

OPPORTUNITIES FROM UNCERTAINTIES

**ENVIRONMENTAL, SOCIAL,
& GOVERNANCE REPORT 2025**

TABLE OF CONTENTS

| | | | | |
|-----------|--|---|-----------|-----------|
| 03 | CEO MESSAGE | | | |
| 11 | ABOUT LUEN THAI | | | |
| | WHERE WE ARE | 13 | | |
| | OUR VISION AND TARGETS | 15 | | |
| | OUR SUSTAINABILITY JOURNEY | 16 | | |
| | OUR SUSTAINABILITY STRATEGY FRAMEWORK | 18 | | |
| | OUR FIVE-YEAR TARGETS | 19 | | |
| 27 | OUR SUSTAINABILITY APPROACH | | | |
| | STAKEHOLDER ENGAGEMENT | 28 | | |
| | MATERIALITY ASSESSMENT | 29 | | |
| | MATERIALITY MATRIX | 30 | | |
| 35 | ENVIRONMENTAL PILLAR | | | |
| | ENVIRONMENTAL MANAGEMENT | 37 | | |
| | STRENGTHENING CLIMATE RESILIENCE | 38 | | |
| | CLIMATE SCENARIO ANALYSIS | 39 | | |
| | METRICS AND TARGETS | 46 | | |
| | AIR EMISSION AND OTHER POLLUTANT CONTROL | 47 | | |
| | ENERGY MANAGEMENT | | 48 | |
| | REDUCING ENERGY USAGE | | 49 | |
| | HARNESSING CLEAN ENERGY SOURCES | | 51 | |
| | GREENHOUSE GAS EMISSION CONTROL | | 57 | |
| | WATER CONSERVATION | | 61 | |
| | NATURAL AND RAW MATERIALS CONSUMPTION | | 63 | |
| | WASTE MANAGEMENT | | 66 | |
| | GREEN INITIATIVES | | 71 | |
| | BIODIVERSITY | | 72 | |
| | 73 | BUSINESS PILLAR | | |
| | | SUPPLY CHAIN MANAGEMENT | | 75 |
| | | SUPPLIER RISK ASSESTMENT | | 76 |
| | | PRODUCT QUALITY MANAGEMENT | | 78 |
| | | CUSTOMER SATISFACTION MANAGEMENT | | 79 |
| | | INNOVATION AND TECHNOLOGY | | 81 |
| | | ECO-DENIM: OUR MOST TANGIBLE STEP FORWARD | | 82 |
| | | ODM: DESIGNING WITH PURPOSE | | 83 |
| | | AI: WHERE WE ARE STARTING | | 84 |

TABLE OF CONTENTS

85 PEOPLE PILLAR

| | |
|--|-----|
| DIVERSITY AND INCLUSION | 87 |
| EMPLOYEE PROFILE | 88 |
| PRACTICING FAIR BUSINESS AND EMPLOYMENT PRACTICES | 91 |
| TREATING OUR PEOPLE WITH DIGNITY AND RESPECT | 94 |
| UPSKILLING XO PEOPLE | 96 |
| EMPLOYEE HEALTH AND WELL-BEING | 100 |
| LUEN THAI XO EMPLOYEE BENEFITS AND WELLNESS INITIATIVE | 104 |

107 COMMUNITY PILLAR

| | |
|--|-----|
| SUSTAINABLE COMMUNITY DEVELOPMENT | 108 |
| PHILIPPINES: FROM THE STREETS TO THE WORLD STAGE | 113 |
| HONGKONG AND PRC: STANDARD AND ROOTS | 114 |
| CAMBODIA: BUILDING A FOOTBALL NATION | 115 |

117 GOVERNANCE PILLAR

| | |
|-------------------------------------|-----|
| BOARD OF DIRECTORS | 119 |
| SUSTAINABILITY GOVERNANCE STRUCTURE | 121 |
| SUSTAINABILITY COMMITTEE | 123 |
| ETHICS MANAGEMENT | 124 |

126 ABOUT THIS REPORT

| | |
|----------------------|-----|
| REPORTING BOUNDARY | 126 |
| REPORTING STANDARDS | 127 |
| REPORTING PRINCIPLES | 128 |

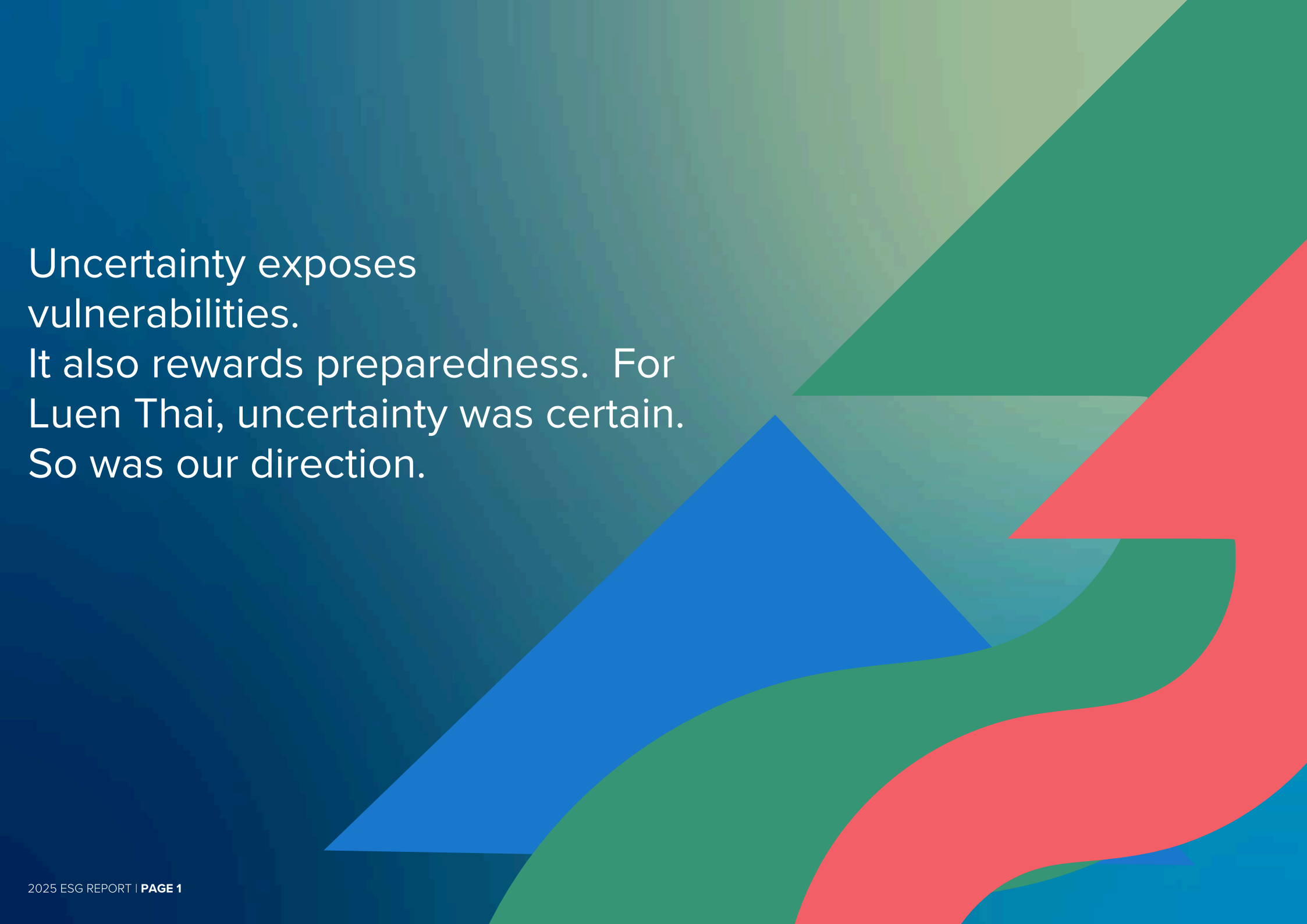
129 PERFORMANCE DATA SUMMARY

| | |
|--------------------|-----|
| ENVIRONMENTAL DATA | 130 |
| SOCIAL DATA | 133 |

135 CONTACT AND FEEDBACK

136 APPENDICES

| | |
|-------------------------------|-----|
| HKEX ESG REPORTING CODE INDEX | 136 |
| GRI CONTENT INDEX | 154 |



Uncertainty exposes
vulnerabilities.
It also rewards preparedness. For
Luen Thai, uncertainty was certain.
So was our direction.



SUSTAINABLE
SHARED *SUCCESS*
THROUGH REINVENTION

MESSAGE FROM THE
Chief Executive Officer



RAYMOND TAN

OPPORTUNITIES FROM UNCERTAINTY

Disruption defined 2025. Tariff volatility, geopolitical shifts, regulatory acceleration, and structural supply chain realignment reshaped our industry in real time. Through it all, we remained focused on what we could control: how we operate, how we invest, and how we strengthen our foundations.

I am pleased to share that 2025 marks our return to profitability. This outcome was not driven by short-term reaction. It reflects our grit and years of deliberate preparation, strengthening our sustainability framework, upgrading operational capabilities, diversifying our production footprint, enhancing governance discipline, and embedding innovation across our core processes.

Uncertainty exposes vulnerabilities. It also rewards preparedness. For Luen Thai, uncertainty clarified our direction.

SUSTAINABILITY AS OUR FOUNDATION

At Luen Thai, long-term success is built on responsible operations, integrating financial performance with Extraordinary Care for our people, communities, and the environment.

In a year of constant pressure and rapid change, this integrated model provided stability. Sustainability anchored our capital allocation, shaped our operational priorities, and strengthened our risk management.

Our belief remains consistent: sustainability strengthens competitiveness, enhances resilience, and sharpens execution.



A COMMITMENT TO PEOPLE: BUILDING CAPABILITY FOR A CHANGING INDUSTRY

Our commitment to Equality in Diversity remains foundational. Opportunity at Luen Thai is defined by merit, contribution, and potential. This principle shapes our hiring, promotion, and leadership development practices across every location where we operate.

In 2025, we intensified our focus on capability building. Automation, digital integration, AI readiness, and sustainable manufacturing are no longer future concepts. They are operational requirements. We expanded structured training across these areas to ensure our workforce meets the evolving expectations of global brands and regulatory markets.

Long-term performance depends on people who are prepared, adaptable, and growing. We continue to invest in skills alignment, leadership development, and cross-functional capability because that investment compounds over time and underpins everything else we do.



OUR STRATEGIC FOCUS

DUAL CIRCULATION: BUILT FOR THIS MOMENT

Our response to global shifts has been proactive and deliberate. The Dual Circulation Strategy we first implemented in 2020 has proven its value. Rather than reacting to disruption, we had already reorganized our supply chain around two reinforcing flows.

Our PRC for China strategy is building manufacturing capability within China to serve the expanding domestic market and support brands in non-US markets. As China's domestic consumption grows and global brands seek locally relevant, regulation-ready solutions, our China platforms are positioned to deliver.

Our non-China for non-China approach leverages our integrated supply chain across ASEAN to target global growth aggressively, including through our expanded EU presence. For our US clients and those with US market exposure, we continue strengthening strategic production hubs in Cambodia, the Philippines, Bangladesh, Vietnam, and Indonesia, building essential resilience against trade barriers and ensuring uninterrupted service regardless of how the geopolitical environment evolves.



This diversified and resilient production model is not a contingency plan. It is our long-term architecture, we are certain of.

ODM AND ECO-DENIM: DESIGNING OUR COMPETITIVENESS

Our Original Design Manufacturing (ODM) transformation moves us beyond execution into genuine design partnership, integrating AI design tools with material sourcing, product development, and production planning to deliver high-fashion, quick-turnaround solutions for top international brands. Our ASEAN sites complement this by supporting both rapid and regular seasonal production.

Eco-denim is where this strategic direction becomes most tangible. Denim remains one of the most resource-intensive product categories globally. By leveraging our platforms in China and Cambodia, we support brand partners transitioning toward lower-impact, regulation-ready solutions. As EU eco-design and traceability frameworks accelerate, we are positioned to deliver compliant and scalable alternatives that are built into our offer, not added on.



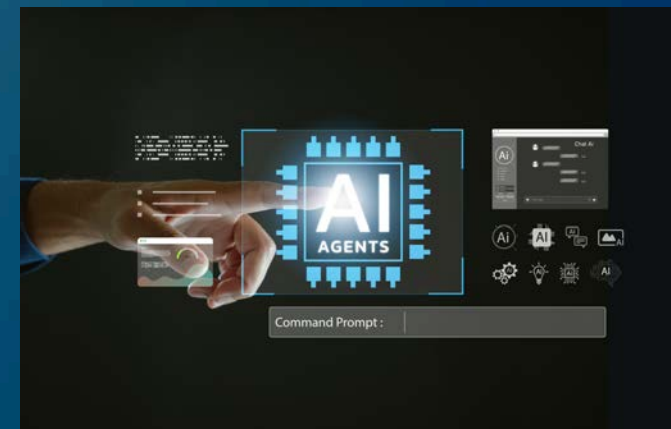
PREPARING FOR THE AI ERA

Artificial intelligence accelerates all of this. In 2026, AI becomes a focused initiative across our organization. Generative AI strengthens our design capability. Agentic AI streamlines our operations and sharpens decision quality across the network. We are

implementing high-value use cases in automated auditing, material cost optimization, and supply chain decision support.

Equally important is workforce readiness. Technology must elevate capability, not displace purpose. We are investing in structured upskilling to ensure our teams lead this transition with confidence.

Together, ODM, eco-denim, and AI are building a Luen Thai that is faster, more responsive, and more valuable to our customers, while producing with the environmental discipline that climate change demands.



GLOBAL STANDARDS AND ACCOUNTABILITY

Our work remains aligned with the Ten Principles of the United Nations Global Compact and the UN Sustainable Development Goals. These frameworks guide our commitments in human rights, fair labor, environmental stewardship, and ethical conduct across all markets where we operate.

In a regulatory environment that continues to tighten, governance discipline, transparency, and traceability are not optional. We continue strengthening our reporting systems, compliance infrastructure, and stakeholder engagement to ensure accountability remains central to our strategy.

WE SUPPORT



STRENGTHENING COMMUNITIES WITH STRUCTURED IMPACT

Our responsibility extends beyond our operations. In late November 2025, the Wang Fuk Court fire in Tai Po, Hong Kong, deeply affected the local community. We responded with an immediate donation and employee volunteers who assisted affected families. We remain committed to standing alongside our communities when it matters most.

Through XO CARE, we build structured, long-term programs that support youth and women across the communities where we operate. Guided by the belief that every child has the right to play, our football programs use sport as a pathway to confidence, discipline, and opportunity.

In 2025, our partnerships with the Tuloy Foundation and Tuloy FC in the Philippines, the TSL Football Foundation in Hong Kong, XO United FC in Cambodia, and AFESIP Cambodia produced meaningful outcomes.

“Every Child Has the Right to Play”



Two TuloyFC players competed at the FIFA Women's Futsal World Cup and have since joined Hong Kong's professional Women's Premier League. Three Tuloy players now compete with XO United in Cambodia.

In PRC, our Quanzhou football program continues to grow through our partnership with Skechers, bringing structured coaching and inclusive sport to Licheng Kaizhi School and the wider community.

Our community engagement spans generations. In Hong Kong, the Muscle Matters Clinic continues to deliver therapeutic and mobility programs for elderly residents across five districts.



LOOKING AHEAD

Uncertainty will remain a defining feature of the global landscape. We approach it with stronger foundations and clearer priorities.

Sustainability reinforces resilience. Innovation enhances competitiveness. Operational discipline protects profitability.

We enter 2026 with renewed confidence, not because conditions are easier, but because our capability is stronger.

I am grateful to our teams, partners, and communities whose commitment made this progress possible. Together, we will continue building opportunity from uncertainty.



RAYMOND TAN
CHIEF EXECUTIVE OFFICER

ABOUT LUEN THAI

At Luen Thai Holdings, we have built a strong reputation as a trusted partner in the global apparel supply chain, with roots dating back to 1982. Over four decades, we have grown from a focused manufacturing operation into a vertically integrated, multi-product specialist serving some of the world's most recognized apparel and accessories brands.

Our manufacturing footprint spans Cambodia, the Philippines, Indonesia, Bangladesh, Vietnam, and People's Republic of China (PRC), with commercial and sourcing presences across the United States and Europe. We employ tens of thousands of people across our global operations, and our product expertise covers the full lifestyle spectrum: casual and fashion knitwear, woven wear, sportswear, sweaters, sleepwear, and handbags.





Luen Thai's strength lies in the depth of our customer partnerships and the breadth of our capabilities. By integrating digital technologies, automation, and artificial intelligence into our operations, and expanding our ODM model to deliver high-fashion, quick-turnaround solutions for global brands, we continue to strengthen our competitive position and grow sustainably.

Sustainability is not a separate agenda at Luen Thai. It is the foundation that allows us to move decisively, serve our partners with confidence, and create lasting value for every stakeholder we serve.



WHERE WE ARE



CAMBODIA

PHILIPPINES

**PEOPLE'S REPUBLIC OF CHINA
INCLUDING HONG KONG**

VIETNAM

BANGLADESH

INDONESIA

USA

OUR VISION AND TARGETS

At Luen Thai, our vision is clear: to be an irreplaceable partner for global brands by delivering operational excellence, sustainable solutions, and innovation-led value at every stage of the supply chain.

We do not build strategy in reaction to uncertainty. We build capability that allows us to move with confidence regardless of external conditions. Our targets reflect this: expanding our diversified production footprint, deepening our ODM capabilities through AI integration, advancing our sustainability commitments, and continuing to invest in the people and communities that underpin our long-term performance.

Our objectives are rooted in the realities of the evolving global supply chain. We align our practices with sustainability goals because we believe that responsible growth and financial strength are built together, not traded against each other. Every target we set creates value for our customers, our people, our communities, and the environment.

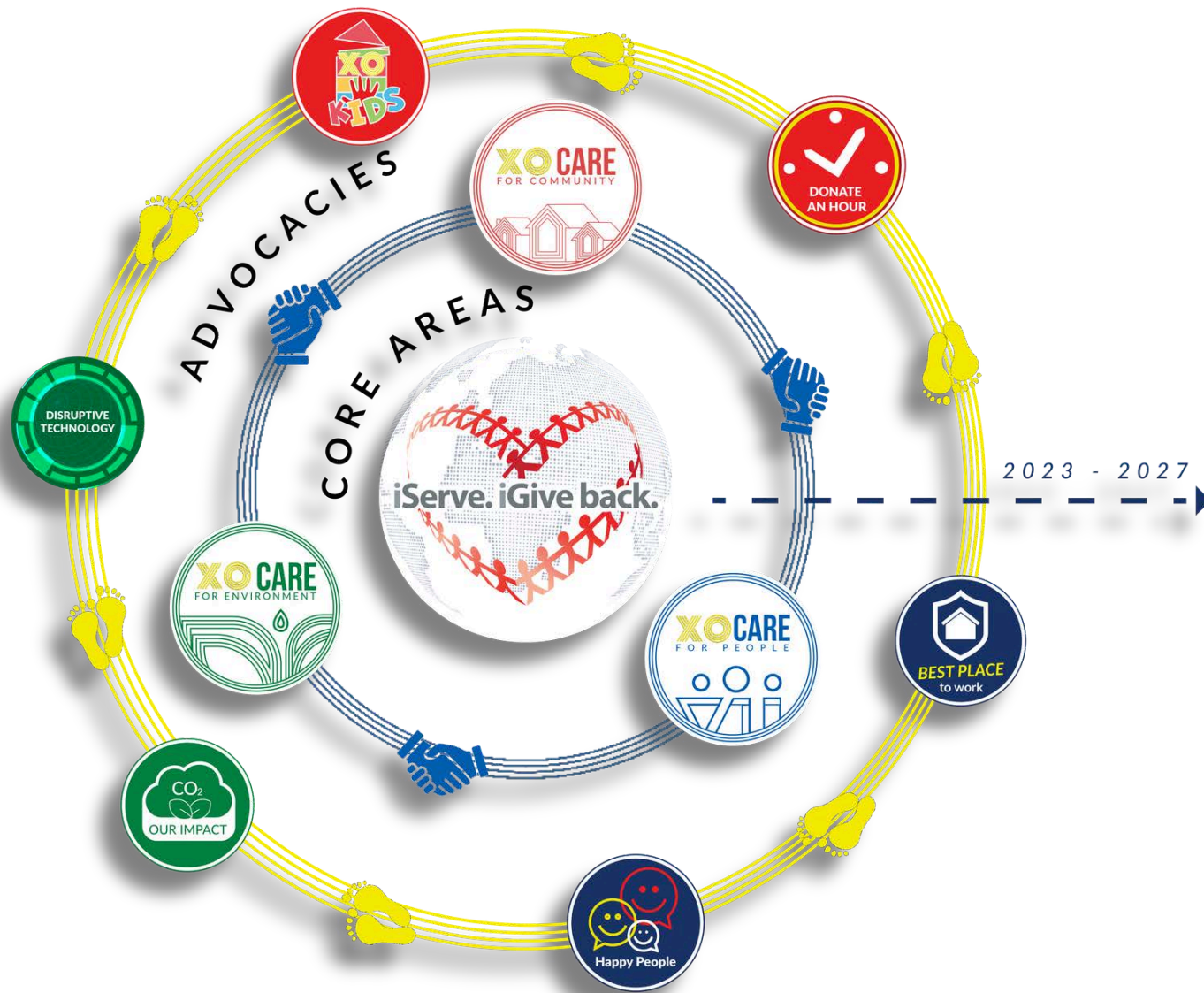
OUR SUSTAINABILITY JOURNEY

At Luen Thai, our sustainability journey is defined by continuity, discipline, and a deepening commitment to ESG principles that stretches back to our founding in the 1970s. We have never treated sustainability as a compliance exercise. It has always been how we operate.

Over the decades, our multi-country presence and diverse operations have given us both the perspective and the responsibility to lead responsibly. In 2025, that foundation proved its value.

Amid industry-wide disruption, our sustainability framework provided stability, anchored our capital allocation, and guided our decisions when conditions demanded speed and clarity.

For us, sustainability is not a destination but a continuous process of improvement. It requires embracing change, strengthening governance, and holding ourselves to the standards that our people, our partners, and our communities deserve. As we move forward, we are committed to embedding sustainability more deeply into every aspect of our business, setting new benchmarks, and ensuring our progress creates lasting, positive impact.



OUR SUSTAINABILITY STRATEGY FRAMEWORK

At Luen Thai, our sustainability strategy is built around XO CARE, a framework that focuses on People, Community, and the Environment. Guided by the principle of *iServe. iGive back*, it connects individual contribution to collective impact across every market where we operate. The 2023 to 2027 roadmap gives our efforts structure, direction, and accountability.

For our people, programs including Best Place to Work, Happy People, and GRA Equality foster an inclusive, capable, and engaged workforce. Opportunity at Luen Thai is defined by merit, potential, and contribution, without limitation by race, gender, or age.

In our communities, XO Kids and Donate-an-Hour—exemplified by our long-standing sports development partnerships—extend Extraordinary Care to the young, the vulnerable, and the underserved. These are not charitable additions to our business; they are integral to who we are.

On the environmental front, Our Impact and Disruptive Technology programs drive measurable gains in energy efficiency, waste reduction, and sustainable production. Through automation, digitalization, and AI, we continuously reduce our ecological footprint while strengthening our competitive position.

OUR FIVE-YEAR TARGETS

Luen Thai's third five-year plan (2023–2027), aligned with the United Nations Sustainable Development Goals (UN SDGs), is built around three key pillars: Our People, Our Community, and Our Environment. These priorities are designed to embed sustainability across every aspect of the Group's global operations. Guided by the Sustainability Committee, the plan ensures that targets are approved, progress is closely monitored, and initiatives are implemented consistently throughout all strategic business units.

This framework underscores Luen Thai's steadfast commitment to a sustainable future—one where business growth exists in harmony with social and environmental well-being. By making meaningful contributions across these pillars, the Group seeks to create enduring, positive impacts that extend far beyond its immediate operations.

Moving forward, we intend to strengthen our sustainability framework by implementing a climate-related transition plan and dedicating the required resources to allow Luen Thai to transition to a low-carbon economy, all while managing associated risks and fulfilling climate targets.



**SUSTAINABLE
DEVELOPMENT
GOALS**

**"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 including eco-denim, ODM 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%¹

Reduce Scope 2 GHG emissions intensity by 15%¹

ENERGY REDUCTION

Reduce electricity consumption intensity by 8% (kWh per unit of production)¹

WATER USE REDUCTION

Reduce water consumption intensity by 30%¹

WASTE REDUCTION

Reduce hazardous waste by 50%¹

Reduce non-hazardous waste by 15% with 2023 baseline¹

2025 PROGRESS

231% reduction in Scope 1 GHG emissions intensity and 35% increase in Scope 2 GHG emissions intensity with 2023 baseline²

22% increase in electricity consumption intensity with 2023 baseline³

8% reduction in water consumption intensity with 2023 baseline

110% reduction in hazardous waste with 2023 baseline⁴

146% reduction in non-hazardous waste with 2023 baseline⁵



¹Mainly on 3 regions: People's Republic of China, Philippines, and Cambodia.

²The significant reduction in Scope 1 GHG emissions intensity compared to the 2023 baseline is due to the elimination of fuel-consuming in-house generators given the stable operations of the EDC power supply. Order quantities were reduced, which led to fewer deliveries by company trucks in the Philippines, further lowering Scope 1 emissions in 2025. The increase in Scope 2 GHG emissions intensity in 2025 is mainly due to the addition of four lines in the Philippines this year and the decrease in overall production units.

³The increase in electricity consumption intensity in 2025 resulted from the decrease in production units. Electricity consumption decreased by 7% compared to the 2023 baseline.

⁴The significant reduction in hazardous waste is attributed to the decrease in treated sludge in Cambodia, which was primarily due to reduced manpower. In the Philippines, we switched the type of cleaning materials used from cloth to rubber to improve hygiene and cleaning efficiency, thereby generating less waste.

⁵The significant reduction in non-hazardous waste compared to 2023 is attributed to several factors. The decrease in production and consumption resulted in reduced paper waste in Cambodia. In China, cardboard from raw material packaging was either reused if in good condition or sold to recyclers if damaged, contributing to waste minimization. Similarly, in the Philippines, the decrease in production orders led to a further reduction in waste generation.

SOCIAL TARGETS

EQUALITY IN DIVERSITY:

At the core of our social objectives is a steadfast commitment to diversity and inclusion. We strive to maintain a balanced workforce that reflects our global presence and cultural richness. Through comprehensive training programs, we empower our people and nurture a workplace culture built on respect, equality, and continuous 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

2025 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

Football initiatives were a key focus this year, with increased effort dedicated to programs that foster community spirit and promote healthy lifestyles

We continue to support the elderly through donations and visits

Hiring of employees with disabilities



GOVERNANCE TARGETS

ETHICAL PRACTICES AND TRANSPARENCY:

We uphold the highest standards of ethics and transparency, with a strong commitment to meaningful stakeholder engagement. By aligning our operations with global best practices, we ensure accountability and integrity across all aspects of our business.

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

2025 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 embrace sustainable practices to tackle today's social, environmental, and community challenges while shaping a stronger future. Since its launch in 2018, our sustainability strategy has focused on three core priorities: empowering our people, supporting our communities, and safeguarding the environment. We continue to show that business growth and environmental responsibility can thrive together. Looking ahead, we remain committed to strengthening and evolving our efforts across these essential areas.

We view our stakeholders as vital partners in this journey. By collaborating with employees, customers, suppliers, and local communities, we design holistic solutions to complex sustainability challenges. This partnership-driven approach enhances our ability to deliver meaningful, lasting impact.

STAKEHOLDER ENGAGEMENT

Through active communication across multiple channels, we remain closely aligned with evolving sustainability priorities and stakeholder expectations. This continuous dialogue enables us to uncover new opportunities, manage risks effectively, and refine our initiatives. The insights gained strengthen our sustainability programs and ensure our business strategies deliver value to all stakeholders.

At Luen Thai, stakeholder input is a catalyst for meaningful action. By embedding feedback into our decision-making processes, we ensure that sustainability initiatives directly address community needs and priorities. Ongoing engagement, supported by annual performance reviews, drives the continuous improvement of both our business strategies and sustainability practices. This approach underscores our commitment to responsible operations and demonstrates how stakeholder dialogue translates into tangible, measurable results.

STAKEHOLDER GROUPS AND THEIR COMMUNICATION CHANNELS

SHAREHOLDERS AND INVESTORS

- Public news
- Press releases
- Internet

EMPLOYEES

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

STRATEGIC CUSTOMERS

- Business communications
- Direct mail

CORE SUPPLIERS AND BUSINESS PARTNERS

- Business communications
- Direct mail

GOVERNMENT REGULATORS

- Direct mail
- E-mails
- Meetings

MEDIA

- Public displays
- Interviews
- Site visits

NGOs

- Community work

MATERIALITY ASSESSMENT

Luen Thai regularly conducts materiality assessments to identify and prioritize the sustainability issues most critical to our business operations. This process involves close engagement with both internal and external stakeholders to gain a clear understanding of their concerns and priorities. In collaboration with customers and suppliers, the key steps in identifying material topics 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 2025, Anti-Competitive Behaviour was removed based on updated priorities in the industry after conducting peer benchmarking. Additionally, Information Security and Personal Data Protection was moved up in the materiality matrix due to stakeholders' concerns on ensuring data security, while Energy Management and Exhaust Gases and Carbon Emissions were considered to be lower priority compared to 2024.

ENVIRONMENTAL PROTECTION

Energy management

Water conservation

Exhaust gases and carbon emissions

Solid waste management

Climate change

LABOR PRACTICES AND COMMUNITY EFFECT

Employment and employee benefits

Fair recruitment

Occupational health and safety

Comprehensive training

Diversity and inclusion

Caring for community

BUSINESS OPERATING PRACTICES

Customer service

Responsible production

Procurement and supply chain management

Corporate governance

Information security and personal data protection

Anti-competitive behaviour

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

Placing employee health and safety at the forefront delivers immediate operational advantages, including fewer workplace accidents and injuries through the adoption of robust protocols and comprehensive training programs. This proactive approach reduces absenteeism, lowers turnover, and minimizes production disruptions, thereby strengthening operational continuity and overall performance. By engaging employees directly in safety initiatives, Luen Thai fosters a collaborative culture that enhances teamwork and workplace morale. Moreover, upholding stringent safety standards ensures full regulatory compliance, mitigating potential penalties and reputational risks while reinforcing our commitment to responsible business practices and building stakeholder trust.

EMPLOYMENT AND EMPLOYEE BENEFITS

Investing in competitive compensation and benefits is essential to attracting and retaining top talent, which in turn fuels organizational performance and strengthens financial outcomes.

ENERGY MANAGEMENT & EXHAUST GASES AND CARBON EMISSIONS

Strategic management of emissions and carbon footprint delivers both environmental and operational advantages. By adopting energy-efficient technologies, we reduce fuel consumption and lower operating costs, while optimized energy management improves manufacturing efficiency. At the same time, investing in renewable energy sources enhances resilience and reduces vulnerability to fuel price volatility.

INFORMATION SECURITY AND PERSONAL DATA PROTECTION

Robust data security is essential to safeguarding Luen Thai's extensive network of customers and suppliers. A breach of confidential information could result in significant legal liabilities, regulatory penalties, and stakeholder claims, underscoring the importance of maintaining the highest standards of protection.

PRODUCT QUALITY AND CUSTOMER SERVICE

As a premier manufacturer of fashion and lifestyle apparel and accessories for renowned brands, we recognize that maintaining superior product quality and delivering exceptional customer service directly contribute to stronger returns. By continuously innovating in quality management and service delivery, we deepen customer relationships and effectively reduce product returns.

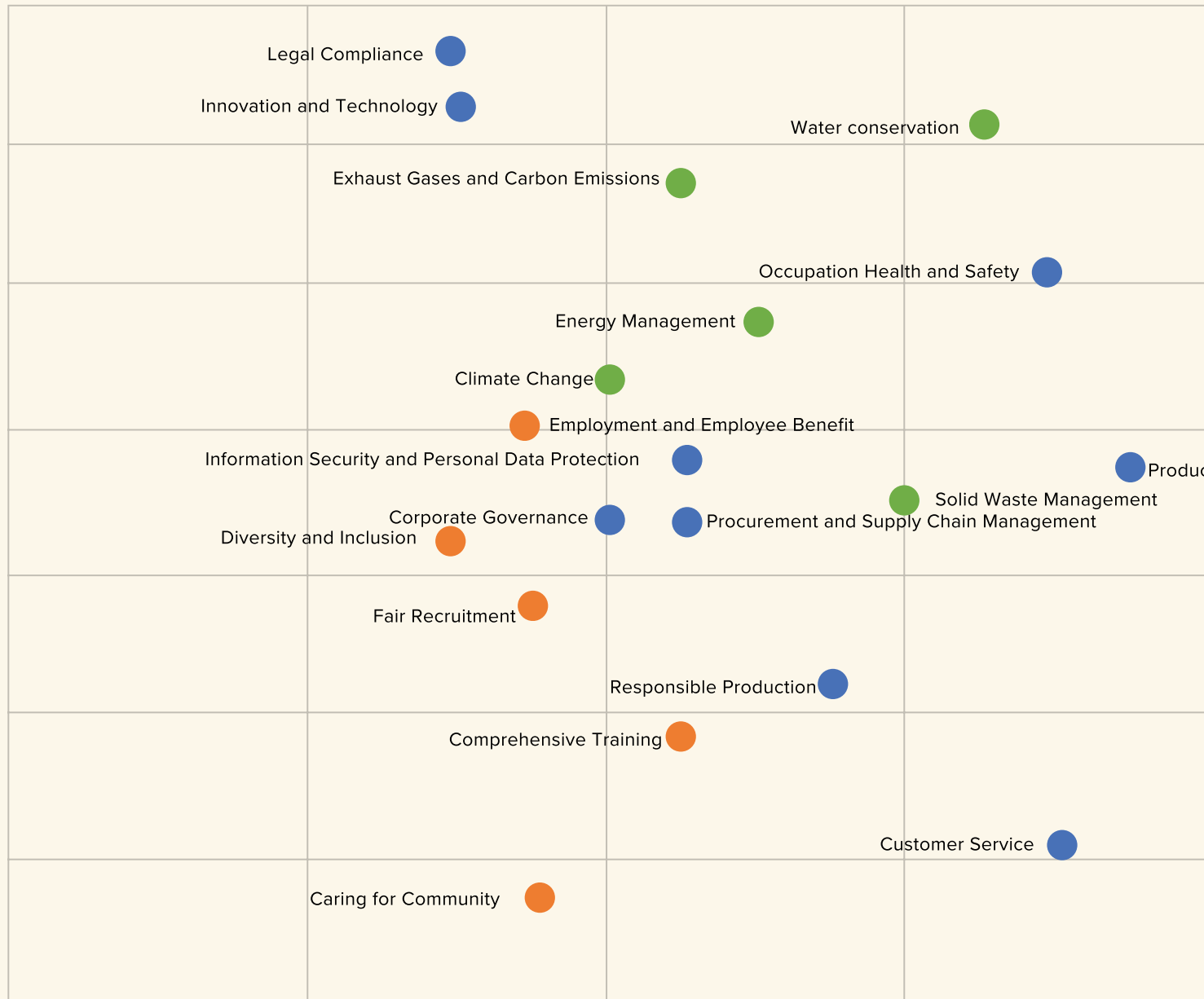
RESPONSIBLE PRODUCTION AND LEGAL COMPLIANCE

Responsible manufacturing practices not only improve operational efficiency but also reduce environmental and compliance risks. By maintaining strict adherence to regulatory standards, we safeguard against financial penalties, litigation costs, and reputational harm—protecting both our market position and bottom line.

WATER CONSERVATION

Strategic water management plays a vital role in driving operational efficiency and advancing our sustainability initiatives across Southeast Asia. Through regular infrastructure inspections and proactive maintenance, we can detect inefficiencies early, prevent water waste, and lower operational costs.

Materiality on External Stakeholders' Concern



Materiality on Internal Stakeholders' Demand

- ENVIRONMENTAL
- SOCIAL
- GOVERNANCE AND INNOVATION

"SUSTAINABILITY IS NOT A SEPARATE INITIATIVE BUT A CORE DRIVER OF HOW WE OPERATE, INNOVATE, AND CREATE VALUE."

ENVIRONMENTAL PILLAR



As a global leader in apparel and accessories, Luen Thai embeds environmental excellence at the heart of its value creation model. We closely monitor our ecological impacts and respond proactively to the evolving demands of both industry and society for sustainable development. By maintaining strict compliance with environmental regulations and standards across all regions where we operate, we reinforce our commitment to responsible growth and long-term sustainability.

In 2025, 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 implementing an environmental management system guided by internationally recognized standards across our major operations. This ensures our markets take proactive steps to reduce carbon footprints and drive positive changes throughout the supply chain. Several of our facilities in the Philippines, Cambodia, and the PRC have achieved Higg Index Certification, a standardized framework for assessing and measuring environmental performance in the apparel and accessories industry. Leveraging the Higg Index, we identify priority areas for climate action and implement targeted measures to mitigate impacts across the supply chain.

In addition, operations in the PRC and Cambodia have obtained ISO 14001 certification, establishing environmental targets aligned with globally recognized policies and procedures.

As a responsible apparel and accessories manufacturer, we go beyond regulatory compliance to embed sustainability into our operations. Our digital transformation strategy and investments in advanced technologies serve a dual purpose: optimizing production efficiency while advancing sustainable manufacturing practices. Through rigorous monitoring of carbon emissions and resource utilization, we drive continuous improvement and reinforce our commitment to responsible growth.

In 2025, our factory in Cambodia achieved the silver certification in the Model Green Factory Program, reflecting our commitment to sustainability, energy efficiency, and environmentally responsible practices. Additionally, to foster awareness and accountability, we have prominently displayed our Environmental Management Policies and Procedures on the staff notice board, ensuring that all employees are informed and engaged in our sustainability mission.

STRENGTHENING CLIMATE RESILIENCE

Luen Thai implements systematic, facility-specific climate risk assessments across our production network. By integrating climate-related risks and opportunities into our enterprise risk management framework, we develop targeted action plans based on comprehensive data, please refer to “Our Five-Year Target” Section. Our annual materiality review and stakeholder feedback process enables precise identification and prioritization of climate risks, guiding our mitigation strategies.

During the year, we intensified our efforts to integrate climate-related risks into Luen Thai’s risk management framework. Based on our business activities and operating locations, a comprehensive list of climate-related risks was identified. Relevant departments assessed these risks by evaluating their nature, likelihood, potential impacts, and existing mitigating controls. Following this, the Sustainability Committee prioritized the most significant risks and opportunities for further examination.

Ultimately, the Board holds overall responsibility for risk management, while the Sustainability Committee and Audit Committee play key roles in overseeing the climate-related risk assessment process and providing timely updates to the Board. Additionally, the internal audit function conducts independent evaluations of the risk management framework’s effectiveness and reports its findings annually to the Audit Committee. This process ensures ongoing enhancement and accountability in managing ESG and climate-related risks.

As an integral part of our risk management framework, we will continue to review and monitor critical physical and transition risks that could influence our business operations and supply chain. We have conducted our first qualitative scenario analysis during the reporting period and our risk mapping will be revisited periodically to ensure all relevant risks and outcomes are considered. These activities will enable us to devise practical strategies to manage risks effectively and ensure the resilience of our business against potential challenges.

For more information on our risk management framework and sustainability governance structure, please refer to the “Risk Management” section of the Risk Management and Internal Control in Luen Thai’s 2025 Annual Report and “Sustainability Governance Structure” section in the ESG report.

CLIMATE SCENARIO ANALYSIS

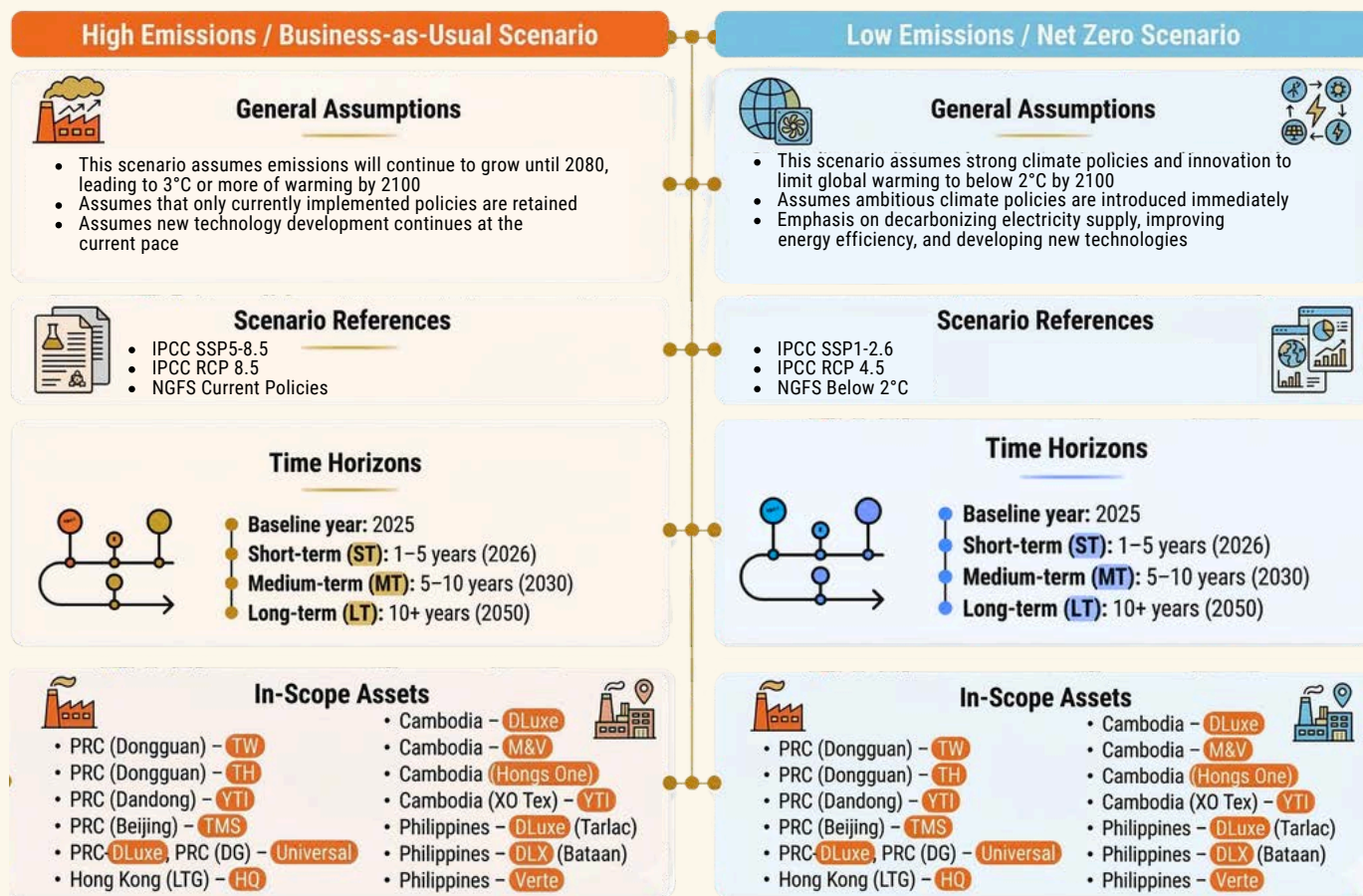
OUR APPROACH

Climate scenarios show different possible futures with various levels of global warming and impacts. By looking at how these changes might affect our business, assets, and plans, we can be better prepared for what is to come. This analysis helps us understand the financial risks from physical events like extreme weather and from changes linked to moving toward a low-carbon economy.

During the reporting period, the Group conducted a qualitative scenario analysis to assess our exposure to climate-related risks and opportunities. The key assumptions, scope, timeframe, and selected scenarios are outlined in the table below. We applied established frameworks from the Intergovernmental Panel on Climate Change (IPCC)⁶ and the Network for Greening the Financial System (NGFS)⁷ to evaluate physical risks. From these sources, we selected scenarios that best reflect our operating environment and organized them into two distinct pathways to examine their potential impact on our business:

⁶The IPCC is the international body tasked with assessing the science of climate change. There are five SSP-RCP ('SSPX-Y') scenarios, each with a different set of narrative assumptions and emissions trajectories.

⁷NGFS was established by eight central banks in 2017 and seven scenarios are created to address the physical and transition risks. These scenarios are frequently used by central banks and financial supervisors.



Following our climate risk assessment and scenario analysis, we have developed a clear understanding of the climate-related risks and opportunities currently faced by our organization. Although past tropical cyclones and extreme rainfall events have not resulted in material losses, the potential increase in their frequency and severity prompts us to take proactive measures rather than rely solely on historical experience. To safeguard our assets and stakeholders, we have integrated climate mitigation and adaptation strategies into our routine operations as well as repair and maintenance activities. These associated costs have been incorporated into both our operational and capital budgets. Furthermore, we regularly monitor the progress of our initiatives addressing each climate risk and opportunity, ensuring alignment with our ESG targets and objectives.

During the reporting period, two significant climate-related physical risks, one transition risk, and one opportunity were identified and deemed most relevant to Luen Thai in the scenario analysis. The potential impacts, mitigation measures, and time horizons of each significant risks and opportunity are outlined below.

CLIMATE FACTORS

POTENTIAL IMPACTS

MITIGATION MEASURES

TIME HORIZON

PHYSICAL RISKS

Acute risk - Tropical cyclones

Financial:

- Potential decline in asset value due to property damage caused by tropical cyclones.
- Higher capital expenditures (CAPEX) required to implement climate mitigation and resilience measures.
- Increased operating expenses for repairing damaged assets, sourcing alternative suppliers and paying higher insurance premiums.
- Revenue reduction from temporary shutdowns or reduced production capacity.

Non-financial:

- Potential business disruption on supply chain where roads, ports, and communication infrastructure may become inoperable, complicating logistics and transport.

- Enhance climate resilience of properties such as enhancing existing building designs and resilience through retrofitting and other risk preventive measures.
- Assess climate vulnerabilities for critical properties situated in high-risk areas to effectively reduce and adapt to physical threats. External experts may be consulted to identify and implement suitable measures that enhance property resilience against climate-related impacts, ensuring robust preparedness and safeguarding investments.
- Develop emergency response plans that outline clear procedures for different scenarios including evacuation protocols and communication channels.
- Implement and communicate safety protocols to protect the well-being of security officers and vendors, while building their capacity and enhancing preparedness for handling emergent situations under extreme weather conditions.

Medium-Term
Long-Term

CLIMATE FACTORS

POTENTIAL IMPACTS

MITIGATION MEASURES

TIME HORIZON

PHYSICAL RISKS

Chronic risk -
Increase in average
temperature

Financial:

- Rising temperatures can increase production costs by driving up energy use for cooling systems in manufacturing plants and storage facilities.
- Higher heat levels may damage temperature-sensitive materials and components, leading to quality issues and potential financial losses.

Non-financial:

- Higher temperatures can negatively affect employee working conditions, potentially reducing productivity and increasing health and safety risks.

- Enhance working environments through the adoption of temperature-control technologies and flexible scheduling to safeguard employee health and maintain morale amid heat stress.
- Install backup power generators to manage short outages caused by heatwaves, minimizing unplanned disruptions and safeguarding sensitive precision operations.
- Develop a diversified and adaptable supply chain by sourcing from multiple regions and building partnerships with suppliers focused on resilience and sustainability.

Medium-Term
Long-Term

CLIMATE FACTORS

POTENTIAL IMPACTS

MITIGATION MEASURES

TIME HORIZON

TRANSITION RISKS

Enhanced and emerging regulatory requirements

Financial:

- Companies incur higher costs due to compliance with new regulations, including expenses for audits, certifications, and operational modifications to adhere to regulatory standards.
- Adhering to regulatory requirements helps avoid fines, penalties, or legal actions that could cause unexpected financial strain.

Non-financial:

- Elevated risk of non-compliance with evolving regulatory standards.

- Conduct comprehensive risk assessments to identify potential impacts of regulatory changes and implement a risk management framework to proactively address these challenges.
- Establish a dedicated team to continuously monitor the changes in regulations to ensure compliance.
- Allocate financial resources towards sustainability initiatives and clean energy projects that align with regulatory requirements, while ensuring profitability.

Short-Term
Medium-Term
Long-Term

CLIMATE FACTORS

POTENTIAL IMPACTS

MITIGATION MEASURES

TIME HORIZON

OPPORTUNITY

Shifting consumer preference and demand due to increased environmental awareness

- Consumers increasingly prioritize eco-friendly products, driving demand for sustainable practices. Brands are adapting by innovating with green solutions, reflecting heightened awareness of environmental impact and ethical consumption.

- Gather data on consumer preferences regarding environmentally friendly products in the garment industry, and identify trends such as sustainable fashion.
- Develop new products or adapt existing ones, such as introducing sustainable fabrics like organic cotton or recycled polyester, or using eco-friendly dyes and biodegradable packaging.
- Utilize certifications like Fair Trade, Global Organic Textile Standard (GOTS), or OEKO-TEX to enhance credibility and consumer trust.
- Partner with environmental organizations for joint promotions or campaigns.

Short-Term
Medium-Term
Long-Term

Additionally, we have assessed our readiness for climate-related events, drawing on past experiences and the measures already implemented or planned during the reporting period. Current analysis shows no significant uncertainties in our climate resilience, with our business model and strategy remaining robust over the short, medium, and long term.

At present, we consider ourselves equipped to handle future climate events and anticipate that the current and anticipated impacts of these climate risks on our business operations, value chain, financial position, cash flow, and overall financial performance will not be significant. While past tropical cyclones

and extreme heat did not cause significant losses, their potential in increased frequency and intensity underscore the importance of proactive measures beyond historical patterns.

Furthermore, the proportion of assets or business activities exposed to physical and transition climate risks is expected to be insignificant. Moving forward, we will also explore the feasibility of capitalizing on climate-related opportunities.

METRICS AND TARGETS

The Group has set clear objectives to reduce carbon footprint, energy reduction, water use reduction, and waste reduction, aiming to minimize the environmental impact of our operations. Detailed information about these targets and associated initiatives can be found in pages 21 – 22 of this report.

Additionally, we consistently track GHG emissions across all business units to maintain a comprehensive understanding of the Group’s climate mitigation progress. For further details, please refer to the “Environmental Data Summary.”

AIR EMISSION AND OTHER POLLUTANT CONTROL

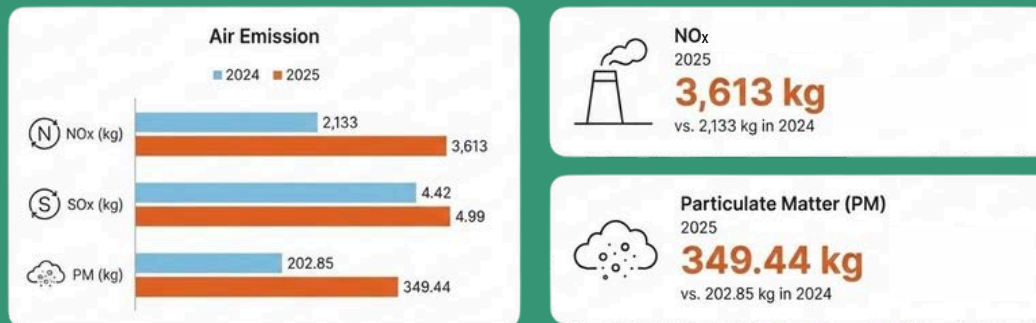
Our primary air emissions—Nitrogen Oxides (NOx), Sulfur Oxides (SOx), and Particulate Matter (PM)—originate from our company vehicle fleet. Luen Thai is committed to actively managing these emissions to ensure they remain within acceptable levels, in full compliance with emission permits and local regulations. We routinely renew air emission permits, supported by laboratory test documentation, in accordance with government requirements. In 2025, air emissions increased due to the relocation of

customers to more distant locations and a higher volume of work being outsourced to subcontractors as production rose in one Cambodia factory. This led to greater fuel consumption and longer travel distances.

Effective control of noise, light pollution, and dust is essential both for regulatory compliance and for safeguarding employee health. Luen Thai has obtained the necessary noise permits in accordance with local government requirements.

In the Philippines, we implement Workplace Environmental Monitoring (WEM) to track noise, illumination, and dust levels, ensuring conditions remain safe and compliant. To further support this, we established a Preventive Maintenance Schedule (PMS) that enables regular inspections and proactive management, keeping these environmental factors within acceptable levels.

AIR EMISSIONS⁸: 2024 vs 2025 COMPARISON



⁸Air emissions is calculated based on “How to prepare an ESG Report. Appendix 2: Reporting Guidance on Environmental KPIs” published by HKEx.

ENERGY MANAGEMENT

We implement tailored emission and energy reduction strategies across our diverse business portfolio. Group-wide guidelines on energy consumption, greenhouse gas management, and water conservation establish clear requirements and initiatives to drive measurable progress.

To support these efforts, we provide educational programs that equip employees with practical energy-saving methods for daily operations. Our Correcting Usage Behavior Training program addresses inefficient habits through demonstrations, workshops, and coaching sessions. Together, these integrated initiatives not only optimize energy consumption but also foster a sustainability-focused culture where employees actively contribute to conservation and continuous improvement.

ENVIRONMENTAL CONSERVATION TRAINING RECORD



REDUCING ENERGY USAGE

Energy-saving management at Luen Thai is driven by effective strategies and policies designed to optimize energy consumption. These include regular audits, identification of high-usage areas, and the adoption of advanced energy-efficient technologies and equipment. We continue to invest in upgrades such as new air conditioning systems and steam-drying rooms. By replacing individual small boilers with a centralized steam supply system, we have significantly improved energy efficiency. Variable speed drives have been incorporated into exhaust fans, washing machines, and underground water extractor motors, allowing precise control of energy use by adjusting motor speeds to specific requirements.

All the sewing machines in factories in Cambodia, the Philippines, and the PRC are replaced with energy-efficient servo motors.

These advanced systems reduce power consumption, lower operational costs, and extend equipment lifespans, enhancing overall production sustainability. Sensor-activated lighting in office washrooms and walkways ensures illumination only when needed, while strategically placed skylights maximize natural light, reducing reliance on artificial lighting and further cutting energy use. Through these integrated initiatives, we strengthen operational efficiency, reduce costs, and reinforce our commitment to sustainable manufacturing practices. In 2025, our Cambodia factory installed solar spotlights and a skylight roof along with fences as well as implemented a policy to switch off lights when not in use to reduce the energy consumption.

Daily compliance checks ensure strict adherence to energy conservation protocols, supported by enforcement measures where necessary. Sub-metering data collection and analysis provide detailed insights into energy usage, allowing us to pinpoint specific areas for improvement. These insights enable the development of targeted conservation strategies that optimize efficiency and strengthen our overall sustainability performance.

These measures demonstrate Luen Thai's commitment to energy reduction and environmentally responsible manufacturing.

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

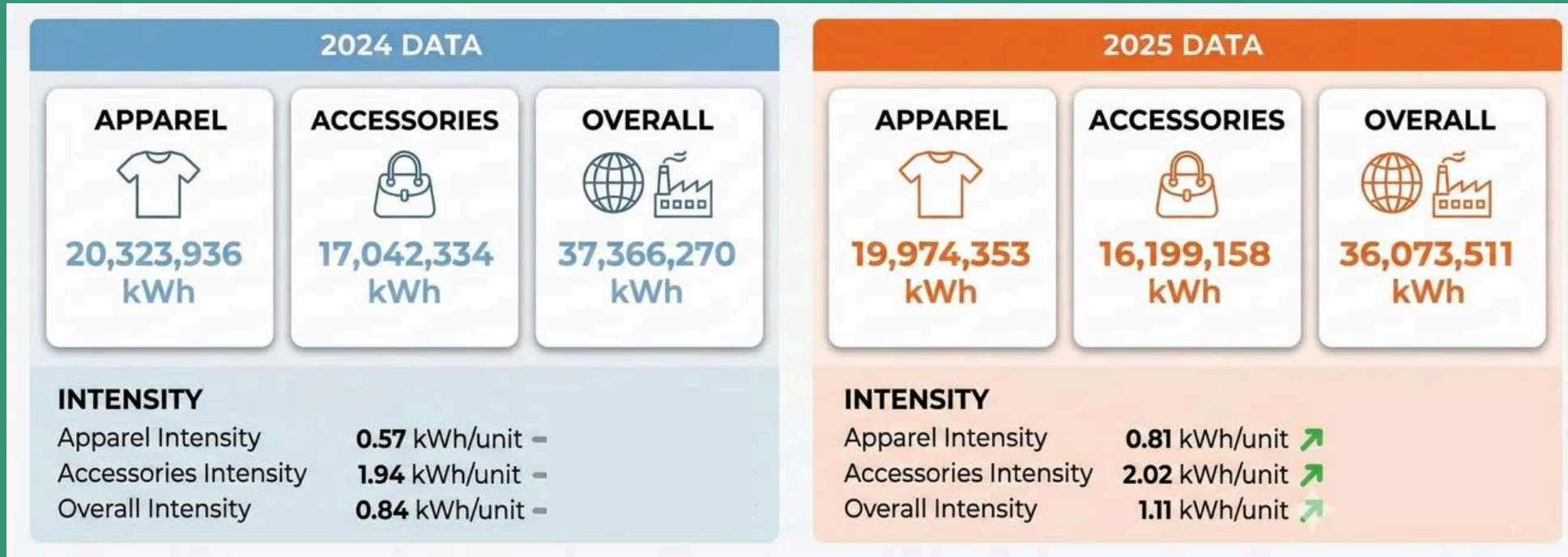
HARNESSING CLEAN ENERGY SOURCES

The Group remains firmly committed to expanding renewable energy solutions in response to the urgent need for climate action. Since 2022, we have launched solar energy projects across multiple regions to increase renewable energy utilization in our operations. Our solar PV systems power essential production components, including exhaust and blower fans, reducing reliance on conventional energy sources. In Cambodia, one of our factories implemented a hybrid system with battery storage and an automatic transfer switch, enabling seamless transitions between grid and solar power to meet operational demands efficiently.

Factories in People's Republic of China and Cambodia implemented rooftop solar panels, generating 1,228,773.6 kWh in 2025. We plan to install roof top solar in Cambodia to reduce 3-5% of total energy consumption by 2026. Our increased renewable energy production not only reduces carbon emissions but also delivers significant operational cost savings. In Cambodia, we further demonstrate our to the energy transition by purchasing 570.8 MWh of international Renewable Energy Certificates (i-RECs) annually, reinforcing our efforts to offset carbon emissions and advance renewable energy adoption.

In addition, we have deployed electric vehicles (EVs) across our manufacturing facilities for business operations and deliveries. This initiative reduces our reliance on fossil fuels, lowers emissions, and strengthens our sustainability performance across the supply chain.






INDIRECT ENERGY CONSUMPTION (kWh)



Compared to 2024, the Group achieved a 3% reduction in electricity consumption but experienced a 32% increase in electricity intensity. This was driven by ongoing energy-saving initiatives and the use of renewable energy sources, alongside a decrease in production units.

DIRECT ENERGY CONSUMPTION (kWh)

Direct Energy Consumption (kWh)

| | | |
|--|--|--|
|  Petrol | 2024 Apparel: 234,525 Accessories: 348,213 Overall: 582,738 | 2025 Apparel: 173,929 Accessories: 230,083 Overall: 404,013 |
|  Diesel | 2024 Apparel: 11,804,856 Accessories: 5,825,594 Overall: 17,630,450 | 2025 Apparel: 9,268,383 Accessories: 512,059 Overall: 9,780,442 |
|  LPG | 2024 Accessories: 44,221 Overall: 44,221 | 2025 Accessories: 72,505 Overall: 72,505 |
|  Natural Gas | 2024 Apparel: 1,612,792 Overall: 1,612,792 | 2025 Apparel: 1,127,380 Overall: 1,127,380 |
|  Biomass | 2024 Apparel: 30,297,119 Overall: 30,297,119 | 2025 Apparel: 38,865,819 Overall: 38,865,819 |

DIRECT ENERGY CONSUMPTION INTENSITY (kWh/unit of production)



Apparel



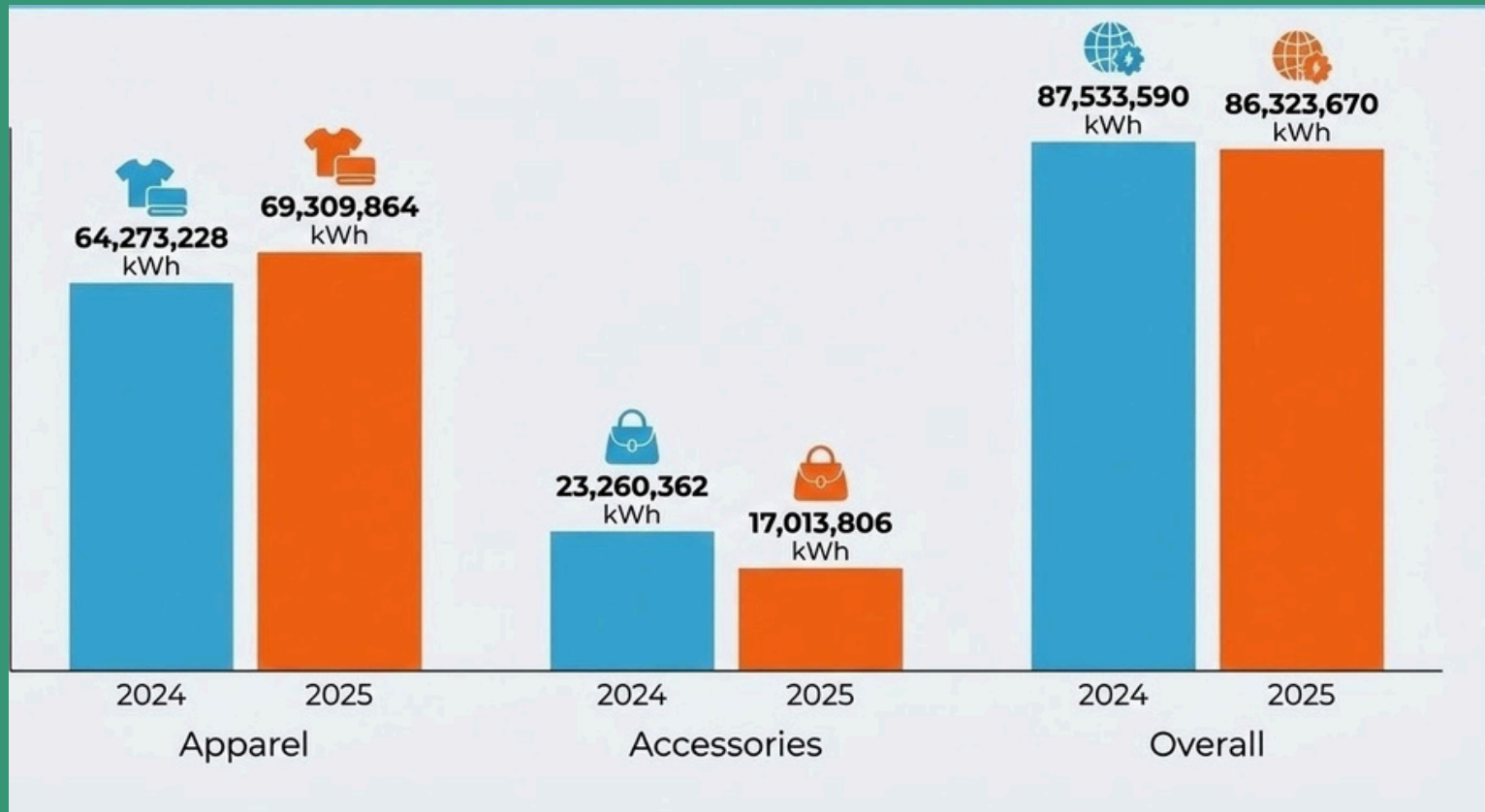
Accessories



Overall



TOTAL ENERGY CONSUMPTION (kWh)



BOILER FUEL

2024

Consumption (kg)



7,382,704

kg

Intensity (kg/unit of production)



0.17

kg/unit

2025

Consumption (kg)



9,011,094

kg

Intensity (kg/unit of production)



0.28

kg/unit

The Group has recorded a 22% increase in boiler fuel consumption and a 67% increase in boiler fuel intensity as compared to 2024. This increase was primarily due to the reorganization of business units in 2024 and 2025, combined with a decrease in overall production volume.

GREENHOUSE GAS EMISSION CONTROL

To support the PRC’s “dual carbon” goals—achieving carbon peaking before 2030 and carbon neutrality by 2060—while meeting our five-year target of reducing Scope 1 and 2 emissions intensity by 15%, Luen Thai is driving greenhouse gas (GHG) reductions through digital solutions and targeted sustainability initiatives. We are deploying energy-efficient equipment and integrating renewable energy sources across our operations. Several factories in Cambodia and the People’s Republic of China (PRC) have installed solar panels and solar-powered streetlights to harness clean energy.

To ensure compliance with national standards and evaluate the effectiveness of these initiatives, we conduct regular carbon audits of our GHG emissions. In Cambodia, a carbon audit was performed during the year to

support the development of our decarbonization program and to facilitate participation in the Higg Index and Global Recycled Standard (GRS) verification processes.

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 2024, our Group has seen a 36% decrease in Scope 1 emissions and a 3% increase in Scope 2 emissions because the EDC power supply operated stably, eliminating the need for fuel-consuming in-house generators. Additionally, reduced order quantities and limited company truck usage in the Philippines due to fewer trips led to lower emissions. The increase in Scope 2 emissions and intensity was mainly due to the addition of four lines in the Philippines

and the decrease in overall production units this year.

As part of the Group’s commitment to environmental sustainability, we quantified and disclosed material categories of Scope 3 emissions for Luen Thai this year. These emissions were calculated following the GreenhHouse Gas Protocol to help us better understand the emissions in our value chain. We identified key Scope 3 categories that are material to Luen Thai, including categories 1, 2, 4 and 12. We then conduct internal discussions and research, and provide training to the relevant teams to ensure the accurate collection of data. We will continue to explore additional Scope 3 categories to enhance our emissions reporting and further our efforts in reducing environmental impact.



CATEGORY 1 – PURCHASED GOODS AND SERVICES

Description

Emissions from the extraction, production, and transportation of goods and services purchased by the Group.

Methodology

Emissions resulting from procurement activities such as equipment refurbishment and replacement are calculated using a spend-based method applying U.S. Environmental Protection Agency (USEPA) emission factors.



CATEGORY 4 – UPSTREAM TRANSPORTATION AND DISTRIBUTION

Description

Emissions generated from contracted transportation and distribution services.

Methodology

Emissions linked to expenditures on transportation and distribution services are calculated using a spend-based method utilizing USEPA emission factors.



CATEGORY 2 – CAPITAL GOODS

Description

Emissions related to the extraction, production, and transportation of capital goods.

Methodology

Calculated using a spend-based method applying USEPA emission factors.



CATEGORY 12 – END-OF-LIFE TREATMENT OF SOLD PRODUCTS

Description

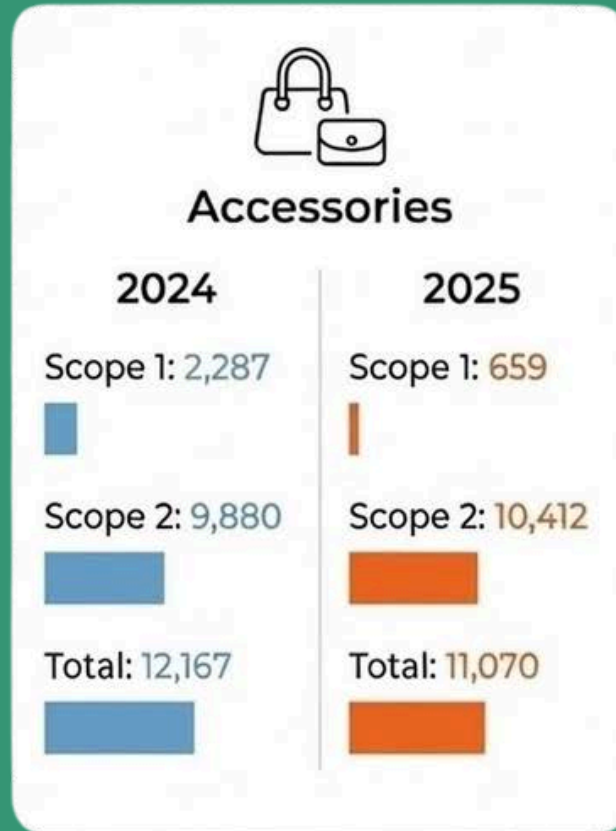
Emissions caused by the disposal and treatment of products after they have been sold.

Methodology

Estimated using activity-based methods applying emission factors provided by the UK Department for Environment, Food & Rural Affairs (UK DEFRA).

TOTAL GHG EMISSION

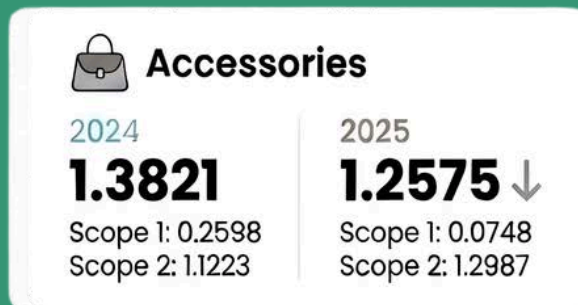
(tCO₂e)



⁹Total GHG emissions is calculated by the summation of Scope 1 and Scope 2 GHG emissions.

TOTAL GHG EMISSION INTENSITY¹⁰

(kgCO₂e/unit of production)

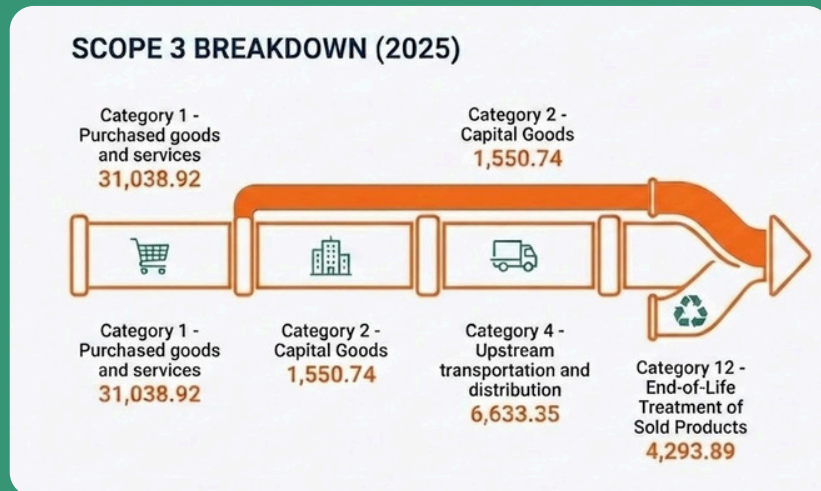


TOTAL GHG EMISSIONS

(tCO₂e)

TOTAL GHG EMISSIONS

SCOPE 1+2+3¹¹



¹⁰ Total GHG emissions intensity is calculated by total Scope 1 and 2 emissions over total production units.

¹¹References for the calculation of our Scope 1, Scope 2, and Scope 3 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.

WATER CONSERVATION

Luen Thai's commitment to water conservation is demonstrated through a comprehensive set of management practices. The Group has adopted water-efficient technologies to reduce consumption during production, with appliances designed to lower per-garment freshwater use and increase recycled water utilization across facilities. In Cambodia, office water fixtures are being upgraded by replacing traditional non-aerated faucets (12L/min flow rate) with single-handed aerated faucets (3.44L/min flow rate). We also added rainwater harvesting systems that collect water for non potable uses, reducing demand for freshwater.

In PRC, one of our factories installed a water recycled system in 2025 and has maintained rigorous oversight of water consumption since 2023 through the installation of water meters. Dedicated teams conduct daily inspections and document usage patterns, allowing for early detection of leaks, inefficiencies, or wastage and enabling prompt corrective actions to optimize water use.

To reinforce these initiatives, employees participate in learning sessions on practical water-saving methods and best practices. Regular refresher courses ensure that conservation remains embedded in operational procedures, cultivating a culture of sustainability across the organization.

Water consumption (m³)



As compared to 2024, the Group recorded 14% decrease in water consumption. The decrease in water usage can primarily be attributed to business restructuring, facility renovation, and water saving measures.

WATER CONSUMPTION INTENSITY

(m³ /unit of production)



NATURAL AND RAW MATERIALS CONSUMPTION

Luen Thai responsibly manages natural and raw materials across its operations, upholding customer quality standards while reducing ecological impact. By working closely with clients and suppliers, we carefully select materials based on environmental considerations, social responsibility, and quality needs—helping to shrink our footprint and drive sustainability within the industry.

Several of our operations rely exclusively on materials certified by recognized sustainability standards, including the Recycled Claim Standard (RCS), Global Recycled Standard (GRS), and Responsible Wool Standard (RWS). These certifications affirm our dedication to traceable recycled content, ethical production practices, and humane animal treatment, ensuring our products meet stringent environmental and ethical benchmarks while safeguarding forests and natural resources.

PACKAGING MATERIALS



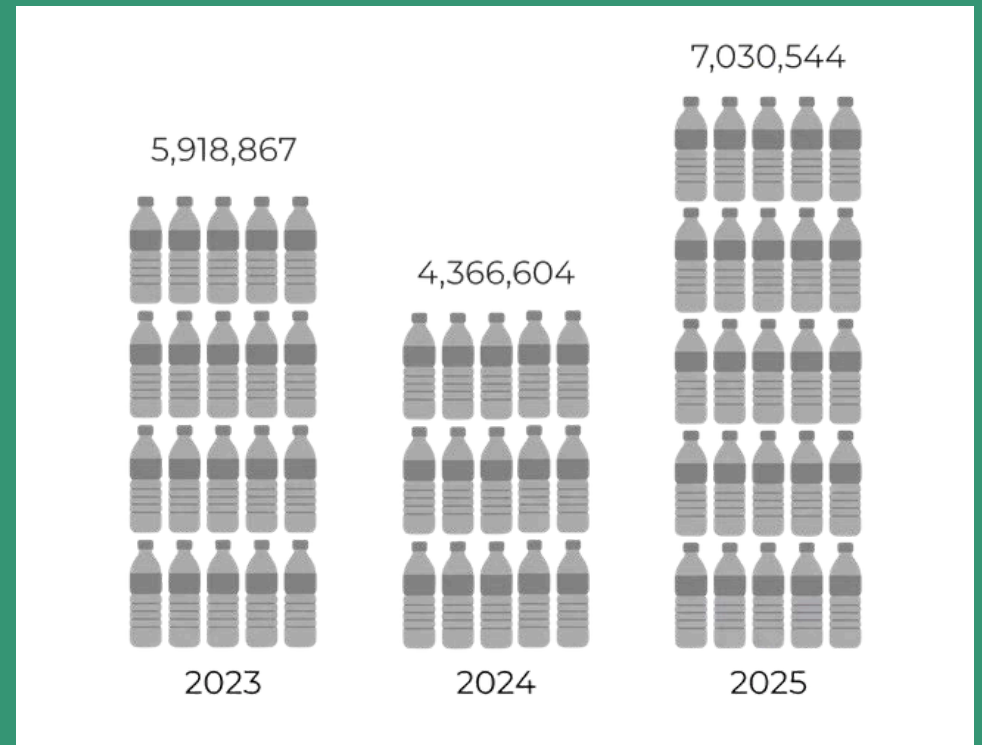
In PRC and Cambodia, selected factories have earned RCS and third-party GRS certifications, confirming the use of recycled materials in production. Dedicated teams maintain daily records of recycled inputs from suppliers, supporting transparency and accountability. In 2025, the factories in PRC upgraded the RCS certificates into GRS certificates. Our sustainable manufacturing incorporates diverse recycled blends—such as 100% post-consumer polyester, 82% post-consumer polyester with 18% elastane, 65% post-consumer polyester with 35% cotton, and 98% post-consumer polyester with 2% elastane. These choices conserve resources while consistently meeting product quality standards.

* Others - packaging tape

The amount of packaging materials used depends on customers' specific requirements. In 2025, the total usage of packaging materials has increased 20% compared to 2024. This is primarily due to the increase in production order in Cambodia. 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 promoted the use of reusable drink containers among employees and visitors across offices and factory sites, helping to build a culture of waste reduction. To reinforce this commitment, we have fully enforced a "No Disposable Bottles Allowed" policy in the majority of our factories in Cambodia, the Philippines, and the PRC. In 2025, approximately seven million bottles were saved, although the data varies depending on the number of employees.

WATER BOTTLES SAVED (PIECE*)



* 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 firmly committed to applying comprehensive waste management practices throughout its operations. We uphold strict adherence to both local and international requirements by conducting systematic policy reviews and detailed audits, ensuring responsible disposal methods are consistently followed. Our ongoing evaluation and refinement of waste management systems highlight our dedication to reducing environmental impact and advancing sustainability objectives. In full compliance with regional hazardous waste regulations, we observe PRC's Law on the Prevention and Control of Environmental Pollution by Solid Wastes as well as the Philippines' legislative framework, which includes the Ecological Solid Waste Management Act and the Toxic Substances, Hazardous and Nuclear Waste Control Act.

WASTE MANAGEMENT

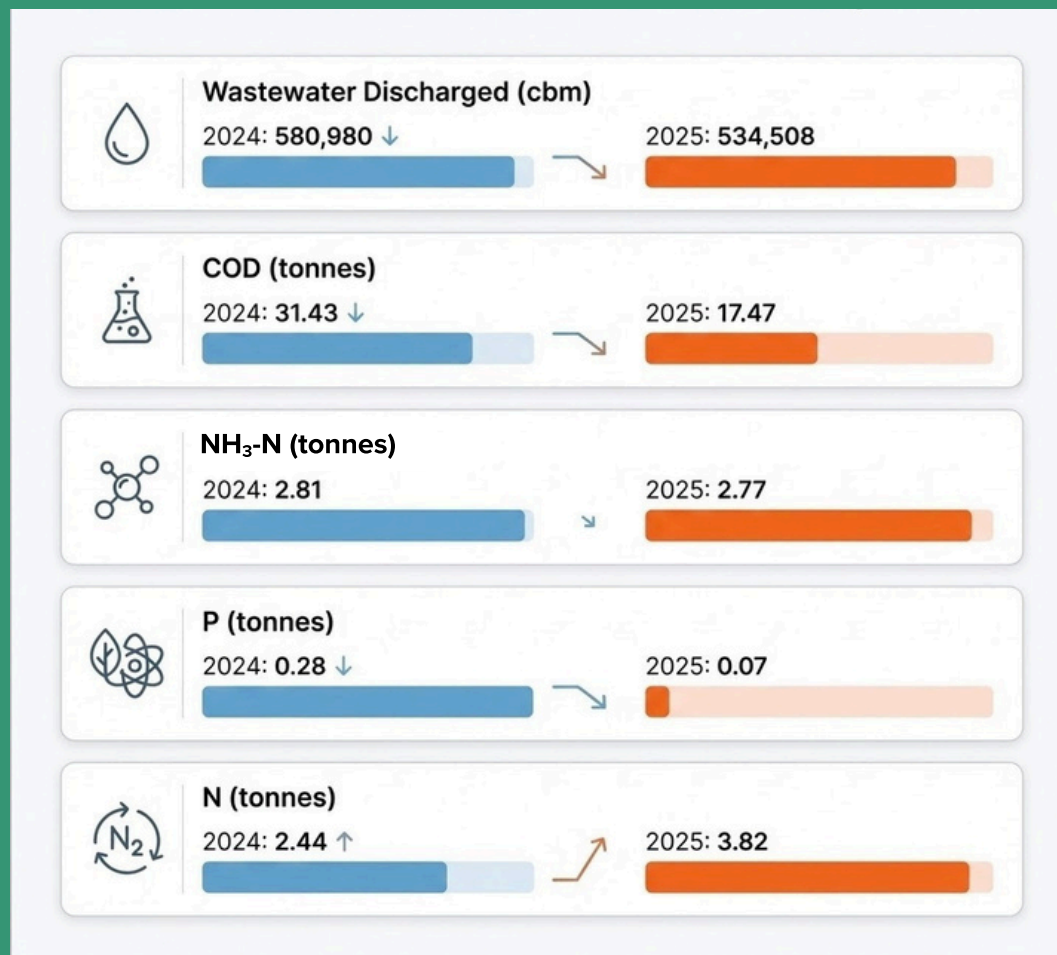
CHEMICAL AND WASTEWATER MANAGEMENT

We have strengthened our commitment to eliminating hazardous chemical discharge from manufacturing operations to safeguard both the environment and human health. Our efforts prioritize reducing the use of volatile organic compounds (VOCs) while ensuring full compliance with the REACH (Registration, Evaluation, Authorization, and Restriction of Chemicals) Regulation. This framework directs the identification and management of hazardous substances, guaranteeing responsible handling within established legal boundaries. In PRC, we use Toxclear for chemical management, achieving a 100% chemical conformance rate, and work with qualified suppliers to handle and reduce our non-hazardous waste yearly. To uphold chemical safety, we enforce strict protocols across our facilities, including secure storage of hazardous materials in locked areas accessible only to specially trained personnel. These measures protect employees and minimize chemical-related risks.

At our Cambodia facility, we introduced a strategic waste diversion program in collaboration with Chip Mong Ecocycle, a certified Industrial Waste Management Company. This initiative transforms textile waste into energy resources, advancing our goal of zero hazardous waste discharge by reducing landfill reliance and lowering dependence on conventional energy sources. Additionally, we implemented a comprehensive waste tracking system across Cambodian operations to monitor generation throughout production. This data-driven approach enables accurate identification of reduction opportunities and supports targeted improvement strategies. We also installed tanks to collect rainwater, which is used to reduce our purchase of municipal water.

Our business units have established wastewater management policies aligned with regional regulations, defining treatment methods for both domestic and industrial wastewater and assigning responsible officers to oversee discharge monitoring. Factories releasing industrial wastewater operate under permits or authorizations granted by local governments. All industrial wastewater is treated in dedicated sewage facilities before discharge, while domestic wastewater free of hazardous substances is directed to municipal treatment plants for centralized processing. Accredited third parties conduct annual wastewater quality testing at major facilities to ensure compliance. In the PRC, one facility is equipped with pre-treatment systems to meet strict discharge standards. In line with local requirements, we carry out quarterly inspections of water treatment operations and have installed real-time monitoring systems at all discharge points to continuously verify that effluent quality meets or exceeds both local and international environmental standards.

CHEMICAL AND WASTEWATER GENERATION



WASTE MANAGEMENT

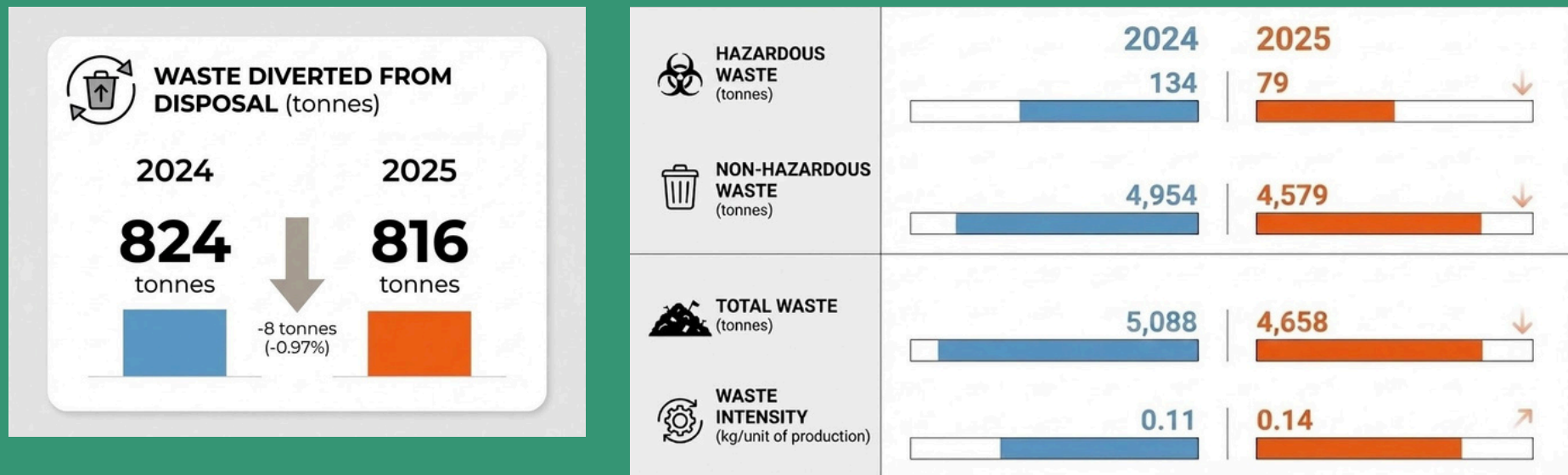
GENERAL WASTE MANAGEMENT

The Group is dedicated to reducing waste generation and expanding recycling efforts across all operations by collaborating with business units to establish a comprehensive waste management policy. In Cambodia, a designated Waste Accountable Officer oversees waste disposal and handling, as well as the rollout of training and audit programs. Additionally, the Infection Prevention and Control Team contributes to developing procedures for infection control, including waste segregation and the safe management of sharps.

Through partnerships with certified recycling companies, we operate effective waste recovery programs for materials such as paper, plastics, and thread cones produced during operations. These collaborations ensure proper segregation, processing, and recycling, transforming potential landfill waste into reusable resources within the production cycle.

Our material recovery initiatives emphasize the collection and sorting of cartons, yarn cones, plastic packaging, and rejected finished goods for resale or reuse. By extending the lifecycle of materials and reducing the need for new packaging, this circular economy approach enhances resource efficiency and supports sustainable production practices.

WASTE REDUCTION APPROACH



Compared to 2024, waste generation decreased by 8% in 2025, despite an increase in intensity. This was mainly due to regular maintenance and turnover-related waste generated in 2024, along with a decrease in production units.

GREEN INITIATIVES

EMPLOYEE ENGAGEMENT IN GREEN INITIATIVES

Environmental conservation remains a cornerstone of Luen Thai’s commitment to sustainable development. We actively encourage employees to take part in initiatives that strengthen awareness of nature protection. In the Philippines, our teams joined Coastal Clean-Up and Tree Planting volunteer programs. The Coastal Clean-Up effort targeted the removal of litter and debris from shorelines, safeguarding marine ecosystems and preserving the natural beauty of our coasts.

In parallel, the Tree Planting program highlighted the value of reforestation and the vital role trees play in addressing climate change, protecting biodiversity, and sustaining healthy ecosystems. As part of this initiative, 566 trees were planted on site.

In our Hong Kong and the PRC offices, initiatives such as Earth Hour 2025 actively foster environmental awareness and inspire employees to contribute to the preservation of natural resources.



Additionally, HK office’s sponsorship and participation in both the Lai See Reuse and Recycling Program 2025 and the Mooncake Boxes Recycling Program 2025 further reinforce this commitment by raising employee awareness, reducing festival-related waste, and fostering a culture of sustainability within the company.



GREEN INITIATIVES

FABRIC CLIPPINGS RECYCLING ACTIVITY

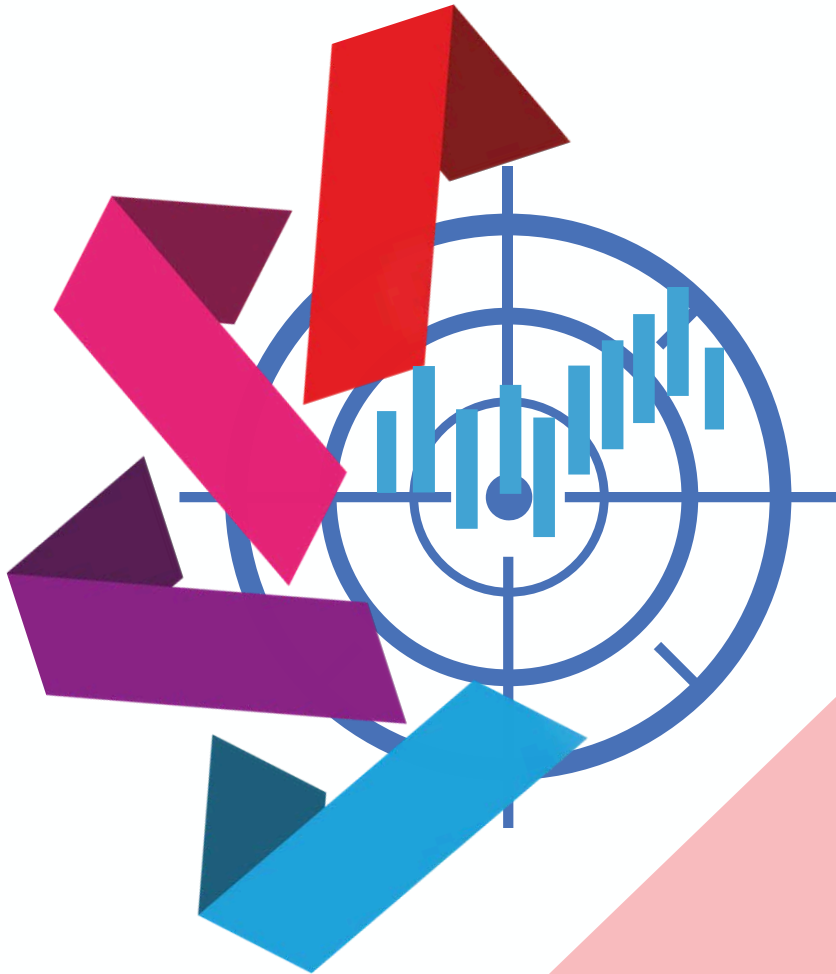
To meet the growing demand for waste reduction and sustainability in the textile sector, we collect fabric clippings and scrap materials in the Philippines and transform them into new products. After careful cleaning and durability checks, these fabrics are repurposed into eco-friendly table and chair covers. This recycling initiative enables us to optimize material usage while significantly reducing landfill contributions.

BIODIVERSITY

Biodiversity is a vital foundation of our planet. Safeguarding it is essential to sustaining operations, as it provides clean air, fresh water, and a balanced earth system. In the Philippines, we operate a Biodiversity Protection System that has been granted an Environmental Compliance Certificate (ECC) by the Department of Environment and Natural Resources—Environmental Management Bureau (DENR-EMB). This system enforces critical environmental measures, including hazardous waste management through our Material Recovery Facility, targeted tree planting initiatives under the ESG program, routine monitoring of effluents and emissions, and consistent reporting to DENR-EMB to ensure full regulatory compliance.



BUSINESS PILLAR



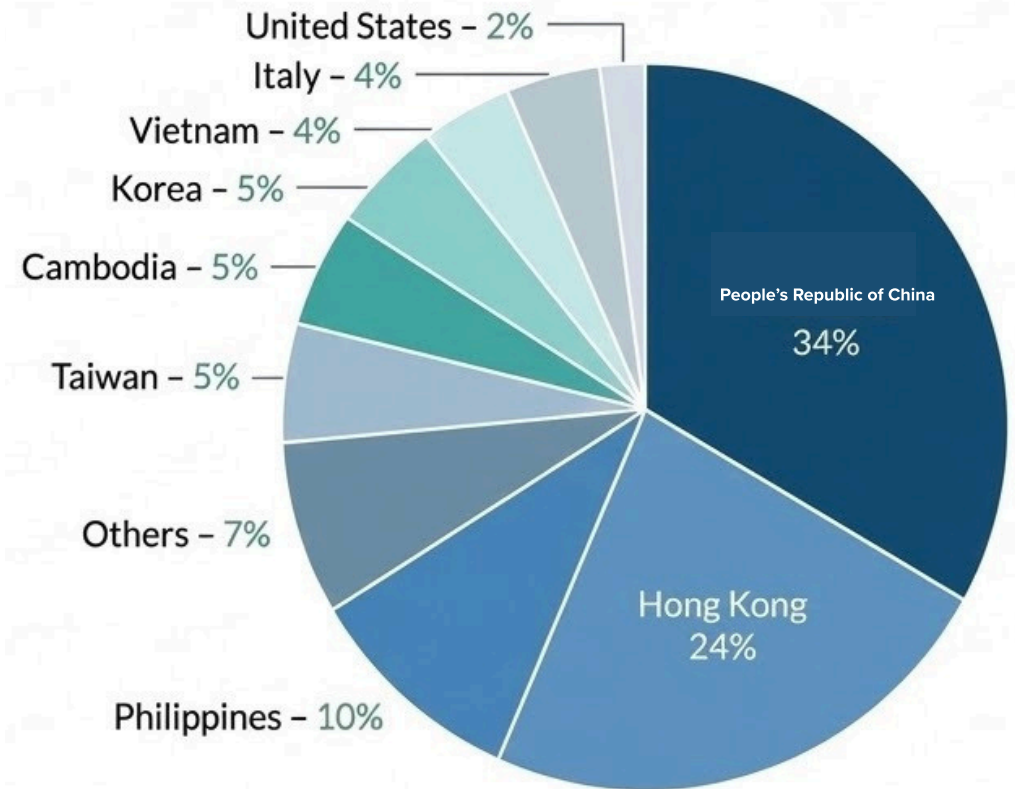


In today's fast-evolving business environment, our pursuit of operational excellence goes beyond conventional models to embrace sustainable and responsible practices. By maintaining strict supply chain oversight, upholding uncompromising quality standards, prioritizing customer-focused approaches, and driving technological innovation, we continue to reinforce our market leadership while delivering long-term value to stakeholders. Our holistic business strategy is built on transparency, efficiency, and continuous improvement, ensuring excellence across every stage of operations—from sourcing to final delivery.

SUPPLY CHAIN MANAGEMENT

As a responsible manufacturer, we place strong emphasis on cultivating trusted partnerships with our suppliers. Guided by our supplier management policy and selection framework, we remain committed to embedding sustainability principles throughout the supply chain.

In 2025, our global supply chain comprised 1,517 suppliers spanning 32 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 carries out supplier evaluations for both new and existing partners to identify and mitigate potential environmental and social risks across the supply chain. As part of our corporate procurement policy, all new suppliers are required to undergo screening based on established assessment criteria. For strategically important suppliers, we conduct enhanced evaluations that emphasize key social responsibility indicators such as ethical business conduct, labor practices, workplace safety, and product stewardship. In addition, selected suppliers are subject to annual reviews covering a wide range of criteria, including product quality, delivery performance, price competitiveness, service and product availability, responsiveness to supplier instructions, compliance with social and environmental standards, and support for green purchasing initiatives. This structured risk assessment framework reinforces supply chain resilience while promoting social and environmental responsibility throughout our procurement activities.

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 provide high-quality, safe, and reliable products to customers worldwide by maintaining strict adherence to established quality standards. Our operations fully comply with local regulations as well as the requirements of global clients, helping to mitigate social and legal risks across the supply chain. Our manufacturing practices are certified to internationally recognized benchmarks, including the Organic Content Standard (OCS) and Global Recycled Standard (GRS), with validation from Control Union certification. In 2025, one of our business units in Cambodia has applied for the Good Manufacturing Practices (GMP) certification.

Across our manufacturing operations, we uphold stringent quality control measures and systematic testing protocols at every critical stage of production.

Our commitment to excellence spans the entire product life cycle—from design and raw material selection to post-delivery customer feedback—guided by comprehensive internal quality assurance policies established by our business units.

To ensure transparency and easy access to quality requirements, the written quality manual—including policies, procedures, and Standard Operating Procedures (SOPs)—is prominently posted on notice boards in our Cambodia, Philippines, and PRC operations. In our major PRC facilities, quality assurance manuals are developed in alignment with the ISO 9001 Quality Management System standard, ensuring our products consistently meet or exceed environmental and safety requirements while maintaining superior quality.

Building on this framework, our Quality Department enforces inspection procedures rooted in Work-in-Process Inspection principles. All incoming raw materials undergo rigorous testing before

entering production. Only materials that meet our strict specifications proceed to manufacturing, while non-conforming inputs are promptly identified and managed under established protocols. Leveraging advanced quality control instruments, our data-driven approach enables precise analysis of deviations, allowing for immediate corrective actions that safeguard production efficiency and uphold delivery commitments.

As the final checkpoint, every finished product undergoes independent verification prior to customer delivery. We collaborate with accredited external testing agencies and utilize customer-approved internal laboratories to conduct inspections in accordance with customer-defined methods and requirements. This third-party validation serves as the ultimate quality gateway, confirming that all products meet the highest standards of quality and safety.

CUSTOMER SATISFACTION MANAGEMENT

The Group is committed to elevating the customer experience through effective management practices. Each business unit establishes its own customer management processes, covering the handling of requirements, feedback, and remediation measures where necessary. Customer feedback remains a cornerstone of our pursuit of operational excellence. By maintaining robust communication channels, we strengthen relationships with partners, clients, and stakeholders. The collection and analysis of customer insights allow us to continuously refine our products and services. These efforts generate valuable market intelligence and reinforce business partnerships, resulting in greater

customer satisfaction and long-term value creation. In Cambodia, customer satisfaction surveys “Grading Score Card” are conducted annually, and we received 100% rate of customer satisfaction in 2025.

Group-wide training equips employees to handle customer concerns efficiently and professionally, ensuring formal responses are delivered within defined timelines. Comprehensive complaint analysis and rapid corrective measures—including product recalls when required—help mitigate potential impacts.

Management is provided with detailed investigation reports on customer issues, which serve as a foundation for continuous improvement initiatives and strategic enhancements.

In 2025, Luen Thai’s commitment to product health and safety was evident, with no major product recalls occurring.

In line with established quality control protocols, the identified issue was promptly escalated to management and resolved. Corrective measures were swiftly implemented to address the root cause and prevent recurrence. This proactive response reflects our ongoing quality assurance efforts and reinforces our commitment to product excellence and customer satisfaction.

The Group places strong emphasis on safeguarding customer intellectual property rights and trade secrets. Our compliance framework spans multiple jurisdictions, including Hong Kong's Cap. 528 Copyright Ordinance, PRC's Law on the Protection of Consumer Rights and Interests, and the Philippines' Intellectual Property Code.

Luen Thai's confidentiality framework is built on robust policies and procedures designed to prevent unauthorized disclosure of supplier and customer information. Our information security practices are aligned with key data protection regulations, such as Hong Kong's Personal Data (Privacy) Ordinance (Chapter 486) and the European Union's General Data Protection Regulation (GDPR). Measures include targeted access controls, with restrictions on email and file

correspondence limited to designated customers and suppliers. A role-based authorization system ensures that only approved personnel from relevant departments can access sensitive information on a need-to-know basis. During the reporting period, no complaints were received regarding breaches of customer privacy.

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

INNOVATION AND TECHNOLOGY



At Luen Thai, innovation is not a response to disruption. It is how we stay ahead of it.

The apparel industry is being reshaped by shorter cycles, tighter margins, and customers who expect more from their supply chain partners than execution alone. We are investing in the technologies and capabilities that allow us to meet that expectation, and to grow beyond it. Sustainable manufacturing, design intelligence, and operational AI are not separate initiatives. They are a connected program of transformation that is already producing results and will define how we compete in the years ahead.

ECO-DENIM: OUR MOST TANGIBLE STEP FORWARD



Eco-denim is where Luen Thai's innovation investments are producing some of our clearest results and stronger future prospects.

Through our vertically integrated denim operations across our China and Cambodia platforms, we control the full process from fabric through to finished garment. This vertical model matters because denim is one of the most resource-intensive segments of apparel manufacturing. By integrating NTX™ Cooltrans waterless coloring technology, we have removed water from the dyeing stage entirely, reducing water consumption, energy use, and chemical waste in a way that is measurable and meaningful.

The result is a sustainable denim capability that directly addresses the growing demand from global brands for supply chains that meet increasingly stringent environmental standards, including EU eco-design regulations. For customers under pressure to demonstrate responsibility in their sourcing, our eco-denim platform is a concrete and credible answer.

This is the kind of investment that compounds over time. We are committed to building it further.

ODM: DESIGNING WITH PURPOSE

Luen Thai's ODM capability is built on three things that take years to develop: deep customer knowledge, proven execution, and a manufacturing base spanning multiple countries, product categories, and brand tiers.

Powered by AI tools that read customer briefs and trend signals in real time, and 3D visualization through Style3D before a single sample is cut, we move from concept to product faster and with greater accuracy than traditional development allows.

Our fabric access adds another dimension. Through NTX™ Cooltrans waterless dyeing technology and our network of fabric partnerships through Shangtex, material innovation is built directly into our ODM offer, giving customers access to sustainable, technically superior solutions from the start.

Our execution does the rest. Years of working across diverse customers, product lines, and manufacturing locations gives us the versatility to translate ideas into excellent samples and finished products with the consistency top-tier brands demand.

Luen Thai brings design intelligence, fabric access, and manufacturing scale together in one offer. That is what makes us a desirable ODM partner.



AI: WHERE WE ARE STARTING

In early 2026, Luen Thai launched a structured, company-wide AI Work Plan across four areas: design and development, procurement, production management, and back-office operations.

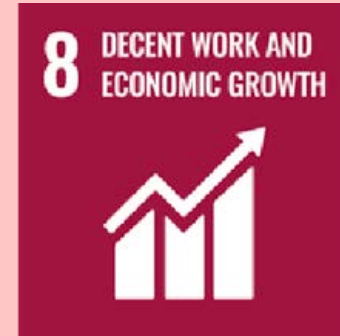
The business case is straightforward. We operate multiple factories, serve multiple customers across multiple product categories, and carry critical knowledge in individuals rather than in systems. AI, applied with discipline, begins to change that.

Every initiative follows the same discipline: define the problem, build a minimum viable tool, test with real users, evaluate, and scale what works. Every outcome is documented so that learning belongs to the organization, not the individual.

Our direction is clear. Generative AI strengthens our ODM design capability. Agentic AI streamlines operations and reduces costs. The two reinforce each other and together form the foundation of where Luen Thai is heading.

PEOPLE PILLAR





At Luen Thai, employee well-being, safety, and fulfillment are central to our success. We are dedicated to cultivating a diverse and inclusive workplace culture that values, respects, and connects individuals across our organization. Looking ahead, we will continue to place strong emphasis on mental health and overall well-being, while proactively removing barriers that may limit opportunities. Our goal is to ensure a supportive environment where every employee can thrive and contribute meaningfully.

DIVERSITY AND INCLUSION

At Luen Thai, we deeply value the benefits that diversity brings and are dedicated to nurturing an inclusive culture across all regions where we operate. Our comprehensive policies are designed to prevent discrimination and safeguard employee rights, with particular emphasis on promoting fair treatment, equitable compensation, and benefits for women.

In 2025, 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 regularly displaying policies and procedures on notice boards, we promote a positive and inclusive workplace culture. This practice helps prevent all forms of discrimination while ensuring a safe and welcoming environment for every employee.

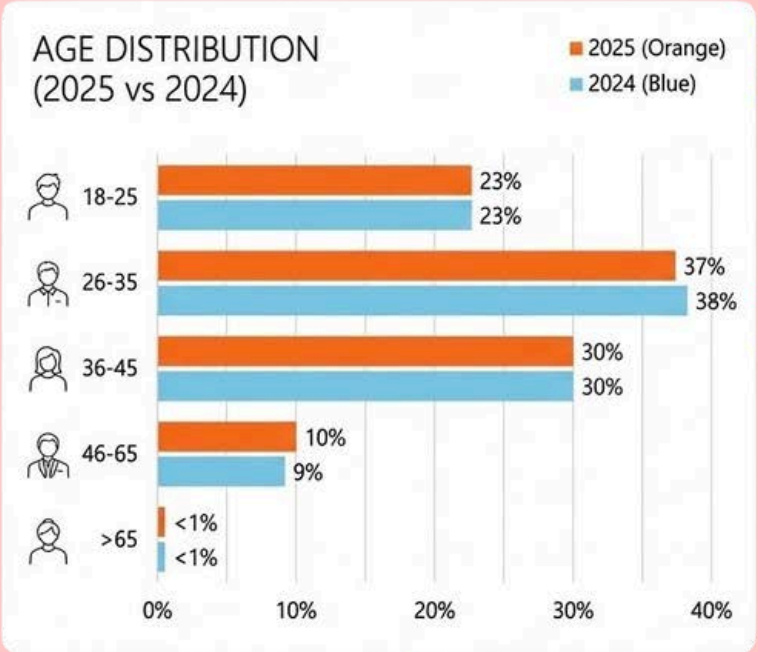


GRA EQUALITY

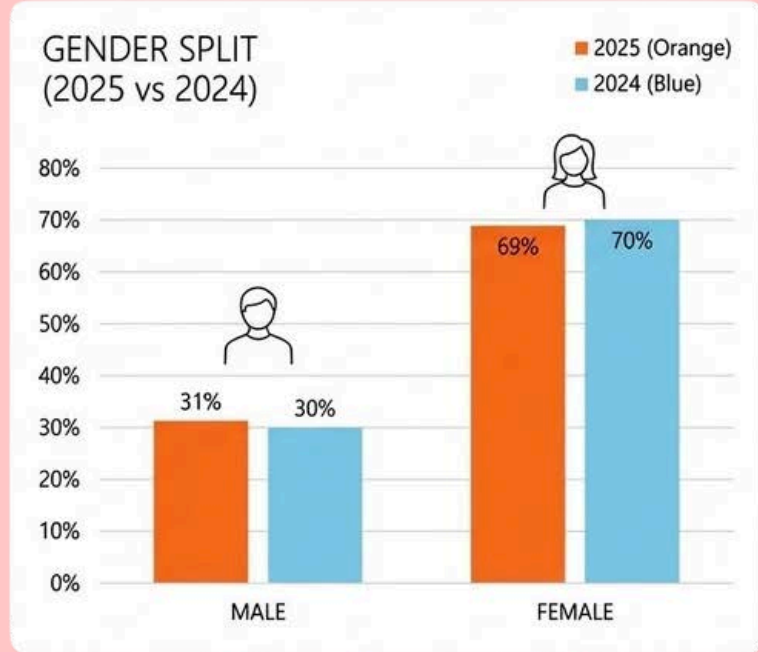
Our dedication to diversity is evident in our leadership representation, with a male-to-female ratio of 1:2.5 across 20 nationalities and four age groups. By placing diversity and equality at the forefront, we successfully attract talent from nine different countries, fostering a workplace where every individual is valued, respected, and empowered.

EMPLOYEE PROFILE

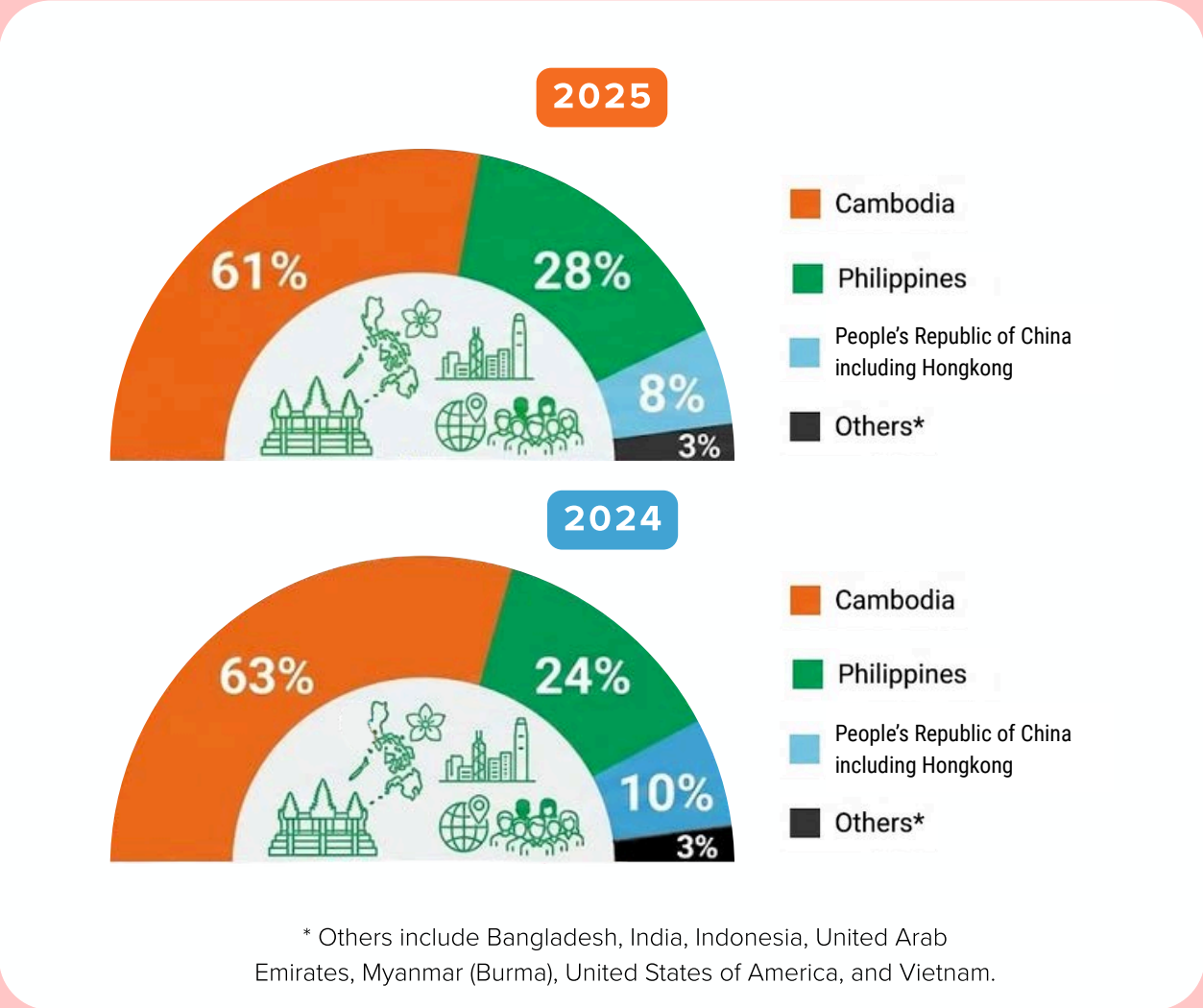
AGE



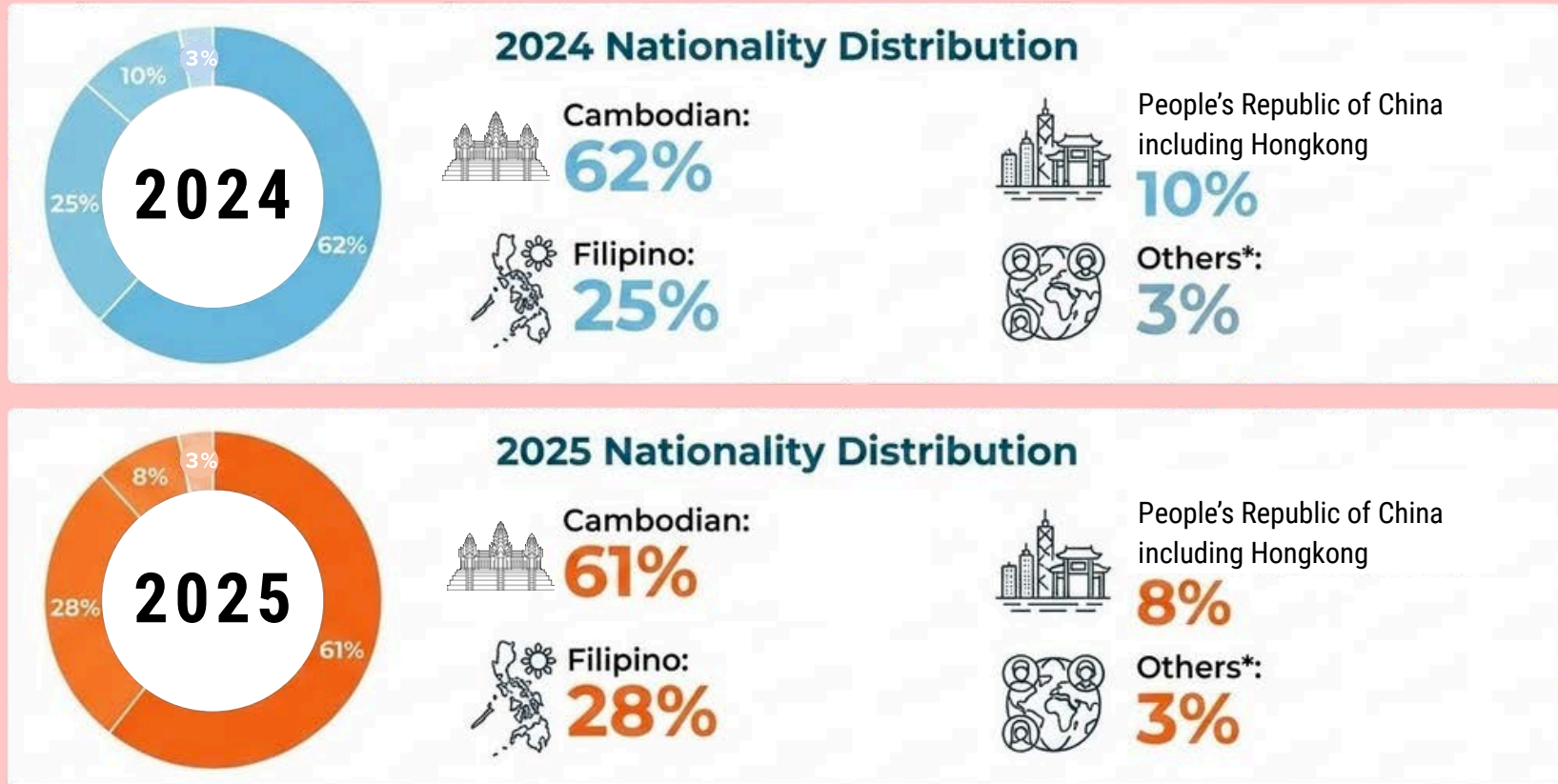
GENDER



EMPLOYEES BY GEOGRAPHICAL REGION



EMPLOYEES BY NATIONALITY



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

PRACTICING FAIR BUSINESS AND EMPLOYMENT PRACTICES

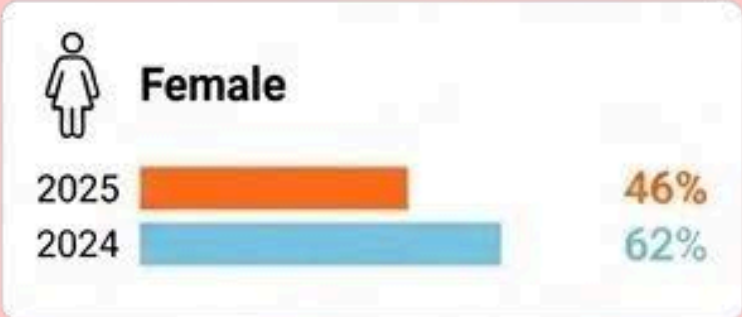
At Luen Thai, we uphold fair business and employment practices by strictly complying with labor laws and regulations across all regions where we operate. Our recruitment, promotion, and termination processes fully align with legal frameworks such as Hong Kong's Employment Ordinance, PRC's Labor Law, the Labor Code of the Philippines, Cambodia's Labor Law, and other country-specific requirements. We ensure that work schedules, rest periods, and holidays meet national standards, while providing a range of allowances tailored to necessity, role, or performance. These include legally mandated benefits, seniority

incentives, hospitalization support, meals, and transportation assistance. To further support female employees, breastfeeding facilities are available at select factory sites, underscoring our commitment to employee well-being. To keep staff informed, fair labor rights are prominently displayed on notice boards, reinforcing transparency and awareness throughout the workplace.

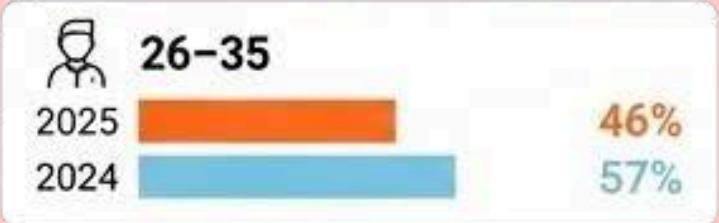
In 2025, our global workforce remained similar compared to 2024 where there is a slight increment from 27,563 employees in the previous year to 27,579.

EMPLOYEE TURNOVER

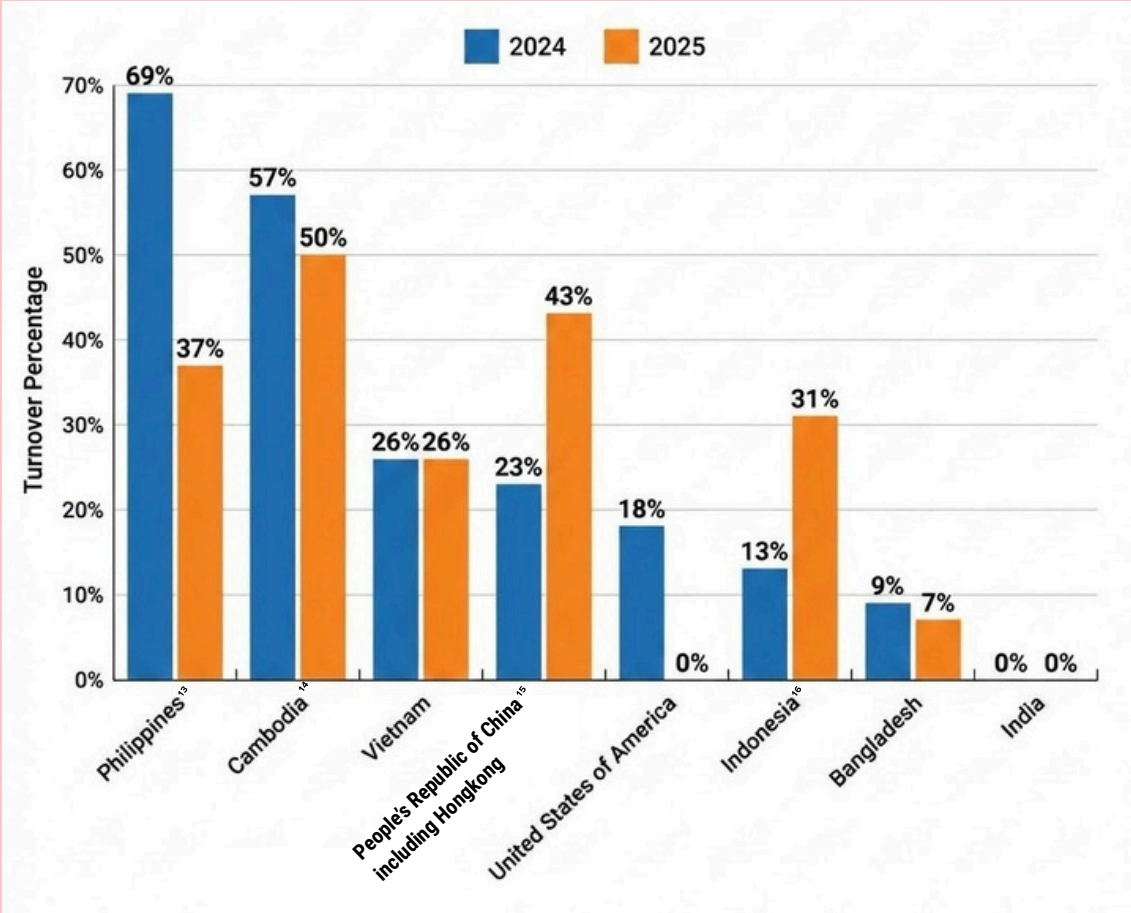
BY GENDER



BY AGE



EMPLOYEE TURNOVER¹² BY GEOGRAPHICAL REGION



¹²The 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, 2025 and December 31, 2025. 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 People's Republic of China.

¹³High turnover rate for the Philippines is mainly due to reorganization and factory closures in 2024. In 2025, with no factory closures and increased production in the accessories division, manpower levels rose accordingly.

¹⁴High turnover rate is prevalent in Cambodia due to seasonal employees, particularly within the direct labor group, where employees exited during specific periods of the year and subsequently re-employed.

¹⁵High turnover rate for People's Republic of China (including Hong Kong) is mainly due to a factory closure.

¹⁶High turnover rate for Indonesia is mainly due to end of contract and voluntary separations.

TREATING OUR PEOPLE WITH DIGNITY AND RESPECT

At Luen Thai, we are dedicated to creating 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 uphold fairness, we have implemented a comprehensive management system supported by clear policies, ongoing monitoring, and regular employee surveys. In addition, confidential communication channels are available for staff to raise concerns, which are carefully investigated under strict confidentiality.

By the end of 2025, no cases of legal non-compliance or discrimination were identified, reflecting our dedication to a fair and respectful workplace.

We uphold a strict zero-tolerance stance against child labor, forced labor, human trafficking, and modern slavery, ensuring full compliance with local regulations such as Hong Kong's Employment Ordinance,

PRC's Labor Law, and the Labor Code of the Philippines. Our recruitment procedures include thorough verification of identification documents to confirm that all employees meet the legal working age requirements. In 2025, 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 dedicated to upholding employees' rights to freedom of association and collective bargaining, while ensuring their concerns are addressed effectively and their voices are heard. To strengthen grievance handling, we have placed anonymous grievance boxes in accessible areas, enabling employees to raise issues discreetly. In addition, staff can seek support through multiple channels, including union representation, direct engagement with the grievance handling committee, communication with HR, or via internal and external platforms such as social media and phone. These avenues guarantee that every concern is managed promptly and transparently, fostering trust and a respectful workplace culture. In the PRC, we conducted an employee satisfaction survey and a needs assessment in 2025, carried out by the Fair Trade Premium management team. The results highlighted employees' needs across various areas, including education, childcare, health services, housing, and transportation. This aims to enhance their quality of life and improve overall employee satisfaction.

“FAIR TREATMENT IS NOT NEGOTIABLE. IT IS THE STANDARD WE HOLD OURSELVES TO, EVERY DAY, ACROSS EVERY LOCATION.”

Our policies safeguard employees' ability to freely form or join unions, participate in collective bargaining, and engage in peaceful assemblies or strikes without fear of retaliation. Equally, we respect the choice of employees who decide not to participate in such affiliations. These measures reflect our commitment to building an inclusive and empowering workplace that protects the rights and freedoms of all employees.

UPSKILLING XO PEOPLE

At Luen Thai, we are committed to nurturing a cohesive workplace culture that empowers employees to strengthen their skills and capabilities through access to the right tools, resources, and learning opportunities. This dedication is reflected in an environment where individuals are motivated to pursue continuous growth and skill development. At the heart of this effort is our culture of striving for excellence and ongoing improvement, which inspires us to be extraOrdinary and encourages our people to live out “extraOrdinary daily.”

We emphasize building strong team players who understand their strengths and weaknesses, embrace self-improvement, and collaborate effectively to support and complement one another.

Since 2019, we have introduced the 7 XO Habits program, inspired by Stephen Covey’s The 7 Habits of Highly Effective People. This initiative equips employees to become more effective both as individuals and as team members, reinforcing our commitment to excellence and teamwork.



Luen Thai demonstrates its commitment to staff development and career growth through strategic partnerships with schools and local government units (LGUs), the On-the-Job Training (OJT) program for college students, and professional networking opportunities—all designed to prepare individuals for successful careers. In Cambodia, on-site training for talent management is conducted by the Cambodian Garment Training Institute (CGTI), providing targeted development opportunities to further enhance the skills and leadership potential of our workforce.

Complementing these initiatives, the XO LEAD program offers line leaders a holistic learning experience through experiential activities, role-play, discussions, and outdoor training, equipping them with the skills essential for effective leadership and long-term advancement.



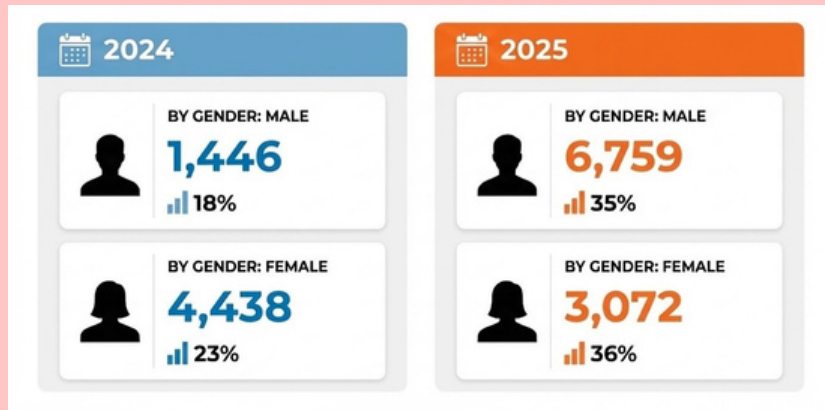
DEVELOPMENT AND TRAINING

Beyond these programs, we deliver targeted learning initiatives that provide employees with the competencies needed to perform their roles efficiently and safely. Training plans are developed annually, customized to the specific needs of employees based on their positions, work history, skills matrix, and individual requests. By the end of 2025, the Group conducted training programs for 9,831 participants, totaling 22,747 training hours, demonstrating our commitment to upskilling and professional development across the organization.

| |  |  |
|--|---|---|
| Number of Employees Trained | 6,759 | 3,072 |
| Proportion of Employees Trained | 35% | 36% |
| Total Training Hours | 14,975 | 7,772.5 |
| Avg. Training Hours per Trained Employee | 2 | 3 |



NUMBER OF EMPLOYEES TRAINED



EMPLOYEE HEALTH AND WELL-BEING

COMPLIANCE MANAGEMENT

At Luen Thai, employee health, safety, and well-being form the foundation of our operations. We strictly comply with international occupational safety and health standards, including Hong Kong's Occupational Safety and Health Ordinance, PRC's Prevention and Treatment of Occupational Diseases Law, and the Philippines' Occupational Safety and Health Standards Act, along with other region-specific regulations. Comprehensive protocols are in place to

manage fire safety, emergency preparedness, chemical handling, personal protective equipment, occupational health checks, first aid, and accident response. Compliance is reinforced through regular internal and external audits, as well as self-assessments by our business units, with corrective actions implemented promptly when required.

Underscoring our commitment to workplace safety, selected facilities in PRC and Cambodia have successfully attained ISO 45001 or OHSAS 18001 certification for their occupational health and safety management systems.

By the end of 2025, 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, employee health, safety, and overall well-being are core priorities, reflected in our comprehensive occupational health and safety framework. Our dedicated health and safety committee plays a central role by carrying out regular inspections and audits to ensure compliance with all relevant regulations. This proactive oversight enables us to identify risks at an early stage and implement corrective and

preventive measures, maintaining a safe and secure workplace for all. In Cambodia, we follow the 'DL-P05-OSH Management System KH-EN' to ensure effective occupational safety and health management in our operations.

We reinforce this commitment by investing in preventive maintenance of machinery and equipment, safeguarding workplace conditions, and providing personal protective equipment (PPE) to reduce hazards.

In addition, we deliver health and safety training programs that equip employees with the knowledge and skills needed to perform their responsibilities safely and effectively, supported by our health and safety policies, which include regular checks of occupational disease hazard factors and occupational health examinations for employees in special positions.

EMPLOYEE HEALTH AND WELL-BEING

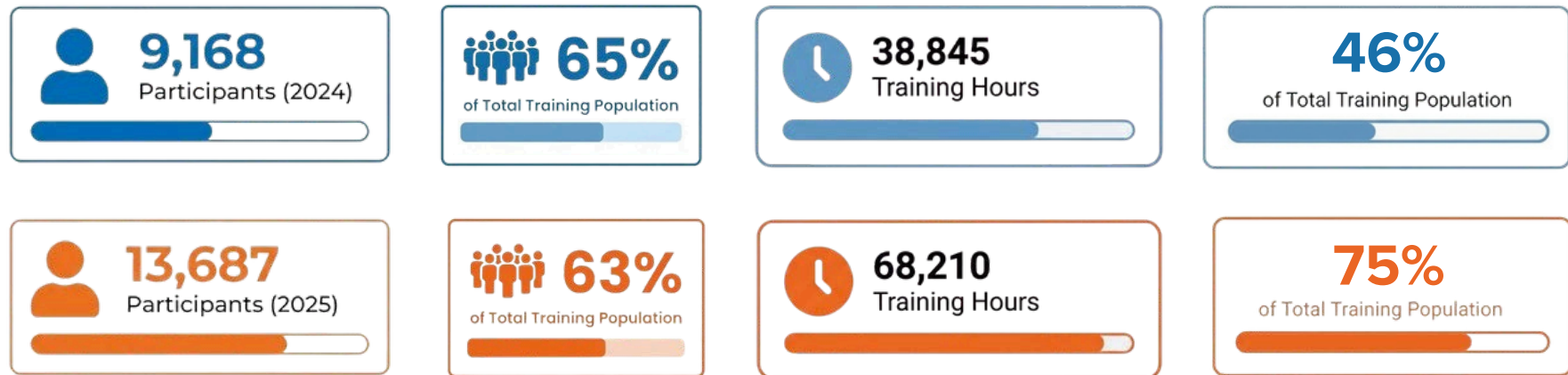
OCCUPATIONAL HEALTH AND SAFETY

Training is a cornerstone of our occupational health and safety strategy. In 2025, we continued to invest in training to elevate our employees' safety and health. In PRC, safety management personnel and special equipment personnel are offered to participate in government mandated trainings and obtain operation certificates. These training programs are developed not only to fulfill compliance obligations but also to instill a strong culture of safety across the workforce. By providing employees with the knowledge and skills necessary to work responsibly

and safely, we empower them to play an active role in maintaining a secure workplace. This proactive approach helps prevent accidents and injuries while reinforcing collective accountability for safety.

Emergency preparedness and risk management form a vital part of our occupational health and safety framework. We maintain comprehensive emergency plans that are regularly updated and reviewed to ensure they remain effective

in addressing diverse scenarios, ranging from natural disasters to security-related incidents. To strengthen readiness, we conduct routine emergency drills so employees are well-versed in the necessary procedures and protocols. Risk assessment is a priority across all operations, with findings consistently shared through meetings and training sessions to keep employees informed and prepared. These proactive measures underscore our commitment to reducing risks and safeguarding the well-being of our people in any circumstance.



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 2025, resulting in 974 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 promoting a balanced and healthy lifestyle for our employees. This commitment is reflected in the regular health-focused activities we organize, the access we provide to medical professionals, and the availability of recreational facilities. In addition, cultural and social programs help strengthen a sense of belonging and camaraderie, fostering a supportive and engaging workplace. These initiatives are essential not only for safeguarding physical health but also for nurturing mental and emotional well-being, underscoring our dedication to the holistic welfare of our people.

LUEN THAI XO EMPLOYEE BENEFITS AND WELLNESS INITIATIVE

The Group continues to enhance its compensation and benefits framework, working toward a differentiated pay structure that reflects job responsibilities and capabilities, incorporates market competitiveness, and ties directly to performance outcomes. Our salary and compensation policy strictly adheres to national and local labor regulations, ensuring compliance across all regions. Additionally, we promote a culture of continuous appraisal and career development, ensuring that promotions and pay adjustments are fairly aligned with individual performance and potential.

Compensation packages go beyond minimum wage requirements, offering a base salary, discretionary bonuses, and various allowances. In PRC, employees also benefit from social security and housing fund contributions.

At Luen Thai, employee well-being remains a central priority, highlighted by the “XO GOOD, FEEL GOOD” campaign introduced in May 2022. This initiative has become a cornerstone of our efforts to cultivate a healthy and resilient workforce. By focusing on both physical and mental health, we aim to rebuild and strengthen employees’ “psychological capital”,

fostering a supportive, positive, and thriving workplace environment.

In line with this commitment, over 16,000 employees—representing 58% of our workforce across PRC, the Philippines, and Cambodia—received physical examinations during the year, reinforcing our dedication to holistic employee care.

In PRC, the factory organized a variety of wellness and social activities for employees, including outdoor aerobic sessions, yoga classes, fitness exercises, birthday celebrations, and other events. New Employee Orientation and Annual Refresh Training are also held to cover workplace standards.

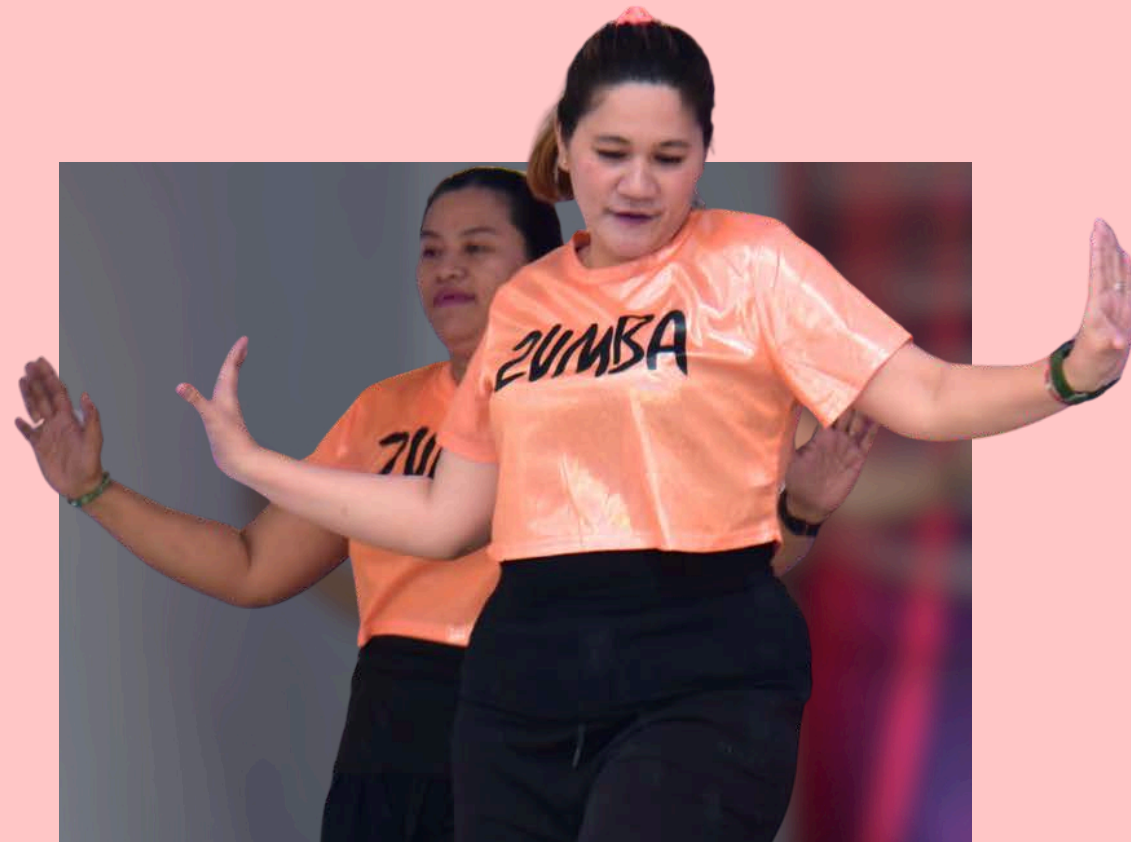
There is also the Employee Net Promoter Score survey carried annually to target facilitation of mutual understanding in the workplace.

We place employee health and well-being at the heart of our operations, embodied in our long-term XO Wellness Program. This initiative underscores our commitment to building a supportive and thriving workplace, empowering employees to take charge of their physical and mental health while fostering resilience and balance in their daily lives. In 2025, 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 0.38%, highlighting the tangible benefits of our “XO GOOD, FEEL GOOD” initiatives.

As part of this commitment, we continually refine our strategies to ensure our programs remain aligned with the evolving needs and preferences of our diverse workforce. By cultivating a culture of wellness that extends beyond the workplace, we strive to provide employees with the resources and support they need to take ownership of their health and strengthen overall resilience.



COMMUNITY PILLAR



SUSTAINABLE COMMUNITY DEVELOPMENT



Through our XO CARE for Community initiative, Luen Thai builds meaningful, sustained impact in the communities where we operate. Guided by the principle of iServe. iGive Back, we focus our efforts on nurturing the next generation, supporting vulnerable groups, and cultivating a culture of active participation among our employees. We work alongside customers, vendors, non-governmental organizations, academic institutions, and local governments to ensure our contributions are purposeful and far-reaching.

At Luen Thai, community care is not a program we run alongside our business. It is part of how we define success. Through XO CARE for Community, we build structured, sustained investment in the people and places where we operate, guided by the principle of iServe. iGive back.

Health and well-being remain a consistent focus across our community programs. Through financial contributions, collaborative partnerships, and direct employee engagement, we address pressing social needs and work to improve quality of life for those we serve. During 2025, we donated over US\$506,000 to charitable organizations across our operating locations.



Supporting vulnerable groups is a cornerstone of our community engagement. In Cambodia, our factories regularly donate 100 packs of 50 kg of rice to pagodas and charitable organizations, providing ongoing material support to those in need. In 2025, we also extended emergency assistance to Cambodian communities affected by the border conflict, reflecting our commitment to standing alongside communities in times of crisis.

In Hong Kong, we participated in the Neighbourhood Rice Giving Scheme, organized by The Hong Kong Federation of Youth Groups. This program provides 5 kg rice packs to low-income families and individuals, easing financial burdens while engaging youth volunteers in structured community care. In PRC, representatives of the Factory Fair Trade Committee visited 16 elderly and disabled individuals during the festive season, bringing gifts and companionship to those living in isolation.



Luen Thai's community engagement extends across cultural moments and civic causes throughout the year. In 2025, our Hong Kong operations organized and participated in a range of initiatives reflecting our commitment to both environmental responsibility and community well-being.

On the environmental front, we joined Earth Hour 2025, participated in the Mooncake Boxes Recycling Program, and ran the Lai See Reuse and Recycling Program, all of which engage our employees in collective action for sustainability while strengthening community awareness.



In the area of charity and health advocacy, Luen Thai participated in the Pink Walk 2025, an annual fundraising event organized by the Hong Kong Breast Cancer Foundation. This initiative raises employee awareness on breast health while supporting research, patient care, and advocacy. We also continued our participation in the Neighbourhood Rice Giving Scheme, extending direct material support to low-income households in the community.

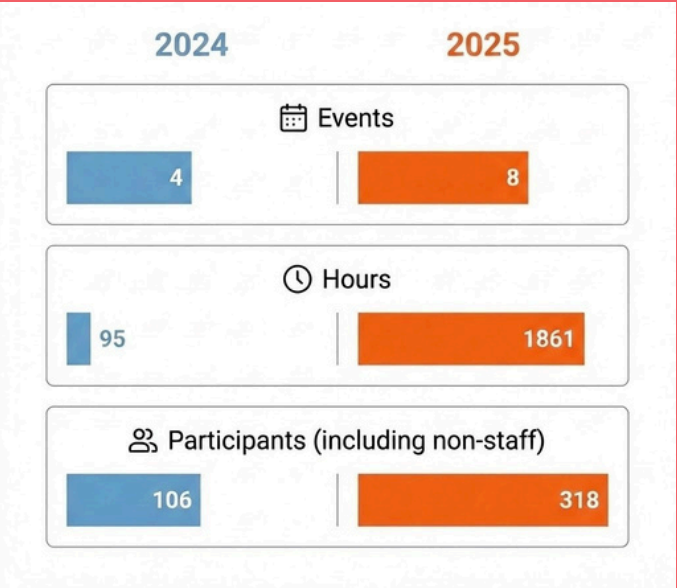
During the Chongyang and Mid-Autumn Festivals, employees visited elderly and disabled individuals in neighboring communities, bringing festive gifts and spending time with those who benefit most from human connection. These seasonal initiatives reflect our belief that care is not a one-time gesture but a sustained practice.



In late November 2025, the tragic Wang Fuk Court fire in Tai Po, Hong Kong deeply affected the local community. We extend our sincere sympathies to all those impacted. Luen Thai responded with an immediate donation to support relief and recovery efforts, and several employees volunteered assistance to affected families. While no support can reverse such loss, we remain committed to standing alongside the community in times of hardship.

Our volunteering activity grew significantly in 2025, reflecting the deepening engagement of our people in community service.

VOLUNTEERING ACTIVITIES



BENEFICIARIES



EVERY CHILD HAS THE RIGHT TO PLAY

Football is how Luen Thai invests in people.

Not through donations at a distance, but through structured, professional, long-term programs that build real pathways for young men and women in the communities where we operate. Across the Philippines, People's Republic of China including Hong Kong, and Cambodia, our football programs under the Tuloy FC, TSL Football Foundation and XO United FC are producing national team players, professional athletes, licensed coaches,

and young people whose lives have been fundamentally changed by the opportunity to compete, develop, and belong.

We run these programs the way we run our business. Professional full-time coaches. Consistent standards across every location. A model built for the long term, not the headline. And a belief, held firmly, that the communities most in need of investment are too often the ones least served by it.

This is what we mean by XO CARE. Not goodwill. Investment. Intent.



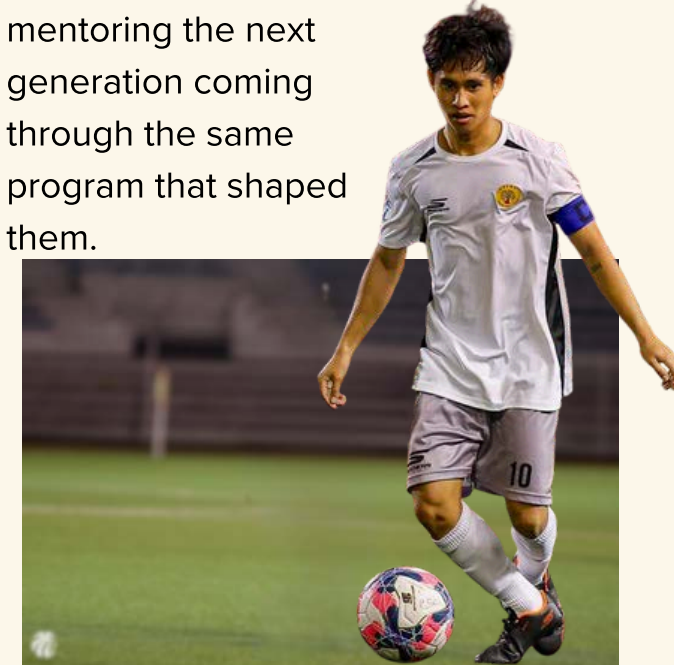
PHILIPPINES: FROM THE STREETS TO THE WORLD STAGE

Through our partnership with the Tuloy Foundation, Luen Thai has helped build one of the most powerful stories in youth football. It begins on the streets of Metro Manila. It ends, for many, on professional pitches across Asia.

The results speak in names. Isabella Bandoja and Lanie Ortillo represented the Philippines at the FIFA Women's Futsal World Cup in November 2025 and have since signed professional contracts with TSL FC in Hong Kong's Women's Premier League. Shien Payag, Jana Jalique, and Arjhane Bolivar, all national team representatives at U17 and U19 level, now compete internationally with XO United FC in Cambodia.



Harry Nuñez became the fourth youngest men's national team player in Philippine football history. Joan Centino, Cyrus Gamboa, and Razel Aguila are now playing coaches, mentoring the next generation coming through the same program that shaped them.



Tuloy FC has produced 18 players for the Philippine national teams, 7 for the women's futsal national team, and 10 full-time AFC-licensed coaches. In August 2025, the inaugural Tuloy Invitational Cup drew six UAAP universities, one NCAA side, and over one million social media views, a measure of how far a club built from street children has come.

HONG KONG AND PRC: STANDARD AND ROOTS

The TSL Football Foundation is the core of Luen Thai's football network, driving programs across Hong Kong, SAR and PRC with the same professional standards and long-term commitment that define everything we do.

In Hong Kong, SAR, our partnership with AC Milan brings world-class football methodology into the school's

development program, raising the standard for more than 2,000 young people who train here, half on full fees, half for free, with no difference in the quality of coaching or care either group receives.

In Quanzhou, Fujian Province, our partnership with Skechers has enabled a structured football development program at Licheng Kaizhi School, offering

coaching and inclusive sessions for students of different abilities. The program identifies elite boys and girls for regional competition, and on National Disability Assistance Day brought together students across physical and cognitive differences through the shared language of sport.

Beyond the pitch, the foundation serves 600 people with disabilities and supports 800 elderly retirees across five districts through the Muscle Matters Clinic.



CAMBODIA: BUILDING A FOOTBALL NATION

XO United FC began in 2021 with a rooftop pitch at Luen Thai's Phnom Penh factory. In 2025, it has 247 members, 163 active players, and is producing national team athletes.

In February 2025, XO United hosted Cambodia's first-ever national talent identification camp for girls, endorsed by the AFC and AFF, with three of our players selected. In July, 14-year-old Neang Linnisa became the first XO United player selected for the Cambodia U16 Girls National Team. By November 2025, Chhean Sokheng had joined the Cambodia U17 Boys National Team and signed with Phnom Penh Crown Football Club. Across the year, 13 players transitioned into top local clubs.

Thirty-nine percent of our active players are female. Thirty-eight of them come through our partnership with AFESIP Cambodia, an organization supporting survivors of trafficking and exploitation. For these girls, the pitch is not just training. It is recovery, confidence, and a future.

In 2026, XO United Women's Team enters the Cambodian Women's Football League for the first time.





The Luen Thai football network achieved outcomes that no single program could produce alone. Players crossed borders to compete professionally. A teenager in Phnom Penh made a national team. Coaches earned international certifications. A permanent facility was secured in the Philippines. And thousands of children across three locations trained, competed, and grew.

The game is football. The work is community. The commitment is permanent.

**ONE
NETWORK.
ONE MISSION.**

GOVERNANCE PILLAR





At Luen Thai, strong governance serves as the foundation of our sustainability journey, ensuring transparency, accountability, and ethical practices across all levels of the organization. We go beyond regulatory compliance by cultivating a culture of integrity, reinforcing risk management, and embedding sustainability into our decision-making processes. With emphasis on board oversight, robust corporate policies, and data security, we align our business objectives with stakeholder trust—driving resilience, responsible growth, and long-term value creation.

BOARD OF DIRECTORS

As of 31 December 2025, 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 comprise one-third of the Board, ensuring compliance with Rule 3.10(A) of the Listing Rules. This strong element of independence within the Board's composition supports balanced decision-making and reinforces effective governance.

We recognize the importance of diversity at the Board level and believe that fostering inclusion is vital to maintaining a competitive advantage. A diverse Board benefits from a wide range of skills, regional and industry expertise, backgrounds, races, genders, and other qualities, all carefully considered to achieve an optimal composition. Board appointments are made strictly on merit, with candidates evaluated objectively against clear criteria while also taking into account the advantages of diversity.

To advance cultural diversity, the Nomination Committee monitors the effectiveness of measurable objectives and reports annually to the Board. Policies are regularly reviewed, with updates disclosed in the Annual Corporate Governance Report published on the Company's website. Where gaps are identified, the Board proactively implements changes to ensure continuous improvement in governance practices.

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

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

To ensure timely responses to ESG matters, the Board has established clear communication channels with the Management Board and the Sustainability Committee.

The Management Board, comprising senior executives and directors, meets at least three times annually to review progress on sustainability initiatives. The Sustainability Committee reports directly to the Board on ESG-related policies and practices across operations. In addition, the Board and designated team members review and approve the annual ESG Report to confirm alignment with the Company's business strategy and compliance with applicable laws and regulations. Upskilling workshops on climate-related requirements and updates will be organized periodically for Board members and senior management in the future to ensure appropriate skills and competencies are maintained in overseeing strategies related to climate-related risks and opportunities.

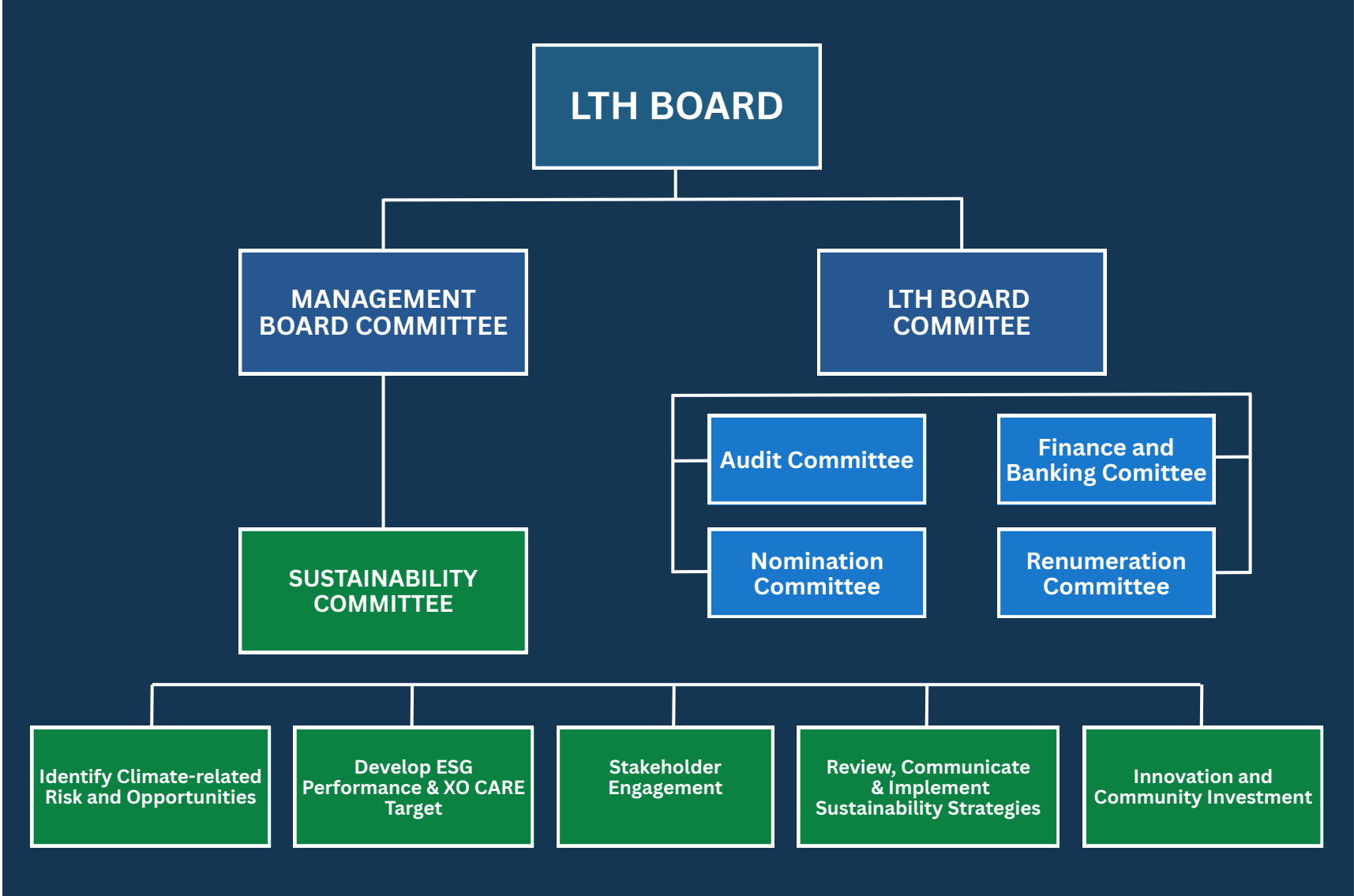
SUSTAINABILITY GOVERNANCE STRUCTURE

Luen Thai is committed to upholding the highest ethical standards and advancing responsible governance to foster a corporate culture rooted in accountability, transparency, and integrity. By aligning with regulatory requirements and industry best practices, the Company ensures effective oversight through well-defined processes, systems, and frameworks. These efforts enable Luen Thai to achieve strategic objectives, deliver long-term value to stakeholders, and support sustainable initiatives such as developing eco-friendly factories,

safeguarding the rights and well-being of employees, customers, and communities, and strengthening corporate reputation.

The Company's governance framework fully complies with the provisions of the Corporate Governance Code outlined in Appendix C1 of the Hong Kong Stock Exchange Listing Rules. Further details on these governance measures are disclosed in the Corporate Governance Report featured in the Group's 2025 Annual Report, underscoring Luen Thai's commitment to strong governance and transparency.

To advance our sustainability vision, Luen Thai has established a resilient governance structure that supports an integrated, top-down sustainability framework. This structure enables effective management across all organizational levels, ensuring ESG strategies are embedded into operations and climate-related risks and opportunities are systematically identified and addressed. Closely aligned with the Company's sustainable development roadmap, this coordinated approach drives sustainability objectives and delivers long-term benefits for stakeholders.



SUSTAINABILITY COMMITTEE

At Luen Thai, the Sustainability Committee plays a central role in shaping and executing the Group's sustainability strategies, guided by three key pillars: our people, the community, and the environment. The Committee establishes performance objectives aligned with the Group's sustainability roadmap, which includes identifying and managing climate-related risks and opportunities, refining sustainability strategies, and monitoring progress against ESG performance targets.

To drive these objectives, the Committee supervises and monitors risk management and internal control processes related, providing regular updates,

including climate-related risk and opportunities, to the Board on significant ESG developments and initiatives. Through ongoing engagement with senior executives, it gains valuable insights that strengthen the effectiveness of sustainability strategies and deepen stakeholder engagement, ensuring alignment with the Group's long-term goals.

Equally important, the Committee ensures that business practices foster a culture of respect, diversity, inclusion, and purpose—reinforcing Luen Thai's commitment to responsible and sustainable growth. In 2025, 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 fully 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 established a comprehensive anti-corruption framework to address risks such as bribery, fraud, extortion, and money laundering. Clear policies and procedures are in place for employees, suppliers, and contractors, with ongoing communication ensuring all parties understand their responsibilities.

Any confirmed breaches are met with decisive action, which may include termination of employment or contracts.

The Group strongly opposes commercial bribery and industry monopolies, actively promoting fair market competition and supporting healthy industry development through principles of fairness, justice, and transparency. We maintain a strict zero-tolerance stance on bribery and corruption.

Policies covering bribery, gifts, and entertainment provide clear behavioral guidelines and help identify and mitigate potential risks. These policies are reviewed and updated regularly to remain aligned with evolving local regulatory requirements and legal standards. This approach reflects Luen Thai's unwavering commitment to upholding the highest ethical standards across its operations.

Luen Thai has established a whistleblowing policy to strengthen transparency and accountability across its operations. This policy enables employees, customers, suppliers, and business partners to report suspected or actual misconduct. A dedicated email channel has been created for this purpose, with all cases investigated confidentially by the internal audit team. Findings and follow-up actions are reported regularly to the Audit Committee, ensuring robust governance and oversight. To further encourage reporting, the Company has introduced additional measures that allow employees to raise concerns without fear of retaliation.

The “Talk To Us” hotline provides a safe and accessible platform for employees to report unethical behavior or corruption. Complaints are reviewed by HR and senior management, and where necessary, investigations are escalated to other departments or external parties to ensure thorough resolution. By the end of 2025, it was confirmed that no legal cases related to corrupt practices had been concluded. To reinforce ethical awareness, Luen Thai integrates anti-corruption training into its employee induction program. New hires receive comprehensive guidance on the Company’s policies, while ongoing workshops and training sessions ensure that employees remain up to date with policy changes and regulatory developments.

These initiatives highlight the Group’s commitment to cultivating a culture of integrity and embedding ethical business practices across all operations. In 2025, a total of 13,745 employees (50% of full-time employees) within the Group participated in the integrity and anti-corruption related workshops totaling 24,027 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 2025 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 2025 (“2025”). This period aligns with the financial year covered in the Group's 2025 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 17 other operational sites spanning Bangladesh, Cambodia, Indonesia, 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 2025 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

WATER CONSUMPTION (m³)

| Apparel | | Accessories | | Overall | |
|---------|---------|-------------|---------|---------|---------|
| 2024 | 2025 | 2024 | 2025 | 2024 | 2025 |
| 741,233 | 640,658 | 211,001 | 175,454 | 952,234 | 816,112 |

WATER CONSUMPTION INTENSITY (m³ /unit of production)

| Apparel | | Accessories | | Overall | |
|---------|-------|-------------|-------|---------|-------|
| 2024 | 2025 | 2024 | 2025 | 2024 | 2025 |
| 0.021 | 0.026 | 0.024 | 0.022 | 0.021 | 0.025 |

BOILER FUEL

| 2024 | | 2025 | |
|-----------------------------------|------------------------|-----------------------------------|------------------------|
| Consumption (kg) | 7,382,704 kg | Consumption (kg) | 9,011,094 kg |
| Intensity (kg/unit of production) | 0.17 kg/unit | Intensity (kg/unit of production) | 0.28 kg/unit |

PACKAGING MATERIALS

Carton Box and Paper

| | |
|------------------------|--------------------------|
| 2024 | 2025 |
| 4,057 tonnes | 4,836 tonnes ↑ |

Plastic

| | |
|----------------------|--------------------------|
| 2024 | 2025 |
| 941 tonnes | 1,035 tonnes ↑ |

Others*

| | |
|---------------------|------------------------|
| 2024 | 2025 |
| 34 tonnes | 158 tonnes ↑ |

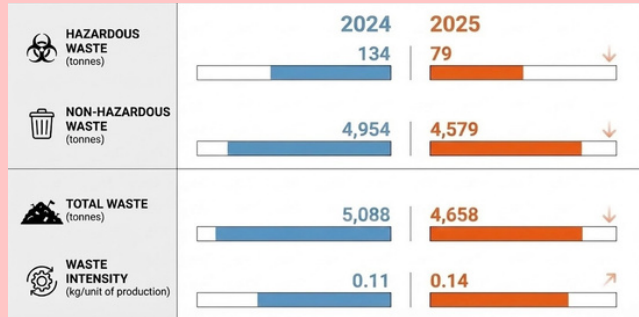
Total Consumption

| | |
|------------------------|--------------------------|
| 2024 | 2025 |
| 5,032 tonnes | 6,029 tonnes ↑ |

Total Consumption Intensity

| | |
|--------------------------------------|--------------------------------------|
| 2024 | 2025 |
| 0.11 kg/unit of production | 0.19 kg/unit of production |

WASTE GENERATION



TOTAL GHG EMISSION

(tCO₂e)



TOTAL GHG EMISSION INTENSITY

(kgCO₂e/unit of production)



Apparel



Accessories



Overall



AIR EMISSIONS



NO_x
2025

3,613 kg
vs. 2,133 kg in 2024



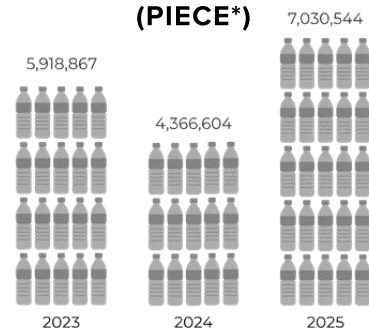
Particulate Matter (PM)
2025

349.44 kg
vs. 202.85 kg in 2024



WATER BOTTLES SAVED

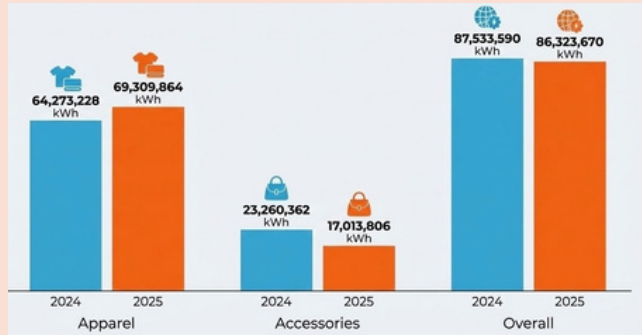
(PIECE*)



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

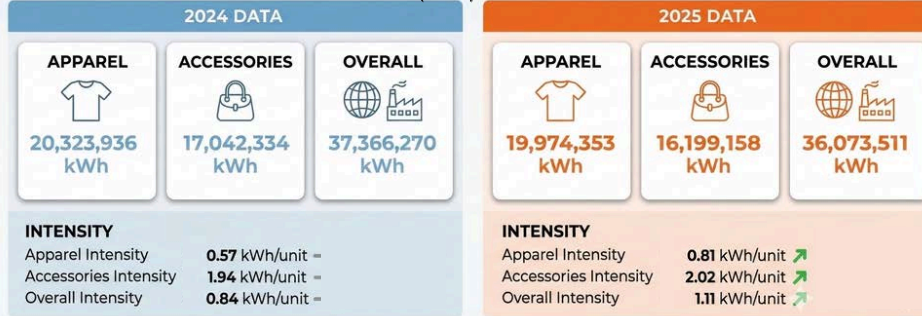
TOTAL ENERGY CONSUMPTION

(kWh)



INDIRECT ENERGY CONSUMPTION

(kWh)



DIRECT ENERGY CONSUMPTION

(kWh)

| | | | |
|--|--------------------|---|---|
| | Petrol | 2024 Apparel: 234,525 Accessories: 348,213 Overall: 582,738 | 2025 Apparel: 173,929 Accessories: 230,083 Overall: 404,013 |
| | Diesel | 2024 Apparel: 11,804,856 Accessories: 5,825,594 Overall: 17,630,450 | 2025 Apparel: 9,268,383 Accessories: 512,059 Overall: 9,780,442 |
| | LPG | 2024 Accessories: 44,221 Overall: 44,221 | 2025 Accessories: 72,505 Overall: 72,505 |
| | Natural Gas | 2024 Apparel: 1,612,792 Overall: 1,612,792 | 2025 Apparel: 1,127,380 Overall: 1,127,380 |
| | Biomass | 2024 Apparel: 30,297,119 Overall: 30,297,119 | 2025 Apparel: 38,865,819 Overall: 38,865,819 |

DIRECT ENERGY CONSUMPTION INTENSITY

(kWh/unit of production)

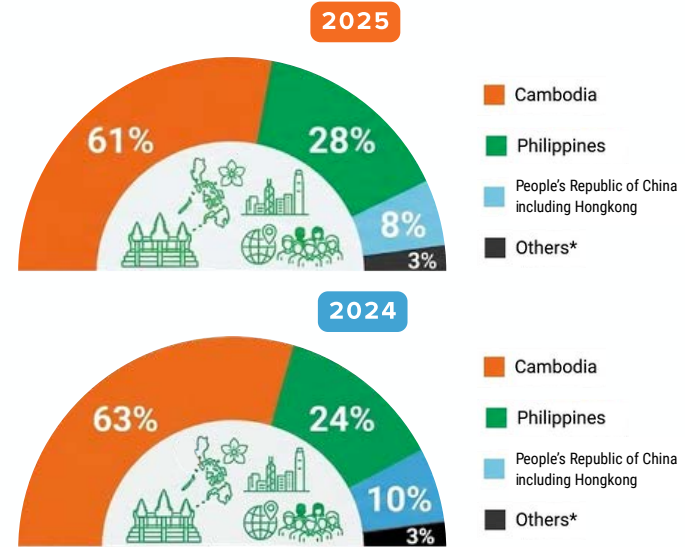


SOCIAL DATA

EMPLOYEE PROFILE BY EMPLOYMENT TYPE



EMPLOYEES BY GEOGRAPHICAL REGION



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

EMPLOYEES BY NATIONALITY



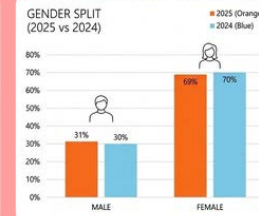
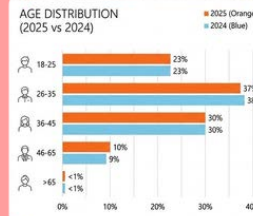
EMPLOYEE PROFILE

AGE

KEY AGE GROUP (26-35): **37% (2025)**

GENDER

TOTAL WORKFORCE (FEMALE): **69% (2025)**



VOLUNTEERING ACTIVITIES

2024

2025



DEVELOPMENT AND TRAINING BY EMPLOYEE CATEGORY



BENEFICIARIES



DEVELOPMENT AND TRAINING BY GENDER



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

Part C: “Comply or explain” Provisions

| 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 | [Repealed 1 January 2025] | - |
| 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 |

| Material Aspect | Content | References and Remarks |
|---|--|--|
| A2 Use of Resources | | |
| General Disclosure | Policies on the efficient use of resources, including energy, water and other raw materials. | Environmental Pillar |
| A2.1 | Direct and/or indirect energy consumption by type in total (kWh in '000s) and intensity. | Energy Management, Environmental Data |
| A2.2 | Water consumption in total and intensity. | Water Conservation, Environmental Data |
| A2.3 | Description of energy use efficiency target(s) set and steps taken to achieve them. | Our Five-Year Targets, Energy Management |
| A2.4 | Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them. | Water Conservation |
| A2.5 | Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced. | Natural and Raw Materials Consumption |
| A3 The Environment and Natural Resources | | |
| General Disclosure | Policies on minimising the issuer's significant impacts on the environment and natural resources. | Environmental Pillar |
| A3.1 | Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them. | Natural and Raw Materials Consumption |

| Material Aspect | Content | References and Remarks |
|----------------------------------|---|---|
| Aspect A4: Climate Change | [Repealed 1 January 2025] | |
| A4.1 | [Repealed 1 January 2025] | |
| 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 |

| Material Aspect | Content | References and Remarks |
|------------------------------------|---|--------------------------------|
| 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 Development and Training | | |
| 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 Management | | |
| 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 |

| Material Aspect | Content | References and Remarks |
|----------------------------------|---|--|
| B6 Product Responsibility | | |
| General Disclosure | Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress. | Product 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 |
| 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 |

| Material Aspect | Content | References and Remarks |
|--------------------------------|--|------------------------|
| 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 Investment | | |
| General Disclosure | Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests. | Community Pillar |
| B8.1 | Focus areas of contribution (e.g. education, environmental concerns, labor needs, health, culture, sport). | Community Pillar |
| B8.2 | Resources contributed (e.g. money or time) to the focus area. | Community Pillar |

Part D: Climate-Related Disclosures

| | Content | References and Remarks |
|-----------------------|--|---|
| (I) Governance | | |
| 19 | <p>An issuer shall disclose information about:</p> <p>(a) The governance body(s) (which can include a board, committee or equivalent body charged with governance) or individual(s) responsible for oversight of climate related risks and opportunities. Specifically, the issuer shall identify that body(s) or individual(s) and disclose information about:</p> <ul style="list-style-type: none"> i. How the body(s) or individual(s) determines whether appropriate skills and competencies are available or will be developed to oversee strategies designed to respond to climate-related risks and opportunities; ii. How and how often the body(s) or individual(s) is informed about climate related risks and opportunities; iii. How the body(s) or individual(s) takes into account climate-related risks and opportunities when overseeing the issuer’s strategy, its decisions on major transactions, and its risk management processes and related policies, including whether the body(s) or individual(s) has considered trade-offs associated with those risks and opportunities; iv. How the body(s) or individual(s) oversees the setting of, and monitors progress towards, targets related to climate-related risks and opportunities (see paragraphs 37 to 40), including whether and how related performance metrics are included in remuneration policies (see paragraph 35); and <p>(b) Management’s role in the governance processes, controls and procedures used to monitor, manage and oversee climate-related risks and opportunities, including information about:</p> <ul style="list-style-type: none"> i. Whether the role is delegated to a specific management-level position or management-level committee and how oversight is exercised over that position or committee; and ii. Whether management uses controls and procedures to support the oversight of climate-related risks and opportunities and, if so, how these controls and procedures are integrated with other internal functions. | <p>Governance Pillar - Sustainability Governance Structure & Sustainability Committee</p> <p>Governance Pillar - Sustainability Governance Structure & Sustainability Committee</p> |

| | Content | References and Remarks |
|--|---|---|
| (II) Strategy | | |
| Climate-related risks and opportunities | | |
| 20 | An issuer shall disclose information to enable an understanding of climate-related risks and opportunities that could reasonably be expected to affect the issuer’s cash flows, its access to finance or cost of capital over the short, medium or long term. Specifically, the issuer shall: | |
| | (a) Describe climate-related risks and opportunities that could reasonably be expected to affect the issuer’s cash flows, its access to finance or cost of capital over the short, medium or long term; | Environmental Pillar- Climate Scenario Analysis |
| | (b) Explain, for each climate-related risk the issuer has identified, whether the issuer considers the risk to be a climate-related physical risk or climate-related transition risk; | Environmental Pillar- Climate Scenario Analysis |
| | (c) Specify, for each climate-related risk and opportunity the issuer has identified, over which time horizons – short, medium or long term – the effects of each climate-related risk and opportunity could reasonably be expected to occur; and | Environmental Pillar- Climate Scenario Analysis |
| | (d) Explain how the issuer defines ‘short term’, ‘medium term’ and ‘long term’ and how these definitions are linked to the planning horizons used by the issuer for strategic decision-making. | Environmental Pillar- Climate Scenario Analysis |
| Business model and values chain | | |
| 21 | An issuer shall disclose information that enables an understanding of the current and anticipated effects of climate-related risks and opportunities on the issuer’s business model and value chain. Specifically, the issuer shall disclose: | |

| | Content | References and Remarks |
|-------------------------------------|--|---|
| | (a) A description of the current and anticipated effects of climate-related risks and opportunities on the issuer’s business model and value chain; and | Environmental Pillar- Climate Scenario Analysis |
| | (b) A description of where in the issuer’s business model and value chain climate related risks and opportunities are concentrated (for example, geographical areas, facilities and types of assets). | Environmental Pillar- Climate Scenario Analysis |
| Strategy and decision-making | | |
| 22 | An issuer shall disclose information that enables an understanding of the effects of climate-related risks and opportunities on its strategy and decision-making. Specifically, the issuer shall disclose: | |
| | <p>(a) Information about how the issuer has responded to, and plans to respond to, climate-related risks and opportunities in its strategy and decision-making, including how the issuer plans to achieve any climate-related targets it has set and any targets it is required to meet by law or regulation. Specifically, the issuer shall disclose information about:</p> <ul style="list-style-type: none"> i. Current and anticipated changes to the issuer’s business model, including its resource allocation, to address climate-related risks and opportunities; ii. Current and anticipated adaptation and mitigation efforts (whether direct or indirect); iii. Any climate-related transition plan the issuer has (including information about key assumptions used in developing its transition plan, and dependencies on which the issuer’s transition plan relies), or an appropriate negative statement where the issuer does not have a climate-related transition plan; and iv. How the issuer plans to achieve any climate-related targets (including any greenhouse gas emissions targets (if any)), described in accordance with paragraphs 37 to 40; and | Environmental Pillar- Strengthening Climate Resilience, Climate Scenario Analysis |

| | Content | References and Remarks |
|---|--|--|
| | (b) Information about how the issuer is resourcing, and plans to resource, the activities disclosed in accordance with paragraph 22(a). | Environmental Pillar- Strengthening Climate Resilience, Climate Scenario Analysis |
| 23 | An issuer shall disclose information about the progress of plans disclosed in previous reporting periods in accordance with paragraph 22(a). | Environmental Pillar- Strengthening Climate Resilience, Climate Scenario Analysis |
| Financial position, financial performance and cash flows | | |
| 24 | An issuer shall disclose qualitative and quantitative information about: | |
| | (a) How climate-related risks and opportunities have affected its financial position, financial performance and cash flows for the reporting period; and | Environmental Pillar- Climate Scenario Analysis Currently, only qualitative information is disclosed. Luen Thai plans to evaluate the inclusion of quantitative assessments of physical and transition risks in future reports. |
| | (b) The climate-related risks and opportunities identified in paragraph 24(a) for which there is a significant risk of a material adjustment within the next annual reporting period to the carrying amounts of assets and liabilities reported in the related financial statements. | Environmental Pillar- Climate Scenario Analysis Currently, only qualitative information is disclosed. Luen Thai plans to evaluate the inclusion of quantitative assessments of physical and transition risks in future reports. |
| 25 | The issuer shall provide qualitative and quantitative disclosures about: | |
| | (a) How the issuer expects its financial position to change over the short, medium and long term, given its strategy to manage climate-related risks and opportunities, taking into consideration: i. Its investment and disposal plans; and ii. Its planned sources of funding to implement its strategy; and | Environmental Pillar- Climate Scenario Analysis Currently, only qualitative information is disclosed. Luen Thai plans to evaluate the inclusion of quantitative assessments of physical and transition risks in future reports. |
| | (b) How the issuer expects its financial performance and cash flows to change over the short, medium and long term, given its strategy to manage climate-related risks and opportunities | Environmental Pillar- Climate Scenario Analysis Currently, only qualitative information is disclosed. Luen Thai plans to evaluate the inclusion of quantitative assessments of physical and transition risks in future reports. |

| | Content | References and Remarks |
|---------------------------|--|---|
| Climate Resilience | | |
| 26 | <p>An issuer shall disclose information that enables an understanding of the resilience of the issuer’s strategy and business model to climate-related changes, developments and uncertainties, taking into consideration the issuer’s identified climate-related risks and opportunities. An issuer shall use climate-related scenario analysis to assess its climate resilience using an approach that is commensurate with an issuer’s circumstances. In providing quantitative information, the issuer may disclose a single amount or a range. Specifically, the issuer shall disclose:</p> <p>(a) The issuer’s assessment of its climate resilience as at the reporting date, which shall enable an understanding of:</p> <ul style="list-style-type: none"> i. The implications, if any, of the issuer’s assessment for its strategy and business model, including how the issuer would need to respond to the effects identified in the climate-related scenario analysis; ii. The significant areas of uncertainty considered in the issuer’s assessment of its climate resilience; and iii. The issuer’s capacity to adjust, or adapt its strategy and business model to climate change over the short, medium or long term; <p>(b) How and when the climate-related scenario analysis was carried out, including:</p> <ul style="list-style-type: none"> i. Information about the inputs used, including: <ul style="list-style-type: none"> (1) which climate-related scenarios the issuer used for the analysis and the sources of such scenarios; (2) whether the analysis included a diverse range of climate-related scenarios; (3) whether the climate-related scenarios used for the analysis are associated with climate-related transition risks or climate-related physical risks; (4) whether the issuer used, among its scenarios, a climate-related scenario aligned with the latest international agreement on climate change; (5) why the issuer decided that its chosen climate-related scenarios are relevant to assessing its resilience to climate-related changes, developments or uncertainties; | <p>Environmental Pillar - Strengthening Climate Resilience & Climate Scenario Analysis</p> <p>Environmental Pillar - Strengthening Climate Resilience & Climate Scenario Analysis</p> |

| | Content | References and Remarks |
|------------------------------|--|---|
| | <p>(6) time horizons the issuer used in the analysis; and</p> <p>(7) what scope of operations the issuer used in the analysis (for example, the operation, locations and business units used in the analysis);</p> <p>ii. The key assumptions the issuer made in the analysis; and</p> <p>iii. The reporting period in which the climate-related scenario analysis was carried out.</p> | |
| (III) Risk Management | | |
| 27 | An issuer shall disclose information about: | |
| | <p>(a) The processes and related policies it uses to identify, assess, prioritize and monitor climate-related risks, including information about:</p> <p>i. The inputs and parameters the issuer uses (for example, information about data sources and the scope of operations covered in the processes);</p> <p>ii. Whether and how the issuer uses climate-related scenario analysis to inform its identification of climate-related risks;</p> <p>iii. How the issuer assesses the nature, likelihood and magnitude of the effects of those risks (for example, whether the issuer considers qualitative factors, quantitative thresholds or other criteria);</p> <p>iv. Whether and how the issuer prioritizes climate-related risks relative to other types of risks;</p> <p>v. How the issuer monitors climate-related risks; and</p> <p>vi. Whether and how the issuer has changed the processes it uses compared with the previous reporting period;</p> | Environmental Pillar - Strengthening Climate Resilience & Climate Scenario Analysis |
| | (b) The processes the issuer uses to identify, assess, prioritize and monitor climate related opportunities (including information about whether and how the issuer uses climate-related scenario analysis to inform its identification of climate-related opportunities); and | Environmental Pillar - Strengthening Climate Resilience & Climate Scenario Analysis |
| | (c) The extent to which, and how, the processes for identifying, assessing, prioritizing and monitoring climate-related risks and opportunities are integrated into and inform the issuer's overall risk management process. | Environmental Pillar - Strengthening Climate Resilience & Climate Scenario Analysis |

| | Content | References and Remarks |
|--|---|--|
| (IV) Metrics and Targets Greenhouse gas emissions | | |
| 28 | An issuer shall disclose its absolute gross greenhouse gas emissions generated during the reporting period, expressed as metric tons of CO2 equivalent, classified as: | |
| | (a) Scope 1 greenhouse gas emissions; | Environmental Pillar |
| | (b) Scope 2 greenhouse gas emissions; and | Environmental Pillar |
| | (c) Scope 3 greenhouse gas emissions. | Environmental Pillar |
| 29 | An issuer shall: | |
| | (a) Measure its greenhouse gas emissions in accordance with the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004) unless required by a jurisdictional authority or another exchange on which the issuer is listed to use a different method for measuring greenhouse gas emissions; | Environmental Pillar- Greenhouse Gas Emission Control & Performance Data Summary |
| | (b) Disclose the approach it uses to measure its greenhouse gas emissions including: i. The measurement approach, inputs and assumptions the issuer uses to measure its greenhouse gas emissions; ii. The reason why the issuer has chosen the measurement approach, inputs and assumptions it uses to measure its greenhouse gas emissions; and iii. Any changes the issuer made to the measurement approach, inputs and assumptions during the reporting period and the reasons for those changes; | Environmental Pillar- Greenhouse Gas Emission Control & Performance Data Summary |
| | (c) For Scope 2 greenhouse gas emissions disclosed in accordance with paragraph 28(b), disclose its location-based Scope 2 greenhouse gas emissions, and provide information about any contractual instruments that is necessary to enable an understanding of the issuer's Scope 2 greenhouse gas emissions; and | Environmental Pillar- Greenhouse Gas Emission Control & Performance Data Summary |

| | Content | References and Remarks |
|---|---|--|
| | (d) For Scope 3 greenhouse gas emissions disclosed in accordance with paragraph 28(c), disclose the categories included within the issuer's measure of Scope 3 greenhouse gas emissions, in accordance with the Scope 3 categories described in the Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard (2011). | Environmental Pillar- Greenhouse Gas Emission Control & Performance Data Summary |
| Climate-related transition risks | | |
| 30 | An issuer shall disclose the amount and percentage of assets or business activities vulnerable to climate-related transition risks. | Environmental Pillar- Climate Scenario Analysis |
| Climate-related physical risks | | |
| 31 | An issuer shall disclose the amount and percentage of assets or business activities vulnerable to climate-related physical risks | Environmental Pillar- Climate Scenario Analysis |
| Climate-related opportunities | | |
| 32 | An issuer shall disclose the amount and percentage of assets or business activities aligned with climate-related opportunities | Environmental Pillar- Climate Scenario Analysis |
| 33 | An issuer shall disclose the amount of capital expenditure, financing or investment deployed towards climate-related risks and opportunities. | Luen Thai considers the amount of capital expenditure, financing, or investment deployed towards climate-related risks and opportunities as not material and therefore does not disclose this information. |
| 34 | An issuer shall disclose: | |
| | (a) An explanation of whether and how the issuer is applying a carbon price in decision-making (for example, investment decisions, transfer pricing, and scenario analysis); and | Luen Thai currently does not apply a carbon price in decision-making. |
| | (b) The price of each metric tonne of greenhouse gas emissions the issuer uses to assess the costs of its greenhouse gas emissions; or an appropriate negative statement that the issuer does not apply a carbon price in decision-making. | |

| | Content | References and Remarks |
|--------------------------------|--|---|
| Remuneration | | |
| 35 | An issuer shall disclose whether and how climate-related considerations are factored into remuneration policy, or an appropriate negative statement. This may form part of the disclosure under paragraph 19(a)(iv). | Luen Thai has not integrated sustainability performance for executives and employees. |
| Industry-based metrics | | |
| 36 | An issuer is encouraged to disclose industry-based metrics that are associated with one or more particular business models, activities or other common features that characterize participation in an industry. In determining the industry-based metrics that the issuer discloses, an issuer is encouraged to refer to and consider the applicability of the industry based metrics associated with disclosure topics described in the IFRS S2 Industry based Guidance on implementing Climate-related Disclosures and other industry-based disclosure requirements prescribed under other international ESG reporting frameworks. | Partially fulfilled the metrics in SASB standard - Apparel, Accessories & Footwear |
| Climate-related targets | | |
| 37 | An issuer shall disclose (a) the qualitative and quantitative climate-related targets the issuer has set to monitor progress towards achieving its strategic goals; and (b) any targets the issuer is required to meet by law or regulation, including any greenhouse gas emissions targets. For each target, the issuer shall disclose: | |
| | (a) The metric used to set the target; | Our five-year targets |
| | (b) The objective of the target (for example, mitigation, adaptation or conformance with science-based initiatives); | Our five-year targets |
| | (c) The part of the issuer to which the target applies (for example, whether the target applies to the issuer in its entirety or only a part of the issuer, such as a specific business unit or geographic region); | Our five-year targets |
| | (d) The period over which the target applies; | Our five-year targets |

| | Content | References and Remarks |
|----|--|---|
| | (e) The base period from which progress is measured | Our five-year targets |
| | (f) Milestones or interim targets (if any); | |
| | (g) If the target is quantitative, whether the target is an absolute target or an intensity target; and | Environmental Targets |
| | (h) How the latest international agreement on climate change, including jurisdictional commitments that arise from that agreement, has informed the target. | Our five-year targets |
| 38 | An issuer shall disclose information about its approach to setting and reviewing each target, and how it monitors progress against each target, including: | |
| | (a) Whether the target and the methodology for setting the target has been validated by a third party; | No third party verification. |
| | (b) The issuer's processes for reviewing the target; | Governance Pillar |
| | (c) The metrics used to monitor progress towards reaching the target; and | Our five-year targets |
| | (d) Any revisions to the target and an explanation for those revisions. | No major revisions have been made to climate-related targets during the year. |
| 39 | An issuer shall disclose information about its performance against each climate-related target and an analysis of trends or changes in the issuer's performance. | Environmental Targets |

| | Content | References and Remarks |
|---|---|--|
| 40 | For each greenhouse gas emissions target disclosed in accordance with paragraphs 37 to 39, an issuer shall disclose: | |
| | (a) Which greenhouse gases are covered by the target; | Environmental Targets |
| | (b) Whether Scope 1, Scope 2 or Scope 3 greenhouse gas emissions are covered by the target; | Environmental Targets |
| | (c) Whether the target is a gross greenhouse gas emissions target or a net greenhouse gas emissions target. If the issuer discloses a net greenhouse gas emissions target, the issuer is also required to separately disclose its associated gross greenhouse gas emissions target. | We consider our target as a gross GHG emissions target. |
| | (d) Whether the target was derived using a sectoral decarbonization approach; and | Our targets are not derived using a sectoral decarbonization approach. |
| | (e) The issuer's planned use of carbon credits to offset greenhouse gas emissions to achieve any net greenhouse gas emissions target. In explaining its planned use of carbon credits, the issuer shall disclose: <ul style="list-style-type: none"> i. The extent to which, and how, achieving any net greenhouse gas emissions target relies on the use of carbon credits; ii. Which third-party scheme(s) will verify or certify the carbon credits; iii. The type of carbon credit, including whether the underlying offset will be nature-based or based on technological carbon removals, and whether the underlying offset is achieved through carbon reduction or removal; and iv. Any other factors necessary to enable an understanding of the credibility and integrity of the carbon credits the issuer plans to use (for example, assumptions regarding the permanence of the carbon offset) | The manager does not currently use carbon credits to offset greenhouse gas emissions. Luen Thai is committed to optimizing property portfolio for energy efficiency and climate resilience. We will keep assessing the necessity of purchasing carbon credits in the future. |
| Applicability of cross-industry metrics and industry-based metrics | | |
| 41 | In preparing disclosures to meet the requirements in paragraphs 21 to 26 and 37 to 38, an issuer shall refer to and consider the applicability of cross-industry metrics (see paragraphs 28 to 35) and (ii) industry-based metrics (see paragraph 36). | Partially fulfilled the metrics in SASB standard - Apparel, Accessories & Footwear |

GRI CONTENT INDEX

| | |
|-------------------------|---|
| Statement of use | Luen Thai Holdings Limited has reported the information cited in this GRI content index for the period from 1st January 2025 to 31st December 2025 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 its 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 | There are no restatements. |
| Activities and workers | | |
| 2-6 | Activities, value chain and other business relationships | Supply Chain Management, Annual Report 2025 - 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 2025 - Corporate Governance Report |
| 2-11 | Chair of the highest governance body | Governance Pillar, Annual Report 2025 - Corporate Governance Report |
| 2-12 | Role of the highest governance body in overseeing the management of impacts | Governance Pillar, Annual Report 2025 - Corporate Governance Report |

| GRI Standard | Disclosure | References and Remarks |
|---|---|--|
| 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 2025 - Corporate Governance Report |
| 2-16 | Communication of critical concerns | Governance Pillar |
| 2-17 | Collective knowledge of the highest governance body | Annual Report 2025 - Corporate Governance Report, Sustainability Committee |
| 2-18 | Evaluation of the performance of the highest governance body | Annual Report 2025 - Corporate Governance Report, Sustainability Committee |
| 2-19 | Remuneration policies | Governance Pillar |
| 2-20 | Process to determine remuneration | Annual Report 2025 - Corporate Governance Report |
| Strategy, policies and practices | | |
| 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 201: Economic Performance 2016 | | |
|-------------------------------------|--|---|
| 3-3 | The management approach and its components | Environmental Pillar- Environmental Management |
| 201-2 | Financial implications and other risks and opportunities due to climate change | Environmental Pillar- Climate Scenario Analysis |
| 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 | Governance Pillar- Ethics Management |
| 205-3 | Confirmed incidents of corruption and actions taken | Governance Pillar- 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 | Business Pillar- Product Quality Management |
| 301-1 | Materials used by weight or volume | Environmental Pillar-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 | Environmental Pillar- Energy Management |
| 302-3 | Energy Intensity | Environmental Pillar- Energy Management |
| 302-4 | Reduction of energy consumption | Environmental Pillar- Energy Management |
| GRI 303: Water and Effluents 2018 | | |
| 3-3 | The management approach and its components | Environmental Pillar |
| 303-1 | Interactions with water as a shared resource | Environmental Pillar- Water Conservation |
| 303-2 | Management of water discharge-related impacts | Environmental Pillar- Water Conservation |
| 303-3 | Water withdrawal | Environmental Pillar- Water Conservation |
| 303-4 | Water discharge | Environmental Pillar- Water Conservation |
| 303-5 | Water consumption | Environmental Pillar- Water Conservation |

| GRI 305: Emissions 2016 | | |
|--|---|--|
| 3-3 | The management approach and its components | Environmental Pillar |
| 305-1 | Direct (Scope 1) GHG emissions | Environmental Pillar - Greenhouse Gas Emission Control |
| 305-2 | Energy Indirect (Scope 2) GHG emissions | Environmental Pillar - Greenhouse Gas Emission Control |
| 305-4 | GHG emissions intensity | Environmental Pillar - Greenhouse Gas Emission Control |
| 305-5 | Reduction of GHG emissions | Environmental Pillar - Greenhouse Gas Emission Control |
| 305-7 | Nitrogen oxides (NOx), sulfur oxides (SOx), and other signification air emissions | Environmental Pillar - Greenhouse Gas Emission Control |
| GRI 306: Waste 2020 | | |
| 3-3 | The management approach and its components | Environmental Pillar |
| 306-1 | Waste generation and significant waste related impacts | Environmental Pillar - Waste Management |
| 306-2 | Management and significant waste related impacts | Environmental Pillar - Waste Management |
| 306-3 | Waste generated | Environmental Pillar - Waste Management |
| GRI 308: Supplier Environmental Assessment 2016 | | |
| 3-3 | The management approach and its components | Business Pillar- Supply Chain Management |
| 308-1 | New suppliers that were screened using environmental criteria | Business Pillar- Supply Chain Management |

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 | People Pillar - 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 | People Pillar - Occupational Health and Safety |
| 403-3 | Occupational health services | People Pillar - Occupational Health and Safety |
| 403-5 | Worker training on occupational health and safety | People Pillar - Occupational Health and Safety |
| 403-9 | Work-related injuries | People Pillar - 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 | People Pillar - 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 | People Pillar- Diversity and Inclusion |

| GRI Standard | Disclosure | References and Remarks |
|---|--|--|
| GRI 406: Non-discrimination 2016 | | |
| 3-3 | The management approach and its components | People Pillar |
| 406-1 | Incidents of discrimination and corrective actions taken | People Pillar - Diversity and inclusion |
| GRI 408: Child Labor 2016 | | |
| 3-3 | The management approach and its components | Governance Pillar - Ethics Management |
| 408-1 | Operations and suppliers at significant risk for incidents of child labor | People Pillar - Treating Our People with Dignity and Respect |
| GRI 409: Forced or Compulsory 2016 | | |
| 3-3 | The management approach and its components | People Pillar |
| 409-1 | Operations and suppliers at significant risk for incidents of forced labor or compulsory labor | People Pillar - Treating Our People with Dignity and Respect |
| GRI 413: Local Communities 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 and Social Assessment 2016 | | |
| 3-3 | The management approach and its components | Business Pillar - Supply Chain Management |
| 414-1 | New suppliers that were screened using social criteria | Business Pillar - Supply Chain Management |

| GRI Standard | Disclosure | References and Remarks |
|---|---|---|
| GRI 416: Customer Health and Safety 2016 | | |
| 3-3 | The management approach and its components | Business Pillar- Customer Satisfaction Management |
| 416-1 | Assessments of the health and safety impacts of product and service categories | Business Pillar- Customer Satisfaction Management |
| 416-2 | Incidents of non-compliance concerning the health and safety impacts of products and services | Business Pillar- Customer Satisfaction Management |
| GRI 418: Customer Privacy 2016 | | |
| 3-3 | The management approach and its components | Business Pillar- Customer Satisfaction Management |
| 418-1 | Substantiated complaints concerning breaches of customer privacy and losses of customer data | Business Pillar- Customer Satisfaction Management |

