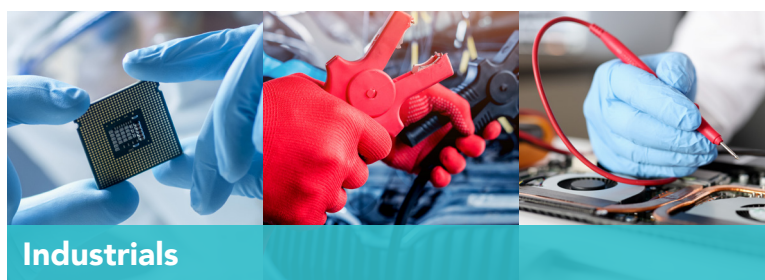


**UNIGLOVES®**  
KEEPING YOU SAFE

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## Industry Solutions



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

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

The contact person for the Sponsor is Ms Charmian Lim (Telephone: (65) 6232 3210) at 1 Robinson Road, #21-00 AIA Tower, Singapore 048542.



# 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 a disposable gloves manufacturer with its own established global downstream distribution that markets and sells disposable glove products under its proprietary “**Unigloves**” brand.

The Group owns and operates an extensive downstream network of distribution companies with a local presence in Europe, United Kingdom, USA, China, Africa and South America, where it markets and sells its own proprietary “Unigloves” brand of disposable gloves. The Group also distributes ancillary products including surgical gloves, vinyl and cleanroom disposable gloves, face masks and other medical disposables.

These downstream distribution companies are supported and complemented by the Group’s own upstream manufacturing division, manufacturing natural latex and nitrile disposable gloves under its “Unigloves” brand and third-party labels in its manufacturing facilities located in Seremban, Negeri Sembilan, Malaysia.

Its “Unigloves” brand of disposable gloves offers an extensive product range that includes both specialised products, with a variety of coatings, scents, colours, thickness, anti-microbial properties for more specialised users, as well as generic products. These products are used across a diverse range of industries requiring cross infection protection and hygiene standards, whilst catering to different applications and preferences.

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

# Business Operations



UG Healthcare remains committed to delivering excellence consistently through our integrated OBM business model ensuring the quality and reliability of our proprietary branded products to our end users.

We continue to focus on understanding the requirements of our end users across diverse industries and develop suitable gloves for their applications in their professions, keeping them safe.

Our downstream distribution capabilities provide us direct market access in our core markets in both developed and developing countries, putting us at the forefront to address the needs of professionals in the various industries, to help them carry out their duties safely. This market intelligence supports our dedication at our upstream manufacturing to develop and produce premium disposable/single-use natural latex and nitrile examination gloves, and through our downstream distribution networks, deliver them to our end users.

While the Group continues to position and further entrench our proprietary “Unigloves” brand in our target markets, we will continue to dedicate a portion of our installed production capacity for the third-party labels of our very long-term customers.

At UG Healthcare, we offer an extensive range of glove products including variety of colours and scents to appeal to different needs and preferences and are used across a diverse range of industries. We also distribute ancillary products including surgical, vinyl, and cleanroom gloves, as well as non-glove products such as face masks and medical disposables.

As we continue to reach out to end users and grow beyond our key markets in both developed and developing countries to the neighbouring markets in the region, we will plan for further expansion at our upstream manufacturing to cater to the demand cultivated through our downstream distribution.

## Our Upstream Manufacturing Capabilities

The outbreak of the COVID-19 led to the situation of demand outstripping supply. The Group with our manufacturing base located in Seremban, Negeri Sembilan, Malaysia continues to focus on achieving optimal utilisation with the installed production capacity of 2.9 billion pieces of gloves per annum for most of FY2021 in our two existing manufacturing facilities. We continue to produce both latex and nitrile examination gloves in our manufacturing facilities.

During FY2021, we brought forward our earlier planned additional production capacity of 300 million pieces of gloves per annum by end of June 2021 at the extended manufacturing facility and raised the intended additional production capacity by a further 200 million pieces to 500 million pieces of gloves per annum with advancements in the design and technology of the production lines. The installed production capacity has come onstream in April 2021, bringing the current total installed production capacity to 3.4 billion pieces of gloves per annum.

The third manufacturing facility, which is strategically located within close proximity to our two manufacturing facilities, with the intended additional production capacity of 1.2 billion pieces of gloves per annum, is underway. The progress in the construction of this manufacturing facility was impeded by the unforeseen COVID-19 situation in Malaysia. Nevertheless, the Group will continue to see through this and bring the total installed production capacity to 4.6 billion pieces of gloves per annum by end of March 2022.

The close proximity of the new manufacturing facility to the existing manufacturing facilities motivates better cost efficiencies and further enhances the Group's economies of scale. We will continue to work towards narrowing the gap between the upstream manufacturing supply and downstream distribution market demand with further expansion beyond 4.6 billion pieces of gloves per annum in due course.

Our upstream manufacturing is certified by British Standards Institution ("BSI") for ISO 9001:2015, ISO 13485:2016 and EN ISO 13485:2016 for the scope of manufacture and supply of natural latex and nitrile latex examination gloves.





# Business Operations



## Our Downstream Distribution Network

The Group owns and operates an extensive network of downstream distribution companies with a local presence in Europe, the USA, China, Africa, and South America, where we market and sell our proprietary “Unigloves” brand of disposable gloves to more than 50 countries globally. The Group also distributes ancillary products including surgical, vinyl, and cleanroom disposable gloves, as well as non-glove products such as face masks and medical disposables.

Our prior investments in our distribution network and capabilities – managing our warehousing and logistics infrastructure and operating with our marketing teams in our key strategic markets, gave us a strong foothold during this pandemic situation.

The stronger “Unigloves” brand presence with growing market share in all key markets in both the developed and developing countries, in particular the emerging markets, motivates the Group to continue to strengthen the “Unigloves” brand positioning in our target markets.

The Group’s wholly-owned subsidiary, Unigloves Shanghai Co. Ltd, had on 27 May 2021 disposed of its entire 50% equity interest in Beijing You Li Fu Ming Commercial Trading Co., Ltd (the “**Associate Company**”), as it has been nearly dormant since its incorporation. The disposal of the Associate Company will allow the Group to have more flexibility and autonomy in managing our proprietary “Unigloves” brand and our distribution network in the Chinese market.

We will continue to cultivate demand for our “Unigloves” brand of disposable gloves and ancillary products through broadening and deepening our distribution capabilities in our target markets in both developed and developing countries.

## Types of Gloves and Characteristics



### Natural Latex Examination Gloves

- Made from renewable source of raw material, natural rubber latex, thus making them more environmental-friendly as they are biodegradable
- Low level of extractable protein, chemical residuals and/or antigenic protein



### Nitrile Examination Gloves

- Made from a synthetic elastomer, instead of natural rubber latex
- Excellent barrier protection which provides more puncture resistance
- Most suitable for users sensitive to latex protein



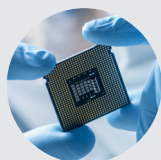
### Vinyl Gloves

- Most economical and cost effective
- Suitable for users sensitive to latex protein



### Surgical Gloves

- Extra strength and length that provide additional protection from surgical debris



### Cleanroom Gloves

- Low ionic residual levels particle counts, and pinhole level
- High resistance to punctures and tears

## Industries

- **Healthcare**  
Hospitals  
Clinics (Dentist, Specialists)  
Nursing homes and hospices  
Social services
- **Automotive**
- **Beauty**  
Tattoo  
Hair  
Aesthetics
- **Research and development**  
Life sciences  
Engineering
- **Food and beverages**  
Food processing
- **Others**  
Hospitality  
Cleaning

- **Medical / Healthcare**  
Hospitals  
Clinics (Specialists)

- **High technology manufacturing**  
Semiconductor manufacturing  
Electronics  
Pharmacies  
Laboratories  
Optics

# Business Operations



## Business Strategy

The Group's strategy has always been to cultivate demand for our proprietary "Unigloves" range of disposable gloves through our downstream distribution companies. These strategically established distribution companies in both developed and developing countries have our local sales and marketing teams and distribution infrastructures (including local warehouses and logistics) as well as our direct customer base. The market demand for our "Unigloves" range of products, in turn, drives the production volume in our upstream manufacturing facilities in Malaysia. This approach allows the Group to manage the value chain seamlessly and efficiently.

The Group will continue to drive marketing campaigns to further entrench our market presence for our proprietary "Unigloves" brand of disposable gloves through our downstream distribution network. These campaigns focus on driving the marketing and sales of our established distribution companies in our key markets of Europe, the USA, China, Nigeria, and Brazil, and will be supported by these distribution companies which operate their warehousing and logistics infrastructure.

The Group is looking into broadening our product portfolio through potential opportunities in non-glove products to provide a wider range of product offerings to our customer base.

## Own Brand of Products

Our "Unigloves" brand of disposable gloves offers an extensive product range that includes both specialised products, amongst others, a variety of coatings, scents, colours, thickness, anti-microbial properties 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.

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 (own "**Unigloves**" brand and OEM brands). Our proprietary brand of 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**"), China Food and Drug Administration ("**CFDA**"), Brazilian Health Regulatory Agency ("**Anvisa**") and the National Agency for Food and Drug Administration and Control ("**NAFDAC**").





# 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 period ended 30 June 2021 (“**FY2021**”).

The global Covid-19 pandemic situation presented two sides to a coin. The significant surge in demand for disposable gloves driven by heightened awareness of hygiene and protection resulted in strong revenue and earnings in FY2021. The Group managing an integrated OBM supply chain, however, had to recalibrate both our upstream and downstream operations to ensure the health, safety and well-being of our stakeholders, in particular, our employees and customers. We are also committed to ensuring our customers continue to have the required inventory to meet their needs, as well as users of our proprietary “Unigloves” branded disposable examination gloves to be assured that our products are ethically produced.

It is the Group’s philosophy to conduct our business activities in an economically, socially, and environmentally responsible manner governed by high standards of internal controls and risk management practices. We believe in building sustainable growth together with our stakeholders over the long term, and we are committed to making a positive difference to our stakeholders with consistent efforts in managing and keeping ourselves abreast with the evolving business environment.

Our upstream manufacturing is certified to internationally recognised standards of ISO 9001 and ISO 13485. Our proprietary brand of 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**”), China Food and Drug Administration (“**CFDA**”), Brazilian Health Regulatory Agency (“**Anvisa**”) and the Nigerian National Agency for Food and Drug Administration and Control (“**NAFDAC**”). 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. Our manufacturing facilities are audited under Sedex Members Ethical Trade Audit (“**SMETA**”).

Amidst the raging Covid-19 infections in Malaysia, we carried out frequent polymerase chain reaction (“**PCR**”) testing on our employees as a precautionary measure to safeguard their health. This is in addition to the stringent Covid-19 prevention and control measures implemented in our upstream manufacturing operations and employee dormitories on a regular basis. Despite stringent safety measures, disinfecting and sanitising of all our manufacturing facilities and employee dormitories to reduce risks of infection, we recorded positive Covid-19 cases amongst our employees. This resulted in a temporary closure of our manufacturing facilities in late June 2021. The district of Seremban, Negeri Sembilan, Malaysia where the Group’s upstream manufacturing division is located, was placed under Enhanced Movement Control Order (“**EMCO**”) by the Malaysian government from 9 to 22 July 2021.

Whilst our upstream manufacturing operations were temporarily halted in compliance with the EMCO, we arranged for our employees to be fully vaccinated. Since late August 2021, almost all of our employees are inoculated with two doses of vaccines, and we have resumed our manufacturing operations gradually towards optimal efficiency with 100% manpower according to the regulations.

The Board will continue to monitor and deliberate on the options amid the evolving adversities brought about by the Covid-19 pandemic. We will continue to place the health, safety and well-being of our employees and customers at utmost priority.

This sustainability report is prepared with reference to the Global Reporting Initiative (“**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**”) as well as the SGX-ST’s Sustainability Reporting Guide. We have chosen the GRI framework as it is a well-known and globally-recognised sustainability reporting standard.

# Board Statement

This sustainability report highlights our key economic, environmental, social, and governance (“**EESG**”) performance during the financial year, from 1 July 2020 to 30 June 2021 (“**FY2021**”), focusing on the Group’s upstream manufacturing operations located in Seremban, Negeri Sembilan, Malaysia. Performance data from our Singapore and global downstream distribution operations have not been included as part of the report. This is because the 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, which in turn, are managed locally in six key distribution markets that the Group operates in both developed and developing countries. While the downstream distribution operations are conducted in accordance with the rules and regulations of the respective countries, the Group is committed to upholding our integrity and business ethics globally. The Group adopts the precautionary principle to minimise negative effects of conducting our business whenever feasible.

The Board of UG Healthcare maintains oversight over the Sustainability Committee, managing sustainability risks and opportunities while ensuring all EESG matters significant to our business are addressed in the report. No external assurance was sought for this report.

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](mailto:ir@ughcc.com).

**YIP WAH PUNG**

Non-Executive Chairman and Independent Director

**LEE KECK KEONG**

Chief Executive Officer and Executive Director

# Sustainability Governance

The sustainability focus of UG Healthcare is to make a positive difference and growing together with our 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 and supported by representatives from the various departments, and the SC reports to the Board during board meetings, where the Board will review and deliberate on the sustainability issues. The SC is responsible for reviewing the company's sustainability performance, material topics, stakeholder concerns, setting of targets and goals for material topics, and establishing systems to collect, verify, monitor and report information required for this sustainability report. The SC meets at least once a year to discuss, propose, coordinate and promote the Group's main sustainability initiatives.

In the year under review, the SC stepped up efforts to ensure that the health, safety and well-being of employees of our manufacturing operations are not compromised even as we fulfill our commitments to our global customer base.

The Board maintains oversight over the SC, reviews and considers sustainability issues as part the formulation of our strategies and policies to better manage sustainability risks and opportunities while ensuring all EESG matters significant to our business are addressed.



We strive to effectively manage the associated risks and opportunities of our business with our teams within the Group and our stakeholders. We also strive to improve our sustainability performance through regular review of our policy and processes to deliver positive value for our stakeholders.



# Stakeholder Engagement

The Group continues to work relentlessly in our engagement with both internal and external stakeholders to align our vision and sustainable growth strategies and practices, particularly in the year under review. We remain committed to foster mutually beneficial relationships and achieve mutually beneficial goals for the long term through efficient communication.

Despite disruptions arising from the lockdown of cities and numerous safe management measures which had to be put in place during the Covid-19 pandemic, we continued to engage our stakeholders through various online communication platforms, circumventing the restrictions in air travel which prevented face-to-face meetings.

We acknowledge that as our business continues to expand, the topics that are material to our key stakeholders may also evolve to reflect the relevance and significance of our operations. Therefore, we will continue to improve in our engagement with stakeholders to achieve aligned goals together.

In FY2021, we continued our internal engagement with our key stakeholders through multiple established channels to re-evaluate the relevance and significance of the material topics. We are committed to understand the concerns of our key stakeholders and also to excel in addressing these concerns to ensure that our key stakeholders continue to be part of the Group's sustainable and steadfast growth in the long term.

Our engagements with our key stakeholders are summarised below:

Key Stakeholders	Stakeholders' Expectations	Mode of Engagement	Our Initiatives
<b>Internal</b>			
<b>Board of Directors</b>	<ul style="list-style-type: none"> <li>Ensure internal policies and systems are effective and implemented throughout the organisation</li> </ul>	<ul style="list-style-type: none"> <li>Board meetings</li> <li>Regular updates via electronic means (emails, phone calls, virtual meetings)</li> </ul>	<ul style="list-style-type: none"> <li>Regular updates on corporate activities, developments, and financial performance</li> <li>Seek advice and approvals from the Board on all material proposed developments</li> </ul>
<b>Employees</b>	<ul style="list-style-type: none"> <li>Career growth</li> <li>Training opportunities</li> <li>Competitive salaries and incentives</li> <li>Pleasant and safe working environment</li> </ul>	<ul style="list-style-type: none"> <li>Regular internal communications through meetings and electronic communications (emails, phone calls, internal notices, virtual meetings)</li> <li>Training and development programmes</li> <li>Employee feedback</li> </ul>	<ul style="list-style-type: none"> <li>Ensure effective implementation of human resources policies, internal systems and procedures</li> <li>Regular internal meetings to review safety and healthy work environment</li> <li>Sponsor employees to attend courses and conferences</li> <li>Annual review on performance</li> <li>Regular Covid-19 testing, disinfecting and deep sanitization of office and manufacturing facilities, and implemented stringent safe management measures.</li> </ul>

# Stakeholder Engagement

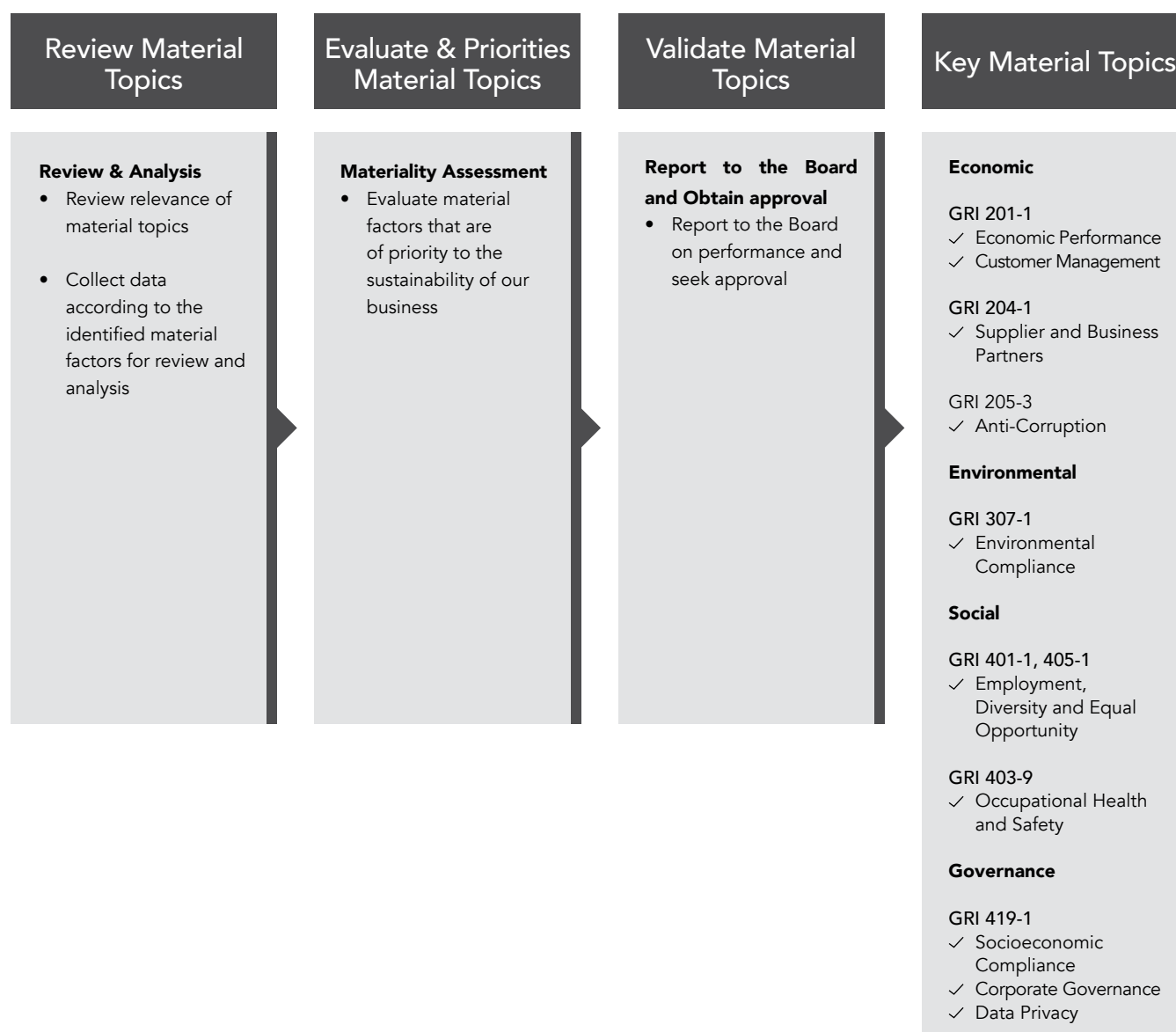
Key Stakeholders	Stakeholders' Expectations	Mode of Engagement	Our Initiatives
<b>External</b>			
<b>Government &amp; Regulators</b>	<ul style="list-style-type: none"> <li>Regulatory compliance</li> <li>Occupational health &amp; safety</li> <li>Environmental issues</li> <li>Social issues</li> </ul>	<ul style="list-style-type: none"> <li>Meetings</li> <li>Electronic communications</li> <li>Announcements on SGXNet</li> </ul>	<ul style="list-style-type: none"> <li>Ensure compliance with applicable laws</li> <li>Correspondence with relevant authorities as and when necessary</li> <li>Consistent update on relevant laws and regulations through seminars and training</li> </ul>
<b>Customers / Distributors</b>	<ul style="list-style-type: none"> <li>Quality control</li> <li>Reliability, on-time delivery, and services</li> <li>Technical support</li> <li>Reasonable payment terms</li> <li>Competitive pricing</li> </ul>	<ul style="list-style-type: none"> <li>Regular customer feedback management (survey, face-to-face meetings)</li> <li>Regular follow-up and support services (calls, face-to-face meetings)</li> <li>Trade fair (trade show, exhibition)</li> <li>Electronic communications (emails, phone calls, virtual meetings)</li> </ul>	<ul style="list-style-type: none"> <li>ISO 9001 and ISO 13485 certification to assure a consistent level of quality in products and services</li> <li>SMETA audit to assure products are produced ethically</li> <li>Active follow-up on customers' needs and product applications</li> <li>Regular internal meetings to review customers' fulfilment and new requirements</li> <li>Update customers on new products</li> <li>Provide timely response to customers' requests and queries</li> <li>Ensure all relevant requirements and standards are met for all products manufactured and sold</li> </ul>
<b>Suppliers / Business Partners</b>	<ul style="list-style-type: none"> <li>Timely payment and adherence to agreed terms</li> <li>Long-term working relationship</li> </ul>	<ul style="list-style-type: none"> <li>Regular interactions and updates with suppliers</li> <li>Electronic communications (emails, phone calls, virtual meetings)</li> </ul>	<ul style="list-style-type: none"> <li>Regular review and feedback on the quality and evolving requirements</li> <li>Ensure compliance with standards, relevant laws and regulations, as well as good corporate practices</li> <li>Perform periodic evaluation</li> </ul>
<b>Shareholders &amp; Investment Community</b>	<ul style="list-style-type: none"> <li>Higher financial returns</li> <li>Industry conditions</li> <li>Market presence</li> <li>Profitability</li> <li>Transparency &amp; corporate governance</li> </ul>	<ul style="list-style-type: none"> <li>Announcements on SGXNet</li> <li>Shareholders' general meetings</li> <li>Investor roadshows and meetings (face-to-face meetings, virtual meetings, conference calls)</li> <li>Electronic communications (emails, virtual meetings)</li> <li>Annual report</li> <li>Company website</li> </ul>	<ul style="list-style-type: none"> <li>Ensure all public disclosures on corporate results and developments are disclosed accurately and timely via official announcements as and when required</li> <li>Half-yearly meetings with analysts and investment community to update on corporate developments</li> <li>Ensure sustainable business growth</li> </ul>

# Materiality Assessment

The Group reviewed our material topics in FY2021 based on discussion with both internal and external stakeholders, as well as the sustainability team leaders for the year under review. Amid the abrupt challenges brought about by the Covid-19 pandemic, we have expanded coverage on the material topics that have the economic, environmental, and social influence on 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.

We used the GRI Standards as a reference to prepare the FY2021 Sustainability Report and conducted most of our interactions through electronic communications such as emails, virtual meetings, and conference calls.

We endeavour to increase our interactions with our stakeholder groups related to the material topics identified for our subsequent sustainability reports as we continue to work towards normalcy in our business operations. The following GRI Standards have been referenced in this Report – GRI 201 Economic Performance 2016, GRI 204 Procurement Practices 2016, GRI 205 Anti-Corruption 2016, GRI 307 Environmental Compliance 2016, GRI 401 Employment, GRI 403 Occupational Health and Safety 2018, GRI 405 Diversity and Equal Opportunity 2016, and GRI 419 Socioeconomic Compliance 2016. The specific disclosures for each GRI Standard reported under the various material topic have also been included in the chart below.





# Material Topics

## Material Topic: Economic

### GRI 201-1

#### Economic Performance

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The Group set out to achieve better financial performance for FY2021 and accelerated production capacity expansion plans to cope with the higher demand, but met with a delay in the construction of the intended additional production capacity of 1.2 billion pieces of gloves per annum as the Malaysia government rolled out tighter measures in a bid to stop Covid-19 infections. The Group, however, raised our total installed production capacity to 3.4 billion pieces of gloves per annum in FY2021 with the additional 500 million pieces of gloves per annum that came onstream in April 2021.

The disequilibrium in the demand and supply of gloves underpinned by the pandemic fuelled the adjustments in average selling prices ("**ASP**") of single-use gloves, as the awareness of hygiene and protection heightened in the year under review. Other challenges, including delays in capacity expansion and shipment of goods, had also aggravated the disequilibrium in demand and supply of gloves. The strong demand for disposable examination gloves at favourable ASP led the Group to register a stellar set of financial results, achieving S\$338.4 million in revenue and S\$118.8 million in net profit for FY2021.

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

- Business Operations on pages 4 to 8
- Financial Highlights on page 10
- Performance Review on pages 11 to 13
- Financial Statements on pages 68 to 132

The intended additional production capacity of 1.2 billion pieces of gloves per annum, is underway. This expansion is targeted to bring our total installed production capacity to 4.6 billion pieces of gloves per annum by end March 2022.

While global gloves demand remains strong, as heightened awareness led to the structural change of increased usage of gloves across all industries, the urgency to stockpile has reduced. The Group is mindful of the challenges such as rising costs and the surge in production capacities, which led to the ASP adjusting correspondingly to the increase in the global supply of gloves as competition warms up at the upstream manufacturing level. The ASP of gloves has peaked in March 2021 and has started on a downtrend.

Nevertheless, we believe our integrated OBM business model balances the impact on the upstream manufacturing and downstream distribution businesses. The production capacity expansion will continue to lift our economies of scale, giving us the opportunity to continue to grow our market share through our proprietary "Unigloves" brand.

#### Performance in FY2021

- Achieved target set on better financial performance due to favourable ASP driven by urgency to stockpile in FY2021.
- Targeted production capacity expansion of 1.2 billion pieces of gloves per annum was delayed due to the pandemic situation.
- Resilience in OBM supply chain model forms a natural buffer against uncertainties and challenges.

#### Targets for FY2022

- To achieve better financial performance compared to pre-Covid through better economies of scale with higher volume of gloves produced and sold, and growing market share.
- To further strengthen OBM supply chain model with continuous distribution network expansion and entrenching proprietary "Unigloves" brand positioning in the markets.
- To achieve total installed production capacity of 4.6 billion pieces of gloves per annum with the intended expansion of 1.2 billion pieces of gloves per annum by end March 2022.

# Material Topics

## Customer Management

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The Group believes the success of our OBM business is inherently intertwined with the success of our customers. We value the trust and brand loyalty of our customers in our “Unigloves” branded products.

At UG Healthcare, we remain committed to empathise with glove users on their requirements and applications for single-use gloves in their respective industries. We aim to create better comfort and achieve better protection for our glove users, who need to wear disposable gloves to perform duties and responsibilities in their respective professions.

Through market intelligence and feedback from the Group’s downstream distribution companies, who have direct interaction with glove users, the Group is constantly researching and innovating glove products to be used across a diverse range of industries requiring cross infection protection and high hygiene standards, catering to different applications and preferences.

It is the Group’s culture to nurture long term relationships with our customers and our integrated OBM business allows the Group to manage our supply chain efficiently to ensure our customers receive their required inventory of gloves. We believe in overcoming the challenges together with our customers, particularly emerging stronger from this pandemic.

The Group is 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 SMETA.

Our upstream manufacturing is certified by British Standards Institution (“BSI”) for ISO 9001:2015, ISO 13485:2016 and EN ISO 13485:2016 for the scope of manufacture and supply of natural latex and nitrile latex examination gloves.

The Group is also looking into broadening our product portfolio through potential opportunities in non-glove products to provide a wider range of product offerings to our customer base.

### GRI 204-1 Suppliers and Business Partners

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The Group is committed to sourcing our raw materials from the local suppliers for our upstream manufacturing operations, whenever possible.

We believe in supporting the local economy where our manufacturing operations are located. We also believe that maintaining mutually beneficial long-term partnerships with the local suppliers, will not only support the sustainability of their businesses, but also ensuring a consistent supply of raw materials for our manufacturing operations.

Of the total raw materials purchased in FY2021, 100% of packaging materials and 95% of chemicals were purchased from local suppliers for our manufacturing operations. In the year under review, our manufacturing operations were not disrupted by the supply of raw materials as we are well supported by our long-term suppliers.

#### Performance in FY2021

- Our products comply with all international safety and quality standards.
- Expanded customer base in key markets such as Brazil, China and Nigeria.

#### Targets for FY2022

- Continue to ensure that our products are of high safety and quality standards.
- Continue to cultivate new customers through continuous distribution network expansion and entrenching proprietary “Unigloves” brand positioning in the markets.

#### Performance in FY2021

- Purchased 100% of packaging materials and 95% of chemicals from local suppliers.
- No issue on raw materials supply during the pandemic situation.

#### Targets for FY2022

- To maintain similar percentage as FY2021.
- To maintain strong business relationships with our suppliers.

# Material Topics

## GRI 205-3 Anti-corruption

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

The Group has implemented several policies such as the Conduct and Discipline Policy, the Conflict-of-Interest Policy, and the Whistle-Blowing Policy, as pre-emptive measures to prevent, govern, and facilitate the reporting of any illegal and/or unethical practices in the organisation.

There was no incident of non-compliance with the relevant laws and regulations in FY2021. There was also no non-compliance relating to bribery, extortion, fraud, and money laundering in the year under the review.

### Performance in FY2021

- Achieved the target set for FY2021.
- Recorded no incident of non-compliance with the relevant laws and regulations that cover corruption, bribery, extortion, fraud and money laundering.

### Targets for FY2022

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

## Material Topic: Environmental

### GRI 307-1 Environmental Compliance

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Environmental protection remains one of the key priorities of the Group. We are committed to undertake our role and responsibility in the management of our manufacturing operations, and we are aware of the impact our operations has on the environment.

The Group operates two facilities in Seremban, Negeri Sembilan, Malaysia to that manufactures both natural latex and nitrile examination gloves. The construction of a third manufacturing facility which is strategically located within close proximity to our two manufacturing facilities, and with the intended additional production capacity of 1.2 billion pieces of gloves per annum, is underway.

While we continue to strive to grow and prosper in our business, we will also continue to do our part to care for the environment. We have complied with the necessary local regulations and obtained relevant licenses and permits for the operation of our manufacturing facilities.

As part of our environmental conservation effort, we have also implemented energy savings and recycling programmes to minimise waste in our daily operations. The disposal of wastes, rejected finished goods, defective raw materials, and machinery and equipment, were conducted in accordance with the local laws and regulations. We have engaged third-party service providers to manage all proper disposal of our waste materials.

In FY2021, the Group continues to record no incidence of non-compliance with the relevant environmental laws and regulations in Malaysia where our manufacturing operations are located.

We will ensure that all our manufacturing entities continue to comply with all the relevant rules and regulations.

### Performance in FY2021

- Achieved no incident of non-compliance with the relevant laws and regulations relating to environmental protection, which could result in internal disciplinary action, penalty or public allegation.

### Targets for FY2022

- Continue to maintain no incident of non-compliance with the relevant laws and regulations on environmental protection.



# Material Topics

## Material Topic: Social

GRI 401-1, GRI 405-1

### Employment, Diversity and Equal Opportunity

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At UG Healthcare, we believe our employees are essential for the continual growth of our business and maintaining long-term success. 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 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.

We have in place our staff handbook and human resources manual that adhere to the legislation and guidelines in the country of operations. 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. 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.

We also have in place various communication channels 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.

Approximately 99.6% of our employees are full-time employees and all our employees are paid fair wages in line with local regulations. Overtime work is optional and our employees are given the option to decide if they wish to work overtime in accordance with the local employment law in Malaysia.

In tandem with our production capacity expansion plans, we have increased our headcount by 21.8% from 918 employees in FY2020 to 1,118 employees in FY2021. Due to the nature of the work, the diversity by gender for FY2021 continues to be male dominated. Of the total employees, approximately 86.5% of our employees comprises of males, and 13.5% are females. No employees were laid off during the period.

In FY2021, we completed a 2-pillar SMETA audit which covered the topics of labour standards and health and safety.

#### Performance in FY2021

- Achieved the target set for FY2021 on the increase in number of employees.
- Recorded 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 FY2021.
- Approximately 97% of our workforce are below 50 years old.
- Approximately 87% of our workforce are male due to the nature of work.

#### Targets for FY2022

- 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 improve the diversity of our workforce in terms of gender diversity.

# Material Topics

The demographics of our employees for our manufacturing operations are as follows:

## Total Number of Employees by Gender

	FY2021	FY2020	Variance
Male	967	771	25.4%
Female	151	147	2.7%
<b>Total</b>	<b>1,118</b>	<b>918</b>	<b>21.8%</b>

## Total Number of Employees by Age Group

	Number of Employees	Of Total Workforce <sup>1</sup>
Below 30 years old	632	56.5%
Between 30 – 50 years old	453	40.5%
Above 50 years old	33	3.0%
<b>Total</b>	<b>1,118</b>	<b>100.0%</b>

## Diversity by Age Group and Gender

	New Hires	
	Number	Rate <sup>1</sup>
<b>By Age Group</b>		
Below 30 years old	266	23.8%
Between 30 – 50 years old	103	9.2%
Above 50 years old	4	0.4%
<b>By Gender</b>		
Male	312	27.9%
Female	61	5.5%
<b>Total</b>	<b>373</b>	<b>33.4%</b>

100% of our Board members comprise of males.

### **Note:**

1 Based on total number of 1,118 employees as at 30 June 2021.

# Material Topics

## GRI 403-9

### Occupational Health and Safety

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The Group remains committed to providing a healthy and safe working environment for our people. Our approach to safety focuses on creating a culture which requires all members of our workforce to be leaders in creating a safe work environment.

At UG Healthcare, we seek to identify and manage occupational risks exposure, minimise occurrences of occupational illness and promote healthy lifestyles. All employees have to undergo courses to equip themselves with the necessary knowledge and skills required for their roles and responsibilities. These include health and safety policies, safe work procedures and work instructions implemented across the Group.

As an essential goods supplier, our manufacturing operations were allowed to operate amid the restrictive measures implemented by the Malaysia government to curb Covid-19 infections. We continue to operate our business in accordance with the directives of the respective governments and authorities. The health, safety and well-being of our employees, and maintaining their livelihoods are our highest priority. While the majority of our employees continued to work on site, some office-based employees were able to work remotely from home.

We have put in place various precautions to prevent the transmission of coronavirus at our premises in Malaysia. These measures include ensuring safe entry with non-touch digital thermometer at site entrances, wearing of face masks at all times, use of contact tracing app (such as MySejahtera app in Malaysia) on all sites, disinfecting work stations, deep cleaning and sanitizing of common areas regularly, safe-distancing, and staggered meal-time arrangements for workers to ensure there is no overcrowding.

Regular Covid-19 PCR testing has been conducted for our employees as part of our strategy to ensure that asymptomatic individuals are identified and allowed to self-isolate to prevent the virus from spreading in the workplace.

All our new hires are required to take a swab test prior to commencing work and employees working from home and living in high-risk areas are also required to be home quarantined and take a swab test prior to resuming work.

As Covid-19 infection cases remained high in Malaysia, our manufacturing operations were temporarily halted in accordance with the EMCO from 9 to 21 July 2021. As of late August 2021, more than 95% of our employees have been fully vaccinated (with two doses of vaccines). This has allowed us to resume our manufacturing operations with 100% manpower according to the regulations.

In FY2021, we continue to record zero incidents resulting in fatality and permanent disabilities.

#### Performance in FY2021

- 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.
- Achieved targets set for FY2021.

#### Targets for FY2022

- Continue to carry out refresher training regularly for our employees to ensure they are aware of the various policies and procedures, as well as to emphasise the importance of complying with the safety standards and rules in the workplace to minimise work-related injuries.
- 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 employees from occupational hazards.



# Material Topics

## Material Topic: Governance

GRI 419-1

### Socioeconomic Compliance

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

Our global footprint in countries outside of our manufacturing operations in Malaysia and corporate office in Singapore, has heightened our proactivity in identifying and addressing a broader range of social issues, risks and impact. We are 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 the pages 30 to 59 of the annual report.

#### Data Privacy

The Group is committed to complying with the Personal Data Protection Act and all relevant legislation. We have systems and procedures in place to protect information related to our employees and customers.

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

#### Performance in FY2021

- 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 Corporate Governance 2018, where appropriate.
- Recorded no incident of non-compliance with management controls and procedures.
- Recorded no incident of non-compliance on data privacy.
- Achieved targets set for FY2021.

#### Targets for FY2022

- Continue to maintain no incident of non-compliance with the relevant laws and regulations in the social and economic aspect.
- Continue to 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 continues to expand in its operations.
- Continue to maintain our track record of nil incidents of non-compliance on data privacy.



# Integrated Expertise for Greater Safety

SUSTAINABILITY REPORT 2021



UG HEALTHCARE CORPORATION LIMITED  
(Unique Entity No. : 201424579Z)

[www.ughealthcarecorporation.com](http://www.ughealthcarecorporation.com)