



# ESPRIT

ENVIRONMENTAL, SOCIAL AND  
GOVERNANCE REPORT 2024

**Hong Kong Stock Code 00330**  
**Esprit Holdings Limited**

Incorporated in Bermuda with limited liability

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# ABOUT

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# LETTER FROM THE GROUP

## Dear Readers,

We are pleased to present the environmental, social and governance report (the “ESG Report” or the “Report”) of Esprit Holdings Limited (“ESPRIT”, the “Company”, “we” or “our”) and share with you our latest progress on environmental and social responsibility.

Our vision is to foster authentic fashion through collections crafted by our licensee partners, who share our commitment to mindful design and responsible production. Founded in California by environmentalists Susie and Doug Tompkins in 1968, ESPRIT has always aimed to create genuine fashion. A key aspect of sustainability for us is the pursuit of positive change for both people and the planet. We believe the future of sustainable fashion lies in openness to innovative ideas, adapting to market conditions, and responding to consumer needs. We will continue to engage with our licensee partners to minimize our carbon emissions and energy consumption.

In the financial year ended 31 December 2024, the Company faced severe challenges that required the Company to make difficult strategic decisions while navigating a rapidly evolving and adverse business environment, particularly in Europe. In recent years, especially due to the geopolitical conflicts in Ukraine, high energy costs, and the aftermath of the coronavirus pandemic, the Group’s performance has been significantly impacted by an unfavourable macroeconomic environment in Europe, which is the Group’s primarily market. Key factors contributing to this disappointing performance included ongoing structural issues that hindered the Group’s ability to reduce operating expenses, alongside the short-term adverse effects of the Group’s restructuring initiatives designed to secure a more promising future for the Company. While these events adversely affected the Company’s reported figures, they also facilitated a strategic transition towards an asset-light, licensing-focused business model aimed at ensuring the long-term health, sustainability and profitability of the Company. The Company retains ESPRIT trademarks for all regions outside of Europe, providing a strong foundation for the development and expansion of its licensing business.

With sustainability laws and regulations constantly changing around the world, ESPRIT will maintain close collaboration with its licensee partners, that possess strong market presence and expertise in their territories or specific product categories, to ensure compliance to environmental, social and governance standards. We believe that sustainability and social responsibility are integral to our business operations, and we are committed to doing our part to create a more sustainable future. Thank you for your continued support.

With Kind Regards,

**The Board of Directors of Esprit Holdings Limited**

July 2025

# ABOUT THIS REPORT

## How We Report

This report is the environmental, social and governance report (the “ESG Report” or the “Report”) of Esprit Holdings Limited (“ESPRIT”, the “Company”, “we” or “our”), prepared with reference to the Environmental, Social and Governance Reporting Code (the “HKEX ESG Reporting Code”), formerly named as the Environmental, Social and Governance Reporting Guide (version effective from 31 December 2023 to 31 December 2024), as set out in Appendix C2 of the Rules Governing the Listing of Securities on The Stock Exchanges of Hong Kong Limited.

Our ESG Report is produced on an annual basis, together with our Annual Report covering our financial performance. This ESG Report addresses our identified risks, focus areas and material topics (see “Materiality Assessment”) focusing on the environmental, social, and governance performance and related policies and management and gives an overview of our new strategy towards circularity, including tools, targets, and progress of ESPRIT and all its subsidiaries (the “Group”) covered in our 2024 Annual Report for the reporting period from 1 January 2024 to 31 December 2024 (the “Year”) and is published on 29 July 2025.

The Group recorded a loss attributable to the shareholders of the Company in seven out of the last ten financial years, with revenue continuously declining from HK\$17,788 million for the financial year ended 30 June 2016 to HK\$1,593 million for the Year from both continuing and discontinued operations. The Group’s European subsidiaries, particularly those in Germany, have encountered exceptionally high operating costs due to inflation, rising interest rates, and escalating energy prices and these are further exacerbated by the lingering effects of the coronavirus pandemic and on-going geopolitical conflicts in Ukraine. These challenges have detrimentally weakened the financial health of the Group’s European subsidiaries, compounded by legacy costs such as high rents for long-term leases on inappropriate sized retail spaces, excessive labour costs associated with an oversized workforce, costs stemming from outdated and ineffective IT structures, and an overcapacity logistics framework. All together, these issues have rendered the existing business model financially unsound and unsustainable, resulting in contracting, constrained and inadequate liquidity for the European operations.

As previously disclosed in the Company’s announcements, multiple European subsidiaries initiated insolvency proceedings in the first half of the Year. This includes two subsidiaries in Switzerland, one in Belgium, seven in Germany, and one in Denmark, which filed for insolvency, self-administration, and preventive restructuring with the relevant competent courts. Furthermore, in the latter half of 2024, as disclosed in the Company’s announcements, a Dutch subsidiary, two subsidiaries in Hong Kong, and two subsidiaries in the United States also initiated insolvency proceedings, were placed into creditors’ voluntary liquidation, and filed for bankruptcy with the relevant competent courts (collectively referred to as the “Insolvency Proceedings”).

Due to the Insolvency Proceedings, particularly those subsidiaries in Europe and the United States, and transition towards the licensing-focused business model, no products or services are currently being offered by the Group, and all production activities have ceased and have been deconsolidated from those of the Group. Consequently, all Environmental and Social Key Performance Indicators (KPIs) related to our operations except for the licensing operations are excluded from the following Report, compared to that of previous years’ reports which included our operations carried throughout Europe, North America and Asia. The scope of this report is consistent with the scope of the 2024 Annual Report of the Company, covering the Company’s licensing activities.

The reporting boundary of this Report includes the subsidiaries of the Group for licensing purposes. At present, the Hong Kong and Shanghai subsidiaries are not engaged in production due to a strategic shift in the business model that prioritizes licensing activities (*Please refer to “Our Future Business Model” chapter for further details*). Therefore, the environmental and social KPIs presented in this Report pertain exclusively to subsidiaries involved in licensing.

For any inquiries and feedback about this ESG Report, please contact us via email at [esprit-ir@espritholdings.com](mailto:esprit-ir@espritholdings.com).

### Reporting Principles

To ensure the quality and presentation of the reported ESG disclosures, we follow the reporting principles as outlined in the HKEX ESG Reporting Code, including:

**Materiality:** We have carried out stakeholder engagement and materiality assessment and clarified the report content and scope based on the results of our materiality assessment. For details, please refer to the “Ongoing Dialogue” and “Materiality Assessment” sections in this Report.

**Balance:** This Report unbiasedly discloses both the positive and negative information to showcase the environmental, social and governance performance of the Group during the Year.

**Quantitative:** This Report refers to applicable quantitative standards and practices, adopts quantitative methods to disclose applicable KPIs, and elaborates relevant quantitative standards, methodologies and/or calculation tools, and the source of the conversion factors used (if applicable) where appropriate.

**Consistency:** To ensure comparability over time, we maintain consistency in our reporting principles, scope and data disclosure and calculation methodologies. Unless otherwise disclosed, the reporting scope and statistical methodologies applied to this ESG Report were substantially consistent with previous years, and explanations would be provided if there is any change in the scope of disclosure of data or calculation methodologies. (*For more details about the change of business model, please refer to “How We Report” chapter on the change in reporting scope.*)

### Ongoing Dialogue

We greatly value ongoing stakeholder dialogue and have integrated this in our business processes, informing the priorities and the sustainability targets shared in this Report. As a foundation for dialogue with our licensee partners, we have responded to our stakeholders’ desire for greater transparency. This is emblematic of the way we work: we strive for open and transparent dialogue to explain challenges in our industry and to communicate how we are tackling them.

# OUR BUSINESS

## Our Culture and Brand Story

### Unique Brand Heritage

Fuelled by a vision of radical positivity, ESPRIT was founded in California by environmentalists Susie and Doug Tompkins in 1968. ESPRIT is one of the few remaining American heritage brands dating back to the 80s and 90s. At the time it was founded, ESPRIT captured the spirit of California cool: countercultural, entrepreneurial, energetic, with an undercurrent of activism.

Unlike start up brands with no history, ESPRIT can tap into consumers' nostalgia from the 1980s to the 2000s. This audience are expected to have considerable purchasing power, thereby providing a compelling value proposition for licensees.

### Our Global Reach

The iconic ESPRIT logos are still widely recognized by consumers around the world, boasting a significant presence and reach worldwide. ESPRIT's mass market positioning allows licensees to leverage multiple channels across the value spectrum to maximize revenue, and in turn, generate significant royalty income for the Company. Hong Kong remains as the headquarters office.

### Our Business

In the past, ESPRIT was a global company principally engaged in the retail (including E-shop), wholesale distribution, and licensing of quality fashion and non-apparel products designed under its own internationally renowned ESPRIT brand name. With its exit from such legacy business model and infrastructure, the Company is now well-positioned to transition towards an asset-light, licensing-focused business model. The Company has already established partnership for the Greater China region and North America and is actively engaged with additional potential strategic partners to explore licensing opportunities for ESPRIT's intellectual property across various geographic locations. By carefully selecting suitable partners and leveraging the advantages of the licensing model, the Company aims to maximize sustainable monetization of ESPRIT's global brand.

## Our Future Business Model

ESPRIT is dedicated to leveraging its iconic brand recognition to maximize revenue through its licensing activities. This strategy emphasizes partnerships with licensee partners that possess strong market presence and expertise in their respective territories or specific product categories. Licensee partners will tailor their strategies and product offerings to suit local preferences, resulting in collections that align closely with regional demand. Notably, as all products are independently designed, developed, sourced, and distributed by the licensee partners, the operational risks associated with these activities are solely born by them. Consequently, effectively overseeing and managing these licensee partners becomes a critical priority for the Company.

To successfully achieve this transition, the Company is focusing on geographic expansion into countries and regions with large domestic consumer markets to maximize growth potential and scalability. Key targets include the Greater China region and North America, both of which offer significant opportunities for rapid scaling due to mature retail environments, strong consumer demand, and integrated supply chains.

As a direct consequence of the cessation of production due to the insolvency of our European and US subsidiaries and transition towards a licensing-focused business model, all aspects related to value chain such as suppliers' engagement, responsible marketing, procurements and shipments, community outreach etc., as well as manufacturing such as product design, material circularity, water, waste and chemical management, quality and safety, and associated disclosures are also excluded from the following Report. The cessation of production activities has rendered these elements not applicable in the current reporting period. We are diligently assessing the impact of these changes on our operations and remain committed to transparency and accountability in our reporting practices.

## Policy Commitments

ESPRIT is dedicated to ensuring that its policy commitments related to responsible business practices and ESG are effectively communicated to our staff, business partners, and other relevant stakeholders. Staff are informed of the Company's policies through a variety of means, including Employee Handbook, and other internal communication channels. In addition, ESPRIT regularly updates ESG-related information on our official website. To ensure that potential barriers to communication are identified and addressed, the Company conducts regular assessments of its communication channels and seeks feedback from different stakeholders on their effectiveness. ESPRIT makes every effort to ensure that our policies and communications are accessible and available in languages that are needed.

### List of Sustainability Policies:



- Antitrust Policy
- Anti-Corruption Policy
- Licensing Code of Conduct
- Policy on Human Rights
- Responsible Exit Policy

# OUR ESG APPROACH

## Board Statement

### Governance

The Board of Directors of the Company (the "Board") oversees ESG strategies, goals and plans to ensure that ESG considerations and strategies, as well as climate-related risks and opportunities, are included in its business operation processes and investments. The Risk Management Committee of the Board and the Company's internal ESG Taskforce are responsible for sustainability, environmental risks, climate-related risks, opportunities and governance. The Board has delegated day-to-day responsibilities for ESG-related matters to the management team. The team assists on all ESG related matters, including but not limited to identifying potential risks associated with our business model, communicating with business partners and resolving any issues, staying updated on regulatory requirements, monitoring legislations and due diligence standards, and supervising the Company's assessment on being a responsible and transparent fashion brand throughout the value chain.

### Stakeholder Engagement and Strategies

The Company's strategy in ESG management is achieved by applying sustainable practices across various departments, making efficient use of resources, and promoting green awareness within the Group. Climate risks are also mitigated through implementing strategies for greenhouse gas reductions. We believe in the development and maintenance of sustainable relationships with all stakeholders, internally and externally. We demonstrate this commitment through consistent outreach in the communities where our employees, business partners and customers live and work. Regarding the process, we have adopted to evaluate, prioritise, and manage material ESG-related issues. Please refer to the "Ongoing Dialogue" and "Materiality Assessment" sections in this Report.

## Reviews

Over the years, we have continued to review our environmental performance and implement initiatives to reduce the ecological footprint of our business. In light of the ongoing restructuring of the Company and transition in the business model in the Year, the Company has made the decision to suspend all previously established sustainability targets. We recognize the need to re-evaluate these objectives in the context of our evolving licensing-focused business model and the current operational landscape. Moving forward, we are committed to setting new goals that align with our updated business strategies and sustainability objectives. This suspension allows us the opportunity to reassess our priorities and establish goals that are better suited to the changing dynamics of our operations. We remain dedicated to advancing our environmental stewardship. For more details about our governance structure and composition, please refer to the Corporate Information section in the Annual Report.

### Stakeholder Engagement

#### Employees

Our employees are the heart and soul of our Company, and we foster a culture that they can feel proud to contribute to. Alongside trainings, we offer opportunities for community engagement and ways to shape our Company.

#### Shareholders

Our shareholders help to define the priorities of the Company, including our sustainability goals and our overall ambition to help build a circular economy for fashion. Our shareholders play a key role in the development of our materiality assessment.

#### Licensees Partners

We value and welcome feedback from our licensee partners, which can be conveniently communicated to the management team. Licensees are invited to participate in engagement surveys to provide their input.

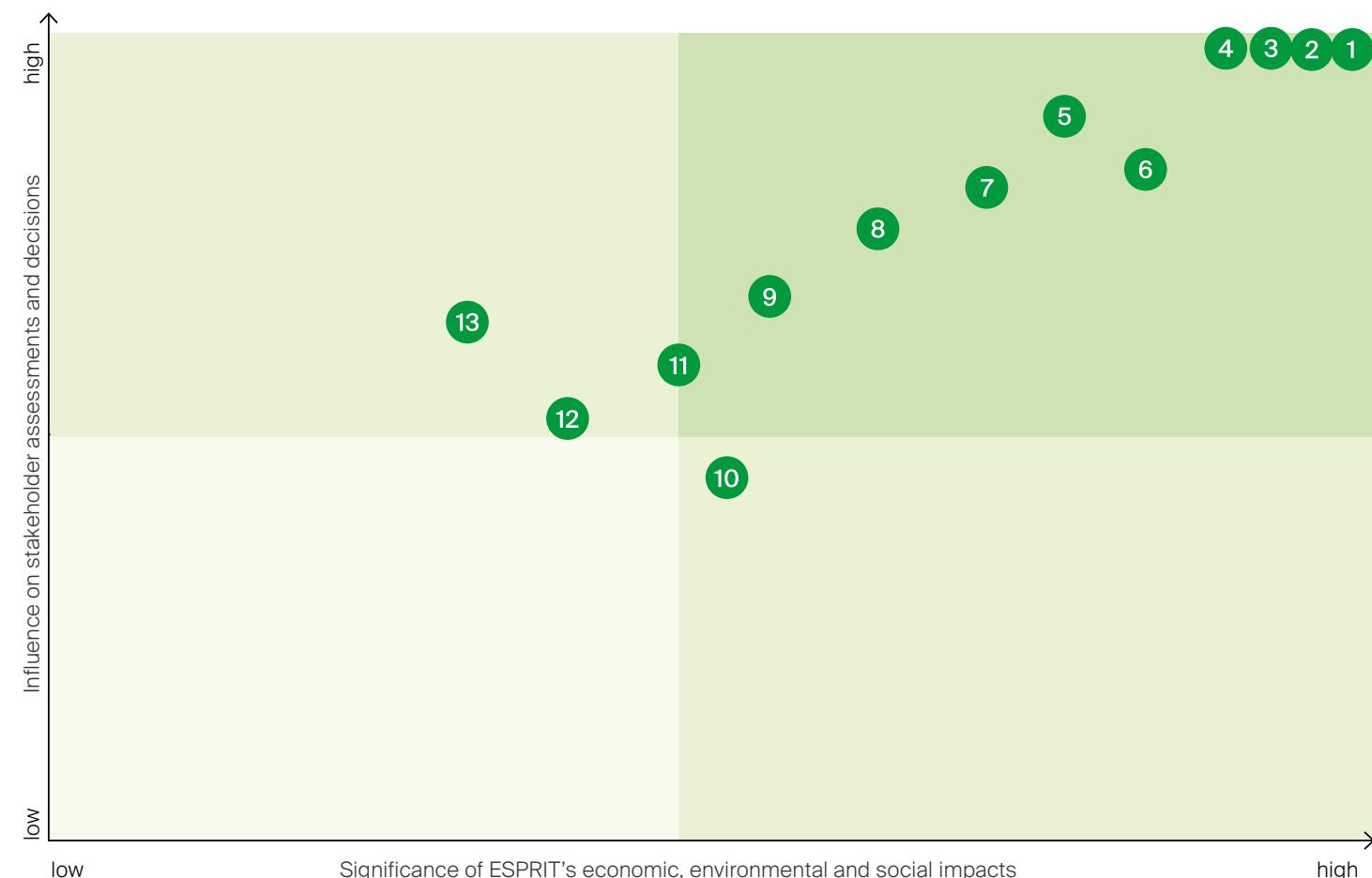
## Materiality Assessment

During the Year, we have updated the material topics based on the result of the cessation of production and strategic transition towards a licensing-focused business model. The list comprises of our top priorities in terms of our social, environmental, and economic impacts, as well as their relevance to our stakeholders. Based on the result of last year's stakeholder engagement and review from this year, a materiality matrix was plotted.

### FY2024 Material Topics

- 1 Intellectual Property\*
- 2 Licensee Management, including product safety and quality, sustainable materials, animal welfare, responsible sourcing and traceability, supplier and vendor management, solid waste\*
- 3 Business Performance (including Cost Management and Risk Management)\*
- 4 Customer Satisfaction
- 5 Human Rights
- 6 Employee Welfare\*
- 7 Climate Change and Carbon Footprint
- 8 Diversity, Equality and Inclusion
- 9 Business Ethics and Integrity
- 10 Remuneration & Employee Benefits
- 11 Occupational Health and Safety
- 12 Responsible Marketing
- 13 Data Privacy\*

Topics marked with \* are material topics newly added to the list this year.



# GOVERNANCE

## Corporate Governance

Corporate governance is a crucial aspect of any company. Corruption and unfair competition are serious issues, as these practices violate competition law. To address these risks, ESPRIT has stringent anti-corruption ("Anti-Corruption Policy") and antitrust policies ("Antitrust Policy") in place.

ESPRIT recognizes the importance of corporate governance. All directors receive a comprehensive compliance booklet (that includes the Anti-Corruption Policy) and are required to sign an acknowledgement form to confirm their understanding and commitment to compliance. Similarly, staff members receive the ESPRIT code of conduct ("Staff Code of Conduct") which contains anti-corruption provisions as an attachment to their employment contract and are also required to sign the acknowledgement. To further enhance our commitment to compliance, the Company offers ongoing training designed to equip employees with the necessary knowledge and skills related to compliance and ethical standards, including classroom sessions for new staff members provided by ESPRIT.

## Antitrust

ESPRIT recognises that free and fair competition in the market is a fundamental aspect of commercial activity. We have implemented an Antitrust Policy, that aligns with local antitrust legislations where applicable, to ensure we are in compliance with competition laws. This policy helps us maintain effective competition in the market by prohibiting certain agreements, practices and conduct which could harm competition.

Antitrust and competition laws have a significant impact on most aspects of ESPRIT's everyday business activities. Under the new business model, most activities related to pricing, promotion and sale of products and services, as well as relationships with suppliers, distributors, dealers, franchisees and competitors, will be carried out by our licensee partners. We are committed to the principle of free competition, which requires those in management positions within ESPRIT to be familiar with and compliant with the principles of both national and international competition laws.

## Anti-corruption and Extortion

We disapprove of any kind of corruption and extortion and expect our employees and all business partners to clearly denounce corruption and unfair business practices. We have an Anti-Corruption Policy that outlines the expected behaviour of all employees related to integrity and fairness. This policy covers not only corrupt business practices, but also criminal offenses such as bribery, misappropriation, embezzlement, fraud, money laundering, and violations of tax and foreign exchange laws, as well as dealing with political parties, donations, monitoring of compliance and consequences resulting from compliance breaches. Through the combination of our Staff Code of Conduct and the Anti-Corruption Policy, ESPRIT commits to a global anti-corruption programme ("Anti-Corruption Programme"). Its implementation and enforcement are risk-based and tailored to prevent corruption throughout ESPRIT's business activities, applying to all persons working for or on behalf of the Company. The Anti-Corruption Policy and the effectiveness of the Anti-Corruption Programme are assessed and updated by our compliance team on a regular basis, suggesting a commitment to monitoring and improvement.

During the Year, the Group's primary focus was on the restructuring matters, and most of the retail, wholesale and E-shop operations have been ceased due to the Insolvency Proceedings. Consequently, during the Year no anti-corruption training was conducted at the Hong Kong and Shanghai offices, and we were not aware of any material breach of laws and regulations relating to bribery, extortion, fraud, and money laundering.

### Grievance Process

We recognize the importance of having a robust grievance process in place to address any issues that may arise within our Company. As we seek new licensee partners, we remain committed to ensuring that any future partner upholds their responsibility to maintain a grievance process within their manufacturing supply chain.

As a result of the ongoing restructuring and gradual transition to a new business model, the Group is currently in the process of redesigning its whistleblowing policy to suit the new licensing businesses.

In 2024, there were no public legal allegations made against ESPRIT regarding compliance issues, such as corruption and unfair competition or breaches of antitrust law. There have not been any legal cases concluded regarding corrupt practices brought against ESPRIT or its employees during the Year.

### Protection of Personal Data

We put great importance to the protection of data privacy of our employees and our business partners and strictly observe compliance with the applicable laws and regulations relating to privacy matters.

The protection of personal data of any data subject, e.g. of licensees, other business partners and employees is of particular importance to ESPRIT. We process personal data in a lawful, fair manner that is transparent to the data subject. Personal data may be collected or processed only where permitted by law for specific and explicit purposes. This could include obtaining consent from the data subject, fulfilling contractual obligations, serving legitimate interests, or complying with legal requirements. Data protection not only builds trust but also fosters long-lasting relationships. At ESPRIT, data protection is considered a core asset to us.

All newly hired employees at ESPRIT have undergone a general compliance training, which includes an overview of all high-risk policies within our company.

ESPRIT has a data protection management system in place which ensures that the records of processing activities are constantly monitored and updates regarding the privacy policies for business partners are promptly delivered. These activities are in compliance with the relevant data privacy laws across different jurisdictions. There are several processes implemented for example to detect and report a data protection breach, and to comply with the data subject rights of our licensees, other business partners and employees.

### Protection of Intellectual Property (“IP”) Rights

We have embarked on a strategic transition towards an asset-light, licensing-focused business model, which emphasizes the growth of licensing activities and a shift towards an IP management structure. The Company owns the ESPRIT trademarks for all regions outside of Europe, providing a strong foundation for developing and expanding its licensing business. With a unique brand heritage dating back to the 80s and 90s, ESPRIT embodies the spirit of California cool. The iconic ESPRIT logos are still widely recognized by consumers around the world, boasting a significant presence and reach worldwide. ESPRIT's mass market positioning allows licensees to leverage multiple channels across the value spectrum to maximize revenue, and in turn, generate more royalty income for the Company.

As of the date of this Report, the Company has already successfully established partnerships for the Greater China region and North America and is in the process of finalizing the renewal of a licensee partnership in Latin America. These recent partnerships enable the Company to leverage licensee partners' valuable local market knowledge, along with their expertise in e-commerce, the established infrastructure and distribution networks. Additionally, the Company is actively engaging with additional potential licensee partners to explore licensing opportunities for ESPRIT's IP across various geographic locations and products categories.

By carefully selecting suitable partners and leveraging the advantages of the licensing model, the Company aims to maximize sustainable monetization of ESPRIT's global brand. By collaborating with carefully selected partners and executing crucial processes diligently, the asset-light licensing business will minimize the financial strain in the Company and will yield a stable and growing revenue stream. This model empowers the Company to choose strategic partners with local market expertise, facilitating enhanced market penetration and revenue growth, while minimizing reliance on a single global licensee. Ultimately, this strategic transition positions the Company for future sustainable success and long-term value creation.

During the Year, we maintained our global trademark portfolio (except in Europe), identified the potential infringement, and implemented measures to protect our IP rights. Our approach includes monitoring new potentially infringing trademark applications globally through a professional trademark watching service, which provides regular feedback. Upon identifying any potential conflicts, we promptly initiated opposition proceedings against such conflicting trademark applications. In addition to monitoring the potentially infringing trademarks application, we take necessary legal actions to protect our IP rights if an infringement is identified, including but not limited to issuing warning letters, seeking preliminary injunctions and initiated lawsuits against infringers. Under the new business model, our licensing partner will play a key role in the management of our IP rights and complying with the Licensing Code of Conduct (for more details, please refer to "Our Licensees" chapter). They will notify us of any potential infringements they identify and will collaborate closely with us to protect our rights. Further, we conducted trademark searches and filed applications for new trademarks when we have the intention to use these trademarks in our business.

# 2 ENVIRONMENT AND PRODUCT RESPONSIBILITY

- Our Approach

# OUR APPROACH

Our approach on environment and product responsibility is centred on reducing our carbon footprint and environmental impacts. Due to the transition towards the licensing-focused business model, currently we are not involved in the production activities directly and all products will be independently designed, developed, sourced, and distributed by the licensee partners. The role of the Company is shifted to oversee and manage these licensee partners. Therefore, we are committed to procure our licensee partners to strictly comply with all relevant national and international standards, laws and regulations on environmental protection and product responsibility within each country where they operate. Even within the licensing-focused business model, we place a strong emphasis on product quality. Product quality control provisions are included in the license agreements with each licensee.

We aim to proactively minimise the Company's impact on the environment and promote sustainability in the fashion industry. Due to the cessation of production activities following the initiation of Insolvency Proceedings and the strategic decision to transition towards the licensing-focused business model, our focus during the Year is to monitor the environmental performance of our headquarter office in Hong Kong and staff office in Shanghai. Throughout the Year, detailed records of electricity and water consumption, along with waste disposal, have been diligently maintained. The Company acknowledges the pivotal role of energy consumption in mitigating carbon emissions and air pollution. Our commitment to reducing environmental impact hold within our office operations, where we consistently monitor energy usage and strive to enhance overall energy efficiency. Please refer to Appendix I: Performance Data Table for further details.

As a result of the ongoing restructuring and gradual transition to a new business model, the Group is currently in the process of redesigning our environmental-related policies regarding the efficient use of resources, including energy, water and other raw materials, as well as management of our significant impacts on the environment and natural resources to suit the new licensing business model.

ESPRIT, as an international fashion brand, is aware of the adverse impacts posed by climate change on both the environment and society. In line with our commitment to sustainability and long-term success, we are dedicated to mitigating climate-related risks. ESPRIT aims to provide stakeholders with valuable insights into our climate risk management strategies and demonstrate our proactive approach in addressing the challenges posed by climate change after our business transition.

# 3 OUR LICENSEES

- Our Approach

# OUR APPROACH

The Group aims to foster enduring, strategic partnerships with experienced licensees, collaborating equitably for mutual success. In alignment with our unwavering commitment to delivering superior products and services with integrity and excellence, we only engage reputable licensees which are committed to quality, environmental and social responsibility. The distribution of the licensed products by our licensees is subject to applicable laws and regulations in the relevant countries and territories.

Alongside regulatory requirements, we adopted the Licensing Code of Conduct which is applicable for all licensees. The policy outlines our ethical, social and environmental standards which we require all our licensees to adhere to, including but not limited to working hours, payroll and wages, safety working conditions, prohibition of child and forced labour, use of chemicals, and control of waste and emissions. We require all our licensees to be aware of and expect their compliance with our expectations through appropriate contractual arrangements with suppliers. This approach is to align our licensees with our sustainability goals and promote responsible practices throughout their supply chains. We also motivate our licensee partners to prioritize eco-friendly materials and sustainable manufacturing to enhance our brand value. We work closely with our licensee partners and take on the role of ambassadors by communicating our goals and our expectations to them.

# 4 OUR EMPLOYEES AND COMMUNITY

- Our Employees and Community
- Diversity Equality and Inclusion
- Employee Development
- Employee Engagement

# OUR EMPLOYEES AND COMMUNITY

## Our Approach

By embracing diversity and prioritising wellness and safety, the Company seeks to establish a people-focused working environment. We invest in our employees and provide them with support and equal opportunities to succeed as a high-performing team.

ESPRIT is dedicated to maintaining high standards and clear expectations for our staff, which are communicated and documented in our policies and guidelines. Our Policy on Human Rights ensures our business is not complicit in human rights abuses. Our Fair Recruitment and Promotion Policy prohibits unfair treatment or any other behaviour contrary to the provision of equal opportunity. All decisions regarding recruitment, promotion, and dismissal are made solely based on the experience, ability, and capacity of candidates and employees, regardless of their background and social identity.

We comply strictly with all applicable laws and regulations in respective jurisdictions of the Company's operations, including the Employment Ordinance in Hong Kong.

## Workforce

Our employees are our most valuable resource, and we look for ways to support them in their individual career goals, and in building work-life balance. During the Year, due to the Insolvency Proceedings of the Company's European and U.S. subsidiaries, there was a significant decrease in the number of full-time equivalent ("FTE") employees. We have a total of 55 FTE employees as of 31 December 2024.

Total Staff	FTE	Male	Female
Hong Kong office	42	22	20
Shanghai office	13	8	5

## Retaining and Attracting Talent

We provide career development opportunities, flexible working conditions, as well as competitive compensation and benefits to attract and retain talent. Flexible work schedules and working from home options are offered to employees with special requirements such as fulfilling familial responsibilities. The Company evaluates employee performance objectively on the basis of merit, ability, and proficiency. Annual salary review is conducted in Hong Kong to benchmark ESPRIT's salary competitiveness in the market. The Company has implemented bonus opportunities and other incentive programmes to encourage employee retention.

## Turnover Rate

In addition to the significant reduction in FTE employees due to the Insolvency Proceedings mentioned earlier, during the Year, the Company initiated a transition towards a license-focused business model, aligning resources with shifting market dynamics and strategic objectives. This transition resulted in a notable increase in employee turnover. In cases of employee dismissal, the Group adheres to a structured termination procedure, which includes issuing clear notification to the employee, elucidating the reasons for the termination, specifying the effective date of dismissal, conducting an exit interview involving the employee's supervisor, HR personnel, and/or labor union representatives, and providing severance compensation in compliance with relevant local labor regulations. The Group maintains its dedication to monitoring industry trends and effectively managing its workforce in a conscientious and adaptable manner, promoting sustainable business advancement while honoring its commitments to employees and stakeholders.

# DIVERSITY EQUALITY AND INCLUSION

## Inclusion and Diversity Commitments

Diversity is a strength at ESPRIT, and we are proud that the makeup of our team reflects this belief. This diversity in life experience and perspectives enhances our work and our relationships with one another.

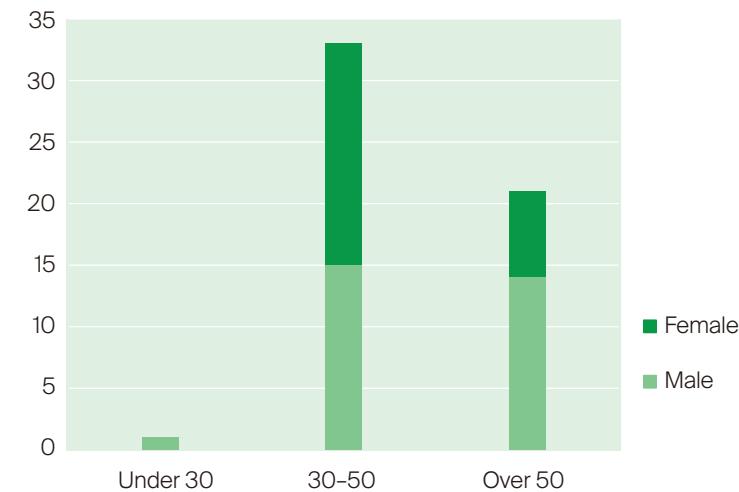
We value diversity in our workforce and are committed to protecting the rights and interests of employees, fostering an environment free from discrimination, harassment and abuse. Employees shall not be discriminated against or treated unfairly because of their social identity differences such as nationality, religious belief, age, marital status, etc.

## Gender Diversity

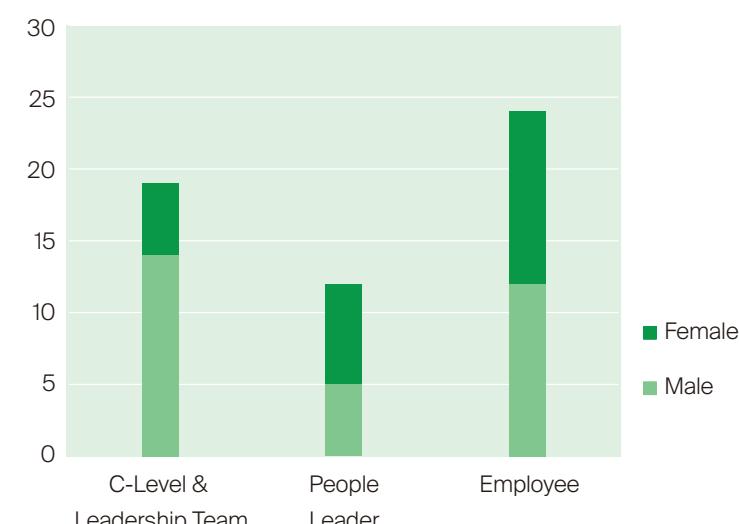
We aim to create a gender diverse balance within our leadership that is reflective of our Company as a whole. We want to build greater female representation even at the highest management levels, which means building a culture and system across the company that supports this goal.

During the Year, ESPRIT complies with all relevant national and international standards, laws, and regulations on employment within each country where we operate. No cases were reported regarding non-compliance to the employment and labour practice.

Age Structure – Our Team by Age Group and Gender



Gender Structure per Employee Group<sup>1</sup>



<sup>1</sup> C-Level & Leadership Team: C-Level, SVPs, VPs, Directors

People Leader: Head, Team Leader, Manager with leadership responsibility

Employees: Employees without leadership responsibility

# EMPLOYEE DEVELOPMENT

## Learning

We help our employees identify and reach their professional goals by providing them with skills and knowledge for executing their duties at work through technical and soft skills training programmes. These programmes are available to our team members regardless of job seniority and tenure of employment. We want to give everyone the opportunity to continuously grow and develop their skills.

We recognize the importance of continuous learning and development for our workforce. To support this, we plan to implement training programs aligned with the new licensing model and focus on brand management.

## Human Rights

### Prevention of Child Labour and Forced Labour

In accordance with human rights principles, we strictly prohibit child labour and forced labour in our operations. During our recruiting process, the candidate's identity is verified through a legal identification and background check. If the identity information is found to be untrue or the candidate is found to be underage, the recruitment process will not proceed.

ESPRIT has complied with all relevant national and international standards, laws and regulations relating to preventing child and forced labour within each country where we operate during the Year. Our Policy on Human Rights demonstrates our efforts and commitment on respecting internationally recognized human rights and prevention on child and forced labour.

If such cases are found and confirmed after an investigation, the Company will take appropriate action, which may include, but is not limited to, initiating disciplinary actions, initiating legal proceedings, and/or reporting to relevant governmental/regulatory authorities.

## Health and Safety

### Safe Working Conditions

We secure safe working environments and protect our employees from occupational hazards. We comply strictly with or exceed all applicable occupational health and safety-related laws and regulations in respective jurisdictions of the Company's operations, including the Occupational Health and Safety Ordinance in Hong Kong.

We believe that policies and procedures play a crucial role in building a safe working environment. We provide clear and concise safety policies, guidelines and procedures to employees.

In terms of emergency preparedness, we have established emergency plans and guidelines to ensure proper response in case of any emergencies.

We provide occupational health and safety trainings on various aspects to our employees, including first aid, fire safety and electrical safety, to ensure their awareness on occupational health and safety. In general, all new employees are instructed by their supervisors, around relevant occupational health and safety topics. In addition, comprehensive information around health and safety can be found on the ESPRIT Employee Handbook and is therefore accessible for all employees at any time.

To monitor our progress on maintaining a safe working environment, regular inspections and assessments on health and safety are conducted to identify safety hazards, non-compliance and areas for improvement.

In 2024, there were no work-related fatalities and work-related injury cases.

# EMPLOYEE ENGAGEMENT

We seek to provide long-term support for our employees, helping them to build their experience and develop their careers. An employee feedback mechanism is in place to collect feedback and conduct follow-up measures to address the concerns from employees. We favour permanent contracts to demonstrate our commitment to our employees. We recognize that work is only one component of a balanced life. We work with trust-based working hours and offer flexible working hours to our employees to allow a high degree of flexibility.

## Employee Benefits

At ESPRIT, we take care of our employees and strive to provide a high quality of life at the office and beyond. We provide each employee with an insurance plan, and employee benefits. Medical benefits are provided to employees in Hong Kong, and we complied with all social insurance requirements applicable to our employees in Shanghai.

## Our Community

The origins of ESPRIT are steeped in social impact, which includes doing business responsibly and leaving a positive legacy through our actions. As a global company, ESPRIT believes in developing and maintaining sustainable relationships with all stakeholders. We demonstrate this commitment by acting imaginatively and consistently in the communities where our employees, business partners and customers live and work.

As a result of the ongoing restructuring and gradual shift towards a new business model, the Group would actively seek for opportunity in community engagement to understand the needs of the communities where we operate and to ensure our activities take into consideration the communities' interests in different focus areas in the future.

# APPENDIX I PERFORMANCE DATA TABLE

## Environmental KPIs

<b>Greenhouse Gas Emissions<sup>2</sup></b>				
	<b>Unit</b>	<b>Hong Kong</b>	<b>Shanghai</b>	<b>Total</b>
Scope 2 – Indirect greenhouse gas emissions	tCO <sub>2</sub> e	125.28	37.35	<b>162.63</b>
Total greenhouse gas emissions	tCO <sub>2</sub> e	125.28	37.35	<b>162.63</b>
Greenhouse gas emissions intensity <sup>3</sup>	tCO <sub>2</sub> e/people	–	–	<b>2.96</b>

<b>Energy Consumption</b>				
	<b>Unit</b>	<b>Hong Kong</b>	<b>Shanghai</b>	<b>Total</b>
Purchased electricity	KWh	208,801	63,865	<b>272,666</b>
Electricity consumption intensity <sup>3</sup>	KWh/people	–	–	<b>4,957.56</b>

<b>Water Consumption</b>				
	<b>Unit</b>	<b>Hong Kong</b>	<b>Shanghai</b>	<b>Total</b>
Water consumption	m <sup>3</sup>	0	325	<b>325</b>
Water consumption intensity <sup>3</sup>	m <sup>3</sup> /people	–	–	<b>5.91</b>

<b>Waste Generation</b>				
	<b>Unit</b>	<b>Hong Kong</b>	<b>Shanghai</b>	<b>Total</b>
<b>Non-hazardous Waste</b>				
Non-hazardous waste (Printer paper)	kg	1,153.50	2.88	<b>1,156.38</b>
Non-hazardous waste intensity <sup>3</sup>	kg/people	–	–	<b>21.03</b>
<b>Hazardous Waste</b>				
Total hazardous waste (Ink cartridges)	kg	148.00	32.74	<b>180.74</b>
Hazardous waste intensity <sup>3</sup>	kg/people	–	–	<b>3.29</b>

<sup>2</sup> Greenhouse gas emissions refer to "How to prepare an ESG Report – Appendix 2: Reporting Guidance on Environmental KPIs" by the Stock Exchange for calculation. In addition, emission factors for scope 2 emissions have been made reference to the HK Electric Investments Sustainability Report 2023 and the National Average Emission Factor for Electricity published by the Ministry of Ecology and Environment of the People's Republic of China in 2024.

<sup>3</sup> The intensity calculation is based on the total number of full time equivalent (FTE) employees.

## Social KPIs

Workforce					Turnover Rate <sup>4</sup>		
	Unit	Hong Kong office	Shanghai office	Total	Unit	Total	
FTE	FTE	42	13	<b>55</b>	By Gender		
Total Workforce (Head)	no. of people	42	13	<b>55</b>	Male	%	213%
<b>By Gender</b>							
Male	no. of people	22	8	<b>30</b>	Female	%	312%
Female	no. of people	20	5	<b>25</b>	<b>By Age Group</b>		
<b>By Employment Type</b>							
Permanent Contract	no. of people	42	13	<b>55</b>	30 or under	%	2,100%
Temporary Contract	no. of people	0	0	<b>0</b>	31-50	%	291%
<b>By Employment Type</b>							
Full-time	no. of people	42	13	<b>55</b>	Above 51	%	119%
Part-time	no. of people	0	0	<b>0</b>	<b>By Geographical Region</b>		
<b>By Employee Category</b>							
C-Level & Leadership Team	no. of people	19	0	<b>19</b>	Hong Kong office	%	338%
People Leader	no. of people	8	4	<b>12</b>	Shanghai office	%	0%
Employee	no. of people	15	9	<b>24</b>	<b>Health and Safety</b>		
<b>By Age Group</b>							
30 or under	no. of people	1	0	<b>1</b>	Hong Kong office	Unit	Shanghai office
31-50	no. of people	23	10	<b>33</b>	Total Number of Work-related Fatalities	no. of people	0
Above 51	no. of people	18	3	<b>21</b>	Work Related Injury Cases	no. of cases	0
					Lost Days Due to Work Injury	days	0
							<b>0</b>
							<b>0</b>
							<b>0</b>

<sup>4</sup> The turnover rates by geographical region, gender and age group were calculated as: Turnover rate (per category) = Employees in the specified category leaving employment/Number of employees in the specified category \* 100%. Due to the transition towards a licensing-focused business model, the Group underwent significant organizational and manpower adjustments. Surplus manpower was prioritized for internal transfers within the Group to retain job opportunities.

# APPENDIX II HKEX ESG REPORTING CODE CONTENT INDEX

The ESG Report 2024 was prepared in compliance with the mandatory disclosure requirements and “comply or explain” provisions of the ESG Reporting Code of The Stock Exchange of Hong Kong Limited.

As a consequence of the cessation of production due to the insolvency of our subsidiaries, some KPIs are no longer applicable to the Company's business operations.

Subject Areas, Aspects, General Disclosures and KPIs		Reporting Location/Remarks	Subject Areas, Aspects, General Disclosures and KPIs	Reporting Location/Remarks
<b>A. Environmental</b>				
<b>A1: Emissions</b>				
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.	Environment and Product Responsibility, p. 15	KPI A1.5	Description of emission target(s) set and steps taken to achieve them.
KPI A1.1	The types of emissions and respective emissions data.	Emission data is considered not relevant to the operations of the Group with a focus on licensing activities. Please refer to "Our Future Business Model" on details of the cessation of production activities.	KPI 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.
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g., per unit of production volume, per facility).	APPENDIX I: Performance Data Table, p. 23		
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g., per unit of production volume, per facility).	APPENDIX I: Performance Data Table, p. 23		
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g., per unit of production volume, per facility).	APPENDIX I: Performance Data Table, p. 23		

<b>Subject Areas, Aspects, General Disclosures and KPIs</b>		<b>Reporting Location/Remarks</b>	<b>Subject Areas, Aspects, General Disclosures and KPIs</b>	<b>Reporting Location/Remarks</b>
<b>A2: Use of Resources</b>				
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Environment and Product Responsibility, p. 17	KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.
KPI A2.1	Direct and/or indirect energy consumption by type (e.g., electricity, gas or oil) in total (kWh in '000s) and intensity (e.g., per unit of production volume, per facility).	APPENDIX I: Performance Data Table, p. 23		In light of the ongoing restructuring of the Company and transition in the business model in 2024, the Company has made the decision to suspend all previously established sustainability targets which are not applicable to the Group's future business model.
KPI A2.2	Water consumption in total and intensity (e.g., per unit of production volume, per facility).	APPENDIX I: Performance Data Table, p. 23	KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	About ESPRIT, Our ESG Approach, Board Statement, Reviews, p. 9		Packaging material used is considered not relevant to the operations of the Group with a focus on licensing activities. Please refer to "Our Future Business Model" on details of the cessation of production activities.
<b>A3: The Environment and Natural Resources</b>				
General Disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources.	Environment and Product Responsibility, p. 14	KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.
<b>A4: Climate Change</b>				
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Environment and Product Responsibility, p. 14	KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.

<b>Subject Areas, Aspects, General Disclosures and KPIs</b>		<b>Reporting Location/Remarks</b>
<b>B. Social</b>		
<b>B1: Employment</b>		
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.	Policy on Human Rights Responsible Exit Policy Fair Recruitment and Promotion Policy Employment Ordinance in Hong Kong
KPI B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	APPENDIX I: Performance Data Table, p. 23
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	APPENDIX I: Performance Data Table, p. 23
<b>B2: Health and Safety</b>		
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.	Occupational Health and Safety Ordinance in Hong Kong
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	APPENDIX I: Performance Data Table, p. 23
KPI B2.2	Lost days due to work injury.	APPENDIX I: Performance Data Table, p. 23
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Our Employee and Community, Employee Development, Health and Safety, p. 18
<b>B3: Development and Training</b>		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Our Employees and Community, Employee Development, Learning, p. 18
KPI B3.1	The percentage of employees trained by gender and employee category (e.g., senior management, middle management).	Our Employees and Community, Employee Development, Learning, p. 18
KPI B3.2	The average training hours completed per employee by gender and employee category.	Our Employees and Community, Employee Development, Learning, p. 18

<b>Subject Areas, Aspects, General Disclosures and KPIs</b>		<b>Reporting Location/Remarks</b>
<b>B4: Labour Standards</b>		
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 labour.	Policy on Human Rights Licensing Code of Conduct
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Our Employee and Community, Employee Development, Human Rights, p. 18
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Our Employee and Community, Employee Development, Human Rights, p. 18
<b>B5: Supply Chain Management</b>		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Our Licensees, p. 16 Licensing Code of Conduct
KPI B5.1	Number of suppliers by geographical region.	Number of suppliers is considered not relevant to the operations of the Group with a focus on licensing activities. Please refer to "Our Future Business Model" on details of the cessation of production activities.
KPI 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.	Our Licensees, p. 16
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Our Licensees, p. 16
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Our Licensees, p. 16

<b>Subject Areas, Aspects, General Disclosures and KPIs</b>		<b>Reporting Location/Remarks</b>
<b>B6: Product Responsibility</b>		
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.	Our Licensees, p. 16
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Product recall procedures are considered not relevant to the operations of the Group with a focus on licensing activities. Please refer to "Our Future Business Model" on details of the cessation of production activities.
KPI B6.2	Number of products and service-related complaints received and how they are dealt with.	Number of complaints are considered not relevant to the operations of the Group with a focus on licensing activities. Please refer to "Our Future Business Model" on details of the cessation of production activities.  We always welcome our licensees' feedback, which they can easily share with our management team. We actively invite our licensees to participate in engagement surveys to share their feedback.
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	About ESPRIT, Governance, Protection of Intellectual Property ("IP") Rights, p. 12
KPI B6.4	Description of quality assurance process and recall procedures.	Product recall procedures are considered not relevant to the operations of the Group with a focus on licensing activities. Please refer to "Our Future Business Model" on details of the cessation of production activities.
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	About ESPRIT, Governance, Protection of Personal Data, p. 12

<b>Subject Areas, Aspects, General Disclosures and KPIs</b>		<b>Reporting Location/Remarks</b>
<b>B7: Anti-corruption</b>		
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.	Anti-Corruption Policy Antitrust Policy
KPI 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.	About ESPRIT, Governance, Grievance Process, p. 12
KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	About ESPRIT, Governance, Grievance Process, p. 12
KPI B7.3	Description of anti-corruption training provided to directors and staff.	About ESPRIT, Governance, Anti-corruption and Extortion, p. 11
<b>B8: Community Investment</b>		
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.	Our Employees and Community, Employee Engagement, Our Community, p. 18
KPI B8.1	Focus areas of contribution (e.g., education, environmental concerns, labour needs, health, culture, sport).	About ESPRIT, Governance, Employee Engagement, Our Community, p. 18
KPI B8.2	Resources contributed (e.g., money or time) to the focus area.	About ESPRIT, Governance, Employee Engagement, Our Community, p. 18