,192,501.27	Disclosure begins in FY2022	5,507,808.72	35,400.05
Natural Gas Consumption Intensity	0.333 MMBtu/ 1,000 pcs gloves		0.351 MMBtu/ 1,000 pcs gloves	7.243 MMBtu/ 1,000 kg rubber compounded
<b>Total Consumption (MMBtu)</b>	<b>7,192,501.27</b>		<b>5,543,208.77</b>	

LPG	2021		2022	
	Gloves	TRP	Gloves	TRP
LPG Consumption (MMBtu)	Not tracked in 2021	Disclosure begins in FY2022	0	8,427.04
LPG Consumption Intensity			0	1.724 MMBtu/ 1,000 kg rubber compounded
<b>Total Consumption (MMBtu)</b>			<b>8,427.04</b>	

Diesel	2021		2022	
	Gloves	TRP	Gloves	TRP
Diesel Consumption (litre)	Not tracked in 2021	Disclosure begins in FY2022	159,591.24	44,127.96
Diesel Consumption Intensity			0.010 litre/ 1,000 pcs gloves	9.028 litre/ 1,000 kg rubber compounded
<b>Total Consumption (litre)</b>			<b>203,719.20</b>	

## Appendices (Cont'd)

## Renewable and Non-Renewable Energy Consumption (cont'd)

Gasoline	2021		2022	
	Gloves	TRP	Gloves	TRP
Gasoline Consumption (litre)	Not tracked in 2021	Disclosure begins in FY2022	29,673.66	23,013.58
Gasoline Consumption Intensity			0.002 litre/ 1,000 pcs gloves	4.708 litre/ 1,000 kg rubber compounded
<b>Total Consumption (litre)</b>			<b>52,687.24</b>	

## Raw Water Consumption

Water Consumption	2021		2022	
	Gloves	TRP	Gloves	TRP
Water Consumption (m <sup>3</sup> )	3,296,986.47	Disclosure begins in FY2022	3,273,230.25	134,371.28
Water Consumption Intensity	0.153 m <sup>3</sup> / 1,000 pcs gloves		0.208 m <sup>3</sup> / 1,000 pcs gloves	27.49 m <sup>3</sup> / 1,000 kg rubber compounded
<b>Total Consumption (m<sup>3</sup>)</b>	<b>3,296,986.47</b>		<b>3,407,601.53</b>	

## Note:

- Water consumption includes consumption from factories & hostels.
- Water consumption intensity in Gloves Division has increased due to lower output demand.

## Water Withdrawal

Water Withdrawal	2021		2022	
	Gloves	TRP	Gloves	TRP
Municipal Portable Water (m <sup>3</sup> )	6,917,521.00	Disclosure begins in FY2022	6,389,017.00	134,371.28
Reclaimed Water (m <sup>3</sup> )	710,266.72		1,139,000.71	0
<b>Water Withdrawal Intensity</b>	0.353 m <sup>3</sup> / 1,000 pcs gloves		0.479 m <sup>3</sup> / 1,000 pcs gloves	27.49 m <sup>3</sup> / 1,000 kg rubber compounded
<b>Total Withdrawal (m<sup>3</sup>)</b>	<b>7,627,787.72</b>		<b>7,662,388.99</b>	

## Note:

- Water consumption includes consumption from factories & hostels.
- Water withdrawal intensity in Gloves division has increased due to lower output demand.

## Appendices (Cont'd)

### Water Discharge

Water Discharge	2021	2022
	Gloves	Gloves
Total discharged (m <sup>3</sup> )	5,041,067.97	4,254,787.46
<b>By destination</b>		
Surface water (m <sup>3</sup> )	5,041,067.97	4,254,787.46
Subsurface / well (m <sup>3</sup> )	0	0
Beneficial / other use (m <sup>3</sup> )	0	0
Ocean (m <sup>3</sup> )	0	0
Off-site water treatment (m <sup>3</sup> )	0	0
Total treated water discharge (m <sup>3</sup> )	5,041,067.97	4,254,787.46
<b>By level of treatment</b>		
Discharge to a third party without treatment (m <sup>3</sup> )	0	0
Discharge to the natural environment without treatment (m <sup>3</sup> )	0	0
Primary Treatment only (m <sup>3</sup> )	0	0
Secondary Treatment (m <sup>3</sup> )	4,654,634.61	3,658,074.96
Tertiary Treatment (m <sup>3</sup> )	386,433.36	596,712.50
Total treated water discharge (m <sup>3</sup> )	5,041,067.97	4,254,787.46
Total treated water discharge Intensity	0.233 m <sup>3</sup> / 1,000 pcs gloves	0.271 m <sup>3</sup> / 1,000 pcs gloves

**Note:**

- Water discharged has reduced by approximate 15.6% however treated water discharged intensity has raised due to production lines operating at lower capacity.
- Meters installation at four of our older glove factories to track water discharge was only completed in July 2021 which leads to a lower water discharge volume and intensity for FY2021.
- There were no wastewater discharged by the TRP division.

### SOCIAL

#### Workforce Profile

##### Total No. of Employees

	2021	2022
No. of Employees	7,818	6,758

##### Leadership Position (Manager-Level & Above) by Gender

Gender	2021	%	2022	%
Male	257	67.2	264	66.5
Female	126	32.8	133	33.5
<b>Total</b>	<b>383</b>	<b>100</b>	<b>397</b>	<b>100</b>

## Appendices (Cont'd)

## Workforce Profile (cont'd)

## Employee Breakdown by Gender

Gender	2021	%	2022	%
Male	6,297	80.5	5,345	79.1
Female	1,521	19.5	1,413	20.9

## Employee Breakdown by Age Generation

Age Group	2021	%	2022	%
Generation Z, born after 1995	2,394	30.6	2,075	30.7
Generation Y, born 1981-1995	4,452	57	3,819	56.5
Generation X, born 1961-1980	950	12.1	842	12.5
Baby Boomers, born 1945-1960	22	0.3	22	0.3

## Employee Breakdown by Ethnicity (Local only)

Ethnicity Group	2021	%	2022	%
Malay	2,516	66.6	2,257	66.1
Chinese	653	17.3	622	18.2
Indian	587	15.5	510	15.0
Other	24	0.6	25	0.7

## Employee Breakdown by Job Category

Job Category	2021	%	2022	%
Non-executive	6,764	86.5	5,726	84.7
Executive	671	8.6	635	9.4
Middle Management	345	4.4	355	5.3
Upper Management	24	0.3	25	0.4
Senior Management	4	0.1	6	0.1
Top Management	10	0.1	11	0.1

## Employee by Employment Type by Gender in Year 2022

Gender	Permanent	Contract/ Temporary
Male	2,071	3,274
Female	1,307	106
<b>Total</b>	<b>3,378</b>	<b>3,380</b>

## Appendices (Cont'd)

### Workforce Profile (cont'd)

#### Employee by Employment Contract by Nationality Group in Year 2022

Nationality Group	Permanent	Contract/ Temporary
Malaysian	3,378	36
Non-Malaysian	0	3,344
<b>Total</b>	<b>3,378</b>	<b>3,380</b>

#### Notes:

- Permanent employees are employees under permanent employment contracts for an indeterminate period.
- Temporary employees are employees under fixed term employment contracts, which end when a specific time period expires, or when a specific task that has a time estimate attached is completed. A temporary employment contract is of limited duration, and is terminated by a specific event, such as the end of a project or work phase or return of replaced employees.

### New Hires Profile

#### Total No. of Employee Hires

	2021	2022
No. of Employee Hires	1,886	1,692

#### By Age Generation

Age Group	2021		2022	
	No. of New Hires	%	No. of New Hires	%
Generation Z, born after 1995	1,127	59.7	1,104	65.2
Generation Y, born 1981-1995	679	36.0	517	30.6
Generation X, born 1961-1980	79	4.2	67	4.0
Baby Boomers, born 1945-1960	1	0.1	4	0.2

#### By Gender

Gender	2021		2022	
	No. of New Hires	%	No. of New Hires	%
Male	1,365	72	1,005	59
Female	521	28	687	41

#### By Nationality Group

Nationality Group	2021		2022	
	No. of New Hires	%	No. of New Hires	%
Malaysian	1,708	91	1,655	98
Non-Malaysian	178	9	37	2



## Appendices (Cont'd)

## Employee Attrition

## Employees Attrition Rate

	2021	2022
	Attrition rate	Attrition rate
Employees Attrition	31.2%	38.9%

## Attrition Breakdown by Job Category (by percentage)

Job Category	2021	2022
	%	%
Executive and above	9	9
Non-executive	91	91

## Attrition Breakdown by Gender (by percentage)

Gender	2021	2022
	%	%
Male	82	71
Female	18	29

## Attrition Breakdown by Age Generation (by percentage)

Age Group	2021	2022
	%	%
Generation Z, born after 1995	42.0	52.1
Generation Y, born 1981-1995	50.7	41.7
Generation X, born 1961-1980	7.0	6.2
Baby Boomers, born 1945-1960	0.3	0.0

## Attrition Breakdown by Nationality Group (by percentage)

Nationality Group	2021	2022
	%	%
Malaysian	55	73
Non-Malaysian	45	27

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