

**Enriching Experience
Through
Strategic Diversification**

SUSTAINABILITY REPORT 2023



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This Sustainability Report has been reviewed by the Company's sponsor, SAC Capital Private Limited (the "Sponsor").

This Sustainability Report has not been examined or approved by Singapore Exchange Securities Trading Limited (the "Exchange") and the Exchange assumes no responsibility for the contents of this Sustainability Report, including the correctness of any of the statements or opinions made or reports contained in this Sustainability Report.

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Company Profile



UG Healthcare Corporation Limited 优格医疗集团 (“**UG Healthcare**” or the “**Company**” and together with its subsidiaries, the “**Group**”) is an own brand manufacturer that markets and sells proprietary **UNIGLOVES®** branded products through its own established global downstream distribution network.

The Group owns and operates an extensive downstream network of distribution companies with a local presence in Europe, the United Kingdom, the USA, China, Africa, and South America, where it primarily markets and sells its proprietary **UNIGLOVES®** range of disposable examination gloves, and reusable gloves for users in the heavy industries. These disposable and reusable hand protection products are used across a diverse range of industries requiring safety and cross-infection protection and high hygiene standards, whilst catering to different applications and preferences. The Group also enriches its product portfolio with ancillary products comprising surgical, vinyl, and cleanroom gloves, and non-glove products such as face masks, and other medical disposables.

The downstream distribution division is supported and complemented by the Group's own upstream manufacturing division, manufacturing natural latex and nitrile disposable

examination gloves under its **UNIGLOVES®** brand and third-party labels in its manufacturing facilities located in Seremban, Malaysia. The Group's upstream manufacturing is certified by the British Standards Institution (“**BSI**”) for ISO 9001:2015, ISO 13485:2016, EN ISO 13485:2016+A11:2021, ISO 14971 and EN ISO 14971 for the scope of manufacture and supply of natural latex and nitrile examination gloves. The Group's proprietary brand of products conform to various international standards and requirements.

The Group has also strategically diversified into non-glove healthcare related businesses including the joint development, management and operation of active retirement homes in Malaysia.

UG Healthcare is listed on the Singapore Exchange Securities Trading Limited under stock code **8K7** since 8 December 2014.

Business Operations

Our expansion plans within the downstream distribution division and strategic diversification into non-glove healthcare related businesses such as the active retirement homes project, are aimed at creating a natural moderation against volatility during uncertain times and safeguarding the interests of our prioritised stakeholders – customers, employees, business partners, and shareholders.

UG Healthcare is motivated to deliver excellence consistently through our integrated OBM business to support our customers, who placed their trust and loyalty in our proprietary **UNIGLOVES®** branded products, particularly our hand protection solutions.

Our integrated OBM business model, comprising upstream manufacturing and downstream distribution for our proprietary **UNIGLOVES®** branded products, enables us to be in better control of the quality and reliability of our products that are being used by our end users who require cross infection protection and high hygiene standards. We remain committed to address the evolving requirements of our end users across diverse industries and develop suitable hand protection solutions, healthcare related products, and ancillary products for their applications in their professions, thereby keeping them safe.

The strong brand preference by end users raises our proprietary **UNIGLOVES®** brand presence beyond our core markets, allowing us to expand into new markets within Europe. Harnessing the strengths of our entrenched downstream distribution capabilities not only provide us direct market access in our core markets in both developed and developing countries, but also our market intelligence opens up possibilities beyond our specialised disposable / single-use examination glove products. These opportunities comprise (i) new sales and distribution channels, (ii) a more diversified product portfolio, and (iii) potential strategic collaborations with product manufacturers.

As we strengthen our integrated OBM business foundation, we embarked on a strategic diversification into non-glove healthcare related businesses as part of our growth strategy to balance the Group's risk profile for the long term. Our expansion plans within the downstream distribution division and strategic diversification into non-glove healthcare related businesses such as the active retirement homes project, are aimed at creating a natural moderation against volatility during uncertain times and safeguarding the interests of our prioritised stakeholders – customers, employees, business partners, and shareholders.



Business Operations



TOTAL INSTALLED PRODUCTION CAPACITY

4.6 billion

pieces of gloves per annum from FY23



UPSTREAM MANUFACTURING IS CERTIFIED BY

**British Standards
Institution ("BSI")**

for ISO 9001:2015, ISO 13485:2016, EN ISO 13485:2016+A11:2021, ISO 14971, and EN ISO 14971

OUR UPSTREAM MANUFACTURING CAPABILITIES

Whilst greater awareness of the need for hand protection for safety and hygiene purposes continues to drive demand, the rapid and aggressive capacity expansion in the region over the last few years changed the upstream manufacturing landscape. Disequilibrium in the demand and supply of disposable examination gloves resulted in intense price competition amidst rising inflationary pressures on fixed overheads, including electricity and gas tariffs, and the hike in minimum wage under the new employment act in Malaysia.

Our integrated OBM business model provides us with the option of outsourcing some of the generic products to cost-efficient manufacturers to produce in our proprietary **UNIGLOVES®** brand. This approach allows us to focus our production capacity on higher margin disposable examination glove products.

As the downward trend of ASP for both natural latex and nitrile disposable examination gloves continues, we are planning to commission our third manufacturing facility with an installed production capacity of 1.2 billion pieces of gloves per annum in the financial year ending 30 June 2024 ("**FY24**"). The relatively advanced production lines at the third manufacturing facility could potentially improve the Group's overall production efficiency, ease the pressure of escalating operating costs, and achieve better economies of scale.

Our upstream manufacturing is certified by the British Standards Institution ("**BSI**") for ISO 9001:2015, ISO 13485:2016, EN ISO 13485:2016+A11:2021, ISO 14971, and EN ISO 14971 for the scope of manufacture and supply of natural latex and nitrile disposable examination gloves. The Group is also registered with the Supplier Ethical Data Exchange, a not-for-profit membership organisation that leads work with buyers and suppliers to deliver improvements in responsible and ethical business practices in global supply chains, and our manufacturing facilities are audited under Sedex Members Ethical Trade Audit ("**SMETA**").

Business Operations

WE OWN AND OPERATE AN EXTENSIVE NETWORK OF DOWNSTREAM DISTRIBUTION COMPANIES WITH A LOCAL PRESENCE IN

- EUROPE
- THE UNITED KINGDOM
- THE USA
- CHINA
- AFRICA
- SOUTH AMERICA

UNIGLOVES® brand of disposable examination gloves are marketed and sold to more than 50 countries globally

OUR DOWNSTREAM DISTRIBUTION NETWORK

We own and operate an extensive network of downstream distribution companies with a local presence in Europe, the United Kingdom, the USA, China, Africa, and South America, where we market and sell our proprietary **UNIGLOVES®** brand of disposable examination gloves to more than 50 countries globally. Our prior investments in our distribution network and capabilities include managing our warehousing and logistics infrastructure and operating with our local marketing teams in our key strategic markets.

Our downstream distribution division primarily offers an extensive range of natural latex and nitrile disposable examination glove products comprising a variety of colours and scents, antimicrobial properties, and eco-friendly materials, to appeal to the different applications and preferences of end users across diverse industries. We continue to enrich our product portfolio with

reusable glove products for professionals in heavy industries, and ancillary products including surgical, vinyl, and cleanroom gloves, and non-glove products such as face masks and medical disposables, to maximise the evolving requirements of our diverse customer base.

We value the trust and brand loyalty that our customers have in our **UNIGLOVES®** branded products. The growing market share in all key markets in both the developed and developing countries is a strong testament to their support and confidence. Our established warehousing and logistics infrastructure enables the Group to adopt the hub and spoke model as we expand into new markets from our key strategic markets, and thereby building new customer base.

We strive to strengthen our **UNIGLOVES®** brand presence in our target markets and nurture more end users on the applications of our **UNIGLOVES®** branded quality products.

Business Operations

OWN BRAND OF PRODUCTS

The Group's mainstay - **UNIGLOVES**[®] brand of disposable examination gloves, offers an extensive product range that includes both specialised products, amongst others, a variety of coatings, scents, colours, thickness, antimicrobial properties, and eco-friendly materials for more specialised users, as well as generic products. These products are used across a diverse range of industries requiring cross-infection protection and high hygiene standards, catering to different applications and preferences.

Our proprietary branded products continues to conform to various international standards and requirements, including the ASTM International (formerly known as American Society for Testing and Materials), European standard for medical gloves ("**EN455**"), **ISO 11193** standards (International Organization for Standardization for Single-use medical examination gloves), CE and UKCA Type Examination Certificates of Latex and Nitrile Examination Gloves PPE 2016(425) Cat III, Acceptance Quality Level requirements under the Food and Drug Administration ("**USFDA**"), National Medical Products Administration ("**NMPA**"), Brazilian Health Regulatory Agency ("**ANVISA**"), National Institute of Metrology, Standardization and Industrial Quality ("**INMETRO**") and the National Agency for Food and Drug Administration and Control ("**NAFDAC**").

We constantly keep abreast of developments in technology and process improvements as well as developments in latex compounding formulations to attain certain desired properties and characteristics for the customisation of our products to meet the evolving hand protection requirements by users in diverse industries. We also collaborate with renowned research laboratories to achieve breakthroughs in products to provide better protection solutions for end users.

Although most of the manufactured products are done in-house, we believe strategic collaboration can be more efficient and beneficial to the end users. Hence, we will continue to look into broadening our proprietary branded portfolio through potential opportunities for non-glove healthcare related products and services to provide a wider range of offerings to our customers.

STRATEGIC BUSINESSES

The Group has been exploring appropriate opportunities to diversify our business into the non-glove healthcare related sector to balance our risk exposure, broaden our earnings base sustainably, and enhance stakeholders' returns in the long term.

During FY23, we embarked on our strategic diversification into non-glove healthcare businesses through (i) the development, management, and operation of active retirement homes, and healthcare and wellness business in Desaru, Johor, Malaysia, and (ii) the joint partnership between our 75%-owned Nigeria subsidiary, Uni-Medical Healthcare Limited ("**UNIGLOVES Nigeria**") and Health Focus Diagnostics GmbH to set up a medical diagnostic centre in the state of Enugu, Nigeria. The medical diagnostic centre will be set up in a ready-built and ready-to-use property owned by **UNIGLOVES Nigeria** and the business activities will be focused on laboratory diagnostics, occupational health screening and medical imaging.

These business opportunities require time and effort to bring to fruition.



Business Operations

This strong **UNIGLOVES®** brand presence opens up opportunities for the Group to expand our product portfolio to include complementary PPE such as face masks, reusable gloves, and ancillary products.

BUSINESS STRATEGY

It has always been the Group's culture to nurture businesses for sustainable growth for the long term.

We built the OBM foundation with the aim of achieving a seamless and efficient value chain for personal protective equipment ("PPE"), in particular, disposable / single-use natural latex and nitrile examination gloves. Constructing the OBM foundation through a three-pronged approach concurrently, while slow in progress, allows us to understand from end users on their preferences and applications of our hand protection solutions through our downstream distribution channels. This, in turn, drives the upstream manufacturing capabilities to produce the 'market preferred' products, which are sold through the trusted **UNIGLOVES®** brand.

We value the trust and brand loyalty that our customers have in our **UNIGLOVES®** branded products. This strong **UNIGLOVES®** brand presence opens up opportunities for the Group to expand our product portfolio to include complementary PPE such as face masks, reusable gloves, and ancillary products. Our entrenched downstream distribution network infrastructure is an essential conduit for both our proprietary and the original equipment manufacturer ("OEM") products.

The unprecedented COVID-19 pandemic led the Group to viable opportunities to embark on our strategic diversification into non-glove healthcare related businesses. These strategic businesses will require time and conscientious effort to nurture, while we continue to build on the success of the OBM glove business.



Board Statement

The Board of Directors (the “**Board**”) of UG Healthcare Corporation Limited (“**UG Healthcare**” or the “**Company**” and together with its subsidiaries, the “**Group**”) is pleased to present the annual sustainability report for the financial year ended 30 June 2023 (“**FY23**”).

With countries embracing the endemic phase of the COVID-19 and the subsequent declaration that the pandemic had come to an official end in early May 2023, there had been a reverse in demand for personal protective products, including disposable examination gloves, as opposed to when COVID-19 was declared a pandemic in early 2020.

The Group has been managing fairly well amidst lower demand for disposable examination gloves, declining average selling price (“**ASP**”) of disposable examination gloves and inflationary pressure on the fixed overheads for our operations, as well as intense competition resulting from the previously rapid and aggressive capacity expansion at the upstream manufacturing division during the pandemic. These dynamic challenges throughout the industrial value chain of personal protective disposable products are likely to undermine financial performance in the short to medium term as markets seek new equilibrium in demand and supply.

Nevertheless, we believe the Group’s ethos and conscientious efforts in conducting our business activities responsibly will continue to guide us through both the good times and the trying times. We value the trust and support of our stakeholders, particularly our customers, employees, business partners and shareholders, over the years.

As the Group strives to recalibrate with the evolving business environment to grow prudently and sustainably, we remain committed to making good progress in our economic, environmental, social, and governance (“**EESG**”) material factors. Together with the impact of climate-related risks and opportunities, these EESG material factors will be taken into consideration in the determination of the Group’s strategic direction and policies, and ensuring they are relevant and current for the business and our expansion plans.

The Board maintains oversight over the Sustainability Committee and monitors the Group’s sustainability practices with the Sustainability Committee, which is chaired by the Group’s Chief Executive Officer. We look to improving our disclosures as well as progressively updating our targets that are material to the sustainability of our business as we continue to pave the way for our growth journey.

This sustainability report highlights our key EESG performance in FY23, where our focus will be on the Group’s upstream manufacturing operations located in Seremban, Negeri Sembilan, Malaysia. As our Singapore operations is primarily involved in the corporate reporting of the listed company and acts as the sales, marketing and distribution hub for the downstream distribution operations, the performance data from our Singapore and global downstream distribution operations managed locally in the six key markets have not been included as part of this report. Nevertheless, the Group remains committed to upholding our integrity and business ethics across our businesses globally, as our downstream distribution operations are conducted in accordance with the rules and regulations of the respective countries. There were no restatements made from the previous report.

The Group continues to conform to various international standards and requirements for our **UNIGLOVES**® brand of products and our upstream manufacturing is certified by the British Standards Institution (“**BSI**”) for ISO 9001:2015, ISO 13485:2016, EN ISO 13485:2016+A11:2021, ISO 14971, and EN ISO 14971 for the scope of manufacture and supply of natural latex and nitrile examination gloves. We are also registered with the Supplier Ethical Data Exchange, a not-for-profit membership organisation that leads work with buyers and suppliers to deliver improvements in responsible and ethical business practices in global supply chains, and our manufacturing facilities are audited under Sedex Members Ethical Trade Audit (“**SMETA**”) annually. We value the trust and loyalty of our stakeholders and remain committed to assure and support them with consistent quality and reliability of our products and services to achieve sustainable growth together.

Board Statement

This sustainability report has been prepared with reference to the 2021 Global Reporting Initiative (“GRI”) Standards (“GRI Standards”) and in compliance with Rules 711A and 711B of the Singapore Exchange Securities Trading Limited (“SGX-ST”) Listing Manual Section B: Rules of Catalist (the “Catalist Rules”). We have chosen the GRI framework as it is a well-known and globally recognised sustainability reporting standard.

As the Group does not fall under any of the priority Task Force on Climate-related Financial Disclosures (“TCFD”) industries identified for mandatory disclosures, we will work on progressively reporting climate-related disclosures consistent with TCFD recommendations.

While external assurance has not been sought for the sustainability report, an internal review of our sustainability reporting processes was conducted in accordance with the International Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors by our internal auditor, on a cycle basis, as part of the internal audit plan.

We welcome stakeholders to provide us with feedback and suggestions on this report. You may contact us through our investor relations email at ir@ughcc.com.

YIP WAH PUNG

Non-Executive Chairman and Independent Director

LEE KECK KEONG

Chief Executive Officer and Executive Director

Sustainability Governance

At UG Healthcare, our sustainability focus is to make a positive difference and progress together with our prioritised stakeholders – customers, employees, business partners, and the communities where we operate. We believe our sustainability approach that embraces the EESG aspects including labour practices and societal responsibilities is a holistic approach of inclusivity, which forms the cornerstone of our organisation culture.

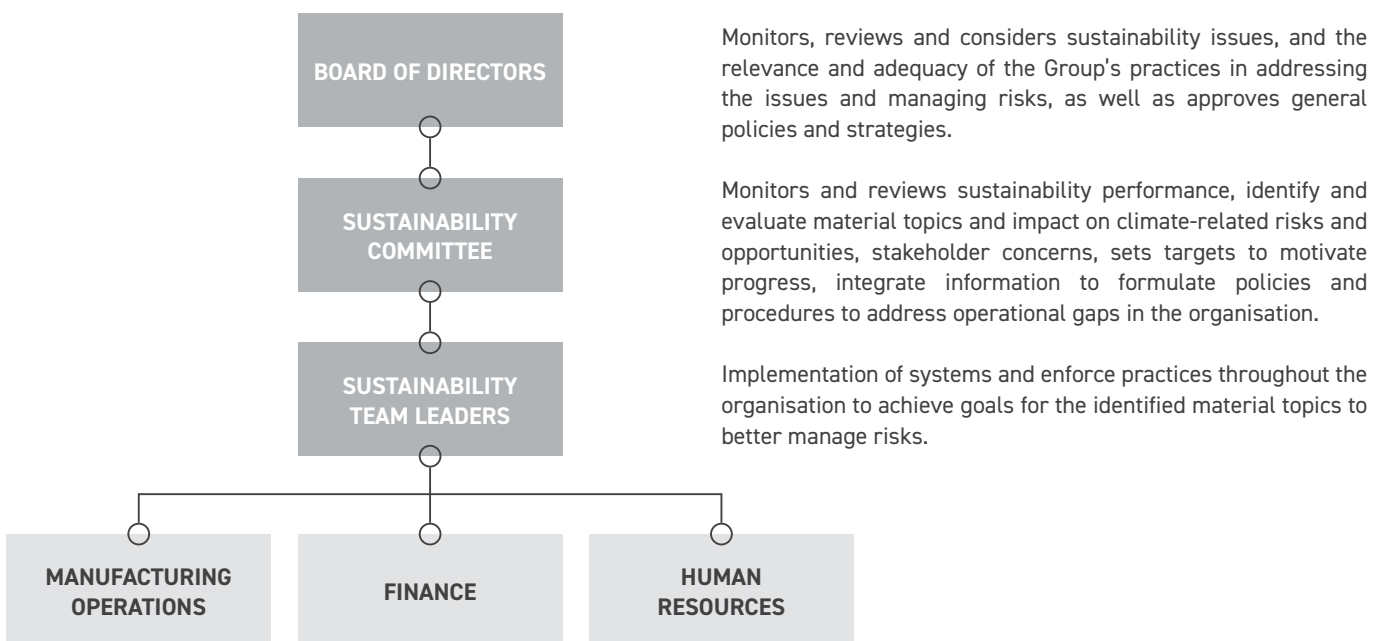
The Board and management through this sustainability approach cultivates sustainable values throughout the organisation and pass them on to our external stakeholders. We believe that managing the EESG impacts from within will manage the risks and opportunities present in our business, and correspondingly, generate stable and sustainable value for our stakeholders.

The Group has in place a Sustainability Committee (“SC”) comprising key management executives who oversee the various departments in the organisation and is overseen by the Chief Executive Officer of the Group, who in turn, reports to the Board for advice and guidance. Sustainability concerns with respect to the risks and opportunities of the Group will be brought to attention of the SC. The SC will then conduct an assessment on the sustainability concerns before raising its findings to the Board. The Board maintains efficient oversight over the SC by reviewing and considering the relevance and adequate practices in place to address potential sustainability issues. The Board will also incorporate these findings when formulating strategies and policies to better manage the potential sustainability risks and opportunities that may be encountered by the Group. This process helps to ensure all EESG and climate-related matters significant to the business are considered and adequately addressed.

The Board will review and deliberate on the sustainability issues, while the SC has the responsibility to ensure that the EESG factors and climate-related matters are monitored on an ongoing basis and appropriately managed. The SC is responsible for reviewing the Group’s sustainability performance and material topics, analysing climate-related risks and opportunities, addressing stakeholder concerns, setting of targets and goals for material factors, and establishing systems to collect, verify, monitor, and report information required for sustainability reporting. The SC meets at least once a year to discuss, propose, coordinate, and promote the Group’s sustainability practices.

In FY23, we have formalised the Sustainability Reporting Policy to reinforce our commitment to address sustainability of our Group, and this policy serves as a reference on the conduct of our sustainability reporting. The Board has also kept themselves abreast of rising concerns about sustainability and climate-related topics through continuous training and education.

The Group’s sustainability governance structure is set out as follows:



We believe that managing the EESG impacts from within will manage the risks and opportunities present in our business, and correspondingly, generate sustainable value for our stakeholders.

Stakeholder Engagement

At UG Healthcare, we believe that sustainable operations require regular communication of both internal and external stakeholders. The Group remains committed to engaging with our stakeholders through efficient communication and strengthening mutually beneficial relationships to grow sustainably together.

Sustainability reporting provides us with a valuable opportunity to engage our stakeholders and respond to issues that matter most to them and to our business, while at the same time, enhances the Group's assessment in risk management, strategy development, and stakeholder engagement activities as we work to further focus and prioritise our sustainability and corporate social responsibility initiatives. We are committed to understand the concerns of our key stakeholders and seek to address them adequately, and align our key stakeholders to participate with the Group's sustainable and steadfast growth journey.

In FY23, we continued to engage our key stakeholders through multiple established channels to evaluate the relevance of the material topics that are of significance to our business and our stakeholders.

Our engagements with our key stakeholders are summarised below:

STAKEHOLDERS	AREAS OF CONCERN	OUR ENGAGEMENT APPROACH	OUR ACTIONS
INTERNAL			
Board of Directors	<ul style="list-style-type: none"> Effectiveness and relevance of internal policies and systems Regulatory compliance 	<ul style="list-style-type: none"> Board meetings Regular updates via electronic communications (emails, phone calls, virtual meetings) 	<ul style="list-style-type: none"> Regular updates on corporate activities, developments, and financial performance Seek advice and approvals from the Board on all material proposed developments
Employees	<ul style="list-style-type: none"> Career growth Training opportunities Competitive salaries and incentives Pleasant and safe working environment 	<ul style="list-style-type: none"> Regular internal communications through staff meetings and electronic communications (emails, phone calls, internal notices, virtual meetings) Training and development programmes Performance appraisal Employee feedback/survey 	<ul style="list-style-type: none"> Ensure effective implementation of human resources policies, internal systems and procedures Regular internal meetings to review safety and healthy work environment Sponsor employees to attend courses and conferences Annual review on performance

Stakeholder Engagement

STAKEHOLDERS	AREAS OF CONCERN	OUR ENGAGEMENT APPROACH	OUR ACTIONS
EXTERNAL			
Government & Regulators	<ul style="list-style-type: none"> Regulatory compliance Occupational health & safety Environmental compliance Socioeconomic issues Corporate governance 	<ul style="list-style-type: none"> Meetings Electronic communications Through external professionals and agencies Announcements on SGXNet 	<ul style="list-style-type: none"> Ensure compliance with applicable laws and regulations Regular communication with external professionals and agencies Correspondence with relevant authorities as and when necessary Consistent update on relevant laws and regulations through seminars and training
Customers / Distributors	<ul style="list-style-type: none"> Quality control Reliability, on-time delivery, and after sales services Technical support Reasonable payment terms Competitive pricing Long-term working relationship 	<ul style="list-style-type: none"> Regular customer feedback management (survey, face-to-face meetings) Regular follow-up and support services (calls, face-to-face meetings) Trade fair (trade show, exhibition) Electronic communications (emails, phone calls, virtual meetings) 	<ul style="list-style-type: none"> ISO 9001, ISO 13485, and ISO 14971 certifications to assure consistent quality standards in products and services SMETA audit to assure products are produced ethically Active follow-up on customers' needs and product applications Regular internal meetings to review customers' fulfilment and evolving requirements Update customers on new products Provide timely responses to customers Ensure all relevant requirements and compliance with standards are met for all products manufactured and sold Perform periodic evaluation
Suppliers / Business Partners	<ul style="list-style-type: none"> Timely payment and adherence to agreed terms Long-term working relationship 	<ul style="list-style-type: none"> Regular interactions and updates with suppliers Electronic communications (emails, phone calls, virtual meetings) 	<ul style="list-style-type: none"> Regular review and feedback on the quality and evolving requirements Ensure compliance with standards, relevant laws and regulations, as well as good corporate practices Perform periodic evaluation
Shareholders & Investment Community	<ul style="list-style-type: none"> Better financial returns Business sustainability and profitability Industry conditions and prospect Market presence Transparency and good governance 	<ul style="list-style-type: none"> Announcements on SGXNet Shareholders' general meetings Analysts' meetings (face-to-face meetings, emails, virtual meetings, conference calls) Electronic communications (emails, virtual meetings) Annual report Company website 	<ul style="list-style-type: none"> Ensure all public disclosures on corporate results and material developments are disclosed accurately and timely via official announcements as and when required Half-yearly meetings with analysts and investment community to update on corporate developments Ensure sustainable business growth

Materiality Assessment

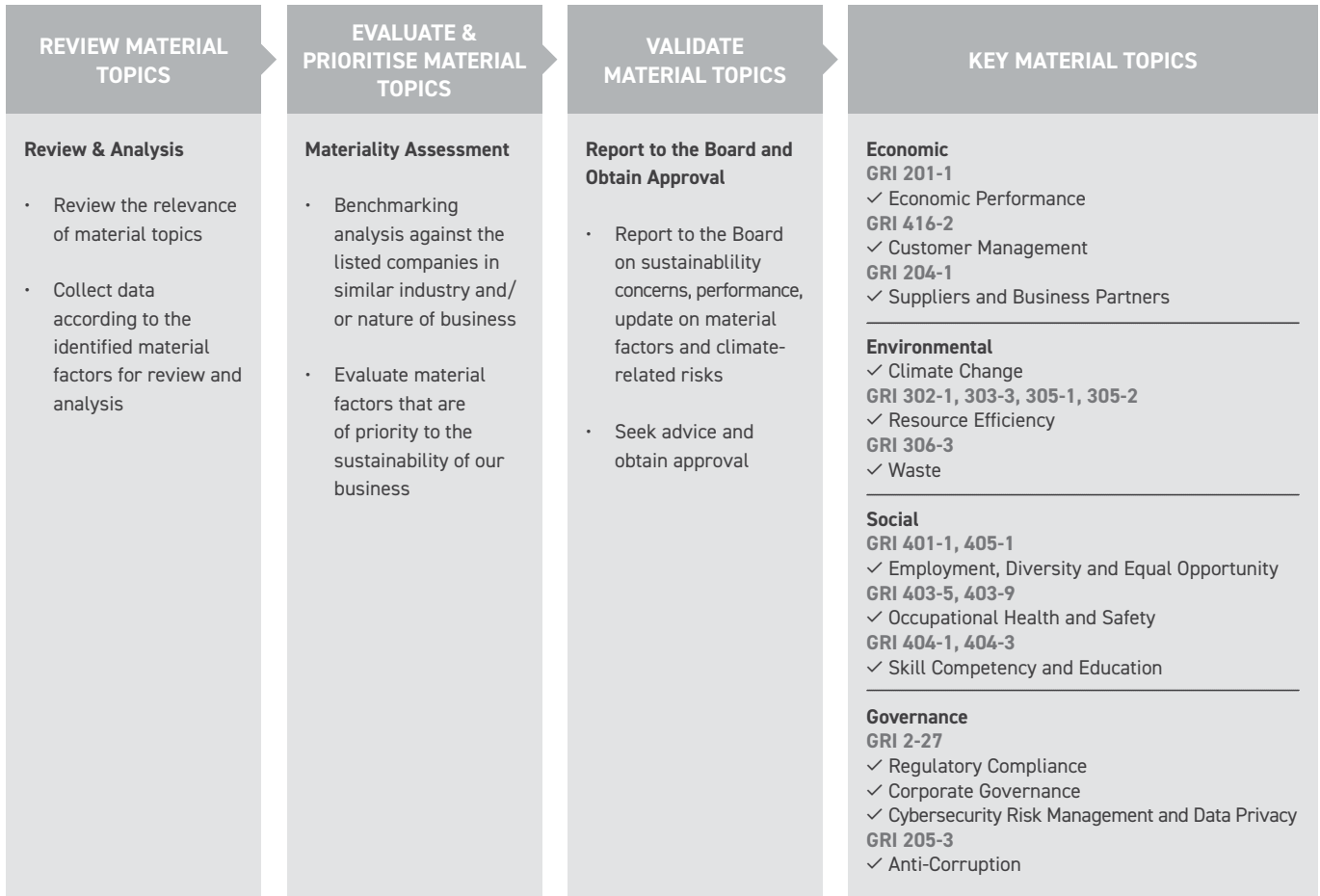
The Group carried out an internal review on the relevance of the material topics for FY23. We explored the criteria of material analysis based on industry standards, and reviewed peer benchmarking based on companies with similar operations and management awareness. The selection of the material topics and its level of importance were based on discussion with both internal and external stakeholders, as well as the sustainability team leaders and their influence on stakeholders and impact on our business risks and opportunities in FY23. These material topics were also presented to the Board for review and approval before their inclusion in this sustainability report.

Whilst the Group continues to overcome challenges from the impact of the post-pandemic, we expanded coverage on the material topics to include training and education of our employees at our upstream manufacturing operations. Data has been collected according to our material topics to facilitate analysis of our performance to set targets for the respective material topics for the financial year ending 30 June 2024 (“FY24”).

The chart below summarises our materiality assessment process and the relevant GRI Standards which we have referenced in this sustainability report. We will continue to improve our interactions with our stakeholder groups related to the material topics identified as economies recover from post-pandemic as well as the impact of climate-related risks and opportunities on our business.

The GRI Standards that have been referenced in this sustainability report include GRI 2 General Disclosures 2021, GRI 3 Material Topics 2021, GRI 201 Economic Performance 2016, GRI 204 Procurement Practices 2016, GRI 416 Customer Health and Safety 2016, GRI 302 Energy 2016, GRI 303 Water and Effluents 2018, GRI 305 Emissions 2016, GRI 306 Waste 2020, GRI 401 Employment 2016, GRI 403 Occupational Health and Safety 2018, GRI 404 Training and Education 2016, GRI 405 Diversity and Equal Opportunity 2016, and GRI 205 Anti-Corruption 2016.

The sustainability reporting process and specific disclosures for each GRI Standard reported under the various material topics are set out in the chart below.



Material Topics

MATERIAL TOPIC: ECONOMIC

Economic Performance

GRI 201-1

Over the last few years, the rapid and aggressive capacity expansion in the Asia-Pacific region tilted the equilibrium of global demand and supply, and led intense competition throughout the industrial value chain. This, coupled with inflationary pressure on fixed overheads including higher electricity and gas tariffs, and minimum wage under the new employment act in Malaysia during FY23, aggravated the financial performance of the Group.

The prolonged disequilibrium in global demand and supply undermined the average selling price ("ASP") of disposable examination gloves. While the Group's own brand manufacturing ("OBM") business model moderated the impact, the higher overheads at our upstream manufacturing division and the write-down of inventory value led to the steep decline in gross profit, and correspondingly, the gross profit margin. Despite stringent cost rationalisation efforts, the Group recorded a net loss attributable to shareholders of S\$20.7 million in FY23, a reversal from a net profit attributable to shareholders of S\$36.8 million in FY22.

Please refer to the following sections in the annual report for more details on our operations and financial information:

- Business Operations on page 2 to 6
- Financial Highlights on page 10
- Performance Review on page 11 to 13
- Financial Statements on page 78 to 143

Notwithstanding the challenges, we will commission our third manufacturing facility with an installed production capacity of 1.2 billion pieces of gloves per annum in the financial year ending 30 June 2024, targeted at improving efficiency and economies of scale at our upstream manufacturing division. While we are mindful of the global economic slowdown, we are committed to nurture our Group towards a new level of sustainable growth in the long term. These strategic initiatives include (i) product portfolio and business development teams to maximise the growth potential of its entrenched downstream global distribution network, and (ii) strategic diversification into non-glove healthcare related businesses including the joint development, management, and operation of active retirement homes in Johor, Malaysia. We believe these strategic efforts will enhance our risk profile, as well as cultivate growth sustainably to our operations and financial performance.

The table below provides an analysis of our economic value distributed to various stakeholders, and the economic value retained.

FINANCIAL YEAR ENDED 30 JUNE (S\$'000)

	FY23	FY22
Economic value generated	101,133	232,598
Economic value distributed		
Operating costs	(110,991)	(157,391)
Employee wages and benefits	(20,845)	(26,467)
Payments to providers of capital	(4,860)	(1,949)
Payments to government by country (taxes)	(4,230)	(22,597)
Economic value (distributed)/retained	(39,793)	24,194

Notes:

- Operating costs include cost of sales, marketing and distribution expenses, administrative expenses, other expenses and exclude employee wages and benefits.
- Employee wages and benefits include Directors' remuneration and employee salaries.
- Payments to providers of capital denotes interest paid to banks and dividends paid to shareholders.
- Payments to government by country (taxes) denotes to income taxes paid.

Performance in FY23

- Did not maintain financial performance compared to pre-COVID levels due to lower volume produced and sold amid lower ASP, higher overheads at upstream manufacturing division, and write-down of inventory value in FY23.
- The commissioning of production capacity of 1.2 billion pieces of gloves per annum at the third manufacturing facility was delayed due to slower consumption by customers.
- Recorded no incident of non-compliance with management controls and procedures.

Targets for FY24

- To achieve profitability through better economies of scale with higher production efficiency with the commissioning of the third manufacturing facility in FY24.
- To maximise OBM growth potential through expansion of product portfolio and market presence from key markets of the downstream distribution division.
- To nurture the new identified businesses in the non-glove healthcare related sector.
- Continue to maintain no incident of non-compliance with management controls and procedures.

Material Topics

Customer Management

GRI 416-2

It has always in our Group's culture to nurture long term business relationships with our customers. Our integrated OBM business allows the Group to manage our supply chain efficiently and seamlessly, ensuring our customers on the quality and reliability of our **UNIGLOVES®** branded products.

We value the trust and brand loyalty of our customers in our **UNIGLOVES®** branded products, and we remain committed to uphold our best practices and standards to address the evolving requirements of our end users across diverse industries and develop suitable hand protection solutions (both disposable and reusable gloves), healthcare related products, and ancillary products for their applications in their professions, thereby keeping them safe.

The direct interaction with our customers through our downstream distribution operations provides the Group the competitive advantage to understanding and responding to their requirements with the support of our upstream manufacturing operations.

Our upstream manufacturing is certified by the British Standards Institution ("**BSI**") for ISO 9001:2015, ISO 13485:2016, EN ISO 13485:2016+A11:2021, ISO 14971, and EN ISO 14971 for the scope of manufacture and supply of natural latex and nitrile examination gloves. The Group is also registered with the Supplier Ethical Data Exchange, a not-for-profit membership organisation that leads work with buyers and suppliers to deliver improvements in responsible and ethical business practices in global supply chains. Our manufacturing facilities are audited under the 4-pillar SMETA which covers (i) Labour Standards, (ii) Health & Safety, (iii) Environment and (iv) Business Ethics.

Our proprietary brand of products continues to conform to various international standards and requirements. Please refer to the Business Operations section found on page 2 to 6 for more details on the accreditations of our products.

The Group has recorded no incident of non-compliance with the relevant laws and regulations on customers' health and safety in FY23.

Performance in FY23

- Achieved target set in FY23.
- Our manufacturing facilities and products continue to comply with all international safety and quality standards.
- Strong brand presence and market position in key markets of Europe, Brazil, Nigeria and China.
- Recorded no incident of non-compliance with relevant laws and regulations on health and safety impacts of products and services.

Targets for FY24

- Continue to ensure that our upstream manufacturing facilities maintain international standards of production and products produced are of high safety and quality standards.
- Continue to cultivate demand for proprietary **UNIGLOVES®** branded products through new markets and product portfolio expansions with the strong brand presence and position.
- Continue to maintain no incident of non-compliance with the relevant laws and regulations on health and safety impacts of products and services.

Material Topics

Suppliers and Business Partners

GRI 204-1

The Group remains committed to maintaining mutually beneficial partnerships with the local suppliers for our upstream manufacturing operations, whenever possible.

We believe sourcing raw materials from local suppliers not only supports the local economy and sustainability of their businesses, but also enhances cost efficiency and ensures consistent supply of raw materials for our manufacturing operations.

We are mindful that the sustainability of our suppliers and business partners contributes to the sustainability of our Group's business. Hence, we value the trust and strong business relationships built with our suppliers and business partners to grow sustainably together.

Of the total raw materials purchased in FY23, we continued to purchase 100.0% of packaging materials and increased our purchase of chemicals from 99.0% in FY22 to 99.8% in FY23, from local suppliers for our manufacturing operations. Our purchases of natural latex and nitrile decreased from 3.0% and 23.0% in FY22 to 1.3% and 19.8% in FY23, respectively due to lower sales demand.

In FY23, our manufacturing operations did not encounter any disruption in the supply of raw materials as we continued to be well supported by our long-term suppliers.

Performance in FY23

- Achieved target set for FY23 except for the marginal decrease in natural latex and nitrile raw materials.
- Purchased 100% of packaging materials and 99.8% of chemicals from local suppliers.
- No disruption on raw materials supply with the easing of the pandemic measures.

Targets for FY24

- To maintain similar percentage of purchases locally as FY23.
- To maintain strong business relationships with our suppliers.

MATERIAL TOPIC: ENVIRONMENTAL

Climate Change

The Group is aware that climate change poses risks to our business and industry, as well as broader society. As part of our commitment to operate ethically and sustainably, we are dedicated to understanding climate-related risks and opportunities, and embedding responses to these into our business strategy and operations.

We recognise that the aim of the Task Force on Climate-related Financial Disclosures ("TCFD") is to improve transparency of organisations' climate-related risks and opportunities so that investors can make informed decisions on where to deploy their capital.

We have started gradually adopting the recommendations of the TCFD, as well as begun reporting our Scope 1 and Scope 2 greenhouse gas emissions to understand and monitor our baseline emissions in order to set realistic targets. We endeavour to share our progress towards meeting all the recommendations of the TCFD in our subsequent sustainability reports.

As the Group does not fall under any of the priority TCFD industries identified for mandatory disclosures, we will work on progressively reporting climate-related disclosures consistent with TCFD recommendations.

Material Topics

Resource Efficiency

GRI 302-1, 303-3, 305-1, 305-2

The energy consumption at our upstream manufacturing facilities comprises electricity and natural gas. Natural gas usage is purely for production lines to support functions such as drying processes, heating chemicals and water for gloves manufacturing purpose, while electricity is used for lighting, cooling, and operation of equipment. Water consumed is primarily for production lines in the manufacturing facilities.

We postponed the commissioning of our third manufacturing facility with an installed production capacity of 1.2 billion pieces of gloves per annum from FY23 to FY24 amidst the disequilibrium of global demand and supply of disposable examination gloves. Nevertheless, we continued to monitor and measure our environmental footprint from our energy and water consumption for FY23.

Our total energy consumed for the Group's two existing manufacturing facilities decreased by 19.7% from 1,203,924 gigajoules ("GJ") in FY22 to 966,271 GJ in FY23. Electricity usage decreased 13.8% from 78,082 GJ in FY22 to 67,333 GJ in FY23. Similarly, natural gas usage decreased by 20.2% from 1,125,842 GJ in FY22 to 898,938 GJ in FY23. The decrease in total energy consumed, however, raised the average of consumption of electricity per 1,000 pieces of gloves from 8.11 kilowatt hour ("kWh") in FY22 to 9.09 kWh in FY23, and the consumption of natural gas per 1,000 pieces of gloves from 0.40 Metric Million British Thermal Unit ("MMBtu") in FY22 to 0.41 MMBtu in FY23 due to lower productivity.

The Group's overall greenhouse gas ("GHG") emissions reduced by 19.0% from 78,007 tonnes CO₂e ("tCO₂e") in FY22 to 63,214 tCO₂e in FY23.

Water consumed is provided by the local municipal water supply. The total volume of water consumed at the Group's upstream manufacturing facilities decreased by 20.6% from 1,804.8 megaliters ("ML") in FY22 to 1,432.2 ML in FY23. However, the water consumed for the average per 1,000 pieces of gloves produced increased by 4.5% from 0.67 litre in FY22 to 0.70 litre in FY23 due to lower productivity.

Whilst this is the second year of data collection and reporting, we shall continue to monitor our performance following the commissioning of our third manufacturing facility and as the upstream manufacturing situation normalises. We believe a better understanding of our baseline at normal operations situation would facilitate us in setting realistic targets.

Performance in FY23

- Recorded a decrease of 19.7% in total energy consumption from 1,203,924 GJ in FY22 to 966,271 GJ in FY23.
- Recorded a decrease of 13.8% in electricity usage and 20.2% in natural gas usage from 78,082 GJ of electricity and 1,125,842 GJ of natural gas in FY22 to 67,333 GJ of electricity and 898,938 GJ of natural gas in FY23.
- Overall GHG emissions decreased by 19.0% from 78,007 tCO₂e in FY22 to 63,214 tCO₂e in FY23.
- Total volume of water consumed reduced by 20.6% from 1,804.8 ML in FY22 to 1,432.2 ML in FY23.
- Due to lower productivity, average consumption of electricity, natural gas and water per 1,000 pieces of gloves produced increased from 8.11 kWh in FY22 to 9.09 kWh in FY23, and from 0.40 MMBtu in FY22 to 0.41 MMBtu in FY23, and 0.67 litre in FY22 to 0.70 litre in FY23, respectively.

Targets for FY24

- To monitor our overall performance when our third manufacturing facility commissioned progressively in FY24.
- To raise production efficiency and productivity in order to reduce average consumption of energy per 1,000 pieces of gloves produced.

Material Topics

Energy consumed from non-renewable sources

GRI 302-1

ENERGY SOURCES / CONSUMPTION (IN GJ)	FY23	FY22	VARIANCE
Electricity	67,333	78,082	- 13.8%
Natural gas	898,938	1,125,842	- 20.2%
Total energy consumed	966,271	1,203,924	- 19.7%

Direct (Scope 1) and Energy Indirect (Scope 2) GHG Emissions

GRI 305-1, GRI 305-2

GHG EMISSIONS (IN tCO₂e)	FY23	FY22	VARIANCE
Scope 1	50,683	63,475	- 20.2%
Scope 2	12,531	14,532	- 13.8%
Total GHG Emissions	63,214	78,007	- 19.0%

Water consumed from third-party (local municipal water supply)

GRI 303-3

CONSUMPTION (IN ML)	FY23	FY22	VARIANCE
Total consumption	1,432.2	1,804.8	- 20.6%

Average consumption of energy and water per 1,000 pieces of gloves produced

AVERAGE CONSUMPTION	UNIT	FY23	FY22	VARIANCE
Electricity	kWh	9.09	8.11	+ 12.1%
Natural gas	MMBtu	0.41	0.40	+ 2.5%
Water	litre	0.70	0.67	+ 4.5%

Material Topics

Waste

GRI 306-2

The Group is committed to the preservation and protection of the environment and has met all applicable environmental requirements and standards. We have industrial effluent treatment plants within our manufacturing facilities to treat effluent before discharging the wastewater into the environment. Our treatment plants are in compliant with the Department of Environment in Malaysia.

We have also continued to monitor and measure our waste materials from our manufacturing facilities where most of the waste materials that we manage arise from the manufacturing of natural latex and nitrile examination disposable gloves.

Our manufacturing facilities discharged 1,252,626m³ of wastewater in FY23, a 17.7% decrease from 1,522,842m³ in FY22. Notwithstanding the lower production volume, average wastewater discharge per 1,000 pieces of gloves increased from 0.57m³ in FY22 to 0.61m³ in FY23 as the amount of water required for the production process remains the same.

The scheduled waste comprising latex lump, rubber sludge, laboratory waste, used oil, rags and ink, and empty containers, will be sent to designated premises for recovery and disposal by an approved licensed collector. However, the latex lump and rubber sludge will have to undergo a drying and compressing process done in-house before they can be collected. In FY23, the scheduled disposable waste recorded was 1,341 metric tons ("MT"), an increase from 1,165 MT in FY22. The increase was mainly due to inefficient drying and compressing of rubber sludge by the existing sludge dryers, which led to relatively heavier amount of scheduled waste in FY23. Due to lower productivity, scheduled waste per 1,000 pieces of gloves increased by 50.0% from 0.44 kilograms ("kg") in FY22 to 0.66 kg in FY23.

We are looking to purchase a more efficient sludge dryer to compress rubber sludge waste to reduce the total weight of scheduled waste. Nevertheless, we shall continue to monitor our performance when we commissioned our third manufacturing facility in FY24. We believe a better understanding of our baseline at normal operations situation would facilitate us in setting targets.

Waste Generated

AVERAGE WASTE GENERATED	FY23	FY22	VARIANCE
Wastewater discharged	1,252,626m ³	1,522,842m ³	- 17.7%
Per 1,000 pieces of gloves	0.61m ³	0.57m ³	+7.0%
Scheduled waste	1,341 MT	1,165 MT	+ 15.1%
Per 1,000 pieces of gloves	0.66 kg	0.44 kg	+ 49.0%

Performance in FY23

- Recorded a 17.7% decrease in wastewater discharge from 1,522,842m³ in FY22 to 1,252,626m³ in FY23.
- Recorded a 15.1% increase in scheduled waste from 1,165 MT in FY22 to 1,341 MT in FY23, due to inefficient drying and compressing of rubber sludge dryers.
- Due to lower productivity, average waste generated per 1,000 pieces of gloves increased with wastewater discharged increased from 0.57m³ in FY22 to 0.61m³ in FY23 and scheduled waste increased from 0.44 kg in FY22 to 0.66 kg in FY23.

Targets for FY24

- To monitor on our overall performance when the third manufacturing facility is commissioned progressively in FY24.
- Looking to purchase a more efficient sludge dryer to compress rubber sludge waste to reduce the total weight of scheduled waste.

Material Topics

MATERIAL TOPIC: SOCIAL

Employment, Diversity and Equal Opportunity

GRI 401-1, 405-1

At UG Healthcare, we are committed to fair employment practices and maintaining a working environment where our employees are respected and empowered to perform at their best. We believe the continual growth of our business and maintaining success over the long term is integrated with the health, career growth, and well-being of our employees.

We value our employees as fellow colleagues with an aligned vision of doing well together in our roles and responsibilities. At UG Healthcare, we prohibit any form of forced labour, human trafficking, and modern slavery in our Group. The Group does not discriminate our employees or new hires based on race, age, gender, religion, marital status, ethnicity, physical impairments, sexual preference, political viewpoints, or nationality. Recruitment, remuneration, promotion, and benefits are required to be handled based on objective assessment of merit, equal opportunity, and non-discrimination.

Whilst the Group has in place our staff handbook and human resources manual that adhere to the legislation and guidelines in the country of operations, we also conduct engagement sessions twice weekly, particularly for our foreign employees, through our HR Helpdesk programme to assist them when any issues arise.

We placed emphasis on communicating and educating our foreign employees regularly to help them settle down, and encouraged appointment of employee representatives via nomination and election process to ensure welfare of all nationalities are taken care of. Various communication channels are also put in place for our employees to raise their issues and grievances to the management. These include suggestion boxes that are located at various points in the premises, online submission through the Employee Self Service (“ESS”) system or direct contact with any human resources personnel either in person or via phone calls.

The construction of the centralised workers’ accommodation with communal recreational amenities are still ongoing in FY23. We are committed to improving the living conditions and work-life balance of our foreign employees, who are currently staying in various rented hostels.

We maintained approximately 99.1% of our staff strength as full-time employees in FY23, similar to FY22. All our employees are paid fair wages and our employees are given the option to decide if they wish to work overtime in accordance with the local employment law in Malaysia.

Amidst the challenging outlook of the disposable glove industry, our lower productivity resulted in lesser workforce needed. Employee turnover was mainly due to natural attrition and recruitment was as and when requirements arise. Our headcount decreased by 2.0% from 1,076 employees in FY22 to 1,054 employees in FY23, and our hiring rate declined from 33.2% in FY22 to 16.2% in FY23.

Performance in FY23

- Achieved target of no incident of non-compliance with the relevant laws and regulations related to fair employment practices which is in line with the target set for FY23.
- Maintained approximately 97% of our workforce to be below 50 years old of age.
- Did not achieve improvement in diversity in gender of our workforce with 85.0% males in FY23, an increase from 83.8% in FY22.
- Continued hiring new employees at a slower rate at 16.2% in FY23, down from 33.2% in FY22.
- Completed 4-pillar SMETA audit on Labour Standards, Health & Safety, Environment and Business Ethics.

Targets for FY24

- Continue to maintain no incident of non-compliance with the relevant laws and regulations in fair employment practices.
- Continue to monitor and review the recruitment procedure and systems to ensure fair and non-discrimination in hiring.
- Continue to conduct annual SMETA audits against 4-pillars.
- Continue to improve the diversity of our workforce in terms of gender diversity.
- Construction of the centralised workers accommodation is ongoing.

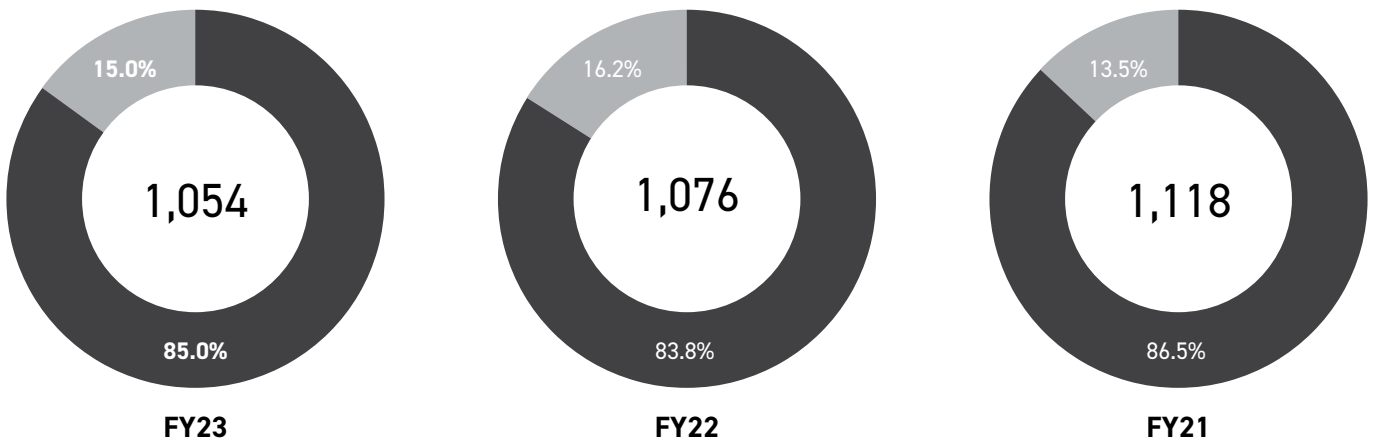
Material Topics

Due to the nature of the job, the diversity by gender industry-wide is male dominated. In FY23, approximately 85.0% of our employees comprises of males and 15.0% are females, compared to 83.8% males and 16.2% females in FY22. Nevertheless, we continue to maintain a relatively young workforce with approximately 97.1% of our total employees are below the age group of 50 years old in FY23.

In FY23, we conducted the annual 4-pillar SMETA audit that covers Labour Standards, Health & Safety, Environment, and Business Ethics for our upstream manufacturing operations.

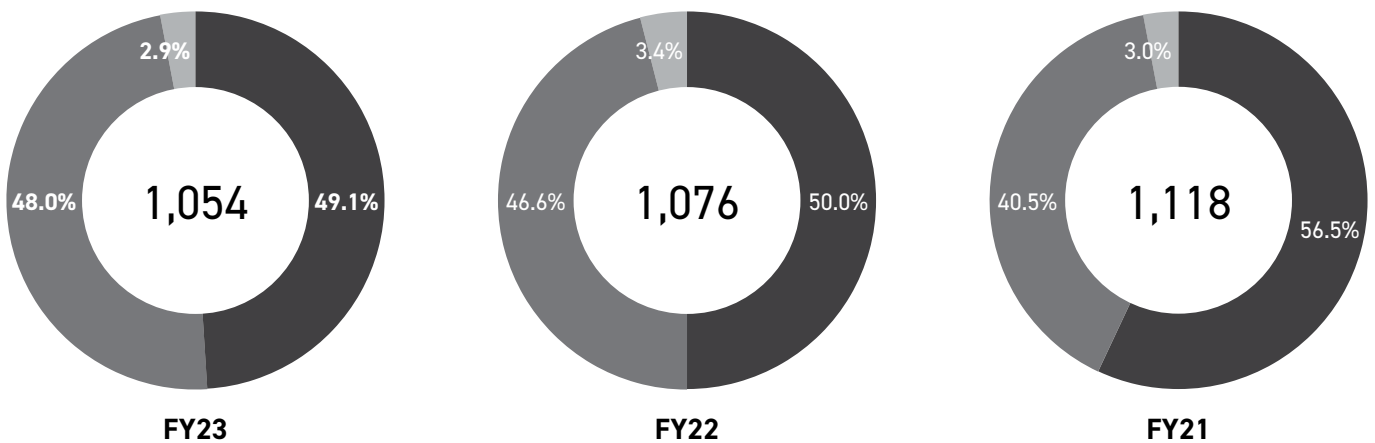
The demographics of our employees for our upstream manufacturing operations in Malaysia and corporate office in Singapore are as follows:

TOTAL NUMBER OF EMPLOYEES BY GENDER



● Male ● Female

TOTAL NUMBER OF EMPLOYEES BY AGE GROUP



● Under 30 years old ● 30-50 years old ● Over 50 years old

Material Topics

DIVERSITY BY EMPLOYEE CATEGORY AND AGE GROUP IN FY23

CATEGORY / AGE GROUP	BELOW 30 YEARS OLD		30 - 50 YEARS OLD		OVER 50 YEARS OLD	
	FY23	FY22	FY23	FY22	FY23	FY22
Management	0.2%	0.6%	5.4%	6.2%	19.4%	25.0%
Executive	11.4%	11.9%	6.1%	6.8%	16.1%	19.4%
Non-Executive	88.4%	87.6%	88.5%	87.0%	64.5%	55.6%
Total Employees	517	539	506	501	31	36

DIVERSITY BY AGE GROUP AND GENDER ON HIRING RATE

	FY23		FY22		FY21	
	NUMBER	RATE ¹	NUMBER	RATE ¹	NUMBER	RATE ¹
By Age Group (years old)						
Below 30	96	9.1%	237	22.0%	266	23.8%
30 - 50	74	7.0%	116	10.8%	103	9.2%
Above 50	1	0.1%	4	0.4%	4	0.4%
By Gender						
Male	150	14.2%	253	23.5%	312	27.9%
Female	21	2.0%	104	9.7%	61	5.5%
Total Employees	171	16.2%	357	33.2%	373	33.4%

Note:

1 Based on total number of 1,054 employees as at 30 June 2023, 1,076 employees as at 30 June 2022 and 1,118 employees as at 30 June 2021.

Material Topics

Occupational Health and Safety

GRI 403-5, 403-9

We acknowledged that our workforce is of utmost priority to our Group and we are committed to providing a healthy and safe working environment for our people. We enforce a strong culture on health and safety within the organisation that requires all members of our workforce to be leaders in creating a safe work environment. We believe self-responsibility through regular reminders and education will minimise work-related injuries and accidents, and at the same time, improve cohesiveness among members of the organisation.

We continue to stay vigilant in identifying and managing occupational risks exposure, minimise occurrences of occupational illness and promote healthy lifestyles. A Health & Safety Committee ("HSC") comprising employee representatives of various sections of the workplace is in place to meet every quarter to review and discuss on the relevance and currency of the courses, policies and procedures.

The responsibilities of the HSC and its members include: (i) assist in the development of safety and health rules and safe system of work, (ii) review the effectiveness of safety and health programmes, (iii) carry out studies on the trends of accident, near-miss accident, dangerous occurrence, occupational hazards, and report the same to the Group's management together with recommendation for corrective actions, and (iv) review the safety and health policies at the work place and make recommendations to the Group's management for any revision of such policies.

All employees will have to undergo courses to equip themselves with the necessary knowledge and skills required for their roles and responsibilities. New and existing employees are also required to attend trainings under our Occupational Health & Safety programme which includes health and safety policies, basic first aid training, emergency response training, safe work procedures and work instructions on a regular basis.

The following safety requirements will be briefed and obeyed by our subcontractors and visitors before they enter into our manufacturing facilities:

- smoking in the manufacturing vicinity is strictly prohibited
- safety requirements to be fulfilled when handling equipment
- good housekeeping during and after completion of work
- emergency response procedure

In FY23, we maintained zero incidents resulting in fatality and permanent disabilities. However, we recorded 46 recordable work-related injuries that led to 0.06% of work days lost in FY23, as compared to 33 recordable work-related injuries that resulted in 0.02% work days lost in FY22. While those were minor injuries, we will continue to emphasise on the health, safety and well-being of our employees, and maintaining their livelihoods remain our Group's highest priority.

Performance in FY23

- Recorded zero incidents of resulting in fatality and permanent disability.
- Recorded no incident of non-compliance with the relevant laws and regulations relating to occupational health and safety.
- Recorded 46 recordable work-related injuries and 0.06% total work days lost in FY23, as compared to 33 incidents and 0.02% work days lost in FY22.
- Achieved targets set for FY23.

Targets for FY24

- Continue to carry out refresher training regularly for our employees to ensure they are aware of the various policies and standard procedures, and continuous emphasis on the importance of complying with the safety standards and rules in the workplace to ensure work-related injuries are kept to the minimal.
- To reduce incidents on recordable work-related injuries to below 40 cases a year.
- Maintain zero incidents resulting in fatality and permanent disability.
- Maintain no incident of non-compliance with the relevant laws and regulations relating to occupational health and safety, providing a safe working environment and protecting our employees from occupational hazards.

Note: Work days lost in percentage denotes total lost days due to injuries over total number working days of total workforce.

Material Topics

Skills Competency and Education

GRI 404-1. 404-3

We view our employees as the lifeline of our organisation and it is essential to continue our practice in enhancing the value of our employees who contribute to the success of our businesses.

Every employee in the UG Healthcare is given the opportunity to upgrade and improve their skills and knowledge through formal and on-the-job training programmes. Training programmes are selected according to the role and responsibilities of the employees. These training programmes include: a) hygiene and disease prevention measures, b) basic occupational first aid, cardiopulmonary resuscitation (“CPR”), and automated external defibrillator (“AED”), c) 5S Towards Quality Work Environment, d) skills enhancement programmes, e) self-contained breathing apparatus (“SCBA”) handling and training, f) workplace safety, g) administrative management methods and concepts, and h) corporate culture and management. We will continue to develop programmes to enable our employees to grow with the organisation.

We achieved an aggregate of 5,543.8 of training hours for 1,054 employees and an average of 5.3 hours of training programmes per employee in FY23. As this is our first year of data collection and reporting, we shall monitor our performance to have a better understanding of our baseline before setting targets.

AVERAGE TRAINING HOURS PER EMPLOYEE FOR FY23

GENDER / CATEGORY	MANAGEMENT	EXECUTIVE	NON-EXECUTIVE
Male	16.5	27.4	3.2
Female	30.3	14.0	4.0
Average	22.6	18.5	3.3

Discretionary incentives are granted to eligible employees based on their performance and contributions to the Group. Annual reviews with clear career progression path are also carried out with our employees, where trainings will be arranged to pave way for the progression to assume the required responsibilities. Remuneration policies and packages are reviewed regularly to ensure that compensation and benefits are in line with the industry. This helps the Group in recruitment and retention of talent.

All our full-time employees received annual performance appraisal in FY23.

Performance in FY23

- Recorded an average of 5.3 hours of training per employee for all employees in Malaysia and Singapore.
- All full-time employees received annual performance evaluation.

Targets for FY24

- Continue to explore new training programmes to upgrade the knowledge and skills of our employees.
- To monitor on our performance and understand the training requirements for all employees before setting targets.
- To maintain annual performance evaluation for all full-time employees.

Note: 5S refers to five steps - sort, set in order, shine, standardise and sustain. It is designed to decrease waste while optimising productivity through maintaining an orderly workplace and using visual cues to attain more consistent operational results.

Material Topics

MATERIAL TOPIC: GOVERNANCE

Regulatory Compliance

GRI 2-27

The Group remains committed to operating our business in compliance with the relevant social and economic as well as the environmental regulations and standards through internal checks and balances, and regular reporting and updates to the relevant authorities and agencies. We believe that having good corporate governance and observing compliance with legislative requirements is a minimum standard that should be achieved whilst striving to perform beyond these requirements.

We continue to proactively monitoring, identifying and addressing a broader range of socioeconomic and environmental concerns, as well as potential risks and impacts on our global businesses beyond our upstream manufacturing operations in Malaysia and corporate office in Singapore. We remain committed to conducting our business with integrity and safeguarding the interest of all stakeholders.

Corporate Governance

The Board and the management of UG Healthcare are committed to observing high standards of corporate governance and transparency in ensuring the sustainability of the Group's operations and safeguarding the interests of all our stakeholders.

We continue to uphold best practices in corporate transparency and disclosures, and we have in place a set of procedures and policies governing our compliance with applicable legislation and adherence to our risk management guidelines. The goal towards corporate excellence constantly motivates us to improving ourselves with a more transparent, accountable, and equitable system.

Please refer to the Corporate Governance Report found on page 40 to 68 of the annual report.

Cybersecurity Risk Management and Data Privacy

The Group is committed to complying with the Personal Data Protection Act and all relevant legislation. With the digital transformation trend, we are also stepping up efforts to have systems and procedures in place to protect information related to our businesses and prioritised stakeholders including our employees and customers.

We will continue to stay vigilant and observe compliance with all applicable laws and regulations to maintain our record of zero incidents of non-compliance.

Performance in FY23

- Recorded no incident of non-compliance with the relevant laws and regulations relating to social and economic that could potentially result in internal disciplinary action or public allegation.
- Complied with the principles and guidelines set out in the Code of Governance 2018, where appropriate.
- Recorded no incident of non-compliance with management controls and procedures.
- Recorded no incident of non-compliance on cybersecurity and data privacy.
- Achieved targets set for FY23.

Targets for FY24

- Maintain no incident of non-compliance with the relevant laws and regulations in the social and economic aspect.
- Maintain no incident of non-compliance with management controls and procedures.
- Continue to monitor and update the adequacy of the management controls and procedures as the Group reviews the impacts of climate-related issues on its operations and expansion plans.
- Maintain our track record of zero incidents of non-compliance on cybersecurity and data privacy.

Material Topics

Anti-Corruption

GRI 205-3

The Group remains committed to conducting our business with integrity and transparency with no compromise on corruption and bribery. We have zero-tolerance for fraudulent and corrupt practices that may disrupt business operations and impede the growth of our business.

We have in place the Corruption Prevention Policy and Framework ("CPPF") and provided Anti-Corruption and Anti-Bribery Guidelines to our employees on taking reasonable actions and steps to ensure the Group does not engage in bribery activities.

We have also implemented several policies including the Conduct and Discipline Policy, the Conflict-of-Interest Policy, and the Whistle-Blowing Policy, where all members of the organisation are reminded as pre-emptive measures to prevent, govern, and facilitate the reporting of any illegal and/or unethical practices in the organisation.

The Group maintained no incident of non-compliance relating to bribery, extortion, fraud, and money laundering in FY23. There were no reported incidents pertaining to whistle-blowing for FY23. We will continue to stay vigilant in monitoring and keeping our policy and practices relevant and updated.

Performance in FY23

- Achieved the target set for FY23.
- Recorded zero incident of non-compliance with the relevant laws and regulations that cover corruption, bribery, extortion, fraud, and money laundering.

Targets for FY24

- To monitor and keep policies and practices relevant and updated.
- Continue to maintain no incident of non-compliance with the relevant laws and regulations that cover corruption, bribery, extortion, fraud, and money laundering.

GRI

Content Index

Statement of use	UG Healthcare Corporation Limited has reported this information cited in this GRI Content Index for the year from 1 July 2022 to 30 June 2023 ("FY23") with reference to the GRI Standards.
GRI 1 used	GRI 1: Foundation 2021

GRI STANDARDS	DISCLOSURE	REFERENCE
GRI 2: General Disclosures 2021	2-1: Organisational details	Annual Report ("AR") – Company Profile, page 1
	2-2: Entities included in the organisation's sustainability reporting	Sustainability Report ("SR") - Board Statement, page 7 to 8
	2-3: Reporting period, frequency and contact point	SR - Board Statement, page 7 to 8
	2-4: Restatements of information	SR – Board Statement, page 7
	2-5: External assurance	SR- Board Statement, page 8
	2-6: Activities, value chain, and other business relationships	AR – Letter to Shareholders, page 2 to 3 SR – Business Operations, page 2 to 6
	2-7 Employees	SR – Employment, Diversity and Equal Opportunity, page 2 to 6
	2-9: Governance structure and composition	SR – Sustainability Governance, page 9 AR – Board of Directors, page 14 to 16 AR – Corporate Governance, page 40 to 68
	2-10: Nomination and selection of the highest governance body	AR – Corporate Governance Report, page 46 to 48
	2-15 Conflicts of interest	AR – Corporate Governance, page 41
	2-16 Communication of critical concerns	AR – Corporate Governance, page 65 and 67
	2-17 Collective knowledge of the highest governance body	AR – Corporate Governance, page 41
	2-18 Evaluation of the performance of the highest governance body	AR – Corporate Governance, page 55
	2-19 Remuneration policies	AR – Corporate Governance, page 56 to 57
	2-20 Process to determine remuneration	AR – Corporate Governance, page 55 to 57
	2-22 Statement on sustainable development strategy	SR - Board Statement, page 7 to 8
	2-23 Policy commitments	SR - Board Statement, page 7 to 8 SR – Sustainability Governance, page 9 SR – Stakeholder Engagement, page 10 to 11
	2-24 Embedding policy commitments	SR – Sustainability Governance, page 9 SR – Materiality Assessment, page 12
	2-25 Processes to remediate negative impacts	AR – Corporate Governance, page 61 to 65
	2-26: Mechanisms for seeking advice and raising concerns	SR – Employment, Diversity and Equal Opportunity, page 19 to 21 SR - Skills Competency and Education, page 23 AR – Corporate Governance Report, page 65
2-27: Compliance with laws and regulations	SR – Regulatory Compliance, Corporate Governance, Cybersecurity Risk Management and Data Privacy and Anti-Corruption, page 24 to 25	
2-28: Membership associations	SR – Customer Management, page 14	
2-29: Approach to stakeholder engagement	SR – Stakeholder Engagement, page 10 to 11	

GRI

Content Index

GRI STANDARDS	DISCLOSURE	REFERENCE
GRI 3: Material Topics 2021	3-1: Process to determine material topics	SR – Materiality Assessment, page 12
	3-2: List of material topics	
	3-3: Management of material topics	
GRI 201: Economic Performance	201-1: Direct economic value generated and distributed	SR – Economic Performance, page 13
GRI 204: Procurement Practices 2016	204-1: Proportion of spending on local suppliers	SR – Suppliers and Business Partners, page 15
GRI 302: Energy 2016	302-1: Energy consumption	SR – Resource Efficiency, page 16 to 17
GRI 303: Water and Effluents 2018	303-3: Water withdrawal	SR – Resource Efficiency, page 16 to 17
GRI 305: Emissions 2016	305-1: Direct (Scope 1) GHG emissions	SR – Resource Efficiency, page 16 to 17
	305-2: Energy Indirect (Scope 2) GHG emissions	
GRI 306: Waste 2020	306-3: Waste generated	SR – Waste, page 18
GRI 401: Employment 2016	401-1: New employee hires and employee turnover	SR – Employment, Diversity and Equal Opportunity, page 19 to 21
GRI 403: Occupational Health and Safety (2018)	403-5: Worker training on occupational health and safety	SR – Occupational Health and Safety, page 22
	403-9: Work related injuries	
GRI 404: Training & Education (2016)	404-1: Average hours of training per year per employee	SR – Skills Competency and Education, page 23
	404-3: Percentage of employees receiving regular performance and career development reviews	
GRI 405: Diversity and equal opportunity (2016)	405-1: Diversity of governance bodies and employees	SR – Employment, Diversity and Equal Opportunity, page 19 to 21
GRI 416: Customer Health and Safety 2016	416-2: Incidents of non-compliance concerning the health and safety impacts of products and services	SR – Customer Management, page 14

TCFD

Content Index

Based on the requirements in the Rule 711B of the Catalyst Rules and Practice Note 7F Sustainability Reporting Guide, we have mapped our climate-related disclosures based on TCFD Recommendations as shown in the table below.

TCFD RECOMMENDATIONS	DISCLOSURE	REFERENCE
GOVERNANCE		
Describe the board's oversight of climate-related risks and opportunities.	The Board of Directors oversees the Group's overall sustainability practices and climate-related risks and opportunities, and considers EESG and climate-related issues in the formulation of and approving overall long-term strategic objectives and directions.	SR – Board Statement, page 7 to 8 SR – Sustainability Governance, page 9
Describe management's role in assessing and managing climate-related risks and opportunities.	<p>The Group has in place a Sustainability Committee (“SC”) comprising key management executives who oversee the various departments in the organisation and is overseen by the Chief Executive Officer of the Group, who in turn, reports to the Board for advice and guidance. Sustainability concerns with respect to the risks and opportunities of the Group will be brought to attention of the SC. The SC will then conduct an assessment on the raised concern before raising its findings to the Board.</p> <p>The Board maintains efficient oversight over the SC by reviewing and considering the relevance and adequate practices in place to address potential sustainability issues. The Board will also incorporate these findings when formulating strategies and policies to better manage the potential sustainability risks and opportunities that could possibly be encountered by the Group. This process helps to ensure all EESG and climate-related matters significant to the business are considered and adequately addressed.</p>	SR – Sustainability Governance, page 9
STRATEGY		
Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term.	UG Healthcare is adopting a phased approach towards managing climate-related risks. Identifying climate-related risks and opportunities of the Group will be carried out post-FY23.	–
Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.	UG Healthcare is adopting a phased approach towards managing climate-related risks. Identifying the impact on climate-related risks and opportunities on the Group's business, strategy and financial planning will be carried out post-FY23.	–

TCFD

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TCFD RECOMMENDATIONS	DISCLOSURE	REFERENCE
STRATEGY		
Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	UG Healthcare is adopting a phased approach towards managing climate-related risks. Scenario analysis will be carried out post-FY23.	-
RISK MANAGEMENT		
Describe the organisation's processes for identifying and assessing climate-related risks.	UG Healthcare is adopting a phased approach towards managing climate-related risks. Identifying and assessing climate-related risks will be carried out post-FY23.	-
Describe the organisation's processes for managing climate-related risks.	UG Healthcare is adopting a phased approach towards managing climate-related risks. The Group's processes for managing climate-related risks will be determined and carried out post-FY23.	-
Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.	UG Healthcare is adopting a phased approach towards managing climate-related risks. Analysis on integration with enterprise risk management of the Group will be carried out post-FY23.	-
METRICS AND TARGETS		
Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.	As part of UG Healthcare's annual sustainability reporting, we track metrics such as: <ul style="list-style-type: none"> - Scope 1 and 2 GHG emissions - Non-renewal energy and water consumption - Waste 	SR – Resource Efficiency, page 16 to 17 SR – Waste, page 18
Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 GHG emissions, and the related risks.	Scope 1 and Scope 2 GHG emissions are disclosed in our SR. We have reported and compared our Scope 1 and Scope 2 GHG emissions for both FY22 and FY23 based on our upstream manufacturing operations in Malaysia. We will review and develop and report our Scope 3 GHG emissions, as and when appropriate.	SR – Resource Efficiency, page 16 to 17
Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	UG Healthcare is adopting a phased approach towards managing climate-related risks. Appropriate targets shall be analysed and set post-FY23.	-



Enriching Experience Through Strategic Diversification

SUSTAINABILITY REPORT 2023



UG HEALTHCARE CORPORATION LIMITED

(Unique Entity No. : 201424579Z)

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