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# KHONG GUAN LIMITED

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SUSTAINABILITY REPORT 2023

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## BOARD STATEMENT

Dear Stakeholders,

We are pleased to present Khong Guan Limited's ("KGL" or the "Company") sixth Sustainability Report ("Report"). This Report outlines the sustainable practices and environmental, social, and governance ("ESG") performance for KGL, its subsidiaries, and its associate for the financial year ended 31 July 2023 ("FY2023"). As per our previous disclosures, the scope of our Report includes references to KGL and its key subsidiaries (collectively referred to as "KGL Group") and of our associate, United Malayan Flour (1996) Sdn. Bhd. ("UMF") and its subsidiaries (collectively referred to as "UMF Group"). KGL Group and UMF Group are collectively referred to as "the Group". For this Report, UMF has agreed to share data on the UMF Group with KGL.

During the reporting year, businesses faced many issues ranging from inflationary pressures, geopolitical events, growing environmental concerns, supply chain disruptions, technological changes, and increased competition. Climate change remains one of the world's most prominent business challenges. The energy sector saw developments driven by rising energy prices, growing demand for coal, and the rapid global economic growth following the pandemic. Furthermore, global industries are accelerating their investments towards energy efficiency as the race towards net zero intensifies. We will continue our pursuit of resilience in such challenging times.

### **Key Highlights of 2023**

This year, our sustainability strategy involved a progressive approach from our critical operations to establish mechanisms to measure and monitor ESG data to enable us to track progress, make informed decisions, and work towards setting goals and targets. By involving different departments and stakeholders in the decision-making process, we have broadened our access to diverse perspectives, expertise, and resources to embed sustainability across our operations progressively. We aim to continuously foster a closer cross-functional collaboration within our teams across the Group to streamline all our practices effectively. The KGL and UMF Groups continue to embrace similar sustainability practices and approaches in monitoring ESG performance.

We also witnessed growing commitment across the Group to prioritise efforts with ESG considerations, guiding our operations teams in the right direction. Regarding health and safety, we are pleased to announce another zero-fatality year across the Group. TGF, a KGL subsidiary, emphasised reorganising its workforce and successfully filled a crucial leadership position to address the succession planning challenges it had faced in previous years. The Board has embraced greater diversity in its boardroom by establishing a Board Diversity Policy and appointing a new female Board member in FY2023.

For this Report, we have initiated disclosures on our GHG emissions data for Scope 1 and 2 as part of our commitment to mitigate climate change and reduce our carbon footprint. KGL Group and UMF Group remained steadfast in enhancing energy efficiencies and reducing costs through solar expansion plans and machinery efficiency enhancements.

Governance efforts to combat anti-corruption and bribery continue to be strengthened across the Group, reinforcing our zero-tolerance commitment.

### **Future Outlook on ESG Performance**

As we look towards 2024 and beyond, we will continue to focus on sustainability in these key areas:

- Focus for the Group remains on continued efforts to implement a zero-tolerance policy to corruption collectively;
- Focus our corporate social responsibility initiatives towards the betterment of communities and the environment where we are based;
- Reduction of carbon footprint with a focus on green energy and waste management practices and;
- To enhance operational efficiency and increase market share for the Group's products.

We will commit to enhancing our sustainability journey to reinforce our sustainability governance framework, assess our ESG factors, and integrate them into the Group's corporate strategies. Implementing a robust framework is crucial for our businesses to achieve long-term sustainability. We set out to consistently enhance our disclosures to fulfil regulatory reporting obligations and align our practices with globally recognised standards. In this Report, we have refined our disclosures to align more closely to the Singapore Exchange Limited's ("SGX") ESG Core Metrics and selected Global Reporting Initiative ("GRI") standards disclosure requirements.

While we have made significant progress in our sustainability practices compared to previous years, we remain committed to increasing awareness among our people and cultivating stronger partnerships with our stakeholders. Thanks to the proactive efforts and commitment from all our employees, the Board is confident that KGL is on the right path to make a meaningful contribution to a more sustainable future for the Group.

We thank all our employees for their unwavering dedication and our appreciation to our shareholders and all stakeholders for their ongoing belief and support as we progress in our sustainability journey.

Board of Directors  
20 October 2023

## ABOUT THIS REPORT

KGL presents its sixth Sustainability Report. We take this opportunity to share our continued commitment to our material Environmental, Social, and Governance ("ESG") practices and how we work towards enhancing our ESG measurements and progress.

This Report, in conjunction with KGL's 2023 Annual Report ("2023 Annual Report") and the information available on our website at [www.khongguanlimited.com](http://www.khongguanlimited.com), provides a comprehensive understanding of the Group and its business performance for the reporting year.

### Reporting Period

This Report covers the Group's ESG performance over 12 months, from 1 August 2022 to 31 July 2023 ("FY2023"). KGL has since 2018 published a sustainability report annually, with the last Report published in December 2022. We will also make this Report available on SGXNet and KGL's website.

### Scope and Boundary

KGL's ESG journey encompasses KGL, its Malaysian subsidiaries, Swee Hin Chan Company Sdn. Berhad ("SHC"), and Tong Guan Food Products Sdn. Bhd. ("TGF"), collectively referred to as "KGL Group". This year, we continue to include ESG practices of KGL's Malaysian associate, United Malayan Flour (1996) Sdn. Bhd. ("UMF") and its subsidiary, Federal Oats Mills Sendirian Berhad ("FOM"), together with FOM's wholly owned subsidiaries, Cereal Products (M) Sdn. Berhad ("CPM") and Khong Guan Vegetable Oil Refinery Sdn. Berhad ("KGVO"). As previously reported, KGL included UMF Group within its reporting scope as UMF Group is a significant associate of the Group. For the FY2023 disclosures in this Report, UMF Group confirmed via a letter dated 6 September 2023 that it has agreed to the use and that the data provided in this Report is correct.

### Reporting Standards

This Report is prepared on a "comply or explain" basis in compliance with the Singapore Stock Exchange Securities Trading Limited ("SGX-ST") Listing Rules 711A and 711B, with guidance from Practice Note 7.6 Sustainability Reporting Guide. We have also continued to apply the updated GRI Universal Standards 2021, an internationally accepted reporting standard, to ensure our disclosures are consistent with our last Report. The GRI Content Index on page 43 of this Report provides an overview of the GRI standards selected for our disclosures in this Report.

KGL continues to adopt a phased approach to its sustainability reporting and will consider seeking external assurance in the following years. The ESG data and information in this Report have been derived from internal data monitoring and verification to ensure accuracy. We conducted an internal review on our sustainability reporting process in FY2023, which included a review of the material matters, methodology, process and data on selected topics.

### Feedback

For suggestions or inquiries on KGL's sustainability journey, please send them directly to [enquiries@kg.com.sg](mailto:enquiries@kg.com.sg). Your feedback will help us to continuously improve our sustainability performance and practices.

## ABOUT THE GROUP

KGL is an investment holding company, listed on the SGX Main Board. The Company has its headquarters in Singapore with business interests ranging from manufacturing to trading and distribution, located mainly in Malaysia. KGL operates its businesses based on its vision, mission and value statements, made available in [www.khongguanlimited.com/our-company/](http://www.khongguanlimited.com/our-company/).

### The Group's Structure

KGL's businesses range from manufacturing to trading and distribution. The Group's existing structure is illustrated on page 6 of the 2023 Annual Report.

Our businesses are carried out through KGL's Malaysian subsidiaries, TGF and SHC, which deals with fast-moving consumer goods ("FMCG") products and food ingredients. In addition, KGL has a 30% equity interest in UMF. UMF Group is a diversified group of companies supplying wheat flour, oatmeal, pulses, cooking oils and cereal products to various customers worldwide. The key business segments of the Group referred to in this Report are the trading, distribution (via TGF and SHC) and food manufacturing (via UMF Group) businesses.

### Overview of our Operations

The nature of the Group's businesses covered in this Report can be found in page 3 of the 2023 Annual Report and are also available in [www.khongguanlimited.com/our-businesses/](http://www.khongguanlimited.com/our-businesses/).

### Market Presence

In Malaysia, we have established stable market positions with a diversified portfolio of products exported to over 30 countries worldwide. Key export markets are in the Middle East, namely Saudi Arabia and the United Arab Emirates. Wheat products are distributed across sales network in Malaysia and Singapore. While maintaining an established FMCG distribution network in Sabah, we are also recognised as a reputable leader in the sales and distribution of food ingredients across Peninsular Malaysia. In Singapore, KGL supplies wheat flour and cereal products sourced from its associate, UMF Group, in Penang, Malaysia to local food manufacturers and bakeries.

# HOW WE GOVERN SUSTAINABILITY

## Sustainability Governance

The Board of Directors of KGL ("Board") is committed to support and provide oversight to ensure KGL's sustainability strategy aligns with the Company's business strategy in various aspects of the Group's businesses. The Board recognises the importance of strengthening its sustainability governance framework to effectively approach ESG issues to enable the companies in the Group to define their goals, enhance accountability, manage risks and opportunities and drive improvement for the long-term value creation for their stakeholders. All of our Board members have attended at least one of the mandated ESG training approved by SGX from as early as March 2022. Some of our Directors attended additional sustainability-related training in FY2023 as part of their commitment to equip themselves with necessary knowledge to manage sustainability. The topics included an overview of sustainability reporting and climate change.

KGL's sustainability governance structure is headed by the Board and managed through the operations across the Group, as follows:



The Board has the ultimate oversight over sustainability matters of KGL. The Joint Sustainability Committee was set up by the Board to assist the Board in overseeing ESG-related matters. The Joint Sustainability Committee is headed by KGL's Executive Director, and Directors from KGL's subsidiaries, namely SHC and TGF, and the Deputy Managing Director of UMF Group. This year, the Joint Sustainability Committee initiated efforts with the management team of KGL Group and UMF Group to set up a Joint Sustainability Working Group to kick-start a comprehensive ESG data collection and alignment of practices within the Group.

During the year, this dedicated Working Group comprising the Joint Sustainability Committee members and heads from various business units within the Group, took a proactive approach to discuss and work closely to step-up KGL's sustainability journey. The teams from both KGL Group and UMF Group collaborated to refine and align their data collection processes in their respective

companies to ensure methodologies adopted are consistent. The Joint Sustainability Working Group coordinates and consolidates ESG data for the sustainability reporting process. In the coming years, the Working Group aims to actively support the Joint Sustainability Committee to identify, address risks, find ways to develop an action plan and manage the Group's ESG performance effectively.

Each business unit in KGL Group and UMF Group is responsible to implement, monitor and review the matters and performance within their own focus areas. They are responsible to maintain proper records and support the Joint Sustainability Working Group with the updated data and progress of the identified material matters periodically.

With significant progress on our internal data collection processes and increased awareness among our teams, we seek to set key targets based on acceptable baseline data to measure our ESG performance in key impact areas to align with our sustainability goals. With consistent tracking and monitoring mechanisms in place, we will be able to assess our progress, identify areas for improvements and make better informed decisions in future.

### **Policies and Internal Controls**

To further enhance our commitment to operate with responsible business practices, KGL aims to establish an ESG Policy and other relevant internal controls to integrate the overall corporate governance framework and KGL's commitment to embed sustainability into its overall business strategy.

### **Risks and Opportunities**

Risk assessment and evaluation process is an essential part of business planning and monitoring. The Audit Committee ("AC") is responsible to assist the Board to assess the effectiveness of the risk management processes and internal controls of the Group. The risk registers of each of the subsidiaries and associates' risk profile outlines the material risks faced by the Group and controls in place to manage or mitigate those risks.

In FY2023, some of the ESG-related risks and opportunities which are identified in the risk register and reported in the risk report include corruption risks, regulatory risks, operational risks such as succession planning of key management staff, manpower shortage, supply chain disruptions and health risks in relation to food safety hazards. The risk assessment report and risk registers are reviewed by the Board and the AC annually. We are currently working to improve our risk registers to include our material ESG risks in more detail.

Further details of KGL's governance structure and framework, risk management and internal controls are discussed in more detail in the 2023 Annual Report.



# HOW WE APPROACH SUSTAINABILITY

## Identifying Material Matters

The materiality assessment is an important process in identifying and prioritising the key sustainability matters for a company's sustainability performance. KGL conducted its first formal materiality assessment in 2018. In the financial year ended 2022 ("FY2022"), KGL initiated a review of its sustainability practices in order to implement an enhanced sustainability framework. A similar exercise was carried out by UMF Group. This process, facilitated by our external consultant, involved engagement with our internal management and heads from various business units of the Group to assess the material matters that would have an impact on KGL's reputation, business operations and interests of KGL Group and UMF Group's stakeholders. Internally, we are working to focus and streamline material matters that are relevant to our business and stakeholders' needs.

KGL views that the material matters previously reported remain relevant and are of importance to the Group. For this Report, we removed Economic Performance as a material topic from our previous disclosure as we believe KGL Group's financial performance and where applicable, that of UMF Group, are appropriately covered in the 2023 Annual Report. As we embark on enhancing our data disclosures in FY2023, we have included Climate Change and Greenhouse Gas Emissions and Waste Management as new topics to improve our baseline reporting based on the SGX ESG Core Metrics and the GRI standards.

Our focus in this Report is on the material matters grouped under the **ESG** pillars as follows:



To further support our assessment of the identified material matters, we conducted a stakeholders' ESG feedback survey for the Group as a whole, to evaluate the level of importance on key topics. Based on the results of our survey, Product Quality and Product Responsibility, Ethical Business Practices, Occupational Health and Safety remain some of the key important


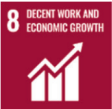

topics to our stakeholders. This means we need to continue to prioritise our focus on delivery of quality products and safety of our people and our stakeholders and ensure we operate our business responsibly.

We highlighted in our previous Report that KGL is committed to enhance its sustainability framework, and work towards improved disclosures in KGL's future reports by remapping our existing material matters with more defined targets and tracking methodology in line with the evolving ESG landscape. This process remains an ongoing work-in-progress.

### United Nations (UN) Sustainable Development Goals (SDGs)

There are no changes from our previous disclosures on the areas where KGL Group and UMF Group's sustainability practices can support or promote the UN SDGs. We have yet to set any targets to align with any SDGs. As part of KGL's sustainability journey to conduct our businesses more responsibly, KGL aims to prioritise the SDGs that are relevant for us and focus on areas where they can make the most significant positive impact.

Some examples of how the Group continued to promote the SDGs through its sustainability efforts in FY2023 are as follows:

Material Matters	UN SDGs	Examples of the Group's Contributions
<b>Environment</b>		
<ul style="list-style-type: none"> <li>Energy management</li> </ul>	 <p>Ensure access to affordable, reliable, sustainable and modern energy for all</p>	<ul style="list-style-type: none"> <li>Continued efforts to explore and promote use of renewable energy sources and implement energy efficient measures</li> </ul>
<b>Social</b>		
<ul style="list-style-type: none"> <li>Employment and Labour Practices</li> <li>Diversity and Equal Opportunities</li> <li>Occupational Health and Safety</li> </ul>	 <p>Promote sustained, inclusive, and sustainable economic growth, full and productive employment, and decent work for all</p>	<ul style="list-style-type: none"> <li>Established a Board Diversity Policy and Social Responsibility Policy</li> <li>Prioritised health and safety measures across the Group</li> <li>Maintained zero fatality rate in FY2023</li> </ul>
<b>Governance</b>		
<ul style="list-style-type: none"> <li>Ethical Business Practices</li> <li>Good Corporate Governance</li> </ul>	 <p>Promote peaceful and inclusive societies for sustainable development, provide access to justice for all, and build effective, accountable, and inclusive institutions at all levels</p>	<ul style="list-style-type: none"> <li>Continued efforts to combat corruption and implement adequate anti-corruption measures within the Group</li> </ul>

## STAKEHOLDER ENGAGEMENT

Stakeholder engagement is important for KGL to determine ESG risks and opportunities that are material for KGL Group and UMF Group. Stakeholders are an integral part of our businesses, and having an open communication channel provides an effective tool to discuss topics of interest and gain a better understanding of our stakeholders' expectations.

In FY2023, KGL conducted a stakeholders' ESG feedback survey for the Group with internal stakeholders comprising of heads of departments and external stakeholders who are key suppliers and service providers. Our key stakeholder groups identified in this Report are individuals or groups that have interests that are affected or could be affected by the Group's activities. KGL maintains a corporate website at [www.khongguanlimited.com](http://www.khongguanlimited.com) to communicate information on the products and businesses of the Group.

We outline below our key stakeholders for the Group, the methods of engagement and how the Group engaged and responded with them in FY2023 via various platforms.

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

<b>Key Stakeholders</b>	<b>Engagement Platform</b>	<b>Frequency</b>	<b>Areas of Concern</b>	<b>How the Group Responded</b>
<b>Supplier and Service Providers</b>	<ul style="list-style-type: none"> <li>• Supplier and service provider assessments</li> <li>• Business meetings with critical suppliers</li> <li>• Supplier factory audit</li> <li>• Meetings</li> </ul>	<ul style="list-style-type: none"> <li>• Throughout the year and as and when required</li> </ul>	<ul style="list-style-type: none"> <li>• Ensure suppliers meet or exceed quality standards and code of conduct</li> <li>• Timely delivery</li> <li>• Best pricing</li> </ul>	<ul style="list-style-type: none"> <li>• Supplier assessment</li> <li>• Execution of Integrity Pledge</li> <li>• Due diligence on supplier's reputation and financial standing</li> <li>• Stakeholders ESG Feedback Survey</li> </ul>
<b>Shareholders</b>	<ul style="list-style-type: none"> <li>• Website and electronic mail</li> <li>• Annual General Meeting</li> <li>• Group Annual Report</li> <li>• Corporate announcements</li> </ul>	<ul style="list-style-type: none"> <li>• Throughout the year and as and when required</li> </ul>	<ul style="list-style-type: none"> <li>• Financial returns</li> <li>• Sustainability and business performance</li> <li>• Effective corporate governance practices</li> </ul>	<ul style="list-style-type: none"> <li>• Annual General Meeting</li> <li>• Annual Report 2022</li> <li>• Website</li> <li>• Disseminate timely and material information on Company's activities and performance</li> </ul>
<b>Local Communities</b>	<ul style="list-style-type: none"> <li>• Financial or in-kind contributions</li> </ul>	<ul style="list-style-type: none"> <li>• Throughout the year</li> </ul>	<ul style="list-style-type: none"> <li>• Positive impact on different facets of the local communities</li> </ul>	<ul style="list-style-type: none"> <li>• In-kind and cash donations to various charitable organisations and vulnerable communities in the respective local areas</li> </ul>
<b>Local Government</b>	<ul style="list-style-type: none"> <li>• Participation in seminars on policy updates</li> <li>• On-site advisory visits</li> <li>• Regular reports</li> <li>• Meetings</li> </ul>	<ul style="list-style-type: none"> <li>• Throughout the year and as and when required</li> </ul>	<ul style="list-style-type: none"> <li>• Compliance with laws and regulations</li> <li>• Maintaining standards and certifications</li> </ul>	<ul style="list-style-type: none"> <li>• On-site visits</li> <li>• Engagements with the Malaysian Department of Environment ("DOE") and Department of Occupational Safety and Health ("DOSH")</li> <li>• Ensure compliance with the laws and regulations and settlement of all fines imposed</li> </ul>
<b>Trade Union</b>	<ul style="list-style-type: none"> <li>• Meetings</li> </ul>	<ul style="list-style-type: none"> <li>• As and when required</li> </ul>	<ul style="list-style-type: none"> <li>• Union members welfare and well-being are protected and concerns addressed promptly</li> </ul>	<ul style="list-style-type: none"> <li>• Regular meetings to clarify any union members concerns and changes in policies or laws</li> <li>• Negotiations to renew Collective Agreements for both UMF &amp; FOM every three years</li> </ul>

## OUR MATERIAL SUSTAINABILITY PILLARS

### ENVIRONMENT

Climate change and environmental degradation are amongst some of the biggest challenges faced globally. From shifting weather patterns threatening food production, rising sea levels resulting in catastrophic flooding, the impacts on climate change are increasing at an unprecedented scale. KGL recognises the need to accelerate its strategic objectives to contribute to the global goals with a positive impact on the environment through its actions. We continue to explore opportunities to operate more efficiently by optimising or managing the use of resources across the Group's value chain.

As part of KGL's enhanced efforts to develop a robust sustainability framework, KGL is taking steps to develop a climate action plan for KGL Group and, where practicable, for UMF Group that will include streamlined policies to provide guidance for the Group to mitigate any negative impact on climate change and the environment.

UMF, an associate of KGL, currently has in place an Environment, Health and Safety Policy that recognises environmental matters as one of UMF's priority issues and that it is committed to protecting and improving the environment in all areas of its operations while preserving and enhancing the quality of life for its employees, customers, and neighbours. FOM, a subsidiary of UMF, has established a Safety, Health and Environment Policy that addresses FOM's commitment to the efficient use of resources, preventing pollution and reducing environmental impact from its operations and products. FOM's Safety, Health and Environment Policy stipulates that the Company needs to consider environmental factors as one of the criteria for operational decisions including planning and acquisition. KGL Group aims to continue in its efforts to enhance its internal policies to address environmental matters in more detail from FY2023 onwards.

In FY2023, the respective operations teams of KGL Group and UMF Group commenced an initial data collection review of their CO<sub>2</sub> emissions in order to measure and monitor progress of environmental performance moving forward. The Group has yet to implement any environmental management system to manage the environmental impacts from our businesses. KGL Group and UMF Group, however, have introduced more refined data collection methodologies to improve disclosures on environmental performance indicators. As at 31 July 2023, there were no environmental-related fines or penalties imposed on any of the companies in the Group for FY2023.

#### Energy Management

KGL has taken a systematic approach to effectively identify, measure, manage and control energy consumption in its operations. This means relooking at how the Group's operations consume electricity in their offices, facilities, and warehouses as well as how much fuel is used by our own transportation vehicles. We are doing this by progressively monitoring and tracking our consumption in these areas with the aim of reducing KGL's carbon footprint.

Purchased electricity sourced from the utility providers in Singapore and Malaysia serve as one of the main sources of energy in the Group's operations. Under KGL Group's trading and

distribution business, we track diesel and petrol consumption in TGF and SHC's own transportation vehicles. TGF and SHC also rely on fuel to operate their non-battery-operated forklifts used in the warehouses. Under UMF Group, diesel is mainly used to fuel the boiler at FOM's oat mill plant and to operate the non-battery-operated forklifts in their warehouses and plants.

In FY2023, KGL Group and UMF Group continued to adopt similar measures from previous years to promote energy savings throughout their operations. As an example, the Group continued to switch to energy-saving LED light bulbs in its offices, warehouses and plants. Our operations teams aim to upgrade their current fluorescent light bulbs to energy-saving bulbs progressively. In our warehouses, some of our energy-intensive equipment, such as diesel forklifts, have been replaced with electric forklifts. We are evaluating the feasibility of replacing all our non-battery-operated forklifts with fully electric models, including reviewing current constraints, such as the lack of warehouse space to install charging ports and the costs of converting to fully electric forklifts.

In addition, the Group has continued to take steps to expand and explore alternative renewable energy sources to optimise energy savings while reducing carbon footprint of our plants and warehouses, in particular via solar power. The Group initiated these efforts at KGVO, a UMF Group company, and is currently expanding it to FOM and SHC in FY2024, driven by its economic and environmental benefits. To date, KGVO managed to achieve substantial energy savings for two consecutive financial years.

The table below provides an overview of the energy and solar power usage at KGVO in the past three financial years ended 31 July 2023:

	<b>FY2023</b>	<b>FY2022</b>	<b>FY2021</b>
<b>Grid Electricity Usage (kWh)</b>	<b>113,092</b>	88,920	141,788
<b>% of Grid Electricity Usage</b>	<b>60%</b>	54%	79%
<b>Solar Power(kWh)</b>	<b>74,559</b>	75,984	37,992
<b>% of Solar Power Usage</b>	<b>40%</b>	46%	21%
<b>Total Power Usage (kWh)</b>	<b>187,651</b>	164,904	179,780
<b>Total Power Usage</b>	<b>100%</b>	100%	100%

At SHC, discussions are underway with a solar panel consultant to conduct a feasibility study for solar panels installation. The project is expected to be completed by first quarter of 2024 if the outcome of the study is positive. Due to the lower energy tariffs available in East Malaysia and the limited availability of industrial solar panel specialists in Sabah, TGF will have to conduct a more in-depth evaluation on the cost-effectiveness of solar generated power at their facilities before embarking on such an initiative.

Under UMF Group, FOM invested SGD376,800 to install solar panels on its warehouse roofing. The installation works are expected to be completed and operational by the first quarter of 2024, subject to licensing approval from the Malaysian Energy Commission. UMF is also in talks with a third-party consultant to seek ways to increase energy efficiency of its plant. UMF is revisiting the feasibility study for solar panels installation and engaging in ongoing discussions with the solar panel consultant on possible options to navigate around the challenges observed in installing solar panels.

The following tables provide an overview of the energy consumption of KGL Group and UMF Group in FY2023 and FY2022.

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

The Group	FY2023	FY2022
<b>KGL Group</b>		
KGL	58,505	56,412
TGF	215,653	223,770
SHC	87,007	78,633
<b>Total for KGL Group</b>	<b>361,165</b>	<b>358,815</b>
<b>UMF Group</b>		
UMF	7,437,469	7,311,200
FOM	3,908,875	4,289,796
KGVO/CPM <sup>(b)</sup>	113,092	88,920
<b>Total for UMF Group</b>	<b>11,459,436</b>	<b>11,689,916</b>
<b>Total for the Group (kWh)</b>	<b>11,820,601</b>	<b>12,048,731</b>

Notes:

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

(b) CPM's electricity consumption is tracked by KGVO as it shares the premises with KGVO.

The Group's overall electricity consumption has decreased marginally in FY2023. SHC, under KGL Group, recorded an increase in its electricity consumption in FY2023 from FY2022 mainly due to the installation of 2 units of 5hp air-conditioners in the storage rooms used to store corn grits and corn flour to address risk of weevils' infestation.

FOM recorded a reduction in its electricity consumption by 8.9% in FY2023 as a result of process optimisation and improved machinery efficiency. KGVO's electricity consumption increased by 27% due to a 62% increase in its production output during FY2023.

#### Total Fuel Consumption (litres) <sup>(a)</sup>

The Group	FY2023	FY2022
<b>KGL Group</b>		
KGL	<sup>(b)</sup> 0	0
TGF	118,644	119,445
SHC	29,414	32,617
<b>Total for KGL Group</b>	<b>148,058</b>	<b>152,062</b>
<b>UMF Group</b>		
UMF	30,219	28,165
FOM	<sup>(c)</sup> 318,949	341,380
KGVO/CPM <sup>(d)</sup>	7,886	7,072
<b>Total for UMF Group</b>	<b>357,054</b>	<b>376,617</b>
<b>Total for the Group (litres)</b>	<b>505,112</b>	<b>528,678</b>

Notes:

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

(b) KGL in Singapore does not own any transportation fleet of its own to transport goods.

(c) The amount of 313,435 litres of diesel out of the total fuel consumption recorded by FOM was used to fuel the boiler.

(d) CPM's fuel consumption is tracked by KGVO as it shares the premises with KGVO.



In FY2023, the Group refined its disclosures on energy consumption to include energy intensity ratio, which is aimed to provide an overview of the Group's energy efficiency against activities such as revenue or raw input volume in relation to other companies.

Below is the breakdown of the total energy consumption and energy consumption intensity ratio for the Group in FY2023:

<b>Total Energy Consumption <sup>(a)</sup></b>	<b>FY2023</b>
<b>KGL Group (GJ)</b>	6,610
<b>UMF Group (GJ)</b>	54,356
<b>Total for the Group (GJ)</b>	<b>60,967</b>

<b>Energy Consumption Intensity Ratio <sup>(b)</sup></b>	<b>FY2023</b>
<b>KGL Group (GJ/mil SGD revenue)</b>	91.85
<b>UMF Group (GJ/kt raw input volume)</b>	496.51

Notes:

(a) This is a new indicator to align with the SGX Core ESG Metrics. The total energy consumption includes the total electricity and total fuel consumption in gigajoules (GJ).

(b) This is a new indicator to align with the SGX Core ESG Metrics. KGL Group measured their energy consumption intensity based on their total energy consumption against their revenue. UMF Group referred to their total energy consumption against their raw input volume.

## Targets & Performance

<b>Material Matter</b>	<b>Target</b>	<b>Performance in FY2023</b>
<b>Energy Management</b>	To improve overall electricity consumption	The Group continued to explore areas to optimise energy consumption and efficiency including interest to expand solar panel installations across the Group.



## Climate Change and Greenhouse Gas (GHG) Emissions

### GHG Emissions

KGL recognises the need to address climate change in our businesses. With extreme changes in weather and temperature conditions across the world, climate change impacts are posing a real threat to our businesses, environment and the people in our planet. In order to mitigate such risks impacting our businesses, KGL aims to work on developing a climate action plan, refine its GHG inventory and commit to reducing carbon emissions with a consistent approach on our GHG disclosures.

The Group understands that its energy consumption and GHG emissions can contribute to climate change. As a start, it has been internally assessed that the direct (Scope 1) GHG emissions can be measured from the amount of diesel and petrol consumed in its operations and from the transportation of materials and products in vehicles owned by the Group. This would cover its fleet of transportation vehicles and forklifts, including the use of diesel to fuel the boiler at FOM's oat mill plant. Separately, indirect (Scope 2) GHG emissions include emissions that result from the generation of purchased electricity used by the Group in its offices, warehouses and plants.

Below is the consolidated Scope 1 and Scope 2 GHG emissions data and GHG emissions intensity ratios in FY2023 compiled for the Group:

GHG Emissions (tonnes CO <sub>2</sub> -eq)	KGL Group	UMF Group	The Group
<b>Scope 1 Direct GHG Emissions</b> <sup>(a)</sup>	375	913	1,288
<b>Scope 2 Indirect GHG Emissions</b> <sup>(b)</sup>	205	8,938	9,144
<b>Total (Scope 1 + Scope 2) GHG Emissions</b>	<b>580</b>	<b>9,852</b>	<b>10,432</b>

GHG Emissions Intensity Ratio <sup>(c)</sup>	KGL Group (tonnes CO <sub>2</sub> -eq /mil SGD revenue)	UMF Group (tonnes CO <sub>2</sub> -eq /kt raw input volume)
<b>Scope 1 Direct</b>	5.20	8.34
<b>Scope 2 Indirect</b>	2.85	81.65
<b>Total (Scope 1 + Scope 2)</b>	<b>8.05</b>	<b>89.99</b>

Notes:

- (a) This is a new indicator to align with the SGX Core ESG Metrics. Scope 1 direct emissions generated from combustion of fuels in mobile sources, i.e., from the Group's own transportation fleet and forklifts and stationary source, i.e., from FOM's boiler, is calculated using the latest conversion factors for diesel and petrol (Average biofuel blend) by UK BEIS (Department for Business Energy & Industrial Strategy) and the GHG Protocol, Table 1. CO<sub>2</sub> Emission Factors by Fuel.
- (b) Scope 2 indirect emissions generated from electricity purchased from the utilities' companies in Singapore and Malaysia. For the Malaysian companies, emission factors used are based on the 2019 latest grid emission factor for Peninsular Malaysia and Sabah published by the Malaysian Energy Commission. For Singapore, the emission factor used is based on the 2020 emission factors published by the Singapore Energy Statistics, the Energy Market Authority.
- (c) This is a new indicator to align with the SGX Core ESG Metrics. Covers both Scope 1 & Scope 2.

Given this is the first financial year in which KGL is reporting on GHG emissions from its different business segments, there is no comparable data available on the amount of GHG emissions from

previous years. The Group aims to apply a consistent approach in consolidating its data to provide clearer GHG emissions disclosures in future reports.

### Climate-Related Disclosures

The Group will seek to integrate its climate-related disclosures with the recommendations of the TCFD on identifying and disclosing the potential impacts on the businesses in future reporting. It strives to manage potential climate-related risks and opportunities which may have an impact on the business, strategy and financial planning.

### Targets & Performance

Material Matters	Targets for FY2024
Climate Change & Greenhouse Gas Emissions	<ul style="list-style-type: none"> <li>To explore ways to reduce GHG emissions in our operations</li> <li>To set baseline targets and short and long-term goals on GHG emissions</li> <li>Climate-related disclosures based on the TCFD recommendations</li> </ul>

### Waste Management

The Group is mindful of reducing, reusing and recycling waste generated from its operations and will take all necessary steps to ensure all activities are in accordance with the applicable environmental laws and regulations. The Group seeks to ensure its waste management practices do not harm the environment nor have a negative impact on the surrounding communities in which it operates.

In the Group's food manufacturing business segments, the following policies are established:

- UMF's Environment, Health and Safety Policy, addresses UMF's commitment in protecting and improving the environment in all areas.
- FOM's Safety Health and Environment Policy, recognises FOM's commitment to prevent pollution and reduce environmental impact from our operations and products.

The Group consciously strives to ensure the waste generated from its operations, offices, and other areas at the site are handled appropriately and are safely disposed of by licensed and qualified contractors.

The types of waste generated from the businesses are categorised as:

- Hazardous Waste (Scheduled Waste)
- Non-Hazardous Waste (General and Scrap)

Waste classifications determine the approach for handling, storing and disposing of waste generated throughout the entire value chain. Hazardous waste generated, which is any waste that has hazardous characteristics and that has potential to negatively impact the environment, is stored in specified locations and managed by a competent person who is certified to manage the hazardous waste at the respective factories.

The types of hazardous waste generated and recorded in UMF and FOM's manufacturing plants include:

Waste Code <sup>(a)</sup>	Type of Scheduled Waste <sup>(b)</sup>
SW 110	Waste from electrical and electronic assemblies
SW 305	Spent lubricating oil
SW 306	Spent hydraulic oil
SW 311	Waste oil or oily sludge
SW 312	Oily residue from automotive workshop, service station oil or grease interceptor
SW 402	Spent alkali with pH levels more or equal to 11.5, which is corrosive or hazardous
SW 404	Pathogenic wastes, clinical wastes or quarantined materials
SW 409	Disposed containers, bags or equipment contaminated with chemicals, pesticides, mineral oil or scheduled wastes
SW 410	Rags, plastics, papers or filters contaminated with scheduled wastes
SW 417	Wastes of ink, paints, pigments, lacquer, dye or varnish
SW 425	Wastes from the production, formulation, trade or use of pesticides, herbicides or biocides
SW 426	Off-specification products from the production, formulation, trade or use of pesticides, herbicides or biocides

Notes:

(a) Waste code numbers are based on the First Schedule (Regulation 2) of the Malaysian Environmental Quality (Scheduled Wastes) Regulations 2005

(b) Based on the hazardous waste inventory recorded by UMF and FOM respectively in FY2023.

Hazardous wastes details are tracked, captured internally and reported to the DOE twice a year in accordance with the Malaysian Environmental Quality (Scheduled Wastes) Regulations 2005. Only DOE-approved licensed operators will collect and dispose of hazardous waste from the manufacturing plants, at least every 6 months.

The types of non-hazardous waste generated in the Group's operations include waste left behind from the raw materials transporters (for example, metal rods or cardboards), packaging materials, unsold goods and general office waste. Packaging materials used throughout the different business segments include tins, jars, pouches, sachets, polypropylene (PP) woven bags, craft paper bags, metallised bags, paper laminated with PP, polyethylene (PE) and polyethylene terephthalate (PET) plastic. There are also secondary packaging materials such as carton boxes, shrink wrap, sling bags and wooden pallets. By-products derived from the wheat, pea, and oat processing operations are sold to animal farms to be used as animal feed.

To minimise waste sent to the landfills, the operations teams collect the scrap in their premises on a daily basis; then label, store, and deform (if needed) the items to be sold to third-party contractors for recycling. The items that are unable to be recycled are collected at a cost for disposal at the landfills. At UMF and FOM plants, recyclable waste segregation bins have been placed at the main office areas in each level of their offices to encourage their employees to be more mindful of what they are throwing and where it should go.

The table below sets out an overview of the waste generated in FY2023:

Waste Management	KGL Group	UMF Group	The Group
<b>Total Hazardous Waste (tonnes) <sup>(a)</sup></b>	0.00	2.00	<b>2.00</b>
<b>Total Non-Hazardous Waste (tonnes) <sup>(b)</sup></b>	10.03	279.87	<b>289.90</b>
<b>Total Waste Generated (tonnes) <sup>(c)</sup></b>	<b>10.03</b>	<b>281.87</b>	<b>291.90</b>

Notes:

- (a) This is a new indicator to align with the SGX Core Metrics. Total Hazardous Waste includes Scheduled Waste (excluding scrap and general waste). No hazardous waste was tracked by the KGL Group, CPM and KGVO, under UMF Group, in FY2023.
- (b) This is a new indicator to align with the SGX Core Metrics. No data was available on non-hazardous waste generated by KGL and TGF under KGL Group and CPM, under UMF Group, in FY2023. The Group is reassessing how to best track and monitor waste generated at these companies for its future disclosures on waste management.
- (c) This is a new indicator to align with the SGX Core Metrics. Total waste generated by the Group includes both Hazardous (Scheduled Waste) and Non-Hazardous Waste.

## Targets & Performance

Material Matter	Targets for FY2024
<b>Waste Management</b>	<ul style="list-style-type: none"> <li>Seek ways to reduce, reuse, and recycle waste generated throughout KGL Group and UMF Group's value chain</li> </ul>

## Water Management

The Group recognises water as a scarce natural resource and will continue to monitor water consumption and practices throughout its operations to minimise any negative environmental impacts from its operations. The facilities covered in this Report, both in Singapore and Malaysia, are not located in any water stressed areas.

Water usage is monitored based on monthly billing invoices received from the local utility providers in majority of the operations. Several opportunities for improvements of the data collection and monitoring mechanisms were identified for the FY2023 reporting. This will enhance the Group's efforts to effectively track and evaluate performance to sustain a consistent level of consumption.

KGL's previous Report highlighted an example where water is consumed and recycled in the Group's operations. This happens where almost all of the water recovered from the condensation process is recycled back into the boiler for heating purposes in the oat milling process at FOM. With increased awareness on the impacts of climate change on the environment, the operations teams in FOM and KGVO have explored initiatives to harvest rainwater as a means to reduce dependency on external sources. The harvested rainwater can be utilised for various purposes, including cleaning outdoor spaces, drains, flooring, and watering plants. Their plans are expected to be implemented in the fourth quarter of 2023.

The table below sets out the total water consumption across the Group in FY2023 and FY2022:

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

The Group	FY2023	FY2022
<b>KGL Group</b>	<b>m<sup>3</sup></b>	<b>m<sup>3</sup></b>
KGL	910	1,033
TGF	5,170	2,520
SHC	3,629	4,105
<b>Total for KGL Group</b>	<b>9,709</b>	<b>7,658</b>
<b>UMF Group</b>		
UMF	12,482	<sup>(a)</sup> 10,498
FOM	17,381	17,604
KGVO/CPM <sup>(b)</sup>	1,410	1,779
<b>Total for UMF Group</b>	<b>31,273</b>	<b>29,881</b>
<b>Total for the Group</b>	<b>40,982</b>	<b>37,539</b>

Notes:

(a) Restatement of UMF water consumption in FY2022 to include dhal processing plant water consumption which was omitted from the previous year water consumption data. FY2023 data for UMF includes the dhal processing plant water consumption data.

(b) CPM shares the facilities with KGVO, which manages the utilities of that site. Water consumption for CPM is monitored by KGVO.

In FY2023, there was a significant uptick in TGF's water consumption, attributable to the improved water consumption monitoring methodology introduced during the reporting year. Faced with irregular billing practices from the utility provider in Sabah, TGF proactively took steps to regularly track its water consumption on a monthly basis.

UMF experienced a 16% surge in its FY2023 water consumption data primarily due to faulty water tank float and pipe leaks. Following several rounds of monitoring, the faulty float and aging pipes were successfully rectified, restoring water consumption to normal levels. We have restated both FY2022 and FY2023 figures to take into account UMF's dhal mill's water consumption.

Despite a 62% increase in production output, KGVO recorded lower water consumption in FY2023. This reduction can be attributed to the challenges posed by irregular water billing cycles and water meter issue. The issue has been raised to the local water utility authority in Penang for further investigations to address the concerns.

Water Consumption Intensity Ratio <sup>(a)</sup>	FY2023	FY2022
<b>KGL Group</b> (m <sup>3</sup> /mil SGD revenue)	<b>135</b>	110
<b>UMF Group</b> (m <sup>3</sup> /kt raw input volume)	<b>286</b>	293

Note:

(a) This is a new indicator to align with the SGX Core Metrics. Water consumption intensity ratio is calculated based on mil SGD revenue for KGL Group and kt raw input volume for UMF Group.

The higher water consumption intensity ratio observed for FY2023 for KGL Group was mainly attributed to TGF's doubled intensity ratio, a result of the improved monthly monitoring of water consumption.

### Targets & Performance

Material Matter	Target	Performance in FY2023
<b>Water Management</b>	To increase awareness on water conservation initiatives	FOM and KGVO explored water conservation initiatives such as harvesting rain water to clean drains, flooring and water plants which are expected to be put in place by end of 2023.

## SOCIAL

### Employment And Labour Practices

Employees are our most important assets. Our business depends on our employees' valuable contribution and dedication to our long-term success. We strive to maintain a healthy relationship with our people to foster a safe and caring working environment, and where possible, we want to ensure they are equipped with the right tools and skills to reach their fullest potential.

The Group has in place internal procedures and practices to cover fair employment practices on recruitment, promotion, dismissal, working hours among others. At TGF, human resources ("HR") practices are guided by internal procedures which apply to all its employees across its 6 branches in Sabah. UMF Group has published a standardised Employee Handbook applicable for UMF Group employees. In addition, UMF is currently progressing on its digitalisation of its human capital management system. Two segments of the system, in particular, e-leave application and i-payroll are expected to go-live first quarter of the year 2024. Other aspects of the system, such as e-appraisal and rewards, are expected to be rolled out in the year 2024 for UMF Group first. KGL Group will continue to review its own HR practices and work with UMF Group to align their best practices to ensure the wellbeing of the employees of KGL Group are adequately addressed.

All full-time employees in the Group are compensated competitively at par with the market rate and are offered employment benefits such as paid leave, paid maternity and paternity leave, group hospitalisation and personal accident insurance coverage in accordance with the local laws. Foreign workers, employed only under UMF Group, also enjoy the same benefits accorded to the local employees except for the paternity and maternity benefits which do not apply to them.

KGL Group and UMF Group have carried out several initiatives during the year to strengthen their workforce. Examples of these initiatives involved the hiring of a senior manager at TGF and a review of its organisational structure focusing on developing and enhancing the leadership team. A human capital initiative involving mainly the UMF Group is currently in progress to deliver programmes based on workforce planning and competency to meet priority skills needed. This involves key HR staff training and the completion of the performance management cycle. The Group will continue in its efforts to build a stronger workforce through its hiring process, and improve efficiencies by implementing systems in the operations.

#### **Total Workforce**

The Group's total workforce as at 31 July 2023 is 612.

The following table provides a breakdown of the total employees in the respective operations of the Group over a period of three financial years ended 31 July 2023:

## Total Workforce

The Group	FY2023		FY2022		FY2021	
	No.	%	No.	%	No.	%
<b>KGL Group</b>						
KGL	10	1.63	10	1.76	10	1.76
TGF	192	31.37	192	33.86	206	36.20
SHC	35	5.72	33	5.82	34	5.98
<b>Total Workforce - KGL Group</b>	<b>237</b>	<b>38.73</b>	<b>235</b>	<b>41.45</b>	<b>250</b>	<b>43.94</b>
<b>UMF Group</b>						
UMF	160	26.14	141	24.87	135	23.73
FOM	171	27.94	154	27.16	142	24.96
CPM	13	2.12	14	2.47	17	2.99
KGVO	31	5.07	23	4.06	25	4.39
<b>Total Workforce - UMF Group</b>	<b>375</b>	<b>61.27</b>	<b>332</b>	<b>58.56</b>	<b>319</b>	<b>56.07</b>
<b>Total Workforce - The Group</b>	<b>612</b>	<b>100.00</b>	<b>567</b>	<b>100.00</b>	<b>569</b>	<b>100.00</b>

The total workforce for the Group grew in FY2023 as compared to FY2022, driven by increased hiring in response to rising business demands for UMF Group.

Most of the Group's employees are employed from their respective states or local areas in Singapore or Malaysia, where the Group has operations, even as we continue to focus on providing opportunities to our local communities.

The Group's workforce comprises of permanent and temporary employees.

## Employment Type (by Gender and Region)

	KGL Group		UMF Group		The Group	
<b>Permanent Employees <sup>(a)</sup></b>						
<b>By Gender</b>	No.	%	No.	%	No.	%
Male	182	76.8	261	69.6	443	72.4
Female	55	23.2	113	30.4	168	27.6
<b>By Region</b>						
Singapore	10	4.2	4	1.1	14	2.3
Malaysia	227	95.8	370	98.9	597	97.7
<b>Temporary Employees <sup>(b)</sup></b>						
<b>By Gender</b>	No.	%	No.	%	No.	%
Male	0	0.0	0	0.0	0	0.0
Female	0	0.0	1	100.0	1	100.0
<b>By Region</b>						
Singapore	0	0.0	0	0.0	0	0.0
Malaysia	0	0.0	1	100.0	1	100.0

Notes:

(a) This is a new indicator to align with the SGX Core ESG Metrics and the GRI Standards. Permanent employees include both local as well as foreign workers who are employed by UMF and FOM.

(b) This is a new indicator to align with the SGX Core ESG Metrics. Temporary employees are employed on short-term contracts or who are employed on a part-time basis.



### Employee Engagement Activities

As post-COVID restrictions are lifted in FY2023 and most employees returned to their workplaces, UMF Group took the opportunity to foster stronger ties between the teams and ensure their employees enjoy their overall working experience through meaningful experiences and activities held during the financial year.

Both UMF and FOM successfully carried out engagement activities for their teams to interact directly with each other and their respective supervisors. Through these engagements, we hope to build a culture of mutual trust and respect. Several employees participated in sporting events made available to them from January 2023. Employees found relaxation and stress relief in after-work activities such as badminton, Zumba classes, and board games. Several departments in UMF and FOM organised team-building events, including white-water rafting in Sedim, Kedah, and a day trip to the Lost World of Tambun in Ipoh, Perak. During the festive seasons or birthday celebrations, UMF Group also handed meal or supermarket vouchers to eligible staff.



KGVO, a subsidiary of FOM, organised a Year-End Appreciation dinner in December 2022 for all their employees to attend and celebrate. In conjunction with the Christmas festivities, a Christmas gift exchange held by the KGVO team proved to be a memorable event that allowed individuals to show appreciation for each other to promote the spirit of gratitude and unity. During Chinese New Year, staff were also treated to a Chinese New Year meal and mandarin oranges, food, and supermarket vouchers were also handed out to them.



New employees undergo onboarding training to obtain an overview of their respective company's policies and general practices and to help them transition into their new environment quickly.

Supervisors in various departments engaged with individuals to review their performance during the year-end review process. These assessments provide an avenue for increments, promotions, or assessing training needs of each individual or the respective departments.

In FY2023, no townhalls were conducted by any companies under the Group. The Group did not issue any employee engagement surveys to existing employees in FY2023. However, a new mechanism to understand new hires' perception of their respective companies has been implemented during the financial year as part of an onboarding survey.

## Diversity and Equal Opportunities

KGL promotes a culture of respect for each individual, irrespective of age, gender, experience, and skills. We uphold the values of diversity and inclusivity in our workplaces, where everyone is treated equitably and has access to equal opportunities, which in turn, fosters an excellent and positive working environment.

The Group consists of a diverse workforce, with a significant number of women represented in management roles in the Group. See the section on *Workforce in Senior Manager and Manager Roles by Gender*.

### Gender Diversity

The table below provides the workforce breakdown by gender across the Group over the last three financial years ended 31 July 2023.

By Gender <sup>(a)</sup>	FY2023				FY2022				FY2021			
	M	%	F	%	M	%	F	%	M	%	F	%
<b>KGL Group</b>												
KGL	6	60%	4	40%	6	60%	4	40%	6	60%	4	40%
TGF	148	77%	44	23%	148	77%	44	23%	158	77%	48	23%
SHC	28	80%	7	20%	27	82%	6	18%	26	76%	8	24%
<b>Total for KGL Group</b>	<b>182</b>	<b>77%</b>	<b>55</b>	<b>23%</b>	<b>181</b>	<b>77%</b>	<b>54</b>	<b>23%</b>	<b>190</b>	<b>76%</b>	<b>60</b>	<b>24%</b>
<b>UMF Group</b>												
UMF	122	76%	38	24%	105	74%	36	26%	103	76%	32	24%
FOM	116	68%	55	32%	97	63%	57	37%	95	67%	47	33%
CPM	6	46%	7	54%	11	79%	3	21%	8	47%	9	53%
KGVO	17	55%	14	45%	17	74%	6	26%	15	60%	10	40%
<b>Total for UMF Group</b>	<b>261</b>	<b>70%</b>	<b>113</b>	<b>30%</b>	<b>230</b>	<b>69%</b>	<b>102</b>	<b>31%</b>	<b>221</b>	<b>69%</b>	<b>98</b>	<b>31%</b>
<b>Total for the Group</b>	<b>443</b>	<b>72%</b>	<b>169</b>	<b>28%</b>	<b>411</b>	<b>72%</b>	<b>156</b>	<b>28%</b>	<b>411</b>	<b>72%</b>	<b>158</b>	<b>28%</b>

Note:

(a) The Group refined the breakdown of gender-based data to include the percentage of the gender breakdown in FY2023 to align with the SGX Core Metrics and the GRI Standards. M denotes male, while F denotes female.

At the end of the financial year, the Group's total workforce was 612, of which 72% were male and 28% were female.

### Age-Based Diversity

The table below highlights employee distribution based on age groups across the Group in FY2023. There is still a relatively significant number of employees over 50 years of age at KGL and KGVO. The Group is working to address succession planning and any other gaps to fill critical positions. These efforts aim to establish an effective strategic plan to facilitate a smoother transition in leadership and vital roles for the future. We addressed TGF's succession planning concerns by appointing a new senior manager in FY2023.

By Age Group	<30 years old (%)		30-50 years old (%)		>50 years old (%)	
	FY2023	FY2022	FY2023	FY2022	FY2023	FY2022
<b>KGL Group</b>						
KGL	0.00	0.00	20.00	20.00	80.00	80.00
TGF	35.42	39.06	47.92	46.36	16.67	14.58
SHC	40.00	24.24	25.71	33.33	34.29	42.43
<b>Total - KGL Group</b>	<b>34.60</b>	<b>35.32</b>	<b>43.46</b>	<b>43.40</b>	<b>21.94</b>	<b>21.28</b>
<b>UMF Group</b>						
UMF	31.88	31.21	51.25	53.19	16.88	15.60
FOM	43.86	43.51	45.61	44.16	10.53	12.33
CPM	7.69	7.14	61.54	57.14	30.77	35.72
KGVO	19.35	13.04	32.26	39.13	48.39	47.83
<b>Total - UMF Group</b>	<b>35.47</b>	<b>34.64</b>	<b>47.47</b>	<b>48.19</b>	<b>17.07</b>	<b>17.17</b>
<b>Total – Group</b>	<b>35.13</b>	<b>34.98</b>	<b>45.92</b>	<b>45.79</b>	<b>18.95</b>	<b>19.23</b>

### Workforce in Senior Management and Manager Roles

The tables below provide an overview of employees in senior manager and manager roles in KGL Group and UMF Group in FY2023.

Although women are not widely represented in senior management positions in our companies, many continue to hold managerial positions in the Group's workplaces, for example, under the KGL Group and in FOM and KGVO under the UMF Group.

Senior Manager	KGL Group		UMF Group		The Group	
	FY2023	FY2022	FY2023	FY2022 <sup>(a)</sup>	FY2023	FY2022 <sup>(a)</sup>
<b>Total (No.)</b>	<b>7</b>	<b>7</b>	<b>10</b>	<b>10</b>	<b>17</b>	<b>17</b>
<b>Male</b>						
<b>By %</b>	<b>100%</b>	<b>100%</b>	<b>80%</b>	<b>80%</b>	<b>88%</b>	<b>88%</b>
<b>By Number</b>	<b>7</b>	<b>7</b>	<b>8</b>	<b>8</b>	<b>15</b>	<b>15</b>
<b>Female</b>						
<b>By %</b>	<b>0%</b>	<b>0%</b>	<b>20%</b>	<b>20%</b>	<b>12%</b>	<b>12%</b>
<b>By Number</b>	<b>0</b>	<b>0</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>

Notes:

(a) Restatement for total (no.) and male senior managers (by % and by number) for UMF Group and the Group in FY2022 to reflect correction for FOM male senior managers count.

Manager	KGL Group		UMF Group		The Group	
	FY2023	FY2022	FY2023	FY2022	FY2023	FY2022
<b>Total (No.)</b>	<b>15</b>	8	<b>30</b>	32	<b>45</b>	40
<b>Male</b>						
%	<b>80.0%</b>	62.5%	<b>63.0%</b>	59.4%	<b>69.0%</b>	60.0%
<b>By Number</b>	<b>12</b>	5	<b>19</b>	19	<b>31</b>	24
<b>Female</b>						
%	<b>20.0%</b>	37.5%	<b>37.0%</b>	40.6%	<b>31.0%</b>	40.0%
<b>By Number</b>	<b>3</b>	3	<b>11</b>	13	<b>14</b>	16

### New Hire Rate

The overview of the new hire rate by gender, age group, and region for the Group in FY2023:

<b>New Hire Rate</b>	<b>KGL Group</b>	<b>UMF Group</b>	<b>Total Group</b>
<b>Total %</b>	16.7%	37.1%	29.1%
<b>Total (No.)</b>	39	135	174
<i>By gender (%)</i>			
<b>Male</b>	85%	84%	84%
<b>Female</b>	15%	16%	16%
<i>By age (%)</i>			
<b>&lt;30 years old</b>	77%	62%	65%
<b>30-50 years old</b>	23%	34%	32%
<b>&gt;50 years old</b>	0%	4%	3%
<i>By region (%)</i>			
<b>Singapore</b>	0%	0%	0%
<b>Malaysia</b>	100%	100%	100%

### Turnover Rate

The overview of the employee turnover rate for the Group by gender, age group, and region in FY2023 is as follows:

<b>Turnover Rate</b>	<b>KGL Group</b>	<b>UMF Group</b>	<b>Total Group</b>
<b>Total %</b>	15.4%	26.4%	22.1%
<b>Total (No.)</b>	36	96	132
<i>By gender (%)</i>			
<b>Male</b>	91.7%	78.1%	81.8%
<b>Female</b>	8.3%	21.9%	18.2%
<i>By age (%)</i>			
<b>&lt;30 years old</b>	80.6%	60.4%	65.9%
<b>30-50 years old</b>	19.4%	30.2%	27.3%
<b>&gt;50 years old</b>	0.0%	9.4%	6.8%
<i>By region (%)</i>			
<b>Singapore</b>	0%	0%	0%
<b>Malaysia</b>	100%	100%	100%

In FY2023, both KGL Group and UMF Group have begun monitoring new hire rate and turnover rate as part of the Group's efforts to align disclosures with the SGX Core Metrics and GRI standards. The main reason for attrition for companies like SHC and the UMF Group in Malaysia, is the competitive salary offered by other companies in Penang state.

## Training and Development

The Group recognises employee training as a building block for its employees to develop their skill sets to their fullest potential. Employees in the Group receive on-the-job training as well as structured external or internal training programmes for their personal and professional growth.

Various training programmes were available for the employees, including upskilling in technical, soft skills, leadership, anti-bribery, and ESG awareness training. UMF Group offers an effective Induction Programme that provides classroom training modules with briefings on the "dos and don'ts", the Anti-bribery and Corruption Policy and Whistleblowing Policy, health and safety prerequisites, and operational training from the respective departments, among others, to integrate new employees into their new working environment

Training needs for each employee are assessed based on the individual's performance appraisal and data and analytics assessments. The table below outlines the Group's performance on the Training and Development impacts on its employees in FY2023:

### Training Hours

Total Training Hours	FY2023	FY2022
<b>KGL Group</b>	<b>630</b>	388
<b>UMF Group</b>	<b>4,832</b>	675
<b>Total Training Hours for Group</b>	<b>5,462</b>	<b>1,063</b>

### Training Hours by Gender <sup>(a)</sup>

	FY2023	KGL Group	UMF Group	Total Group
<b>Total Training Hours</b>				
<b>Male</b>		523	3,067	3,590
<b>Female</b>		107	1,765	1,872
<b>Total</b>		<b>630</b>	<b>4,832</b>	<b>5,462</b>
<b>Average Training Hours <sup>(b)</sup></b>				
<b>Male</b>		2.95	12.32	8.43
<b>Female</b>		1.88	15.62	11.01
<b>Total</b>		<b>2.69</b>	<b>13.27</b>	<b>9.13</b>

Notes:

(a) This new indicator is to align with the ESG Core Metrics and the GRI Standards to capture training hours by gender and to calculate average training hours by gender.

(b) Average training hours are based on 12 months' average employee count (male, female, and total).



There is a significant increase in the Group's training hours in FY2023 from the previous Report due to more physical training with the lifting of the pandemic restrictions. Mandatory training to meet regulatory or compliance requirements was mainly attended by UMF and FOM employees. The Group remains committed to ensuring its employees continuously receive the appropriate training, be it on-the-job training or classroom-based programmes, to allow their employees to increase their knowledge and skills to be more effective in their responsibilities.

### **Labour Management Freedom of Association - Collective Agreement**

KGL does not restrict any of the employees in KGL Group to freedom of association and collective bargaining. Under UMF Group, both FOM and UMF have employees who are part of the Malaysian Food Industry Employees' Union (FIEU), also known as the Kesatuan Pekerja-Pekerja Perkilangan Perusahaan Makanan (KPPPM). Negotiations for the 15<sup>th</sup> edition of the Collective Agreement with FOM and FIEU were concluded in 2022. The Collective Agreement made between UMF and FIEU was renewed for a 3-year term in 2023. The Trade Union provides a channel for effective communication between the management and employees.

No significant complaints escalated from the Trade Union to FOM and UMF in FY2023. Both UMF and FOM's management meet the Trade Union members on an ad hoc basis and as and when needed throughout the year. Key terms of the respective Collective Agreement cover salary benefits, working hours, overtime, leave entitlements, salary and wages structure, and grievance process, among others, to address the rights and benefits of the parties. For the UMF and FOM's employees not covered under the Collective Agreement, their employment contract will address their terms of employment. Under the Collective Agreement with FIEU, a grievance procedure provides an avenue for the Union members to raise any grievances in a structured manner.

### **Labour Practices and Standards**

All the companies in the Group adhere to labour practices in their businesses that promote mutual respect and understanding in its relationships with its people, stakeholders, and communities. The Group is committed to respecting human rights and does not engage in child labour.

KGL Group and UMF Group do not conduct business with partners who do not share the Group's views on zero tolerance for child labour. The Group is committed to ensuring no forced or compulsory labour in any part of its businesses and supply chain partners. KGL is committed to ethical and responsible dealings in its business conduct. KGL does not restrict its employees from freedom of association and collective bargaining.

No incidents of non-compliance with labour practices and standards in FY2023 were reported.

In its efforts to enhance its ESG framework, KGL aims to address the Group's internal control documents to cover KGL Group's and UMF Group's commitments on labour practices and standards, including human rights. In FY2023, FOM established a Social Responsibility Policy to outline how it conducts its business operations in line with the Group's commitment to freedom of association, no child or forced labour, and no discriminatory practices. Under the UMF Group, all foreign workers employed by UMF and FOM are treated fairly and accorded rights in accordance with the laws of Malaysia.

## Targets & Performance

Material Matter	Target	Performance in FY2023
<b>Diversity and Equal Opportunities</b>	Strengthen existing policies on Diversity and Equal Opportunities, Human Rights, and other labour practices in line with international standards.	<ul style="list-style-type: none"> <li>The Board's Diversity Policy has been approved and put in place in October 2023</li> <li>FOM established a Social Responsibility Policy</li> </ul>
<b>Training and Development</b>	To organise and increase the number of internal training programmes	A significant increase in training programmes provided and attended by employees of the Group in FY2023.

## Occupational Health and Safety

The health and safety of employees are fundamental priorities for the Group. The expectations to ensure health and safety standards are managed effectively to drive its commitment to safeguard the well-being of its people, including other stakeholders within its operations.

In Malaysia, the Occupational Safety and Health Act 1994 ("OSHA") provides the framework to promote standards for health and safety at work. Under UMF Group, an Environment, Health, and Safety Policy is established for UMF, and a Safety, Health, and Environment Policy is in place for FOM to instil their commitment to their businesses to operate in a safe and hazard-free environment. As part of KGL's ESG journey, KGL aims to standardise its health and safety policies for KGL Group, and where appropriate, UMF Group will consider adopting KGL Group's best practices into its policies and procedures. Although neither KGL Group nor UMF Group currently implement any occupational health and safety management systems to cover their workplaces, we remain committed to ensuring compliance with all health and safety regulations.

KGL's associate, UMF, and some of its subsidiaries have safety committees to oversee health and safety incidents and manage safety programmes in their respective operations. TGF established its safety committee in FY2023, pending the appointment of safety coordinators at each of its branches in Sabah. TGF, SHC, and KGVO will appoint safety coordinators in FY2024.

UMF Group has in place measures to manage emergency readiness through its emergency response team ("ERT") for FOM and UMF. The ERT is comprised of staff members trained to act quickly in the event of any emergencies, specifically for firefighting at the workplace. Members of the ERT team are certified by the Malaysian Fire and Rescue Department (BOMBA). KGL Group, KGVO, and CPM do not have a trained ERT team at their sites.

In April 2023, a fire evacuation drill was conducted at TGF's Kota Kinabalu premises as part of its emergency preparedness for employees to practice quick and safe evacuation. TGF's fire safety team also participated in BOMBA's Fire Safety and Prevention Seminar in July 2023. In the next few years, KGL will ensure TGF and SHC establish similar measures to strengthen its Malaysian subsidiaries' emergency readiness standards.

The Group maintains a commitment to safety by promoting and communicating health and safety awareness at all levels to minimise risks and ensure potential hazards are identified early. All employees must be familiar with safety procedures and policies while working. KGL's Malaysian subsidiaries and associates offer general safety training programmes including those designed for specific work-related hazards, activities, or situations throughout the year. New employees are briefed during the safety induction at the Induction Programme. Suppliers are also provided with a safety briefing when they visit the plants.

### Work-Related Incidences

The Group is pleased to report that it continues to maintain a zero fatalities record, with no fatalities as a result of work-related injury or work-related ill health recorded since 2020. The Group recorded four work-related injuries in FY2023, mainly at the UMF and FOM plants.

Below is a summary of the Group's performance on health and safety impacts in FY2023.

The Group	FY2023	FY2022
<b>Number of Fatalities</b>		
KGL Group	0	0
UMF Group	0	0
The Group	0	0
<b>Number of High Consequence Injuries <sup>(a)</sup></b>		
KGL Group	0	0
UMF Group	0	2
The Group	0	2
<b>Number of Recordable-Work-Related Injuries <sup>(b)</sup></b>		
KGL Group	0	0
UMF Group	4	4
The Group	4	4

FY2023	KGL Group	UMF Group	The Group
<b>Total Working Hours <sup>(c)</sup></b>	554,239.5	825,759.5	<b>1,379,999.0</b>
<b>Rate of Recordable Work-Related Injuries <sup>(d)</sup></b>	0.0	4.8	<b>2.9</b>
<b>Number of Lost-Time Injuries (LTI) <sup>(c)</sup></b>	0.0	4.0	<b>4.0</b>
<b>LTI Frequency Rate (LTFR) <sup>(d)</sup></b>	0.0	4.8	<b>2.9</b>

Notes:

- Refers to work-related injury resulting in a fatality or an injury from which a worker cannot, does not, or is not expected to recover fully to pre-injury health status within six months.
- Refers to work-related injury that results in any of the following: death, days away from work, restricted work or transfer to another job, medical treatment beyond first aid, loss of consciousness, or significant injury diagnosed by a physician or other licensed healthcare professional. Three cases were reported at UMF (1 fall on the same level, two instances of being caught in or between objects) and 1 case at FOM (pinched finger), which resulted in days away from work. In FOM's case, the individual involved was transferred to another role.
- Additional occupational health and safety indicators are included in this Report to align with the SGX Core Metrics and the GRI Standards.
- It is calculated based on the total cases over the total number of hours worked by employees as of the financial year under review (i.e., 1,000,000 hours worked).



## Targets & Performance

Material Matter	Target	Performance in FY2023
<b>Occupational Health and Safety</b>	<ul style="list-style-type: none"> <li>• Increase training or campaigns to create awareness of health and safety and maintain high safety standards.</li> <li>• Maintain zero fatalities track record.</li> </ul>	<ul style="list-style-type: none"> <li>• UMF offered more safety trainings during the year.</li> <li>• No fatalities were recorded with the Group.</li> </ul>

## Operational Practices

The Group aims to operate at consistent and efficient levels to deliver products promptly at the highest quality and offer services to meet the needs and exceed its customers' expectations. With the growing expectations from stakeholders to operate its businesses responsibly, KGL needs to stay up-to-date with standards and commit to responsible practices to manage sustainably.

## Product Quality and Responsibility

The Group takes its responsibility to maintain high health and safety standards for its products and services very seriously. Food safety management standards are adopted to maintain competitive standards for its products and services. KGL strives to meet customers' expectations in product and service qualities. Both TGF and SHC, under the KGL Group, adhere to high-quality standards to meet their customers' specifications.

FOM maintains the following policies on food hygiene and safety of its products:

- Food Safety Policy Statement;
- Non-GMO Policy Statement; and
- Halal Policy.

UMF's Halal Policy and Food Safety Policy Statement align with its commitment to producing safe, quality products.

In all its Malaysian operations, the Group maintains rigorous quality control and assurance processes to ensure that products are satisfactory and do not pose a health and safety risk. UMF and FOM's manufacturing plants are equipped with in-house laboratory facilities to conduct testing. UMF, which operates a flour mill, has its in-house bakery for hands-on testing to ensure the finished products meet the required specifications. The Group's oat mill production plant complies with strict operating procedures throughout the milling processes, from sample testing of incoming raw materials to the packing stage. Similarly, at UMF's flour milling and dhal processing plants, QC and QA inspections are conducted at various stages of the flour milling and dhal splitting process.

KGL's trading and distribution businesses carry out basic visual testing and quality inspections to ensure that the packaging integrity of the products conforms to the basic specifications requested by its customers before delivery.

## Certifications and Quality Standards

The Group practices strict safety and quality standards aligned with internationally recognised standards and guidelines. Its Malaysian operations are accredited with various certifications relating to manufacturing and food safety management:

As of 31 July 2023, the companies under the KGL Group and UMF Group maintained the following certifications and systems:

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

TGF, under the trading and distribution business, does not carry its own food safety certifications, such as the Halal or MeSTI certifications. These certifications are typically provided by the product manufacturers or suppliers upon request by TGF's customers. The MeSTI Certification is issued by the Malaysian Ministry of Health, and the Halal Certificate is issued by the Department of Islamic Development of Malaysia.

Based on the surveillance audits conducted by the relevant certification bodies to ensure processes meet the required standards of the appropriate certifications, no major non-conformance or non-compliance on the health and safety of the products was reported in FY2023 by KGL Group and UMF Group.

## Customer Satisfaction

KGL serves a diverse segment of businesses, including local consumers in Singapore, Malaysia, the ASEAN region, the Middle East, and other parts of the world.

For its distribution and trading business in East Malaysia, TGF supplies and delivers products to a wide range of customers, from retail outlets, hotels, restaurants, and industrial partners across Sabah. SHC focuses mainly on the distribution of its starches, wheat flour, and other food

products to its customer base in Peninsular Malaysia. Customers of the manufacturing business segments under UMF Group include distributors, supermarkets, retailers, and industrial users.

To better understand and evaluate the Group's customers and consumer needs, different platforms have been established to engage with the customers and collect valuable feedback or concerns. These include the corporate websites, official phone lines, or dedicated email channels. The sales departments collate and manage the complaints from their customers. Both UMF and FOM collect customer feedback through bi-annual customer satisfaction evaluations. Customers can assess the performance and quality of the products delivered by UMF and FOM. The survey results are compiled by their respective sales departments to evaluate whether further action is required.

For KGL's trading and distribution segments, any third-party product complaints are dealt with directly with the principal suppliers. Under the UMF Group, the most common complaints received relate to pest issues, such as weevils found in the flour finished products or quality of the packaging, and to minor issues, such as complaints on the pallet conditions or water contamination during delivery. The UMF Group has in place measures to manage complaints, identify the root causes, and monitor the effectiveness of any rectifications carried out. In its distribution and trading businesses, KGL Group occasionally visits customers directly to discuss any issues or complaints about the products.

Customers can conduct audits or site visits at the UMF and FOM plants. In FY2023, FOM was subject to a SEDEX Member Ethical Trade Audit (SMETA) audit by one of its customers, a SEDEX member. This social audit allows customers to assess suppliers' labour, health and safety, and environmental performance at the premises. Before the audit, FOM's operations team attended a SMETA training to understand the process better and enable the respective teams to participate and complete the audit effectively. The audit findings highlighted no major non-compliances, except for six non-compliances relating to health and safety, working practices, and an environmental issue related to a non-registration of a chimney with the DOE, all of which are currently being addressed by FOM.

During FY2023, the Group revisited how each company records its customer complaints. After internal discussions and sharing between KGL Group and UMF Group, both Groups have agreed to streamline their customer complaints based on three key areas: Quality, Service, and Delivery. In total, 3 customer complaints were recorded by KGL Group, and 142 cases were recorded by UMF Group in FY2023, respectively.

### Customer Complaints

Type of Complaints	FY2023			FY2022 <sup>(b)</sup>		
	KGL Group	UMF Group	The Group	KGL Group	UMF Group	The Group
<b>Total Number of Complaints <sup>(a)</sup></b>	<b>3</b>	<b>142</b>	<b>145</b>	<b>0</b>	<b>196</b>	<b>196</b>

Notes:

- (a) KGL Group and UMF Group streamlined their customer complaints based on the number of justified complaints for quality, service, and delivery issues for FY2023 and FY2022.
- (b) There is a restatement of FY2022 customer complaints figures due to a change in the reporting methodology applied by FOM from total customer complaints to total justified customer complaints.

In FY2023, the total number of customer complaints decreased significantly by 27% with FOM's efforts in tackling weevil infestation through sanitation and pest control initiatives. Additionally, their proactive approach to detecting issues such as burnt foil jars as part of quality control played a vital role in this improvement. The Group's commitment to transparency and meeting customer expectations necessitated an expansion of the customer complaints reporting scope, resulting in an increased number of recorded customer complaint cases for KGL Group in FY2023.

**Memberships in Business Associations**

Being part of organisations and partnerships provides the Group the opportunity to collaborate and be relevant in matters of industry. The companies in the Group are members of trade and business associations in Singapore and Malaysia, including a number of business federations and food manufacturer's associations.

In Singapore, KGL is a member of the following:

- Singapore Business Federation
- Food Manufacturer's Association

UMF and FOM are members of the Federation of Malaysian Manufacturers ("FMM") in Malaysia. UMF is also a member of the Malaysian Employers Federation ("MEF") while FOM is also a member of the Malaysia Business Group ("MBG").

**Targets & Performance**

Material Matter	Target	Performance in FY2023
<b>Product Quality and Responsibility</b>	Maintain customers' complaints at acceptable levels	<ul style="list-style-type: none"> <li>• KGL Group recorded 3 customer complaints</li> <li>• UMF Group recorded 140 customer complaints</li> </ul>

## Procurement Practices

The Group relies on its trusted network of business partners, suppliers, and vendors to operate the businesses efficiently. KGL regularly collaborates and engages closely with its partners to ensure a robust supply chain framework. In FY2023, KGL commenced a review of its procurement practices, in particular, to embed sustainability practices with defined policies to ensure a consistent approach to procurement. The Group is committed to responsible practices by working with those partners who share its like-mindedness towards sustainability.

KGL's distribution and trading businesses import and distribute products from FMCG suppliers, manufacturers, and other raw material suppliers. For the manufacturing business under UMF Group, business activities are driven by UMF Group's management, which is in the business of wheat flour milling and dhal processing activities, and FOM, which carries out its processing and exporting of oats products from its milling plant in Penang, Malaysia. These companies also procure other products and services from their indirect suppliers who provide spare parts, and consumable materials, to service providers such as pest control services in the operations. Most partners are based in Singapore and Malaysia as well as those from overseas markets, in particular, for sourcing raw materials such as wheat grains, peas, and oats.

Each of the operating companies in the Group has its own internal standard operating procedures and procurement practices in place to ensure their suppliers and other third-party business partners are selected, evaluated, and assessed effectively. As part of UMF Group's commitment to responsible business practices, UMF Group requires their suppliers to provide a written assurance, as part of the contracting process, on the supplier's commitment to adhere to anti-bribery and corruption policies and ensure full compliance with all applicable laws and regulations relating to anti-bribery and corruption. See further details on the *Ethical Business Practices* section of this Report.

### **Supplier Selection, Evaluation & Assessment**

The criteria for supplier selection for the Group depend heavily on the type and needs of the businesses. Transparent partner selection was based on their industry experience, reputation, lead times, and cost-effectiveness. KGL Group and UMF Group conduct essential due diligence on the respective suppliers to verify their credit standing, where applicable, through company searches, market reputation, and prior track record with other customers.

Suppliers' performance is monitored based on a periodic supplier assessment. In its trading and distribution and trading businesses in Malaysia, the Group evaluates its suppliers based on how well the products sell in the market. For example, most of the suppliers engaged by TGF are long-term suppliers with stable relationships and good track records. KGL procures products such as starches and wheat flour via its subsidiaries and associates to supply local food manufacturers and bakeries in Singapore.

Under UMF Group, UMF mainly sources raw wheat grains and peas from non-GMO certified suppliers from Canada, Australia, the United States, and the Black Sea regions. UMF conducts essential due diligence on those suppliers whose performance is assessed regularly. New suppliers are evaluated on trial to ensure the highest quality standards are maintained before extending further engagement with them. FOM monitors its direct suppliers annually on their product quality, delivery efficiency, cost, and service. FOM's QC and QA department conducts

annual audits at the suppliers' site or engages with them directly on any issues that need to be resolved. Raw oats are mainly sourced from an ISCC (International Sustainability and Carbon Certification) Plus certified supplier from Western Australia to meet customer's sustainability requirements.

The Group is considering to include ESG assessment for its suppliers along the supply chain. These policies and internal controls will be established progressively in the coming years.

During the year, the Group has also engaged with both KGL and UMF Group's critical suppliers as part of its ESG feedback survey conducted for the Group. See the *Stakeholders' Engagement* section in this Report for further details on the stakeholder engagement survey.

In FY2023, the Group faced similar issues with its suppliers during the reporting period, relating to weather uncertainties, geopolitical tensions, and persistent inflation, which led to challenging market conditions.

### Targets & Performance

Material Matter	Target	Performance in FY2023
<b>Procurement Practices</b>	<ul style="list-style-type: none"> <li>Strengthen procurement practices with responsible, sustainable practices in conducting business with third parties.</li> <li>Screen, evaluate, and assess suppliers based on ESG criteria</li> </ul>	<ul style="list-style-type: none"> <li>Initiated review of the procurement processes</li> <li>Pending review to implement ESG screening, evaluation, and assessment of suppliers</li> </ul>

## Our Communities

KGL Group and UMF Group recognise the importance of community engagement. Their operations teams continuously collaborate with various organisations and programmes, addressing a range of causes. These activities and partnerships are currently carried out on an ad hoc basis, as the Group has yet to formalise a specific approach or establish dedicated community programmes.

During the year, the Joint Sustainability Working Group has initiated discussions to review and assess areas for the companies to focus on and participate within their local communities. The Group acknowledges the need for a more structured approach to create a lasting positive social impact.

TGF, under the KGL Group, UMF, and FOM, continued in their efforts to contribute to causes or campaigns throughout the reporting period. Some key examples of the Group's community outreach activities in FY2023 are listed below:

### KGL Group

#### TGF

TGF supported the Welfare Home for Children with Disabilities (Persatuan Pengurusan Pusat Jagaan OKU Leshan K.K.) with non-monetary contributions similar to the previous year. TGF also extended support to Hospital Beaufort during Police Day (Hari Polis) in April 2023 and Hospital Marudu in conjunction with a blood donation drive held in June 2023. The total non-monetary contributions amounted to SGD1,000. The contributions included dry food, body care, sauces, and insect repellent.

### UMF Group

#### UMF

In April 2023, UMF contributed 2,200 packs of 850 g flour to Persatuan Rantaian Kasih Rakyat in Kedah, Malaysia, to support 300 underprivileged community members in conjunction with Hari Raya Aidilfitri celebrations.





## FOM

At FOM in FY2023, the operations carried out activities and provided contributions in relation to health, sports, education, and underprivileged groups during festive seasons. FOM contributed monetary and non-monetary donations worth SGD68,700.

### Health Awareness

Focusing on FOM's commitment to providing oats to health-conscious consumers, FOM supported "heart" related campaigns in Malaysia and Singapore. Some examples include:

- Singapore Heart Foundation - National World Health Day, Hypertension Awareness Day
- Institut Jantung Negara (IJN) - Pledge of 2022 & Charity Gold Challenge

FOM also contributed to other health-related events, such as blood donation drives across Penang and World Diabetes Day.

### Festive Celebrations

In addition, food contributions were extended to the underprivileged groups during festive seasons such as Deepavali, Hari Raya, or Chinese New Year.

### Educations

FOM takes pride in its efforts on the education front through contributions to several schools in Malaysia to support fundraising and competitive events attended by students.

The total community contributions of the Group in FY2023 to support the above charities, programmes, and campaigns amounted to approximately SGD71,400, comprising both monetary and non-monetary contributions. For FY2023, there has been a notable increase in post-COVID activities, resulting in a rise in the Group's contributions compared to FY2022. KGL Group and UMF Group strive to develop a strategic framework to ensure our community investments can effectively uplift our communities in areas where we operate.

Community Investments (SGD)	FY2023	FY2022
KGL Group	1,000	700
UMF Group	70,400	55,300
<b>Total Community Investments for the Group</b>	<b>71,400</b>	<b>56,000</b>

## Targets and Performance

Material Matter	Target	Performance in FY2023
<b>Local Community – Community Investments</b>	Strengthen corporate social responsibility framework with targeted programmes and focus areas to adopt and support	The Group's community investment increased in FY2023 as compared to FY2022.  KGL Group and UMF Group will continue to work with their respective operations teams to build a strategic framework to approach their corporate social responsibilities more effectively.



## GOVERNANCE

KGL firmly believes that operating its businesses ethically and responsibly builds trust with stakeholders and lays the foundation for long-term success. The Group aims to strengthen its corporate governance framework to support its sustainability journey and eventually define every part of how it operates its business and works with its suppliers, customers, and other stakeholders.

### Ethical Business Practices

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

KGL has zero tolerance for corruption and bribery across the Group. KGL is currently reviewing its internal controls to ensure that KGL's commitment to mitigate any corruption and anti-bribery risks is embedded into a group-wide policy. UMF Group has an Anti-Bribery and Corruption ("ABC") Policy that aims to ensure the highest level of business ethics to prevent the occurrence of bribery or corrupt activities in the conduct of UMF Group's business in the various countries they operate in.

In the previous disclosures, the Group highlighted some measures it took to strengthen its commitment to zero-tolerance for bribery and corruption practices, including the issuance and acknowledgment from new and active suppliers of an Integrity Pledge. KGL's Malaysian subsidiary, TGF, secured the declarations from its active suppliers in FY2022. SHC is on track to issue the forms to their active suppliers. As part of the Group's exercise to ensure the requirements of adequate procedures under Section 17A Malaysian Anti-Corruption Commission Act ("MACC") 2009 are in place over the last few years, UMF Group's employees were requested to sign and disclose any potential conflict of interest under a Declaration of Conflict of Interests ("COI") form. The existing employees of TGF signed and returned the COI forms to HR in FY2023. SHC is in the process of circulating the COI forms to its current employees and expects to complete the exercise by the end of 2024.

During the reporting year, the Group recorded zero cases of bribery or corrupt practices. None of the companies in the Group were a party to any legal claims on corruption practices brought against any employees of the Group.

#### **Whistleblowing Policy**

KGL recognises the importance of providing a safe communication channel for individuals to report any misconduct or irregularities involving any of the parties in the Group. KGL's Whistleblowing Policy outlines proper channels for KGL's and its subsidiary companies' employees to raise concerns about any perceived wrongdoings in financial or other related matters, including bringing issues directly via email to KGL's Chairman of the Audit Committee.

UMF Group also has an established UMF Group Whistleblowing Policy, which aims to provide an avenue for employees to raise concerns and to assure them that they are protected from reprisal or victimisation for raising issues in good faith. All matters will be treated with strict confidentiality. The Whistleblowing Policy applies to all employees of UMF and its subsidiary companies.

Depending on the nature of the issues reported, the investigations may be conducted by the UMF Group's Corruption Risk Committee or persons approved by the Board of Directors.

The Group received no reports or complaints to investigate cases under the whistleblowing channels in FY2023.

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

During the reporting year, the Group's employees attended training on anti-bribery and corruption practices. The onboarding process for all new employees includes training on the ABC Policy as part of their onboarding training module.

In FY2023, 331 (54% based on the total workforce) employees from the Group attended training on anti-bribery and corruption. The figure in FY2023 has reduced compared to the number of employees who participated in the training in FY2022, which recorded 425 employees. In FY2023, the training was offered mainly to new employees as part of their Induction Programme and to some existing employees as a refresher course every two years.

## **Corporate Governance**

KGL's corporate governance practices and processes are provided under the Corporate Governance section of the 2023 Annual Report. The sustainability governance framework is discussed on page 6 in this Report.

### **Compliance with Laws and Regulations**

To maintain trust with its stakeholders, the Group strives to ensure compliance with the laws and regulations in Singapore, Malaysia, and the countries where it conducts its businesses. We recognise that any failure to comply or breach any laws or regulations that apply to the Group may lead to fines or sanctions, resulting in reputational damage or revocation of the companies' certifications or licenses.

During the reporting year, KGVO received four compounded fines from the Malaysian Ministry of Domestic Trade and Cost of Living due to technical oversight. The Ministry identified non-compliance on trade-related matters, such as missing customer details on one page of a log book and an administrative oversight in verifying the validity of its existing customer's license, as reasons for the compounds. KGVO immediately settled the fines amounting to SGD21,100. KGVO has taken all necessary steps internally to prevent such incidents from recurring. The Group has communicated this risk internally and has taken actions to address potential recurrences. In FY2023, there were no other significant instances of non-compliance with any laws or regulations across the Group.

## Targets and Performance

Material Matter	Targets	Performance in FY2023
<b>Ethical Business Practices / Corporate Governance</b>	<ul style="list-style-type: none"> <li>• Maintain zero incidents of corruption to uphold zero tolerance for anti-bribery and corruption practices.</li> <li>• Strengthen internal policies relating to Ethical Business Practices and Corporate Governance concerning ESG factors.</li> </ul>	<ul style="list-style-type: none"> <li>• Zero reports on corruption practices</li> <li>• KGVO received four compounded fines on trade-related matters due to technical oversight</li> <li>• New employees were briefed on the ABC Policy with improved monitoring mechanisms.</li> </ul>

## GRI CONTENT INDEX

GRI Standard	Disclosure	Section	Reference/Remarks
<b>GRI 2 General Disclosures 2021</b>			
<b>1. The Organisation and its Reporting Practices</b>			
2-1	Organisational details	Board Statement About The Group	SR pages 2 to 3, 5 AR page 6 <a href="http://www.khongguanlimited.com">www.khongguanlimited.com</a>
2-2	Entities included in the organisation's sustainability reporting	About This Report About The Group	SR pages 4 to 5 AR page 3 Chairman's Statement <a href="http://www.khongguanlimited.com">www.khongguanlimited.com</a>
2-3	Reporting period, frequency, and contact point	About This Report	SR page 4
2-4	Restatements of information	Water Management Diversity and Equal Opportunities Product Quality and Responsibility	SR pages 20, 26, 34
2-5	External assurance	About This Report	No external assurance was obtained in FY2023. However, an internal review was conducted on KGL's sustainability reporting process. SR page 4.
<b>2. Activities and workers</b>			
2-6	Activities, value chain, and other business relationships	About The Group Procurement Practices	SR pages 5, 36 to 37
2-7	Employees	Employment and Labour Practices	SR pages 22 to 30
<b>3. Governance</b>			
2-9	Governance structure and composition	Sustainability Governance	SR pages 6 to 7 AR pages 11 to 14
2-10	Nomination and selection of the highest governance body	Annual Report	AR pages 16 to 19
2-11	Chair of the highest governance body	Annual Report	AR pages 14 to 15
2-12	Role of the highest governance body in overseeing the management of impacts	Sustainability Governance Annual Report	SR pages 6 to 7 AR pages 14 to 15
2-13	Delegation of responsibility for managing impacts	Sustainability Governance	SR pages 6 to 7
2-14	Role of the highest governance body in sustainability reporting	Sustainability Governance	SR pages 6 to 7
2-15	Conflicts of interest	Annual Report	AR page 7
2-16	Communication of critical concerns	Ethical Business Practices	SR pages 40 to 41

GRI Standard	Disclosure	Section	Reference/Remarks
2-17	Collective knowledge of the highest governance body	Sustainability Governance	SR page 6
2-18	Evaluation of the performance of the highest governance body	Annual Report	AR pages 18 to 19
2-19	Remuneration policies	Annual Report	AR pages 19 to 21
2-20	Process to determine remuneration	Annual Report	AR page 20
2-21	Annual total compensation ratio	Annual Report	AR page 21
<b>4. Strategy, policies, and practices</b>			
2-22	Statement on sustainable development strategy	Board Statement	SR pages 2 to 3
2-23	Policy commitments	Stakeholder Engagement Ethical Business Practices Corporate Governance	SR pages 10 to 11, 40 to 42
2-24	Embedding policy commitments	Sustainability Governance Procurement Practices Ethical Business Practices	SR pages 6 to 7, 36 to 37, 40 to 41
2-25	Processes to remediate negative impacts	Collective Bargaining	SR page 29
2-26	Mechanisms for seeking advice and raising concerns	Ethical Business Practices	SR pages 40 to 41
2-27	Compliance with laws and regulations	Corporate Governance	SR pages 41 to 42
2-28	Membership associations	Product Quality and Responsibility	SR page 35
<b>5. Stakeholder Engagement</b>			
2-29	Approach to stakeholder engagement	Stakeholder Engagement	SR pages 10 to 11
2-30	Collective bargaining agreements	Employment and Labour Practices	SR page 29
<b>GRI 205: Anti-corruption 2016</b>			
205-1	Operations assessed for risks related to corruption	Ethical Business Practices	SR pages 40 to 41
205-2	Communication and training about anti-corruption policies and procedures	Ethical Business Practices	SR pages 40 to 41
205-3	Confirmed incidents of corruption and actions taken	Ethical Business Practices	SR pages 40 to 41
<b>GRI 302: Energy 2016</b>			
302-1	Energy consumption within the organisation	Energy Management	SR pages 12 to 15
302-3	Energy Intensity	Energy Management	SR page 15
<b>GRI 303: Water and Effluents 2018</b>			
303-1	Interactions with water as a shared resource	Water Management	SR pages 19 to 21
303-5	Water Consumption	Water Management	SR pages 19 to 21
<b>GRI 305: Emissions 2016</b>			
305-1	Direct (Scope 1) GHG	Climate Change and GHG	SR pages 16 to 17

GRI Standard	Disclosure	Section	Reference/Remarks
	emissions	Emissions	
305-2	Energy indirect (Scope 2) GHG emissions	Climate Change and GHG Emissions	SR pages 16 to 17
305-4	GHG emissions intensity	Climate Change and GHG Emissions	SR pages 16 to 17
<b>GRI 306: Waste 2020</b>			
306-1	Waste generation and significant waste-related impacts	Waste Management	SR pages 17 to 19
306-2	Management of significant waste-related impacts	Waste Management	SR pages 17 to 19
306-3	Waste generated	Waste Management	SR pages 17 to 19
<b>GRI 401: Employment 2016</b>			
401-1	New employee hires and employee turnover	Employment and Labour Practices	SR page 27
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Employment and Labour Practices	SR page 22
<b>GRI 403: Occupational Health and Safety 2018</b>			
403-1	Occupational health and safety management system	Occupational Health and Safety	SR pages 30 to 32
403-4	Worker participation, consultation, and communication on occupational health and safety	Occupational Health and Safety	SR pages 30 to 32
403-5	Worker training on occupational health and safety	Occupational Health and Safety	SR pages 30 to 32
403-9	Work-related injuries	Occupational Health and Safety	SR pages 30 to 32
403-10	Work-related ill health	Occupational Health and Safety	SR pages 30 to 32
<b>GRI 404: Training and Education 2016</b>			
404-1	Average hours of training per year per employee	Training and Development	SR pages 28 to 29
404-2	Programs for upgrading employee skills and transition assistance programs	Training and Development	SR pages 28 to 29
<b>GRI 405: Diversity and Equal Opportunity 2016</b>			
405-1	Diversity of governance bodies and employees	Diversity and Equal Opportunities Annual Report	SR pages 25 to 27 AR pages 12 to 14
<b>GRI 416: Customer Health and Safety 2016</b>			
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Product Quality and Responsibility	SR page 33

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