



立德集团有限公司  
KTMG LIMITED

**SUSTAINABILTY  
REPORT  
2021**



## DRIVING SUSTAINABLE GROWTH

We understand that in a fast-changing world if we choose to stand still, it is at our peril. In the new normal, we recognise the need to continually transform and drive our business forward with innovation to capitalise on new opportunities to propel KTMG to new levels of growth.

We will remain focused on strengthening our business by developing innovative products and improving operational efficiencies with our integrated capabilities to continue creating and delivering greater value to all our stakeholders.

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### SPONSOR STATEMENT

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 the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") and the SGX-ST assumes no responsibility for the contents of this annual report, including the correctness of any of the statements or opinions made, or reports contained in this sustainability report.

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

## STATEMENT FROM THE EXECUTIVE CHAIRMAN



Dear readers,

Once again, we are here to reflect on our performance in the last financial year ended 31 December 2021 (“FY2021”) and allow me to share some insights.

As the global markets and economy are gradually recovering from the pandemic, we at KTMG as a Group, is appreciative of the tremendous support from our Board of Directors and employees, to carry the Group above the waves to recovery and back to normalcy.

On behalf of the Board, I would like to renew our commitment towards sustainability and address the impacts of our business operations towards the environment, social and governance. Being one of the leading textile and garment manufacturers in the region, we take it upon ourselves to be a role model for our peers and together we can raise the business and operating standards to benefit all.

With two years worth of collected data now, the Group is determined to work harder, looking at avenues to add value to our stakeholders, while at the same time, be responsible towards our community and our planet. We are pleased to announce that we have invested S\$0.5 million into installing rooftop solar photovoltaic (PV) panels at our apparel and textile manufacturing facilities in Johor, Malaysia. This will help us to improve energy efficiency and minimise the environmental impact of our business operations.

At KTMG, people are our most important assets and we are fully committed in taking care of our people and assist them in developing their capabilities so together we can support the Group's long-term strategic goals and achieve next level of growth.

In March 2022, we established KTMG Institute of Management, in partnership with Shanghai Action Education Technology Co. Ltd. (上海行动教育科技有限公司), a publicly listed management training institution based in Shanghai, to create a leadership development programme for our employees to upgrade their skills and develop their management capabilities.

Moving forward, we will continue to work hard to strengthen our business through expanding our customer base to acquire new business opportunities, understanding the geo-political scene in the region as well as worldwide supply-demand dynamics in the textile and garment industry. We will boldly step out to discover potential business opportunities.

Finally, on behalf of the Group, I wish to express our highest appreciation for our people's tenacity, persistency and determination in the past year. In the year ahead, we will continue working towards adding value to our stakeholders and achieving sustainable growth.

On behalf of the Board

Mr. Lim Siau Hing  
Executive Chairman

## 2.0 WHO WE ARE

KTMG Limited (the “**Company**” or “**KTMG**” and together with its subsidiaries, the “**Group**”) 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 European Union, United Kingdom, United States of America 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. In 2019, KTMG expanded upstream into the knitting, dyeing, finishing, and printing of fabric, with its first textile manufacturing facility in Johor, Malaysia.

The Group operates with a broad and long-term perspective and works towards improving the quality of life of our employees, their families, and the local communities where it operates.

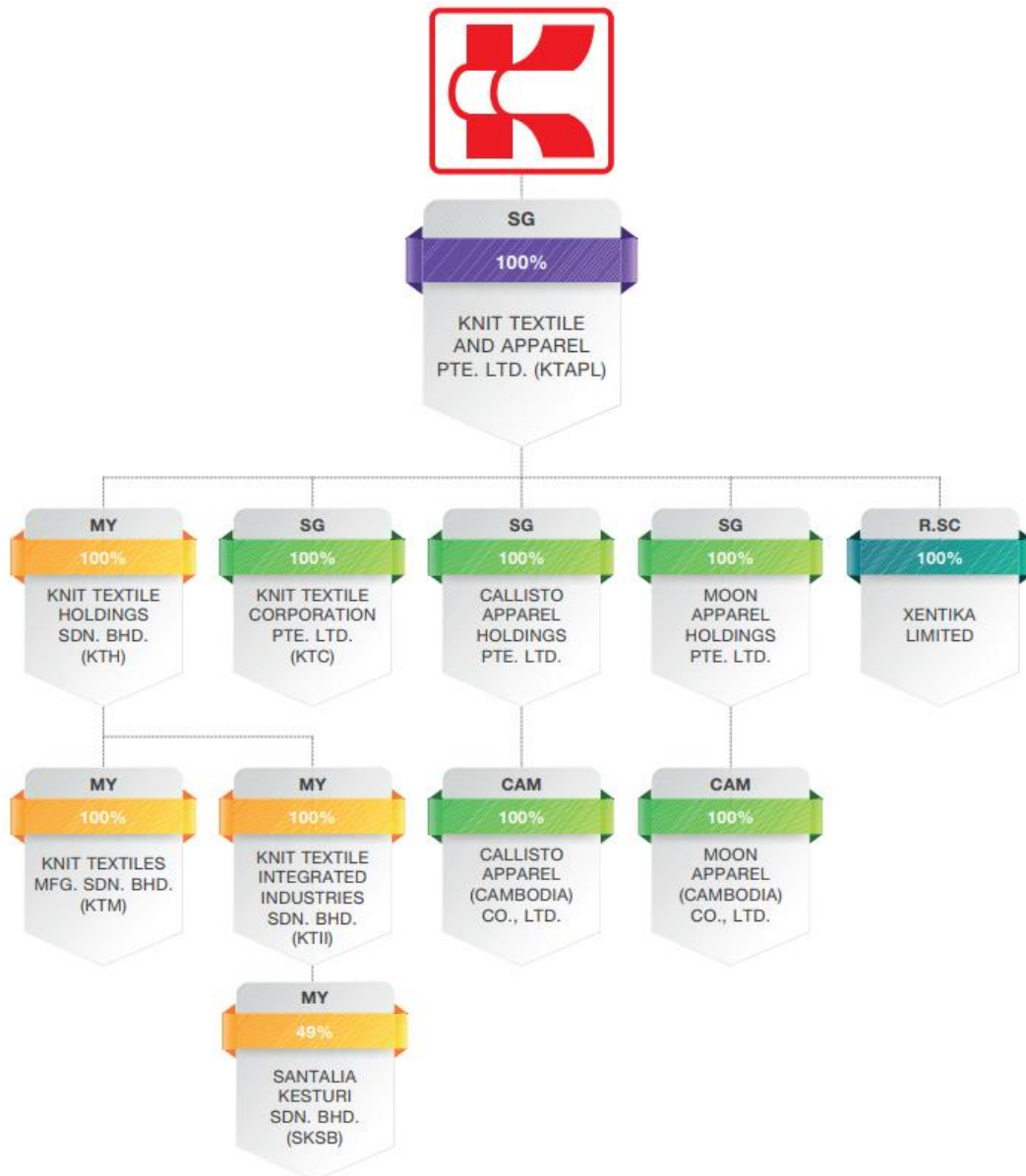
### 2.1 SCOPE OF REPORT

This is the second sustainability report of the Group and will cover the sustainability efforts and performance of our consolidated entities for FY2021. The reporting entities covered are the Group’s headquarter in Malaysia and manufacturing operations in both Malaysia and Cambodia. The content of this report will focus on the sustainability performance, activities and initiatives undertaken by the reporting entities.

Material issues and topics described in this report have been selected according to their level of significance within the Group’s boundaries, the sustainability context, materiality and are reflective of our core business operations.

This report shall use FY2020’s data as a baseline for reporting and will cover the Group’s initial data as we continue our sustainability journey. The data presented in this report applies to the Group as a whole, unless otherwise stated in the report. We hope to expand the indicators presented on the material matters in this report in the near future.

## 2.2 COMPANY STRUCTURE



**LEGEND**

MY : MALAYSIA

SG : SINGAPORE

CAM : CAMBODIA

R.SC : REPUBLIC OF SEYCHELLES

KTMG Limited is the parent company, listed on the Singapore Exchange and is a vertically integrated textile and apparel manufacturer. The Group, headquartered in Malaysia, has operations in Singapore, Malaysia and Cambodia, Republic of Seychelles and serves global markets.

In Malaysia, the Group has an apparel manufacturing facility (Knit Textiles Manufacturing. Sdn. Bhd.) and a textile manufacturing facility (Knit Textile Integrated Industries Sdn. Bhd.). In Cambodia, the Group has two apparel manufacturing facilities, Callisto Apparel (Cambodia) Co. Ltd and Moon Apparel (Cambodia) Co. Ltd.

All subsidiaries are 100% wholly owned by KTMG Limited, except for Santalia Kesturi Sdn. Bhd., where KTMG owns 49% of the entity.

### 2.3 WHERE WE OPERATE

Company Name	Locations	Principal Activities
Knit Textile & Apparel Pte Ltd	Singapore	Investment holding
Callisto Apparel Holdings Pte Ltd	Singapore	Investment holding
Moon Apparel Holdings Pte Ltd	Singapore	Investment holding
Knit Textile Corporation Pte Ltd	Singapore	Business office
Knit Textile Holdings Sdn. Bhd.	Malaysia	Investment holding
Knit Textile Mfg. Sdn. Bhd.	Malaysia	Headquarter and Apparel manufacturing
Knit Textile Integrated Industries Sdn. Bhd.	Malaysia	Textile manufacturing
Santalia Kesturi Sdn. Bhd.	Malaysia	Investment holding
Callisto Apparel (Cambodia) Co. Ltd	Cambodia	Apparel manufacturing
Moon Apparel (Cambodia) Co. Ltd	Cambodia	Apparel manufacturing
Xentika Limited	Republic of Seychelles	International business office



## 2.4 REPORTING METHODOLOGY

This is the Group's second sustainability report since its listing in 2019. We have prepared our report in accordance with the requirements of the Global Reporting Initiative's (GRI) Standards: Core option, an internationally recognised reporting framework that covers a comprehensive range of sustainability disclosures. This report is prepared in compliance with the 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 negative effects of conducting its business whenever feasible (GRI102-11). The primary components of SGX's sustainability reporting requirements that we have sought to include in this report includes:

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

Material ESG factors are elaborated in Section 3.2 of this report. The Group conducted a materiality assessment from internal and external stakeholders to identify material matters that are important to both the organisation and their stakeholders.

### 2. Policies, practices, and performance

The policies, practices, and performance for each material matter shall be elaborated 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 which built upon the previous year's baseline data.

### 3. Targets

As the Group's sustainability report is in its infancy, we aim to incorporate ESG factors into our daily operations and to set out strategies for improvement and targets to be attained as our sustainability reporting matures.

### 4. Sustainability reporting framework

As mentioned above, this report has been prepared based on the GRI Standards: Core option and Sustainability Reporting Guidelines published by SGX-ST.

### 5. Board Statement

The statement from our Executive Chairman highlights how the Board views sustainability issues as a component of the Group's strategic growth. In Section 3.1 on Sustainability Governance, we have further elaborated on how the Board inspect & resolve ESG issues throughout the organisation.

We shall disclose related ESG factors in the process of running our business operations. This is to allow our stakeholders to have a clear view of our practices and to allow us to further enforce our commitment to deliver values to them.



### 3.0 OUR APPROACH TO SUSTAINABILITY

Our approach to sustainability is guided by our vision of being a ***“leading vertically integrated textile and apparel manufacturer through innovation and technology in Southeast Asia.”*** We continue to integrate sustainability in our mission of ***“committing towards providing a platform with value-added services for customers to obtain cost-effective textile and apparel manufacturing solutions”*** and ***“aiming to initiate and embrace sustainable business practices to enhance growth and stakeholders’ value.”***

We integrate elements of sustainability in our core values of ***“commitment, teamwork, quality, integrity and innovation”*** and this has shaped our approach in determining the material matters that are outlined within this report.

#### 3.1 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.

While the Board of Directors oversees the strategy of all sustainability initiatives throughout the Group, the Management team provides the necessary oversight for implementation.

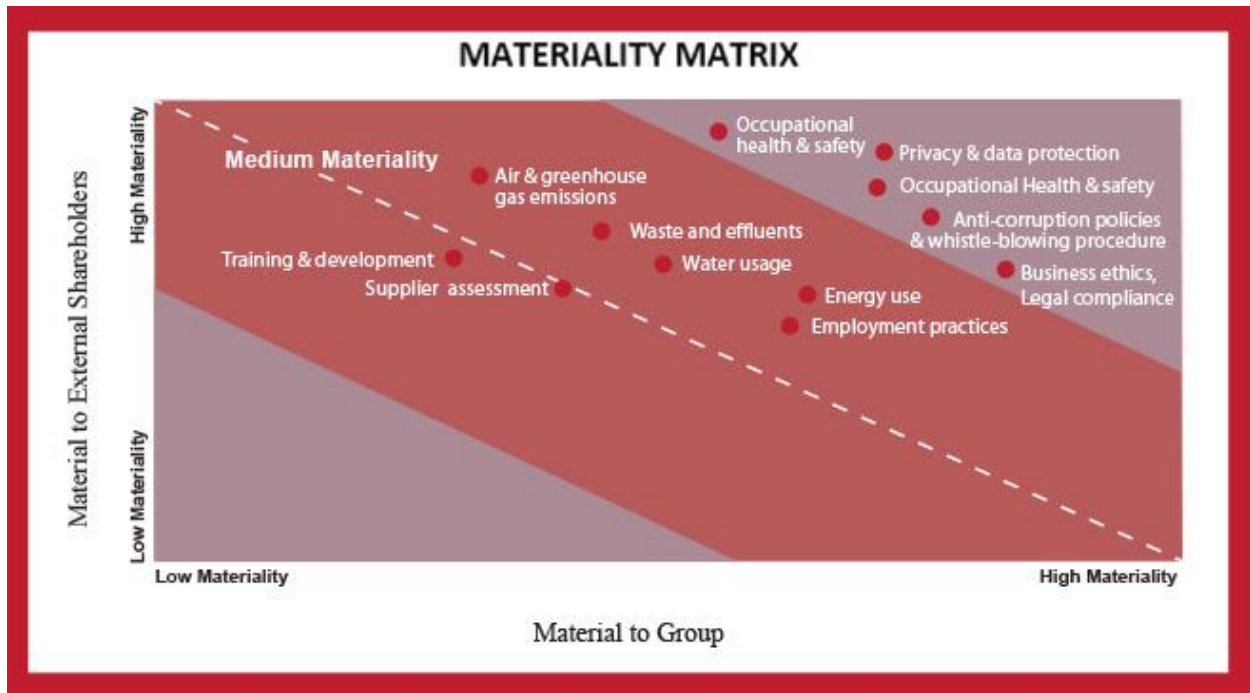
For information on corporate governance matters, remuneration and compensation, please refer to our 2021 Annual Report which provides more details on corporate governance.

#### 3.2 IDENTIFICATION OF MATERIAL TOPICS

##### Management Approach

The Group conducted a materiality assessment to select topics that the Group values, for inclusion in this report. The assessment comprised three main stages: analysis of open sources, collecting stakeholders’ feedback and establishing a matrix for the selected material topics. The materiality assessment was performed in accordance with the GRI Standards. Two main criteria are used when assessing whether a topic is material, the significance of economic, environmental and social impacts, and the influence on stakeholders’ assessments and decisions. The material topics identified for FY2021 remains the same as the previous sustainability report published on 30 December 2021.

Key Material Topics



Governance	Environmental	Social
Business ethics	Legal compliance on environmental matters	Legal compliance on employment practices
Anti-corruption and whistleblowing procedures	Air and greenhouse gas emissions	Employment practices
Supplier assessments	Waste and effluents	Occupational health and safety
	Water usage	Training and development
	Energy usage	Privacy and data protection

### 3.3 STAKEHOLDERS ENGAGEMENT

The Group focuses on value creation for its stakeholders and is always keen to understand their needs and expectations. The close interactions between the Group and the stakeholders create a trusting relationship. To ensure the voices of the stakeholders are heard, the Group has adopted the following engagements method:

Stakeholders and Focus Areas	Engagement Methods	Frequency
<b>Customers:</b> <ul style="list-style-type: none"> <li>Suppliers assessments</li> <li>Anti-corruption and whistleblowing</li> <li>Privacy and data protection</li> </ul>	Feedback survey	On going
	Customer audits	On going
	Live interactions	On going
	Regular meetings	On going
	Customer site visits	On going
<b>Employees:</b> <ul style="list-style-type: none"> <li>Employment practices</li> <li>Training and development</li> <li>Occupational Health and Safety</li> </ul>	Health and safety briefing	On going
	In-house trainings	On going
	Corporate/staff memos	On going
	Performance evaluations	Annually
	Regular meetings	On going
	Anti-bribery and corruption briefings	On going
<b>Management:</b> <ul style="list-style-type: none"> <li>Sustainability governance</li> <li>Business ethics</li> <li>Environmental management</li> <li>Anti-corruption and whistleblowing</li> </ul>	Monthly operation reviews	Monthly
	Semi-annual operation review	Semi-annually
	Preparation of budget	Annually
<b>Suppliers:</b> <ul style="list-style-type: none"> <li>Supplier assessments</li> <li>Privacy and data protection</li> </ul>	Evaluation of suppliers	On going
	Live interactions	On going
	Supplier audit	On going
	Anti-bribery and corruption briefings	On going

Stakeholders and Focus Areas	Engagement Methods	Frequency
<b>Investors:</b> <ul style="list-style-type: none"> <li>• Anti-corruption and whistleblowing</li> <li>• Sustainability governance and strategy</li> <li>• Legal compliance</li> <li>• Privacy and data protection</li> </ul>	Annual general meeting	Annually
	Press releases	On going
	Corporate website	On going
	Regular updates via SGXNet	On going
<b>Government and Regulators:</b> <ul style="list-style-type: none"> <li>• Anti-corruption and whistleblowing</li> <li>• Legal compliance on environmental and social matters</li> <li>• Environmental management</li> <li>• Social management</li> </ul>	Inspections and audits	On going
	Participation of government or regulator organized events	On going
	Regular updates via SGXNet	On going

For any comments and feedback, please contact us through email at [info@ktmg.sg](mailto:info@ktmg.sg)

## 4.0 BUSINESS CODE OF CONDUCT AND ETHICS

### Management Approach

We pride ourselves in maintaining the highest standards of corporate governance, as required by SGX's listing requirements. We aligned ourselves to international best practices through our Anti-Bribery and Corruption Policy and Whistle-Blowing Policy. These policies serve as a guide to ensure that our organisation manages the associated impacts and stakeholders' high expectations and interests towards upholding the highest standards of business code of conduct and ethics.

### 4.1 ANTI-BRIBERY AND ANTI-CORRUPTION POLICY

The anti-bribery and corruption policy applies to all employees of KTMG Limited and its subsidiaries, including any associated business partners, agents, contractors and consultants acting on the Group's behalf.

The organisation defines corruption as an abuse of entrusted power for personal financial gain and defines bribery as the 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 to 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" in financial sense.

The Group has also prohibited the use of corporate monies or assets such as:

- Direct or indirect payments, gifts, contributions or offers or promises of anything of value in bribes, payoffs, kickbacks, or any other efforts for favours.
- Commissions, fees, or similar payments which are not reasonably related in value to the services rendered, or commissions, fees or similar payments made in exchange for services rendered.
- Direct or indirect contributions of money, property, or resources to the campaign of a political candidate or in any national political party, other than as permitted by law.
- Use of assets, funds or resources of the Group by employees or members of their family which is personal, or not in relation of the business of the Group.

The Group will continuously keep abreast with developments on anti-corruption and bribery national policy, apply them and to ensure all personnel within the Group adhere to it strictly.

In FY2021, no incidents of bribery or corruption were recorded by the Group and the Group aims to maintain this moving forward (FY2020: 0 incident).

## 4.2 WHISTLEBLOWING POLICY

The Group and its subsidiaries are committed to the highest standards of integrity, openness, and accountability in business conduct and operations. The Group will continue to ensure that all business affairs are conducted in an ethical, responsible, and transparent manner.

KTMG's Whistle-blowing Policy provides an avenue for employees of members of the public to disclose any improper conduct (misconduct or criminal offence) through internal channels. Examples of misconduct or criminal offences includes, and not limited to:

- Non-compliance with procedure
- Theft or embezzlement
- Conflict of Interest
- Fraud
- Bribery
- Abuse of Power
- Misuse of company property

The Group encourages the reporting of any misconducts through the whistle-blowing channel in the section below.

All whistle-blowers will be accorded with 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](mailto:whistleblow@ktmg.sg). Upon completion of the whistleblowing process and procedures, the whistle-blower will be accorded the privilege of being notified on the outcome of the disclosure.

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

## 4.3 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 partners and suppliers. All suppliers are required to undergo our supplier selection criteria. We assess our suppliers on multiple parameters, namely product or service quality, price, delivery of supply and service or support.

Our 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 FY2021, the average scores of all the Group's textile, fabric and garment accessories suppliers in both Malaysia and Cambodia scored 2 and above, where they achieved satisfactory expectations. This score is consistent with FY2020.

We will continue to work with our suppliers to achieve greater integration of sustainability throughout our value chain, through continuous assessment and constant communication with the suppliers.

In recent years, we have also included additional assessments for suppliers such as:

- Business Social Compliance Initiative (BSCI) Status

BSCI is a system that helps companies to gradually improve working conditions in their supply chain. BSCI is an initiative of the Foreign Trade Association (FTA). BSCI provides companies with a social auditing methodology and report. While social audits represent one pillar of activity for BSCI, it is also used to promote capacity building and build stronger relations with all stakeholders of the supply chain.

- Customs Trade Partnership Against Terrorism (C-TPAT) Status

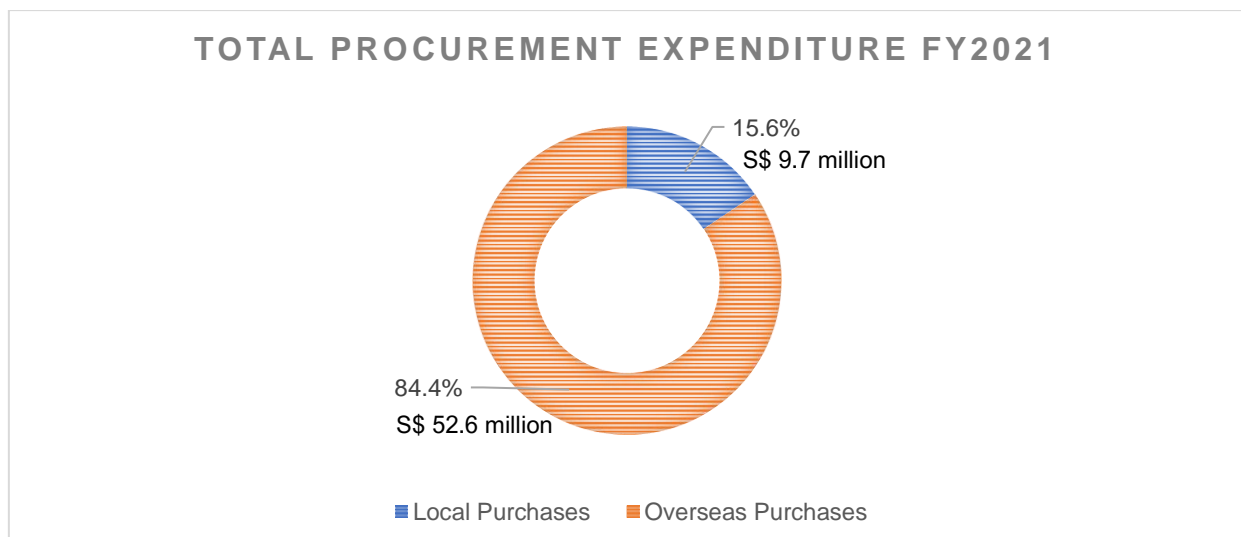
The CTPAT is one of the layers of the US Customs and Border Protection (CBP)'s cargo enforcement strategy. CTPAT is a voluntary public-private sector partnership that protects supply chains, identifies security gaps, and implements specific security measures and best practices. CTPAT members are considered to be of low risk and therefore, less likely to be examined at a US port of entry.

- Worldwide Responsible Accreditation Production (WRAP) Status

WRAP, formerly known as Worldwide Responsible Apparel Production, is an independent, objective, non-profit team of global social compliance experts dedicated to promoting safe, lawful, humane, and ethical manufacturing around the world through certification and education. It certifies factories according to the twelve Worldwide Responsible Apparel Production Principles.

The introduction of these additional assessments is relatively new within the organisation where we will continuously work with our suppliers to encourage the adoption of these statuses. As a major regional player in the apparel industry, we believe it is our responsibility and duty to promote an ecosystem that adopts sustainability principles through positive reinforcement and encouragement.

At KTMG, we understand that local sourcing can be a strategy to help to ensure supply and to support local economic growth. For FY2021, we expended S\$9.7 million or 15.6% of the Group's procurement budget in local suppliers. Moving forward, the Group will continue to create more business opportunities with local suppliers, where available.



## 5.0 ENVIRONMENTAL MATERIAL TOPICS

### Management Approach

The Group has identified the following environmental material matters to our business based on the materiality exercise conducted for FY2021:

- Air and Greenhouse gas (GHG) emissions (Fuel Consumption - Scope 1 and Energy Use - Scope 2)
- Water Usage
- Waste Management

We ensure legal compliance of environment related matters through relevant local laws from all local jurisdictions which we operate in. The legal compliance of environmental matters is managed internally through internal compliance and audit committees, which is supervised by both Management and reported to the Board.

The data below has been categorised by the respective manufacturing centres, as we believe these operating centres produce the largest amount of impact to the environmental.

In FY2021, there were no incident of non-compliance with environmental matters within the organisation and the Group will continuously strive to maintain this status (FY2020: 0 incident).

Other initiatives to increase resource efficiency includes the 3Ps – whereby we promote the efficient usage of Products, Processes and People. We believe that encouraging behavioural change through the 3Ps will help to internalize a culture of resource efficiency throughout the organisation.

### 5.1 GREENHOUSE GAS (GHG) EMISSION

Climate change has extreme effects, and responding timely and appropriately to this issue is one of the Group's priorities. Since most of our manufacturing plants require a significant amount of energy, managing GHG emissions in our operations is important to address issues related to climate change.

In order to reduce the impact on the climate and to mitigate the risk, the Group supports the global initiatives as stipulated in the Paris Agreement, and also Malaysia owned Nationally Determined Contribution (*Source: Rajakumar and Sieh, 18 December 2020*)<sup>1</sup>. The Group adheres to the requirements of the 2006 Intergovernmental Panel Climate Council ("IPCC") Guidelines for National Greenhouse Gas Inventories ("IPCC 2006") 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 the purchased electricity (Scope 2)

The Group reports the GHG emissions for both segments expressed in t/CO<sub>2</sub>, calculated using the IPCC 2006 global warming potentials.

<sup>1</sup> Rajakumar and Sieh dated 18 December 2018, Climate and Environmental Governance: Five years on from the Paris Accord, where are we?



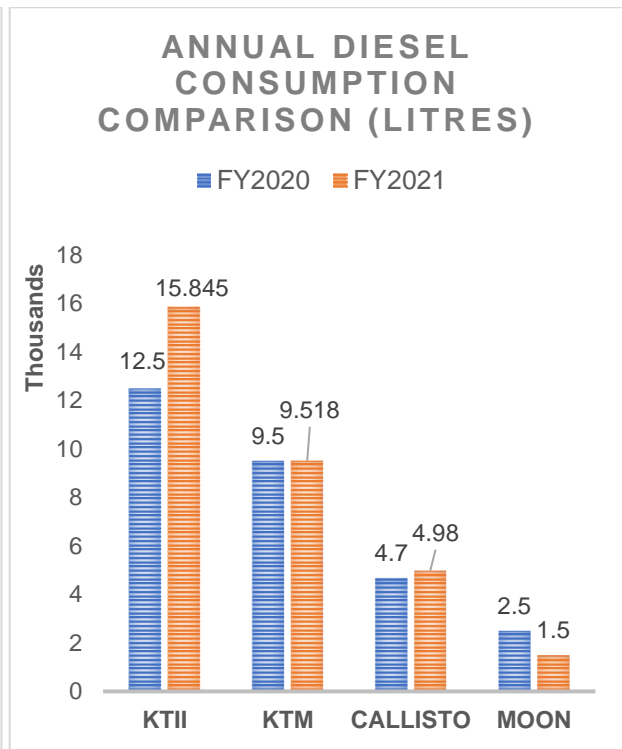
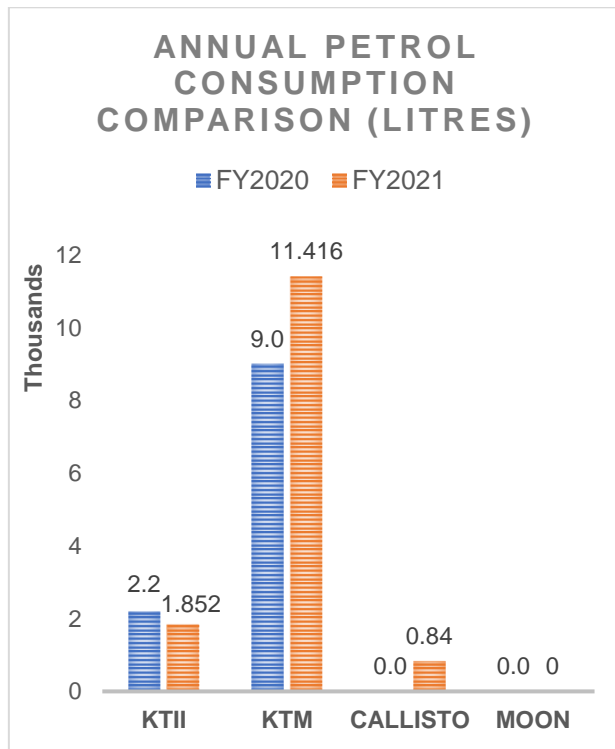
**5.1.1. FUEL CONSUMPTION (SCOPE 1)**

In FY2021, we noted the increase in petrol and diesel usage in our operations in Malaysia and this is mainly due to an increase in the frequency of goods’ transportation and business travel, which is also in line with the increase in production output of the year, as well as the opening up of Malaysia under the National Recovery Plan.

In Cambodia, diesel was used for power generation using generators due to unstable power supply in the country.

The fuel consumption of our operations in both Malaysia and Cambodia, are stated below:

Factory, Location	Annual Petrol Consumption (Litres)	Annual Diesel Consumption (Litres)	Annual GHG Emissions (tCO <sub>2</sub> ) <sup>2</sup>
Knit Textile Integrated Industries Sdn. Bhd., Malaysia	1,852	15,845	54.36
Knit Textile Manufacturing Sdn. Bhd., Malaysia	11,416	9,518	58.6
Callisto Apparel (Cambodia) Co., Ltd, Cambodia	840	4,980	97.64
Moon Apparel (Cambodia) Co., Ltd, Cambodia	NA	1,500	28.8



<sup>2</sup> The carbon emissions from fuel (petrol and diesel) presented for Malaysia were calculated through <http://greentechmalaysia.my/>. The carbon emissions from fuel (diesel) presented for Cambodia was calculated with an emissions factor of 1.6tCO<sub>2</sub>/1000kWh and an assumption of a diesel generator that produces 12kWh/litre of diesel, which is aligned to UNDP’s assessment of Cambodia’s emissions factors, available here <https://www.undp.org/publications/energy-efficiency-nama-garment-industry-cambodia>.

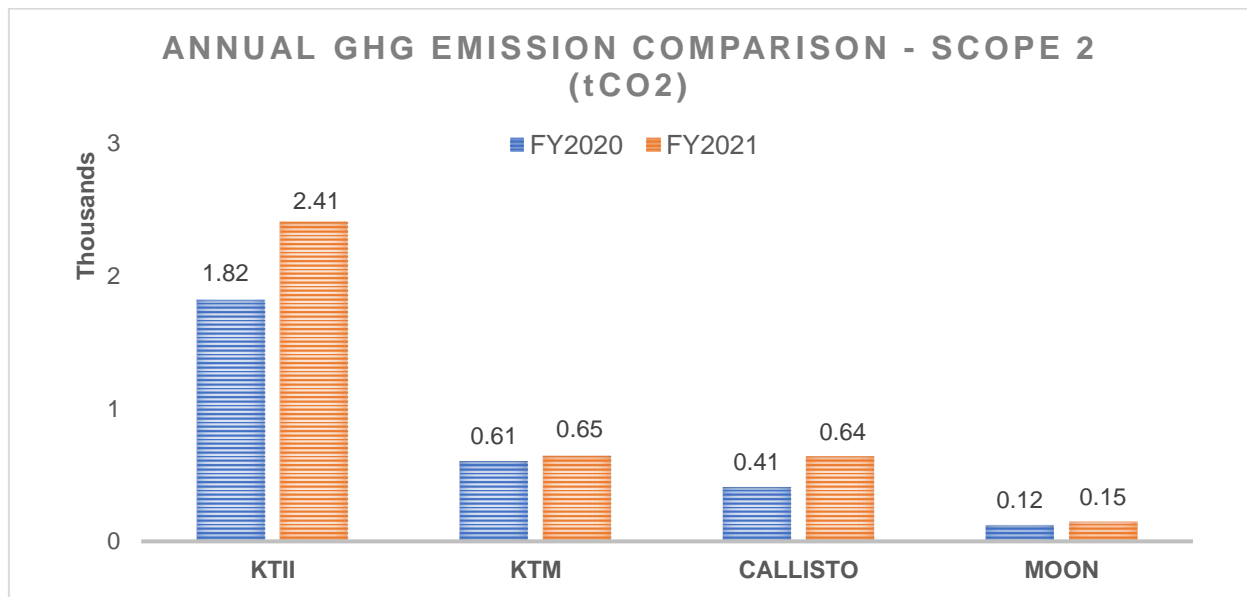
### 5.1.2 ENERGY USAGE (SCOPE 2)

Scope 2 reflects GHG emissions produced from generation of purchased or acquired electricity, heating, cooling etc.

The Group uses substantial amount of energy to run the machinery and the operations. With the sustainability in mind, the Group has complete the installation of rooftop solar photovoltaic (PV) systems for our Malaysian operations in Knit Textile Manufacturing Sdn. Bhd. and Knit Textile Integrated Industries Sdn. Bhd. in November 2021. With this installation, the Group will be able to reduce 672 tonnes of CO<sub>2</sub> from our annual GHG emission.

Factory, Location	Annual Energy Consumption (kWh)	Annual GHG Emissions (tCO <sub>2</sub> ) <sup>3</sup>
<b>Knit Textile Integrated Industries Sdn. Bhd., Malaysia</b>	3,471,943	2,409.53
<b>Knit Textile Manufacturing Sdn. Bhd., Malaysia</b>	931,393	646.39
<b>Callisto Apparel (Cambodia) Co., Ltd, Cambodia</b>	973,580	642.56
<b>Moon Apparel (Cambodia) Co., Ltd, Cambodia</b>	226,706	149.63

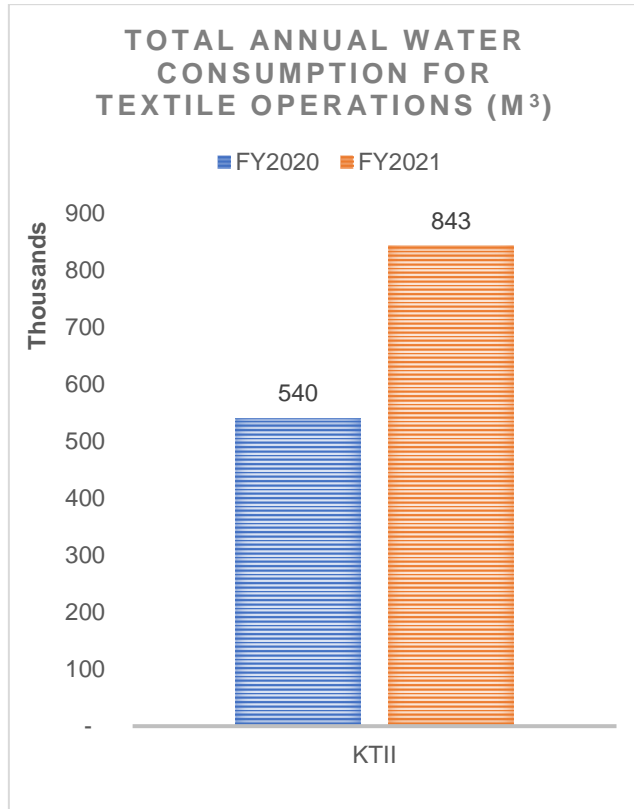
The increase of energy usage is in line with the increase in production capacity in FY2021. Further, as the Group completed the installation of the solar panels late FY2021, the full effect of the reduction in GHG emissions will take effect in the coming financial year.



<sup>3</sup> The carbon emissions from energy sources presented for Malaysia were calculated through <http://greentechmalaysia.my/>. The carbon emissions from energy sources presented for Cambodia was calculated with an emissions factor of 0.66tCO<sub>2</sub>/1000kWh, which is aligned to UNDP's assessment of Cambodia's emissions factors, available here <https://www.undp.org/publications/energy-efficiency-nama-garment-industry-cambodia>

## 5.2 WATER USAGE

Water is supplied through local municipalities, from local water sources. There are no other water sources we draw the water from. Water consumption for the Group’s textile and apparel operations are presented in separate charts as below.

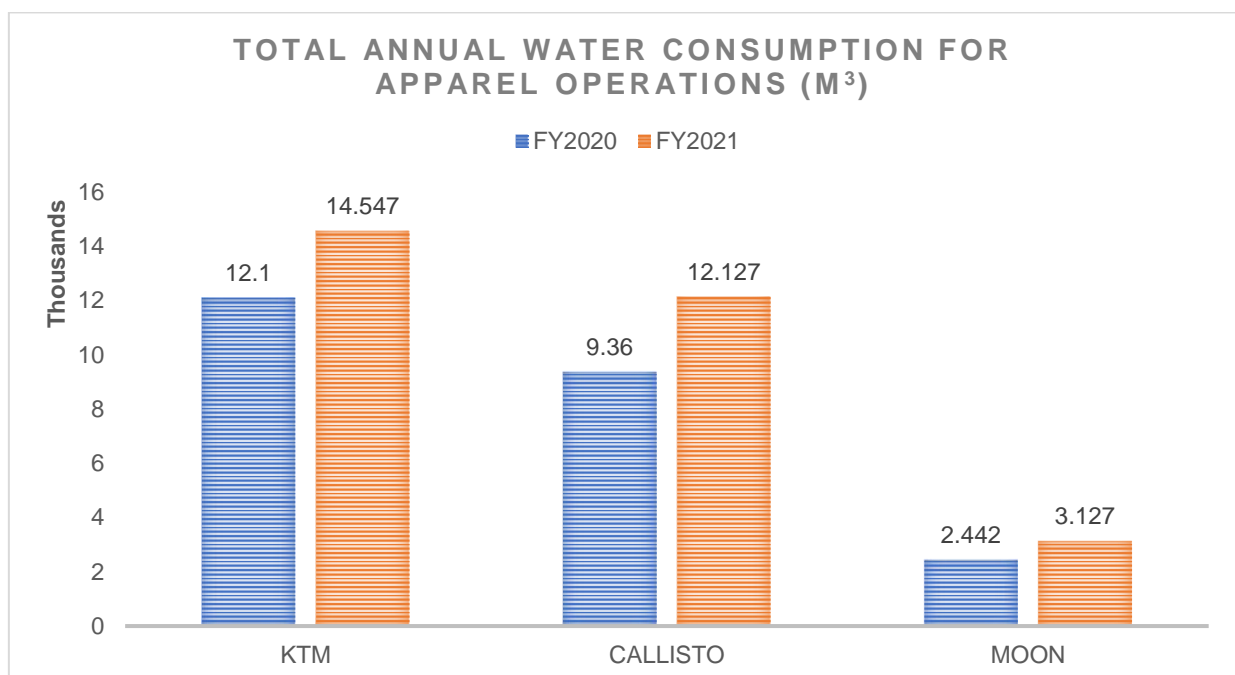


Water usage at our textile manufacturing facility is 96.6% (843,000 litres) of the Group’s total water consumption in FY2021, an increase of 0.8% (303,000 litres) from FY2020. Water usage is generally high in textile industries as high volume of water is required in its manufacturing activities.

Industrial wastewater and effluents are mainly discharged from the operations of our textile manufacturing facility. The Group ensures that all industrial wastewater is treated through the on-site wastewater treatment plant before its final discharge to the sewage system.

The Group also ensures that its textile manufacturing facility conducts a weekly analysis of the quality of wastewater, which is then reported to the Department of Environment on a weekly basis.

Across our apparel operations, water usage is predominantly for domestic purposes and in manufacturing activities.



In FY2021, the Group has increased water consumption by 54.8% as compared to FY2020 and this is in line with the increase in overall production output during the year. The Group has also taken the initiative of recycling used water at its textile manufacturing facility and in FY2021, we managed to recycle approximately 120,000m<sup>3</sup> of the water consumed. We hope to further optimise and reduce water consumption as we explore the possibility of investing in rainwater capture and harvesting technologies in the near future.

## 5.3 WASTE MANAGEMENT

### Management Approach

The Group aims to reduce, reuse and recycle its waste where possible to reduce our input to landfills and to minimise the impact of our business operations to the environment. We ensure that all non-hazardous and hazardous wastes are properly labelled, stored and disposed of according to local council regulations and by licensed contractors.

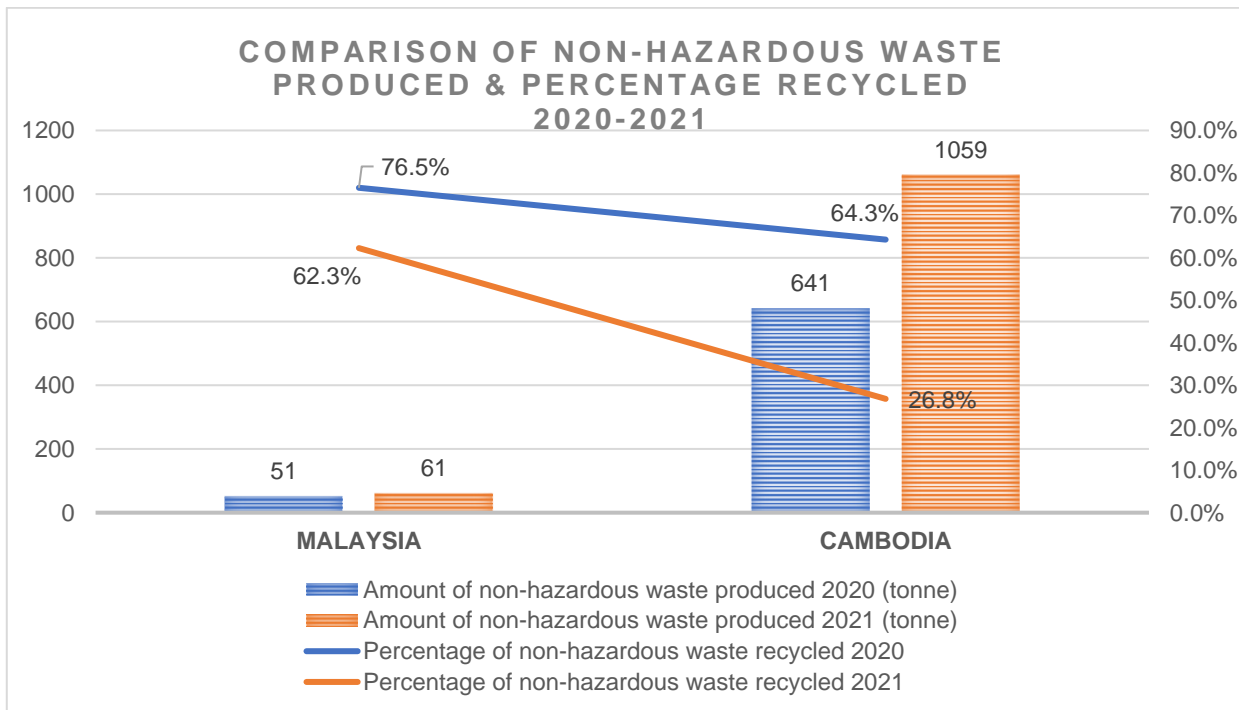
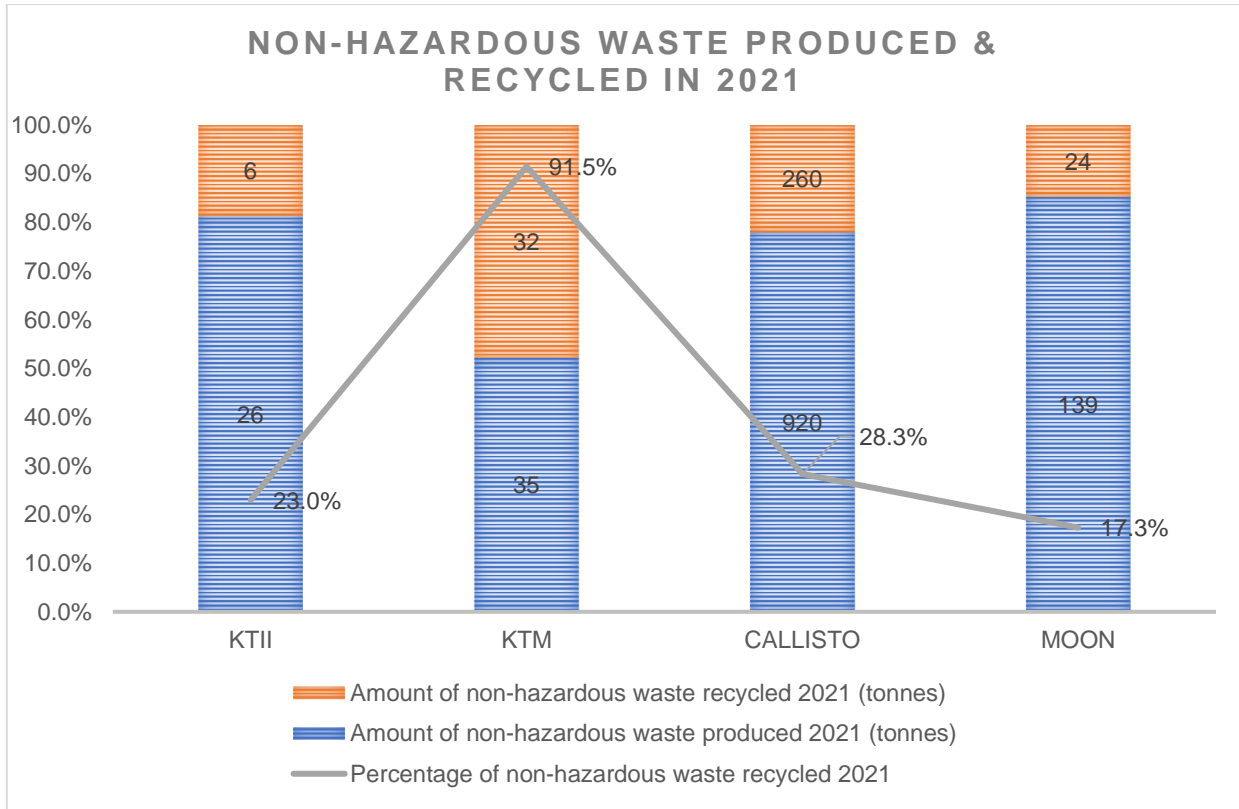
We encourage all our employees to exercise prudent waste practices and our in-house environmental committee will conduct regular awareness programs. We strive to adopt the best practices in waste management, which is essential in reducing our environmental footprint.

### 5.3.1 NON-HAZARDOUS WASTE

As part of the manufacturing process, the Group generally produces fabric waste, paper waste and plastic waste. All non-recycled waste products will be disposed through the local municipal councils on a weekly basis.

Factory, Location	Amount of non-hazardous waste produced 2021 (tonnes)	Amount of non-hazardous waste recycled 2021 (tonnes)	Percentage of non-hazardous waste recycled
<b>Knit Textile Integrated Industries Sdn. Bhd., Malaysia</b>	26	6	23.0%
<b>Knit Textile Manufacturing Sdn. Bhd., Malaysia</b>	35 (*FY2020: 36)	32 (*FY2020: 34)	91.5% (*FY2020: 91.8%)
<b>Callisto Apparel (Cambodia) Co., Ltd, Cambodia</b>	920	260	28.3%
<b>Moon Apparel (Cambodia) Co., Ltd, Cambodia</b>	139	24	17.3%

\*Data for FY2020 is adjusted to due to calculation error for Knit Textile Manufacturing Sdn. Bhd., Malaysia.



From the chart above, we observed less non-hazardous waste are recycled in FY2021 as compared to FY2020, particularly at our operations in Cambodia as we are unable to secure the service of a licensed waste disposal contractor. However, we have resolved this issue in FY2022. We also noted that the total amount of waste produced in FY2021 from our Cambodia operations was 1059 tonnes, as compared to 641 tonnes in FY2020, which is mainly due to the increase in production output during FY2021. The Group is committed to increase the recycling percentage of its non-hazardous waste and is exploring alternatives such as ‘repurpose’ instead of ‘recycle’. Going forward, the Group may seek the collaboration of potential agencies that are able to ‘repurpose’ non-hazardous wastes.

### **5.3.2 HAZARDOUS WASTE**

Hazardous waste production is limited to our textile manufacturing facility, Knit Textile Integrated Industries Sdn. Bhd. The factory produced scheduled waste, SW204, which is sludge that contains metals such as chromium, copper, nickel, zinc, lead, and cadmium.

In FY2021, the Group reported a total of 3.819 metric tonnes of hazardous waste disposed \*(FY2020: 0 tonnes). In terms of managing, storing, and disposing of the waste, we ensure compliance to Malaysia's Environmental Quality (Scheduled Waste) Regulations 2005 and Environmental Quality (Industrial Effluent) Regulations 2009.

The sludge produced is a by-product of wastewater as a result of our 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 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 license facility to recover metals such as chromium, copper, nickel, zinc, lead, and cadmium to be reused as raw material in other industries.

\*Data for FY2020 is adjusted due to calculation error. The textile manufacturing facility was closed for operations during FY2020 due to Movement Control Order in Malaysia.

## 6.0 SOCIAL MATERIAL TOPICS

### Management Approach

The Group recognises that the achievement and success, which the Group takes pride in, would not be possible without the considerable efforts of its employees. For this reason, the Group works continuously in ensuring the effectiveness of the personnel management practices, including those relating to employee recruitment, retention, and training; increasing employee engagement; and developing internal social programmes. Besides, the Group takes measures to ensure respect and to provide equal rights and opportunities to all our employees.

The management of human resources is embodied in the formal Code of Conduct, whereby acceptable requirements of fair treatment of legitimate employees are specified for strict compliance. No discrimination of gender (including acts of sexual harassment), sexual orientation, race, religion, ethnicity, nationality, age, political affiliation, marital/pregnant and disable status is allowed and strict enforcement of no illegal and child labour in the workplace.

The Group has identified the following social sustainability matters as material to our business based on the materiality exercise conducted for FY2021:

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

The data below has been categorised by the respective manufacturing centres, as we believe these operating centres produce the largest amount of impact in terms of societal activity.

We ensure legal compliance of social matters through local employment acts from all locations where we operate in. The legal compliance of social matters is managed internally through internal compliance and audit committees, which is supervised by both Management and reported to the Board.

In FY2021, there were no issues of non-compliance with social matters within the organisation (FY2020: 0 incidents).

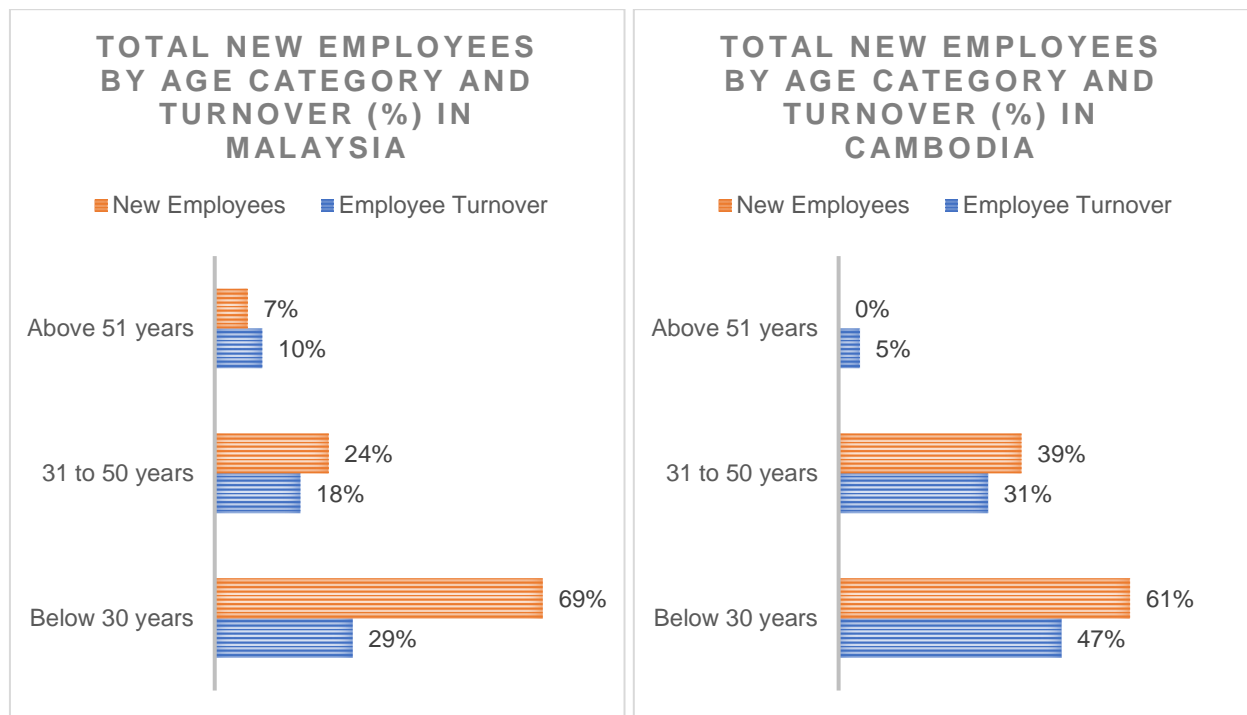
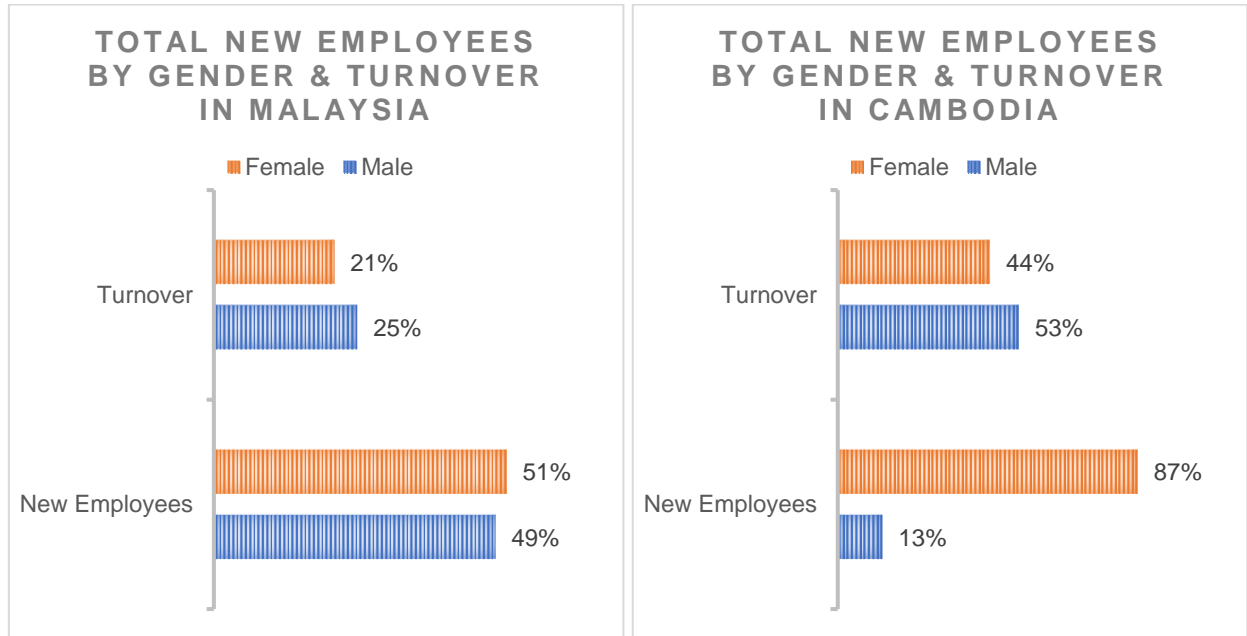
### 6.1 EMPLOYMENT PRACTICE

Our employment practices focus on providing equal opportunities for all and we uphold standards that are strictly based on merit and performance. The Group takes strict measures that no instances of child or forced labour occurs within our operations.

In Malaysia, this is aligned to the local regulations, such as the Malaysian Employment Act 1955, that has set statutory requirements of the minimum age for workers. In our Cambodian operations, we have strict anti-human trafficking, forced labour and human rights policies to uphold our commitment on human rights. While we do not currently have any collective bargaining agreements with our employees, this will be an area that we will further review to improve our employment practices.

While our Board has set the direction of our stance on human rights, our internal compliance departments ensure that our standards are upheld throughout the organisation.

Employee turnover rates are an indication of employee satisfaction, and we continuously strive to ensure that we remain an attractive organisation to current and future employees. Measuring and monitoring employee turnover rates will enable us to assess and prioritise changes or adjustments to our culture or practices in order to decrease attrition and ensure retention of employees in the future.



All of the Group’s employees are full-time permanent employees, and the Group does not employ any part-time employees. All benefits for employees are determined purely based on merit. The Group provides opportunities for salary increments and reviews based on the discretion of the Management, which is primarily linked to performance outcome.



**6.1.1 DIVERSITY AND INCLUSION**

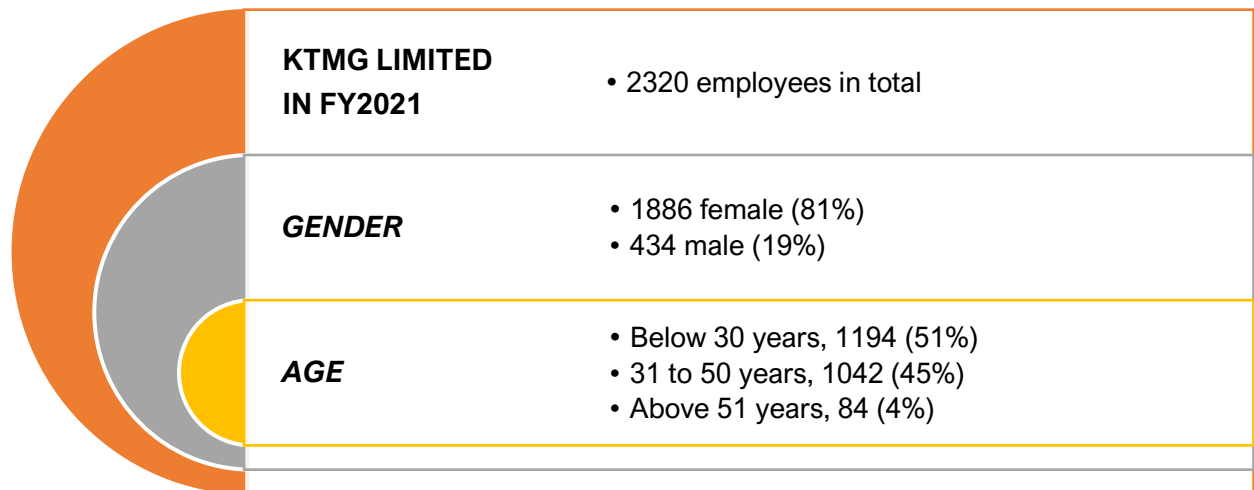
Employees are always the driving force of the Group, and it is important that we maintain a performance driven culture that is centred around the values of inclusivity.

While the lack of female representation in management levels has been a pervasive issue worldwide, the Group strives to ensure that female employees are given opportunities to take on management positions within our organisation.

Below are the gender breakdowns between general staff and management in our operating factories. In FY2021, the female representations in our middle management have improved across the organisation.

Management level	Male		Female	
	FY2020*	FY2021	FY2020*	FY2021
General staff	366	374	1553	1793
Middle management	41	47	84	87
Senior management	14	13	6	6

\*Data for FY2020 was adjusted due to re-classification of positions according to management level.



The Group has 2064 employees in FY2020 and 2320 employees in FY2021. This is an increase of 12.4% in headcount, where they are primarily female employees at our apparel manufacturing operations in Cambodia. Our female employees in Cambodia contributed approximately 65.8% (1527 employees) of the Group’s total employees in FY2021 from 59.1% (1221 employees) in FY2020. Overall, the Group continued to maintain high levels of female representation throughout the organisation.

In terms of age breakdown across all our operating locations, most of the Group’s employees are 50 years old and below, which indicates that we have an experienced workforce to support the continuity of our business operations across all locations.

## 6.2 OCCUPATIONAL HEALTH & SAFETY

### Management Approach

The Group is committed in ensuring the health and safety of all employees, contractors, visitors, as well as the community who are impacted by our activities. We believe that injuries, incidents, industry-related disease and infectious diseases are preventable through an effective health and safety management.

We remain guided by our Health and Safety Policy (“**Policy**”) that is distributed across the organisation and is translated into multiple local languages for ease of understanding. To enforce the Policy, each location is overseen by a Health and Safety Committee that comprises individuals from various departments. The responsibilities of Health and Safety Committee include:

- Provide and maintain safe and healthy working conditions in accordance with industry standards at all our offices and factories
- Comply with applicable occupational health and safety legal requirements
- Provide a workplace that is free of infectious disease through inoculation program
- Eliminate workplace hazards to reduce health and safety risks
- Continuous improvement to our health and safety management system
- Provide health and safety consultation and promote awareness within the organisation

The Group’s Health and Safety Policy is established to ensure its operational activities are carried out in a manner that complies with legal requirements and to minimise occurrence of industrial accidents. Included in the Policy are procedures in the event of any emergencies such as fire and hazardous leaks, or the standard procedures for work accidents or other life-threatening situations.

We ensure that all our factories and offices carry out regular service and maintenance of its safety equipment such as emergency lightings and fire extinguishers to ensure they are in working condition at all times. Scheduled maintenance is carried out to all machinery and operators are trained with relevant safety procedures to minimise accidents.

The health and safety of our employees remains the Group's top priority. In May 2021, we arranged for the inoculation of government-approved COVID-19 vaccines for all our employees in Cambodia. The employees in Malaysia and Singapore are encouraged to receive their vaccines through the respective national COVID-19 immunisation programs.

In FY2021, we took extra precautions to ensure the well-being of our employees during the COVID-19 pandemic. We ensure that personal protection equipment (PPE) are worn by our employees including face masks, safety boots, safety helmets, safety gloves, goggles and chemical aprons where required. The Health and Safety Committee also ensure that all air conditioning systems are cleaned and sanitised consistently every two months to ensure the highest standard of air quality within closed spaces.

We are pleased to report that in FY2021, we have no reports of work-related accidents and injuries, and no lost-days due to work injuries (FY2020: 0 incident). Moving forward, we aim to continuously improve and maintain a high standard of health and safety system.

### 6.3 TRAINING AND DEVELOPMENT

The Group focuses on two main training categories: 1) Health and Safety and 2) Security and Compliance. Through regular and relevant training programs, we are able to build a workforce that is highly skilled, motivated, competitive, and productive. These are the core competencies that we require to achieve our objectives and goal.

The Human Resources (“HR”) department is mainly responsible for all training needs of our employees. We have an on-boarding training for every new employee on Health and Safety, Code of Business Conducts and Ethics, etc. This is to ensure every new employee in the Group is well aware and familiarise with high standards of safety acumen and professionalism when dealing with our internal and external stakeholders.

The HR department also work together with the Factory Manager or General Manager of each location to identify training needs and will collaborate with external service providers to conduct training to equip our employees with the necessary skills and knowledge.

In FY2021, trainings in health and safety were conducted for an accumulated of 8,784 training hours to an average of 2,001 employees which is equivalent to 4.39 hours per employee. For security and compliance trainings, they accumulated a total of 20,703 hours to an average of 10.34 hours per employees. The average hours of training that the Group’s employees have undertaken during the reporting period was approximately 14.74 hours per employee, which is a slight improvement, compared to 12 hours in FY2020. Out of the total training hours accumulated, 86% or 25,668 hours of participation were female workers.

The Group have also conducted annual performance reviews on its employees, in particular for middle and senior management employees. Through annual performance reviews, we are able to perform skills gap analysis, which is a critical step for the development of a competent management team, in order to stay agile in the everchanging business environment.

### 6.4 PRIVACY AND DATA PROTECTION

Ensuring safety and privacy of our customers’ data is of great importance to the Group. We remain guided by our internal Data Protection Policy that outlines the procedures and standards for all staff to adhere to in terms of protecting the privacy of our clients. The Data Protection Policy is distributed to all staff from the onset of onboarding within the organisation. We monitor any responses which may arise from concerns of data privacy by customers or the general public.

In FY2021, we are pleased to report no substantiated complaints regarding breaches of customer privacy and losses of customer data or incidents of cyber-attacks during the reporting period (FY2020: 0 incident).

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## 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 that are 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 future. They are based on numerous assumptions regarding the Group's present and future business strategies and the environment in which it will operate in the future. 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 behaviour 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 any of 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., 31 May 2022.

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 contained 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.

