

TOWARDS NET ZERO

Leading Sustainable Packaging In Asia

Sustainability Report
2022-2023



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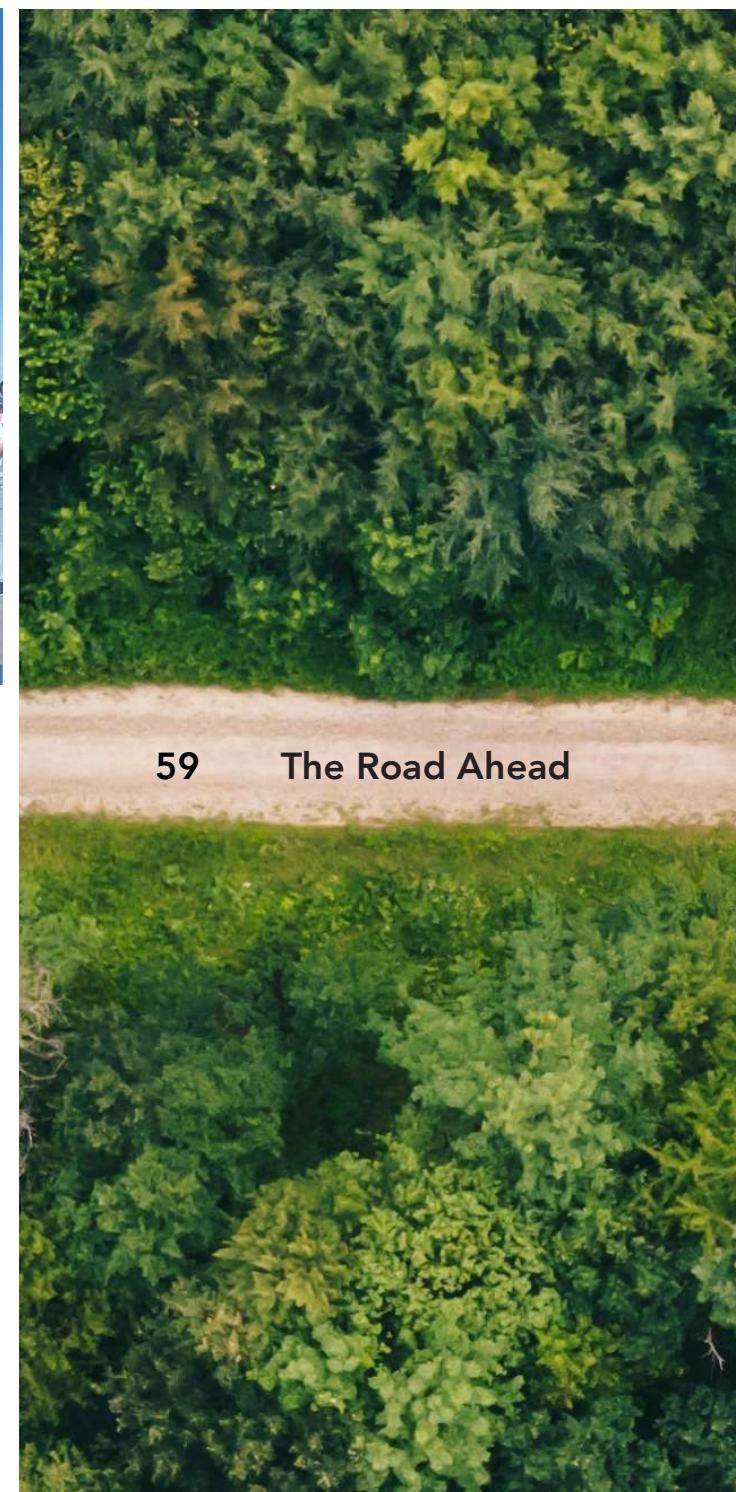
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About the Report

Kraft of Asia Paperboard & Packaging Co., Ltd (KOA) first Sustainability Report captures our commitment and actions towards sustainable growth anchored on responsible business practices while addressing material sustainability issues.

It covers an 18-month period spanning the first fiscal year of commercial operations (April 2022 to March 2023) and the first six months (April 2023 to September 2023) of stabilized commercial operations to provide our readers a better view of the results we have achieved from our sustainability initiatives.

The report revolves around our three core sustainability pillars - economic resilience,

environmental stewardship and sustainable communities. It highlights the strides we have made in reducing carbon emissions, optimizing energy use, bolstering economic performance, and minimizing waste generation while adhering to ethical practices, ensuring compliance and touching upon initiatives for employee well-being.

The report has been prepared in accordance with the Global Reporting Initiatives (GRI) Standards 2021. Our environment and social management strategy is intricately tied with the UN Sustainable Development Goals (SDGs), affirming our commitment to supporting global sustainability efforts.

To ensure transparency and provide context, we have disclosed related limitations in each section, as relevant. As a responsible company, we are committed to enhancing the scope and coverage of our future reports to better communicate our sustainability progress and align with the expectations of our stakeholders.

For any queries regarding the report, you may refer to our contact person below:

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Introduction



Takahiro Shimada

General Director
Kraft of Asia
Paperboard & Packaging Co., Ltd

New General Director appointed as of October 1, 2023

Statement from the leadership

Kraft of Asia Paperboard & Packaging Co., Ltd (KOA) is pleased to present our first sustainability report – capturing our sustainability commitment, related actions and performance for the period covering April 2022 up until September 2023. We are a containerboard paper manufacturer established under Marubeni Corporation crafting linerboard, medium, paper bags, envelopes, carton boxes, and notebooks.

When we first set up our company in Phu My 3 Specialized Industrial Park in 2018, we set out with the vision to be an industry leader in sustainable packaging practices while creating a profitable business that contributes to the country's development agenda. With significant technical inputs, management resources and support from Marubeni group, we

were able to overcome logistical, physical and market challenges brought down by the pandemic. In Nov 2020, we initiated pilot operations, commencing full-scale commercial production in April 2022. In the initial half of 2023, our revenue increased by 10% compared to the previous year, with a concurrent rise in wages and a 20% reduction in operating costs, credited to operational optimizations.

Ever since the beginning, we have been steadfast in our commitment to sustainability addressing environmental, social and governance (ESG) aspects - **Environment** has taken the centrestage owing to the resource intensive nature of our operations. We have implemented climate conscious **environmental stewardship** into the core operations -

this manifested in the form of our **2040 Net Zero Roadmap** spearheaded by a Decarbonization committee with direct oversight from senior leadership. KOA has reduced its **carbon emissions by 60%** through a combination of innovative production processes and the transition from coal fuel to Compressed Natural Gas (CNG), which significantly lowers emissions and pollution. We have adopted a circular economy approach by using **100% alternative / recycled raw materials** and completely eliminating the need for virgin materials and making a huge impact on the **ecological balance**. Our water treatment and waste management facilities are best-in-class and exceed the local compliance requirements.

At KOA, **responsible business** practices are intrinsic to our operations. We prioritize ethical conduct throughout our supply chain and maintain a robust risk management system to safeguard against potential risks. Our commitment extends beyond operations; **sustainable communities** is a key part of our philosophy addressing our employees and the community we operate in. We are stringent with our Occupational Health and Safety practices supported by a strong training program to grow leaders from within. Employee well-being is a key priority for us in the coming years as we grow our business. We strongly promote non-discrimination at work, fostering diversity and inclusion at the workplace. We are actively looking at complying with global

standards around EHS (Environment, Health and Safety) practices by adopting ISO 14001 and ISO 45001 in the coming years.

We thank you for taking the time to read this report and will appreciate your feedback to improve its contents.

About the Company

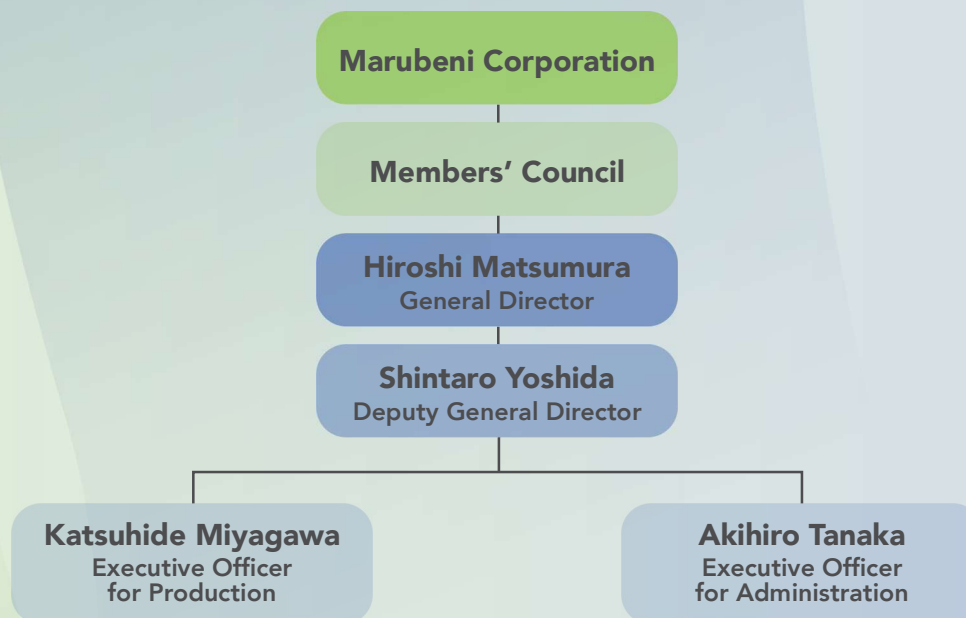
Kraft of Asia Paperboard & Packaging Co., Ltd (KOA), a containerboard paper manufacturer producing 400,000 tons annually, emphasizes environmental conservation and energy efficiency in its core operations. Established under Marubeni Corporation in 2018, KOA operates in Phu My 3 Specialized Industrial Park, crafting linerboard, medium, paper bags, envelopes, carton boxes, and notebooks. Beyond manufacturing excellence, KOA champions sustainable practices and actively contributes to community development in Ba Ria-Vung Tau and Vietnam, aligning its corporate mission with environmental responsibility and societal impact.

KOA Products

KOA's goal is to develop production while protecting the environment, minimizing greenhouse gas (GHG) emissions, waste, and water usage, as well as saving energy. This includes an energy transformation aimed at achieving Net Zero by 2040.



Governance Structure



New General Director appointed as of October 1, 2023

Decarbonization Roadmap Committee



Chairman: Katsuhide Miyagawa
Deputy Chairman: Ngo Quang Tuan
Members: Nguyen Thi Thu Hoai, Nguyen Manh Huy, Pham Minh Thanh, Luong Thien An, Nguyen Thai Son, Nguyen Thanh Dat, Dinh Thi Ngoc, Le Thi Thu



Membership Association

Membership Association
 Vietnam Pulp & Paper Association (VPPA)
 JCCH (Japanese Chamber of Commerce and Industry in HCMC)

Low Carbon Production

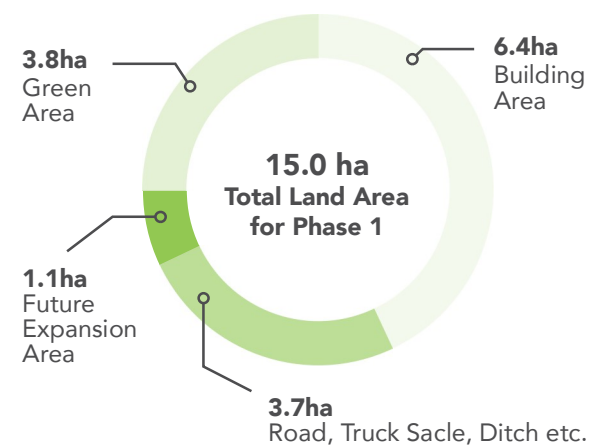
Production Facilities Overview

KOA's production facility is a hallmark of sustainable innovation, boasting a remarkable 60% reduction in total CO₂ emissions compared to industry counterparts. In fact, KOA's CO₂ emissions mirror the lowest levels observed in a European paper mill, a feat achieved through cutting-edge methods. Innovative practices, such as the elimination of size presses and after dryers, have led to a 30% reduction in steam consumption and a 5% decrease in electricity usage led to a 10% reduction on CO₂ emission. Our use of CNG for gas co-generation plant has reduced our CO₂ emission by 50%. These practices showcase our commitment to environmental conservation and energy efficiency.

Key Facilities Details:

- Collaborative efforts with Valmet (Finland) and Yueli (Taiwan) for paper production.
- Incorporation of advanced technologies from TECO (Taiwan), Siemens (Germany), AIKAWA IRON WORKS (Japan), ANDRITZ (Germany), and Yokogawa Solution Service (Japan).
- Cogeneration units generating 6,700kw and 35MT/h steam.
- Wastewater treatment capacity of 11,000t/day facilitated by Kobelco Eco-Solutions (Japan).

Paper Factory	1.4 ha
Waste Paper Warehouse	1.6 ha
Office and Products Warehouse	2.2 ha
Natural Gas Co-Generations	0.3 ha
Waste Water Treatment	0.3 ha
Others	9.2 ha
Total Land Area for Phase 1	15.0 ha



Sustainability at a Glance

KOA is dedicated to sustainability across all aspects of our operations. From pioneering environmental conservation to fostering community coexistence, our journey toward sustainability embodies a holistic approach that drives positive change. Here's a snapshot of KOA's sustainable highlights, reflecting commitment to a better, greener future.

Economic Resilience



10% increase in direct value generated (revenue)



6% increase in value distributed to wages and benefits



62% spent on local procurement, **\$91,000** in purchases



21% increase in the total number of direct employees



Zero tolerance towards corruption, resolved **3** incidents

Environmental Stewardship



60% less CO2 emissions compared to industry counterparts



0.51 tco2e/t emission intensity, remained stable despite increased production



100% use of recycled or alternative raw materials



99.94% of waste was recycled or diverted from disposal



100% Compliance with regulatory guidelines for WWTP

Sustainable Communities



0 incidents of discrimination and violations to rights of indigenous peoples



0 Work related fatalities



21% female employees in the workforce



199 New suppliers were added in 2023



100% of employees were trained on health and safety, human rights

Sustainability Strategy

Materiality

In 2023, we initiated a foundational materiality assessment process, marking our action towards global benchmarking. Given its novelty, we exclusively engaged key internal stakeholders. Adhering closely to the guidelines stipulated in the GRI Standards 2021 (illustrated below), our approach commenced with internal workshops centered on the materiality principle, relevant processes, and expected outcomes. This was followed by collating inputs from individual departments.

Identification and prioritization of material topics for assessment ensued through extensive industry peer research, guiding our categorization based on the following process:



Understanding the Organizational Context

Understanding that organization's context, nature of products/services, the characteristic of supply chain, and articulated business goals.



Initial Identification of Material Topics

Conduct an in-depth industry research to identify the initial set of material topics relevant to organization.



Assessing the Significance of Identified Topics

Evaluate the significance of these identified topics concerning their impact on the organization's sustainability goals and overall performance.



Prioritization by Key Internal Stakeholders

Engage key internal stakeholders/core team members in a collaborative effort to prioritize and rank the most significant material topics. (online survey).



Determining the Final List of Materials Topics for Reporting

Based on the prioritization results, finalize the list of material topics that will be included in the sustainability reporting.

The outcome of this materiality assessment has steered our prioritization of material topics.

The table below presents their classification into high, medium, and low priority:

●	High Priority <ul style="list-style-type: none"> • GHG Emissions Reduction • Energy Use and Efficiency • Economic Performance • Waste Reduction • Water Management • Employee Well-being • Compliance and Ethics
●	Medium Priority <ul style="list-style-type: none"> • Occupational Health and Safety • Training and Development
●	Low Priority <ul style="list-style-type: none"> • Circular Economy • Risk Management • Supply Chain Management • Sustainable Packaging (Materials) • Customer Management • Community Engagement • Diversity and Inclusion

The subsequent sections of this sustainability report spotlight KOA's performance and commitment around these material topics.

Our Sustainability pillars

KOA is driven by its commitment to sustainability, deeply ingrained in the core of its operations. As one of the key containerboard paper manufacturing companies, KOA acknowledges its pivotal role in environmental conservation and its profound impact on long-term success. The company's sustainability initiatives revolve around three fundamental thematic areas, guiding its actions towards economic resilience, environmental stewardship, and sustainable communities.



Economic Resilience

This pillar embodies KOA's commitment to operational efficiency, cost-effectiveness, and long-term financial stability. It encompasses strategies aimed at optimizing resource utilization, reducing production costs through innovative technologies, and fostering sustainable growth while maintaining financial resilience.

KOA Topics:

- Economic Performance
- Compliance and Ethics
- Supply Chain Management
- Risk Management
- Circular Economy



Environmental Stewardship

Highlighting KOA's dedication to environmental preservation, this pillar represents efforts to minimize its ecological footprint, promote environmental conservation and strive for net zero emissions. It encompasses initiatives focused on reducing CO2 emissions, conserving energy and water resources, implementing renewable energy solutions, waste recycling methods and adopting sustainable practices in manufacturing processes.

KOA Topics:

- Carbon Emissions Reduction
- Energy Use and Efficiency
- Sustainable Packaging (Materials)
- Water Management
- Waste Reduction



Sustainable Communities

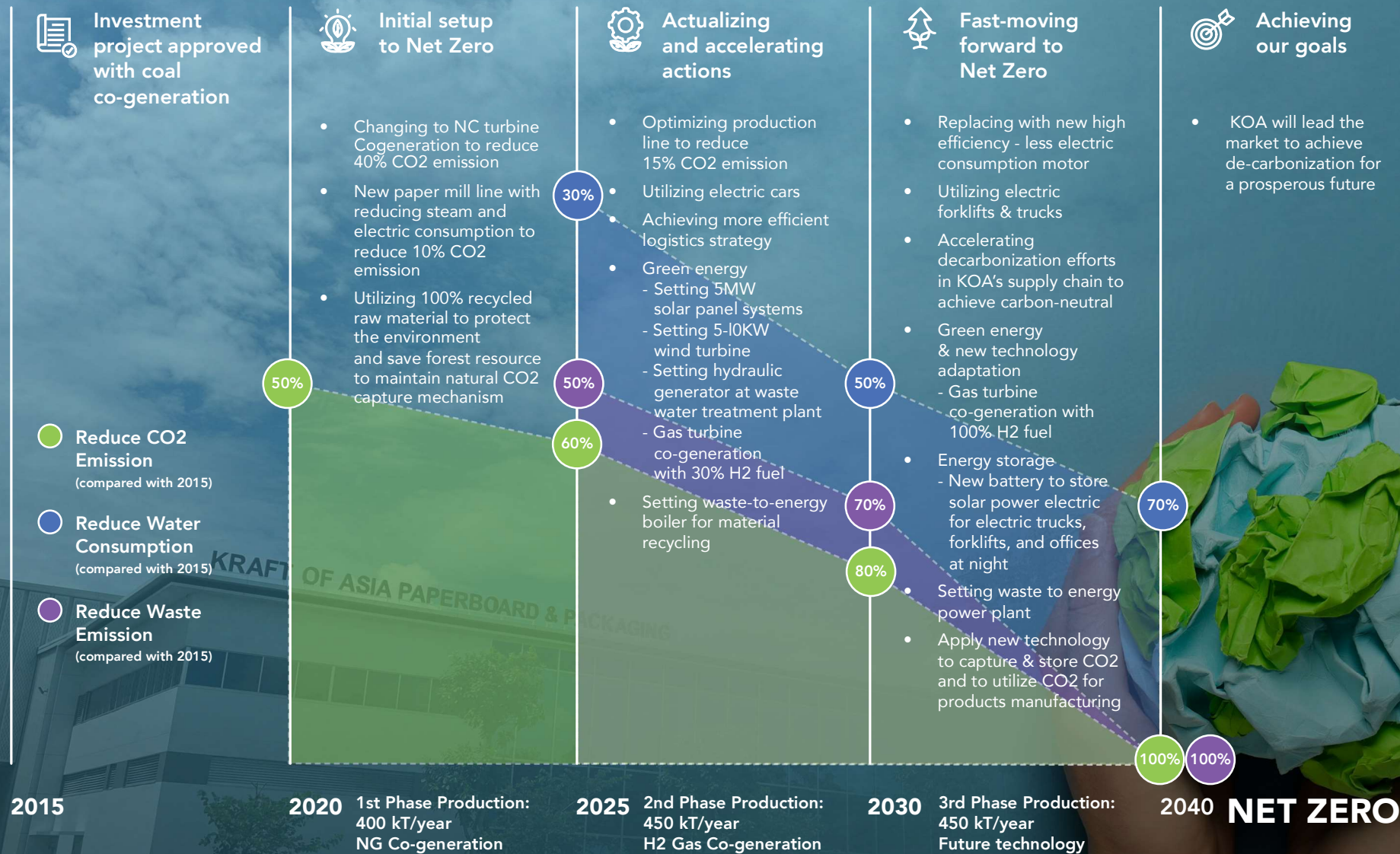
This pillar embodies KOA's pledge to social responsibility, inclusivity, and community engagement. It encompasses initiatives centered around fostering a diverse and inclusive workplace culture, ensuring employee well-being, supporting local communities, and upholding ethical standards across the supply chain.

KOA Topics:

- Employee Well-being
- Training and Development
- Diversity and Inclusion
- Occupational Health and Safety
- Community Engagement
- Customer Management

This sustainability framework embodies KOA's dedication to sustainable practices, acting as a guiding blueprint for present and forthcoming initiatives. KOA's vision extends beyond industry benchmarks, aiming not just to meet but surpass them, establishing the company as a leader in sustainable operations while upholding global standards. At KOA, sustainability isn't a choice; it's our core responsibility, driving impactful change in our industry and communities.

The Net Zero Roadmap



Linkage and Contribution to SDGs

In the table below, we delve into the significance of these topics for our organization and their crucial contribution towards the United Nations Sustainable Development Goals (SDGs).

Economic Resilience



Economic Performance

Impact Boundary: Within and outside KOA

This focuses on assessing a company's financial health and overall economic impact. KOA is committed to contributing to the economic development of the Ba Ria Vung Tau Province and the company's continued positive performance will contribute to the province's economic growth.



GRI

201: Economic performance

203: Indirect Economic Impacts

207: Tax



Compliance and Ethics

Impact Boundary: Within and outside KOA

We are committed to a culture of compliance and ethical conduct. We take a strict stand against corruption and adhere to legal frameworks and internal regulations.



GRI

205: Anti-corruption

206: Anti-competitive behavior

Non-GRI: Governance structure for handling compliance management



Supply Chain Management

Impact Boundary: Within and outside KOA

This involves optimizing the end-to-end supply chain to minimize our environmental impact. KOA places an emphasis on sustainable procurement, placing responsibility on our supplier for environmental and social factors.



GRI

204: Procurement Practices

308: Supplier Environmental Assessment

414: Supplier Social Assessment



Risk Management

Impact Boundary: Within KOA

Risk management is important to KOA as a means of accounting for sustainability risks and other factors to ensure that we can operate.



Non-GRI:

Efforts to estimate impacts of sustainability risks, risk management framework, table of risks



Circular Economy

Impact Boundary: Within and outside KOA

Embracing the circular economy means rethinking product design, usage, and disposal to minimize waste, extend product life, and reduce resource consumption. We transfer our industrial waste to be used in plastic resins and fertilizers.



GRI

301: Materials

306: Waste

Non-GRI: Material Efficiency and Sustainability

Environmental Stewardship



Carbon Emissions Reduction

Impact Boundary: Within and outside KOA

At KOA we are focused on minimizing our carbon emissions. Our CO2 emissions are equivalent to the lowest level of a European paper mill.



GRI

201: Economic performance

203: Indirect Economic Impacts

207: Tax



Energy Use and Efficiency

Impact Boundary: Within KOA

We are utilizing new methods of reducing our energy consumption. KOA has no size press and no after dryer, which reduces electricity consumption by 5% and reduce 30% of steam consumption. Our gas co-generation plant has reduced our CO2 emission by 50% compared to other biomass plants.



GRI

205: Anti-corruption

206: Anti-competitive behavior

Non-GRI: Governance structure for handling compliance management



Sustainable Packaging (Materials)

Impact Boundary: Within and outside KOA

We aim to change our packaging materials to more sustainable materials.

GRI

204: Procurement Practices

308: Supplier Environmental Assessment

414: Supplier Social Assessment



Water Management

Impact Boundary: Within and outside KOA

Water consumption is a big challenge for paper production. At KOA, we aim to lower our total water consumption and total water discharge in accordance with global standards. We are also trying to circulate our water as much as possible during the production stage to minimize water discharge.

GRI

303: Water and Effluents



Waste Reduction

Impact Boundary: Within and outside KOA

KOA's comprehensive commitment to waste management—embracing reduction, recycling, reuse, diversion, and responsible disposal practices in collaboration with our partners, alongside the upcoming implementation of the fluidized bed boiler system, signifies our proactive approach in adopting advanced solutions. These initiatives aim to minimize waste generation, curb environmental pollution, and preserve resources.

GRI

306: Waste



Sustainable Communities

Employee Well-being

Impact Boundary: Within and outside KOA

KOA prioritizes the well-being of our employees. We look towards fostering an environment that provides equal opportunity for our employees.



GRI

401: Employment
402: Labor / Management Relations
407: Freedom of Association and Collective Bargaining
408: Child Labor
409: Forced / Compulsory
410: Security practices
411: Rights of Indigenous people
Non-GRI: Employee engagement practices

Training and Development

Impact Boundary: Within and outside KOA

We ensure that employees have the means to develop their careers and skills through further training and education opportunities.



GRI

404: Training and Education



Diversity and Inclusion

Impact Boundary: Within KOA

KOA embraces diversity and fosters an inclusive workplace where employees of all backgrounds are valued and empowered.

GRI

405: Diversity and Equal Opportunity

406: Non-discrimination



Occupational Health and Safety

Impact Boundary: Within KOA

We want to make sure that our employees go to work in a safe and sound workplace. We want to prevent any workplace injuries and illnesses at our paper mills.

GRI

403: Occupational Health & Safety



Community Engagement

Impact Boundary: Within and outside KOA

We engage with local communities through social initiatives, like cleaning beach campaigns to raise awareness of environmental protection.

GRI

413: Local Communities

Non-GRI: Details on CSR and other voluntary initiatives



Customer Management

Impact Boundary: Within and outside KOA

We are focused on leading the paper industry in Vietnam while still providing sustainable products.

GRI

416: Customer Health and Safety

417: Marketing and Labeling

418: Customer Privacy



Stakeholder Engagement

At KOA, our sustainability journey is a team effort, built on strong connections with our stakeholders. The following provides a comprehensive overview of how we engage with them, address concerns, and build partnerships for our shared commitment to a sustainable future.

Legend

- As Needed
- Daily
- Quarterly

Suppliers/Vendors

Key Concerns

- Consumer protection
- Data security and cybersecurity
- Supply chain transparency

Engagement Platforms

- Emails and calls
- Meetings
- Company website

Shareholders (Marubeni HQ)

Key Concerns

- Financial Results, prospects and budget
- Manufacturing status (manufactured qty, product mix, issues, etc)
- Sales status (sales qty, price, accounts receivable collection, market situation, etc)
- Capex when necessary
- Policy and governance

Engagement Platforms

- Annual Stockholders Meetings
- Quarterly Meetings
- Emails and Calls Meetings
- Employee

Employees

Key Concerns

- Benefits and Compensations
- Health and Safety
- Engagement and Retention
- Training and Development

Engagement Platforms

- Emails and Chats
- Meetings
- Performance Appraisal
- Periodic Training/Seminar

Government / Regulatory Bodies

Key Concerns

- Compliance
- Taxes
- Community Development

Engagement Platforms

- Direct interactions with government agency
- Periodic Reporting
- Emails and calls
- Meetings
- Seasonal greetings (mid-autumn and Tet)

Local Communities

Key Concerns

- Supply chain sustainability, quality and safety, and the sourcing of raw materials

Engagement Platforms

- Informal engagement in everyday operations, Interactions during supplier screening

Customers

Key Concerns

- Affordability of products
- Product availability
- Product quality
- Environmental impact from production

Engagement Platforms

- Emails and calls
- Meetings
- Seasonal greetings (mid-autumn and Tet)
- Company website

Communities

Key Concerns

- Environmental impact, create jobs, and engage in social issues.

Engagement Platforms

- Volunteering initiatives, local community residency, and local employment fall under corporate social responsibility.

Sustainability Performance and Commitment

Economic
Resilience

Environmental
Stewardship

Sustainable
Communities

Economic Performance

Compliance and Ethics

Supply Chain Management

Risk Management

Circular Economy

Economic Resilience

KOA's commitment to economic resilience is evident in its comprehensive approach to its operations. KOA evaluates its economic performance, indirect impacts, and tax practices while upholding transparent and ethical business conduct, combating corruption and promoting fair competition. KOA's governance structures for compliance management reinforce its dedication to responsible operations. Additionally, the company prioritizes sustainable procurement, ensuring supplier responsibility for both environmental and social factors. KOA's approach includes assessing risks, employing risk management frameworks, and implementing resource management strategies that prioritize efficiency and sustainability.

Economic Performance



Navigating Shifting Economic Landscapes

KOA, in its initial operational phase from 2022, faced a dynamic economic landscape. While COVID-19's direct impact was limited due to KOA's nascent operations during the pandemic, the post-pandemic scenario presents challenges in the recovery and stabilization phase. Economic fluctuations, notably inflation's impact on consumption indices and packaging demands, affected

the market. The hesitancy in purchasing raw materials for manufacturing, driven by weakened consumption indices, posed operational challenges for KOA. Additionally, the strengthening of the USD, influenced by the US FED's stance against inflation, impacted export markets, shaping KOA's global market presence.

Direct Economic Value Distributed

In thousand USD

Operating Costs

\$7,865

\$3,079

Employee Wages and Benefits

\$4,164

\$2,208

■ FY 2022 (12months)
■ FY 2023 (6months)

Despite these challenges, KOA remains committed to transparent reporting, disclosing financial metrics such as generated value, costs, wages, taxes, and community investments. Notably, in the initial six months of 2023, an upsurge in generated value was observed due to increased market demand and the ongoing establishment of KOA's operations. Operational optimizations in the second year resulted in a 6% increment in employee wages and a notable 20% reduction in operating costs, showcasing enhanced efficiency and stability despite the volatile economic landscape.

Direct Economic Value Generated (Revenue)

In thousand USD

\$99,189

\$54,271

FY 2022 (12months)

FY 2023 (6months)



Market Presence and Tax Approach

KOA maintains equitable employment practices, ensuring gender pay parity and setting minimum wages higher than regional standards. While senior management currently comprises Japanese experts from the parent corporation, KOA aims to transition to a locally sourced leadership team as operations mature.

Aligning with compliance and sustainable development goals, KOA's tax strategy evolves through collaborations with tax consulting firms and diverse channels. The Accountant team oversees tax compliance, monitoring changes in regulations and ensuring continuous adherence. Integral to operations are mechanisms fostering

integrity in business conduct regarding tax compliance, including annual audits, comprehensive report submissions, and addressing concerns promptly to ensure accuracy, transparency, and regulatory compliance to relevant government bodies.

Compliance and Ethics



Upholding Integrity, Ensuring Transparency

At KOA, fostering a culture of compliance and ethical conduct is foundational to our operations. Our robust Anti Corruption Policy and Anti-bribery Management Regulations are extensively communicated and enforced throughout the organization. Training programs cascade these policies across all levels, ensuring awareness and understanding among employees and management. Contract agreement with third parties includes anti-corruption clauses, emphasizing our commitment to ethical business practices.

KOA takes a stringent stance against corruption. In the reporting period, we addressed and resolved three confirmed incidents of corruption promptly and decisively. In all instances, employees involved were dismissed or disciplined as per our strict anti-corruption policies, underlining our zero-tolerance approach. While there were no terminated contracts due to corruption violations, KOA remains vigilant, adhering to legal frameworks and internal regulations to uphold our ethical standards.



Legal Compliance and Internal Regulations

Operating in full compliance with Vietnamese laws, regulations, and our Accounting Policy remains a cornerstone of KOA's practices. Our accounting operations strictly adhere to KOA's Accounting Policy, Vietnam Accounting Standards (VAS), and all relevant legal requirements, ensuring accurate and transparent financial reporting.

Despite being in our early stages, KOA recognizes its role in contributing indirectly to the economy. While specific infrastructure

investments are not currently in place, our dedication to complying with regulations and fostering an ethical business environment contributes to the broader economic landscape. Internally, Compliance Regulations are aligned with Marubeni Group principles, empowering the Compliance Officer—KOA's Director of Human Resources & General Affairs—to lead training, implementation, and investigations, fostering a culture of integrity and ethics.

Supply Chain Management



Sourcing Dynamics and Geographic Scope

KOA sources products and services both domestically and internationally, including raw materials such as waste paper, chemicals, water, electricity, and gas. The procurement process involves two priorities: Old Corrugated Containers (OCC) and non-OCC supplies. KOA defines 'local' as within Vietnam. However, approximately 50% of waste paper,

a key raw material, is imported from Japan, Europe, and the US. Ensuring quality in these imports remains a priority. In their second year of operations, the current goal is to stabilize supplies, particularly for OCC, amid strong competition and the necessity to balance sourcing between local and international markets.

Percentage of products and services purchased locally

In thousand USD

\$90,935

73%

\$38,747

62.37%

FY 2022 (12months)

FY 2023 (6months)



Enhancing Supplier Engagement, Local Sourcing, and Future Strategies

Existing procurement policies at KOA incorporate ESG principles, including a Code of Conduct for Partners. However, structured supplier performance reviews and evaluations based on environmental and social aspects are lacking within the

current accreditation process. KOA aims to enhance supplier screening processes, particularly for OCC supplies, to foster a more consistent and sustainable supply chain. The focus remains on increasing spending with local suppliers while

balancing this against robust global competition. Exploration of materials, procedures, and processes aligns with sustainability goals, seeking a resilient and responsible sourcing strategy.



Risk Management



Safeguarding Operations Amid Potential Risks

KOA considers sustainability risks with critical financial implications and has a Business Continuity Plan (BCP) in place. The BCP primarily focuses on mitigating damage during fire emergencies, aiming to minimize impact, ensure employee safety, and sustain business operations. Acknowledging the imperative for a detailed sustainability risk mapping,

KOA aims to articulate critical sustainability risks, align them with potential impacts, and integrate comprehensive planning within the existing BCP to bolster preparedness and resilience across functions.

The BCP outlines fundamental policies for restoration and continuity during emergencies:



Protecting Lives and Employment:
Safeguarding employees and others



Self-Management:
Maintaining operational autonomy

Emergency Core Policies



Customer Commitment:
Fulfilling customer obligations
and safeguarding reputation



Customer Support:
Contributing to the local economy
and community welfare



Structured Response Framework

In anticipation of headquarters and factory risks, KOA assesses the potential impact, primarily on paperboard packaging production, with a recovery timeline of 6 months to a year, contingent on part deliveries. The disaster response structure, led by the President as General Director, involves the Human Resources & General

Affairs Department as the secretariat, facilitating communication with stakeholders via the Disaster Response Headquarters. Post-disaster, departments have designated roles: the Secretary's Office establishes emergency headquarters, Human Resources & General Affairs ensures employee safety, Accounting liaises with financial institutions,

General Affairs and Facility Management coordinate damage assessments and material procurement, while Production and Energy focus on safety measures. Safety confirmation will utilize multiple communication channels, including Zalo, ensuring a structured communication protocol for employee safety.



Circular Economy



Commitment to Alternative Raw Materials

KOA has embraced a comprehensive circular economy approach, relying entirely on alternative raw materials, specifically waste paper or Old Corrugated Containers (OCC), for its production processes.

By utilizing 100% recycled materials, KOA significantly reduces reliance on virgin resources, embodying a closed-loop system that minimizes environmental impact and promotes sustainable resource utilization.



KOA's Circularity Model

KOA's use of 100% alternative raw materials signifies its commitment to resource efficiency and waste reduction, eliminating the need for virgin materials and substantially reducing energy consumption and greenhouse gas emissions. Embracing a circular economy model, KOA repurposes waste paper entirely, aligning with sustainability goals while championing environmental preservation and minimizing landfill waste.

This practice not only reduces the ecological footprint but also exemplifies KOA's dedication to responsible resource management, fostering a resilient business model. Moving forward, KOA is focused on optimizing waste paper utilization, exploring innovative recycling techniques, and collaborating across the value chain to enhance circularity and sustainability in operations.

GHG Emissions Reduction

Energy Use and Efficiency

Sustainable Packaging (Materials)

Water Management

Waste Reduction

Environmental Stewardship

At KOA, our core commitment lies in environmental preservation and decarbonization. We lead the charge in reducing CO2 emissions within paperboard production, integrating renewable energy and sustainable design principles. Maintaining CO2 emissions at levels akin to Europe's lowest paper mills, we employ 100% alternative raw materials and innovative technology, championing waste reduction and sustainable practices. Our deliberate interventions chart a roadmap towards our net-zero target by 2040, positioning KOA at the forefront of market leadership in decarbonization for a sustainable future.

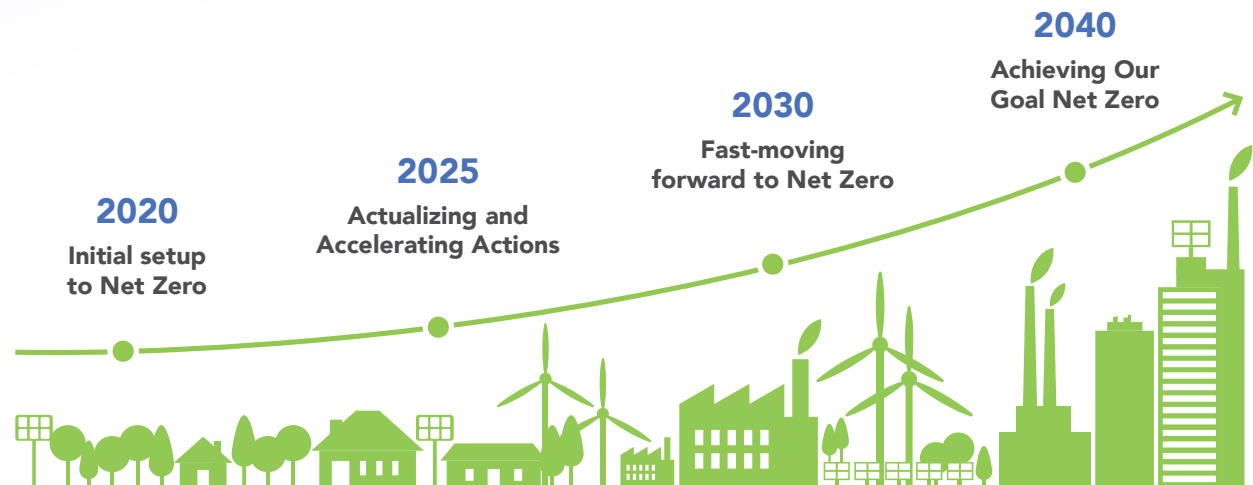
GHG Emissions Reduction



Leading Towards Net Zero 2040

Leadership at KOA is resolutely committed to advancing production while prioritizing environmental stewardship. We recognize the potential impact and risks associated with greenhouse gas (GHG) emissions to the company and its stakeholders. This dedication drives our initiative to minimize GHG emissions and embark on an ambitious journey towards achieving Net Zero status by 2040. By strategically focusing on reducing emissions, KOA not

only strengthens its own sustainability but also mitigates environmental risks while positively influencing its stakeholders. This commitment is not a mere aspiration; it's backed by actionable plans and a meticulously designed roadmap. A dedicated Decarbonization Roadmap Committee diligently oversees this transformative journey, ensuring stringent adherence to ambitious targets and providing regular updates on progress.



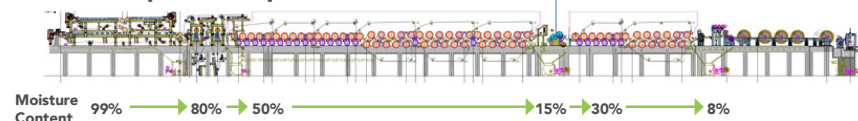


Net Zero Initiatives and Milestones

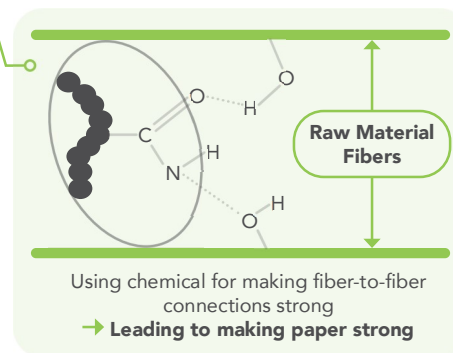
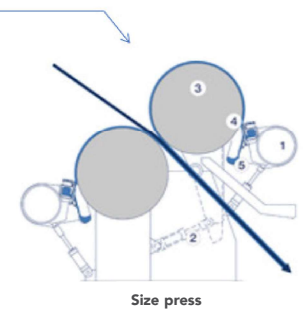
Since initiating the Net Zero plan in 2020, we have implemented pivotal measures to curb emissions. Introducing natural gas co-generation has significantly slashed CO₂ emissions by 50%, while a new paper mill line has concurrently reduced steam and electric consumption by 10%. Complementing these efforts, the company has made a resolute commitment to employ 100% recycled raw materials, championing environmental preservation and forest resource conservation. The planning phase for a 5MW solar panel system installation has commenced, aligning with 2025 objectives.

Advanced Technology (No size press and no after dry)

Other Companies' Paper Machine



KOA's Paper Machine



30% less steam consumption
5% less electricity consumption

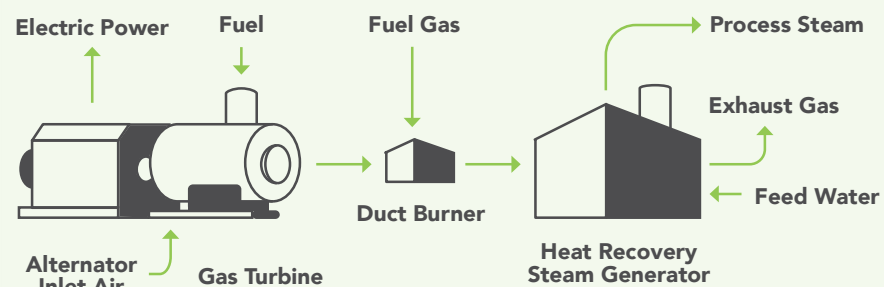
10% less CO₂ emission contributing to environmental protection (*)
(*) comparison with other paper producers in VN



Natural Gas Cogeneration System



KOA



(Source: Kawasaki Heavy Industrie, Ltd.)



Coal-fired cogeneration system



50% less CO2 emission ()**

(**) comparison with Coal Co-Generation System

Planned Interventions (2025-2030):

- Transition to electric vehicles and the implementation of an efficient logistics strategy.
- Deployment of green energy solutions such as 5MW solar panels, 5-10KW wind turbines, and gas turbine cogeneration with 30% H2 fuel.
- Integration of waste-to-energy boilers for material recycling.

**Vision for the Future (2030-2040)**

- Adoption of high-efficiency, low-electric consumption motors and electric forklifts/trucks.
- Accelerated decarbonization efforts across KOA's supply chain towards achieving carbon neutrality.
- Advancements in green energy with gas turbine cogeneration using 100% H2 fuel and embracing cutting-edge future technologies.
- Implementation of energy storage solutions, including new batteries Hfor storing solar power for electric vehicles and office consumption during non-production hours.
- Establishment of waste-to-energy power plants and deployment of innovative CO2 capture and utilization technology.



Environmental Integration and Targets

KOA's Environmental and Business Planning team actively ensures alignment of environmental objectives with broader business goals. The company sets a specific annual target, aiming for a 1% reduction in CO₂ emissions year-on-year. This objective is driven by optimization in production, adoption of energy-efficient practices, transitioning to electric vehicles, and the integration of renewable energy sources.

KOA's pursuit of GHG emission reduction integrates strategic planning, comprehensive accounting, stringent environmental protocols, and impactful interventions in alignment with global standards, advancing confidently towards a sustainable, Net Zero future.



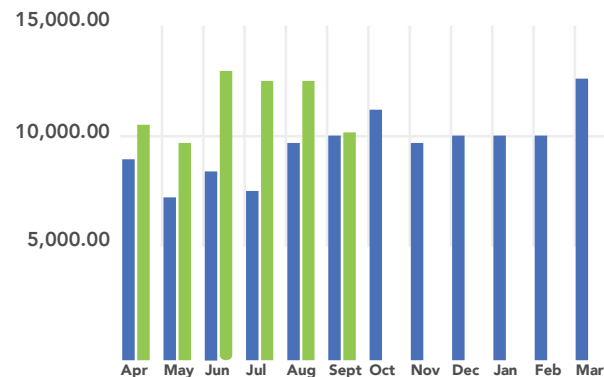
Holistic GHG Inventory and Accountability

At KOA, we conduct a comprehensive greenhouse gas (GHG) emissions inventory, encompassing Scope 1 to 3 emissions. This meticulous tracking and accountability ensure a systematic approach to emissions reduction and management across our

operations' spectrum, aligning with the company's ambition to achieve ISO certification in the upcoming years. This reaffirms our commitment to global environmental standards and robust reporting practices

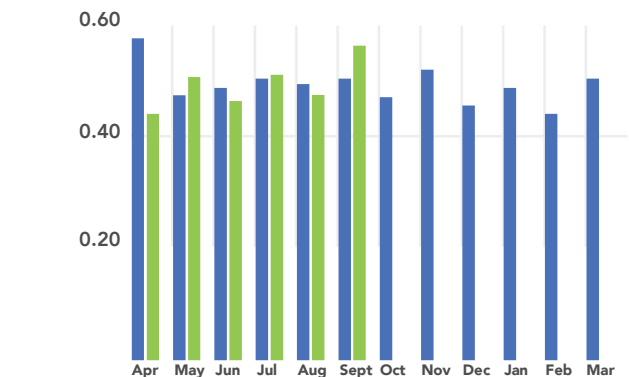
Overall Emissions

tCO₂e



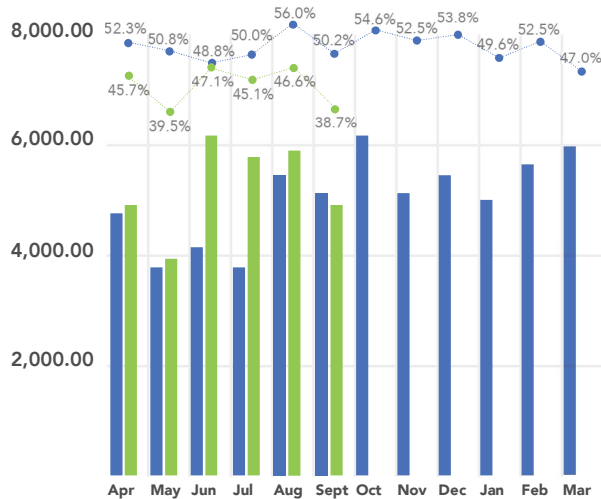
Overall Intensity

tCO₂e/t

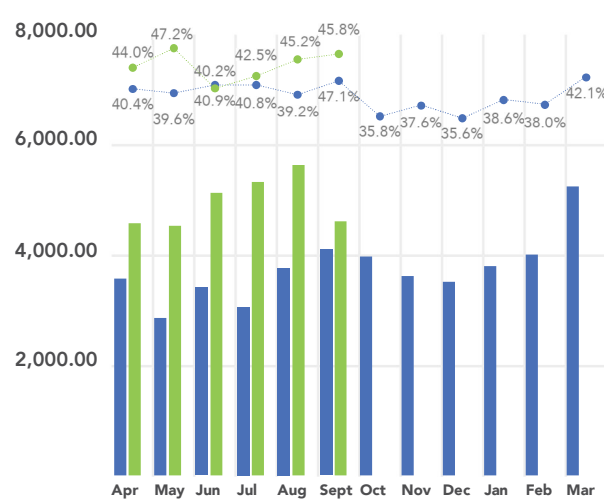


■ FY 2022 (12months)
■ FY 2023 (6months)

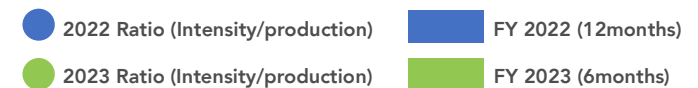
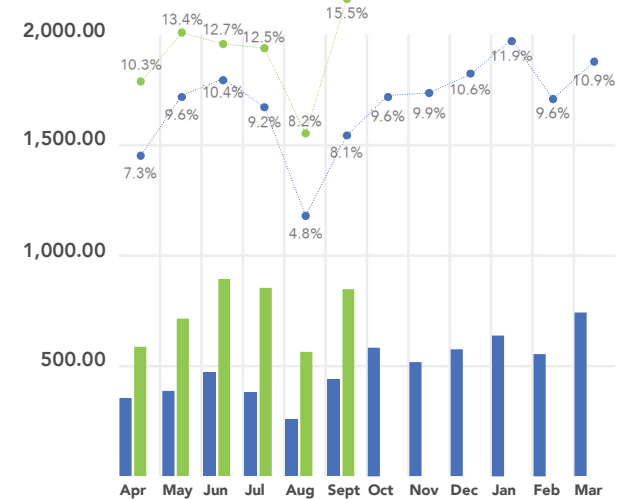
Scope 1

tCO₂e

Scope 2

tCO₂e

Scope 3

tCO₂e

Within **Scope 1**, we recognize direct emissions stemming from sources we control or own, such as natural gas, LPG, diesel, and various oils. Managing and reducing these emissions is a fundamental part of our strategy to lower our day-to-day environmental footprint.

Scope 2 involves the tracking of purchased electricity, highlighting our awareness of energy consumption from external sources. We're exploring avenues to optimize energy procurement, possibly shifting towards more sustainable sources and enhancing overall energy efficiency.

Scope 3 encompasses the broader impact of our operations, including indirect emissions from waste treatment, transportation, and product and purchase materials exports (domestic and overseas). Addressing these emissions demonstrates our commitment to accountability beyond our immediate operations and toward a more holistic approach to reducing our carbon footprint.



NO_x, SO_x, and other Significant Emissions

Emissions of NO_x, SO_x, and other pollutants are subject to continuous monitoring within our operations. Deviations from regulated emission levels can have severe consequences, affecting air quality, contributing to acid rain, and posing health hazards to nearby communities.

At KOA, we utilize a Continuous Emission Monitoring System (CEMS) to track and document these emissions, ensuring compliance to QCVN National Technical Regulation on Industrial Emission of Inorganic Substances and Dusts and other established environmental quality standards.

KOA's emission levels adhere to QCVN, notably reducing CO emissions from 26.5 to 8.9 mg/Nm³ in 2022 and 2023, respectively. NO_x and SO₂ levels maintain within normal or acceptable range, showcasing KOA's commitment to transparent reporting and environmental responsibility. This approach ensures operational compliance, mitigating environmental risks and fostering trust among stakeholders in KOA's sustainable practices.

Other Significant Air Emissions	2022 (12months)	2023 (6months)
CO (mg/Nm ³)	26.5	8.9
Total volume (m ³ /h)	45732.1	34052.9
NO _x (mg/Nm ³)	61.7	58.2
O ₂ (%)	15.7	16.0
Dust (mg/Nm ³)	5.9	11.0
Pressure (kPa)	97.2	101.4
SO ₂ (mg/Nm ³)	8.3	9.4
Temp. (oC)	92.61	90.53



Energy Use and Efficiency



Minimizing Impact, Maximizing Efficiency

KOA's energy consumption aligns with its commitment to sustainability, yet growth in production has presented challenges and opportunities. The year-on-year increase in production volume led to a 3% rise in natural gas consumption, correlating with heightened paper production. Notably, the second year marked a significant 200% surge in lubricant oil usage due to

extended operational hours, essential for improved machinery performance, unlike the previous year's suboptimal operations. Nevertheless, slight decreases were observed in diesel oil, hydraulic oil, and LPG use across various operational sectors, indicating efficient resource management in certain areas.

Energy Consumption within the Organization

Diesel

Liters

7,800

3,800

Hydraulic Oil

Liters

35,535

10,814

FY 2022 (12months)

FY 2023 (6months)



Natural gas

MMBtu

1,082,828

558,782

LPG

kg

271,386

104,185

Lubricant Oil

kg

1,164

1,725

■ FY 2022 (12months)
■ FY 2023 (6months)



Co-Generation Benefits

The Co-generation Gas system saw a 19% decrease in electricity generated but a notable 15% increase in steam output. This system exemplifies energy efficiency, utilizing waste heat to produce both electricity and steam simultaneously, thereby optimizing resource utilization and reducing environmental impact.

Non Renewable Energy Sources

Steam from Cogeneration Gas System

Tonnes

272,896

156,613

Electricity Generated from Cogeneration Gas System

MWh

67,621

27,337

FY 2022 (12months)

FY 2023 (6months)



Electricity Purchased

Electricity consumption soared by 30% in the current year compared to the previous period. Operational expansion and increased production demanded higher energy consumption, exacerbated by rising gas prices due to geopolitical factors, compelling a shift towards more cost-effective electricity usage.

Electricity Purchased

MWh

65,047

43,826

FY 2022 (12months)

FY 2023 (6months)



Initiatives Driving Savings

We embarked on multiple initiatives focusing on process modification and operational changes, effectively curbing electricity consumption. Implementations included the adjustment of circulation pumps, vacuum systems, hood ventile systems, cleaner pump operations, and process modifications for paper basis weight. Other operational changes, such as running only one couch pit agitator, significantly contributed to energy conservation.

Electricity Saving Initiative	Nature	Implementation	Standards/Methods	Ave. Yearly Savings (GJ)
Circulation Pump Stop	Operation change	March 2022	Temperature hydraulic oil control	69.70
Vacuum System adjustment	Operation change	April 2022	Adjust according to usage need.	3473.28
Hood Ventile System adjustment	Operation change	July 2022	Hood Vensystem balance	2255.04
Cleaner Pump stop	Process modification	April 2023	Stock return to Broken system.	1036.80
2 Layer for light paper Basis Weight	Operation change, Process modification	July 2023	Balance basis weight separator at 2 layers	
Couch pit Agitator Running only 1 pcs.	Operation change	September 2023	After Threading, only tail go to couch pit	1114.56

Sustainable Packaging (Materials)



Driving Change through Recycled Resources

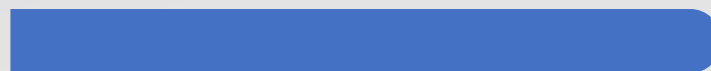
At KOA, we take pride in our commitment to sustainability, exemplified by our product line crafted entirely from 100% recycled materials. This environmentally friendly approach significantly reduces the reliance on natural resources, particularly old corrugated containers (OCC) and waste paper. The company is grateful for the steadfast support of our customers, recognizing that each usage of our product contributes to preserving the natural environment. This dedication not only ensures environmental friendliness but also safeguards forest resources, crucial for maintaining natural CO2 capture mechanisms.

Alternative Raw Materials

OCC (t)

277,463

155,696



FY 2022 (12months)

FY 2023 (6months)

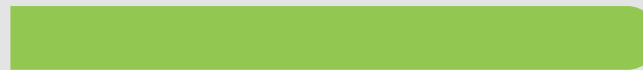
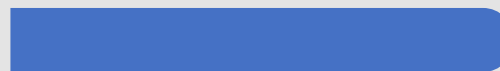
In 2023, the usage of OCC as our primary raw material and its packaging (steel wire) increased compared to the previous year, attributed to the rise in production quantity.

Steel wire for packaging

kg

14,900

19,180



FY 2022 (12months)

FY 2023 (6months)



Strengthening Procurement and Partnerships

Our procurement strategy prioritizes recycled materials, marking a purposeful shift towards eco-conscious practices. While existing policies embed ESG principles in procurement, the environmental team audits one supplier annually, specifically the third-party waste treatment facility, utilizing stringent environmental criteria. While this represents a mere 0.4% and 0.5% of the total new suppliers, looking ahead, we aim to formalize structured evaluations and sustainability-focused programs for suppliers and internal teams. This dedicated pursuit reflects our trajectory, not merely towards sustainable packaging, but also in cultivating collaborative partnerships for a more sustainable future.

New Suppliers that were screened using Environmental Criteria

	2022 (12months)	2023 (6months)
No. of new suppliers added	260	199
No. of new suppliers added that were screened using environmental criteria	1	1
Percentage of new suppliers that were screened using environmental criteria	0.4%	0.5%



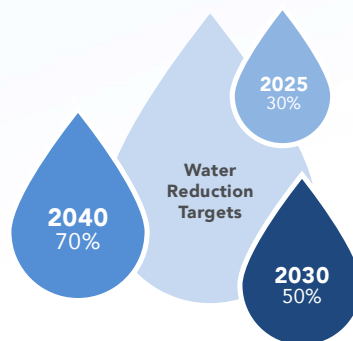
Water Management



Balancing Efficiency and Sustainability

At KOA, we deeply value effective water management in both our operations and environmental impact. Our stringent wastewater treatment protocols, coupled with detailed operation and maintenance procedures, ensure the smooth functioning of our treatment facilities. Aligned with our ambitious targets, we aim for a 30% reduction in

water usage by 2025, escalating to 50% by 2030 and an audacious 70% decrease by 2040. Our focus extends to maximizing water recycling within production stages, minimizing discharge levels, and optimizing overall water utilization. We're also moving towards waste recycling through a fluidized bed boiler system, demonstrating our commitment to circular economy principles.



Water Withdrawal and Discharge (ML)

	2022 (12months)	2023 (6months)
Total water withdrawal	2,954,323.00	1,625,387.00
Total water discharge	2,430,775.00	1,372,695.53



Compliance and Continuous Improvement

Adhering to WWTP guidelines and proactive maintenance measures underscores our dedication to regulatory compliance and environmental responsibility. Our swift incident corrective procedures swiftly address any deviations, ensuring operational integrity and environmental stewardship. Internally,

we're prioritizing in-house recycling methods, reducing reliance on third-party waste transfer. Our proactive stance embodies our pursuit of sustainability, operational efficiency, and environmental harmony, in line with our commitment to responsible business practices.

Waste Reduction



Leading the Way in Waste Diversion

At KOA, waste management is not just about sustainability; it is a commitment to our community and environment. Effective waste reduction strategies not only bolster environmental sustainability but also influence financial resilience and community well-being. We tackle waste reduction with a comprehensive approach, addressing diverse waste types such as non-hazardous (combining industrial and domestic waste), hazardous materials, sludge (non-hazardous), and other scrap materials including metal, wood, paper, and nylon.

In 2022, we generated 48,587,139.47 kg of waste, diverting a significant 48,481,462.47 kg from disposal while directing only 105,677 kg to disposal. By the first half of 2023, waste generation decreased to 21,646,575.20 kg, with 21,626,679.20 kg diverted and a minimal 19,896 kg directed to disposal.

We take pride in our exceptional waste diversion practices, partnering with a disposal company offering recycling solutions instead of landfill treatment. Our reduction strategies include legally selling treated hazardous waste like oil drums and oil waste to suppliers and discovering ways to sell certain industrial waste as scrap, promoting on-site waste reuse and recycling.

Despite challenges in waste management elsewhere, we effectively diverted the bulk of our generated waste from disposal, showcasing our commitment to minimize environmental impact. Notably, our hazardous waste disposal, covering packaging, oil-contaminated rags, waste lubricants, asbestos insulation, fluorescent light bulbs, print cartridges with hazardous ingredients, batteries, and medical waste, has significantly decreased. However, sludge and other scrap that won't be sold will be categorized as hazardous waste by the end of each fiscal year.

Waste Composition (kg)

	2022 (12months)	2023 (6months)
Non-Hazardous (industrial + domestic)	48,480,170.00	21,521,591.00
Hazardous	85,110	18,739
Sludge (non-hazardous)	21,803.67	12,189.20
Other scrap (metal, wooden, paper scrap, nilon scrap)	55.796	94,056
TOTAL	48,587,139.47	21,646,575.20

Waste Diverted (tonnes)**Non-Hazardous**

48,448.19

21,509.22

Hazardous

11

11

Sludge

22

12

Recyclable Scrap

56

94

Waste Directed to Disposal (tonnes)**Non-Hazardous**

32

12

Hazardous

74

8

■ FY 2022 (12months)

■ FY 2023 (6months)



Innovative Waste Management Initiatives



We are relentless in our commitment to reducing waste. We repurpose non-hazardous industrial waste into plastic resin and repurpose sludge into fertilizer. Collaborating with Plastic Dai Phu Co., Ltd., we recycle plastic pellets through water separation, reducing waste significantly. These pellets, PP&PE mixed recycled plastic, are essential for manufacturing aluminum panels due to their superior qualities.

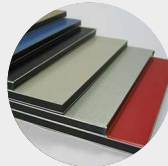
Below are some products made from PP&PE recycled plastic pellets available on the market:



Generated Plastic Beads
(PP&PE mixed recycled plastic pellets)



**Small
alu sheets**



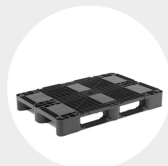
**Large
alu sheets**



**Industrial
fan band**



Electrical Coil



**Price of
plastic pallet**



**Plastic tray -
plastic waves**



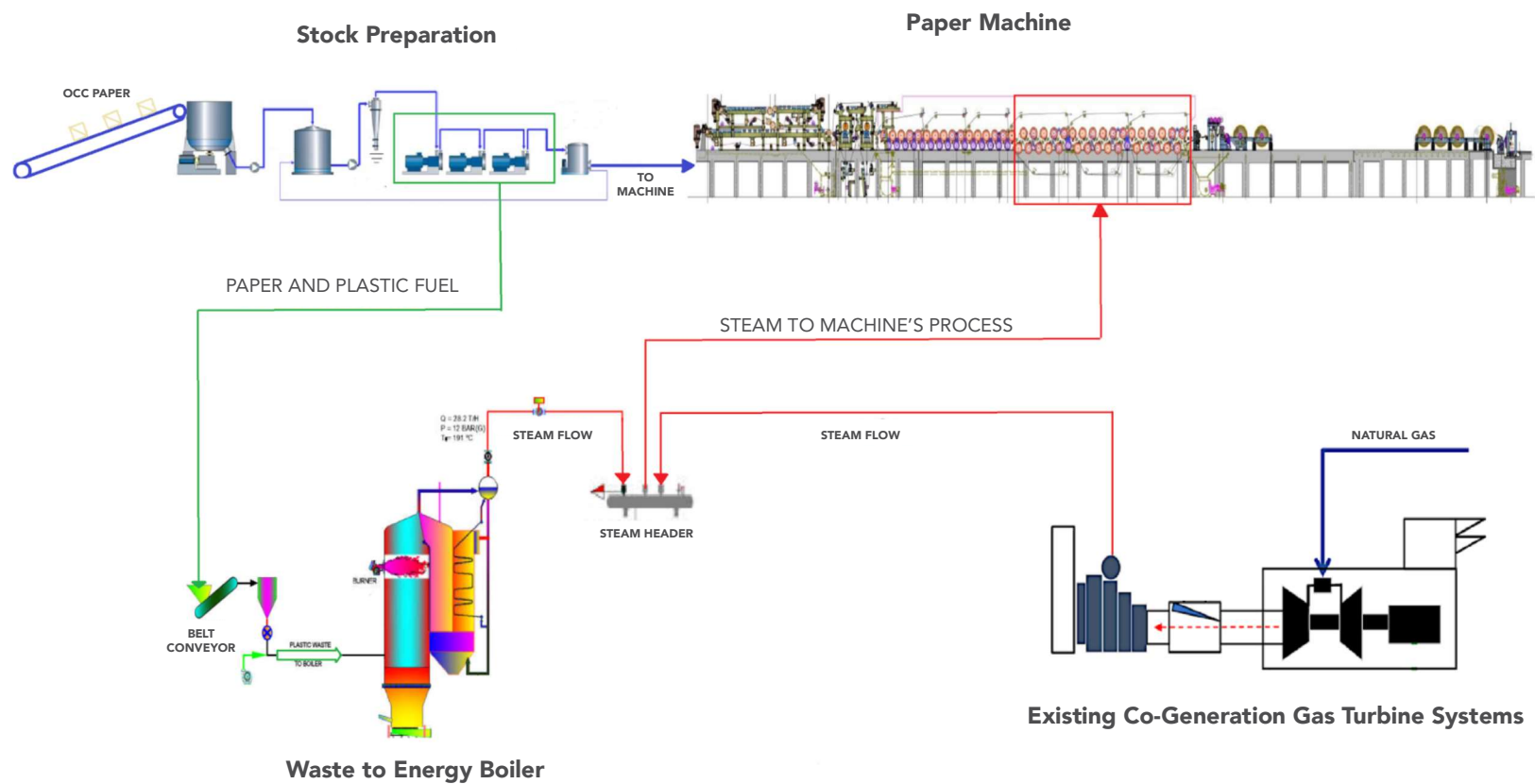
Fan head

Furthermore, we have discovered the value of selling specific waste materials to third parties, effectively reducing our waste treatment costs.



We are actively transforming our environment-friendly ethos into action. From replacing plastic bottles/cups with paper or glass alternatives to pursuing waste-to-energy conversion, we are on a sustainability quest. Awaiting licensing for our fluidized bed boiler system (schema in the next page) — designed to incinerate 150 tons/day of industrial waste — we aim to produce steam for our operations, aligning with rigorous environmental standards. This innovative system adeptly converts industrial waste into steam, utilizing waste components as fuel, all while ensuring full compliance with environmental regulations.

Fluidized Bed Boiler Technology



Employee Well-being

Training and Development

Diversity and Inclusion

Occupational Health and Safety

Community Engagement

Customer Management

Sustainable Communities

At KOA we strive to be an inclusive workplace where every employee regardless of age, gender, religion or political opinions is treated fairly. We are committed to ensure the rights of equality and freedom for all employees working at KOA. We recognize that our commitment to building a sustainable community begins with our practice inside our own company. We continue to work towards incorporating diversity into recruiting, training, developing and retaining our employees.

Employee Well-being

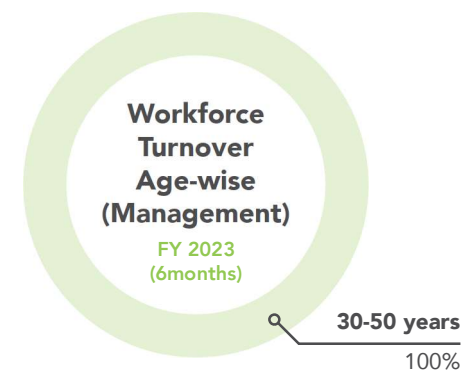
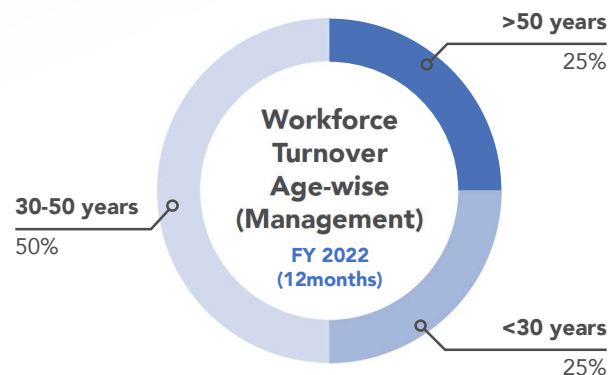
We are working towards providing an environment that values a healthy work-life balance for our employees. We understand that employees with a healthy work-life balance are more likely to be engaged in the work we do. We have implemented parental leave for

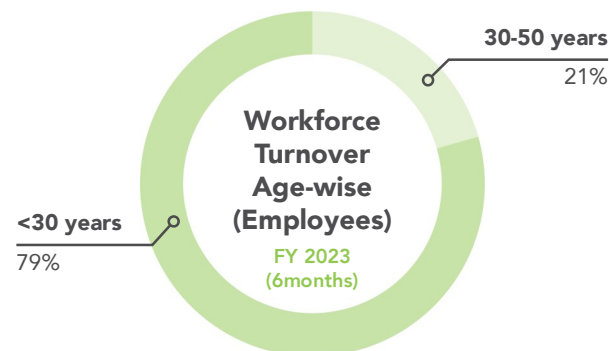
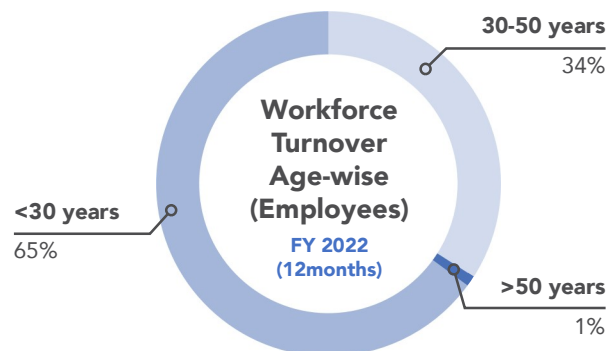
our employees to give them time to bond with their new child or children. Our parental leave program is consistent with globally minimum standards. We understand that parental leave is important in reducing employee burnout and it will improve employee retention.



Workforce turnover Gender-wise

	2022 (12months)		2023 (6months)	
	Male	Female	Male	Female
Management	4	0	0	1
Employees	82	16	30	4

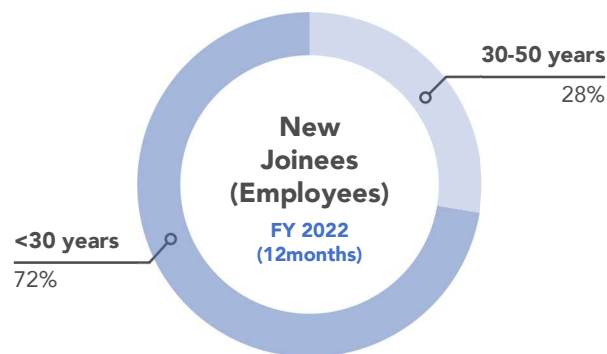




Parental Leave

	2022 (12months)		2023 (6months)	
	Male	Female	Male	Female
Number of employees entitled to parental leave	9	3	6	4
Number of employees that took parental leave	9	3	6	4
Number of employees who returned to work after parental leave ended	9	3	6	Maternity Leave

At KOA, we highly value our workers' rights to join trade unions and engage in collective bargaining. To uphold this, we implemented a 'Freedom of Association and Collective Bargaining Policy' on June 1, 2022. We are also conscious that our policies and interactions with suppliers might influence workers' rights. There have been no instances where we violated our workers' rights to exercise their freedom of association or collective bargaining.

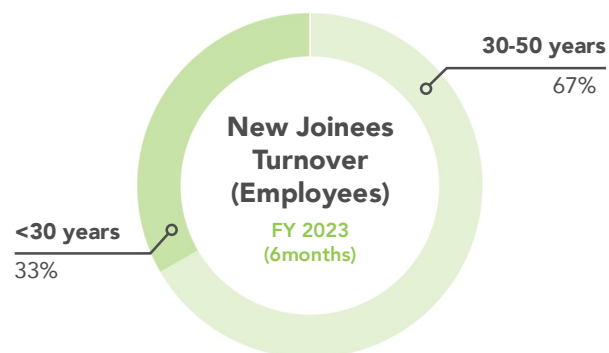
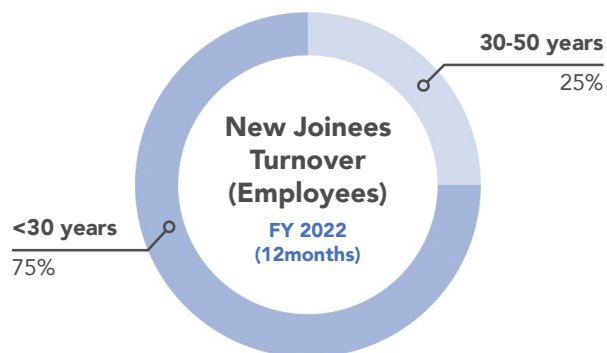


**New Joinees Gender-wise**

	2022 (12months)		2023 (6months)	
	Male	Female	Male	Female
Management	1	0	0	0
Employees	140	19	35	10

**New Joinees Turn-over Gender-wise**

	2022 (12months)		2023 (6months)	
	Male	Female	Male	Female
Management	0	0	0	0
Employees	19	1	2	1



Training and Development

We train our employees with skills needed to succeed in their current roles and for any future roles in the company. Training efforts include mandatory courses on health and safety, along with a number of programs focused on upgrading employee skills and transition assistance programs designed to support employees who are retiring or who have been terminated.

We also have regular performance and career development reviews to increase employee satisfaction. Regular employee

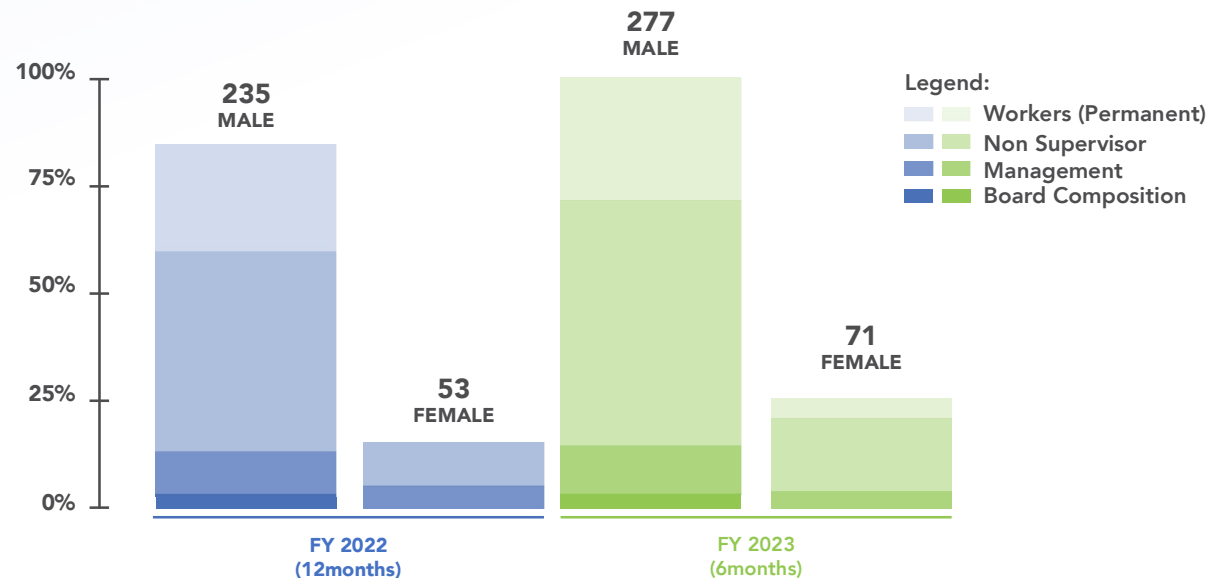
appraisals aid in the development of our employees and is part of our investment in the human capital in our organization. We have also initiated human rights training for our staff in 2023. We believe that training is the first step to ensure that we can prevent any violations to human rights, including the use of force or discrimination. Our security personnel have received formal training in our human rights policies so that they ensure they can act appropriately towards third parties.

Diversity and Inclusion

At KOA, we want to nurture a workplace culture that places an importance on inclusivity. We are aiming to have a workforce that reflects the communities we are part of and to work towards gender parity. To help improve our diversity and inclusion initiatives, we track our hiring, workforce turnover and overall board

composition. At KOA, we are committed to equal employment opportunity and compliance to all local laws. We prohibit employment discrimination based on race, religion, age, sex or gender, national origin, marital status, sexual orientation, citizenship status and other characteristics.

Diversity of Governance Bodies and Employees



All of the decisions we make regarding personnel actions are based on their demonstrated skills, achievement and experience and made without discrimination. We are committed to providing a workplace free of threats, discrimination and harassment.



Diversity of governance bodies and employees (Age-wise)

	2022 (12months)			2023 (6months)		
	<30 years	30 - 50 years	> 50 years	<30 years	30 - 50 years	> 50 years
Board Composition	0	2	2	0	2	2
Management	5	36	5	5	36	5
Non Supervisors	101	55	0	134	70	0
Workers (Permanent)	51	30	1	61	32	1
Contractual workers	0	0	0	0	0	0
Total	157	123	8	200	140	8

Occupational Health and Safety



Work-related injuries

High consequence of work-related injuries (rate)
Recorded work related injuries (no.)
Recorded work related injuries (rate)
Man hours worked (hours)

2022 (12months)		2023 (6months)	
Male	Female	Male	Female
1.74	0	0	0
7	0	4	0
2.03	0	2.50	0
2,112	2,112	1,056	1,056

At KOA, we value the safety and wellbeing of our employees. We strive to foster an injury-free workplace, where every employee can have peace of mind that they will not be injured on the production line. We promote safety in the workplace by having a detailed occupational health and safety (OHS) management system in place. Our proactive approach helps us identify areas for improvement and trains our employees on mitigating safety incidents before they happen.

We identify risks and hazards according to our risk assessment and control measures procedure. We abide by the QT.HS.02 Risk and Hazard Identification Procedure related to health and safety. We are also undergoing OHSM ISO 45001 certification for our health and safety procedures. We completed the ISO 45001 stage 1 certification in October and stage 2 in November.

In 2023, we had no high consequence of work-related injuries and four (4) recorded work related injuries, an improvement over 1.74 high consequence of work-related injuries and 7 recorded work-related injuries in 2022.

When incidents or accidents happen, we seek immediate medical care for the team member and take temporary containment actions if needed. We conduct full investigations in the incident to analyze the cause and give suitable treatment methods. We also follow up on corrective actions.

We provide our employees with the tools and knowledge to perform their jobs safely. Our employees have protective equipment, such as earplugs when working in a workplace with loud noises and standard PPE set depending on the nature of the work.



Community Engagement



We are committed to enriching the communities where we work and live. We strive to understand the actual and potential impacts of our actions and how we can contribute to local communities' socioeconomic development. We aim to avoid any negative impacts on local communities and if this is unavoidable we will manage those impacts appropriately and compensate any local communities affected.

We have organized beach cleaning activities once a month. The first cleaning campaign took place on Sept. 25, 2022

at the Vung Tau beach. We were able to raise awareness of environmental protection and also give our employees a chance to further build their relationships with teammates.

We plan to further utilize other tools to engage communities. We will also consider the different natures of local communities and what specific action to take to engage with vulnerable groups. We understand that we play a significant role as economic drivers in the region and we will work at increasing our community engagement projects.

Customer Management



We are committed to offering our clients superior quality products at a reasonable price. We abide by national and international regulations to protect our customers' health and safety. Our customers can expect our products to perform their intended functions and not pose a risk to their health.

We have provided our customers adequate information about the sourcing of our products. Providing appropriate information and labeling with respect

to economic, environmental and social impacts can be linked to compliance with certain regulations and national laws. We do not have any incidents of noncompliance with regulations that have resulted in fines or warnings.

We will work on giving our customers the full positive and negative environmental and social impacts of our goods and services. This will help our customers on making informed purchasing decisions.

The Road Ahead

This sustainability report has been an attempt to present a balanced view of our around sustainability commitment, actions, performance and challenges to our stakeholders. We remain steadfast in broadening the scope of our actions while creating enterprise value. Below are some of our key priorities in the near future to further our sustainability journey in the next 2-3 years.



Pursue, implement and mature the Environment, Health and Safety management systems based on global standards including ISO 14001:2015 (Environmental Management System) and ISO 45001:2018 (Occupational Health and Safety Management System)



Step up the 2040 Net zero journey by adopting renewable energy sources with 7MW rooftop solar implementation followed by gas turbine cogeneration with 30% H2 fuel



Implement waste to energy conversion boiler for effective material recycling and furthering our circular economy philosophy

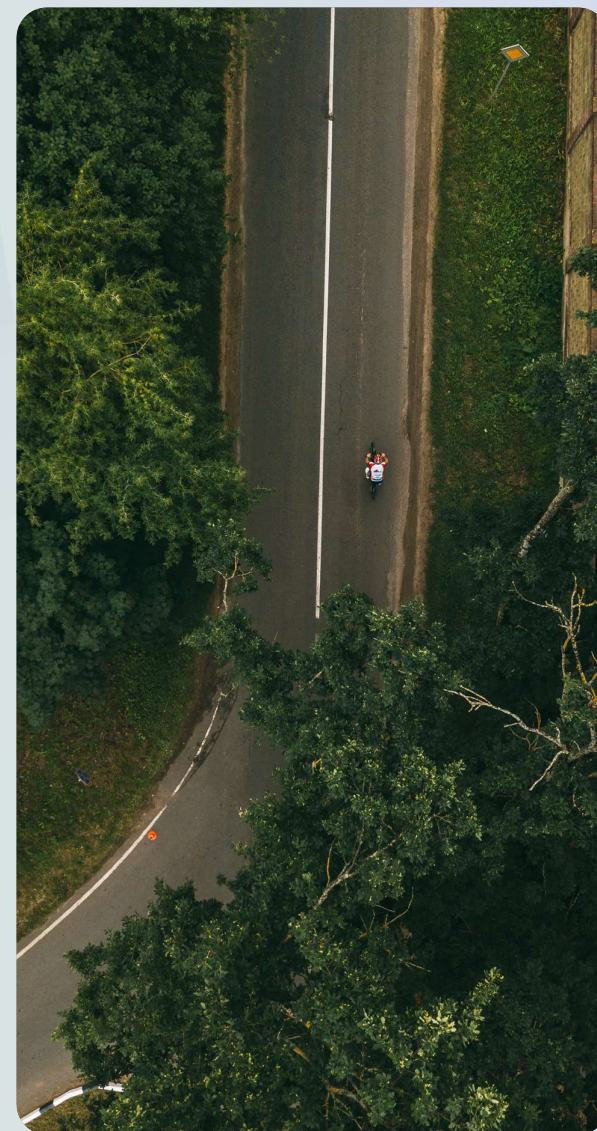


Mainstream employee training and development programs to strengthen local capacity and adopt wellness programs aligned with employee needs



Strengthen community engagement through expansion of ongoing programs around waste management

Over the next few years, we envision a journey that is enhanced by our deeper understanding of the ESG ecosystem, providing all our stakeholders with a true sense of value creation and establishing our leadership in sustainable packaging.



Content Index

GRI Standards	Disclosures	Sustainability Development Report 2022-2023	Page
General disclosures			
GRI 2: General Disclosures 2021	2-1 Organizational details	☑	Page 6
	2-2 Entities included in the organization's sustainability reporting	☒	Not Applicable
	2-3 Reporting period, frequency and contact point	☑	Page 3
	2-4 Restatements of information	☑	Initial release of the report
	2-5 External assurance	☑	No external assurance conducted
	2-6 Activities, value chain and other business relationships	☑	Page 25-26
	2-7 Employees	☑	Page 54
	2-8 Workers who are not employees	☒	Not Applicable
	2-9 Governance structure and composition	☑	Page 7
	2-10 Nomination and selection of the highest governance body	☑	Nomination and selection of KOA's highest governance body are overseen by Marubeni HQ
	2-11 Chair of the highest governance body	☑	Page 7
	2-12 Role of the highest governance body in overseeing the management of impacts	☑	Page 11
	2-13 Delegation of responsibility for managing impacts	☑	Page 19
	2-14 Role of the highest governance body in sustainability reporting	☑	Page 4-5
	2-15 Conflicts of interest	☑	Covered in the Policy of Conflict Prevention
	2-16 Communication of critical concerns	☑	Page 28

GRI Standards	Disclosures	Sustainability Development Report 2022-2023	Page
General disclosures			
	2-17 Collective knowledge of the highest governance body	☑	Through workshops and events focusing on sustainable development
	2-18 Evaluation of the performance of the highest governance body	☒	Not reported (data not available)
	2-19 Remuneration policies	☑	Management remuneration determined by Marubeni HQ HR according to HQ policy
	2-20 Process to determine remuneration	☑	In accordance with Marubeni HQ policy
	2-21 Annual total compensation ratio	☑	2022 (Apr-Mar): 10% 2023 (Apr-Sep): 9%
	2-22 Statement on sustainable development strategy	☑	Page 10-11
	2-23 Policy commitments	☑	Page 24, 51
	2-24 Embedding policy commitments	☑	Page 24, 51
	2-25 Processes to remediate negative impacts	☑	Page 13-18
	2-26 Mechanisms for seeking advice and raising concerns	☑	Page 19
	2-27 Compliance with laws and regulations	☑	Page 24
	2-28 Membership associations	☑	Page 7
	2-29 Approach to stakeholder engagement	☑	Page 19
	2-30 Collective bargaining agreements	☑	Page 51

GRI Standards	Disclosures	Sustainability Development Report 2022-2023	Page
General disclosures			
Material topics			
GRI 3: Material Topics 2021	3-1 Process to determine material topics	☑	Page 10-18
	3-2 List of material topics	☑	Page 10-18
	3-3 Management of material topics	☑	Page 21-23
Economic performance			
GRI 3: Material Topics 2021	3-3 Management of material topics	☑	Page 21-23
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	☑	Page 22-23
	201-2 Financial implications and other risks and opportunities due to climate change	☑	Page 35-36
	201-3 Defined benefit plan obligations and other retirement plans	☑	Page 50-53
	201-4 Financial assistance received from government	☒	Not Applicable
Market presence			
GRI 3: Material Topics 2021	3-3 Management of material topics	☒	
GRI 202: Market Presence 2016	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	☑	Company pays minimum wage 19% above regional standard, no gender pay gap
	202-2 Proportion of senior management hired from the local community	☑	Page 23

GRI Standards	Disclosures	Sustainability Development Report 2022-2023	Page
General disclosures			
Indirect economic impacts			
GRI 3: Material Topics 2021	3-3 Management of material topics	✓	Page 22-23
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	✓	Page 22-23
	203-2 Significant indirect economic impacts	✓	Page 22-23
Procurement practices			
GRI 3: Material Topics 2021	3-3 Management of material topics	✓	Page 25
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	✓	Page 25
Anti-corruption			
GRI 3: Material Topics 2021	3-3 Management of material topics	✓	Page 24
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	✓	Page 24
	205-2 Communication and training about anti-corruption policies and procedures	✓	Page 24
	205-3 Confirmed incidents of corruption and actions taken	✓	Page 24
Anti-competitive behavior			
GRI 3: Material Topics 2021	3-3 Management of material topics	✓	Page 24
GRI 206: Anti-competitive Behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	✓	Page 24

GRI Standards	Disclosures	Sustainability Development Report 2022-2023	Page
General disclosures			
Tax			
GRI 3: Material Topics 2021	3-3 Management of material topics	☑	Page 23
GRI 207: Tax 2019	207-1 Approach to tax	☑	Page 23
	207-2 Tax governance, control, and risk management	☑	Page 23
	207-3 Stakeholder engagement and management of concerns related to tax	☑	Page 23
	207-4 Country-by-country reporting	☑	Page 23
Materials			
GRI 3: Material Topics 2021	3-3 Management of material topics	☑	Page 29
GRI 301: Materials 2016	301-1 Materials used by weight or volume	☑	Page 29
	301-2 Recycled input materials used	☑	Page 29
	301-3 Reclaimed products and their packaging materials	☑	Page 29
Energy			
GRI 3: Material Topics 2021	3-3 Management of material topics	☑	Page 38-41
GRI 302: Energy 2016	302-1 Energy consumption within the organization	☑	Page 38-41
	302-2 Energy consumption outside of the organization	⊗	Not Applicable
	302-3 Energy intensity	☑	Page 38-41
	302-4 Reduction of energy consumption	☑	Page 38-41
	302-5 Reductions in energy requirements of products and services	☑	Page 38-41

GRI Standards	Disclosures	Sustainability Development Report 2022-2023	Page
General disclosures			
Water and effluents			
GRI 3: Material Topics 2021	3-3 Management of material topics	☑	Page 44-46
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	☑	Page 44-46
	303-2 Management of water discharge-related impacts	☑	Page 44-46
	303-3 Water withdrawal	☑	Page 44-46
	303-4 Water discharge	☑	Page 44-46
	303-5 Water consumption	☑	Page 44-46
Biodiversity			
GRI 3: Material Topics 2021	3-3 Management of material topics	⊗	Not Applicable
GRI 304: Biodiversity 2016	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	⊗	Not Applicable
	304-2 Significant impacts of activities, products and services on biodiversity	⊗	Not Applicable
	304-3 Habitats protected or restored	⊗	Not Applicable
	304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations	⊗	Not Applicable

GRI Standards	Disclosures	Sustainability Development Report 2022-2023	Page
General disclosures			
Emissions			
GRI 3: Material Topics 2021	3-3 Management of material topics	✓	Page 31-37
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	✓	Page 31-37
	305-2 Energy indirect (Scope 2) GHG emissions	✓	Page 31-37
	305-3 Other indirect (Scope 3) GHG emissions	✓	Page 31-37
	305-4 GHG emissions intensity	✓	Page 31-37
	305-5 Reduction of GHG emissions	✓	Page 31-37
	305-6 Emissions of ozone-depleting substances (ODS)	✓	Page 31-37
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	✓	Page 31-37
Waste			
GRI 3: Material Topics 2021	3-3 Management of material topics	✓	Page 45-48
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	✓	Page 45-48
	306-2 Management of significant waste-related impacts	✓	Page 45-48
	306-3 Waste generated	✓	Page 45-48
	306-4 Waste diverted from disposal	✓	Page 45-48
	306-5 Waste directed to disposal	✓	Page 45-48

GRI Standards	Disclosures	Sustainability Development Report 2022-2023	Page
General disclosures			
Supplier environmental assessment			
GRI 3: Material Topics 2021	3-3 Management of material topics	✓	Page 42-43
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	✓	Page 42-43
	308-2 Negative environmental impacts in the supply chain and actions taken	✓	Page 42-43
Employment			
GRI 3: Material Topics 2021	3-3 Management of material topics	✓	Page 50-55
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	✓	Page 50-52
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	✓	Page 50-51
	401-3 Parental leave	✓	Page 51
Labor/management relations			
GRI 3: Material Topics 2021	3-3 Management of material topics	✓	Page 49
GRI 402: Labor/Management Relations 2016	402-1 Minimum notice periods regarding operational changes	✓	Page 49

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General disclosures			
Occupational health and safety			
GRI 3: Material Topics 2021	3-3 Management of material topics	✓	Page 56
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	✓	Page 56
	403-2 Hazard identification, risk assessment, and incident investigation	✓	Page 56
	403-3 Occupational health services	✓	Page 56
	403-4 Worker participation, consultation, and communication on occupational health and safety	✓	Page 53-56
	403-5 Worker training on occupational health and safety	✓	Page 53
	403-6 Promotion of worker health	✓	Page 56
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	✓	Page 53-56
	403-8 Workers covered by an occupational health and safety management system	✓	Page 56
	403-9 Work-related injuries	✓	Page 56
	403-10 Work-related ill health	✓	Page 56
Training and education			
GRI 3: Material Topics 2021	3-3 Management of material topics	✓	Page 53
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	✓	Page 53
	404-2 Programs for upgrading employee skills and transition assistance programs	✓	Page 53
	404-3 Percentage of employees receiving regular performance and career development reviews	✓	100%

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General disclosures			
Diversity and equal opportunity			
GRI 3: Material Topics 2021	3-3 Management of material topics	✓	Page 54
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	✓	Page 54
	405-2 Ratio of basic salary and remuneration of women to men	✓	No gender pay gap
Non-discrimination			
GRI 3: Material Topics 2021	3-3 Management of material topics	✓	Page 9
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	✓	Page 9
Freedom of association and collective bargaining			
GRI 3: Material Topics 2021	3-3 Management of material topics	✓	Page 51
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	✓	Page 51

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General disclosures			
Child labor			
GRI 3: Material Topics 2021	3-3 Management of material topics	✓	
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	✓	KOA prohibits child labor
Forced or compulsory labor			
GRI 3: Material Topics 2021	3-3 Management of material topics	✓	
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	✓	KOA prohibits child labor
Security Practices			
GRI 3: Material Topics 2021	3-3 Management of material topics	✓	Page 53
GRI 410: Security Practices 2016	410-1 Security personnel trained in human rights policies or procedures	✓	Page 53
Rights of indigenous peoples			
GRI 3: Material Topics 2021	3-3 Management of material topics	✓	Page 9
GRI 411: Rights of Indigenous Peoples 2016	411-1 Incidents of violations involving rights of indigenous peoples	✓	Page 9

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General disclosures			
Local communities			
GRI 3: Material Topics 2021	3-3 Management of material topics	✓	Page 57
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	✓	Page 57
	413-2 Operations with significant actual and potential negative impacts on local communities	✓	Page 57
Supplier social assessment			
GRI 3: Material Topics 2021	3-3 Management of material topics	✓	
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	✓	1
	414-2 Negative social impacts in the supply chain and actions taken	✗	Not reported (data not yet available)
Public policy			
GRI 3: Material Topics 2021	3-3 Management of material topics	✓	
GRI 415: Public Policy 2016	415-1 Political contributions	✓	Not reported (data not yet available)
Customer health and safety			
GRI 3: Material Topics 2021	3-3 Management of material topics	✓	Page 58
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	✓	Page 58
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	✓	Page 58

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General disclosures			
Marketing and labeling			
GRI 3: Material Topics 2021	3-3 Management of material topics	✓	Page 58
GRI 417: Marketing and Labeling 2016	417-1 Requirements for product and service information and labeling	✓	Page 58
	417-2 Incidents of non-compliance concerning product and service information and labeling	✓	Page 58
	417-3 Incidents of non-compliance concerning marketing communications	✓	Page 58
Customer privacy			
GRI 3: Material Topics 2021	3-3 Management of material topics	✓	Page 58
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	✓	Page 58
Topics in the applicable GRI Sector Standards determined as not material			



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