

LOOKING FOR *Sunrise*



**ENVIRONMENTAL, SOCIAL
& GOVERNANCE REPORT 2022**

 **Luenthai**

Luen Thai Holdings Limited

聯泰控股有限公司

(Incorporated in the Cayman Islands with limited liability) (Stock Code: 311)





Luenthai
an *Extraordinary* company

The background features a sunset over a body of water, with a world map faintly visible in the lower half. The sun is a bright yellow circle in the center, reflecting on the water. The sky and water are in shades of blue and purple.

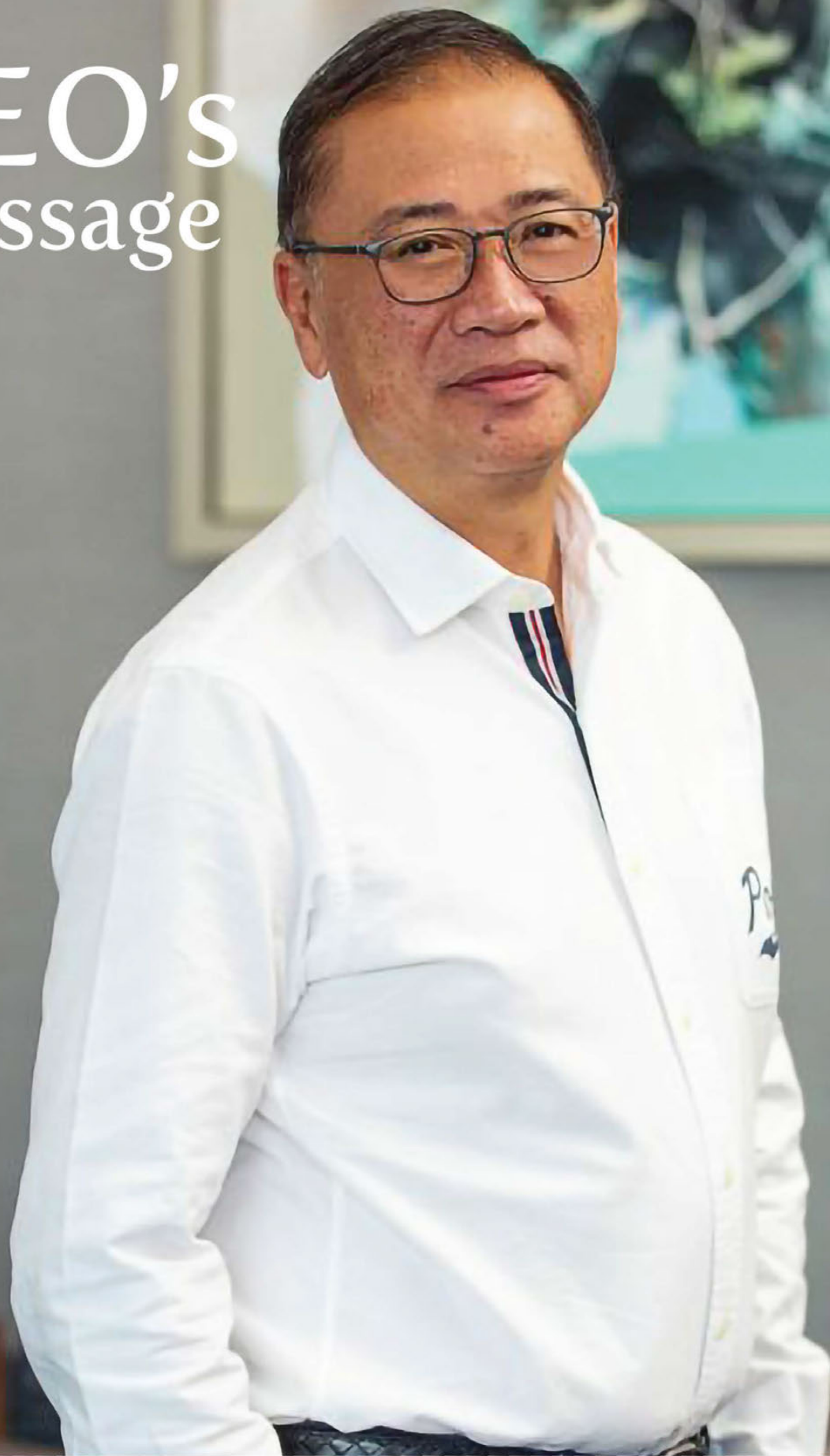
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GOVERNANCE REPORT 2022

LUEN THAI HOLDINGS LIMITED

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CEO's Message



IN PHOTO:
RAYMOND TAN
(CEO PARTNER OF
LUEN THAI HOLDINGS)

Leading with a Purpose - Creating a Better Future Through Responsible Stewardship

At this time of unprecedented transformation in business and economics, Environmental, Social, and Governance (ESG) awareness and considerations have never been more important. As the CEO of our company, I am deeply committed to our core values of driving progress and creating a sustainable future. We strive to uphold our commitment to ESG initiatives by creating accountable and responsible culture that seeks to bring about positive change in our communities and throughout the world.

We believe sustainability is essential for the future of our business, our customers, and the environment. Therefore, we are dedicated to pursuing profitable and sustainable expansion with ESG principles and practices incorporated into every facet of our organization, looking for ways to reduce our environmental footprint, create positive social impact and uphold our commitment to corporate governance and integrity. At our core, we believe in the power of collective action to create meaningful and lasting change. We are taking an active role in making sure that the interests of our stakeholders, such as customers, employees, partners, and shareholders, are taken into account in our decision-making process. Our mission to make a lasting, positive difference in the world requires us to be bold, consistent, and steadfast in our efforts to innovate and drive global progress through ethical and sustainable business practices.

Reaffirm Our Support for UNGC and its Principles

As we strive to ensure our business meets ever-higher standards of corporate responsibility, I'd like to take this opportunity to reaffirm our commitment to the United Nations Global Compact (UNGC) and its principle. As one of the early signatories of the UNGC since 2003, we are proud to have been an early adopter and strong advocate of sustainable development over the years and stay committed to supporting initiatives that contribute to building a more peaceful and prosperous world for all. All Group level actions implemented are at the GC-Advanced level, thus, further refining our targets. Keeping abreast of the growing environmental risks and societal challenges, we are placing more emphasis on our sustainability efforts. This year, we have established four ESG focus areas aligned with the UN Sustainability Development Goals (SDGs)¹, particularly in aspects of business innovation, human capital management, environmentally and socially ethical business, and positive community impact.

¹ Adopted by the United Nations in 2015, the 17 UN SDGs are a set of social, economic, and environmental targets. The SDGs are a powerful language that convey global issues of critical importance to humanity and the environment. The goals are primarily focused on wide-ranging action by governmental institutions, business communities, and society. We will continue to strengthen our connections with local communities and provide tangible benefits to the society.

WE SUPPORT



Our sustainability targets are chiefly guided from the eXtraOrdinary (XO) culture that prioritize community, environment, and employee well-being. We emphasize positive contribution to the society and advocate meaningful community engagement. To achieve this, we have launched the “XO Kids’ initiative” with programs dedicated to providing children access to sports, performing arts, skills development training, and education.



In 2022, we have launched various Football Club initiatives for children across nations to attain essential skills including physical fitness, leadership, teamwork, and well-being. Kick It Heart (仁足社) is our key football charity partner. Luen Thai supports the charity in different countries and regions (China, Hong Kong, the Philippines, and Cambodia) through partnerships with various organizations and clubs (Chelsea Soccer School in Hong Kong, Tuloy Football Club, XO United Football Club, and Northern Mariana Islands Football Association) with an ultimate goal to enable children to learn football, set clear objectives and plans for

participants to develop physical, mental, and emotional growth. I am filled with pride as I reflect on the incredible accomplishments that we have made to improve the lives of the children we have supported over the years. Many of our football club players have been included to play in elite teams such as Philippines Senior National Team, Philippines Football League, U16 and U19 Boys Philippines National Team, U18 Girls Philippines National Team, and Philippines First Futsal National Team.

We have also expanded our projects to create more soccer training centers to help more people in need. We will continue to strengthen our connections with local communities and provide tangible benefits to the society.

It is our responsibility to do our share to meet the needs of society aside from our own. Building on this mission, we focus on empowering our teams to collectively putting in effort to serve the broader community. Amid the COVID-19 pandemic, we have contributed a combination of monetary donations and medical equipment. Ending the effects of the pandemic requires further coordinated global action. We will continue to play an important role in this and contribute wherever needed.

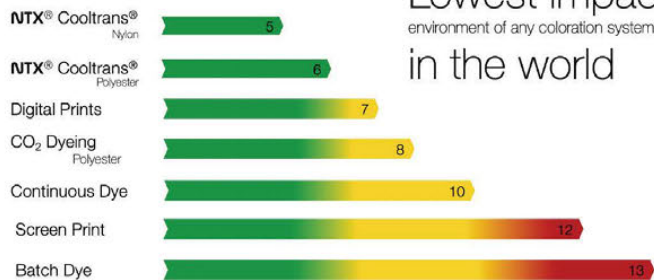
We believe economic growth happens in its best form with strong environmental performance. To extend our efforts in mitigating climate change, we are constantly innovating to reduce our carbon footprint. Our goal is to reduce the use of natural resources including water, energy, and harmful chemical materials without having to compromise economic growth through advanced technologies. Our eco-friendly waterless textile coloration technology in dyeing and printing production centers have been acknowledged with the Software - Apparel trophy Hong Kong Business Technology Excellence Awards. We continuously reinvent our manufacturing models, keeping abreast of the nearshoring/onshoring sourcing trends. The full-suite of our innovative solutions (such as NTX™ nanofiber technology, NTX™ waterless fabric coloring and printing technology, Heat-TranX product coloring and printing technology, manufacturing processes automation, and AI and digital solutions) enable fabric and material innovation, on-demand manufacturing and printing, and smart retailing with significantly enhanced quality, speed, cost, flexibility, and sustainability across the supply chain.



HeatTranX



NTX + **Luenthai** = **luentech**
Next Technologies & Xvantages TEXTILE SOLUTIONS



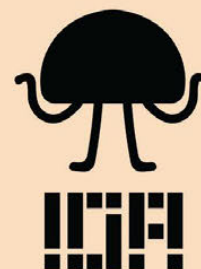
For more information login to <https://portal.higg.org/>

Our efforts in manufacturing on demand help to alleviate the environmental impact caused by overproduction within the fashion industry. We have seen over 40,000 yards of excess fabrics saved from landfill with our on-demand manufacturing and build-to-order business model for the past year.

Over the years, we have accumulated more knowledge in recreating value from waste materials. To meet this target, we have created an e-commerce platform with a build-to-order business model that directly engages with our customers. As we highly value customer engagement, this platform also acts as a communication channel to regularly collect and respond to customer feedback. The new business model leverages the Group's technical expertise in developing high-quality garment products, coupled with advanced sustainable printing technologies to create new, unique clothing made of excess fabrics and materials derived from our manufacturing process. Recognizing the impact of social media today, our approach is to engage social media influencers to promote a broader community in adopting sustainable lifestyles and learning to become more environmentally conscious.



Aware of the environmental challenges induced by extensive use of face masks, we created the highly protective reusable masks using the proprietary nanofiber technology that helped to reduce the plastic pollution. To accelerate the shift to renewable energy, we also installed solar systems in most of our production facilities. The practical use of renewable energy is an effective way to reduce the risks associated with the use of fossil resources and the risks of resource depletion. We will push forward the adoption and use of sustainable renewable power sources while keeping an eye on the changes in global energy trends.



eXtreme protective comfort technology



CARE FOR OUR PEOPLE

Our employees are our core assets. We focus on creating a diverse and inclusive environment that respects and prioritizes the well-being of our employees. Ultimately, it results in higher productivity, motivation, and commitment. As of early March 2022, over 99% of our employees have received the COVID-19 vaccine, while actively giving our members access to flexible working hours and remote working alternatives.

We build a diverse and inclusive team that respects all members of race, age, and gender. To meet this target, we comply with the requirements and instructions of the International Labour Organization conventions and the United Nations Universal Declaration of Human Rights to protect our employees and ensure a fair and safe working environment. We continue to see a balanced team with a male-female ratio of 57 to 43 at the directors' level and above. The data has also shown that our talents were composed of people from 20 different countries and more ethnicities around the world. We strive to remove age bias for young employees through the reverse-employee program, in which senior executives are mentored by a younger or a junior professional in aims to creating a workforce environment that incites fresh perspectives and creativity.

We also take part in creating a culture that fosters development and growth among employees. We provide all teams access to various training programs and equip them with essential skills related to professional development. By the end of 2022, the Group's training programs were conducted for 16,293 participants amounting to 103,225 of training hours.

Results of our 5-year XO CARE Targets

In 2018, we established a 5-year long sustainable development roadmap, marking an end and a new beginning this year. This roadmap has helped us achieve tangible results in reducing our carbon footprint, without having to compromise economic growth.

By 2022, we have achieved our XO CARE reduction targets in all four aspects including carbon footprint (Scope 2 greenhouse gas emissions), electricity, water, and waste generation. We are progressively increasing the use of renewable energy and advanced technological practices in place of conventional methods to attain higher water and energy efficiency.

Compared to the baseline year of 2018, we have significantly reduced our carbon footprint by substituting coal-fired power and purchased (municipal) electricity with renewables including solar energy. The use of waterless technology for fabric has helped us achieve lower water consumption and intensity since 2019. Over the years, we have learned to adopt diversion instead of direct disposal which significantly reduced the production of non-hazardous wastes. We have also increased the use of sustainable materials, and ultimately, produced zero discharge of hazardous chemicals in industrial effluent to the environment since 2021.



Moving Forward

In response to the climate emergency, we are committed to delivering manufacturing practices that are both socially responsible and sustainable. As we head into 2023, we will remain committed to driving sustainable business growth further with innovation, reducing our ecological footprint, promoting sustainability in the workplace, and contributing to the development of a sustainable community, all the while sharing our environmental performance with full transparency.

Just as the 5-year environmental targets, we are going to continuously develop products and services that contribute to better environmental performance. We are putting considerable effort at production and distribution sites through fabric and material innovation such as waterless fabric coloring, which reduces carbon emission. Our source raw material formulae have also been reinvented, in accordance with the Organic Content Standard (OCS) and the Global Recycled Standard (GRS) certified by Control Unions. For the coming years, we will continue to reinvent manufacturing and trading processes that meet our goals of sustainability focus areas. Our biggest commitment is to drive tangible results and improvement by setting clear targets and key performance indicators. We look forward to scaling up our innovative practices on operation and production levels to achieve new heights.

Closing

The beginning of our sustainability journey traces back to the 1970s, when we established a firm foundation that taught us resilience from the sustainability and economic challenges we face today. I am proud of our achievements in this area, and will continue to do my utmost to ensure our company upholds its commitment to practice responsible ESG principles in everything we do. I am truly humble and thankful for the engagement and contributions of our various stakeholders in aiding our sustainability vision to become a reality. Together, we can be a leading example of how businesses can operate and contribute positively to sustain our planet for current and future generations.

SUSTAINABLE
SHARED SUCCESS
THROUGH REINVENTION

ABOUT THIS REPORT

Luen Thai Holdings Limited (hereinafter referred to as “Luen Thai”, “the Company”, “we”, or “our”), together with its subsidiaries (collectively, the Group) (Stock code: 0311), incorporates transparent measures and social responsibility into business activities, with aims to maximizing customer values and experience, developing the potential of our employees, conserving the environment, and extending care to the community in accordance with our corporate core values.

The 2022 Environmental, Social, and Governance (“ESG”) Report (the “Report”) demonstrates our dedication and performance in pursuing sustainability during the period from 1 January to 31 December 2022 (“2022”), which is the same as the financial period of the Group’s 2022 Annual Report. Relevant contents were referred to the previous period when needed.

Reporting Boundary

The Report presents the ESG management approach, sustainability milestones, and material topics of our global apparel and accessories businesses.

The scope of the Report represented the Group’s apparel and accessories global operations, covering the People’s Republic of China (“PRC”) including the headquarters in Hong Kong Special Administrative Region (“HKSAR”), and the other 21 operation sites amongst Bangladesh, Cambodia, India, Indonesia, Myanmar, the Philippines, and United States of America (“USA”).

Collection, validation, and analysis of environmental data have been coordinated by our ESG Team with engagement support from a third-party specialist consultant facilitating the process.

Reporting Standards

The Report is prepared in accordance with the Environmental, Social and Governance Reporting Guide under Appendix 27 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (“HKEx ESG Reporting Guide”).

As part of the Group’s ongoing sustainability initiatives to align with global ESG reporting indicators, we have also made reference to the Global Reporting Initiative (“GRI”) Sustainability Reporting Standards for environmental and social topics (for details, refer to the GRI Content Index of this report).

The Report has been reviewed and approved by the Board of Directors of the Group and is publicly available in English and Chinese. Should there be any discrepancies between the English and Chinese versions, the English version shall prevail.

Reporting Principles

Our 2022 ESG Report is aligned with the HKEx ESG Reporting Guide to ensure unbiased content and quality disclosures and presentation pertinent to the Group’s ESG performance and initiatives.

Materiality

Materiality assessment is conducted through stakeholder engagement activities on a regular basis to identify material topics related to ESG issues determined by the Board of Directors, which allows investors and stakeholders to understand what ESG aspects Luen Thai prioritizes on.

Quantitative

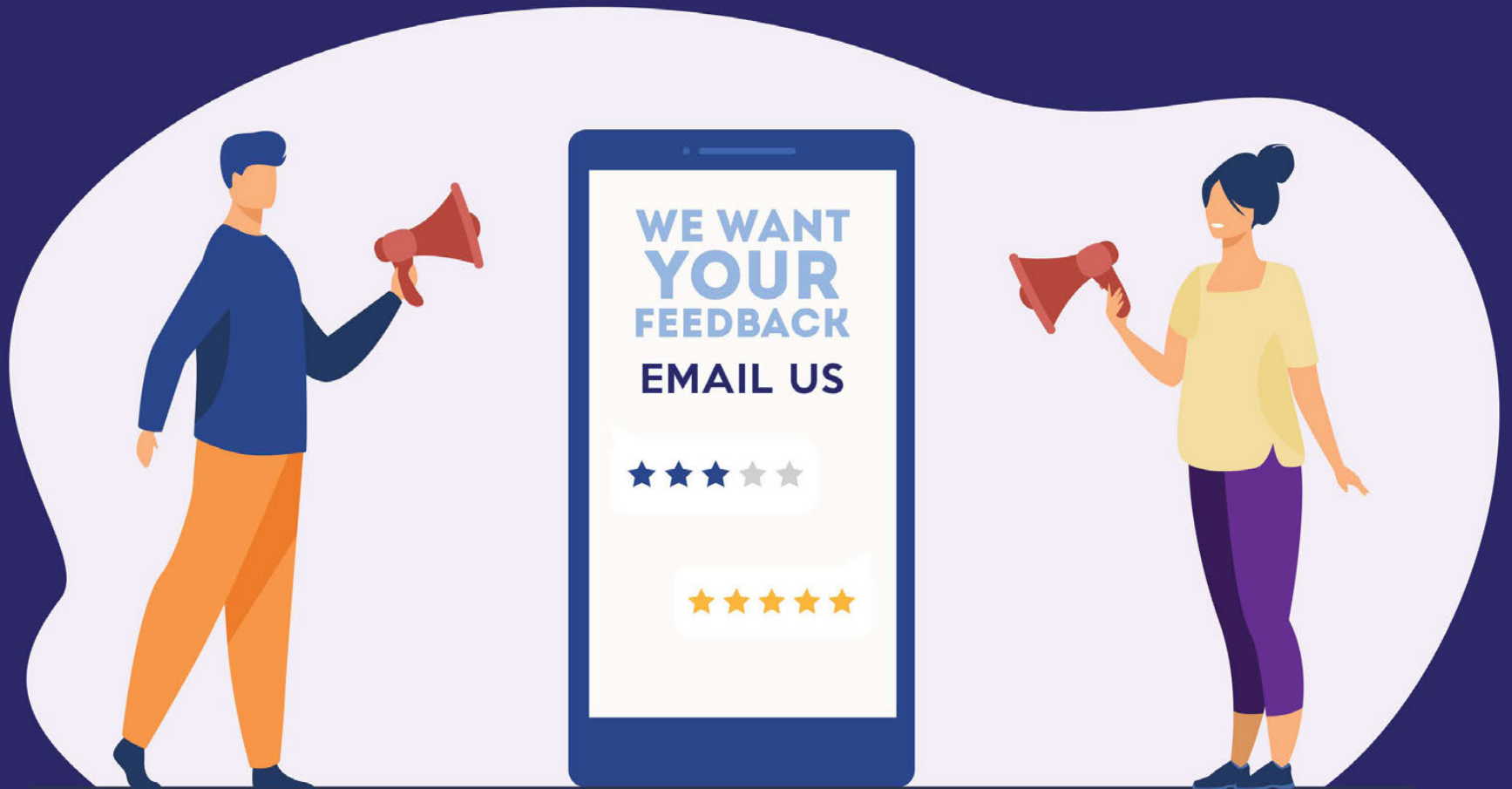
All disclosed information is organized and calculated according to a series of internationally standardized methodologies. KPIs in respect of historical data are measurable. The Company’s targets are set to reduce a particular impact and thereby the effectiveness of ESG policies and management systems can be evaluated and validated. Quantitative information is accompanied by narratives explaining its purpose, impacts, and giving comparative data where appropriate.

Balance

The Report provides an objective and unbiased picture of the Group’s sustainability performance during the reporting period, avoiding selections, omissions, or presentation formats that may inappropriately influence a decision or judgment by the report reader.

Consistency

The Report maintains consistency in use of methodologies to calculate data, explanations of methods, and assumptions to allow for meaningful comparisons of ESG data over time.



CONTACT AND FEEDBACK

We welcome any feedback on our ESG Report and sustainability performance.

For comments or suggestions, please send to:

Address: Luen Thai Holdings Limited, Rooms 1001-1005, 10/F, Nanyang Plaza, 57 Hung To Road, Kwun Tong, Kowloon, HKSAR

Email: corporate_communications@luenthai.com



ABOUT LUEN THAI

Luen Thai is a global consumer goods supply chain company, specialized in apparel and accessories. We are committed to delivering high-quality products and services. We engage in lawful and transparent best practices that serve the community and help minimize environmental impact.

Manufacturing/Sourcing Countries

CHINA | PHILIPPINES | CAMBODIA | INDONESIA
MYANMAR | INDIA | BANGLADESH | VIETNAM*

*Joint Venture



Around
36,000
employees globally

Headquarters
HONG KONG SAR

Sales/Design Office
USA



OUR VISION AND SUSTAINABILITY STRATEGIES

Luen Thai's Sustainability Journey

Since launch, Luen Thai has been committed to express care to our people, community, and environment alongside with the business growth. As a sustainability pioneer in the fashion and lifestyle apparel and accessories manufacturing industry, we embarked on our five-year sustainable development journey where we set specific, measurable, transparent, and achievable sustainability strategies and goals in 2018. With our continuing efforts integrating our external resources and internal technology advancement, we have successfully achieved our sustainability goals at the end of 2022.





2010s

HER Project
"Be XO Daily"

Tuloy Foundation
Partnership



2018

Launching of Luen Thai
Sustainability Program

Start of Five-Year
Sustainability Monitoring

ESG Compliance
Reporting



2022

Achievement of XO Care Targets
(Our People, Our Community,
and the Environment)

Increased engagement with
Luen Thai employees
and other stakeholders

5-YEAR ENVIRONMENTAL TARGETS

2018 - 2022

Year of 2022 marks the end of our first 5-year environmental targets. Below table has summarized our achievement and key initiatives in meeting the targets.



Reduce Carbon Footprint

COMMITTED TARGETS & UN SDGs

- Reduce Scope 2 GHG emissions by increasing the substituted use of coal-fired power
- Climate mitigation (Goal 13), clean energy solutions (Goal 7)

OVERALL TRENDS

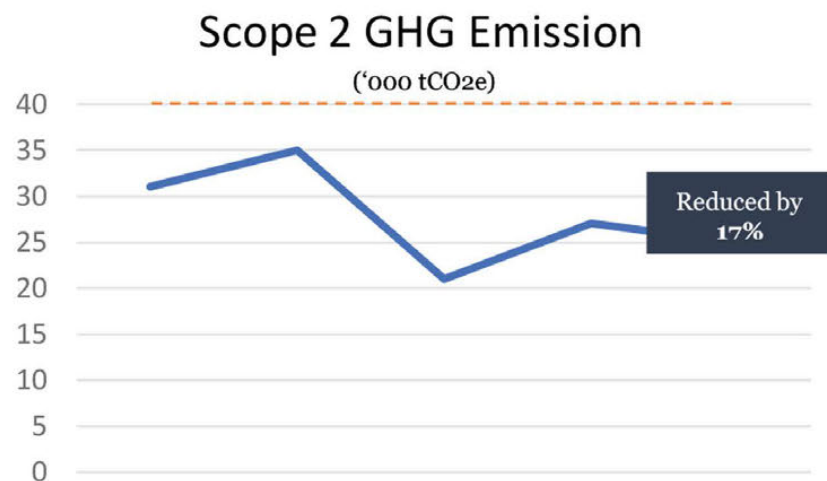
- Increased emissions in 2019 due to increased electricity consumption
- Increased electricity consumption led to more emissions in 2021 mainly due to recovery from COVID-19

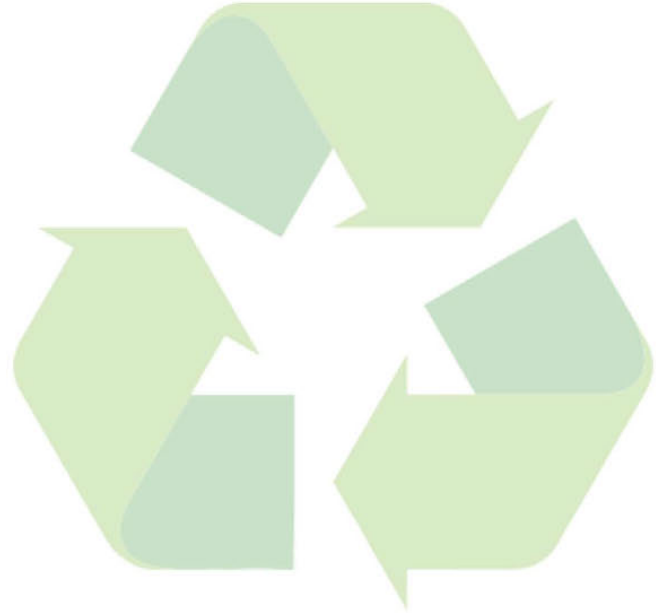
KEY DRIVING FACTORS

- Implementation of solar projects
- Upgrade to LED lighting solutions
- Installation of energy-saving equipment

ACHIEVED RESULTS (AS OF 2022)

- Compared with the 2018 baseline, the Group has reduced GHG emission by 17 percent.





Reduce Energy Use

COMMITTED TARGETS & UN SDGs

- Reduce the use of purchased electricity by increasing the use of renewable energy
- Clean energy solutions (Goal 7)

OVERALL TRENDS

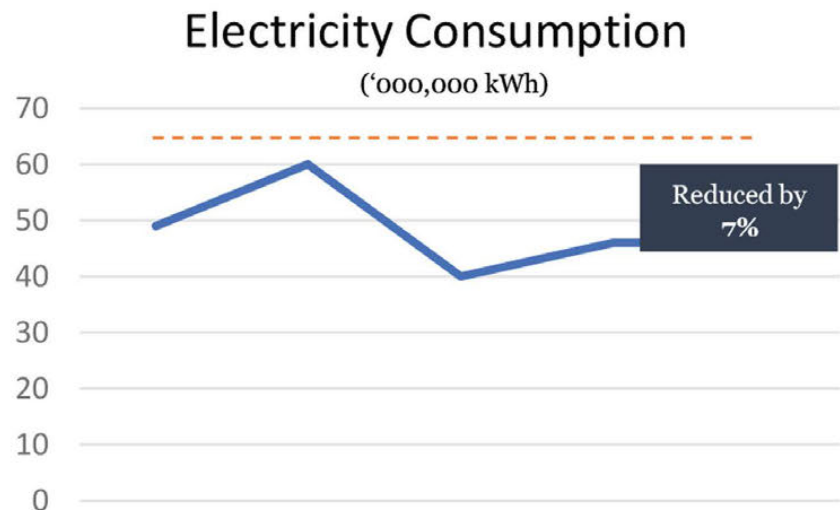
- Increased electricity consumption due to expansion of bag production
- Increased energy usage in 2021 due to recovery from COVID-19, particularly commissioning of additional machinery in Cambodia's Accessories Division

KEY DRIVING FACTORS

- Implementation of solar projects
- Upgrade to LED lighting solutions
- Installation of energy-saving equipment

ACHIEVED RESULTS (AS OF 2022)

- Compared with the 2018 baseline, the Group has reduced purchased electricity by 7 percent.



Reduce Water Use

COMMITTED TARGETS & UN SDGs

- Reduce water consumption and increase the use of waterless technology for fabric
- Clean water (Goal 6), ocean conservation (Goal 14)

OVERALL TRENDS

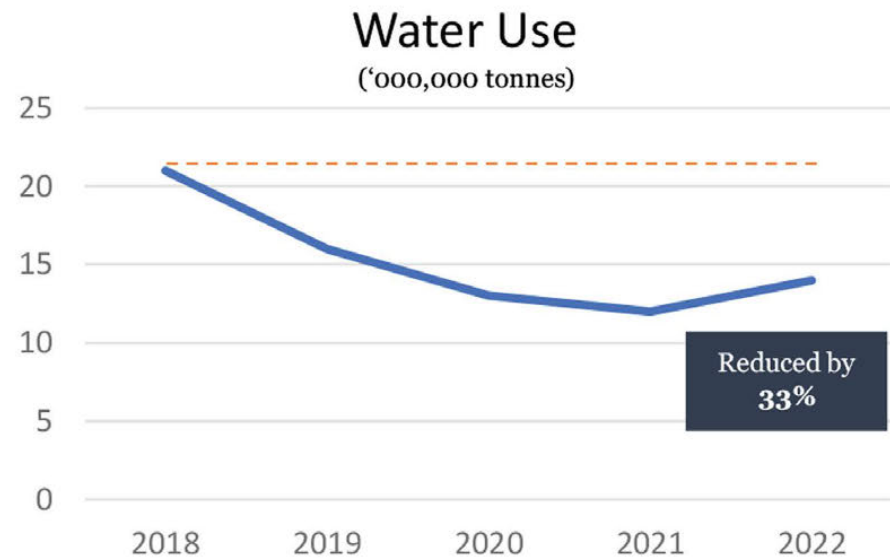
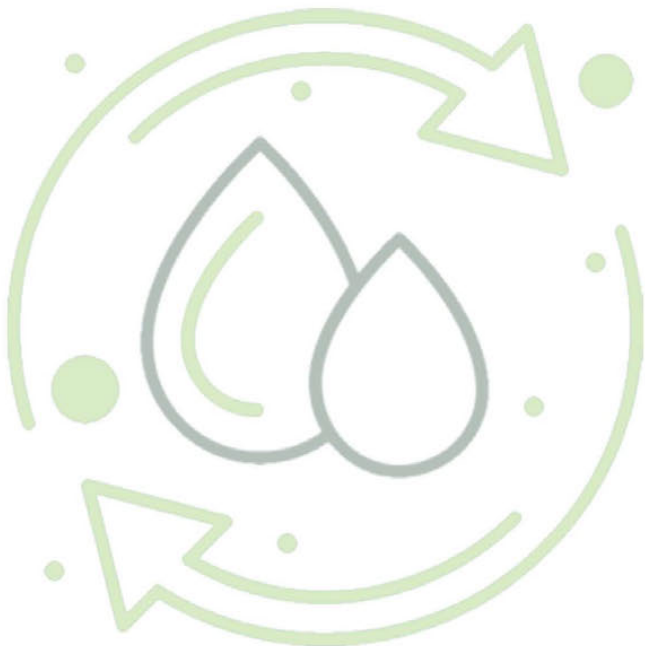
- Reduced since 2018

KEY DRIVING FACTORS

- Installation of water saving facilities
- Application of waterless fabric coloring and printing technology

ACHIEVED RESULTS (AS OF 2022)

- Compared with the 2018 baseline, the Group has reduced water usage by 33 percent.



Reduce Waste

COMMITTED TARGETS & UN SDGs

- Reduce emissions of non-hazardous waste through diversion instead of direct disposal
- Zero discharge of hazardous chemicals
- Increase the use of sustainable materials
- Responsible consumption and production (Goal 12)



OVERALL TRENDS

- Hazardous waste reduced since 2018
- Increased generation of non-hazardous waste in 2019 mainly due to the disposal of fabric and general waste from factories producing bags in Myanmar and Cambodia
- Significant drop of non-hazardous waste in 2021 due to shutdown of 1 factory in the Philippines

KEY DRIVING FACTORS

- “No disposable bottle is allowed” initiative
- Recycle and reuse of materials before disposal

ACHIEVED RESULTS (AS OF 2022)

- Compared with the 2018 baseline, the Group has reduced hazardous waste generation by 69 percent.



YEAR 2022



One of our XO Kids from Tuloy made it to the Philippine National team, Azkals and competed at AFF Mitsubishi Electric Cup in December 2022 to January 2023. He is the youngest player in the squad.



7 Tuloy players were selected to be part of the first Philippine Futsal team. They competed against Guam in October 2022.



5 tuloy players were part of the team "Azkals Development Team (ADT) and competed in the professional league "Philippine Football League (PFL) from 2022- 2023.



Verte launched Football Program for employees' kids on October 1, 2022



3 Tuloy players were selected to be part of the U17 Boys national team and competed in the AFC Qualifier in Jordan - October 2022.



Saut brothers were selected to be part of the U20 National Team in Oman - September 2022.

Brigada Eskwela 2022

CENTRAL



SITIO LOURDES



STA. ROSA



ASTURIAS



ESTRADA

XO CARE FOR OUR COMMUNITY

D'Luxe donated school supplies to various schools in Tarlac, Philippines

HIGHLIGHTS



YTI - Cebu
Mangrove Planting (April 1, 2022)



YTI - PRC
Run for the Oceans (May 23- June 8, 2022)

XO CARE FOR OUR ENVIRONMENT



YTI - Cebu
Coastal Cleanup (September 17, 2022)



YTI - Cebu
Run for the Oceans (June 5, 2022)



Suntex/XO Tex Zumba



Verte Zumba



Khmer English class programs in XOTex Cambodia

XO CARE FOR OUR PEOPLE



Tomwell-Skechers Badminton competition



Yoga classes launched at Tomwell



GJM-PY PRC exercise activity

10A at Medical Fair Asia
Singapore
August 31 to September 2, 2022

10A at Arab Health
Dubai World Trade Center
January 24-27, 2022



Luenthai and NTX at ISPO Munich 2022
Messe München, Germany
November 28-30, 2022



10A at HK IDEAS
December 2-4, 2022



10A at Hong Kong International
Medical and Healthcare Fair
November 9-11, 2022

EVE



Suntex Premier League Opening at XO-TEX
Cambodia, February 2022



LTLabs at Hanoi Tex
Vietnam, November 2022



LTLabs at GMAC
Cambodia, September 2022



LTLabs at Saigon Tex
Vietnam, July 2022



Transforming the lives of Cambodia's youth
one goal at a time

Our CEO visits XO United FC for the first time
and played in an exhibition match for the club
on November 1, 2022



XO-TEX Grand Opening
Cambodia, March 2022

NTS

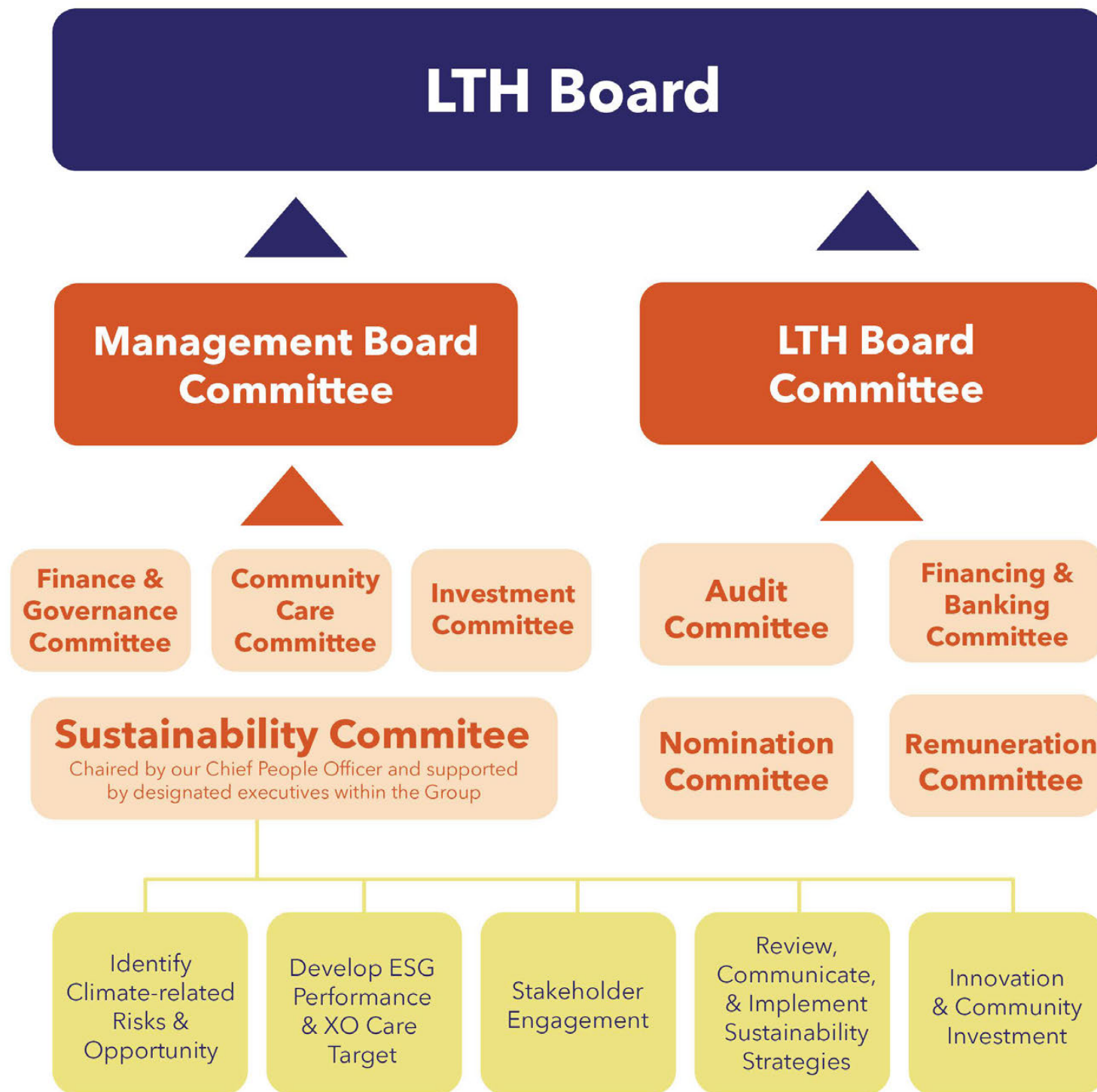
FOSTERING SUSTAINABILITY THROUGH GOVERNANCE

ESG MANAGEMENT

Having committed to the highest ethical standards to meet regulatory expectations and best practices, Luen Thai strives to foster responsible governance to strengthen its ethical corporate culture of accountability, transparency, and integrity. Effective oversight and well-established processes, practices, and structures contribute to the achievement of our strategic objectives and optimizing long-term value for our stakeholders, while fostering sustainable transformation in building green factories and safeguarding the interest of employees, customers, and community as well as enhancing our corporate brand image.

Our corporate governance practices comply with all applicable provisions of the Corporate Governance Code as set out in the Appendix 14 of the Hong Kong Stock Exchange Listing Rules. For more details on Luen Thai's governance practices, please refer to the "Corporate Governance Report" in the Group's 2022 Annual Report.

Based on Luen Thai's existing solid governance structure, we have built a comprehensive top-down sustainability governance framework integrating effective management at all levels to implement ESG strategies alongside the sustainable development roadmap.



BOARD OF DIRECTORS

We recognize and embrace the benefits of having a diverse Board of Directors (“the Board”). We believe fostering diversity and inclusion at Board level is essential in maintaining a competitive advantage. A diverse Board will include and make good use of differences in the skills, regional and industry experience, background, race, gender, and other qualities of Directors. These differences are considered in determining the optimum composition of the Board and when possible are balanced appropriately. All Board appointments are made on merit and candidates are considered against criteria objectively, having due regard for the benefits of diversity on the Board.

To meet the target of achieving cultural diversity, the Nomination Committee will monitor and report to the Board annually on the effectiveness and relevance of the measurable objectives. They also conduct a review on the Policies and disclose the relevant information in the Annual Corporate Governance Report, which is publicly disclosed on the Company’s website. The Board will proactively act upon approval on the proposed changes to rectify identified deficiencies.

Luen Thai’s commitment to sustainability largely stems from the Board. The Board reinforces the ESG objectives in the context of current business strategies and assumes the overall responsibility on effective governance and oversight of major ESG issues, as well as assessment and management of material, environmental, and social risks and opportunities impacting the Group.

The Board oversees risks and opportunities with respect to Luen Thai’s corporate values including sustainability, environmental and social impact, and workplace diversity and inclusion. To carry out its responsibilities, the Board reviews significant corporate strategies, policies, and initiatives while also providing guidance in reporting to strengthen stakeholder engagement.

The Board assures relevant policies in place on the awareness of timely response to the relevant ESG information through communication within the Management Board that comprises of senior executives and board members, and the Sustainability Committee. The Management Board meets at least three times a year, keeping all senior executives aware of the progress on sustainability efforts, while the Sustainability Committee reports to the Board on the ESG matters pertinent to the policies and practices in the operations. Moreover, the Board and the designated team members review and approve the ESG performance disclosed in the annual ESG Report to ensure it is aligned with our business strategy and complies with the laws and regulations.

SUSTAINABILITY COMMITTEE

At Luen Thai, the Sustainability Committee is tasked to develop and implement the Group's sustainability strategies focusing on three core areas: our people, community, and environment. The Committee establishes performance targets aligned with our sustainability roadmap. Specifically, this includes identifying climate-related risks and opportunities, reviewing, and communicating sustainability strategies, and monitoring the development of our ESG performance targets.

To meet this target, the Committee reports regular updates to the Board regarding key ESG developments and initiatives. The Committee convenes regularly with the top executives to gain more insight in enhancing sustainability strategies and strengthening stakeholder engagement. The Committee ensures our business practices help foster a culture of respect, diversity and inclusion, and purpose. In 2022, the major items communicated among the Sustainability Committee include the following:

- Key achievements of 5-year XO Care targets
- Further development in innovation and technology to support sustainable practices and implementation of solar energy
- Post-pandemic actions
- Establishment of 4 ESG Focus Areas aligned with UN SDGs

ETHICS MANAGEMENT

Integrity and Anti-corruption

Luen Thai complies with the local anti-corruption rules and regulations, including but not limited to Cap. 201 Prevention of Bribery Ordinance in Hong Kong, Criminal Law of the People's Republic of China, and Anti-Graft and Corrupt Practices Act in the Philippines, among other country specific guidelines. The Group has formulated strict anti-corruption policy, rules and regulations for our employees, contractors, and suppliers to minimize the possibility of bribery, extortion, fraud, and money laundering. The detailed anti-corruption guidelines and procedures are communicated to the employees, contractors, and suppliers. In cases of contravention to the policy, rules, and regulations identified with solid evidence, the responsible parties of services will be separated from the Company.

At Luen Thai, we have a zero-tolerance policy regarding bribery and corruption in any form or at any level in association with any aspect of the Group's activities. We have certain policies on bribery, gifts, and entertainment which prescribe the minimum set of rules adopted to prevent, identify, and address any instances of alleged or actual bribery or corruption. Relevant working policy, rules, regulations, and procedures are being reviewed from time to time. By the end of 2022, there was no concluded legal case regarding corrupt practices.

The Company has established a well-defined whistleblowing policy for the Group's employees and those who deal with the Group (e.g. customers, suppliers and business partners) to report genuine concerns about any suspected or actual improprieties in any matter related to the Group, which is in line with our commitment to principles of good corporate governance emphasizing on transparency, accountability, and independence. An email account has been set up for this specific purpose. Our internal audit team will investigate the reported cases in a confidential and timely manner, and report the results of investigations with the appropriate follow-up action to the Audit Committee on a regular basis.

Another whistleblowing mechanism is also in place to encourage staff to report on any suspected or actual behaviors relating to corruption or misconduct and concerns of ethics without fear of retaliation. To meet this target, we have set up a hotline number known as "Talk To Us" where employees are able to send messages, complaints, or report untoward incidents, which are handled by HR and top management. For concerns requiring further investigation, our HR team involves other parties, when necessary, to help with the investigation or validation of information.



We also provide workshops on integrity and anti-corruption to our employees upon the commencement of their employment with us. The employee induction process for new hires also includes extensive guidance on anti-corruption measures. Subsequent trainings for timely updates on the policy changes are offered to all employees. We have implemented the following:

- Provision of employee code of practice and handbook at time of onboarding
- Preventive measures against bribery, extortion, fraud, and money laundering
- Anti-corruption content related to the prevention of official crimes and corporate governance
- Standards of conduct for procurement personnel and integrity transaction clauses in procurement contracts
- Procedures to prevent business dealing with parties with unethical record(s)
- Procedures for declaration of conflicts of interests
- Procedures for reporting violations of integrity or suspected violations of the laws
- Relevant laws and regulations training

In 2022, a total of 13,300 employees within the Group participated in the integrity and anti-corruption related workshops totaling 33,740 training hours.

MATERIALITY APPROACH

STAKEHOLDER ENGAGEMENT

Timely communication with Luen Thai's key stakeholders is essential to understanding their changing views and expectations on our sustainability issues. On a regular basis, the Group actively communicates and engages with a wide range of internal and external stakeholders, who have significant mutual impacts with our business operations, through an array of communication channels. By continuously collecting and responding to stakeholders' expectations, we identify business opportunities and address acknowledged risks to further our sustainable development efforts, ultimately implementing appropriate improvements to our business strategy on an annual basis.

Stakeholders and Communication Channels

STAKEHOLDER GROUP	COMMUNICATION CHANNELS
Shareholders and Investors	<ul style="list-style-type: none">• Public news on Company and HKEx website• Press releases• Internet
Employees	<ul style="list-style-type: none">• Direct mail• E-mails• Meetings• Performance Evaluations
Strategic Customers	<ul style="list-style-type: none">• Business Communications• Direct mail
Core Suppliers and Business Partners	<ul style="list-style-type: none">• Business Communications• Direct mail
Government Regulators	<ul style="list-style-type: none">• Direct Mail• E-mails• Meetings
Media	<ul style="list-style-type: none">• Public displays• Interviews• Site visits
NGOs	<ul style="list-style-type: none">• Community work

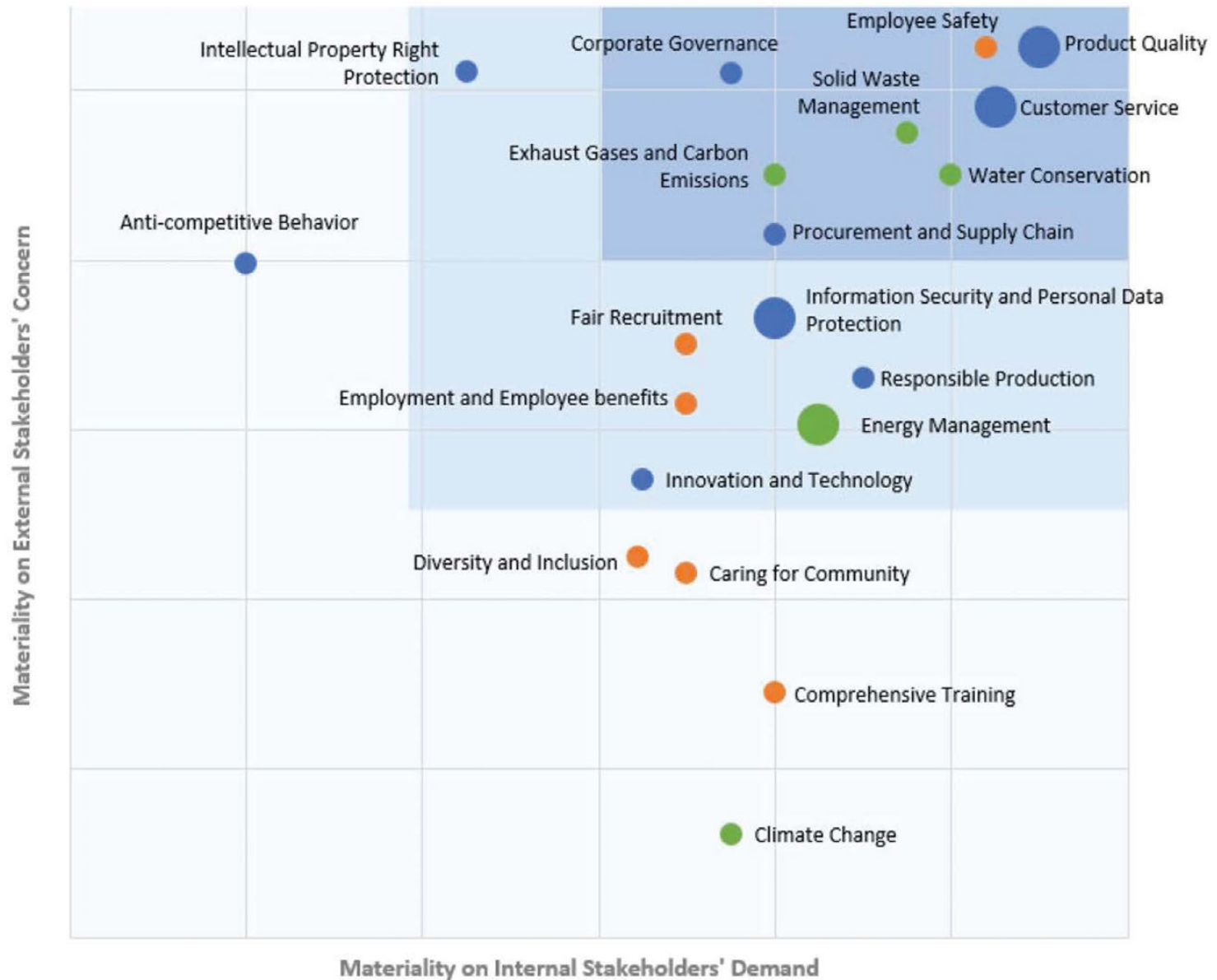
MATERIALITY ASSESSMENT

We conduct a materiality assessment and review by involving internal and external stakeholders on a regular basis to identify and prioritize key sustainability topics they are most concerned and having significant impacts to our business operations.

We have gone through the following processes to identify the material topics with key stakeholders, especially with our customers and suppliers:

1. **Identification:** Identify sustainability topics with reference to the aspects mentioned in the HKEx ESG Reporting Guide, prior year's material topics, and topics from market and industry trends relevant to the Group's business strategies.
2. **Prioritization:** Consolidate feedback from our stakeholders on sustainability topics through various engagement channels. Material topics are prioritized in accordance with the relevance and importance to the Group and stakeholders.
3. **Validation:** Analyze and validate the prioritized material topics by Sustainability Committee.
4. **Integration:** Integrate prioritized material topics that are important to the Group and stakeholders to the Group's business strategies, as needed.

MATERIALITY MATRIX



The materiality matrix has been prepared based on the aforesaid analysis with the 20 sustainability topics under the following three aspects, where the ones highlighted in red were the material topics identified in the materiality analysis:

ENVIRONMENTAL PROTECTION	LABOR PRACTICES AND COMMUNITY IMPACT	BUSINESS OPERATING PRACTICES
Energy Management	Employment and Employee Benefits	Customer Service
Water Conservation	Fair Recruitment	Responsible Production
Exhaust Gases and Carbon Emissions	Employee Safety	Procurement and Supply Chain Management
Solid Waste Management	Comprehensive Training	Corporate Governance
Climate Change	Diversity and Inclusion	Intellectual Property Rights Protection
	Caring for Community	Information Security and Personal Data Protection
		Anti-Competitive Practices
		Product Quality
		Innovation and Technology

Four material topics are also considered as having a financial impact to the Group, which are denoted with a larger marker in the materiality matrix and bolded on the list above. Their corresponding financial impacts are described below:

- **Energy Management:** Having manufacturing factories in eight locations in Eastern and Southeastern Asia, the utilities expense is one of the significant expenditures throughout the operations of Luen Thai. Aiming to enhance energy efficiencies of factories and machines as well as to reduce GHG emissions, Luen Thai also incurs capital expenses for installation of rooftop solar panels and equipment upgrades. By enhancing energy efficiencies, it helps to reduce utilities expenses per factory in the long term.
- **Product Quality and Customer Service:** Being an apparel and accessories manufacturer for renowned brands, good product quality is one of the key determinants for customers to make orders, which constitutes the main revenue source. An instant response to customer needs is important to maintain a strong customer relationship, creating long term benefits to the Group.
- **Information Security and Personal Data Protection:** Having a wide customer base and supplier pool, Luen Thai possesses an enormous amount of confidential information on different stakeholders. Should an information leakage occur, Luen Thai may need to face countless litigation claims and fines from various stakeholders. As trust and reputation will also be tarnished, Luen Thai may also suffer a loss in customers, resulting in a loss of revenue.

Based on the identified material topics, six key sustainability focuses were determined to put efforts on providing eXtraOrdinary (XO) CARE across the three core areas; our people, the community, and the environment:



CARE

CORE AREAS

XO CARE FOR PEOPLE

XO CARE FOR COMMUNITY

XO CARE FOR ENVIRONMENT

KEY SUSTAINABILITY FOCUSES

EMPLOYEE SATISFACTION
OCCUPATIONAL HEALTH AND SAFETY

CHILDREN'S WELFARE
VOLUNTEERISM

ENVIRONMENTAL ACTIVITIES
EMISSIONS AND USE OF RESOURCES

DRIVING SUSTAINABLE BUSINESS GROWTH



We support the Sustainable Development Goals

Technology advancements and digital transformation have enabled Luen Thai to formulate a new manufacturing model and seize business opportunities. With effective quality control and procedures in place, Luen Thai strives to manufacture high quality products in collaboration with suppliers that share the same sustainable values in response to safety and quality standards from both customers and regulatory requirements contributing to the long-term business growth.

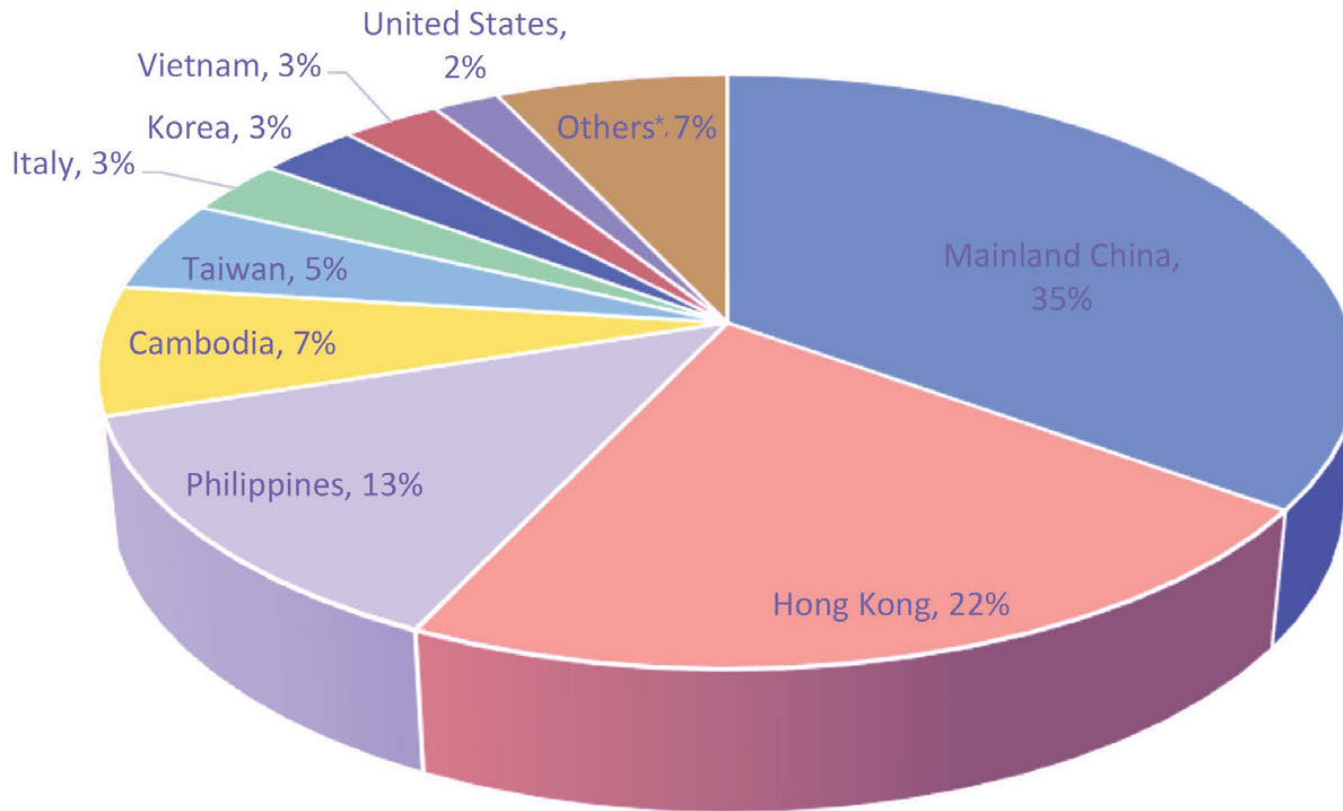
Supply Chain Management

As a responsible manufacturer, Luen Thai treasures the long-term relationships with our suppliers and cooperation with a variety of suppliers to embed a sustainable culture in the supply chain. Supported by a supplier management policy and supplier selection and evaluation system, Luen Thai is committed to mitigating its environmental and social impacts in addition to elements of commercial interest and product quality.

Supplier Profile

Luen Thai manages a diverse international supplier base of around 1,751 companies for provision of materials and services essential to the Group's production processes. This year, our commitment to supplier diversity was demonstrated across our business practices, as shown below:

Suppliers by Geographical Region



*Others include American Samoa, Angola, Bangladesh, Brazil, British Virgin Islands, Bulgaria, Cayman Islands, Chile, France, Germany, India, Indonesia, Ireland, Japan, Macau, Malaysia, Mauritius, Mexico, Myanmar, Netherlands, Pakistan, Panama, Samoa, Singapore, Spain, Sri Lanka, Switzerland, Thailand, Turkey, and United Kingdom.

Mechanism for Supplier Selection and Monitoring

We engage suppliers who share the same sustainable values with us. We rank suppliers with a specialized focus in environmental protection and social responsibility higher compared to those who do not during the selection of a new supplier. According to the Group's procurement policy, all new suppliers are required to be screened under the supplier evaluation process, including a review of the suppliers' basic information, tax compliance, products, service quality, and pricing.

On an ongoing basis, the Group performs supplier assessments to monitor our existing suppliers on their product quality, timeliness of delivery, responsiveness to feedback, and others through product sample, review of quality inspection records, and other methods deemed suitable for gauging their compliance with the applicable local regulations pertinent to environment and social aspects. As part of the Group's supplier management program, annual evaluation review is conducted for all the core existing suppliers, where scores and continuous improvement areas are identified. Only qualified suppliers with passing score results will be qualified with accredited status to allow for further engagement in business.

Assessment of Environmental and Social Risks in the Supply Chain

We actively manage potential environmental and social risks within the supply chain by designing our risk assessment based on the materials supplied and risk level of suppliers. Different materials are assigned with different risk ratings, which will affect the evaluation of the supplier. For example, frequency of sample submission for testing and the required report for content of hazardous substances testing depend on the level of the risk rating according to the supplied materials.

Suppliers are categorized into different risk levels based on the risk assessment criteria and annual evaluation involving phone communications, documentation of findings, and/or onsite visits, among others. For suppliers that have significant impacts to the supply chain, the Group will carry out an evaluation covering the relevant aspects of social responsibility, such as those governing ethical behavior, employment practices, health and safety, and product responsibility. According to the nature and location of the supplied materials and services, the scope of supplier evaluation criteria could be further expanded to include environmental health & safety, the presence of hazardous materials and chemicals safety, labor, wages, employee relations, and education and training to employees, if appropriate.

Green Procurement

We formulate green procurement procedures to enhance the sustainability along the supply chain. We procure equipment and raw materials containing environmentally friendly components and prioritize suppliers who have achieved environmental management or protection certificates (e.g. International Organization for Standardization (ISO) 14001, Forest Stewardship Council (FSC), etc.) For example, selection and procurement priority is given for the use of energy-efficient machinery, air conditioners using eco-friendly refrigerants, energy-efficient equipment (such as light-emitting diode or LED lighting), and raw materials from eco-friendly sourcing. The Group has actively communicated the green procurement practices with key suppliers. In 2022, we further expand our cooperation with suppliers through our green procurement program to support environmental conservation.



PRODUCT QUALITY MANAGEMENT

Product Compliance

The Group strictly abides by local laws and regulations, regulations in our production and sourcing countries, as well as the customers' home territory. Beyond regulatory compliance, the Group adheres to the customers' standards and the Code of Conduct to assure product compliance with customer requirements and fulfillment of social responsibility along the supply chain from receipt of raw materials to product delivery, so as to mitigate the environmental and social risks.

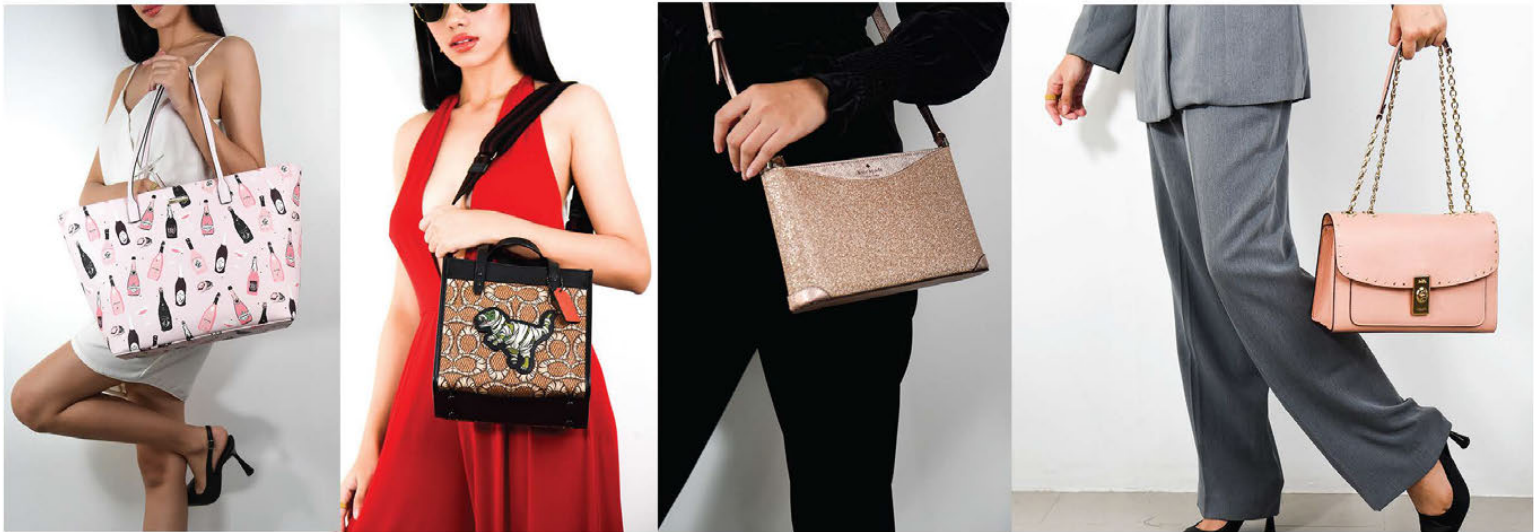
The excellence of our product quality has been recognized through receiving a number of accolades worldwide. Our products are manufactured in compliance with the applicable international standards, laws, and regulations. During the reporting year, our unisex apparel has been assessed in accordance with Organic Content Standard (OCS) and Global Recycled Standard (GRS) and certified by Control Union Certifications. Our products are also verified in accordance with the verification standards agreed with our customers. We also received the Transaction Certificate from ICEA for sourcing raw material that is in accordance with the Responsible Animal Fiber Standard.



Assurance Process

Specified inspections and testing plans are in place at every key stage of manufacturing process to safeguard the quality of our products. Through product design, selection of raw materials, and process control, hazardous substances in products are strictly controlled to ensure compliance with the environmental and product safety requirements.

The quality department upholds the strictest standard in performing incoming quality control to all raw materials from suppliers, where only qualified materials are distributed for use in the manufacturing plants, while non-conforming materials will be processed and handled according to designated procedures.



Before finished products can be delivered to end customers, external testing agencies or customer-approved internal laboratories act as the last line of product assurance by conducting product inspection and testing to verify the safety and quality of finished products. Data of non-conforming products are analyzed and improvements to product quality are consistently implemented using reliable quality control instruments.



CUSTOMER MANAGEMENT

Handling of Customer Feedback

An effective communication channel has bridged us with our current partners, clients, and stakeholders, where customer feedback on our products and services are collected and considered regularly. By continuously improving our services in response to customer feedback received, we raise product awareness and enhance business partnerships to achieve client satisfaction.

A comprehensive mechanism for managing complaints has been established. Our staff is trained to handle customer complaints properly by providing formal response to customers within specified timeframe with results of the analysis and the follow-up actions. The designated department will take corrective actions and provide preventative solutions, as well as initiate product recall procedures to minimize the potential effects, if necessary. Detailed investigations on customer complaints are conducted with results reported to management to identify areas for improvement.

In 2022, the Group identified no major product recalls due to health and safety issues. During 2022, the Group received one minor complaint case without financial impact in relation to product quality for one Philippine factory and no complaint about our services. All those complaint cases had been satisfactorily resolved and corrective actions have been implemented to rectify the defects identified and prevent future recurring incidents.

Protection of Confidential Information

The Group emphasizes on protection of our customers' intellectual property rights and other trade secrets. Luen Thai abides by the local laws and regulations protecting intellectual property rights, including but not limited to Cap. 528 Copyright Ordinance in Hong Kong, Protection of Customer Rights and Interests Law of the People's Republic of China, and Intellectual Property Code of the Philippines, among other country specific guidelines. The Group takes appropriate measures to keep any products that are related to intellectual property rights and trade secrets in strict confidence and prevent unauthorized disclosure of such information.

Luen Thai has formulated policies and procedures to protect information received from different stakeholders including suppliers and customers to ensure compliance with applicable regulations of regions where there are business operations, e.g. Personal Data (Privacy) Ordinance (Chapter 486) of the Laws of Hong Kong and European Union General Data Protection Regulation. For example, restrictions have been set for email and file access to allow correspondence with designated customers and suppliers only. An authorization mechanism has been built up to ensure that the relevant information is accessed by authorized personnel of specialized departments on an as-needed basis only. During the reporting period, we did not receive any complaints related to the breach of customer privacy.



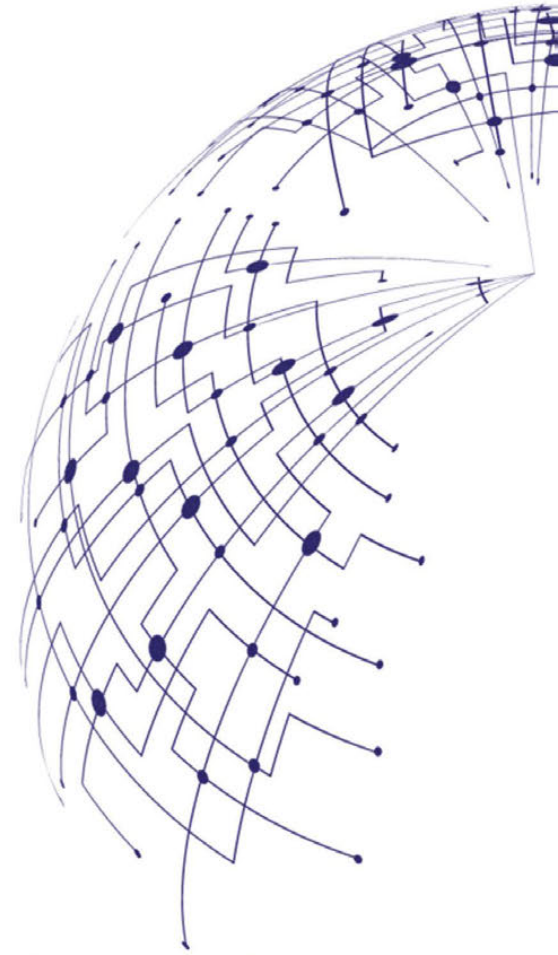
INNOVATION AND TECHNOLOGY

Boosting Sustainability Development with our New Manufacturing Model

For the past few years, Luen Thai's strategy has been focusing on attaining long-term growth through formulating a new manufacturing model and transforming supply chain functions with breaking technology solutions to emphasize sustainability. We aim to join hands with our customers to lead our industry to a green economy.

LTH's New Manufacturing Model

Luen Thai pursues sustainability with innovative solutions throughout the supply chain from fabric or material innovation, on-demand manufacturing, and printing, to smart retail. This year, we have strengthened our partnerships to develop enhancement measures on our existing manufacturing model. For fabric and material innovation, 10A has leveraged NTX™ e-Nanofiber technology to develop medical-grade, premium personal protective equipment such as medical respirators and surgical gowns. We are doing extensive research and development of TENAGO, an anti-viral, breathable, waterproof fabrics specifically designed for sportswear powered by 10AGO technology. For fabric coloring and printing, we continue to partner with NTX™ to achieve a sustainable fabric production cycle. The NTX™ Cooltrans waterless coloring technology has contributed to economic growth and reduced the carbon footprint by achieving lower temperature, less water, and fewer chemical usage. We also formed joint ventures with NTX™ to build cutting-edge dyeing and printing production centers equipped with Cooltrans™ coloration technologies in Cambodia and Vietnam. Our factories re-engineer the conventional ways of manufacturing, and instead apply "fabric panel cut" concept by printing all panels with artwork based on respective color and size demand from the market.



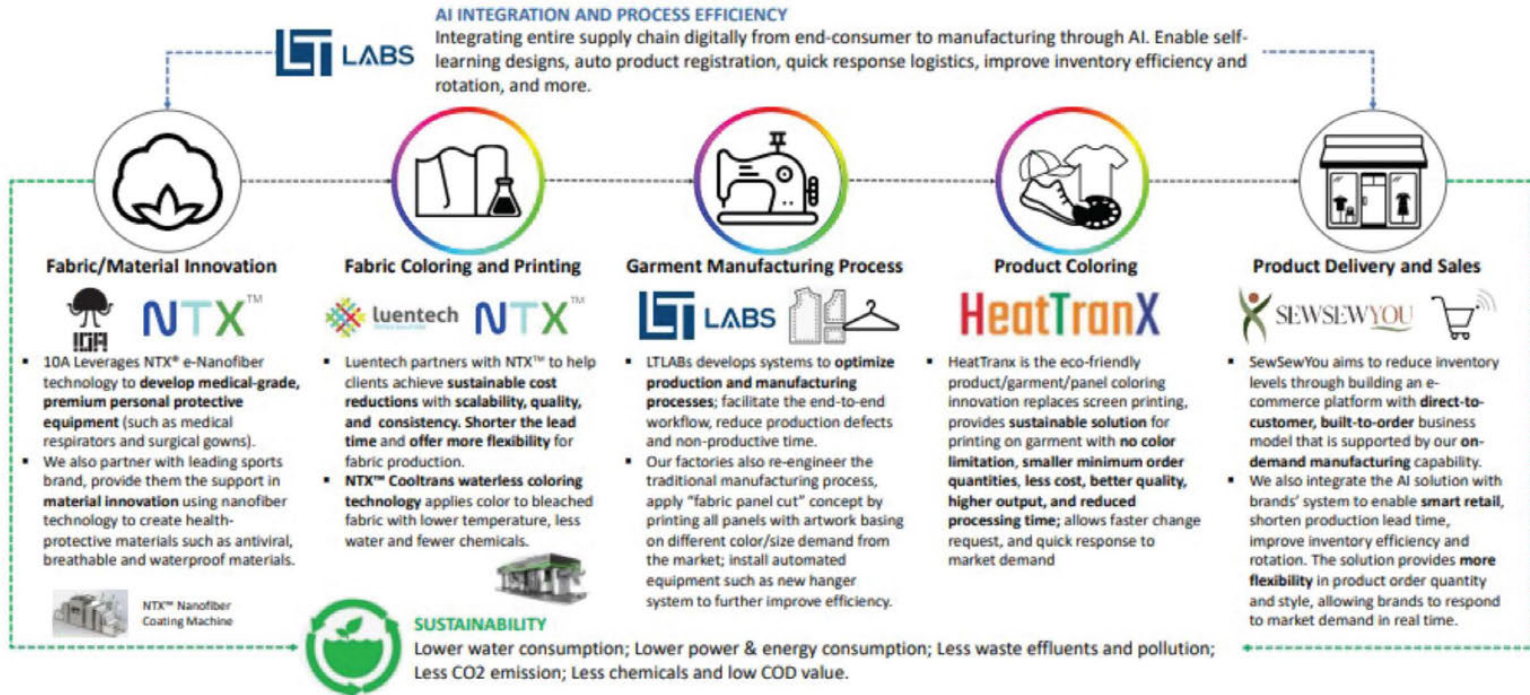


Our LTLabs continues to develop and enhance end-to-end digitized solutions for supply chain. New and improved hanger systems were installed in our factories to further improve production line efficiency.

This model has been validated by increasing customer demand over the last three years. HeatTranX technology powered by NTX™ is one of the innovative solutions that attract customer interest and acts as a key enabler in helping them achieve their ambitious sustainability goals. HeatTranX is a disruptive sustainable digital printing technology that replaces traditional screen print and allows for printing on garment with no limitation on color and minimum order quantity, enabling us to produce products at a much lower cost with better quality, higher output, and reduced processing time for faster development and production. This technology also significantly reduces water, energy, chemical use, and overall wasted materials, further cutting down carbon footprint. In 2022, we have also partnered product delivery and sales practice with SewSewYou, our social e-commerce platform supported by our on-demand manufacturing capability with direct-to-customer and built-to-order business model. We have also integrated the AI solution with brands' system to facilitate smart retail, shorten production lead time, and improve inventory efficiency and rotation. The solution has given us more flexibility in product order quantity and style, allowing brands to keep abreast of market demands in real time.

Luenthai TAKING CONTROL - LEAD THROUGH INNOVATION AND REINVENTION



Building a new manufacturing model powered by AI with sustainability at its core. Transform the entire fashion supply chain from fabric/material innovation, manufacturing process automation and re-engineering to smart retail.



New China Retail Supply Chain Model


By leveraging the full suite of our technology solutions, we are proactively involved in formulating the "New China Retail Supply Chain Model" to achieve vertical integration and streamline the processes from fabric garment material innovation, fabric coloring, product design and development, product printing, OEM (original equipment manufacturer), sales and marketing to sourcing and logistics.

Third-party AI systems are integrated into the entire value chain of our automated manufacturing operations in China to facilitate decision making and problem-solving processes using real-time data to allow us to timely respond to customer demands and requirements. The new model aims to not only drive the top-line growth, but also significantly improves quality, speed, cost, flexibility, and sustainability across the supply chain.

 **CHINA FOR CHINA MARKET** HONGKONG SAR BANGLADESH MYANMAR INDIA PHILIPPINES VIETNAM CAMBODIA

Dual Circulation Strategy

China for China Internal Circulation
Non-China for International Circulation

 INDONESIA

An increasing number of fashion retailers and brands are transforming to a demand-focused value chain and advancing their efforts in optimizing apparel/accessories production through nearshoring/onshoring and automation. Nearshoring/onshoring enables Luen Thai to reduce lead times, inventories, and waste production, driving the important sustainability strategies while mitigating geopolitical risks. The reorganization of our supply chain to both China and Non-China operations facilitates the matching between production and customer orders. As a result of the supply chain reorganization, majority of our sales from China operations comes from domestic orders, while the export businesses in China has reduced significantly. This reorganization has strengthened our manufacturing capabilities to increase the flexibility of supply chain and reduce vulnerabilities and currency and geopolitical risks amid the uncertainties and interruptions resulting from external environment.

CARING FOR OUR ENVIRONMENT:

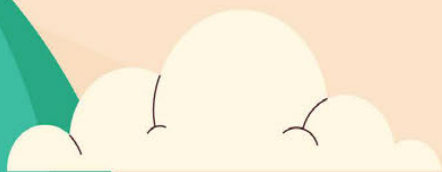


In Luen Thai, our environmental targets offer clear guidance on key aspects to focus on and to build up sustainable factories and premises throughout our five-year plan. We have amplified our efforts with effective green initiatives and active engagement from employees to reduce our ecological footprint.

In 2022, the Group has not identified any legal non-compliance against the relevant laws and regulations in our operating regions pertaining to emissions or other environmental issues, such as, but not limited to, the Environmental Protection Law of the PRC, Prevention and Control of Atmospheric Pollution/Water Pollution of the PRC, the Environmental Protection Tax Law of the PRC, Decree on The Control of Air Pollution and Noise Disturbance (Cambodia), Clean Water Act and Clean Air Act of the Philippines, and Ecological Solid Waste Management Act of 2000 (Philippines).



REDUCING OUR ECOLOGICAL FOOTPRINT



As a leading apparel company, we go far beyond than basic regulatory compliance. With continuing digital transformation and investment in updated equipment, our new manufacturing model enables win-win solutions in improving production efficiency while promoting sustainable manufacturing at the same time by measuring, monitoring, and minimizing carbon emissions and use of resources. We are also committed to holding and attending a variety of green initiatives in our workplace and community to increase the awareness of caring for our planet.

CLIMATE RISK RESILIENCE

Climate Risk Assessment

Luen Thai performs regular risk assessments to identify the climate risks for each production facility and implements appropriate procedural and physical controls for the identified risks to ensure regulatory compliance. The table below summarizes the physical and transitional risks identified in this exercise.

TYPE OF CLIMATE RISK: PHYSICAL

SPECIFIC RISK

Extreme weather events, including typhoons, floods, heatwaves, and droughts

POTENTIAL IMPACT

The operational factories and premises located near coastal areas, such as the Philippines, are more easily subject to physical damage and operational disruption, adversely affecting the production capacity. Inability to meet completion targets and increased financial costs on repair and maintenance will result from extreme weather events.

Luen Thai has implemented appropriate safety measures to address this risk and minimize the adverse impact to daily operation.

RESILIENCE MEASURES

- Engaging qualified third parties to assess building safety and introduce measures to strengthen building structures of our production facilities
- Carrying out regular air ventilation assessments per Work Environment Measures or other legal requirements
- Investing in mitigation measures and obtaining insurance coverage for potential financial loss due to natural disasters or extreme weather events
- Providing employee training on climate change and emergencies
- Establishing contingency plans serving as guidance on reporting, responding, and investigating potential emergency situations and events
- Equipping our workplace with sufficient emergency appliances, such as fire detection and suppression equipment, designing facilities with sufficient emergency exits, additional fire pumps, and automatic fire extinguishers



TYPE OF CLIMATE RISK: TRANSITIONAL

SPECIFIC RISK

Policy risk

Reputational risk

POTENTIAL IMPACT

Governments from different countries continuously impose regulatory requirements and policy changes to achieve their net zero commitments and build up a low carbon economy. Non-compliance with those regulations and policies will adversely affect the reputation and reliability of Luen Thai.

It is essential for Luen Thai to remain climate resilient to withstand extreme climate conditions, including reducing our carbon footprint through promoting environmental awareness to our employees, customers, and suppliers. We will continue to explore opportunities on the use of lower-emission sources of energy and new technologies.

RESILIENCE MEASURES

- Applying the new manufacturing model integrating sustainability practices throughout the whole supply chain process to allow for greater flexibility in dealing with product orders and shortening lead times in production to reduce Greenhouse Gas (“GHG”) emissions and energy consumption
- Obtaining certifications with international environmental standards such as ISO 14001 Environmental Management and ISO 45001 Occupational Health and Safety for apparel factories

AIR EMISSION CONTROL



The Group’s major source of air emissions, such as Nitrogen Oxides (“NOx”), Sulfur Oxides (“SOx”), and Particulate Matter (“PM”) arises from mobile combustion of company-owned vehicles. In 2022, there was an increase in the NOx, SOx, and PM emissions as compared with 2021 of around 43%, 11%, and 36%, respectively. The emissions were mainly from increased diesel and petrol consumption which is a result of more frequent usage of vehicles with a longer travel distance due to business recovery from COVID-19 in 2022 with higher production orders.

AIR EMISSION ²	UNIT	FY2022	FY2021
Nitrogen Oxides (NOx)	kg	8,178	5,700
Sulfur Oxides (SOx)	kg	7.32	6.59
Particulate Matter (PM)	kg	405.69	297.34

² Air emission is calculated based on “How to prepare an ESG Report. Appendix 2: Reporting Guidance on Environmental KPIs” published by HKEx.

We strive to maintain a reasonable level of air emissions. In manufacturing facilities, stringent cleanliness standards are adhered to and external canopy air extraction systems are installed. Regular environmental inspections are undertaken in manufacturing facilities to reduce the detected emission sources. Strict housekeeping standards are maintained in manufacturing facilities and external canopy air extraction systems are installed in factories. In 2023, electric vehicles will be introduced to replace diesel-fueled vehicles to further reduce the emission from use of company-owned vehicles.

GREENHOUSE GAS EMISSIONS CONTROL



One of our five-year environmental targets is reducing our carbon footprint, which we evaluate based on emissions per production for each factory's production capacity. Luen Thai manages and reduces GHG emissions through digital transformation and implementation of green initiatives. We adopt energy-efficient equipment and renewable energy sources to reduce energy consumption and emissions. A number of our factories in the Philippines, Cambodia, and PRC have installed solar panels for generating renewable energy to reduce GHG emission. Regular assessment on GHG emission is conducted to ensure compliance with relevant national standards and evaluate the effectiveness of the initiatives.

The direct GHG emissions (Scope 1) of the Group result from the combustion of stationary boiler fuels, including diesel and biomass, and mobile fuels, while the indirect GHG emissions (Scope 2) are attributed to the consumption of purchased electricity.

As compared to 2021, the Group has recorded an increase in total GHG emission of around 7%, however, there was a decrease of 18% in intensity. This is mainly the consequence of recovery from the COVID-19 impacts in some of our operations, which led to an increase production output coupled with increase in electricity consumption and direct energy consumption from diesel, boiler fuel, and natural gas consumption.

GHG Emission (tCO ₂ e)	Total GHG ³		Scope 1 ⁴		Scope 2 ⁵	
	2022	2021	2022	2021	2022	2021
Apparel	23,174	18,799	7,003	4,363	16,171	14,436
Accessories	11,141	13,175	1,902	448	9,240	12,726
Overall	34,315	31,974	8,905	4,811	25,411	27,162

GHG Emission Intensity (kgCO ₂ e per unit of production)	Total ⁶		Scope 1		Scope 2	
	2022	2021	2022	2021	2022	2021
Apparel	1.0584	0.5197	0.1391	0.1206	0.3211	0.3991
Accessories	0.4602	1.2667	0.1807	0.0431	0.8777	1.2236
Overall ⁷	0.5636	0.6865	0.1463	0.1033	0.4174	0.5832

ENERGY USAGE

Luen Thai consistently strives to improve on energy efficiency through the deployment of energy-efficient equipment and regular assessments to achieve the goal of reducing energy usage. This year, we further expanded the use of LED lighting solutions in manufacturing and office spaces. Skylights were installed in mega-warehouses to improve energy efficiency. We utilized the use of energy-saving equipment including air conditioning systems and steam-drying rooms. Individual small boilers were replaced with a centralized steam supply to increase energy usage efficiency. Variable speed drives are used for high rated motors in machineries such as Exhaust Fans, Washing Spinning Machine, and Underground Water Extractor Motors to allow for flexibility in controlling energy usage.

We are continually investigating ways to use renewable energies and educating our employees to make our production operations more eco-friendly. All employees, vendors, and customers are aware of the facility's policies, procedures, practices, expectations, and performance.

³ Total GHG emission is calculated by the summation of Scope 1 and Scope 2 GHG emission. Scope 3 emission was not included for disclosure in this aspect.

⁴ Scope 1 emission is calculated based on the published emission factors from "How to prepare an ESG Report Appendix 2: Reporting Guidance on Environmental KPIs" published by HKEx and "UK Government GHG Conversion Factors for Company Reporting".

⁵ Scope 2 emission calculation is based on the published emission factors from "Emission Factors 2021" by the International Energy Agency.

⁶ Total GHG emission (Scope 1&2) over total production units.

⁷ Overall GHG intensity calculation is based on Scope 1 and Scope 2 GHG emission. Scope 3 emission was not included for disclosure in this aspect.

Each factory has its own set of goals on energy utilization and increasing the use of renewable energies based on operation and customer requirements. These goals and metrics are reviewed and revised annually.

As compared to 2021, the Group recorded a slight increase in electricity consumption and a decrease in intensity of around 23%. The increment was mainly the consequence of business recovery from the COVID-19, resulting in more customer orders. Increase in production required additional manpower and working hours, eventually leading to an increase in electricity consumption during 2022. The decrease in intensity illustrates our efforts on improving energy efficiency.

Electricity Consumption (kWh)	2022	2021
Apparel	27,464,198	23,876,387
Accessories	18,394,832	21,977,335
Overall	45,859,030	45,853,723

Electricity Consumption Intensity (kWh per unit of production)	2022	2021
Apparel	0.55	0.66
Accessories	1.75	2.11
Overall ⁸	0.75	0.98

As compared to 2021, the Group has recorded a significant decrease in boiler fuel consumption and biomass consumption and intensity of around 45% and 58%, respectively. The decrease was mainly due to the net effect of the following:

- i. decrease of wood fuel usage in Cambodia. The Cambodia factories started to switch from the use of forest trees to cashew trees as wood fuel since 2021 as the use of forest trees was disallowed by a customer.
- ii. increase of boiler diesel consumption in the Philippines factories because of increasing production units.

Boiler Fuel	Unit	2022	2021
Consumption	Kg	7,838,700	14,219,174
Intensity	Kg per unit of production	0.13	0.31

⁸ Total electricity consumption over total production unit

CASE STUDY: IMPLEMENTATION OF ROOF TOP SOLAR ENERGY PROJECT



One of our five years' environmental targets is to reduce the use of purchased electricity by increasing the use of self-generated renewable energy. We have been committed to promoting sustainable manufacturing with continuous financial funding on eco-friendly initiatives. Starting from March 2022, we have launched the solar energy project as an effective means to increase the use of renewable energy widely within the Group. Roof top solar panel, hybrid solar PV or solar panel with integrated battery energy storage system are installed at the factories according to the local conditions.

Pilot factories in the Philippines, China and Cambodia have successfully installed the roof solar panel, generating a total of 1,316,040 kWh in FY22. With more solar PV installed in the future, it is expected to have an annual electricity generation of about 3 million kWh electricity per year upon completion, which would be contributing to reduction of carbon emission as well as cost reduction.

WATER CONSERVATION

Water is an essential and a finite resource with increasing concerns of depletion. In Luen Thai, we have set up and implemented robust water management practices to uphold our responsibility in the sustainable use of fresh water. We gradually applied new technology and installed water efficient appliances to achieve the annual consumption targets on reduction in freshwater consumption per garment and increase the use of recycled water as set out for each factory. As defined in our new manufacturing model, we have introduced the Waterless Printing Machine that enables waterless coloring technology for fabric coloring and printing. Kitchen and bathroom plumbing fixtures with built-in flow restrictors are installed to reduce water usage. To treat and reuse industrial water and collect rainfall, standard systems and techniques for water purification plants have been established and are continuously improved. We are also able to trace any water leakages and repair them in time. In 2023, we plan to further take advantage of the technological advancements and equipment available to install water recycling facilities that allow for water reuse in the process again and replace single handed aerated type faucets.

We have water saving management policies in place to promote an environmentally friendly workplace. We also offer trainings and obtain feedback from workers to increase their water saving awareness. An annual review is conducted to assess the effectiveness of the initiatives and adjust the targets and measures accordingly.

As compared to 2021, the Group recorded an increase of 15% in water consumption while intensity was reduced by around 12% maintaining 0.02 cubic meters per unit of production. This demonstrates the Group's sustainability efforts in minimizing water consumption to a steady level even when we have increasing production units during the 4-year period from 2019 to 2022.

Water Consumption	Unit	2022	2021
Apparel	cubic meters	1,144,030	929,168
Accessories	cubic meters	244,295	280,646
Total	cubic meters	1,388,325	1,209,814

Water Consumption Intensity	Unit per unit of production	2022	2021
Apparel	cubic meters	0.023	0.026
Accessories	cubic meters	0.023	0.027
Total ⁹	cubic meters	0.023	0.026

⁹ Total water consumption over total production units

NATURAL AND RAW MATERIALS CONSUMPTION



Throughout the operating cycle, Luen Thai controls its natural and raw material consumption responsibly. We keep in close communication with our clients and material suppliers throughout the selection process and adhere to customer quality, requirements, and standards.

The packaging materials for our garments and bag products include carton boxes, plastic bags, and other auxiliary items. In 2022, the total consumption of packaging materials was approximately 8,977 tonnes, (2021: 7,449 tonnes; 2020: 5,265 tonnes). The increase of the packaging materials was mainly due to the increase in the units of production since gradual recovery from the COVID-19 pandemic in 2022. The consumption intensity decreased despite the higher production units, which showcased our efforts to reduce the use of packaging materials.

Packaging Materials	Unit	2022	2021
Carton Box	tonnes	4,332	4,132
Plastic	tonnes	2,750	1,870
Others*	tonnes	1,895	1,447
Total Consumption	tonnes	8,977	7,449
Total Consumption Intensity ¹⁰	kilograms per unit of production	0.15	0.16

* Others include labels, plastic strings, tissue, metal, glass

Launched in 2018, our #BringYourOwnBottle campaign has been a key initiative in our offices and factories to promote the use of reusable cups and water containers with active support by our employees and visitors. With full implementation of “No disposable bottle is allowed” in most of our factories in Cambodia, the Philippines, and PRC, we have witnessed a significant decrease in single-use water bottles this year. From 2020 to 2022 we have observed a continuous increase in water bottles saved. Especially in FY22, the water bottles saved increased by 120% as compared with previous years.

	Unit	2022	2021	2020
Water bottles saved	piece ¹¹	5,010,053	2,270,070	65,378

¹⁰ Total weight of packaging materials consumption over total production units

¹¹ The calculation is based on estimation and formulated as number of employees x 2 bottles per day x number of workdays

WASTE MANAGEMENT



In Luen Thai, we have established robust waste management procedures with reference to local and international standards, e.g. Higg Index FEM Guide, to ensure proper waste disposal within the Group. Annual review of the procedures is conducted by senior executives and an annual audit is performed by CSR team to evaluate the implementation of the policy in the workplace.

Chemical and Wastewater Management

We have made a long-term effort and are committed to eliminate the discharge of hazardous chemicals. With the support of new technologies and machines, fewer chemicals are used in the fabric coloring and printing process. By limiting the use of volatile organic compounds and enforcing compliance with the Registration, Evaluation, Authorization, and Restriction of Chemicals ("REACH"), we exercise stringent control over the hazardous chemical substances utilized in our final products. Dangerous chemicals are stored in locked warehouses to keep away from employees and managed by designated staff to maintain the safety of the workplace.

We also monitor water discharge in accordance with operational requirements specified by municipal regulations in regions where we conduct business. Prior to discharge, wastewater from operations, industrial processes, and sanitation facilities is monitored and treated at sewage treatment plants in accordance with applicable operating requirements. In 2022, effluent discharge was recorded at 321,784 cubic meters.

General Waste Management

We are committed to diverting waste from landfill disposal. By actively advocating the 4R Principles of Reduce, Reuse, Recycle, and Replace, we endeavor to maximize resource efficiency. All types of waste, including water, paper, and material, are reduced and eliminated at source through production and facility process modification, regular maintenance of equipment, material substitution, conservation, and promotion of electronic application systems and filing systems.

There is proper segregation of recyclable, non-recyclable, and toxic waste before handling as defined by our solid waste management procedures. Effective waste reduction is achieved by reusing and recycling the waste from all sources. For example, we dismantled rejected garments for yarn reuse and resold raw material packaging like cartons, yarn cones, and rejected plastics. In addition, our factory in Cambodia makes use of its production capacity and existing resources to co-process cement with local cement factory as cement buffers.

Our waste reduction target is achieved through increase in operational waste diversion with regular monitoring on the effectiveness of the initiative. In 2022, the Group has successfully diverted 1,505 tonnes of wastes from disposal to recycling, including carton boxes, acrylic plastics, chemical containers made of plastic or metals, and metal scraps. The origins of these wastes are mainly from warehouses, die mold making, cutting, and sewing workshops, etc. We have designated channels for separating these wastes at different sources. For example, we collect empty chemical containers from hazardous waste areas and discard carton boxes from material packing and general waste areas as well as metal scraps from property fabrication scrap areas.

Waste Reduction Approach	Unit	2022	2021
Waste Diverted from Disposal	tonnes	1,505	1,516

The waste diversion for the year is comparable with 2021. We are supporting our customers to control waste diversion with zero waste programs aiming to recycle or reuse 85% of our generated waste in the Philippines, China, and Cambodia factories. The program offsets the potential increase in waste generation due to rise in the production units.

Apart from reducing at the source, we have applied rigorous standards in handling, transporting, storing, using, recycling, and disposing both hazardous and non-hazardous waste.

Non-hazardous waste is mainly classified into the following categories: cut trimmed threads and cut ends, such as linings, fabrics, and other non-leather materials; domestic waste, including sanitary and food wraps, cleaning supply, worn out plastics, papers, disposable water bottles, cartons, empty cans and pails, wood scraps and sawdust, and some broken or replaced machine parts. In 2022, we have established a robust approach to collect, analyze, and monitor waste data, so additional types of waste such as scrap metal and food wastes are captured in the year. The increase in the non-hazardous waste was also contributed by the increased production units. As compared to the non-hazardous waste amount in 2019 (18,921 tonnes), indeed the waste generation in 2022 was 42% less than that of the amount in 2019.

We strictly comply with the local laws and regulations relating to the disposal, transfer, and handling of hazardous waste, including but not limited to the Prevention and Control of Environmental Pollution by Solid Wastes of the PRC, Ecological Solid Waste Management Act of Philippines and Toxic Substances, Hazardous and Nuclear Waste Control of Philippines. We have obtained national hazardous waste generation and transport permits that limit the discharge capacity and require regular assessment for hazardous waste such as waste or used machine oil, busted fluorescent bulb, treated sludge, waste glue and waste ink. Generation of hazardous waste for 2022 increased significantly as compared to that in 2021. This was mainly contributed from the disposal of fluorescent tubes, which was newly captured in FY22 and has accounted for 69% of hazardous waste.

Waste Generation	Unit	2022	2021
Hazardous	tonnes	150	56
Non-hazardous	tonnes	11,062	8,588
Total	tonnes	11,212	8,644
Intensity	Kg per unit of production	0.18	0.19

GREEN INITIATIVES

Luen Thai has been fostering a sustainability culture in the workplace to empower employees and encourage environmental leadership. As a leading apparel company, we promote environmental awareness and engage in environmental conservation and preservation programs and activities with our employees and communities. We actively participate in tree planting, collaborate with other institutions, practice transparent reporting, and support green innovation social enterprises.

Luen Thai has implemented a tree planting program to help improve air quality and address deforestation. In 2022, the Group planted around 440 trees initiated by factories in the Philippines and Cambodia, and accumulated the planting of around 11,880 trees groupwide since 2018. With the signal of recovery from COVID-19 in coming 2023, the Group plans to plant more trees in regions where the Group operates.

In 2022, there was a call to action for our employees to actively join Run For The Oceans organized by Adidas, which aims to bring public awareness on reducing plastic waste on beaches to protect ocean ecosystems, while promoting a healthier lifestyle. In total, we contributed 12,694 kilometers, which is the equivalent of 2,539 kilograms of plastic waste cleaned up.



The Company has instilled a sense of awareness and responsibility in the heart of the employees to continuously foster an eXtraOrdinary care for the environment through various green activities such as clean-up campaigns, waste management programs, and annual recycling events for resale of recyclable materials. Moving forward, we are setting targets and key performance indicators (KPIs) for the environmental awareness initiatives and on volunteerism.

CARING FOR OUR PEOPLE: PROMOTING SUSTAINABILITY IN THE WORKPLACE



Well-being and happiness of our people are at the foundation of our successful business. At Luen Thai, we strive to create a healthy and safe workplace environment. We work to respect, value, and connect our employees by fostering a culture of diversity and inclusion.

Moving forward, we will continue to prioritize mental health and well-being and help address barriers to opportunities.



EMPLOYEE ENGAGEMENT

Diversity and Inclusion

We firmly believe in the power of diversity across cultures, locations, and functions in all countries we operate in. We have policies that support anti-discrimination and protect female employees to ensure fair wages, treatment, benefits, and welfare. At Luen Thai, no discrimination case was brought up regarding race, religion, gender, nationality, age, pregnancy, or disability in our recruitment, training, salary, and promotion in 2022. We continually work to shape a more inclusive and equal workplace.

Our achievements are reflected in the GRA (gender, race, and age) data with a male-female ratio of 57:43 compared to 58:42 last year at the director level and above consisting of 14 different nationalities and spanning five age groups in 2022. The data also reveals that our culture of diversity has attracted top-tier talented people from over 20 different countries around the world. We also prioritize refraining from any forms of discrimination against employees by age, gender, and ethnicity. To meet this target, we have launched various initiatives such as the reverse-mentoring program, in which senior executives are mentored by a younger or more junior professional. We aim to eliminate age bias against younger employees.



EMPLOYEES BY AGE GROUP

18-25	25%
26-35	40%
36-45	26%
46-65	8%
≥66	1%

EMPLOYEES BY NATIONALITY

Cambodian	42%
Filipino	40%
Burmese	9%
Chinese (Mainland China including Hong Kong)	8%
Others*	1%

EMPLOYEES BY GENDER

Male	31%
Female	69%

EMPLOYEES BY GEOGRAPHICAL REGION

Cambodia	42%
Philippines	39%
Myanmar	8%
Mainland China including Hong Kong	8%
Others*	3%

*Others include Bangladesh, India, Indonesia, Thailand, United Arab Emirates, United States of America, and Vietnam

*Others include Vietnamese, Bangladeshi, Indonesian, Malaysian, American, Indian, Taiwanese, Sri Lankan, Singaporean, British, German, Mexican, Canadian, Japanese, New Zealander, Pakistani, Turkish, Dominican Republican, Dutch

Practicing Fair Business and Employment Practices

Luen Thai strictly abides by the laws and standards governing fair labor practices. Our business practices related to dismissal, recruitment, and promotion are aligned with Cap. 57 Employment Ordinance in Hong Kong, the Labor Law of the People’s Republic of China, and The Labor Code of the Philippines, among other country-specific guidelines.

Luen Thai complies with policies that help improve the value of employment and improve the health and well-being of our employees. Allowances, including but not limited to legal required benefits, seniority, incentives, hospitalization assistance, meals, and transportation are given according to necessity, position, or performance. Some factory sites provide accommodations like breastfeeding facilities to female employees. Luen Thai complies with local labor laws and regulations and arranges work breaks, timetables, and holidays strictly in accordance with national requirements. Employees are provided with mandated meal and rest periods, leave, holidays, and vacation days.

In 2022, our global workforce reduced by around 17% from 43,400 employees last year to approximately 36,000. This decrease in workforce size was largely attributed to the hindrance of economies during the pandemic where we have seen temporary shutdowns and permanent closures of some of our operations. These are very difficult but necessary actions to maintain a cost-competitive and sustainable future for the Group and the remaining employees.

EMPLOYEES TURNOVER RATE BY AGE GROUP

18-25	82%
26-35	56%
36-45	33%
46-65	16%
≥66	<1%

EMPLOYEES TURNOVER RATE EMPLOYEES BY GENDER

Male	42%
Female	62%

EMPLOYEES TURNOVER RATE EMPLOYEES BY GEOGRAPHICAL REGION

India	165%
Myanmar	95%
Cambodia	78%
China (Mainland China and Hong Kong)	29%
Philippines	20%
Indonesia	15%
Bangladesh	11%
United States of America	8%

Note 1: The formula for the calculation of employee turnover rate is the total number of separated employees in the reporting year divided by the average headcount from January 1, 2022 and December 31, 2022.

Note 2: Total Number of separated employees includes both voluntary and involuntary departures. It also includes employees (especially in the direct labor employee group) who left during certain periods of the year and re-employed later for employment. The use of seasonal employees is common in Cambodia and Dandong China, where turnover rates are higher than other locations.

Note 3: The turnover rate is the highest in India and Myanmar due to closure of a representative office in India for business consideration and deterioration of Myanmar’s economy.

Treating Our People with Dignity and Respect

Luen Thai abides by local legal requirements on association, collective bargaining, and union establishment. We support employee rights to form or join in trade unions, or to refrain from doing so. Our policies on freedom of association and collective bargaining ensure employees who participate in any legal activities, including but not limited to unions, collective bargaining, peaceful assemblies, and strikes, not to be retaliated. No incident of forced labor in any form was found in the year of 2022.

Luen Thai treats forced labor, human trafficking, and slavery as zero tolerance issues. We strictly follow International Labor Organization conventions and the United Nations Universal Declaration of Human Rights. Our goal is to create a fair, safe, and healthy working environment aligned with the international standards and norms. We have established a management system on human rights, including but not limited to policies and procedures, periodic internal monitoring, and employee surveys. The Group has also established communication channels for employees who wish to file a complaint in an event of any grievance. Complaints received are then investigated and scrutinized by the Group with guaranteed confidentiality. By the end of 2022, the Group has not identified any legal non-compliance on employment issues, including any incident of discrimination.

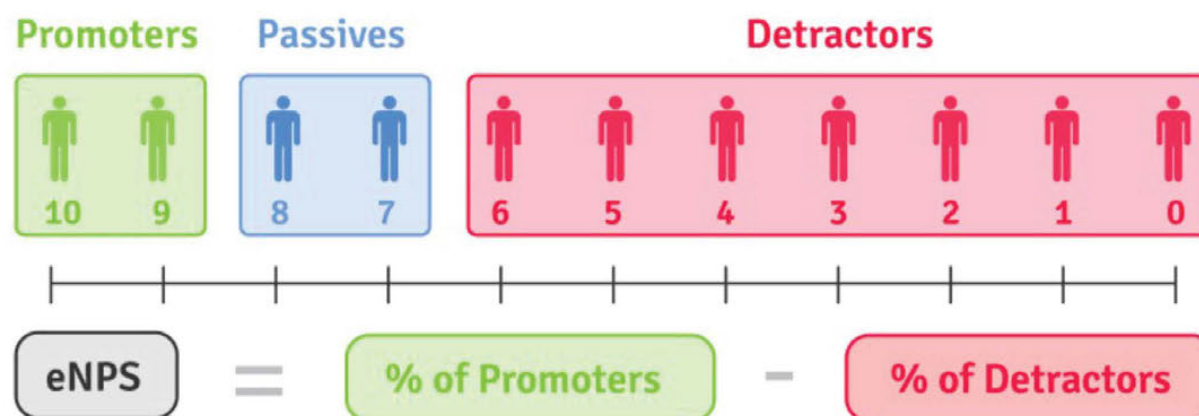
Empowering XO People

We are committed to creating a positive learning atmosphere for our employees. Our goal is to cultivate a unified culture that encourages employees to further motivate and strengthen their skills with the appropriate tools and resources. The 7 XO Habits (inspired and partnered with Stephen Covey's The 7 Habits of Highly Effective People) is a guide for employees in becoming effective and true team players, which was launched in 2019 and produced its pioneer batch of certified trainers of "7 Habits of Highly Effective People" that are now called "XO Master Trainers" and "7 XO Habits Ambassadors." Every operation has dedicated XO Ambassadors who help preach healthy lifestyle. They are featured in our internal employee communications.

We design and deliver learning programs that equip our employees with the right skills to perform their work efficiently and safely. We have dedicated training policies and procedures and develop training plans each year based on the necessity, position, work history, and skills matrix of our employees, as well as the requested training needs. By the end of 2022, the Group's training programs were conducted for 16,293 participants amounting to 103,225 training hours.

	Number of Employees Trained	% Proportion of Employees Trained	Total Training Hours	Avg. Training Hours per Employee
Female	6,562	32%	39,615	6
Male	3,450	20%	23,422	7
Rank & File	8,949	25%	54,924	6
Supervisors	859	52%	6,592	8
Middle Level	183	17%	1,424	8
Senior Level	21	11%	97	5

Similar to past years, employee successes are translated into positive employee Net Promoter Scores/Employee Satisfaction Ratings (eNPS), a company-wide metric that manages employee satisfaction and enables people to discuss and identify areas of improvement. The eNPS primarily acts as a systematic employee engagement survey to ascertain level of satisfaction and engagement of employees by asking how likely they would recommend the Company as a place to work on a scale of 0 to 10. This year, every operation has conducted eNPS and 72% of our operational units have demonstrated positive scores, while over 90% have shown improvement compared to previous years. Apart from eNPS, we link employee performance with incentives and provide employee recognition through awards. XO Employee Awards is a recognition program that honors employees who demonstrate great leadership skills and high performance. Nominees undergo rigorous screening by a panel consisting of management and supervisors. Winners then become part of the leadership and talent pool within Luen Thai, further empowering employees on skills development.



EMPLOYEE HEALTH AND WELL-BEING

Compliance Management

We adhere to international standards on occupational safety and health, including but not limited to Cap. 509 Occupational Safety and Health Ordinance in Hong Kong, Prevention and Treatment of Occupational Diseases Law of the People’s Republic of China, and Occupational Safety and Health Standards Act in the Philippines, among other country-specific guidelines. Fire hazards, emergency response, chemical safety, personal protection equipment, occupational health checks, first aid, and handling of accidents are established and monitored on an ongoing basis by responsible management teams. Regular internal and external compliance audits have been conducted to ensure these policies and procedures are properly conformed with the required compliance standards and practices. As part of the Group’s risk management and internal control systems, management teams of business units also conducted a regular health and safety compliance self-assessment of business operations with corrective action plans to address any non-compliance or control weakness issues.

Two of our facilities, located in the Philippines and Cambodia, have obtained ISO 45001 or Occupational Health and Safety Assessment Series 18001 certificate for occupational health and safety. By end of 2022, there was no major legal non-compliance on occupational health & safety issues pertinent to the regulations of the regions where the Group operates its businesses.

Health and Safety

Occupational health and safety is one of our top priorities. We have a body of health and safety committee that conducts periodic internal inspections and audits and develop corrective and preventive actions accordingly. In 2022, the Group has provided significant resources to health and safety trainings for employees, which accounted for more than half of total participants and training hours.

Health & Safety Training	Totals	% of Total Training Population
Number of Participants	12,222	75% (12,222/16,293)
Training Hours	40,188	39% (40,188/103,225)

Employees are encouraged to leave their workstations without approval upon encountering life-threatening risks. We have established strong emergency plans under instances of natural outbreaks such as earthquakes, fires, storms, floods, terrorism, bomb threats, and chemical spillage. The Company also regularly conducts emergency drills for employees. For the past three years, we did not have any work-related fatalities. In 2022, there were some minor incidents which incurred approximately 1,216 days lost as a consequence of work injuries or occupational diseases.

Luen Thai supports a balanced, healthy lifestyle for our employees. Regular health-related activities are held such as disease awareness, private consultations, and provision of services by health professionals including doctors, wellness coaches, and nutritionists. Recreation facilities like basketball courts, volleyball courts, table tennis, and chess boards are provided for employee use. Meanwhile, we also arrange cultural activities including but not limited to year-end parties, Christmas parties, Chinese New Year and Khmer New Year celebrations, sportsfests, employee showcases, teambuilding activities, and department outings, to promote employee well-being and increase their sense of belonging at the Company.

Our Care to Employees under Pandemic

Amidst the COVID-19 pandemic, Luen Thai continues to support our employees by closely monitoring advice issued by the World Health Organization (WHO) and local governments in each of our markets. We continue to follow stringent guidelines to prevent the spread of the virus and take all necessary actions to protect our employees and their families. We put considerable efforts in educating our people on the benefits of vaccination, while giving full support and respect to their ultimate decision. This has resulted in a close to complete vaccination rate. As of October 2022, 99.7% of our employees have been vaccinated with a second dose, while 78% got a third dose/first booster and 21% got the fourth shot/second booster. We believe this is a huge step forward in bringing this pandemic under control and ensuring the continuity of business.

Nevertheless, we recognize that vaccination does not completely guarantee immunity to COVID-19. Hence, we are still upholding our "Mask On" policy at our premises following the local rules on COVID-19 preventive measures. In October 2022, the Philippines released Executive Order No.7 to allow voluntary wearing of face masks in indoor and outdoor settings, reiterating the continued implementation of minimum public health standards relative to the COVID-19 pandemic. We also provided employees in all locations with medical grade masks internally produced. They provide additional protection and comfort to our employees. Where self-test kits are allowed to be used, we schedule routine RAT self-tests for our employees and provide early home isolation of infected employees. We have elevated the monitoring of absenteeism rate due to ill health, so we can continue to devise programs that will better enhance the vitality of our employees.

Luen Thai XO Employee Wellness Initiative

In 2022 we have shifted our COVID-19 preventive strategy from mitigating severe illness and death to enhancing the wellbeing of our employees. Luen Thai XO Employee Wellness Initiative "XO GOOD, FEEL GOOD" Campaign was launched in May 2022 amongst our key operations in China, the Philippines, and Cambodia. Despite the ongoing challenges brought by the COVID-19 pandemic, we witnessed gradual progress in easing prevention protocols, especially in the Philippines and Cambodia during early 2022. At Luen Thai, we recognize the imminent need to address the physical and mental health of our people to build a strong and resilient workforce in the post pandemic period. It is of utmost priority to rebuild our "psychological capital" to prepare for a rebound in our business as well as other new challenges ahead of us.

The XO Wellness Initiative was established around four pillars, namely: 1) Sports and Recreation 2) Balanced Nutrition 3) Health Education, and 4) COVID-19 Prevention. Our operations designed year-round events, programs, and initiatives that covered all of four aspects. For example, we have commenced short exercise intervals during work hours at all sites of operations. We have hosted many sports and recreational events to promote an active lifestyle, which involves the outdoors and exposure to the sun and fresh air. We have also encouraged employees to organize more sports and recreational interest groups such as yoga, Zumba, and running, to name a few, to entice employees to pursue activities that suit their interests and lifestyles. We have held numerous health talks periodically that address common health risks such as diabetes, cardiovascular diseases, as well as female health risks. Our Philippines operations also started mental health care awareness and support initiatives for employees feeling despair and stress during the pandemic. All our canteens and tuck shops have undergone an audit in 2022 regarding food and meal offerings to ensure a wide selection of offerings and provide a balanced nutritional diet to our employees. Throughout the year, we made Chinese herbal and other supplements available to our staff to boost their health and immunity. We also ensured all employees have access to take their third booster shot against COVID-19.

Our group YTD cumulative sick leave absenteeism in 2022 was at 0.72%. We started the year at 0.93% and by 2022 December, we reached 0.72%. Had it not been the sharp increase of covid infection in China towards December 2022, our sick leave related absenteeism would be considerably lower. LTH HR has clear targets to reduce sick leave absenteeism rate via our XO Wellness XO GOOD FEEL GOOD initiatives.

Our XO Wellness Program is a long-term endeavor to promote the health and overall well-being of our employees. We conducted a comprehensive health survey in May 2022 to understand the health management habits of our people in different countries, including sleep routines, smoking, drinking habits, access to balanced nutritious food, and time allotment to recreational and relaxation activities. We aim to continuously evolve and design our program to improve our employees' own health management habits and awareness.

CARING FOR OUR COMMUNITY: SUSTAINABLE COMMUNITY DEVELOPMENT



We are committed to actively contributing positive impact to the community. Our XO Care for Community Plan encourages employees to serve and contribute to a broader audience. During the pandemic, the Group contributed a combination of monetary donations, medicines, personal protective equipment, hygiene and food products to employees, institutes, and community groups.



YOUTH EMPOWERMENT

Under the “XO Kids” initiatives, we have developed programs that provide underprivileged children with access to sports (such as football), arts, skills development training, and scholarships. This year, we have expanded the reach of Football program, along with other initiatives such as educational scholarship scheme, orphanage medical and health support, and blood donation. We will continue to bring tangible benefits to local communities through partnerships, employee volunteers, and donations.

We are committed to protecting children’s rights and supporting young talents through initiatives that endow them with essential knowledge, skills, and experience. In 2022, we initiated various campaigns and community outreach programs to uphold children’s rights and contribute to their growth.

Luen Thai maintains a zero-tolerance approach to child labor and is a strong advocate in upholding children’s rights. We adhere to the local laws and regulations prohibiting the employment of child labor and forced labor, including but not limited to Cap. 57 Employment Ordinance in Hong Kong, the Labor Law of the People’s Republic of China, and The Labor Code of the Philippines, among other country-specific guidelines. Our recruitment and hiring procedures strictly follow local legal requirements through careful inspection of identification documents to verify the age of our employees. As such, there were no child labor cases for the year 2022.

In 2022, we have connected young people with the resources they need to acknowledge their potential in both academic and physical health aspects. To meet this target, we have expanded this initiative to multiple branches with a total of 2,030 USD of in-cash donation to support children with academic resources. In some branches, we connected our employees with their children through parent-children football matches to help children acknowledge the importance of physical health.

COVID-19 continues to inflict damage to the community in terms of health, well-being, and education achievement. The cumulative effects of the pandemic could have a long-term impact on the entire generation of children in attaining education to their fullest potential. At Luen Thai, we believe education is at the heart of growth in every form. This year, we have launched multiple programs that provide children with financial assistance in gaining access to education, especially the vulnerable groups such as an orphanage. Our financial assistance has covered yearly tuition, expenses in school uniform and study materials, and daily operational expenses such as meals and health supplies. We have also sponsored the National Outstanding Students campaign in the Philippines by awarding outstanding students among all schools in Bulacan. We will continue to uphold our value in helping children, regardless of ethnicity, age, and gender, in gaining easier access to education.

GIVING BACK TO THE COMMUNITIES

At Luen Thai, it is important that we give our best to support our communities. Our XO Care for Community initiative focuses on promoting employee awareness in serving a broader community. We have connected with other stakeholders including customers, vendors, non-governmental organizations, and academic institutions who share the same passion for serving the community.

As COVID-19 continues to impact all businesses including ours, we have responded by leading with our values to help all communities adapt to these significant and quickly changing needs. We have demonstrated consistent and unconditional support in Voluntary Blood Donation Program for 3 consecutive years throughout Philippines and Cambodia. To expand our community contribution, we have distributed COVID-19 health kits and other medical supplies throughout the Philippines and Cambodia. We actively work with local governments to promote health awareness in local communities through waste collection and monetary donations.

Apart from health support, we have helped the vulnerable groups in search of career opportunities gain essential skills and knowledge. We have partnered with various Technical Education and Skills Development Authority (TESDA) accredited training schools in the Philippines to provide training in handling sewing machines to the unemployed. The Company then onboarded majority of these trainees in the production. This has helped them reach higher potential in achieving career growth amid this pandemic.

Volunteering Activities		Beneficiaries	
Events	22	Families	81
Hours	4,188	Individuals	38,018
Participants (including non-staff)	504	Charitable Organizations	9

AWARDS AND RECOGNITIONS



December 15, 2022 - Golden Dragon Apparel Inc. (GDAI), one of our factories in the Philippines was recognized as 2022 Sustainable and Eco-friendly Business Establishment (2nd place for non-food manufacturing category) by the San Fernando City Government through the City Environment and Natural Resources Offices



A special award was also given to GDAI - Best Practice for the Clean-up drive inside the production.



PERFORMANCE DATA SUMMARY

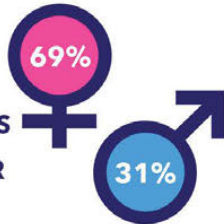
SOCIAL DATA

EMPLOYEES BY AGE GROUP

18-25	25%
26-35	40%
36-45	26%
46-65	8%
≥66	1%



EMPLOYEES BY GENDER



EMPLOYEES BY DIRECTOR

OR ABOVE LEVEL BY AGE GROUP

18-25	0%
26-35	6%
36-45	18%
46-65	62%
≥66	14%

EMPLOYEES BY NATIONALITY

Cambodian	42%
Filipino	40%
Burmese	9%
Chinese (Mainland China and Hong Kong)	8%
Others*	1%

*Others include Vietnamese, Bangladeshi, Indonesian, Malaysian, American, Indian, Taiwanese, Sri Lankan, Singaporean, British, German, Mexican, Canadian, Japanese, New Zealander, Pakistani, Turkish, Dominican Republican, Dutch

EMPLOYEES BY GEOGRAPHICAL REGION

Cambodia	42%
Philippines	39%
Myanmar	8%
Mainland China including Hong Kong	8%
Others*	3%

*Others include Bangladesh, India, Indonesia, Thailand, United Arab Emirates, United States of America, and Vietnam



	Number of Employees Trained	% Proportion of Employees Trained	Total Training Hours	Avg. Training Hours per Employee
Female	6,562	32%	39,615	6
Male	3,450	20%	23,422	7
Rank & File	8,949	25%	54,924	6
Supervisors	859	52%	6,592	8
Middle Level	183	17%	1,424	8
Senior Level	21	11%	97	5

Volunteering Activities		Beneficiaries	
Events	22	Families	81
Hours	4,188	Individuals	38,018
Participants (including non-staff)	504	Charitable Organizations	9

ENVIRONMENTAL DATA

Water Consumption	2022	2021
Apparel	1,144,030 m ³	929,168 m ³
Accessories	244,295 m ³	280,646 m ³
Total	1,388,325 m ³	1,209,814 m ³

Water Consumption Intensity (m ³ per unit of production)	2022	2021
Apparel	0.023	0.026
Accessories	0.023	0.027
Total	0.023	0.026

Packaging Materials	2022	2021
Carton box	4,332 tonnes	4,132 tonnes
Plastic	2,750 tonnes	1,870 tonnes
Others	1,895 tonnes	1,447 tonnes
Total Consumption	8,977 tonnes	7,449 tonnes
Total Consumption Intensity	0.15	0.16

Water bottles saved

2022	5,010,053 pieces
2021	2,270,070 pieces
2020	65,378 pieces

Boiler Fuel

	2022	2021
Consumption	7,838,700 kg	14,219,174 kg
Intensity	0.13 kg per unit of production	0.31 kg per unit of production

Air Emission

	2022	2021
Nitrogen Oxides (NOx)	8,178 kg	5,700 kg
Sulfur Oxides (SOx)	7.32 kg	6.59 kg
Particulate Matter (PM)	405.69 kg	297.34 kg

GHG Emission (tCO₂e)

	Scope 1		Scope 2	
	2022	2021	2022	2021
Apparel	7,003	4,363	16,171	14,436
Accessories	1,902	448	9,240	12,726
Overall	8,905	4,811	25,411	27,162

GHG Emission Intensity (kgCO₂e per unit of production)

	Scope 1		Scope 2	
	2022	2021	2022	2021
Apparel	0.1391	0.1206	0.3211	0.3991
Accessories	0.1807	0.0431	0.8777	1.2236
Overall	0.1463	0.1033	0.4174	0.5832

DIRECT ENERGY CONSUMPTION

	Unit	2022			2021		
		Apparel	Accessories	Overall	Apparel	Accessories	Overall
Petrol	kWh	507,235	490,526	997,761	523,452	524,019	1,047,471
Diesel	kWh	25,039,948	7,210,829	32,250,777	12,899,661	1,261,685	14,161,346
LPG	kWh	333,054	68,440	401,494	104,937	19,714	124,651
Natural gas*	kWh	1,753,135	-	1,753,135	141,538	-	141,538
Biomass	kWh	28,301,400	-	28,301,400	61,897,085	-	61,897,085

*Note: The increase in energy consumption of natural gas is mainly due to the change of how data is collected. In 2022, PRC Tien Hu captured the natural gas consumption from suppliers, while in 2021, the natural gas consumption captured the steam consumption generating from natural gas.

INDIRECT ENERGY CONSUMPTION

	Unit	2022			2021		
		Apparel	Accessories	Overall	Apparel	Accessories	Overall
Electricity	kWh	27,464,198	18,394,832	45,859,030	23,876,387	21,977,335	45,853,723
Electricity Consumption Intensity	kWh	0.55	1.75	0.75	0.66	2.11	0.9

TOTAL ENERGY CONSUMPTION

	Unit	2022			2021		
		Apparel	Accessories	Overall	Apparel	Accessories	Overall
Total energy consumption	kWh	83,398,970	26,164,627	109,563,597	99,443,060	23,782,753	123,225,813

Waste Generation	Unit	2022	2021
Hazardous	tonnes	150	56
Non-hazardous	tonnes	11,062	8,588
Total	tonnes	11,212	8,644
Intensity	Kg per unit of production	0.18	0.19

APPENDICES

HKEX ESG REPORTING GUIDE INDEX

MATERIAL ASPECT	CONTENT	PAGE INDEX / REMARKS
A. ENVIRONMENTAL		
A1 EMISSIONS		
GENERAL DISCLOSURE	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	ESG Management, Caring for our Environment: Reducing our Ecological Footprint
A1.1	The types of emissions and respective emissions data.	Air Emissions Control
A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity.	Greenhouse Gas Emission Control
A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity.	Waste Management
A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity.	Waste Management
A1.5	Description of emissions target(s) set and steps taken to achieve them.	Air Emission Control, Greenhouse Gas Emission Control
A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Waste Management

MATERIAL ASPECT	CONTENT	PAGE INDEX / REMARKS
A2 USE OF RESOURCES		
GENERAL DISCLOSURE	Policies on the efficient use of resources, including energy, water and other raw materials.	ESG Management, Caring for our Environment: Reducing our Ecological Footprint
A2.1	Direct and/or indirect energy consumption by type in total (kWh in '000s) and intensity.	Energy Usage
A2.2	Water consumption in total and intensity.	Water Conservation
A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them	Energy Usage
A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Water Conservation
A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Natural and Raw Materials Consumption
A3 THE ENVIRONMENT AND NATURAL RESOURCES		
GENERAL DISCLOSURE	Policies on minimising the issuer's significant impacts on the environment and natural resources.	ESG Management, Caring for our Environment: Reducing our Ecological Footprint
A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Natural and Raw Materials Consumption

MATERIAL ASPECT	CONTENT	PAGE INDEX / REMARKS
A4 CLIMATE CHANGE		
GENERAL DISCLOSURE	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	ESG Management, Caring for our Environment: Reducing our Ecological Footprint
A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Climate Risk Assessment
B. SOCIAL		
B1 EMPLOYMENT		
GENERAL DISCLOSURE	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Caring for Our People: Promoting Sustainability in the Workplace
B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	Employee Engagement
B1.2	Employee turnover rate by gender, age group and geographical region.	Employee Engagement
B2 HEALTH AND SAFETY		
GENERAL DISCLOSURE	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Employee Health and Well-being

MATERIAL ASPECT	CONTENT	PAGE INDEX / REMARKS
B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Employee Health and Well-being
B2.2	Lost days due to work injury.	Employee Health and Well-being
B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	Employee Health and Well-being
B3 DEVELOPMENT AND TRAINING		
GENERAL DISCLOSURE	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Empowering XO People
B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Empowering XO People
B3.2	The average training hours completed per employee by gender and employee category.	Empowering XO People
B4 LABOR STANDARDS		
GENERAL DISCLOSURE	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labor.	Treating Our People with Dignity and Respect, Youth Empowerment
B4.1	Description of measures to review employment practices to avoid child and forced labor.	Treating Our People with Dignity and Respect, Youth Empowerment
B4.2	Description of steps taken to eliminate such practices when discovered.	Treating Our People with Dignity and Respect, Youth Empowerment

MATERIAL ASPECT	CONTENT	PAGE INDEX / REMARKS
B5 SUPPLY CHAIN MANAGEMENT		
GENERAL DISCLOSURE	Policies on managing environmental and social risks of the supply chain.	Assessment of Environmental and Social Risks in the Supply Chain
B5.1	Number of suppliers by geographical region.	Supplier Profile
B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Mechanism for Supplier Selection and Monitoring
B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Mechanism for Supplier Selection and Monitoring
B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Green Procurement
B6 PRODUCT RESPONSIBILITY		
GENERAL DISCLOSURE	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Product Compliance
B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Handling of Customer Feedback
B6.2	Number of products and service related complaints received and how they are dealt with.	Handling of Customer Feedback

MATERIAL ASPECT	CONTENT	PAGE INDEX / REMARKS
B6.3	Description of practices relating to observing and protecting intellectual property rights.	Protection of Confidential Information
B6.4	Description of quality assurance process and recall procedures.	Assurance Process
B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Customer Management
B7 ANTI-CORRUPTION		
GENERAL DISCLOSURE	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Ethics Management
B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Ethics Management
B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Ethics Management
B7.3	Description of anti-corruption training provided to directors and staff.	Ethics Management
B8 COMMUNITY INVESTMENT		
GENERAL DISCLOSURE	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Caring for Our Community: Sustainable Community Development
B8.1	Focus areas of contribution (e.g. education, environmental concerns, labor needs, health, culture, sport).	Caring for Our Community: Sustainable Community Development

MATERIAL ASPECT	CONTENT	PAGE INDEX / REMARKS
B8.2	Resources contributed (e.g. money or time) to the focus area.	Caring for Our Community: Sustainable Community Development

GRI CONTENT INDEX

STATEMENT OF USE	Luen Thai Holdings Limited has reported the information cited in this GRI content index for the period from 1st January 2022 to 31st December 2022 with reference to the GRI Standards.
GRI USED	GRI 1: Foundation 2021

GRI 2: GENERAL DISCLOSURES 2021

GRI STANDARD	DISCLOSURE	REFERENCES & REMARKS
THE ORGANIZATION AND ITS REPORTING PRACTICES		
2-1	Organizational details	CEO's Message, About Luen Thai, Our Vision and Sustainability Strategies
2-2	Entities included in the organization's sustainability reporting	Reporting Boundary
2-3	Reporting period, frequency and contact point	About this report
2-4	Restatements of information	There is no restatements of information in the current reporting period.
ACTIVITIES AND WORKERS		
2-6	Activities, value chain and other business relationships	Supply Chain Management, Annual Report 2022 - Management Discussion & Analysis

GRI STANDARD	DISCLOSURE	REFERENCES & REMARKS
2-7	Employees	Caring for our People - Promoting Sustainability in the Workplace
2-9	Governance structure and composition	Fostering Sustainability Through Governance
2-10	Nomination and selection of the highest governance body	ESG Management
2-11	Chair of the highest governance body	ESG Management
2-12	Role of the highest governance body in overseeing the management of impacts	ESG Management
2-13	Delegation of responsibility for managing impacts	ESG Management
2-14	Role of the highest governance body in sustainability reporting	Sustainability Committee
2-15	Conflicts of interest	Annual Report 2022 - Corporate Governance Report
2-16	Communication of critical concerns	ESG Management
2-17	Collective knowledge of the highest governance body	Annual Report 2022 - Corporate Governance Report, Sustainability Committee
2-18	Evaluation of the performance of the highest governance body	Annual Report 2022 - Corporate Governance Report
2-19	Remuneration policies	Annual Report 2022 - Corporate Governance Report
2-20	Process to determine remuneration	Annual Report 2022 - Corporate Governance Report
STRATEGY, POLICIES, AND PRACTICES		
2-22	Statement on sustainable development strategy	Our Vision and Sustainability Strategies
2-23	Policy commitments	CEO's Message
2-24	Embedding policy commitments	CEO's Message

GRI STANDARD	DISCLOSURE	REFERENCES & REMARKS
2-25	Processes to remediate negative impacts	Stakeholder Engagement
2-26	Mechanisms for seeking advice and raising concerns	Stakeholder Engagement
2-27	Compliance with laws and regulations	Ethics Management
2-28	Membership associations	Fostering Sustainability through Governance
2-29	Approach to stakeholder engagement	Stakeholder Engagement

GRI 3: MATERIAL TOPICS 2021

GRI STANDARD	DISCLOSURE	REFERENCES & REMARKS
3-1	Process to determine material topics	Materiality Assessment
3-2	List of material topics	Materiality Matrix

MATERIAL TOPICS (ECONOMIC) & MANAGEMENT APPROACH

GRI STANDARD	DISCLOSURE	REFERENCES & REMARKS
GRI 201: ECONOMIC PERFORMANCE 2016		
3-3	The management approach and its components	Caring for our Environment: Reducing our Ecological Footprint
201-2	Financial implications and other risks and opportunities due to climate change	Climate Risk Assessment
GRI 204: PROCUREMENT PRACTICES 2016		
3-3	The management approach and its components	Product Quality Management
204-1	Proportion of spending on local suppliers	Supplier Profile
GRI 205: ANTI-CORRUPTION 2016		
3-3	The management approach and its components	Ethics Management
205-3	Confirmed incidents of corruption and actions taken	Integrity and Anti-corruption

MATERIAL TOPICS (ENVIRONMENTAL) & MANAGEMENT APPROACH

GRI STANDARD	DISCLOSURE	REFERENCES & REMARKS
GRI 301: MATERIALS 2016		
3-3	The management approach and its components	Product Quality Management
301-1	Materials used by weight or volume	Natural and Raw Materials Consumption
GRI 302: ENERGY 2016		
3-3	The management approach and its components	Caring for our Environment: Reducing our Ecological Impact
302-1	Energy consumption within the organisation	Energy Usage
302-3	Energy intensity	Energy Usage
302-4	Reduction of energy consumption	Energy Usage
GRI 303: WATER AND EFFLUENTS 2018		
3-3	The management approach and its components	Caring for our Environment: Reducing our Ecological Impact
303-1	Interactions with water as a shared resource	Water Conservation
303-2	Management of water discharge-related impacts	Water Conservation
303-3	Water withdrawal	Water Conservation
303-4	Water discharge	Water Conservation
303-5	Water consumption	Water Conservation

GRI STANDARD	DISCLOSURE	REFERENCES & REMARKS
GRI 305: EMISSIONS 2016		
3-3	The management approach and its components	Caring for our Environment: Reducing our Ecological Impact
305-1	Direct (Scope 1) GHG emissions	Greenhouse Gas Emission Control
305-2	Energy Indirect (Scope 2) GHG emissions	Greenhouse Gas Emission Control
305-4	GHG emissions intensity	Greenhouse Gas Emission Control
305-5	Reduction of GHG emissions	Greenhouse Gas Emission Control
305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	Air Emission Control
GRI 306: WASTE 2020		
3-3	The management approach and its components	Caring for our Environment: Reducing our Ecological Impact
306-1	Waste generation and significant waste related impacts	Waste Management
306-2	Management of significant waste related impacts	Waste Management
306-3	Waste generated	Waste Management
GRI 308: SUPPLIER ENVIRONMENTAL ASSESSMENT 2016		
3-3	The management approach and its components	Driving Sustainable Business Growth
308-1	New suppliers that were screened using environmental criteria	Assessment of Environmental and Social Risks in the Supply Chain

MATERIAL TOPICS (SOCIAL) & MANAGEMENT APPROACH

GRI STANDARD	DISCLOSURE	REFERENCES & REMARKS
GRI 401: EMPLOYMENT 2016		
3-3	The management approach and its components	Caring for our People: Promoting Sustainability in the Workplace
401-1B	Employee turnover	Practicing Fair Business and Employment Practices
GRI 403: OCCUPATIONAL HEALTH AND SAFETY 2018		
3-3	The management approach and its components	Caring for our People: Promoting Sustainability in the Workplace
403-1	Occupational health and safety management system	Employee Health and Well-being
403-3	Occupational health services	Health and Safety
403-5	Worker training on occupational health and safety	Health and Safety
403-9	Work-related injuries	Health and Safety
GRI 404: TRAINING AND EDUCATION 2016		
3-3	The management approach and its components	Caring for our People: Promoting Sustainability in the Workplace
404-1	Average hours of training per year per employee	Empowering XO People
GRI 405: DIVERSITY AND EQUAL OPPORTUNITY 2016		
3-3	The management approach and its components	Caring for our People: Promoting Sustainability in the Workplace
405-1	Diversity of governance bodies and employees	ESG Management, Diversity and Inclusion

GRI STANDARD	DISCLOSURE	REFERENCES & REMARKS
406 NON-DISCRIMINATION 2016		
3-3	The management approach and its components	Caring for our People: Promoting Sustainability in the Workplace
406-1	Incidents of discrimination and corrective actions taken	Diversity and Inclusion
GRI 408: CHILD LABOR 2016		
3-3	The management approach and its components	Ethics Management
408-1	Operations and suppliers at significant risk for incidents of child labor	Treating our People with Dignity and Respect, Youth Empowerment
GRI 409: FORCED OR COMPULSORY LABOR 2016		
3-3	The management approach and its components	Ethics Management
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	Treating our People with Dignity and Respect
GRI 413: LOCAL COMMUNITIES 2016		
3-3	The management approach and its components	Caring for Our Community: Sustainable Community Development
413-1	Operations with local community engagement, impact assessments, and development programmes	Caring for Our Community: Sustainable Community Development
GRI 414: SUPPLIER SOCIAL ASSESSMENT 2016		
3-3	The management approach and its components	Mechanism for Supplier Selection and Monitoring
414-1	New suppliers that were screened using social criteria	Assessment of Environmental and Social Risks in the Supply Chain
GRI 416: CUSTOMER HEALTH AND SAFETY 2016		
3-3	The management approach and its components	Customer Management
416-1	Assessment of the health and safety impacts of product and service categories	Handling of Customer Feedback
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Handling of Customer Feedback

GRI STANDARD	DISCLOSURE	REFERENCES & REMARKS
GRI 418: CUSTOMER PRIVACY 2016		
3-3	The management approach and its components	Customer Management
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Protection of Confidential Information

