

SUSTAINABILITY REPORT 2024

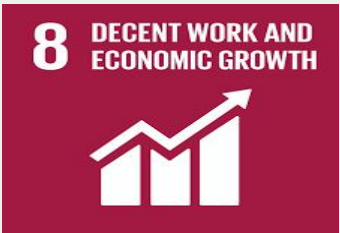
KC LINGERIE LTD. (Knit Concern Group)





People

1. 1,176 new employees joined the organization in 2024



2. Zero child labor, forced labor, or discrimination incidents reported



3. No major workplace accidents reported



Planet

4. 20% reduction in energy intensity compared to 2022



5. GHG reduction



6. 100% wastewater treated through ETP



Progress

7. Zero anti-corruption cases reported



8. Structured ESG data aligned with GRI and buyer expectations





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Chapter 01:

Foundational Insight



Message From The Chairman



Growing Forward With Purpose and Care

At KC, we stand at a defining crossroads - a moment where the choices we make today will shape the world we leave for tomorrow. The landscape around us is evolving rapidly. Climate risks, globalized supply chains, shifting consumer expectations, and the call for responsible business demand that we rise with clarity and conviction.

This report captures our intention to grow forward — not only in business performance, but in conscience, compassion, and commitment. Sustainability, for us, is not a trend to follow. It is a responsibility we embrace with sincerity, humility, and determination.

Over the past year, we have strengthened our governance, expanded our stakeholder engagement, enhanced our environmental stewardship, and deepened our investment in people — the true architects of our progress. These steps are the early roots of a long-term vision: a future where KC creates value without compromise, advances innovation without harm, and uplifts every life connected to our work.

Our journey will not be linear. Growth rarely is. But with each challenge we face, we choose to respond with intention — learning, adapting, and evolving with purpose. We move forward with a leadership mindset that sees sustainability not as a cost, but as a catalyst; not as a requirement, but as a responsibility.

As you explore this report, I invite you to see the seeds we are planting — seeds of transparency, safety, resilience, efficiency, and inclusion. These seeds will shape the canopy of our future, one that offers shade, strength, and opportunity for all.

Together, we will grow forward — crafting a future that cares.

— Chairman
KC Group



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REPORT PROFILE

In this inaugural Sustainability Report, KC plants its first formal seed of accountability—capturing the rhythm of our operations, our people, and our environmental footprint across the 2024 calendar year. This report presents the story of KC ’ s journey toward responsible growth and future-focused value creation. It encompasses the full spectrum of the company’s operations within its manufacturing facilities, corporate functions, and supply chain touchpoints that shape our social, environmental, and governance performance.

The report has been prepared with reference to the Global Reporting Initiative (GRI) Standards, ensuring that our disclosures are structured, comparable, and aligned with internationally recognized sustainability expectations. As this is the organization ’ s inaugural sustainability report, no restatements of previously reported information were required during the reporting period. The content reflects KC ’ s material topics, identified through a structured stakeholder engagement and materiality assessment designed to prioritize the themes that truly matter to our people, partners, and the wider ecosystem.

Name of entities:

- 1. KC Lingerie Ltd.
- 2. KC Print Ltd.
- 3. Knit concern Ltd.
- 4. KC Apparels Ltd.

The reporting entity covered here is KC Lingerie Ltd. and KC Print Ltd. the scope includes all operational activities under its direct control during the reporting year. In this report KC represents only these 2 entity of KC Group.To maintain integrity, internal data validation processes were conducted collaboratively by the ESG & Sustainability team, departmental leads, and KC’s management representatives. At this stage, no external assurance has been undertaken; however, KC is intentionally progressing toward third-party verification in future reporting cycles as part of its continuous improvement roadmap.

Chapter 02: About the Company





Knit Concern Group

Every organization has a birthplace — a moment when ambition, courage, and vision converge to create something larger than the sum of its parts. For KC Group, that moment began in 1990, when Knit Concern Group laid its foundation with a bold mission: to deliver high-quality knit apparel to the global marketplace. What followed was not just the growth of a manufacturing business, but the emergence of an ecosystem fueled by craftsmanship, compliance excellence, and long-term value creation. Exports began from 1992, laying the foundation for a composite knitwear enterprise.

Today, the Group operates a vertical, fully integrated setup: knitting, dyeing, printing, garment assembly — all under its flagship campus in Godnail, Narayanganj (Water Works Road). This integrated model enables streamlined operations, quality control, and responsiveness to global market demands.

Under the umbrella of Knit Concern Group are several member-companies — including KC Lingerie Ltd. and KC Print Ltd., both registered with the Bangladesh Garment Manufacturers & Exporters Association (BGMEA). Within this legacy, KC Lingerie Ltd. and KC Print Ltd. operate as two integral Tier-2 entities, each contributing uniquely to the Group's evolving sustainability journey.

KC Lingerie Ltd. — The Core Manufacturing Engine

Established in 2011 and located at 57/1 Water Works Road, Godnail, Narayanganj, KC Lingerie Ltd. has become a pivotal pillar of KC Group's production landscape. The factory specializes in a wide range of knit garments — boxer shorts, briefs, bras, panties, leggings, kidswear, and t-shirts — serving a diverse portfolio of international buyers including H&M, LC Waikiki, Duness Stores, Friends Textile, and Guess.

With a monthly production capacity of approximately 5 million pieces, KC Lingerie Ltd. exports consistently to major markets such as Sweden, France, Turkey, Ireland, the USA, and the UK. Its strategic location within Narayanganj's industrial corridor allows efficient logistics, access to a skilled workforce, and seamless linkage to Dhaka and key port gateways — strengthening its competitiveness within global supply chains.

KC Print Ltd. — Strengthening the Value Chain

KC Print Ltd., operating under the same Group umbrella, supports the apparel value chain through specialized printing services that complement KC Lingerie's production capacity. While detailed operational data is not available, KC Print Ltd. plays an essential role by expanding the Group's vertical capabilities, enabling faster turnaround times, enhanced product diversification, and value-added finishing. This integration positions the Group to respond more efficiently to evolving buyer requirements and competitive global markets.

A Group Growing Forward

Together, KC Lingerie Ltd. and KC Print Ltd. reflect the Group's broader commitment to precision, integrity, and responsible growth. The combination of manufacturing expertise, compliance assurance, and strategic location allows KC Group to meet international standards while cultivating a future that cares—for its people, its processes, and the partnerships it nurtures across continents.

Responsible Material Sourcing : Growing Better From the Very Beginning

In the KC Group, every product begins long before a needle touches fabric. It begins with a promise — a commitment to choose materials that honor both the wearer and the world we share. As a long-standing manufacturer of intimate apparel, KC understands that what rests closest to the skin must come from practices rooted in care, safety, and responsibility. This belief shapes the Group's approach to material sourcing, guiding decisions that balance quality, comfort, and sustainability.

KC prioritizes materials that meet globally trusted standards such as OEKO-TEX, ensuring that fabrics, dyes, and accessories are free from harmful substances and safe for sensitive skin. The Group works closely with approved suppliers who comply with international Restricted Substances Lists (RSL), particularly those required by buyers like H&M, LC Waikiki, Guess, and Dunnes. This disciplined compliance framework reduces chemical risks, protects workers, and safeguards the consumer across every step of the value chain.

Responsible sourcing also means choosing inputs that reduce environmental pressure. KC increasingly favors AZO-free dyes, low-impact chemical auxiliaries, and skin-friendly softeners that align with buyer sustainability roadmaps. Wherever possible, the Group incorporates BCI cotton, organic cotton blends, and responsibly produced knit fabrics based on client specifications — reinforcing its commitment to traceable, ethically sourced fibers.

KC Print Ltd. strengthens this material ethos through its own specialized role. The printing unit responsibly selects water-based inks, low-toxicity colorants, and compliant chemicals, minimizing the ecological footprint of its printing processes. Supplier engagement remains a key pillar: KC evaluates approved vendors not only on quality and cost but on their ability to deliver consistent chemical transparency, documentation, and alignment with international safety standards.

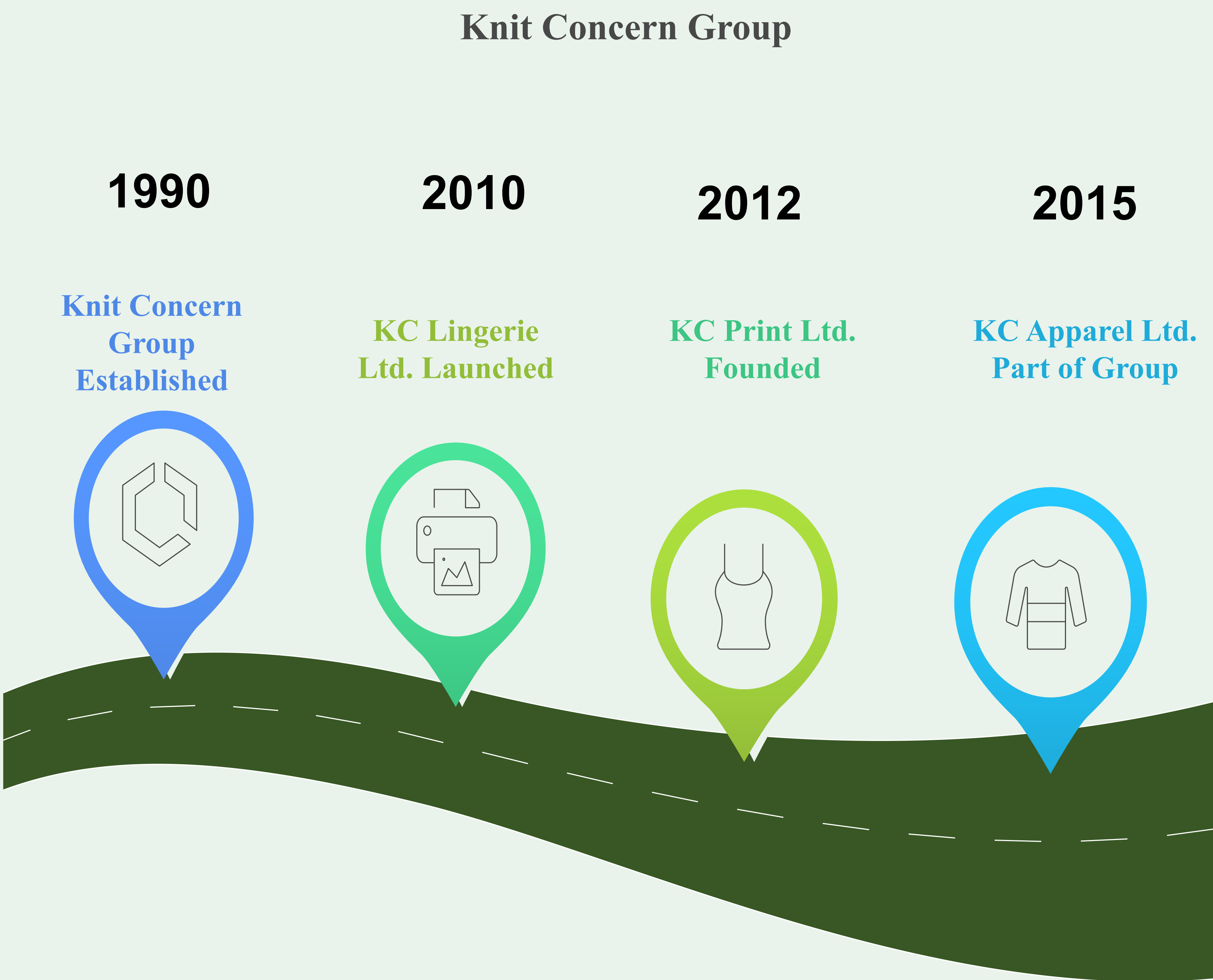


Across all units, materials are strictly inspected upon arrival, ensuring every fabric roll and accessory meets required compliance, quality, and sustainability benchmarks. Through this disciplined gatekeeping, KC protects both its production ecosystem and the people who ultimately wear its products.

For KC, responsible sourcing is more than a supply chain activity — it is a philosophy that keeps the organization rooted in its values while growing toward a more sustainable future. By choosing materials with intention, respect, and foresight, KC continues to craft garments that carry a smaller footprint, a softer impact, and a deeper sense of care. It is here, at the very beginning of each product's journey, that the Group's sustainability story takes shape — one thread, one choice, one promise at a time.

The Evolution of KC: From Foundation to Future

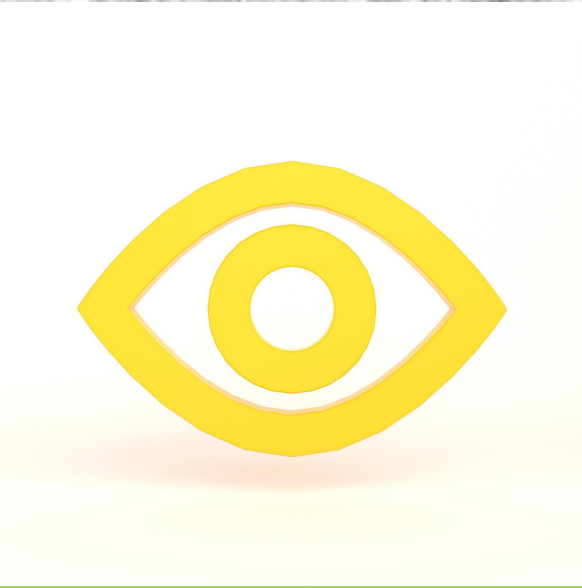
The journey of the KC Group began in 1990, when Knit Concern first took shape with a bold ambition to bring high-quality knit apparel to global markets. Over the years, this vision grew into a multi-entity family, each unit adding depth and capability to the Group’s evolving footprint. KC Lingerie Ltd. emerged in 2011, strengthening the Group’s position in intimate apparel manufacturing with scale, precision, and modern compliance standards. The momentum continued with the establishment of KC Print Ltd. in 2012, enabling in-house printing solutions that enhanced speed, quality, and design versatility. With the growth of KC Apparel Ltd., the Group expanded its capacity even further, shaping a vertically aligned ecosystem built on craftsmanship, resilience, and continuous improvement. Together, these entities form a story of steady expansion — a journey rooted in integrity and driven by a commitment to create value across the global textile supply chain.





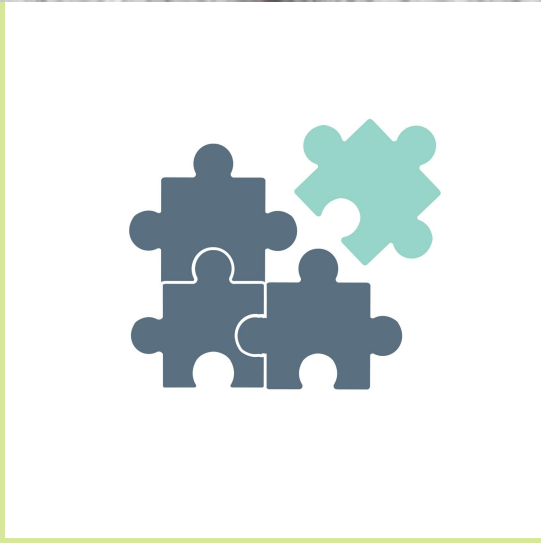
Mision

Our mission is to deliver exceptional value to our customers by offering reliable, one-stop knitwear sourcing solutions grounded in quality, transparency, and trust. We strive to create superior products while ensuring that our operations remain socially responsible, environmentally conscious, and future-ready. Through continuous improvement, innovation, and strong partnership with buyers and suppliers, KC Group commits to shaping a supply chain that is resilient, ethical, and sustainable.



Vision

KC Group envisions a future where its products not only reach global markets but also uplift the world they touch. Our ambition is to stand as a premier global manufacturer of knitwear—recognized not only for quality and scale but for the responsibility, integrity, and care woven into every thread. We seek to grow as a business that respects people, protects the planet, and consistently raises the bar for ethical manufacturing across the textile industry.



Values

At KC Group, our values shape the way we grow and create impact. We lead with integrity, ensuring fairness and accountability in every decision. Our people remain at the center of our purpose, guiding us to build safe, supportive, and empowering workplaces. We act with care for the planet, constantly improving to reduce waste and conserve resources. Our commitment to quality drives precision and craftsmanship in every product. And through continuous growth, we pursue innovation and operational excellence to stay future-ready in a rapidly evolving world.

Reporting Entities

01

Entity Name:
KC Lingerie Ltd.

Production Plant:
Cut to Pack

Production Facility: Cutting, Sewing,
Finishing & Packing
- Production floors: 9 storied floor
- Total production area: 77,250 sq.ft
- Building area: 1,15,320 sq.ft

Plant Details:
- KC Lingerie Ltd produces and exports
about 3.5 M Pcs of undergarment of
latest quality and design every month.
- Products- Boys and Mens Underwear,
Girls and Ladies Underwear, Ladies Bra
and Swimwear
- Total employees: 2,150



02

Entity Name:
KC Print Ltd.

Production Plant:
Vertical Set-up:Knitting, Dyeing, AOP,
Cutting, Sewing, Finishing, Digital Print,
Synthetic Dyeing, Washing, Embroidery,
Narrow Fabric Dyeing, Narrow Knitting

Production Facility:
- Production floors: 8 storied floor level
- Total production area: 198000 Sq.ft
- Building area: 595314 sq. ft



Geographical Markets and Global Operations

KC has built a long-standing footprint across key European destinations, partnering with iconic brands such as H&M (Sweden) and Okaïdi, Obaïbi, Bizbee, and Jules (France). Since 1992, the Group has consistently delivered millions of knitwear garments- including T-shirts, polo shirts, tank tops, vests, knit jackets, trousers, and nightwear-to buyers across Sweden, France, and wider EU markets. Over this journey, KC Group has earned multiple recognitions for quality excellence, including the prestigious Gold Supplier Award from H&M, reinforcing its commitment to performance, compliance, and customer trust.



Multi-country Network of Production Facilities



KC Group operates within a multi-country production and sourcing network, strengthening supply chain resilience and material quality. Key raw materials are responsibly sourced from China and India, leveraging their specialized textile ecosystems and technical expertise. This diversified sourcing approach enables KC to maintain consistent quality, manage supply risks, and respond effectively to evolving global market demands, while reinforcing long-term partnerships across international value chains.

Product Portfolio — Designed for Comfort, Crafted for Responsibility

KC Group’s product portfolio reflects decades of manufacturing expertise, market responsiveness, and an unwavering commitment to quality. Rooted in knitwear craftsmanship, the Group offers a diverse range of apparel designed to meet the evolving needs of global consumers while aligning with international compliance and product safety standards.

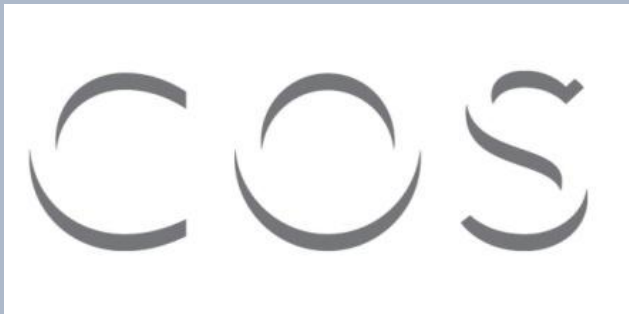
At the core of the portfolio is intimate apparel, including boys’ and men’s underwear, girls’ and ladies’ underwear, ladies’ bras, and swimwear. These products are engineered with a strong focus on comfort, fit, durability, and skin safety—recognizing the close connection between intimate garments and consumer wellbeing. Careful material selection, precise construction, and stringent quality checks ensure products meet the expectations of leading international buyers.

Complementing this core offering is a versatile range of casual and lifestyle knitwear, including T-shirts, polo shirts, tank tops, vests, fancy knit jackets, trousers, and nightwear. Designed for both performance and everyday wear, these garments reflect KC’s ability to deliver consistency at scale while adapting to diverse style, function, and seasonal requirements.

Category	Product Types
Intimate Apparel	Boys’ and Men’s Underwear
	Girls’ and Ladies’ Underwear
	Ladies’ Bras
	Swimwear
Casual & Lifestyle Knitwear	T-Shirts
	Polo Shirts
	Tank Tops
	Vests
	Fancy Knit Jackets
	Trousers
	Nightwear



Our Main Customers



Chapter 03:

Stakeholder Engagement & Materiality Assessment



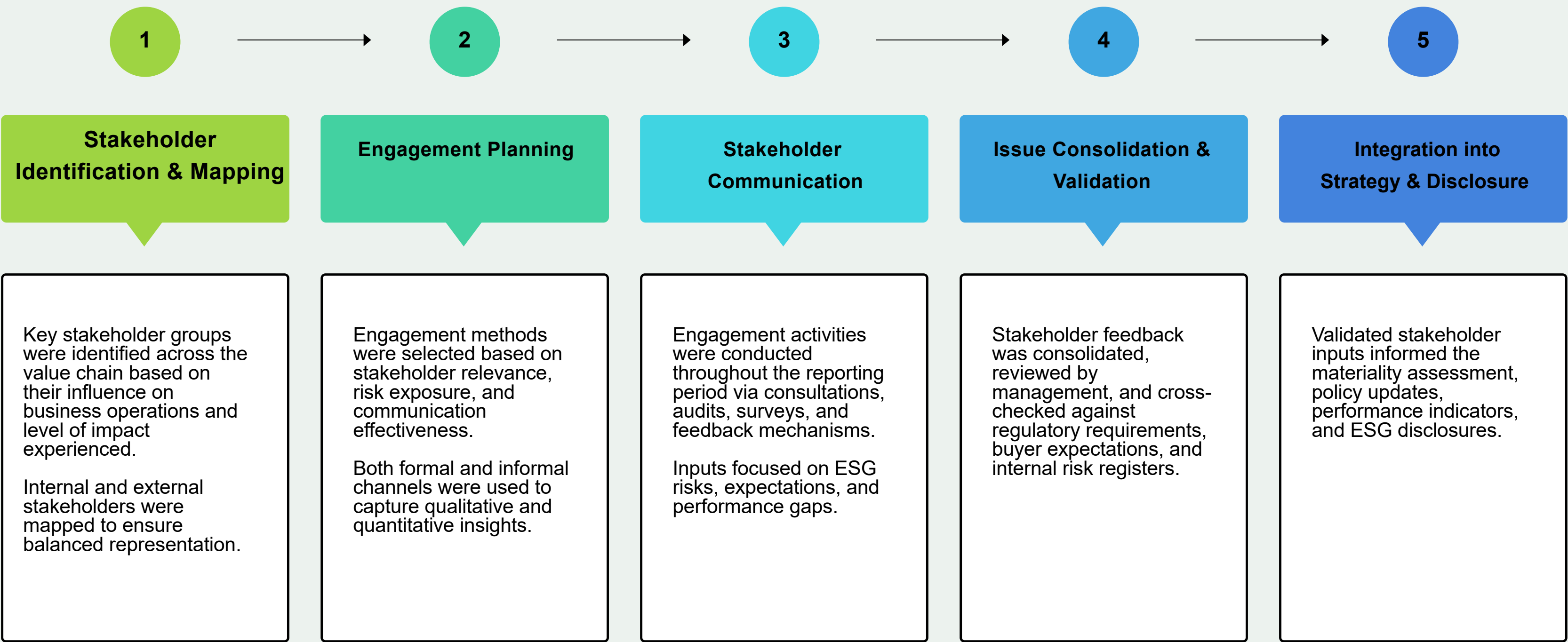
Stakeholder Engagement

At KC , stakeholder engagement is not a checkbox exercise—it is a strategic listening system, a living dialogue that keeps our sustainability compass true. We believe value is co-created at the intersection of people, planet, and performance, and that only by engaging those who touch our value chain can we future-proof our business.

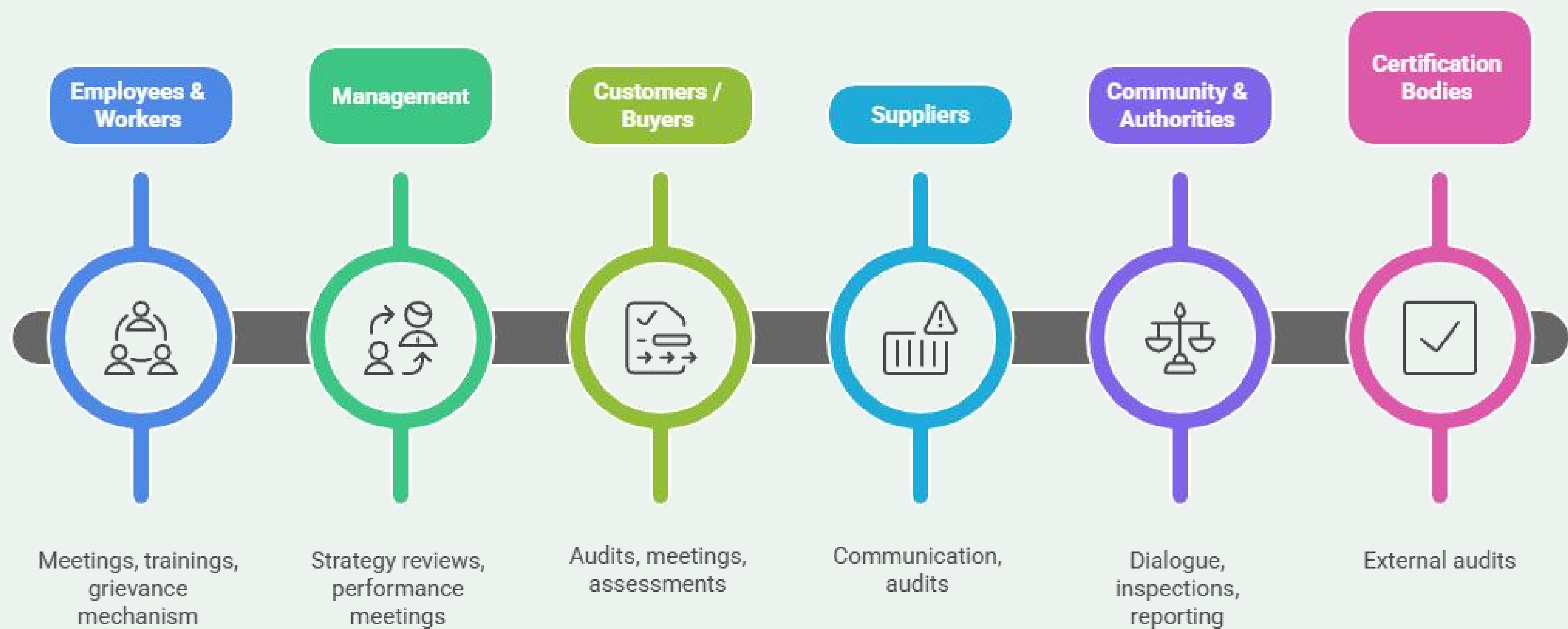
Stakeholder Engagement: From Dialogue to Direction

In 2024, we actively engaged with our core stakeholder groups—employees, workers’ representatives, customers, suppliers, local communities, regulators, and certification bodies. Engagement channels ranged from worker consultations, grievance mechanisms, and supplier interactions to buyer audits and regulatory reviews. Each interaction served a purpose: to surface risks early, validate priorities, and align expectations with operational reality. Our strong view is this: stakeholders are not external voices; they are strategic partners in resilience. Their insights directly informed policy refinement, risk management, and performance improvement across ESG pillars.

Stakeholder Engagement Process



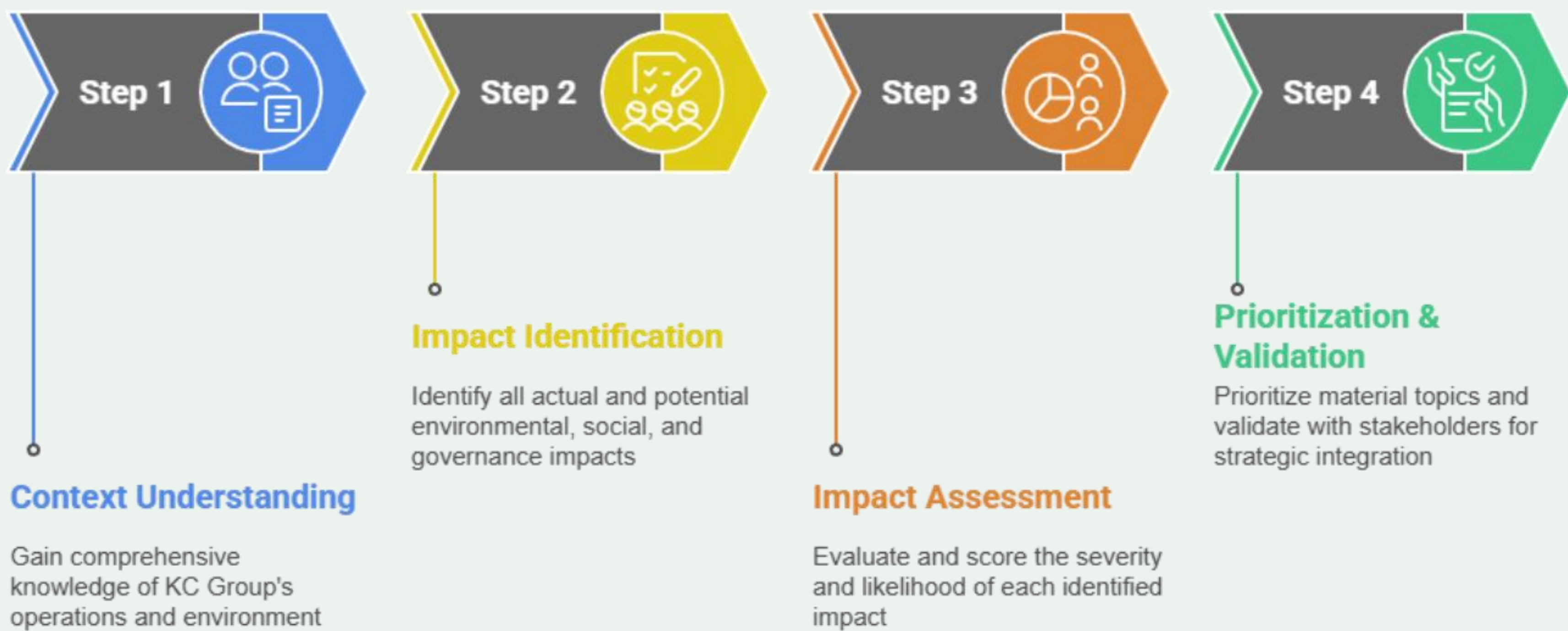
Stakeholder Engagement for ESG Excellence



Materiality Assessment: Identifying Priority Areas

Guided by GRI principles and evolving buyer expectations, KC conducted a structured materiality assessment to identify sustainability topics that matter most—both to stakeholders and to long-term business success. Issues were evaluated based on their impact on the economy, environment, and people, as well as their financial and operational significance to the company.

Process to Determine Material Topic





People	
1	Employment
2	Occupational Health & Safety
3	Training and Development
4	Diversity & Equal Opportunity
5	Non-discrimination
6	Child & Force Labor
7	Freedom of Association
8	Security Practices

Planet	
9	Energy & Emission
10	Water
11	Waste & Effluent
12	Chemical Management
13	Material
14	Waste
15	Biodiversity
16	Supplier Assessment

Progress	
17	Anti Corruption
18	Indirect Economic Impact
19	Procurement Practices
20	Tax
21	Market Presence
22	Economic Performance
23	Anti- Competitive Behaviour
24	Tax

Chapter 04:

Planet



Resilient Planet, Responsible Production

At KC , environmental stewardship is not a compliance box — it is the heartbeat of our operational excellence. We are reimagining resource efficiency, reshaping our carbon narrative, and steering the factory toward a resilient low-impact future. Every litre of water saved, every watt optimized, and every kilogram of waste diverted signals our commitment to protect the planet while powering sustainable growth.

Looking forward, KC Lingerie envisions a future where energy efficiency becomes a culture, not a project — a future where every kilojoule saved enhances climate resilience, fosters operational agility, and unlocks long-term cost leadership. With a strategic mindset and a spirit of continuous improvement, KC is poised to transform today’s insights into tomorrow’s climate leadership, charting a path toward a more sustainable, efficient, and forward-thinking manufacturing footprint



Decarbonize Our Supply Chain

KC is navigating a decisive moment in its sustainability evolution, where carbon performance has become a strategic differentiator shaping market access, brand trust, and long-term resilience. Across our operations, energy use and emissions increasingly represent more than operational metrics; they reflect our organizational mindset and our readiness to thrive in a decarbonized global value chain. With this ambition, we established 2024 as the baseline year for measuring and managing our greenhouse gas footprint, enabling a consistent and verifiable platform for future benchmarking.

Energy in our operations is derived from non-renewable fuels (diesel and natural gas) and purchased electricity, with renewable initiatives gradually integrated to reduce the overall carbon footprint.

Our emissions inventory follows globally recognized methodologies and covers both direct emissions from fuel used in production processes and indirect emissions from purchased electricity. Over the last three years, our emissions have demonstrated operational stability while revealing clear improvements in carbon efficiency. The trends reflect production dynamics, fuel requirements, and early-stage efficiency interventions that have begun reshaping our energy ecosystem.

The data below presents total energy consumption, direct and indirect emissions in metric tonnes of CO₂ - equivalent, ensuring comparability across years:

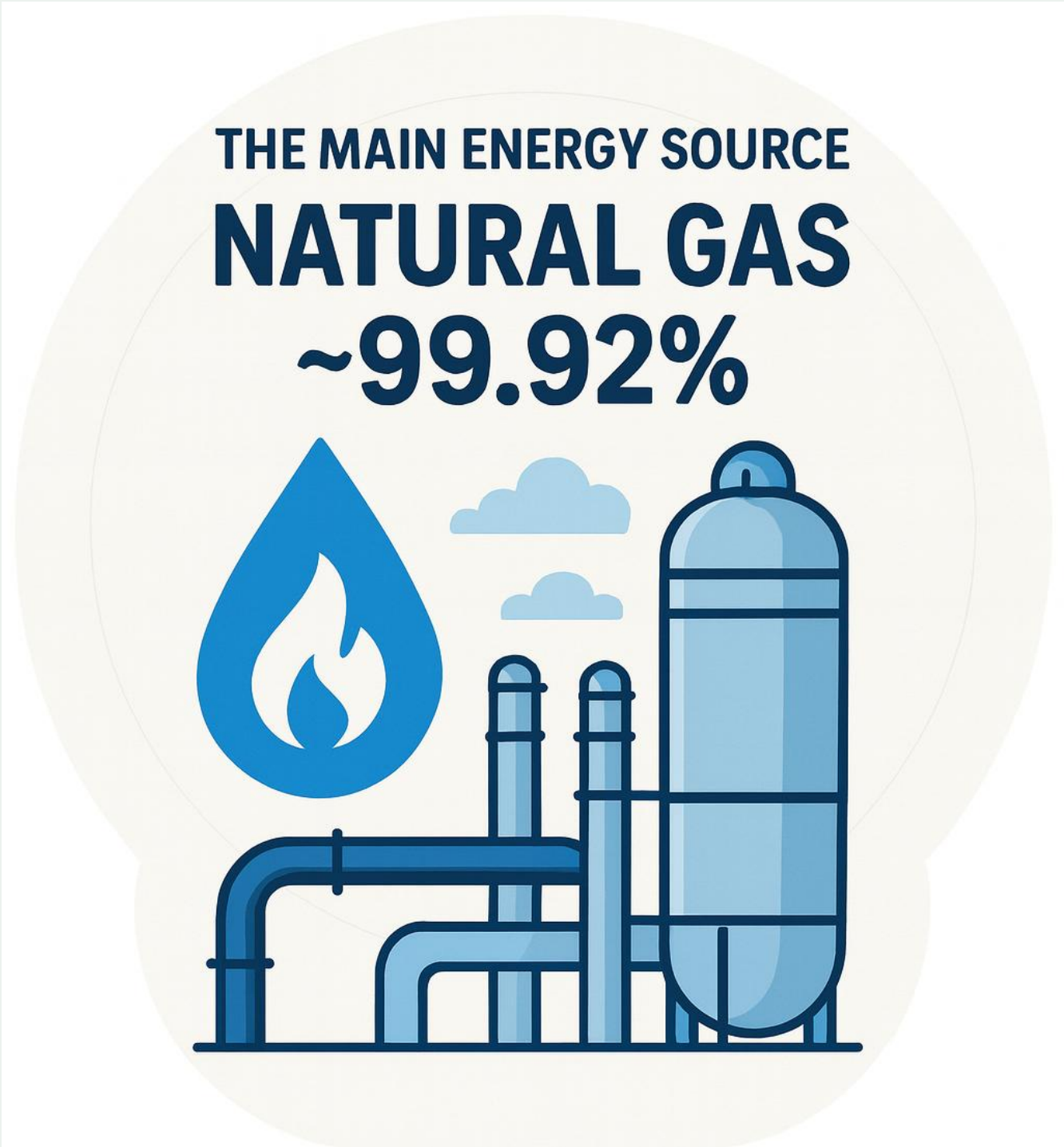
Non Renewable Energy Consumption (2022-2024)

Year	Diesel (MJ)	Natural Gas (MJ)	Electricity (MJ)	Total Energy (MJ)
2022	1,615,810	571,429,864	597,240	573,642,914
2023	1,244,526	527,358,638	512,064	529,115,228
2024	269,115	566,622,344	1,164,233	567,055,692

Electricity: 1 kWh = 3.6 MJ

Diesel: 1 L diesel ≈ 38.6 MJ

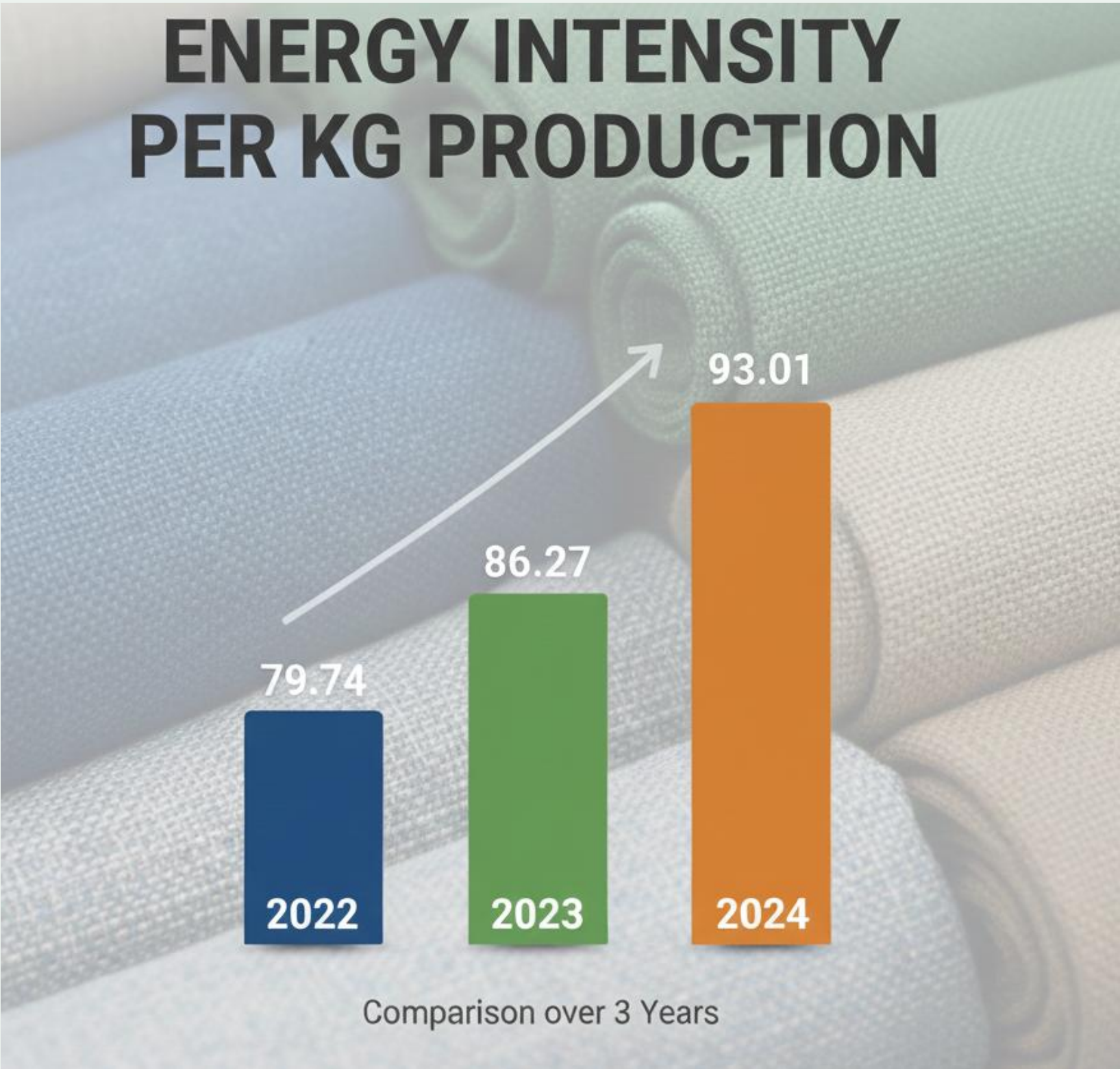
Natural Gas: 1 m³ ≈ 38 MJ



We measure and report greenhouse gas emissions in line with the Greenhouse Gas Protocol, covering direct emissions from fuel combustion (Scope 1) and indirect emissions from purchased electricity (Scope 2, location-based). Our emissions profile shows operational fluctuations over the past three years, influenced by production volume, fuel consumption, and efficiency measures already deployed in selected processes. The 2024 baseline provides a comprehensive, verifiable foundation for long-term tracking and management.

The apparel sector is entering an era where carbon performance is as strategically important as cost, quality, and delivery reliability. Buyers in the EU and beyond increasingly expect suppliers to demonstrate transparent climate responsibility and measurable progress toward decarbonization.

Against this shifting global backdrop, KC ’s emissions trends reflect both our operational realities and our emerging strategic focus on climate resilience. While absolute emissions remained relatively consistent across the three years, the marked improvement in emissions intensity underscores better energy stewardship and more streamlined operations.



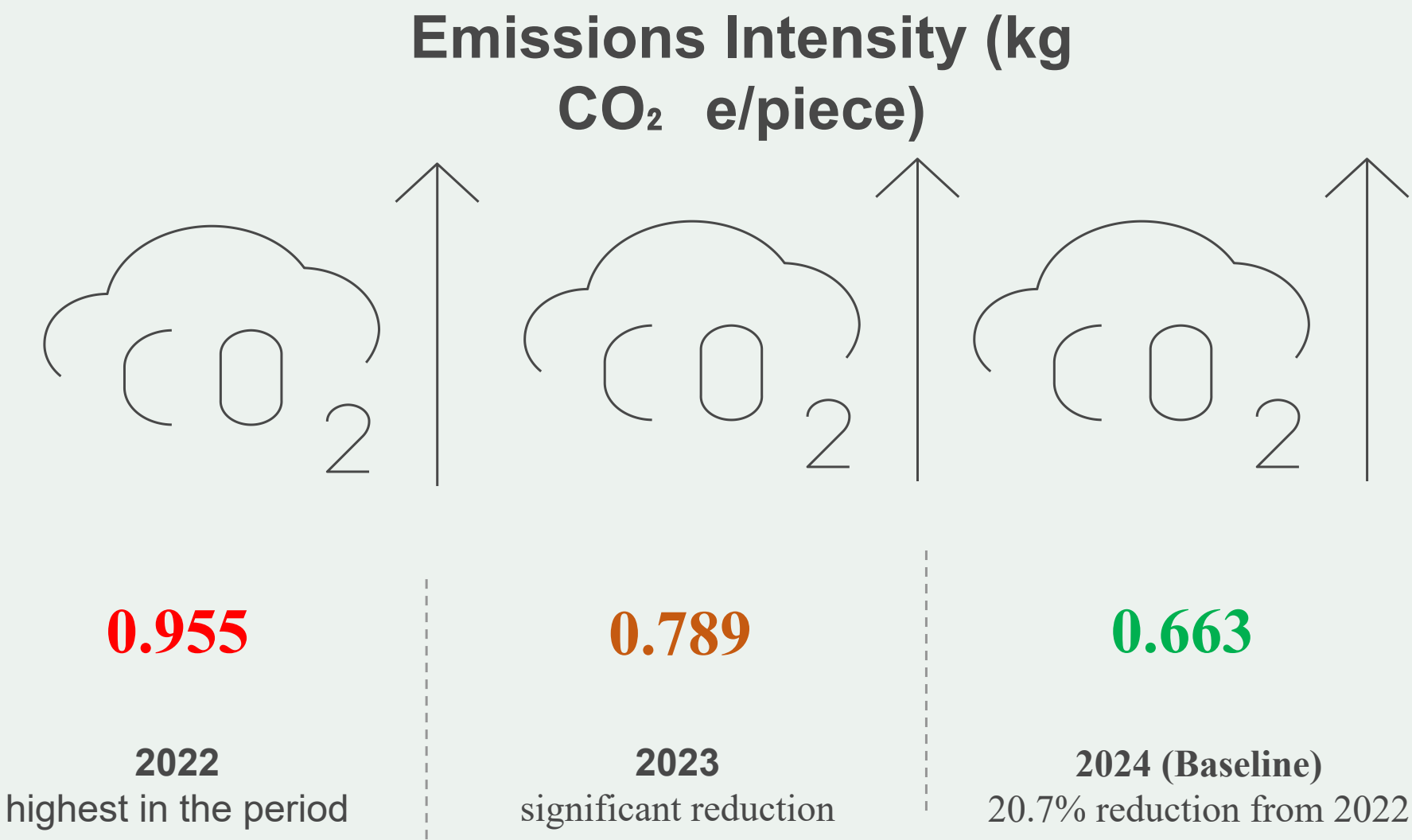
The declining emissions intensity demonstrates that even as production has risen, our processes have become more resource-efficient, reflecting better equipment performance, reduced thermal losses, and smarter operational management. This direction strengthens our standing as a responsible manufacturing partner to our international buyers, particularly in markets where carbon transparency and climate alignment are now inherent expectations.

We are targeting a 52% reduction in energy use and greenhouse gas emissions by 2030, anchored on our 2024 baseline. This pathway is driven by key interventions: 266 MWh of Renewable Energy Certificates, condensate recovery to cut natural gas use, and improved pressure, temperature, and steam trap management for greater thermal efficiency.

A 1,500 kWp solar system will offset grid electricity, while shifting selected operations to biomass fuels and recovering waste heat from hot effluent will further reduce dependence on fossil energy.

Together, these actions create a focused decarbonization strategy that strengthens operational resilience and accelerates measurable emission reductions. As we move forward, our reporting will capture both the progress achieved and the transition underway — advancing a disciplined, innovation-driven journey toward climate-aligned manufacturing.

Year	Scope 1 (Direct) tCO ₂ e	Scope 2 (Indirect) tCO ₂ e	Total GHG (tCO ₂ e)
2024 (Baseline)	38,362.35	222.54	38,584.89
2023	35,804.06	97.88	35,901.94
2022	38,799.30	114.16	38,913.46



Responsible Material Sourcing — Growing Better From the Very Beginning

In the KC Group, every product begins long before a needle touches fabric. It begins with a promise — a commitment to choose materials that honor both the wearer and the world we share. As a long-standing manufacturer of intimate apparel, KC understands that what rests closest to the skin must come from practices rooted in care, safety, and responsibility. This belief shapes the Group’s approach to material sourcing, guiding decisions that balance quality, comfort, and sustainability.

KC prioritizes materials that meet globally trusted standards such as OEKO-TEX, ensuring that fabrics, dyes, and accessories are free from harmful substances and safe for sensitive skin. The Group works closely with approved suppliers who comply with international Restricted Substances Lists (RSL), particularly those required by buyers like H&M, LC Waikiki, Guess, and Dunnes. This disciplined compliance framework reduces chemical risks, protects workers, and safeguards the consumer across every step of the value chain.

Responsible sourcing also means choosing inputs that reduce environmental pressure. KC increasingly favors AZO-free dyes, low-impact chemical auxiliaries, and skin-friendly softeners that align with buyer sustainability roadmaps. Wherever possible, the Group incorporates BCI cotton, organic cotton blends, and responsibly produced knit fabrics based on client specifications — reinforcing its commitment to traceable, ethically sourced fibers.

During the reporting period, KC monitored the total quantity of materials used across its manufacturing operations, including fabrics, trims, accessories, labels, elastics, and packaging materials. Material data is recorded in kilograms and consolidated annually at the factory level to ensure consistency and internal control.

At present, materials are tracked by item type and composition, such as cotton, polyester, nylon, plastic, metal, and paper. However, the organization did not formally classify materials as renewable or non-renewable during the reporting period.

Material Group	Examples	2022 (Kg)	2023 (Kg)	2024 (Kg)
Fabrics	Cotton, Polyester, Nylon, Blended Fabrics	—	—	5,481,545
Threads & Elastics	Sewing thread, filament thread, elastics	301,100	333,760	243,730
Trims & Accessories	Zippers, buttons, eyelets, labels	35,945	44,231	26,921
Packaging Materials	Cartons, polybags, tags, tapes	2,212,300	3,519,800	1,594,350

This represents a recognized data gap against full GRI 301-1 disaggregation requirements. Despite this limitation, the company maintains robust oversight of material consumption trends, enabling management to monitor efficiency, cost control, and alignment with buyer specifications. Chemical inputs are managed separately under chemical management disclosures and are not included in material totals to avoid overlap.

For KC, responsible sourcing is more than a supply chain activity — it is a philosophy that keeps the organization rooted in its values while growing toward a more sustainable future. By choosing materials with intention, respect, and foresight, KC continues to craft garments that carry a smaller footprint, a softer impact, and a deeper sense of care. It is here, at the very beginning of each product’s journey, that the Group’s sustainability story takes shape — one thread, one choice, one promise at a time.

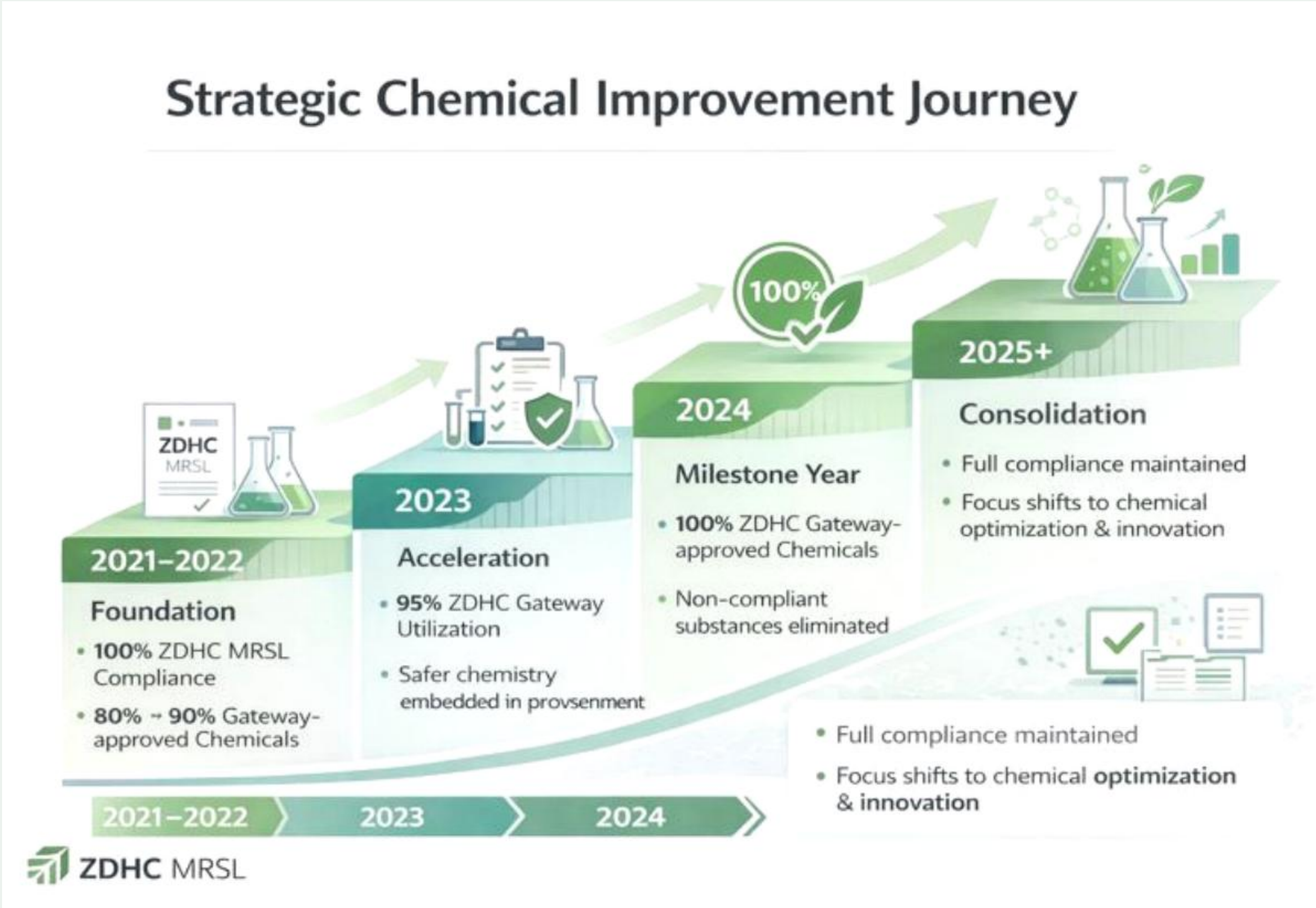
Chemical Management

At KC, chemical management is not an operational necessity—it is a strategic lever for risk mitigation, regulatory foresight, and brand credibility. Chemicals flow through our production like a quiet current; our responsibility is to ensure that current remains clean, controlled, and future-ready.

Despite production dynamics, KC achieved a ~16.7% reduction in chemical consumption in 2023 compared to 2022, followed by a controlled normalization in 2024, underpinned by 100% ZDHC MRSL compliance and full ZDHC Gateway chemical utilization. This reflects systemic chemical governance, not short-term correction.

Chemical Consumption Performance (2022–2024)

Year	Total Chemical Consumption (kg)
2022	1,739,835.66
2023	1,449,803.97
2024	1,561,351.41



We believe compliance is the floor, not the ceiling. The next horizon for KC is chemical intensity reduction per unit of production, deeper supplier transparency, and data-driven substitution of high-impact formulations. In a world where buyers demand evidence and regulators demand assurance, clean chemistry is competitive strategy.

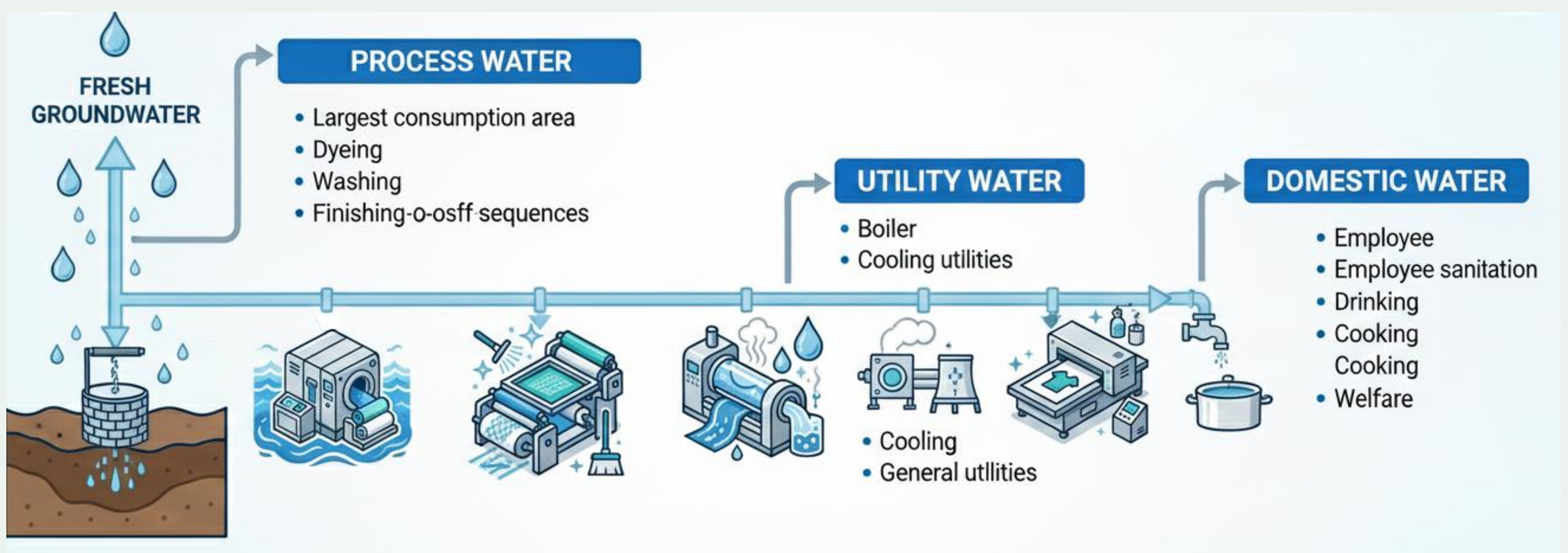
Our Water Stewardship Vision

Water is the lifeblood of the textile value chain. At KC Lingerie Ltd., we view water not merely as a utility, but as a shared resource that sustains communities, ecosystems, and global supply chains. In 2024, we strengthened water governance, advanced wastewater quality compliance, and embedded circularity thinking across operations.

KC's manufacturing footprint includes core wet-processing operations, such as dyeing (tube and open), finishing, and printing. These processes inherently rely on water to prepare dye baths, enable chemical fixation, support repeated washing cycles, and maintain hygienic production environments.

Recognizing this dependency, KC places strong emphasis on responsible water stewardship, ensuring continuous monitoring of withdrawal groundwater, optimizing process water through recipe control, and ensuring that all industrial wastewater is treated through a dedicated Effluent Treatment Plant (ETP) before discharge or reuse.

KC Lingerie relies entirely on fresh groundwater as its sole withdrawal source. This water is channeled across three major use areas:

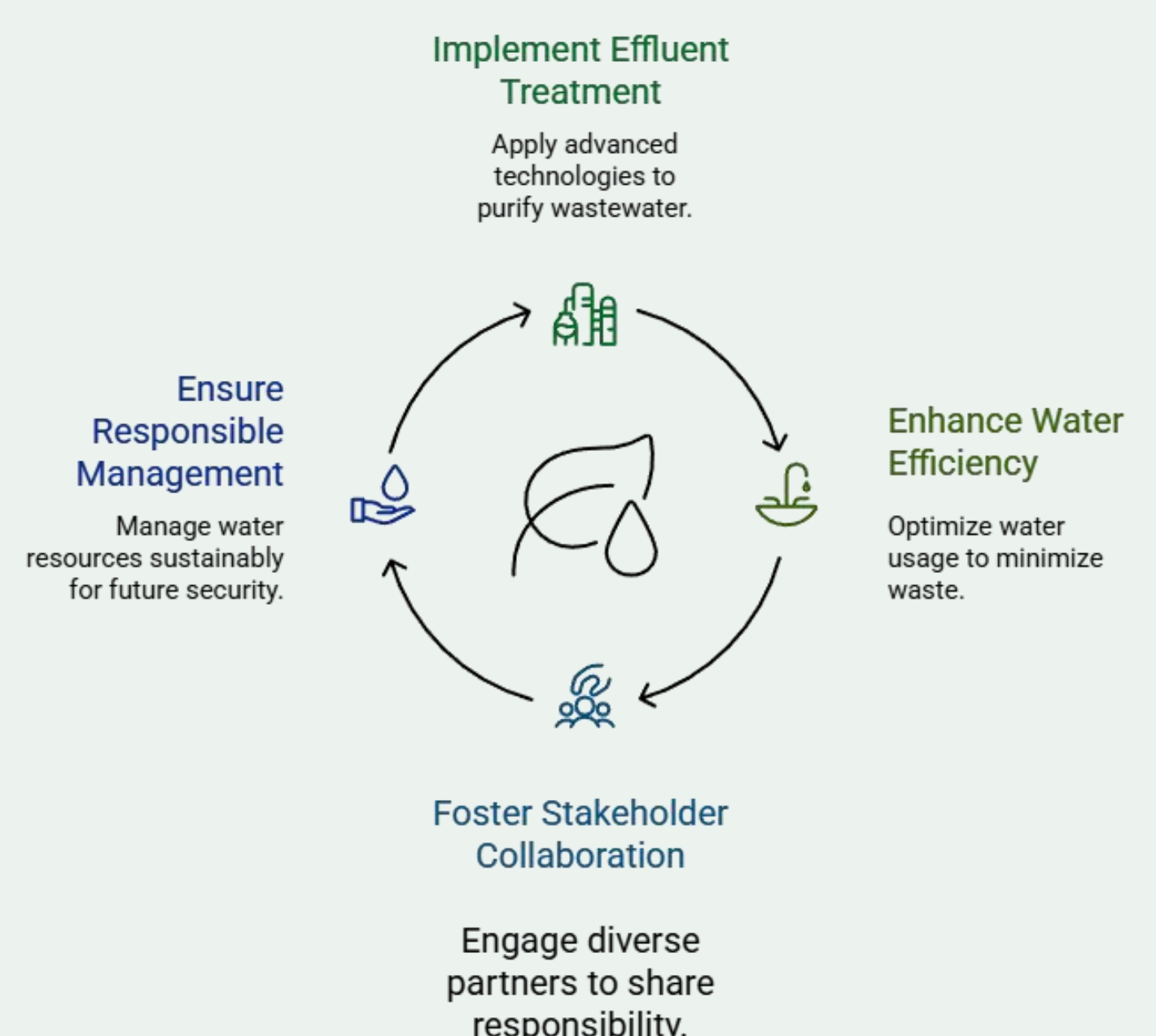


KC's water consumption is primarily driven by process-intensive operations, particularly dyeing, finishing, and printing. Process water acts as a carrier for dyes and chemicals, enabling color transfer, fixation, and subsequent washing stages, making it the most material category of water use.

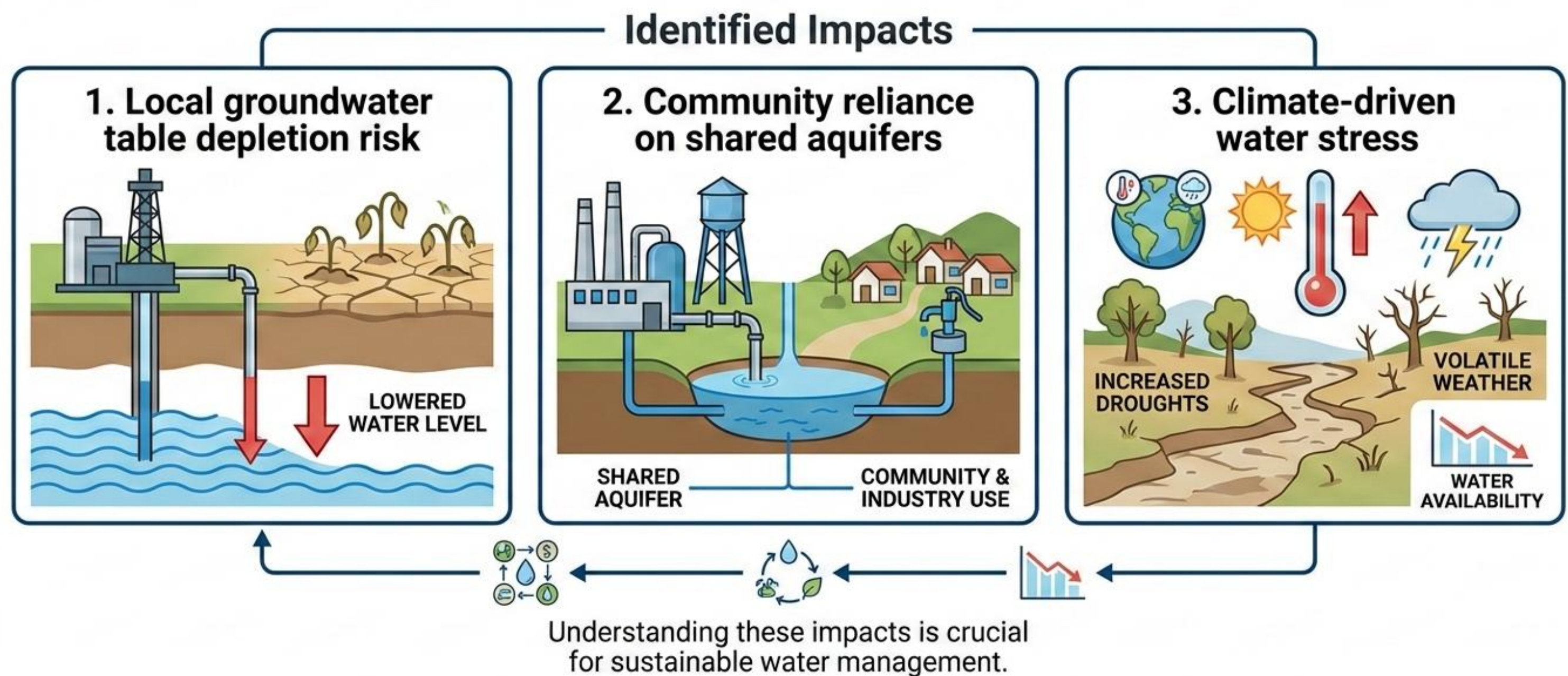
Utility and domestic water support operational continuity and workforce well-being, including equipment cooling, cleaning, and sanitation. By segmenting water use into process, utility, and domestic categories, KC enhances data clarity, traceability, and year-on-year comparability in line with GRI reporting principles.

Following use, industrial wastewater is directed to the Effluent Treatment Plant (ETP), where it undergoes biological and chemical treatment before discharge or reuse. This controlled water cycle reflects KC's commitment to regulatory compliance, responsible discharge, and protection of shared water resources.

Cycle of Water Stewardship



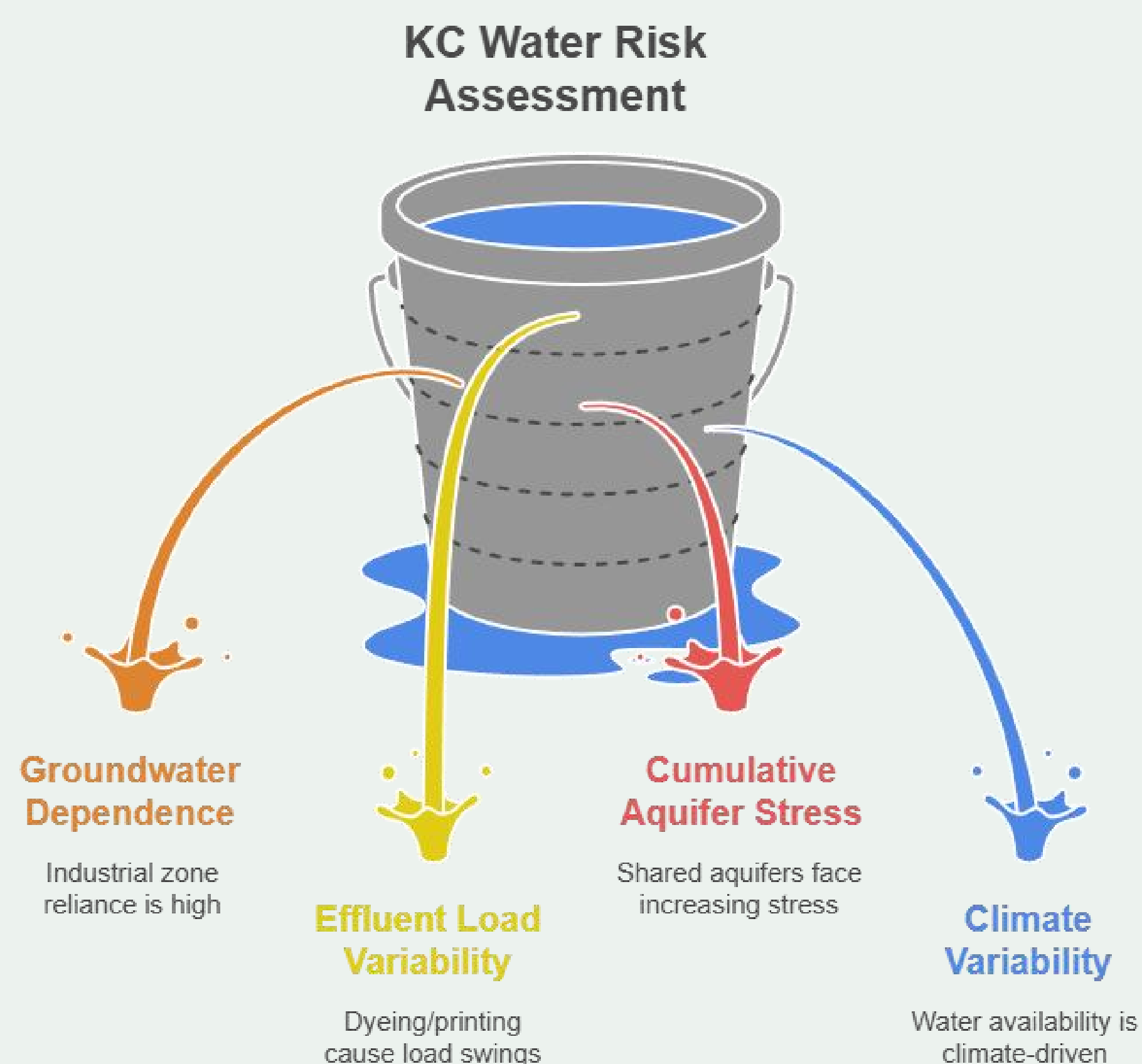
Water-Related Impacts



Water-related risks at KC arise from both operational and environmental dimensions. Dependence on groundwater in an industrial zone, variability in effluent load from wet processing, and climate-driven water stress are recognized as material considerations.

These risks are actively managed through continuous water monitoring, ETP performance tracking, chemical input optimization, and preventive maintenance protocols. Compliance with national discharge standards is verified through regular testing, audits, and flow-meter validation.

Together, these controls strengthen environmental protection, ensure regulatory alignment, and enhance long-term operational resilience

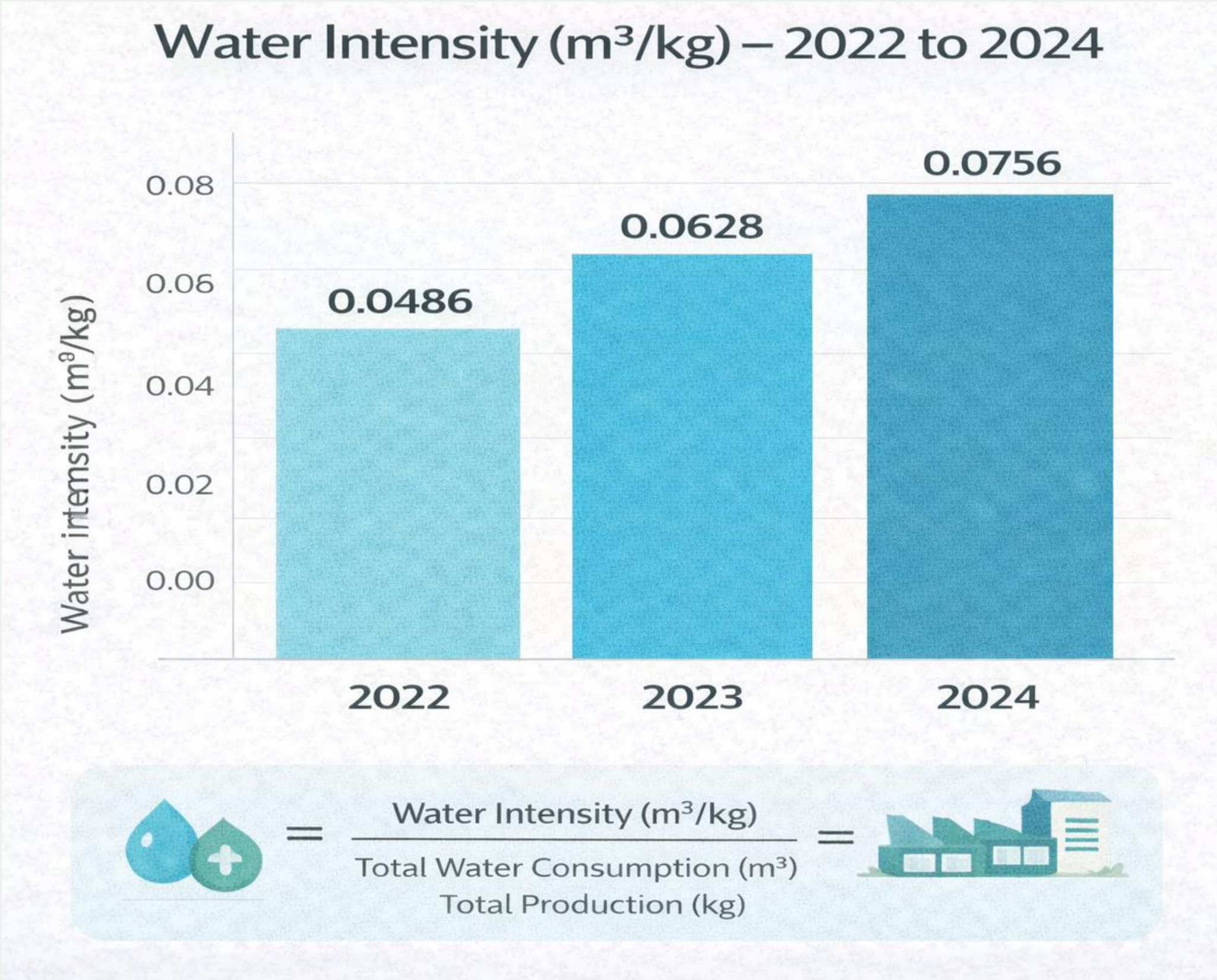


“Risks assessed annually as part of environmental risk review.”

KC tracks water intensity as a core efficiency indicator, measuring water use relative to production output. Between 2022 and 2024, water intensity declined by 35%, reflecting process optimization, liquor ratio reduction, and improved water reuse practices.

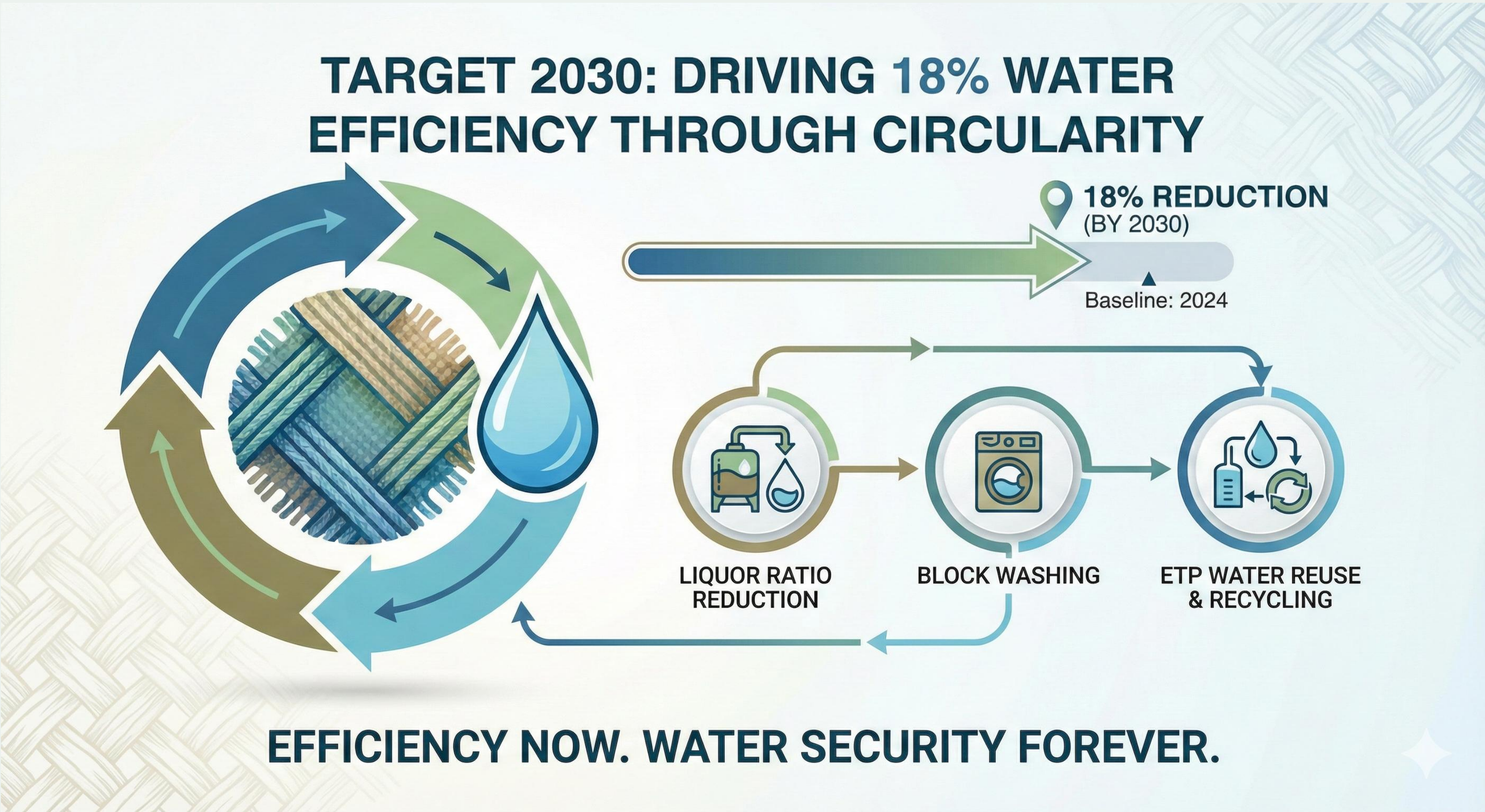
While absolute water consumption reflects workforce growth and expanded operational footprint, efficiency gains demonstrate KC ’ s ability to decouple water use from production growth.

As part of the 2030 Water Stewardship Pathway, KC will further integrate low-flow fixtures, rainwater utilization, and behavior-based conservation initiatives to flatten long-term consumption trends.



	2022	2023	2024
Domestic	216,438	188,650	267,711
Utility	168,499.8	126,569	120,208
Process	669,709	640,071	584,283

Year	Withdrawal (m³)	Discharge (m³)	Consumption (m³)
2022	1,054,648	705,370	349,278
2023	955,290.8	570,345	384,945
2024	972,202	511,425	460,777



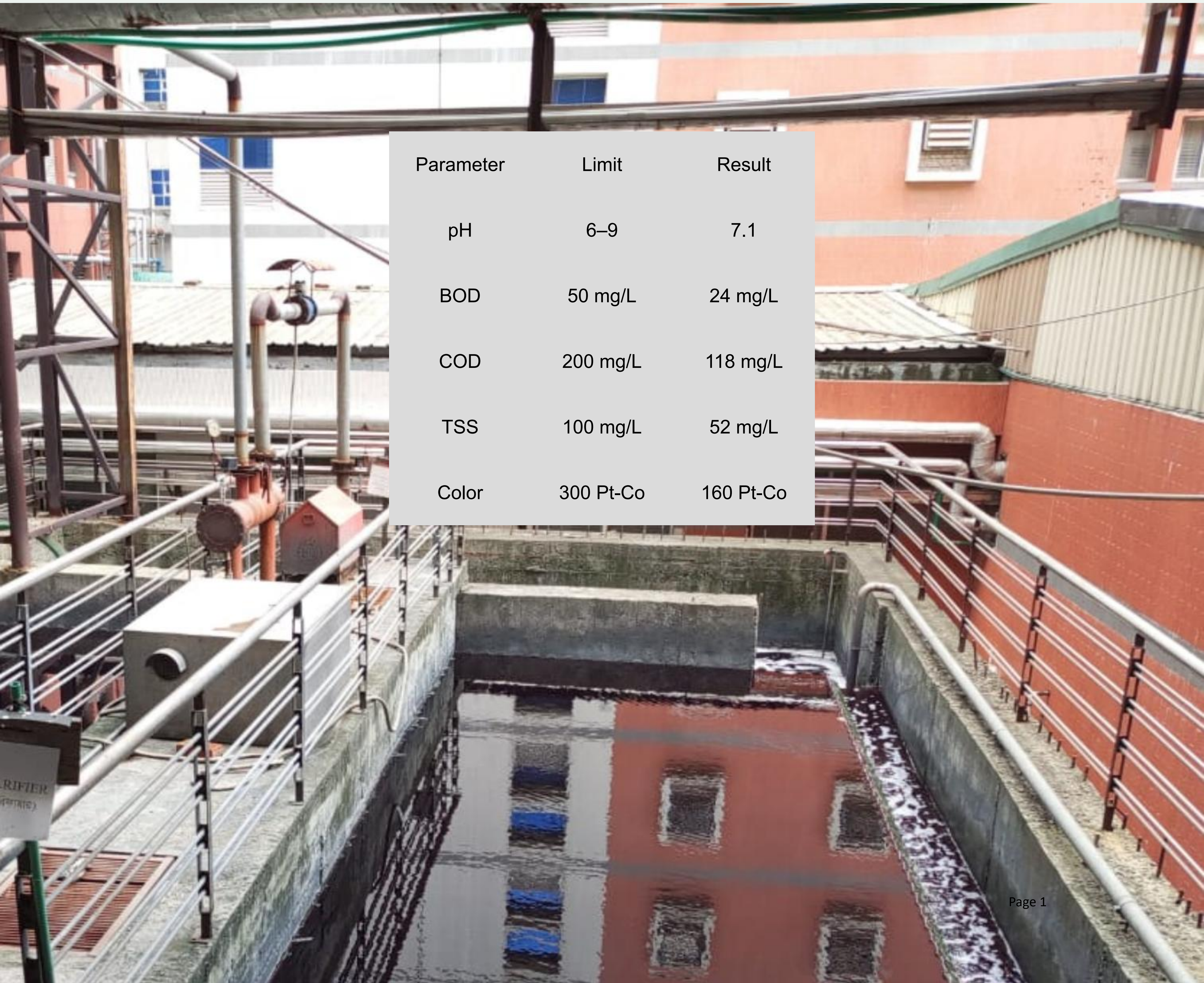
Effluent

KC operates a dedicated Effluent Treatment Plant (ETP) to manage wastewater generated from dyeing, finishing, and printing processes. The ETP is designed to ensure that all effluent is treated in line with national environmental regulations before discharge or internal reuse.

Wastewater entering the ETP undergoes multi-stage treatment, including equalization, biological treatment, and chemical clarification, enabling the removal of color, organic load, and priority pollutants associated with textile wet processing.

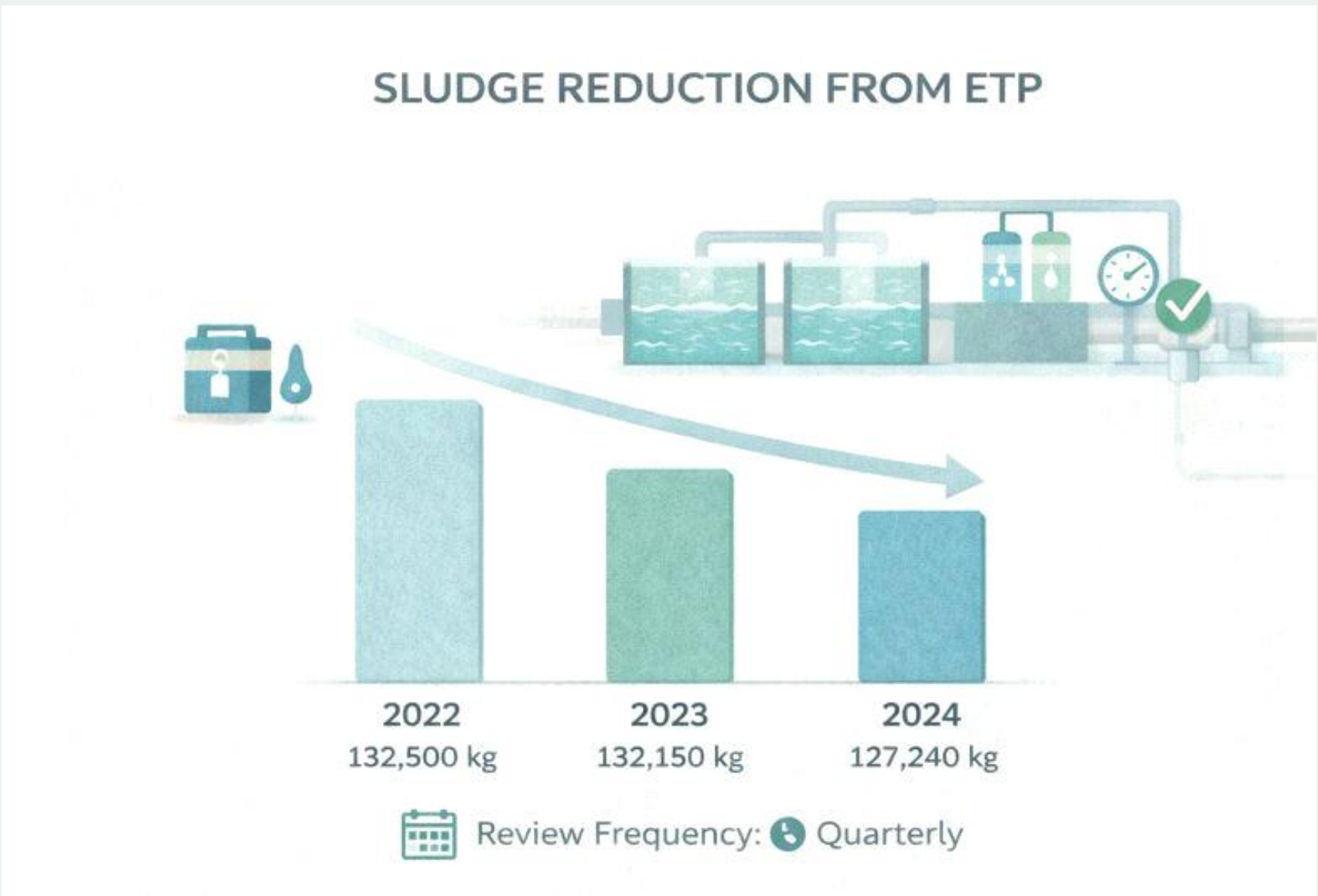
ETP performance is continuously monitored through inlet and outlet flow measurement, routine laboratory testing, and preventive maintenance protocols. This ensures consistent compliance, early detection of deviations, and protection of receiving water bodies.

Year	ETP Inlet (m3)	ETP Outlet (m3)	Reuse Volume (m3)
2022	739,503	705,370	–
2023	584,643	570,345	5,099
2024	525,494	511,425	3,853



Sludge Generation

At KC Lingerie Ltd., sludge generation is closely monitored as a critical output of our effluent treatment process and a barometer of operational efficiency. Over the last three years, total sludge generation has shown a consistent downward trajectory, declining from 132,500 kg in 2022 to 132,150 kg in 2023, and further to 127,240 kg in 2024. This reduction reflects sharper process controls, improved chemical dosing, and disciplined ETP management. We take a firm view here: less sludge is not just waste minimization—it is evidence of smarter water stewardship, lower environmental burden, and a maturing environmental management system that is steadily moving from compliance to performance excellence.



Water flows through KC’s production floors like an invisible collaborator — shaping color, comfort, texture, and finish. Our responsibility is not only to use it, but to honor it. By embedding circularity, refining chemistry, and modernizing our ETP governance, we are pushing toward a vision where every drop carries purpose, efficiency, and integrity.

Waste Management

At KC, waste is not treated as an afterthought of production—it is a material signal of operational discipline, resource efficiency, and future readiness. As a knitwear and lingerie manufacturer operating in a resource-intensive value chain, we recognize that how we generate, manage, and ultimately reduce waste directly shapes our environmental footprint and stakeholder trust. Our waste strategy is therefore anchored in risk awareness, circularity ambition, and regulatory compliance, with a clear bias toward continuous improvement.

Waste Generation and Significant Waste-Related Impacts

Waste generation at KC Lingerie Ltd. primarily arises from cutting and sewing processes, chemical usage in wet processes, packaging materials, maintenance activities, and administrative operations. The most significant waste-related impacts are associated with:

- Hazardous waste, including chemical residues, sludge, contaminated containers, and process-related by-products.
- Non-hazardous waste, such as fabric off-cuts, packaging waste, paper, plastics, and general solid waste.



These impacts predominantly relate to waste generated from our own operations, with upstream impacts linked to raw material packaging and downstream impacts associated with product packaging disposal. Poor handling of hazardous waste presents potential risks to soil, water bodies, and worker safety, while inefficient management of non-hazardous waste can drive unnecessary landfill dependency and resource loss. Recognizing these risks, KC has prioritized stronger segregation, monitoring, and responsible disposal mechanisms.



Waste Generated (2022-2024)

The table below summarizes total waste generation over the last three years. All data exclude effluent and are compiled using 1,000 kg = 1 metric ton.

Year	Hazardous Waste (kg)	Non-Hazardous Waste (kg)	Total Waste (kg)
2022	341,222	823,928	1,165,150
2023	323,530	708,093	1,031,623
2024	181,783.27	1,131,513	1,313,296.27

The increase in non-hazardous waste in 2024 is linked to higher production volumes and enhanced segregation practices, which have improved visibility and reporting accuracy rather than indicating inefficiency.



KC Lingerie Ltd. actively diverts waste from disposal through offsite recycling and recovery operations, primarily for non-hazardous waste streams such as fabric scraps, paper, plastics, and packaging materials. Limited quantities of hazardous waste are diverted through approved recovery processes where technically and legally feasible. Waste diversion occurs predominantly offsite, managed by licensed recyclers and recovery partners. The organization maintains supporting documentation to verify recovery methods and volumes.

Waste that cannot be diverted is directed to disposal in compliance with regulatory requirements:

- Hazardous waste is disposed of through authorized facilities using methods such as secured landfilling or incineration without energy recovery, depending on waste characteristics.
- Non-hazardous waste is primarily landfilled when recycling or recovery is not feasible.

All disposal activities are conducted offsite, with no onsite disposal practices. Disposal data is compiled using vendor manifests and internal records to ensure transparency and compliance.

Chapter 04:

People



Employment Practices, Workforce Composition & Diversity

At KC Lingerie Ltd., employment practices are guided by a commitment to inclusive growth, workforce stability, and responsible people management.

In 2024 (baseline year), KC Lingerie Ltd. employed a total of 2,150 employees, reflecting a stable workforce size compared to 2,178 employees in 2023 and an increase from 2,082 employees in 2022. The overall headcount trend indicates workforce consolidation following moderate growth, supporting operational continuity and retention outcomes.

Employees aged 18–30 form the largest cohort across all three years, totaling 1,345 employees in 2024, compared to 1,305 in 2023 and 1,234 in 2022. This upward trend indicates continued entry of young workers into the organization.

Women continue to represent the majority of the workforce across all three years. In 2024, female employees accounted for 1,313 employees (61%), while male employees totaled 837 (39%). This represents a slight increase in female representation compared to 2023 (62%) and a clear rise from 2022 (61%), demonstrating sustained female participation within the organization.

The consistently high female-to-male ratio reflects the company's labor-intensive garment manufacturing operations and underscores KC Lingerie's role as a significant employer of women, particularly in production and operational roles. Importantly, the gender distribution has remained structurally balanced over time, with no abrupt shifts—supporting the principle of comparability.

Age Group	2024	2023	2022
18–30	1,345	1,305	1,234
30–50	654	740	714
50+	151	133	134
Total Employees	2,150	2,178	2,082

Male- Female Workforce Representation (2022-2024)

2022		818		1,264	(Total 2,082)
2023		820		1,358	(Total 2,178)
2024		837		1,313	(Total 2,150)



By employment category, workers continue to form the backbone of KC Lingerie’s workforce. In 2024, workers accounted for 1,585 employees, compared to 1,605 in 2023 and 1,546 in 2022, indicating stable production capacity.

Supervisory and officer-level roles remained consistent over the three-year period, with 245 supervisors and 288 officers in 2024, reflecting organizational continuity and controlled leadership layering. Management roles remained lean and stable at 32 employees in 2024, broadly comparable to prior years, supporting efficient governance structures.

Category	2024	2023	2022
Workers	1,585	1,605	1,546
Supervisors	245	249	238
Management	32	30	29
Officers	288	296	273
Total	2,150	2,178	2,082

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The consistently high participation of women, particularly in core production roles, underscores KC Lingerie’s role as an economic enabler for women, translating inclusion into everyday employment rather than isolated initiatives. At the same time, the balanced spread across age groups—anchored by a strong young workforce and supported by retained experienced employees—creates a natural pipeline for skills transfer, productivity, and leadership development.

Taken together, these patterns demonstrate that KC Lingerie’s employment model supports more than operational output; it contributes to social resilience, workforce dignity, and sustainable value creation.

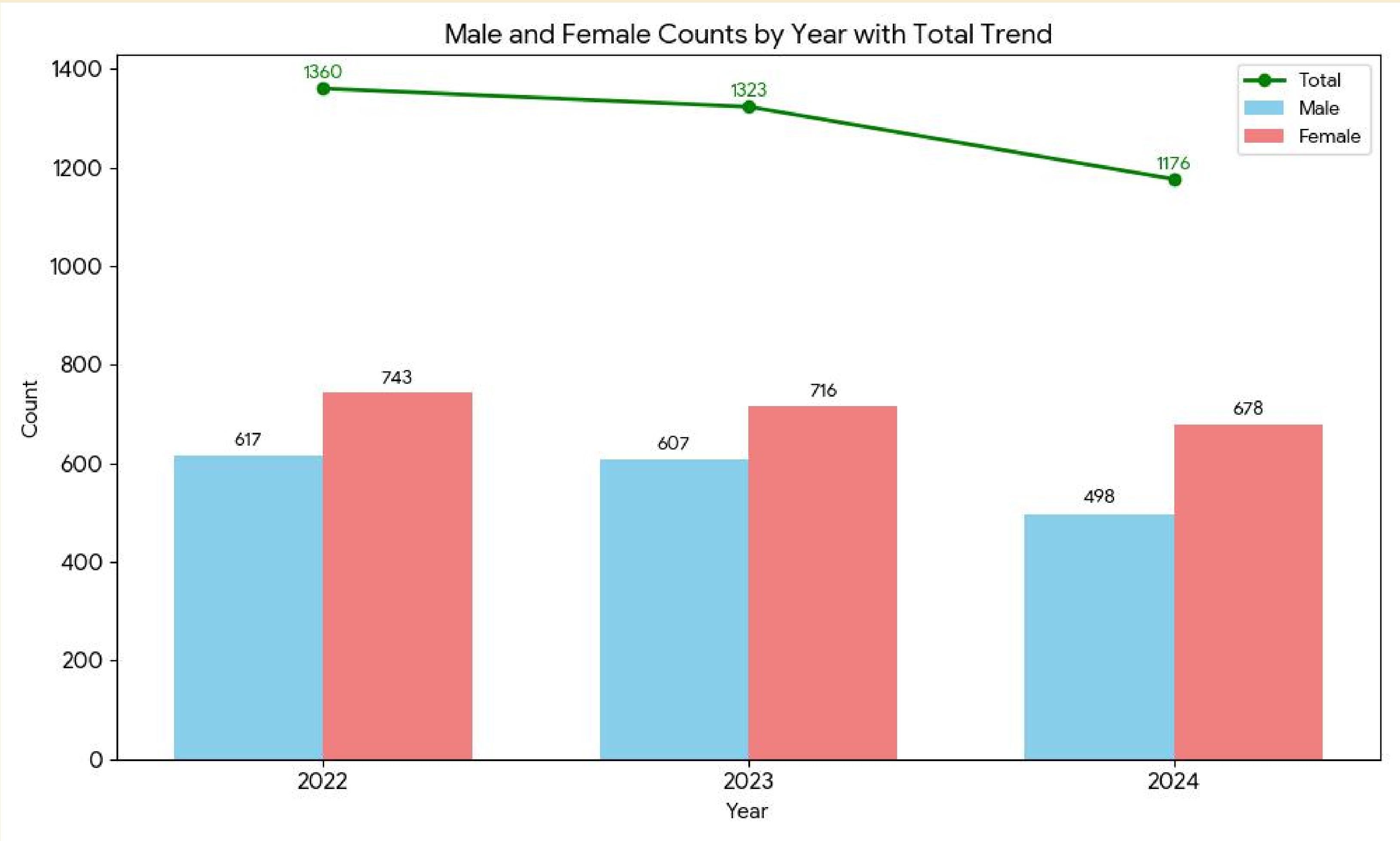


Employment – Workforce Dynamics & Stability

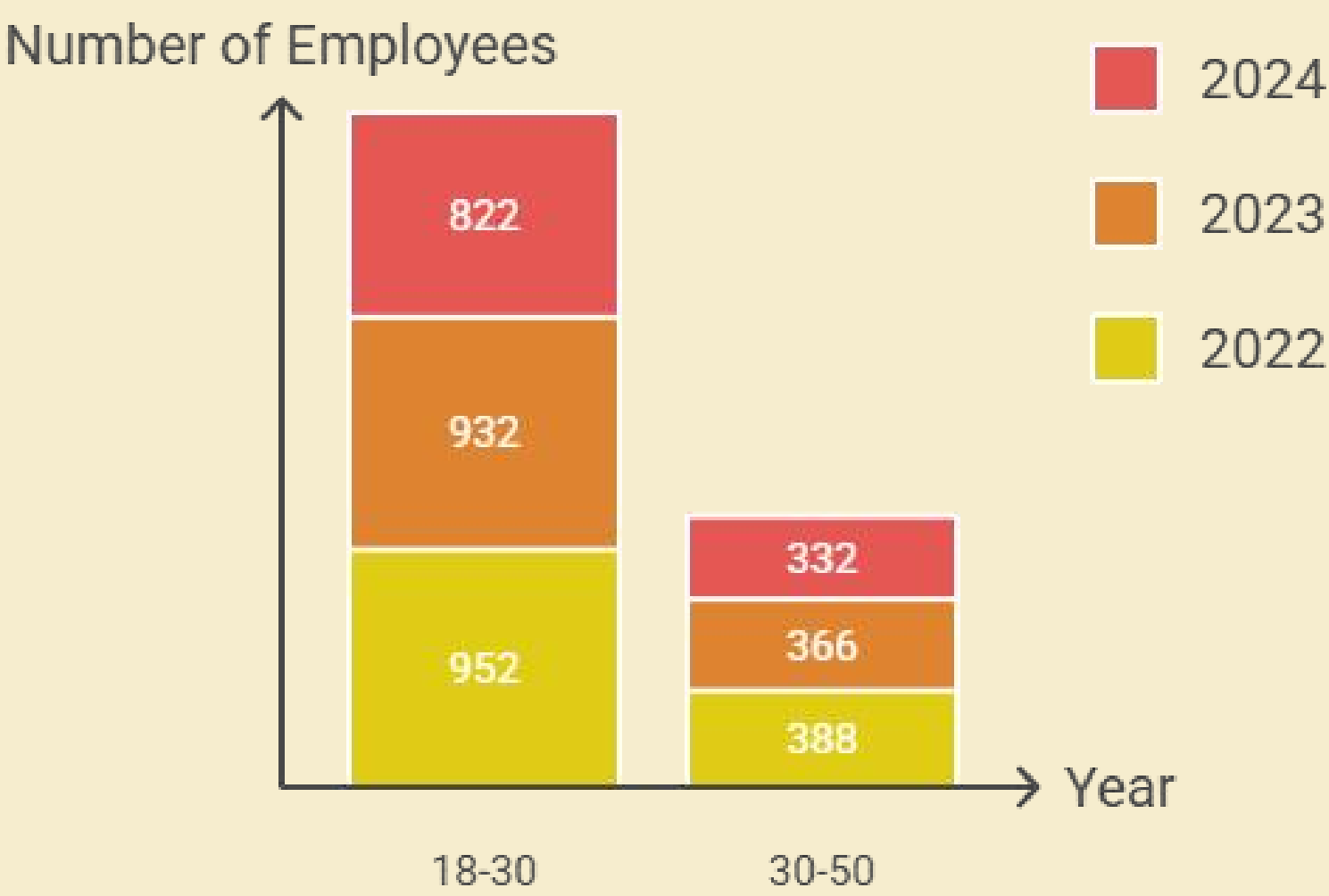
People are not a headcount at KC Lingerie Ltd.; they are the pulse that animates performance, productivity, and purpose. In 2024, our workforce journey reflected both scale and stewardship. A total of 1,176 new employees joined the organization, reaffirming our role as a significant employment generator within the RMG value chain.

New Employees Representation

Year	Male	Female	Total
2022	617	743	1,360
2023	607	716	1,323
2024	498	678	1,176



At KC, the female–male employment ratio is not incidental — it is structural, intentional, and deeply embedded in the nature of our operations. Across recent years, women have consistently represented the larger share of workforce inflows, particularly within new hires, reflecting both the skill profile of the RMG sector and KC’s role as a critical employer of women.



New Employees by Age Group

Employee Turnover

Table : Employees turnover by Gender and Age Group

Year	Gender	18–30	30–50	50+	Total
2024	Male	265	88	11	364
	Female	323	133	20	476
	Total	588	221	31	840
2023	Male	238	145	13	396
	Female	337	118	25	480
	Total	575	263	38	876
2022	Male	289	136	15	440
	Female	380	151	18	549
	Total	669	287	33	989

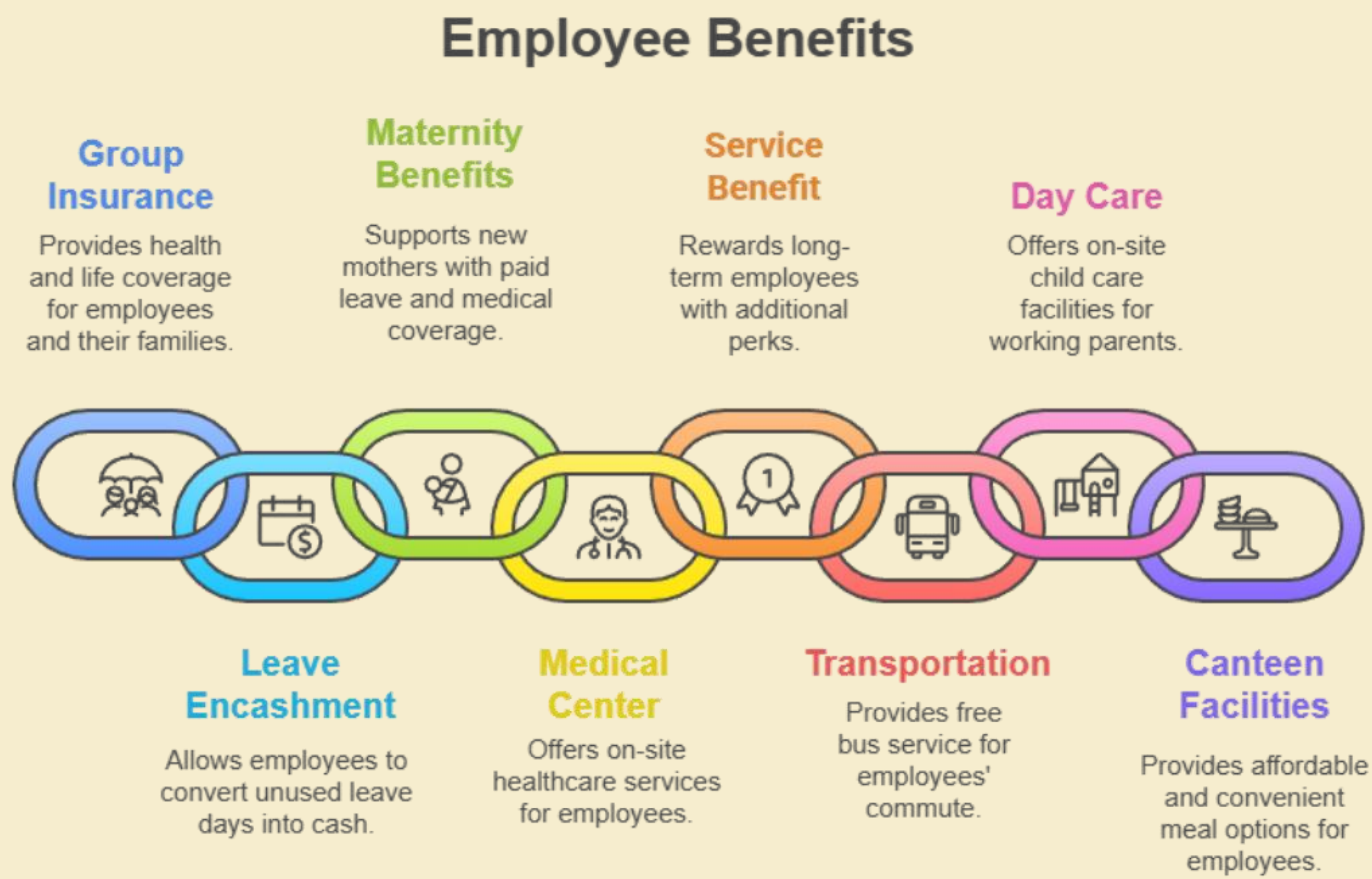
Employee exits at KC — whether through resignation, retirement, or the natural completion of contracts — tell a quiet but important story about workforce stability. In 2024, total employee turnover declined to 840, continuing a steady improvement from 876 in 2023 and 989 in 2022. This trajectory signals more than a numerical reduction; it reflects a workplace that is gradually becoming more predictable, more anchored, and more resilient.

A closer look at the data reveals that turnover is most concentrated among employees aged 18 – 30, a pattern that closely mirrors the company’s hiring profile.

This cycle underscores KC’s role as an entry point into formal employment, particularly for younger workers who often transition as skills, life stages, and aspirations evolve. Importantly, female employee exits remain broadly aligned with hiring patterns, suggesting that women are not disproportionately leaving the organization. Instead, retention challenges cut across demographics, pointing to structural factors—such as early-career mobility — rather than gender-based inequity. Viewed holistically, these trends position turnover not as a weakness, but as a management signal, guiding targeted investments in engagement, progression pathways, and long-term workforce continuity.



Employee Benefits, Parental Protection & Employment Security



At KC, employee benefits and employment protections are designed to support workforce stability, wellbeing, and legal compliance while responding to the realities of a labor-intensive manufacturing environment. KC Lingerie provides a structured set of statutory and supplementary benefits aimed at safeguarding employee health, income security, and work–life balance. These benefits apply to eligible employees in accordance with national labor law and internal policies.

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Parental Leave & Return-to-Work Outcomes

KC complies with national maternity protection requirements and actively monitors parental leave uptake and post-leave retention. Based on available data, disclosures relate to female employees, as no male parental leave utilization was reported during the period.

The data demonstrates strong return-to-work and retention performance. In 2024, the majority of eligible employees returned following maternity leave, and nearly all returnees remained employed 12 months later. These outcomes indicate effective reintegration practices, supervisory support, and workplace conditions that enable women to continue employment after childbirth.

Year	Eligible Women	Total Leave Days Taken	Returned to Work	Retained After 12 Months
2022	35	3,528	29	29
2023	28	3,024	24	22
2024	36	3,640	31	30

Employment Security



From a comparability perspective, maternity leave utilization and post-return retention have remained consistently high over the three-year period, reinforcing KC Lingerie’s commitment to employment continuity for working mothers.



KC Lingerie follows legally mandated notice requirements when implementing significant operational changes affecting employees. In cases of resignation, notice periods are applied in accordance with national labor law, with a standard notice period of up to 60 days, depending on employment category and contract terms. Clear notice practices help mitigate employment disruption, provide employees with time to prepare for transitions, and support fair labor relations.



KC Lingerie has a Participatory Committee (PC) in place, serving as a formal platform for worker representation and dialogue between management and employees. This mechanism strengthens internal governance, promotes transparency, and ensures that employee voices are incorporated into workplace decision-making processes.

Workplace Health & Safety

From Policy to Practice: Caring for People, Protecting Performance

At KC, occupational health and safety is not treated as an operational afterthought—it is governed through a long-standing, continuously updated Health & Safety Policy that has evolved over more than a decade. First issued in 2014 and revised most recently in January 2025, the policy reflects the Company’s sustained commitment to building a safe, hygienic, and dignified workplace for every worker.

Aligned with the Bangladesh Labour Law (2006 & 2015), Factory Act 1976, BS OHSAS 18001, and international buyer codes such as amfori BSCI, the policy provides the backbone of KC Lingerie’s Occupational Health & Safety (OHS) Management System. This system applies across all sections and employment categories and is implemented through structured procedures, assigned responsibilities, and continuous monitoring.

What distinguishes KC’s approach is its healthcare-first safety philosophy—where prevention, medical readiness, and worker awareness move together, reinforcing both human well-being and operational resilience.



Healthcare as the First Line of Protection



KC's workplace safety framework begins with a clear belief: a healthy worker is a safe worker. Accordingly, the Company has embedded healthcare services directly into factory operations, ensuring accessibility, speed, and trust.

On-Site Medical Infrastructure

In line with Sections 51–60 of the Bangladesh Labour Law, KC maintains a fully functional Medical Center within the factory premises. A qualified doctor and nurse are present full-time during working hours, providing immediate treatment, medical advice, and health-related awareness sessions. This constant medical presence significantly reduces response time during incidents and supports early diagnosis of health concerns.

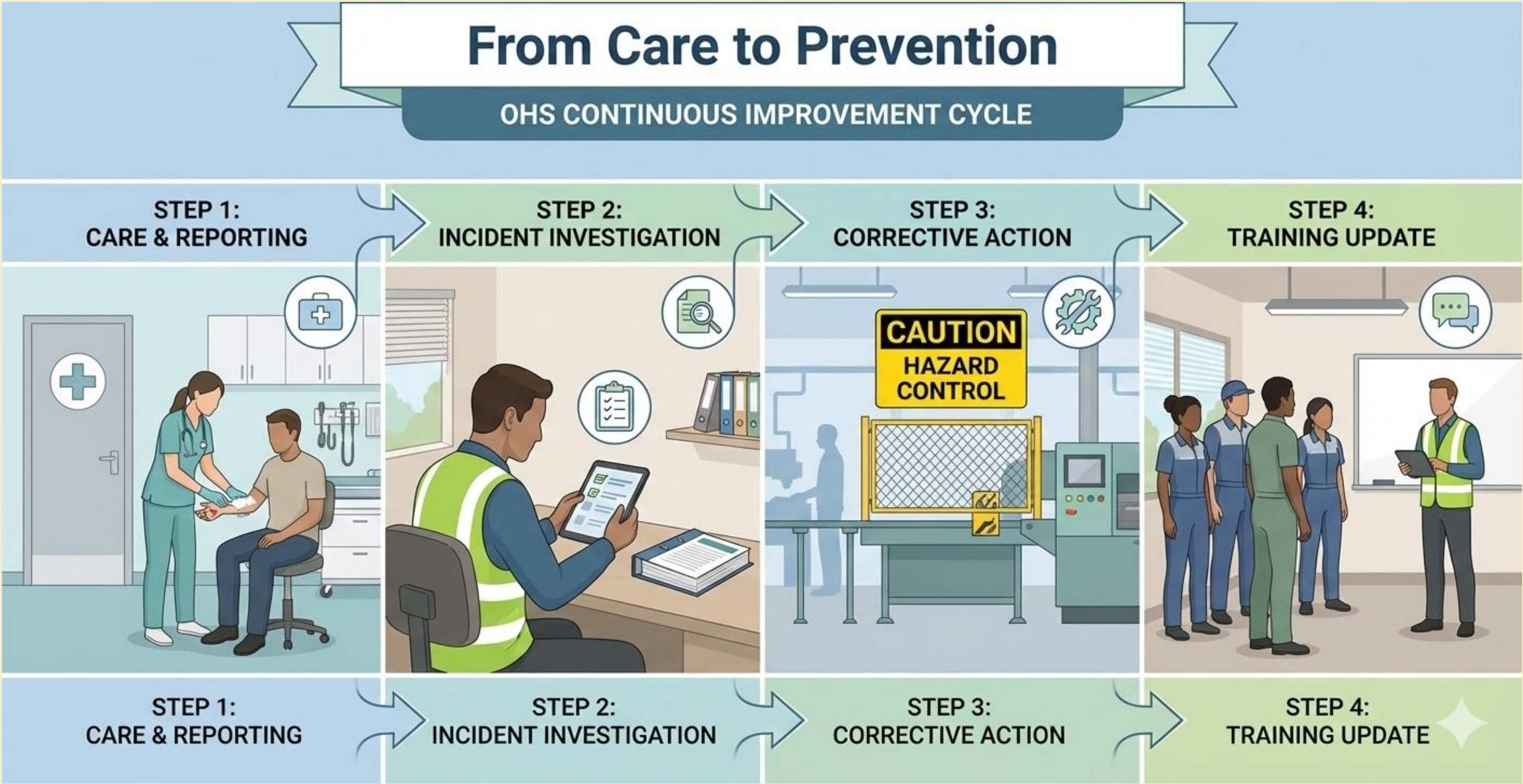
To strengthen emergency preparedness, the Company operates its own dedicated ambulance, ensuring uninterrupted medical transport when escalation to external facilities is required. In parallel, health insurance coverage is provided, reinforcing financial security and access to treatment beyond the workplace.

For employees engaged in higher-risk activities, annual health check-ups are conducted to monitor occupational exposure and prevent long-term health impacts. This proactive approach aligns with both national legal requirements and international best practices in occupational health prevention.

First Aid Readiness Across Operations

First aid preparedness is standardized and decentralized. At least one fully equipped First Aid Box is installed on every floor and in every department, clearly marked with a Red Crescent or Red Cross symbol. Each box contains all mandatory items as prescribed under Labour Rules, along with clear instructions for use.

To ensure accountability, the name and photograph of the trained first-aider responsible for each shift are displayed on the box. This small but critical detail reinforces reliability, clarity, and immediate usability during emergencies.



Workplace health at KC extends beyond medical response into environmental hygiene and daily comfort. Factory premises are cleaned continuously, with disinfectant application at least once a week. Walls and structural surfaces are painted annually, while waste is stored in a designated fire-proof area to prevent contamination and fire risk.

Adequate ventilation, temperature control, and lighting are maintained to ensure a comfortable and productive working environment. Pure, arsenic-free drinking water is provided at safe distances from sanitation facilities, and separate toilets for men and women are maintained with proper hygiene supplies.

To prevent overcrowding, floor layouts ensure that each worker is provided with sufficient cubic space, reducing physical strain and accident risk. A low-cost canteen facility further supports worker welfare by providing access to nutritious meals during working hours.

Over the last three years, this structured approach has delivered zero fatalities, zero high-consequence injuries, and a steady reduction in recordable injuries, demonstrating balanced and outcome-oriented safety performance.

Incident Management and Continuous Improvement

All workplace accidents, near misses, and unsafe conditions are formally investigated under the OHS system. Root causes are identified, and corrective action plans are developed and implemented. These findings are not siloed—they directly inform updates to procedures, workplace controls, and training content.

Table: Use of Medical Services & Corrective Actions

Year	Workers Using Medical Center	Corrective Action Plans Implemented
2022	957	11
2023	803	15
2024	1126	14

Over the past three years, KC Lingerie has reported:

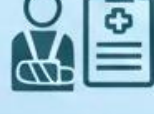
- Zero fatalities
- Zero high-consequence injuries
- A declining trend in recordable injuries

OHS Training Scenario

Training is the bridge between KC Lingerie’s Health & Safety Policy and its shop-floor reality. Rather than relying on one-off instruction, the Company has institutionalized monthly OHS training as a core operational rhythm. All workers receive OHS training at the time of joining, followed by regular refresher sessions conducted every month. This cadence ensures knowledge retention, accommodates workforce turnover, and sustains safety awareness across shifts and departments.

Training topics are selected based on operational risk profiles and incident learning outcomes, ensuring relevance and impact.

Training / Service Area	2022	2023	2024
PPE Coverage	280	290	315
OSH Coverage	280	290	315
First Aid Training	52	59	60
Risk Assessment Training	280	290	315
Total Coverage	892	929	1005

Key OHS Training Modules	
	Personal Protective Equipment (PPE)
	Occupational Health and Safety (OSH) Fundamentals
	First Aid Response
	Risk Assessment Principles
	Fire Safety & Handling & Safety Preparrrres
	Work-related Injury Training

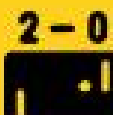
From Training to Outcomes

The effectiveness of the training program is reflected in stable injury management outcomes, declining recordable injury numbers, and zero high-consequence events. Importantly, training content is continuously refined using insights from incident investigations and hazard assessments, creating a feedback-driven learning loop.

By embedding training into routine operations rather than treating it as a compliance exercise, KC Lingerie strengthens individual capability while reinforcing collective accountability.

KC ’ s Occupational Health & Safety approach demonstrates that care systems and capability building must move together. Healthcare services provide immediate protection, while training ensures long-term prevention. Together, they create a safety culture rooted in trust, learning, and shared responsibility—one that protects people today while strengthening operational resilience for tomorrow.

Injury Statistics by Year

Year	 24 2022	 2-0 2023	 24 2024
Recordable Injuries	21	19	16
Fatalities	0	0	0
High-Consequence Injuries	0	0	0

OHS Training

Fire Safety Training (Workers)



Training by KC Fire Fighter using AFFF



Training by KC Fire Fighter using 50Kg DCP



Fire Drill



Sprinkler System



Practical Fire Fighting (Workers)



Auto DCP



Training and Development

Human capital is the quiet engine behind KC Lingerie Ltd. ' s operational continuity and long-term competitiveness. The company approaches training and development as a foundational enabler—supporting compliance, productivity, and workforce stability within a fast-paced manufacturing environment. During the reporting year, KC Lingerie Ltd. delivered a total of 195 hours of training across its workforce. This resulted in an average of 12.30 minutes of training per employee.

Training activities primarily focused on operational requirements, compliance awareness, and job-specific skill reinforcement, ensuring that employees are equipped to meet immediate production and quality expectations. While training duration per employee remains limited, the company recognizes the need to progressively scale learning hours in alignment with workforce growth, evolving skill requirements, and ESG maturity.



Soft Skill Training

- Orientation training for new workers
- Health & safety
- Fire safety training
- Harassment & abuse
- Anti-corruption
- Grievance handling
- Freedom of Association Policy

Technical Skills Training

- Chemical handling and related
- Machine safety
- PPE training
- Operator's skill development training
- Safe machine operation training

Employees Training

KC has established programs for worker skill development, aimed at strengthening technical competencies, production efficiency, and safe working practices.

The company also provides training linked to promotion and career growth, supporting internal advancement and reinforcing employee motivation through skill-based progression pathways.

However, formal re-training programs for employees returning after extended leave are currently not in place. Management has identified this as an area for future development, recognizing the importance of structured reintegration support to enhance workforce inclusion, retention, and productivity.

Training Participation by Employee Type (2022-2024)

Year	Male	Female	Workers	Staff
2022	1,060	1,447	2,229	278
2023	1,112	1,416	2,249	279
2024	1,203	1,477	2,178	492

KC Lingerie Ltd. recognizes diversity and inclusion as essential components of social sustainability and organizational resilience. Monitoring workforce composition enables the company to understand representation across roles and demographic groups, supporting equitable workforce planning and responsible employment practices.

Year-wise Training Hours by Topic

Training Topic	2022	2023	2024
PPE	12	12	16
Orientation	16	17	22
First Aid	6	7	10
OSH	13	12	15
Mid-Level Management	9	10	10
Fire Fighting + First Aid & Rescue	16	17	22
GBV	0	0	11
Total Training Hours	73	75	107



KC implements targeted CSR initiatives to strengthen employee well-being, social protection, and workplace equity. During the reporting period, the company provided free sanitary napkins to women workers, reinforcing menstrual health and dignity at work. Medical treatment and hospitalization support were extended to employees in need, while Old Age Allowances were provided to 15 eligible individuals, reflecting long-term social care commitments. In addition, a fair price shop was maintained to ensure access to essential goods at affordable rates for all employees, complemented by free bus services to support safe and reliable commuting. Collectively, these initiatives reinforce KC's people-centric approach and contribute to workforce stability, inclusion, and social resilience.



Corporate Social Responsibility (CSR) Initiatives

- 01 Distribution of free sanitary napkins for women workers, supporting menstrual health, dignity, and gender-sensitive workplace practices
- 02 Provision of medical treatment and hospitalization support for employees facing health-related needs
- 03 Enrollment of eligible employees under a Provident Fund scheme, ensuring long-term financial security, post-employment stability, and compliance with statutory social protection requirements
- 04 Old Age Allowance support provided to 15 individuals, reflecting long-term social care commitments
- 05 Operation of a fair price shop offering essential goods at subsidized rates for all employees
- 06 Provision of free bus transportation services to ensure safe, reliable, and affordable employee commuting
- 07 Implementation of maternity and parental leave benefits in compliance with labor regulations, supporting workforce continuity
- 08 Maintenance of employee consultation and communication mechanisms to promote social dialogue and worker representation

Fair Price Shop

KC Lingerie Ltd. operates a Fair Price Shop as a core employee welfare initiative aimed at easing cost-of-living pressures and strengthening financial well-being. The shop ensures equitable access to essential daily commodities at subsidized and stable prices for all employees. By buffering households from market volatility and reducing routine expenses, the Fair Price Shop reinforces social protection, supports workforce stability, and reflects the company ’ s commitment to responsible, people-centered operations.



Old Age Allowance

KC Lingerie Ltd. provides Old Age Allowance support as part of its broader social protection and employee welfare framework. During the reporting period, 15 eligible individuals received financial assistance, reinforcing dignity, security, and continuity beyond active employment. This initiative reflects the company’s long-term commitment to inclusive growth and responsible labor practices, ensuring that care for people extends across the full employee life cycle.

Human Rights & Labor Practices

KC Lingerie Ltd. recognizes that respecting human rights is fundamental to sustainable business operations. In alignment with the Bangladesh Labour Act, buyer Codes of Conduct, and GRI Standards, the company maintains policies, governance mechanisms, and preventive controls to safeguard worker rights across its operations.

Non-Discrimination

KC has a formal Non-Discrimination Policy that prohibits discrimination on the grounds of race, color, sex, religion, or any other status. The policy applies to all employees and is integrated into recruitment, workplace conduct, and disciplinary procedures.

During the reporting year, no incidents of discrimination were reported. As part of standard governance practice, any reported incident would be subject to management review and corrective action.

To strengthen preventive controls and reinforce respectful workplace behavior, the company implements:

To strengthen preventive controls and reinforce respectful workplace behavior, the company implements:



Freedom of Association & Collective Bargaining

KC respects workers’ rights to freedom of association and collective bargaining in accordance with national law. A formal Freedom of Association Policy is in place and communicated to employees.

No operations or suppliers were identified where these rights are considered to be at risk. Worker representation and dialogue are facilitated through Participation Committee (PC) meetings, which serve as the primary platform for engagement between workers and management.

Freedom of Association Training



Child Labor

We maintain a zero-tolerance approach to child labor, recognizing that the protection of children’s rights is a foundational pillar of responsible manufacturing and long-term social sustainability. The company has adopted a formal Child Labor Policy, which explicitly prohibits the employment of underage workers across all operations. The policy is aligned with the Bangladesh Labour Act, relevant government regulations, and internationally recognized labor standards. It applies to all employees and forms part of KC Lingerie Ltd.’s broader human rights and ethical employment framework.

Although no risks were identified, KC Lingerie Ltd. continues to apply preventive controls to ensure sustained compliance and early risk detection. These include:



Forced or Compulsory Labor

KC is committed to ensuring that all employment is freely chosen and conducted with full respect for human dignity. The company has established a formal Forced or Compulsory Labor Policy, which strictly prohibits all forms of forced, bonded, or involuntary labor. This policy is applicable to all employees and reflects alignment with national labor legislation, buyer expectations, and internationally accepted labor principles. It forms an integral part of the company’s responsible employment practices.

To uphold its commitment and prevent any form of coercion in employment, KC Lingerie Ltd. maintains the following controls:



Chapter 04: Progress



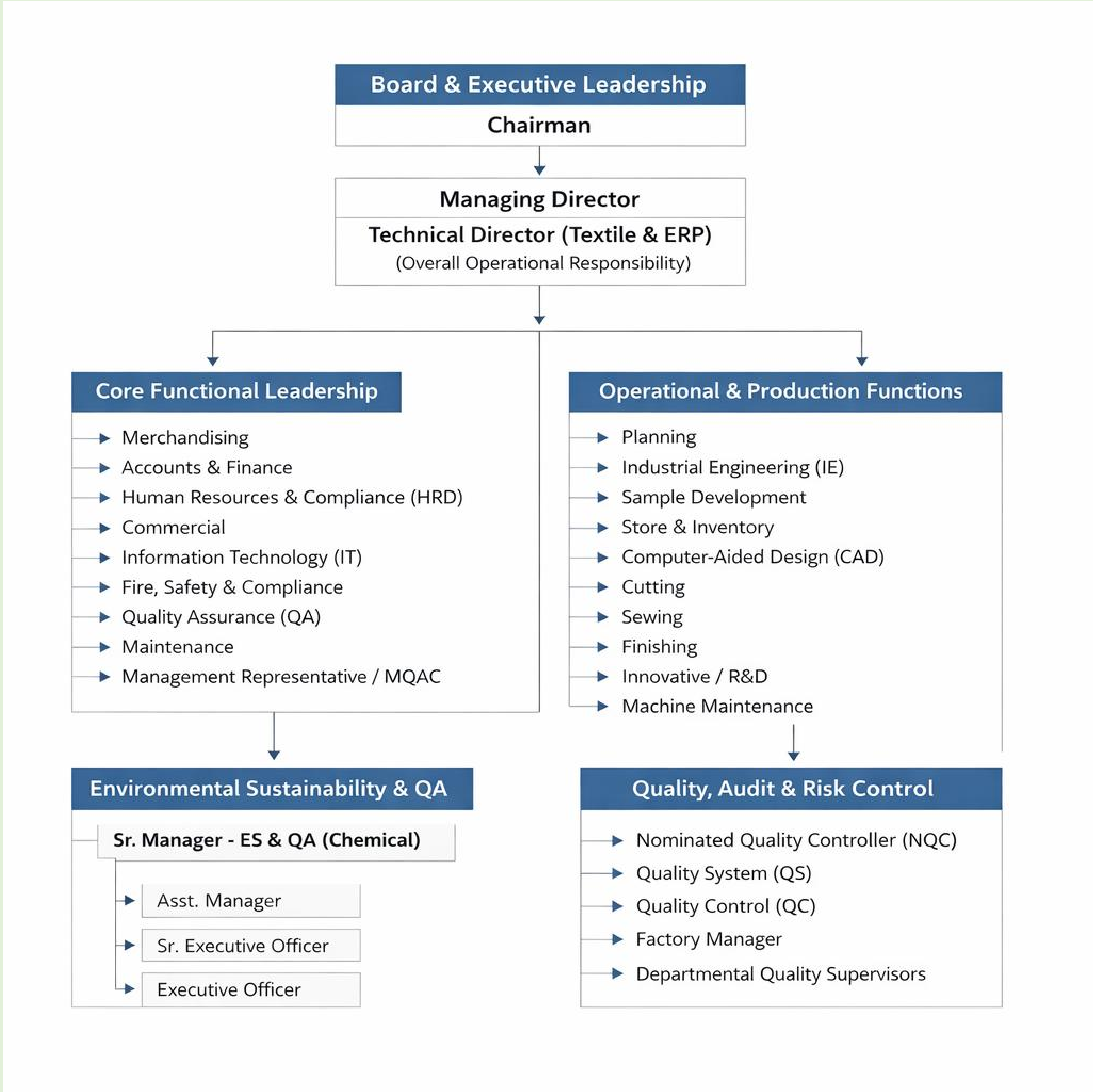
Governance Structure and Supervision

Anchoring integrity, accountability, and sustainable value creation

At KC, governance is not a static organogram—it is a living system of oversight, ethical leadership, and disciplined supervision that steers the organization toward long-term resilience. Our governance structure is deliberately designed to balance strategic authority with operational accountability, ensuring that integrity flows from the boardroom to the factory floor.

The highest governing authority of KC is led by the Chairman and Technical Director, who together provide unified strategic direction and day-to-day executive leadership. This dual role enables fast, informed decision-making while maintaining strong checks on fairness, transparency, and ethical conduct. Leadership accountability is embedded through regular performance reviews, sustainability oversight, and policy approvals at the highest level.

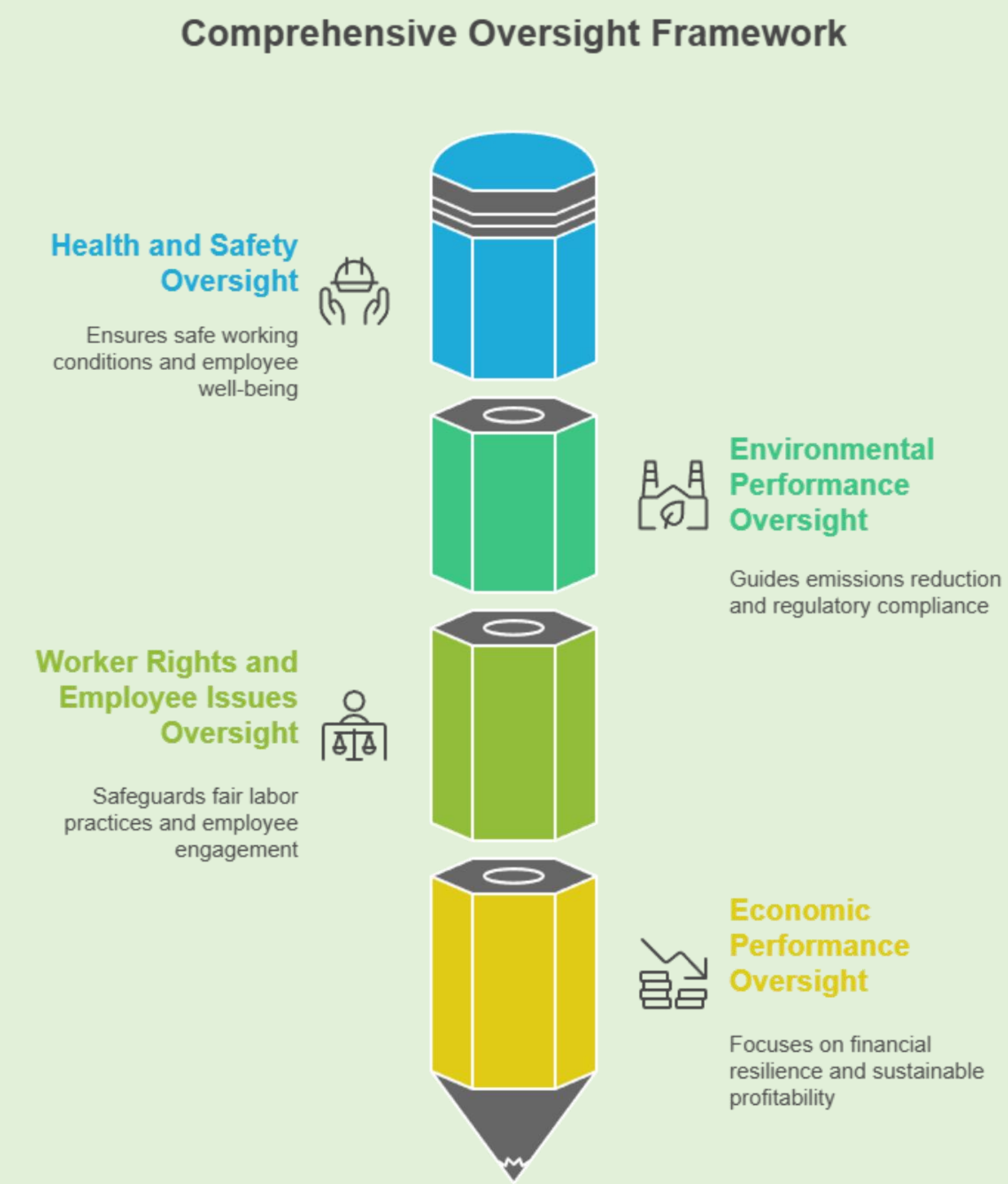
Organogram



Governance Oversight and Committee Supervision

At KC , governance oversight is intentionally designed as a strategic command center rather than a compliance formality. Supervision of sustainability and business-critical issues is embedded within leadership decision-making, ensuring that risks, opportunities, and impacts are evaluated through a long-term value creation lens. This integrated oversight structure strengthens accountability, sharpens risk management, and aligns operational execution with the company’s ethical commitments and sustainability ambitions.

Rather than operating in silos, governance responsibilities are organized across focused oversight areas that collectively safeguard people, protect the environment, and secure economic resilience. Each area functions as a pillar of sustainable growth, translating corporate values into measurable action and reinforcing the company’s license to operate in global markets.



Delegation and Management Supervision

Day-to-day supervision of sustainability, compliance, and ethical conduct is coordinated through designated management functions, with the Sustainability Manager playing a pivotal role in monitoring implementation, tracking performance indicators, and escalating risks where necessary. Department heads and line managers are responsible for embedding governance requirements into daily operations, ensuring policies are not theoretical documents but lived practices. Regular internal reviews, performance discussions, and management meetings create a feedback loop that allows leadership to course-correct early, respond to emerging risks, and continuously strengthen governance effectiveness.

Ethics, Anti-Corruption, and Control Environment

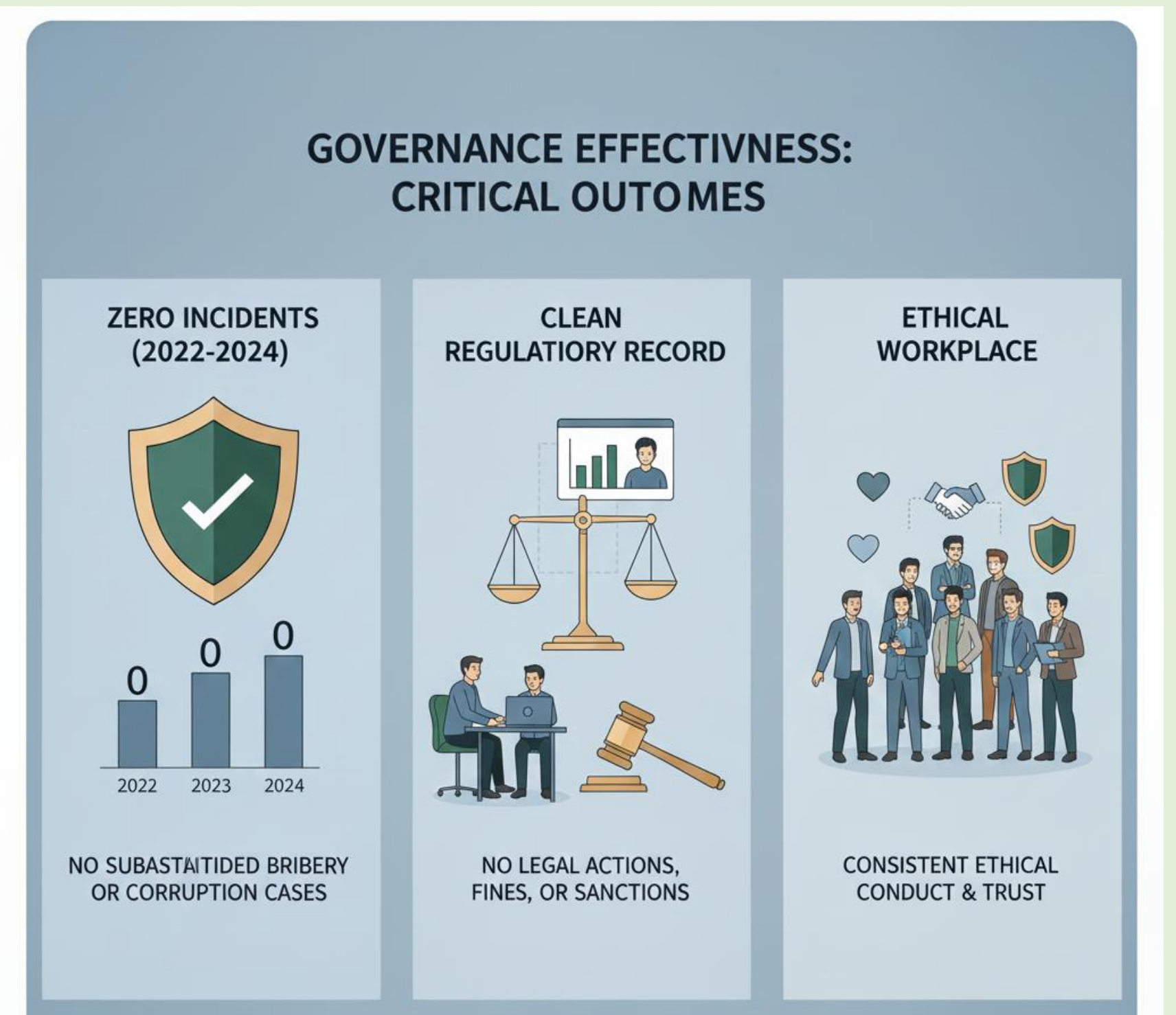
Zero tolerance, full accountability, no shortcuts

Ethical conduct forms the moral backbone of KC Lingerie Ltd.’s governance framework. The company operates under a clearly articulated Anti-Corruption and Bribery Policy that establishes zero tolerance toward bribery, corruption, facilitation payments, kickbacks, or any form of improper advantage. This policy applies uniformly to employees, management, directors, and third parties acting on behalf of the company, ensuring ethical expectations extend across the entire value chain.

The control environment is reinforced through preventive and detective mechanisms, including documented procedures, approval hierarchies, internal audits, conflict-of-interest disclosures, and accessible whistleblowing channels. Employees are encouraged to raise concerns through hotlines, complaint boxes, or designated management representatives, with strong assurances against retaliation. This open-reporting culture strengthens trust and acts as an early-warning system against ethical risks.

Critically, governance effectiveness is demonstrated through outcomes. Over the past three reporting years (2022–2024), KC Lingerie Ltd. has recorded no substantiated incidents of corruption or bribery, and no legal actions, fines, or disciplinary cases related to anti-corruption breaches. This clean track record reflects the strength of internal controls, leadership tone from the top, and consistent ethical reinforcement across the organization.

In a business environment where shortcuts can be tempting, KC Lingerie Ltd. takes a firm stance: ethical discipline is non-negotiable. Integrity is treated not as a constraint, but as a strategic asset—one that protects reputation, strengthens stakeholder confidence, and underpins sustainable, long-term growth.



Reporting, Whistleblowing, and Accountability

KC maintains accessible grievance and whistleblowing channels, including hotlines and complaint boxes, enabling employees and stakeholders to raise serious concerns without fear of retaliation. During the reporting period, no critical governance-related concerns were escalated to top leadership—an outcome that reflects preventive controls, open communication, and trust in the system.

Grievance Handling Mechanism

KC maintains a structured grievance mechanism designed to ensure that all workers and relevant stakeholders can raise concerns safely, fairly, and without fear of retaliation.

Oversight of grievance management sits with senior management through the HR and Compliance functions, ensuring that issues raised are elevated, assessed, and resolved with integrity and accountability. This governance alignment reinforces management’s zero-tolerance stance toward harassment, discrimination, unethical conduct, corruption, or labor rights violations.



Governance supervision does not end with approval — it evolves through review. Policies, leadership performance, and sustainability outcomes are periodically assessed, with corrective actions taken where gaps are identified. The Managing Director and Technical Director hold final responsibility for reviewing and approving the sustainability report, underscoring governance ownership of disclosed impacts and commitments.

This report is not a finish line—it is a signal flare. It reflects where KC stands today: grounded in compliance, strengthened by governance, and increasingly guided by purpose. Across people, planet, and performance, the year marks a shift from intent to integration, from isolated actions to a more coherent sustainability narrative.

Yet sustainability is not a static achievement; it is a living system. The challenges ahead — climate volatility, evolving buyer expectations, and regulatory acceleration — demand sharper data, deeper accountability, and bolder ambition. KC recognizes this moment not as pressure, but as possibility.

The next report will go further: clearer targets, stronger metrics, deeper value-chain engagement, and measurable progress where it matters most. What has been built here is a foundation. What comes next is transformation.



GRI Content Index

KC has reported the information cited in this GRI content index for the period 1st January 2024 to 31st December 2024 with reference to the GRI Standards.

GRI Disclosure	Disclosure		Description	Omission	Page No
GRI 2 : General Disclosure 2021	2-1	Organisational details		No	Page 4 & 6 to 13
	2-2	Entities included in the organisation’s sustainability reporting		No	Page 4
	2-3	Reporting period, frequency, and contact point		No	Page 4
	2-4	Restatements of information	Not Applicable	Yes	Page 4
	2-5	External assurance	Not Applicable	Yes	Page 4
	2-6	Activities, value chain and other business relationships		No	Page 6 to 13
	2-7	Employees			Page 10
	2-8	Workers who are not employees	Not Applicable	Yes	-
	2-9	Governance structure and composition		No	Page 51, 52
	2-10	Nomination and selection of the highest governance body	Confidential	Yes	-
	2-11	Chair of the highest governance body		No	Page 51
	2-12	Role of the highest governance body in overseeing the management of impacts		No	Page 51
	2-13	Delegation of responsibility for managing impacts		No	Page 51
	2-14	Role of the highest governance body in sustainability reporting		No	Page 51, 52
	2-15	Conflicts of interest	Not Applicable	Yes	
	2-16	Communication of critical concerns	Not Available	Yes	

GRI Disclosure	Disclosure		Description	Omission	Page No
GRI 2 : General Disclosure 2021	2-17	The collective knowledge of the highest governance body	Confidential	Yes	
	2-18	Evaluation of the performance of the highest governance body	Confidential	Yes	
	2-21	Annual total compensation ratio	Confidential	Yes	
	2-22	Statement on Sustainable Development Strategy		No	Page 3, 4
	2-23	Policy commitments		No	Page 47, 48
	2-24	Embedding policy commitments	Confidential	Yes	
	2-25	Processes to remediate negative impacts	Confidential	Yes	
	2-25	Mechanisms for seeking advice and raising concerns		No	Page 54
	2-26	Compliance with laws and regulations		No	
	2-27	Membership associations	Not Available	Yes	
	2-28	Remuneration policies		No	
	2-29	Approach to stakeholder engagement		No	Page 15
	2-30	Collective bargaining agreements		No	Page 37
GRI 3: Material topics 201	3-1	The process of determining material topics		No	Page 16
	3-2	List of material topics			Page 17

GRI Disclosure	Disclosure		Description	Omission	Page No
203:Indirect Economic Impact	203-1	Infrastructure investments and services supported	Not Applicable	Yes	-
	203-2	Significant indirect economic impacts		No	Page 44,45, 47
205:Anti Corruption	205-1	Operations assessed for risks related to corruption		No	Page 53
	205-2	Communication and training about anti-corruption policies and procedures		No	Page 53, 43
	205-3	Confirmed incidents of corruption and actions taken		No	53
GRI 301: Materials 2016	301-1	Materials used by weight or volume	Renewable vs non-renewable not yet tracked	No	31, 32
	301-2	Recycled input materials used	Data not currently tracked	Yes	-
	301-3	Reclaimed products and their packaging materials	Not available	Yes	-
GRI 302: Energy 2016	302-1	Energy consumption within the organization		No	Page 19
	302-3	Energy intensity		No	Page 20
	302-4	Reduction of energy consumption		No	
GRI 303: Water and Effluents 2018	303-1	Interactions with water as a shared resource		No	Page 23
	303-3	Water withdrawal		No	Page 25
	303-5	Water consumption		No	Page 25
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions		No	Page 20
	305-2	Energy indirect (Scope 2) GHG emissions		No	Page 20
	305-4	GHG emissions intensity		No	Page 20
GRI 306: Waste 2020	306-1	Waste generation and significant waste-related impacts		No	page 28
	306-2	Management of significant waste-related impacts		No	Page 28
	306-3	Waste generated		No	page 28
	306-5	Waste directed to disposal		No	Page 28, 29
GRI 401: Employment 2016	401-1	New employee hires and employee turnover		No	Page 33
	401-2	Benefits provided to full-time employees		No	Page 35
	401-3	Parental leave		No	Page 36
GRI 403: Occupational Health and Safety 2018	403-1	OHS management system		No	Page 37

GRI Disclosure	Disclosure		Description	Omission	Page No
	403-5	Worker training on OHS		No	Page 40
	403-9	Work-related injuries		No	Page 40
GRI 404: Training and Education 2016	404-1	Average hours of training per employee		No	Page 43
	404-2	Programs for upgrading employee skills		No	Page 43
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees		No	Page 31, 43
GRI 406: Non-discrimination 2016	406-1	Incidents of discrimination and corrective actions taken		No	Page 47
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1	Operations and suppliers at risk		No	Page 47
GRI 408: Child Labor 2016	408-1	Operations and suppliers at significant risk		No	Page 48
GRI 409: Forced or Compulsory Labor 2016	409-1	Operations and suppliers at significant risk		No	Page 48

