

HOP
LUN

HOP LUN

Sustainability
Report 2024

Jan 1, 2024 – Dec 31, 2024

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ABOUT THIS REPORT

Hop Lun is proud to present its fifth Sustainability Report for the calendar year 2024. This report covers material Environmental, Social and Governance activities, operations, and updates conducted by Hop Lun Group and its subsidiaries for the reporting period from January 1, 2024, to December 31, 2024. The data reported for existing active entities is for the reporting period of January to December 2024, while data pertaining to the newly acquired entity, PH Garment with factories in Shilong, Guangxi, China, and Cumilla, Bangladesh, is from June to December 2024. This entity was acquired by Hop Lun Group in June 2024.

This report has been developed by Hop Lun's Sustainability Team in collaboration with all its major departments. It is prepared with reference to the Global Reporting Initiative (GRI) Universal Standards and is aligned with the UN Sustainable Development Goals (UN SDGs). We have presented the alignment of this report with applicable UN SDGs in the corresponding report sections. This report also captures additional information in its appendices on the following:

1. Hop Lun's alignment with GRI 2 - General Disclosures;
2. Hop Lun's performance against our ESG financing KPIs;
3. List of our current strategic suppliers; and
4. Certifications acquired by Hop Lun's factories.

If you have any inquiries regarding the report and its disclosures, please feel free to reach out to us by email at sustainability@hoplun.com.

MESSAGE FROM OUR CEO

As your trusted partner, I am proud to share Hop Lun's achievements in our 2024 sustainability journey. This year, we have grown and evolved, driven by our commitment to sustainability and our Vision, Mission, and Values.

In partnership with our major shareholder Platinum Equity, we reached significant milestones, including the acquisitions of **Rainbow West Apparel (RW Designs)**, a woman- and minority-owned swimwear company in California, and **P.H. Garment**, a Hong Kong-based lingerie manufacturer with over 35 years of expertise. These acquisitions expand our capabilities, strengthen product categories, and position us for sustainable growth.

We are proud to have joined the **United Nations Global Compact (UNGC)**, reaffirming our dedication to sustainable development. A key highlight this year was the **Science Based Targets Initiative (SBTi)** validation of our greenhouse gas (GHG) emissions reduction targets, including our goal to achieve Net-Zero emissions by 2050. We are advancing material innovation by incorporating sustainable fibers like post-consumer recycled nylon and polyester, which reduce GHG emissions by up to 70% compared to traditional materials.

Our people are at the core of our success. In 2024, we maintained **70% female supervisors and 39% female managers**, demonstrating our commitment to gender equality and workplace diversity. Across our 13 factories, we enhanced health and safety standards, creating a safer and more transparent supply chain.


These accomplishments reflect the dedication of our employees, supply chain partners, customers, and stakeholders. Together, we are delivering high-quality, fashionable lingerie and swimwear while building a more sustainable and responsible future.

Thank you for your continued support.

Erik Ryd
Chairman and CEO, Hop Lun




ABOUT HOP LUN




1992

Year Hop Lun was founded




13

Wholly owned & operated factories




30,572

Employees




3

Manufacturing countries*



\$548m

Total sales in 2024 (USD)



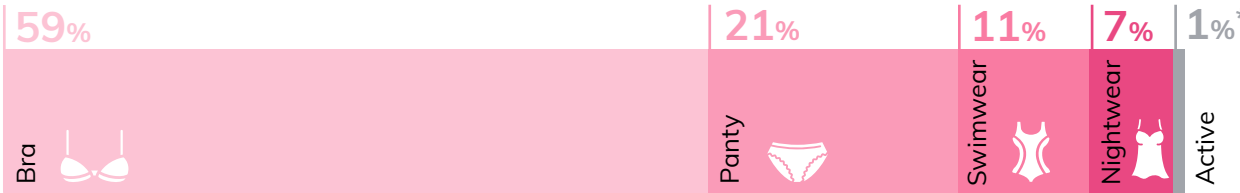
450+

Sewing lines

* China, Bangladesh & Indonesia as of December 31st 2024



Product category by value



* remaining 1% is due to rounding off

Sales by location



* Rest of the World (RoW)









Customers distribution

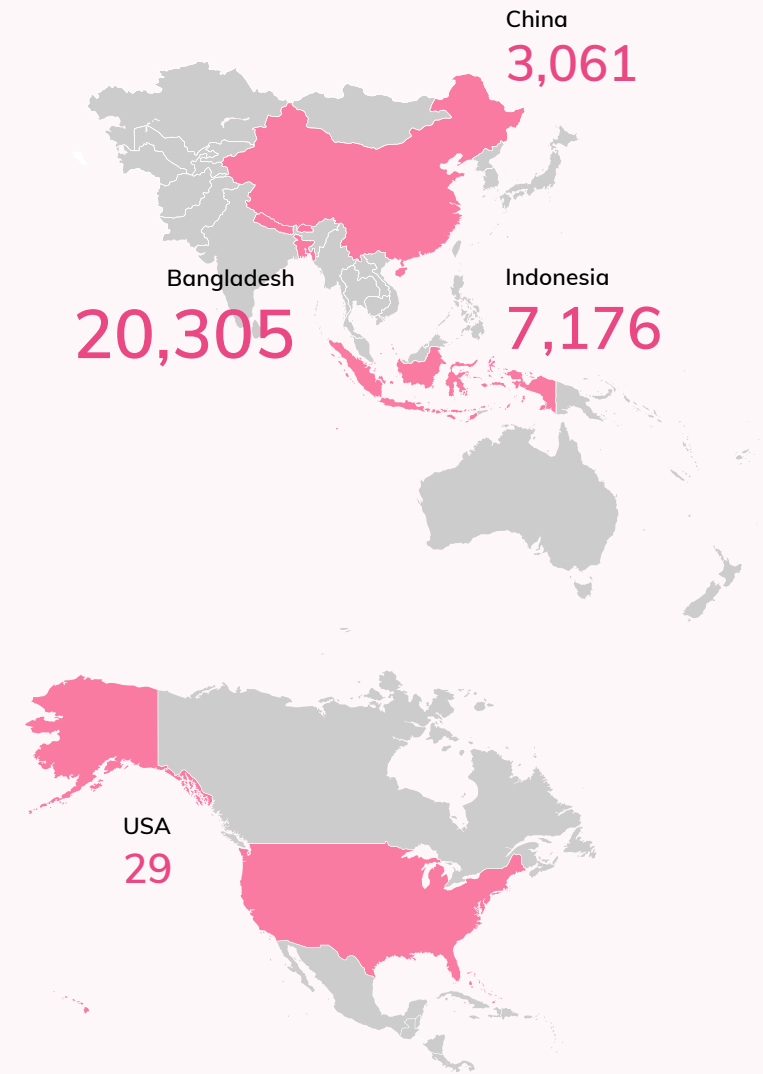


- + Online platforms
- + Physical stores
- + Garment brands
- + General consumer goods brands



WHERE WE ARE

	City	Entity	Activity	Number of employees
China	Hong Kong	HK Head Office		199
		Dorina		14
	Dongguan	DOC		1,124
	Quannan	Quannan		629
	Heyuan	Heyuan		151
	Dongguan (Shilong)	SL		732
	Guangxi	RX		212
Bangladesh	Dhaka	Fashion		5,518
	Dhaka	Heritage		3,456
	Dhaka	Diva		2,936
	Dhaka	Intimate		2,900
	Dhaka	Legend		1,894
	Dhaka	Brands		1,844
	Cumilla	Cumilla		1,757
Indonesia	Semarang	Semarang		2,715
	Boyolali	Boyo		2,164
	Boyolali	Cartini 1 & 2		2,297
USA	Los Angeles			21
	New York	Hop Lun US		5
	Arkansas			3



Activity:



Office



Sample Room



Manufacturing



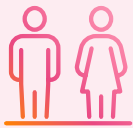
Warehouse

WHO WE ARE



32

Average Age
of Hop Lun's employees



4:1

female / male ratio of
employees in 2024



4

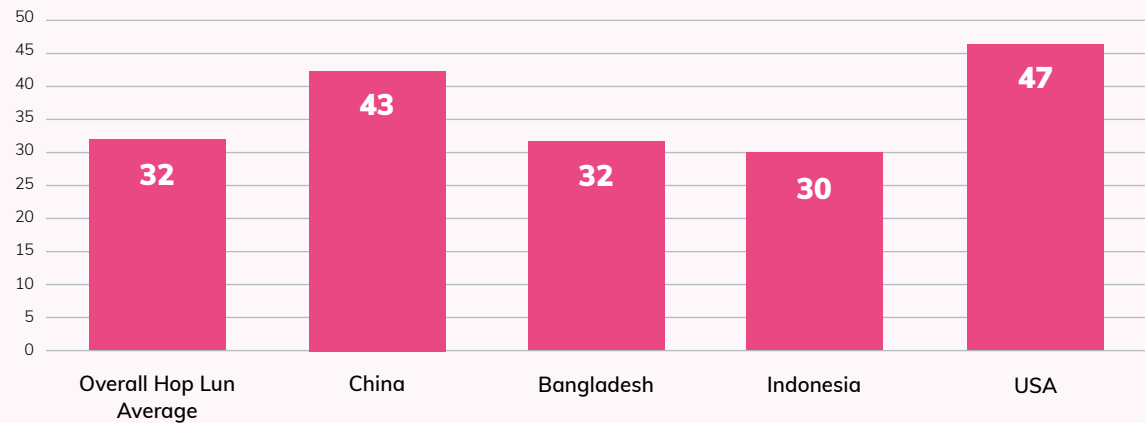
years of
average tenure in Hop Lun



14

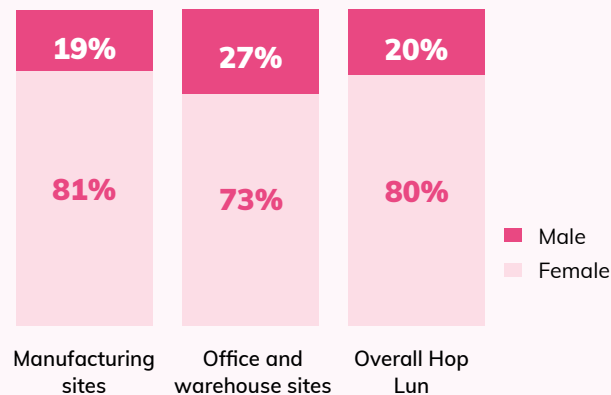
nationalities
represented by
Hop Lun's employees

Average Age of Employees by Country

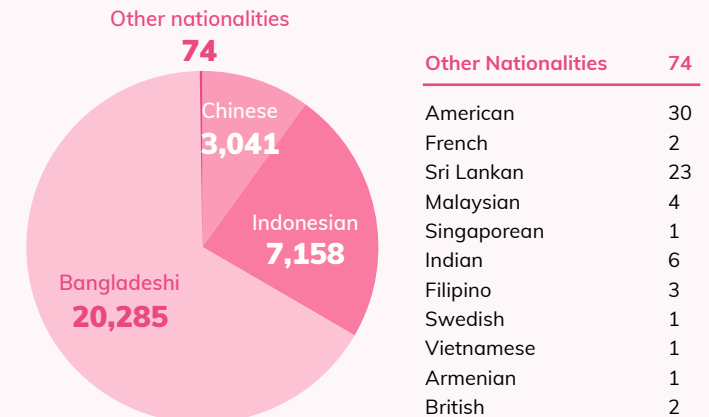


* The methodology for calculating the average age per country and the overall average age of Hop Lun involves rounding off the ages.

Average % of Female vs. Male
across Hop Lun



Number of Employees per Nationality



PEOPLE AT THE HEART OF HOP LUN

HOP LUN AS AN EMPLOYER

We are immensely proud to share that in 2024, our commitment to fostering a supportive and inclusive workplace was recognized through several prestigious awards. These accolades recognize the ongoing efforts at Hop Lun to ensure a safe and healthy work environment, promote leadership capability development and talent attraction and enhance Diversity, Equity and Inclusion, inspiring us to continue to strive to be a responsible employer.

Achievements and Awards

In recognition of our commitment to effective HR practices, we have also been recognized by the HKSAR government's Labor Department by being awarded the Good Employer Charter 2024 certificate, and also received the Caring Company award (2023-24) from the Hong Kong Council of Social Services.

We are dedicated to fostering a healthy workplace environment that attracts top talent and enhances our reputation as an employer of choice. Our commitment to enhancing the workplace has been recognized at prestigious events, including the HR Asia Awards, where we received the "Best Company to Work for in Asia" and "Most Caring Company" award. We are also proud to announce our recognition at the Jobs DB HR Awards 2023/24, where we were awarded the "Employer of the Year" and "HR Innovator of the Year" awards. In 2024, we received LinkedIn's Hiring Rising Star and Best Talent Acquisition team award for leveraging innovative and strategic hiring practices to attract top-tier talent. With a diverse workforce of over 30,000 motivated individuals, our innovative HR practices empower every employee, creating an inspiring holistic work environment where everyone feels valued, supported, and motivated to reach their full potential.



SUSTAINABILITY HIGHLIGHTS



Governance

Strategic suppliers **Higg** vFEM 2024 weighted score of

60.16%

WE SUPPORT



In 2024, Hop Lun become a signatory of

- the United Nations Global Compact
- ZDHC's Roadmap to Zero Programme



Social

Over **70%** of supervisors in our Hop Lun factories are **female**, maintained from last year

Hop Lun Group is recognized as an employer of choice

Re-enforce a standardized and systematic Health & Safety approach among all 13 of our factories



Environment

Official near-term and long-term targets approved by SBTi



SCIENCE
BASED
TARGETS

↓ **40%** of GHG emissions per Standard Minute Value (SMV)



GOVERNANCE: *Disclosure and Transparency*



In 2024, we became a signatory of the United Nations Global Compact (UNGC), aligning our ESG commitments and operational direction with its principles. The initiative is a voluntary leadership platform for the development, implementation and disclosure of responsible business practices, and we joined thousands of other companies globally committed to taking responsible business action to create the world we all want.

We also carry out regular audits of our operations and supply chain, which helps identify sustainability hotspots across our value chain. Transparency across our value chain includes whistleblower channels and audits to improve the quality of our sustainability disclosures and enhance business performance on our sustainability journey. With the rise of digitalization of company operations, we are strengthening and safeguarding our Information and Technology (IT) systems to protect our value chain-related data and build trust in digital transactions. We are making efforts to improve our sustainability and will continue to share our growth and performance with our stakeholders.

GOVERNANCE
HIGHLIGHTS

Hop Lun became
a signatory to UNGC
in 2024



Increased focus on
cybersecurity and data privacy

SUSTAINABILITY GOVERNANCE

At Hop Lun, our business strategy integrates our short-, medium-, and long-term sustainability goals with oversight by our CEO. The Head of Sustainability, who is responsible for Hop Lun's sustainability reporting, implementation and performance, reports to the CEO.

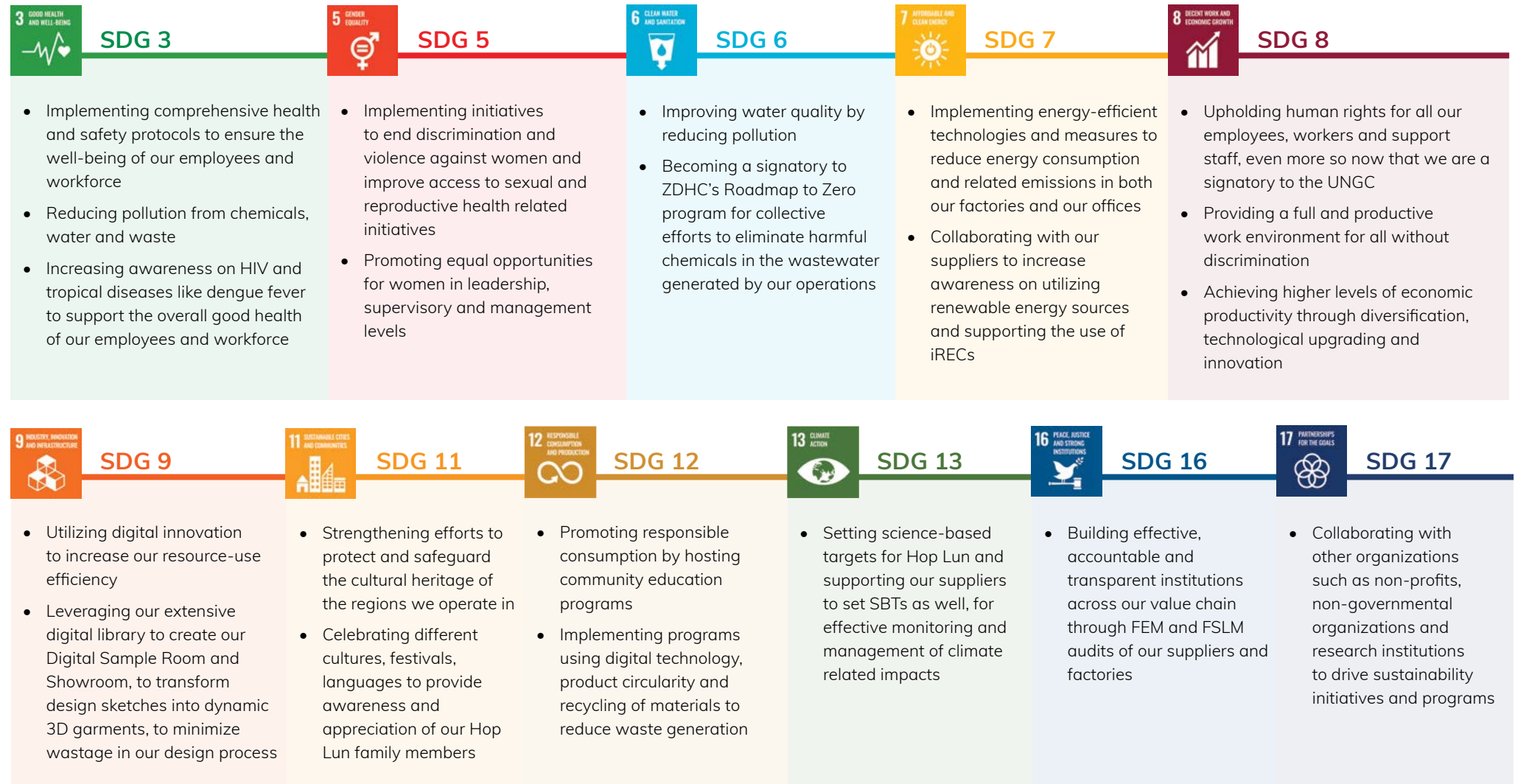
We have established a robust sustainability governance structure to ensure roles and responsibilities are appropriately defined and implemented across all levels within the company. There are heads of department, general managers and local sustainability teams appointed at every factory to oversee the implementation of sustainability initiatives and monitor performance against established sustainability goals and targets. These site teams will report on progress to the central sustainability team based in the head office. The central sustainability team is responsible for:

- Reviewing Hop Lun's long-term business strategy from the company's sustainability risks and opportunities, goals, targets, material topics, and performance; and
- Monitoring compliance with any applicable laws and regulations regarding sustainability issues in the jurisdictions where Hop Lun operates.



ALIGNMENT WITH THE UNSDGs

This year, one of our main goals was to align our sustainability journey with the UNSDGs, helping to justify and direct our approach to environmental, social, and governance (ESG) issues. We have identified 11 SDGs which resonate with our sustainability goals and commitments, matching these with the appropriate sections of this report.



AUDITING OUR VALUE CHAIN

At Hop Lun, we are committed to rigorously auditing our operations and supply chain to ensure transparency and accountability, which is vital in establishing leadership within our industry. We understand that regular audits are necessary to validate compliance and adherence to operational procedures and protocols. This approach enhances our operational efficiency and helps our suppliers monitor their sustainability performance.

Auditing our Factories

We conduct regular audits across all of our factories. These audits include factory inspections and walkthroughs to monitor compliance with governance ethics. These include the Hop Lun Code of Conduct, as well as the relevant environment, health and safety, and labor conditions.

Three types of audits were performed in 2024, including Social, Environment, and Materials Traceability. A key performance metric, the non-compliance (NC) rate, is evaluated during these audits to provide a baseline for comparison against best-in-class benchmarks concerning adherence to compliance standards at factories. A total of 126 audits have been carried out across our factories.

We are pleased to report that our factories have shown steady progress in meeting compliance standards. We maintain close communications with our factories to improve compliance throughout our operations, and we are happy to report that some of our factories have achieved notable NC rates that reflect strong compliance, while others are steadily improving. The operations teams at the factories are actively pinpointing areas that require attention to enhance future ratings. In particular, considerable efforts have been devoted to enhancing health and safety compliance through safety awareness training, advocating the appropriate use of personal protective equipment (PPE), and embedding health and safety practices within the workplace.

We remain committed to further improving our NC rates, with a specific emphasis on our newly acquired factories.



Auditing our Supply Chain

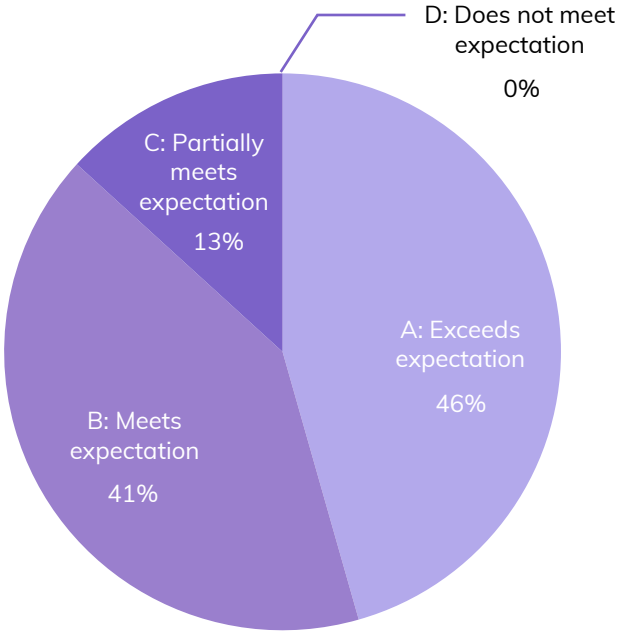


Building upon our successful audits from the previous year, we conducted a total of 68 site audits this year. Out of these, 59 audits achieved the desirable Grade A and B classification, accounting for a good performance by our suppliers. It is worth noting that no sites received a Grade D classification, indicating the success of continuous collaboration and support from Hop Lun for our suppliers. These results highlight our team’s relentless pursuit of excellence in site audits, with a consistent focus on achieving Grade A and B classifications. This year, a higher percentage of our suppliers achieved a desirable rating including the new acquisitions.

By maintaining our company standards and addressing any shortcomings swiftly, we strive to ensure that our Tier 2 suppliers meet and exceed expectations. We are committed to continually improving our processes and enhancing the quality of our audits.

Supplier Audit Rating 2023 vs 2024						
Overall Rating						
	Participants	A	B	C	D	Fail
2023	76	32	29	13	2	0
2024	68	31	28	9	0	0

Supplier Audit Rating 2024







Suppliers at facility level			
Top 80	Hop Lun US Key	PH Garments Key	New
56	6	5	1

HOP LUN REPORTING MECHANISMS

Empowering employees to voice their concerns is key to a safe and engaging workplace. Hop Lun maintains a strong adherence to ESG compliance through its global policies, which are regularly reviewed for alignment with relevant regulations and international standards. In 2023, two programs were launched for Employee Protection and Empowerment, including the Hop Lun Ethics Line and Hop Lun's Privacy Management Program.

In 2024, we have been working on building a more efficient reporting channel with transparent feedback collection platforms which have been designed to address specific issues effectively. For example, in case any employee has a Human Resource-related grievance, they can contact the Grievance Committee through a formal complaint.

Platforms	Purpose	Who to Contact	When to Use	Examples	Benefits
Communication 	Initial step for expressing concerns or dissatisfaction	Direct supervisor and/or P&C Representative(s)	To address daily issues/ Concerns through direct contact	<ul style="list-style-type: none"> Overwhelmed by workload and need support Misunderstanding about job responsibilities Collaboration issues 	Promotes open dialogue and early resolution
HR Grievance Procedure 	Formal mechanism for unresolved workplace issues	P&C Representative(s)/ Grievance Committee	Formal complaints regarding unresolved issues	<ul style="list-style-type: none"> Discriminatory acts Unfair treatment Policy violations 	Ensure a structured and confidential process for addressing serious concerns
Whistleblowing 	Reporting misconduct, fraud, or ethical violations	Designated whistleblowing channel	To report fraud, corruption, illegal behaviour, or misconduct actions by senior management	<ul style="list-style-type: none"> Harassment Fraudulent Activity Violations of laws or regulations 	Protects whistleblowers and fosters accountability within Hop Lun
External Parties 	Immediate response for safety threats	Police/ External Lawyer/ Trade Union	When immediate safety intervention is required	<ul style="list-style-type: none"> Whitnessing experiencing physical violence Threats to life Suspicious activity endangering employees or company property 	Safeguards individuals at risk through immediate intervention

Some of the Communications Channels we have in place include:

- Hop Lun Ethics Line**
 Comprehensive reporting system at hoplun.ethicspoint.com hosted by a trusted independent third-party
- Corporate Reporting Email**
 Internal reporting system at compliance@hoplun.com

Onsite Physical Suggestion Box

Providing convenient reporting facilities in all our operating facilities

Other channels such as in-person, direct email or phone calls to Hop Lun employees

Hop Lun Ethics Line

Hop Lun rolled out an Ethics Line initiative to confidentially and anonymously report any possible cases of illegal, unethical or improper conduct related to conflicts of interest, fraud, bribery, kickbacks, theft, security, health and safety, discrimination, harassment or any other form of ethical misconduct. More information on this initiative is publicly available on our website ([Hop Lun - Hop Lun Ethics Line](#)).

We conduct an Ethics Line Survey annually to ensure any reported cases are captured and addressed in an appropriate manner. In 2024, we received 100% factory participation for this survey. 97% of respondents were reasonably confident in the management's handling of any grievances raised including its investigation and remediation steps to address it.

GOVERNANCE TRAINING

Reinforcing our commitment to effective sustainability governance across Hop Lun, we conduct regular governance training courses across all our facilities. In 2024, Hop Lun conducted a series of online and classroom training courses covering various corporate governance topics applicable to all of its employees. Some of the topics include:



- + Whistleblowing ("Hop Lun Ethics Line")
- + Health & Safety – Global
- + Anti-bribery and Corruption
- + Anti-Harassment and Discrimination

We believe that with this training every employee will be able to better understand our governance framework, enabling them to navigate regulatory landscapes while operating comfortably within Hop Lun's ethical standards and legal boundaries.

Ethical Leadership Excellence Program 2024-25

As part of our Ethical Leadership Excellence Program for 2024-25, we are committed to providing comprehensive training to all general managers at our factories in China, Indonesia, and Bangladesh. This targeted training focuses on enhancing their communication skills, leadership abilities, and moral education, ultimately aiming to elevate operational efficiency and build a stronger organizational culture across each facility.

A pivotal aspect of this initiative involves collecting pledges from our general managers, which will be prominently displayed in our factories to foster a culture of transparency and accountability. By making these commitments visible, we not only reinforce the significance of ethical leadership but also inspire all employees to actively embrace and uphold our core values and standards.

The impacts of this initiative will be felt widely as we measure progress through regular follow-ups conducted by the main reporting lines of all general managers, ensuring a consistent commitment to ethical practices that resonates throughout our entire organization.



CYBER SECURITY

We are continuously working to strengthen and safeguard our digital systems to protect and secure consumer information, preserve intellectual property, guarantee the integrity and authenticity of digital assets, and promote trust in online transactions. We have provided a snapshot of the various cybersecurity policies, procedures and controls deployed by our IT team in 2024:



Secure and Protect Hop Lun's Cybersecurity

Implement and comply with the Platinum Equity Cyber Essentials 2024 (Total 26 Domains with 324 controls) for comprehensive cybersecurity enhancement, at NIST International standard with final score 96.



24h x 7days x 365 - Cybersecurity Monitoring, alerting, and immediate response to security events

Cybersecurity team sustainable through continuous monitoring for vulnerabilities, threats, and breaches. Regular updates to security software, systems, and protocols are essential in keeping defenses current.



Secure consumer information, preserve intellectual property

Implement policy, procedures and controls to mitigate the risk of data leakage

- Client contractual security commitments
- Third-party supplier and vendor onboarding



Comply with Data Privacy Laws and Regulation

Detail Policy, Procedure and Controls to comply with relevant data privacy laws (GDPR, PIPL, PDPO) and regulations. Self-assessment conducted annually.



Ensure the integrity and authenticity of Hop Lun's digital assets

Strict access controls should be enforced to limit who can access, modify, or delete digital assets. This includes user authentication measures such as strong passwords, factor authentication, and role-based access controls.

Regularly backup digital assets using secure storage solutions to protect against data loss or corruption due to cyberattacks or system failures.



Cybersecurity Optimization

Optimizing cybersecurity solution in place to reduce manual work and enhanced the security level.

Implemented new solutions for cost saving.

SOCIAL: Everyone Matters



3 GOOD HEALTH AND WELL-BEING

Our people are our most valuable asset. Our company values prioritize our employees' well-being and career growth, helping us create a supportive work environment that embodies our belief that 'at Hop Lun, Everyone Matters'.



5 GENDER EQUALITY

This year again we continue to embody our values of equity and equality by maintaining our high proportion of female supervisors at 70%. We have also reinforced and standardized good health and safety practices including fair working hours, competitive salaries and appropriate remuneration across our 13 factories, including the newly added factories.



8 DECENT WORK AND ECONOMIC GROWTH

Continuing our community engagement and social programs from last year, we provided financial assistance to communities affected by natural disasters and orphanages and provided gifts and goodies to employees to celebrate diverse cultural festivals together as a family.



11 SUSTAINABLE CITIES AND COMMUNITIES

In addition, our talent attraction and retention initiatives continue to empower and aid our employees to succeed through training and assistance programs. Our newly launched New Joiner Orientation program has been successful in onboarding our new employees and ensuring their smooth transition into Hop Lun.



12 RESPONSIBLE CONSUMPTION AND PRODUCTION

We are committed to monitoring and improving social and labor conditions across our operations and supply chain. We make use of various social assessment tools to monitor and improve our performance year on year.

At Hop Lun, we believe that our employee and community engagement initiatives and strong partnerships with local organizations allow us to forge deep connections with our local communities, fostering long-lasting relationships.

SOCIAL HIGHLIGHTS

Average injuries per 1000 employees

↓ 12%

in 2024



Achieved

70:30

ratio of female/male supervisors in our factories

86%

of Hop Lun's Bangladesh factories have received RSC certifications

Launched

New Joiner Orientation Program

in 2024



EMPLOYEE HEALTH & SAFETY

Our approach to promoting employee health, safety, and wellbeing at Hop Lun is through consistently implementing standardized health and safety practices across our operations and carrying out regular training and awareness campaigns to ensure our employees are equipped with the necessary resources for a healthier future.

Health and Safety

2024 has been another pivotal year for Hop Lun. With the integration of three more factories and 60% new joiners compared to 2023, we have made additional efforts to reinforce our Health and Safety (H&S) practices and establish standardized H&S conditions across our 13 factories.

In 2024, we once again analyzed the main causes of injuries throughout our operations, with cuts and lacerations remaining the leading injury types.

Hop Lun understands maintaining a high standard of workplace safety is paramount to keeping our employees safe — to this end, we are actively promoting the safe use of machines and tools, as well as the proper use of protection equipment and awareness training on health and safety topics. This year we updated and reinforced our Group Health and Safety policy and guidelines and training programs (including face-to-face and “train-the-trainer” trainings) to ensure that all employees have a good understanding of our H&S measures.

Above all, our employees are made aware of the driving force behind these measures: minimizing our H&S-related non-compliance rate and working towards our zero injuries target. Our dedicated H&S local teams, including on-site doctors and nurses, play a key role in the implementation of these systems.

Injuries per type

+ Cuts	54%
+ Blunt trauma	16%
+ Puncture	21%
+ Others	9%



Number of injuries per 1000 workers

2020	18.1
2021	15.6
2022	13.4
2023	13.3
2024	11.76

SCAN Scores for our other factories – as of December 2024

Factory Name	Scan Score
Semarang	97
Boyo	99
Cartini 1 & 2	199

RSC Scores for Bangladesh factories – as of December 2024

Factory Name	RSC Score
Brands	100
Diva	100
Fashion	100 and 75 for the side building
Heritage	100
Intimate	Applying now
Legend	100
Cumilla	100

All our Bangladesh factories have participated and received the RSC certificate under the Accord program. They achieved a high score of 100 in recognition of the factories being safe and healthy workplaces. Our Indonesia Cartini 1 factory has received the Zero Accident Award for the past four years, and was awarded the Healthy and Productive Female Worker Award in December.

Health and Safety Initiatives

Standardized Health and Safety Guidelines for Factory Operations



This year, Hop Lun has strengthened its H&S standards to reinforce and align guidelines across our 13 factories. The Guidelines cover several topics, including the use of Personal Protective Equipment (PPE), Chemical Management, General Fire Safety, General First Aid, General Factory Electrical Safety, General Factory Hygiene, Air Quality, and Noise Pollution Control.

All colleagues in Hop Lun offices, factories, warehouses and sample rooms have been re-trained in alignment with the updated Guidelines, and we will continue conducting refresher training courses on a regular basis.

We also achieved a 100% participation rate in the in-person and online H&S training sessions carried out across all Hop Lun factories and offices. The purpose of these training sessions was to reinforce our employees' awareness of H&S standards and reduce instances of non-conformance.

In recognition of our continued H&S good practices, our Quannan factory in China received the Work Safety Standardization Certificate and Fire Safety Training award in 2024.

Awareness Campaigns

Hop Lun truly supports and promotes the concept of a safe and healthy workplace. Our HR team continues to identify and conduct awareness programs on health, safety, and wellbeing issues and topics that are most material to our different operating regions. These programs cover a vast range of topics from eye healthcare support and safe ergonomic practices to family planning, HIV and dengue awareness workshops which are covered in more detail in the following sections.

Light & Life

We launched the "Light & Life" initiative to promote the importance of eye health and encourage our employees to take care of their eyes. We make use of interactive mediums such as complimentary eye examinations, and educational seminars to increase awareness of the importance of preserving eye health. This year, we had a total of 5,186 participants, and we carried out 5,106 eye check-ups and distributed 2,044 free spectacles to those who received prescriptions during the event.

In China, we partnered with local hospitals, where 717 participants received eye checks, and 294 pairs of spectacles were distributed. In Indonesia, including Semarang, we conducted 2,510 eye checks and distributed 1,016 spectacles, while in Bangladesh Dhaka, 1,879 eye checks were completed with 734 spectacles handed out.

Professional ophthalmologists have been recruited as part of this initiative to test our workers' eyesight, educate them on daily eye protection measures, and offer exercises to maintain eye health.



Better Standing

The “Better Standing” initiative was introduced to build awareness of the need for good ergonomic support. We provided anti-fatigue standing mats to employees to prevent posture-related problems. We distributed a total of 330 anti-fatigue mats across the factory department, while a further 150 mats were installed in the sewing, quality checking, and packaging departments and 180 mats were placed in the cutting and molding departments.

As part of this initiative, we also conducted training sessions for our workers on the importance of proper standing positions and their impact on their overall health.



We are very happy using the anti-fatigue rubber mat as we can stand comfortably without leg pain or discomfort.

- Junior moulding operator in our Bangladesh factory

HIV Aids Awareness

Hop Lun is aligned to the efforts of the Bangladesh and Indonesia government's drive to combat and prevent Human Immunodeficiency Virus (HIV). We have introduced comprehensive HIV education programs to raise awareness at our factories in both countries and create a supportive workplace.

The training sessions include classroom sessions with medical teams, face-to-face training, video presentations in canteens, informative posters, and voluntary onsite testing. Over 10,000 factory employees participated in these activities across six of our factories in 2024. Cartini 1, our factory in Indonesia, received the HIV Aids Prevention Award (Platinum), acknowledging the success of this initiative.



Dengue Awareness

Hop Lun carries out regular awareness building sessions on dengue fever and its symptoms. As part of this initiative, three of our Bangladesh factories worked together with local and Bangladesh Export Processing Zones Authority (BEPZA) doctors to educate their employees about dengue fever. This included information about its causes, symptoms, prevention, and control, as well as the role of community participation in minimizing the spread of the disease.



Family Planning Program

Our factories in Indonesia and Bangladesh conducted training sessions focused on family planning education and women's reproductive health. Hop Lun collaborated with local NGOs and the Department of Social Services to promote empowerment, child protection, and family planning initiatives. By educating employees on these topics, we contribute to fostering a healthier workplace and empower individuals to make informed decisions about their reproductive health and family planning.

Medical Camps

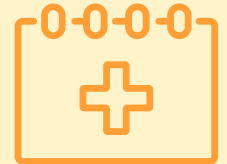
We carry out free medical check camps at our factories to bring workers access to good quality healthcare on their doorstep. This initiative saves time and supports their initial medical check-ups and health awareness.

These check-ups are free and carried out during working hours, allowing employees to prioritize their health without the burden of additional costs or time away from work. Following these assessments, workers can easily follow up with their local doctors and utilize their health insurance for necessary treatments, all while ensuring full confidentiality. Local factory nurses and doctors are available to provide additional information and explanations whenever needed, fostering a supportive environment for employee health.



Free Monthly Medical Check Up

Hop Lun regularly provides medical check-up for our factory employees, which include blood tests, urine tests, thoracic examinations, and echocardiograms. This extensive medical evaluation not only enhances employee health awareness but also helps in early detection and prevention of potential health issues. We believe this level of support can enable our employees to focus on their overall health and have a productive work-life balance.



In our Semarang factory in Indonesia, Hop Lun collaborated with PT Cito Laboratories to provide free tests for diabetic mellitus to all employees. We also identified that some of our colleagues have blood sugar-related issues during a voluntary health check-up. We partnered with Prodia Laboratory and Sarana Medica Laboratory in Indonesia to carry out testing for more than 760 employees and to raise awareness about blood sugar management. Comprehensive lab tests were also conducted for 500 of our employees in Indonesia, in collaboration with Budi Sehat.

Internal Security

We carry out regular internal training sessions across our facilities to promote awareness of internal security practices and ensure implementation at the workplace. In Bangladesh, our team carried out internal training programs in collaboration with different partners such as Bangladesh Rural Advancement Committee on behalf of Nirapon, Ready-Made Garments Sustainability Council for Safety Management System Implementation Program and Société Générale de Surveillance for the Laboratory Services program.



DIVERSITY, EQUITY & INCLUSION

Diversity, Equity & Inclusion (DE&I) is a cornerstone of Hop Lun's values. While we have primarily focused on gender equity in the past, we are now expanding our commitment to include a broader spectrum of diversity, encompassing culture and individuals with disabilities. We strive to ensure that everyone, regardless of gender, disabilities and race, has equal opportunities to advance. Our goal of achieving parity across the various levels of management is just one step towards fostering an inclusive environment that nurtures talent from all backgrounds. We are dedicated to promoting the growth of our employees and ensuring that leadership and management roles reflect the rich diversity of our workforce.

Empowering Women

Women's empowerment is a key DE&I program at Hop Lun. We have several initiatives in place to empower our female employees and colleagues and to support their professional and personal growth. Some of the initiatives captured here include Pink October campaign to increase breast cancer awareness, Orange Days campaign to combat gender-based harassment and violence, and maternity support and workshops for our pregnant colleagues. We want to create a caring work environment, where our employees can feel safe and nurtured.

In this regard, we are making significant strides to support and promote women within Hop Lun's management hierarchy. This year, we have maintained an average of 81% female employees in our factories.



Pink October - Breast Cancer Awareness

This year, Hop Lun is driving increased breast cancer awareness through impactful health talks and essential screenings, equipping our dedicated employees with vital knowledge and preventive care. Our campaign reached 12,000 employees across eight factories in Indonesia, China, and Bangladesh, and included various activities such as informative talks by doctors on breast cancer and guidance on self-examinations and professional check-ups. Female employees in China received onsite breast checks from local clinic doctors, and morning aerobic exercise sessions and healthy food distribution drives were conducted as part of this initiative.

In order to increase awareness of breast cancer, we utilized interactive mediums such as poster and social media campaigns, photo and video contests, and personal testimonies. Our regional factories collaborated with local hospitals, the Bangladesh Breast Cancer Society, and government health offices in Indonesia and China, thereby creating a significant positive impact on the community and enhancing our collective cause.



Proportion of female employees across Hop Lun

Entity name		% of female total employees	% of female supervisors	% of female managers	% of female supervisors + managers
Manufacturing sites					
Bangladesh	Diva	84%	67%	19%	59%
	Legend	82%	66%	6%	53%
	Heritage	83%	72%	32%	60%
	Fashion	84%	67%	14%	55%
	Brands	82%	53%	5%	47%
	Intimate	85%	84%	8%	80%
	Cumilla	68%	41%	0%	38%
Indonesia	Semarang	74%	68%	43%	64%
	Cartini 1	80%	58%	42%	54%
	Cartini 2	80%	58%	42%	54%
	Boyo	74%	59%	53%	58%
China	Quannan	85%	83%	29%	77%
	SL	76%	87%	74%	84%
	RX	88%	81%	100%	82%
Overall manufacturing sites		81%	70%	26%	63%
Office and warehouse sites					
China	Heyuan	42%	21%	0%	18%
	DOC	76%	73%	61%	69%
	HK office	75%	100%	64%	65%
USA	Hop Lun US office	77%	100%	71%	72%
Overall office and warehouse sites		73%	67%	65%	77%
Overall Hop Lun		80%	70%	39%	63%

We continue to hold a strong commitment towards promoting a balanced representation of female and male employees across all levels of the organization. Our objective is not to prioritize women over men but to ensure an equitable distribution in our organization. To support this goal, training for future supervisors (management level one) or managers (management level two) is offered to all employees, with opportunities for promotion chosen equally based on their skills and experience.

Women in leadership roles

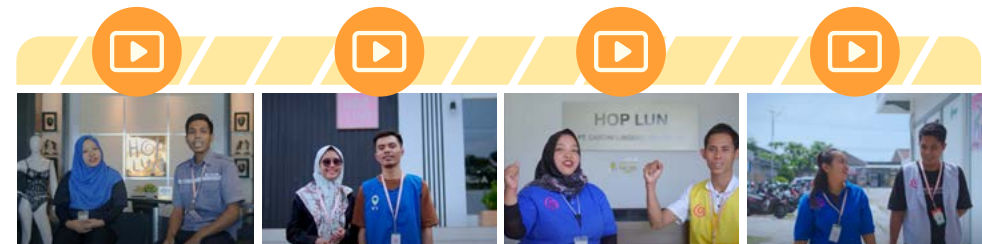
Year	% of women in manufacturing only		% of women in non-production sites	
	Supervisors	Managers	Supervisors	Managers
2023	88%	57%	12%	43%
2024	91%	65%	9%	35%

In 2024, we have achieved the milestone of having women employed in 70% of supervisor roles in our factories. We believe that the next key step for female empowerment is to enhance support from their families to balance their family and work lives.



Working alongside my husband, a sewing operator, I never expected to find myself in a managerial role, as these have traditionally been male-dominated. I am deeply grateful for my husband's support, as he willingly takes on household chores and caring for our children, allowing me to focus on my career.

- A QC cutting supervisor in Hop Lun's Indonesia factory



[Click to view](#)

Orange Days

Hop Lun is committed to the “Orange Days” cause, taking inspiration and aligned to the UN Women campaign “Orange the World”¹. This initiative is to combat violence and harassment against women. In November 2024, we organized a month-long set of events in Bangladesh and Indonesia to support this cause, engaging over 8,000 employees. Through this campaign, we empower both men and women to focus on techniques to prevent violence, recognize victims and signs of violence, and respond effectively to protect themselves and others, including family members and colleagues. By involving both genders, the campaign builds on the crucial role everyone plays in breaking the taboo surrounding violence.

We are also conducting additional gender-based anti-harassment campaigns and training to promote healthy boundaries and prevent gender-based harassment. All training courses include active teaching, games, and activities in the local language.



Maternity Support

We are committed to supporting our pregnant colleagues through various educational drives to ensure their well-being and promote a supportive workplace environment. One of our initiatives included a cake-cutting ceremony combined with an awareness program focusing on the mental health of pregnant employees and the care of newborns. We witnessed first-hand how this event fostered emotional connections and brought joy to new mothers, making them feel honored.



We also organized an awareness program for pregnant women and their supervisors, aiming to inform them about Hop Lun's maternity benefits and the crucial role supervisors play in ensuring the safety of their pregnant employees. This program provided essential information about legal entitlements, empowering pregnant women to understand their rights while equipping supervisors with the knowledge needed to offer appropriate support. Furthermore, we have implemented specific programs for pregnant workers, including providing free iron supplement tablets and nutrition care. We also conducted training classes on balanced nutrition and the importance of dietary supplements. Our “Mom Class” program also features in-class training and physical exercises tailored for pregnant women, promoting both physical health and emotional well-being during this crucial time in their lives.



From July to December 2024, the Cartini factory in Indonesia launched the Healthy, Productive Women Workers Movement, an initiative by Better Work and with support from the Indonesian government. The initiative is for our women employees, including pregnant and breastfeeding mothers. As part of this initiative, we included classes for pregnant workers, counseling sessions on breastfeeding, fitness tests, and group exercise sessions. We also provided classes on family planning, women's reproductive health and health emergency training to ensure preparedness. In recognition of this drive for women's empowerment, we received the 1st place position in the Proper Lactation Room category and 4th best company for our Healthy and Productive Female Worker Program during World Health Day events organized by the local government.

¹ Orange the World | UN Women – Headquarters



Hop Lun Leading Women's Empowerment

In July 2024, Miss Salma Parvin, the Head of Sustainability at the Bangladesh Diva factory, was invited to the Tesco Supplier Ethical Change Maker (TSEC) Program training session in Bangalore, India, to discuss the transformative power of female empowerment. As a passionate advocate for women's rights, Salma highlighted how empowering women within organizations, like Hop Lun, not only enhances individual performance but also drives overall business success. She showcased a range of innovative programs and activities designed to uplift women and promote gender equality, serving as an inspiring model for peers to adopt in their own workplaces. Salma's insights underscored that investing in women is a strategic advantage that can lead to a more equitable and prosperous future for all.



Other Women's Events

This year, we have also conducted other women's empowerment initiatives to empower them and strengthen their wellbeing and mental health.

Celebrate Strong and Impactful Women

Our factories in Indonesia celebrate Kartini Day annually on April 21 in honor of the Indonesian national woman hero, Raden Adjeng Kartini. Her legacy of championing access to education for women from all social backgrounds and liberation of women from restrictive traditions and laws is a true motivator for us.

On this day, we organize activities such as encouraging everyone to wear traditional clothing such as the kebaya as a show of support for local culture. A fashion show is also conducted, with the best-dressed person receiving an award. We enjoy promoting other fun, engaging ways to show our support of women's rights, female empowerment, gender justice, and gender equality.



Well-being and Mental Health



At Hop Lun, well-being is vital to our employees' lives and work within the company. Throughout the year, we created safe spaces in dedicated rooms at our local factory clinics where employees can seek out peace and tranquility and conduct training sessions on anti-harassment and conflict resolution topics.

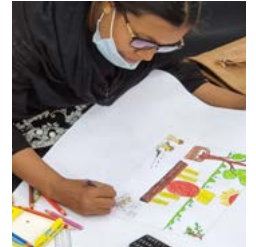


Celebration of Diversity

At Hop Lun, our factories across diverse regions embody a vibrant tapestry of racial and cultural backgrounds. We believe in celebrating the many cultural events, festivals and significant days that our employees hold dear throughout the year, showcasing our support for our diverse workforce.

International Language Day

In recognition of this richness, this year we organized a dynamic Language Day in recognition of the diverse and rich cultural presence at Hop Lun. An impressive 7,000 workers came together to participate in engaging activities, spirited games, and friendly competitions celebrating local languages and their profound cultural significance. This event provided a platform for employees to discover the languages spoken by their colleagues and deepened their appreciation for each other's unique backgrounds. By fostering an atmosphere of camaraderie and respect, we aim to reinforce the strength of our multicultural workforce.



Women's and Men's Day



Women's Day Celebration in Offices

Every year, we organize a series of events to celebrate and empower our female employees and mark Women's Day. Some of the celebrations we organized this year include:

- Handing over thank you letters to all women employees acknowledging their significant contributions;
- Conducting employee interviews (including men and women) for our esteemed women employees to share stories of female strength and inspire collective appreciation for gender equality; and
- Holding a health seminar for our female staff with a complimentary DIY mugwort massage roller activity to promote wellness and relaxation.



Women's Day Celebration in Factories

All of Hop Lun's Bangladesh factories celebrated Women's Day in March. This event aims to acknowledge and appreciate the invaluable contributions of women in our workforce while highlighting the importance of gender equality and empowerment.

Activities such as a cake-cutting ceremony, fun games, and activities were organized, during which welcome gifts of flowers and chocolate were distributed to all female colleagues to honor their hard work.



Men's Day

We genuinely appreciate the distinct contributions our employees make, and aim to celebrate these whenever possible. This year, the Hop Lun Legend factory in Bangladesh celebrated Men's Day by supporting our male colleagues' mental and physical well-being. The event had more than 5,000 participants, especially in Bangladesh. We provided gift hampers and conducted fun-filled activities and games for our male employees. We also created a photo booth and arranged a warm welcome for our workers and their families at the factory entrance, where they were greeted with flowers and chocolates.



SOCIAL INCLUSION

Hop Lun is deeply connected to the communities in which we operate through employee engagement and partnerships with local organizations, including nearby villages and schools.

In 2024, we continued our commitment to providing support to our local communities by making contributions to alleviate the impact of natural disasters such as flooding, and by donating to orphanages. We also provided gifts for celebrations like Eid and Independence Day, recognizing the importance of these occasions in bringing families and communities together. Our involvement extends to local kindergartens, where we have participated in building projects and contributed to cleaning and painting playgrounds. Through these efforts, Hop Lun reinforces our dedication to nurturing and uplifting the communities we serve.

Social Engagement

This year, as part of our social engagement initiatives, we celebrated significant cultural events across different regions and conducted social events such as family day, sports day etc, for our employees to share special moments with their families as well.

Cultural Celebrations

New Year's Day

At our factories in China, Indonesia, and Bangladesh, we celebrate the New Year with enthusiasm and joy to motivate our employees to embrace fresh beginnings and goal setting in their personal and professional lives. These lively festivities kick off with a warm welcome for everyone, featuring beautiful flowers and chocolates. We transform workstations with colorful balloons and decorations to create an inviting, celebratory atmosphere. To further enhance the spirit of togetherness, we host a special lunch and organize a gift exchange, fostering a powerful sense of unity as we all step into the new year together.



Victory Day

Hop Lun celebrates Bangladesh's Victory Day on December 16th to honor the country's spirit of independence and the resilience of the people. This day serves as a reminder of the sacrifices made for freedom and the importance of unity. In recognition of this significant occasion, this year we organized various activities for our workers, including a cake-cutting ceremony and drawing and art competitions, with prizes for participants. These celebrations foster a sense of pride and togetherness, emphasizing our commitment to a brighter future.



Independence Day

In Indonesia, we celebrated Independence Day with vibrant red and white costumes, embodying the spirit of national pride. We organized friendly sports competitions among Hop Lun's factories, enhancing teamwork and community spirit. These celebrations allowed us to share happiness and joy and served as a tribute to our ancestors and our country's rich history.



Cake Festival (Pithautsab)

In Bangladesh's factories, we celebrated Cake Festival Day during December, which coincides with the harvest season, honoring the traditional rice-based cakes, pithas, made from newly harvested rice. To mark this day, our workers come together to bake and sell a range of delicious regional specialties, fostering teamwork and collaboration. Employees proudly wear their most beautiful costumes, displaying colorful embroidery and designs that represent our rich traditions.





Eid Celebration

In Bangladesh and Indonesia, six of our factories organized a special Eid gift distribution program in March. Gifts were distributed to employees and some local community members just before the Eid-ul-Fitr holiday. The gift packages typically included a box of traditional Bangladeshi Semai, cashew nuts, milk, raisins, sugar, various spices, and an additional bonus item. These carefully selected gifts aimed to represent the rich diversity of Bangladeshi and Indonesian cultures.

These events not only aimed to spread joy and the spirit of Eid-ul-Fitr but also supported underprivileged families and individuals by providing essential items and festive gifts.



Fruit Festival

This year, we hosted a fruit festival for our employees in China, providing them with a unique opportunity to engage in the self-picking of Yangmei, also known as red bayberry. This hands-on experience allowed participants to connect with nature and served as a platform for enhancing employee relationships, strengthening team cohesion and promoting a sense of community.

Other Social Programs

Sports Events

As part of our commitment to fostering community and teamwork, we organize friendly sports games that unite employees from various departments in spirited competition. These events provide an inclusive platform for both men and women to share their passion for sports such as volleyball, badminton, and cricket by encouraging friendly rivalry as they compete for prizes and recognition. By offering diverse sporting activities, we aim to promote physical fitness, enhance collaboration, and strengthen colleague relationships.



DOC Family Day

In August, our SL Development & Operations Center (DOC) successfully hosted the educational "DOC Family Day" with the theme "Green Earth - Environmental Little Guardians." This event, designed to be both fun and informative, invited employees' children to experience a day of exploration and learning, featuring a welcome wall signing, a hands-on herbal hammer crafting session, and an educational learning session on environmental conservation hosted by our Sustainability Department.

The children were given a guided tour of the company, allowing them to understand their parents' work environment and roles. In the afternoon, the Design Department hosted a painting workshop, where children created imaginative eco-themed artwork, fostering creativity and environmental awareness. The day concluded with parent-child games in the activity room, enhancing family bonding and togetherness.



Appreciation Week

During our annual Appreciation Week, we encourage all employees to give back and acknowledge the contributions of their colleagues throughout the company. Over 29,000 employees spread across offices and factories in Mainland China, Hong Kong SAR, Bangladesh, Indonesia, and the USA participated and engaged in this meaningful campaign. To kick off the event, all locations held simultaneous ceremonies to foster an inclusive atmosphere, recognizing employees' efforts and setting a positive tone for the week ahead.



A cross-region engagement activity, the Cuisine Recipe Swap, was conducted as part of Appreciation Week inviting our regional colleagues to submit recipes to celebrate their unique cultures. A voting and quiz activity was also organized to set the stage for conversations, which reached a participation rate of over 50% across Hop Lun.

Additionally, we collected language learning clips from employees across various regions, showcasing the phrase "thank you" in their native languages. This initiative emphasizes our appreciation for our organization's rich diversity.

On Thanksgiving, colleagues were encouraged to write appreciation messages on cards to share with coworkers they wanted to thank, further promoting a spirit of gratitude and connection among teams.



Annual Picnic

Every year, annual picnic day transforms our Bangladesh factories into a kaleidoscope of color and joy. In February this year, more than 20,000 colleagues came together to celebrate and have fun through games, sports, and cultural activities. Vibrant concerts were hosted featuring our talented colleagues and beloved local celebrities, inviting everyone to dance in traditional costumes. Gift distributions and thrilling lotteries lit up faces with smiles.

This event became more than just a picnic, instead serving as a cherished shared memory among our colleagues and their family members.



Social Advancements and Opportunities

At Hop Lun, we are committed to support the social well-being of our stakeholders. From volunteering with local community schools, tree plantation drives to blood donation drives and providing prosthetics to our differently abled employees, we continue to provide advancement opportunities for our stakeholders.



Community Support

In Indonesia, we organized a community service event called "Together, Building Collaboration in Harmony" for our employees to volunteer in their local communities. The activities involved repainting buildings and playgrounds in local kindergartens and schools and planting 20 mango seedlings in the local community.



Prosthetics Donation

Extending our support to our employees with different needs, we have donated prosthetic arms to two of our differently abled employees in Indonesia's Boyo factory. These prosthetics will greatly improve their quality of day-to-day life and ensure a supportive workplace for our difable (differently able) employees to continue to thrive in their jobs.



Since 2021, HLQN, our Quannan factory in China, has been hosting regular DE&I symposiums. These symposiums aim to encourage diversity, equity, and inclusion in corporate culture so that our differently abled employees can feel the warmth of Hop Lun. All 500 factory employees attended the symposium this year.



Blood Donation

Hop Lun organized a series of blood donation drives across most of our factories and offices in China, Indonesia, and Bangladesh, inviting employees to participate voluntarily. In cooperation with the Red Cross, these initiatives aim to give back to the community while educating our workforce about the importance of maintaining good health practices. By working together as a team, we supported local communities and fostered a culture of health awareness and social responsibility among our employees.



Tree Plantation and River Clean Up Drives

Hop Lun strongly supports World Environment Day annually on June 5th. We felt a special resonance with this year's theme of "Land restoration, desertification, and drought resilience", which is an issue faced by many in the countries in which we operate. Hop Lun celebrated the day by conducting tree plantation drives across our factories, and nearby schools. We recognize that every small step contributes to a larger movement toward ecological balance, and look forward to taking further steps in the future.



China

Our factory in Quannan, China maintained its greenery cover of 20% (planted area) from last year by caring and nurturing the existing 350 trees planted on site. Although there were no additional trees planted this year, Quannan's dedication to preserving the existing green areas reflects the company's commitment to ecological balance and sustainable practices within its industrial operations.



Indonesia

In Indonesia, our Semarang factory donated 900 sengan tree seedlings to the Environmental Department of Semarang Regency, marking our third year of support for their impactful environmental initiatives.

Sengan trees thrive with minimal soil nutrients and enhance soil fertility, making them perfect for land restoration. These rapid growers can reach up to seven meters in a year and play a crucial role in reducing landslide risks, especially in landslide-prone areas like Semarang Regency. Each tree is estimated to sequester approximately 1 kg of CO₂ annually, resulting in potential savings of around 900 kg of CO₂ each year.

Our factory in Boyo donated 41 avocado tree seedlings to the local community, marking our second year of supporting this local environmental initiative. Apart from reducing the greenhouse effect, avocado plants can also have a positive impact on food security and economic resilience for residents.

Clean Up River (Cartini 2)



Our factory in Cartini, Indonesia worked together with several local environmental departments to support them in their river cleanup drives. A full day "Clean up River" activity was organized in February at a local village river in Karanganyar, Klaten City. This initiative aims to promote environmental awareness and encouraging the reduced use of disposable plastic bottles by the local community.

Five employees volunteered their time and energy to help the community engagement teams to physically dredge the riverbank sites and clear out plastic waste, trash, and other debris. Together, they collected a total of 100 kg of waste.



Bangladesh

Our factories in Bangladesh were excited to donate 786 trees this year, with our Fashion and Intimate factories accounting for 84% of the donated trees.

These green spaces provide essential environmental benefits, such as improving air quality, reducing heat and noise pollution, and enhancing the visual appeal of industrial areas. They also contribute to the well-being of our employees by creating a green, refreshing, and less stressful work environment. Through these collective efforts, we remain dedicated to collaborating with local communities to combat climate change and promote sustainable practices.



TALENT ATTRACTION AND RETENTION

Hop Lun understands that talent attraction and retention is crucial for our organization to succeed, as good talent will directly impact our overall performance and growth. Attracting top talent in a competitive job market ensures we have the skills and expertise necessary to drive innovation and maintain our competitive edge. Moreover, retaining these talented individuals fosters a stable and knowledgeable workforce, essential for achieving Hop Lun's long-term goals. By prioritizing talent attraction and retention strategies, we enhance our organizational culture and create a positive work environment where employees feel valued and motivated to contribute their best efforts.

To enhance our employer branding, we utilize a variety of channels for talent attraction, including social media and collaborations with local universities. By showcasing our awards and recognition, we effectively highlight Hop Lun's reputation and appeal in the job market, making our organization an attractive choice for potential candidates.

In addition to attracting talent, we are committed to fostering employee engagement and retention. We aim to improve internal communication channels to enhance transparency and encourage employee participation. We offer growth opportunities to our employees, such as clear career pathways and skill enhancement training, which contribute to employee satisfaction and help retain top talent.



New Joiner Orientation Program

In 2024, Hop Lun proudly launched the Global New Joiner Orientation Program (NOP), an initiative to welcome new employees into Hop Lun. The program, which is conducted monthly across our operations in Hong Kong, mainland China, Indonesia, and Bangladesh, is an innovative 90-day program which facilitates a smooth transition into new roles within the company.

The NOP has quickly become a cornerstone of our commitment to enhancing our employee experience. Between Q3 and Q4 2024, we saw remarkable participation, with over 400 new joiners completing the program through more than 95 engaging training sessions. The feedback has been overwhelmingly positive; participants expressed appreciation for the workshops and unanimously conveyed that they found the content immensely beneficial.

The program enabled our new joiners to get a good grasp of Hop Lun's background, vision, mission, and values, as well as a clear understanding of our corporate benefits. This dedication to a comprehensive onboarding experience equips our new employees with essential knowledge and sets them on a path toward productivity and engagement. By prioritizing this vital aspect of our organizational culture, we nurture a knowledgeable workforce poised for long-term success.



SOCIAL ASSESSMENTS

At Hop Lun we make use of various social assessments such as the Higg Index and Better Work to standardize environmental and social compliance and management conditions across our operations as well as for our supply chain. Integrating these assessments into our strategy in turn reduces audit fatigue and helps identify performance hotspots for our factories.

Higg FSLM Assessment

Recognizing the need for regular social and labor assessment, we make use of the Worldly/Higg FSLM (Facility Social Labor Module) assessment to evaluate the social responsibility and labor performance of our factories. The index focuses on eight key areas:



- + Recruitment and hiring
- + Employee involvement
- + Working hours
- + Health and safety
- + Wages and benefits
- + Our termination
- + Employee treatment
- + Management system

All Hop Lun Tier 1 facilities, except our Intimate factory in Bangladesh, have successfully completed Higg FSLM Verification in 2024 and have maintained scores consistent with our performance in 2023. However, this year some factories made use of CAF 1.6 for verification without submitting their final scores due to system setting, negatively affecting their scores. Going forward we will standardize these assessments across factories to ensure a consistent scoring methodology.

Better Work

Our Indonesia Factories Graduate from Better Work's Elite Program

We also utilize the Better Work platform to assess our social performance. This year, our factories in Indonesia, Semarang and Cartini 1 and 2 completed the six-month Better Work Factory Ambassador Program (FAP). This makes us one of the first fashion and lingerie factories in Central Java, Indonesia, to achieve this milestone. This accomplishment was positively recognized by our customers, such as American Eagle as well. Our teams have acquired invaluable skills in essential areas such as worker dialogue, safety, and labor standards; this achievement highlights our commitment to industry-leading practices and establishes a sturdy foundation for us to pursue the coveted 'High Performance' level on the platform as our next goal.



Better Work Cycle for 2024

Bangladesh			Indonesia			
Fashion	Brands	Intimate	Semarang	Cartini 1	Cartini 2	Boyo
4th	5th	2nd	11th	11th	3rd	4th

2024 vs. 2023 Higg FSLM Results

FSLM	Bangladesh							China			Indonesia			
Scores/100	Diva	Legend	Heritage	Fashion	Brands	Intimate	Cumilla	Quannan	RX	SL	Semarang	Cartini 1	Cartini 2	Boyo
2024vFSLM	89.1	92.5	87.3	40.0	41.5	Non	83.4	93.9	79.6	72.1	44.4	43.6	43.5	44.5
2023vFSLM	89.6	92.4	89.7	40.2	84.6	Non	81.1	92.9	79.6	82.4	44.1	43.6	43.5	44.2
Variance 2024/2023	-1%	0%	-3%	0%	-51%		3%	1%	0%	-13%	1%	0%	0%	1%

* "Non" indicates that the factory does not have a FSLM score available.



ENVIRONMENT: *Decarbonization Journey*



At Hop Lun we recognize and embrace actions that are aligned with our decarbonization journey and have a positive impact on our environment.

In 2024, we received official validation for our near- and long-term Science-based targets (SBTs). These targets include our main goal of achieving Net-Zero emissions by 2050. We are working to achieve this goal by reducing emissions across our offices and factories.

This year, we have strengthened our circular economy initiatives by increasing the proportion of sustainable materials used in our products. In addition, our extensive Digital Library has enabled our design team to visualize new product designs like 3D product garments, minimizing waste and associated costs. We have maintained our environmental certifications and sourced eco-friendly materials to help our customers enhance the environmental quality of their products. In 2025, we aspire to ensure that at least 10% of our orders incorporate recycled materials.

To further our environmental commitments, we aim to minimize our carbon footprint in manufacturing processes, increase the share of renewable energy used throughout our operations, reduce waste, and lessen logistics and transportation-related impacts.

Goal set to incorporate

10%

of our orders with recycled materials by 2025



↑ 122%

in use of sustainable certified materials since 2020

In 2024,
SBTs approved and validated by SBTi

↓ 55%

by 2033 from a 2021 base year

Net-Zero
by 2050

RESPONSIBLE MATERIALS

Responsible materials is a crucial topic for us at Hop Lun. As a responsible lingerie and swimwear manufacturer, we work to combine digital technology with sustainable materials to reduce our material footprint while designing new and innovative products.

Sustainable Material Use

In alignment with our circular economy initiative, we are committed to sourcing and promoting sustainable materials. We have set a target to increase the use of sustainable materials in our products by 50% by 2033. The incorporation of sustainable materials is expected to significantly influence our Scope 3 Category 1 emissions and is aligned with our SBTi target year. As part of this initiative, we have prioritized the use of post-consumer recycled nylon and polyester, which can offset GHG emissions by up to 70% when compared to conventional fibers.

As we look toward a greener future, we aspire to ensure that at least 10% of our orders incorporate recycled materials by 2025. Starting this year, our material innovation strategy team has provided sustainable alternative material options for all new projects. We plan to expand our portfolio by increasing our proposals for bio-based materials by 2026-27. Next year, we aim to enhance our offerings of post-consumer recycled fabrics, lace, and elastic, focusing on Textile-to-Textile (T2T) recycled polyester. Our ambition is to transition to exclusively using T2T materials by 2030 as part of our circular economy initiative. We are actively collaborating with yarn and fabric suppliers and manufacturing plants to develop T2T materials, especially T2T recycled nylon. This effort extends beyond China as we forge partnerships with fabric and chemical suppliers across Asia to enhance our sustainable practices.

OVER

70%

of our intimates and swimwear use recycled fiber

OVER

31.5%

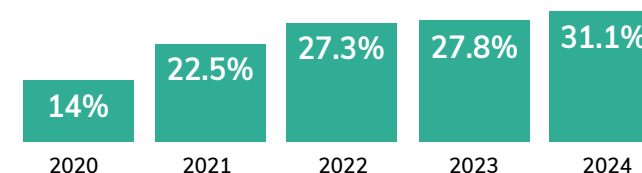
of our orders are using eco-friendly materials

Types of certification

Fabric	GRS, GOTS, OCS, RCS
Lace	GRS, GOTS, OCS
Embroidery	GRS
Mold cup	GRS, RCS
Elastic	GRS
Accessory	GRS, GOTS, OCS, FSC
Packaging	GRS, GOTS, OCS, FSC



Sustainable Certified Materials (%)



LYCRA DAY

Hop Lun is currently collaborating with Lycra to promote their bio-derived Qira, a sustainable material made from field corn, to create spandex fiber. Traditional spandex production relies on fossil-based resources, including oil, coal, and natural gas, which release CO₂ and other GHGs into the atmosphere, contributing to climate change. In contrast, the Qira sustainable material is a game-changer and represents a significant advancement in sustainable spandex production. The corn used in its production comes from regenerative agriculture, a sustainable farming method that not only meets growing demands but also conserves soil quality. The production of Qira results in 44% lower carbon emissions than the production of traditional spandex. Not only does this initiative foster a more sustainable textile and apparel industry, but it also aims to inspire a shift towards more sustainable farming practices.

Digital Product Design

“GO ECO-CONSCIOUS, GO 3D”

In 2024, we created a Digital Sample Room and Showroom which makes use of Hop Lun's Digital Library, a collection of more than 5,000 material swatches. This approach allows us to transform design sketches into dynamic 3D garments, significantly enhancing efficiency and accuracy in product design. By leveraging 3D garment simulation, we can streamline our workflow while minimizing costs. Unlike conventional sampling, which requires physical materials and prototypes, 3D simulations can also enable designers to visualize the drape of various fabrics like mesh, chiffon, and jerseys, each with unique properties, without the associated waste.

Our extensive digital library gives us quick access to design ideas, and we can easily adjust finishing techniques to improve the fit of our 3D garments. The powerful simulation tool allows us to create a range of styles, from simple lingerie to complex swimwear, with intricate details. This approach helps us visualize designs in a complete view and speeds up the cost estimation process, allowing us to finalize styles before production starts. We can present our finished garments through high-quality images, videos, or an online 3D preview, offering flexible options for showcasing our designs.

More than 30% of our samples were designed digitally in 3D, underscoring our dedication to innovative design and development processes.

Digital Library

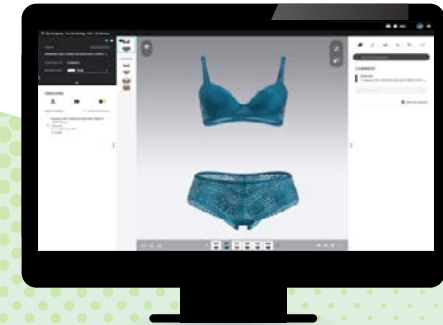
Hop Lun's Digital Library features an impressive collection of 5,000 material swatches (digital cloth hangers), revolutionizing our material management process. By transitioning to a digital format, we significantly reduce the need for large quantities of physical materials, allowing us to propose only essential material swatches.

This innovation minimizes suppliers' submissions, saving courier costs, time, and greenhouse gas emissions associated with transporting materials to our overseas offices. Additionally, it helps us reduce storage requirements and avoid wasteful disposal, enhancing our commitment to sustainability and efficiency in our operations.

3D Software for 3D products



- + *Digital Twins*
- + *Design Smarter*
- + *Unlimited Design*
- + *Diversified Presentation*



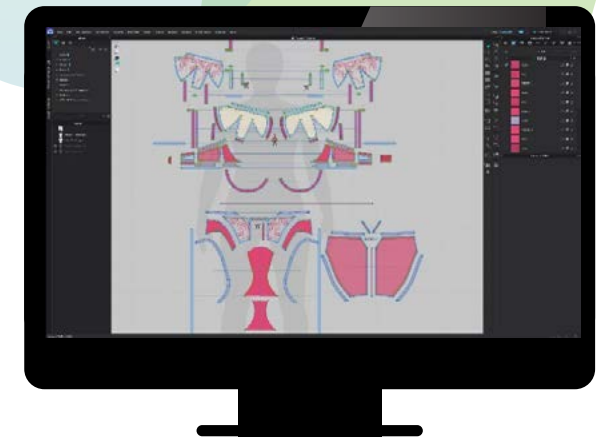
- + *3D Simulation in 360°*
- + *Accurate Materials*
- + *Streamline Process*



**BROWZWEAR
INTERNATIONAL**



**CLO
VIRTUAL FASHION**



DECARBONIZATION ACTIONS

In 2024, Hop Lun Group successfully received official validation from the SBTi for our near- and long-term targets, which are in line with the Paris Agreement and GHG Protocol standards. This validation demonstrates our alignment with our customers and reaffirms our commitment to playing a key role in joint environmental efforts.

SBTi Targets Approval

Near-Term Targets

- ⊕ Hop Lun commits to reduce absolute scope 1 and 2 GHG emissions **55%** by 2033 from a 2021 base year.
- ⊕ Hop Lun also commits to reduce absolute Scope 3 GHG emissions from purchased goods and services, upstream transportation and distribution, and waste generated in operations **55%** by 2033 from a 2021 base year.



Long-Term Targets

- ⊕ Hop Lun commits to reduce absolute Scope 1 and 2 GHG emissions **90%** by 2050 from a 2021 base year.
- ⊕ Hop Lun commits to reduce absolute Scope 3 GHG emissions from purchased goods and services, capital goods, fuel- and energy-related activities, upstream transportation and distribution, waste generated in operations, business travel, downstream transportation and distribution, and end-of-life treatment of sold products **90%** within the same timeframe.

Overall Net-Zero Target

Hop Lun (Hong Kong) Limited commits to reach **Net-Zero greenhouse gas emissions** across the value chain by 2050.



Hop Lun Group received the LIDL prize for our work on SBTi approval

Participation in various supplier summits to align on decarbonization pathway across our supply chain

In September 2024, we took part in the TESCO China Suppliers Summit in Shanghai. We highlighted our dedication to decarbonization and the alignment of our practices with the Paris Agreement and GHG Protocol standards. In December, we also participated as a panelist at the LIDL China Suppliers Summit in Guangzhou, where we shared our achievement in securing approval from the SBTi. Our involvement in these summits demonstrates our leadership in environmental sustainability and motivates and encourages our peers to make significant strides toward their Net-Zero objectives.



Hop Lun's Road to Net-Zero and a Lower Environmental Impact

We have developed a Roadmap to Net-Zero and to lower our environmental impact. This action plan is split across specific initiatives we need to undertake across our operations, supply chain, and our products to achieve these goals. This includes using sustainable materials, retrofitting energy-efficient machines, and increased reporting and traceability.



ACTIONS ON...

Hop Lun Products

- + Use materials with a lower carbon footprint
- + Recyclable, reusable, long-lasting product design
- + 3D Design
- + Support clients on work related to environmental legislation

Hop Lun Factories

- + Use of energy-efficient machinery
- + Green energy onsite production
- + Green energy / certificate generation or procurement
- + Waste reduction initiatives

Our Supply Chain

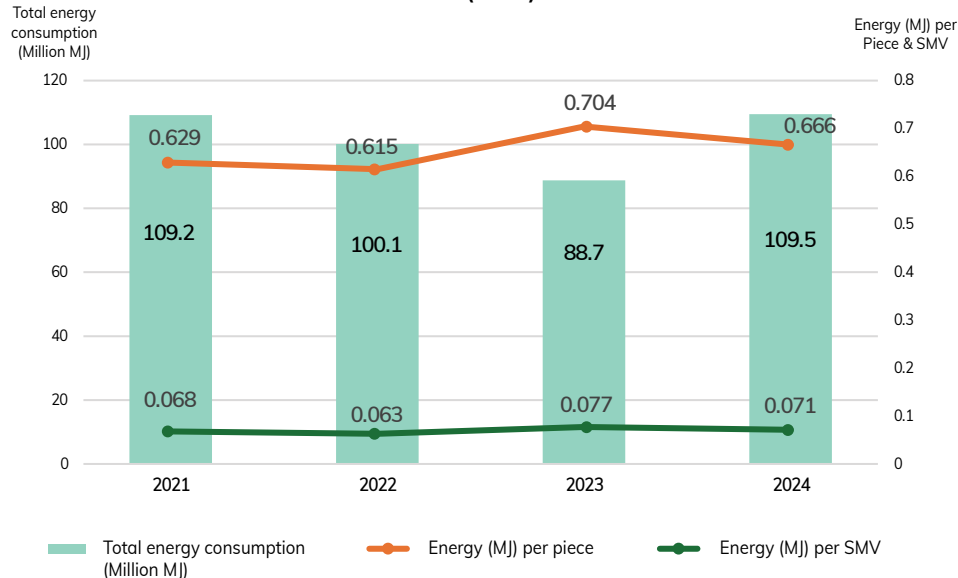
- + Worldly-ZDHC declaration and progress follow-up
- + Material suppliers' GHG emissions targets aligned with SBTi 1.5°C goal
- + Focus on suppliers closer to our factories
- + Focus on renewable energy
- + Use of efficient machinery

Energy Consumption

At Hop Lun, we understand the significance of monitoring the energy consumed for our operations since this will help us identify hotspots where energy-efficient measures can be implemented. In 2024, we recorded that our total energy consumption increased by 23% compared to 2023. This is due to our recent acquisition of three new factories, and the installation of new state-of-the-art bonding machines. These machines help in improving product durability and eliminating the need for traditional sewing methods.

Despite an increase in overall energy consumption, we have achieved a 5% reduction in energy usage per unit of production and an 8% decrease per Standard Minute Value (SMV)² with higher production volumes. This KPI helps us measure the environmental impact due to garment production in our factories. This decrease in energy consumption relative to production output indicates that the company effectively produces more while utilizing less energy. The improvements highlight our focus on enhancing operational efficiency as we scale up production.

Total Energy Consumption and Energy per Piece and Standard Minute Value (SMV) from 2021 to 2024



² Standard Minute Value is a common unit of productivity and production measurement

Greenhouse Gas Emissions

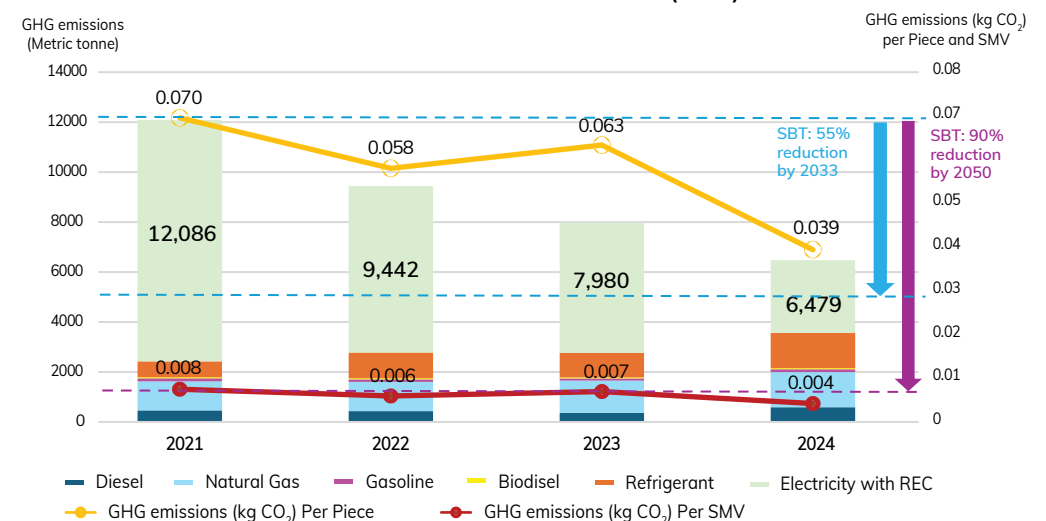
In 2024, we continued to enhance the accuracy of our GHG emissions estimation by adopting updated emission factors and implementing more consistent data collection practices. This involved a transition from a primarily spend-based approach to an activity-based approach, which enabled improved granularity by using specific data related to our actual activities.

Scope 1 & 2 GHG Emissions, Emissions per piece and SMV from 2021 to 2024

One of our key environmental KPIs for ESG financing is GHG emissions (Scope 1 and 2) per SMV. This KPI accurately represents the GHG emissions related to our manufacturing activities. We will continue to work towards reducing our GHG emissions through several decarbonization measures and efforts currently in various stages of implementation in our factories.

Hop Lun prioritizes GHG emissions reduction to progress towards our SBTs, and we are excited to share that in 2024, we have reduced our Scope 1 and 2 emissions by 46% compared to 2021. Although our Scope 1 emissions in 2024 increased by 29% due to the recent acquisition of three new factories and the increased use of refrigerants in our facilities, we have been able to achieve a significant reduction of 44% in our Scope 2 emissions (both location and market-based emissions which include Renewable Energy Certificates (RECs / iRECs) purchased especially in Bangladesh) to achieve this overall decrease. This Scope 2 emission reduction can be attributed to the installation of energy-efficient machinery and equipment across our facilities as well as the purchase of RECs.

Total Scope 1 & 2 GHG Emissions and GHG emissions per Piece and Standard Minute Value (SMV)

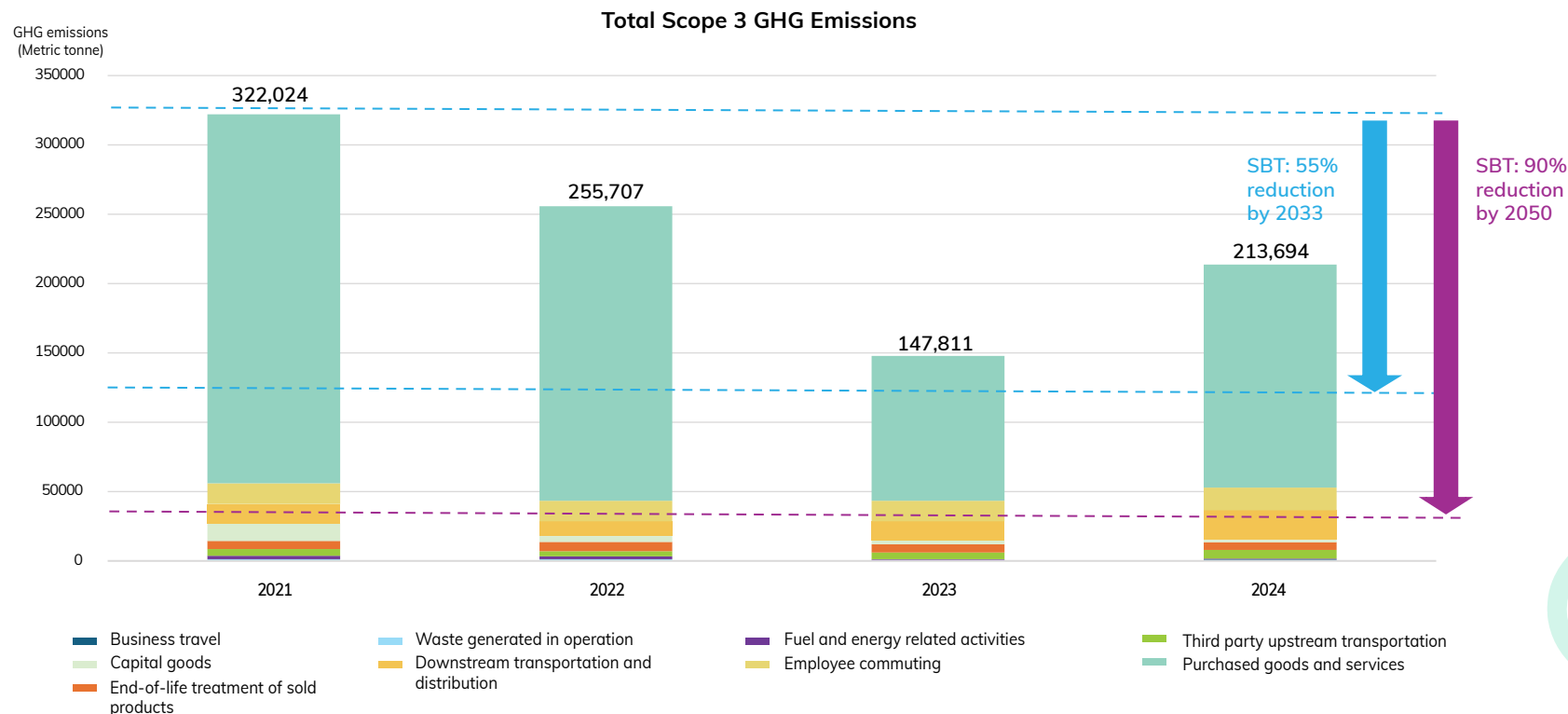


Scope 3 GHG Emissions - 2021 to 2024

Recognizing the importance of supply chain GHG emissions disclosure, Hop Lun has been refining our Scope 3 emissions inventory since 2021. Following best practice, we have aligned our calculations with the GHG Protocol Corporate Value Chain (Scope 3) Standard. Emissions from our supply chain account for approximately 97% of our total carbon footprint. The following Scope 3 categories account for the biggest share of our emissions: purchased goods and services, downstream transportation and distribution, and employee commuting.

This year, Hop Lun achieved a significant milestone by reducing its Scope 3 emissions by 34% compared to a 2021 baseline. This accomplishment is particularly noteworthy given our recent acquisition of three additional factories, which demonstrates our commitment to sustainability and responsible growth. The reduction in Scope 3 emissions was driven by a 40% decrease in purchased goods and services, resulting from our collaboration with suppliers to set GHG emissions reduction targets aligned with the SBTi and the increasing usage of bio-based materials and recycled garments in our products. Additionally, we observed an 87% reduction in emissions linked to capital goods, facilitated by strategic investments in more efficient and sustainable equipment and a conscious reduction in overall capital expenditures.

We will remain dedicated to lowering emissions across various categories, ensuring that our efforts align with our near-term target of a 55% reduction in absolute Scope 3 emissions by 2033.



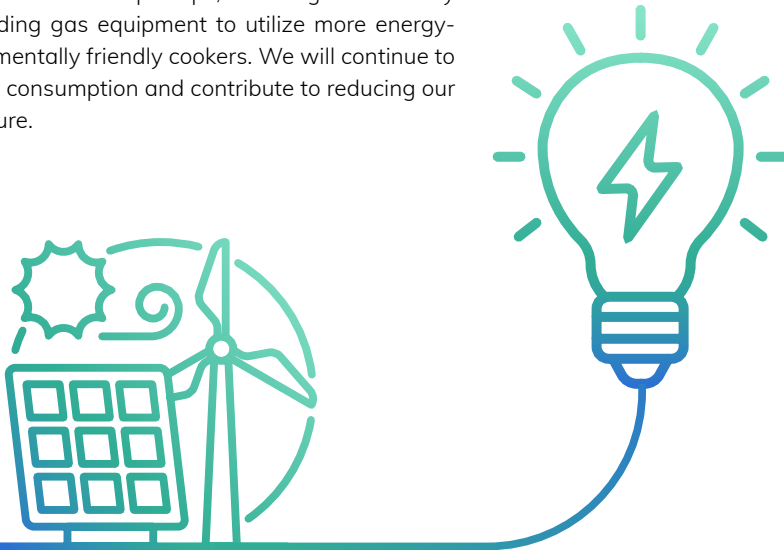
Environmental Initiatives

This section captures the environmental initiatives undertaken to improve energy efficiency and increase environmental awareness of our employees.

Energy Efficiency Measures

Hop Lun is aware that electricity consumption greatly contributes to Hop Lun's GHG emissions. As a result, we have prioritized enhancing energy efficiency across our factories through a multifaceted approach. We conduct regular training and awareness programs focused on controlling electricity usage, ensuring that our employees are equipped with the knowledge to reduce energy consumption effectively. Our facilities in China, Indonesia, Bangladesh and Hong Kong are transitioning away from non-renewable electricity sources by investing in renewable sources such as solar and wind and by purchasing RECs, wherever feasible.

In addition, we have purchased energy-efficient machinery to minimize our electricity usage further. We have installed LED lights for almost all of our facilities to cover 100% of their lighting requirements, and have also installed energy efficient air conditioning units in our factories and replaced our old air compressors with energy-efficient alternatives to reduce energy consumption for our air conditioning needs. In addition to these primary initiatives, we have implemented various measures to reduce energy and greenhouse gas emissions, such as installing switches for workshop lamps, removing unnecessary lighting, and upgrading gas equipment to utilize more energy-saving and environmentally friendly cookers. We will continue to optimize our energy consumption and contribute to reducing our emissions in the future.



Environmental Awareness Training

This year, we have also conducted environmental training sessions across different departments in our factories. These comprehensive sessions are designed to enhance the environmental knowledge base of our employees, ensuring they are well-equipped to make informed decisions that benefit both the company and the environment. By fostering a culture of environmental awareness and responsibility, Hop Lun aims to reduce its ecological footprint and promote sustainable practices throughout the organization. This initiative not only aligns with global sustainability goals but also reflects the company's dedication to the well-being of its staff and the community at large.

Through these efforts, Hop Lun is positioning itself as a leader in environmental stewardship within the manufacturing industry, setting a positive example for other businesses to follow.

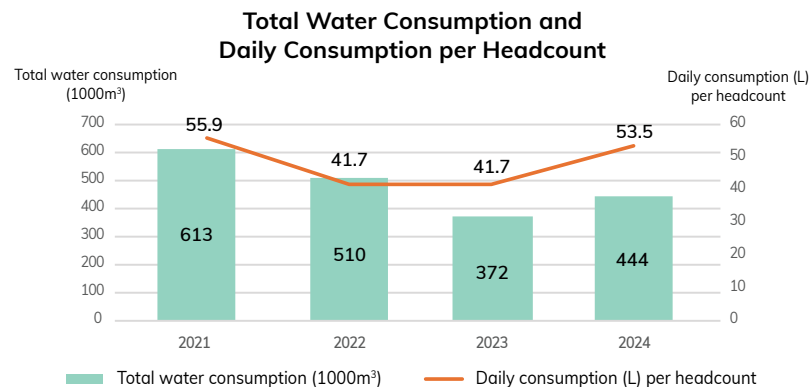


WATER MANAGEMENT

Water Use

At Hop Lun, water consumption is solely for domestic purposes, as we do not have any wet processes included in our manufacturing facilities. In 2024, we observe that the total water consumption has increased by 19% as compared to 2023, while the daily water consumption has increased by 28%. We can attribute this increase to the addition of three new factories. Despite this increase, we are committed to contributing to water conservation in the future, such as regularly carrying out awareness building sessions for our new and existing employees to educate them on using water prudently. These sessions also educate our employees on the effectiveness of our rainwater harvesting infrastructure in our Bangladesh and Indonesia factories.

Note: In this report, we have transitioned to presenting water data based on the calendar year instead of the financial year.

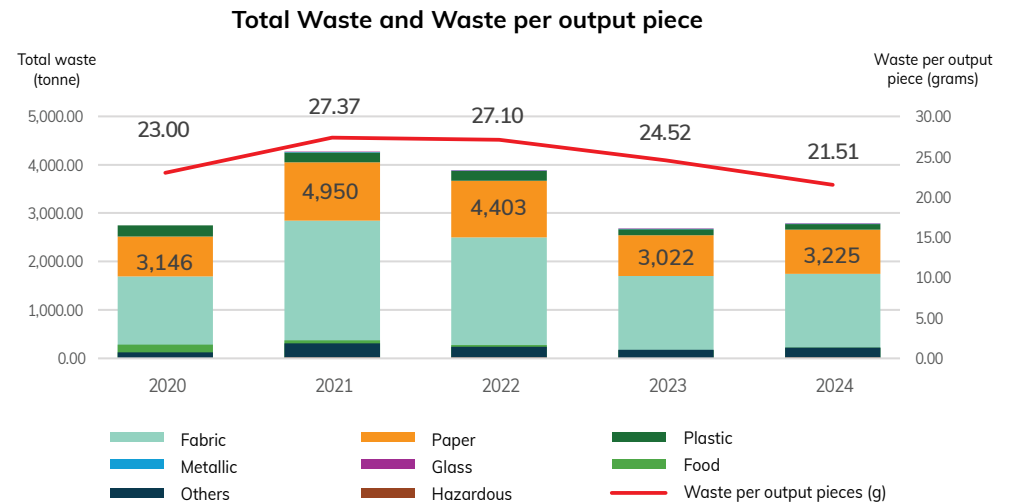


Water Conservation

As a responsible garment producer and manufacturer, we are aware that our activities require a large volume of water. As a result we are committed to conserving water and implementing efficient water management practices across our value chain. By doing so, we aim to minimize our environmental impact and contribute to the sustainable use of water resources. We have installed water sub meters in ten of our factories to monitor our water consumption. This in turn helps us identify water consumption hotspots, enabling us to install appropriate water conservation infrastructure to reduce consumption. We will continue to build water conservation measures into our operations and across our supply chain in the future. Please refer to the [Water Resource Management](#) section for more details on our supply chain's water management actions.

WASTE MANAGEMENT

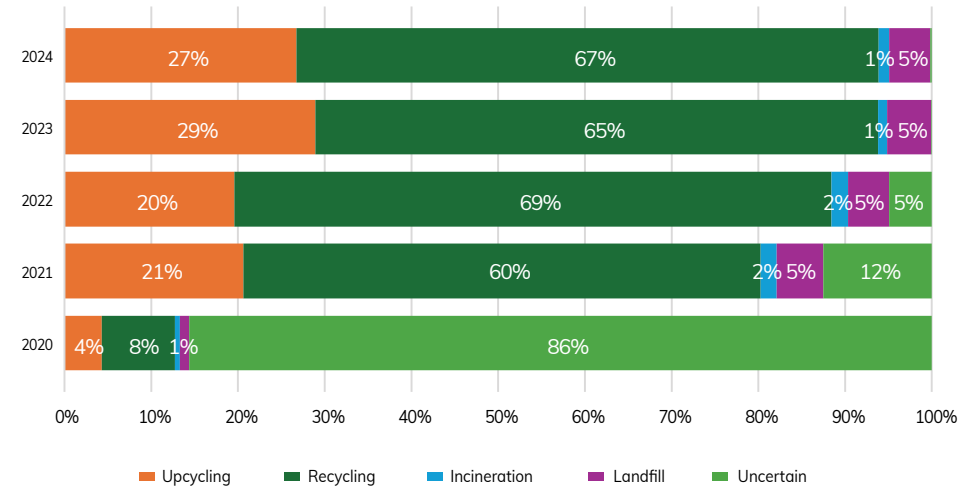
Over the past two years, we have maintained our waste generation at consistent levels. Fabric and paper waste forms a sizable proportion of our non-hazardous waste, while hazardous waste is very minor in comparison. We make use of certified materials that meet high chemical standards and have contributed to enhancing our waste management practices. To further improve our material footprint, we prioritize suppliers actively engaged in circularity, such as those providing polyester textile-to-textile yarn or fabric. Our ultimate goal is to increase the share of recycled or reused waste across all Hop Lun operations to meet our material consumption needs. We have designed waste awareness communication strategies and conduct awareness sessions to garner employee support for this initiative at both our offices and production sites. In 2024, we maintained our waste-to-landfill at 5%, recycling at 67% and upcycling at 27% and are steadily working towards achieving our target.



Waste Disposal (kg) Breakdown for Each Factory

	Recycling	Upcycling	Landfill	Incineration
China				
RX	18,741	0	0	0
Quannan	106,992	0	932	0
SL	80,470	0	0	0
Indonesia				
Cartini 1 & 2	114,853	0	2,882	11,992
Semarang	356,788	0	17,678	0
Boyo	51,534	58,428	1,704	0
Bangladesh				
Fashion	318,159	167,844	32,978	469
Heritage	299,796	219,403	44,390	156
Diva	252,024	96,873	15,418	2,193
Intimate	216,538	156,481	10,065	12,295
Legend	167,181	94,175	12,275	24
Brands	160,254	69,090	13,984	12,571
Cumilla	20,858	567	700	0
Total in %	67	27	5	1

Waste Disposal Breakdown



REPORTING AND TRACEABILITY

We are dedicated to improving our data collection oversight to assist our clients more effectively in addressing environmental challenges. This includes helping them comply with various legal requirements for vigilance, transparency, and environmental accountability. As the complexity of data requirements grow, we look to strengthen our data collection systems to extend our support to our customers in their environmental reporting journey as well.

While we disclose our data through our annual sustainability reports, we also collaborate with clients to share environmental data across various platforms, including ClimatePartner, Worldly, and CDP. This partnership promotes transparency and strengthens our commitment to supporting clients in reaching their sustainability objectives. This year, we will be evaluating our climate change, timber, and water performance and will continue to disclose our performance in upcoming sustainability disclosures.



Higg FEM Assessment

Hop Lun continues to use the Higg Facility Environmental Module (FEM) to assess environmental performance and has transitioned to the most updated FEM 4.0 in 2024. As part of this assessment, we monitor the water use, waste management, and chemical and energy use across our factories to identify hotspot areas and implement various sustainability measures to improve our performance.

2024 vs 2023 Higg vFEM Results														
VFEM		China		Indonesia				Bangladesh						
Scores/100	Quannan	SL	RX	Semarang	Cartini 1	Cartini 2	Boyo	Diva	Legend	Heritage	Fashion	Brands	Intimate	Cumilla
2024 VFEM	92	36	59	68	62	68	76	78	77	58	80	69	56	38
2023 VFEM	86	95	91	91	82	71	81	78	82	81	62	56	63	57
Variance 2024/2023	7%	-62%	-35%	-25%	-24%	-4%	-6%	0%	-6%	-28%	29%	23%	-11%	-33%

SUPPLY CHAIN MANAGEMENT



Hop Lun recognizes the significant impact our supply chain has on our sustainability journey and continues to prioritize competitiveness, cooperation, and ESG matters within our supply chain. We closely monitor and evaluate our own factories and our suppliers through routine audits and awareness building sessions: this year we carried out 68 onsite audits and 121 training sessions, while 142 of our suppliers carried out third-party audits in their facilities.

We value transparency in our operations and across our supply chain. In this regard, we have assessed that more than 90% of our Scope 3 emissions arise from our supply chain's manufacturing processes, including purchased goods and services and the downstream transportation and distribution of the finished goods. As a result, we have integrated our direct supplier's Higg FEM weighted average score as an environmental KPI for our Sustainability Linked Loan financing requirements.

Maintaining traceability and reporting is another aspect we believe is crucial across our supply chain. We firmly believe that understanding the company information, resources, and material origins of our manufacturers, including fabric, accessories, and lace, will reinforce our commitment to responsible sourcing.

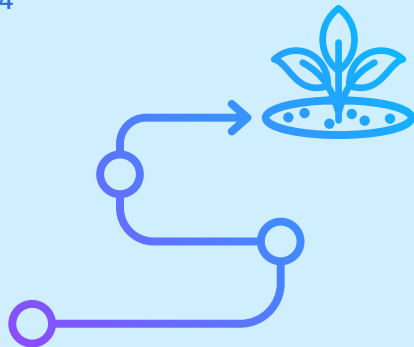


SUPPLY CHAIN HIGHLIGHTS

10 suppliers committed to SBTi

9 suppliers have SBTs approved

Established
Supply Chain Sustainability Roadmap
in 2024

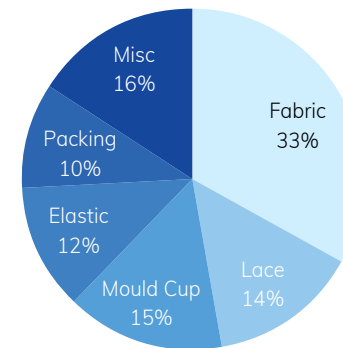


OUR SUPPLY CHAIN

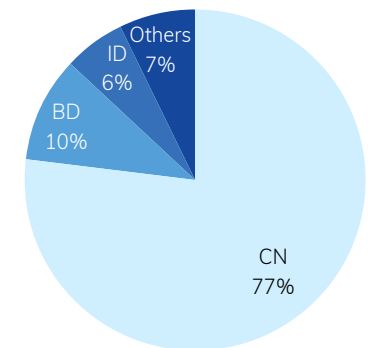
This year, we worked with more than 600 suppliers, 53 of which have been selected as our “sustainability strategy suppliers”. We have provided a detailed list of these suppliers and the materials they supply in [Appendix C \(List of Suppliers\)](#) of this report. We rely on our suppliers to provide different raw materials required in developing our innovative and sustainable product designs. We have built long-term and significant relationships with our suppliers, and they support our sustainability journey by participating in the Higg audits and sharing their sustainability performance with us. By collaborating with our suppliers, we aim to create a more sustainable supply chain, reducing our environmental impact, and upholding our commitment to social responsibility. We believe that through ongoing evaluation, collaboration, and improvement, we can drive positive change and contribute to a more sustainable future.

We have categorized our supplier's spending summary in terms of the type of material procured and country of operation in the adjoining illustrations:

% of supplier spending per type of material and accessories



% of supplier spending per country



data as of December 2024

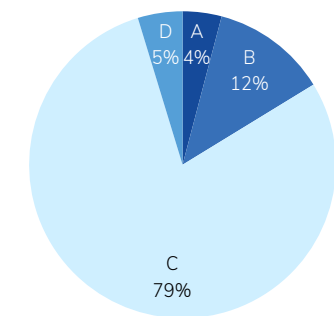
SUPPLIER ASSESSMENTS

Over the years, we have built strategic and reciprocal partnerships with our suppliers. We have developed a Supplier Scorecard to carry out a comprehensive evaluation of our suppliers in line with our responsible material sourcing initiatives. This Scorecard consists of four key pillars, namely Hop Lun's Code of Conduct audit, Higg FEM & FSLM assessment, certification management, and SBTi program. The purpose of this evaluation is to assess

the sustainability performance of our suppliers and identify areas for improvement. We use the scorecard results to further make data driven decisions on the allocation, rationalization and consolidation of our supplier base. We use the scorecard results to further make data driven decisions on the allocation, rationalization and consolidation of our supplier base. This year, we have conducted a comprehensive evaluation of our customers' 658 T2 direct suppliers (Hop Lun T1 suppliers) using the Scorecard. The following illustrations summarize our suppliers' performance for 2024.

We observe that a significant number of suppliers have demonstrated satisfactory compliance and sustainability practices. We will continue to engage with our suppliers, providing support and resources to enhance their sustainability efforts and improve their compliance scores.

Hop Lun Supplier Scorecard Framework in 2024



A - Excellent
 B - Good
 C - Satisfactory
 D - Needs Improvement

Higg FEM Results

In addition to our supplier scorecard, we also utilize the findings from Higg FEM submissions to monitor our supplier's performance. Although we observe a 13% increase in our 2024 vFEM weighted average score as compared our baseline score in 2021, we do see a 6% decrease as compared to 2023. We can attribute this decline in scores due to the new Higg 4.0 version and verification requirements, namely:

1. We started using the latest Higg FEM 4.0 version in 2024, which has an additional 75 new questions. Our factories are still adapting and fine-tuning their responses to these. We anticipate improved scores in 2025.
2. In 4.0 version, only Level 1 responses are required to be verified. We have noticed our factories prioritizing Level 1 compliance for verification purpose as compared to Levels 2 and 3. However, the weighted average score is calculated for all 3 levels, resulting in a lower score this year.

We expect our 2025 scores to stabilize and continue on an upward trajectory as familiarity with FEM 4.0 grows and more trainings and technical support is provided by Hop Lun. We will focus on strengthening the capacity building and upgrading of our suppliers in the future by providing further training opportunities. This year, we also promoted a total of 142 suppliers (as compared to the 90 in 2023) to participate in the Index.

Evolution of score and number of participants 2021 to 2024

VFEM Score type	2021 55 Strategy suppliers (2021.01-12)	2022 55 Strategy suppliers (2022.01-12)	2023 58 Strategy suppliers (2023.01-12)	2024 53 Strategy suppliers (2024.01-12)
FEM simple average score	55.67	63.54	63.15	63.6
VFEM simple average score	50.77	56.84	60.18	58.7
VFEM total weighted score	43.35	48.30	48.02	60.16
VFEM weighted average	53.26	60.45	64.15	60.16

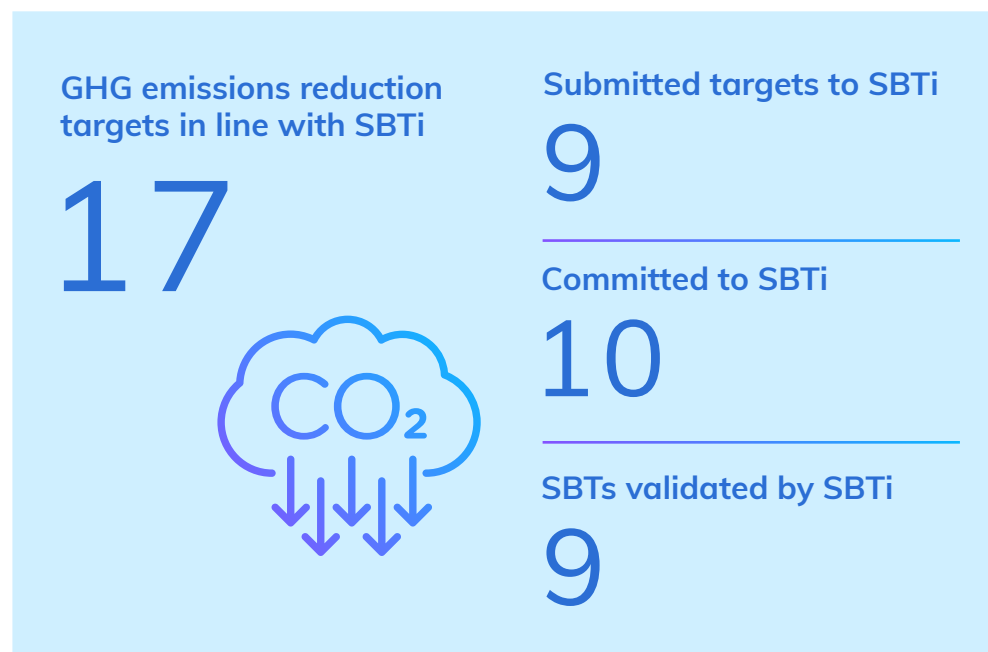
SUSTAINABILITY INITIATIVES

Our suppliers have undertaken several initiatives to address their sustainability performance, which they disclosed in the Higg 2023 submissions. These include setting and validating SBTi emission reduction targets, water and chemical resource-use efficiency measures, and increased disclosures and transparency.

SBTi Commitments

We strongly encourage our suppliers to establish GHG emission reduction targets that align with Science Based Targets initiative (SBTi) guidance and to formalize their commitments through the validation process. To date, nine suppliers have successfully had their targets validated by SBTi.

In support of capacity building within our supply chain, Hop Lun has facilitated both on-site and online training sessions on the topic of decarbonization. In 2024, Hop Lun engaged 44 suppliers in our workshops and training initiatives.



Supplier GHG Emission Sources

We continue to work with our suppliers to reduce their GHG emissions and transition towards low carbon technologies. Currently the top emission sources for our strategic suppliers are electricity use followed by coal, which is especially high for our China-based suppliers.

We observed that more than 25% of our suppliers' total GHG emissions in 2023 came from the use of coal. We are working with them to support their transition towards lower-carbon energy sources such as natural gas. In 2024, these emissions have reduced significantly to 5% in our China factories. We observe this reduction may be due to our increased efforts to build awareness and enhance monitoring and traceability. However, we also observe that renewable energy is still 2% of energy use, not including use of iREC, and we are working together with our suppliers to increase awareness on utilizing energy sources with lower GHG emissions such as solar as well as use of iRECs³. This progress reflects our commitment to integrate sustainability across our supply chain and reduce our value chain's environmental impact.

Supplier Capacity Building Session

In line with our decarbonization strategy, we have conducted a number of comprehensive training sessions and circulated information packages. We have provided onsite and online training focused on GHG emission reduction, guiding our suppliers on setting targets that align with the SBTi standards and educating them on applying official SBTi reduction data verification. We encourage the use of renewable energy sources, including informing our factories in China about new green electricity initiatives and the importance of green certification. In total, 121 suppliers have benefited from the training provided by Hop Lun and our customers, with 35 suppliers attending the SBTi training during the 2024 Hop Lun online supplier conference, eight suppliers participating in a customer-run renewable energy training in October, and ten suppliers attending the Primark SBTi training in July. Furthermore, 68 suppliers received Higg training during onsite audits conducted by Hop Lun.

We believe that by working collaboratively with our suppliers to set up SBTs and committing to decarbonization initiatives, we can collectively create a more sustainable future for our industry.

³ At the moment our supplier assessments do not include iREC data, since the Higg Index does not capture this.

Water Resource Management

We are pleased to announce that our suppliers have made considerable progress in recycling wastewater to meet their water needs. Based on our current records, the percentage of recycled water used by our suppliers is 25%, demonstrating our supplier’s motivation to carry forward their sustainability good practices. We encourage our suppliers to continue to use innovative technologies and new equipment to reduce the amount of water used per kg of material (fabric) and increase the proportion of recycled water.



In average from all Higg vFEM direct suppliers.

Top water sources used among all Hop Lun Suppliers				
	Top 1	Top 2	Top 3	Top 4
Average of all Higg vFEM Hop Lun suppliers	Municipal blue water	Fresh surface water	Recycled water	Ground water
Average of all Higg vFEM Hop Lun strategic suppliers	Municipal blue water	Fresh surface water	Recycled water	Ground water

Chemical Management

In 2024, Hop Lun joined over 320 other companies in becoming a signatory to ZDHC’S Roadmap to Zero program. We truly believe in eliminating harmful chemicals from our operations and our supply chain in order to protect employees, consumers, and our planet’s ecosystems.

99% of our suppliers have received the ZDHC certifications for wastewater and the related hazardous chemicals in the waste water, as summarized in the table below:

Suppliers ZDHC performance				
	No. of suppliers	No. of suppliers with ZDHC	InCheck average ZDHC 1-3 level conformity %	ZDHC wastewater testing passing rate
Total factories with wet process	104	89	76%	99%
Strategic suppliers with wet process	24	24	84%	99%

We will use the ZDHC platform to track our suppliers’ chemical performance and provide more training to them in 2025.

REPORTING AND TRACEABILITY

**“ WE SAY WHAT WE DO AND
WE DO WHAT WE SAY ”**

Traceability Platform

When it comes to reporting and traceability, we apply the same principle to our suppliers as we do ourselves. We are implementing a traceability platform that will allow for more comprehensive scrutiny of our supply chain and are building a qualified supplier list as the first step.

As part of this drive, we are supporting our customers by providing critical information about their supply chains, extending our efforts from customer Tier 2 down to Tier 4 or beyond in some instances. We believe that these initiatives will not only ensure compliance and sustainability in the short term but also pave the way for a more resilient and future-proof supply chain.

Moving forward, we will continue to prioritize transparency, disclosure, and collaboration, passionately believing that through these efforts we can collectively build a more sustainable future for all stakeholders involved in our supply chain ecosystem.

Collaboration with the Institute of Public and Environmental Affairs (IPE)

We have been actively collaborating with the Institute of Public and Environmental Affairs (IPE) platform since 2022, promoting a transparent and standardized approach to monitor, report and address non-compliance among our suppliers.

We currently monitor the performance of 108 suppliers, actively encouraging 47 factories to disclose their Pollutant Release and Transfer Register (PRTR) and carbon data while setting targets for air emission reductions. Our persistent efforts have led to a growing number of suppliers rectifying violations recorded on the IPE platform.

As a result of our diligent management of supplier environmental practices, Hop Lun has gained recognition as one of the top active users of Blue EcoChain, a supply chain management tool developed by IPE for China region, highlighting our dedication to environmental compliance and increased collaborative efforts towards building a responsible supply chain.



Reporting Tools

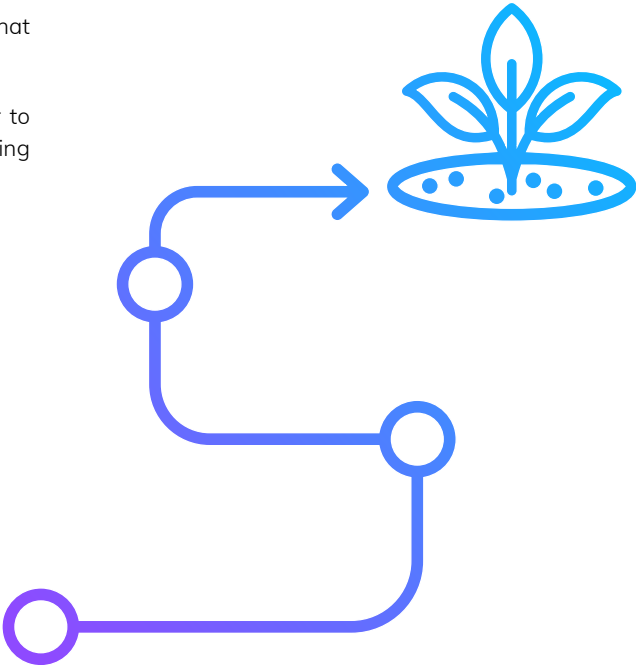


SUPPLY CHAIN SUSTAINABILITY ROADMAP

Another significant step this year is the development of our own Supply Chain Sustainability Roadmap from 2025 to 2030. We believe that this roadmap will help monitor and improve our suppliers' performance and their level of compliance.

As part of this Roadmap, we will monitor our suppliers' performance annually and offer support and guidelines accordingly in order to enhance their sustainability efforts and initiatives. We will continue to share more of our supplier's sustainability performance in the coming years.

Hop Lun's Supply Chain Sustainability Roadmap from 2025 to 2030							
	2025	2026	2027	2028	2029	2030	
T2 Direct Suppliers	Top 100		Top 120		Top 140		Higg FEM verified
	Top 100		Top 120		Top 140		Higg FSLM verified
	Top 100		Top 120		Top 140		ZDHC Incheck/ wastewater testing
	100%						OEKO-TEX Valid Certificate
	Top 20	Top 30	Top 40	Top 50	Top 60	Top 80	SBTi



APPENDIX A

GRI APPENDIX TABLE

Hop Lun's Sustainability Report 2024 is prepared with reference to the GRI Standard - GRI 2 General Disclosures. We are currently exploring our materiality topics and will provide updates in future reports.

Disclosure		Report Location	Page No.
GRI 2 General Disclosures 2021			
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2-2	Entities included in the organization's sustainability reporting	Where We Are	6
2-3	Reporting period, frequency and contact point	About This Report	3
2-4	Restatements of information	About This Report	3
2-6	Activities, value chain and other business relationships	About Hop Lun	5
2-7	Employees	<ul style="list-style-type: none"> Where We Are Who We Are Diversity, Equity & Inclusion 	6, 7, 22
2-9	Governance structure and composition	Sustainability Governance	11
2-11	Chair of the highest governance body	Sustainability Governance	11
2-12	Role of the highest governance body in overseeing the management of impacts	Sustainability Governance	11
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2-14	Role of the highest governance body in sustainability reporting	Sustainability Governance	11
2-18	Evaluation of the performance of the highest governance body	ESG Financing	52
2-22	Statement on sustainable development strategy	A Message from our CEO	4
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2-27	Compliance with laws and regulations	Sustainability Governance	11

APPENDIX B

ESG FINANCING

In 2023, Hop Lun converted its syndicated bank loan into Sustainability Linked Loans (SLL) and linked the facility interest margin to improvements or deterioration in three of our key sustainability KPI. We were honored to be elected as the Best Sustainability Linked Loan - Private Equity - by The Asset magazine. As part of the requirement of our SLL, Hop Lun has linked the performance of its three sustainability KPIs, two environmental KPIs and one social KPI. These KPIs are an accurate reflection of our commitment towards environmental and social initiatives across our value chain.

The three KPIs include:

- CO₂ emissions (kg CO₂) per SMV – A good environmental representation of carbon emissions emitted per production piece at our factories
- Direct Strategic Supplier Higg FEM Weighted Average Score⁴ - We measure our strategic suppliers' sustainability performance. Our strategic suppliers are very crucial to our business and value chain. We expect them to grow along with us over time including during business expansion.
- Female supervisors - This KPI is an appropriate representation of our social focus areas of women empowerment and promoting DE&I.

These three KPIs were officially approved by some of Hop Lun's important banking partners and our numbers are audited yearly.

ESG financing KPIs for 2024

Category	KPI	Bank target vs Hop Lun Performance	2023	2024	2025	2026
Environment	KPI 1 – CO ₂ emissions per SMV (kg CO ₂ per SMV)	Bank target	<0.00615	<0.0060	<0.0059	<0.0058
		Hop Lun performance	<0.0060	0.0042	-	-
Environment	KPI 2 - Hop Lun Direct Strategic Supplier Higg FEM Weighted Average Score	Bank target	>58.0	>59.5	>61.0	>62.5
		Hop Lun performance	64.15	60.16	-	-
Social	KPI 3 - Female supervisors	Bank target	>56%	>60%	>62.5%	>65%
		Hop Lun performance	70%	70%	-	-

Performance in 2024:

1. KPI 1 – CO₂ emissions per SMV: In 2024, we achieved a significant reduction in our GHG emissions per SMV by 30% when compared to 2023 performance. As already covered in detail in the [Environment](#) section in this Report, we attribute this reduction due to installation of energy efficient machinery and equipment, appropriate purchase of iRECs as necessary, especially in Bangladesh. For the upcoming year, we will be using green electricity sources and procuring green electricity certificates, as needed, for our China facilities.
2. KPI 2 – Direct Strategic Supplier Higg FEM Weighted Average Score: We make use of the Higg FEM module to evaluate our strategic supplier's environmental performance. In 2024, although this performance has reduced by 6% as compared to 2023, the performance is still above the target set for 2024. We are working with our strategic and other suppliers by conducting environmental awareness trainings, guiding their SBTi journey and providing overall support to help improve their sustainability performance.
3. KPI 3 – Female supervisors: In 2024, we have maintained a consistent proportion of female supervisors as compared to 2023, despite including three new factories this year. As covered in the [Social](#) section of this Report, we have in place several initiatives to promote women empowerment including maternity benefits, technical and diversity trainings and overall mental and well-being support.

⁴ In 2024 the Higg FEM had an updated version which is covering a wider scope.

APPENDIX C

LIST OF SUPPLIERS

Currently, we have more than 600 suppliers. Among the list, we have selected 53 key suppliers as part of our supply chain “sustainability strategy suppliers”.


Code	Name	Country	Category
SW003	MAINETTI/萬景/PT.GMK	China	Packing
SM053	M&U	Bangladesh	Packing
SB023	Checkpoint/保點	Bangladesh	Packing
BA001	SML(BD)/SML Trims	Bangladesh	Packing
SA940	AVERY/Avery B.V./艾利	China	Packing
SS360	Yunusco	Bangladesh	Packing
SB024	Checkpoint/ 保點服飾	Bangladesh	Packing
SY970	YVONNE/依洋	China	Packing
MS943	Yongcun/永存	China	Mould cup/ Foam, Accessory
SM037	B-Shape/Kaime/凱美	China	Mould cup/ Foam
IN112	PT BUSANAREMAJA	Indonesia	Mould cup/ Foam
SF025	FuYuan/富元	China	Mould cup/ Foam
SS780	Sun Hing/新興	China	Lace, Fabric
SH048-1	Hang Gang/航港	China	Lace
ST001	Tianhai/天海	China	Lace
MS444	Talent/騰蕾	China	Lace
SN002	NOYON/諾陽	Sir Lanka	Lace

Code	Name	Country	Category
SF340	Xiamen Fashion/福勵	China	Lace
SB780	Bright Sun/萬順/萬花	China	Lace
MS086	Jeana/佳娜	China	Lace
MS011	Allied Great/匯智	China	Lace
SC015	Best Pacific/超盈	China	Fabric
IN060	PT.Winnersumbiri	Indonesia	Fabric
SY009	Yu Yuang/裕源/PERFECT STAR	China	Fabric
SD004	DERUN/德潤	China	Fabric
SZ005	Billion Rise/兆升	China	Fabric
MS538	TALTE/聯業/Fashion Time/時針	China	Fabric
MS219	Acetech/盛興隆	China	Fabric
BA090	South West	Bangladesh	Fabric
SP720	PACIFIC/互太	China	Fabric
SS200	Weimei/EASYFORM/維美/宜豐	China	Fabric
MS674	KUNHONG/坤鴻	China	Fabric
MS335	Runlam/潤南	China	Fabric
SH036	Golden Horizon/壕鑫	China	Fabric
MS767	SUMEC/蘇美達	China	Fabric

Code	Name	Country	Category
MS916	VEFA/源微	China	Fabric
MS416	Assab/一勝百	China	Fabric
MS445	Zhongxin/眾鑫	China	Fabric
BA075	P.N Composite	Bangladesh	Fabric
SO002	Ocean	Sir Lanka	Fabric
BA113	Unifill	Bangladesh	Fabric
MS154	LIJUN/麗宏君	China	Fabric
MS373	Four H	Bangladesh	Fabric
SN320	New Horizon/潤信	China	Elastic
SP070	PIONEER/明新	China	Elastic
SS720	Stretchline/馬田	China	Accessory
SJ020	Hanoch/漢諾	China	Accessory
SG021	Coats/高士	China	Accessory
SH001	Hoi Yip/Hing Yip/凱業/興業	China	Accessory
MS590	ZHUTIAN/珠田	China	Accessory
IN048	PT.COATS	Indonesia	Accessory
MS563	Elastique/敦明	China	Accessory
MS291	Dongmei/東美	China	Accessory

APPENDIX D

OUR HOP LUN FACTORIES CERTIFICATIONS

	Certification name	Diva	Legend	Heritage	Fashion	Brands	Intimate	Cumilla	Heyuan ⁵	Quannan	RX	SL	Semarang	Cartini 1	Cartini 2	Boyo
	SMETA	✓	✓	✓	✓	✓	✓	✓						✓		✓
	BSCI	✓	✓	✓	✓	✓	✓	✓		✓	✓	✓	✓			
	BetterWork				✓	✓	✓						✓	✓	✓	✓
	WCA									✓		✓	✓	✓		
	vFSLM	✓	✓	✓	✓	✓	✓	✓		✓	✓	✓	✓	✓	✓	✓
	WRAP			✓												
	vFEM	✓	✓	✓	✓	✓	✓	✓		✓	✓	✓	✓	✓	✓	✓
	ISO14001	✓	✓	✓	✓	✓										
	SCAN	✓	✓		✓					✓			✓	✓	✓	✓
	GSV													✓	✓	
	OCS	✓	✓	✓	✓	✓	✓	✓		✓	✓	✓		✓		
	GOTS	✓	✓	✓	✓	✓	✓			✓						
	GRS	✓	✓	✓	✓	✓	✓	✓		✓	✓	✓	✓	✓	✓	✓
	RCS	✓	✓	✓	✓			✓		✓	✓	✓	✓			
	RSC	✓	✓	✓	✓	✓	✓	✓								
	ICS				✓							✓				
	Nirapon	✓	✓													
	Qima									✓			✓			

⁵ Heyuan serves as a warehouse.