



SUSTAINABILITY
REPORT 2024

立德集团有限公司
KTMG LIMITED

BUILDING RESILIENCE

SHAPING **TOMORROW**



BUILDING RESILIENCE SHAPING TOMORROW

In today's volatile, uncertain, complex and ambiguous environment, where change happens rapidly, resilience and adaptability are essential for sustained success. Our theme, "**Building Resilience, Shaping Tomorrow**," reflects our commitment to strengthening operational and financial resilience while driving long-term growth for our shareholders.

To enhance profitability, we will selectively target higher-margin customers, optimise peak season orders, and improve operational efficiency. At the same time, we will reinforce our financial resilience through disciplined cost management and efficient working capital utilisation. Leveraging our integrated textile and apparel manufacturing capabilities, we will drive innovation, capture new opportunities, and shape sustainable growth, delivering greater value to our shareholders.

OUR MISSION :: 企业使命

We are dedicated to creating responsible apparel, weaving a better future for all, globally.

独衣无二，造服全球

OUR VISION :: 企业愿景

To be a world-class vertically integrated athleisure wear manufacturer

成为世界级的运动服饰企业

OUR CORE VALUES :: 企业核心价值观

Customer's interest is our top priority
客户价值第一

Change is the only constant
唯一不变的是变化

Simplicity
化繁为简

No excuses, no mistake and no wastage
不找借口，不出错，不浪费

The best performance today is the minimum requirement of tomorrow

今天最好的表现是明天最低的要求

Attitude determines altitude
态度决定高度

Be consistent
执行一致性

TEAM. Together everyone achieves more
团队合作，才能得到更多

TABLE OF CONTENTS

MESSAGE FROM THE EXECUTIVE CHAIRMAN.....	4
2.0 ABOUT KTMG	5
Group Structure.....	5
Operating Locations and Principal Activities	6
Our Value Chain.....	7
3.0 SCOPE OF REPORT	8
Reporting Methodology	8
Contact Information	9
4.0 SUSTAINABILITY APPROACH	9
Sustainability Governance.....	9
Stakeholder Engagement	10
Identification of Material Topics	10
Alignment with International Initiatives	12
5.0 GOVERNANCE.....	13
Corporate Governance	13
Economic Performance.....	13
Anti-Corruption and Whistleblowing Policy	14
Supplier Assessments.....	14
6.0 ENVIRONMENT	15
Energy and Emissions.....	15
Water and Effluents	18
Waste	19
7.0 SOCIAL.....	20
Our Employees	21
Communities.....	26
Customers	26
CLIMATE CHANGE RISKS AND OPPORTUNITIES	27
TCFD DISCLOSURES	28
GRI CONTENT INDEX.....	29
LEGAL DISCLAIMER	32

This Sustainability Report has been reviewed by the Company's sponsor, SAC Capital Private Limited (the "Sponsor"). This Sustainability Report has not been examined or approved by Singapore Exchange Securities Trading Limited (the "SGX-ST") and the SGX-ST assumes no responsibility for the contents of this Sustainability Report, including the correctness of any of the statements or opinions made or reports contained in this Sustainability Report.

The contact person for the Sponsor is Ms. Charmian Lim (Tel: +65 6232 3210) at 1 Robinson Road, #21-01 AIA Tower, Singapore 048542.

MESSAGE FROM THE EXECUTIVE CHAIRMAN

Dear Stakeholders,

I am pleased to present the Sustainability Report of KTMG Limited ("**KTMG**" or the "**Company**", and together with its subsidiaries, the "**Group**") for the financial year ended 31 December 2024 ("**FY2024**").

As we advance on our sustainability journey, I reaffirm KTMG's commitment to integrating sustainable practices across our operations. With a solid foundation in environmental, social, and governance ("**ESG**") principles, we operate responsibly to create long-term value for all our stakeholders—shareholders, employees, customers, suppliers, and communities. By adhering to these principles, we cultivate a culture of transparency, accountability, and sustainable growth.

Building on our progress, we continue to enhance the integration of ESG factors into our decision-making processes, driving meaningful improvements throughout our operations. We will leverage our sustainability framework to guide strategic decisions, mitigate risks, and capitalise on opportunities for long-term growth. Our sustainability approach is regularly reviewed and refined to address emerging trends, regulatory developments, and stakeholder expectations.

We remain committed to sustainability, continuously refining our operations to minimise environmental impact. Through sustainable manufacturing practices, we actively reduce waste, conserve resources, and mitigate environmental harm. Our investments in renewable energy, such as solar panels, and responsible water management demonstrate our commitment to integrating sustainability into our core business practices for long-term environmental stewardship.

In our pursuit of excellence in sustainability, we uphold the highest standards of corporate governance. Our Board and management recognise that transparency, accountability, and integrity are fundamental to our operations, reinforcing stakeholder trust and ensuring responsible business practices.

We recognise that our success is intrinsically linked to the well-being of the communities we serve. In 2024, our corporate social responsibility efforts made a meaningful impact by supporting healthcare initiatives, addressing community needs, and uplifting underprivileged groups through donations, staff volunteerism, and collaborative partnerships. We remain committed to building lasting positive relationships with the communities we serve.

As we strive for a sustainable future for all, we drive long-term success through responsible practices. We appreciate your ongoing support and look forward to continuing our sustainability journey together and delivering greater sustainable value in the years to come.

On behalf of the Board,

Mr. Lim Siau Hing,
Executive Chairman

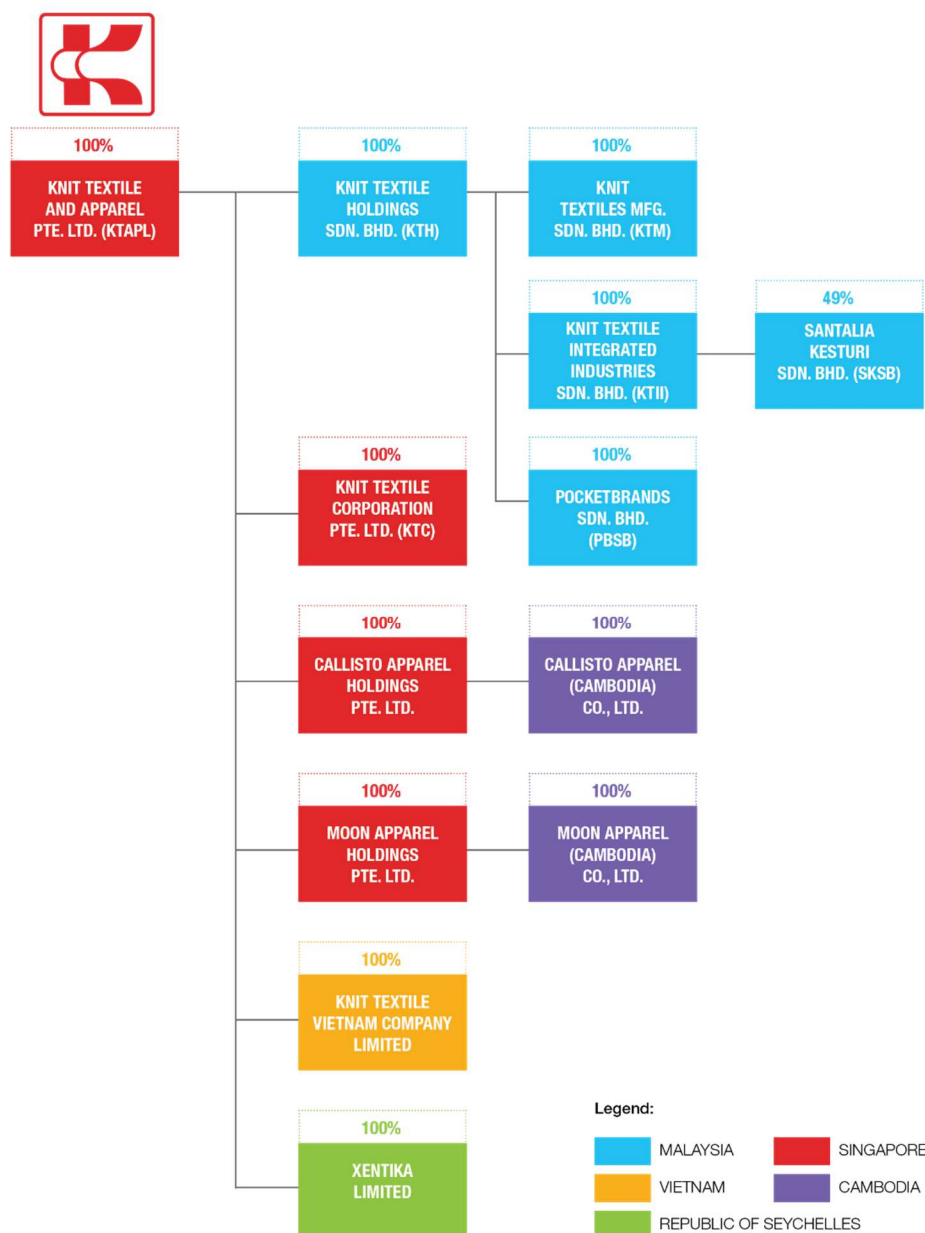
2.0 ABOUT KTMG

KTMG Limited (“**KTMG**” and together with its subsidiaries, the “**Group**”) is an integrated textile and apparel manufacturer.

KTMG is a contract manufacturer of apparel specialising in athleisure wear, casual wear, loungewear, and pyjamas for various ages, with facilities in Malaysia and Cambodia. The Group manufactures apparel for retailers in the United Kingdom, United States, European Union, Japan and Canada, who then sell apparel products under their own brands. The Group has a co-creation business model through which it collaborates closely with its customers during the product initiation process, thereby offering customers a one-stop value-added platform.

KTMG also expanded upstream into the knitting, dyeing, and finishing of fabric, with its own textile manufacturing facility in Johor, Malaysia.

Group Structure



Note: All subsidiaries are wholly owned by KTMG Limited, except for Santalia Kesturi Sdn. Bhd., where KTMG owns 49% of the entity.

Operating Locations and Principal Activities

The Group is a vertically integrated textile and apparel manufacturer. It is headquartered in Malaysia, has operations in Singapore, Malaysia, Cambodia, Vietnam and Republic of Seychelles, and serves global markets.

The Group is classified as part of the Textiles and Apparel sector, with reference to GRI Sector Standards.

The following are the Group's operating locations and principal activities:



Apparel manufacturing facility, Knit Textiles Mfg. Sdn. Bhd. ("KTM"), Batu Pahat, Johor, Malaysia



Textile manufacturing facility, Knit Textile Integrated Industries Sdn. Bhd. ("KTII"), Batu Pahat, Johor, Malaysia

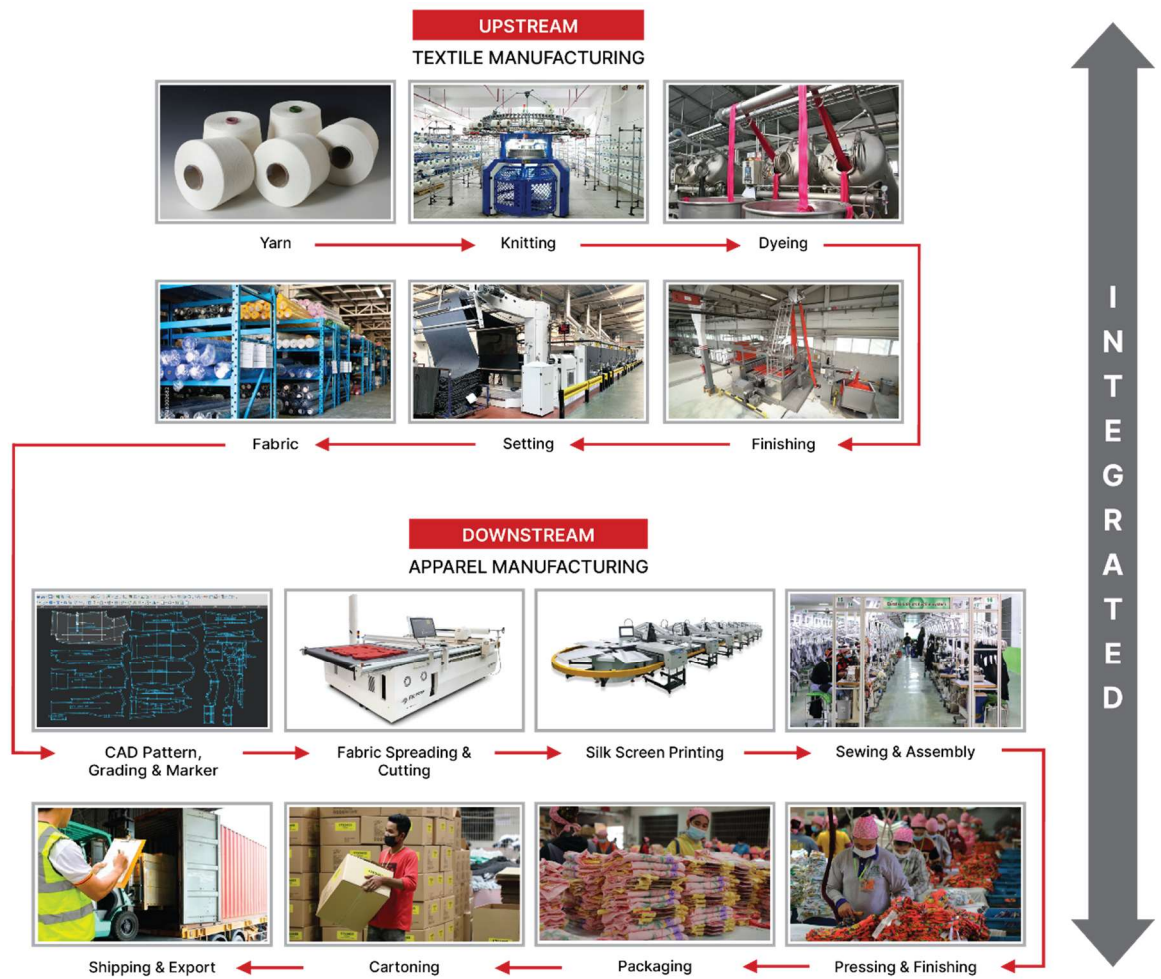


Apparel manufacturing facility, Callisto Apparel Co., Ltd ("CA"), Phnom Penh, Cambodia



Apparel manufacturing facility, Moon Apparel Co., Ltd ("MA"), Phnom Penh, Cambodia

Our Value Chain



KTMG operates a fully integrated production chain, encompassing every stage from fabric manufacturing to finished apparel. By maintaining control over the entire process – from sourcing raw materials to delivering completed products – we are able to enhance operational efficiency, strengthen supply chain coordination, and ensure consistent product quality for our customers.

Certifications and Memberships



The Group's manufacturing facilities are fully compliant with the above standards and certifications. We are committed to operating ethically and responsibly, complying with legal requirements, protecting our workers' rights, and meeting our customers' requirements. We strive to promote sustainability within the industry. As at the date of this report, the Group's manufacturing subsidiaries, KTM, together with KTI are also members of the Johor Sustainability Centre ("JSC"), a dedicated organisation established in 2023 for sustainability and climate change adaptation and mitigation in Johor, Malaysia.

3.0 SCOPE OF REPORT

This report details the sustainability efforts and performance of the Group's consolidated entities for the financial year ended 31 December 2024 ("FY2024"). The reporting entities comprised the Group's headquarter in Malaysia and manufacturing operations in both Malaysia and Cambodia. The content of this report will focus on the combined sustainability performance, activities, and initiatives undertaken by the reporting entities. Material issues described in this report have been selected according to their level of significance within the Group's boundaries, the sustainability context and materiality are reflective of the Group's core business operations.

To improve the accuracy and relevance of environmental performance comparisons, the Group will replace its former FY2020 baseline with a 3-year average baseline of FY2021–FY2023 ("**new baseline**"). This change reflects a more stable operating period post-COVID-19 and more recent reflection of current operational structures. The formula to calculate new baseline is as follows:

New Baseline = (Data of FY2021 + FY2022 + FY2023) ÷ 3

This method provides a more balanced and representative reference point by averaging environmental performance over three financial years, helping to minimise the impact of short-term fluctuations and anomalies.

The data presented in this report reflects the Group's overall performance. The Group is committed to enhancing the depth and scope of its sustainability disclosures and aims to expand the set of indicators reported on material topics in future reporting cycles. This Sustainability Report was published on 30 April 2025.

Reporting Methodology

This report is prepared with reference to the requirements of the Global Reporting Initiative's ("GRI") Standards 2021, an internationally recognised reporting framework that covers a comprehensive range of sustainability disclosures. This report is also prepared in compliance with Rules 711A and 711B of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited ("SGX-ST") ("**Catalist Rules**") and is referenced to the guidance set out in SGX-ST's Sustainability Reporting Guide under Practice Note 7F of the Catalist Rules. The Group adopts the precautionary principle to minimise the negative effects of conducting its business whenever feasible (GRI 2-23). The primary components of SGX's sustainability reporting requirements that we have sought to include in this report include the following:

1. Material environmental, social, and governance ("ESG") factors

Material ESG factors are elaborated in Section 4 of this report. The Group conducted a materiality assessment on its internal and external stakeholders to identify material issues that are important to both the Group and its stakeholders.

2. Policies, practices, and performance

The policies, practices, and performance for each material matter shall be discussed in their individual sections below. The Group understands the need to improve on the performance of ESG-related matters and shall be reporting the performance against the new baseline data.

3. Targets

The Group continues to embed ESG considerations into its day-to-day operations, while setting clear strategies and measurable targets to drive ongoing improvement as its sustainability reporting framework evolves.

4. Sustainability reporting framework

This report is prepared with reference to the GRI Standards and Sustainability Reporting Guide published by SGX-ST.

5. Board Statement

The statement from our Executive Chairman highlights how the Board integrates sustainability considerations into the Group's strategic growth. Section 4 on Sustainability Governance further elaborated on how the Board addresses and oversees ESG matters.

This report shall disclose ESG factors related to the course of the Group's business operations. This will allow stakeholders to have a clear view of the Group's business practices and our commitment to deliver values to them.

Contact Information

The Group values stakeholders' feedback on sustainability reporting to assist us in improving our sustainability performance and processes. For comments and feedback, please contact us through email at info@ktmg.sg.

4.0 SUSTAINABILITY APPROACH

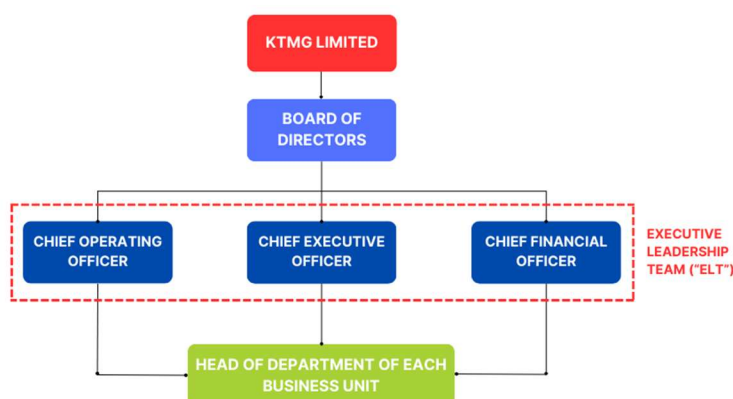
The Group's approach to sustainability is guided by our vision of "creating exceptional apparel, weaving a better future for all, globally". We are committed to the efforts of integrating sustainability considerations into our business operations and corporate strategy, and this has shaped our approach in determining the material matters that are outlined within this report.

Sustainability Governance

Sustainability governance includes the systems and controls in place to manage the Group's sustainability activities. This includes policies, processes and people, which are necessary to meet the expectations of all stakeholders with integrity, respect, transparency, and in a responsible manner.

The Board of Directors ("BOD") provides strategic oversight of all sustainability initiatives and climate-related risks and opportunities across the Group. The Executive Leadership Team ("ELT"), led by the Chief Executive Officer, is responsible for driving implementation – this includes formulating, approving, and updating the Group's sustainability strategies, policies, and objectives, as well as overseeing the identification and management of climate-related risks and opportunities. Head of Departments across all business units are tasked with executing these initiatives and reporting sustainability performance and practices to the ELT.

The Group's sustainability governance structure is as follows:



The ELT reports to the BOD annually on the Group's environmental and social impacts. The BOD reviews and approves all sustainability-related matters, including initiatives that address climate-related risks and opportunities, as well as proposed action plans presented by the ELT. It also evaluates the effectiveness of these initiatives and provides strategic guidance where necessary. In FY2024, there were no material concerns identified or escalated to the Board.

The Group's internal sustainability audit function, led by the Chief Operating Officer, conducts regular assessments of sustainability performance across business operations. The data and disclosures presented in this report are derived primarily from internal systems and original records to ensure completeness and accuracy. External assurance was not sought for this reporting period; however, the report underwent an internal review to verify the reliability of the sustainability-related information and processes.

For matters on corporate governance, remuneration, and compensation, please refer to the Group's Annual Report 2024 published on 14 April 2025.

Stakeholder Engagement

The Group focuses on value creation for its stakeholders and is always keen to understand their needs and expectations by facilitating two-way communications. The close interactions between the Group and its stakeholders create a trusting relationship. These engagement programs aim to identify and address stakeholders' concerns or grievances and provide a way for stakeholders to seek advice and raise concerns about the Group's business conduct. The Group also has a whistleblowing policy and please refer to section "Anti-corruption and Whistleblowing Policy" in this report for further reading.

To ensure stakeholder perspectives are effectively captured and addressed, the Group has established the following engagement methods:

Stakeholders and Focus Areas	Engagement Methods	Frequency
Shareholders and Financial Investors: <ul style="list-style-type: none"> Investor relations Legal compliance Privacy and data protection 	Annual general meeting	Annually
	Media releases	On going
	Corporate website	On going
	Regular updates via SGXNet	On going
Employees: <ul style="list-style-type: none"> Code of Conduct Training and development Occupational Health and Safety (OHS) Anti-bribery and corruption 	Health and safety briefing	On going
	Corporate/staff memos	On going
	Performance evaluations and career development	Annually
	Regular meetings and open-door policy	On going
	Anti-bribery and corruption briefings	On going
Customers: <ul style="list-style-type: none"> Quality and timeliness of product and service Anti-corruption and whistleblowing Privacy and data protection 	Feedback survey	On going
	Live interactions	On going
	Regular meetings	On going
	Customer site visits	On going
Management: <ul style="list-style-type: none"> Sustainability governance Business ethics 	Monthly operation reviews	Monthly
	Semi-annual operation review	Semi-annually
	Budget preparation	Annually
Business Partners: (Suppliers, vendors etc.) <ul style="list-style-type: none"> Assessments Anti-bribery, corruption and whistleblowing 	Evaluation of business partners	On going
	Live interactions	On going
	Anti-bribery and corruption briefings	On going
Local Communities: <ul style="list-style-type: none"> Giving back to the community Helping the less privileged 	Donation to charitable organisation	On going
	Volunteering initiatives	On going
Government and Regulators: <ul style="list-style-type: none"> Legal compliance on, amongst others, listing regulations, environmental and social matters 	Inspections and audits	On going
	Regular tax review, filing and payments	Monthly
	Participation of government or regulator organised events	On going
	Regular updates via SGXNet	On going

Identification of Material Topics

A materiality assessment was last conducted in 2021 for the Group's FY2020 Sustainability Report. For this reporting period, the Group reviewed the continued relevance of the material topics identified and concluded that they remain applicable, as there were no significant structural or operational changes during the year. These topics continue to reflect the Group's core business priorities and stakeholder interests.

In view of the evolving regulatory landscape, heightened stakeholder expectations, and the increasing significance of ESG considerations in business decision-making, the Group plans to conduct a comprehensive reassessment of material topics in FY2025. This will ensure that future reporting remains current, relevant, and reflective of the Group's strategic direction and sustainability commitments.

The Process

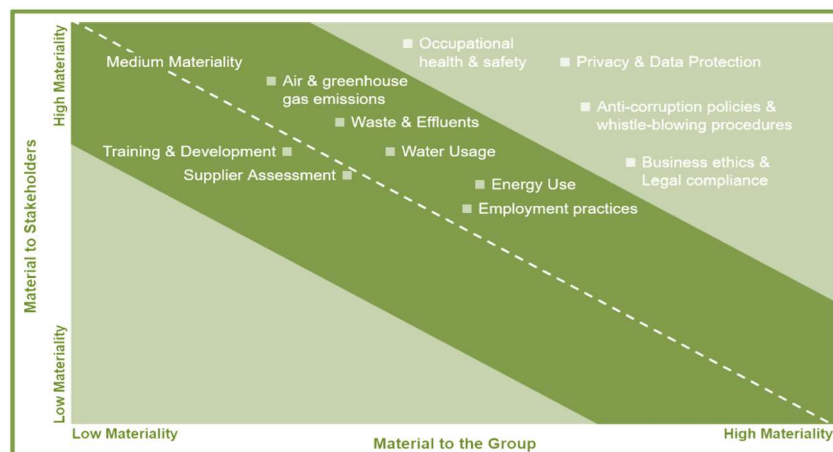
The identification of material topics is guided by a structured assessment process that considers both the significance of the Group's ESG impacts and their influence on stakeholder decision-making. This process involves reviewing internal policies, engaging with key stakeholder groups, and evaluating industry trends and regulatory developments to ensure that the topics selected reflect KTMG's most relevant sustainability priorities.



Materiality Matrix

The Group's material topics were first identified in FY2020 through a materiality assessment conducted with reference to the GRI Standards. This assessment was based on two key criteria: 1) the significance of the Group's ESG impacts, and 2) the influence of these topics on stakeholder decision-making. Following a review and consultation with the Board of Directors, the Group has confirmed that these material topics remain relevant for FY2024.

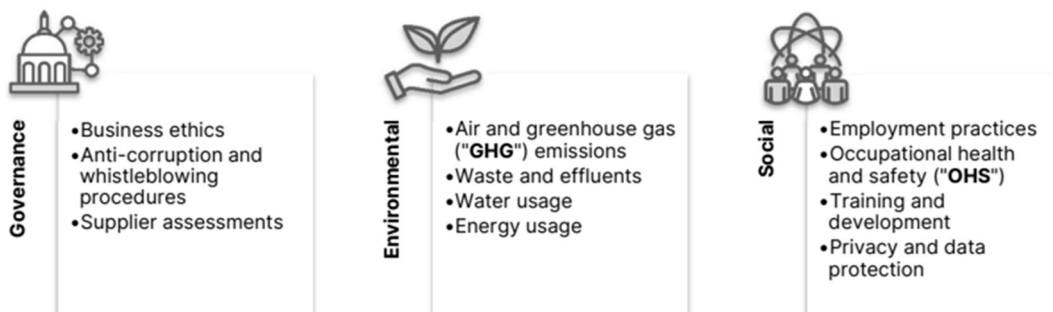
The materiality assessment continues to inform the Group's sustainability priorities, shaping both ongoing initiatives and future planning. The Group remains committed to periodically reassessing its material topics to reflect evolving stakeholder expectations, emerging ESG risks, and global sustainability developments.



Material Issues

With these material issues identified, we categorised our ESG disclosures into three sustainability pillars:

- Governance – Ethical and Responsible Business
- Environmental – Caring for our Environment
- Social – Caring for our People and Community



Alignment with International Initiatives

United Nations Sustainable Development Goals

The United Nations (“UN”) Sustainable Development Goals (“SDGs”) are a set of 17 goals established by the UN in 2015 as part of the 2030 Agenda for Sustainable Development. The SDGs are a universal call to action to end poverty, protect the planet and ensure that all people enjoy peace and prosperity by 2030.

The Group understand that alignment to the SDGs is becoming increasingly important as stakeholders are placing greater emphasis on social and environmental responsibility. Aligning to the SDGs can also create business value by identifying new opportunities for innovation and reducing risks. We acknowledge that our participation in reaching the SDGs has room for improvement and as we progress on our sustainability journey, we will continue to assess our alignment with the SDGs and whenever possible, redirect our sustainability strategy to address the goals more effectively and comprehensively.

SDG Goals	Our Participation	Sustainability Pillar
 3 GOOD HEALTH AND WELL-BEING	<ul style="list-style-type: none"> Ensure safe and healthy working conditions through health and safety policies, workplace inspections, and annual employee training 	Social
 5 GENDER EQUALITY	<ul style="list-style-type: none"> Promote equal opportunities in recruitment, career advancement, and fair remuneration across genders High female representation across the Group 	Social
 6 CLEAN WATER AND SANITATION	<ul style="list-style-type: none"> Maintain in-house water treatment for textile operations and monitor water quality Invest in rainwater harvesting systems 	Environmental
 7 AFFORDABLE AND CLEAN ENERGY	<ul style="list-style-type: none"> Implement rooftop solar photovoltaic (“PV”) systems to reduce reliance on non-renewable electricity at Malaysian facilities 	Environmental
 8 DECENT WORK AND ECONOMIC GROWTH	<ul style="list-style-type: none"> Uphold ethical labour practices; prohibit forced and child labour Invest in employee development through KTMG Institute of Management Continue to recruit people with disabilities with equal pay for work of equal value 	Governance and Social
 12 RESPONSIBLE CONSUMPTION AND PRODUCTION	<ul style="list-style-type: none"> Monitor and reduce water, energy, and waste intensity Promote recycling and explore repurposing non-hazardous waste Integrating sustainability information into our reporting cycle 	Governance and Environmental
 13 CLIMATE ACTION	<ul style="list-style-type: none"> Track Scope 1 and Scope 2 GHG emissions Strengthening our resilience and adaptive capacity to climate-related hazards and natural disasters by enhancing emergency preparedness and ensuring compliance with environmental protection regulations Improve education and raise awareness on climate change mitigation, adaptation, impact reduction and early warning 	Environmental and Social
 16 PEACE, JUSTICE AND STRONG INSTITUTION	<ul style="list-style-type: none"> Enforce zero-tolerance policies on bribery, corruption, and unethical practices through a Code of Conduct and Whistleblowing Policy We are committed to eliminating all forms of abuse, exploitation, trafficking, and violence against children across our operations and supply chain 	Governance and Social

5.0 GOVERNANCE

Corporate Governance

At KTMG Limited, robust corporate governance is the cornerstone of our commitment to ethical business practices and long-term sustainability. The Group has substantively complied with the recommendations of the Code of Corporate Governance 2018 ("**Code**"), through effective self-regulatory corporate practices to protect and enhance the interests of its stakeholders.

For detailed disclosure on the application of our corporate governance practices with reference to the Code, please refer to "Statement of Corporate Governance" section in the Group's Annual Report 2024.

Policy Commitments

The Group has in place the Code of Conduct and Ethics and Whistleblowing Policy to ensure ethical business practices across all its activities, including business relationships. These policies undergo periodic review and approval by the Executive Leadership Team ("**ELT**") and the Board of Directors ("**BOD**").

The Group ensures that all employees are informed of relevant policies and procedures through structured onboarding programmes and regular training sessions. The ELT and Heads of Departments are responsible for overseeing the effective implementation and communication of strategic and operational policies across all levels of the organisation.

Compliance with Laws and Regulations

Adherence to laws and regulations is critical for the Group's business operations. The Group conducts regular compliance monitoring in accordance with its Code of Conduct and Ethics, policies, and existing applicable laws, rules, and regulations in all locations where it operates.

Non-compliance could have significant consequences for the Group's reputation, including civil and/or criminal actions, damages, fines, and criminal sanctions against the Group and/or its employees. The Group requires all employees to familiarise themselves with the laws relating to their job responsibilities and Group policies.

In FY2024, the Group met all compliance requirements without any offence, and no penalties or fines were incurred.

	FY2024 Target	FY2024 Performance
Incidents of non-compliance with the Company's Code of Conduct and Ethics, policies, and existing applicable laws, rules, and regulations in all locations where the Group operates.	Zero incident	Zero incident

Tax Compliance

The Group ensures tax compliance and fully supports the local and national government by filing the appropriate taxes. The ELT and BOD monitors tax compliance. The Group regularly files tax returns, assesses and identifies tax complexities and risks. The Group complies with applicable tax regulations as part of its sustainability commitments. It engages third-party tax consultants to assist in tax management and external auditors to ensure that its financial statements comply with reporting and disclosure requirements.

Economic Performance

For detailed financial results, please refer to the following sections of the Group's Annual Report 2024:

- Financial Highlights, page 16;
- Financial Review, pages 17 to 18;
- Financial Statements, pages 55 to 59; and
- Notes to the Financial Statements, pages 60 to 104.

Anti-Corruption and Whistleblowing Policy

The Group is committed to upholding the highest standards of corporate governance and aligns its practices with internationally recognised frameworks. Our Anti-Corruption Policy and Whistleblowing Policy reflect this commitment by promoting ethical conduct and integrity throughout the organisation. These policies establish clear guidelines and procedures for the prevention, detection, and reporting of corrupt practices.

Anti-Corruption Policy

This policy applies and is communicated to all employees of the Group, including any associated business partners, agents, contractors, and consultants acting on behalf of the Group. We define corruption as an abuse of entrusted power for personal financial gain and we define bribery as giving, offering, or agreeing to provide benefits to others in order to improperly influence an outcome to obtain or retain an unfair advantage.

The Group ensures that records and accounts are, in reasonable detail, accurately reflecting all transactions and dispositions and requires all individuals associated with the Group to maintain complete and accurate records with respect to all transactions on behalf of the Group. These requirements apply to transactions of any amount, not limited to sums that would be “material” financially.

With a zero-tolerance policy to bribery and corruption, the Group ensures that its monitoring and management control systems are effective in detecting any bribery, fraud or other malpractice. The Group has a designated officer who records issues on ethics and compliance and escalates to the top management where appropriate.

To ensure all employees are informed and comply with the anti-corruption and anti-bribery policies, awareness training was conducted at all regions to all new and existing employees as part of the annual training program on Code of Conduct and Ethics.

In FY2024 and FY2023, there were no incidents of corruption and bribery noted within the Group. Furthermore, no public legal cases were brought against the Group or its employees within the reporting year on matters involving corruption or bribery. The Group aims to maintain a target of no such incidents in the long term.

	FY2024 Target	FY2024 Performance
Incidents of corruption and bribery reported and noted within the Group.	Zero incident	Zero incident

Whistleblowing Policy

The Group remains committed to upholding the highest standards of integrity, transparency, and accountability in all aspects of its business operations. We are dedicated to conducting our affairs ethically and responsibly. The Whistleblowing Policy provides a formal channel for employees and members of the public to report any suspected misconduct or criminal offences, including the option to report directly to the Chairman of the Audit Committee. The Group actively encourages the use of this whistleblowing channel to ensure concerns are raised and addressed in a secure and confidential manner.

All whistleblowers will be accorded the protection of confidentiality of their identity. However, any employee or member of the public who wishes to report improper conduct will be required to disclose his/her identity to the Group so that we are able to accord any necessary protection of identity.

All disclosures can be submitted via whistleblow@ktmg.sg. Upon completion of the whistleblowing process and procedures, the whistle-blower will be accorded with the privilege of being notified of the outcome of the disclosure.

Please visit <https://www.ktmg.sg/whistle-blowing-policy> for further information.

Supplier Assessments

As part of our objectives to achieve greater integration of sustainability throughout our value chain, we extend the application of responsible business practices to our business partners and suppliers through our supplier selection and management process.

All new suppliers are required to undergo our supplier selection process, and we assess all our key suppliers on multiple parameters, namely product quality, delivery, service or support. Our key suppliers are assessed annually on a scale of 1 to 3, with a score of 1 being unsatisfactory and a score of 3 being exceeding expectations. In FY2024,

the average scores of the Group's textile and garment accessories suppliers across all operating locations scored 2 and above, (FY2023 – 2 and above), where they achieved satisfactory expectations.

In FY2024 and FY2023, the Group did not identify any significant actual negative environmental or social impacts arising from its suppliers. As a production facility certified by the Worldwide Responsible Accredited Production ("WRAP"), the Group ensures that all existing and newly onboarded suppliers uphold key principles, including the prohibition of forced and child labour, and adherence to the Group's Anti-Bribery and Anti-Corruption Policy. The Group remains committed to conducting ongoing assessments of its suppliers to identify and manage any actual or potential ESG-related risks within the value chain.

We also continue to explore new areas of collaboration with our suppliers to gradually increase transparency and continue to build shared capacity to minimise our indirect environmental and social impacts. As such, we continuously work with our suppliers through additional assessments and constant communication to encourage the adoption of compliance certifications such as Business Social Compliance Initiative (BSCI), Customs Trade Partnership Against Terrorism (C-TPAT), as well as WRAP. As a leading manufacturer in the region, we believe it is our responsibility and duty to promote an ecosystem that adopts sustainability principles through positive reinforcement and encouragement.

6.0 ENVIRONMENT

The Group has identified the following environmental topics as material to its business operations:

- Air and greenhouse gas emissions (including Scope 1 – fuel consumption and Scope 2 – energy use)
- Water usage
- Waste management

The Group ensures compliance with environmental regulations across all jurisdictions in which it operates, guided by relevant local laws and statutory requirements. Environmental compliance is overseen through internal compliance and audit functions, with monitoring led by Heads of Departments and reporting directed to the ELT, which is accountable to the BOD.

The environmental data presented in the following sections focuses on the Group's manufacturing facilities in Malaysia and Cambodia, which are considered to have the most significant environmental footprint within the Group's operations.

In FY2024 and FY2023, the Group recorded no incidents of non-compliance with environmental regulations. We remain committed to upholding this standard and will continue to implement proactive measures to ensure ongoing compliance across all operations.

	FY2024 Target	FY2024 Performance
Incidents of non-compliance with environmental laws and regulations in all locations where the Group operates.	Zero incident	Zero incident

Energy and Emissions

Greenhouse Gas ("GHG") Emission

At KTMG, we strive to reduce the impact of our business operations on the environment and to mitigate the risks of climate change. The Group supports the global initiatives stipulated in the Paris Agreement and Malaysia-owned Nationally Determined Contribution¹. The Group adheres to the requirements of the 2006 Intergovernmental Panel Climate Council ("IPCC") Guidelines for National Greenhouse Gas Inventories and the WRI/WBCSD GHG Protocol Corporate Accounting and Reporting Standard and applies the following approach to GHG emissions accounting:

- Evaluating direct emissions of all seven GHG stated in Kyoto Protocol (Scope 1).
- Assessing indirect emissions linked to purchased electricity (Scope 2)

¹ Rajakumar and Sieh dated 18 December 2020, Climate and Environmental Governance: Five years on from the Paris Accord, where are we?

The Group reports GHG emissions in terms of carbon dioxide equivalent (CO₂e), which accounts for the combined global warming potential of carbon dioxide (CO₂), methane (CH₄), and nitrous oxide (N₂O). This approach provides a more accurate and comprehensive representation of the climate impact of our operations.

Scope 1 - Fuel Consumption

The fuel consumption of our operations in both Malaysia and Cambodia is presented below:

Factory, Location	Annual Petrol Consumption (Liters)		Annual Diesel Consumption (Liters)		Annual GHG Emissions (t/CO ₂ e) ²	
	FY2024	New Baseline	FY2024	New Baseline	FY2024	New Baseline
Batu Pahat, Johor, Malaysia						
Apparel manufacturing	12,024	10,894	6,762	7,677	45.18	44.83**
Textile manufacturing	2,135	1,885	11,819	17,042	34.70	47.23**
Phnom Penh, Cambodia,						
Apparel manufacturing	5,920	3,253	9,953	8,539	40.35	30.40**
Total	20,079	16,032	28,534	33,258	120.23	122.46
Intensity ratio*	192.09	164.23	272.97	340.69	1.15	1.25
Change in fuel consumption intensity*	↑ 27.86		↓ 67.72		↓ 0.10	
% Change in intensity	+16.96%		-19.88%		-7.98%	

*Per million SGD of revenue

** Restated with updated calculations using region-specific emission factors

In FY2024, the Group observed an increase in petrol consumption across its operations in Malaysia and Cambodia, primarily driven by a higher frequency of goods transportation, in line with increased production output for the year and business travels. Diesel usage in Malaysia continued to support forklift operations, while in Cambodia, diesel was used for both forklifts and power generators due to ongoing power supply instability.

Despite the rise in petrol usage, the Group recorded an overall reduction in its Scope 1 GHG emissions intensity, achieving **1.15 t/CO₂e per million SGD of revenue** in FY2024, an improvement compared to the new baseline of **1.25 t/CO₂e per million SGD of revenue**. The Group's five-year intensity trend reflects a consistent decline, underscoring continued progress in improving operational efficiency and reducing direct emissions.

5-YEAR INTENSITY COMPARISON OF SCOPE 1 GHG EMISSIONS (t/CO₂e)



	FY2024 Target	FY2024 Performance
Intensity of Scope 1 GHG emissions.	To maintain or achieve lower intensity of Scope 1 GHG emissions against new baseline performance.	On target

² Scope 1 emissions are reported in tonnes of CO₂ equivalent (CO₂e) and calculated using region-specific emission factors that reflect the combined global warming potential of CO₂, CH₄, and N₂O. For Malaysia, emission factors are sourced from the Malaysia Green Technology and Climate Change Corporation (MGTC) Low Carbon Operating System (LCOS) calculator (Petrol: 2.34502 kg CO₂e/L; Diesel: 2.51206 kg CO₂e/L) (<https://www.mgtc.gov.my/lcos-personal-calculator/?utm>). For Cambodia, factors are aligned with the United Nations Development Programme (UNDP)'s garment sector NAMA based on IPCC 2006 guidelines (Petrol: 2.31 kg CO₂e/L; Diesel: 2.68 kg CO₂e/L) (<https://www.undp.org/publications/energy-efficiency-nama-garment-industry-cambodia>).

Scope 2 - Energy Consumption

Scope 2 emissions represent the GHG emissions associated with the generation of purchased electricity consumed by the Group. A significant portion of energy use arises from the operation of machinery within our textile and apparel manufacturing facilities. As part of our commitment to reducing GHG emissions, the Group has completed the installation of rooftop solar photovoltaic ("PV") systems at two key facilities in Malaysia – KTM, our apparel manufacturing facility, and KTII, our textile manufacturing facility. These installations mark a key milestone in our transition toward cleaner energy sources and improved energy efficiency.

Solar PV System

The solar PV systems at KTM and KTII commenced operations in November and September 2022, respectively. In FY2024, KTM's system generated 337,477 kWh of renewable energy, with 71% consumed on-site to support facility operations and the remaining 29% sold to the national grid. At KTII, the system produced 633,123 kWh, of which 81% was used internally and 19% was sold. These efforts reflect KTMG's continued commitment to renewable energy integration and support for national clean energy initiatives. Together, the two systems generated a total of 970,600 kWh in FY2024, resulting in an estimated carbon offset of 524.87 tonnes of CO₂e. This marks a significant step toward reducing the Group's reliance on grid electricity and lowering its Scope 2 emissions.

The energy consumption purchased from the national grid is presented below:

Factory, Location	Annual Energy Consumption (kWh)		Annual GHG Emissions (t/CO ₂ e) ³	
	FY2024	New Baseline	FY2024	New Baseline
Batu Pahat, Johor, Malaysia				
Apparel manufacturing	276,418	564,377	193.49	394.24
Textile manufacturing	2,609,336	3,131,021	1,826.54	2,046.35
Phnom Penh, Cambodia,				
Apparel manufacturing	1,764,377	1,374,970	949.23	907.48
Total	4,650,131	5,070,368	2,969.26	3,348.07
Intensity ratio*	44,485.66	51,939.85	28.41	34.30
Change in energy consumption intensity*	↓ 7,454.19		↓ 5.89	
% Change in intensity	-14.35%		-17.18%	

*Per million SGD of revenue

In FY2024, the Group's annual Scope 2 GHG emissions intensity decreased to **28.41 tonnes CO₂e per million SGD of revenue**, compared to the new baseline of **34.30 tonnes CO₂e per million SGD of revenue**. The Group remains committed to reducing energy consumption and enhancing energy efficiency by continuously identifying and implementing energy conservation measures aimed at minimising our environmental footprint. The Group's five-year intensity trend demonstrates a steady decline, highlighting ongoing progress in reducing direct emissions.

	FY2024 Target	FY2024 Performance
Intensity of Scope 2 GHG emissions	To maintain or achieve lower intensity of Scope 2 GHG emissions against new baseline performance	On target

5-YEAR INTENSITY COMPARISON OF SCOPE 2 GHG EMISSIONS (t/CO₂e)



³ The Malaysia grid emission factor of 0.7 kg CO₂e/kWh is based on values referenced in the MGTC's LCOS calculator, which aligns with international standards such as DEFRA and IPCC guidelines. The Cambodia grid emission factor of 0.538 kg CO₂e/kWh is derived from assessments by the UNDP and Cambodia's National Council for Sustainable Development (NCSD), as referenced in national climate and energy planning documents.

Water and Effluents

The Group is committed to responsible water sourcing and usage, recognising the importance of reducing water consumption and taking proactive steps to achieve this goal. Although the Group does not operate in areas classified as water-stressed, it remains vigilant in managing water use and strives to minimise its water footprint through ongoing water-saving initiatives. These efforts include detecting and repairing leaks, promoting water-efficient practices among employees, and raising awareness about the importance of water conservation.

All water used in the Group's operations is supplied by local municipalities and drawn from local freshwater sources. Water consumption for the Group's operations is presented below:

	Annual Water Consumption (m ³)	
	FY2024	New Baseline
Total for all activities and locations (m ³)	472,531	708,754
Intensity ratio*	4,520.49	7,260.34
Change in water consumption intensity*	↓ 2,739.85	
% Change in intensity	-37.74%	

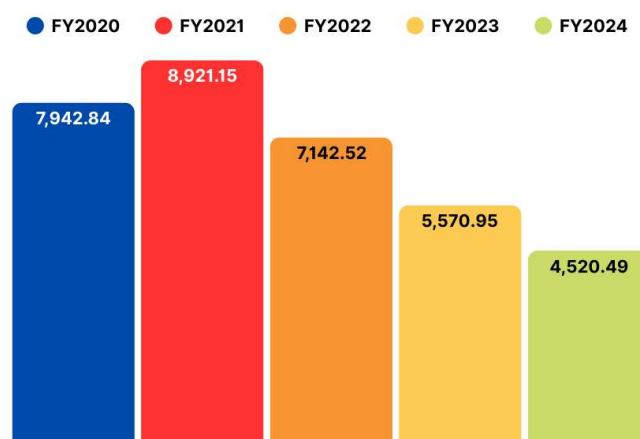
*Per million SGD of revenue

In FY2024, the Group's textile manufacturing facility accounted for **93.2%** of total water consumption, down from **94.7%** in FY2023—a reduction of **1.5 percentage points**. Water usage in the textile industry is typically higher than in the apparel industry, as fabric dyeing and finishing processes require substantial volumes of water. Consumption levels at the textile manufacturing facility are also closely linked to the facility's capacity utilisation during the reporting period.

Industrial wastewater and effluents are primarily generated from the Group's textile manufacturing operations. All wastewater is treated at the facility's on-site treatment plant prior to being discharged into the public sewage system, in full compliance with regulatory requirements. The Group also conducts weekly wastewater quality testing at the textile facility, with results reported to the Department of Environment (Malaysia) on a regular basis. In contrast, water usage across the Group's apparel manufacturing operations is minimal and mainly limited to employee consumption and general facility maintenance.

Since FY2022, the Group has invested in a rainwater harvesting system with a storage capacity of approximately 8,000 m³, which has been utilised to support textile production in FY2023 and FY2024. Looking ahead, the Group aims to further optimise water usage and reduce overall consumption by exploring additional water harvesting technologies and sustainable water management solutions.

5-YEAR INTENSITY COMPARISON OF WATER CONSUMPTION (M³)



The Group's five-year water intensity trend shows a consistent decline, reflecting ongoing progress in improving water efficiency and reducing overall water consumption.

	FY2024 Target	FY2024 Performance
Intensity of water consumption	To maintain or achieve lower intensity of water consumption against new baseline performance	On target

Waste

The Group is committed to reducing, reusing, and recycling waste wherever possible, with the aim of minimising landfill contributions and mitigating the environmental impact of our operations. All hazardous and non-hazardous waste is properly labelled, stored, and disposed of in accordance with local council regulations and through licensed waste management contractors.

We actively promote responsible waste practices among employees and conduct regular awareness programmes through our in-house environmental committee. Adopting best practices in waste management remains a key part of the Group's broader strategy to reduce its environmental footprint.

Non-Hazardous Waste

As part of the manufacturing process, the Group produces fabric waste, paper waste, and plastic waste. All non-recycled waste generated will be disposed of through the local municipal councils on a weekly basis. We captured the data of non-hazardous waste through real-time weighbridge measurement provided during disposal of those waste.

Factory, Location	Amount of non-hazardous waste produced (tonnes)		Amount of non-hazardous waste recycled (tonnes)		Percentage of non-hazardous waste recycled	
	FY2024	New Baseline	FY2024	New Baseline	FY2024	New Baseline
Batu Pahat, Johor, Malaysia						
<i>Apparel manufacturing</i>	28	38.67	7	29.67	25%	71%
<i>Textile manufacturing</i>	67	45.67	6	6.67	9%	17%
Phnom Penh, Cambodia						
<i>Apparel manufacturing</i>	977	672.33	421	259.67	43%	43%
Total	1,072	756.67	434	296.00	40%	39%
Intensity ratio*	10.26	7.75	4.15	3.03	38.26	39.95
Change in non-hazardous waste intensity*	↑ 2.51		↑ 1.12		↓ 1.69	
% Change in intensity	+32.38%		+36.96%		-4.22%	

* Per million S\$ of revenue

In FY2024, the percentage of non-hazardous waste recycled remained consistent with the new baseline, accompanied by a slight decrease in the intensity ratio. At the Group's facilities in Malaysia, it is standard practice to accumulate recyclable materials until a set volume is reached before sending them to certified recycling facilities. As a result, the amount of waste recycled during the reporting period appears lower, reflecting the timing of collection rather than a decline in recycling efforts.

The Group remains committed to increasing the recycling rate of its non-hazardous waste and is actively exploring alternative approaches such as repurposing, in addition to conventional recycling. Moving forward, the Group aims to collaborate with specialised agencies and partners capable of repurposing non-hazardous waste materials into useful products or raw inputs for other industries. Potential initiatives include converting fabric offcuts into insulation materials, or engaging in take-back programmes with recycling-focused NGOs or social enterprises. These efforts align with the Group's broader ambition to advance circularity and reduce overall waste sent to landfills.

	FY2024 Target	FY2024 Performance
Intensity of non-hazardous waste produced and recycled.	To maintain or achieve lower intensity of non-hazardous waste produced and recycled against new baseline performance	Non-hazardous waste produced – Not on target Percentage of non-hazardous waste recycled – On target

Hazardous Waste

Hazardous waste production is limited to our textile manufacturing facility, KTII. The factory produced scheduled waste as detailed below:

- 1) SW204 – Sludge that contains metals such as chromium, copper, nickel, zinc, lead, and cadmium; and
- 2) SW309 – Oil-water mixture such as ballast water
- 3) SW409 – Disposed containers, bags, or equipment contaminated with chemicals, pesticides, mineral oil, or other scheduled wastes

In FY2024, the Group disposed of 36.2 metric tonnes of SW204 hazardous waste (FY2023: 24.5 metric tonnes) and 2.6 metric tonnes of SW409. No SW309 hazardous waste was generated during the reporting period (FY2023: 3.8 metric tonnes). The Group ensures full compliance with Malaysia's Environmental Quality (Scheduled Waste) Regulations 2005 and Environmental Quality (Industrial Effluent) Regulations 2009 in the management, storage, and disposal of hazardous waste.

The sludge produced is a by-product of wastewater as a result of our textile manufacturing activities. For the disposal of scheduled waste, companies in Malaysia may only engage contractors approved by the Department of Environment to ensure that all scheduled waste is being disposed of in an appropriate manner. All hazardous waste produced onsite will be held in on-site wastewater storage tanks prior to further treatment and/or disposal by our contractors. These wastes can be processed in a licensed facility to recover metals such as chromium, copper, nickel, zinc, lead, and cadmium for reuse as raw materials in other industries.

7.0 SOCIAL

At KTMG, we recognise that our achievements and success are made possible by the dedication and contributions of our employees. In appreciation of their role, we are committed to continuously enhancing our human capital practices, including recruitment, retention, training, and employee engagement. We also invest in internal social programmes that foster a supportive and inclusive workplace culture. The Group remains dedicated to upholding equal rights and providing equal opportunities for all employees, regardless of background or role.

The Group's employment practices are embodied in the formal Code of Conduct and Ethics, whereby acceptable requirements of fair treatment of legitimate employees are specified for strict compliance.

The Group has identified the following social sustainability matters as material to our business operation:

- Employment practices
- Occupational health and safety
- Training and development
- Privacy and data protection

The Group ensures compliance with all applicable employment laws and regulations in the jurisdictions where we operate. Social compliance matters are managed internally through established compliance and audit committees, with oversight by the respective Heads of Departments. These matters are regularly reported to the ELT, which holds accountability to the Board of Directors.

In FY2024 and FY2023, the Group recorded no incidents of non-compliance with social matters within the organisation. We remain committed to upholding this standard and will continue to implement proactive measures to ensure ongoing compliance across all operations.

	FY2024 Target	FY2024 Performance
Incidents of non-compliance with employment laws and regulations in all locations where the Group operates.	Zero incident	Zero incident

Our Employees

Policies

Our employment practices focus on providing equal opportunities for all, and we uphold standards that are strictly based on merit and performance. While our Board of Directors have set the direction of our stance on our employee policies, our internal compliance departments ensure that our standards are upheld throughout the Group, and any incidents of non-compliance are investigated and resolved.

Anti-Discrimination, Anti-Child Labour, and Anti-Forced Labour

The Group takes strict measures so that no discrimination, child labour, or forced labour occurs within our operations. In Malaysia, this is aligned with local regulations, such as the Malaysian Employment Act 1955, which has set statutory requirements for the minimum age for workers. In our Cambodia operations, we have strict anti-human trafficking, anti-forced labour, and anti-child labour policies to uphold our commitment to human rights.

In FY2024 and FY2023, there were no reported instances of discrimination, child labour, nor forced labour within the Group and within our value chain. The Group aims to maintain a target of no such incidents in the long term.

Human Rights

The Group is committed to prioritising human rights and promoting a workplace culture built with mutual respect, and eliminating all forms of harassment, threats, intimidation, violence, or misconduct against all employees.

In FY2024 and FY2023, there were no reported instances of human rights violations within the Group and our value chain. The Group aims to maintain a target of no such incidents in the long term.

KTMG Workforce Profile

People are our most valuable asset, and the key to the Group's long-term growth and success. We have a diverse workforce comprising employees across different regions. In FY2024, our total headcount decreased by 6.45% to 2,161 as compared to 2,310 in FY2023. We also welcomed 484 new employees, which comprised 98% or 475 textile and apparel manufacturing workers and 2% or 9 at our operations headquarter.

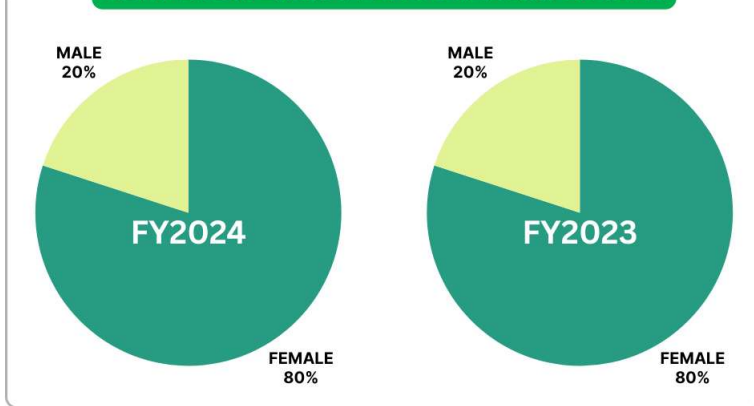
In FY2024, 100% of the Group's employees are full-time permanent and worked in accordance with the standard full-time hours as defined by the labour law of each region where the Group operates. This is consistent with FY2023 and FY2022. Out of the Group's total workforce, 86% or 1,864 employees are employed in Cambodia, where the majority of our apparel manufacturing is based in, and 14% or 297 employees are employed in Malaysia.

Diversity and Inclusion

At 31 December 2024, the Group has the following workforce diversity statistics:

- Total employees: 1,726 (80%) female employees and 435 (20%) male employees
- Employees categorised by age:
 - Below 30 years old : 947 (44%) employees
 - Between 31 to 50 years old : 1,127 (52%) employees
 - Above 51 years old : 87 (4%) employees
- Employees categorised by work function:
 - Senior managerial function : 8 (42%) female employees and 11 (58%) male employees
 - Managerial or supervisory function : 91 (71%) female employees and 37 (29%) male employees
 - Non-managerial function : 1,627 (81%) female employees and 387 (19%) male employees

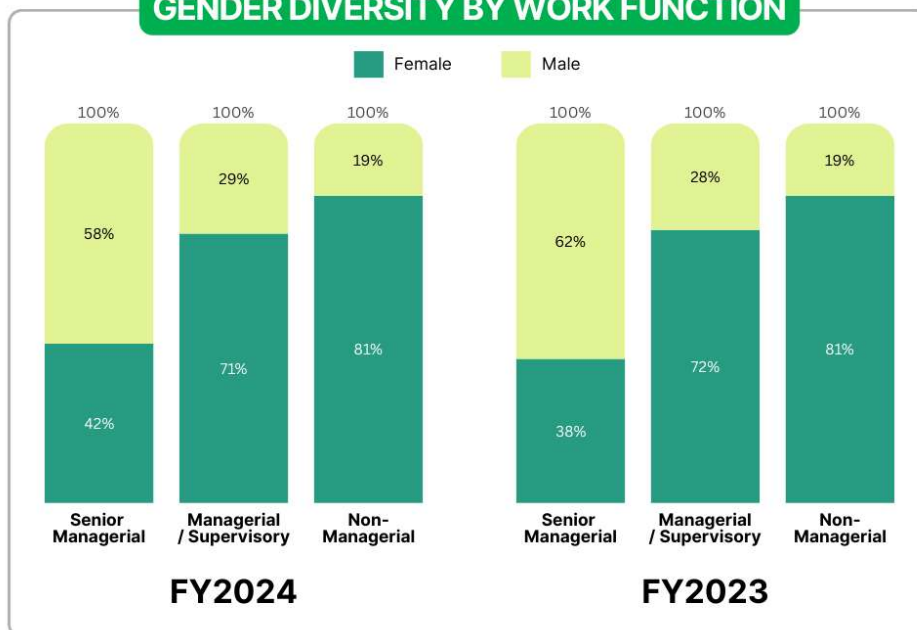
GENDER DIVERSITY PER TOTAL EMPLOYEES



Overall, the Group continued to maintain high levels of female representation throughout its workforce.

In FY2024, our female employees in Cambodia contributed approximately 73% or 1,576 employees of the Group's total workforce which remains consistent with 73% in FY2023.

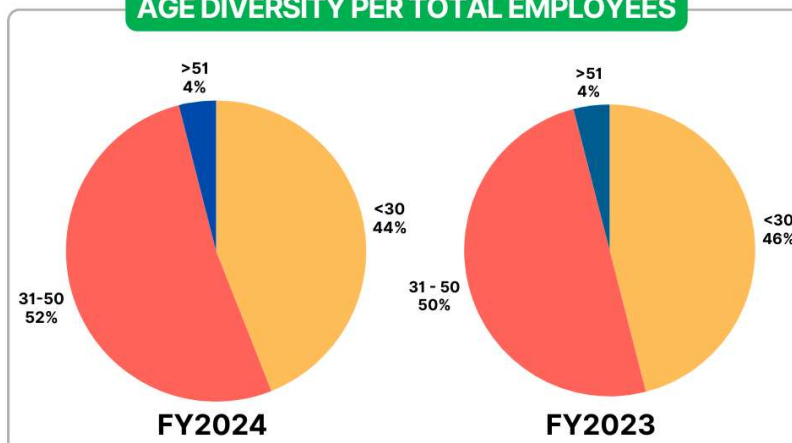
GENDER DIVERSITY BY WORK FUNCTION



While the underrepresentation of women in senior managerial roles remains a global challenge, the Group is committed to providing equal opportunities for female employees to advance into leadership positions across the organisation.

At our operations headquarter in Malaysia, all head of departments are Malaysians, recruited from the local community. Similarly, in Cambodia, the majority of our workforce comprises Cambodian nationals, also hired locally. This reflects the Group's ongoing efforts to support local employment and promote inclusive growth.

AGE DIVERSITY PER TOTAL EMPLOYEES

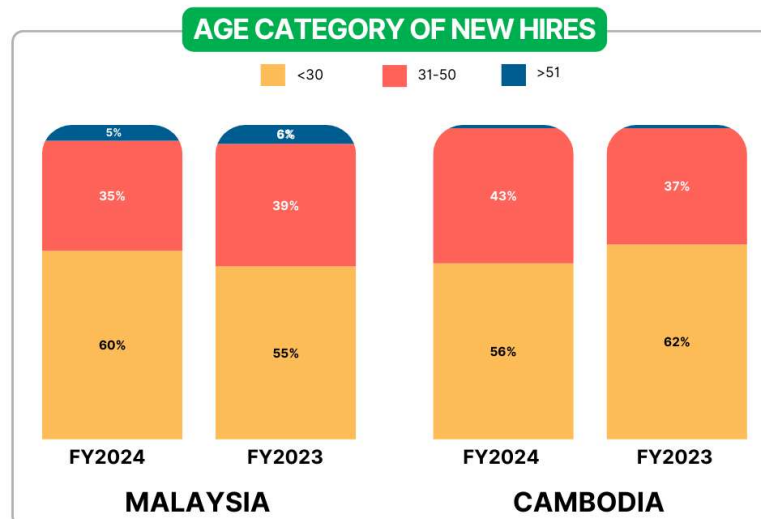
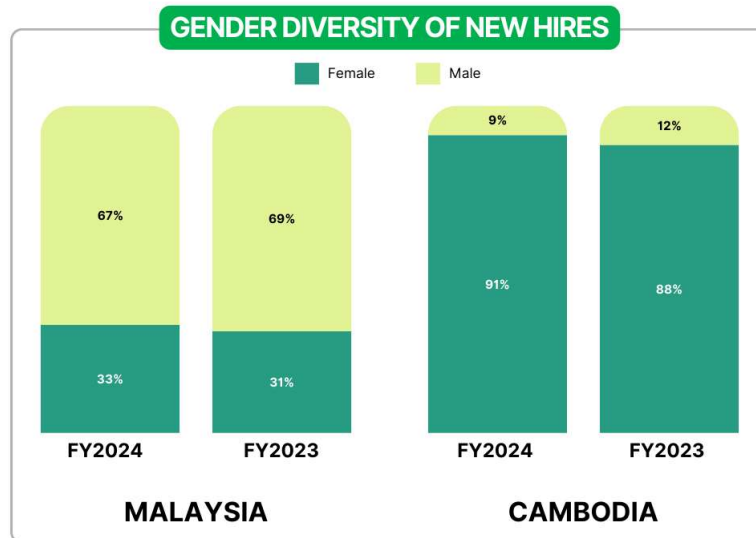
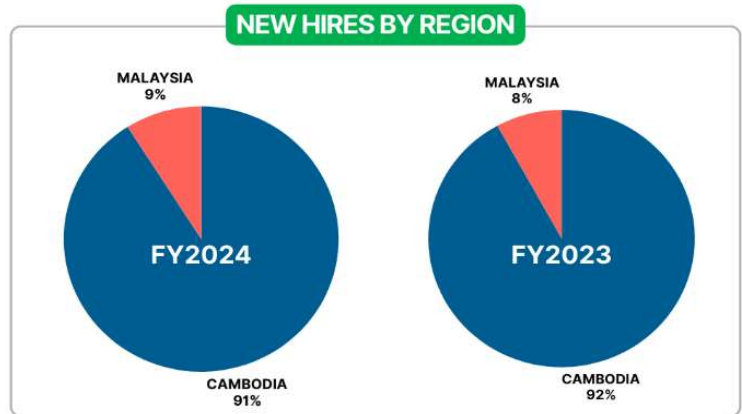


Across all operating locations, the majority of the Group's employees fall within the 31–50 age range, reflecting a mature and experienced workforce that supports the continuity and stability of our business operations.

New Hires

In FY2024, there are 484 new hires that joined the Group (FY2023 – 898) to facilitate the continuous growth of our manufacturing operations. Out of the total new hires in FY2024, 442 or 91% (FY2023 – 92%) are from our apparel manufacturing facilities in Cambodia. This is consistent with FY2023 as the Group is constantly seeking talents and skilled workers to join our manufacturing workforce.

The demographic of our new employees is presented below by region.

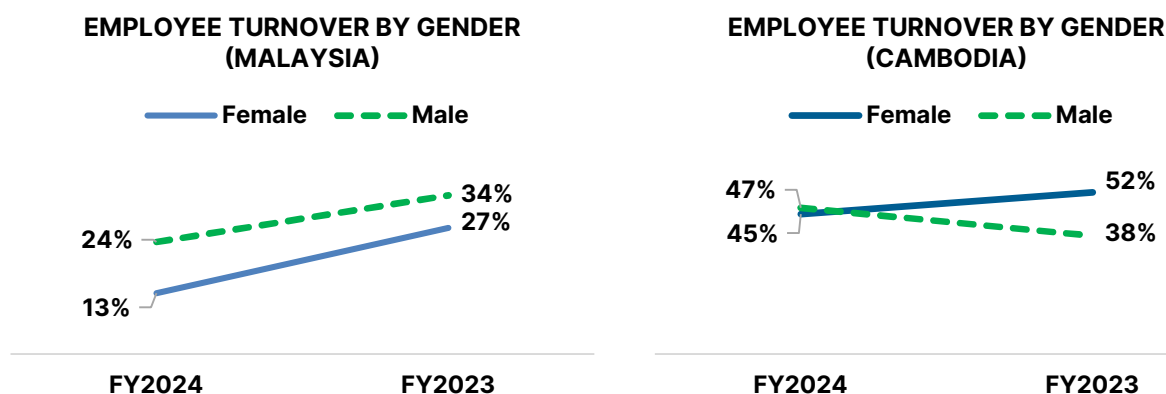


In FY2024, the trend in our new hires remains consistent with FY2023. Overall, we have seen a decrease of new male employees across our business operations, and this is mainly due to apparel manufacturing is traditionally a female-oriented industry with significant portion of the workforce being women.

Employee Turnover

Employee turnover rates serve as a key indicator of workforce satisfaction, and the Group remains committed to being an attractive employer for both current and prospective employees. By measuring and monitoring turnover trends, we are better positioned to assess our workplace culture and practices, implement targeted improvements, and enhance talent retention over the long term.

The Group's employee turnover rate is presented below by region and gender:



In FY2024, the employee turnover rate at the Group's operations in Malaysia declined compared to FY2023, reflecting the Group's continued emphasis on fostering a safe, stable, and inclusive work environment. In Cambodia, the turnover rate remained consistent with the previous year as the Group continued to implement the performance evaluation system from FY2023. This system is designed to retain high-performing employees while attracting new talent with updated skills and knowledge to strengthen the production workforce.

Occupational Health and Safety

The Group is committed to ensuring the health and safety of all employees, contractors, visitors, and communities impacted by our operations. We believe that injuries, incidents, and infectious diseases are preventable through the implementation of effective health and safety management practices.

Our Health and Safety Policy ("the Policy") applies across all operational sites and covers all employees, activities, and workplaces. It is distributed organisation-wide and translated into multiple local languages to ensure accessibility and understanding. To enforce the Policy, each operating location is overseen by the Group Health and Safety Committee, comprising representatives from various departments. The Committee is responsible for:

- Maintaining safe and healthy working conditions in accordance with applicable laws and industry standards;
- Promoting compliance with occupational health and safety regulations in all regions where we operate;
- Identifying and mitigating workplace hazards to minimise health and safety risks;
- Continuously improving the Group's health and safety management systems; and
- Providing consultation and promoting health and safety awareness throughout the organisation.

The Policy is designed to ensure that all operational activities are conducted in compliance with legal requirements while minimising the occurrence of industrial accidents. It aligns with Malaysia's Occupational Safety and Health Act 1994 (Act 514) and Cambodia's Labour Law of 1997, Chapter VIII – Health and Safety of Workers. It also includes procedures for responding to emergencies such as fires, hazardous leaks, workplace accidents, and other life-threatening situations.

To further uphold workplace safety, all factories and offices perform regular inspections and maintenance of safety equipment, including fire extinguishers and emergency lighting. Machinery is serviced according to a scheduled maintenance programme, and operators are trained in relevant safety protocols to minimise the risk of accidents.

In FY2024 and FY2023, there were no reported incidents of work-related accidents or injuries resulting in lost workdays. Moving forward, we aim to continuously improve and maintain a high standard of health and safety across all our operations.

	FY2024 Target	FY2024 Performance
Incidents of work-related accidents and injuries in all locations where the Group operates.	Zero incident	Zero incident

Training and Development

The Group places strong emphasis on two key training categories: **1) Health and Safety** and **2) Skills Development**. Through regular and targeted training programmes, we aim to cultivate a workforce that is skilled, motivated, competitive, and productive capabilities that are essential for achieving the Group's strategic goals.

The Human Resources ("HR") department is primarily responsible for all the training needs of our employees. All new employees undergo a structured onboarding programme covering Health and Safety, the Group's Code of Conduct and Ethics, and other foundational topics. This ensures that every new hire is familiar with the Group's safety standards and professional expectations when engaging with both internal and external stakeholders.

In addition, the HR department collaborates closely with Heads of Departments across all business units to assess training requirements. Where appropriate, the Group engages external service providers to deliver training programmes that equip employees with the necessary skills and knowledge to excel in their roles.

As part of our long-term commitment to human capital development, the Group established the KTMG Institute of Management in March 2022. The Institute serves as a platform for identifying and nurturing leadership potential. To complement this initiative, we also launched a mentorship programme to support high-potential employees in their career growth and retention within the organisation.

In FY2024, regular trainings in health and safety were conducted for an accumulated of 4,570 hours (FY2023: 8,062 hours) to an average of 2,236 employees, which is equivalent to 2.04 hours (FY2023: 3.67 hours) per employee. As the Group focused its labour hours on fulfilling substantial orders during peak production season, training efforts in FY2024 were limited to regular and mandatory health and safety modules, including those aligned with WRAP Principles. The Group remains committed to expanding its training initiatives and will continue to invest in upskilling programmes to support long-term workforce development.

The table below indicates the total and average training hours for FY2024 and FY2023.

	FY2024			FY2023		
	Male	Female	Total	Male	Female	Total
Total training hours	1,447	3,123	4,570	2,655	5,407	8,062
Average training hours per employee	3.25	1.74	2.04	5.99	3.08	3.67

	FY2024 Target	FY2024 Performance
Internal and external training opportunities	To continue providing internal and external training courses to our employees.	On target

Employee Feedback and Communication

We understand that employee feedback and communication are essential for creating a positive work environment, improving performance and fostering innovation. We ensure that our employees are engaged and motivated by organising communication sessions and social events such as team building, Employee Appreciation Day, and holiday parties. All our employees are also updated regularly and timely for operational changes through internal memo and a messaging application, accessible for all employees regardless of their location. Any significant changes to policies are communicated at least one month prior to the implementation of such changes.

Employee Appraisal and Recognition

The Group ensures that all employees are provided with the right platform to progress their careers. We carry out annual performance appraisal reviews where heads of departments will provide their team members with constructive feedback based on their performance and goals which they have set at previous performance appraisals. The Group has a Mentorship Programme for employees in the non-managerial category where experienced mentors guide and support mentees in their professional and personal development within the organisation.

Privacy and Data Protection

Ensuring the safety and privacy of any data related to our stakeholders is of great importance to the Group. We remain guided by our internal Data Protection Policy, which outlines the procedures and standards for all staff to adhere to in terms of protecting the privacy of our suppliers, customers, shareholders, employees, etc. The Data Protection Policy is distributed to all employees during onboarding training. The Group constantly monitors any responses which may arise from concerns about data privacy by our key stakeholders or the general public.

In FY2024 and FY2023, we are pleased to report no substantiated complaints regarding breaches of privacy and loss of data or incidents of cyber-attacks during the reporting period. The Group aims to maintain a target of no such incidents in the long term.

Communities

As a socially responsible organisation, KTMG is committed to enhancing community well-being. In 2024, our corporate social responsibility initiatives focused on supporting healthcare, addressing community needs, and uplifting underprivileged groups through meaningful contributions and engagement.

In July 2024, we organised a blood donation campaign in Batu Pahat, bringing together employees, volunteers, community members, and medical professionals. This initiative supported healthcare services and aimed to save lives, reflecting our commitment to health and well-being. We also donated 20,000 pieces of personal protective equipment to the Batu Pahat District Health Office, aiding frontline healthcare workers in safeguarding public health.

To strengthen community ties, we visited and presented food supplies to an orphanage managed by a Buddhist temple in Batu Pahat, offering essential support to those in need.

Continuing our annual tradition, we organised a clothing donation trip for children at Don Bosco School in Phnom Penh, Cambodia. The school, in partnership with the Royal Government of Cambodia, supports underprivileged students through technical programmes aimed at breaking the cycle of poverty and promoting societal development. The curriculum incorporates practical life skills, including home and food management, as well as sewing skills, which we are committed to supporting as needed.

These efforts demonstrate our dedication to serving communities and fostering a culture of care and responsibility. We remain committed to making positive changes wherever we operate.

Customers

One of the Group's core values is "Customer's Interest is Our Top Priority" and we are committed to delivering products that are worthy of our customer's trust and loyalty.

The Group acknowledges the significance of establishing a robust customer relationship management system as a key factor for its prosperity and expansion. The Group places a strong emphasis on actively listening to its customers, comprehending their requirements, and providing relevant responses. By adopting this approach, the Group aims to deliver products that surpass customers' expectations and ensure customers' health and safety.

The Group rigorously evaluates all its products to ensure they meet our customers' expectations and guarantee their well-being and safety. In FY2024 and FY2023, the Group did not encounter any safety issues concerning its products. Additionally, the Group has not faced any non-compliance with product health and safety regulations.

CLIMATE CHANGE RISKS AND OPPORTUNITIES

KTMG recognises that climate change presents both risks and opportunities to its long-term resilience and operational sustainability. In line with the recommendations of the Task Force on Climate-related Financial Disclosures ("TCFD"), we continue to assess the impact of climate-related issues on our business strategy, financial planning, and risk management.

Identified Risks and Opportunities

Risk Category	Location	Time Horizon	Description	Potential Financial / Operational Impacts	Mitigation / Response
Transition (Market)	Worldwide	Short to medium term	Shift in consumer preference for sustainable clothing options which resulted in rising expectations from clothing brands for sustainable products	Revenue risk from non-compliance	Expand sourcing of certified sustainable raw material
Transition (Policy and Legal)	Malaysia and Singapore	Medium term (3–5 years)	New regulations on reducing carbon footprint or implementation of stricter emissions policy	Increased operating costs or capital expenditure	Investment in solar PV systems, energy efficiency upgrades
Physical	Malaysia and Cambodia	Medium term	Extreme weather events such as water scarcity during dry seasons	Increased costs of water procurement	Rainwater harvesting systems, or water reuse initiatives
Physical	Malaysia and Cambodia	Long term (6–10 years)	Extreme heatwaves and rising temperatures	Increased operating costs on facility upgrade, medical compensation, and disruptions to operations	Facility adaptation, improved ventilation or cooling systems
Opportunity	Malaysia and Cambodia	Short to medium term	Increasing demand for low-carbon manufacturing	New revenue streams	Marketing of sustainable manufacturing capabilities

The Group strives to respond timely and appropriately to the above findings. Since our manufacturing facilities require a significant amount of energy, managing GHG emissions in our business operation is important to address these climate-related risks. We invested in renewable energy by installing solar photovoltaic systems at our manufacturing facilities in Malaysia and commissioning work has also started at our facilities in Cambodia. Our textile manufacturing facility is also equipped with an in-house water treatment plant to remove contaminants in our wastewater before they are safely discharged into the environment.

Climate Scenario Analysis (Preliminary)

We have adopted two scenario pathways for initial climate stress testing:

Scenario ⁴	Description	Estimated Financial Impact (Annual)
2°C World (Orderly Transition)	Strong climate policy, carbon pricing	+SGD 155,000 carbon tax cost ⁵ -SGD 26,000 carbon tax savings (at present year) from the utilisation of solar energy ⁶
4°C World (Hot House World)	Weak climate action, severe weather, rising physical risks, supply chain disruptions	-SGD 360,000 per day of production loss from heatwaves, flooding or supply chain disruptions ⁷

These scenarios serve as early tools to assess operational vulnerabilities and resilience in a changing climate.

⁴ The preliminary climate scenario analysis was conducted in alignment with the recommendations of the TCFD. It draws on climate pathways from the Network for Greening the Financial System ("NGFS") and the International Energy Agency ("IEA"). Carbon pricing assumptions are based on Singapore's carbon tax trajectory as published by the National Climate Change Secretariat

⁵ Based on KTMG's FY2024 Scope 1 and 2 GHG emissions, a hypothetical carbon price of SGD 50/tCO₂e would result in a projected annual carbon tax cost of SGD 155,000

⁶ Based on estimated carbon offset of 527.84t/CO₂e in FY2024 from the utilisation of solar energy

⁷ Based on an estimated daily output of SGD 360,000 (FY2024 revenue ÷ 290 working days per year), the Group estimates a potential financial impact of approximately SGD 360,000 for one (1) day of production disruption

TCFD DISCLOSURES

Code	TCFD Recommendations	Actions
Governance		
1)(a)	Describe the board's oversight of climate-related risks and opportunities.	Refer to “Sustainability Governance” section
1)(b)	Describe management's role in assessing and managing climate-related risks and opportunities.	Refer to “Sustainability Governance” section
Strategy		
2(a)	Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term.	Refer to “Climate Change Risks and Opportunities” section
2(b)	Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.	Refer to “Climate Change Risks and Opportunities” section
Risk Management		
3(a)	Describe the organisation's processes for identifying and assessing climate related risks.	The Group maintains a robust risk management framework that supports the systematic identification, assessment, prioritisation, and monitoring of key business risks, including those related to climate change. The current risk management and internal control systems are deemed adequate and effective in addressing material risks within the Group's operating environment. Climate-related risks are overseen by the Executive Leadership Team and reported to the Board of Directors. These risks are considered in strategic decisions, including capital allocation, procurement, and operational planning. The Group conducts annual risk assessments to ensure compliance with the disclosure requirements of the Singapore Exchange Securities Trading Limited. Looking ahead, the Group is taking a phased approach to fully integrate sustainability and climate-related risks and opportunities into its broader risk management framework, ensuring that emerging ESG risks are identified, evaluated, and addressed through structured processes.
3(b)	Describe the organisation's processes for managing climate-related risks.	
3(c)	Describe how processes for identifying, assessing, and managing climate related risks are integrated into the organisation's overall risk management.	
Metrics and Targets		
4(a)	Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.	<u>Metrics</u> The Group keeps track of its climate performance by adopting the performance metrics below: <ul style="list-style-type: none">Electricity consumption (kilowatt hour)Petrol and Diesel consumption (litres)GHG emissions Scope 1 and Scope 2 (t/CO₂e)Water consumption (cubic meters) <u>Targets</u> Accordingly, the Group has established climate-related objectives as below: <ul style="list-style-type: none">Energy: To maintain or lower our energy consumption.Water: To maintain or lower our water consumption.GHG Emissions: To identify the intensity of our emissions and strive to maintain or reduce the GHG emissions arising from our operations. For further details, please refer “6.0 Environment” section
4(b)	Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 GHG emissions, and the related risks.	
4(c)	Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	

GRI CONTENT INDEX

Statement of Use	KTMG Limited reported the information cited in this GRI content index for the period from January 1 to December 31, 2024 with reference to the GRI Standards.
GRI 1 used	GRI 1: Foundation 2021

GRI Disclosures		Section Reference
2 – General Disclosures		
2-1	Organizational details	About KTMG
2-2	Entities included in the organization’s sustainability reporting	Group Structure Scope of Report
2-3	Reporting period, frequency and contact point	Scope of Report Contact Information
2-4	Restatements of information	Calculations for Scope 1 – Fuel Consumption under GHG Emissions is restated due to calculation error
2-5	External assurance	This report was not externally assured.
2-6	Activities, value chain and other business relationships	Operating Locations and Principal Activities Our Value Chain
2-7	Employees	Employees Diversity and Inclusion
2-8	Workers who are not employees	Employees Diversity and Inclusion
2-9	Governance structure and composition	Sustainability Governance Refer to the Corporate Governance section of the Annual Report 2024
2-10	Nomination and selection of the highest governance body	Refer to the Corporate Governance section of the Annual Report 2024
2-11	Chair of the highest governance body	Refer to the Corporate Governance section of the Annual Report 2024
2-12	Role of the highest governance body in overseeing the management of impacts	Sustainability Governance Stakeholder Engagement Refer to the Corporate Governance section of the Annual Report 2024
2-13	Delegation of responsibility for managing impacts	Sustainability Governance Refer to the Corporate Governance section of the Annual Report 2024
2-14	Role of the highest governance body in sustainability reporting	Sustainability Governance Refer to the Corporate Governance section of the Annual Report 2024
2-15	Conflicts of interest	Refer to the Corporate Governance section of the Annual Report 2024
2-16	Communication of critical concerns	Sustainability Governance Refer to the Corporate Governance section of the Annual Report 2024
2-17	Collective knowledge of the highest governance body	Refer to the Corporate Governance section of the Annual Report 2024
2-18	Evaluation of the performance of the highest governance body	Refer to the Corporate Governance section of the Annual Report 2024
2-19	Remuneration policies	Refer to the Corporate Governance section of the Annual Report 2024
2-20	Process to determine remuneration	Refer to the Corporate Governance section of the Annual Report 2024
2-21	Annual total compensation ratio	Refer to the Corporate Governance section of the Annual Report 2024
2-22	Statement on sustainable development strategy	Statement from the Executive Chairman
2-23	Policy commitments	Refer to the Corporate Governance section of the Annual Report 2024 Policy Commitments Anti-Corruption and Whistleblowing Policy Supplier Assessments

GRI Disclosures		Section Reference
		Human Rights
2-24	Embedding policy commitments	Refer to the Corporate Governance and other sections of the Annual Report 2024
2-25	Processes to remediate negative impacts	Stakeholder Engagement
2-26	Mechanisms for seeking advice and raising concerns	Stakeholder Engagement
2-27	Compliance with laws and regulations	Compliance with Laws and Regulations
2-28	Membership associations	Our Value Chain
2-29	Approach to stakeholder engagement	Stakeholder Engagement
2-30	Collective bargaining agreements	Not applicable. No collective bargaining agreements are in place.
3 – Material Topics		
3-1	Process to determine material topics	Identification of Material Topics
3-2	List of material topics	Identification of Material Topics
201 – Economic Performance		
201-1	Direct economic value generated and distributed	Refer to the Notes to the Financial Statements and other sections of the Annual Report 2024
201-2	Financial implications and other risks and opportunities due to climate change	Climate Change Risks and Opportunities
205 – Anti-corruption		
3-3	Management of material topics	Anti-Corruption, and Whistleblowing Policy
205-2	Communication and training about anti-corruption policies and procedures	Anti-Corruption, and Whistleblowing Policy
205-3	Confirmed incidents of corruption and actions taken	Anti-Corruption, and Whistleblowing Policy
207 – Tax		
3-3	Management of material topics	Identification of Material Topics
207-1	Approach to tax	Compliance with Laws and Regulations
207-2	Tax governance, control, and risk management	Compliance with Laws and Regulations
207-3	Stakeholder engagement and management of concerns related to tax	Stakeholder Engagement
207-4	Country-by-country reporting	Refer to the Notes to the Financial Statements and other sections of the Annual Report 2024 Compliance with Laws and Regulations Operating Locations and Principal Activities Our Employees
302 – Energy		
3-1	Management of material topics	Environment
302-1	Energy consumption within the organization	Energy and Emissions
302-3	Energy intensity	Energy and Emissions
303 – Water and Effluents		
3-3	Management of material topics	Water and Effluents
303-5	Water consumption	Water and Effluents
305 – Emissions		
3-3	Management of material topics	Energy and Emissions
305-1	Direct (Scope 1) GHG emissions	Energy and Emissions
305-2	Energy indirect (Scope 2) GHG emissions	Energy and Emissions
305-4	GHG emissions intensity	Energy and Emissions
306 – Waste		
3-3	Management of material topics	Waste
306-3	Waste generated	Waste
308 – Supplier Environmental Assessment		
3-3	Management of material topics	Supplier Assessments
308-1	New suppliers that were screened using environmental criteria	Supplier Assessments
401 – Employment		
3-3	Management of material topics	Our Employees
401-1	New employee hires and employee turnover	Diversity and Inclusion
402 – Labour/Management relations		
3-3	Management of material topics	Our Employees
402-1	Minimum notice periods regarding operational changes	Employee Feedback and Communication
403 – Occupational health and safety		

GRI Disclosures		Section Reference
3-3	Management of material topics	Occupational Health and Safety
403-1	Occupational health and safety management system	Occupational Health and Safety
403-5	Worker training on occupational health and safety	Training and Development
403-9	Work-related injuries	Occupational Health and Safety
404 – Training and Education		
3-3	Management of material topics	Training and Development
404-1	Average hours of training per year per employee	Training and Development
404-3	Percentage of employees receiving regular performance and career development reviews	Employee Feedback and Communication
405 – Diversity and Equal Opportunity		
3-3	Management of material topics	Diversity and Inclusion
405-1	Diversity of governance bodies and employees	Diversity and Inclusion
413 – Local Communities		
3-3	Management of material topics	Communities
413-1	Operations with local community engagement, impact assessments, and development programs	Communities
418 – Customer privacy		
3-3	Management of material topics	Customers
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Privacy and Data Protection

LEGAL DISCLAIMER

This Report contains forward-looking statements concerning the financial condition, results of operations and businesses of the Group. All statements other than statements of historical fact are or may be deemed to be forward-looking statements. Forward-looking statements are statements of future expectations based on management's current expectations and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance, or events to differ materially from those expressed or implied in these statements. Forward-looking statements include statements typically containing words such as "will", "may", "should", "believe", "intends", "expects", "anticipates", "targets", "estimates," and words of similar import.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that will occur in the future. They are based on numerous assumptions regarding the Group's current and future business strategies and the environment in which it will operate. There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by these forward-looking statements, including a number of factors outside the Group's control. These include changes in the political, social, and regulatory framework in which the Group will operate or in economic, technological trends or conditions; the success of the business and operating initiatives; the actions of regulators; legislative, fiscal, and regulatory developments, including regulatory measures addressing climate change; the behavior of other market participants; competitive product and pricing pressures; changes in consumer habits and preferences; foreign exchange rate fluctuations and interest rate fluctuations; changes in the level of capital investment; the impact of any acquisitions, disposals or similar transactions; the outcome of any litigation; the risk of doing business in countries subject to international sanctions; environmental and physical risks; risks associated with the impact of pandemics. Other unknown or unpredictable factors could cause actual results and developments to differ materially from those in forward-looking statements.

Neither the Group nor any of its subsidiaries provide any representation, assurance, or guarantee that the occurrence of the events expressed or implied in any forward-looking statements in this Report will occur. Neither the Group nor its subsidiaries undertake any obligation to publicly update or revise any forward-looking statement as a result of new information, future events, or other information. Each forward-looking statement speaks only as of the date of this report, i.e., 29 June 2024.

In light of these risks, results could differ materially from those stated, implied, or inferred from the forward-looking statements contained in this report. No materials in this Report constitute an offer, solicitation, or recommendation to purchase or sell securities or make investments. Readers should not place undue reliance on forward-looking statements.