KOMAR

CLIMATE TRANSITION PLAN

June 2026

One Reputation — Real Values

Table of Contents

Message from CEO & CSO 4
CEO Message 4
CSO Message 5
Climate Transition Strategy & Approach 6
2.1 Our Transition Approach 6
2.2 Strategic Pillars of the Transition 7
Governance 7
Strategy 7
Risk Management 7
Metrics and Targets 7
Komar's Climate Ambition and Emissions Profile 9
3.1 Science-Based Climate Targets 9
3.2 Emissions Profile and Key Drivers 9
3.2.1 Komar's Emissions Breakdown 9
3.3 Supporting Sustainability Objectives (Sus-Tex 2030) 13
3.3.1 Key Sustainability Objectives 15
Climate Transition Action Plan 18
4.1 Low-Carbon Material Sourcing 18
4.2 Renewable Energy and Coal Phase-out 18
4.3 Electrification and Low-Carbon Heat 19
4.4 Supply Chain Transportation Optimization 19
4.5 Green Financing 20
4.6 Supply Chain Engagement and Awareness 21
4.7 Climate Adaptation and Resilience 21
4.7.1 Key Adaptation Actions 22
Climate-Related Risks and Opportunities 23
5.1 Material Climate-Related Risks 23
5.2 Scenario Analysis 24
5.3 Scenario Insights and Business Implications 24
5.3.1 Flooding and Extreme Rainfall 24
5.3.2 Temperature Increase and Heatwaves 24
5.3.3 Droughts and Water Scarcity 24
5.3.4 Policy and Regulatory Transition 25
5.3.5 Low-Emission Technologies and Supply Chain Transformation 25
5.3.6 Shifting Consumer Preferences 25
5.3.7 Supply Chain Transparency and Reputation 25

5.4 Material Climate-Related Opportunities 26
5.4.1 Supply Chain Resilience 26
5.4.2 Cost and Operational Efficiency 26
5.4.3 Market Access and Compliance 26
5.4.4 Product and Market Positioning 26
5.5 Integration into Strategy 27
How We Will Deliver Our Climate Transition 28
Summary and Closing Remarks 29
Appendix: Glossary of Terms 30

1. Message from CEO & CSO

CEO Message

At Komar, we believe that long-term success depends on making responsible decisions for our business, our partners, and future generations. As a family-owned company with a global footprint, we recognize that sustainability is not separate from our business strategy; it is an important part of how we create value, manage risk, and build for the future.

This Climate Transition Plan reflects our commitment to turning ambition into action. It establishes a clear roadmap for reducing emissions across our operations and supply chain while supporting the long-term resilience of our business. The goals outlined in this plan are grounded in science, informed by data, and designed to be practical and achievable.

We know that meaningful progress requires collaboration. Success will depend on the collective efforts of our employees, suppliers, customers, and industry partners. By working together, we can drive measurable change while continuing to deliver the quality, innovation, and service that define Komar.

This plan is an important milestone, but it is only one step in an ongoing journey. We remain committed to continuous improvement, transparency, and accountability as we work toward our climate goals and a more sustainable future for our industry.

Charlie Komar
Chief Executive Officer
Komar

CSO Message

At Komar, we recognize that climate change is not a distant threat; it is a pressing and defining challenge for our industry, our supply chain, and the communities where we operate. As a global apparel company, we have both the responsibility and the opportunity to lead the transition to a low-carbon future.

Our Climate Transition Plan is a vital step toward turning our ambition into action. Aligned with our SBTi-validated GHG emissions reduction targets, this plan outlines how we will reduce emissions across our operations and, most importantly, across our value chain, where over 98% of our impact occurs. It demonstrates our commitment to meaningful, measurable progress this decade, including lowering Scope 1 and 2 emissions and accelerating Scope 3 reductions, while paving a clear path toward net zero by 2050.

What makes Komar's approach unique is its integration with our broader Sus-Tex 2030 strategy. We do not view climate as a standalone initiative but as a core business priority, embedded in how we design products, source materials, engage suppliers, and allocate capital. From transitioning to preferred, lower-carbon materials to scaling renewable energy and strengthening supplier partnerships and financing mechanisms, our strategy relies on practical, scalable solutions.

We also recognize the challenges ahead. Decarbonizing a complex, global apparel supply chain requires deep collaboration, innovation, and sustained investment. It involves working closely with suppliers, customers, and industry partners to drive system-wide change. It also requires transparency and accountability, demonstrated through robust data, disclosure, and continuous improvement.

At the same time, we view this transition as an opportunity. A low-carbon future is not only essential for the planet but also fundamental to building a resilient, competitive, and future-ready business. By integrating climate considerations into our decision-making today, we are strengthening our ability to manage risk, meet evolving regulatory and customer expectations, and unlock long-term value.

This Climate Transition Plan is not the endpoint; it is a roadmap. As we move forward, we will continue to refine our approach, scale solutions, and engage our stakeholders to drive collective progress.

Together, we can help shape a more sustainable apparel industry that operates within our planet's limits while continuing to serve our customers and communities.

Dr. Thiwanka De Fonseka
Chief Sustainability Officer
Komar

2. Climate Transition Strategy & Approach

At Komar, our motto, "One Reputation—Real Values," reflects our commitment to responsible operations and to strengthening our reputation as a sustainable apparel company. We believe long-term business success depends on embedding environmental sustainability into our culture and decision-making.

Climate is one of the key pillars of Komar's 2030 sustainability strategy. Our purpose, "design for delight, manufacture within the limits of our planet," depends on a thriving, stable climate.

The latest IPCC synthesis states that limiting warming to 1.5°C requires significant emissions reductions this decade. In the apparel sector, progress is not moving fast enough. The Apparel Impact Institute's (AII) report, Taking Stock of Progress Against the Roadmap to Net Zero 2025 (July 2025), estimates that the textile industry accounted for about 2% of global greenhouse gas (GHG) emissions in 2023 and that sector emissions increased by 7.5% from the prior year. These additional 944 million tCO2e mark the first increase since 2019, when AII began calculating emissions.

This plan translates our Science Based Targets initiative (SBTi)-validated near-term, long-term, and net-zero targets into concrete milestones, investment decisions, and accountability mechanisms. It draws on industry best practices while tailoring to Komar's global footprint, multi-brand portfolio, and privately held governance model.

2.1 Our Transition Approach

Komar has established a strategic framework to operationalize our climate commitments across the organization and the value chain. The framework translates our climate targets into actionable steps that drive measurable emissions reductions and support long-term business resilience.

Over 98% of our carbon footprint is Scope 3, so our transition approach focuses on decarbonizing our value chain, with particular emphasis on materials, supplier engagement, and energy use across production. We enable broader system-level changes through partnerships, compliance leadership, and market engagement. At the same time, we are advancing emissions reductions within our own operations.

Our approach is designed to prioritize the most impactful emissions-reduction opportunities, allocate resources effectively, and adapt over time as regulatory requirements, market conditions, and climate-related risks and opportunities evolve.

Four convictions guide our pathway:

- Realistic initiatives — The decarbonization initiatives in this plan are practical and achievable.
- Partnerships are pivotal — With 98% of Komar's carbon footprint in Scope 3, we will work with our suppliers on decarbonization projects and efficiency upgrades to drive progress across our value chain.
- Circular design is indispensable — By 2030, our most prominent fibers, including cotton, polyester, and manmade cellulosic fibers (MMCF) such as viscose, rayon, modal, and lyocell, will be sustainably sourced or recycled, and new collections will be engineered for durability, repair, and eventual textile-to-textile recycling.
- Transparency builds trust — We will report annually on progress toward our SBTi-approved emissions reduction targets through CDP and in our annual sustainability report. To further our transparency, we will increase third-party assurance of GHG emissions from limited to reasonable by 2030.

2.2 Strategic Pillars of the Transition

Komar's strategic framework for addressing climate commitments is built around the following areas, aligned with IFRS S2:

Governance

- Climate-related risks and opportunities are managed by the Chief Sustainability Officer (CSO) and integrated into corporate governance structures.
- The board and executive leadership, including the CSO, review and approve climate-related investments and strategies.
- Sustainability is integrated into sourcing and operational decision-making through internal governance systems.
- Progress is disclosed annually via CDP, Higg BRM, and Komar's annual sustainability report.

Strategy

Climate Risks and Opportunities:

- Physical Risks: Flooding, heatwaves, and water stress are affecting key sourcing regions (e.g., Vietnam, Bangladesh, Sri Lanka).
- Transition Risks: Regulatory changes (e.g., SB261, DPP), energy-transition costs, and evolving consumer preferences.
- Opportunities: Low-carbon materials, adoption of renewable energy, circular design, and preferred supplier programs.

Scenario Analysis:

- Climate resilience was assessed under the low-emissions scenario (SSP1-2.6), the high-emissions scenario (SSP5-8.5), and the IEA Net Zero 2050 transition pathway.
- Time horizons: short-term (0–2 years), medium-term (3–9 years), and long-term (10–25 years).
- Strategic response includes integrating climate considerations into sourcing strategies, supplier selection, product design, and capital allocation.

Risk Management

- Climate risks are identified, assessed, and managed using supplier data systems (Higg FEM, BOM-level product data), scenario analysis, and risk workshops.
- Integration into enterprise risk management, including how climate risks influence procurement, supplier engagement, and investment decisions.
- Mitigation and adaptation actions, such as supplier decarbonization roadmaps, adoption of renewable electricity, and diversification of sourcing.

Metrics and Targets

- Climate Metrics include Scope 1, 2, and 3 GHG emissions (aligned with the GHG Protocol), supplier energy use, renewable energy adoption, on-site coal phase-out, and product-level data.
- Near-term: Reduce Scope 1 and 2 GHG emissions by 65.0% and Scope 3 GHG emissions by 25% by 2030 from a 2024 base year.
- Long-term: Reduce Scopes 1, 2, and 3 emissions by 90% by 2050 from a 2024 base year.
- Net-Zero: Achieve net-zero greenhouse gas emissions across the value chain by 2050.

- 2030 operational targets include 80% renewable electricity in owned operations, 40% renewable electricity in the supply chain, zero onsite coal in Tier 1 (achieved) and in Tier 2 suppliers by 2028, and 100% preferred materials by 2030.
- Annual reporting via CDP, Higg BRM, and Komar's annual sustainability report.

The IFRS S2-aligned strategic framework above reflects Komar's approach to achieving measurable emissions reductions while strengthening resilience, governance, and market positioning across our value chain.

Delivered in 7 chapters, this climate transition plan is more than a sustainability manifesto; it is Komar's business strategy for a low-carbon economy. We invite employees, suppliers, customers, communities, and peers to engage with, challenge, and accelerate this roadmap as we work to keep global warming below 1.5°C and secure a resilient future for the fashion industry.

3. Komar's Climate Ambition and Emissions Profile

Komar's climate targets define the direction of our transition, while our emissions profile provides the basis for prioritizing decarbonization actions.

These targets provide a measurable pathway to reduce GHG emissions and strengthen resilience throughout our value chain. Our emission-reduction targets are validated by SBTi and, together with our broader Sus-Tex 2030 sustainability objectives, guide decarbonization across Scopes 1, 2, and 3.

3.1 Science-Based Climate Targets

Based on our emissions profile and robust reporting methodology, Komar has established science-based emissions-reduction targets that define a clear and actionable decarbonization pathway. Our target details are below:

Table 1: Komar's SBTi Approved Targets

Target Type	Komar's SBTi Targets
Near-term Target	Charles Komar & Sons commits to reduce absolute Scope 1 and 2 GHG emissions 65.0% by 2030 from a 2024 base year. Charles Komar & Sons also commits to reduce absolute Scope 3 GHG emissions 25.0% within the same timeframe.
Long-term Target	Charles Komar & Sons commits to reduce absolute Scope 1 and 2 GHG emissions 90.0% by 2050 from a 2024 base year. Charles Komar & Sons also commits to reduce absolute Scope 3 GHG emissions 90.0% within the same timeframe.
Net-zero Target	Charles Komar & Sons commits to achieve net-zero greenhouse gas emissions across the value chain by 2050.

These science-based targets provide credible guidance for emissions reduction and are operationalized through the concrete actions outlined in the Climate Transition Plan.

3.2 Emissions Profile and Key Drivers

Komar's emissions profile forms the foundation for our climate transition strategy, enabling us to identify key emissions drivers and prioritize decarbonization actions.

Komar has measured and reported our GHG emissions since 2019, continuously improving data quality, methodology, and value chain coverage. As a result, the emissions baseline has been updated to 2024 to ensure a more accurate and representative basis for performance tracking and target-setting, in line with the GHG Protocol.

Category 11 (Use of Sold Products) is not included in Komar's SBTi target boundary because its inclusion is optional under the GHG Protocol and SBTi guidance and is not deemed material for target-setting purposes. However, Komar continues to calculate and monitor Category 11 emissions to maintain a comprehensive view of our value chain footprint.

3.2.1 Komar's Emissions Breakdown

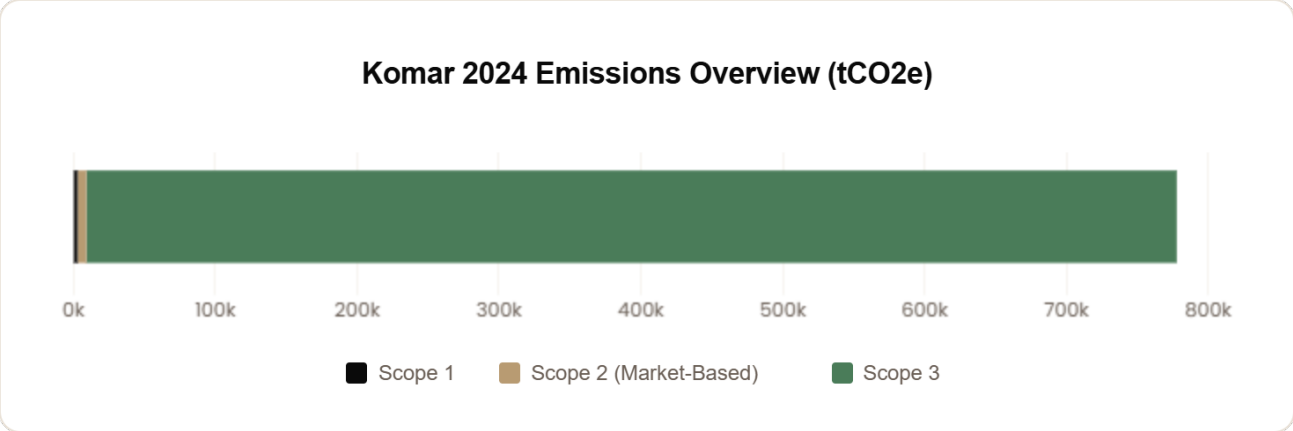
The table below presents Komar's total greenhouse gas emissions for 2024 and 2025, segmented by scope and category. This breakdown highlights the distribution of emissions across all scopes, supporting a clear understanding of key emission drivers and informing the prioritization of reduction efforts.

Table 2: 2024 and 2025 GHG Emissions Inventory

Category	**2024 Emissions (tCO2e)**	**2025 Emissions (tCO2e)**	**% Difference 2024–2025**
Scope 1	2,797	3,268	17%
Scope 2 (Location-Based)	6,302	7,027	12%
Scope 2 (Market-Based)	6,360	1,864	-71%
Category 1 – Purchased goods and services	680,816	798,873	17%
Category 3 – Fuel-and-energy-related activities	2,382	2,818	18%
Category 4 – Upstream transportation and distribution	30,755	28,033	-9%
Category 5 – Waste	305	249	45%
Category 6 – Business travel	1,602	2,325	-8%
Category 7 – Employee commuting	1,007	1,099	9%
Category 9 – Downstream transportation and distribution	36,561	40,366	10%
Category 11 – Use of sold products (Optional)	183,976	177,669	-3%
Category 12 – End-of-life treatment of sold products	15,144	15,353	1%
Total (Market-Based)	**961,705**	**1,071,917**	**11%**
Total (Market-Based) without Category 11	**777,729**	**894,248**	**15%**

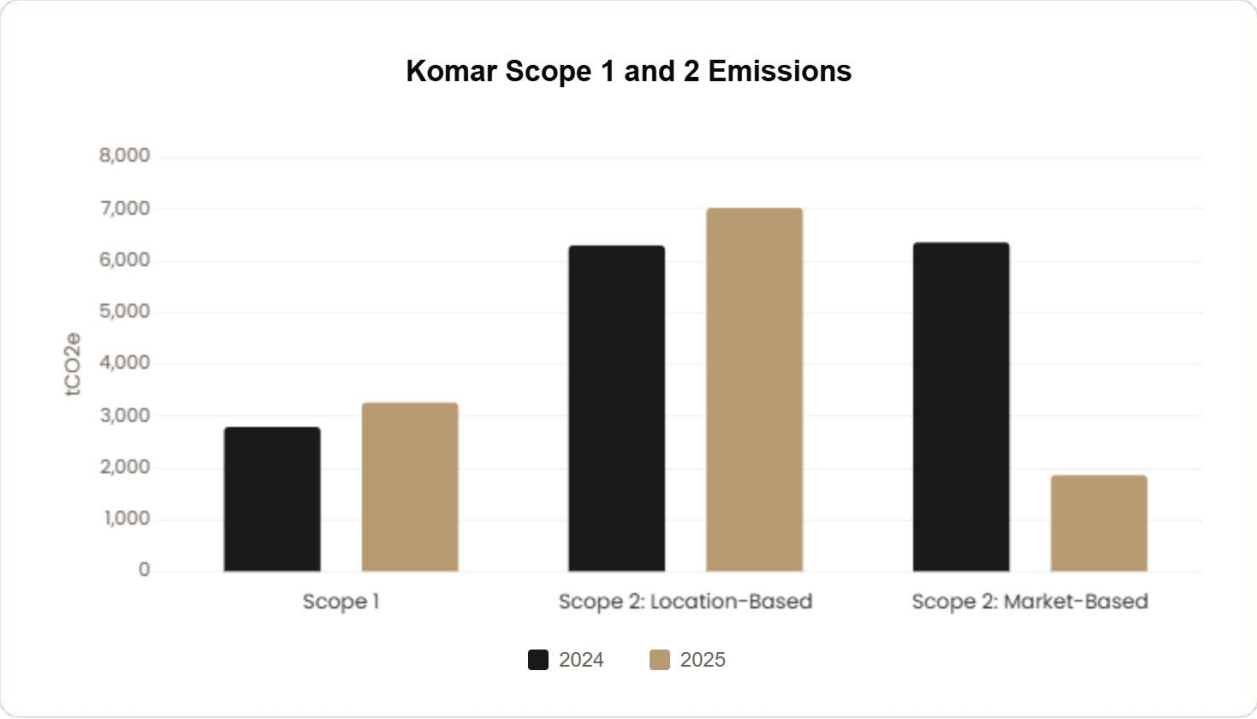
The distribution above highlights how concentrated Komar's overall footprint is within our value chain, with Scope 3 emissions accounting for 98.82% of total emissions, compared with 0.36% from Scope 1 and 0.82% from Scope 2. This reinforces the importance of prioritizing value chain engagement as the primary lever for achieving meaningful emissions reductions.

Image 2: Komar's 2024 Emissions



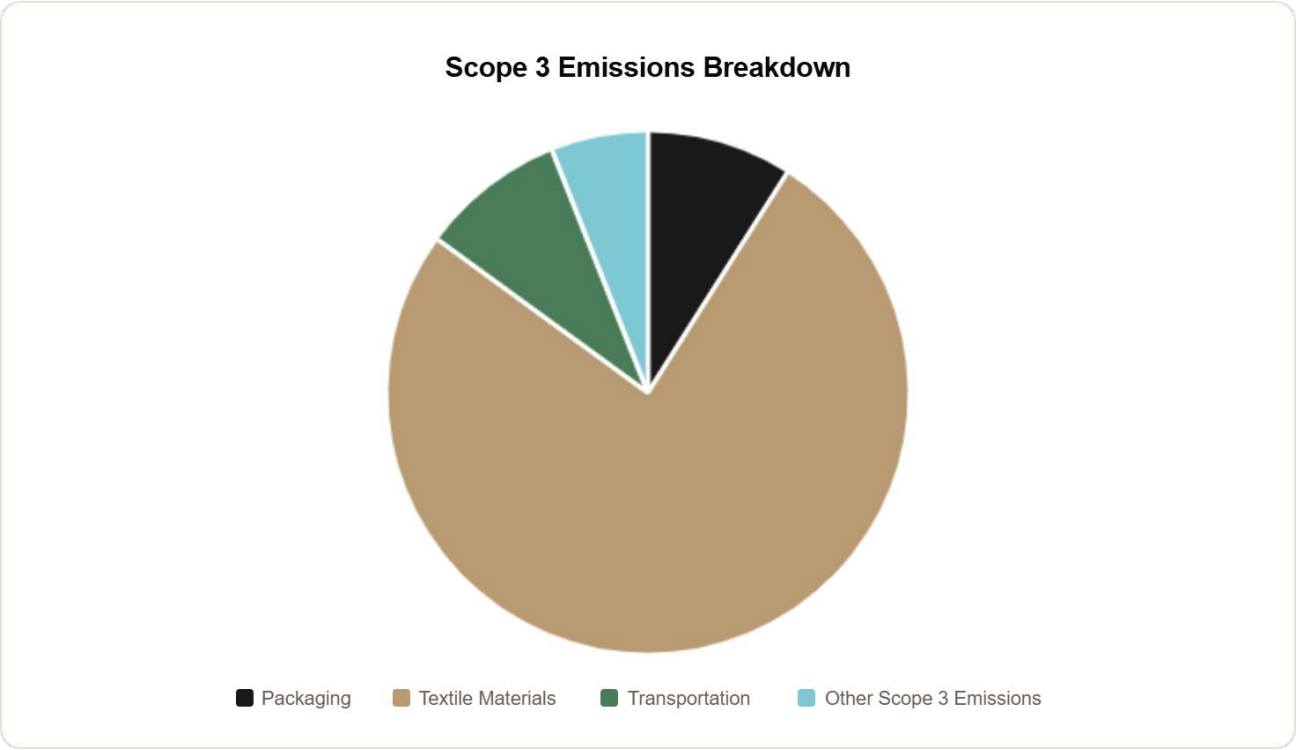
A comparison of Scope 1 and Scope 2 emissions between 2024 and 2025 provides insight into how operational emissions have changed over time. Although these emissions represent a relatively small share of the total footprint, tracking year-over-year performance remains important for evaluating the effectiveness of internal decarbonization measures and for ensuring alignment with Scope 1 and Scope 2 reduction targets.

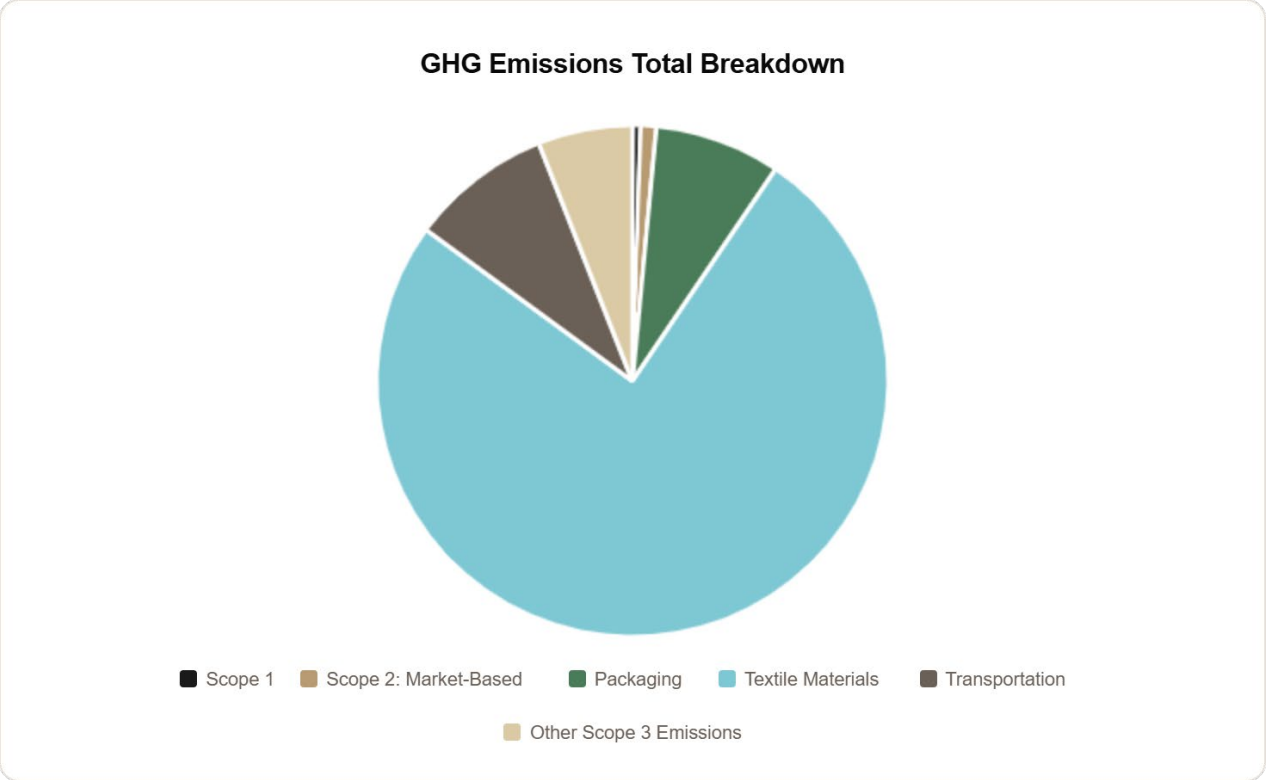
Image 3: Komar Scope 1 and 2 Emissions



Given the significance of Scope 3 emissions, further disaggregation is provided to clarify key drivers across the value chain. The breakdown shows that textile materials are the largest contributor, followed by packaging and transportation. This concentration underscores the importance of material sourcing decisions and supplier engagement as primary levers for emissions reduction and targeted decarbonization.

Image 4: Scope 3 Emissions Breakdown



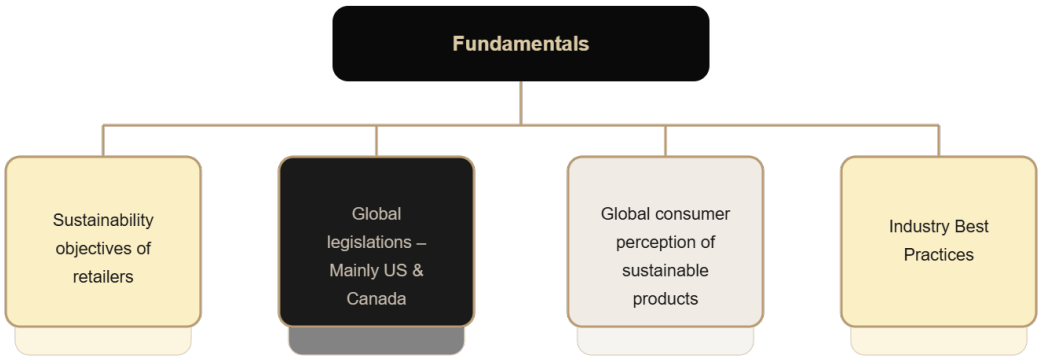


Our emissions profile provides a clear foundation for Komar's decarbonization strategy, highlighting the areas with the greatest impact across operations and the value chain. These insights directly inform the design of Komar's emissions-reduction measures and underpin our commitment to achieving our SBTi-aligned near- and long-term targets.

3.3 Supporting Sustainability Objectives (Sus-Tex 2030)

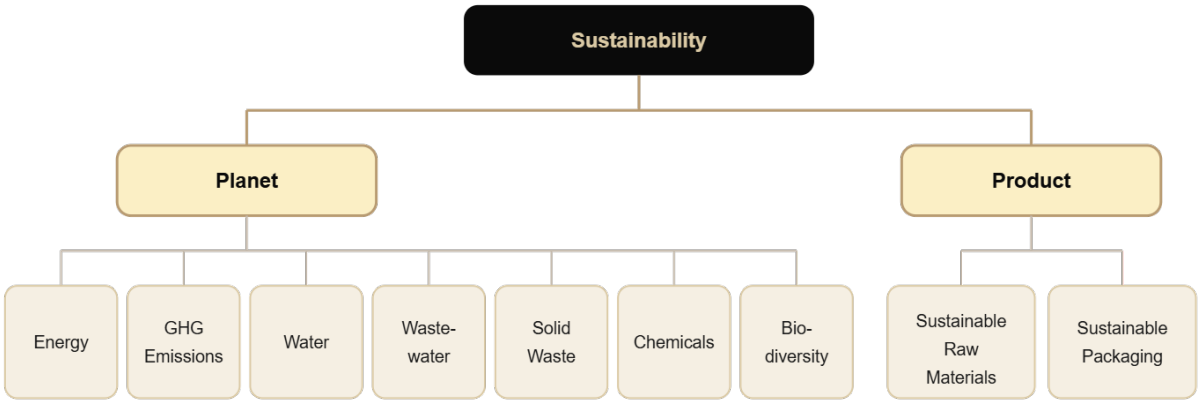
In addition to our science-based climate targets, Sus-Tex 2030 is our broader sustainability strategy and the primary framework for achieving those targets. It translates emissions commitments into coordinated actions across operations and the supply chain.

Image 5: Sus-Tex Fundamentals



Sus-Tex 2030 is organized around two pillars, Product and Planet, with two Product sub-pillars and seven Planet sub-pillars, as shown below.

Image 6: Sus-Tex Pillars and Sub-Pillars



Below is a comprehensive analysis of how each fundamental in our 2030 sustainability strategy shapes its pillars.

Sustainability objectives of retailers: Our retailers are the most immediate commercial drivers of Komar's pillar design. Large retail customers increasingly expect suppliers to demonstrate progress on climate, water, chemicals, waste, and preferred materials. The Planet pillars address retailer expectations for lower-impact manufacturing and supply chain management, while the Product pillars meet retailer demands for fiber, packaging, and product-level sustainability claims.

- Energy and GHG emissions help retailers decarbonize their own Scope 3 inventories.

- Water, wastewater, and chemicals support retailers' expectations for environmental compliance and manufacturing stewardship.
- Solid Waste and Biodiversity support broader retailer ESG expectations and brand positioning.
- Sustainable raw materials and sustainable packaging directly support retailer product briefs and sustainability roadmaps.

This aligns with Komar's use of Higg FEM, Higg BRM, CDP, and SBTi-type indicators, which retailers recognize and increasingly request from suppliers.

In a nutshell, retailer objectives serve as the bridge between commercial value and the execution of sustainability. They help explain why Komar's pillars are both operational and product-based rather than environmental in a narrow sense.

Global legislations, mainly the US and Canada: Legislation plays a fundamental role in risk management and compliance, determining which pillars require formal governance, traceability, and data quality.

- Energy and GHG emissions are connected to climate disclosure requirements, carbon reduction expectations, and transition planning.
- Packaging is closely linked to packaging laws and the trend toward extended producer responsibility.
- Chemicals relate to product safety and restricted-substance expectations.
- Raw Materials relates to traceability, due diligence, and emerging product-level disclosure requirements.
- Water, Wastewater, and Waste support compliance with environmental standards and help manage supplier risk.

Komar's climate and disclosure focus already point in this direction. The company publicly references CDP reporting, SBTi targets, the annual Higg BRM assessment, and climate-related scenario analysis. Its scenario work explicitly identifies regulations such as California SB 253 and SB 261, as well as emerging product-related requirements, as relevant transition risks.

Legislation is not a standalone workstream; it serves as a design constraint across the pillars. It compels the pillars to be auditable, measurable, and increasingly product traceable.

Global consumer perception of sustainable products: This fundamental factor shapes the demand-side strategy. It explains why Komar's framework includes a distinct "Product" branch rather than focusing solely on factory performance.

- Sustainable Raw Materials provides the clearest response to customer-facing sustainability expectations because fiber choice is often the most visible and marketable sustainability attribute.
- Sustainable packaging is important because packaging is highly visible to both consumers and retailers.
- Chemicals also matter indirectly because safety, trust, and comfort are part of the perceived product responsibility.
- GHG emissions, water, and biodiversity increasingly shape brand stories but are typically communicated through retailers, certifications, and disclosures rather than through direct consumer observation.

Komar's published goals for cotton, recycled polyester, MMCF, and recyclable, reusable, or industrially compostable packaging demonstrate that it has already translated consumer and customer expectations into specific product commitments.

Consumer perception primarily influences the "Product" pillars, but it also enhances the reputational value of the "Planet" pillars by reinforcing the need for credible claims supporting the product story.

Industry best practices: Industry best practices establish the benchmarking framework, helping Komar determine not only what to prioritize but also how to define 'good.'

- Energy, GHG Emissions, water, wastewater, and chemicals align with common apparel-sector tools such as the Higg FEM and ZDHC.
- GHG emissions are anchored in SBTi-style decarbonization pathways and CDP disclosure.
- Raw materials and packaging meet Textile Exchange standards and broader preferred-material frameworks, such as BCI.
- Biodiversity broadens the strategy beyond traditional compliance and embodies a more forward-looking, best-practice mindset.

Komar's public memberships and reporting approach clearly demonstrate this: Cascale, Worldly, ZDHC, BCI, Textile Exchange, CDP, Canopy, and SBTi serve as external reference points that likely influenced the final pillar structure.

Industry best practices serve as the normalization mechanism. They ensure Komar's pillars remain comparable to peers, credible to customers, and understandable to investors and auditors.

The interaction between fundamentals and pillars yields several strengths. First, it balances market demand with operational execution. The fundamentals capture external demand signals; the pillars coordinate internal delivery.

Second, it balances short-term compliance with long-term transformation. For example, chemicals and packaging may be shaped by immediate customer and policy demands, whereas biodiversity and deep decarbonization promote long-term resilience and leadership.

Third, it balances the corporate and product footprints. This is especially important in apparel, where customers increasingly expect both a responsible product and a responsible supply chain.

Fourth, it supports measurement and disclosure. Komar's existing reporting architecture, including CDP, Higg BRM, and sustainability reporting, demonstrates that the pillars are already structured for monitoring and disclosure.

3.3.1 Key Sustainability Objectives

Sus-Tex 2030 outlines a set of measurable sustainability objectives spanning our Product and Planet pillars. These objectives set quantitative targets that guide implementation across Komar's owned operations and global supply chain. They extend beyond carbon reductions to address key environmental impact areas, including energy, materials, water, waste, chemicals, and biodiversity, across both owned operations and the supply chain. **Target dates are set for 2030 unless otherwise noted.**

Table 3: Sus-Tex 2030 Internal and Supply Chain Objectives

Area	Komar Objectives	Supply Chain Objectives
Sustainable Raw Materials	Source 100% of cotton from sustainably sourced programs (e.g., BCI/organic). Source 100% recycled polyester for all polyester-based products. Source 100% MMCF from Green Shirt (light green and dark green) rated fiber producers.	N/A
Sustainable Packaging	Source 100% recyclable, reusable, or industrially compostable packaging materials. Source plastic packaging with 50% recycled content.	N/A

Area	Komar Objectives	Supply Chain Objectives
Energy	Source 80% of electricity at owned global sites from renewable sources.	40% of electricity across global supply chain from renewable sources. By 2025, eliminate on-site coal at Tier 1. By 2028, eliminate on-site coal at Tier 2.
GHG Emissions (SBTi)	Reduce absolute scope 1 and 2 GHG emissions 65.0% by 2030 from a 2024 base year. Charles Komar & Sons also commits to reduce absolute scope 3 GHG emissions 25.0% within the same timeframe.	Achieve net-zero GHG emissions across the value chain by 2050.
Water	Reduce absolute potable water use at owned global sites by 5% from a 2023 baseline.	Encourage our supply chain to reduce absolute potable water use by 5% from a 2023 baseline.
Wastewater	Reuse or recycle 100% of wastewater at owned global sites.	Mandatory annual testing against ZDHC Wastewater Guidelines (WWG) for all wet processing suppliers. Encourage all wet processing suppliers to meet at least the foundational level of ZDHC WWG parameters.
Solid Waste	Achieve zero waste to landfill at owned global sites.	Achieve zero landfill of raw material waste across our global supply chain.
Chemicals	N/A	Use 100% Level 1 or above ZDHC-certified chemicals for all our products. Comply with Oeko-Tex Standard 100 RSL (minimum Annexure IV, Product Class II for adult wear and Product Class I for baby wear) for all our products
Biodiversity	Restore habitat on a 1:1 basis relative to the total area of owned global sites by 2040.	N/A

At first glance, pillars such as water, waste, chemicals, and materials may seem environmental rather than explicitly “climate”-focused. For an apparel company like Komar, where more than 98% of its emissions fall under Scope 3, these pillars are core levers for decarbonization. Collectively, they address product-embedded carbon, improve process efficiency, enable circularity, and strengthen resilience to climate-related disruptions.

Among these pillars, sustainable raw materials are the most important driver of Scope 3 emissions reductions. Komar’s commitments to 100% sustainable cotton, recycled polyester, and responsibly sourced MMCF directly address emissions from fiber production, a major contributor to overall apparel lifecycle emissions. By moving away from virgin polyester and conventional cotton, Komar reduces reliance on fossil-fuel-based inputs and high-emission agricultural practices, including fertilizer use and irrigation. At the same time, this shift serves as a key hedge against climate-related risks such as drought, heat stress, and crop volatility, which are already affecting major sourcing regions identified in Komar’s scenario analysis. This makes the raw material strategy both a tool for decarbonization and a mechanism for building resilience.

Sustainable packaging also helps reduce emissions while managing growing regulatory pressures. By choosing recyclable, reusable, or compostable packaging and increasing recycled content, Komar lowers the embodied carbon of packaging materials and reduces transport-related emissions through lightweighting. This strategy also minimizes exposure to new policies, such as extended producer responsibility (EPR) schemes and plastic

regulations, which are expected to raise costs and compliance burdens in key markets. Therefore, packaging is a key part of the effort to cut carbon, control costs, and stay prepared for changing regulations.

Water and wastewater management, though often viewed primarily as a matter of resource efficiency, are closely linked to energy use and, in turn, to indirect emissions. Textile wet processing is highly energy-intensive, requiring large volumes of heated water for dyeing and finishing. Reducing water use and reusing it lowers the energy needed for heating, pumping, and treatment, which in turn reduces embedded emissions in the supply chain. These efforts also help address growing climate risks, such as water scarcity, drought, and shifting rainfall patterns in key production areas. This dual benefit makes water stewardship both a tool for reducing carbon emissions and an essential part of climate adaptation.

The chemicals pillar further advances the climate transition by promoting more efficient, environmentally friendly production processes. Using ZDHC-compliant and safer chemistries often simplifies processes, reduces operating temperatures, and lowers water use, all of which help reduce energy use and emissions. Additionally, this pillar helps future-proof Komar against stricter chemical regulations and market demands, especially in regions with stringent product safety and environmental standards. In this way, chemicals serve as catalysts, enabling broader decarbonization opportunities across manufacturing.

Solid waste zero-landfill initiatives help fight climate change by reducing landfill emissions, especially methane, and decreasing the need for virgin materials. By aiming for zero landfill waste and boosting recycling and reuse, Komar reduces lifecycle emissions associated with raw material extraction and processing. These actions also strengthen the raw materials strategy by promoting recycled inputs, creating a more circular system that lowers overall carbon intensity.

Biodiversity, although less directly tied to emissions reduction, plays a crucial role in long-term climate resilience. Healthy ecosystems support carbon capture, water regulation, and soil stability, all of which are vital for maintaining raw material supply chains such as cotton and MMCF. Komar's commitment to habitat restoration strengthens the broader nature-climate connection, helps reduce risks associated with ecosystem degradation, and aligns with emerging frameworks that incorporate biodiversity into climate strategies. This pillar is therefore better viewed as a long-term investment in system stability rather than a short-term emissions solution.

Importantly, these pillars do not operate in isolation but form an interconnected system that amplifies their overall impact. For example, using sustainable raw materials and eliminating raw-material waste from landfills together promote circularity, reducing reliance on virgin inputs. Improving water and chemical use increases process efficiency, lowering both resource consumption and energy use. Packaging and regulatory alignment reduce transition risks while supporting lower-carbon product footprints. Through these interactions, Komar is effectively creating a multi-lever decarbonization system that targets emissions throughout the product lifecycle.

From a strategic perspective, this shows that Komar's climate transition is driven not only by energy and emissions targets but also by an integrated approach spanning materials, processes, product design, and supply chain resilience. The non-carbon pillars are crucial for achieving Scope 3 reductions, managing physical and transition risks, and remaining competitive in a rapidly changing regulatory and market environment. Essentially, these pillars turn climate ambition into operational reality.

In conclusion, Komar's broader sustainability strategy lays the foundation for its climate transition. Using sustainable materials reduces upstream emissions, and water and chemical use improve process efficiency. Waste management and packaging support circularity, and biodiversity strengthens long-term resilience. Together, these science-based targets and Sus-Tex 2030 objectives create a clear, measurable roadmap for Komar's transition, turning climate ambitions into operational commitments across sourcing, energy use, supply chain engagement, and environmental performance.

4. Climate Transition Action Plan

This section outlines how Komar will achieve our climate targets through prioritized decarbonization actions across our operations and value chain.

4.1 Low-Carbon Material Sourcing

As the largest source of emissions across Komar's value chain, textiles are the primary focus of our decarbonization strategy. The following actions will be implemented by 2030 and will form the basis of our Climate Transition Plan:

- Source 100% recycled polyester for all polyester-based products.
- Source 100% sustainably sourced cotton (e.g., BCI or organic cotton) for all cotton-based products.
- Source 100% MMCF from Green Shirt (light and dark green) rated fiber producers.
- Source 100% recyclable, reusable, or industrially compostable packaging materials.
- Source 50% of all plastic packaging materials from recycled plastic.

Komar's material mix is currently dominated by polyester (~80%) and cotton (~10%), with smaller shares of MMCF and other fibers. Transitioning to recycled, certified, and next-generation materials is therefore a key pathway to reducing embedded emissions and supporting circularity and regenerative practices.

In addition to the above material sourcing strategy, we are exploring textile-to-textile recycling partnerships with textile recyclers to close material loops, with a particular focus on post-consumer materials. This includes collecting and sorting used textiles, then processing them into recycled fibers for new yarns and fabrics, thereby reducing the need for virgin materials. We are also evaluating next-generation, low-carbon materials, such as bio-based fibers, for future product development. In parallel, we support design for recyclability and low-impact dyeing and finishing practices aligned with the ZDHC MRSL and wastewater guidelines.

4.2 Renewable Electricity and Coal Phase-out

Following the materials strategy outlined above, decarbonizing electricity is a critical lever for reducing Scope 1, 2, and 3 emissions. This transition is underway across both owned operations and the value chain.

Key factors influencing renewable electricity prioritization include:

- Policy variability in emerging markets (e.g., Vietnam's coal dependence) increases the strategic value of on-site solar and PPAs where grid-based renewables lag.
- Early investment in decentralized, privately owned renewable assets to mitigate financial and transition risks, including exposure to carbon pricing and to rising energy costs.

By 2030, Komar targets 80% renewable electricity across its owned operations through a mix of on-site generation and purchased renewable electricity. We will expand rooftop solar at our owned sites in the United States and Sri Lanka to displace fossil-fuel-based electricity, improving cost predictability and reducing exposure to energy price volatility and grid disruptions in higher-risk regions.

Because rooftop solar alone will not meet the 80% target, we will supplement it with Power Purchase Agreements (PPAs). Where PPAs are not currently feasible, including in Sri Lanka, we will use Energy Attribute Certificates (EACs) to address remaining Scope 2 emissions. Our priority is to increase the actual supply of renewable electricity, using EACs where market constraints limit near-term options.

Beyond 2030, we plan to expand our PPA approach as additional markets mature, with the long-term goal of achieving 100% renewable electricity by 2040. Investing in renewable electricity across our facilities directly reduces Scope 2 emissions and is a primary driver of progress toward our Scope 1 and 2 SBTi target.

Across the supply chain, our target is to achieve 40% renewable electricity by 2030. We encourage rooftop and ground-mounted solar and support PPAs in countries where they are available, including China, Vietnam, Indonesia, and India. In markets where PPAs are not feasible, such as Cambodia, Sri Lanka, and Bangladesh, we encourage the use of EACs as an interim measure while continuing to pursue higher-impact solutions. We also encourage our suppliers in China to adopt GECs (Green Electricity Certificates).

All renewable electricity projects directly support Komar's SBTi-approved near-term targets and our 2050 Net Zero commitment. We view integrating renewable electricity as a value-creation lever that reduces long-term exposure to regulatory risk and consumer scrutiny.

4.3 Electrification and Low-Carbon Heat

Building on the shift to renewable electricity, Komar is reducing its reliance on fossil-fuel-based heating and processes by prioritizing electrification and selectively deploying low-carbon fuels where electrification is not yet viable. This transition is already underway across our owned facilities.

Our owned facilities are transitioning from fossil-fuel-based heating (LPG and diesel) to electric boilers. In Sri Lanka, we plan to replace existing diesel and furnace oil boilers with certified biomass boilers by 2030. New construction and major retrofits must follow "zero-carbon-ready" design principles to enable full electrification over time. HVAC systems, compressors, and other mechanical equipment are being upgraded to high-efficiency electric systems to reduce energy use and maintenance costs by 2030. Electrification of the vehicle fleet and in-facility logistics (forklifts and other material-handling equipment) is prioritized at owned sites by 2030.

Across the supply chain, logistics partners are being evaluated for EV readiness and fuel-switching potential as part of our Scope 3 upstream and downstream transportation decarbonization efforts. We also encourage electrification of utilities, particularly steam and thermal oil boilers. When electrification is not yet feasible due to grid constraints, we encourage the use of certified sustainable biomass as a transitional solution. Also, we encourage the adoption of low-carbon thermal energy technologies, such as industrial heat pumps and thermal heat storage systems, in our supply chain. However, we understand the high-level investments these technologies require, along with long payback periods. Therefore, we are not mandating such investments in our supply chain yet and are closely monitoring the adoption rates of these low-carbon thermal energy systems in the industry, as well as potential collaborative opportunities for such investments with the green financing mechanisms explained in 4.5 of this report. We acknowledge that the adoption of such low-carbon thermal energy technologies is essential to achieve deep decarbonization and meet Scope 3 and net-zero SBTi-approved targets set by Komar, as well as multiple other organizations in the fashion industry.

Eliminating on-site coal is a top priority. We have already eliminated on-site coal use among Tier 1 suppliers and will not onboard any new Tier 1 suppliers that use coal. We are working with Tier 2 and upstream suppliers to eliminate on-site coal by 2028. By targeting Tier 1 and Tier 2 suppliers, Komar directly influences upstream emissions, supports progress toward SBTi-aligned Scope 3 targets, and strengthens supplier collaboration on low-carbon practices. We plan to implement the same with our T3 and T4 suppliers as well once we have better traceability at that level, which we have already started by using a BOM (Bill of Materials)- based system. These Tiers are defined based on the "Supply Chain Taxonomy for the Textile, Apparel, and Fashion Industry" document launched by Textile Exchange, in collaboration with the Apparel Alliance.

An efficiency-first approach to electrification ensures that each kWh delivers maximum productivity, supports energy-intensity reduction targets, and aligns with the IEA NZE 2050 scenario.

4.4 Supply Chain Transportation Optimization

Komar is optimizing transportation across its value chain to reduce emissions, improve efficiency, and strengthen supply chain resilience. Komar's approach focuses on optimizing logistics networks, shifting to lower-carbon transport solutions, and improving efficiency across freight and distribution.

Komar is reducing logistics-related emissions through three core levers:

- Network optimization to avoid unnecessary transport through supply-chain optimization.
- Fuel shifts toward lower-carbon transport options.
- Efficiency and transparency improvements enabled by technology and data.

For upstream transportation, we are progressively shifting sourcing closer to garment production hubs. A key example is the move to regional sourcing of cotton yarn and fabric within Asia, reducing reliance on intercontinental transport. This shift lowers long-haul maritime emissions and improves control over suppliers' energy sources, resulting in an 8-10% reduction in the intensity of upstream logistics emissions.

We are optimizing utilization and exploring electric and hybrid delivery vehicles for domestic distribution in the US. In parallel, we are integrating lightweight packaging to reduce freight weight and developing circular reverse logistics programs for product returns and recycling. Air freight is restricted to emergency use.

We encourage suppliers to optimize truckloads and transition to lower-carbon transport solutions, including electric and LNG trucks. In parallel, we are evaluating freight partners that are investing in bio-LNG- and methanol-powered vessels.

We are also planning to incorporate carbon-reduction requirements into supplier contracts in the future to drive accountability and accelerate emissions reductions across our logistics network.

4.5 Green Financing

Achieving Komar's near-term and net-zero SBTi targets requires capital-intensive investments in electrification, renewable energy, process innovation, and supplier upgrades. To support this, Komar is embedding green financing mechanisms across the three layers of its decarbonization program.

Table 4: Green Financing Framework

Financing Layer	Focus Area	Objective
Corporate-level green finance	Renewable energy and electrification	Fund large-scale onsite solar, EV fleet transition, energy management systems
Supplier financing support	Supply chain decarbonization	Enable suppliers to invest in renewable electricity and energy-efficient machinery
Partnerships and blended finance	Regional collaboration	Work with banks, financial institutes, and development agencies to co-fund supplier decarbonization initiatives

Corporate-level green financing is already integrated into our annual budget, with funding allocated to internal decarbonization projects. This includes rooftop solar installations, EAC purchasing, utility electrification, and EV fleet deployment, enabling measurable progress toward Scope 1 and 2 emissions reductions.

Supplier green financing and co-investment programs are in development. We plan to launch at least some of them before 2030. Options under consideration include concessionary loan guarantees, leveraging Komar's credit strength to unlock financing for suppliers, co-investing in PPAs and EACs, and offering improved payment terms to incentivize decarbonization investments.

Effective green financing requires ecosystem collaboration. We plan to leverage blended finance models that combine private capital, concessional loans, and public climate funds. This includes partnering with banks in key supply chain regions to establish green lending lines for renewable energy and electrification projects. We will also explore partnerships with sustainability-focused funds, including the Fashion Climate Fund, to scale decarbonization across high-emission facilities and infrastructure. By channeling public and private capital into these areas, these initiatives help ensure projects are both funded and scalable while mitigating supplier transition risks.

These programs will specifically support suppliers in adopting renewable energy, electrifying manufacturing processes, and implementing energy-efficient processes, directly supporting Scope 3 emissions reductions and alignment with Komar's SBTi targets.

4.6 Supply Chain Engagement and Awareness

We complement our financial and operational decarbonization efforts with targeted supplier engagement, awareness-building, and external collaboration across the value chain. Our approach is designed to embed climate action in supplier decision-making, internal operations, and customer engagement, supporting the delivery of our SBTi targets and 2030 Sus-Tex objectives.

We collaborate with key industry stakeholders, including Cascale, ZDHC, Canopy, and BCI, to accelerate decarbonization across facilities, processes, and materials. Through advisory groups and multi-stakeholder initiatives, we align best practices, share lessons learned, and scale low-carbon solutions across the value chain.

Internally, awareness is fostered through training programs that align climate priorities with each pillar of Komar's 2030 sustainability strategy. We publish an annual Sustainability Report that summarizes decarbonization milestones, emissions performance, and forward-looking targets. Our website and LinkedIn channels further reinforce Komar's climate commitments and leadership positioning.

Externally, we engage suppliers through structured training programs, including webinars on decarbonization and climate adaptation. These sessions are offered in both English and Mandarin and are integrated into our supply chain training calendar. To further scale engagement, we are developing a Learning Management System (LMS) to streamline training delivery and enable tailored content based on supplier maturity, informed by our sustainability scorecard.

We provide suppliers with written guidance through Komar Sustainability Policy documents, covering energy and emissions as well as industry best practices. This library will continue to expand, with a greater focus on process-specific energy reduction, particularly for wet-processing suppliers. We also publish a quarterly supplier sustainability newsletter highlighting innovations and best practices in decarbonization.

Together, these initiatives aim to build a climate-conscious value chain in which employees understand the impact of their daily decisions, suppliers view decarbonization as a business opportunity, and customers recognize Komar's leadership in advancing a 1.5°C-aligned apparel industry.

4.7 Climate Adaptation and Resilience

Komar is strengthening climate resilience across our operations and supply chain to address the physical impacts of climate change and ensure long-term business continuity.

Climate adaptation is critical to supporting business continuity and resilience across Komar, particularly in regions exposed to acute and chronic climate hazards.

Komar is embedding climate adaptation into our sourcing strategy and supplier engagement model. This includes collaborating closely with suppliers and partners to implement practical measures that reduce exposure and strengthen resilience throughout the value chain.

4.7.1 Key Adaptation Actions

- Strengthen climate-smart sourcing and governance by linking adaptation readiness to business incentives via our supplier scorecard. We plan to expand the scorecard to assess practices such as flood protection, heat protocols, and water resilience, alongside general sustainability requirements. Because adaptation measures often require upfront investment and may not yield immediate, visible results, Komar aims to recognize and reward stronger performance through our sourcing decisions.
- Support the collection of localized data points to improve forecasts of flood levels, heat waves, and other extreme weather events, particularly in regions where reliable data is scarce.
- Strengthen due diligence with Green Shirt-level MMCF producers and enhance forest risk controls, recognizing that healthy forests support resilience by buffering floods and stabilizing microclimates.

Komar treats adaptation as a core design consideration across our broader decarbonization pathway. Poorly designed adaptation measures can increase Scope 1-3 emissions and jeopardize progress toward SBTi targets.

To address this, we work with suppliers to co-optimize resilience and emissions reductions, ensuring that adaptation measures support long-term decarbonization goals.

5. Climate-Related Risks and Opportunities

Climate-related risks and opportunities are a core input to Komar's strategy, directly informing the prioritization of its Climate Transition Plan and broader business decisions, such as procurement, investment, and capital allocation.

Komar uses an IFRS S2-aligned approach to assess climate-related risks and opportunities across our operations and value chain, ensuring alignment with leading climate disclosure and transition planning standards. Risks and opportunities are evaluated across short-term (0-2 years), medium-term (3-9 years), and long-term (10-25 years) time horizons, with a focus on the most material and decision-relevant areas.

Financial impact assessments are prioritized for key risks and opportunities to support informed decision-making and capital allocation. Climate considerations are embedded in Komar's enterprise risk management framework and sustainability strategy, and the assessments are regularly updated to reflect evolving climate science, regulatory developments, and improved data.

5.1 Material Climate-Related Risks

Komar has identified a set of material climate-related risks across our operations and value chain through our risk assessment and scenario analysis. These risks represent the most significant exposures and are actively addressed through the company's decarbonization and adaptation initiatives.

Table 5: Komar Risk Overview

Risk Type	Description
Physical Risks	Flooding and extreme rainfall, disrupting supplier operations, logistics, and infrastructure.
	Rising average temperatures, increasing energy demand, affecting fiber quality, and impacting worker health and productivity.
	Heatwaves, leading to operational disruptions and workforce safety challenges.
	Droughts and water scarcity, particularly affecting cotton cultivation and wet-processing activities.
Transition Risks	Regulatory and policy uncertainty, particularly uneven renewable energy policy implementation across sourcing regions.
	Carbon-related trade measures, including emissions-based product standards and border adjustment mechanisms.
	Rising compliance obligations linked to climate disclosure, product standards, and emissions regulation.
	Cost and availability of low-emission technologies, especially in emerging markets.
	Shifting consumer preferences toward low-carbon, circular, and transparently sourced apparel.
	Reputational risks associated with supply chain transparency and climate performance.

5.2 Scenario Analysis

Komar conducted scenario analysis to assess exposure to material climate-related risks across short-, medium-, and long-term time horizons. The analysis considers impacts across operations, the value chain, and end markets under a range of climate pathways.

Scenarios applied include:

- SSP1-2.6 (low-emissions) — A rapid transition scenario in which global temperature rise is constrained to approximately 1.5°C.
- SSP5-8.5 (high-emissions) — A high-emissions scenario driven by continued growth in greenhouse gas emissions, resulting in predominantly long-term risks.
- IEA Net Zero Emissions by 2050 (NZE 2050) — Outlines a comprehensive roadmap for the global energy sector to achieve net-zero CO_2 emissions by 2050, consistent with limiting global warming to 1.5°C.

5.3 Scenario Insights and Business Implications

The following section summarizes key insights from our scenario analysis, highlighting how material climate-related risks may affect our operations and value chain across different climate pathways. It also outlines how we are addressing these risks through targeted mitigation and adaptation actions

5.3.1 Flooding and Extreme Rainfall

The increased frequency and severity of flooding and extreme rainfall events pose a material risk to our supply chain, particularly in Vietnam and Sri Lanka, potentially disrupting supplier operations, logistics networks, and manufacturing facilities. These impacts may lead to temporary shutdowns, infrastructure damage, and higher recovery costs. To mitigate these risks, we are strengthening supply chain resilience through supplier engagement, geographic diversification, and risk-informed sourcing strategies.

5.3.2 Temperature Increase and Heatwaves

Rising average temperatures and the increasing frequency and intensity of heatwaves are expected to affect our operations, supply chain, and raw material sourcing, particularly in Sri Lanka, Bangladesh, and Vietnam. Higher temperatures may increase energy demand and operational costs, while prolonged heat exposure can degrade material quality and reduce yields of climate-sensitive inputs such as cotton, wool, and silk.

These risks may cause production delays, material degradation, transportation disruptions, and workforce health challenges across our value chain, especially in heat-vulnerable regions. To mitigate these impacts, we are integrating climate considerations into sourcing decisions and strengthening supplier engagement to maintain operational stability and material quality.

5.3.3 Droughts and Water Scarcity

The increasing frequency and severity of droughts and water scarcity pose a material risk across our key sourcing regions, particularly in India, Pakistan, and China. Temperature trends and precipitation variability both influence drought conditions: rising temperatures accelerate water loss, while changes in seasonal precipitation patterns, such as delayed monsoons or shorter wet seasons, can further reduce soil moisture and affect river and groundwater levels.

These conditions may affect raw material sourcing, particularly for water-intensive inputs such as cotton, and intensify competition for water resources across both agricultural production and downstream textile operations.

To mitigate this risk, we are integrating water-related considerations into sourcing decisions and strengthening supplier engagement to support more resilient resource management practices.

5.3.4 Policy and Regulatory Transition

Evolving climate policies, carbon pricing mechanisms, and regulatory requirements pose a material transition risk across our global operations and supply chain. Under IEA NZE 2050, policy support for renewable energy and low-carbon technologies is expected to strengthen; however, uneven implementation across our sourcing regions may create uncertainty for long-term planning and supplier investment.

Expanding climate-related disclosure requirements, emissions standards, and product regulations are also increasing compliance complexity across jurisdictions, affecting operations, sourcing, and reporting.

To mitigate these risks, we are integrating regulatory developments into our strategic planning, strengthening supplier engagement in renewable energy adoption, and aligning our decarbonization efforts with evolving policy and compliance requirements.

5.3.5 Low-Emission Technologies and Supply Chain Transformation

Access to low-emission and energy-efficient technologies is a key transition dependency across our value chain. Under IEA NZE 2050, rapid technological advancements are expected to support decarbonization; however, uneven technology readiness and cost variability across sourcing regions may pose challenges for supplier adoption and alignment.

This may lead to higher upfront costs, delayed emissions reductions, and greater complexity in implementing low-carbon solutions throughout the supply chain. To address this, we are actively engaging suppliers, evaluating emerging technologies, and integrating technology readiness into our sourcing and decarbonization strategies.

5.3.6 Shifting Consumer Preferences

Shifts in consumer preferences toward more sustainable, transparent, and circular products present both a transition risk and an opportunity for our business. Changes in purchasing behavior may reduce demand for conventional product lines while increasing expectations for sustainable materials, durability, and circular business models.

Successfully adapting to these trends is critical to maintaining brand relevance and capturing future growth. We are responding by aligning product development, sourcing strategies, and sustainability initiatives with evolving market expectations.

5.3.7 Supply Chain Transparency and Reputation

Supply chain transparency and climate performance are increasingly tied to brand trust, customer relationships, and commercial outcomes in the apparel sector. As expectations for traceability and responsible sourcing rise, our ability to demonstrate transparency across the value chain will directly affect brand reputation and market access.

Changes in climate policies, emerging technologies, and consumer expectations are also intensifying scrutiny of supply chain practices, requiring greater alignment across operations and suppliers. To address this, we are strengthening traceability, enhancing supplier engagement, and aligning our disclosure practices with stakeholder expectations to maintain credibility and resilience.

Failure to meet our target of sourcing 40% of electricity from renewable sources from T1 and T2 suppliers by 2030 represents a transition risk. Estimated financial impacts range from approximately US$16 million to US$70 million, reflecting potential revenue loss, reduced pricing power, and erosion of sustainability-related brand value across scenarios.

5.4 Material Climate-Related Opportunities

Climate-related opportunities identified in the assessment support both risk mitigation and long-term value creation.

5.4.1 Supply Chain Resilience

Strengthening supply chain resilience is a key opportunity to reduce the risk of disruption and enhance long-term operational stability. By deepening partnerships with strategic suppliers, Komar can support investments in climate-resilience measures, including flood protection, heat adaptation, and the energy transition. These efforts improve production continuity and shorten recovery time after climate-related events.

Expanding business continuity planning, dual-sourcing strategies, and geographic diversification reduce reliance on single points of failure and increase flexibility to respond to disruptions. These measures help maintain production continuity, shorten recovery time, and limit exposure to physical climate risks such as flooding, heatwaves, and water scarcity. They reduce the likelihood and impact of climate-related disruptions, helping protect both revenue and customer relationships.

5.4.2 Cost and Operational Efficiency

Decarbonization and operational improvements offer clear opportunities to improve cost efficiency and financial resilience. Improving energy efficiency across operations and the supply chain reduces energy use, lowers operating costs, and reduces exposure to energy price volatility and future carbon regulation. These improvements support both margin resilience and emissions-reduction targets.

Enhancing water efficiency across supplier operations reduces resource use and operating costs while mitigating water scarcity risks in high-risk regions. Expanding renewable energy adoption, including through supplier engagement and aggregated purchasing models, further strengthens cost predictability and reduces reliance on fossil fuels. Together, these measures reduce exposure to energy price volatility, water scarcity, and carbon pricing, supporting greater cost predictability and long-term operational resilience.

5.4.3 Market Access and Compliance

Evolving regulatory and customer requirements offer an opportunity to strengthen market access and maintain preferred supplier status. Alignment with recognized standards and certifications, including Cascale Higg tools, ZDHC, CDP, BCI, Textile Exchange standards, and Canopy MMCF, supports compliance with buyer expectations and regulatory requirements.

Investments in supply chain traceability and data systems strengthen readiness for emerging regulations such as Digital Product Passports and climate disclosure requirements.

These capabilities improve transparency, support verifiable reporting, and enable faster responses to regulatory and customer demands. Strong and improving CDP performance further enhances credibility with customers and investors and is increasingly used as a proxy for climate maturity in sourcing decisions.

5.4.4 Product and Market Positioning

Our transition toward more sustainable and circular products presents a clear opportunity to strengthen our competitive position. Moving toward 100% sustainably sourced materials reduces exposure to climate and resource risks while enabling product differentiation in a market increasingly focused on environmental performance.

Growing demand for low-carbon and circular apparel presents opportunities for revenue growth and stronger customer engagement. By aligning our product development and sourcing strategies with these trends, we can position ourselves as a preferred partner for customers seeking to meet their sustainability commitments.

We estimate an illustrative annual financial upside of approximately US$150 million to US$210 million by 2030, driven by increased demand for sustainable products, improved pricing power, and margin expansion. These effects demonstrate that a sustainability-led product strategy can support long-term financial performance under a net-zero pathway.

5.5 Integration into Strategy

The identified climate-related risks and opportunities directly inform our Climate Transition Plan, emission-reduction priorities, and supplier engagement strategy. Initiatives such as adopting renewable electricity, engaging suppliers, and scaling the production of sustainable products reduce transition risks while capturing growth opportunities.
Scenario analysis enables a resilient and adaptive strategy, strengthening operational, financial, and brand resilience against climate-related disruptions. We will continue to refine our approach as data quality improves and climate conditions evolve, ensuring alignment with a credible, science-based transition pathway and long-term business objectives.

6. How We Will Deliver Our Climate Transition

Komar has established a governance structure that ensures the Leadership Team's oversight of our Climate Transition Plan and clear accountability for strategic direction and delivery. The Leadership Team, fulfilling a Board-level role within the organization, oversees the integration of climate considerations into the overall business strategy and steers our transition toward a 1.5°C-aligned pathway. Climate and sustainability are embedded as standing agenda items in leadership meetings, where key decisions on capital allocation, operational priorities, and strategic initiatives are evaluated in the context of climate-related risks and opportunities. Ongoing education and capacity building across the Leadership Team and relevant management functions ensure that decision-makers maintain the expertise needed to navigate evolving climate risks, regulatory developments, and decarbonization pathways, strengthening the organization's ability to deliver our Climate Transition Plan effectively.

Our CSO, a member of the Leadership Team, is primarily responsible for developing and executing the Climate Transition Plan. Delivery is supported by a cross-functional Sustainability Committee, led by the CSO, which implements actions, tracks progress against targets, and integrates climate considerations into day-to-day operations across sourcing, manufacturing, and product development.

The CSO is accountable for translating strategic climate objectives into actionable initiatives across the business and its value chain, including emissions-reduction programs, renewable-energy adoption, and supplier decarbonization. In this role, the CSO plays a central role in climate-strategy decision-making, including evaluating trade-offs among cost, operational feasibility, and emissions reductions, and providing recommendations to the Leadership Team on climate-related investments and priorities.

To reinforce accountability, climate-related performance is integrated into senior management oversight and review processes. The CSO's compensation includes a performance-based bonus tied to the achievement of defined climate and sustainability objectives. This structure incentivizes measurable progress toward transition plan milestones, including emissions reductions, renewable energy targets, and supply chain engagement, while ensuring alignment between executive decision-making and Komar's long-term climate strategy.

7. Summary and Closing Remarks

Komar's Climate Transition Plan outlines a clear, science-based path to decarbonize our operations and value chain, aligned with a 1.5°C future. Anchored in our SBTi-approved targets, the plan translates ambition into actionable steps across material sourcing, renewable energy adoption, electrification, supply chain engagement, and circular product design.

With over 98% of our emissions in Scope 3, our strategy focuses on close collaboration with suppliers to accelerate the adoption of renewable energy, eliminate on-site coal use, and shift to lower-carbon materials. At the same time, we are working to reduce emissions within our operations through renewable electricity, efficiency upgrades, and electrification.

Our approach is guided by strong governance, robust risk management, and alignment with IFRS S2, ensuring that climate factors are integrated into key business decisions. Through Sus-Tex 2030, we combine climate action with broader environmental goals, including water, chemicals, waste, and biodiversity, recognizing that these interconnected factors are crucial to achieving real emissions reductions and long-term resilience.

This plan positions Komar to address climate-related risks, meet evolving regulatory and customer expectations, and seize opportunities associated with the shift toward a low-carbon, circular apparel industry.

Komar's Climate Transition Plan demonstrates our commitment to act quickly, responsibly, and intentionally in response to a rapidly changing climate. Although the challenges are complex, especially across our global and fragmented supply chain, we believe our integrated, partnership-based strategy will lead to real progress.

Reaching our goals requires ongoing innovation, sustained investment, and strong collaboration across our ecosystem. It also demands transparency and flexibility as technologies advance, policies evolve, and climate impacts intensify.

We view this transition not only as a responsibility but also as a strategic opportunity to strengthen our business, build resilience, and lead in the apparel industry. By aligning our actions with scientific insights and embedding sustainability across our operations, we are working to ensure that Komar remains competitive, responsible, and prepared for the future.

We invite our stakeholders, employees, suppliers, customers, and partners to join us in advancing this journey toward a net-zero, climate-resilient future.

Appendix: Glossary of Terms

Term	Definition
BCI (Better Cotton Initiative)	A global program that promotes improved environmental and social practices in cotton production. Now known as Better Cotton.
Berms	Raised earthen or structural barriers designed to redirect or block floodwater and reduce site-level flood risk.
Blended Finance	A financing structure that combines private capital with concessional or public funds to reduce investment risk and enable climate-related projects.
Cascale	A global nonprofit alliance formerly known as the Sustainable Apparel Coalition, focused on environmental and social performance improvement in the apparel sector.
Canopy	A non-profit organization that works with brands and suppliers to eliminate deforestation and protect ancient and endangered forests from being used in products like paper, packaging, and man-made cellulosic fibers.
EACs (Energy Attribute Certificates)	Market-based instruments that represent the environmental attributes of one megawatt-hour of renewable electricity generation. Used globally.
GEC (Green Electricity Certificates)	Green Electricity Certificates (GECs) are China's official, government-backed instruments for tracking and verifying the production and consumption of renewable electricity. Each GEC represents the environmental attributes of 1 MWh of clean power. They are the sole legally recognized proof of renewable energy use in mainland China.
Higg BRM (Brand and Retail Module)	A self-assessment tool used by brands and retailers to measure environmental and social performance across operations and supply chains.
Higg FEM (Facility Environmental Module)	A facility-level assessment tool used to measure environmental performance in manufacturing sites, including energy, water, waste, and emissions.
MMCF (Man-Made Cellulosic Fibers)	Fibers derived from wood pulp or other cellulose sources, including viscose, rayon, modal, and lyocell.
Oeko-Tex Standard 100	A certification system that tests textiles for harmful substances to ensure product safety for consumers.
PPAs (Power Purchase Agreements)	Long-term contracts through which a company purchases renewable electricity directly from a generator at agreed terms.
RECs (Renewable Energy Credits)	Market-based instruments used primarily in North America that represent the environmental attributes of renewable electricity generation.
Sustainably Sourced Cotton	Cotton sourced from programs that promote improved environmental and social production practices, such as organic or Better Cotton standards.
Sumps	Engineered drainage pits equipped with pumps used to remove accumulated water during flooding events.

Term	Definition
Tier 1 Supplier (T1)	Direct suppliers that manufacture finished products for Komar.
Tier 2 Supplier (T2)	Suppliers that provide materials or components to Tier 1 suppliers, such as fabric mills or processing facilities.
Textile Exchange	A global nonprofit organization that promotes responsible fiber and material production across the textile value chain.
ZDHC	A global initiative that aims to eliminate hazardous chemicals from the textile and footwear value chain.
ZDHC MRSL	A list of chemical substances restricted from intentional use in manufacturing processes under the ZDHC program.
ZDHC Wastewater Guidelines (WWG)	Technical guidelines for wastewater quality monitoring and compliance in wet processing facilities.
Green Shirt Producers	A classification used to identify MMCF producers with lower deforestation and environmental risk profiles.