

ENVIRONMENTAL, SOCIAL & GOVERNANCE REPORT 2024

TURNING THE TIDE
TOWARDS PROFITABILITY

TABLE OF CONTENTS

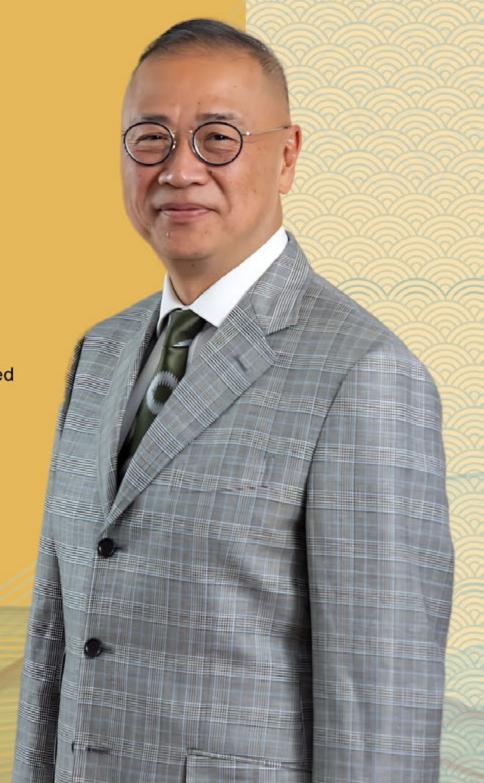
01	CEO MESSAGE	41	ENVIRONMENTAL PILLAR	
15	ABOUT LUEN THAI		ENVIRONMENTAL MANAGEMENT	43
	WHERE WE ARE	17	STRENGTHENING CLIMATE RESILIENCE (RISK ASSESSMENT)	44
	OUR VISION AND TARGETS	19	AIR EMISSION AND OTHER POLLUTANT	ANT 49
	OUR SUSTAINABILITY JOURNEY	20	CONTROL	
	OUR SUSTAINABILITY STRATEGY FRAMEWORK	22	ENERGY MANAGEMENT	50
	OUR FIVE-YEAR TARGETS	24	GREENHOUSE GAS EMISSION CONTROL WATER CONSERVATION	5 8 6 1
34	OUR SUSTAINABILITY APPROACH		NATURAL AND RAW MATERIALS CONSUMPTION	64
	STAKEHOLDER ENGAGEMENT	35	WASTE MANAGEMENT	67
	MATERIALITY ASSESSMENT	36	GREEN INITIATIVES	73
			BIODIVERSITY	75

TABLE OF CONTENTS

76	BUSINESS PILLAR		121	GOVERNANCE PILLAR	
	SUPPLY CHAIN MANAGEMENT	78		BOARD OF DIRECTORS	123
	PRODUCT QUALITY MANAGEMENT	81		SUSTAINABILITY GOVERNANCE STRUCTURE	127
	CUSTOMER SATISFACTION MANAGEMENT	83		SUSTAINABILITY COMMITTEE	128
	INNOVATION AND TECHNOLOGY	85		ETHICS MANAGEMENT	129
87	PEOPLE PILLAR		131	ABOUT THIS REPORT	
	DIVERSITY AND INCLUSION	89		REPORTING BOUNDARY	131
	EMPLOYEE PROFILE	90		REPORTING STANDARDS	132
	PRACTICING FAIR BUSINESS AND EMPLOYMENT PRACTICES	93		REPORTING PRINCIPLES	133
	TREATING OUR PEOPLE WITH DIGNITY AND RESPECT	97	134	PERFORMANCE DATA SUMMARY	
	UPSKILLING XO PEOPLE	99			
	EMPLOYEE HEALTH AND WELL-BEING	104		ENVIRONMENTAL DATA	135
	LUEN THAI XO EMPLOYEE BENEFITS AND WELLNESS INITIATIVE	109		SOCIAL DATA	142
			151	CONTACT AND FEEDBACK	
111	COMMUNITY PILLAR				
	SUSTAINABLE COMMUNITY DEVELOPMENT	113	152	APPENDICES	
	EMPOWERING THE YOUTH	447		HKEX ESG REPORTING CODE INDEX	152
	Em one more room	117		GRI CONTENT INDEX	157

CEO MESSAGE RAYMOND TAN

2024 was a year of transformation—challenges tested our resilience, while opportunities strengthened our resolve. As we navigated a complex business landscape, we focused on realigning operations, enhancing efficiencies, and reinforcing financial discipline. Through every step, sustainability has remained integral to our approach.



TURNING THE TIDE TOWARDS PROFITABILITY WITH SUSTAINABILITY AT THE CORE



At Luen Thai, long-term success is built on responsible growth—one that seamlessly integrates business performance with *Extraordinary Care* for our people, communities, and the environment. Sustainability is not a separate initiative but a core driver of how we operate, innovate, and create value. As we position ourselves for a stronger financial future, we continue to invest in sustainable solutions, deepen collaborations, and advance responsible business practices that create lasting impact.

Looking ahead, we remain steadfast in our belief that ESG is not just a commitment—it is a strategic enabler of resilience, growth, and long-term competitiveness.

CEO MESSAGE

A COMMITMENT TO PEOPLE: THE FOUNDATION OF OUR BUSINESS

Luen Thai succeeds when our people have the right support, skills, and opportunities to grow. This is why we continue to provide equal access to employee development, invest in skills that match the evolving demands of our industry, and create a safe space where employees can thrive, innovate, and provide value.



EQUALITY IN DIVERSITY

Our commitment to *Equality In Diversity* remains firm. Opportunities at Luen Thai are built on values, merit, and potential—not restricted by race, gender, or age. Every individual should have the space to grow, contribute meaningfully, and advance in their careers. By fostering a culture rooted in respect, collaboration, and empowerment, we cultivate an environment where our people feel valued, engaged, and motivated to excel.

CEO MESSAGE

In 2024, we further strengthened our focus on skills alignment, ensuring employees are equipped to meet the shifting demands of brands, customers, and consumers in a nimble and digital-first world.

Learning programs have expanded to include automation, digital integration, and sustainable manufacturing—skills that are no longer optional, but essential for modern supply chains and evolving market expectations. Through our people programs, we continue to build an engaged, inspired, and adaptable workforce.



STRENGTHENING COMMUNITIES WITH LASTING IMPACT

Success is not just measured by financial performance but by the lasting impact we create in the communities we serve. Through our XO CARE platform, we ensure our contributions remain relevant by continuously expanding opportunities in sports, education, and community development.

Our long-standing partnerships through the TSL Foundation in Hong Kong and Mainland China, Tuloy Football Club in the Philippines, and XO United Football Club in Cambodia continue to provide young children and underprivileged aspiring athletes with access to training, mentorship, and international exposure.



In alignment with our commitment to equality in diversity, these community programs have been intentionally designed to strengthen women's access to opportunities—particularly in sports, where young girls often have limited visibility and support.

In 2024, Tuloy Football Club saw five players represent the Pinay5 Futsal national team, while its women's team secured a fourth consecutive High 5 Women's League title.



CEO MESSAGE



In Cambodia, XO United
Football Club further
strengthened its role as a stage
for young talent, with its Under14 players competing in the
International Under-14 Football
Youth Cup—demonstrating how
corporate commitment can
create real opportunities. This
milestone was also recognized
by one of our customers as the
best in the CSR category.

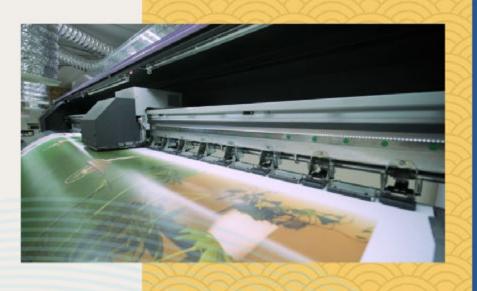


Beyond sports, we champion education and skills-building, equipping individuals with jobready competencies for an evolving industry. Initiatives include encouraging employees to give back through mentoring and community engagement, reinforcing our belief that even small, intentional actions can drive meaningful, shared progress.

ENVIRONMENTAL STEWARDSHIP-BALANCING INNOVATION WITH RESPONSIBILITY

Sustainability is not an afterthought—it is integrated into how we innovate, invest, and evolve. As we navigate a complex business landscape, we remain committed to embedding responsible practices across operations, ensuring that environmental stewardship aligns with business resilience and long-term growth.

A key milestone has been our engagement in advanced waterless textile coloration technology, giving us access to high-quality, richly colored fabrics while significantly reducing energy consumption, water usage, and chemical waste. Through NTX™ technologies, we are transforming the dyeing process, eliminating excessive resource use while maintaining superior color precision and material integrity. Complementing this, our adoption of HeatTranX (HTX) sustainable digital printing modernizes traditional printing methods, offering a cleaner, more efficient, and highly adaptable solution.



Beyond improving processes, we are also redefining manufacturing by expanding ondemand and build-to-order models, reducing overproduction and excess inventory.

At Luen Thai, sustainability is not just about technology—it is about efficiency, adaptability, and continuous improvement (CI). To further accelerate our progress, we have strengthened our focus on operational efficiency, ensuring that our factories maximize productivity while reducing waste, energy consumption, and logistics inefficiencies. Through automation, streamlined workflows, and process optimization, we are enhancing how we operate—driving leaner, more cost-effective, and environmentally responsible production.





As we move forward, we will continue to balance innovation with resilience, investing in technologies and strategies that contribute to a smarter, more adaptable, and more sustainable future for our industry.

CEO MESSAGE

ALIGNING WITH GLOBAL SUSTAINABILITY GOALS: SUPPORTING THE UNGC & SDG

Luen Thai's sustainability journey is firmly anchored in and strongly supports the 10 Principles of the United Nations Global Compact (UNGC) and the UN Sustainable Development Goals (UN SDGs). Our commitment extends beyond internal initiatives—it is about contributing to a broader global movement toward a more sustainable and responsible future.

By enhancing water efficiency, adopting cleaner energy solutions, and optimizing resource usage, we actively support the global mission to reduce environmental impact and promote responsible production. Our on-demand and build-to-order models reshape traditional manufacturing, significantly minimizing waste while driving responsible consumption. And as we integrate low-carbon technologies and refine supply chain strategies, we continue to align our business success with meaningful contributions to sustainability goals.



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



SUSTAINABILITY AS A PILLAR OF LONG-TERM GROWTH

As we move forward into 2025 and beyond, sustainability remains an essential pillar of our business strategy—one that reinforces our resilience, competitiveness, and profitability.

Strengthening our financial position is not separate from our ESG commitment; rather, it is through sustainability that we drive value, improve operational efficiency, and build a business adaptable to evolving industry demands.



We will continue to invest in transformative technologies, deepen collaborations with brands, suppliers, and communities, and take a measured, forward-thinking approach to ensure improved business viability.

Our progress is built on collective effort. Every employee, partner, and stakeholder contributes to shaping our future. As we advance through this transformation, we remain focused on continuous improvement—moving with purpose toward a stronger, more resilient organization, well-positioned for sustainable growth that we can share.

Raymond Tan
Chief Executive Officer

SUSTAINABLE SHARED FUCCESS THROUGH REINVENTION

ABOUT LUEN THAI

At Luen Thai Holdings Limited, we have built a strong reputation as leaders in the global consumer goods supply chain, with a legacy that dates back to the 1970s. Over the decades, we have evolved into a trusted multiproduct specialist in apparel and accessories by consistently adapting to the complex and dynamic demands of the global market. Even in the face of challenges such as the pandemic, we have remained resilient by focusing on innovation and strategically integrating digital technologies, automation, and artificial intelligence into our operations to maintain a competitive edge.









Our commitment to sustainability is at the core of our business strategy. We prioritize fostering meaningful relationships with our suppliers and contributing positively to the communities and environments where we operate. By balancing operational excellence with responsible practices, we aim to create long-term growth that benefits all stakeholders. As we continue to move forward, we remain dedicated to driving innovation, maintaining adaptability, and achieving sustainable success in an ever-evolving industry.





CAMBODIA

PHILIPPINES

MAINLAND CHINA INCLUDING HONG KONG

VIETNAM

BANGLADESH

INDIA

INDONESIA

MYANMAR

USA

OUR VISION AND TARGETS

At Luen Thai, we approach the complexities of our industry with a clear vision: to blend our deep-rooted heritage with forward-thinking strategies that drive sustainable growth and deliver exceptional value to our customers. This vision reflects more than just a response to market uncertainties; it represents a deliberate effort to strengthen our market position and expand our partnerships globally. We understand that thriving in today's dynamic environment requires more than resilience—it demands continuous innovation, adaptability, and a commitment to operational excellence. By embracing these principles, we not only enhance efficiency but also work to reduce our environmental impact.

Our goals are firmly grounded in the realities of the ever-evolving consumer goods supply chain. We recognize the importance of aligning our business practices with sustainability objectives, ensuring that our progress benefits both present and future generations. This approach allows us to address immediate challenges while building a foundation for long-term success. At the heart of our efforts is a commitment to shared growth, where every initiative contributes to creating value for our stakeholders and fostering a more sustainable future.

OUR SUSTAINABILITY JOURNEY

Our sustainability journey at Luen Thai is defined by our ability to adapt, innovate, and remain steadfast in our commitment to Environmental, Social, and Governance (ESG) principles. From our beginnings in the 1970s to the present day, we have built a foundation rooted in resilience and responsibility, allowing us to evolve alongside the challenges and opportunities of a rapidly changing world. In navigating global economic shifts and the lasting impacts of the pandemic, we have leveraged our diverse operations and multi-country presence to maintain agility and strengthen our competitive position. This adaptability has been key to sustaining growth while addressing the complexities of an interconnected marketplace.

For us, sustainability is not a fixed goal but an everevolving process of improvement and learning. It is a journey that requires us to embrace change, refine our practices, and push the boundaries of what is possible. As we continue forward, we remain focused on integrating sustainability into every aspect of our business, setting new standards for the industry and ensuring that our efforts leave a lasting, positive impact. Our vision is to build a legacy of sustainability that not only meets today's needs but also inspires future generations to pursue responsible and meaningful growth.



OUR SUSTAINABILITY STRATEGY FRAMEWORK

At Luen Thai, we approach sustainability with purpose and a clear framework through XO CARE, which focuses on People, Community, and the Environment. This initiative has been instrumental in driving progress and delivering meaningful results for our stakeholders. With 'iServe.iGive Back' as the centerpiece of our efforts, we inspire individual contributions that collectively support our broader sustainability goals. Cooperation and teamwork are at the heart of our framework, represented by the interconnected nature of our focus areas.

For our people, programs like 'Best Place to Work' and 'Happy People Programs' cultivate a positive and engaging workplace. In serving our Community, initiatives such as 'XO Kids' and 'Donate-an-Hour' allow us to extend care and support to those in need. On the environmental front, we prioritize innovation through 'Our Impact' and 'Disruptive Technology,' harnessing automation, digitalization, and AI to enhance efficiency and reduce ecological footprints. By addressing these areas holistically, we create opportunities to drive sustainability forward while remaining deeply connected to our values.



OUR FIVE-YEAR TARGETS

Luen Thai's second 5-year plan (2023–2027), aligned with the United Nations Sustainable Development Goals (UN SDGs), focuses on three core areas: Our People, Our Community, and Our Environment. These targets are designed to integrate sustainability into all aspects of the Group's global operations. Overseen by the Sustainability Committee, the plan ensures targets are approved, progress is monitored, and initiatives are implemented consistently across all strategic business units.

These targets reflect Luen Thai's unwavering commitment to a sustainable future, where business operations coexist harmoniously with societal and environmental well-being. By focusing on meaningful contributions to these pillars, the Group aims to create lasting, positive impacts that extend beyond its immediate business activities.



"OUR PROGRESS IS BUILT ON COLLECTIVE EFFORT. EVERY EMPLOYEE, PARTNER, AND STAKEHOLDER CONTRIBUTES TO SHAPING OUR FUTURE."

ENVIRONMENTAL TARGETS

CARBON FOOTPRINT REDUCTION:

We are committed to significantly reducing our carbon footprint through innovative and sustainable practices. This includes the adoption of NTX™ waterless textile coloration technology and on-demand manufacturing model, nearshoring initiatives, among others.

RESOURCE CONSERVATION:

Our strategy involves a proactive approach to resource management, focusing on reducing the consumption of water, energy, and other vital resources, thereby contributing to a more sustainable environment.



TARGETS

CARBON FOOTPRINT REDUCTION

Reduce scope 1 GHG emissions intensity by 15%*

Reduce scope 2 GHG emissions intensity by 15%*

ENERGY REDUCTION

Reduce
electricity
consumption
intensity by 8%
(kWh per unit of
production)*

WATER USE REDUCTION

Reduce water consumption intensity by 30%*

WASTE REDUCTION

Reduce hazardous waste by 50%*

Reduce nonhazardous waste by 15% with 2023 baseline*

2024 PROGRESS

35% reduction in Scope 1 GHG emissions intensity with 2023 baseline 3% reduction in electricity consumption intensity with 2023 baseline 21% reduction in water consumption intensity with 2023 baseline 19% reduction in hazardous waste with 2023 baseline

56% reduction in nonhazardous waste with 2023 baseline

*Mainly on 3 regions: China, Philippines, Cambodia











SOCIAL TARGETS

EQUALITY IN DIVERSITY:

At the heart of our social targets is a firm commitment to diversity and inclusion. We are dedicated to maintaining a balanced team composition, reflective of our diverse global presence. Our comprehensive training programs are designed to empower our workforce, fostering a culture that values respect, equality, and personal growth.

EMPLOYEE AND COMMUNITY WELL-BEING:

We prioritize the well-being of our employees, ensuring that our work environment is not only productive but also supportive and nurturing. We inspire everyone to keep our community in mind.





TARGETS

EMPLOYEE DEVELOPMENT

Increase employee development initiatives by 25%

COMMUNITY ENGAGEMENT

Increase community engagement by 30%

DIVERSITY AND INCLUSION

Improve perception and opportunities year to year

2024 PROGRESS

Implementation of XO Lead Programs help mold our employees to become future leaders

On-the-Job Training (OJT) programs are offered to college students Our employees participated in initiatives like tree planting and beach clean up to make a positive impact on the environment this year

We continue to support the elderly through donations and visits Hiring of employees with disabilities











GOVERNANCE TARGETS

ETHICAL PRACTICES AND TRANSPARENCY:

Upholding the highest standards of ethical practices and transparency, we are committed to effective stakeholder engagement. Our operations are aligned with global standards, ensuring accountability and integrity in all our business dealings.

ALIGNMENT WITH GLOBAL STANDARDS:

Our governance targets are in sync with international norms and best practices, ensuring that we remain at the forefront of ethical business conduct.



TARGETS

TRANSPARENCY & REPORTING

Strengthen compliance by following international standards

ETHICAL BUSINESS PRACTICES

Uphold the highest ethical standards in doing business

STAKEHOLDER ENGAGEMENT

Conduct regular engagement with stakeholders through our communication channels

2024 PROGRESS

Using integrated platforms in one of our business units, xoCUBE, which has real-time updates with validated data standards to ensure accurate, consistent, and actionable insights, supporting clear reporting and informed decision-making

Upholding ethical business practices by implementing a robust Code of Conduct, enforcing fair and consistent disciplinary actions, and strictly adhering to labor laws, ensuring integrity and accountability

We remain committed to engaging with employee representatives to gather their input and have also established an employee complaint box to ensure their views are taken into account







OUR SUSTAINABILITY APPROACH

At Luen Thai, we implement sustainable practices to address current social, environmental, and community challenges while building a stronger future. Our sustainability strategy, launched in 2018, balances three core priorities: empowering our employees, supporting our communities, and protecting the environment. We demonstrate that business growth and environmental responsibility can work together effectively. As we move forward, we continue to strengthen and adapt our commitment to these essential areas.

We actively engage with our stakeholders as key partners in our sustainability initiatives. Through collaboration with our employees, customers, suppliers, and local communities, we develop comprehensive solutions to complex sustainability challenges. This partnership-driven approach strengthens our ability to create meaningful impact.

STAKEHOLDER ENGAGEMENT

Through proactive communication with our stakeholders in various channels, we stay aligned with evolving sustainability priorities and expectations. This ongoing dialogue helps us identify new opportunities, manage risks, and refine our initiatives. We use these insights to strengthen our sustainability programs and ensure our business strategies create value for all stakeholders.

Stakeholder input drives meaningful action at Luen Thai. The integration of feedback into decision-making processes ensures sustainability initiatives directly address community needs and priorities. Regular engagement and annual performance reviews guide continuous refinement of business strategies and sustainability practices. This approach reflects Luen Thai's commitment to responsible operations and demonstrates how stakeholder dialogue translates into tangible results.

STAKEHOLDER GROUPS AND THEIR COMMUNICATION CHANNELS

SHAREHOLDERS AND INVESTORS

- Public news
- Press releases
- Internet

EMPLOYEES

- Direct mail
- E-mails
- · Meetings
- · Performance evaluations

GOVERNMENT REGULATORS

- · Direct mail
- E-mails
- Meetings

MEDIA

- · Public displays
- Interviews
- · Site visits

STRATEGIC CUSTOMERS

- · Business communications
- Direct mail

NGOs

Community work

CORE SUPPLIERS AND BUSINESS PARTNERS

- Business communications
- · Direct mail

MATERIALITY ASSESSMENT

Luen Thai regularly conducts materiality assessments to identify and prioritize critical sustainability topics impacting business operations. The assessment process involves engaging both internal and external stakeholders to understand their concerns and priorities. Key steps in identifying material topics in partnership with customers and suppliers include:

MATERIALITY ASSESSMENT PROCESS

1. IDENTIFICATION

We begin by identifying sustainability topics using references such as the HKEx ESG Reporting Code, material topics from previous years, ESG ratings, and emerging trends in the market and industry that are relevant to our business strategies.

2. PRIORITIZATION

We gather feedback from our stakeholders through various engagement channels. This feedback helps us understand their perspectives and priorities regarding sustainability topics. Based on the relevance and importance to both the Group and stakeholders, we prioritize the identified topics.

3. VALIDATION

The prioritized material topics are then analyzed and validated by our Sustainability Committee. This step ensures that the selected topics align with our overall sustainability goals and objectives.

4. INTEGRATION

Finally, we integrate the prioritized material topics into our business strategies as necessary. This integration ensures that critical sustainability issues are effectively addressed throughout operations, demonstrating a data-driven commitment to stakeholder priorities and sustainable business practices.

MATERIALITY MATRIX

The materiality matrix has been prepared based on the aforesaid analysis with the 20 sustainability topics under the following three aspects. In 2024, we have expanded our focus from Employee Safety to Occupational Health and Safety, reflecting a comprehensive approach to workforce health and wellness.

ENVIRONMENTAL PROTECTION	LABOR PRACTICES AND COMMUNITY EFFECT	BUSINESS OPERATING PRACTICES
Energy management	Employment and employee benefits	Customer service
Water conservation	Fair recruitment	Responsible production
Exhaust gases and carbon emissions	Occupational health and safety	Procurement and supply chain management
Solid waste management	Comprehensive training	Corporate governance
Climate change	Diversity and inclusion	Information security and personal data protection
	Caring for community	Anti-competitive practices
		Product quality
		Innovation and technology
		Legal compliance

The following material topics have been identified as having substantial financial and operational impacts on Luen Thai. Proactive management of these areas delivers significant long-term business value:

OCCUPATIONAL HEALTH AND SAFETY

Prioritizing employee health and safety delivers immediate operational benefits, a reduction in workplace including accidents and injuries through the implementation of robust protocols and training programs. This approach minimizes absenteeism, turnover, and production disruptions, thereby enhancing operational continuity and overall performance. By actively involving employees in safety initiatives. Luen Thai creates a collaborative culture that strengthens team dynamics and workplace morale. Additionally, maintaining rigorous safety standards ensures regulatory compliance, preventing potential penalties and reputational risks while demonstrating our dedication responsible business practices and building stakeholder confidence.

EMPLOYMENT AND EMPLOYEE BENEFITS

Investment in competitive compensation and benefits packages directly influences our ability to attract and retain top talent, which drives organizational performance and financial results.

ENERGY MANAGEMENT & EXHAUST GASES AND CARBON EMISSIONS

Strategic management of emissions and carbon footprint drives both environmental and operational benefits. Energy-efficient technologies reduce fuel consumption and operating costs, while optimized energy management enhances manufacturing efficiency. Investment in renewable energy sources strengthens operational resilience and mitigates exposure to fuel price fluctuations.

INFORMATION SECURITY AND PERSONAL DATA PROTECTION

Effective data security is critical given our extensive network of customers and suppliers. Any breach of confidential information could expose Luen Thai to significant legal liabilities, regulatory penalties, and stakeholder claims.

PRODUCT QUALITY AND CUSTOMER SERVICE

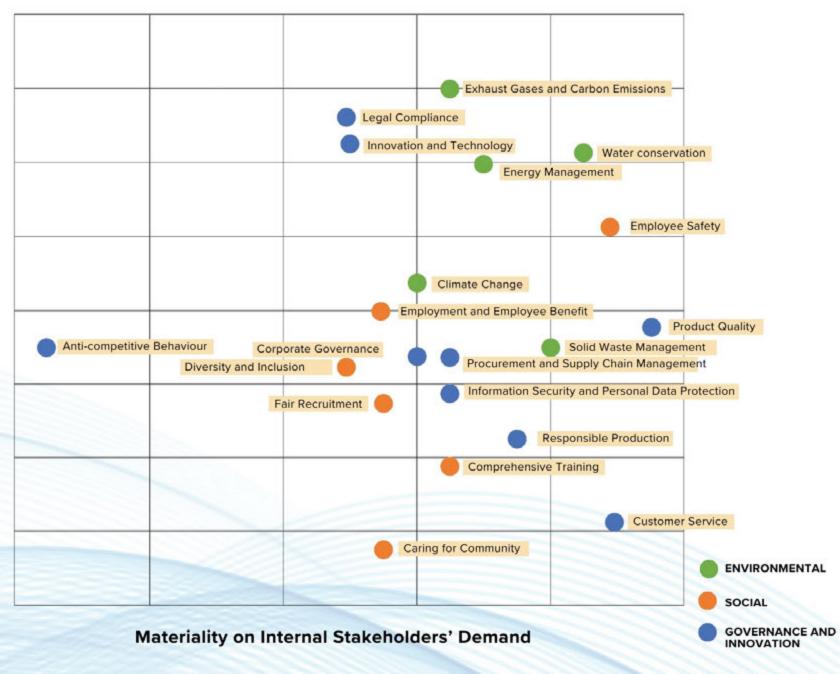
As a leading fashion and lifestyle apparel and accessories manufacturer for renowned brands, maintaining high product quality standards and delivering excellent customer service can lead to greater returns. Through continuous innovation in quality management and service delivery, we strengthen customer relationships and minimize product returns.

RESPONSIBLE PRODUCTION AND LEGAL COMPLIANCE

Responsible manufacturing practices drive operational efficiency while mitigating environmental and compliance risks. Strict adherence to regulatory requirements protects against financial penalties, litigation expenses, and reputational damage that could impact our market position and bottom line.

WATER CONSERVATION

Strategic water management is integral to our operational efficiency and sustainability initiatives across Southeast Asia. Regular infrastructure inspections and proactive maintenance protocols enable early detection of system inefficiencies, preventing water waste and reducing operational costs.









As a leading player in the global apparel and accessories industry, Luen Thai integrates environmental excellence as a cornerstone of our value creation model. Our ecological impacts are meticulously monitored as we respond proactively to industry and societal demands for sustainable development. We maintain strict compliance with all environmental regulations and standards in the regions where we operate. In 2024, we were not aware of any non-compliance with laws and regulations having a significant impact on the Group relating to air and GHG emissions, discharge into water and land, and generation of hazardous and non-hazardous wastes.







ENVIRONMENTAL MANAGEMENT

At Luen Thai, we are introducing an environmental management system with reference to internationally recognized standards across our facilities at our major operations to ensure our markets are taking proactive steps to reduce their carbon footprint and drive positive change across the entire supply chain. Part of our operations in the Philippines, Cambodia, and China have obtained the Higg Index Certification, a standardized framework for assessing and measuring the environmental performance of the apparel and footwear industry. Through the Higg Index, we are able to identify areas that require climate action and take targeted action to mitigate climate change across the supply chain. Some of our operations in China and Cambodia have also obtained the ISO14001 certification, setting up the environmental targets aligned with established policies and procedures.

As responsible apparel and accessories manufacturers, we go beyond regulatory compliance. Our digital transformation strategy and investments in advanced technology serve dual purposes: optimizing production efficiency and advancing sustainable manufacturing practices. We maintain rigorous tracking of carbon emissions and resource utilization to drive continuous improvement. In 2024, our factory in Cambodia achieved the silver certification in the Model Green Factory Programme, reflecting our commitment to sustainability, energy efficiency, and environmentally responsible practices.

STRENGTHENING CLIMATE RESILIENCE (RISK ASSESSMENT)

Luen Thai implements systematic facility-specific climate risk assessments across our production network. By incorporating climate-related risks and opportunities into our enterprise risk management framework, we develop targeted action plans based on comprehensive data. Our annual materiality review and stakeholder feedback process enables precise identification and prioritization of climate risks, informing our mitigation strategies. The following table outlines the key physical and transition risks identified through this assessment process.

CLIMATE

POTENTIAL IMPACT

RESILIENCE MEASURES

TIME HORIZON

PHYSICAL RISK

Disruptions arising from acute and chronic climate events Several of our operational factories and premises are located near coastal areas (e.g. the Philippines) and are more easily exposed to coastal flooding and typhoons. This may threaten operational infrastructure and negatively affect employee health and demand for services.

- Reinforce buildings and implement flood protection measures such as barriers or flood-resilient construction materials
- Develop emergency response plans that outline clear procedures for different scenarios including evacuation protocols and communication channels
- Implement safety measures designed to protect our people in the face of typhoons and coastal flooding by organizing training programs and establishing evacuation routes

Short-Medium Term

Business travel disruptions due to extreme weather events Occurrence of unforeseen natural disasters or extreme weather conditions has the potential to disrupt the business travel of our people, clients, and suppliers.

- Flexible remote work policies that can help mitigate the business travel disruptions caused by weather events
- Contingency plans that account for potential travel disruptions such as exploring alternative meeting formats and leveraging virtual communication channels

Short Term

CLIMATE FACTOR

POTENTIAL IMPACT

RESILIENCE MEASURES

TIME HORIZON

TRANSITIONAL RISK

Policy risk

Non-compliance to regulations and policies may result in reputational damage. The penalties can range from fine and legal actions to the revocation of permits or licenses necessary for business operations. Such consequences may leave direct impact on our financial performance and operational continuity.

- Proactively monitor and comply with the evolving regulatory landscapes
- Engage in continuous dialogue with relevant government agencies, industry associations, and other stakeholders to stay informed about sustainable policies

Medium-Long Term

Reputational risk

With the growing expectation to environmental responsibility from various stakeholders, failure to meet these expectations can erode trust, damage our reputation, and negatively affect our relationship with stakeholders.

- Demonstrate commitment to sustainability and implement effective measures to address climate change
- Report our sustainability initiatives, progress, and achievements with transparency to the public
- Share our information about carbon reduction efforts and promote environmental awareness among employees

Medium-Long Term

TYPES OF OPPORTUNITIES

DESCRIPTION

TIME HORIZON

Resource efficiency through applications of technology

 Achieve lower energy consumption and reduce water intake through innovative solutions that provide greater efficiency

Short-Medium Term

Energy Sources

 Transition to renewable energy sources such as solar power to reduce our carbon footprint, aligning with the effort to combat climate change

Short-Medium Term

"SUSTAINABILITY
THRIVES ON DATA-DRIVEN
DECISIONS—BY LEVERAGING
INSIGHTS, WE OPTIMIZE
RESOURCES, REDUCE IMPACT,
AND DRIVE LASTING POSITIVE
CHANGE."

AIR EMISSION AND OTHER POLLUTANT CONTROL

Our primary air emissions - Nitrogen Oxides (NOx), Sulfur Oxides (SOx), and Particulate Matter (PM) - originate from our company vehicle fleet. Luen Thai is committed to actively managing these emissions to maintain at an acceptable level in compliance with requirements of the emission permits and local regulations. Air emission permits are routinely renewed with supporting laboratory test documentation in accordance with local government requirements. In 2024, we achieved significant reductions in air emissions by relocating factories closer to customers and adopting electric vehicles, which led to decreased fuel consumption and shorter travel distances.

Effective control of noise, light pollution, and dust is crucial for compliance with relevant regulations and protecting our workforce's health. We have obtained noise permits as required by local government regulations. In the Philippines, workplace environmental monitoring (WEM) is implemented to monitor noise, illumination, and dust levels. We have established a Preventive Maintenance Schedule (PMS) to conduct regular inspections and ensure these environmental factors are maintained within acceptable levels.

AIR EMISSION 2024 2023 NOx 2,133 kg 6,731 kg SOx 4.42 kg 10.94 kg PM 202.85 kg 337.83 kg

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

ENERGY MANAGEMENT

We implement customized emission and energy reduction strategies across our diverse business portfolio. Guidelines on reducing energy consumption, greenhouse gas emissions management, energy saving and water saving management set out the detailed requirements and initiatives to be implemented by the Group.

Educational programs equip employees with practical energy conservation methods for daily operations. The Correcting Usage Behavior Training program addresses inefficient habits through demonstrations, workshops, and coaching sessions. These integrated initiatives optimize energy consumption while cultivating a sustainability-focused culture where personnel actively participate in conservation efforts.

ENVIRONMENTAL CONSERVATION TRAINING RECORD



Number of Training Hours:

29,306



Percentage of Total Training Program:

35%



Number of Employees Trained 6,198



Percentage of Employees Trained:



REDUCING ENERGY USAGE

Energy saving management involves the implementation of effective strategies and policies to manage energy consumption, including regular audits, identifying areas of high usage, and adopting energy-saving technologies and equipment. We continue to invest in energy-efficient equipment such as new air conditioning systems and steam-drying rooms. We replaced individual small boilers with a centralized steam supply system to significantly improve energy usage efficiency. We incorporated variable speed drives in exhaust fans, washing machines, and underground water extractor motors. This enables us to have greater control over energy consumption by adjusting the speed of these high-rated motors based on specific requirements. We also replaced several sewing machines with servo motors across Cambodia. The advanced motor systems deliver reduced energy consumption while providing cost-effective installation and extended operational lifespans. The implementation of energy-efficient servo motors resulted in lower power usage, decreased operational costs, and enhanced production sustainability. Sensor-activated lighting systems in office washrooms and walkways ensure illumination only when needed. Strategic skylight placement throughout the facility maximizes natural light usage, minimizing artificial lighting requirements and reducing energy consumption. In 2024, our Cambodia factory installed solar spotlights and a skylight roof along with fences.

Daily compliance checks monitor adherence to energy conservation protocols, with enforcement measures in place. Sub-metering data collection and analysis identifies specific areas for energy efficiency improvements, enabling targeted conservation strategies. In China, our Industrial Engineering department tracks the usage status of automative machines on a monthly basis, resulting in a 15% increase in sewing efficiency in 2024. These measures demonstrate Luen Thai's commitment to energy reduction and environmentally responsible manufacturing.

"ENERGY EFFICIENCY
ISN'T JUST COSTSAVING—IT'S KEY TO
BUILDING A SMARTER,
MORE SUSTAINABLE
MANUFACTURING
FUTURE."

HARNESSING CLEAN ENERGY SOURCES

The Group maintains a steadfast commitment to expanding renewable energy solutions in response to the critical need for climate action. Since 2022, solar energy projects are launched across multiple regions to expand renewable energy utilization in operations. The solar PV system powers essential production components, including exhaust and blower fans. A factory in Cambodia implemented a hybrid system featuring battery storage and an automatic transfer switch, enabling seamless transitions between grid and solar power based on operational needs. Factories in China and Cambodia implemented rooftop solar panels, generating 1,176,553 kWh in 2024. This increased renewable energy production reduces carbon emissions while delivering operational cost savings. On the other hand, our operations in Cambodia aim to purchase 3,200 MWh international Renewable Energy Certificates (i-RECs) each year, a testament to our commitment in transitioning to renewable energy and offsetting carbon emissions.

In addition, we have deployed electric vehicles across our manufacturing facilities for business operations and deliveries, reducing our dependence on fossil fuels and cutting down emissions.

INDIRECT ENERGY CONSUMPTION



Compared to 2023, the Group achieved a 4% reduction in electricity consumption and a 3% decrease in electricity intensity, driven by ongoing energy-saving initiatives and the use of renewable energy sources.

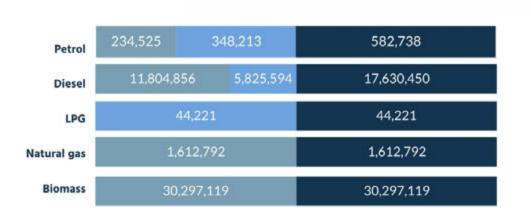
DIRECT ENERGY CONSUMPTION

(kWh)

Apparel Accessories Overall

2 0 2 4

2 0 2 3 *



392,539	4	110,536	803,075
22,862,148 8,374,661		8,374,661	31,236,809
19,952	52 58,717		78,669
1,901,096		6	1,901,096
22,395,676		6	22,395,676

DIRECT ENERGY CONSUMPTION INTENSITY

(kWh / unit of production)

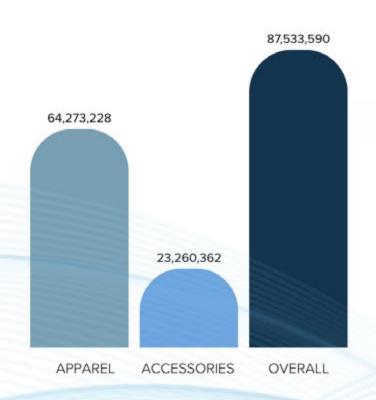
1.2332 0.7063 1.1288 1.2955 1.1413 1.2687

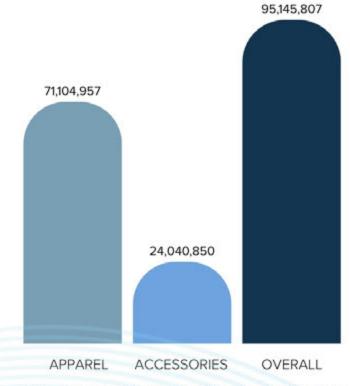
*Due to improved data tracking, the 2023 data is updated to allow for meaningful comparison of data over time, where applicable.

TOTAL ENERGY CONSUMPTION (kWh)

2 0 2 4

2 0 2 3 *





*Due to improved data tracking, the 2023 data is updated to allow for meaningful comparison of data over time, where applicable.

BOILER FUEL



The Group has recorded a 14% increase in boiler fuel consumption and a 15% increase in boiler fuel intensity as compared to 2023. This increase was primarily due to replacement of boiler which requires more fuel to generate the steam.

GREENHOUSE GAS EMISSION CONTROL

To support China's "dual carbon" goal of reaching carbon peaking before 2030 and achieving carbon neutrality by 2060 as well as meeting our five-year environmental target of reducing the Scope 1 and 2 emission intensity by 15%, Luen Thai drives greenhouse gas (GHG) reductions through digital solutions and targeted sustainability initiatives. We are deploying energy-efficient equipment and incorporating renewable energy sources throughout our operations. Some of our factories located in Cambodia and the People's Republic of China (PRC) installed solar panels or solar-powered streetlights to utilise renewable energy. To ensure compliance with relevant national standards and evaluate the effectiveness of these initiatives, we conducted regular carbon audit of our GHG emissions. Our Cambodia operation performed a carbon audit during the year to support the development of our decarbonization program as well as participation of the Higg Index and Global Recycled Standard (GRS) standard verification.

The Group's direct GHG emissions (Scope 1) primarily stem from two sources: stationary boiler fuel and consumption, including diesel, natural gas and biomass, and mobile fuel usage. Compared to 2023, our Group has seen a 35% decrease in Scope 1 emissions and a 9% increase in Scope 2 emissions. The decrease in Scope 1 emissions is largely attributable to reduction in boiler diesel usage in Philippines factory due to the decrease in production order. The increase in Scope 2 emissions was mainly contributed by the higher emission factor for Cambodia.



Note 1: 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.

Note 2: References for the calculation of our Scope 1 and Scope 2 emissions include the Appendix 2: Reporting Guidance on Environmental KPIs under "How to Prepare an ESG Report" released by HKEx, International Energy Agency latest guidelines, database of national greenhouse gas emission factor, and the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard.

TOTAL GHG EMISSION INTENSITY

(kgCO2e/unit of production)



*Due to improved data tracking, the 2023 data is updated to allow for meaningful comparison of data over time, where applicable.

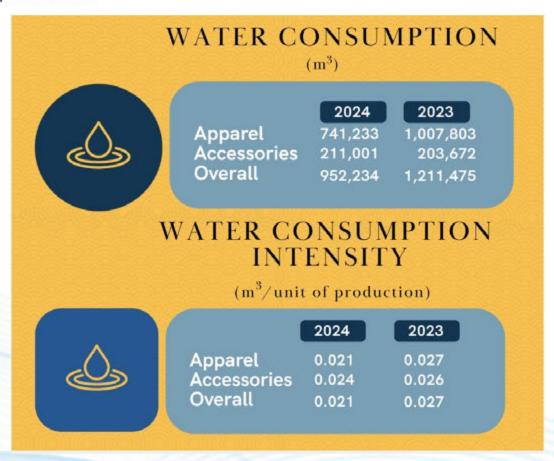
Note 3: Total GHG emission intensity is calculated by total Scope 1&2 emission over total production units. Scope 3 emission was not included for disclosure in this aspect.

WATER CONSERVATION

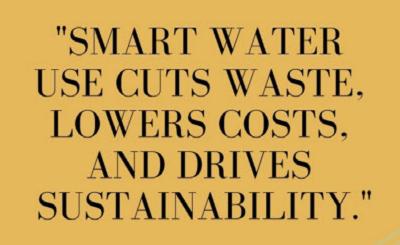
Luen Thai's commitment to water conservation is demonstrated through various water management practices. The Group has implemented water-efficient technologies to reduce the water usage during production. For details, please refer to the Innovation and Technology section. Appliances are installed to reduce per-garment freshwater consumption and increase recycled water usage across facilities. In Cambodia, Luen Thai is upgrading office water fixtures by replacing traditional non-aerated faucets (12L/min flow rate) with single-handed aerated faucets (3.44L/min flow rate). We also installed additional rainwater harvesting systems at our facilities, enabling rainwater collection for non-potable uses and reducing freshwater consumption.

One of the factories in China has water meters installed since 2023 to maintain rigorous oversight of water consumption. Our dedicated teams conduct daily inspections and maintain detailed documentation of water consumption patterns. This monitoring enables us to quickly identify leaks, inefficiencies, or potential wastage, allowing for prompt corrective actions and optimization of our water usage.

To strengthen our water conservation initiatives, our employees participate in learning sessions that cover practical water-saving methods and best practices. Regular refresher courses ensure that conservation practices remain a key focus in our operational procedures.



As compared to 2023, the Group recorded 21% decrease in water consumption and water intensity. The decrease in water usage can primarily be attributed to business restructuring, facility renovation, and water saving measures.



NATURAL AND RAW MATERIALS CONSUMPTION

Luen Thai manages natural and raw materials responsibly throughout operations while maintaining customer quality standards to minimize our impact to the ecosystem. Through active collaboration with clients and suppliers, we select materials based on environmental impact, social responsibility, and quality requirements to minimize our ecological footprint and advance industry sustainability.

Some of our operations exclusively use materials that are certified by established sustainability standards for recycled materials including Recycled Claim Standard (RCS), Global Recycled Standards (GRS), and Responsible Wool Standard (RWS). These certifications validate our commitment to traceable recycled content, responsible production processes, and ethical animal treatment, ensuring our products meet rigorous environmental and ethical standards, while protecting the natural resources from our forests and lands.

In China and Cambodia, selected factories have obtained the RCS certification and are certified as GRS factories by a third party, validating our use of recycled materials in production. We have dedicated teams to maintain daily records of receiving recycled materials from suppliers. Our sustainable manufacturing processes incorporate various recycled blends, including 100% recycled post-consumer polyester, 82% recycled post-consumer polyester with 18% elastane, 65% recycled post-consumer polyester with 35% cotton, and 98% recycled post-consumer polyester with 2% elastane. These material choices support resource conservation while meeting product quality standards.

PACKAGING MATERIALS

Carton Box and Paper

2024: 4,057 tonnes 2023: 3,865 tonnes





Plastic

2024: 941 tonnes 2023: 882 tonnes



2024: 34 tonnes 2023: 54 tonnes





Total Consumption

2024: 5,032 tonnes 2023: 4,801 tonnes

Total Consumption Intensity

2024: 0.11 kg per unit of production

2023: 0.11 kg per unit of production

The amount of packaging materials used depends on customers' specific requirements. In 2024, the usage of packaging materials remained at a similar level to that of 2023. To uphold our commitment to environmental stewardship, we provided handling training for employees to minimize packaging defects and procured sustainable, lighter-weight packaging materials.

Since 2018, our *BringYourOwnBottle* initiative has encouraged employees and visitors to use reusable drink containers across our offices and factory locations, fostering a culture of waste reduction. We fully implemented the "No disposable bottles allowed" policy in most of our factories in Cambodia, the Philippines, and the PRC. In 2024, approximately 4.4 million bottles were saved, although the data varies depending on the number of employees.



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

WASTE MANAGEMENT

Luen Thai is committed to implementing robust waste management procedures across its operations. We maintain strict compliance with both local and international standards through systematic policy reviews and thorough audits to ensure responsible waste disposal practices. Our continuous assessment and enhancement of waste management protocols reflect our dedication to reducing environmental impact and advancing sustainability goals. We strictly comply with regional hazardous waste regulations, including China's Prevention and Control of Environmental Pollution by Solid Wastes and the Philippines' legislative framework encompassing the Ecological Solid Waste Management Act and Toxic Substances, Hazardous and Nuclear Waste Control.

WASTE MANAGEMENT

CHEMICAL AND WASTEWATER MANAGEMENT

We intensified our commitment to eliminating hazardous chemical discharge from our manufacturing operations to reduce environmental and health risks. Our initiatives focus particularly on minimizing volatile organic compounds (VOCs) usage while maintaining strict adherence to REACH (Registration, Evaluation, Authorization, and Restriction of Chemicals) Regulation standards. This regulatory framework guides our identification and management of hazardous substances, ensuring responsible usage within established legal parameters. We maintain stringent protocols for chemical safety in our facilities through comprehensive control measures. Hazardous substances are secured in designated locked storage facilities, accessible only to specially trained personnel. These systematic safety measures protect our workforce while mitigating chemical-related risks.

Our Cambodia facility has launched a strategic waste diversion initiative in partnership with Chip Mong Ecocycle, a certified Industrial Waste Management Company, converting textile waste into energy resources. This program supports our environmental goals to achieve zero discharge of hazardous waste by reducing landfill impact and decreasing dependency on conventional energy sources. We also implemented a comprehensive waste tracking system across our Cambodian operations to monitor waste generation throughout the production process. This data-driven approach enables precise identification of waste reduction opportunities and targeted improvement strategies.

Our business units have developed their wastewater management policy with respect to regional regulatory requirements, defining the treatment method for domestic and industrial wastewater as well as the responsible officer to manage and monitor wastewater discharge. Factories that discharge industrial wastewater have obtained permits or authorization from local governments. All industrial wastewater undergoes treatment in our dedicated sewage treatment facilities prior to discharge. Domestic wastewater without hazardous substance is directed to municipal treatment facilities for centralized processing. Regular wastewater quality testing is conducted by accredited third parties at our major facilities at least once a year. In China, one of our facilities is equipped with wastewater pre-treatment systems to maintain strict compliance with discharge regulations. In accordance with local government requirements, we conduct quarterly regulatory inspections of our water treatment operations. Additionally, we have installed real-time monitoring systems at all wastewater discharge points to continuously verify that effluent quality meets or exceeds both local regulatory requirements and international environmental standards.



WASTE MANAGEMENT

GENERAL WASTE MANAGEMENT

The Group is committed to minimizing waste generation and increasing waste recycling throughout our operations by working closely with our business units to develop a waste management policy. In Cambodia, a Waste Accountable Officer is appointed to supervise the overall waste disposal, handling process, and the implementation of training and audit programs. The Infection Prevention and Control Team is involved in developing procedures for infection control, which includes waste segregation and sharps management.

Through strategic partnerships with certified recycling companies, we maintain effective waste recovery programs for materials including paper, plastic, and thread cones generated by our operations. These collaborations ensure proper waste segregation, processing, and recycling, converting potential landfill waste into reusable resources within the production cycle.

Our material recovery program focuses on collecting and sorting cartons, yarn cones, plastic packaging, and rejected materials from finished goods for resale or reuse. This circular economy approach extends material lifecycles and reduces new packaging requirements, enhancing overall resource efficiency.

WASTE REDUCTION APPROACH





A notable decrease in non-hazardous waste is mainly attributable to one Philippine factory due to more disposal of outdated machinery in 2023. Additionally, strategic relay outing of lighting fixtures reduce the usage of fluorescent tubes in a factory in Cambodia, leading to the decrease in hazardous waste.

"MINIMIZING
WASTE IS ABOUT
EFFICIENCY,
RESPONSIBILITY,
AND CREATING VALUE
THROUGH CIRCULAR
SOLUTIONS."

GREEN INITIATIVES

FABRIC CLIPPINGS RECYCLING ACTIVITY

To address the increasing need to minimize waste and embrace sustainability in the textile industry, we collected the fabric clippings/scrap fabric and converted them into products in the Philippines. After thoroughly cleaning and inspecting the chosen fabrics for durability, we repurpose them into eco-friendly table and chair covers. This recycling process allows us to maximize material usage and reduce landfill waste.



GREEN INITIATIVES

EMPLOYEE ENGAGEMENT IN GREEN INITIATIVES

Environmental conservation is a core aspect of Luen Thai's commitment to sustainable development. The Group encourages our employees to participate in various activities to raise their awareness in nature protection. In the Philippines, we participated in Coastal Clean-Up and Tree Planting volunteer activities. The Coastal Clean-Up initiative focused on removing litter and debris from beaches, helping to protect marine life and preserve the natural beauty of our coastlines. Meanwhile, the Tree Planting activity emphasized the importance of reforestation and the role of trees in combating climate change, preserving biodiversity, and maintaining healthy ecosystems.

In Hong Kong and Mainland China offices, initiatives like Earth Hour and one-hour garbage clean-up along the Yalu River actively promote environmental awareness and encourages employees to take part in preserving natural resources. Additionally, HK office's sponsorship and participation in both the Lai See Reuse and Recycling Program 2024 and the Mooncake Boxes Recycling Program 2024 further reinforce this commitment by raising employee awareness, reducing festival-related waste, and fostering a culture of sustainability within the company.



BIODIVERSITY

Biodiversity is an invaluable asset to our planet. It is evident that protecting biodiversity ensures sustainable operations, as it is essential in providing clean air, water, and a stable earth system. In the Philippines, we maintain a Biodiversity Protection System, which has obtained the Environmental Compliance Certificate ("ECC") issued by the Department of Environment and Natural Resources-Environmental Management Bureau (DENR-EMB). The system implements key environmental policies including hazardous waste management through the Material Recovery Facility, strategic tree planting initiatives under the ESG program, regular effluent and emission monitoring, and regular reporting to DENR-EMB for regulatory compliance.

In 2024, we demonstrated our environmental commitment by participating in the World Earth Day Clean-Up Drive along Clark-Mabalacat-Angeles Road in partnership with the Environmental Practitioners Association, Clark Development Corporation (CDC), and Clark Water Corporation. Our ongoing engagement in environmental governance is reflected through active participation in key meetings, including the EPA General Assembly in August 2024, where we renewed our membership and planned advanced training programs, followed by sessions on updated waste management guidelines and CDC's transition plans for residual waste handling within the Freeport Zone in September 2024.



BUSINESS PILLAR



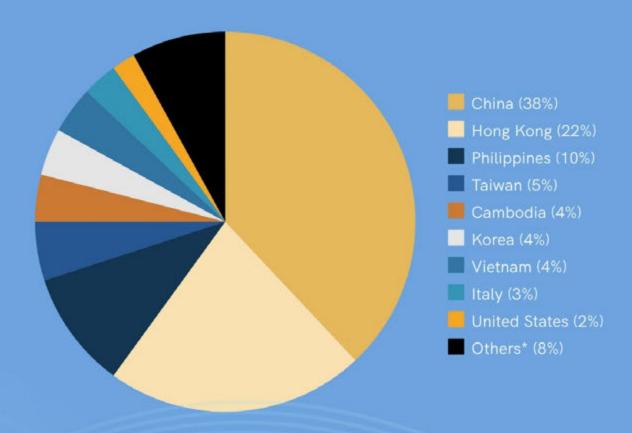


In today's dynamic business landscape, our commitment to operational excellence extends beyond the traditional business model to encompass sustainable and responsible practices. Through rigorous supply chain oversight, unwavering quality standards, customercentric approaches, and technological innovation, we continue to strengthen our market position while creating lasting value for our stakeholders. Our integrated business strategy emphasizes transparency, efficiency, and continuous improvement across all operational facets, from sourcing to final delivery.

SUPPLY CHAIN MANAGEMENT

As a responsible manufacturer, we prioritize building trusted relationships with our suppliers. Supported by our supplier management policy and supplier selection mechanism, we are committed to embedding a sustainable culture in the supply chain.

In 2024, our global supply chain comprised 1,473 suppliers spanning 33 countries and regions, providing critical materials and services for our manufacturing operations.



*Others include American Samoa, Bangladesh, Brazil, British Virgin Islands, Bulgaria, France, India Indonesia, Japan, Macau, Malaysia, Mexico, Myanmar, Netherlands, Pakistan, Panama, Samoa, Singapore, Sri Lanka, Switzerland, Thailand, Turkey, United Arab Emirates, United Kingdom

SUPPLIER RISK ASSESSMENT

Luen Thai conducts supplier evaluations for both new and existing partners to identify and manage potential environmental and social risks across our supply chain. All new suppliers must undergo screening based on established supplier assessment criteria as part of our corporate procurement policy. For strategically significant suppliers, we implement additional evaluations focusing on key social responsibility metrics, including business ethics, labor practices, workplace safety standards, and product stewardship. Selected suppliers undergo annual evaluation based on various criteria including product quality, delivery schedule, price competitiveness, product/service availability and range, promptness in executing our supplier instruction, social and environmental compliance, and support on green purchasing. This systematic risk assessment framework strengthens supply chain integrity while advancing social and environmental responsibility throughout our procurement operations.

LUEN THAI SUPPLIER RISK ASSESSMENT

SUPPLIER ASSESSMENT CRITERIA

Organizational management responsibility as demonstrated in Code of Conduct, compliance training, and procedures in place to implement timely corrective actions for deficiencies.

Human rights and fair working conditions as demonstrated in established policies that prevent forced/child labor or discrimination of any form. Certification in place related to health and safety (e.g. ISO 45001, ANSI Z10, CSA Z1000, BS 18004, OSHA VPP).

Environmental responsibility and sustainability as demonstrated in environmental policies, goals, and targets. Certifications in place related to responsible production (e.g. ISO 14001, RC 14001, EMAS).

Business integrity as demonstrated in programs in place to prevent corruption and conflict of interest. Legal compliance status with applicable regulations under labor and social law in the country of deployment.

Export control system in place covering trade restrictions (e.g. dual use goods, goods on commerce control lists).

Intellectual property rights, trade secrets, and data protection.

Commitment and contractual obligation with labor/employment and business ethics laws and regulations.

Formal corrective actions in place of any violations regarding the aforementioned topics, along with effective grievance procedure.

EVALUATION OUTCOME

- Only qualified suppliers who have obtained a certain score are allowed for further engagement in business.
- Based on the nature and location of the suppliers, the scope of supplier assessment criteria could be further expanded to include more aspects than others.
- Selection and procurement priority is given to suppliers who have acquired globally recognized standards on environmental management (e.g. ISO 14001) or health and safety (e.g. ISO 45001).

PRODUCT QUALITY MANAGEMENT

We deliver high-quality, safe, and dependable products to our global customer base through rigorous adherence to quality standards. Our operations strictly comply with local regulations and requirements of global customers to minimize social and legal risks throughout the supply chain. Our manufacturing processes meet internationally recognized certifications, including the Organic Content Standard (OCS) and Global Recycled Standards (GRS), validated by Control Union certification. In 2024, one of our business units in Cambodia has obtained the Good Manufacturing Practices (GMP) certification.

Throughout our manufacturing process, we maintain rigorous quality control measures and systematic testing protocols at each critical production phase. Our commitment to excellence covers the entire product life cycle from product design and raw material selection to customer feedback review after delivery, guided by strict internal quality assurance policies set out by business units. In our major China operations, the quality assurance manuals are developed with reference to the ISO 9001 Quality Management System standard. This approach ensures our products meet or exceed environmental and safety regulations while maintaining superior quality standards.

Building on our quality assurance framework, our Quality Department implements inspection protocols based on our Work-in-Process Inspection principles. Every incoming raw material undergoes thorough quality control testing before entering our production facilities. Materials meeting our stringent specifications advance to manufacturing, while non-conforming materials are promptly identified and managed through established protocols. Our data-driven approach utilizes advanced quality control instruments to analyze any quality deviations, enabling swift corrective measures that maintain production efficiency and ensure timely delivery commitments.

As a final quality checkpoint, all finished products undergo independent verification before customer delivery. We partner with accredited external testing agencies and utilize customer-approved internal laboratories to conduct product inspections following the testing method and requirements set out by our customers. This third-party validation process serves as our ultimate quality gateway, verifying that the finished product meets required quality and safety standards.

CUSTOMER SATISFACTION MANAGEMENT

The Group strives to enhance the customer experience through appropriate management. Business units set up their own customer management processes including handling of customer requirements, customer feedback, and remediation arrangements, where applicable. Customer feedback remains central to operational excellence. Our effective communication channels foster strong relationships with partners, clients, and stakeholders. Through collecting and analyzing customer feedback, we continuously evaluate and enhance our products and services. The resulting market insights and strengthened business partnerships deliver higher client satisfaction and longterm value creation. In Cambodia, customer satisfaction surveys are conducted annually, and we received 100% rate of customer satisfaction in 2024.

Group-wide training enables staff to address customer concerns promptly and professionally, with formal responses delivered within established timeframes. Through detailed complaint analysis and swift corrective actions, including product recalls when necessary, potential impacts are minimized. Management receives detailed investigation reports of customer concerns, driving continuous improvement initiatives and strategic enhancements. In 2024, Luen Thai's commitment to product health and safety was evident, with no major product recalls occurring. The Group recorded seven complaints concerning packing accuracies, all of which were properly resolved. In addition, the Quality Assurance department enhanced the standards for packing accuracy, while the Production Department introduced new tagging and packing procedures to minimize complaints.

Following established quality control protocols, the identified concern received immediate management attention and resolution. Swift implementation of corrective measures addressed the root cause and prevented recurrence. This responsive approach aligns with ongoing quality assurance initiatives and reinforces the commitment to product excellence and customer satisfaction.

The Group prioritizes the protection of customer intellectual property rights and trade secrets.

Compliance extends across multiple jurisdictions, including Hong Kong's Cap. 528 Copyright Ordinance, China's Protection of Customer Rights and Interests Law, and the Philippines' Intellectual Property Code.

"CUSTOMER
SATISFACTION IS
BUILT ON TRUST,
RESPONSIVENESS, AND
A RELENTLESS
COMMITMENT TO
QUALITY."

Luen Thai's confidentiality framework incorporates policies and procedures to prevent unauthorized disclosure of suppliers and customers information. Our information security measures align with key data protection regulations, including Hong Kong's Personal Data (Privacy) Ordinance (Chapter 486) and the European Union General Data Protection Regulation. The information security framework includes targeted access controls, with email and file access restrictions limiting correspondence to designated customers and suppliers. A role-based authorization system ensures that only authorized personnel from relevant departments can access sensitive information on a need-to-know basis. During the reporting period, we did not receive any complaints related to the breach of customer privacy.

INNOVATION AND TECHNOLOGY

Luen Thai strives for sustainable innovation and technological advancement by adopting state-of-the-art technology with environmental responsibility in its manufacturing process. A cornerstone of our strategy is our investment in NTX™ technology, specifically the NTX™ Cooltrans waterless coloring system. This innovative technology transforms traditional fabric dyeing processes by dramatically reducing water, energy, and chemical consumption. The significant environmental advantages of this system directly support our mission to reduce our environmental impact.

Our technology integration extends to the combination of Artificial Intelligence (AI) with our NTX™ platform, demonstrating our dedication to operational excellence. Al technology enhances manufacturing processes by enabling quick responses to market shifts and consumer preferences. This integration optimizes our supply chain efficiency while minimizing waste and maintaining product quality standards.



Beyond NTX™ Cooltrans, we have also implemented HeatTranX technology, an advanced digital printing solution that surpasses conventional screen-printing methods. HeatTranX provides unlimited color options and flexible production quantities, which can significantly reduce water usage, energy consumption, and chemical waste, reinforcing our commitment to sustainable manufacturing practices.

Additionally, we are actively expanding our on-demand manufacturing (ODM) and build-to-order capabilities and our Original Brand Manufacturing (OBM) program. These initiatives directly address industry waste by eliminating overproduction.

Our Original Brand Manufacturing (OBM) strategy represents a key element in our technology and innovation roadmap. This business model transformation emphasizes speed, efficiency, and environmental responsibility.

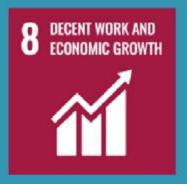
The implementation of a 14-day Direct-to-Consumer (D2C) model reduces inventory waste and maximizes resource efficiency. This rapid-response system supports our goal of minimizing overproduction, a significant environmental challenge in the fashion industry.

Supporting our on-demand and build-toorder approach, we have launched a nearshoring initiative, beginning with a strategic partnership with a U.S. university for technology exchange and collaboration. This strategy enables production closer to consumer markets, improving supply chain efficiency and reducing environmental impact.

Through strategic investments in NTX™ technology, HeatTranX, AI integration, OBM, ODM, and near-shoring initiatives, Luen Thai continues to demonstrate its commitment to technological innovation and environmental sustainability.









At Luen Thai, the well-being, safety, and happiness of our employees are fundamental to our success. We are committed to fostering a diverse and inclusive culture that respects, values, and connects individuals across our workforce. Moving forward, we will continue to prioritize mental health and well-being while addressing any barriers that may hinder opportunities, ensuring a supportive and thriving workplace environment for all.

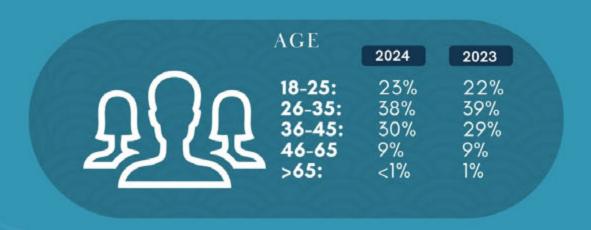
DIVERSITY AND INCLUSION

At Luen Thai, we recognize the value that diversity brings and are committed to fostering an inclusive culture across all the countries where we operate. Our robust policies are designed to eliminate discrimination and uphold the rights of all employees, with a strong focus on ensuring fair treatment, equitable pay, and benefits for women. In 2024, no cases of discrimination based on race, religion, gender, nationality, age, pregnancy, or disability were raised in relation to recruitment, training, salaries, or promotions, underscoring our dedication to equality. By reminding employees of policies and procedures through notice boards, we foster a positive and inclusive workplace, preventing all forms of discrimination and ensuring a safe, welcoming environment for everyone.



This dedication is reflected in our leadership representation with male-to-female ratio of 62:38 spanning 16 nationalities across four age groups. By prioritizing diversity and equality, we continue to attract talents from 10 countries, building a workplace where every individual feels respected and empowered.

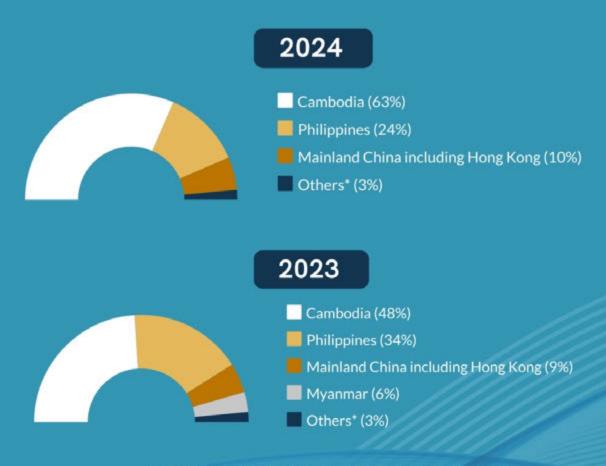
EMPLOYEE PROFILE



GENDER

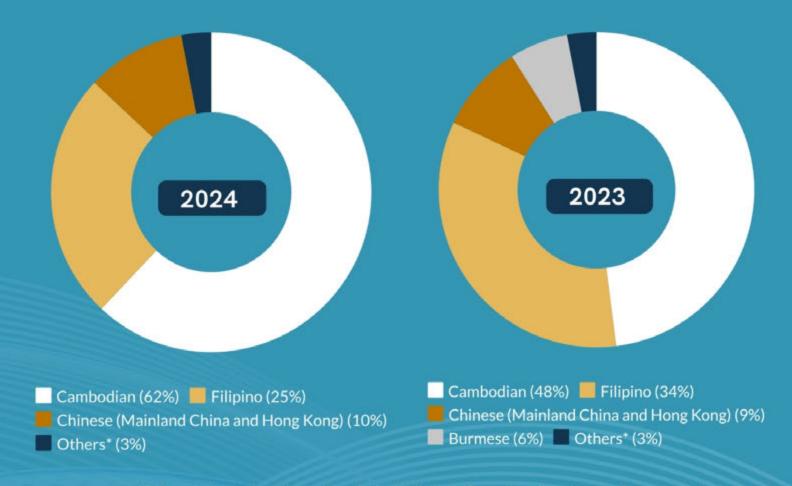


EMPLOYEES BY GEOGRAPHICAL REGION



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

EMPLOYEES BY NATIONALITY



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

PRACTICING FAIR BUSINESS AND EMPLOYMENT PRACTICES

At Luen Thai, we are deeply committed to practicing fair business and employment standards by strictly adhering to labor laws and regulations in all the regions where we operate. Our recruitment, promotion, and dismissal processes fully comply with guidelines such as the Employment Ordinance in Hong Kong, the Labor Law of the People's Republic of China, the Labor Code of the Philippines, and Cambodian Labor Law, as well as other country-specific regulations. We ensure that work schedules, breaks, and holidays comply with national requirements, and we provide a range of allowances, including legally mandated benefits, seniority incentives, hospitalization assistance, meals, and transportation, depending on necessity, position, or performance. To support our female employees, breastfeeding facilities are also available at select factory sites, reflecting our commitment to employee well-being. We ensure our staff remains informed about fair labor rights by prominently displaying them on notice boards.

In 2024, our global workforce decreased by approximately 12%, from 31,393 employees in the previous year to 27,563. This reduction was primarily due to the economic challenges, which led to difficult but necessary decisions, including temporary closure of operations in Myanmar. These actions, while challenging, were essential to maintaining a cost-competitive and sustainable future for the Group and ensuring the well-being and stability of our remaining employees.

EMPLOYEE TURNOVER

BY GENDER

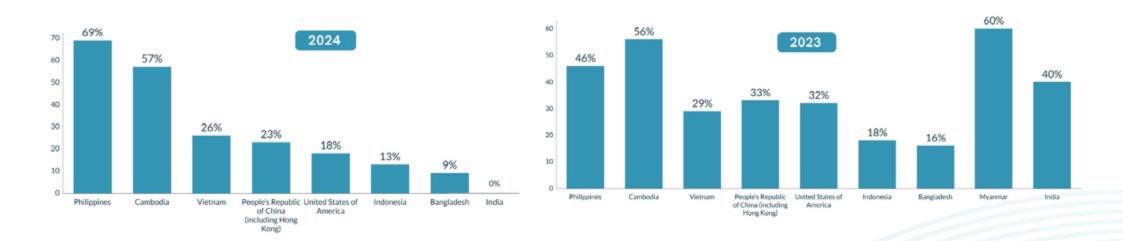


BY AGE



EMPLOYEE TURNOVER

BY GEOGRAPHICAL REGION



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, 2024 and December 31, 2024.

Note 2: The total number of separated employees encompasses both voluntary and involuntary departures, as well as instances where employees, particularly within the direct labor group, exited during specific periods of the year and were subsequently re-employed. The utilization of seasonal employees is prevalent in Cambodia and China.

Note 3: High turnover rates for Cambodia and the Philippines are mainly due to downsizing as a result of company restructuring.

Note 4: Operations in Myanmar is temporarily closed from October 2024

"EMPOWERING OUR PEOPLE IS
AT THE HEART OF OUR
SUCCESS—THROUGH SKILLS
ALIGNMENT, CAREER
DEVELOPMENT, AND A
CULTURE OF INCLUSION, WE
HELP OUR TEAMS THRIVE IN
AN EVOLVING INDUSTRY."

TREATING OUR PEOPLE WITH DIGNITY AND RESPECT

At Luen Thai, we are committed to fostering a workplace where every individual is treated with dignity and respect, guided by the principles of the International Labor Organization conventions and the United Nations Universal Declaration of Human Rights. To ensure fairness, we have established a robust management system with clear policies, regular monitoring, and employee surveys. Confidential communication channels are also available for employees to report grievances, which are thoroughly investigated with full confidentiality. By the end of 2024, no cases of legal non-compliance or discrimination were identified, reflecting our dedication to a fair and respectful workplace.

We maintain a zero-tolerance policy against child labor, forced labor, human trafficking, and modern slavery, strictly adhering to local laws such as the Employment Ordinance in Hong Kong, the Labor Law of the People's Republic of China, and the Labor Code of the Philippines. Recruitment processes include meticulous verification of identification documents to ensure the legal working age of employees. In 2024, no incidents of child labor or forced labor were reported across our operations, showcasing our commitment to protecting human rights and upholding ethical practices.



We are committed to supporting employees' rights to freedom of association and collective bargaining, while also addressing their concerns effectively and ensuring their voices are heard. We are committed to addressing employee concerns effectively and ensuring their voices are heard. To streamline grievance handling, we have installed anonymous grievance boxes in accessible areas, allowing employees to submit their concerns discreetly. Additionally, employees can seek support through various channels, including union representation, direct communication with the grievance handling committee, engagement with HR, or via internal or external platforms such as social media and phone. These options ensure that every issue is addressed promptly and transparently, fostering trust and a respectful workplace.

Our policies ensure employees can freely form or join unions, participate in collective bargaining, and engage in peaceful assemblies or strikes without fear of retaliation. We also respect the choice of employees who opt out of such affiliations. These efforts reflect our commitment to creating an inclusive and empowering workplace that upholds the rights and freedom of all employees.



UPSKILLING XO PEOPLE

At Luen Thai, we are dedicated to fostering a cohesive culture that empowers employees to enhance their skills and capabilities through access to appropriate tools, resources, and learning opportunities. This commitment is reflected in the creation of an environment where employees are motivated to continuously grow and strengthen their skillsets. Central to this effort is Luen Thai's culture of striving for excellence and continuous betterment, which drives us to be eXtraOrdinary and empowers our people to embody being "eXtraOrdinary daily". We focus on developing strong team players who recognize their strengths and weaknesses, strive for self-improvement, and work collaboratively to support and complement one another as a team.

Since 2019, we have implemented the 7 XO Habits program, inspired by Stephen Covey's The 7 Habits of Highly Effective People. This initiative helps employees become more effective individuals and team players.

"AT LUEN THAI, GROWTH FUELS EXCELLENCE THROUGH CONTINUOUS LEARNING." Luen Thai's commitment to staff development and career progression is demonstrated through strategic school and LGU partnerships, the On-the-Job Training (OJT) program for college students, and professional networking opportunities, all aimed at preparing individuals for successful careers. Additionally, the XO LEAD program provides line leaders with a comprehensive learning experience through experiential activities, role-play, discussions, and outdoor training, ensuring they develop the skills needed for leadership and long-term career growth.

In addition to this, we design and deliver targeted learning programs to equip employees with the skills necessary to perform their work efficiently and safely. Training plans are developed annually, tailored to the needs of employees based on their roles, work history, skills matrix, and specific requests. By the end of 2024, the Group conducted training programs for 5,884 participants, totaling 15,631 training hours, demonstrating our commitment to upskilling and professional development across the organization.

DEVELOPMENT AND **TRAINING**

Female



Number of **Employees Trained**

> 4,438 1,446



Proportion of Employees Trained

> 23% 18%



Total Training Hours

11,179 4,452



Avg. Training Hours per Trained **Employee**

3

Male

Number of **Employees Trained**



Proportion of Employees Trained

> 20% 33% 70% 84%



Total Training Hours

12,080 2,161 1,027 363



Avg. Training Hours per Trained **Employee**

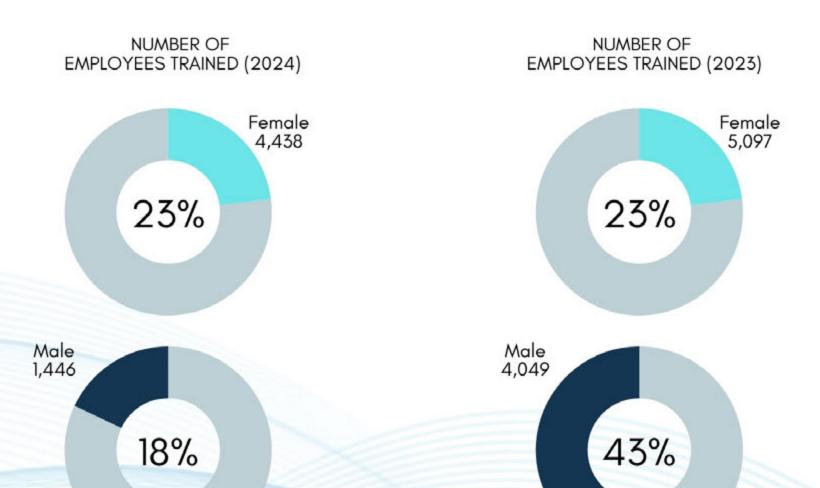
2348

Rank & File

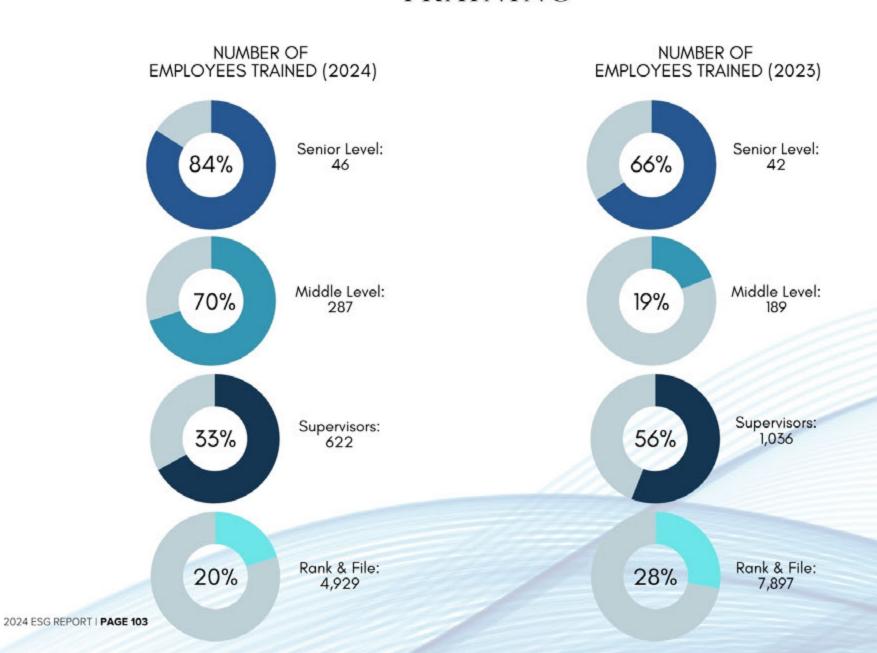
Supervisors Middle Level

Senior Level

DEVELOPMENT AND TRAINING



DEVELOPMENT AND TRAINING

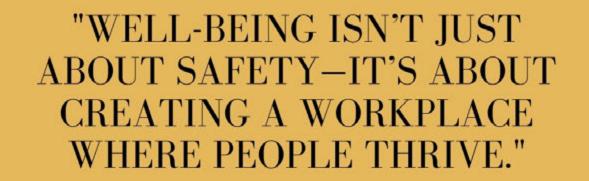


EMPLOYEE HEALTH AND WELL-BEING

COMPLIANCE MANAGEMENT

At Luen Thai, the health and well-being of our employees is a cornerstone of our operations. We adhere to stringent international occupational safety and health standards, including the Occupational Safety and Health Ordinance in Hong Kong, the Prevention and Treatment of Occupational Diseases Law in China, and the Occupational Safety and Health Standards Act in the Philippines, alongside other region-specific regulations. Protocols are in place for managing fire safety, emergency responses, chemical handling, personal protective equipment, occupational health checks, first aid, and accident management. Compliance is ensured through regular internal and external audits, as well as self-assessments conducted by our business units, which promptly implement corrective actions when necessary.

Demonstrating our commitment to workplace safety, selected facilities in China and Cambodia have achieved ISO 45001 or OHSAS 18001 certification for their occupational health and safety management systems. By the end of 2024, no major legal non-compliance related to occupational health and safety was reported across the regions where we operate, underscoring the effectiveness of our practices and dedication to a safe working environment.



EMPLOYEE HEALTH AND WELL-BEING

OCCUPATIONAL HEALTH AND SAFETY

At Luen Thai, the health, safety, and overall well-being of our employees remain a fundamental priority, reflected in our comprehensive approach to occupational health and safety. Our dedicated health and safety committee plays a vital role in this effort by conducting regular inspections and audits to ensure compliance with applicable regulations. This proactive involvement helps us identify potential risks early and implement corrective and preventive measures to maintain a safe working environment for everyone.

We prioritize employee health and safety by investing in regular preventive maintenance of machinery and equipment, ensuring a safe working environment, providing personal protective equipment (PPE) to minimize workplace hazards, and conducting health and safety training programs, equipping employees with the knowledge and tools to perform their duties safely and efficiently.

EMPLOYEE HEALTH AND WELL-BEING

OCCUPATIONAL HEALTH AND SAFETY

Training is a cornerstone of our occupational health and safety strategy. In 2024, we continued to invest in training to elevate our employees' safety and health. In China, safety management personnel and special equipment personnel are offered to participate in government mandated trainings and obtain operation certificates. These training programs are designed not only to meet compliance requirements but also to embed a culture of safety within our workforce. By equipping employees with the knowledge and skills they need to work safely and responsibly, we empower them to actively contribute to a secure workplace, helping to prevent accidents and injuries.

Emergency preparedness and risk management are also integral to our health and safety framework. Our detailed emergency plans are regularly updated and reviewed to ensure their effectiveness in addressing a wide range of scenarios, from natural disasters to security threats. We conduct frequent emergency drills to reinforce readiness and ensure all employees are familiar with the necessary procedures and protocols. We prioritize risk assessment across our operations and regularly share insights with employees through meetings and training sessions to keep everyone informed and prepared. These measures reflect our commitment to minimizing risks and ensuring the safety of our people in any situation.



Our diligent efforts in occupational health and safety have yielded positive outcomes. Over the past three years, there have been no work-related fatalities, which demonstrates the effectiveness of our policies and practices. While we recorded some incidents in 2024, resulting in 671 lost workdays due to work injuries or occupational diseases, these figures highlight the importance of our continuous improvement efforts to further enhance workplace safety.

We also recognize the importance of fostering a balanced and healthy lifestyle for our employees. This commitment is evident in the regular health-related activities we organize, the access we provide to health professionals, and the availability of recreational facilities. Additionally, cultural and social activities promote a sense of belonging and camaraderie, creating a supportive and engaging work environment. These initiatives are crucial to ensuring not only the physical safety of our employees but also their mental and emotional well-being, reflecting our dedication to their holistic welfare.

LUEN THAI XO EMPLOYEE BENEFITS AND WELLNESS INITIATIVE

The Group actively improves our compensation and benefits system, striving to build a differentiated pay structure that aligns with job responsibilities and capabilities, considers market competitiveness, and links to performance outcomes. The Group has established a salary and compensation policy that strictly complies with national and local government laws regarding employee compensation and benefits. The compensation packages exceed minimum wage standards, including a basic salary, discretionary bonuses, and various allowances while social security and housing funds are offered in China.

At Luen Thai, employee well-being is a core focus, exemplified by the "XO GOOD, FEEL GOOD" campaign launched in May 2022. This initiative has become central to our efforts to build a healthy and resilient workforce, particularly as we navigate the challenges of the post-pandemic era. By prioritizing both physical and mental health, we aim to rebuild and strengthen the "psychological capital" of our employees, fostering a positive, supportive, and thriving work environment.

During the year, we have provided physical examination to over 6,000 employees, covering 23% of employees across our operations in China, Philippines, and Cambodia. We ensure that health and well-being of our employees remain a central focus, embodied in our long-term XO Wellness Program. This initiative reflects our dedication to creating a supportive and thriving work environment, empowering employees to prioritize their physical and mental health. In 2024, the effectiveness of these efforts was demonstrated by the Group's impressive Year-To-Date (YTD) cumulative sick leave absenteeism rate at an average of 1.7%, highlighting the tangible benefits of our "XO GOOD, FEEL GOOD" initiatives.

As part of this commitment, we continuously refine our approach to ensure our programs align with the evolving needs and preferences of our diverse workforce. By fostering a culture of wellness that extends beyond the workplace, we aim to provide employees with the resources and support the need to take ownership of their health and build a more resilient workforce.

COMMUNITY PILLAR





We are dedicated to creating a positive impact within our communities through our XO Care for Community Plan. This initiative focuses on nurturing the next generation and fostering a culture of volunteerism among our employees, encouraging them to contribute to the greater good. As a responsible corporate citizen, we collaborate with like-minded organizations to organize volunteering activities and provide donations to support those in need, reinforcing our commitment to making a meaningful difference in the communities we serve.

SUSTAINABLE COMMUNITY DEVELOPMENT

Luen Thai is committed to fostering sustainable community development through its XO Care for Community initiative, which focuses on raising employee awareness and encouraging active participation in serving the broader community. By collaborating with customers, vendors, nongovernmental organizations, academic institutions, and local governments, the Group ensures that its efforts are impactful and far-reaching. Health awareness is a key priority, with campaigns and sponsorships aimed at promoting well-being in local communities. Through monetary donations and active partnerships, Luen Thai works to address pressing social needs and enhance the quality of life for those it serves. We donated over HKD50,000 to charitable organizations during the year.

Supporting vulnerable groups is another cornerstone of Luen Thai's community development efforts. Our factories in Cambodia regularly donate 100 packs of 50 kg of rice to pagodas and other charitable organizations to provide consistent aid to those in need. Additionally, the Group organizes initiatives such as elderly-respecting activities during the Chongyang Festival and Mid-Autumn Festival, where employees visit elderly communities to share joy, bring gifts, and foster a sense of care and inclusion. These activities reflect Luen Thai's dedication to building strong, compassionate connections within the communities where we operate.

Further reinforcing our commitment to social responsibility, Luen Thai actively participates in the "Pink Walk" 2024, an annual fundraising event organized by the Hong Kong Breast Cancer Foundation. Through this initiative, the company raises employee awareness on breast health while supporting breast cancer research, patient care, and advocacy. By engaging in these meaningful programs, Luen Thai continues to make a positive and lasting impact on our community.

Luen Thai's participation in the New Territories Marathon 2024 and the SKECHERS Friendship Walk Hong Kong 2024 highlight our commitment to employee well-being and sustainable community development. By promoting a healthy and active lifestyle, fostering teamwork, and encouraging participation in fitness events, Luen Thai continues to support a vibrant and engaged workforce as well as strengthening community connections.





Participants (including non-staff) 2024: 106



Beneficiaries

Families 2024: 16 2023: 0

Individuals 2024: 60 2023: 2,065

Charitable 2024: 0 Organizations 2023: 2

"WE BELIEVE IN CREATING OPPORTUNITIES BEYOND BUSINESS—WHETHER THROUGH EDUCATION, SPORTS, OR MENTORSHIP, OUR COMMITMENT TO COMMUNITY DEVELOPMENT REMAINS STRONG."

EMPOWERING THE YOUTH: INVESTING IN THE NEXT GENERATION

At Luen Thai, we believe that empowering young people is fundamental to building a stronger, more sustainable future. Through education, sports, and skills development, we create opportunities that help shape the next generation into capable, resilient individuals.

Our commitment to youth empowerment is deeply embedded in our XO CARE for Community initiatives, where we continue to support education and sports programs that provide young talents with mentorship, training, and real opportunities to excel. These efforts are not just acts of goodwill—they are investments in shaping future leaders, professionals, and changemakers.



CREATING PATHWAYS THROUGH SPORTS

Sports remain a cornerstone of our youth empowerment efforts. Our partnerships with TSL Foundation in Hong Kong and Mainland China, Tuloy Football Club in the Philippines, and XO United Football Club in Cambodia provide underprivileged young athletes with access to training, mentorship, and international exposure. These programs go beyond the game—they instill discipline, teamwork, and resilience, shaping individuals who can thrive both on and off the field.



In 2024, Tuloy Football Club made headlines as five of its players proudly represented the Pinay5 Futsal national team, while its women's team secured a remarkable fourth consecutive High 5 Women's League title. Meanwhile, XO United Football Club continued to serve as a launching pad for young talent, with its Under-14 players competing in the International Under-14 Football Youth Cup. These milestones underscore how corporate commitment can create meaningful opportunities for youth, opening doors to global exposure and career pathways.

BRIDGING THE GAP THROUGH EDUCATION AND SKILLS DEVELOPMENT

Beyond sports, we recognize that education and skills training are critical for creating equal opportunities. Through mentorship programs, scholarship support, and vocational training, we equip young individuals with the skills they need to thrive in an evolving industry. Our initiatives focus on building competencies in areas such as sustainable manufacturing, digital integration, and leadership—ensuring that the youth are not just prepared for the present but also positioned for long-term success.

Our employees also play an active role in these efforts, volunteering their time and expertise to mentor young minds through our "iServe.iGive Back" program. By fostering a culture of giving and mentorship, we reinforce our belief that small, intentional actions can create lasting impact.



A FUTURE BUILT ON SHARED GROWTH

Empowering the youth is more than a social commitment—it reflects Luen Thai's belief in building a better future for all. These efforts also align with our broader commitment to equality, especially in creating opportunities for young women to grow, lead, and thrive in their communities and beyond.



GOVERNANCE PILLAR







At Luen Thai, strong governance is the backbone of our sustainability efforts, ensuring transparency, accountability, and ethical business practices across all levels. We go beyond compliance by fostering a culture of integrity, strengthening risk management, and embedding sustainability into decision-making. With a focus on board oversight, corporate policies, and data security, we align business goals with stakeholder trust —driving long-term resilience and responsible growth.

BOARD OF DIRECTORS

As of 31 December 2024, the Board of Directors comprised five executive Directors (including the Chairman of the Board), one non-executive Director, and three independent non-executive Directors. The independent non-executive Directors made up one-third of the Board, which ensured compliance with Rule 3.10(A) of the Listing Rules. This strong independence element within the composition of the Board supports balanced decision-making and effective governance.

We recognise the importance of diversity within the Board of Directors and believe that fostering diversity and inclusion at this level is vital for maintaining a competitive advantage. A diverse Board benefits from a range of skills, regional and industry experiences, backgrounds, races, genders, and other qualities, which are carefully considered to achieve an optimal composition. All Board appointments are based on merit, with candidates evaluated objectively against clear criteria while also having due regard for the advantages of diversity.

To support the goal of achieving cultural diversity, the Nomination Committee monitors the effectiveness of measurable objectives and reports annually to the Board. Policies are regularly reviewed, and any updates are disclosed in the Annual Corporate Governance Report, which is published on the Company's website. Where deficiencies are identified, the Board proactively acts on proposed changes to address these issues and ensure continuous improvement in governance practices.

The Board is firmly committed to sustainability and integrates Environmental, Social, and Governance (ESG) objectives into the Company's business strategies. It assumes overall responsibility for the governance and oversight of major ESG issues, including the assessment and management of material environmental and social risks and opportunities. This commitment reinforces the Board's role in driving corporate responsibility and creating long-term value for stakeholders.

Sustainability-related risks and opportunities are managed in alignment with the Company's corporate values, which include environmental stewardship, social impact, and workplace diversity and inclusion. The Board reviews significant corporate strategies, policies, and initiatives, providing guidance to strengthen stakeholder engagement and ensure sustainability efforts are aligned with broader business objectives.

The Board ensures that relevant policies are in place to facilitate timely responses to ESG matters through communication with the Management Board and the Sustainability Committee. The Management Board, which includes senior executives and board members, meets at least three times a year to review progress on sustainability initiatives. The Sustainability Committee reports directly to the Board on ESG matters related to policies and practices within operations. Additionally, the Board and designated team members review and approve the annual ESG Report to ensure it aligns with the Company's business strategy and complies with applicable laws and regulations.



SUSTAINABILITY GOVERNANCE STRUCTURE

Luen Thai is dedicated to upholding the highest ethical standards and promoting responsible governance to cultivate a corporate culture built on accountability, transparency, and integrity. By aligning with regulatory requirements and industry best practices, the Company ensures effective oversight and implements well-defined processes, systems, and frameworks. These efforts enable Luen Thai to achieve its strategic goals, create long-term value for stakeholders, and support sustainable initiatives such as developing ecofriendly factories, protecting the rights and well-being of employees, customers, and the community, and enhancing its corporate reputation.

The Company's governance framework is fully compliant with the provisions of the Corporate Governance Code as outlined in Appendix C1 of the Hong Kong Stock Exchange Listing Rules. Further information regarding these governance measures is available in the "Corporate Governance Report" featured in the Group's 2024 Annual Report, underscoring Luen Thai's commitment to maintaining strong governance and transparency.

To support our sustainability vision, Luen Thai has established a resilient governance structure that underpins its integrated top-down sustainability framework. This structure enables effective management across all organizational levels, ensuring the incorporation of ESG strategies and the identification and management of climate-related risks and opportunities. It is closely aligned with the Company's sustainable development roadmap, fostering a coordinated approach to driving sustainability objectives and delivering long-term benefits to stakeholders.

SUSTAINABILITY COMMITTEE

At Luen Thai, the Sustainability Committee is responsible for formulating and executing the Group's sustainability strategies, focusing on three key pillars: our people, the community, and the environment. The Committee sets performance objectives aligned with the Group's sustainability roadmap, which includes identifying and addressing climate-related risks and opportunities, evaluating and refining sustainability strategies, and tracking progress towards ESG performance targets.

To achieve these objectives, the Committee provides regular updates to the Board regarding significant ESG developments and initiatives. By frequently engaging with senior executives, the Committee gains valuable insights to enhance the effectiveness of sustainability strategies and bolster stakeholder engagement, ensuring alignment with the Group's overarching goals.

The Committee also plays a critical role in ensuring that business practices promote a culture of respect, diversity, inclusion, and purpose. In 2024, key items discussed and communicated within the Committee reflected this commitment, contributing to the successful integration of sustainability principles across the organization.

ETHICS MANAGEMENT

Luen Thai complies with all relevant anti-corruption legislation, including the Cap. 201 Prevention of Bribery Ordinance in Hong Kong, the Criminal Law of the People's Republic of China, and the Anti-Graft and Corrupt Practices Act in the Philippines. The Group has implemented an anti-corruption framework designed to address risks such as bribery, fraud, extortion, and money laundering. Clear policies and procedures have been developed for employees, suppliers, and contractors, with communication efforts ensuring all parties are aware of their obligations. Any confirmed breaches of these policies are met with decisive action, which may include the termination of employment or contracts.

The Group firmly opposes commercial bribery and industry monopolies. We actively promote fair market competition and support the industry's healthy development through principles of fairness, justice, and transparency. The Group reported a firm zero-tolerance stance on bribery and corruption. Policies related to bribery, gifts, and entertainment are in place to provide clear guidelines on expected behavior and to help identify and address any potential issues. These policies are reviewed and updated regularly to ensure alignment with the latest regulatory requirements and legal standards. This approach reflects the Group's commitment to maintaining high ethical standards within its operations.

Luen Thai has also implemented a whistleblowing policy to enhance transparency and accountability. The policy allows employees, customers, suppliers, and business partners to report any suspected or actual misconduct. A dedicated email channel has been set up for this purpose, and all cases are investigated confidentially by the internal audit team. The results of these investigations, along with follow-up actions, are reported regularly to the Audit Committee to ensure proper governance.

In addition, the Company has reported further measures to encourage employees to report unethical behavior or corruption without fear of reprisal. A hotline, "Talk To Us," is available for employees to raise concerns or submit complaints, which are reviewed by HR and senior management. Where necessary, investigations are escalated, with other departments or external parties involved in resolving the issue. By the end of 2024, it was confirmed that no legal cases related to corrupt practices had been concluded.

To strengthen ethical awareness, Luen Thai provides anti-corruption training as part of its employee induction program. New hires receive guidance on the Company's policies, with additional workshops and training sessions offered to ensure employees remain informed about updates and changes. These efforts demonstrate the Group's commitment to fostering a culture of integrity and ethical business practices. In 2024, a total of 10,509 employees (38% of full-time employees) within the Group participated in the integrity and anticorruption related workshops totaling 18,630 training hours.

ABOUT THIS REPORT

Luen Thai integrates transparency and social responsibility into its business operations, aiming to maximize customer value and experience, nurture employee potential, protect the environment, and contribute to the community in alignment with its core corporate values. These principles underpin the Group's commitment to sustainable development across all aspects of its operations.

The 2024 Environmental, Social, and Governance ("ESG") Report (the "Report") highlights Luen Thai's ongoing efforts and performance in promoting sustainability throughout the reporting period from 1 January to 31 December 2024 ("2024"). This period aligns with the financial year covered in the Group's 2024 Annual Report. Where relevant, references to information from the previous reporting period have been included for continuity and context.

REPORTING BOUNDARY

The Report outlines Luen Thai's Environmental, Social, and Governance (ESG) management approach, key sustainability milestones, and material topics relevant to its global apparel and accessories business operations. It provides a comprehensive overview of the Group's commitment to sustainability across its business activities.

The scope of the Report includes the Group's global apparel and accessories operations, covering locations within the People's Republic of China (PRC), including the headquarters in Hong Kong Special Administrative Region (HKSAR), as well as 20 other operational sites spanning Bangladesh, Cambodia, India, Indonesia, Myanmar, the Philippines, and the United States of America (USA). This ensures that the Report captures a holistic view of the Group's worldwide operations.

The collection, validation, and analysis of environmental data have been managed by the Group's ESG Team, with additional engagement and support provided by a third-party specialist consultant to facilitate the process. This collaborative approach ensures the accuracy and reliability of the data presented in the Report.

REPORTING STANDARDS

The Report is prepared in accordance with the Environmental, Social and Governance Reporting Code under Appendix C2 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (HKEx ESG Reporting Code).

As part of the Group's ongoing sustainability initiatives to align with global ESG reporting indicators, we also referred 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

The 2024 ESG Report aligns with the HKEx ESG Reporting Code to ensure transparent and high-quality disclosures of the Group's ESG performance and initiatives.

MATERIALITY

Regular materiality assessments, guided by stakeholder engagement and the Board of Directors, identify key ESG priorities, providing investors and stakeholders with clarity on the Group's focus areas.

QUANTITATIVE

Disclosures are based on internationally recognized methodologies. Measurable KPIs and defined targets allow for impact assessment and validation of ESG policies. Data is supported by narratives explaining its purpose, impacts, and comparative context where relevant.

BALANCE

The Report presents an objective and impartial overview of the Group's sustainability performance during the reporting period. Care is taken to avoid any selection, omission, or presentation bias that could unduly influence readers' decisions or judgments, adhering to the principle of balanced reporting.

CONSISTENCY

Consistent methodologies and clear explanations of assumptions enable meaningful comparisons of ESG data over time.

PERFORMANCE DATA SUMMARY

ENVIRONMENTAL DATA

WATER CONSUMPTION (m³)



	2024	2023
Apparel	741,233	1,007,803
Accessories	211,001	203,672
Overall	952,234	1,211,475

WATER CONSUMPTION INTENSITY

(m³/unit of production)



	2024	2023
Apparel	0.021	0.027
Accessories	0.024	0.026
Overall	0.021	0.027

PACKAGING MATERIALS





2024: 4,057 tonnes 2023: 3,865 tonnes



Plastic

2024: 941 tonnes 2023: 882 tonnes

Others* • 2024: 34 tonnes 2023: 54 tonnes





Total Consumption

2024: 5,032 tonnes 2023: 4,801 tonnes

Total Consumption Intensity

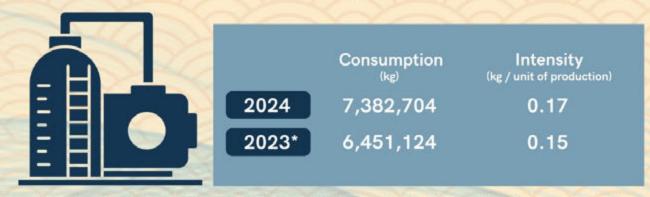
2024: 0.11 kg / unit of production 2023: 0.11 kg / unit of production

*Others - packaging tape



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

BOILER FUEL



*Due to improved data tracking, the 2023 data is updated to allow for meaningful comparison of data over time, where applicable.

AIR EMISSION

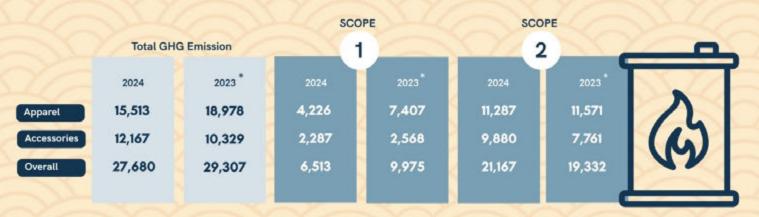


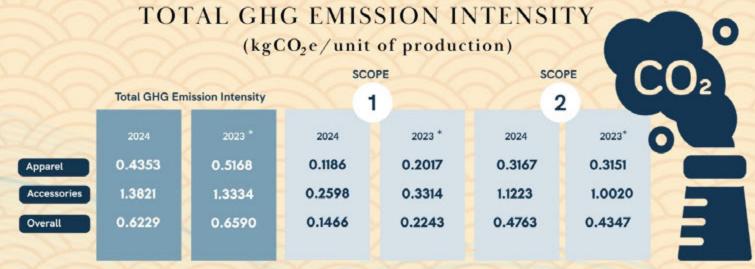
Note: Air emission is calculated based on "How to prepare an ESG Report. Appendix 2: Reporting Guidance on Environmental KPIs" published by HKEx.

WASTE GENERATION



TOTAL GHG EMISSION (tCO₉e)





^{*}Due to improved data tracking, the 2023 data is updated to allow for meaningful comparison of data over time, where applicable.

Note 1: 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.

Note 2: References for the calculation of our Scope 1 and Scope 2 emissions include the Appendix 2: Reporting Guidance on Environmental KPIs under "How to Prepare an ESG Report" released by HKEx, International Energy Agency latest guidelines, database of national greenhouse gas emission factor, and the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard.

Note 3: Total GHG emission intensity is calculated by total Scope 1&2 emission over total production units. Scope 3 emission was not included for disclosure in this aspect.

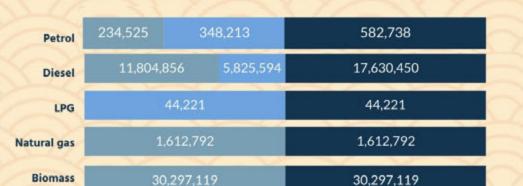
DIRECT ENERGY CONSUMPTION

(kWh)

Apparel Accessories Overall

2024

2023 *



392,539	410,536	803,075	
22,86	2,148 8,374,661	31,236,809	
19,952	58,717	78,669	
1	,901,096	1,901,096	
22,395,676		22,395,676	

DIRECT ENERGY CONSUMPTION INTENSITY

(kWh / unit of production)

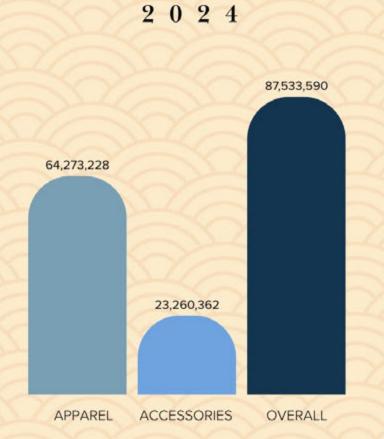
1.2332 0.7063 1.1288 1.2955 1.1413 1.2687

*Due to improved data tracking, the 2023 data is updated to allow for meaningful comparison of data over time, where applicable.

INDIRECT ENERGY CONSUMPTION



TOTAL ENERGY CONSUMPTION (kWh)





*Due to improved data tracking, the 2023 data is updated to allow for meaningful comparison of data over time, where applicable.

EMPLOYEE PROFILE

BY EMPLOYMENT TYPE

Employment Type	2024	2023
Full -time	27,561	31,392
Part-time	2	1

BY AGE GROUP



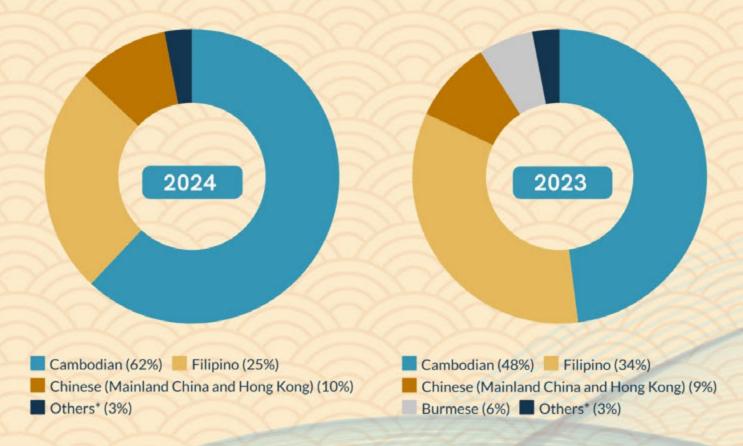


GEOGRAPHICAL REGION



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

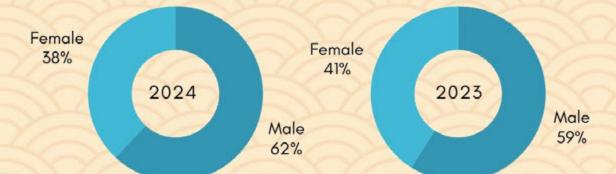
NATIONALITY



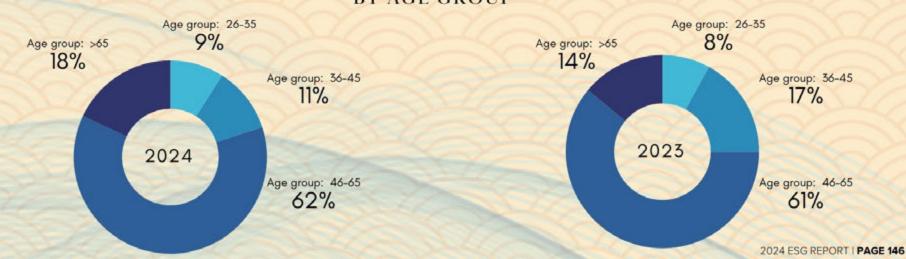
^{*} Others include American, Bangladeshi, British, Canadian, Dominican, German, Indian, Indonesian, Japanese, Malaysian, Mexican, New Zealander, Pakistani, Singaporean, Sri Lankan, Taiwanese, Turkish, and Vietnamese.

PERCENTAGE OF DIRECTOR OR ABOVE LEVEL

BY GENDER

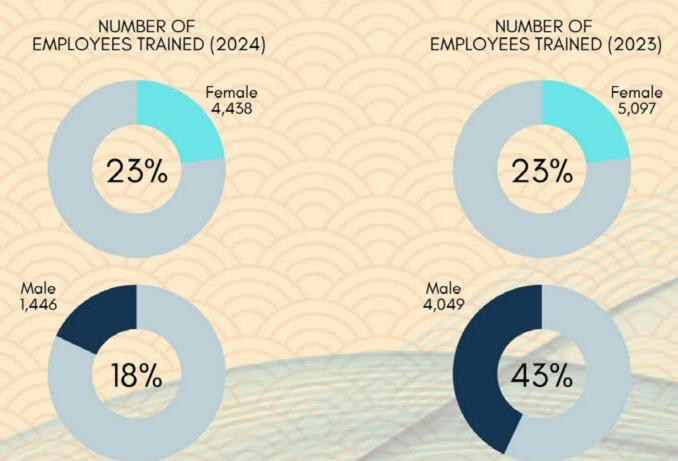


BY AGE GROUP

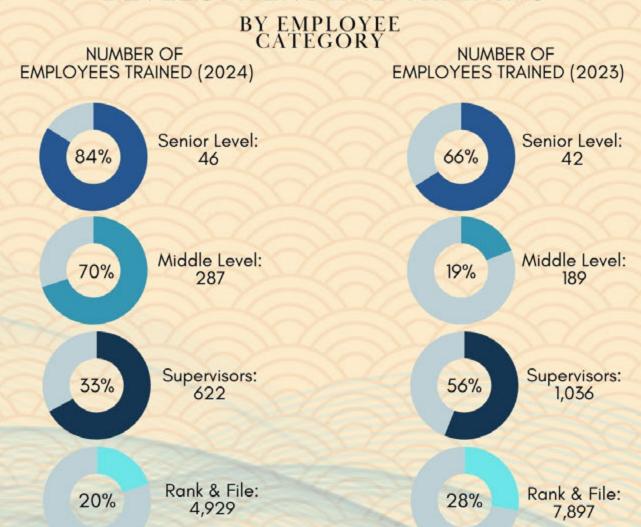


DEVELOPMENT AND TRAINING

BY GENDER



DEVELOPMENT AND TRAINING



DEVELOPMENT AND TRAINING

BY GENDER 2023 2024 **Total Training Hours Total Training Hours Avg. Training Hours Avg. Training Hours** per Trained per Trained Employee Employee 21,114 11,179 4,452 12,627 3

Female Male

BY EMPLOYEE CATEGORY

2024 2023 Avg. Training Hours **Total Training Hours Total Training Hours** Avg. Training Hours per Trained per Trained **Employee Employee** 26,301 12,080 4,644 2,161 1,027 3 4 8 2,731 14 363 66

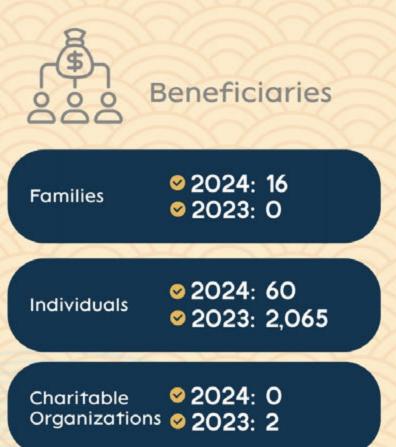
Rank & File Supervisors Middle Level Senior Level



Events 2024: 4 2023: 3

Hours 2024: 95 2023: 298

Participants (including non-staff) 2024: 106



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

APPENDICES

HKEX ESG REPORTING CODE INDEX

Material Aspect	Content	References and 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.	Environmental Pillar
A1.1	The types of emissions and respective emissions data.	Air Emission and Other Pollutant Control
A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity.	Greenhouse Gas Emission Control, Environmental Data
A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity.	Waste Management, Environmental Data
A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity.	Waste Management, Environmental Data
A1.5	Description of emission target(s) set and steps taken to achieve them.	Our Five-Year Targets, Greenhouse Gas Emission Control, Energy Management
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.	Our Five-Year Targets, Waste Management

Content	References and Remarks
Policies on the efficient use of resources, including energy, water and other raw materials.	Environmental Pillar
Direct and/or indirect energy consumption by type in total (kWh in '000s) and intensity.	Energy Management, Environmental Data
Water consumption in total and intensity.	Water Conservation, Environmental Data
Description of energy use efficiency target(s) set and steps taken to achieve them.	Our Five-Year Targets, Energy Management
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
Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Natural and Raw Materials Consumption
Natural Resources	•
Policies on minimising the issuer's significant impacts on the environment and natural resources.	Environmental Pillar
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
ž.	
Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Environmental Pillar
Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Strengthening Climate Resilience (Risk Assessment)
	Direct and/or indirect energy consumption by type in total (kWh in '000s) and intensity. Water consumption in total and intensity. Description of energy use efficiency target(s) set and steps taken to achieve them. 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. Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced. d Natural Resources Policies on minimising the issuer's significant impacts on the environment and natural resources. Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them. Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.

Material Aspect	Content	References and Remarks	
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.	People Pillar	
B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	Employee Profile	
B1.2	Employee turnover rate by gender, age group and geographical region.	Practicing Fair Business and Employment Practices	
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	
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 Training and Develop	B3 Training and Development		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Upskilling XO People	
B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Upskilling XO People	
B3.2	The average training hours completed per employee by gender and employee category	Upskilling XO People	

Material Aspect	Content	References and Remarks
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
B4.1	Description of measures to review employment practices to avoid child and forced labor.	Treating Our People with Dignity and Respect
B4.2	Description of steps taken to eliminate such practices when discovered.	Treating Our People with Dignity and Respect
B5 Supply Chain Manag	ement	
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Supply Chain Management
B5.1	Number of suppliers by geographical region.	Supply Chain Management
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.	Supply Chain Management
B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Supply Chain Management
B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Supply Chain Management
B6 Product Responsibil	ity	
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 Quality Management
B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Customer Satisfaction Management
B6.2	Number of products and service related complaints received and how they are dealt with.	Customer Satisfaction Management

Material Aspect	Content	References and Remarks
B6.3	Description of practices relating to observing and protecting intellectual property rights.	Product Quality Management, Customer Satisfaction Management
B6.4	Description of quality assurance process and recall procedures.	Product Quality Management, Customer Satisfaction Management
B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored	Product Quality Management, Customer Satisfaction 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, how they are implemented and monitored.	Ethics Management
B7.3	Description of anti-corruption training provided to directors and staff.	Ethics Management
B8 Community Investme	ent	
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.	Community Pillar
B8.1	Focus areas of contribution (e.g. education, environmental concerns, labor needs, health, culture, sport).	Community Pillar
38.2	Resources contributed (e.g. money or time) to the focus area.	Community Pillar

GRI CONTENT INDEX

And a second sec	Luen Thai Holdings Limited has reported the information cited in this GRI content index for the period from 1st January 2024 to 31st December 2024 with reference to the GRI Standards.
GRI used	GRI 1: Foundation 2021

GRI 2: GENERAL DISCLOSURES 2021

GRI Standard	Disclosure	References and Remarks
The organization and i	ts reporting practices	
2-1	Organizational details	CEO Message, About Luen Thai, Our Vision and Targets, Our Sustainability Strategy Framework
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	Due to improved data tracking, the 2023 emission and energy data is updated to allow for meaningful comparison of data over time where applicable.
Activities and workers		
2-6	Activities, value chain and other business relationships	Supply Chain Management, Annual Report 2024 – Management Discussion & Analysis
2-7	Employees	People Pillar
2-9	Governance structure and composition	Governance Pillar
2-10	Nomination and selection of the highest governance body	Governance Pillar, Annual Report 2024 – Corporate Governance Report

GRI Standard	Disclosure	References and Remarks
2-11	Chair of the highest governance body	Governance Pillar, Annual Report 2024 – Corporate Governance Report
2-12	Role of the highest governance body in overseeing the management of impacts	Governance Pillar, Annual Report 2024 – Corporate Governance Report
2-13	Delegation of responsibility for managing impacts	Governance Pillar
2-14	Role of the highest governance body in sustainability reporting	Sustainability Committee
2-15	Conflicts of interest	Annual Report 2024 – Corporate Governance Report
2-16	Communication of critical concerns	Governance Pillar
2-17	Collective knowledge of the highest governance body	Annual Report 2024 – Corporate Governance Report, Sustainability Committee
2-18	Evaluation of the performance of the highest governance body	Annual Report 2024 – Corporate Governance Report
2-19	Remuneration policies	Annual Report 2024 – Corporate Governance Report
2-20	Process to determine remuneration	Annual Report 2024 – Corporate Governance Report
Strategy, policies and pr	actices	
2-22	Statement on sustainable development strategy	Our Vision and Targets
2-23	Policy commitments	CEO Message
2-24	Embedding policy commitments	CEO Message
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	Governance Pillar
2-29	Approach to stakeholder engagement	Stakeholder Engagement

GRI 3: MATERIAL TOPICS 2021

GRI Standard	Disclosure	References and 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 and Remarks	
GRI 201: Economic Pe	GRI 201: Economic Performance 2016		
3-3	The management approach and its components	Environmental Management	
201-2	Financial implications and other risks and opportunities due to climate change	Strengthening Climate Resilience (Risk Assessment)	
GRI 204: Procurement	Practices 2016		
3-3	The management approach and its components	Supply Chain Management	
204-1	Proportion of spending on local suppliers	Supply Chain Management	
GRI 205: Anti-corruption 2016			
3-3	The management approach and its components	Ethics Management	
205-3	Confirmed incidents of corruption and actions taken	Ethics Management	

MATERIAL TOPICS (ENVIRONMENTAL) & MANAGEMENT APPROACH

GRI Standard	Disclosure	References and 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	Environmental Pillar
302-1	Energy consumption within the organization	Energy Management
302-3	Energy intensity	Energy Management
302-4	Reduction of energy consumption	Energy Management
GRI 303: Water and Effl	uents 2018	
3-3	The management approach and its components	Environmental Pillar
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 305: Emissions 201	6	
3-3	The management approach and its components	Environmental Pillar
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

	References and Remarks		
Reduction of GHG emissions	Greenhouse Gas Emission Control		
Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	Air Emission and Other Pollutant Control		
The management approach and its components	Environmental Pillar		
Waste generation and significant waste related impacts	Waste Management		
Management of significant waste related impacts	Waste Management		
Waste generated	Waste Management		
GRI 308: Supplier Environmental Assessment 2016			
The management approach and its components	Supply Chain Management		
New suppliers that were screened using environmental criteria	Supply Chain Management		
	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions The management approach and its components Waste generation and significant waste related impacts Management of significant waste related impacts Waste generated mental Assessment 2016 The management approach and its components		

MATERIAL TOPICS (SOCIAL) & MANAGEMENT APPROACH

GRI Standard	Disclosure	References and Remarks		
GRI 401: Employment 2016				
3-3	The management approach and its components	People Pillar		
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	People Pillar		
403-1	Occupational health and safety management system	Employee Health and Well-being		
403-3	Occupational health services	Occupational Health and Safety		
403-5	Worker training on occupational health and safety	Occupational Health and Safety		
403-9	Work-related injuries	Occupational Health and Safety		
GRI 404: Training and Education 2016				
3-3	The management approach and its components	People Pillar		
404-1	Average hours of training per year per employee	Upskilling XO People		
GRI 405: Diversity and Equal Opportunity 2016				
3-3	The management approach and its components	People Pillar		
405-1	Diversity of governance bodies and employees	Diversity and Inclusion		
GRI 406 Non-discriminat	ion 2016			
3-3	The management approach and its components	People Pillar		
406-1	Incidents of discrimination and corrective actions taken	Diversity and Inclusion		

GRI Standard	Disclosure	References and Remarks
GRI 408: Child Labor 20	16	
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
GRI 409: Forced or Com	pulsory Labor 2016	·
3-3	The management approach and its components	People Pillar
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 Communi	ties 2016	
3-3	The management approach and its components	Community Pillar
413-1	Operations with local community engagement, impact assessments, and development programs	Community Pillar
GRI 414: Supplier Social	Assessment 2016	
3-3	The management approach and its components	Supply Chain Management
414-1	New suppliers that were screened using social criteria	Supply Chain Management
GRI 416: Customer Heal	th and Safety 2016	
3-3	The management approach and its components	Customer Satisfaction Management
416-1	Assessment of the health and safety impacts of product and service categories	Customer Satisfaction Management
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Customer Satisfaction Management
GRI 418: Customer Priva	cy 2016	
3-3	The management approach and its components	Customer Satisfaction Management
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Customer Satisfaction Management

