



STELLA
INTERNATIONAL

Making Beauty with Care

2025 Environmental, Social & Governance Report

STELLA INTERNATIONAL HOLDINGS LIMITED | STOCK CODE: 1836

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Chapter 1 —

Introduction

Through clear commitments and alignment with evolving stakeholder priorities, we aim to provide a coherent view of our sustainability journey and long-term direction. By integrating performance highlights, governance structures, and material sustainability topics identified through materiality assessment, we seek to demonstrate how responsible growth is embedded into our strategy and long-term value creation.



LETTER FROM CEO

2025 was a year of reflection and resolve for Stella Group.

Against a backdrop of global uncertainty, evolving regulatory expectations, and accelerating environmental and social challenges, we continued to focus on strengthening the foundations of our long-term resilience.

At Stella, craftsmanship has always defined who we are. That same care, precision, and integrity guide our sustainability journey. Our sustainability vision — *Making Beauty with Care* — reflects a simple belief that true quality can only be achieved when we respect the people behind our products and the world in which we operate. Sustainability is therefore not a standalone initiative, but an integral part of how we manage risk, make decisions, and create long-term value.

During the year, we made meaningful progress in strengthening our sustainability governance and performance. A key milestone was the formal validation of our Science-Based Targets by the Science Based Targets initiative (SBTi), confirming that our climate commitments are aligned with the latest climate science and the goals of the Paris Agreement. This validation provides a clear and credible framework for our decarbonisation pathway toward 2030 and reinforces the responsibility we have taken on to deliver sustained, measurable action across our operations and supply chain.

We were also encouraged by continued external recognition of our sustainability efforts. In 2025, Stella Group received a further upgrade in our MSCI ESG Rating to "AA", marking the second consecutive year of improvement following last year's upgrade from "B" to "A." In addition, we participated in the CDP Climate Change assessment and achieved a "B" score, reflecting growing maturity in our climate governance, risk management, and disclosure practices. While such assessments are not an end in themselves, they provide important reference points for benchmarking progress and identifying areas for further improvement.

As our previous set of environmental targets concluded at the end of 2025, we also established a new set of 2030 ESG targets during the year. These targets reflect our evolving priorities, higher level of ambition, and a more integrated approach to environmental, social, and governance performance, ensuring alignment with international standards, stakeholder expectations, and the long-term direction of the Group.

Supply chain resilience and collaboration remained a key focus. We held our second annual Supplier Conference in Vietnam, reflecting the country's growing strategic importance to Stella's operations. The conference provided a platform to engage suppliers on shared ESG expectations, responsible sourcing, decarbonisation, and long-term partnership, reinforcing the

role of collaboration in building a more resilient and responsible value chain.

Looking ahead, the challenges facing our industry and society will continue to evolve. We will remain grounded in transparency, accountability, and continuous improvement. Guided by our values and supported by our colleagues and partners worldwide, we will continue to raise our standards and take responsible action to build a more resilient and sustainable Stella Group.

On behalf of the Board and management team, I thank our employees, customers, suppliers, and stakeholders for your continued trust and support.

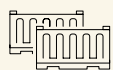
Lo-Jen Chi
Chief Executive Officer
March 19, 2026

HIGHLIGHTS FOR 2025

BUSINESS PERFORMANCE



REVENUE
\$1,570.2mn



SHIPMENT VOLUME
55.0mn pairs



OPERATING PROFIT
\$149.2mn



OPERATING PROFIT MARGIN
9.5%



NET PROFIT
\$137.0mn



FULL-YEAR DIVIDEND
HK 145cents
including normal full-year dividend HK 89 cents + special dividend HK 56 cents

SUSTAINABILITY PERFORMANCE



34.09 MW
total installed capacity of rooftop solar system



29.01%
of the Group's electricity consumption from renewable sources



4,933 MT CO₂e
YoY Scope 1 and 2 emissions reduction (market-based)



134,173 m³
YoY water consumption reduction



37.79%
of non-hazardous waste diverted from landfill & incineration



746 kg
of PET bottles recycled

OTHER PERFORMANCE INDICATORS

MSCI
ESG RATINGS



CCC B BB BBB A AA AAA

Stella's MSCI ESG Rating upgraded to 'AA'



Received a 'B' CDP score in Climate Change



SCIENCE
BASED
TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

Stella's GHG emissions reduction targets have been validated by SBTi

All financial figures are denominated in USD unless otherwise specified

ABOUT THIS REPORT

Report Profile and Scope

Stella International Holdings Limited ("Stella", "Stella Group" or the "Group") is committed to delivering outstanding craftsmanship, while upholding strong corporate responsibility and advancing sustainable development. This Environmental, Social and Governance Report (the "Report") aims to provide stakeholders with an overview of the Group's strategies, policies, and progress in environmental, social and governance practices.

This is the fourth annual standalone ESG report of the Group. The Report covered all manufacturing locations, in the People's Republic of China, Vietnam, Indonesia, Bangladesh, and the Philippines, unless specified otherwise.

The Report presents the Group's sustainability practices and performance in relation to ESG issues assessed as material to the Group for the period from 1 January 2025 to 31 December 2025 (the "Reporting Period", or "Financial Year 2025").

Reporting Standards

This Report has been prepared in accordance with Appendix C2 of the Environmental, Social and Governance Reporting Code (ESG Reporting Code) issued by The Stock Exchange of Hong Kong Limited. This report also references the Sustainability Accounting Standards Boards Standards (SASB Standards), Task Force on Climate-related Financial Disclosure Recommendations (TCFD Recommendations), and Part D: Climate-related Disclosures of the ESG Reporting Code which is developed based on the International Financial Reporting Standards Sustainability Disclosure Standard 2: Climate-related Disclosures (IFRS S2) recommendations.

Reporting Principles

Stella Group adheres to the four fundamental reporting principles set out in the ESG Reporting Code. These principles underpin effective disclosure and guide our ESG-related assessment, decision-making, and reporting. Details are as follows:

- **Materiality**
Through stakeholder engagement and materiality assessment, ESG issues pertinent to our operations and stakeholders have been identified. This Report focuses primarily on the 20 ESG issues identified as material in 2025.
- **Quantitative**
Key Performance Indicators (KPIs) regarding environmental and social aspects are defined and disclosed where practicable. Quantitative data, including historical information, is presented to facilitate objective evaluation of the Group's ESG performance.
- **Balance**
All current practices and future plans regarding material ESG issues are reported in a transparent and balanced manner to provide an impartial view of the Group's ESG performance.
- **Consistency**
To enable meaningful comparisons of ESG performance across reporting periods, the methodologies and reporting scope adopted in this Report are generally consistent with previous years. Any material changes are annotated for readers' reference.

Reporting Approval

The Board of Directors of the Group (the "Board") has overall responsibility for Stella's ESG strategy and reporting.

This report was reviewed and approved by the Board on 19 March 2026 to ensure there are no false records or misleading descriptions.

Accessibility of the Report and Feedback

An electronic copy of this report can be accessed on our website at <http://www.stella.com.hk/>. For any enquiries about the report or opinions regarding the Group's ESG performance, please feel free to put enquiries (i) in writing to the Company's registered office in Hong Kong (Flat C, 20/F, MG Tower, 133 Hoi Bun Road, Kowloon, Hong Kong) for attention to the Company Secretary or (ii) by email at stella@stella.com.hk or (iii) (for shareholders of the Company only) by attending the Company's annual general meeting or extraordinary general meeting.

OUR SUSTAINABILITY APPROACH

Our Sustainability Vision

Making beauty with care.

Stella is known and recognised for the quality of our craftsmanship, built on decades of experience, skill, and dedication. Our sustainability journey is rooted in the same attention, intention, and integrity that define how we create. We believe that beautiful things can only be made when we care for the world around us and the people behind every product.

Making Beauty with Care reflects our conviction that excellence in craftsmanship and responsibility in business are inseparable. It guides how we source materials, manage our operations, support our people, and collaborate with partners across the value chain. Sustainability, for Stella, is not a separate initiative, but an integral part of how we design, produce, and deliver products responsibly and with respect.

Guided by this vision, our sustainability strategy is structured around three core pillars that drive continuous improvement, innovation, and long-term progress. From materials to people, from processes to partnerships, we seek meaningful and measurable change that supports the Group's long-term value creation – because how we make matters as much as what we make.

OUR SUSTAINABILITY APPROACH

Our Sustainability Pillars



Building Belonging

Stella is committed to nurturing an inclusive and diverse workplace, where safety, well-being, and personal development are integral to every career journey.



Taking Action for the Planet

Stella is committed to shaping a new era of green manufacturing by championing emissions reduction and advancing resource efficiency at every step of our production.



Weaving Supply Chain Resilience

At Stella, we uphold the integrity of our supply chain by fostering transparency, building responsible partnerships, and embedding sustainability principles from source to finished product.

OUR COMMITMENTS & TARGETS

As part of our ongoing commitment to sustainability, we established ambitious environmental targets in 2021 for 2025, covering key areas including energy efficiency and carbon footprint, climate change mitigation and adaptation, water stewardship, and waste management. Our progress and results against these 2025 targets are summarised below:

STELLA 2025 ENVIRONMENTAL TARGETS

Environmental Aspect	Targets (base year 2021)	2025 Results
Energy Efficiency and Carbon Footprint	Reduce electricity consumption intensity by 15%	Total consumption intensity increased by 24.68%
	Construct on-site renewable energy infrastructure up to 40MW	34.09 MW ¹
Climate Change Mitigation and Adaptation	Achieve zero growth in Scope 1 and 2 absolute GHG emissions	Achieved negative growth
	Reduce Scope 1 and 2 GHG emissions intensity by 15%	Achieved reduction by 22.22%
Water Stewardship	Reduce water consumption intensity by 15%	Achieved reduction by 38.32%
Waste Management	Reduce total waste generation intensity by 10%	Increased by 20.67%

While the Group made meaningful progress in several areas – including greenhouse gas emissions reduction, renewable energy deployment, and water efficiency – performance in other areas did not meet our original expectations. A review of the results highlighted several contributing factors. Improvements in our ESG data management systems have significantly enhanced the accuracy and completeness of environmental data, which in turn revealed that certain baseline assumptions and target framing may not have fully reflected operational realities at the time they were established. In addition, some improvements, such as reductions in water consumption, were partially influenced by structural changes in our operations, including the closure of factory facilities. These outcomes have provided valuable insights for refining our environmental strategy going forward. They also

underscore the importance of strengthening internal resource management and production efficiency, as long-term environmental performance will ultimately depend on how effectively we optimise our operations.

In light of this, we have established new, longer-term commitments and targets that extend beyond our 2025 environmental targets to encompass Stella's material topics across all aspects of ESG, in line with stakeholder expectations and industry practices. Details of these targets and commitments are provided throughout this Report in the respective chapters and sections.

1. While initial estimates suggested that 40MW of dedicated infrastructure could have supplied approximately 15% of Stella's energy needs, regional resource availability and regulatory constraints required us to pursue a diversified approach. Through this strategy, we successfully replaced 29.01% of the Group's total energy use with renewable/green electricity.

MATERIAL ESG ISSUES

We recognise that achieving a balance between internal and external perspectives is essential for identifying and addressing ESG issues important to our business and stakeholders.

A materiality assessment provides the foundation to engage with stakeholders and investors, strengthen the corporate risk management framework, and enhance ESG-related disclosures.

Materiality Assessment

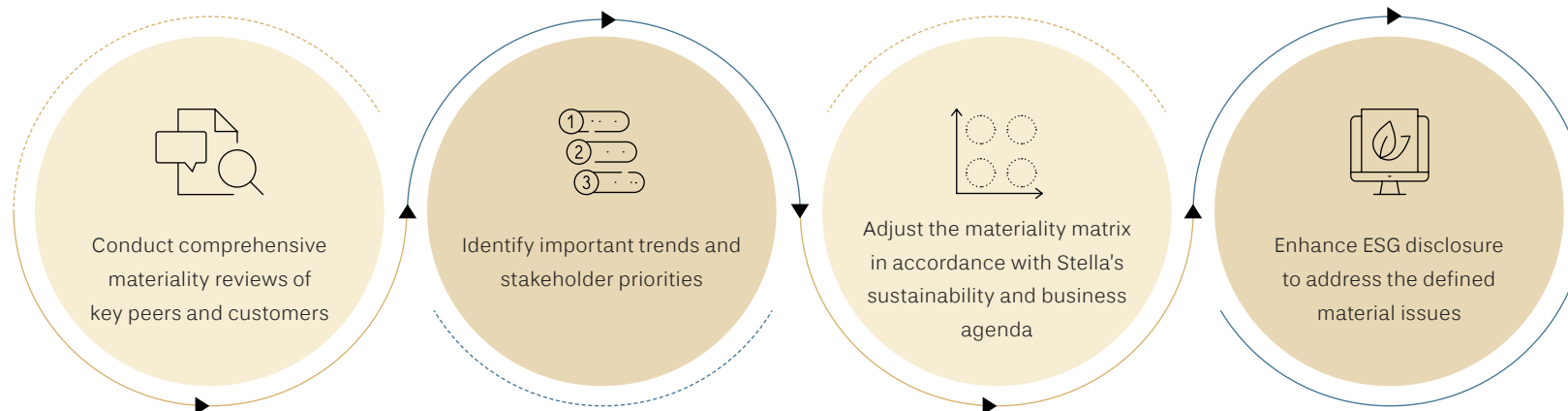
The management and employees of various departments across the Group participated in the preparation of this Report. Their contributions supported the examination of our operational approach, identification of material ESG issues, and assessment of their significance to our business and stakeholders.

In partnership with an independent consultant, we conducted a comprehensive stakeholder engagement and materiality assessment. This involved online surveys and interviews with a diverse range of internal and external stakeholders, including members of the Board, employees across various departments, investors, suppliers, contractors, service providers, and customers.

Drawing on the results of these surveys and interviews, we conducted in-depth research focused on key industry peers, major customers, and emerging megatrends. The primary objectives were to review their strategic priorities and gain deeper insights into stakeholder perspectives on our ESG strategies. The findings informed updates to our list of material ESG issues and revisions to our materiality matrix.

The assessment identified ESG risks and opportunities material to both internal and external stakeholders in their business decision-making. In response, we remain fully committed to implementing targeted improvements in these areas. This reflects our dedication to addressing stakeholder concerns while advancing sustainable and responsible business practices.

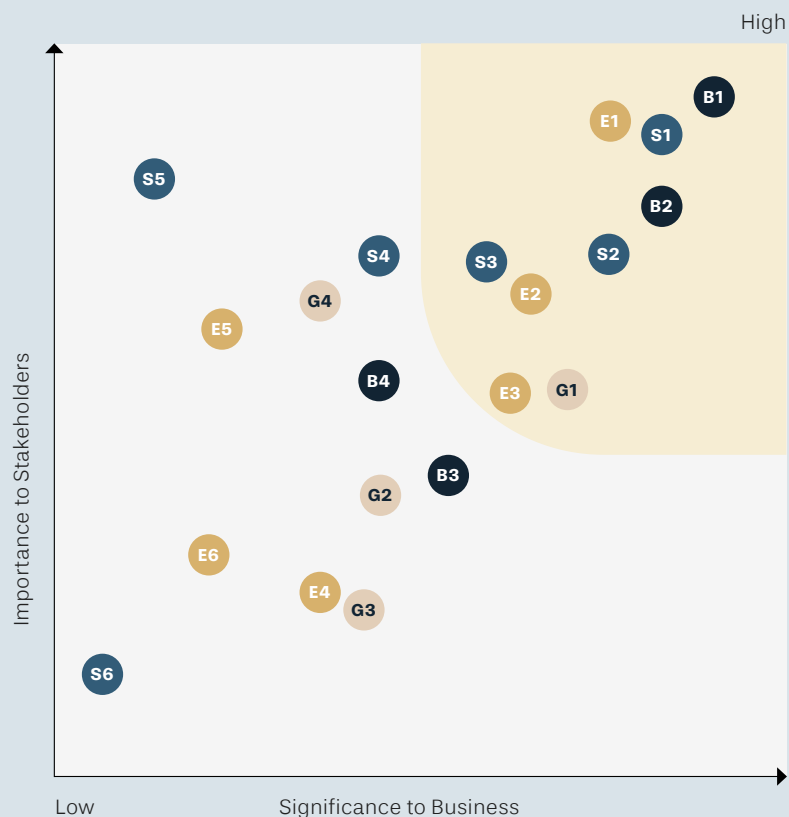
Materiality Assessment Workflow



MATERIAL ESG ISSUES

We categorised the priority issues identified via benchmarking and comparison exercise into 'Environmental', 'Social', 'Governance' and 'Business' aspects. The table below highlights the ESG issues deemed relevant to the Group. This Report is also structured in accordance with the results of the Materiality Assessment.

Stella 2025 ESG Materiality Matrix



Aspects	ESG Issues	Chapter Directory
Environmental	E1 Waste Management and Circularity	Taking Action for the Planet
	E2 Chemical and Wastewater Management	Taking Action for the Planet
	E3 Climate Change Mitigation and Adaptation	Taking Action for the Planet
	E4 Use of Sustainable Materials	Weaving Supply Chain Resilience
	E5 Energy Efficiency and Carbon Footprint	Taking Action for the Planet
	E6 Water Stewardship	Taking Action for the Planet
Social	S1 Occupational Health and Safety	Building Belonging
	S2 Labour and Human Rights	Building Belonging
	S3 Employee Development and Training	Building Belonging
	S4 Workplace Engagement and Well-being	Building Belonging
	S5 Diversity, Equity, and Inclusion	Building Belonging
	S6 Community Investment	Building Belonging
Governance	G1 Supply Chain Management	Weaving Supply Chain Resilience
	G2 Information Security and Data Privacy	Making Beauty with Care
	G3 Responsible Sourcing	Weaving Supply Chain Resilience
	G4 Corporate Governance, Compliance and Anti-corruption	Making Beauty with Care
Business	B1 Product Quality	Making Beauty with Care
	B2 Financial and Business Performance	Introduction
	B3 Operation Optimisation	Making Beauty with Care
	B4 Customer Service	Making Beauty with Care

MATERIAL ESG ISSUES

The updated list of material issues was approved by the Board, the Corporate Governance Committee and the ESG Working Committee. The list was then converted into a matrix based on its importance to stakeholders and significance to our business. The matrix is subject to continuous evaluation and updating, to ensure its continued relevance to our business and stakeholders.

Looking ahead, Stella plans to conduct a Double Materiality Assessment in 2026. This will further assess both the Group's impacts on the environment and society, as well as the financial implications of ESG risks and opportunities for the business, in line with evolving regulatory and stakeholder expectations.



Chapter 2 —

Making Beauty With Care

Care is embedded not only in what we create, but in how we do things. Our governance framework ensures accountability, transparency, and responsible decision-making across the Group. By strengthening oversight and aligning governance with long-term value creation, we safeguard the integrity behind our craftsmanship and our commitments.

CORPORATE GOVERNANCE

Sustainability Governance Structure

UNIT	ROLE	RESPONSIBILITIES
Board of Directors	Highest governing body of the Group	<p>Sets the Group's mission, values and strategy, and provides overall oversight of sustainability matters. It ensures that the Group's culture, governance framework, and decision-making are aligned with its values and sustainability objectives.</p> <p>The Board assumes collective responsibility for leadership and control, acting in the best interests of the Group.</p>
Corporate Governance Committee	Oversight of sustainability governance and performance	The CG committee oversees the Group's sustainability policies, procedures, and governance framework. It monitors progress against ESG-related targets and reviews key ESG risks and developments. The Board receives regular updates from the CG Committee to support effective oversight and decision-making.
ESG Working Committee	Cross-functional coordination and ESG implementation	The cross-departmental ESG Working Committee is tasked with aiding the implementation of sustainability initiatives and reporting ESG performance and associated concerns to the CG Committee. The working group is also responsible for updating improvement activities, increasing relevant knowledge and capacity of representatives of departments, and promoting future projects initiated by the Sustainability Development Office.
Sustainability Development Office	Group-level sustainability strategy, management, and integration	The Sustainability Development Office is responsible for developing the Group's sustainability policies, procedures, and targets, while driving change management to support ESG integration in alignment with brand customer expectations. Additionally, the office proposes initiatives to advance sustainability goals, ensuring compliance with evolving regulatory and industry requirements. It also monitors ESG performance, fosters a deeper understanding of areas for improvement, and supports capacity building on ESG issues across the organisation.
Factories & Division Offices	Operational execution of ESG initiatives	The factories and other division offices will implement management's initiatives on ESG related matters, record and report the achievement and understand the implication of data collection. In addition, all factories and division offices operate in accordance with the Group's sustainability policies.

CORPORATE GOVERNANCE

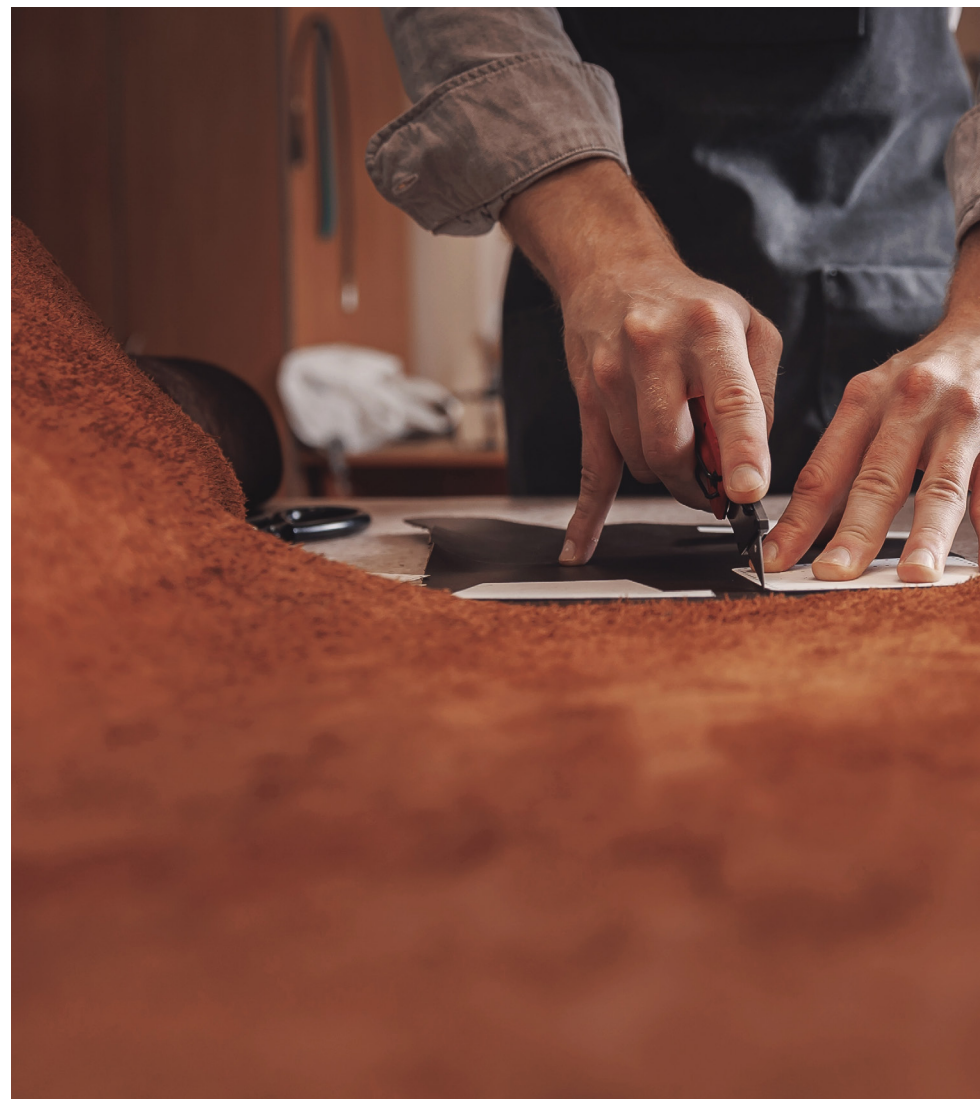
Board Statement

We recognise that effective environmental, social, and governance (ESG) management is fundamental to the Group's long-term resilience and value creation. We have therefore established a structured sustainability governance framework that enables clear oversight, accountability and execution across the organisation.

As the Board of Directors, we provide overall governance and strategic direction for ESG-related matters. We oversee the integration of material ESG considerations into the Group's strategy, risk management, and business operations. We also regularly review ESG performance and progress against approved targets to ensure alignment with the Group's long-term objectives and stakeholder expectations.

We are supported by the Corporate Governance (CG) Committee, which oversees the implementation and effectiveness of the Group's ESG policies, practices, and disclosures. The Committee receives regular updates from the cross-departmental ESG Working Committee, enabling informed discussion, effective oversight, and coordinated execution of ESG initiatives across the Group.

During the Reporting Period, we strengthened the Group's ESG approach by establishing new commitments and targets covering a broader range of material ESG issues. We continue to assess ESG-related risks and opportunities, including climate-related considerations where relevant, as part of our broader risk management processes to support operational resilience, business continuity, and long-term sustainable growth.



CORPORATE GOVERNANCE

Sustainability Development Capacity

The establishment of a cross-departmental ESG Working Committee underscores our dedication to fostering collaboration and synergy within Stella, significantly enhancing our ESG capacity. Led by the Chief Executive Officer, the ESG Working Committee assembles representatives from various departments, leveraging their diverse expertise to ensure a comprehensive approach to ESG matters.

The active involvement of the Chief Executive Officer in leading this committee not only underscores the organisation's commitment but also sets a tone of responsibility from top management, emphasising our commitment to upholding ESG principles as integral components of our business strategy.

At the same time, the Sustainability Development Office regularly reviews and updates the materiality matrix, ensuring that Stella remains responsive to the evolving landscape of ESG trends, allowing us to proactively address emerging challenges and opportunities.

Through commitment and collaboration, each functioning unit under the corporate governance framework collectively bolsters Stella's capacity to implement ESG initiatives effectively. The collaborative synergy among its members, led by the Chief Executive Officer, exemplifies our united approach towards achieving our ESG goals. This collective effort not only strengthens our internal processes but also contributes to fostering positive outcomes for our organisation and the communities we serve.

Upholding Business Ethics

Stella is committed to maintaining a fair and equitable business environment, protecting the interests of the Group, minimising corporate operational risks, whilst preserving the Group's reputation and the trust of our brand customers and stakeholders.

Reinforced by our Code of Conduct, all employees across operations are expected to comply with relevant policies, uphold high ethical standards, and refrain from any form of misconduct. In 2025, the Code of Conduct was revised to include additional critical aspects – labour and human rights, health

and safety, and corporate social responsibility – providing a more holistic and forward-looking framework for responsible business practices. The Code of Conduct applies to all areas of our business, including interactions with authorities, commercial negotiations with clients, and procurement activities. In the event of a violation, the case will be thoroughly investigated, and appropriate disciplinary action will be taken. This may include termination of employment where necessary. Details of our grievance handling process and reporting channels can be found in the "[Grievance Mechanism and Whistleblowing Procedure](#)" section.



CORPORATE GOVERNANCE

In addition, the Group assesses the clarity and appropriateness of the payment terms and commission arrangements in agreements with factories, agencies and business partners to mitigate the risks of fraud and money laundering. To support effective implementation, employees are required to be familiar with and adhere to the Group's anti-money laundering policies and procedures.

To reinforce the standards set forth by our Code of Conduct, we have also established guidelines for accepting and giving gifts to ensure issues with conflict of interest and fair competition are being handled with care. We renounce any type of bribery or receiving bribes in exchange for economic advantages, as well as coercion or threats to achieve benefits. For gifts exceeding a specific monetary value, employees must report and hand over to the direct supervisor or department head.

All Stella suppliers are required to sign the Anti-Gifts Compliance Agreement, underscoring our commitment to ethical business practices throughout the supply chain.

2. The Policy is extracted partially for disclosure purpose.

Anti-Corruption and Anti-Bribery Code of Conduct – Highlights²

Objective

The Anti-Corruption and Anti-Bribery Code of Conduct is formulated by the HR Department in order to promote anti-corruption and anti-bribery work in business activities, strengthen employee ethics, and have a correct understanding and handling of conflicts of interest.

Scope

All factories managed by the Group and customers, suppliers, service providers, and contractors that have business relationship with the Group shall follow the policy. All business activities or external contacts of the Group, including but not limited to activities such as contacts with government departments, business negotiations with customer business representatives, fair product procurement, and project implementation, shall follow the policy.

Summary

We aim to strengthen the internal control on ethics, provide guidance to Group's employees and related interest groups (customers, suppliers, etc.) to act in accordance with the law, establish an honest and trustworthy corporate image, and prevent unethical behaviours. Various measures are implemented, including:

- To prohibit unethical acts in commercial activities, such as giving cash or items to counterparties in the form of a bonus, giving money or anything of value to seek business opportunities, providing sponsorship that violate the principle of fair competition etc.
- To address conflicts of interest, stakeholder relationships, family members and effects
- To address issues associated with handling of gifts and entertainment
- To address issues associated with competition and fair dealing
- Set up procedures in escalation, declaration or reporting bribery and corruption cases

OUR COMMITMENT & TARGET

Zero-tolerance

towards any form of embezzlement, bribery, and corruption

Annual trainings

for anti-corruption and anti-money laundering required for all employees

CORPORATE GOVERNANCE

During the Reporting Period, there were no concluded legal cases regarding corrupt practices brought against the Group or its employees. There were also no reported non-compliance incidents with the relevant laws and regulations³ that have a significant impact on the Group relating to bribery, extortion, fraud and money laundering.

In line with the Group's Code of Conduct, employees are required to act in the best interests of the Group and ensure that personal interests or social relationships do not compromise professional judgement or decision-making. During the Reporting Period, the Group formalised the Code of Conduct as a mandatory training programme, covering key business ethics topics including anti-bribery, anti-corruption and conflicts of interest. Corporate social responsibility and business ethics training are also integrated into the new employee orientation programme, with all new joiners required to complete the course. Post-training assessments are conducted to verify employees' understanding of the training content and reinforce ethical awareness across the organisation.






3. The Group complies with applicable business ethics-related laws and regulations in its operating regions, including the *Penal Code (1860)* of Bangladesh, the laws of China (*Criminal Law, Anti-Unfair Competition Law, and Anti-Money Laundering Law*), *Prevention of Bribery Ordinance (Cap. 201)* of Hong Kong, the laws of Indonesia (*Law No. 7 of 2006 concerns the ratification of the United Nations Convention against Corruption (UNCAC)* and *Law Number 8 of 2010 concerning the Prevention and Eradication of Money Laundering Crimes*), the laws of the Philippines (*Anti-Graft and Corrupt Practices Act and Anti-Money Laundering Act of 2001*), the laws of Taiwan (*Criminal Code and Anti-Money Laundering Act*), and the *Anti-Corruption Law No. 36/2018/QH14 (2018)* of Vietnam.



CORPORATE GOVERNANCE

Stakeholder Communication

Stella values all stakeholders' feedback and continuously collects information from multiple channels, while meeting the expectations of the stakeholders.

Stakeholders	Issues of Interest	Communication Channels & Methods	Stakeholders	Issues of Interest	Communication Channels & Methods
 Investors & Shareholders	<ul style="list-style-type: none"> Compliance with regulations Corporate governance Economic performance (Stock, Revenue, Profit) Operation optimisation Return on investments Risk management Sustainability commitments and strategy 	<ul style="list-style-type: none"> Announcement & Press Release Shareholder Meetings Annual Financial Report Annual ESG Report Annual General Meetings Investor Conference 	 Suppliers & Contractors	<ul style="list-style-type: none"> Fair competition Operational performance Sustainable supply chain management Sustainability commitments and strategy Supplier support 	<ul style="list-style-type: none"> Meetings, emails and communication platforms Supplier Conference Supplier Evaluation System and scorecard Supplier Audits Surveys and questionnaires Training
 Brand Customers	<ul style="list-style-type: none"> Compliance with regulations Chemical safety Customer service Climate risks and GHG management Energy management Information security and data privacy Labour and human rights Occupational health and safety Product quality and security Social contribution Supply chain security Sustainability commitments, strategies, and action plan Waste management Water resources management 	<ul style="list-style-type: none"> Annual ESG Report Business visits Email and online meetings Performance feedback system Regular report and meeting Survey and questionnaire responses 	 Employees	<ul style="list-style-type: none"> Employee well-being Employee development and training Grievance mechanism Labour relations and protection of labour rights Occupational health and safety Performance evaluation and Promotion system Remuneration and benefits 	<ul style="list-style-type: none"> Employee Internal Portal (EIP) Emails, announcements and newsletter Employee Welfare Committees KPI and Performance Review System Learning system and training platform Labour Union Policy & Procedure Centre Satisfaction Surveys
			 Local Communities	<ul style="list-style-type: none"> Employment opportunity Pollution and waste management Social contribution and community participation Sustainability commitments and strategy 	<ul style="list-style-type: none"> Participation in community charity events Proactive visits

CORPORATE GOVERNANCE

Grievance Mechanism and Whistleblowing Procedure

The Group engages with a wide range of stakeholders, among whom employees are a key priority. To support effective communication and responsible risk management, Stella has established a Group-wide Grievance Mechanism and Whistleblowing Procedure that promotes transparency, accountability, and open dialogue. The Group is committed to fostering a speak-up culture in which employees feel respected, included, and confident in voicing concerns or providing feedback through accessible and supportive communication channels.

To also encourage open communication through various platforms, including social media, suggestion boxes, and emails, to ensure that everyone has the opportunity to engage with us. Informational posters are displayed across factories to ensure employees are aware of the available channels and how to access them. These mechanisms enable employees to confidentially report concerns, unfair treatment, or workplace issues without fear of retaliation.

To further strengthen this framework, during the Reporting Period, the Group consolidated its existing Grievance Mechanism and Whistleblowing Mechanism into a more comprehensive Multichannel Communication and Grievance Procedure. This enhanced procedure is designed to proactively manage operational and management risks by enabling employees and other stakeholders to report suspected misconduct, malpractice, or control gaps, and to support the timely identification, investigation, and resolution of issues relating to management, operations, and general business conduct.

The Group is committed to handling, investigating, and responding to all complaints, reports, and recommendations in a fair, objective, and timely manner. Feedback and reports may relate to, but are not limited to, the following areas:

- Work and Operations: processes, procedures, tools, and systems
- Employee Rights and Welfare: working environment, workplace hygiene, benefits, learning and development opportunities
- Interpersonal Relationships and Culture: team dynamics, communication challenges, and diversity and inclusion
- Ethics and Legal Compliance: corruption, bribery, conflicts of interest, and unlawful conduct
- Workplace Misconduct: harassment, abuse, and discrimination
- Occupational Health and Safety: safety practices, physical and mental wellbeing

Employees may report concerns through their preferred channels, including the designated reporting email and hotline. All reports are treated seriously and addressed promptly. Upon receipt, the Internal Audit Office works in coordination with the Corporate Social Responsibility (CSR) Department to conduct independent investigations. Where appropriate, corrective or disciplinary actions are implemented against individuals found to have breached applicable policies or standards.

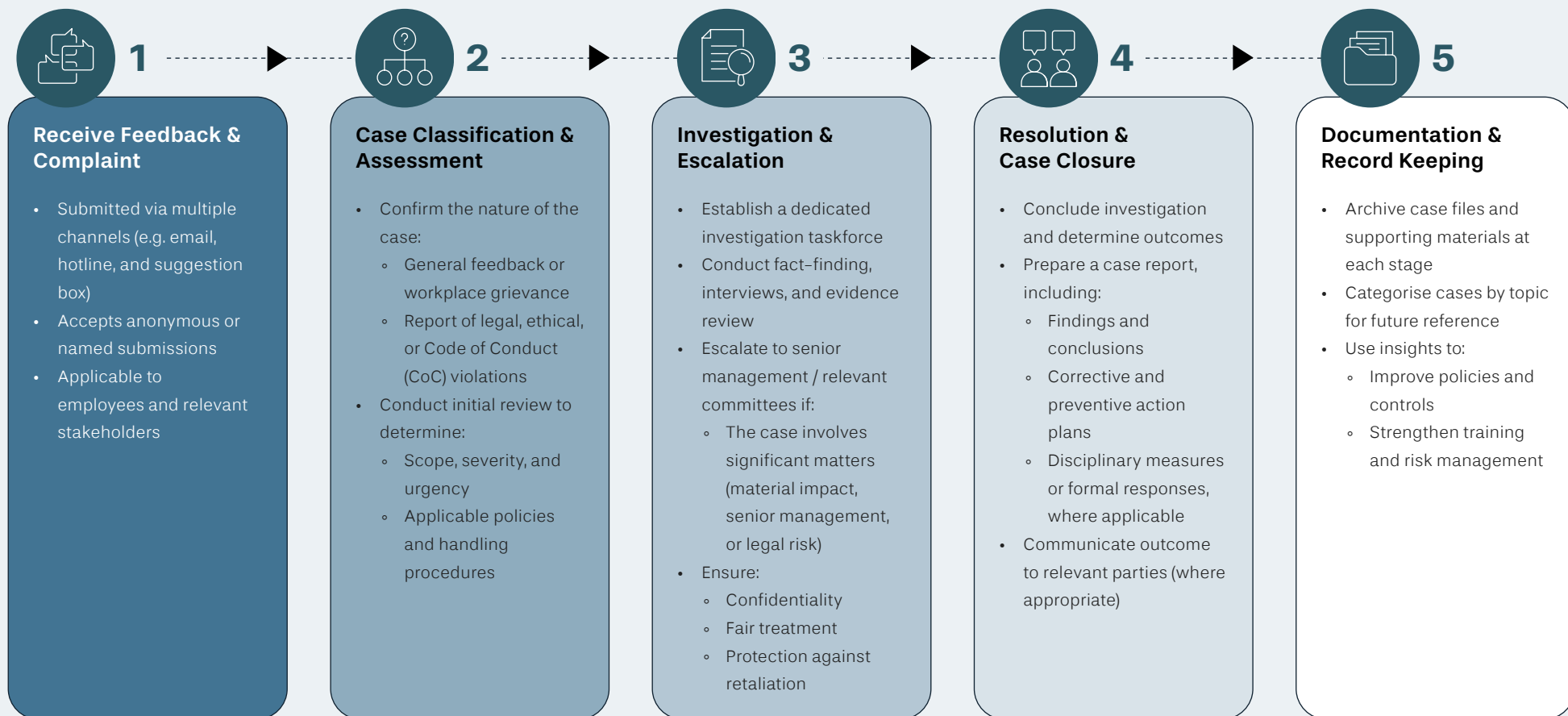
The Procedure provides whistle-blowers with protection against retaliation. All cases are handled with strict confidence, and the Group does not tolerate any form of retaliation, victimisation, or unfair treatment against individuals who raise concerns in good faith.



CORPORATE GOVERNANCE

Multichannel Communication & Grievance Mechanism

All cases are handled in a timely, confidential, and impartial manner in accordance with internal policies and applicable regulations.



CORPORATE GOVERNANCE

Information Security and Data Privacy

Data Management System

The Group is committed to safeguarding the privacy and information of all individuals and business entities we engage with, including suppliers, customers, and employees. We comply with relevant laws and regulations⁴ in the regions where we operate when collecting, storing, processing, transmitting, and sharing information. Additionally, we ensure our customers are informed about data privacy rights, the purposes of data collection and how their data will be used and protected.

We have developed a comprehensive system for managing intellectual properties to prevent any violations or infringements of third-party intellectual property, patents, and related rights. There were no reported cases of intellectual property rights violations in 2025.

Under the leadership of the Group's Information Security Committee, an information security management system is established with reference to the Information Security Policy in accordance with the ISO 27001:2013 standard, encompassing all aspects of information management.

4. The Group complies with applicable information security related laws and regulations in its operating regions, including the *Digital Security Act (2018)* of Bangladesh, the laws of China (*Personal Information Protection Law, Cybersecurity Law, and Data Security Law*), the *Personal Data (Privacy) Law* of Hong Kong, the *Personal Data Protection Law No. 27 of 2022* of Indonesia, the *Data Privacy Act (2012)* of the Philippines, the *Personal Data Protection Act of Taiwan*, the *Personal Data Protection Law No. 91/2025/QH15* of Vietnam.

Data Security Measures

Stella has implemented a comprehensive set of information security measures to protect data confidentiality, integrity, and availability. These measures cover data privacy management, fraud prevention, network security controls, and the safeguarding of remote access. As the Group does not sell manufactured products to end consumers directly, we do not collect or process consumer personal data. All data collected by the Group is limited to what is necessary for business operations and is obtained through lawful and ethical means.

To prevent data leakage and unauthorised access, Stella applies secure data storage practices, stringent protection of our data centre, and strict access controls over systems and personal data. Access rights are managed on a need-to-know basis, with controls designed to minimise the risk of misuse or unauthorised disclosure.

Cybersecurity risk management is further strengthened through group-wide annual security audits, regular vulnerability scans, and annual Endpoint Detection and Response (EDR) activities conducted by qualified third-party specialists. These measures identify potential risks, validate system security, and recommend remediation actions. Software patches and updates are applied

in a timely manner, with high-risk vulnerabilities prioritised based on risk assessment outcomes. Advanced security monitoring solutions are also deployed to detect, investigate, and respond to suspicious activities, enabling early threat detection, rapid isolation of affected endpoints, and swift data recovery, ensuring robust incident response and business continuity. Together, these coordinated activities reinforce the Group's overall cybersecurity resilience. There were no material breaches or substantiated complaints concerning information security impacting the Group's operations in 2025.

Cybersecurity Awareness Initiative

Following our 2024 social engineering drill, which targeted departments with frequent correspondence, we have expanded the scope in 2025 to include all employees with corporate email accounts.

By sending out phishing emails, we discovered that approximately 28.4% of recipients either clicked on the link in the email or opened the attachment. These employees were required to attend mandatory cybersecurity training, focusing on phishing attempt identification and preventing email scams. We continue to implement proactive measures and provide cybersecurity awareness training.

CORPORATE GOVERNANCE

Operation Optimisation

LEAN Production

LEAN production promotes resource optimisation, reduces environmental impacts, and fosters a culture of continuous improvement. Our dedication to manufacturing excellence also drives our adoption of advanced technologies and optimise production processes. This strategic integration enhances precision, elevates the shoemaking crafts while upholding the premium quality that meet our customers' expectations.

We continued to expand the scope of LEAN training since introducing it in 2023. As of 2025, we have trained over 4,000 employees across all our operational regions. The training programme covered essential LEAN methodologies and tools, as well as topics such as the 5S Principles, Total Productive Maintenance (TPM), Task Time and Cycle Time (TT&CT) applications, and Communication Skills. Furthermore, on-site case studies are also incorporated in the training to strengthen practical application. Through continuous learning and real-world application, we aimed to empower on-site production leaders to integrate LEAN principles into their daily operations, enhancing efficiency and fostering continuous improvement.



LEAN Training sessions at factories

CORPORATE GOVERNANCE

Digital Infrastructure

Our data-centric mindset propels us to optimise operations and improve work efficiency through real-time analytics. Focusing on digital integration, our roadmap includes leveraging technologies like artificial intelligence and Internet of Things (IoT) to enhance process automation and drive cohesive, innovative growth across the Group.

Smart Layout Hub

Introduced in 2025 and deployed at three factories, the Smart Layout Hub enables digital production line planning with automated layout optimisation and visualisation. By replacing manual, paper-based layout planning with an interactive digital platform, the system automatically calculates line balancing rates, generates visual outputs, and proposes optimised layout solutions, significantly reducing planning time and improving production scheduling efficiency.



IoT Connectivity to Key Production Machines

In alignment with brand customers' digital manufacturing strategies and evolving product requirements, the Group has installed IoT sensors on key production machines to enhance product quality and process stability. The system enables real-time monitoring of critical parameters such as temperature, pressure, and product thickness, supporting accurate production setup, continuous equipment tracking, and the collection of traceable, high-quality process data.

By improving process visibility and data accuracy, this digital infrastructure strengthens process transparency, enables proactive quality control, and supports continuous process optimisation. It also establishes a scalable foundation for future digital capabilities, including advanced analytics, predictive early-warning systems, and ongoing operational improvements.



CORPORATE GOVERNANCE

Innovative Solutions

We continue to identify operational processes and procedures that we can automate to optimise efficiency, improve product quality, or enhance occupational health and safety. By strategically minimising manual and repetitive tasks, we empower our workforce to concentrate on more meaningful contributions and drive innovative growth across our operations. Three of our latest applications are detailed as follow.

Robotic Process Automation (RPA) Integration

We continue to integrate RPA into our daily administrative operations, streamlining repetitive and time-consuming tasks. Following the automation of test results and standards data extraction in 2024, we continued to identify potential scenarios to further expand the adoption scope to relevant order management systems during the Reporting Period. Two additional scenarios leveraging RPA have been implemented, including the automated uploading of procurement and delivery receipts, as well as the downloading of packaging plan from customers' websites.

By automating these processes, RPA has improved data accuracy, reduced manual processing time, and freed personnel resources. These efforts form part of our broader digital transformation journey, allowing teams to focus on more strategic and value-added work.

Automated Guided Vehicles

To enhance operational efficiency and workplace safety, we piloted the use of Automated Guided Vehicles (AGVs) and Autonomous Mobile Robots (AMRs) at select sites. These robotic vehicles follow programmed routes to transport materials, reducing the need for manual handling and significantly increasing the volume that can be moved at one time compared to human labour.

By incorporating robots into our daily operations, we aim to streamline workflows while minimising physical strain on employees. This initiative allows our employees to focus on higher value tasks in a safer and more efficient environment, reinforcing our commitment to employee well-being.

During the Reporting Period, the adoption of AGVs has expanded to two additional factories for the transportation of glue, chemicals, and finished products. With a total of 14 AGVs in use, the operational efficiency and workplace safety of our production is enhanced.



Automatic Cutting & Finishing Machines

In 2025, the Group deployed automatic cutting and finishing machines across selected factories in Vietnam to enhance production efficiency, quality consistency, and resource utilisation. A total of 26 automatic cutting machines were introduced, delivering stable cutting quality, reducing rework, and improving overall production reliability.

The machines feature intelligent nesting technology to optimise material layout and minimise waste, while reducing reliance on manual setup and complex intervention. Performance is monitored through a digital dashboard providing real-time visibility into production output, operating time, downtime, and capacity utilisation, supporting data-driven operational management.

In parallel, automatic finishing machines for roughing, grinding, and adhesive surface preparation was introduced to standardise labour-intensive processes, improve processing consistency, and reduce variability in manual operations. Together, these automation initiatives strengthen production capacity, quality control, and operational stability.



PRODUCTS AND SERVICES

Product Quality

Stella is widely recognised for the quality of our work, and we uphold this reputation through rigorous compliance with product quality laws and regulations⁵ across our operations. Our commitment goes beyond meeting legal requirements – we proactively champion responsible product management practices that set industry benchmarks. During the Reporting Period, we recorded no reported non-compliance related to product quality or operational practices, reaffirming our dedication to excellence, accountability, and continuous improvement.

Compliance with Material Restrictions

We are dedicated to protecting the health and safety of end users of our products. All footwear products must undergo health and safety hazard assessments to be scheduled for formal production to ensure alignment with relevant standards.

During mass production, we strictly adhere to the Zero Discharge of Hazardous Chemicals (ZDHC) guidelines. All new raw materials must go through sampling tests before warehousing to prevent inappropriate materials from being used in production and ensure compliance with material restrictions and relevant laws and regulations. As the products manufactured and supplied by the Group are not sold directly to end consumers, there are no consumer-facing products subject to safety- or health-related recalls. During the Reporting Period, no sold or delivered product was recalled for safety and health reasons.

Following the implementation of per- and polyfluoroalkyl substances (PFAS) regulations by the United States Environmental Protection Agency (U.S. EPA), which came into effect on January 1, 2025, we have taken proactive steps to ensure compliance. This includes integrating PFAS-FREE requirements into our Restricted Substances List (RSL) and raising supplier awareness of the new requirements through a supplier awareness survey and continuous engagement. Additionally, we updated our Restricted Substances Compliance Statement in 2024 to explicitly include our PFAS-FREE commitment and compliance acknowledgment, requiring all new and existing suppliers to formally sign this statement.

5. The Group complies with applicable product quality related laws and regulations in its operating regions, including the laws of China (*Product Quality Law, Anti-Unfair Competition Law, and Protection of Consumer Rights and Interests*), laws of Hong Kong (*Trade Description Ordinance and Consumer Goods Safety Ordinance*), and the *Commodity Inspection Act* of Taiwan.



PRODUCTS AND SERVICES

Quality Control for Products

To ensure delivered products meet the highest standards and customer expectations, we strictly regulate and inspect product safety and quality throughout the production process. Products are inspected at every stage of production, undergoing thorough checks by experienced specialists and X-ray scanning to detect any remaining metal scraps or sharp objects. Once approved, the finished products are carefully packed under supervision, securely sealed to prevent tampering, and transported to the warehouse.

In 2025, the Group launched a new Quality Management System (QMS) as part of the company's strategic data hub, integrating quality data across production stages from all factories and linking key indicators for quality management with reminders on pending correction.

During the Reporting Period, the Quality Control (QC) team and Quality Assurance (QA) supervisors in China, Bangladesh, and Indonesia factories all participated in training workshops on quality assurance, quality control calibration exercises, failure recaps, and defect inspection. Learning outcomes were assessed through post-training evaluations.

These trainings enhanced employees' understanding of our audit checklist, enabling QC inspectors to effectively conduct on-site audits, identify issues, and communicate findings to line leaders for corrective actions. Progress is regularly reported to senior management to ensure accountability and continuous improvement.

During the Reporting Period, the Group launched a Quality Inspection App to strengthen production floor quality management. The application enables real-time issue reporting, systematic tracking of corrective actions, and automated follow-up notifications for outstanding items, while centralising quality data for analysis and continuous improvement. Currently in the pilot stage, the app is planned to be progressively extended to brand customers, providing a timely, transparent, and accountable channel for quality-related reporting and communication.

The quality and safety of our products are closely linked to the raw materials we use. To safeguard these standards, we source raw materials exclusively from qualified suppliers who hold valid business licences and relevant certifications, demonstrate strong technical capabilities, maintain a credible track record,

and follow national and industry-specific production standards in their quality control processes. This rigorous approach ensures that the materials we procure uphold the excellence of our final products.

Assurance measures including investigations, product recalls, and the submission of a corrective action plan have been put in place and will be undertaken if performance standards are not met. We have proactively worked with suppliers to resolve any issues related to product quality. We set clear quality objectives for our suppliers to achieve, which include the swift and effective handling of customer inquiries.

A Cloud Inspection System (CIS) is also utilised to enhance defect rate control, collect data for inspection database establishment, and monitor quality dynamics in real time. Defect cases are systematically recorded for analysis and solution development to prevent future occurrences. Furthermore, defect images are captured and archived as valuable reference materials for quality assurance training, equipping production line supervisors with practical insights for continuous improvement.



Quality Training at factories

PRODUCTS AND SERVICES

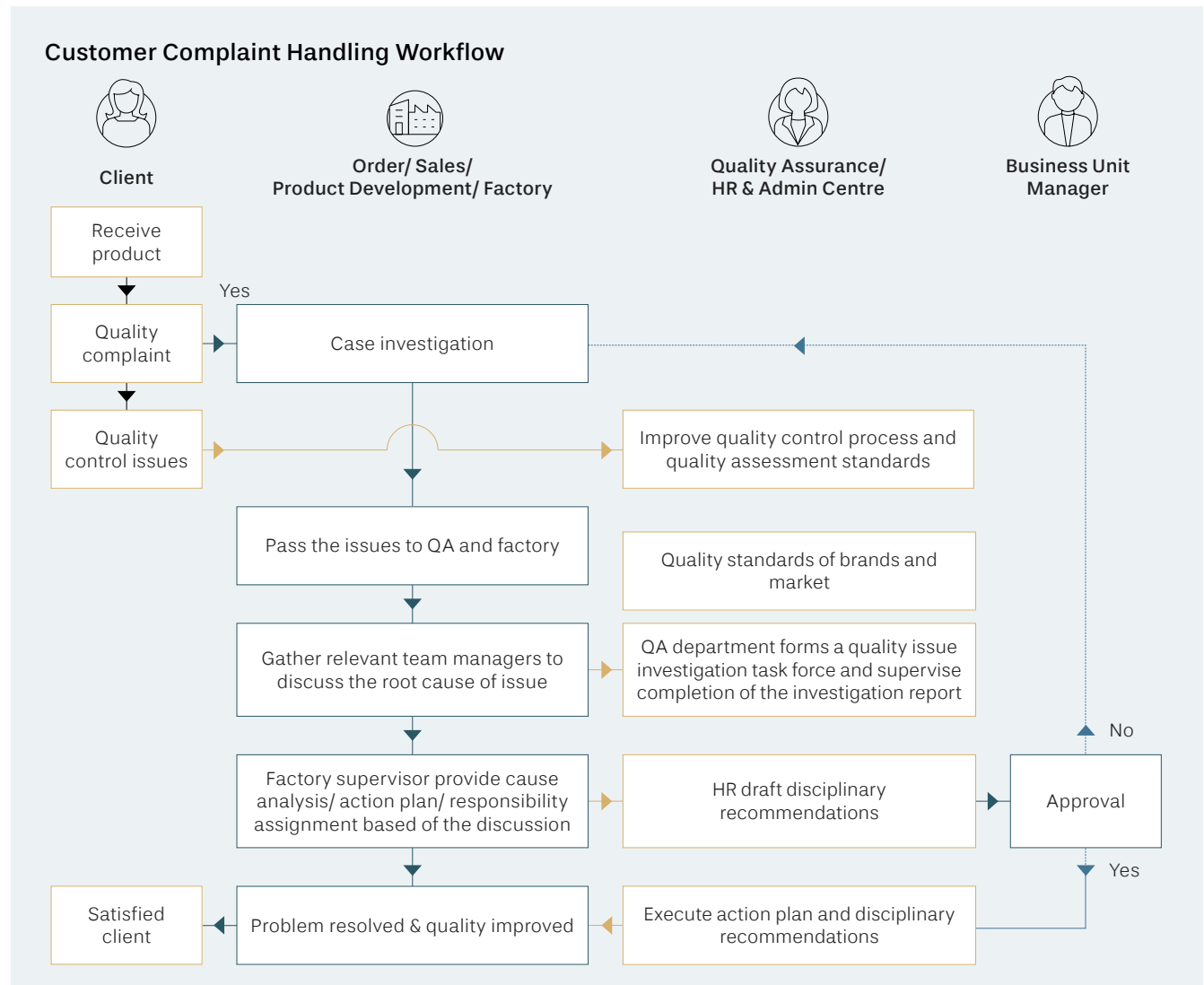
Customer Service

Customers Feedback Channels

We pride ourselves on delivering high-quality products and providing excellent services to our brand customers. As our brand customers conduct product advertising in line with their operational strategies and relevant regulations, we strive to be their most trusted partner through empathy, responsiveness, and dependability, ensuring advertised product quality is fulfilled.

Since the products we manufacture are not sold directly to end consumers, we focus on meeting the specific requirements of our brand customers. An efficient customer handling procedure has been established to effectively address and manage any complaints through our diversified communication channels. Please refer to "[Stakeholder Communication](#)" section for more details. We are committed to handling complaints and providing timely responses.

Upon receiving quality-related complaints or recall requests from our brand customers, we promptly launch an internal investigation to identify the root cause of the issue. Subsequently, our QA team will develop an action plan to address each aspect of our production process. Prior to approving or resuming production, relevant teams are required to conduct a thorough review to ensure the identified problem has been resolved and production quality can meet brand customer's expectations.



PRODUCTS AND SERVICES

Customer Satisfaction and Continuous Improvement

The Group recognises the importance of engaging our brand customers to allow continuous improvement in our products and services. Many of our brand customers have established their own rating systems, and we are proactive in familiarising ourselves with their rating criteria and standards. By engaging with them to promptly address end consumers' concerns, we not only demonstrate our commitment to customer satisfaction but also gain valuable insights that contribute to the improvement of our production and overall customer experience. We did not receive any significant complaints relating to products and services, nor did any product recall relating to health and safety issues take place during the Reporting Period.

In the event of underperformance, we are dedicated to establishing special task force to address any identified issues and work towards improving our performance in accordance with our brand customers' standards. This collaborative approach ensures that we continuously strive to meet and exceed the expectations of our brand customers, thereby fostering stronger and more mutually beneficial partnerships.



Chapter 3

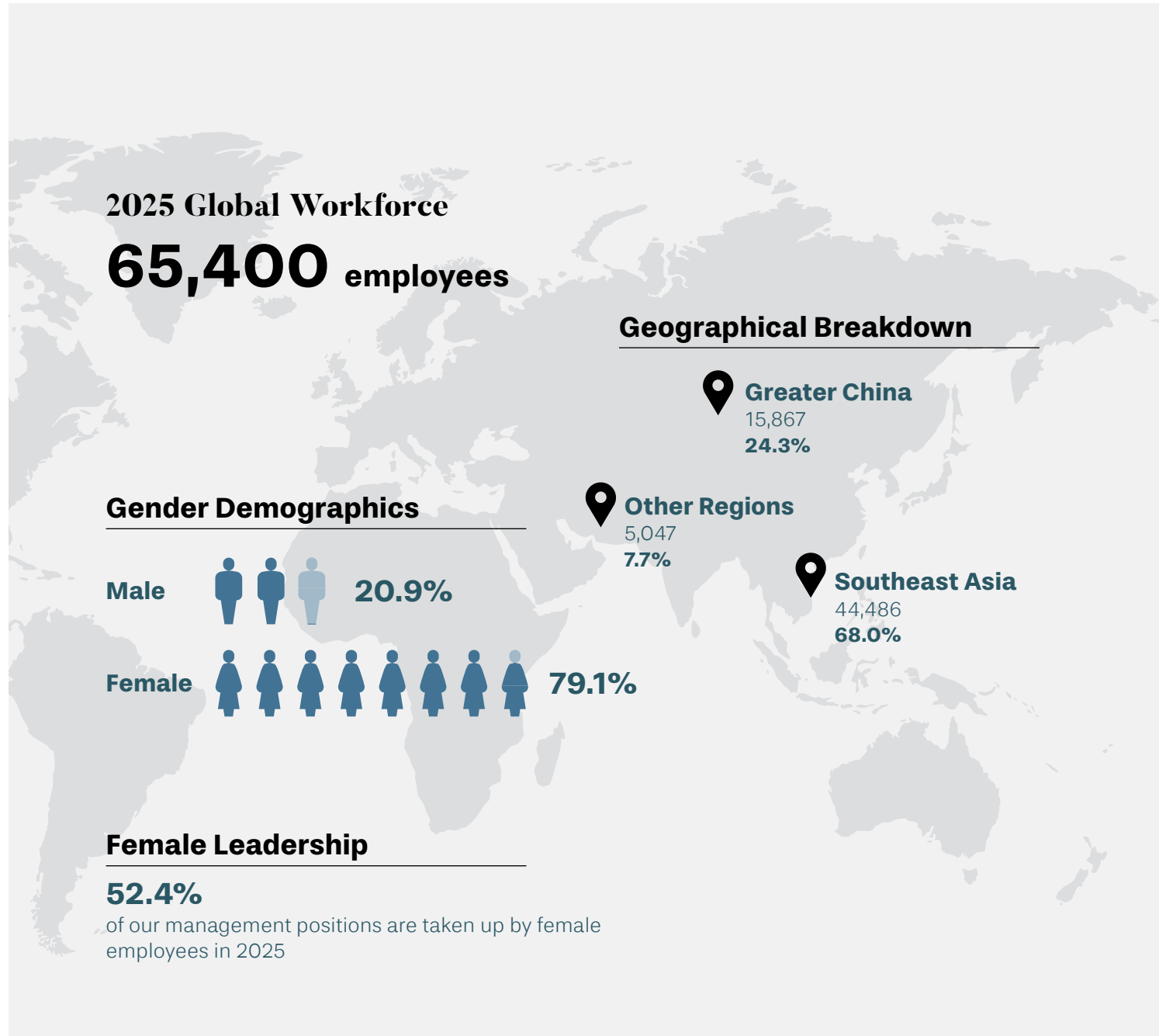
Building Belonging

We are committed to fostering a workplace that embraces diversity, ensuring our employees benefit from a safe and healthy environment, as well as diverse learning and development opportunities.

BUILDING BELONGING

Building belonging is one of the key pillars of our sustainability strategy. We strive to foster a long-term and collaborative relationship with our employees and have devoted resources towards their welfare and career progression. We work beyond compliance requirements in the countries we operate in, and established mechanisms to review and improve employees' welfare. During the Reporting Period, there were no reported non-compliance cases in relation to labour laws and regulations⁶ in respect of compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.

6. The Group complies with applicable labour and human rights related laws and regulations in its operating regions, including the laws of Bangladesh (*Labour Act 2006* and *EPZ Labour Act 2019*), the laws of China (*Labour Law* and *Provisions on Prohibition of Using Child Labour*), the laws of Hong Kong (*Labour Relations Ordinance (Cap. 55)* and *Employment of Children Regulations*), *Human Resources Law No. 13 of 2003* of Indonesia, *Presidential Decree No. 442 of the Philippines*, the *Labor Standards Act* of Taiwan, and the *Labour Code (No. 45/2019/QH14)* of Vietnam.



LABOUR AND HUMAN RIGHTS

To guide our efforts in labour and human rights, Stella's internal Social Responsibility Management Manual is prepared with reference to the SA8000 certification standards. SA8000 is based on the principles of international human rights norms as described in International Labour Organisation Conventions, the United Nations Convention on the Rights of the Child and the Universal Declaration of Human Rights, including health and safety, freedom of association, working hours and wage standards, the prohibition of child labour and the protection of minors, the prohibition of forced labour, the prohibition of discrimination, the prohibition of unfair punishment, and so forth. In 2025, our revised Code of Conduct also reinforces the Group's commitment to labour and the protection of human rights.

Prior to issuing labour contracts, candidates are required to provide valid identification documents for age verification. In 2025, no cases of child labour or forced labour were reported or brought to the Group's attention. Should such incidents arise, we are committed to responding promptly. In the case of child

labour, the individual will be suspended and returned to their place of residence under guardian supervision, with the Group covering necessary transportation, accommodation, and wages for the period worked. For both child and forced labour cases, we will carry out timely investigations, engage with relevant parties, including internal compliance teams, guardians, external auditors, and, where appropriate, local authorities. Based on the findings of the investigation, appropriate actions will be taken, which may include job reassignment, termination of employment, or other accountability measures.

Consistent with our commitment to having a fair and supportive workplace culture, the Group upholds respect for employees' right to freedom of association and recognise the legal labour unions established by employees. We have established formal procedures to support employees' freedom of association and collective agreement. Labour unions established at factories according to local laws and regulations serve as one of the communication channels to bridge employees and the

management. Employees are free to voice out their thoughts towards the company through labour unions. When consensus has been reached between the employer and employees, labour unions of those regions may sign Collective Bargaining Agreements (CBA) with local branches of the Group. The purpose of the agreement is to define the terms and conditions of employment, including wages, working hours, benefits, and other relevant provisions, through mutual negotiation between the employer and the employees' representatives. The unions can also jointly hold relevant employee caring events and activities with the Group, enhancing the communications between the Group and employees. The Group always takes the initiative to discuss with labour unions on issues regarding employees' welfare and rights.

OUR COMMITMENTS

0
forced labour

0
abuse and harassment

Labour & Human Rights

Eliminate all forms of forced labour, debt-based labour, harassment, and abuse

LABOUR AND HUMAN RIGHTS

In the case of dismissal of employment related to operational changes, we prioritise communication with both the affected employees and labour union. On top of full compliance with the local labour laws and regulations, we also provide support during the dismissal process, including offering alternative positions within the Group as well as compensation which commensurate with the employee's length of service in accordance with legal requirements. The Group strives to build a harmonious employer-employee relationship, and the minimum notice periods regarding operational changes are given according to local labour laws.

Strike or Lock-Out Events⁷

2023	2024	2025
0 Cases	0 Cases	0 Cases

Recruitment

Stella upholds the principle of equality, objectiveness, and focuses on diverse talent development. The Group is an Equal Opportunity Employer in all our operational locations and is committed to comply with the principles outlined in conventions that protect women and employees, such as ILO Convention No. 190, No. 111, as well as the Committee on the Elimination of Discrimination against Women. During the recruitment process, we treat all our candidates in an open and fair manner, providing equal opportunities for everyone regardless of age, gender or gender reassignment, sex or sexual orientation, marital or family status, disability, race (including ethnic origin or nationality), and religious or political beliefs. To ensure full compliance with the relevant laws and regulations, the recruitment procedure is guided by the Group's Hiring Policy and Procedures which are regularly reviewed and updated in accordance with the latest industry practices and regulatory updates.

The Group engages in open recruitment and adheres to market-based employment practices. We practise an inclusive hiring process for a diverse workforce by posting jobs with inclusive language and creating diverse interview panels. To recruit talents, we utilise recruitment channels like online talent acquisition platform, internal recruitment, head-hunter referrals and campus recruitment. We continuously implemented a referral programme based on the importance and urgency of the positions to attract qualified candidates, awarding employees

with a referral incentive upon successful onboarding. In 2025, a total of 27 employees were hired through internal referrals.

Stella continued the Beyond Star Programme to support business development. The programme aims to attract young talent from outside the footwear manufacturing industry. By positioning talent as Management Associate (MA), our aim is to inject fresh ideas and foster the sustainable growth of our business. In 2025, Stella held two sessions for the candidates to introduce the programme structure and sharing from the current employee who joined Stella through the programme. We welcomed 16 new members to the Group as MAs through this programme.



2025 Beyond Star Programme Information Session

7. Lock-out or strike events are recorded where such incidents are reported and result in fines or sanctions imposed by relevant regulatory authorities.

LABOUR AND HUMAN RIGHTS

To strengthen our talent pipeline and further engage with young talent, Stella continues to participate in university career fairs in operating regions, such as China, Vietnam, Indonesia and Taiwan.

In collaboration with the Ho Chi Minh City University of Technology and Education in Vietnam, we invited around 100 students to visit our factory to gain understanding of manufacturing processes and explore career opportunities in the industry. Following the visit, 15 interested participants were admitted to our internship programme, where they gained hands-on industry experiences through engagement in the production process. Upon completion of the programme, seven interns transitioned into full-time roles and later shared their experience during a career-sharing session at the University. This initiative reinforced talent development and fostered the Group's visibility among students.



2025 Stella booth at Career Fairs

Remuneration

The Group seeks to provide competitive remuneration packages and clear career paths for our employees. A compensation structure is established based on job duties, knowledge and experiences to efficiently mobilise the work force and advance the Group's strategic objectives. In cases where overtime work is required, employees are compensated in accordance with applicable local labour regulations.

As a business operating across multiple regions, our remuneration system is continually evaluated in accordance with the local government decree, industry and regional standards, as well as market circumstances. In addition to basic salary, Stella has established a performance-based incentive pay structure that covers all employees, with the primary goal of recognising employees' performance and commitment to the Group, and of retaining and motivating skilled and experienced employees to work towards the Group's prospective growth and expansion.

Holidays, Welfare and Benefits

We cultivate a strong sense of belonging and engagement in our employees by providing a variety of benefits. Employees are entitled to paid annual leave, marriage leave, and maternity leave, as well as subsidies according to their ranks, positions and years of service. We also offer non-compensation benefits like pension and retirement benefits to preserve employees' interests. We participate in defined contribution retirement schemes⁸ organised by local government bodies in China, Vietnam, Indonesia and other countries where we operate, with all factories having joined the mandatory pension scheme. Through providing pension contributions and retirement benefits, we express our dedication to supporting our employees even after their tenure with us has concluded.

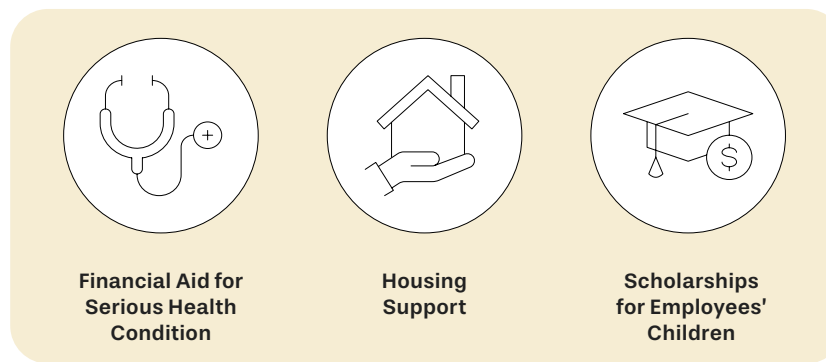
During the Reporting Period, Stella continued to implement a comprehensive benefits system to demonstrate our care to employees, reflecting the Group's philosophy of valuing our employees as key assets and fostering a positive and supportive workplace. Below are the various benefits programmes provided to our employees.

- Transport allowance
- Meal allowance
- Housing allowance
- Overtime compensation
- Health check-ups
- Subsidies for workers in need
- Birthday and holiday gifts
- Team building allowance

8. The Group complies with applicable retirement and pension related laws and regulations in its operating regions, including the *Universal Pension Management Act 2023* of Bangladesh, *Social Insurance Law* of China, the *Mandatory Provident Fund Schemes Ordinance (Cap. 485)* of Hong Kong, *Government Regulation Number 45 of 2015 concerning the Implementation of the Pension Guarantee Program* of Indonesia, *Social Security Act of 2018* of the Philippines, the laws of Taiwan (*Labor Insurance Act* and *Labor Pension Act*), and the *Labour Code (No. 45/2019/QH14)* of Vietnam.

LABOUR AND HUMAN RIGHTS

In addition to group-wide benefits, each region may also initiate other special benefit or employee care programme. For example, our factories in Vietnam went above and beyond to demonstrate care and support for our employees. They provided financial support to employees with serious health conditions and built houses for employees in difficult financial circumstances. In collaboration with labour union, scholarships are also provided for employees' children, aiming to encourage children who have achieved outstanding academic or extracurricular accomplishments.



66
Total Beneficiaries

USD ~61,000
Total Financial Support



Scholarships for Employees' Children



Housing Support for Employees



OCCUPATIONAL HEALTH AND SAFETY

Stella strives to create a safe and healthy working environment for employees. Our Occupational Health and Safety (OHS) procedures safeguard the health and safety of our employees and comply with all legally mandated standards and customer expectations.

As part of our ongoing enhancement efforts, the Incident Handling and Investigation Procedure was updated to further streamline processes and strengthen alignment at the Group level. The update consolidated incident definitions and introduced standardised forms and assessment tables to support consistent information collection and evaluations of incident causes across operations. These enhancements reinforce the OHS policy framework and support a more structured and efficient approach to incident management.

The updated procedure is complemented by ongoing proactive measures, including targeted safety training, strengthened operational safety protocols, and efforts to foster a culture of accountability across the workforce, with the aim of enhancing workplace safety performance and preventing recurrence.

OUR COMMITMENTS & TARGET

0

occupational diseases⁹

0

major fire incidents

↓10%

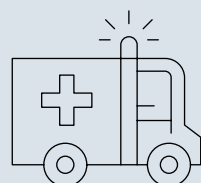
Lost Time Injury Frequency Rate (LTIFR) reduction in 2026 compared to 2025

Occupational Safety Measures

We make our best endeavours to enable all employees to work safely in accordance with the OHS procedures. During the Reporting Period, there were no reported non-compliance cases in relation to laws and regulations¹⁰ in respect of providing a safe working environment and protecting employees from

occupational hazards. All of our factories follow the standards of ISO 45001 Occupational Health and Safety Management System, ensuring the implementation of standardised health and safety practices across our operations.

2025 Health & Safety Statistics



Total Number of Work Injury Cases¹¹

625

Work Injury Rate

1%

Number of Lost Day Due to Work Injury

4,528

Total Number of Work Fatal Cases

0

Work Related Fatality Rate

0%

9. Occupational disease cases are identified and recorded based on local regulations in its operating regions.

10. The Group complies with applicable occupational health and safety related laws and regulations in its operating regions, including the *Labour Act (2006)* of Bangladesh, the *Work Safety Law* of China, the *Occupational Safety and Health Ordinance* of Hong Kong, the *Occupational Safety Law No. 1 of 1970* of Indonesia, and the *Occupational Safety and Health Standard (2018)* of the Philippines, the *Occupational Safety and Health Act* of Taiwan, and the *Law on Occupational Safety and Health (No. 84/2015/QH13)* of Vietnam.

11. The scope of work injury case was expanded during the Reporting Period to cover all injury cases.

OCCUPATIONAL HEALTH AND SAFETY

RoSPA Health & Safety Awards

During the Reporting Period, three of our factories received the RoSPA Health and Safety Gold Award from the Royal Society for the Prevention of Accidents. This recognition reflects how occupational health and safety is embedded into daily operations through a structured OHS management system, consistent performance tracking supported by quantitative data, and a safety culture strengthened by leadership commitment and employee engagement.



We place special focus on the below OHS aspects:

- Chemicals:** Handling of chemicals should adhere to the guidelines outlined in the Material Safety Data Sheet (MSDS). For instance, chemicals should be stored in a space which is commensurate with their danger level within a limited period of time; Chemicals must be adequately managed and overseen by warehouse personnel to ensure security
- Fire:** Employees should be well aware of the Fire Management and Control Procedure and actively participate in fire safety education and training including regular fire drills. To guarantee the smooth flow of evacuation routes, safety exits, and the regular operation of fire extinguishing equipment, it is strictly prohibited to stack goods near fire hydrants, fire extinguishers, and manual alarms. Likewise, it is strictly prohibited to stack products on evacuation passageways
- Machine Safety:** Ensure employees' safety when operating high-risk machinery, regular machine safety awareness training, certification programme provided to authorised operators
- Preventive measures:** Putting up labels and signage throughout our factories to reinforce awareness of workplace safety procedures; Installing protection devices (such as widened foot stand to avoid falling when moving goods, baffles to prevent hands from being engulfed, and protective covers and sensors to avoid clamping) on the machines

- Personal protection:** Enforce the use of Personal Protective Equipment (PPE) to minimise the risk of occupational disease; We require all of our staff to wear personal protective equipment when working in noise sensitive areas for ear protection

Besides OHS policy and procedures, the Group also establishes risk identification protocols and conducts regular risk assessments to identify workplace hazards effectively. Remedial actions and risk control mechanisms will be triggered upon identification of hazards including but not limited to food safety, machinery safety, fire control, and hazardous chemical contamination. High-risk areas are also labelled and monitored to safeguard the health and safety of our employees. To support risk identification, the Safety Management Platform is piloted in two factories. Through data analytics, the platform can support OHS-related KPIs tracking, documentation management, compliance check, and fire safety equipment inventory with reminders.

Additionally, the factory CSR team conducts monthly site-wide investigations to monitor workplace conditions and reinforce compliance with safety requirements. At the Group level, our CSR department conducts an annual internal audit to identify potential risks and provides each factory with a detailed report outlining identified issues along with recommended improvements. Following these assessments, two of our sites had implemented additional preventive measures for machines identified as having higher injury risks and upgraded protective devices to enhance worker safety on the production floor.

OCCUPATIONAL HEALTH AND SAFETY

High Risk Machinery Certification Programme

To further strengthen machine safety awareness, Stella developed a structured programme that identifies high-risk machines and sets corresponding training and certification requirements for authorised operators. Through this programme, we analysed group-wide work injury data and identified 12 high-risk machine types. Based on these findings, role-specific training was designed to cover basic understanding of machinery, safe operating procedures, and sharing of real-life injury cases to reinforce practical understanding.

Employees who successfully complete the training and pass the assessment receive official certification, authorising them to operate these high-risk machines. This approach ensures that only qualified personnel handle critical equipment, helping to reduce accident risks and reinforce a strong safety culture across our operations.

In 2025, Phase 1 of the programme was rolled out in Vietnam and Indonesia, during which 272 workers obtained certification for the flat heat press machine, representing initial progress toward broader Group-wide implementation.



AFTER INSTALATION VISUAL SAFETY SIGN

We prioritise open communication, encouraging employees to report workplace concerns and discuss personal health issues with supervisors. The Group remains committed to enhancing our management system, equipment, and safety procedures to minimise occupational injuries. During the Reporting Period, we offered occupational health examinations for our employees as part of our ongoing commitment to workplace health safety.



Health examination in Indonesia

OCCUPATIONAL HEALTH AND SAFETY

Emergency Plans and Responses

Alongside preventative safety systems, the Group implements comprehensive emergency preparedness arrangements to safeguard employees in the event of emergencies. Emergency evacuation plans are developed at all factories, with emergency exits and evacuation routes clearly marked in every plant. Buildings are equipped with fire alarms and fire extinguishing tools, which are regularly inspected and tested to provide protection against fire risks. We conducted emergency drills, such as fire drills, on a regular basis to ensure employee safety in the event of an emergency or accident. We continuously renew and establish signage for equipment instructions and fire safety awareness regularly.

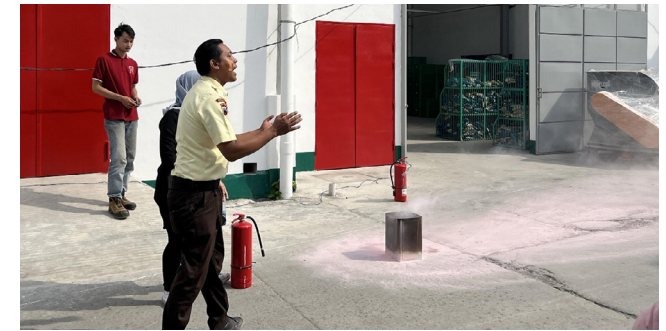
To enhance our employees' emergency response capabilities, we organised emergency response and First Aid training sessions. These sessions, led by certified First Aid specialists, covered critical techniques such as trauma First Aid, Cardiopulmonary Resuscitation (CPR), and the use of an Automated External Defibrillator (AED).



Fire Safety trainings at the factory



First Aid Training



Fire Drill

DIVERSITY, EQUITY, AND INCLUSION

We believe in the importance of fostering equitable opportunities for all, ensuring that access, resources, and support are distributed in ways that account for varying needs and lived experiences. This involves not only promoting awareness of the systemic barriers that different groups face, but also actively working to dismantle those barriers through intentional policies, practices, and cultural shifts. Equally essential is the work of creating spaces, both physical and metaphorical, where every individual, regardless of background, identity, or circumstance, feels not just included, but genuinely valued and empowered to contribute. In such spaces, belonging is not conditional; it is embedded in the way we engage, listen, and grow together.

Anti-Discrimination

Stella has zero tolerance on discrimination and is committed to treat all employees equally, irrespective of their gender, age, race, ethnicity, nationality, political status, creed, marital status, maternity status, sexual orientation, disability or any other factors that are irrelevant to their work competence. We embrace our responsibility to foster an inclusive culture within the Group and our communities. Our Anti-Discrimination Policy has been implemented across the Group to prevent any kind of discrimination.

2025 National Employer Award (Naker Award)

Stella is committed to providing equal employment opportunities and fostering an inclusive workplace for people with disabilities. At one of our factories in Indonesia, this commitment was recognised through the National Employment Award from the Indonesian Ministry of Labour for exceeding the mandatory 1% employment requirement. Following on-site verification and employee interviews, our factory was selected as one of three companies in Indonesia with over 5,000 employees to receive this recognition.

During the Reporting Period, the factory has 83 people with disabilities (approximately 1.38% of its workforce). To support inclusivity, our factory implemented barrier-free facilities, clear visual signage, and accessible evacuation plans and emergency drills, reflecting Stella's ongoing efforts to embed inclusive practices across its employment and recruitment processes.



"Working at this company has given me more than a job, it has given me confidence, dignity, and equal opportunity. I am treated fairly and with respect. My supervisors and colleagues understand my needs, provide guidance, and trust my abilities. The facilities and working environment make it possible for me to work safely and confidently. Being part of a company that values inclusion and gives people with disabilities the opportunity to grow makes me feel proud and grateful every day."



DIVERSITY, EQUITY, AND INCLUSION

Gender Equality

Stella is dedicated to contributing to gender equality and strictly prohibits any forms of sexual discrimination. After introducing the Anti-GBVH Procedure to prevent gender-based violence and harassment (GBVH) in the workplace, we further rolled out a mandatory training course in 2025 to all employees.

Our employees can report relevant misbehaviour through different channels covered in the "[Grievance Mechanisms and Whistleblowing Procedures](#)" section. During the Reporting Period, we did not receive any reported claims of harassment or discrimination relating to pregnancy, maternity rights, and gender. We respect women's value in the workplace and strive for a harmonious relationship between employees.

Recognising that majority of our workforce is female, Stella is committed to supporting women's health and wellbeing. We organised women's health check-ups in collaboration with local hospitals, supporting the early detection and prevention of gynaecological disease. Complementing these efforts, information sessions were conducted to raise awareness about female-related cancers, provide guidance on accessing government-sponsored health screenings, and teach simple self-examination techniques. Through these efforts, we aim to promote early detection, improve health outcomes, and demonstrate our ongoing commitment to female employee care.



Female Health Talk in Indonesia

We ensure pregnant employees will not be assigned to work involving health or safety risks, while their overtime and night shift arrangements are managed in accordance with local regulations and pregnancy stages. The nursery rooms are also available in our factories across Bangladesh, Indonesia, the Philippines, and Vietnam to foster a mother-friendly working environment.

During the Reporting Period, we also provided training for pregnant employees in Indonesia and the Philippines to ensure they were well-informed about their maternity benefits and relevant policies.



Pregnant Employees Workshop



Nursery Rooms in the Factories

DIVERSITY, EQUITY, AND INCLUSION

Our factories hosted various activities in celebration of International Women's Day. The factories in Indonesia organised employee engagement initiatives to promote gender equality and women empowerment. One initiative focused on solidarity and peer support, with employees dressing in pink to show support. The "Women Supporting Women" experience-sharing session was held to foster trust and open dialogue. In parallel, we also delivered education seminars to employees to strengthen women's financial literacy, supporting greater economic independence and informed decision-making, and reinforcing Stella's commitment to women empowerment.



Women Supporting Women experiences sharing session



International Women Day Celebration

WORKPLACE ENGAGEMENT AND WELL-BEING

We believe that fostering a positive and supportive workplace experience is essential to sustaining employee engagement and wellbeing. Recognising that our people are central to our success, we are committed to creating an environment that strengthens employees' sense of belonging and supports their overall wellbeing.

Sense of Belonging

Stella is committed to nurturing a strong sense of belonging among our employees. To support this, we organised a range of recreational activities aimed at strengthening team cohesion and employee engagement.

To support employee wellbeing beyond the workplace, our factories are equipped with canteens that provide employees with a selection of nutritious and delectable meals. In addition, staff quarters are built with recreational rooms, gyms and other amenities, providing our employees with a pleasant place to stay. By offering these facilities, the Group not only provides our employees with comfortable living environment but also offers a feeling of community and camaraderie among them.



2025 Sportsfest



Gym in Employee Living Quarters



2025 Company Trip



Employee Canteen

WORKPLACE ENGAGEMENT AND WELL-BEING

Employee Satisfaction

Our employees' feedback plays a key role in shaping our people-management practices and continuous improvement efforts.

OUR COMMITMENT

85%

Reach 85% employee satisfaction rate

During the Reporting Period, the Group introduced new satisfaction surveys targeting employees on business trips and overseas assignments to better understand their experience and well-being. The surveys covered key aspects of daily living and work support, including accommodation, catering arrangements, and overall living conditions.

Survey feedback indicated that meal quality and catering arrangements were a significant factor influencing overall satisfaction levels, particularly for overseas expatriate employees. In response, the Group enhanced catering services, including improvements to meal variety to align with employee preferences. These actions reflect the Group's commitment to listening to employee feedback and continuously improving support measures for employees.

Respect For Culture Diversity

We respect and celebrate the multicultural and diverse backgrounds of our employees and are committed to fostering an inclusive work environment. We strive to accommodate different cultural and religious needs while promoting mutual understanding and appreciation. Various activities are organised throughout the year to celebrate cultural occasions and strengthen employee engagement. For example, dedicated prayer areas have been set up in our factories in Indonesia to support the needs of local employees.

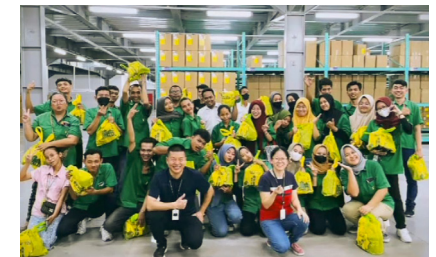
These initiatives not only promote inclusivity but also encourage a healthy, active lifestyle and create opportunities for employees from different departments to connect and build stronger relationships. We also distribute festive gifts to employees during key celebrations such as the Lunar New Year, Dragon Boat Festival, Mid-Autumn Festival, Christmas and Eid Al-Fitr, embracing diverse traditions and sharing joyful moments across cultures.



Indonesia Independence Day celebration



Dragon Boat Festival Zong-Zi making in China



Parcel Giving in Indonesia for Eid Al-Fitr



Lunar New Year celebration in China



Factory Christmas Party



National Batik Day celebration in Indonesia

EMPLOYEE DEVELOPMENT AND TRAINING

Employee Development

Our employee performance review and promotion system is grounded in our Rewards Management Measures. During the performance review, the employees and their supervisors set clear performance goals, and establish expected outcomes with specific timelines together.

Before the promotion, employees undergo an assessment evaluating their work ethics, attendance, and continuous improvement. In accordance with the Promotion Management Procedure, Stella ensures the promotions are awarded to those employees who demonstrate exceptional work ethic, professional growth, and superior performance, thereby showing our appreciation for their dedication and hard work.

To support our employees build their career development, Stella provides the relevant training based on their role and function. For employees stepping into new roles, we ensured they are fully qualified and prepared to assume their responsibilities effectively. For employees advancing into management positions, their training (LEAD programme) focuses on developing essential leadership skills to improve participants' management capabilities, workplace soft skills, or language proficiency based on their responsibilities. These employees also complete a project as part of their final assessment to reinforce practical application and learning outcomes. During the Reporting Period, there are 46 promoted employees took part in LEAD training.



LEAD Employee Development Programme

EMPLOYEE DEVELOPMENT AND TRAINING

Training System and Structure

Stella is committed to ongoing employee development, empowering our people to become purpose-driven talents equipped with transformational leadership and the mindsets to deliver long-term value for our customers. To support this, we have established an Annual Training Plan that integrates our mission, vision, and management strategies.

Our training plans are tailored to each factory based on our business strategy, client requirements, and the specific needs of employees. Factories assess the outcomes of their training programmes, and data is collected to further evaluate and enhance the overall training approach.

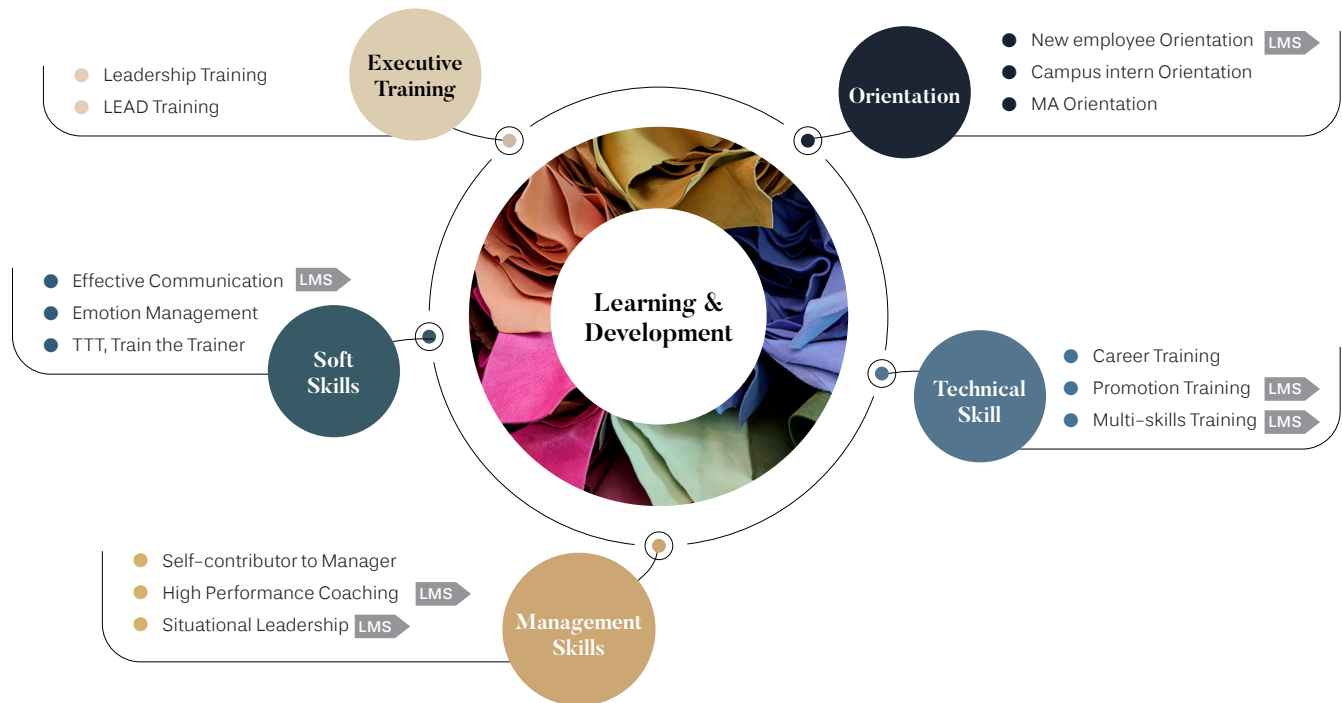
Stella's training system covers the following areas: orientation, technical skills, soft skills, management skills and executives training. Through this structured framework, we offer a comprehensive range of courses that support employees in developing both technical and soft skills – ranging from financial literacy and health and safety, to time management and career development.

In 2025, we strengthened the digital infrastructure that underpins learning and capacity building through the launch of a Group-wide online Learning Management System (LMS), which consolidates and digitalises training programmes, enhancing accessibility and learning progress tracking across our operations. By ensuring that critical knowledge and experience are systematically preserved, the introduction of LMS further supports our long-term development.

Leveraging our LMS, we implement a hybrid training model tailored to employee needs. On-site training focuses on practical skills to ensure operational proficiency and safety compliance, while mandatory and role-specific courses are delivered through our digital platform. By archiving training materials digitally, we enable the standardised sharing of learning resources across the Group.

As part of the onboarding process, all new employees need to go through orientation trainings that introduce Stella's Code of Conduct and relevant policies. The training is designed to help new employees adapt to our work environment and culture. During the Reporting Period, 100% of our new employees completed the orientation trainings.

Stella Training System



EMPLOYEE DEVELOPMENT AND TRAINING

Talent Cultivation

In 2025, the Group launched overseas expatriates training in the Philippines and Vietnam to strengthen collaboration between expatriate and local management. The curriculum focused on leadership, cross-cultural communication, and problem-solving mindsets, ensuring effective coordination and the joint execution of operational initiatives. These programmes achieved positive outcomes in both regions, reinforcing overall operational efficiency.

To support talent cultivation, the previously mentioned Beyond Star (MA) Programme not only serves as a recruitment channel but also supports talent development through rotational exposure across multiple Group functions, allowing participants to gain practical insights into different aspects of the business. This is complemented by mentorship and coaching to support learning, forming an integral part of Stella's approach to developing young talent across our operating regions.

Stella's Train the Trainer Programme is designed to empower qualified staff to become trainers, enabling them to design training courses and unlock our employees' full potential. In 2025, 149 employees qualified as internal trainers, bringing our total to 518 certified mentors. This professional team serves as the backbone of our talent development across all our operational locations.

In collaboration with a brand customer, our factory in Indonesia conducted RISE training for departmental representatives on financial management. Employees were equipped with essential

skills to manage their personal finances and improve financial literacy. During the Reporting Period, a total of 247 employees were trained as peer educators, enabling knowledge sharing across departments.



Overseas expatriates training in the Philippines



Overseas expatriates training in Vietnam



2025 Beyond Star (MA) Programme



2025 Train the Trainer Programme

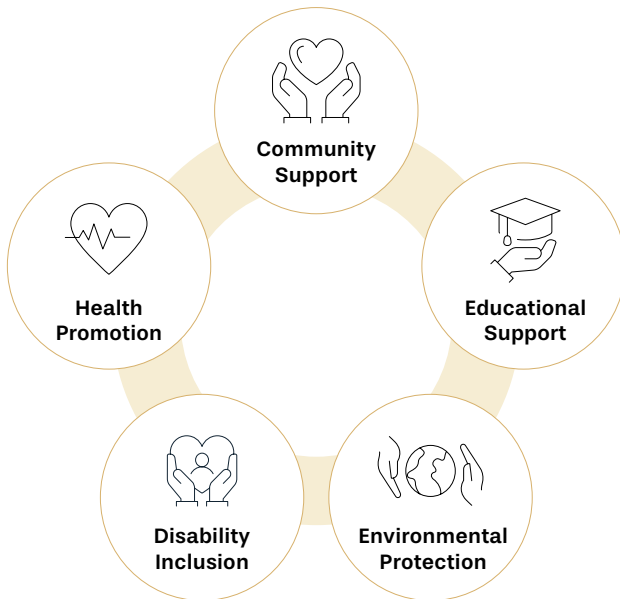


2025 RISE Training

COMMUNITY INVESTMENT

Stella recognises our responsibility as a member of the global community. Our operations rely on local resources, infrastructure, and markets – and in return, we are committed to giving back and contributing to the well-being of the communities where we operate. Over the years, we have consistently demonstrated this commitment by supporting and engaging with the communities surrounding our operation sites.

During the Reporting Period, the Group invested over USD183,400 and contributed 1,864 volunteer hours to charitable, cultural, and environmental initiatives, turning our community commitment into tangible action. Our efforts focused on community support, disability inclusion, educational support, environmental protection, and health promotion.



Community Support

The Group implemented a range of community support initiatives to address social needs and assist vulnerable populations. These included charitable activities such as the donation of essential food items to orphanages, nursing home visits with gift distributions for the elderly, and the provision of school supplies for underprivileged students to better prepare them for the new school year.

Our engagement extended to enhancing the learning environment of local day-care centres by improving infrastructure to reduce indoor heat. We also introduced small-scale vegetable gardens to offer hands-on learning experiences relating to plants and nature.

We support our community through cultural lens. Stella continues to take part in local customs, such as Ruwah Desa in Indonesia, an annual Javanese ceremony honouring ancestors. Through our participation and support, we help preserve cultural heritage and strengthen social bonds with our neighbors, ensuring our growth remains closely connected to the vibrant traditions of the communities we serve.

Furthermore, we collaborate with local authorities on welfare and healthcare initiatives by providing donations and on-site support for underprivileged communities. These efforts help residents, easing financial burdens while strengthening our bonds with the neighborhood. Together, these initiatives foster long-term resilience in the regions where we operate.



Nursing house visit in Vietnam



Daycare centre renovation in the Philippines



Back to school programme in the Philippines

COMMUNITY INVESTMENT

Educational Support

During the Reporting Period, our Educational Support initiatives supported students in building practical skills, and fostering environmental responsibility.

In Indonesia, our certified factory firefighters conducted fire safety workshop for local students. Through demonstrations of emergency procedures, basic first aid, and the proper use of firefighting equipment, these activities equipped students with essential safety knowledge, ensuring they can respond correctly in the event of an emergency.

Our Vietnam factory collaborated with a brand customer to raise awareness among local students about the importance of waste classification using clear visual guides, helping them understand and practise proper waste management and fostering responsible environmental habits for the next generation.



Waste Classification Workshop for local student in Vietnam

Disability Inclusion

To commemorate International Disability Day, Stella supported community-based activities for children with special needs by sponsoring a Friendly Sports Day featuring inclusive sports games interactive activities, and gift distribution. Designed to create a supportive environment for participation and exploration, the event enabled children to connect with peers, develop social skills and express themselves through play and movement. Through this initiative, Stella helped foster inclusion and confidence among children with diverse abilities.



Fire Safety Workshop for local students in Indonesia



Friendly Sports Day

COMMUNITY INVESTMENT

Environmental Protection

In support of our brand customers' Plastic Free July initiative and our shared commitment to reducing plastic waste, our factories in the Philippines continued their annual coastal clean-up activity during the Reporting Period. A total of 57 employee volunteers collected 1,280 kg of waste from the shoreline. Recovered plastics were donated to local residents for resale, generating supplementary income while contributing to improved coastal environment conditions.

Recognising the importance of biodiversity, Stella also engaged in marine conservation by donating and participating in activities organised by a local sea turtle conservation centre. Through hands-on learning, our employees explored how plastic waste threatens sea turtle habitats and the role these species play in maintaining coastal biodiversity. The initiative also highlighted conservation practices and raised awareness of ecosystem resilience.

Tree planting is a key part of our environmental sustainability efforts, carried out across multiple areas to support ecological development, community engagement, and green awareness. In 2025, our factories in the Philippines planted 200 additional fruit-bearing trees at Mt. Arayat National Park, bringing our total contribution to this programme to 700 trees since 2022. The trees are maintained by local farmers, contributing to long-term livelihoods and income generation. Our China factory participated in the local government's greening initiative by contributing 54 trees at Tongsha Ecological Park, creating new green space and supporting the area's ecological development.



Coastal Clean-up in the Philippines



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Sea Turtle Conservation



Tree Planting in the Philippines

COMMUNITY INVESTMENT

Health Promotion

Healthcare remains a key focus of Stella's community engagement. Our factories in Indonesia continue to provide free health services for children from disadvantaged backgrounds, supporting safe and hygienic care through partnerships and local contributions.

As part of our health promotion efforts, our factories in Indonesia held sessions in local high school to encourage healthy habits among students. These activities focused on raising awareness about HIV/AIDS, drug abuse, and smoking, highlighting prevention, informed decision-making, and responsible behaviour. For younger children, interactive workshops were organised to teach proper toothbrushing and handwashing techniques. Combining demonstrations with hands-on practice, the sessions fostered lasting health awareness. Hygiene kits were also provided to participating children to further reinforced the development of these habits in daily life.

Stella further supports community health through voluntary blood donations. In collaboration with the Indonesian Red Cross, we hosted on-site donation drives at our facilities, making it easier for employees to contribute and raising awareness of the need for voluntary donors. In total, 176 employees participated in our blood donation initiatives.



Blood donation in Indonesia



Blood donation in the Philippines



Health promotion in local high school in Indonesia



Daily hygiene workshop and kit distribution

Chapter 4 —

Taking Action for the Planet

Recognising the complexities of climate change, we are committed to integrating sustainability and circularity into our operations – reducing carbon footprint, minimising pollution, and optimising resource efficiency.



ENVIRONMENTAL MANAGEMENT

Our journey begins with a strong focus on resource conservation, emission reduction, and enhanced resource efficiency. We continuously seek opportunities to optimise resource use and minimise waste. By integrating sustainability and circularity principles into our processes, we aim to reduce our carbon footprint while improving operational efficiency. Across our global value chain, there were no reported regulatory compliance cases of significant adverse environmental or natural resource impact incidents from our business operations during the Reporting Period.

Committed to minimising our environmental footprint, we undertook a comprehensive update of the Environmental Policy. The updated policy reinforces our dedication to sustainable practices and integrates brand customer requirements relating to environmental performance, setting clear expectations for environmental stewardship across the organisation and our value chain. All employees, suppliers and business partners are required to comply with applicable environmental laws and regulations and align operations with the principles set forth by the Environmental Policy.

To further reinforce environmental accountability, we continued to utilise tools such as the Higg Facility Environmental Module (Higg FEM)¹² to assess and monitor our environmental performance. During the Reporting Period, we maintained a 100% adoption rate of the Higg FEM tool across all of our

footwear factories. We also utilised the tool as an internal scorecard for assessing facilities' environmental management performance and encouraged its adoption among core suppliers to strengthen sustainability practices across our value chain.

In 2025, there were no reported non-compliance cases in relation to environmental laws and regulations¹³ in all operating regions of our business. The following sections illustrate Stella's efforts across different environmental areas.



Environmental Policy - Highlight¹⁴

Objective

This Environmental Policy establishes a consistent and forward-looking environmental governance framework across Stella Group. In addition to clearly defining the Group's commitments and objectives across material environmental topics, the policy also sets forth expectations for our supply chain partners, with the aim of driving continuous improvement in environmental performance across the entire value chain.

Scope

The Policy applies to all employees and global operating sites of Stella Group as well as our supply chain partners.

Summary

The policy focuses on the following key areas:

- Climate Change and Greenhouse Gas (GHG) Emissions
- Energy and Renewable Energy Management
- Waste Management and Circularity
- Water and Wastewater Management
- Chemicals Management
- Sustainable and Low-Impact Materials
- Environmental Management Systems and Compliance

12. The Higg Facility Environmental Module (Higg FEM) includes Environmental Management System (EMS), Energy & Greenhouse Gas (GHG) Emissions, Water Use, Wastewater, Air Emissions, Waste, and Chemical Management.

13. The Group complies with applicable environmental protection related laws and regulations in its operating regions, including the 1995 *Environment Conservation Act* of Bangladesh, the laws of China (*Environmental Protection Law, Air / Water Pollution Prevention and Control Law, and Solid Waste Pollution Environment Prevention and Control Law*), the *Air / Water Pollution Control Ordinance* of Hong Kong, the *Environmental Protection and Management Act No. 32 of 2009* of Indonesia, the *Clean Air Act of 1999* of the Philippines, the laws of Taiwan (*Air / Water Pollution Control Act*), and the *Law on Environmental Protection No. 17/2012/QH13* of Vietnam.

14. The Policy is extracted partially for disclosure purpose.

CLIMATE CHANGE MITIGATION AND ADAPTATION

Among Stella's environmental commitments, climate change remains as our top focus. Rising global temperatures, more frequent extreme weather events, evolving regulatory requirements, and increasing expectations from brand partners and other stakeholders are accelerating the transition toward a climate-resilient economy. As a multinational company with an extensive global production footprint, the Group recognises climate change as our strategic priority that directly influences our operational continuity, supply chain resilience, and long-term competitiveness. With that said, climate change presents both risks to our operations and value chain, as well as opportunities to strengthen our ways of working and the value we create.

Our approach to tackle climate change emphasises the responsible management of climate-related risks and opportunities, continuous improvements in energy efficiency and GHG emissions reduction, and alignment with evolving regulatory and market developments. Through these efforts, we aim to support the long-term sustainability and competitiveness of the Group while contributing to broader decarbonisation efforts.

We apply the International Financial Reporting Standards Sustainability Disclosure Standard 2: Climate-related Disclosures (IFRS S2) recommendations¹⁵ to guide our governance, strategy, and disclosure of climate-related risks and opportunities. More details relating to each IFRS S2 core pillar can be found in the respective sections that follow.

15. The requirements in IFRS S2 are consistent with the 4 core recommendations and 11 recommended disclosures published by the Task Force on Climate-related Disclosure (TCFD) Recommendations.

IFRS S2 Four Dimensional Framework

Climate Governance

The board-level Corporate Governance Committee holds overall accountability for the Group's sustainability and climate-related matters.

Our ESG Working Committee and the Headquarter Sustainability Development Office jointly coordinate and facilitate climate-related matters across business units, supporting the development of climate mitigation and adaptation initiatives, while providing progress updates to the Board.

Strategy

Comprehensive climate risk and financial impact assessments are done to inform strategic planning and assess potential impacts on our operations.

The Group also identified a set of adaptation and mitigation measures to support its long-term climate strategy.

Risk Management

The Group adopts a 4-step approach to identify, assess, prioritise and manage climate-related risks.

Significant climate risks are integrated into the Group's overall risk management framework to ensure monitoring, adaptation and mitigation are in place.

Metrics & Targets

The Group monitors GHG emissions and energy performance to manage climate-related risks and assess the effectiveness of its decarbonisation initiatives.

The Group has established near-term Science Based Targets (SBTs) for 2030 to guide progress and drive accountability with validation from the Science Based Targets initiatives (SBTi).

CLIMATE CHANGE MITIGATION AND ADAPTATION

Climate Governance

The Group has established a comprehensive sustainability governance framework that clearly defines the roles and responsibilities of the Board, management and operational teams. This structure ensures that environmental, social and governance considerations, including climate-related risks and opportunities are aligned with our sustainability goals and incorporated into long-term strategic planning and day-to-day decision-making.










CLIMATE CHANGE MITIGATION AND ADAPTATION

Climate Strategy

Aligned with our established governance framework, our climate strategy highlights the identification, assessment, and management of climate-related exposures to safeguard our operations and strengthen long-term business resilience.

We conducted the climate scenario analysis in 2024, identifying potential climate-related risks and opportunities that are material to our operations and outlining corresponding adaptation and mitigation strategies to address these risks. During the Reporting Period, we have expanded our analysis to include the financial impact assessment. This assessment aims to evaluate climate risks that may have a financially material impact on our business.

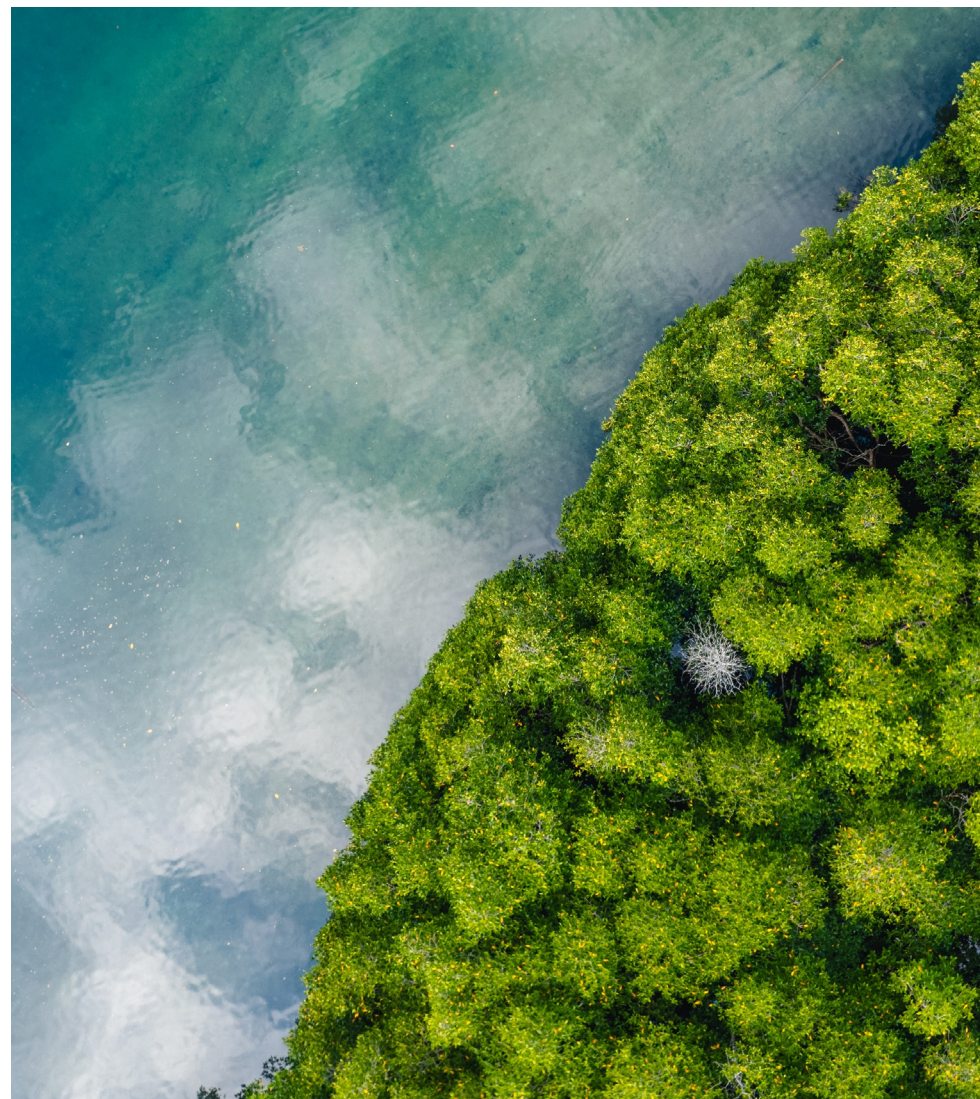
Through a thorough review of our multinational operations, regional and global regulatory development and market practice, we have identified a list of physical and transition risks and opportunities relevant to our business.

Risks and Opportunities		Potential Impacts
Acute physical risk	Flooding ¹⁶ 	<ul style="list-style-type: none"> • Damage to existing manufacturing facilities, equipment, and inventory • Production schedules delays • Loss of raw materials or finished goods stored in affected areas • Supply chain disruptions
	Heavy Precipitation 	<ul style="list-style-type: none"> • Employee occupational health and safety • Damage to goods in transit • Heavy rainfall may contribute to flooding, impacting transportation and causing delays in the supply chain
	Heat Wave 	<ul style="list-style-type: none"> • Impacts on employee health • Disruptions to manufacturing processes • Increases in energy costs associated with cooling measures
	Typhoon 	<ul style="list-style-type: none"> • Damage to existing infrastructure • Production schedules delays • Supply chain disruptions and logistical challenges
	Drought 	<ul style="list-style-type: none"> • Impacts on employee health • Increases in infrastructure expenditure on water-saving technologies • Disrupting manufacturing processes, particularly in regions where water resources are limited
	Landslide 	<ul style="list-style-type: none"> • Economic losses when production activities are disrupted • Property damage • Transportation disruptions • Fatalities and injuries
	Chronic physical risk	Sea Level Rise 

16. Flooding includes coastal, fluvial, pluvial, and groundwater flooding.

CLIMATE CHANGE MITIGATION AND ADAPTATION

Risks and Opportunities		Potential Impacts
Transition Risks & Opportunities	Policy & Legal 	<ul style="list-style-type: none"> Increases in operating costs due to carbon-pricing mechanisms, emissions-reduction legal requirements, and regulatory transitions toward lower-emission or renewable energy sources Enhanced capital ratings and investor confidence by staying compliant and up-to-date with climate-related policies, legal actions, and disclosure requirements
	Technology 	<ul style="list-style-type: none"> Upfront investment needs for clean and low-carbon technologies Shifts in material selection and production techniques toward lower-carbon inputs and improved processes
	Market 	<ul style="list-style-type: none"> Actively addressing climate-related market risks enables Stella to remain resilient in the evolving market and gain a competitive edge Embedding climate resilience in product development, procurement, and production to respond to the growing demand for responsibly sourced materials and low-impact production methods
	Reputation 	<ul style="list-style-type: none"> Increasing stakeholder concern when sustainability claims are not supported by measurable actions Strengthening of trust and brand value through credible sustainability performance and climate friendly actions



CLIMATE CHANGE MITIGATION AND ADAPTATION

The Group has conducted an in-depth climate scenario analysis in 2024 across all 17 factories located in Bangladesh, China, Indonesia, the Philippines and Vietnam, to evaluate the identified climate-related risks and opportunities. Two scenarios (high and low emission) were applied to assess under two time horizons (2030 and 2050), reflecting real-world uncertainty and enabling a robust understanding of potential long-term impacts.

risks and opportunities, country- or facility-specific approach has not been applied, reflecting the global and interconnected nature of Stella's value chain and its customers' operations. Instead, the assessment adopts a sector-wide perspective, drawing on industry-level analysis to understand evolving trends and risks within the global footwear industry. This holistic approach ensures that the Group's climate risk strategy remains aligned with both scientific insights and the realities of a globally integrated supply chain.

Climate Scenario Analysis – Timeframe: Mid of the century 2050

Temperature Alignment	IPCC Scenario	NGFS Scenario	Scenario Assumption
3°C world scenario	SSP5-8.5	Current Policies Scenario	The world attempts to keep the current policy and business practices and reduce GHG emission with a slow progress.
Well below 2°C scenario	SSP1-2.6	Net Zero 2050	The world limits global warming to well below 2°C through stringent climate policies and innovation, achieving net-zero GHG emission before the end of the century.

Data Source: Earth System Grid Federation (ESGF); Global Biosphere Management Model (GLOBIOM); Integrated Assessment Model REMIND (Regional Model of Investment and Development)

The evaluation of climate-related physical risks under the two scenarios enabled the Group to quantify the climate hazards' severity, likelihood of occurrence, and site-specific vulnerability to derive a combined risk level. Given that no landslide or drought events were recorded in the identified regions over the past five years, we supplemented our climate scenario analysis with climate science modelling projections to reflect potential future events. As these outputs are derived from computer-based simulations, the results are intended as indicative estimates and may vary as climatic conditions evolve and more empirical data becomes available.

For climate-related transition risks, we assessed the potential impact of carbon pricing in China¹⁷ by projecting future emission levels based on expected trends in emission factors. Under the assumption that our current initiatives remain effective, our energy consumption is anticipated to remain stable or decline, enabling us to estimate the corresponding future GHG emissions. For market and technological



Physical Risk

- Drought
- Flooding
- Heavy Precipitation
- Landslide
- Typhoon

Transition Risk & Opportunities

- Market risks
- Policy & Legal risks
- Technology risks

17. Due to data constraints, carbon pricing impacts in other operating jurisdictions have not been quantified.

CLIMATE CHANGE MITIGATION AND ADAPTATION

Based on the climate scenario analysis, the climate-related risks and opportunities summarised below have been assessed as having a significant combined risk level deemed significant¹⁸ (high or very high impact) and are expected to materialise over the near- to long-term, potentially affecting our business model.

To address the significant climate-related risks identified, we have planned our adaptation and mitigation measures across four action pillars: infrastructure improvement, operational optimisation, emergency preparedness, and supply chain resilience. These measures are designed to reduce potential impacts, enhance adaptive capacity and strengthen the Group's overall resilience to both current and anticipated climate-related risks and opportunities. Details of the adaptation and mitigation measures are illustrated on the next page.

Climate-related Risks & Opportunities with Significant Impact

Risks and Opportunities	Region	Combined Risk Level				
		Below 2°C		Above 3°C		
		2030	2050	2030	2050	
Physical Risks	Flooding	Vietnam	Medium	Medium	Medium	Medium
	Heavy Precipitation	Bangladesh	Medium	Medium	Medium	Medium
		The Philippines	High	High	High	High
		Vietnam	Medium	Medium	Medium	Medium
	Typhoon ¹⁹	The Philippines	High	High	High	High
	Drought ²⁰	Bangladesh	High	High	High	High
Landslide	The Philippines	Medium	Medium	Medium	Medium	
Transition Risks & Opportunities	Policy & Legal	China & Indonesia	Medium	Medium	Medium	Medium
	Technology	All	Medium	Medium	Medium	Medium
	Market	All	Medium	Medium	Medium	Medium

■ Medium ■ High ■ Very High

Four Mitigation & Adaptation Strategy Pillars

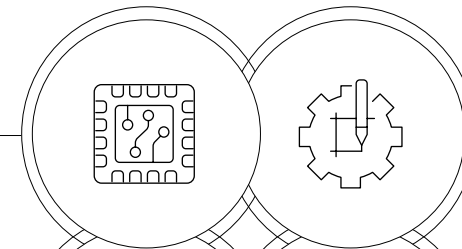
Physical Risk

Drought
 Flooding
 Heavy Precipitation
 Landslide
 Typhoon

Transition Risk & Opportunities

Market risks
 Policy & Legal risks
 Technology risks

Infrastructure Improvement



Operation Practices



Emergency Preparedness Plans



Supply Chain Resilience



18. The combined risk level thresholds are determined based on indicators derived from the climate models used to assess the respective climate hazards.

19. Due to the complexity, variability, and unpredictable nature of typhoons, we have relied on empirical data from past events to conduct the analysis. Therefore, the results are not presented under two scenarios and two time horizons.

20. Although no drought events were recorded in Bangladesh over the past five years, the assessed high combined risk level is derived from computer-based simulations. These results are indicative estimates intended to reflect potential future climate events.

CLIMATE CHANGE MITIGATION AND ADAPTATION














Climate-related Physical Risks

Action Timeframe²¹

Short – Long term

-  Flooding
  Heavy Precipitation
  Typhoon
  Drought
  Landslide


Adaptation & Mitigation Strategies²²

Infrastructure Improvement	1. Design or retrofit facilities' floor levels; add layers to the foundations	   
	2. Enhance and redesign the drainage and stormwater system	   
	3. Install backup power systems	   
	4. Apply weather-resistant packaging (for distribution)	  
	5. Implement flood resilience infrastructure (e.g., redirect floodwater with levees, flood walls, or berms)	 
	6. Invest in alternative water sources: ground water wells and rainwater harvesting	
	7. Install impact-resistant windows, typhoon shutters, and reinforce roofs	
Operation Practices	8. Implement water-efficient tools: conduct employee training and detect leaks to repair	
	9. Establish communication groups for landslide response and slope management	
Emergency Preparedness Plans	10. Develop pre-established plans (e.g., pre-arrange alternative sites to sustain production, alternate logistics routes)	   
Supply Chain Resilience	11. Create supply chain map: identify interconnected nodes with critical areas and vulnerabilities	 
	12. Establish relationships with multiple suppliers to reduce dependency	 

Climate-related Transition Risks and Opportunities

Action Timeframe

Short – Long term

-  Market
  Policy & Legal
  Technology

Adaptation & Mitigation Strategies

Operation Practices	1. Enhance operational audits (e.g., internal, brand, and supplier audits)	
	2. Enhance sustainability disclosure based on regulatory updates and market trends	
	3. Establish designated and systematic stakeholder communication mechanism	
	4. Incorporate double materiality methodology into annual materiality assessment	
	5. Participate in public rating and improve scores annually	
	6. Explore sustainable financing options: Sustainability-Linked Loans (SLLs), green funds, and government grants	
	7. Adoption of carbon credits	
	8. Incorporation of Internal Carbon Pricing	
Supply Chain Resilience	9. Develop sustainable sourcing partnerships and 2-way communication for eco-friendly & innovative materials	
	10. Establish material inventory with categorisation (e.g., eco-labeling)	
	11. Implement sustainable material selection standard	

21. Short-term: 0 to 5 years, aligned with the revision of the Stella's strategic plan; Medium-term: 5 to 10 years, develop and execute the strategic plan; Long-term: more than 10 years, aligned with Science-Based Targets (SBTs) commitments.

22. These mitigation measures are expected to be implemented during or after the next Reporting Period.

CLIMATE CHANGE MITIGATION AND ADAPTATION

Building on the results of the climate scenario analysis, we further assessed the current and anticipated financial implications of each climate-related risk. Such assessment provided key indicators for identifying financially material climate-related risks, supporting the prioritisation of resources and mitigation efforts.

The assessment result shows that typhoon and heavy precipitation have a significant combined risk level as some of our facilities are located in coastal regions. Drought and landslide were excluded from the assessment, as no such events have been observed in these regions over the past five years. We also assessed policy and legal risks arising from increasing carbon costs in China, which have exerted additional financial pressures on our operations.

The Group has allocated resources to enhance our adaptive capacity and to mitigate the associated climate-related physical risks. Accordingly, we estimated approximately USD 800,000 will need to be allocated towards the implementation of key mitigation measures for 2026 and onwards. Certain details regarding prospective investment or disposal projects are at an early planning stage and will be disclosed once defined. Looking ahead, we will continue to leverage insights from the financial impact assessment to guide the development and implementation of mitigation initiatives. As new data, technologies, and regulatory development emerge, we remain committed to refining our strategies accordingly.

Financial Implication of Climate Risks

Risks	Climate-related indicators			Financial implications		
Increased severity of extreme weather events (Physical risk)	Simulation of future climate hazard occurrence	▶	Expected physical damage to the assets (decreased asset value)	↑ Cost to repair		
	Total interruption time for operation and other additional expense	▶	Expected income loss of the factory	↓ Revenue		
	Cost for action taken to limit climate impacts	▶	Cost of responding to the physical risk	↑ Cost to respond		
Policy change to achieve GHG reduction goals (Transition risk)	GHG emissions	▶	↑ Carbon price	▶	↑ Cost of rebating carbon emissions	↑ Operating costs

Anticipated Financial Impact²³

Risks	Region	2030	2050
Physical Risk	Typhoon		
	Heavy Precipitation		
Transition Risk	Policy & Legal: Carbon cost		

■ < USD 10mn ■ USD 10mn - 20mn ■ > USD 20mn

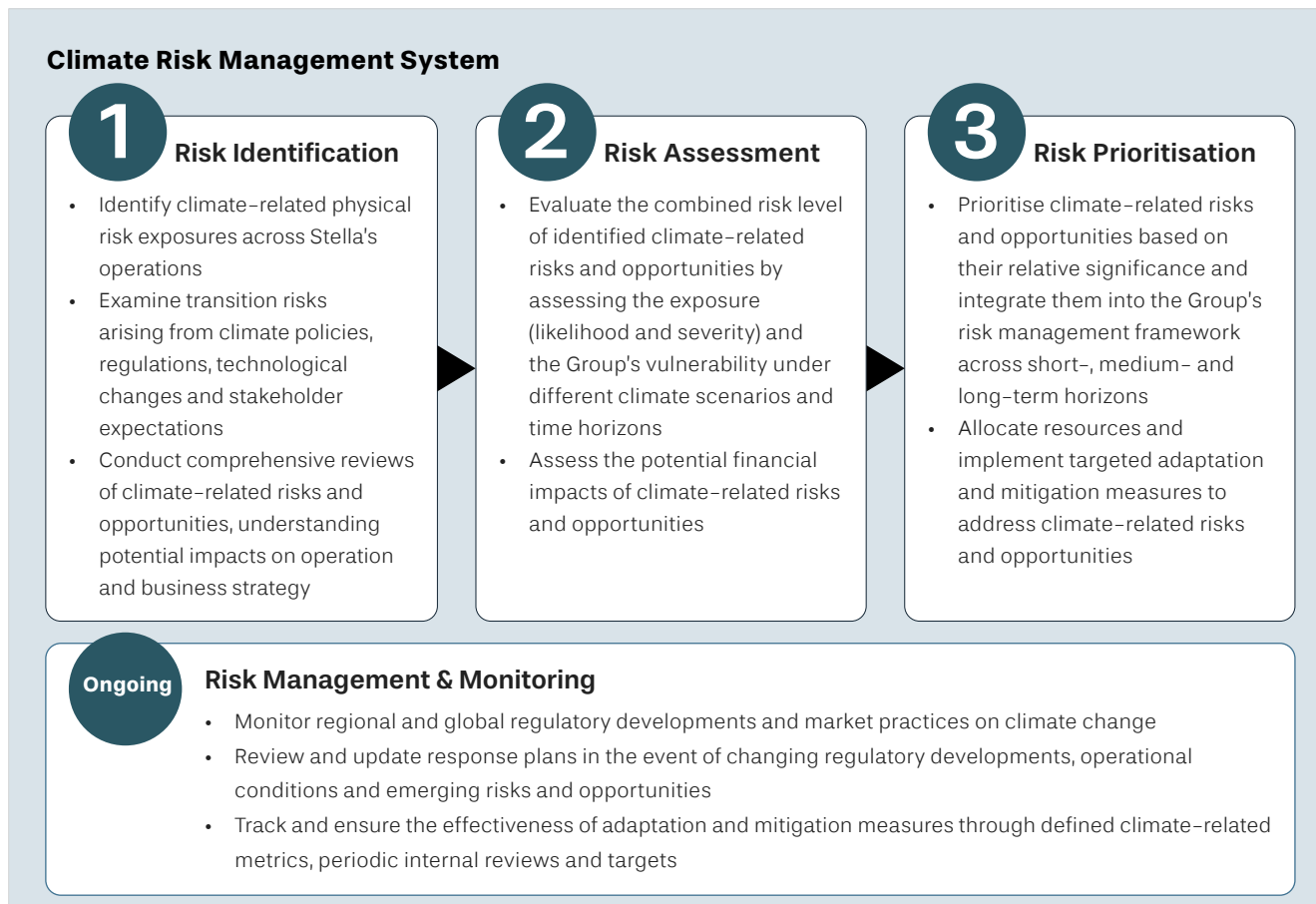
23. The financial items for physical risk include cumulative repairment costs and cumulative revenue loss, while transition risk include annual operating costs.

24. Our factories in China are projected to be more sensitive to potential carbon-related cost implications.

CLIMATE CHANGE MITIGATION AND ADAPTATION

Climate Risk Management

The Group adopts an integrated risk management approach that embeds climate-related risks within our overall risk management framework. With oversight from the Board, we follow a structured process to identify, assess, prioritise and manage climate-related risks to strengthen the resilience of our operations, supply chain and long-term business continuity.



Metrics and Targets

Climate change poses significant risks to both the global ecosystem and Stella Group's operations. Our climate approach focuses on the responsible management of climate-related risks and opportunities, with a strong emphasis on enhancing energy efficiency and reducing GHG emissions. Therefore, we strive to take meaningful actions to reduce our emissions, enhance operational resilience, and integrate forward-looking climate considerations into our business decision-making.

To take proactive response to climate-related risks, we continue to track and monitor our GHG emissions and energy performance metrics. These metrics enable us to evaluate the effectiveness of our decarbonisation initiatives and identify operational areas where energy efficiency improvements can enhance our overall resilience.

During the Reporting Period, we made significant progress in advancing our climate-related commitments. This included the development of more comprehensive mid- and long-term sustainability objectives. A key milestone was the validation of our near-term GHG emissions reduction targets by the Science Based Targets initiative (SBTi), ensuring that our decarbonisation pathway is aligned with globally recognised standards for limiting global temperature rise.

The Group's climate-related targets are designed as practical tools to track progress, drive accountability and support continuous improvement rather than as standalone commitments. Details of our carbon-footprint performance, energy management efforts and the new set of targets are presented in the "[Carbon Footprint and Energy](#)" and "[Appendix I – Environmental Performance](#)" sections.

CARBON FOOTPRINT AND ENERGY

We are committed to transitioning to a low-carbon economy by reducing our carbon footprint (also known as Greenhouse Gas footprint) across our value chain through energy efficiency improvements and accelerating the adoption of renewable energy. During the Reporting Period, we have established new Greenhouse Gas (GHG) emissions and energy targets to guide our actions and efforts for the next five years.

To align our GHG emissions reduction efforts with international standards and brand customers' expectations, we established GHG reduction targets in accordance with SBTi's methodology. Stella Group's science-based targets (SBTs) were formally validated in 2025, confirming alignment with the latest climate science and providing a clear, externally recognised framework for our decarbonisation efforts. This milestone reinforces decarbonisation as a long-term, shared management responsibility across the Group.

To reinforce our Scope 3 ambition and drive action beyond our own operations, we further established the below procurement-related target.

OUR TARGET

30%

By 2030, ensure that at least 30% of goods and services comes from suppliers with validated Science-based Targets



SCIENCE
BASED
TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

STELLA'S SCIENCE-BASED TARGETS

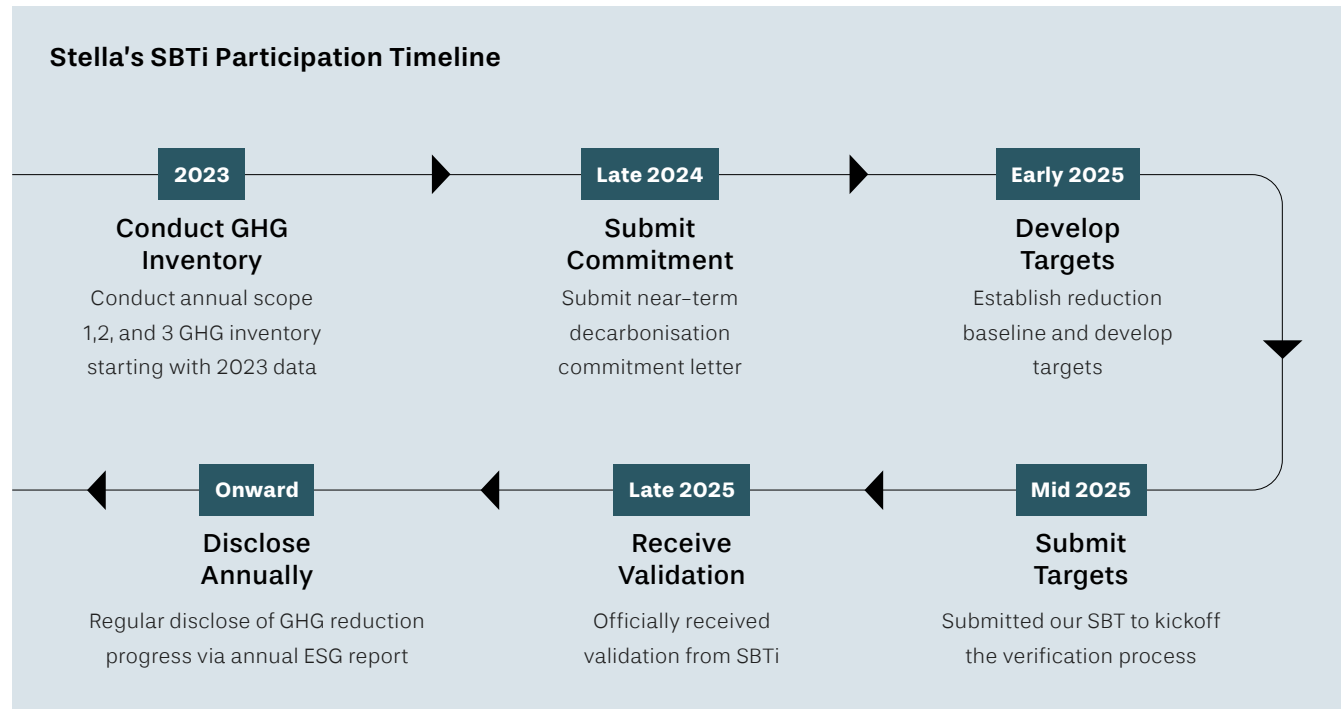
TARGET YEAR 2030 | BASE YEAR 2023

-42%

Reduce absolute Scope 1 & 2 GHG emissions reduction by 42%

-51.6%

Reduce Scope 3 GHG emissions intensity by 51.6% per USD value added based on applicable categories²⁵



25. The Scope 3 categories covered under Stella International's Science-Based Target (SBT) include: Purchased goods and services, Capital goods, Fuel- and energy-related activities (not included in Scope 1 or 2), Upstream transportation and distribution, Waste generated in operations, Business travel, Employee commuting, Downstream transportation and distribution, and End-of-life treatment of sold products.

CARBON FOOTPRINT AND ENERGY

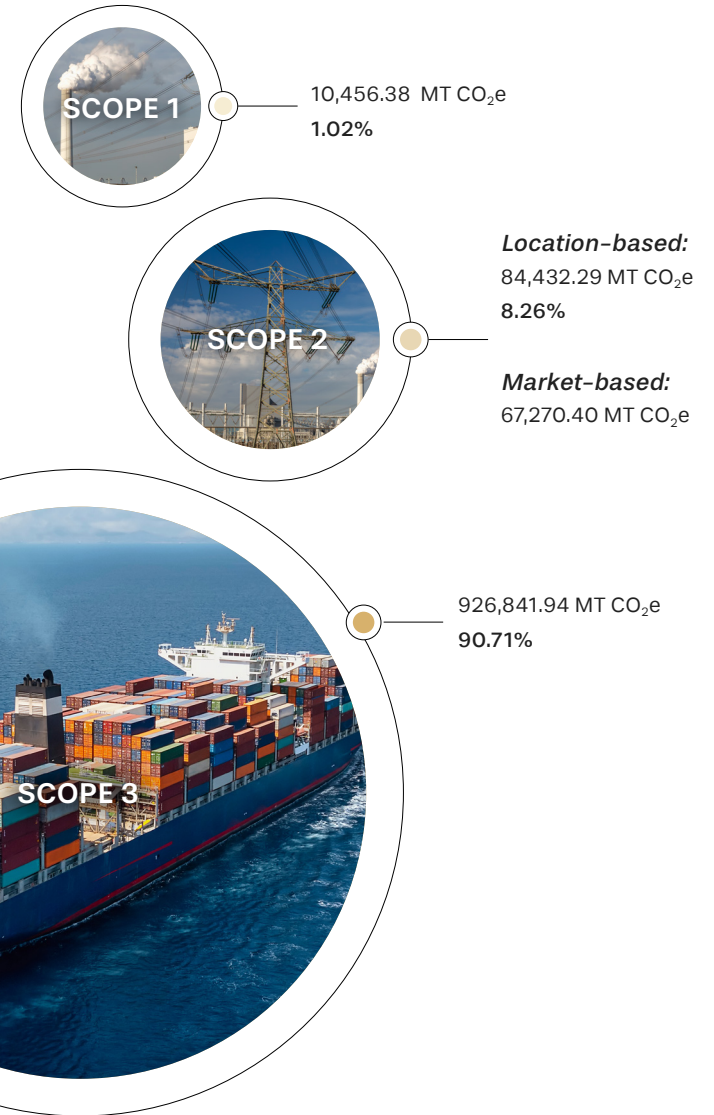
Carbon Footprint Across the Value Chain

To support transparent climate disclosure and effective emissions management, the Group has established a structured and ongoing approach to measuring and monitoring Greenhouse Gas (GHG) emissions across the value chain. Since 2023, we have been conducting annual carbon inventories in accordance with ISO 14064 and the GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard, a practice that has been institutionalised as part of our regular environmental management and climate disclosure framework.

This comprehensive inventory enhances our understanding of the scale and composition of emissions associated with both our operations and the broader value chain. It serves as a key reference for year-on-year performance tracking, strengthening governance, and guiding the prioritisation of future decarbonisation actions.

Relevant Scope 3 Emission Categories	Percentage
Category 1 – Purchased Goods and Services	65.68%
Category 4 – Upstream Transportation and Distribution	26.36%
Category 12 – End-of-Life Treatment of Sold Products	2.33%
Category 7 – Employee Commuting	1.98%
Category 3 – Fuel and Energy related Activities	1.86%
Category 9 – Downstream Transportation and Distribution	0.87%
Category 2 – Capital Goods	0.46%
Category 5 – Waste Generated in Operations	0.33%
Category 6 – Business Travel	0.12%

2025 GHG emissions



CARBON FOOTPRINT AND ENERGY

In 2025, we achieved a 3.0% reduction in absolute Scope 1 and 2 (location-based) emissions compared to the previous year (2024), mainly driven by our increased adoption of renewable energy.

As Scope 3 emissions contribute to a significant portion of our overall GHG emissions, our supply chain plays a critical role in our decarbonisation journey. We maintain close collaboration with suppliers to facilitate value chain decarbonisation. In addition, our Supply Chain team continues to promote supply chain localisation, helping to reduce the carbon footprint associated with transportation and logistics. For detailed information, please refer to "[Supply Chain Risk Management](#)" section.

For the detailed information of GHG emissions, please refer to "[Appendix I – Environmental Performance](#)".

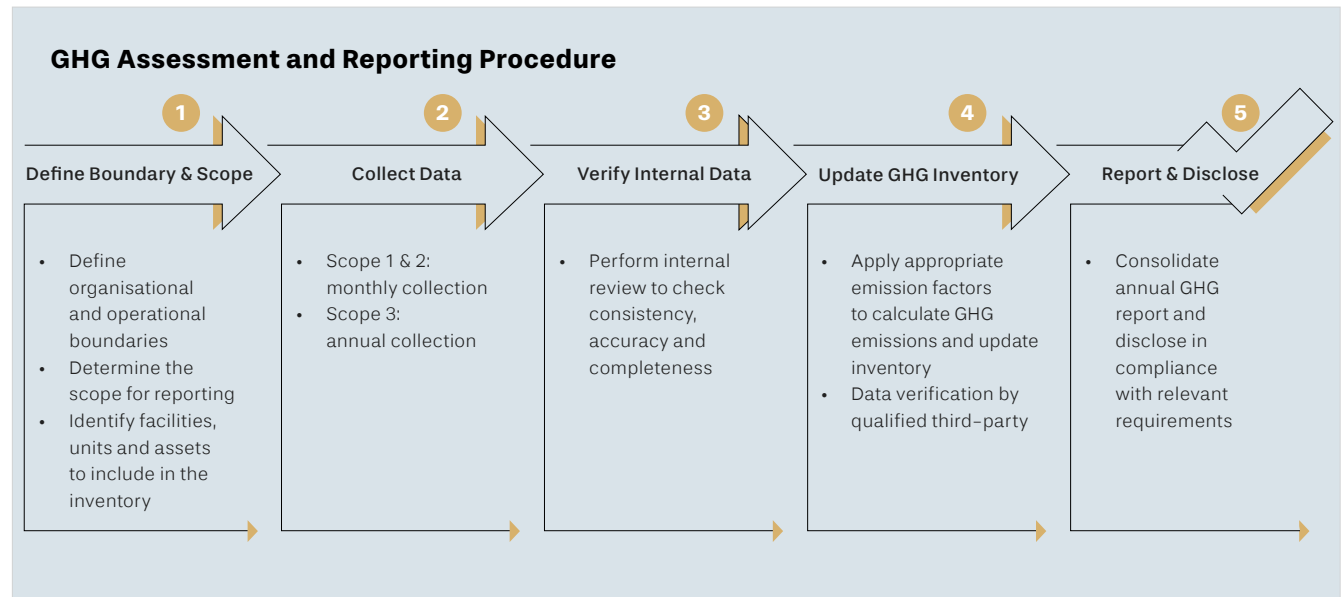
GHG Management and Control

Effective monitoring and control of GHG emissions are critical to achieving our environmental targets. To ensure accurate measurement and evaluation of our energy consumption and emissions performance, we track these metrics on a monthly basis through our ESG Data platform. The use of this centralised data platform enhances transparency, accountability, data quality, and overall management efficiency.

Beyond robust systems and data infrastructure, we recognise that strong internal capacity is essential for effective GHG management and control. During the Reporting Period, carbon inventory training sessions were organised for core suppliers to support

decarbonisation efforts across the value chain and to improve the quality of Scope 3 emissions data. More than 200 representatives from our core suppliers participated in these training sessions. Further details of the training sessions can be found in the "[Supplier Carbon Emissions Inventory Training](#)" section.

With more accurate and comprehensive GHG emissions data, the Group is better positioned to develop more effective reduction strategies. Emissions data is systematically collected and calculated to produce the annual GHG Report, which serves as a key reference for management in strengthening climate actions and advancing the Group's environmental objectives.



CARBON FOOTPRINT AND ENERGY

Energy and Renewable Energy

Energy consumption is the largest contributor to the Group's Scope 1 and 2 GHG emissions and a central focus of our decarbonisation efforts. Effectively managing energy use is therefore fundamental to reducing our carbon footprint and strengthening climate resilience. In response, the Group's climate strategy prioritises improving energy efficiency across operations while progressively transitioning towards renewable energy sources. Building on insights from our carbon inventories and energy performance assessments, we have established a new set of energy-related targets for 2030 to guide implementation, enhance accountability, and support the achievement of our long-term climate commitments.

As renewable energy markets continue to mature, a growing diversity of procurement solutions has emerged across regions, each with different contractual structures, regulatory treatments, and implications for emissions accounting. While this evolution has expanded access to renewable electricity, it has also increased the complexity and potential inconsistency of renewable energy claims. In this context, the Group recognises the importance of establishing a clear and disciplined approach to ensure that renewable energy procurement delivers genuine emissions reductions and supports credible climate disclosure.

a consistent framework for sourcing, managing, and reporting renewable electricity across operating regions. The guideline is designed to ensure that procurement practices are aligned with global emissions accounting and target-setting standards, including those of GHG Protocol and of the Science Based Targets initiative (SBTi). Central to the Group's approach are two core principles: actual physical consumption of renewable electricity and exclusive ownership of all associated attributes through Energy Attribute Certificates (EACs) or equivalent contractual instruments. This ensures that renewable energy use and related emissions reductions are robust, verifiable, and free from double counting.

To address this, Stella has formulated a Renewable Energy Procurement Guideline during the Reporting Period to provide

OUR 2030 TARGETS

50%

Achieve 50% of Group electricity consumption from renewable sources

20%

Reduce electricity consumption intensity by 20% from a 2024 base year

20%

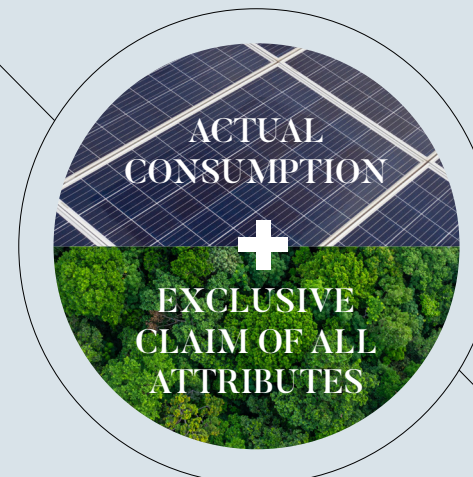
Require core suppliers to achieve a 20% of renewable energy adoption rate



Require core suppliers to phase out the use of coal in operations

Stella's Renewable Energy Procurement Principle

The Group shall ensure that the facilities demonstrate actual consumption of green electricity generated from procured renewable energy sources. Renewable energy or related instruments purchased without corresponding electricity consumption may not be used to substantiate renewable energy usage claims or to support Scope 2 emissions reductions.



The Group shall retain exclusive ownership of all associated attributes of the procured and consumed renewable energy. Specifically, the environmental attribute certificates (e.g. GEC, I-REC, TIGR) can only be sold, transferred, or claimed by the Group or its authorized affiliates.

CARBON FOOTPRINT AND ENERGY

Since 2021, Stella has been installing solar panels on the rooftops of our factories. By the end of 2025, systems have been installed in 10 factories, achieving a Group total installed capacity of 34.09 MW. During the Reporting Period, the existing photovoltaic (PV) systems supplied 27,131.56 MWh green electricity, reducing over 11,200 metric tonnes of CO₂e.



Solar panels installed at manufacturing plants

In addition to on-site solar systems, we also explored local markets for more diversified renewable energy procurement options. In 2025, we purchased 33,528 Green Energy Certificates (GECs) in China, amounting to 33,528 MWh of renewable energy and equivalent to reducing over 17,900 metric tonnes of CO₂e. This initiative further supports our commitment to decarbonisation, strengthens our renewable energy portfolio, and contributes to our Scope 2 emissions reduction efforts. We have summarised our use of renewable energy during the Reporting Period in the table below.

To further enhance energy efficiency, we have been gradually upgrading our lighting systems by replacing traditional T5 lamps with LED alternatives. As of the end of 2025, 16 out of our 17 manufacturing facilities (96%) have completed full replacement.

In estimation, lighting system replacement can support factories to reduce over 2,832,000 kWh of annual electricity consumption.

In addition to group-wide initiatives, our factories implemented equipment upgrades to enhance energy efficiency during the Reporting Period. These efforts led to annual energy savings of over 2,730,000 kWh and helped local sites lower their operational costs through reduced electricity consumption.

The Group will continue to explore opportunities to improve energy efficiency and expedite renewable energy adoption to drive emission reduction towards achieving our long-term climate goals.

2025 Renewable Energy Consumption

Type	Solar Energy		Wind Power		Mixed RE Power	
	MWh	MT CO ₂ e	MWh	MT CO ₂ e	MWh	MT CO ₂ e
Bangladesh	454.85	219.20	-	-	-	-
China	37,112.41	11,914.52	8,928.00	4,790.76	-	-
Philippines	515.47	269.33	-	-	692.08	361.61
Vietnam	14,164.30	4,363.15	-	-	-	-
Total	52,247.03	24,766.20	8,928.00	4,790.76	692.08	361.61

CARBON FOOTPRINT AND ENERGY

Energy Efficiency Programmes at the Factory

Energy-saving Footwear Cleaning Washer

Replaced used washer with energy-efficient models featuring heat pump heating, heat recovery circulation systems, as well as programmable logic controller (PLC) system that enables simplified one-touch operation and improved process control. The upgrade is expected to reduce electricity consumption over 400,000 kWh annually.



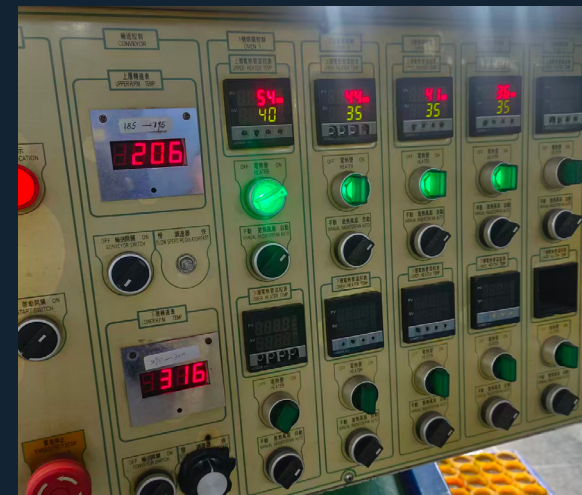
Cooling System Replacement

Replaced fan-based cooling with a water curtain system supplied by cooling tower chilled water, improving equipment cooling efficiency and achieving over 142,000 kWh of electricity savings per year. At the same time, this reduced overall temperature of the working environment.



CMP Production Process Optimisation

Optimised the CMP small foaming process by standardising preform specifications, allowing production to shift from two curing oven layers to one. This reduced annual electricity consumption by approximately 39,600 kWh.



WASTE AND CIRCULARITY

In alignment with the circular economy concept, Stella is committed to innovating our product lifecycle. We are dedicated to minimising both hazardous and non-hazardous waste generated from production through process improvements and maximising the value derived from each material. In 2025, we have established new waste reduction and circularity commitments and targets.

OUR COMMITMENTS & TARGET

3Rs

Promote Reuse, Reduce and Recycle within our operations

100%

Achieve waste diversion from landfill and incineration

15%

By 2030, reduce waste generation intensity by 15% from a 2024 base year

Waste Generation and Composition

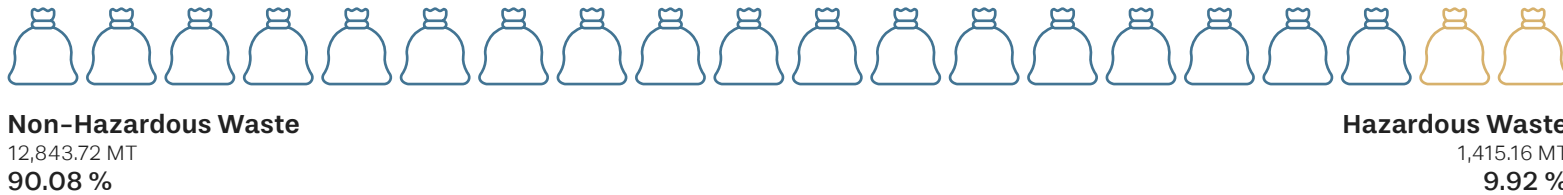
Minimising waste generation and promoting sustainable waste practices are integral to Stella's commitment to environmental responsibility. Through systematic data collection, we have gained valuable insights into the types and quantities of waste generated across our operations. Accurate waste categorisation forms the foundation for strategic waste management focused on reduction, reuse, and recycling. By identifying waste composition, Stella can implement targeted initiatives to reduce environmental impact in alignment with circular economy principles.

Our waste management efforts begin on the production floor, where waste is identified and sorted at the source. On-site segregation and categorisation ensure that different waste streams, such as recyclables, general waste, and hazardous waste, are properly directed to their respective designated space at the waste warehouses. For hazardous waste, such as liquid chemical waste and empty chemical containers, proper labelling and secure containment are mandatory prior to transfer to the hazardous waste warehouse. All hazardous waste is then collected and handled by licensed contractors authorised by the relevant authorities to ensure safe disposal, storage, or discharge.



WASTE AND CIRCULARITY

2025 Waste By Categories



WASTE AND CIRCULARITY

Waste Reduction Strategies

By implementing comprehensive group-wide waste management policies and conducting employee training on waste segregation methods, we ensure the proper handling and responsible disposal of waste generated from our factories. Role-specific training for staff ensures their understanding of obligations in adhering to our waste treatment standards and procedures, aiming to divert materials from landfills at the end of their product lifecycle.

We continue to upgrade our tools and techniques to optimise manufacturing processes and reduce waste generation. In 2025, total waste generation increased by 9.8% compared to the previous year, primarily due to the introduction of more complex shoe models. However, through optimised pattern layouts and cutting techniques, we reduced more than 51,000 kg of industrial waste. In addition, we continue to collaborate with suppliers to replace disposable packaging boxes. We reduced 124,000 kg of packaging materials during the Reporting Period.

The Group continues to promote efficient paper use through digitalisation initiatives and employee awareness efforts. Practical measures include setting printers to default double-sided printing, reusing single-sided paper, and adopting electronic signatures, encouraging employees to think twice before printing. Paper consumption is monitored across regional offices to track usage trends and support ongoing improvements in paper efficiency.

Resources Management and Circularity

Effective resource management is essential to reducing waste and advancing circular economy outcomes across the Group's operations. Guided by circular economy principles, the Group implements practical initiatives to improve recycling performance, enhance material recovery, and enable the reuse and upcycling of materials. These efforts are delivered through on-site programmes, employee engagement, and collaboration with professional recycling partners to extend material lifecycles and reduce waste leakage.

These initiatives not only enhanced environmental awareness among employees but also supported local biodiversity and strengthened community engagement. Building on this momentum, the Group plans to establish dedicated plastic-bottle recycling stations at selected facilities in 2026 to reinforce long-term waste reduction and on-site recycling capabilities. The Group will also continue to explore additional circular partnerships and initiatives to further improve resource efficiency and advance circular economy practices across operations.



WASTE AND CIRCULARITY

Upcycling Practice

200+ pairs of shoes

During the Reporting Period, the Group participated in a brand customer's Move to Zero shoe recycling campaign to promote circularity, waste diversion, and materials upcycling. On-site shoe recycling stations were set up across factories in China, encouraging employees to recycle end-of-life footwear.

Through the campaign, over 200 pairs of used shoes were collected and diverted from landfills. Recycled materials were upcycled for community applications, including the refurbishment of basketball courts, demonstrating the practical reuse potential of post-consumer materials. Each recycled pair also generated Alipay Ant Forest green energy points, supporting tree-planting initiatives. To reinforce circularity awareness, the Group further repurposed approximately 200 kg of internal fabric waste to produce eco-friendly bags distributed to participants.

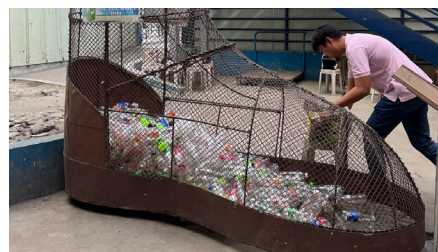


Recycling Partnership

700+ kg of PET bottles

During the Reporting Period, the Group recycled over 700 kg of Polyethylene Terephthalate (PET) plastic bottles through employee-led collection activities and partnerships with professional recyclers.

Employee-led collection activities were carried out in support of a brand partner's Plastic-Free campaign, promoting waste reduction awareness and community engagement. In parallel, two manufacturing sites partnered with PETValue, the Philippines' first food-grade bottle-to-bottle recycling facility, to ensure collected PET bottles were processed into food-grade recycled PET resin, enabling a closed-loop recycling process and reducing reliance on virgin plastics.



CHEMICAL AND WASTEWATER

The Group recognises the importance of addressing pollution at every stage of Stella's operation, from the processing of raw materials to the assembly of finished goods. Improper handling of pollutants, including chemicals, waste, effluent, and noise, may result in significant harm to the environment and human health. Therefore, the Group is committed to monitoring, avoiding, reducing, and transforming pollutants to minimise their impact on the environment and society.

Chemical Usage

To support safe and compliant manufacturing, the Group applies a structured chemical management approach that governs how chemicals and materials are selected, handled, and used in production processes.

As part of this approach, the Group maintains a Restricted Substances List (RSL), which serves as a technical reference that defines substances that are prohibited or subject to restriction in materials, components, and production processes. The RSL supports compliance with applicable global regulations and brand customer requirements, and provides clear guidance to operational teams on chemical use limitations to prevent adverse impacts on human health and the environment.

The Group's RSL is developed with reference to relevant regulatory frameworks, including the European Union's REACH Regulation (Registration, Evaluation, Authorisation and Restriction of Chemicals). Information on chemical hazards, handling requirements, and risk controls is further supported by Material Safety Data Sheets (MSDS), which are used to inform safe storage, handling, and emergency response procedures.

Substances of concern, such as Polyvinyl Chloride (PVC) and Dimethyl fumarate (DMFu), are subject to strict control, while substances including Asbestos and Tributyltin (TBT) compounds are prohibited from use in production.

The RSL is referenced at key points in production, including raw material selection, chemical procurement, and materials and finished product testing, to verify that restricted or prohibited substances are not used. Through the consistent application of the RSL as a technical reference, the Group supports product safety, regulatory compliance, and the prevention of harmful substances in its manufacturing processes.

The table below provides an example of how we monitor the use of chemicals and substances along our production line and demonstrates our comprehensive approach in restricting the use of potentially harmful chemicals and substances.

Stella's Restricted Substances List (RSL) - Highlight



Restricted usage

Chemicals & substances	Reason for inclusion in RSL	Potential usage
Polyvinyl Chloride (PVC)	Potentially promotes carcinogenesis and contributes to environmental degradation	Synthetic leather substitute
Dimethyl fumarate (DMFu)	Potentially causes allergic reactions	Biocide in shoes to prevent growth of mildew



Banned from usage

Chemicals & substances	Reason for inclusion in RSL	Potential usage
Asbestos	Potentially leads to various dangerous lung disease	Production of fabrics and garments
Tributyltin (TBT) compounds	Potentially toxic for reproduction and marine ecosystem	Antifouling agent during printing process
Per- and polyfluoroalkyl substances (PFAS)	Potentially disrupt biological functions, impact development and increase cancer risk	Water repellent barrier on outer fabric
Tetrahydrofuran (THF)	May cause irritation to the skin, eyes, and respiratory tract, and may affect the central nervous system	To formulate water-repellent and superhydrophobic coatings

CHEMICAL AND WASTEWATER

The Group regularly reviews and updates its RSL and related chemical reference documentation to reflect changes in regulatory requirements and brand customer standards. Updates are communicated to relevant internal teams and suppliers to support consistent understanding of restricted and prohibited substances used in production.

For selected chemicals of concern, such as Chromium VI, Chlorinated Paraffins, Polycyclic aromatic hydrocarbons (PAHs), and Organotin compounds, we also regularly review the pre-treatment and testing approaches. Before partnering with suppliers, we require them to confirm their understanding of our RSL, providing valid certificates and licences. Where new materials or chemicals are introduced, compliance with the RSL is verified through documentation review and third-party laboratory testing prior to use.

At selected sites, additional programmes are implemented to support chemical compliance. Our Bangladesh factory continues to participate in the CHEM-IQ programme in collaboration with a brand customer, tracking chemical inventories and conducting laboratory testing throughout the Reporting Period.

Driven by brand chemical policies and the Group's sustainability objectives, our product development team continues to support the use of water-based adhesives across partnership with brands. In 2025, 48.8% of our brand customers adopted water-based adhesives, compared with 42.9% in 2024, representing a 5.9 percentage point increase year on year.

Applied primarily during the pre-bonding stage and using water as the solvent, these adhesives support a safer working environment for employees and reduced environmental impact. Water-based adhesives are currently applied in both the sample development and mass production stages.

As regulatory requirements and customer standards evolve, Stella works with suppliers to identify substances of concern, and assess alternative materials for both safety and performance, and enact a formal elimination plan. The chemical, chemical class, or materials will also be incorporated into our RSL, MSDS, or banned materials and substances guidelines. Chemical testing for finished products will also be conducted in compliance with brand or national requirements.

Safe Handling and Disposal Practices

To ensure compliance with our chemical management system and local regulations, our Chemical Management Policy mandates that factory staff undergo internal chemical safety training. Additionally, employees are encouraged to participate in training sessions offered by our brand customers. These sessions serve as a platform for sharing insights on chemical safety management and addressing major environmental challenges in the industry.

At Stella, we place strong emphasis on the health and safety of our employees. Together with our brand customers, we pursue continuous improvement in chemical management and its safe handling, which helps minimise the release of potential hazards and pollutants near our operations.



Chemical Safety Training and Leakage Drill at factories

CHEMICAL AND WASTEWATER

We review our Chemical Management Policy regularly to improve our chemical safety, ensure compliance with updated chemical-related regulations and brand customer requirements, as well as enhance the transparency of our chemical use and hazardous waste management practices.

Chemical Management Policy – Highlights ²⁶

Objective

The Chemical Management Policy is formulated by the Safety Management Department to implement the general knowledge system of hazardous chemicals, in order to enhance the awareness of relevant personnel and engineering contractors in factory operation on the potential danger, preventive measures, and emergency response protocols of hazardous chemicals. In addition, the policy ensures the exclusion of chemicals prohibited by international standards, to ensure the health and safety of our consumer.

Scope

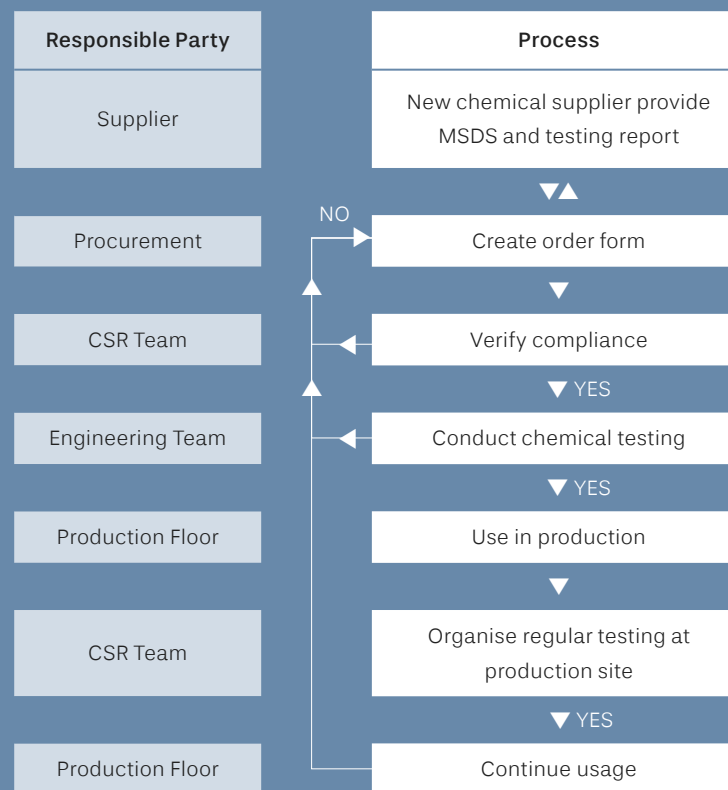
All factories managed by the Group shall follow the provisions of these procedures (in case of conflict with local laws, factories shall comply with all applicable laws and regulations in areas where they operate).

Summary

We aim to mitigate negative impact on our employees, the community we operate in, and the environment. Various practices are implemented to ensure the effective management of hazardous chemicals, which cover areas of:

- New Chemical Procurement Procedure
- Receiving chemicals
- Chemical data and labelling management
- Use of chemicals
- Storage of chemicals
- Transportation of chemicals
- Disposal of chemicals
- Emergency handling of chemicals
- Occupational health and industrial hygiene control of chemicals
- Chemical Safety Training
- Specific chemical requirements

Chemical Selection Flow Chart



26. The Policy is extracted partially for disclosure purpose.

CHEMICAL AND WASTEWATER

Wastewater Management

In response to heightened expectations from end consumers, investors, governments, and non-governmental organisations (NGOs), Stella is committed to minimising water pollution throughout its production process by adhering to stricter wastewater regulations²⁷, such as the Zero Discharge of Hazardous Chemicals (ZDHC) Wastewater Guidelines.

We regularly monitor and report effluent quality and volumes. We also ensure wastewater treatment and handling facilities are functioning properly. Appropriate equipment and infrastructure have been installed in our factories to ensure proper handling,

segregation, and diversion of wastewater. Collection measures have been implemented in operational areas and processes that generate hazardous wastewater, ensuring that these effluents are properly captured and treated before discharge. These controls help minimise the environmental impact of wastewater and strengthen compliance with relevant discharge standards.

As most wastewater is generated from the employee living quarters, we strictly abide by government regulations and client standards to manage our sewage. We have formulated the Wastewater Treatment Management Procedures to govern our

approach to properly handle industrial sewage and domestic wastewater. We also engaged third-party professionals to conduct sample analysis on the effluent before final discharge to the municipal wastewater network. Additionally, we also report on the volume of wastewater recycled or reused, reflecting our efforts on wastewater management. There were no reported non-compliance cases regarding wastewater discharge observed in 2025.



27. The Group complies with applicable wastewater related laws and regulations in its operating regions, including the *Water Pollution Prevention and Control Law* of China, the *Water Pollution Control Ordinance* of Hong Kong, *Water Pollution Control Act* of Taiwan, and the *Law on Environmental Protection No. 17/2012/QH13* of Vietnam.

WATER STEWARDSHIP

Stella acknowledges the responsibility to manage water resource with utmost care and mitigate our own water footprint. Our water stewardship initiatives reflect a comprehensive approach, integrating sustainable practices and innovative solutions to ensure the responsible use and conservation of water resources. Building on these efforts, we have established new water stewardship commitment and target.

OUR COMMITMENT & TARGET

Reduce

Freshwater withdrawal²⁸ through promoting alternative water sourcing

30%

By 2030, reduce 30% of water consumption intensity from a 2024 base year

Water Management

Through monitoring our water consumption, we identified that canteens, restrooms and living quarters account for the majority of water use across our facilities. This informed our approach to water management, including regular monitoring of water consumption and the implementation of targeted conservation measures. The Group continues to enhance its water management practices and reduce its overall water footprint.

Stella's facilities predominantly locate in regions with low levels of water stress, and our production processes have low water dependency. The Group has not experienced challenges in sourcing water for operations. Also, sites identified through scenario analysis using predictive models as having potential drought risk confirmed there were no drought events with significant water-related impacts in the past five years. These findings are consistent with the outcomes of our climate risk assessment, indicating very low exposure to water-related risks. While no facilities are currently identified as at risk, management remains aware of potential water-related risks and will continue to monitor relevant developments as well as implement preventive mitigation measures.

Water Conservation Measures

We engage with our employees to reinforce awareness of water conservation and encourage responsible water use in daily operations. Water efficient fixtures such as low-flow and sensor faucets have been installed in facilities. Water consumption data is collected monthly to identify potential leaks and anomalies. If consumption exceeds the specified range, investigations are conducted, and timely remedial actions are taken.

Regular checks and maintenance of water ductwork are performed to minimise leakage risks. For hard-to-reach areas, ultrasonic leakage detectors are used to quickly pinpoint and repair leaks, improving the efficiency of our water management system and the durability of our pipelines.

To strengthen water monitoring and management, we started deployment of smart water meters during the Reporting Period to enable real-time tracking of water consumption. The system identified leakage points, resulting in total water saving of over 31,000m³ annually at one of our China factories after leakage repair.

Furthermore, we started implementing rainwater harvesting systems in Vietnam and the Philippines. Rainwater is harvested and used mainly for non-potable domestic use, such as toilet flushing and irrigation. In one of the factories, rainwater supplied around 5% of the building's annual water consumption.

28. Freshwater withdrawal is the total amount of fresh water taken from rivers, lakes, or groundwater (aquifers) for human use, including agriculture (irrigation), industry (cooling, manufacturing), and domestic / municipal needs (drinking, sanitation). Sources of freshwater include municipal, groundwater, and surface water (rivers, lakes).

Chapter 5 —

Weaving Supply Chain Resilience

We believe true supply chain resilience extends beyond operational efficiency, built on strong collaboration, responsible governance and the integration of sustainability principles. By embedding ethical standards, transparency, and long-term thinking into our supply chain practices, we aim to strengthen resilience, manage risk and create sustainable value across the value chain.



WEAVING SUPPLY CHAIN RESILIENCE

A resilient supply chain is the cornerstone of business success and sustainability. By integrating sustainability principles into our supply chain management, we proactively mitigate risks related to environmental challenges, social inequalities, and governance gaps. At Stella, we are committed to fostering strong, collaborative relationships with all stakeholders, ensuring transparency, ethical integrity, and long-term resilience.

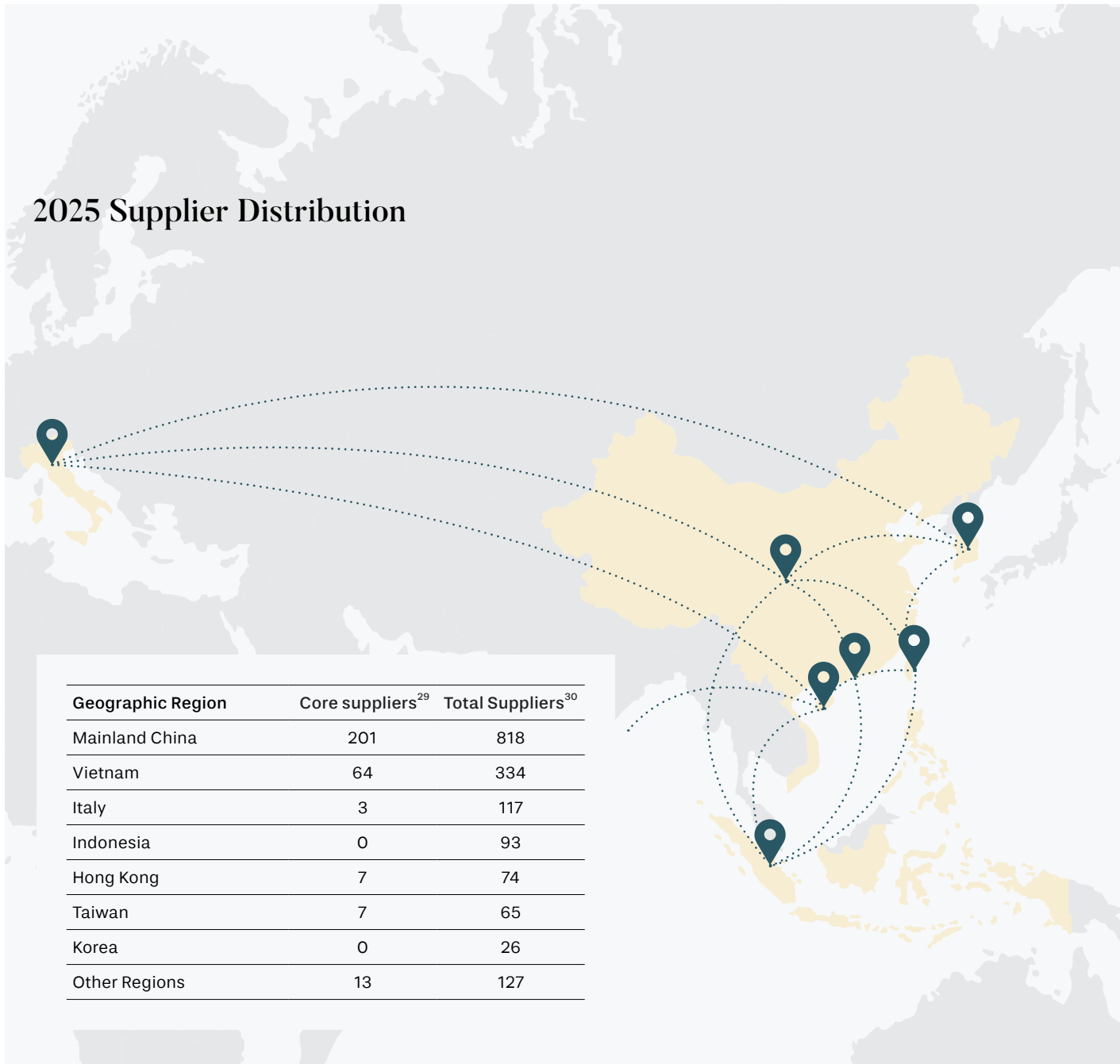
With a diverse network of suppliers supporting our global manufacturing footprint, the Group adopts a structured approach to supplier management integrated with responsible sourcing mechanisms to ensure operational efficiency and quality consistency. Particular focus is placed on our core suppliers, suppliers with whom we have established long-term relationships, and which have been identified for strategic application. Our core suppliers are subject to ongoing engagement and continuous performance monitoring.

Our suppliers are categorised by product categories of Luxury, Fashion, Sport, and Casual. We have placed orders with a total of 1,654 suppliers during the Reporting Period. The following is an overview of the Group's supplier distribution, reflecting how our supply base is organised across regions and supplier categories.

29. Total number of core suppliers with whom Stella placed orders in 2025.

30. Total number of suppliers with whom Stella placed orders in 2025.

2025 Supplier Distribution



Geographic Region	Core suppliers ²⁹	Total Suppliers ³⁰
Mainland China	201	818
Vietnam	64	334
Italy	3	117
Indonesia	0	93
Hong Kong	7	74
Taiwan	7	65
Korea	0	26
Other Regions	13	127

RESPONSIBLE SUPPLY CHAIN

Effective supply chain management is fundamental to the Group's operations and long-term performance. A Group-level Supply Chain Management Policy is in place to ensure fair and equitable partnerships with our suppliers, and to promote a shared commitment to building an ethical and sustainable supply chain. The policy is regularly reviewed to ensure continuous and effective oversight and management of supply chain practices.

Supply Chain Risk Management

Operating a global supply chain exposes the Group to a variety of ESG risks include supply chain disruptions arising from geopolitical uncertainty, climate-related events, and logistics constraints to environmental and social risks associated with supplier practices. Effective supply chain risk management is therefore essential for ensuring business continuity, operational resilience, and responsible sourcing.

To mitigate these risks, the Group promotes supplier localisation as a strategic approach to enhance supply chain resilience and maintain production efficiency. Localising suppliers also contributes to reducing carbon emissions associated with transportation, logistics, and distribution, as discussed in the "[Carbon Footprint and Energy](#)" section. In line with this approach, the Group has established a supply chain localisation targets to guide sourcing decisions and support long-term operational stability.

Supply Chain Management Policy – Highlights³¹

Objective

To establish a structured and resilient approach to managing the Group's end-to-end supply chain. The policy guides sourcing, logistics, and supply planning decisions to support operational efficiency and business continuity, while integrating environmental, social, and governance (ESG) considerations into supply chain management. Through this policy, the Group seeks to enhance supply chain resilience, mitigate disruption risks, and support its sustainability and decarbonisation objectives.

Scope

This policy applies to the Group's supply chain activities across all business units and operating regions, covering sourcing strategies, procurement planning, logistics, and supply chain operations.

Summary

The Supply Chain Management Policy sets out the principles and governance framework for managing the flow of materials, components, and products across the Group's global supply chain. It emphasizes a risk-based and integrated approach that balances operational performance with responsible sourcing and sustainability considerations.

Key focus areas include:

- Define a structured governance framework for end-to-end supply chain management
- Enhance supply chain resilience and continuity to mitigate operational and disruption risks
- Guide sourcing and supply planning decisions to support efficiency and production stability
- Promote supplier localisation and diversification strategies, where appropriate
- Integration of ESG considerations into supply chain decision-making, including environmental and social impacts
- Support the reduction of supply chain-related environmental impacts, such as transportation and logistics emissions

31. The Policy is extracted partially for disclosure purpose.

RESPONSIBLE SUPPLY CHAIN

Supply Chain Localisation Progress³²

	2023	2024	2025	2028 Target
Vietnam	41.8%	41.0%	50.0%	56%
Indonesia	17.0%	24.0%	25.0%	35%
Bangladesh	14.0%	14.7%	18.0%	20%
Philippines	6.7%	5.4%	8.0%	8%

Proactive management throughout the value chain is essential. In addition to managing the environmental impact of business activities, the Group is also conscious of the social impact on the value chain which has a substantial influence on the prosperity of the community. There are considerable social challenges to tackle such as ensuring a safe working environment, business ethics, diversity in the workplace, the prevention of child labour, responsible use of local resources, and the maintenance of high corporate and professional standards. We require our suppliers to consent to the Supplier Social Responsibility Commitment, where they agree to comply with sustainability-related national and local laws and regulations to align their operation practices with Stella's standards.

32. The localisation rate is calculated by dividing the number of local suppliers used by the total number of suppliers.



RESPONSIBLE SUPPLY CHAIN

Supplier Management

We maintain a structured and responsible supplier management framework designed to ensure alignment with our operational reliability, and sustainability standards and commitments. Our dedication in creating a responsible supply chain begins at the stage of supplier selection to supplier engagement and evaluation. We connect with reputable suppliers through referrals from brand customers or our broader industry network.

New suppliers are audited prior to onboarding to assess their operational, environmental and social status. Upon confirmation of the partnership, suppliers are required to submit key documents, including a Restricted Substance Compliance Statement, an Anti-Gift Compliance Agreement, and a Supplier Social Responsibility Commitment, among others.

Similar to our employees, suppliers are required to adhere to our Code of Conduct. Any breach of the submitted documents or the Code of Conduct may result in corrective actions or termination of the supplier contract, where appropriate. We also updated the Anti-Gifts Compliance Agreement in 2025, providing all suppliers with a channel for reporting non-compliance and misconduct. During the Reporting Period, there were no reported instances of non-compliance with anti-corruption laws or regulations within our supply chain.

We continue to work with our suppliers to advance sustainability, supporting shared and long-term business growth. To uphold responsible sourcing practices and enhance supply chain resilience, we have established a comprehensive Supplier Evaluation System applicable to both new and existing suppliers.

The system assesses the operational performance of all suppliers. During the Reporting Period, 100% of suppliers from whom we placed orders with were evaluated under this system.

For our core suppliers, who are long-term strategic partners, we have further implemented an annual Environmental and Social (E&S) assessment. This assessment covers environmental management and social compliance aspects, helping suppliers to understand Stella's expectations and align more closely with our sustainability commitments.

Under this evaluation framework, suppliers are then assigned to one of four performance tiers, with the results used to inform partnership prioritisation and order decisions.

In addition, the evaluation process during the Reporting Period did not identify any recorded instances of child labour, discrimination, forced labour or prohibition of employees' freedom of association were identified among our core suppliers.

In cases where major gaps are identified, the audit report will outline the required corrective actions along with a specific completion timeframe. A follow-up audit will then be conducted to verify that the issues have been effectively addressed. We will also share the audit results with our brand customers and recommend other eligible suppliers if needed. Suppliers who fail to meet the standards will have their engagement process postponed.



RESPONSIBLE SUPPLY CHAIN

Supplier Evaluation & Grading System

80% Basic
Mass production and sample quality & lead time, R&D Capability

20% Sustainability

- Environmental Management Performance
- Social Compliance Status

Grading	Definition	Implication	Score
A-level	Suppliers with outstanding performance in every evaluation aspect	The partnership will be prioritised and recommended to the brand	85 – 100
B-level	Suppliers with good performance in every evaluation aspect, and have clear improvement plan	The partnership priority follows right after A-level suppliers	75 – 84
C-level	Suppliers only meet basic requirements across every evaluation aspect Stella will not extend the partnership if the improvements are not completed within given timeframe	For Brand's designated suppliers, Stella will share risks and obtain acknowledgment, while offering A-level alternatives	60 – 74
D-level	Suppliers fail to meet basic requirements across the evaluation aspects Suppliers received C-level for two consecutive years, will be deemed unwilling to improve and moved to the D-level list	If the score does not improve and the rating remains unchanged, the supplier will be removed from the list after one	Below 60



RESPONSIBLE SUPPLY CHAIN

2025 Core Suppliers E&S Result ³³

Our core supplier portfolio consists of long-term strategic partners across priority material categories, with the majority located in China and Vietnam.

Environmental Management

42% have adopted the Higg FEM assessment tool

Climate Action

63% have established decarbonisation targets

34% have adopted renewable energy

Energy & Emissions

5% still use coal in operations

Following communication of Stella's 2030 coal phase-out expectations, most suppliers have aligned with the transition timeline

Circularity

↑Recycling

Although landfill and incineration remain in use, we also see an increase in suppliers' exploration of recycling opportunities



Social Compliance

Zero cases of forced labour

Zero cases of child labour

found amongst the core suppliers that were assessed during the Reporting Period

The assessment, coupled with selective onsite inspections, identified few numbers of issues relating to remuneration, overtime working hours, and fire safety.

Appropriate corrective actions have been developed and put in place for implementation to address these findings, including revising remuneration policies and establishing a formal remuneration review process, implementing mechanisms to monitor and approve overtime working hours, and strengthening fire safety arrangements such as evacuation guidance, escape route maps, and emergency lighting.

Overall, the assessment reflects a transition-oriented supplier base, with continued opportunities to deepen standardised ESG practices and accelerate low-carbon and circular transformation.

The Group will continue to review and optimise the assessment system to ensure effectiveness. Targeted guidance and trainings will also be provided to suppliers on material topics to promote performance improvements.

33. All results summarised based on total valid entries of each aspect.

SUPPLY CHAIN ENGAGEMENT

In addition to policies and assessments, building a resilient and responsible supply chain depends on strong, long-term partnerships grounded in trust, transparency and shared accountability. The Group actively engages with suppliers through structured dialogue, regular communication and capacity-building initiatives, recognising that continuous improvement is best achieved through collaboration rather than compliance alone. Engagement is conducted through a combination of online and offline initiatives, including supplier conferences, training sessions and workshops, as well as ongoing digital communication via a dedicated B2B platform through which the Group shares resources, policy updates and new requirements in a timely and consistent manner. Through these engagement channels, we support suppliers in navigating evolving ESG requirements, strengthening operational resilience, and advancing sustainability performance across the value chain.

2025 Supplier Conference

During this Reporting Period, we held our second annual Supplier Conference in Haiphong, Vietnam, bringing together over 50 core suppliers for structured dialogue, capability building and strategic engagement. As Vietnam continues to serve as a core region in our supply chain development, the conference provided an important platform to communicate our evolving priorities and operational expectations.

The event focused on several strategic topics critical to our long-term supply chain transformation. Key discussions covered the advancement of supply chain localisation initiatives, enhancements to our Supplier Evaluation System, and updates on our SBTs and environmental management practices. We have also reinforced our expectations for supplier compliance under the Code of Conduct, particularly regarding business ethics and integrity, labour and human rights, and health and safety.

The conference emphasised the integration of sustainable practices to enhance supply chain resilience, reduce upstream environmental impacts, and drive long-term value creation across our operations. In doing so, we recognised the crucial role our suppliers play in advancing these sustainability goals. Through these discussions, we underscored our commitment to building a responsible, resilient and high-performing supply chain. While reinforcing that continuous improvement and strong governance are shared responsibilities across our supplier network.

This cross-functional collaboration reflects our integrated approach to supplier engagement and sustainability governance, ensuring that operational, environmental and social considerations are embedded consistently across our global supply chain network.



2025 Supplier Conference in Vietnam

SUPPLY CHAIN ENGAGEMENT

Other Supplier Engagements

Beyond the annual supplier conference, the Group continues to engage suppliers through a broader set of programmes and initiatives designed to reinforce alignment, strengthen capabilities and support consistent implementation of our expectations. Together, these engagement mechanisms help extend sustainability discussions beyond key events, promote knowledge sharing, and support suppliers in responding to evolving ESG expectations across the value chain.

Supplier Engagement Platform

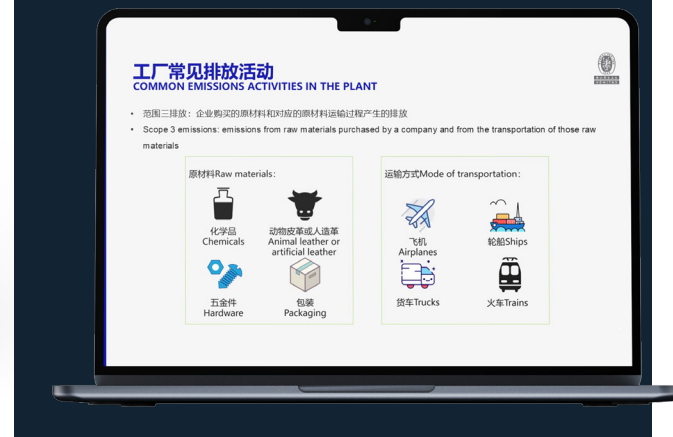
To further foster proactive and transparent communication, Stella's Supply Chain Management team actively engages with suppliers through a dedicated online B2B system. This platform serves as a centralised hub for sharing essential information, including regulatory updates and requirements from brand customers. It also enables the publication of key documents such as assessment results, supplier agreements, and the latest RSL updates. By maintaining an accessible and up-to-date channel, Stella ensures that suppliers remain well-informed and aligned with compliance and operational standards, supporting a responsive and collaborative supply chain.



Supplier Carbon Inventory Training

To support our Scope 3 emissions targets, Stella recognises the importance of accurate and consistent supplier data. In collaboration with external consulting partners, we conducted targeted training sessions for core suppliers to strengthen data quality and reporting consistency, engaging over 200 representatives from our core suppliers.

The training emphasised the crucial role of supply chain collaboration in our decarbonisation journey and provided practical guidance on using our data collection tools effectively. Through this initiative, we are building a more transparent supplier network to help meet our climate targets.



RESPONSIBLE SOURCING

The Group recognises that responsible sourcing is fundamental to supply chain resilience and risk management. Beyond supplier selection and performance evaluation, responsible sourcing focuses on how raw materials are procured, traced and managed across the value chain, particularly in areas where environmental, social or ethical risks may be heightened. As expectations around traceability and transparency continue to evolve, the Group acknowledges the challenges associated with upstream sourcing and is committed to driving continuous improvement in collaboration with suppliers.

Guided by our internal sourcing guidelines and aligned with the requirements of our brand partners, the Group adopts a risk-based approach to responsible sourcing. Key considerations include labour and community impacts, the responsible use of natural resources, product traceability, land use and biodiversity protection, climate-related impacts, as well as business ethics and supplier credibility. These criteria inform sourcing decisions and help ensure that potential environmental and social risks are identified, assessed and managed in a consistent and structured manner.

Through ongoing engagement and collaboration with suppliers, the Group seeks to enhance transparency and traceability across raw material supply chains, supporting responsible production practices and reducing sustainability-related risks associated with material sourcing and product manufacturing. The table here outlines the key sourcing considerations applied to the Group's principal raw materials.

Sourcing Considerations of Stella's Key Materials

Material	LEATHER	FABRIC	POLYURETHANE LEATHER	SOLE
Potential environmental & social impact	Deforestation, animal welfare, labour conditions, and climate change impacts	Water pollution and sourcing, chemical use and leakage, deforestation, microplastic pollution, and labour conditions	Fossil fuel dependency, chemical use and leakage, biodegradability, labour conditions, and intense energy use	Fossil fuel dependency, chemical use and leakage, deforestation, and labour conditions
Business risks or opportunities	<ul style="list-style-type: none"> Traceability of priority raw materials Price fluctuation Regulatory compliance issues 		<ul style="list-style-type: none"> Brand customer expectations and endorsement Market demand Availability of sustainable alternatives 	
Management strategy	<ul style="list-style-type: none"> Enhance supply chain traceability Integrate E&S considerations into annual supplier assessment Implement comprehensive supplier onboarding approval process 		<ul style="list-style-type: none"> Conduct regular training in environmental and social compliance and regulations Set material-specific responsible sourcing target 	

SUPPLY CHAIN ENGAGEMENT

Stella prioritises certified materials and suppliers that hold relevant environmental certifications. We pursue material-specific improvements across key material categories, including leather, fabric, soles, and other fitting components, and prioritise sourcing from suppliers that can demonstrate certification at both the material and organisational levels, where applicable. Responsible sourcing targets have been established to support this approach, and suppliers are expected to maintain compliance and the ongoing validity of relevant certifications.

OUR COMMITMENTS & TARGETS

Traceability

Continuous enhancement of the traceability of key raw materials through requesting and reviewing documentations as part of our procurement process

Responsible Sourcing

Continuous enhancement through prioritising the use of certified and responsibly sourced materials

100%

of leather to be sourced from suppliers with Leather Working Group (LWG) certification by 2028

50%

of eligible materials to be procured with Global Recycled Standard (GRS)/ Recycled Claim Standard (RCS) by 2030

Priority Certifications by Stella



Materials traceability

Cotton

Since 2024, Stella started requiring suppliers to provide a Certificate of Origin (COO) for materials containing cotton. If a supplier cannot provide the COO, our Supply Chain Management team will communicate with brand customers to determine whether an alternative certification, such as a Transaction Certificate, is acceptable. Alternatively, suppliers that can provide the proper COO will be suggested to the brand customers.



Responsible sourcing

Leather

Among its priority raw materials, Stella prioritises responsible leather sourcing. To achieve this, we collaborate with suppliers certified against the most stringent criteria such as the Leather Working Group (LWG). Building on this commitment, Stella has established a new responsible leather sourcing target.



Recycled content

Sole & other applicable materials

Referencing our new responsible material choices target, we also encourage our suppliers for sole, fabrics, metal, and other fitting parts to obtain certification issued by Global Recycled Standard (GRS) and Recycled Claim Standard (RCS).

USE OF SUSTAINABLE MATERIALS

In a world where material choices profoundly impact the environment, Stella is committed to using more sustainable and lower-impact materials. Our dedication goes beyond compliance; it is a proactive effort to identify and prioritise alternative materials that exhibit a lower environmental impact compared to traditional counterparts.

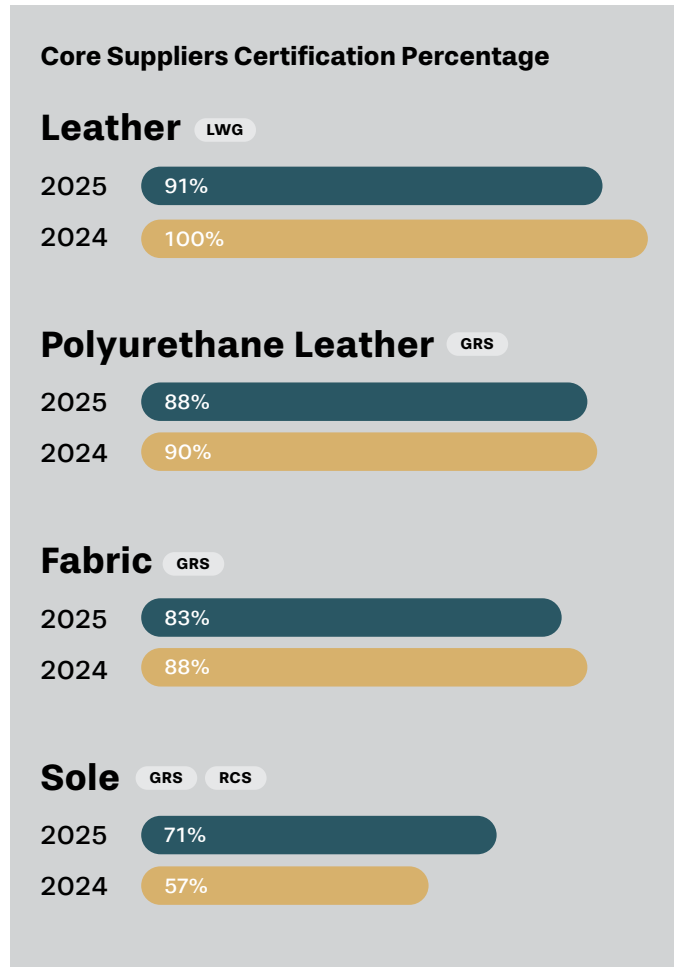
OUR COMMITMENT

100%

Strive to achieve using 100% recyclable materials for packaging

This commitment aligns with our vision for a more sustainable future, where each material decision is a step towards reducing our ecological impact. By leveraging research, innovation, and industry collaborations, we aim to integrate materials that align with our sustainability goals.

Leather, fabric, polyurethane leather, and soles represent some of the largest shares of material inputs in Stella's production. We commit to minimising non-recyclable inputs and expand recyclable, biodegradable, and renewable options. To advance sustainable materials use, we prioritise certified and lower-impact alternatives for these materials where feasible.



Appendix

APPENDIX I: PERFORMANCE AND STATISTICS

Environmental Performance

	Units	2024 ³⁴	2025
Greenhouse gas (GHG) emissions^{35,36,37}			
Total GHG emissions (Scope 1&2)			
Location-based ³⁸	tonnes CO ₂ e	92,085	94,889
Market-based ³⁹	tonnes CO ₂ e	82,660	77,727
Direct GHG emissions (Scope 1)	tonnes CO ₂ e	13,975	10,456
Indirect GHG emissions (Scope 2)			
Location-based	tonnes CO ₂ e	78,109	84,432
Market-based	tonnes CO ₂ e	68,685	67,270
GHG emission intensity (Scope 1&2)			
Location-based	kg CO ₂ e/pair	1.680	1.653
Market-based	kg CO ₂ e/pair	1.508	1.354

	Units	2024	2025
Greenhouse gas (GHG) emissions			
Other Indirect GHG emissions (Scope 3) ⁴⁰	tonnes CO ₂ e	606,713	926,842
Category 1 – Purchased goods and services	tonnes CO ₂ e	490,829	608,744
Category 2 – Capital goods	tonnes CO ₂ e	3,383	4,307
Category 3 – Fuel- and energy-related activities	tonnes CO ₂ e	15,999	17,250
Category 4 – Upstream transportation and distribution	tonnes CO ₂ e	16,149	244,289
Category 5 – Waste generated in operations	tonnes CO ₂ e	39,031	3,085
Category 6 – Business travel	tonnes CO ₂ e	1,203	1,137
Category 7 – Employee commuting	tonnes CO ₂ e	28,194	18,334
Category 9 – Downstream transportation & distribution	tonnes CO ₂ e	2,063	8,074
Category 12 – End-of-life treatment of sold products	tonnes CO ₂ e	9,863	21,622

34. The 2024 figures have been restated after the completion of the ISO 14064 carbon inventory verification.

35. Carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O), hydrofluorocarbons (HFCs) and Perfluorocarbons (PFCs) are included in greenhouse gas (GHG) calculations.

36. GHG emissions are calculated from methodology of the 2006 IPCC Guidelines for National Greenhouse Gas Inventories with reference to databases and emission factors from the General Rules for Calculation of the Comprehensive Energy Consumption (GB/T 2589–2020), the China Products Carbon Footprint Factors Database (2022), the ecoinvent 3.10, the Country Specific Electricity Grid Greenhouse Gas Emission Factors (2023), the UK Government GHG Conversion Factors for Company Reporting, and the US EPA Simplified GHG Emissions Calculator. After selecting the emission factors, the calculated values are converted the respective carbon dioxide equivalent (CO₂e) based on the Global Warming Potential (GWP) of various greenhouse gases. The GWP data used in the calculation is sourced from the IPCC 2022 AR6 report.

37. Our direct and indirect GHG emissions data of 2024 and 2025 were verified by an independent third-party agency; Specifically, the data of Scope 1 and Scope 2 in 2024 is hereby restated according to the verification

results. For the detailed information on the third-party validation for 2024 and 2025 data, please refer to "[Appendix IV – GHG Verification Opinion Certificate](#)" section.

38. Location-based method for indirect carbon emissions (as defined by GHG Protocol Scope 2 Guidance) refers to a method to quantify Scope 2 emissions based on average energy generation emission factors of the grid where the energy is consumed within a defined location (e.g., local, subnational, or national power supply).

39. Market-based method for indirect carbon emissions (as defined by GHG Protocol Scope 2 Guidance) refers to a method to quantify Scope 2 emissions based on the specific electricity sources actually purchased by the Group via contractual instruments (e.g., energy attribute certificates), reflecting our voluntary green energy procurement choices.

40. Our direct and indirect GHG emissions data of 2024 and 2025 were verified by an independent third-party agency. The Scope 3 emission inventory has been developed where the two-year data received verification and hereby was restated. For the detailed information on the third-party validation for 2024 and 2025 data, please refer to "[Appendix IV – GHG Verification Opinion Certificate](#)" section.

APPENDIX I: PERFORMANCE AND STATISTICS

	Units	2024	2025
Energy consumption ⁴¹			
Total energy consumption	GJ	719,968	812,491
Energy consumption intensity	GJ/pair	0.013	0.014
Total Electricity ⁴²			
Non-renewable	kWh	185,897,596	213,229,087
RE – Solar ⁴³	kWh	165,668,088	151,361,974
RE – Wind ⁴³	kWh	18,552,509	52,247,033
RE – Mixed ⁴³	kWh	1,677,000	8,928,000
RE – Mixed ⁴³	kWh	0	692,079
Natural gas ⁴⁴	m ³	24,062	14,645
Diesel	litres	949,734	859,981
Petrol (Unleaded)	litres	365,408	315,151
LPG	litres	169,654	140,751

	Units	2024	2025
Water consumption			
Total water consumption	m ³	1,435,660	1,301,487
Water consumption intensity	m ³ / pair	0.026	0.023

	Units	2024	2025
Waste generation			
Total waste generation	tonnes	12,989	14,259
Non-hazardous waste	tonnes	11,898	12,844
Hazardous waste	tonnes	1,084	1,415
Total waste generation intensity			
Non-hazardous waste generation intensity	kg/pair	0.237	0.248
Hazardous waste generation intensity	kg/pair	0.020	0.025
Packaging material used			
Total packaging materials ⁴⁵	tonnes	23,223	29,321
Usage intensity	kg/pair	0.424	0.511

41. The energy category covers the main energy types that the Group consumed during our operations and excluded the energy consumption that the Group cannot directly control.

42. Total Electricity includes consumption from all sources, including utility power (grey electricity from the grid) and renewable energy (RE).

43. Renewable Energy (RE) includes electricity generated from solar, wind, or other mixed and qualifying renewable sources.

44. The scope of the data included canteen usage.

45. During the Reporting Period, the packaging materials used by the Group were mainly paper in the form of shoe boxes, packing papers, carton boxes and shoe stretchers.

APPENDIX I: PERFORMANCE AND STATISTICS

Employment Statistics

	Units	2024	2025
Workforce			
Total workforce	number of people	63,200	65,400
By gender			
Male	number of people	13,372	13,642
Female	number of people	49,828	51,758
By age group			
18 – 30	number of people	15,117	16,258
31 – 50	number of people	42,176	42,692
51 or above	number of people	5,907	6,450
By geographical region			
Greater China region ⁴⁶	number of people	16,911	15,867
Southeast Asia ⁴⁷	number of people	40,908	44,486
Other regions ⁴⁸	number of people	5,381	5,047
By employment contract			
Direct ⁴⁹	number of people	42,000	45,400
Indirect ⁵⁰	number of people	20,600	20,000
By employment category			
Senior management	number of people	22	25
Middle management	number of people	1,052	1,234
General staff	number of people	62,126	64,141

	Units	2024	2025
Turnover Rate			
Total employee turnover rate	%	30.0	23.8
By gender			
Male	%	32.8	34.7
Female	%	28.9	20.9
By age group			
18 – 30	%	51.9	46.5
31 – 50	%	23.4	16.3
51 or above	%	17.8	16.0
By geographical region			
Greater China region	%	29.9	19.6
Southeast Asia	%	30.3	26.4
Other regions	%	24.2	13.3

46. Includes Mainland China, Hong Kong, Taiwan, and Macau.

47. Includes Indonesia, the Philippines and Vietnam.

48. Includes Bangladesh and others.

49. Direct workers refer to workers directly employed by the Group.

50. Indirect workers refer to workers that are not directly employed but are managed by the Group, such as workers employed by local venture partners and/or business contractors.

APPENDIX I: PERFORMANCE AND STATISTICS

Social Performance

	Units	2024	2025
Development & Training ⁵¹			
Percentage of total employees trained	%	77.6	84.6
Percentage of employees trained by gender			
Male	%	78.9	85.3
Female	%	77.2	84.4
Percentage of employees trained by employee category			
Senior management	%	22.7	68.0
Middle management	%	61.8	91.0
General staff	%	77.8	84.4
Average training hours of total employees	hours	12.0	11.6
Average training hours by gender			
Male	hours	15.0	15.0
Female	hours	11.2	10.7
Average training hours by employee category			
Senior management	hours	3.9	1.9
Middle management	hours	14.5	16.6
General staff	hours	12.0	11.5

	Units	2023	2024	2025
Occupational Health & Safety				
Case of work-related fatalities	number of cases	1	0	0
Rate of work-related fatalities	%	0.0025	0	0
Lost days due to industrial injuries	number of days	2,533	5,007	4,528

	Units	2023	2024	2025
Labour & Human Rights				
Number of strikes or lock-outs events	number of reported cases ⁵²	0	0	0

51. The overall decrease in training statistics this year is primarily due to the development of our new LMS platform. As part of this transition, the structure of training courses has been modified to accommodate for content digitalisation and system setup.

52. A reported case refers to a major strike incident that are investigated and resulted in fines or sanctions imposed by relevant regulatory authorities.

APPENDIX I: PERFORMANCE AND STATISTICS

Supply Chain Statistics

	Units	2024	2025
Number of Suppliers			
By geographical region			
Mainland China	number of suppliers	700	818
Vietnam	number of suppliers	233	334
Italy	number of suppliers	99	117
Indonesia	number of suppliers	50	93
Hong Kong	number of suppliers	67	74
Taiwan	number of suppliers	55	65
Korea	number of suppliers	29	26
Other regions	number of suppliers	98	127
Performance review conducted to suppliers			
Percentage of suppliers evaluated	%	100	100

Products & Services

	Units	2024	2025
Product recalls for safety and health reasons			
Percentage of products recalled	%	0	0

Business Ethics

	Units	2024	2025
Legal cases regarding corrupt practices brought against the Group or our employees			
Total number of concluded legal cases	number of cases	0	0

APPENDIX II: HKEX ESG REPORTING CODE CONTENT INDEX

For further details, please refer to the HKEX ESG Reporting Code.

Part C: “Comply or Explain” Provisions

Subject Areas, Aspects, General Disclosure and KPIs		Sections / Remarks
A. Environmental		
Aspect A1: Emissions		
General Disclosure		Taking Action for the Planet – Environmental Management
A1.1	The types of emissions and respective emissions data.	The Group will improve the data calculation process and consider including relevant data in the future.
A1.2	[Repealed 1 January 2025]	
A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g., per unit of production volume, per facility).	Taking Action for the Planet – Waste and Circularity Appendix I – Environmental Performance
A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g., per unit of production volume, per facility).	Taking Action for the Planet – Waste and Circularity Appendix I – Environmental Performance
A1.5	Description of emission target(s) set and steps taken to achieve them.	Taking Action for the Planet – Carbon Footprint and Energy
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.	Taking Action for the Planet – Waste and Circularity

Subject Areas, Aspects, General Disclosure and KPIs		Sections / Remarks
A. Environmental		
Aspect A2: Use of Resources		
General Disclosure		Taking Action for the Planet – Environmental Management
A2.1	Direct and/or indirect consumption by type (e.g., electricity, gas or oil) in total (kWh in '000s) and intensity (e.g., per unit of production volume, per facility).	Taking Action for the Planet – Carbon Footprint and Energy Appendix I – Environmental Performance
A2.2	Water consumption in total and intensity (e.g., per unit of production volume, per facility).	Appendix I – Environmental Performance
A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Taking Action for the Planet – Carbon Footprint and Energy
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.	Taking Action for the Planet – Water Stewardship
A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Appendix I – Environmental Performance

APPENDIX II: HKEX ESG REPORTING CODE CONTENT INDEX

Subject Areas, Aspects, General Disclosure and KPIs	Sections / Remarks	Subject Areas, Aspects, General Disclosure and KPIs	Sections / Remarks
A. Environmental		B. Social	
Aspect A3: The Environment and Natural Resources		Employment and Labour Practices	
General Disclosure	Taking Action for the Planet – Environmental Management	Aspect B2: Health and Safety	
A3.1 Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Taking Action for the Planet – Environmental Management	General Disclosure	Building Belonging – Occupational Health and Safety
Aspect A4: Climate Change		B2.1 Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Building Belonging – Occupational Health and Safety Appendix I – Social Performance
General Disclosure	[Repealed 1 January 2025]	B2.2 Lost days due to work injury.	Building Belonging – Occupational Health and Safety Appendix I – Social Performance
A4.1 [Repealed 1 January 2025]		B2.3 Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Building Belonging – Occupational Health and Safety
B. Social		Aspect B3: Development and Training	
Employment and Labour Practices		General Disclosure	Building Belonging – Employee Development and Training
Aspect B1: Employment		B3.1 The percentage of employees trained by gender and employee category (e.g., senior management, middle management).	Appendix I – Social Performance
General Disclosure	Building Belonging – Labour and Human Rights; Diversity, Equity, and Inclusion		
B1.1 Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	Appendix I – Employment Statistics		
B1.2 Employee turnover rate by gender, age group and geographical region.	Appendix I – Employment Statistics		

APPENDIX II: HKEX ESG REPORTING CODE CONTENT INDEX

Subject Areas, Aspects, General Disclosure and KPIs	Sections / Remarks	Subject Areas, Aspects, General Disclosure and KPIs	Sections / Remarks
B. Social		B. Social	
Employment and Labour Practices		Operating Practices	
Aspect B3: Development and Training		Aspect B5: Supply Chain Management	
B3.2	The average training hours completed per employee by gender and employee category.	B3.2	The average training hours completed per employee by gender and employee category.
	Appendix I – Social Performance	B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.
			Weaving Supply Chain Resilience – Supply Chain Engagement
Aspect B4: Labour Standards		B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.
General Disclosure	Building Belonging – Labour and Human Rights		Weaving Supply Chain Resilience – Responsible Supply Chain
B4.1	Description of measures to review employment practices to avoid child and forced labour.	B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.
	Building Belonging – Labour and Human Rights		Weaving Supply Chain Resilience – Responsible Supply Chain
B4.2	Description of steps taken to eliminate such practices when discovered.		
	Building Belonging – Labour and Human Rights	Aspect B6: Product Responsibility	
Operating Practices		General Disclosure	Not applicable to the core business of Stella as we do not sell products to end consumers, yet we ensure that applicable regulations are complied.
Aspect B5: Supply Chain Management			
General Disclosure	Weaving Supply Chain Resilience – Responsible Supply Chain	B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.
B5.1	Number of suppliers by geographical region.		Appendix I – Products & Services
	Weaving Supply Chain Resilience Appendix I – Supply Chain Statistics		

APPENDIX II: HKEX ESG REPORTING CODE CONTENT INDEX

Subject Areas, Aspects, General Disclosure and KPIs	Sections / Remarks
B. Social	
Operating Practices	
Aspect B6: Product Responsibility	
B6.2 Number of products and service-related complaints received and how they are dealt with.	Making Beauty with Care – Products and Services
B6.3 Description of practices relating to observing and protecting intellectual property rights.	Making Beauty with Care – Corporate Governance
B6.4 Description of quality assurance process and recall procedures.	Making Beauty with Care – Products and Services
B6.5 Description of consumer data protection and privacy policies, how they are implemented and monitored.	Making Beauty with Care – Corporate Governance
Aspect B7: Anti-corruption	
General Disclosure	Making Beauty with Care – Corporate Governance
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.	Making Beauty with Care – Corporate Governance Appendix I – Business Ethics
B7.2 Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	Making Beauty with Care – Corporate Governance

Subject Areas, Aspects, General Disclosure and KPIs	Sections / Remarks
B. Social	
Operating Practices	
Aspect B7: Anti-corruption	
B7.3 Description of anti-corruption training provided to directors and staff.	Making Beauty with Care – Corporate Governance
C. Community	
Operating Practices	
Aspect B8: Community Investment	
General Disclosure	Building Belonging – Community Investment
B8.1 Focus areas of contribution (e.g., education, environmental concerns, labour needs, health, culture, sport).	Building Belonging – Community Investment
B8.2 Resources contributed (e.g., money or time) to the focus area.	Building Belonging – Community Investment

APPENDIX II: HKEX ESG REPORTING CODE CONTENT INDEX

Part D: Climate-related Disclosures

As Part D: Climate-related Disclosures of the ESG Reporting Code is developed with reference to IFRS S2 Climate-related Disclosures, our climate-related reporting correspondingly addresses the disclosure requirements set out in IFRS S2. Furthermore, our climate-related disclosures are primarily detailed in the "Taking Action for the Planet," "Appendix I – Environmental Performance," and "Appendix III: SASB Content Index" sections.

Pillars	Disclosure aspects	Sections / Remarks
Governance	-	Climate Change Mitigation and Adaptation – Climate Governance
Strategy	Climate-related risks and opportunities	Climate Change Mitigation and Adaptation – Climate Strategy
	Business model and value chain	Climate Change Mitigation and Adaptation – Climate Strategy
	Strategy and decision-making	Climate Change Mitigation and Adaptation – Climate Strategy Stella's climate-related transition plan is under development.
	Financial position, financial performance and cash flows: Current financial effect, Anticipated financial effect	Climate Change Mitigation and Adaptation – Climate Strategy
Climate resilience	Climate Change Mitigation and Adaptation – Climate Strategy	
Risk Management	-	Climate Change Mitigation and Adaptation – Climate Risk Management
Metrics & Targets	Greenhouse gas emissions	Carbon Footprint and Energy Appendix I – Environmental Performance
	Climate-related transition & physical risks	Climate Change Mitigation and Adaptation – Climate Strategy

Pillars	Disclosure aspects	Sections / Remarks
Metrics & Targets	Climate-related opportunities	During the Reporting Period, Stella has yet to quantify the amount and percentage of assets or business activities vulnerable to climate-related opportunities. Moving forward, we will develop a structured approach to assess these vulnerabilities.
	Capital deployment	Climate Change Mitigation and Adaptation – Climate Strategy
	Internal carbon prices	Stella does not currently apply a carbon price scheme in decision-making, but will explore options and opportunities to incorporate carbon pricing considerations in the future.
	Remuneration	Stella does not currently factor climate-related considerations into remuneration policy, but will explore options to incorporate such considerations in the future.
	Industry-based metrics	Appendix III: SASB Content Index
	Climate-related targets	Carbon Footprint and Energy Stella does not currently apply carbon credits to offset its carbon emissions, but will explore options and opportunities to leverage carbon credits in the future.
	Applicability of cross-industry metrics and industry-based metrics	Appendix III: SASB Content Index

APPENDIX III: SASB CONTENT INDEX

Industry Standard for Apparel, Accessories & Footwear

Sustainability Disclosure Topics & Metrics		Sections/ Remarks
Management of Chemicals in Products		
CG-AA-250a.1	Discussion of processes to maintain compliance with restricted substances regulations	Taking Action for the Planet – Chemical and Wastewater
CG-AA-250a.2	Discussion of processes to assess and manage risks or hazards associated with chemicals in products	Taking Action for the Planet – Chemical and Wastewater
Environmental Impacts in the Supply Chain		
CG-AA-430a.1	Percentage of (1) Tier 1 supplier facilities and (2) supplier facilities beyond Tier 1 in compliance with wastewater discharge permits or contractual agreements	Weaving Supply Chain Resilience – Responsible Supply Chain
CG-AA-430a.2	Percentage of (1) Tier 1 supplier facilities and (2) supplier facilities beyond Tier 1 that have completed the Sustainable Apparel Coalition's Higg Facility Environmental Module (Higg FEM) assessment or an equivalent environmental data assessment	Weaving Supply Chain Resilience – Responsible Supply Chain
Labour Conditions in the Supply Chain		
CG-AA-430b.1	Percentage of (1) Tier 1 supplier facilities and (2) supplier facilities beyond Tier 1 that have been audited to a labour code of conduct, (3) percentage of total audits conducted by a third-party auditor	Weaving Supply Chain Resilience – Responsible Supply Chain

Sustainability Disclosure Topics & Metrics		Sections/ Remarks
Labour Conditions in the Supply Chain		
CG-AA-430b.2	(1) Priority non-conformance rate and (2) associated corrective action rate for suppliers' labour code of conduct audits	Weaving Supply Chain Resilience – Responsible Supply Chain
CG-AA-430b.3	Description of the greatest (1) labour and (2) environmental, health and safety risks in the supply chain	Weaving Supply Chain Resilience – Responsible Supply Chain
Raw Materials Sourcing		
CG-AA-440a.3	(1) List of priority raw materials; for each priority raw material: (2) environmental or social factor(s) most likely to threaten sourcing, (3) discussion on business risks or opportunities associated with environmental or social factors and (4) management strategy for addressing business risks and opportunities	Weaving Supply Chain Resilience – Responsible Sourcing
CG-AA-440a.4	(1) Amount of priority raw materials purchased, by material, and (2) amount of each priority raw material that is certified to a third-party environmental or social standard, by standard	Weaving Supply Chain Resilience – Use of Sustainable Materials
Activity Metrics		
CG-AA-000.A	Number of (1) Tier 1 suppliers and (2) suppliers beyond Tier 1	Weaving Supply Chain Resilience – Responsible Supply Chain

APPENDIX IV: GHG VERIFICATION OPINION CERTIFICATE

GHG Verification for 2025

Bureau Veritas Certification



Greenhouse Gases Verification Opinion

is awarded to

STELLA INTERNATIONAL HOLDINGS LIMITED

Bureau Veritas Certification (Beijing) Co., Ltd. was engaged to conduct an independent verification of the greenhouse gases (GHG) emissions reported by STELLA INTERNATIONAL HOLDINGS LIMITED for the period stated below. This verification opinion applies to the related information included within the scope of work described below.

Boundaries covered by the verification:

- Verification site name: 17 facilities under operation control approach of STELLA INTERNATIONAL HOLDINGS LIMITED (See attached page for details)
- Verification site address: Footwear and leather goods manufacturing factories, along with R&D centers, were sampled across China, Vietnam, the Philippines, Indonesia and Bangladesh
- Reporting period covered: 2025-01-01 to 2025-12-31

Organizational boundaries: Activities and facilities of 17 facilities under the operation control approach of STELLA INTERNATIONAL HOLDINGS LIMITED

Reporting boundaries: GHG emissions generated in manufacturing and transportation of men's and women's footwear, sports shoes, and leather goods, along with related management activities within the organizational boundaries of the 17 facilities under the operation control approach of STELLA INTERNATIONAL HOLDINGS LIMITED, as well as significant indirect greenhouse gases emissions.

Emissions data verified under reporting boundaries:

- Category 1: Direct GHG emissions: 10,456.38 tCO₂e
- Category 2: Indirect GHG emissions from imported energy (location-based): 84,432.29 tCO₂e
- Category 2: Indirect GHG emissions from imported energy (market-based): 67,270.48 tCO₂e
- Category 3: Indirect GHG emissions from transportation: 271,834.56 tCO₂e
- Category 4: Indirect GHG emissions from products used by organization: 633,385.55 tCO₂e
- Category 5: Indirect GHG emissions associated with the use of products from the organization: 21,621.83 tCO₂e
- Category 6: Indirect GHG emissions from other sources: Non-significant indirect emissions and not quantified

Total quantified emissions (location-based): 1,021,730.61 tCO₂e
Total quantified emissions (market-based): 1,004,568.79 tCO₂e

Limitations and exclusions: Excluding other non-significant indirect GHG emissions

GHG verification protocol used to conduct the verification:

- ISO 14064-1:2018 Greenhouse gases - Part 1: Specification with guidance at the organization level for quantification and reporting of greenhouse gas emissions and removals
- ISO 14064-3:2019 Greenhouse gases - Part 3: Specification with guidance for the verification and validation of greenhouse gas statements
- Greenhouse Gas (GHG) Protocol Corporate Accounting and Reporting Standard
- Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard

Certification body address: Room 02, 9/F, West Office Building 1, Oriental Economic and Trade City, Oriental Plaza, No.1 East Chang'an Street, Dongcheng District, Beijing, China, 100738
Further clarifications regarding the verification scope of this opinion may be obtained by consulting the organization.
To check this opinion validity please call: +86 10 59683663 or +86 20 83073800
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Bureau Veritas Certification



Level of assurance:

- Category 1 & Category 2: Reasonable assurance
- Category 3 to Category 6: Limited assurance

GHG verification methodology:

- Interview for relevant personnel;
- Review of the documentary evidence;
- Evaluation of the methodology and information systems for data collection, aggregation, analysis and review;
- Audit of sampled sites and data to verify source.

Verification conclusion:

Based on the verification process and findings, the GHG emission data in the GHG inventory report from STELLA INTERNATIONAL HOLDINGS LIMITED is in compliance with ISO 14064-1:2018 Greenhouse gases - Part 1: Specification with guidance at the organization level for quantification and reporting of greenhouse gas emissions and removals.

Statement of independence, impartiality and competence:

Bureau Veritas Group is an independent professional services company that specializes in Quality, Health, Safety, Social and Environmental management with over 190 years' history in providing independent assurance services.

No member of the verification team has a business relationship with STELLA INTERNATIONAL HOLDINGS LIMITED and its directors or managers beyond that required by this assignment. We conducted this verification independently and to our knowledge there has been no conflict of interest.

Bureau Veritas Group has implemented a Code of Ethics across the business to maintain high ethical standards among staff in their day-to-day business activities.

Lead verifier: Hui JIN, Yutong Deng, Stella Hou
No.: EMI26585696GZ-1-9V0GZOG
Version No.: No.1

Verification date: 2026-02-08
Issue date: 2026-03-17


Signed on behalf of
Bureau Veritas Certification (Beijing) Co., Ltd.

Certification body address: Room 02, 9/F, West Office Building 1, Oriental Economic and Trade City, Oriental Plaza, No.1 East Chang'an Street, Dongcheng District, Beijing, China, 100738
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Page 2 of 5

APPENDIX IV: GHG VERIFICATION OPINION CERTIFICATE

GHG Verification for 2024

Bureau Veritas Certification



Greenhouse Gases Verification Opinion

is awarded to

STELLA INTERNATIONAL HOLDINGS LIMITED

Bureau Veritas Certification (Beijing) Co., Ltd. was engaged to conduct an independent verification of the greenhouse gases (GHG) emissions reported by STELLA INTERNATIONAL HOLDINGS LIMITED for the period stated below. This verification opinion applies to the related information included within the scope of work described below.

Boundaries covered by the verification:

- Verification site name: 16 facilities under operation control approach of STELLA INTERNATIONAL HOLDINGS LIMITED (See attached page for details)
- Verification site address: Footwear and leather goods manufacturing factories, along with R&D centers, were sampled across China, Vietnam, the Philippines, Indonesia and Bangladesh
- Reporting period covered: 2024-01-01 to 2024-12-31

Organizational boundaries: Activities and facilities of 16 facilities under the operation control approach of STELLA INTERNATIONAL HOLDINGS LIMITED

Reporting boundaries: GHG emissions generated in manufacturing and transportation of men's and women's footwear, sports shoes, and leather goods, along with related management activities within the organizational boundaries of the 16 facilities under the operation control approach of STELLA INTERNATIONAL HOLDINGS LIMITED, as well as significant indirect greenhouse gases emissions.

Emissions data verified under reporting boundaries:

- Category 1: Direct GHG emissions: 13,975.31 tCO₂e
- Category 2: Indirect GHG emissions from imported energy (location-based): 78,109.26 tCO₂e
- Category 2: Indirect GHG emissions from imported energy (market-based): 68,684.77 tCO₂e
- Category 3: Indirect GHG emissions from transportation: 47,608.21 tCO₂e
- Category 4: Indirect GHG emissions from products used by organization: 549,242.50 tCO₂e
- Category 5: Indirect GHG emissions associated with the use of products from the organization: 9,862.67 tCO₂e
- Category 6: Indirect GHG emissions from other sources: Non-significant indirect emissions and not quantified

Total quantified emissions (location-based): 698,797.95 tCO₂e
Total quantified emissions (market-based): 689,373.46 tCO₂e

Limitations and exclusions: Excluding other non-significant indirect GHG emissions

GHG verification protocol used to conduct the verification:

- ISO 14064-1:2018 Greenhouse gases - Part 1: Specification with guidance at the organization level for quantification and reporting of greenhouse gas emissions and removals
- ISO 14064-3:2019 Greenhouse gases - Part 3: Specification with guidance for the verification and validation of greenhouse gas statements
- Greenhouse Gas (GHG) Protocol Corporate Accounting and Reporting Standard
- Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard

Certification body address: Room 02, 9 / F, West Office Building 1, Oriental Economic and Trade City, Oriental Plaza, No.1 East Chang an Street, Dongcheng District, Beijing, China. 100738
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Bureau Veritas Certification



Level of assurance:

- Category 1 & Category 2: Reasonable assurance
- Category 3 to Category 6: Limited assurance

GHG verification methodology:

- Interview for relevant personnel;
- Review of the documentary evidence;
- Evaluation of the methodology and information systems for data collection, aggregation, analysis and review;
- Audit of sampled sites and data to verify source.

Verification conclusion:

Based on the verification process and findings, the GHG emission data in the GHG inventory report from STELLA INTERNATIONAL HOLDINGS LIMITED is in compliance with ISO 14064-1:2018 Greenhouse gases - Part 1: Specification with guidance at the organization level for quantification and reporting of greenhouse gas emissions and removals.

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Bureau Veritas Group has implemented a Code of Ethics across the business to maintain high ethical standards among staff in their day-to-day business activities.

Lead verifier: Hui JIN, Yutong Deng, Stella Hou, Jie Xiao
No.: EMI26565696GZ
Version No.: No.1

Verification date: 2025-06-16
Issue date: 2025-08-14


 Signed on behalf of
 Bureau Veritas Certification (Beijing) Co., Ltd.

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