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# KHONG GUAN LIMITED

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2022 SUSTAINABILITY REPORT

## Table of Contents

Board Statement	2
About This Report	4
About The Group	5
How We Govern Sustainability	8
How We Approach Sustainability	10
Stakeholder Engagement	12
Our Material Sustainability Pillars	14
Environment	14
Social	18
Governance	32
GRI Content Index	34

# BOARD STATEMENT

Dear Stakeholders,

The Board is pleased to present our fifth Sustainability Report (“Report”) for Khong Guan Limited (“KGL” or the “Company”), which highlights the sustainable practices and performance for KGL, its subsidiaries and associate for the financial year ended 31 July 2022 (“FY2022”). The scope of our Report includes references to KGL and its key subsidiaries (collectively referred to as “KGL Group”) and of our associate, United Malayan Flour (1996) Sdn. Bhd. (“UMF”) and its subsidiaries (collectively referred to as “UMF Group”). KGL Group and UMF Group are collectively referred to as “the Group”.

The material sustainability practices and performance of UMF Group have been included in KGL’s sustainability reporting as UMF Group is a significant associate to KGL. Both KGL Group and UMF Group have decided to embark on the same sustainability journey thus embracing similar material sustainability practices and performance. For purposes of preparing this report, UMF Group has shared its sustainability data with KGL.

KGL, like many other organisations in the food industry, has had to face challenges from the COVID-19 pandemic and other issues such as increase in supply chain and logistics costs due to geopolitical tensions that have arisen over the past year. Despite these difficulties, we have continued to remain steadfast in our efforts to be resilient and to create value for our stakeholders.

We acknowledge that to ensure KGL’s businesses remain relevant and sustainable and prepared for any other unforeseen challenges, we need to enhance and embed sustainable practices in KGL’s strategy and operations. Therefore, it is timely for us to revisit our material sustainability matters we have previously reported on. Thus, we have initiated an internal exercise to review our sustainability practices for a more systematic approach and to effectively integrate environmental, social and governance (“ESG”) practices across KGL Group with the aim of setting out a roadmap for KGL Group’s sustainability journey. Where necessary, we aim to enhance our disclosures and introduce changes with more defined targets, measures and practices in our future reports to align with the updated Singapore Exchange (“SGX”) Listing Rules, internationally recognised sustainability reporting frameworks such as the Global Reporting Initiative (“GRI”) standards, the United Nations (“UN”) Sustainable Development Goals (“SDGs”) and the recommendations from the Task Force on Climate-Related Financial Disclosures (“TCFD”).

## **Key Highlights of 2022**

This year the Group continued to focus its efforts on safeguarding the well-being of its people by adhering to safety standards with the aim of reducing fatalities, injuries and accidents at the respective workplaces. We are pleased to announce a zero-fatalities record within the Group in FY2022. For instance, KGL’s associate, UMF and one of its subsidiaries, Federal Oats Mills Sendirian Berhad (“FOM”), received certification from the Malaysian Fire and Rescue Department (BOMBA) to establish an Emergency Response Team (“ERT”). The participants of the ERT are trained to aid in any firefighting emergency situation at the workplace and will continue to undergo yearly refresher training.

In terms of governance, since 2020, TGF, SHC and UMF Group have taken steps to adopt adequate procedures as a defence against corporate liabilities for corruption offences under Section 17A of the Malaysian Anti-Corruption Commission Act 2009 (“MACC Act”). These include establishment of the UMF Group Anti-Bribery and Corruption Policy and a

Whistleblowing Policy, including extending Integrity Pledge to relevant third parties who work with UMF Group to agree and adhere to UMF Group's anti-bribery and corruption practices. KGL's Malaysian subsidiaries are expected to complete a similar exercise by end of 2022.

On the environmental front, we are expanding the installation of solar panels to our facilities in both KGL Group and UMF Group after positive results were reflected with the initial commissioning of solar panels at Khong Guan Vegetable Oil Sdn. Berhad, a wholly-owned subsidiary of FOM.

### **Future Outlook**

While KGL has embraced sustainability on a practical level over the years, we intend to elevate our efforts to achieve sustainable growth with a more positive impact on the economy, the environment and for our people and the communities where we operate in. This also means that KGL will need to strengthen its internal processes to identify, prevent, manage, mitigate and account for how KGL Group and UMF Group address any negative impacts. As part of KGL's ESG journey, KGL expects to focus on a few strategic areas in the coming years:

- Continued efforts on KGL's commitment to collectively implement a zero-tolerance policy in respect of corruption;
- Streamline our corporate social responsibility initiatives focusing on key social and environmental areas;
- Prioritise succession planning to identify the right talent for critical positions;
- Reduction of carbon footprint with focus on green energy and waste management practices; and
- To enhance operational efficiency and increase market share for the Group's products.

We plan to work on developing a more comprehensive climate action strategy in the near future, and will work to align our climate action plan to be consistent with the recommendations under the TFCD.

The Board would like to thank all our employees for their dedication and commitment in facing challenges together and to all our stakeholders for your continuous support despite the challenging business environment brought about by the pandemic and geopolitical turmoil across the globe. We look forward to any feedback towards improvements in our sustainability journey.

Board of Directors  
31 July 2022

## ABOUT THIS REPORT

This is KGL's fifth Report, which provides an overview of KGL's material environmental, social and governance ("ESG") related initiatives and performance of the Group for the period of 1 August 2021 to 31 July 2022 ("FY2022"). This Report is also published on the SGXNet and KGL's website.

This Report should be read together with KGLs' 2022 Annual Report ("2022 AR") and the information available on our website at [www.khongguanlimited.com](http://www.khongguanlimited.com), for a more comprehensive understanding of the Group and its businesses' performance for the year under review.

### Scope of this Report

KGL publishes its sustainability report on an annual basis. KGL's last Report was uploaded on SGXNet on 31 December 2021.

This Report has been prepared on a "comply or explain" basis in compliance with the Singapore Stock Exchange Securities Trading Limited ("SGX-ST") Listing Rules 711A and 711B, with guidance from Practice Note 7.6 Sustainability Reporting Guide. This Report is also prepared to align with sections of the updated Global Reporting Initiative ("GRI") standards. The GRI Content Index on page 34 of this Report provides an overview of the GRI standards selected for our disclosures in this Report. KGL continues to adopt a phased approach on its sustainability reporting.

### Reporting Boundary

This Report focuses on KGL, its Malaysian subsidiaries, Swee Hin Chan Company Sdn. Berhad ("SHC") and Tong Guan Food Products Sdn. Bhd. ("TGF"), collectively referred to as "KGL Group". We have also continued to include in this Report, the ESG practices of KGL's Malaysian associate, United Malayan Flour (1996) Sdn. Bhd. ("UMF") and its subsidiary, Federal Oats Mills Sendirian Berhad ("FOM"), together with FOM's wholly owned subsidiaries, Cereal Products (M) Sdn. Berhad ("CPM") and Khong Guan Vegetable Oil Refinery Sdn. Berhad ("KGVO").

The scope of this Report includes UMF Group as they are a significant associate to the Group. UMF Group had agreed to provide data required for this Report and had via a letter dated 1 December 2022 confirmed that the data provided is correct.

### Internal Review

As part of KGL's sustainability journey, we have embarked on discussions to embed internal review of our sustainability reporting processes into our existing internal review framework with the aim of strengthening KGL's future ESG disclosures.

### Feedback

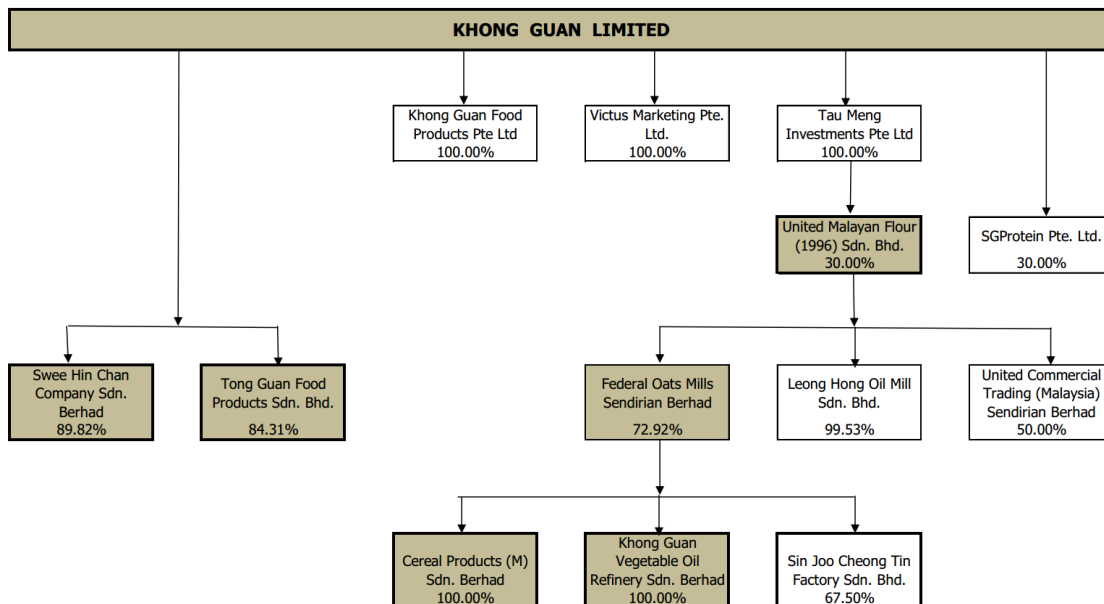
We welcome any feedback or enquiries on this Report to help us to continuously improve on our sustainability performance and practices. Please send your comments or questions directly to [enquiries@kg.com.sg](mailto:enquiries@kg.com.sg).

## ABOUT THE GROUP

KGL is an investment holding company, listed on the Singapore Exchange’s Main Board. The Company has its headquarters in Singapore with business interests ranging from manufacturing to trading and distribution businesses located mainly in Malaysia dealing in Fast-Moving Consumer Goods (“FMCG”) products and food ingredients.

Our businesses are carried out through KGL’s Malaysian subsidiaries, SHC and TGF. In addition, KGL has a 30.0% equity interest in UMF. UMF Group is a diversified group of companies supplying wheat flour, oatmeal, pulses, cooking oils and cereal products to various customers worldwide. For purposes of this Report, the “UMF Group” includes UMF, its subsidiary, FOM and FOM’s subsidiaries, KGVO and CPM. The key business segments of the Group referred to in this Report are the trading, distribution (via SHC and TGF) and food manufacturing (via UMF Group) businesses.

An overview of the Group’s corporate structure is presented below:



### KGL's Subsidiaries

SHC	SHC is an established and renowned importer and distributor of high-quality flour, starches, and other food ingredient products in Peninsular Malaysia. SHC has built a track record of delivering good quality products with value pricing and reliable services.
TGF	TGF commenced business as an importer and distributor of flour and biscuits. It is responsible for the marketing of FMCG products in the state of Sabah, Malaysia. The range of products carried by TGF include biscuits, snacks, candies, canned food, beverages, household oral and personal care items produced by many leading international manufacturers. TGF has 6 branch offices across Sabah.

### UMF Group

UMF	UMF is an established wheat flour milling and yellow pea processing company located in Penang, Malaysia. UMF has been supplying quality flour and pulse products to manufacturers and households since the 1960s. The diversified products of the UMF Group range from a variety of flour, oats, baking ingredients, peas to cooking oils.
FOM	FOM, a 72.92% owned subsidiary of UMF, exports oat products to consumers worldwide. FOM is the only oat milling company in the country, located in Penang, Malaysia.
CPM	CPM is a wholly owned subsidiary of FOM, that focuses on raw material sourcing, processing, packaging and exporting of products. CPM's main products are semolina, custard powder and corn flour, which are sold in Malaysia and exported across the ASEAN region and other countries.
KGVO	KGVO, a wholly owned subsidiary of FOM, is in the business of packing vegetable cooking oil and coconut oil. These oils are repacked and sold through distributors in Malaysia and exported overseas.

As part of our growth strategy, we previously reported on our investment in SGProtein Pte. Ltd. ("SGProtein"), a Singapore plant-based manufacturing start-up, which is an associate of KGL. The scope of this Report will not include SGProtein as it is a start-up company.

### Market Presence

The Group has an established market presence with:

- A diversified portfolio of products exported to over 30 countries worldwide with key export markets in the Middle East, mainly in Saudi Arabia and the United Arab Emirates.
- A sales network across Malaysia and Singapore for wheat products.
- An established FMCG distribution network in Sabah, and a market leader in the sales and distribution of food ingredients across Peninsular Malaysia.

In Singapore, KGL supplies wheat flour sourced from its associate, UMF, in Penang, Malaysia to local food manufacturers and bakeries.

# Our Vision, Mission & Core Values of KGL

KGL operates its businesses based on its vision, mission and value statements:

## **Our Vision**

*To ensure timely supply of good quality, products, and to provide good services that meet the demands and expectations of our customers.*

## **Our Mission**

- *To be a leading and reputable market leader in respect of edible and non-edible products which are under our exclusive distributorship.*
- *To hold significant stake as strategic partners in our core business as wheat and oat millers as well as distributors to reap a satisfactory return of our investment.*

## **Our Values**

*To win the trust of our suppliers, customers and consumers by enhancing the value of co-operation among us.*



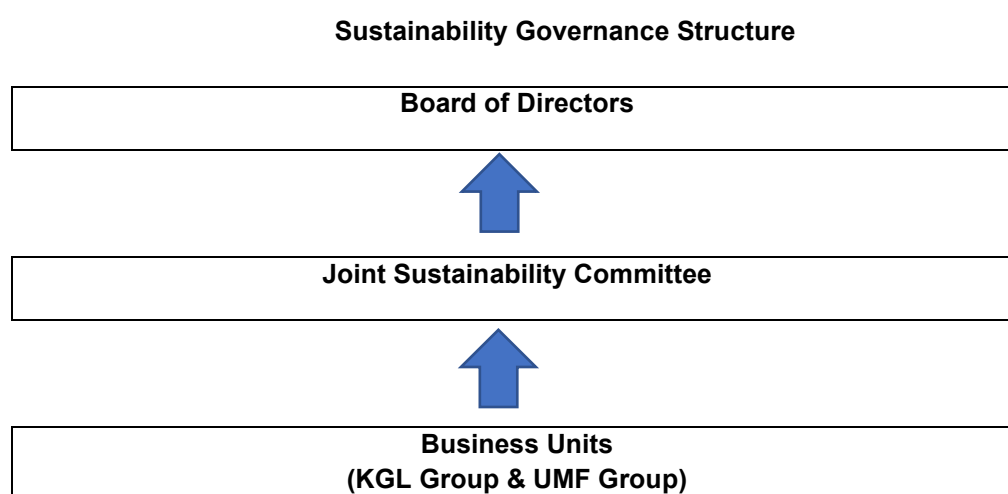
## HOW WE GOVERN SUSTAINABILITY

### Sustainability Governance

At KGL, we are committed to conduct our business responsibly to ensure our values and principles are integrated and applied across the Group. This can only happen with strong sustainability governance where ESG related matters are managed across various levels with the respective business units aligned on the sustainability strategies and objectives of the Company.

The Board of Directors (“Board”) of KGL is committed to further strengthen KGL’s sustainability governance and has initiated steps to enhance KGL’s ESG journey.

Below is the sustainability governance structure, headed by the Board:



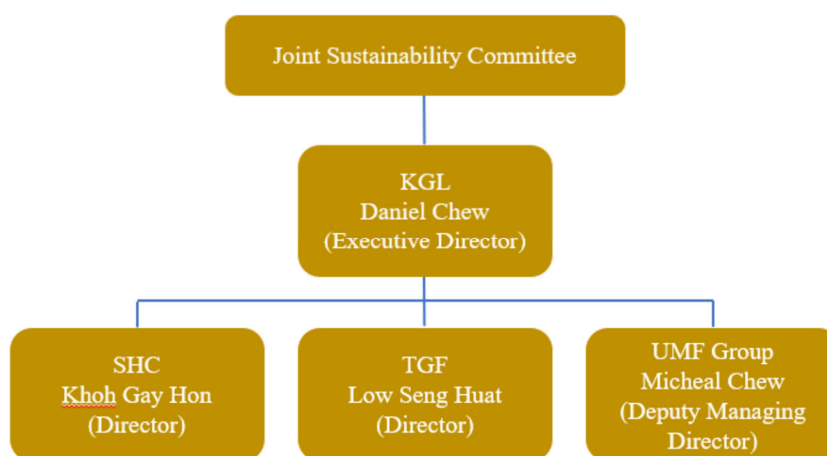
In recognising the importance of sustainability, the Board has agreed to formalise a dedicated working group, with co-operation between KGL Group and UMF Group to establish a Joint Sustainability Committee. The Joint Sustainability Committee is responsible to identify, implement and monitor the performance and reporting on sustainability matters for the Group. To support the Board to review and make sound decisions on ESG-related matters, KGL’s Executive Director, Daniel Chew, has been identified to oversee the Joint Sustainability Committee.

The Joint Sustainability Committee is made up of directors from the subsidiaries, namely, TGF and SHC and the Deputy Managing Director of UMF Group. The Joint Sustainability Committee is responsible to drive and implement ESG efforts across KGL Group and recommend them to UMF Group for their consideration. The KGL team work closely with SHC, TGF and UMF Group to align with their ESG-related efforts and initiatives. The Joint Sustainability Committee reports to the Board on the sustainability matters on an ad hoc basis. Moving forward, the Joint Sustainability Committee will engage with the Board more frequently to strengthen KGL’s sustainability reporting framework as KGL progresses on its sustainability journey.

The relevant business units in KGL Group and UMF Group are responsible to implement, monitor and review the sustainability matters and performance within their focus areas. They are also required to maintain proper records, identify key performance indicators, targets and provide updates to the Joint Sustainability Committee on an ongoing basis.

The composition of the Joint Sustainability Committee is as follows:

### Composition of Joint Sustainability Committee



### Sustainability Risks and Opportunities

Having a sound system of internal risk management and internal controls safeguards the stakeholders' interests and management of risks to meet the Company's strategic objectives. The Board, via the Audit Committee ("AC"), provides the risk oversight role to assess the risk management as part of the efforts to strengthen the risk management processes and framework of the Group.

The individual heads of business units of each operating company are responsible to review their business and operational activities regularly, and to identify areas of significant risks as well as the appropriate measures to control, manage and mitigate such risks. Monthly risk reports are communicated to KGL's senior management.

KGL recognises risk assessment and evaluation process as an essential part of the business planning and monitoring. Detailed key risk registers on each of the subsidiaries and associates' risk profile summarises the material risks faced by the Group and countermeasures in place to manage or mitigate those risks. Some aspects of the ESG-related risks and opportunities identified in the risk register and reported in the risk report include COVID-19 pandemic risks, corruption risks, operational risks such as succession planning, manpower shortage and supply chain disruptions. The risk assessment report and risk registers are reviewed by the Board and the AC annually. More details of the Risk Management and Internal Controls are discussed in further detail on pages 7, 19, 20, 23, and 37 of the 2022 AR.

## HOW WE APPROACH SUSTAINABILITY

KGL recognises that sustainability is no longer an option but an integral part of KGL’s future growth to continuously remain relevant and to responsibly create value for all its stakeholders for the long-term.

### Identifying material matters

KGL considers the importance of the ESG-related matters and thereafter, assesses internally the key material matters that will have an impact on KGL’s reputation, business, operations and on the interests of KGL Group and UMF Group’s stakeholders. UMF Group carried out a similar exercise in FY2022 to validate the ESG material matters.

In FY2022, KGL applied the same materiality determination process as previously reported, to evaluate the Group’s existing ESG priorities.

Identify	Prioritisation	Validation	Review
Material matters relevant to KGL Group and to UMF Group based on stakeholder engagement and issues raised via risk assessment and evaluation process	Based on the level of importance as identified by the representatives of KGL Group and UMF Group	Approved and validated by the Board	Board will continue to assess the identified material matters to ensure they remain relevant and material to the businesses

Based on the above, KGL determined that the material matters previously reported on health and safety and energy management remain important for KGL Group and UMF Group in FY2022. Additionally, KGL has identified a few other material matters based on the existing practices relevant to the current business operations of KGL Group and UMF the Group.

To streamline KGL’s disclosures in this Report, the material matters are re-arranged under the following pillars:


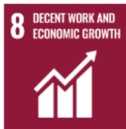

ENVIRONMENT	SOCIAL	GOVERNANCE
<ul style="list-style-type: none"> <li>• Energy Management</li> <li>• Water Management</li> </ul>	Employment and Labour Practices <ul style="list-style-type: none"> <li>• Employment</li> <li>• Diversity and Equal Opportunities</li> <li>• Training and Development</li> <li>• Occupational Health and Safety</li> </ul> Operational Practices <ul style="list-style-type: none"> <li>• Economic Performance</li> <li>• Procurement Practices</li> <li>• Product Quality</li> </ul> <ul style="list-style-type: none"> <li>• Local Communities</li> </ul>	<ul style="list-style-type: none"> <li>• Ethical Business Practices</li> <li>• Corporate Governance</li> </ul>

In order to strengthen the sustainability practices throughout the Group's value chain, KGL has initiated a review, facilitated by an external consultant, to reassess the current sustainability practices of the Group. KGL is committed to enhance its sustainability framework, and work towards improved disclosures in KGL's future reports by remapping our existing material matters with more defined targets and tracking methodology in line with the evolving ESG landscape.

### United Nations Sustainable Development Goals

For purposes of this Report, KGL has reviewed the Group's business practices against the areas of the UN SDGs where KGL can contribute towards. KGL will progressively step-up its ESG-related efforts to integrate more UN SDGs and their targets into its strategies and operations, if applicable and practicable, with the ultimate view of conducting its business practices responsibly in relation to ESG.

We have mapped the following material matters against the UN SDGs where KGL can contribute through the Group's sustainability efforts in FY2022:

Material Matters	UN SDGs	Examples of the Group's Contributions
<b>Environment</b>		
<ul style="list-style-type: none"> <li>Energy management</li> </ul>	 <p><i>Ensure access to affordable, reliable, sustainable and modern energy for all</i></p>	<ul style="list-style-type: none"> <li>Encouraging use of alternative renewable energy source by installing solar panels at various facilities</li> </ul>
<b>Social</b>		
Employment and Labour Practices <ul style="list-style-type: none"> <li>Employment</li> <li>Diversity and Equal Opportunities</li> <li>Occupational Health and Safety</li> </ul>	 <p><i>Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all</i></p>	<ul style="list-style-type: none"> <li>Ensuring safe working environment for KGL Group and UMF Group's employees</li> </ul>
<b>Governance</b>		
<ul style="list-style-type: none"> <li>Ethical Business Practices</li> <li>Corporate Governance</li> </ul>	 <p><i>Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels</i></p>	<ul style="list-style-type: none"> <li>Develop and roll-out anti-bribery and corruption measures in line with KGL's zero tolerance for anti-bribery and corruption practices</li> </ul>

## STAKEHOLDER ENGAGEMENT

KGL recognises the importance of identifying and continuously engaging with stakeholders to help KGL align its interests with the strategic objectives of KGL's businesses. Various platforms are used throughout the year to engage with stakeholders and to understand their concerns and expectations to deliver the Group's sustainability efforts more effectively.

KGL maintains a corporate website at [www.khongguanlimited.com](http://www.khongguanlimited.com) to communicate information on the products and businesses of the Group. As part of KGL's efforts to enhance KGL's sustainability agenda, KGL will review its communication channels to improve how the Group can effectively gather feedback to help shape the Group's decision making processes in a more meaningful manner. The key stakeholders identified in this Report are individuals or groups that have interests that are affected or could be affected by the Group's activities.

The table below is an overview of the key stakeholders of the Group, the methods of engagement and how the Group engaged and responded with them in FY2022.

Key Stakeholders	Engagement Platform	Frequency	Areas of Concern	How the Group Responded
<b>Employees</b>	<ul style="list-style-type: none"> <li>• Town Hall (virtual)</li> <li>• Induction training for new recruits</li> <li>• Annual performance review and appraisals</li> <li>• Emails</li> <li>• Meetings (Face to face or virtual)</li> </ul>	<ul style="list-style-type: none"> <li>• Throughout the year and as and when required</li> </ul>	<ul style="list-style-type: none"> <li>• Remuneration and benefits</li> <li>• Career progression and opportunities</li> <li>• Training and development</li> <li>• Safe and conducive workplace</li> </ul>	<ul style="list-style-type: none"> <li>• Employee engagement activities</li> <li>• Training and development programmes</li> </ul>
<b>Customers</b>	<ul style="list-style-type: none"> <li>• Business review meetings</li> <li>• Customer site visits</li> <li>• Meetings</li> <li>• Customer surveys</li> <li>• Website</li> <li>• Customer feedback via email or phone call</li> <li>• Social media platforms such as Facebook or Twitter</li> </ul>	<ul style="list-style-type: none"> <li>• Throughout the year and as and when required</li> </ul>	<ul style="list-style-type: none"> <li>• Meet customers' expectations</li> <li>• Provide consistent customer service and quality products</li> </ul>	<ul style="list-style-type: none"> <li>• Work closely with customers to ensure products and services meet the required specifications</li> <li>• Maintain all necessary food safety certifications with no major non-compliance</li> <li>• Maintain customer satisfaction</li> </ul>

Key Stakeholders	Engagement Platform	Frequency	Areas of Concern	How the Group Responded
<b>Supplier and Service Providers</b>	<ul style="list-style-type: none"> <li>• Supplier and service provider assessments</li> <li>• Business meetings with critical suppliers</li> <li>• Supplier factory audit</li> <li>• Meetings</li> </ul>	<ul style="list-style-type: none"> <li>• Throughout the year and as and when required</li> </ul>	<ul style="list-style-type: none"> <li>• Ensure suppliers meet or exceed quality standards and code of conduct</li> <li>• Timely delivery</li> <li>• Best pricing</li> </ul>	<ul style="list-style-type: none"> <li>• Supplier assessment</li> <li>• Execution of Integrity Pledge</li> <li>• Due diligence on company's reputation and financial standing</li> </ul>
<b>Shareholders</b>	<ul style="list-style-type: none"> <li>• Website and electronic mail</li> <li>• Annual General Meeting</li> <li>• Group Annual Report</li> <li>• Corporate announcements</li> </ul>	<ul style="list-style-type: none"> <li>• Throughout the year and as and when required</li> </ul>	<ul style="list-style-type: none"> <li>• Financial returns</li> <li>• Sustainability and business performance</li> <li>• Effective corporate governance practices</li> </ul>	<ul style="list-style-type: none"> <li>• Annual General Meeting</li> <li>• Annual Report 2021</li> <li>• Website</li> <li>• Disseminate timely and material information on Company's activities and performance</li> </ul>
<b>Local Communities</b>	<ul style="list-style-type: none"> <li>• Volunteer at welfare homes</li> <li>• Financial or in-kind contributions</li> </ul>	<ul style="list-style-type: none"> <li>• Throughout the year</li> </ul>	<ul style="list-style-type: none"> <li>• Positive impact on different facets of the local communities</li> </ul>	<ul style="list-style-type: none"> <li>• In kind and cash charitable donations to various organisations and vulnerable communities in the respective local areas</li> </ul>
<b>Local Government</b>	<ul style="list-style-type: none"> <li>• Participation in seminars on policy updates</li> <li>• On-site advisory visits</li> <li>• Regular reports</li> <li>• Meetings</li> </ul>	<ul style="list-style-type: none"> <li>• Throughout the year and as and when required</li> </ul>	<ul style="list-style-type: none"> <li>• Compliance with laws and regulations</li> <li>• Maintaining standards and certifications</li> </ul>	<ul style="list-style-type: none"> <li>• On-site visits</li> <li>• Engagements with the Malaysian Department of Environment and Department of Occupational Safety and Health</li> <li>• Ensure compliance with the laws and regulations</li> </ul>
<b>Trade Union</b>	<ul style="list-style-type: none"> <li>• Meetings</li> </ul>	<ul style="list-style-type: none"> <li>• As and when required</li> </ul>	<ul style="list-style-type: none"> <li>• Union members welfare and well-being are protected and concerns addressed promptly</li> </ul>	<ul style="list-style-type: none"> <li>• Meetings to clarify any union members concerns and changes in policies or laws</li> <li>• Ongoing negotiations to renew the Collective Agreement with FOM</li> </ul>

# OUR MATERIAL SUSTAINABILITY PILLARS

## ENVIRONMENT

With increasing climate change concerns, organisations worldwide are accelerating actions to address environmental impacts from their businesses and prioritising them into their business strategies. KGL has initiated a review of KGL's current ESG practices where the Group can contribute to the global goals of preserving our planet and to make a positive impact. KGL aspires for its businesses to operate efficiently by optimising use of, and where necessary conserve the use of resources across the Group's value chain in accordance with all applicable environmental laws and regulations pertaining to the Group's businesses.

KGL is working to develop more refined policies to provide guidance for the Group to mitigate any negative impact on climate change and the environment. Currently, UMF, an associate of KGL, has established an Environment, Health and Safety Policy that recognises environmental matters as one of UMF's priority issues and that it is committed to protect and improve the environment in all areas of the company's operations, while preserving and enhancing the quality of life for its employees, customers and neighbours.

FOM, a subsidiary of UMF, has also put in place a Safety, Health and Environment Policy that addresses FOM's commitment to the efficient use of resources, preventing pollution and reducing environmental impact from its operations and products. The FOM Policy stipulates that the company needs to consider environmental factors as one of the criteria for operational decisions including planning and acquisition.

KGL will continue to work to improve on how the Group can measure and monitor progress on its environmental performance moving forward.

As at 31 July 2022, there were no environmental fines or penalties imposed on any of the entities of the Group for FY2022.

### Energy Management

The Group mainly relies on purchased electricity as one of the main sources of energy in their respective operations. In the trading and distribution business segments of TGF and SHC, diesel and petrol are utilised for their transportation fleets and where applicable, to operate their non-battery operated forklifts which are used in the warehouses. At FOM, diesel is used mainly in its operations to fuel the boiler at the oat mill plant and to operate the non-battery operated forklifts used in their warehouses and plants.

KGL has embraced a practical and measured approach to utilise alternative green energy sources in its commitment to reduce KGL's carbon footprint. For example, KGVO, a wholly-owned subsidiary of FOM under the UMF Group, has commissioned the use of solar panels.

The tables below provide an overview of the energy consumption of the Group in FY2022:

#### Total Electricity Consumption (kWh)<sup>(a)</sup>

The Group	FY2022
<b>KGL Group</b>	
KGL	56,412
TGF	223,770
SHC	78,633
<b>Total for KGL Group</b>	<b>358,815</b>

<b>UMF Group</b>	
<b>UMF</b>	<b>7,311,200</b>
<b>FOM</b>	<b>4,289,796</b>
<b>CPM</b>	<b>N/A<sup>(b)</sup></b>
<b>KGVO</b>	<b>88,920</b>
<b>Total for UMF Group</b>	<b>11,689,916</b>
<b>Total for the Group (kWh)</b>	<b>12,048,731</b>

Note:

(a) The data in this table is based on electricity purchased from the local utilities suppliers in both Singapore and Malaysia. KGVO's electricity consumption excludes those generated from its solar panels.

(b) Not applicable as electricity consumption for CPM is tracked by KGVO. CPM shares the premises with KGVO.

#### **Total Fuel Consumption (litre)<sup>(a)</sup>**

<b>The Group</b>	<b>FY2022</b>
<b>KGL Group</b>	
<b>KGL</b>	<b>0</b>
<b>TGF</b>	<b>119,444.75</b>
<b>SHC</b>	<b>32,617.00</b>
<b>Total for KGL Group</b>	<b>152,061.75</b>
<b>UMF Group</b>	
<b>UMF</b>	<b>28,165.00</b>
<b>FOM</b>	<b>341,380.00<sup>(b)</sup></b>
<b>CPM</b>	<b>0</b>
<b>KGVO</b>	<b>7,072.00</b>
<b>Total for UMF Group</b>	<b>376,617</b>
<b>Total for the Group (litre)</b>	<b>528,678.75</b>

Note:

(a) Total fuel consumption covers purchased diesel and petrol used in KGL Group and UMF Group's operations and for use in their own transportation fleet and non-battery operated forklifts used in the facilities, and to fuel the boiler at FOM.

(b) The amount of 335,140 liters of diesel out of the total fuel consumption recorded by FOM, was consumed for the boiler at FOM.

#### **Energy Saving Initiatives**

Both KGL Group and UMF Group encourage and promote energy saving practices in their respective operations. Several companies in the Group have adopted and promoted energy saving initiatives with installation of energy saving LED lights, inverter air-conditioners, and where appropriate, placed timers to switch off lights and fans in essential places such as walkways, pathways, canteens, warehouses, and have placed signages at various locations in their premises to remind staff to switch off lights when not in use.

Some other examples to highlight on the Group's efforts to reduce electricity consumption, include:

- FOM warehouse was designed with skylights to allow natural lighting to flow through the warehouse reducing the need to use electric lighting.
- At the production line, the FOM team have implemented procedures and improved the efficiency to start up certain machineries to lower electricity consumption.

We expect that with the Group's energy efficiency initiatives and efforts to move to renewable energy with solar panels, our total energy consumption levels will gradually be improved.



## Renewable Energy – Solar Energy

As part of the Group's approach to optimise energy savings, a trial on cost benefit of installing solar panels to generate solar energy as renewable energy was deployed in the financial year of 2021 with KGVO. While the KGVO operations are not considered to be energy intensive, KGVO had the necessary infrastructure for the installation of the roof mounted solar panels, which were commissioned at KGVO in February 2021.

The table below provides an overview of the energy and solar power usage at KGVO:

Year	Grid Electricity Usage (kWh)	% of Grid Electricity Usage	Solar Power (kWh)	% of Solar Power Usage	Total Power Usage (kWh)	Total Power Usage
FY2021	141,788	79%	37,992	21%	179,780	100%
FY2022	88,920	54%	75,984	46%	164,904	100%

Based on the savings reflected in KGVO from FY2021 to FY2022, KGL has engaged a consultant to assess the feasibility of installing solar panels at its Malaysian facilities and warehouses. For KGL Group, solar panels are expected to be installed at SHC by the end of 2022 and at FOM, by mid-2023, to replace part of the purchased electricity consumption in their operations. KGL will continue to monitor the energy and solar energy consumption in these business segments.

Material Matter	Target for FY2023
Energy Management	To improve overall electricity consumption

## Water Management

The Group will continue to monitor water usage and practices throughout its operations as it recognises the importance of water conservation, as a precious natural resource although water is not used extensively across the Group's value chain nor are the plants, warehouses or offices of our businesses located in any water stressed locations.

Water is purchased from the local utilities companies and recorded by each entity in the Group and monitored through their monthly water billing invoices. We will review internally on how we should measure, track and monitor water consumption more effectively across the Group so as to ensure water consumption levels do not vary extensively from previous years.

One example where water is consumed and recycled in the Group's operations is at FOM, where almost all of the water recovered from the condensation process is recycled back into the boiler for heating purposes in the oat milling process.

The table below sets out the total water consumption across the Group for the financial year under review.

**Total Water Consumption (m<sup>3</sup>)**

<b>The Group</b>	<b>FY2022</b>
<b>KGL Group</b>	
KGL	1,033
TGF	2,520
SHC	4,105
<b>Total for KGL Group</b>	<b>7,658</b>
<b>UMF Group</b>	
UMF	9,647
FOM	17,604
CPM	N/A <sup>(a)</sup>
KGVO	1,779
<b>Total for UMF Group</b>	<b>29,030</b>
<b>Total for the Group (m<sup>3</sup>)</b>	<b>36,688</b>

Note :

(a) Not applicable as water details for CPM are monitored by KGVO. CPM shares the facilities with KGVO, which manages the utilities of that site.

<b>Material Matter</b>	<b>Target for FY2023</b>
Water Management	To increase awareness on water conservation initiatives

# SOCIAL

## Employment And Labour Practices

### Employment

All our people are key for the long-term growth and success of the Group. KGL is committed to promote a fair and safe “family friendly” working environment to empower and retain a skilled, engaged and positive workforce.

Both KGL Group and UMF Group want to ensure that their employees are valued for the work they do in their companies with a prospect of long-term employment. The Group has in place internal procedures and practices to cover fair employment practices on recruitment, promotion, dismissal, working hours and insurance among others. The Malaysian entities under UMF Group are supported by UMF Group HR to oversee the wellbeing, performance and talent development of the respective organisations. UMF Group is working on publishing a standardised Employee Handbook which will be made available to all its Malaysian employees. They are also working to improve access to employee information such as the new Employment Handbook and transition certain tasks such as leave application to an online platform. KGL aims to review the HR practices for KGL Group and aims to adopt and align with any of UMF Group’s best practices for the well-being of the employees of the KGL Group.

All the full-time employees across the Group are compensated competitively at par with the market rate and are offered employment benefits such as paid leave, paid maternity and paternity leave, group hospitalisation and personal accident insurance coverage in accordance with the local laws.

### Total Workforce

The Group employed a total of 567 employees as at 31 July 2022.

The following table provides a breakdown of the total employees in the respective operations of the Group over a period of 3 years:

### Total Workforce

The Group	FY2022 (No.)	Percentage (%)	FY2021 (No.)	Percentage (%)	FY2020	Percentage (%)
<b>KGL Group</b>						
KGL	10	1.76%	10	1.76%	11	1.88%
TGF	192	33.86%	206	36.20%	212	36.30%
SHC	33	5.82%	34	5.98%	33	5.65%
Total For KGL Group	235	41.44%	250	43.94	256	43.83
<b>UMF Group</b>						
UMF	141	24.87%	135	23.73%	129	22.09%
FOM	154	27.16%	142	24.96%	151	25.85%
CPM	14	2.47%	17	2.99%	20	3.42%
KGVO	23	4.06%	25	4.39%	28	4.79%
Total for UMF Group	332	58.56%	319	56.07	328	56.15
Total for the Group	567	100.00%	569	100.00%	584	100.00%

The total workforce of the Group has slightly decreased in FY2022 as compared to FY2021. The decrease in FY2022 was mainly contributed by resignations at the non-executive levels in several of the companies in the Group.

Generally, most of the employees in the Malaysian companies are hired from their local areas, in particular from the state where operations are carried out such as Penang or Sabah, Malaysia, which is in line with the Group's aspiration to provide employment opportunities to the community where their operations are located.

### **Employee Engagement**

Listening to the needs of our employees is fundamental for the Group to deliver the right support and benefits to ensure meaningful outcomes for our employees especially during these challenging times.

Minimal face to face engagements were carried out in the early part of the FY2022 due to the pandemic movement restrictions, nevertheless, some of the entities within the Group initiated the following activities to foster dialogue and closer working relationship among their employees, management and other business units:

- **Induction Programme for new employees**  
Onboarding training modules are made available virtually or face to face in FY2022 for new employees to provide them with an overview of their companies policies and general practices and to help them transition into their new environment quickly. The training modules covered are similar across the Malaysian entities but vary on the operational aspect in each entity in the Group.
- **Townhall (virtual)**  
Townhalls were conducted virtually in FY2022 to provide updates and highlights to the employees on updates within the KGL Group and UMF Group respectively.
- **Annual Performance Appraisal**  
Yearly individual performance review is carried out to assess the performance of the employees during the year. Based on the assessments and positions held by the employee, training needs, increments or promotion may be offered to the staff.
- **Yoga Classes**  
Virtual yoga classes were held in the fourth quarter of FY2022. This was a 4 to 6 weeks programme for employees under UMF Group to participate virtually.
- **Batik Design Activity**  
A virtual batik design activity was organised for the employees in UMF Group in the fourth of quarter of FY2022. Activity kits were sent to directly to the homes of those participating in this virtual event.

The Group did not conduct any employee engagement surveys in FY2022. However, KGL will work with both KGL Group and UMF Group, where applicable, and reassess the best way to do so in the near future.

## Diversity and Equal Opportunities

KGL recognises the need to address a diverse and inclusive workplace and encourage a workplace of mutual respect for each other. Both KGL Group and UMF Group do not discriminate against any race, gender or creed and hiring is based on merits of the candidates. KGL has removed its previous disclosure on the racial breakdown of employees and have focused on gender and age-based diversity data in this Report to align more closely with the GRI standards. The Group is made up of a diverse workforce, with significant number of women represented in management roles in the Group. See section on *Workforce in Manager Role by Gender*.

### Employees By Gender

The table below provides the breakdown of the gender representation across the Group over the last 3 years.

By Gender	FY2022		FY2021		FY2020	
	Male	Female	Male	Female	Male	Female
<b>KGL Group</b>						
KGL	6	4	6	4	7	4
TGF	148	44	158	48	161	51
SHC	27	6	26	8	25	8
<b>Total for KGL Group</b>	<b>181</b>	<b>54</b>	<b>190</b>	<b>60</b>	<b>193</b>	<b>63</b>
<b>UMF Group</b>						
UMF	105	36	103	32	100	29
FOM	97	57	95	47	101	50
CPM	11	3	8	9	9	11
KGVO	17	6	15	10	16	12
<b>Total for UMF Group</b>	<b>230</b>	<b>102</b>	<b>221</b>	<b>98</b>	<b>226</b>	<b>102</b>
<b>Total for the Group (Number)</b>	<b>411</b>	<b>156</b>	<b>411</b>	<b>158</b>	<b>419</b>	<b>165</b>

### Employees by Age Group

The tables below highlight the distribution of employees based on their age groups across the Group in FY2022. There is a relatively significant number of employees over the age of 50 at KGL, SHC and KGVO. We are working with KGL Group and supporting UMF Group to address succession planning for critical positions within the Group to ensure an effective strategic plan is put in place for a smooth transition in leadership and key roles in the near future.

By Age Group	KGL Group			Total KGL Group	UMF Group				Total UMF Group	Total for the Group
	KGL	TGF	SHC		UMF	FOM	CPM	KGVO		
<b>Total (Number)</b>	<b>10</b>	<b>192</b>	<b>33</b>	<b>235</b>	<b>141</b>	<b>154</b>	<b>14</b>	<b>23</b>	<b>332</b>	<b>567</b>
<30 years old (%)	0.00	39.06	24.24	<b>35.32</b>	31.21	43.51	7.14	13.04	<b>34.64</b>	<b>34.98</b>
30-50 years old (%)	20.00	46.36	33.33	<b>43.40</b>	53.19	44.16	57.14	39.13	<b>48.19</b>	<b>45.79</b>
>50 years old (%)	80.00	14.58	42.43	<b>21.28</b>	15.60	12.33	35.72	47.83	<b>17.17</b>	<b>19.23</b>

### Workforce in Senior Management and Manager Roles

The tables below provide an overview of employees in top and senior management roles across the Group in FY2022. Although, women are not represented at the senior management positions in most of the companies, a significant number of women make up for the managerial positions in the Group's workplaces, for example, in SHC, FOM and KGVO. KGL continues to promote an inclusive working culture that supports all employees.

#### Workforce in Senior Management Role by Gender

Senior Management	KGL Group			Total KGL Group	UMF Group				Total UMF Group	Total for the Group
	KGL	TGF	SHC		UMF	FOM	CPM	KGVO		
<b>Total (Number)</b>	<b>4</b>	<b>2</b>	<b>1</b>	<b>7</b>	<b>5</b>	<b>8</b>	<b>0</b>	<b>2</b>	<b>15</b>	<b>22</b>
<b>Male</b>										
By Percentage (%)	100.00	100.00	100.00	<b>100.0</b>	100.00	87.50	0.00	50.00	<b>86.67</b>	90.90%
By Number	4	2	1	<b>7</b>	5	7	0	1	<b>13</b>	20
<b>Female</b>										
By Percentage (%)	0.00	0.00	0.00	<b>0.00</b>	0.00	12.50	0.00	50.00	<b>13.33</b>	9.10%
By Number	0	0	0	<b>0</b>	0	1	0	1	<b>2</b>	2

#### Workforce in Manager Role by Gender

Manager	KGL Group			Total KGL Group	UMF Group				Total UMF Group	Total for the Group
	KGL	TGF	SHC		UMF	FOM	CPM	KGVO		
<b>Total (Number)</b>	<b>1</b>	<b>3</b>	<b>4</b>	<b>8</b>	<b>15</b>	<b>15</b>	<b>0</b>	<b>2</b>	<b>32</b>	<b>40</b>
<b>Male</b>										
By Percentage (%)	100.00	66.70	50.00	<b>62.50</b>	73.33	53.33	0.00	0.00	<b>59.40</b>	<b>60.00%</b>
By Number	1	2	2	<b>5</b>	11	8	0	0	<b>19</b>	<b>24</b>
<b>Female</b>										
By Percentage (%)	0.00	33.30	50.00	<b>37.5</b>	26.67	46.67	0.00	100.00	<b>40.6</b>	<b>40.00%</b>
By Number	0	1	2	<b>3</b>	4	7	0	2	<b>13</b>	<b>16</b>

### Training and Development

In order to maintain long-term success of KGL's businesses, we need to develop and retain the right employees with the right skill-sets by empowering them to reach their full potential.

Employees in the Group are provided with on-the-job training as well as structured external or internal training programmes for their personal and professional growth.

As an example, to effectively integrate new employees into their new working environment, new employees of UMF Group must attend an Induction Programme which provides

classroom training modules with briefings on the “do’s and don’ts” of the operations, the Anti-bribery and Corruption Policy and Whistleblowing Policy, health and safety pre-requisites and operational training from the respective departments, among others. Upon completion of the Induction Programme, new employees are required to sign-off on the training modules and return the acknowledgment to their respective HR departments.

Training needs for each employee are assessed based on the individual’s performance appraisal and data and analytics assessments.

In FY2022, the following training hours were recorded for the Group:

**Training Hours of the entities in the Group**

The Group	No. of Training Hours
<b>KGL Group</b>	
KGL	0
TGF	306
SHC	82
<b>Total for KGL Group</b>	<b>388</b>
<b>UMF Group</b>	
UMF	475
FOM	130
CPM	35
KGVO	35
<b>Total for UMF Group</b>	<b>675</b>
<b>Total for the Group</b>	<b>1,063</b>

KGL has disclosed in our previous sustainability report that UMF Group recorded a total of 95 training hours in FY2021. This figure increased to 475 hours in FY2022 for UMF alone. The training hours for the Group have significantly increased in FY2022, with 1,063 training hours completed by the employees. The Group is committed to ensure its employees continuously receive the appropriate training, be it on the job-training or via classroom-based programmes, to allow their employees to increase their knowledge and skills to be more effective in their responsibilities.

**Labour Management and Collective Bargaining Agreements**

**Collective Agreement - Trade Union**

KGL does not restrict any of the employees in KGL Group to freedom of association and collective bargaining. Under UMF Group, both FOM and UMF have employees who are part of the Malaysian Food Industry Employees’ Union (FIEU) also known as the Kesatuan Pekerja-Pekerja Perkilangan Perusahaan Makanan (KPPPM). Negotiations are currently underway for the renewal of the 15<sup>th</sup> edition of the Collective Agreement with FOM and FIEU. The Collective Agreement made between UMF and FIEU is dated 25 October 2021 and has been renewed for a 3-year term. The Trade Union provides a channel for effective communication between the management and employees.

Both UMF and FOM’s management meet the Trade Union members on an ad hoc basis and as and when needed throughout the year. Key terms of the respective Collective Agreement cover salary benefits, working hours, overtime, leave entitlements, salary and wages structure, grievance process among others to address the rights and benefits of the parties. For the UMF and FOM’s employees not covered under the Collective Agreement, their employment contract will address their terms of employment. Under the Collective Agreement with FIEU, a grievance procedure provides an avenue for the Union members to raise any grievances in a structured manner.

### Labour Practices and Standards

All our companies in the Group are expected to adhere to the following principles in their business practices to promote mutual respect and understanding in our relationships with our people, stakeholders and our communities:

<b>Human Rights</b>	The Group is committed to respect human rights in its business conduct and practices in line with established international labour standards.
<b>Fair Wages, Child Labour, Forced or Compulsory Labour</b>	<p>The Group does not tolerate the use of any child labour, nor exploitation of children in any form in any of the Group's operations and facilities.</p> <p>KGL Group and UMF Group do not conduct business with partners who do not share our views on zero tolerance for child labour.</p> <p>The Group is committed in ensuring there is no forced or compulsory labour in any part of its businesses and in its supply chain partners. We are committed to ethical and responsible dealings in our business conduct.</p>
<b>Freedom of Association</b>	KGL does not restrict its employees' freedom of association and collective bargaining.

There were no incidents reported of any non-compliance of labour practices and standards in FY2022.

The Group is reviewing its existing commitment on labour practices and standards including human rights and where necessary, we will introduce changes to instill more refined commitment into our management policies.

<b>Material Matters</b>	<b>Targets for 2023</b>
Diversity and Equal Opportunities	Strengthen existing policies on Diversity and Equal Opportunities, and Human Rights and other labour practices in line with international standards
Training and Development	To organise and increase the number of internal training programmes

### Operational Practices

At KGL, we strive to deliver the highest quality of products and services to achieve sustainable economic performance for long-term value for our stakeholders. We conduct our business within a culture of ethical business practices with integrity and transparency to achieve economic growth and excellence.

### Economic Performance

The uncertainties of the COVID-19 pandemic, geographical political tensions and change in weather conditions, resulting in logistics and commodity price increase, and foreign currency fluctuations were some of KGL's key challenges affecting the economic performance and profitability for the Group in FY2022.



In FY2022, KGL recorded a total revenue of SGD69.7 million, while profit after tax amounted to SGD0.7 million. Further details of KGL Group's financial position and economic performance are provided on pages 5, and 43 to 49 of the 2022 AR.

## Product Quality

We take pride in ensuring our products are of the highest quality and meet international standards. Various established practices and processes are in place within each of the Malaysian businesses in the Group to maintain competitive standards of our products and services to meet our customers' expectations both locally (Singapore and Malaysia) and other parts of the world. KGL's Malaysian subsidiaries, TGF and SHC, maintain their own quality control procedures and adhere to high quality standards to meet their customer specifications.

At FOM, the following policies are in place to establish FOM's commitment to ensure food safety hygiene and safety of its products, not to use genetically modified raw materials and to produce products in compliance with halal practices and requirements:

- (a) Food Safety Policy Statement;
- (b) Non-GMO Policy Statement; and
- (c) Halal Policy.

UMF also maintains a Halal Policy and a Food Safety Policy Statement in line with its commitment to process and supply safe quality wheat products.

In order to maintain the high-quality standards of the products, quality control ("QC") and quality assurance ("QA") processes are in place at all the Malaysian operations. Both UMF and FOM's manufacturing plants are equipped with their own in-house laboratory facilities to conduct testing. UMF, the flour mill, has its own in-house bakery for hands-on testing to ensure the finished products are able to meet the required specifications.

At the FOM oat mill plant, QC and QA inspections are carried out at different stages of the milling process as follows:

- Samples are collected from all incoming raw materials and at the flaking, kilning and packing stages for testing at the laboratory.
- Laboratory tests are conducted to check on the purity, moisture levels, test weight of the grains amongst others.
- Final checks are conducted at the packing stage to check for any leakage and batch code details.

Similarly at UMF's flour milling plant, QC and QA inspections are conducted at various stages of the flour milling process.

QC and QA inspections and testing are also carried out at our distribution and trading business segments, where the quality of the products must conform to the basic specifications requested by our customers.

## Certifications and Quality Standards

For businesses in the food industry, there are widely recognised certifications that cover standards and guidelines on food safety and hygiene to ensure consistent delivery of the highest quality of products. The Malaysian companies in the Group are accredited with the following certifications in relation to manufacturing and food safety management:

<b>KGL Group</b>	
SHC	<ul style="list-style-type: none"> <li>• MeSTI (Food Safety Certification)</li> <li>• Halal Certification</li> </ul>
<b>UMF Group</b>	
UMF	<ul style="list-style-type: none"> <li>• ISO 22000:2018 Food Safety Management System Certification</li> <li>• MS1480:2019 Food Safety According to Hazard Analysis and Critical Control Point (HACCP) System Certification</li> <li>• Halal Certification</li> <li>• SIRIM Product Certification Scheme</li> <li>• MeSTI (Food Safety Certification)</li> </ul>
FOM	<ul style="list-style-type: none"> <li>• SGS Non-GMO Certification</li> <li>• Food Safety System Certification (FSSC 22000 – Manufacturing)</li> <li>• ISO 22000:2018 Food Safety Management System Certification</li> <li>• MS 1480:2019 Food Safety According to HACCP System Certification</li> <li>• Halal Certification</li> </ul>
KGVO	<ul style="list-style-type: none"> <li>• MeSTI (Food Safety Certification)</li> <li>• Halal Certification</li> </ul>
CPM	<ul style="list-style-type: none"> <li>• MeSTI (Food Safety Certification)</li> <li>• Halal Certification</li> </ul>

Surveillance audits continue to be conducted annually by the respective certification bodies to ensure that the companies' processes meet the required standards of the certifications. Based on the audits conducted, there were no major non-conformances or non-compliance with the regulations and the standards on the health and safety of the products reported during the year under review.

In the case of TGF, the food safety certifications such as the Halal or MeSTI, are normally provided by the product manufacturers or suppliers upon request by TGF's customers. The MeSTI Certification is issued by the Malaysian Ministry of Health and the Halal Certificate is issued by the Department of Islamic Development of Malaysia.

### **Customer Satisfaction**

Our businesses serve a wide range of customers including local consumers in Singapore, Malaysia, the ASEAN region, Middle East and other parts of the world. For our distribution and trading business in East Malaysia, TGF supplies and delivers products to a wide range of customers, from retail outlets, hotels, restaurants including industrial partners across Sabah. SHC focuses mainly on distribution of its starches, wheat flour and other food products to its customer base in Peninsular Malaysia. For the manufacturing business segments under UMF Group, customers include distributors, supermarkets, retailers and industrial users.

The Group provides a variety of platforms for its customers to channel their feedback or raise any concerns on the products. This includes the respective companies' corporate website, official phone line or via dedicated email channels. The sales departments collate and manage the complaints from their customers. UMF and FOM also provide bi-annual customer satisfaction forms for customers to assess their respective performance and quality of the products. The survey results are compiled by their respective sales departments to evaluate whether any further action is required.

The most common complaints received from UMF Group’s customers include pest issues such as weevils found in the flour finished products, or quality of the packaging and for minor issues such as complaints on the pallet conditions or water contamination during delivery. Any feedback or complaints from customers or end users are viewed seriously. Internal procedures are in place to ensure complaints are addressed appropriately. The QA team will work internally with the respective departments to identify the root causes and monitor the effectiveness of any rectifications carried out. In our distribution and trading businesses, we may occasionally visit our customers’ directly to discuss any issues or complaints raised on the products.

Upon customers’ request, customers can conduct audits or site visits at both the UMF and FOM factories. Due to the COVID-19 pandemic in the last few years, there had not been many requests to do so.

In FY2022, the following number of complaints were received by the following companies in our Group:

**Number of Customer Complaints**

<b>The Group</b>	<b>FY2022</b>
<b>KGL Group</b>	
<b>KGL</b>	<b>0</b>
<b>SHC</b>	<b>0</b>
<b>TGF</b>	<b>0</b>
<b>Total for KGL Group</b>	<b>0</b>
<b>UMF Group</b>	
<b>UMF</b>	<b>89</b>
<b>FOM</b>	<b>179</b>
<b>CPM</b>	<b>0</b>
<b>KGVO</b>	<b>0</b>
<b>Total for UMF Group</b>	<b>268</b>
<b>Total for the Group</b>	<b>268</b>

**Memberships in Business Associations**

Several companies in the Group are members of associations in Singapore and Malaysia including a number of business federations and food manufacturer’s associations. Participation in these associations provide the Group channels to collaborate and discuss industry matters as well as contribute to the overall standards of products and services, and where applicable, to sustainability of resources and other initiatives.

In Singapore, KGL is a member of the following:

- Singapore Business Federation
- Food Manufacturer’s Association

In Malaysia, both UMF and FOM are members of the Federation of Malaysian Manufacturers (“FMM”). UMF is also a member of the Malaysian Employers Federation (“MEF”).

<b>Material Matter</b>	<b>Target for FY2023</b>
Product Quality	Maintain customers’ complaints at acceptable levels

## Procurement Practices

Each of our companies in our operations maintain a network of suppliers that also include service providers, distributors and manufacturers in their local (both Singapore and Malaysia) and overseas market, in particular for the sourcing of raw materials such as wheat grains and oats. The business relationships with these third parties are critical in the Group's value chain to achieve our business objectives. We have not established a group-wide procurement policy. However, each of the operating companies in the Group have in place their own internal standard operating procedures and procurement practices to ensure their suppliers and other third-party business partners are selected, evaluated and assessed effectively.

To ensure that the Group engage with suppliers who are like-minded and are committed to responsible business practices, UMF Group now require their suppliers to provide a written assurance, as part of the contracting process, on the supplier's commitment to adhere to anti-bribery and corruption policies and ensure full compliance of all applicable laws and regulations relating to anti-bribery and corruption. See further details on *Ethical Business Practices* section of this Report.

Our distribution and trading businesses import and distribute products from the FMCG suppliers and manufacturers and other raw material suppliers. For the manufacturing business carried on by UMF Group, business activities are driven by UMF Group's management, which is in the business of wheat flour milling activities, and FOM, that carries out its processing and exporting of oats products from its milling plant in Penang, Malaysia. These companies also procure other products and services from their indirect suppliers who provide spare parts, consumable materials to service providers such as pest control services in the operations.

## Supplier Performance

We monitor our suppliers' performance based on a periodic supplier assessment. At our distribution and trading businesses in Malaysia, we evaluate our suppliers based on how well the products are sold in the market. Most of the suppliers engaged by TGF, for example, are long-term suppliers with stable relationships and good track record. In Singapore, KGL procures products such as starches and wheat flour via its subsidiaries and associate to supply to local food manufacturers and bakeries in Singapore.

Under the UMF Group, UMF mainly sources raw wheat grains from non-GMO certified suppliers from Canada, Australia and United States. As the global weather concerns are becoming more common, UMF is looking to diversify its pool of suppliers. Basic due diligence is conducted on the respective suppliers, whose performance is assessed on a regular basis. For new suppliers, UMF engages them on a trial basis first to ensure highest standards of quality is maintained before extending further engagement with them. The same principles apply to UMF's pea processing operations. FOM monitors its direct suppliers annually on their product quality, delivery efficiency, cost and service. FOM's QC and QA department conducts annual audits at the suppliers' site or engage with them directly on any issues that need to be resolved. Raw oats are mainly sourced from an ISCC (International Sustainability and Carbon Certification) Plus certified supplier from Western Australia.

Generally, all contracts are awarded to suppliers based on best purchasing pricing, costs, lead times and quality. Both KGL Group and UMF Group conduct basic due diligence on the respective suppliers to check on their credit standing through company searches, market reputation and prior track record with other customers.

Some of the common issues faced by the Group with suppliers during the reporting period are related to pricing, container shortages, port congestion and other logistics issues.

Material Matter	Targets for FY2023
Procurement Practices	<ul style="list-style-type: none"> <li>• Strengthen procurement practices with responsible sustainable practices in conducting business with third parties</li> <li>• Screen, evaluate and assess suppliers based on ESG criteria</li> </ul>

## Occupational Health and Safety

KGL is committed to maintain a safe and healthy workplace for all of its employees. The Group continued to prioritise the health and safety of its employees even after the COVID-19 pandemic restrictions have eased. We always have in mind a zero fatalities goal at our workplace.

Under UMF Group, an Environment, Health and Safety Policy is established for UMF and a Safety, Health and Environment Policy is in place for FOM, to instill their commitment to their businesses to operate in a safe and hazard free environment. KGL is working to streamline health and safety policies for KGL Group and where relevant, for UMF Group to consider aligning any of KGL Group’s best practices into their own policies and procedures.

Our associate UMF and certain of its subsidiaries have safety committees in accordance with Malaysian regulations which act as forums to investigate work-related incidences, discuss any potential hazards and assess risks relating to the incidents and where required, take corrective action and determine improvements. TGF is in the midst of formalising its safety committee.

UMF Group has also set up an emergency response team (“ERT”) for FOM and UMF in FY2022 comprising staff members to manage accidents or emergencies specifically for firefighting at the workplace. Members of the ERT team are certified by the Malaysian Fire and Rescue Department (BOMBA). KGL will review and assess how to establish a similar ERT for TGF and SHC moving forward.

The Group maintains a commitment to safety by promoting and communicating health and safety awareness at all levels to minimise risks and ensure potential hazards are identified early.

Safety training programmes are carried out annually by our Malaysian subsidiaries and associates. New employees are briefed during the safety induction at the Induction Programme. Suppliers are also provided with a safety briefing when they visit the factories.

To further improve our approach to occupational health and safety, there are plans for both KGL Group and UMF Group to develop an annual health and safety programme to address key issues in a more systematic approach.

## Work-Related Incidences

We are pleased to report that the Group continues to maintain a zero fatalities record, with no fatalities as a result of work-related injury or work-related ill health recorded in FY2020 to FY2022.

### Number of High-Consequence Injuries

The Group	FY2022
<b>KGL Group</b>	
KGL	0
TGF	0
SHC	0
<b>Total for KGL Group</b>	<b>0</b>
<b>UMF Group</b>	
UMF	2 <sup>(a)</sup>
FOM	0
CPM	0
KGVO	0
<b>Total for UMF Group</b>	<b>2</b>
<b>Total for the Group</b>	<b>2</b>

Note :

(a) The 2 cases reported at UMF are related to hearing problems detected from annual audiometric test results. Additional precautionary measures have been taken and the 2 individuals have returned to work.

### Number of Recordable Work-Related Injuries

The Group	FY2022
<b>KGL Group</b>	
KGL	0
TGF	0
SHC	0
<b>Total for KGL Group</b>	<b>0</b>
<b>UMF Group</b>	
UMF	3 <sup>(a)</sup>
FOM	1 <sup>(b)</sup>
CPM	0
KGVO	0
<b>Total for UMF Group</b>	<b>4</b>
<b>Total for the Group</b>	<b>4</b>

Note:

(a) Cases reported were minor injuries from workers' negligence, ergonomic issue and occurrence of imbalance in toilet. Workers have returned to work.

(b) Incident reported was an injury suffered on hand and finger when worker's hand slipped during a work-related activity.

Material Matter	Targets for FY2023
Occupational Health and Safety	<ul style="list-style-type: none"> <li>• Increase number of training or campaigns to create awareness on health and safety and to maintain high safety standards</li> <li>• Maintain zero fatalities track record</li> </ul>

## Local Communities

Both KGL Group and UMF Group have reached out to support various organisations and initiatives in the communities at large where the Group operates in. The Group is always ready to extend its social responsibility outside its operations to support and build a stronger local presence. KGL has not formalised any specific approach or established a programme across the Group on how to identify and select a targeted group or community for us to focus on. We aim to better prioritise and improve our organisation-wide attention to our local community needs.

In FY2022, the Group, mainly TGF, UMF and FOM, participated or contributed in several causes or campaigns based on the community needs as follows:

### KGL Group

#### **TGF**

TGF provided support to the Welfare Home for Children with Disabilities (Persatuan Pengurusan Pusat Jagaan OKU Leshan K.K.) in Kota Kinabalu, Sabah with non-monetary contributions amounting to approximately SGD700. Items such as dry foods, body care, sauces and insect repellants were presented to the Home in September and November 2021.

### UMF Group

#### **UMF**

UMF provided contributions in kind amounting to approximately SGD3,000 to various organisations in Malaysia. UMF's efforts to support the underprivileged communities extended to various causes such as food bank donations to those affected by the COVID-19 pandemic, programmes under the Lions Club of Penang Rising Star such as the Relief the Hunger Project for children and senior citizen, International Women's Day 2022 and to spread festive cheer with food contributions during Hari Raya to those families in need. One volunteer from UMF participated in one of the Lion's Club of Penang Rising Star's programme in FY2022.

#### **FOM**

FOM provided charitable contributions, both in monetary and non-monetary form, amounting to approximately SGD52,300, to various causes and organisations in Malaysia and Singapore. These included support for health awareness and blood donation campaigns such as:

- Cancer screening campaign at Beacon Hospital
- World Heart Day at Gurney Paragon
- Allied Heart Day at Kota Kinabalu Women & Children's Hospital
- Blood Donation Carnival 2021

In addition, food contributions were extended to those affected by the COVID-19 or to the underprivileged groups during festive seasons such as Deepavali, Hari Raya or Chinese New Year. On the education front, FOM also contributed to several universities in Malaysia, namely, Universiti Sains Malaysia, Universiti Teknologi Petronas and Universiti Tuanku Abdul Rahman with sponsorships for events such as the Mid-Autumn or Winter Solstice festivals held at the Universities.

FOM's continued monetary and non-monetary support to the Singapore Heart Foundation and the Institute Jantung Negara Malaya (IJNM) is in line with FOM's commitment to provide its oat products to the health-conscious consumer.

The total community contributions of the Group in FY2022 to support the above charities, programmes and campaigns, amounted to approximately SGD56,000, comprising both monetary and non-monetary contributions.





Material Matter	Target for FY2023
Local Communities	Strengthen corporate social responsibility framework with targeted programmes and focus areas to adopt and support



## Governance

### Ethical Business Practices

The Company firmly believes in setting a culture of integrity and accountability with zero tolerance for corruption and anti-bribery across our value chain and businesses.

We have policies in place to address issues on corruption and grievance mechanisms for employees to channel their concerns:

- Anti-Bribery and Corruption Policy (“ABC”) Policy
- Whistleblowing Policy

#### **Anti-Bribery and Corruption Policy**

KGL does not currently have a group-wide policy to govern the Group’s anti-bribery practices at the Group level. However, KGL’s Malaysian subsidiaries and UMF Group have since 2020 taken steps to adopt adequate procedures as a defence against corporate liabilities for corrupt practices under Section 17A of the MACC Act 2009. UMF Group has in place an ABC Policy that aims to ensure highest level of business ethics to prevent occurrence of bribery or corrupt activities in the conduct of UMF Group’s business in the various countries they operate in. UMF Group has issued an Integrity Pledge to its suppliers and customers to further strengthen its commitment to zero-tolerance for bribery and corruption practices. Suppliers and customers of UMF Group have returned signed acknowledgements of the Integrity Pledge. KGL’s Malaysian subsidiaries are expected to receive these acknowledgements from their suppliers and customers by end of 2022. As part of the on-going exercise to enhance the implementation of Section 17A MACC Act, UMF Group’s employees were also requested to sign and disclose any potential conflict of interest under a Declaration of Conflict of Interests form. Employees of the Malaysian subsidiaries, TGF and SHC are expected to complete the Declaration of Conflict of Interests form by end of 2022.

#### **Whistleblowing Policy**

KGL has in place a Whistleblowing Policy that covers all employees of KGL and its subsidiaries. The Whistleblowing Policy provides proper channels for employees to raise concerns about any wrongdoings in matters of financial report or other matters, which includes bringing issues directly via email to KGL’s Chairman of the Audit Committee.

UMF Group also has an established UMF Group Whistleblowing Policy which aims to provide an avenue for employees to raise concerns and to offer them assurance that they will be protected from reprisal or victimisation for raising issues in good faith. All concerns will be treated with strict confidentiality. The Whistleblowing Policy applies to all employees of UMF and its subsidiary companies. Depending on the nature of the issues reported, the investigations may be conducted by the Corruption Risk Committee or persons approved by UMF Board.

There were no reports of any bribery or corrupt practices nor any reports raised under the whistleblowing channels during the year under review.

#### **Training on Anti-Bribery and Corruption Policy**

The Group communicates and provides training to its people to continuously build awareness on anti-bribery and corruption practices. All new employees in UMF Group attend training on the ABC Policy as part of their onboarding training module.

In FY2022, a total of 425 employees from the Group attended training on anti-bribery and corruption. Where required, employees from the Group also attend seminars or training on any new changes or updates on regulations by the relevant authorities.

### Corporate Governance

KGL’s corporate governance practices and processes are covered under the Corporate Governance section of the 2022 AR.

### Compliance with Laws and Regulations

It is critical for KGL to comply with the laws and regulations in Singapore, Malaysia and the countries where we carry out business. Any failure to comply or breach of any laws or regulations that apply to the Group may lead to fines or sanctions, resulting in reputational damage or revocation of the companies’ certifications or accreditations.

In FY2022, there were no significant incidences of non-compliance with any laws or regulations across the Group.

Material Matters	Targets for FY2023
Ethical Business Practices and Corporate Governance	<ul style="list-style-type: none"> <li>• Maintain zero incidence of corruption, to uphold zero tolerance for anti-bribery and corruption practices</li> <li>• Strengthen internal policies relating to Ethical Business Practices and Corporate Governance in relation to ESG factors</li> </ul>

## GRI CONTENT INDEX

GRI Standard	Disclosure	Section	Reference/Remarks
<b>GRI 2 General Disclosures 2021</b>			
<b>1. The Organisation and its Reporting Practices</b>			
2-1	Organisational details	Board Statement About The Group	SR pages 2, 5 to 6
2-2	Entities included in the organisation's sustainability reporting	About This Report About The Group	SR pages 4, 5 to 6
2-3	Reporting period, frequency and contact point	About This Report	SR page 4
2-4	Restatements of information	Reference to SGProtein under About The Group	SR page 6
2-5	External Assurance	About This Report	No external assurance obtained in FY2022
<b>2. Activities and workers</b>			
2-6	Activities, value chain and other business relationships	About The Group Procurement Practices	SR pages 5 to 6, 27 to 28
2-7	Employees	Employment and Labour Practices	SR pages 18 to 23
<b>3. Governance</b>			
2-9	Governance structure and composition	Sustainability Governance	SR pages 8 to 9 AR pages 10 to 12
2-10	Nomination and selection of the highest governance body	Annual Report	AR pages 13 to 16
2-11	Chair of the highest governance body	Annual Report	AR page 12
2-12	Role of the highest governance body in overseeing the management of impacts	Sustainability Governance Sustainability Risks and Opportunities Annual Report	SR pages 8 to 9 AR pages 12 to 13
2-13	Delegation of responsibility for managing impacts	Sustainability Governance	SR pages 8 to 9
2-14	Role of the highest governance body in sustainability reporting	Sustainability Governance	SR pages 8 to 9
2-15	Conflicts of interest	Annual Report	AR page 7
2-16	Communication of critical concerns	Ethical Business Practices	SR pages 32 to 33
2-18	Evaluation of the performance of the highest governance body	Annual Report	AR page 16
2-19	Remuneration policies	Annual Report	AR page 17
2-20	Process to determine remuneration	Annual Report	AR page 17
2-21	Annual total compensation ratio	Annual Report	AR page 18
<b>4. Strategy, policies and practices</b>			
2-22	Statement on sustainable development strategy	Board Statement	SR pages 2 to 3
2-23	Policy commitments	Stakeholder Engagement Ethical Business Practices Corporate Governance	SR pages 12 to 13, 32 to 33
2-24	Embedding policy commitments	Ethical Business Practices Procurement Practices	SR pages 32 to 33, 27 to 28
2-26	Mechanisms for seeking advice and raising concerns	Ethical Business Practices	SR pages 32 to 33
2-27	Compliance with laws and regulations	Corporate Governance	SR page 34
2-28	Membership associations	Product Quality	SR page 26

GRI Standard	Disclosure	Section	Reference/Remarks
<b>5. Stakeholder Engagement</b>			
2-29	Approach to stakeholder engagement	Stakeholder Engagement	SR pages 12 to 13
2-30	Collective bargaining agreements	Employment and Labour Practices	SR pages 22
<b>GRI 205: Anti-corruption 2016</b>			
205-1	Operations assessed for risks related to corruption	Ethical Business Practices	SR pages 32 to 33
205-2	Communication and training about anti-corruption policies and procedures	Ethical Business Practices	SR pages 32 to 33
205-3	Confirmed incidents of corruption and actions taken	Ethical Business Practices	SR pages 32 to 33
<b>GRI 302: Energy 2016</b>			
302-1	Energy consumption within the organisation	Energy Management	SR pages 14 to 16
<b>GRI 303: Water and Effluents 2018</b>			
303-1	Interactions with water as a shared resource	Water Management	SR pages 16 to 17
303-5	Water Consumption	Water Management	SR pages 16 to 17
<b>GRI 401: Employment 2016</b>			
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Employment and Labour Practices	SR page 18
<b>GRI 403: Occupational Health and Safety 2018</b>			
403-4	Worker participation, consultation, and communication on occupational health and safety	Occupational Health and Safety	SR pages 28 to 29
403-9	Work-related injuries	Occupational Health and Safety	SR pages 28 to 29
403-10	Work-related ill health	Occupational Health and Safety	SR pages 28 to 29
<b>GRI 404: Training and Education</b>			
404-2	Programs for upgrading employee skills and transition assistance programs	Training and Development	SR pages 21 to 22
<b>GRI 405: Diversity and Equal Opportunity 2016</b>			
405-1	Diversity of governance bodies and employees	Diversity and Equal Opportunities Annual Report	SR pages 20 to 21 AR pages 10 to 11
<b>GRI 416 : Customer Health and Safety 2016</b>			
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Product Quality	SR page 25