



0636.HK



Sustainability Report 2025

KLN Logistics Group Limited

(Incorporated in the British Virgin Islands and continued
into Bermuda as an exempted company with limited liability)

OUR CORE VALUES

V.O.I.C.E.

VALUE CREATION We create real value for our stakeholders by delivering meaningful impacts and sustainable growth – always anchored to our long-term purpose. **OPENNESS** We foster caring and trust through transparent communication, active listening and open dialogue, enabling collaboration across the organisation. **INTEGRITY** We uphold strong ethical principles and exercise authority with clarity and accountability – doing what is right and taking ownership of our decisions. **COMMITMENT** We are committed to our customers' success by partnering closely and delivering the agility, innovation and results that truly matter. **EXCELLENCE** We pursue learning and continuous improvement, innovating and raising standards to achieve excellence in everything we do.



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THE ONE · IN ASIA

COMPANY OVERVIEW

KLN AT A GLANCE

KLN Logistics Group Limited (formerly Kerry Logistics Network Limited, “KLN” or the “Company”) and its subsidiaries (the “Group” or “KLN Group”) is a prominent global third-party logistics (“3PL”) provider. With a robust presence and extensive reach throughout Asia, KLN possesses a highly diversified business portfolio. The Company is incorporated in the British Virgin Islands and has transitioned its operations to Bermuda as an exempted company with limited liability. KLN’s shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (stock code: 636).

The Group delivers a wide range of supply chain solutions, which include integrated logistics (“IL”), international freight forwarding (covering air, ocean, road, rail, and multimodal transport) (“IFF”), e-commerce, industrial project logistics, and infrastructure investment.

As KLN continues to experience rapid growth, it has established an extensive network of global connections that enhance intercontinental, international, and local logistics connectivity. The Company provides comprehensive logistics services across 58 countries and regions, covering a significant portion of the world’s emerging markets, including the Chinese Mainland, India, Southeast Asia, the CIS, the Middle East, LATAM, and other regions.

QUICK FACTS



58

countries & territories



18,000+

employees worldwide



58M ft²

land & facilities



2,000

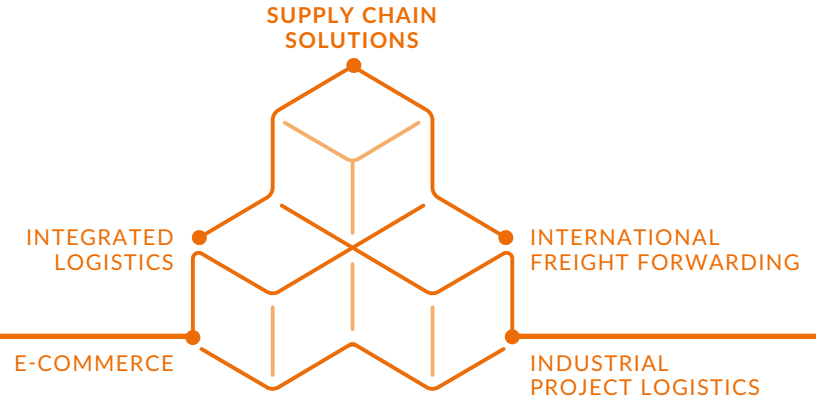
self-owned operating vehicles



Note: Figures as at 31 December 2025

COMPANY OVERVIEW

OUR CORE SERVICES



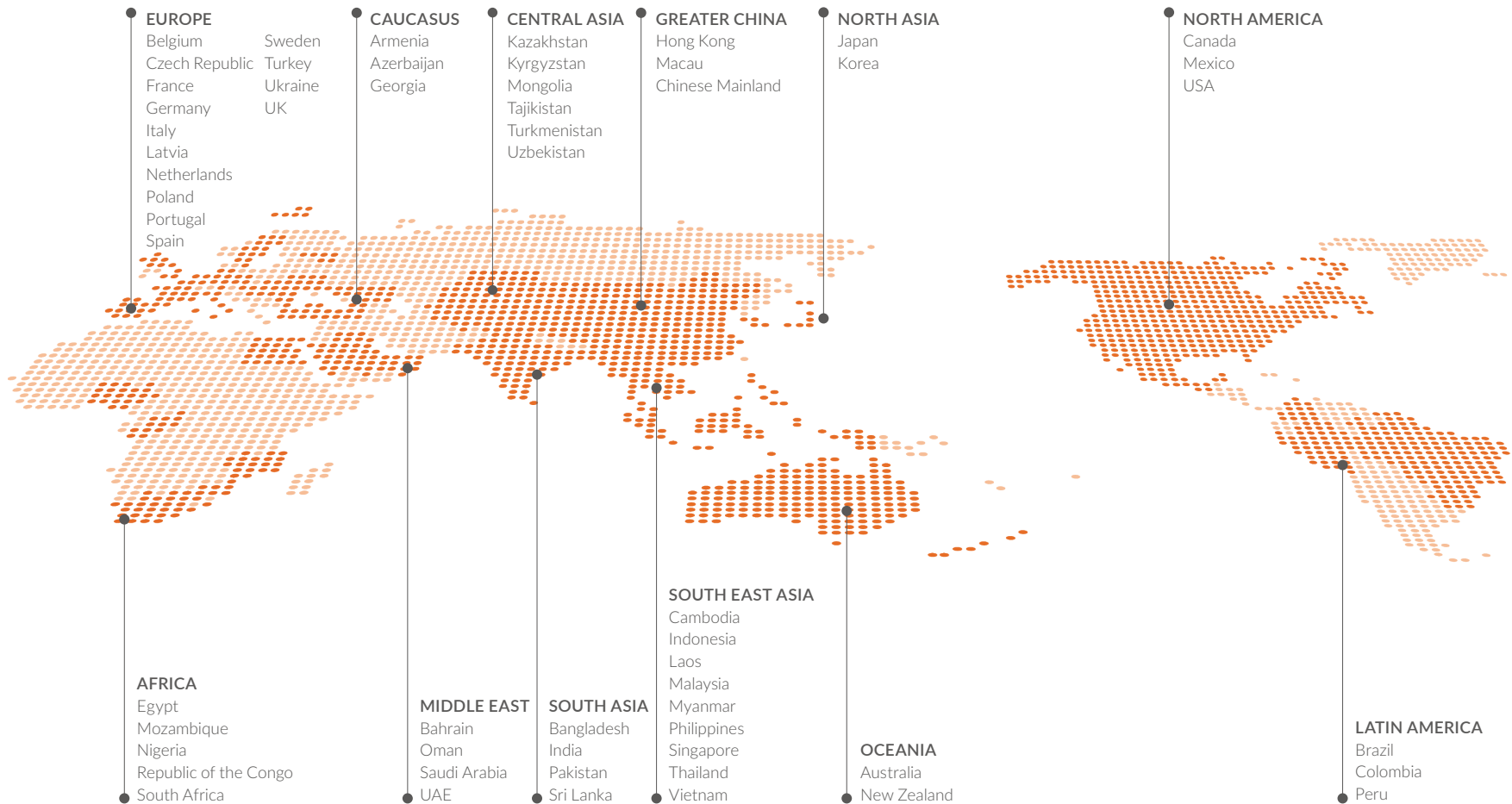
END-TO-END SOLUTIONS WITH HIGH SUPPLY CHAIN EFFICIENCY



COMPANY OVERVIEW

GLOBAL FOOTPRINT

ASIA'S LEADING 3PL WITH A GLOBAL PRESENCE



Note: Figures as at 31 December 2025

COMPANY OVERVIEW

FINANCIAL HIGHLIGHTS

HK\$M

REVENUE*

56,336

3% ▼

SEGMENT PROFIT*

IL

1,262

1% ▲

IFF

1,874

4% ▼

CORE OPERATING PROFIT*

2,627

4% ▼

CORE NET PROFIT*

1,396

3% ▲

PROFIT ATTRIBUTABLE TO THE SHAREHOLDERS*

1,411

7% ▲

FINAL DIVIDEND

HK CENTS PER SHARE

16

GEARING

49.9%

GROSS

* For continuing operations only

FOCUS

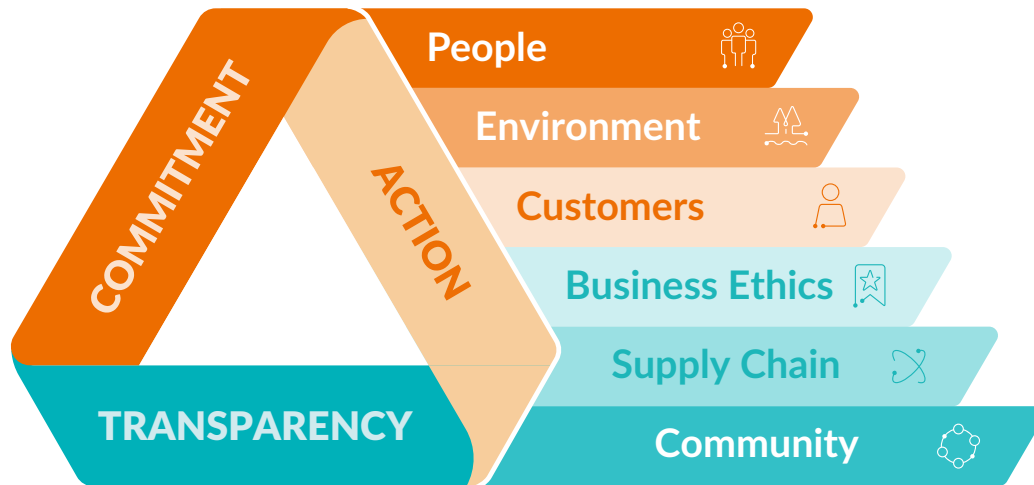
SUSTAINABLE LOGISTICS SOLUTIONS IN ACTION

The Group is dedicated to delivering lasting value for our stakeholders, the environment, and society at large. Since introducing our Sustainability Vision Statement in 2021, we have embedded three guiding principles – Commitment, Action, and Transparency – into everything we do. These principles shape our approach to responsible and sustainable business growth and ensure alignment across our Board of Directors (“Board”), leadership team, and business partners.

Our progress is measured against six key sustainability pillars: People, Environment, Customers, Business Ethics, Supply Chain, and Community. Through clear initiatives and measurable targets in each area, we hold ourselves accountable and strive to set the benchmark for sustainability leadership within the 3PL industry.



THREE PRINCIPLES AND SIX PILLARS



Principle	Commitment	Action	Transparency
	We aspire to be at the forefront of driving sustainable logistics in action and set both long-term and near-term targets to achieve this ambition	Translating our sustainability strategy and targets and into tangible initiatives and driving progress across all our six pillars	Disclosing our performance against targets, challenges, and achievements to maintain accountability and build trust with all stakeholders
How KLN delivers	<p>We remain steadfast in our commitment to achieve net zero emissions across our operations and value chain by 2050</p> <p>Through our inaugural five-year sustainability-linked and social syndicated loan, we have committed to deliver positive outcomes through various initiatives for communities across Hong Kong SAR and the Chinese Mainland</p>	The Group undertook a series of pilot projects to test the use of renewable fuels, such as biodiesel and sustainable aviation and marine fuels. We are also investing in electric vehicles across our operations – measures that are contributing to our decarbonisation journey	This year, in alignment with new Part D climate disclosures requirements of the HKEX ESG Code under Appendix C2 of the Listing Rules, we have focused on strengthening our data collection and disclosure practices to meet the new regulatory requirements. In addition, we expanded our disclosure on material Scope 3 greenhouse gas emissions to include Categories 1 (Purchased goods and services), 2 (Capital goods), 3 (Fuel and energy-related activities), and 6 (Business travel)

FOCUS

BOARD STATEMENT

Dear Stakeholders,

The logistics industry continues to face an ever-changing global economic landscape shaped by escalating geopolitical and trade tensions and mounting risks from climate change. KLN is navigating this complex environment while maintaining momentum towards its sustainability goals. A resilient strategy underpinned by investment in technology, long-term customer trust, and the adoption of renewable energy is driving the expansion of our operations across Asia and beyond. Despite heightened geopolitical uncertainty, including the tariff volatility, disrupted trade flows and supply chain shift, the Group has adopted a comprehensive approach that prioritises customer centricity, operational sustainability, and the strategic scaling of its business through more sustainable solutions.



KLN is navigating a challenging economic landscape by investing strategically in technology and incorporating sustainability at the core of its strategy. These initiatives not only mitigate risks but also position KLN as a leader in sustainable logistics and resilient supply chains, creating long-term value for stakeholders.”

PAVING THE WAY FOR A GREENER SUPPLY CHAIN

The Board carefully monitors climate-related risks and opportunities, alongside other environmental indicators that are critical to the Group’s strategy. This oversight ensures that sustainability remains a core focus across operations and investment decisions. We have continued to strengthen our disclosures in line with the new climate disclosure requirements under the Hong Kong Stock Exchange (HKEX) ESG Code.

The Group last year undertook a series of pilot projects exploring the use of renewable diesel and sustainable fuel as we work towards our 2050 net zero goal. We continue to invest in electric vehicles (EVs) in the Chinese

Mainland, with long-haul electric trucks already in operation, and have installed solar panels at our warehouses. In Hong Kong, we are working with a utility company to better understand traffic patterns, which will help to guide the development of future EV charging infrastructure.

The Group is committed to broadening these initiatives across our operations, and these efforts form part of our broader decarbonisation journey.

HARNESSING TECHNOLOGY FOR SUSTAINABLE GROWTH

The logistics industry is being reshaped by rapid technological innovation, not least the growing use of artificial intelligence (AI). KLN aims to harness technology to enhance operational efficiency and accelerate sustainability objectives. We have led the industry on the deployment of robotic warehouse technology and automated documentation processing. More recently we have begun to adopt AI for quality checks and data analytics, as well as implementing smart systems for integrated resource management and optimise processes. Embracing technology strengthens our competitive edge and enables us to deliver value to customers.

INVESTING IN TALENT GROWTH AND SUCCESS

Our people are our greatest strength, playing a central role in delivering operational excellence and advancing sustainable growth across the Group. We strengthen our leadership pipeline by identifying and appointing successors and offering them opportunities to grow into leadership roles. Our Young Executives Academy is central to nurturing talent: it accelerates high-potential young professionals through a structured experience and training programme to prepare them for management positions. Meanwhile, our continuous professional development programmes deliver role-specific skills and leadership training at every level, helping employees to remain well-equipped to

adapt alongside evolving business needs. We uphold rigorous health and safety standards through regular training, audits, and process improvements to protect our people and sustain operational continuity. Through WE KARE, we continue to foster a culture of wellbeing, inclusivity and belonging for every employee.

STRENGTHENING COMMUNITY RESILIENCE AND INCLUSIVITY

In 2024, we signed a five-year sustainability-linked and social-term loan that ties a portion of our financing directly to measurable sustainability outcomes, including equitable employment and provision of accessible services and infrastructure. Anchored to an ambitious set of performance targets, the loan requires clear, impact-oriented delivery. In the first year, the Group met two of the three targets, demonstrating tangible social impact and delivery on our commitments. We are focused on meeting the remaining target and continuously improving our operations to contribute towards long-term growth.

We are proud that our logistics expertise and regional network form a vital part of rapid response efforts and supports community recovery in times of humanitarian need. Working closely with public authorities and local partners, we provide timely assistance where needed. We mobilised to support the HKSAR Government in disaster relief efforts for the Myanmar earthquake in early 2025, prioritising actions that protected lives, restored essential services, and

enhanced resilience. Building on this experience, we have recently further strengthened our partnership with the Hong Kong Fire Services Department to support the provision of logistics assistance for their international rescue operations.

KLN will continue to expand the use of alternative fuels and renewable energy solutions, while harnessing emerging technology including robotics, automation, and artificial intelligence to drive low-carbon logistics and resilient supply chains. By aligning innovation with talent development, safety, and engagement, we aim to build a future-proof and inclusive organisation. Through this vision, we remain committed to creating long-term value for our stakeholders and being at the forefront of a greener, smarter and more resilient global logistics ecosystem. Coupled with our KLN 2.0 initiatives, our strategy focuses on creating long-term sustainable value, with the long-term goal of becoming a global top-five player in the sector, while maintaining a strong commitment to high standards of governance and to contributing positively to the environment, our communities, and our stakeholders.

Board of Directors

30 March 2026

FOCUS

2025

KEY HIGHLIGHTS



Strategy and Governance

- We continued to reinforce Board and senior leadership oversight of climate-related risks and opportunities. This year, our leadership team also assessed potential shifts in material topic priorities over the next three to five years, enabling the Group to anticipate emerging trends and plan more effectively for the future.

OUR SIX PILLARS



People

- Celebrated cultural traditions and festive occasions across regions, strengthening belonging, joy, and inclusivity.
- Delivered comprehensive ESG e-learning modules globally to ensure company-wide awareness and understanding of essential standards.
- Hosted the Diversity Marketplace in HK, creating a platform to appreciate different cultures and groups, and foster inclusivity.



Business Ethics

- Employees submit anti-bribery declarations at onboarding, annual appraisals, and before new commercial engagements, supported by tailored ethics and compliance training across all regions.
- Compliance is reinforced through regular risk reviews, random spot checks, and both internal and external audits led by a dedicated team.
- A proactive, data-driven approach strengthens risk management, with digital checklists, site walkthroughs, and business continuity planning ensuring resilience and operational safety.



Environment

- Transitioned facilities in Myanmar and Canada to renewable energy sources, with solar and hydropower supplying the majority of operations and reducing reliance on fossil fuels.
- Established a target to generate 19,000 MWh of renewable energy per year by 2035. The pilot project in the Chinese Mainland aims to generate renewable energy each year equivalent to approximately 50% of 2025 purchased electricity in the Chinese Mainland.
- Expanded biofuel deployment in Europe, reducing emissions through HVO100 allocations and collaborating on renewable fuel solutions for ocean freight decarbonisation.
- Advanced clean energy adoption in Hong Kong through renewable diesel pilots, cutting lifecycle emissions while ensuring operational resilience.



Supply Chain

- Partnered with social enterprises and NGOs, including Re:Nue in Singapore, to promote circularity by repurposing donated goods and supporting community programmes.
- Collaborated with shipping partners in Oceania to reuse import containers for export, reducing emissions and eliminating extra haulage costs.
- Advanced sustainable mobility and procurement practices in Hong Kong, Myanmar, and Thailand through electric vehicle grid management, eco-friendly sourcing, and supplier evaluations.



Customers

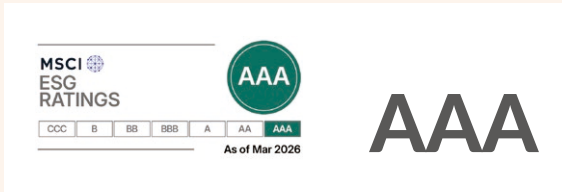
- Enhanced automation in Hong Kong and Oceania operations, boosting throughput, reliability, and exploring satellite racking for improved efficiency and worker safety.
- Rolled out an advanced customs compliance platform, integrating real-time validation, alerts, and corrective workflows to reduce manual checks and speed clearances.
- Strengthened efficiency in Singapore, Vietnam and Myanmar with a customer-specific reporting dashboard, delivering greater agility, scalability, and responsiveness through our Warehouse Management System.



Community

- Partnered with S.F. Holding Co., Ltd ("S.F. Holding") in the Chinese Mainland to support the Uzbekistan PV and BESS project, applying transport simulations to minimise disruption and safeguard surrounding communities.
- Contributed HK\$5 million and provided free logistics services in Hong Kong to aid urgent recovery and relief for families impacted by the Tai Po fire.
- Hosted the "Be a Volunteer Hairdresser - Serve the Elderly" event in Hong Kong, providing free haircut services to the elderly with the support of 40 KLN volunteer hairdressers. Through the event, 120 elderly were served.

ACCREDITATIONS



AWARDS

OUTSTANDING ESG AND SUSTAINABLE ENTERPRISE AWARD (LISTED COMPANIES)

ESG & Sustainability Awards of Excellence 2025
Hong Kong Economic Journal



ESG LEADING ENTERPRISES 2025

Bloomberg Businessweek/Chinese Edition



- ESG BENCHMARK AWARDS – SILVER AWARD
- OUTSTANDING SUSTAINABLE DIVIDEND AWARDS

ESG Achievement Awards 2024/2025
Institute of ESG & Benchmark



PLATINUM AWARD

The Asset Corporate Sustainability Leadership Awards 2025
The Asset Magazine



BEST SUSTAINABILITY-LINKED LOAN – LOGISTICS

The Asset Triple A Sustainable Finance Awards 2025
The Asset Magazine



OUTSTANDING AWARD FOR ESG DISCLOSURE CONTRIBUTION

Hong Kong Green and Sustainability Contribution Awards 2025
Hong Kong Quality Assurance Agency



AWARDS

MAIN CATEGORIES: ESG AWARDS SPECIAL MENTION

Best Corporate Governance and ESG Awards 2025
Hong Kong Institute of Certified Public Accountants



DIRECTORS OF THE YEAR AWARDS (LISTED COMPANIES EXECUTIVE DIRECTORS CATEGORY) - VIC CHEUNG

The Hong Kong Institute of Directors Awards for
Director Excellence 2025
The Hong Kong Institute of Directors



BEST COMPANY BOARD

2025 All-Asia (Ex-Japan) Executive Team
(Small & Midcap) - 2nd Place (Transportation Sector)
Extel



BEST ESG PROGRAM

2025 All-Asia (Ex-Japan) Executive Team
(Small & Midcap) - 1st Place (Transportation Sector)
Extel



CERTIFICATE OF EXCELLENCE IN ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING

The Hong Kong Management Association
Best Annual Reports Awards 2025
The Hong Kong Management Association



SUPPLY CHAIN INNOVATOR OF THE YEAR (ESG)

Supply Chain Asia Awards 2025
Supply Chain Asia Magazine



AWARDS

10 YEARS PLUS CARING COMPANY - KLN LOGISTICS (HONG KONG) LIMITED

The Hong Kong Council of Social Service



5 YEARS PLUS CARING COMPANY - KLN LOGISTICS GROUP LIMITED

The Hong Kong Council of Social Service



GOOD EMPLOYER CHARTER 2025

Hong Kong Labour Department



- PROFESSIONAL PRACTICE AWARD - GRAND AWARD OF EMPLOYEE EXPERIENCE
- PROFESSIONAL PRACTICE AWARD - GRAND AWARD OF TALENT MANAGEMENT
- GOOD PRACTICE AWARD - COMMUNITY CARING AWARD
- GOOD PRACTICE AWARD - LEARNING & DEVELOPMENT AWARD
- GOOD PRACTICE AWARD - TALENT ACQUISITION AWARD

HR Excellence Awards 2025/2026

Hong Kong Institute of Human Resource Management



- GOLD AWARD - EXCELLENCE IN COMPENSATION & BENEFITS
- SILVER AWARD - EXCELLENCE IN TALENT MANAGEMENT
- SILVER AWARD - EXCELLENCE IN TOTAL REWARDS STRATEGY
- BRONZE AWARD - EXCELLENCE IN EMPLOYEE VOLUNTEERISM

Human Resources Excellence Awards 2025

Human Resources Online



- GOOD MPF EMPLOYER
- E-CONTRIBUTION AWARD
- MPF SUPPORT AWARD

2024-2025 Good MPF Employer Award

Mandatory Provident Fund Schemes Authority



AWARDS

SUPER MD 2020-2030

ERB Manpower Developer Award Scheme
Employees Retraining Board



CORPORATE - CERTIFICATE OF APPRECIATION

Agency For Volunteer Service



CARING EMPLOYER 2025 - LEVEL 1 - DISABILITY INCLUSIVE SUPPORTER

Labour and Welfare Bureau &
The Hong Kong Jockey Club



SOCIAL ENTERPRISE SUPPORTER EXCELLENCE AWARD 2025

Fullness Social Enterprises Society



- GRAND AWARD - TOP HAPPIEST CULTURE AWARD
- GRAND AWARD - BEST REWARD & RECOGNITION STRATEGY AWARD
- GRAND AWARD - BEST TALENT ACQUISITION & ONBOARDING STRATEGY AWARD
- GOLD AWARD - BEST TALENT MANAGEMENT STRATEGY AWARD

CTgoodjobs Best HR Awards 2025

CTgoodjobs



GOLD AWARD

Privacy-Friendly Awards 2025

Office of the Privacy Commissioner for
Personal Data, Hong Kong

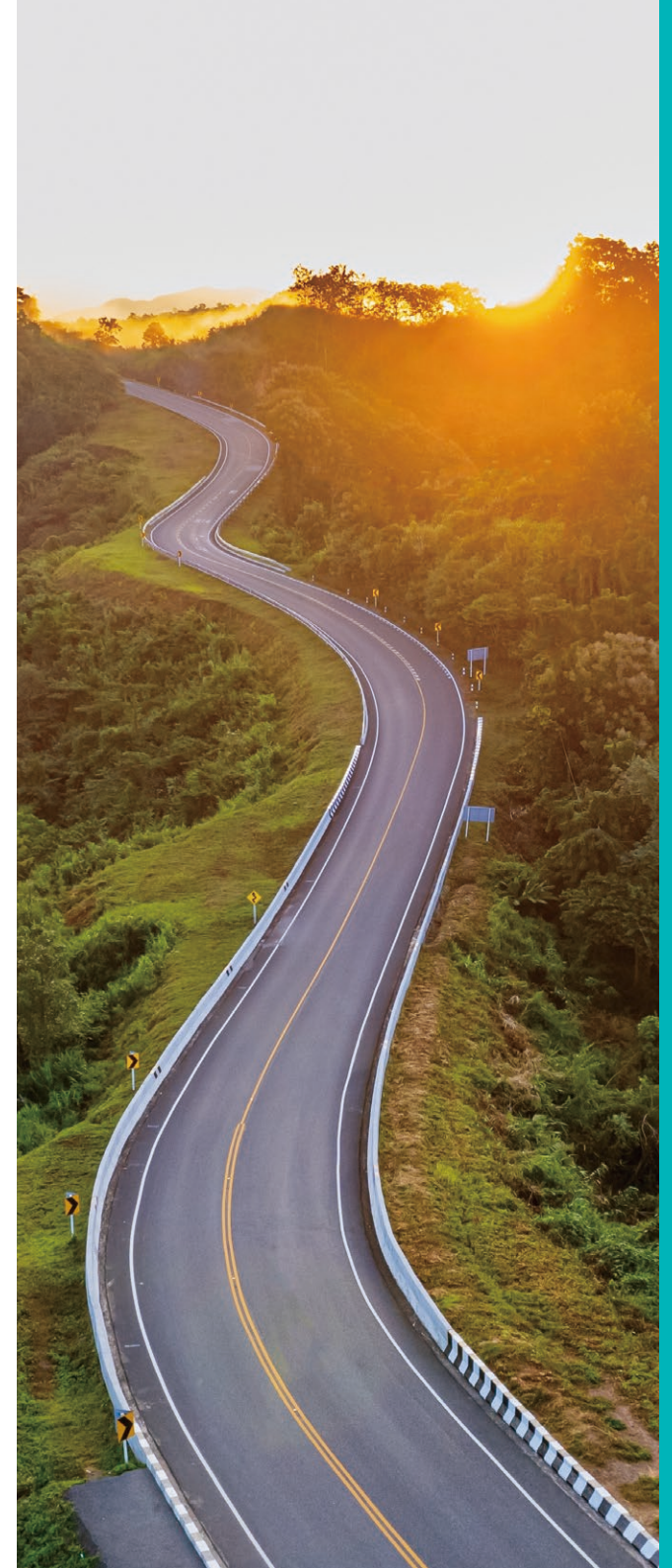


STRATEGY

SUSTAINABILITY FRAMEWORK

The implementation and continuous enhancement of a robust sustainability framework guide the Group's corporate strategy and reinforces its long-term resilience. Aligned with leading international sustainability and reporting standards, this framework underpins our commitment to delivering sustainable logistics solutions. It integrates the Ten Principles of the United Nations Global Compact ("UNGC") into the objectives and strategies of KLN's business units, with a strong focus on advancing the United Nations Sustainable Development Goals ("UN SDGs").

Our core principles – Commitment, Action, and Transparency – ensure that we operate in accordance with this framework. We uphold transparency by publishing annual sustainability reports that detail our progress and alignment with global standards, including UNGC Communication on Progress disclosures. By adhering to this framework, the Group fulfills its role as a responsible corporate citizen, navigates an evolving global economic landscape, and continues to pursue long-term sustainable growth.



SUSTAINABLE LOGISTICS IN ACTION

THREE PRINCIPLES

COMMITMENT, ACTION & TRANSPARENCY

SIX PILLARS



People



Environment



Customers



Business Ethics



Supply Chain



Community

FOCUS AREAS

- Employee engagement and care
- Fostering safety and wellbeing
- Upholding labour standards and human rights
- Creating a diverse, equal and inclusive workplace
- Nurturing and developing talent

- Tackling Climate Change
- Climate-related financial disclosures
- Minimising environmental footprint

- Delivering excellence in logistics solutions
- Boosting innovation

- Adhering to business standards
- Protecting data privacy and security

- Sharing our ESG values with suppliers

- Caring for the community

CONTRIBUTING TO UN SDGS AND ITS TARGETS



8.5
8.6



12.2
13.1



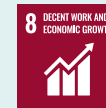
12.5
13.3



17.16



16.5
16.6



8.8



17.17

ADHERING TO THE TEN PRINCIPLES OF UNGC IN THE AREAS OF

HUMAN RIGHTS | LABOUR | ENVIRONMENT | ANTI-CORRUPTION


STRATEGY

SUSTAINABILITY TARGETS

KLN Group aligns its sustainability strategy with the UN SDGs, a global blueprint adopted by all UN Member States in 2015 to advance sustainable development across 17 goals by 2030. These goals recognise that addressing climate change, improving access to health and education, and reducing inequalities are interconnected priorities.

We have identified five priority UN SDGs that best align with KLN's sustainability framework, recognising these areas as having the greatest potential for positive impact. To advance these goals, KLN collaborates with its business partners, customers, and stakeholders on targeted initiatives that reflect our strategic objectives. Our progress towards these goals during the Reporting Period, along with our plans for 2026, are outlined in the table below.

OUR PROGRESS AND PLANS TOWARDS THE UN SDGs

<p>8 DECENT WORK AND ECONOMIC GROWTH</p> 	<p>2025 Progress</p> <p>Delivered comprehensive health and safety training globally — from emergency preparedness in Mexico and Myanmar to monthly fire drills and driver safety in the Chinese Mainland, and Forklift Truck Safety and Safe Use of Fire Extinguishers training in Hong Kong, strengthening resilience and operational readiness.</p> <p>Engaged employees through WE KARE initiatives that support their wellbeing and extend care to their families and the community. Signature activities and programs included "Relaxation Garden 2.0," "From Flour to Flower," and the "Emotional Wellness Ambassador". Celebrated cultural traditions and festive occasions across regions to strengthen connection and belonging.</p>	<p>2026 Plans</p> <p>Continue scaling health and safety training with digital tools, tailored modules, and regular refreshers to maintain compliance and agility.</p> <p>Continue to champion the WE KARE initiatives across its five caring elements, deepening employee engagement and strengthening wellbeing support. We will also enhance region specific cultural and festive celebrations to reinforce connection, belonging, and cross regional appreciation.</p>
<p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p> 	<p>2025 Progress</p> <p>Adopted sustainable procurement practices, including eco-friendly equipment sourcing and supplier environmental evaluations.</p> <p>Advanced circularity measures through reuse and recycling of packaging materials across operations.</p> <p>KLN rolled out LED and sensor-based lighting across warehouses in Hong Kong and globally, enhancing energy efficiency and supporting sustainable building operations.</p>	<p>2026 Plans</p> <p>Scale packaging reduction initiatives by introducing reusable, recyclable, and lower-impact materials across logistics operations.</p> <p>Enhance monitoring of packaging and waste utilisation across operations and drive continuous improvement, with a particular focus on more detailed waste handling to enable better waste management.</p> <p>During 2026, KLN plans to introduce additional equipment-related efficiency measures, including further optimisation of warehouse LED lighting and intelligent control solutions to monitor electricity consumption.</p>

13 CLIMATE ACTION



2025 Progress

In 2025, the Group enhanced climate-related disclosures by expanding the coverage of relevant Scope 3 emission categories to improve the completeness and relevance of emissions reporting. The Group also broadened its physical climate risk assessment to reflect its evolving global portfolio and initiated a financial impact assessment to evaluate potential financial implications of physical climate risks. During the year, the Group further established a renewable energy generation target with an annual objective to be achieved by 2035.

2026 Plans

In 2026, the Group plans to commence the development of a climate transition plan, in collaboration with its ESG consultant, to further strengthen its approach to managing and mitigating climate-related risks. The transition planning process will support the Group in identifying strategic priorities and actions to enhance climate resilience and support its longer-term decarbonisation objectives.

The Group also aims to further enhance its greenhouse gas emissions reporting by expanding the coverage of Scope 3 emission categories, subject to relevancy assessments, with the objective of capturing all material categories across the value chain. This initiative will support more comprehensive emissions management and improved transparency.

In addition, the Group will continue to explore opportunities to expand renewable energy generation and assess further energy-saving solutions across its operations, with a view to improving energy efficiency and reducing its overall environmental footprint.

16 PEACE, JUSTICE AND STRONG INSTITUTIONS



2025 Progress

We continued to enhance ethics training for all Board members and employees, covering anti-corruption, data privacy and ethical conduct, with content updated to reflect the latest regulatory developments and best practices. Engagement with key suppliers and value chain partners was maintained to reinforce standards under our Business Partner Code of Conduct.

2026 Plans

We will continue to update and deliver ethics training for our Board members, employees and relevant value chain partners, while strengthening transparency and accountability through clear disclosure and ongoing promotion of a strong ethical culture.

17 PARTNERSHIPS FOR THE GOALS



2025 Progress

Collaborated with CLP in Hong Kong to advance sustainable mobility solutions through the eMobility Grid Management Platform, enabling smarter EV infrastructure planning.

Collaborated with NGOs to support charity runs and volunteer activities, while strengthening partnerships with social enterprises in Hong Kong through event collaboration and supplier engagement. These efforts helped generate greater social impact and contributed to sustainable long-term growth.

2026 Plans

Consider strengthening collaborations with renewable energy providers and technology partners to scale solar, hybrid systems, and innovative fuel solutions across regions.

Explore partnership with NGOs and social enterprises to broaden inclusive employment opportunities and community impact.



GOVERNANCE

GOVERNANCE

STAKEHOLDER ENGAGEMENT

Our evolving business leads to changing priorities and expectations from each of our stakeholders. We believe that stakeholder feedback plays a pivotal role in shaping our sustainability strategy and initiatives. The

Group continues to solicit the views of our stakeholders through a variety of different channels as listed below.

To ensure our leadership is aware of their evolving priorities and expectations on sustainability matters, their feedback is regularly shared with our senior management and Board of Directors.

KEY STAKEHOLDERS



¹ V.O.I.C.E. stands for value creation, openness, integrity, commitment and excellence

RESPONDING TO STAKEHOLDER NEEDS

KLN continues to actively engage with stakeholders to enhance our understanding of emerging opportunities, address their concerns, and stay aligned with evolving

expectations. These interactions provide valuable insights that help refine the Group's strategy, performance, and long-term objectives. The table below summarises the key topics raised through this year's

stakeholder engagement initiatives and KLN's corresponding responses, including measures take to address their concerns during the year.

Key Stakeholders	Topics of Concern	KLN's Response
Internal stakeholders – Board of Directors	Anti-corruption	Effective implementation of policies: The Group upholds a zero-tolerance approach to bribery and corruption, ensuring its Global Anti-Bribery Policy is observed across all operations.
	Corporate governance	Strong governance framework: The Group's governance structure ensures senior management oversees sustainability matters alongside business operations, while the Board remains responsible for the Group's overall governance and long-term corporate sustainability strategy.
	Business preparedness, resilience and risk management	Deploying effective risk management practices and improving business resilience: The Group regularly conducts risk assessment in order to proactively identify and mitigate sustainability-related, financial and other risks. In light of various external factors affecting our business, we continue to diversify our business portfolio and build market presence to ensure continuity.
Internal stakeholders – Employees	Occupational Health and Safety	Commitment to workplace safety: The Group prioritises employee wellbeing by maintaining robust OHS systems and safe working environments, overseen by the IMS Committee. Continuous improvement is driven through active employee participation, regular reviews, and joint initiatives with worker representatives.
	Employee engagement and care	Advancing employee wellbeing: KLN's holistic employee engagement programme - WE KARE - continues to foster a culture of wellbeing and connection, uniting employees through shared celebrations, wellness activities, and meaningful team collaboration experiences.
Analysts/Bankers/Investors/Shareholders	Data security and privacy	Enhancing data protection: The Group has adopted multiple approaches to safeguard data and privacy, including cybersecurity protocols, antivirus software, access controls, firewalls and employee training.

Key Stakeholders	Topics of Concern	KLN's Response
Suppliers/Contractors	Anti-corruption	Ensuring policy implementation: The Group prioritises working with partners that uphold high ethical standards and requires suppliers to comply with its <u>Business Partner Code of Conduct</u> to maintain integrity and ethical conduct across the supply chain.
Customers	Innovation and technologies	Strengthening customer data safeguards: The Group's Privacy Policy and Information Security Policy govern the careful handling of stakeholder data, and the Group continuously enhances cybersecurity measures, updates software and trains employees to protect customer information. The Group also pays close attention to developments in technology, gradually refining related measures and practices to better safeguard proprietary information and intellectual property.
	Data security and privacy	Upholding robust data privacy and security standards: We uphold rigorous data protection standards through our Group's <u>Privacy Policy</u> and <u>Information Security Policy</u> , which provide guidance to the responsible management in respect of stakeholder information. We strengthen our cybersecurity framework by continuously upgrading systems, enhancing software controls, and providing regular employee training to ensure robust protection of customer data.
Joint venture	Anti-corruption	Anti-corruption training and risk assessments: The Group delivers anti-corruption training tailored to the different regions in which it operates and regularly conducts risk assessments to proactively identify and address potential compliance issues.
	Diversity, equity and inclusion	Promoting a diverse workforce: KLN Group follows its <u>Global Equal Opportunities Policy</u> , hires people from diverse backgrounds including persons with disabilities, provides cultural diversity training and maintains open channels for addressing workplace equality matters.
	Occupational health and safety	Maintaining a safe, healthy, and ergonomic work environment: We have implemented a comprehensive <u>Occupational Health and Safety Policy</u> supported by a holistic safety management system to place employee safety at the forefront of our operations. Our workplaces are ergonomically designed, and our safety procedures are customised to address job-specific occupational health risks, helping to safeguard our people and enhance overall wellbeing.
Community	Community engagement and investment	Broaden community impact through initiatives: The Group's <u>Social Responsibility Policy Statement</u> sets out our commitment to community engagement and investment, supporting initiatives that address the diverse needs of stakeholders, including children, the elderly, the underprivileged and environmental sustainability, as well as providing humanitarian aid and other community support in times of need.

PAPERLESS COMMUNICATION

Subject to the requirements of the Listing Rules of The Stock Exchange of Hong Kong Limited and the Company's Bye-laws, as amended from time to time, we have implemented electronic communications since 2023. Printed copies of corporate documents are provided upon request. This initiative underscores our commitment to sustainability by reducing paper consumption and minimising waste.

MATERIALITY ASSESSMENT

We actively engage with our stakeholders on a wide range of sustainability topics, including the related risks and opportunities that shape our business strategy. Last year, we introduced a double materiality approach to our materiality assessment, considering both the impact of our activities on the environment and society (impact materiality), as well as the financial implications for our business (financial materiality).

This year, we continued to apply this double materiality lens. To ensure relevance and alignment, we undertook a streamlined materiality refresh that involved a desktop review of existing material topics, refinement based on emerging trends and input from internal stakeholders, and validation and approval by our senior management. The process is summarised in the table below:

THREE-PHASE REFRESH APPROACH



Moving forward, we will perform a detailed four-step approach, including in-depth stakeholder engagement, once every three years. This will allow us to maintain alignment with industry best practice and sustainability standards while ensuring a more streamlined materiality assessment process.

MATERIALITY RESULTS

In 2025, we held two stakeholder engagement sessions – one with our ESG Taskforce and another with senior leadership. This process helped us identify the shift in priorities of our material topics, which are detailed in the table below:

Material Topic	Revisions in Material Topic Priorities	KLN's Initiatives in 2025
1. Innovation and technologies	This topic has increased in financial materiality for KLN Group due to the various business opportunities it presents, including increased efficiencies and optimisation.	<ul style="list-style-type: none"> • Robotics used in warehouse operations and automation • Artificial Intelligence ("AI") for decision support • Adopting AI-assisted quality checks and data analysis
2. Energy efficiency	For KLN, Energy efficiency directly impacts operational expenditures, as the Company's activities involve significant energy consumption across all its operations. This is especially important in the transition towards net zero, as it is a cost-effective way to decarbonise our operations in the near-term.	<ul style="list-style-type: none"> • Rolled out LED and sensor-triggered lighting across Hong Kong facilities and global warehouses, delivering measurable energy savings. • Upgraded lighting and intelligent controls in Hong Kong warehouses, with planned 2026 measures expected to save over 80,000 kWh annually.
3. Greenhouse gases (GHG) management	This topic has increased in terms of financial materiality due to the direct impact on the Group's decarbonisation pathway, and the climate-related financial risks it presents. However, the financial materiality score of this topic remained slightly lower than Energy efficiency, as the Group is not subject to any carbon pricing regulations as of 2025.	<ul style="list-style-type: none"> • Adoption of sustainable refrigerants (e.g., Ammonia and Carbon dioxide) • Optimising vehicle loads to cut delivery trips and reduce emissions • Expanding use of electric and hybrid vehicles with supporting charging infrastructure • Disclosing additional Scope 3 GHG emissions categories
4. Renewable energy	The Group recognises the importance of procuring renewable energy as part of its net zero transition journey, and therefore this topic has also increased in financial materiality for 2025. However, as it is an emerging topic, it remained slightly less financially material as compared with GHG management and Energy efficiency.	<ul style="list-style-type: none"> • Established a target to generate 19,000 MWh of renewable energy per year by 2035 • Testing, pilot and adoption of EVs • Supporting EV charging infrastructure through collaborations • Pilot testing of renewable diesel, and exploring the adoption of biodiesel and Hydrotreated Vegetable Oil ("HVO")
5. Fair and responsible marketing	This topic has been elevated slightly in terms of its financial materiality score following the rebranding of the Group, and measures taken to mitigate associated risks such as brand misuse.	<ul style="list-style-type: none"> • Measures to increase vigilance around impersonation and brand misuse following the rebranding and change of company name
6. Community engagement and investment	This year, the Group has increased its focus on offering humanitarian aid to communities in the regions it operates in and leveraging its logistics expertise is helping communities navigate challenging times. Hence, it has increased in impact materiality for the Group this year.	<ul style="list-style-type: none"> • Donation to UNICEF through a Coin Toss for The GUINNESS WORLD RECORDS™ • Offered free logistics services and HK\$ 5 million in donations to support urgent needs and recovery for families affected by the Tai Po fire in Hong Kong.

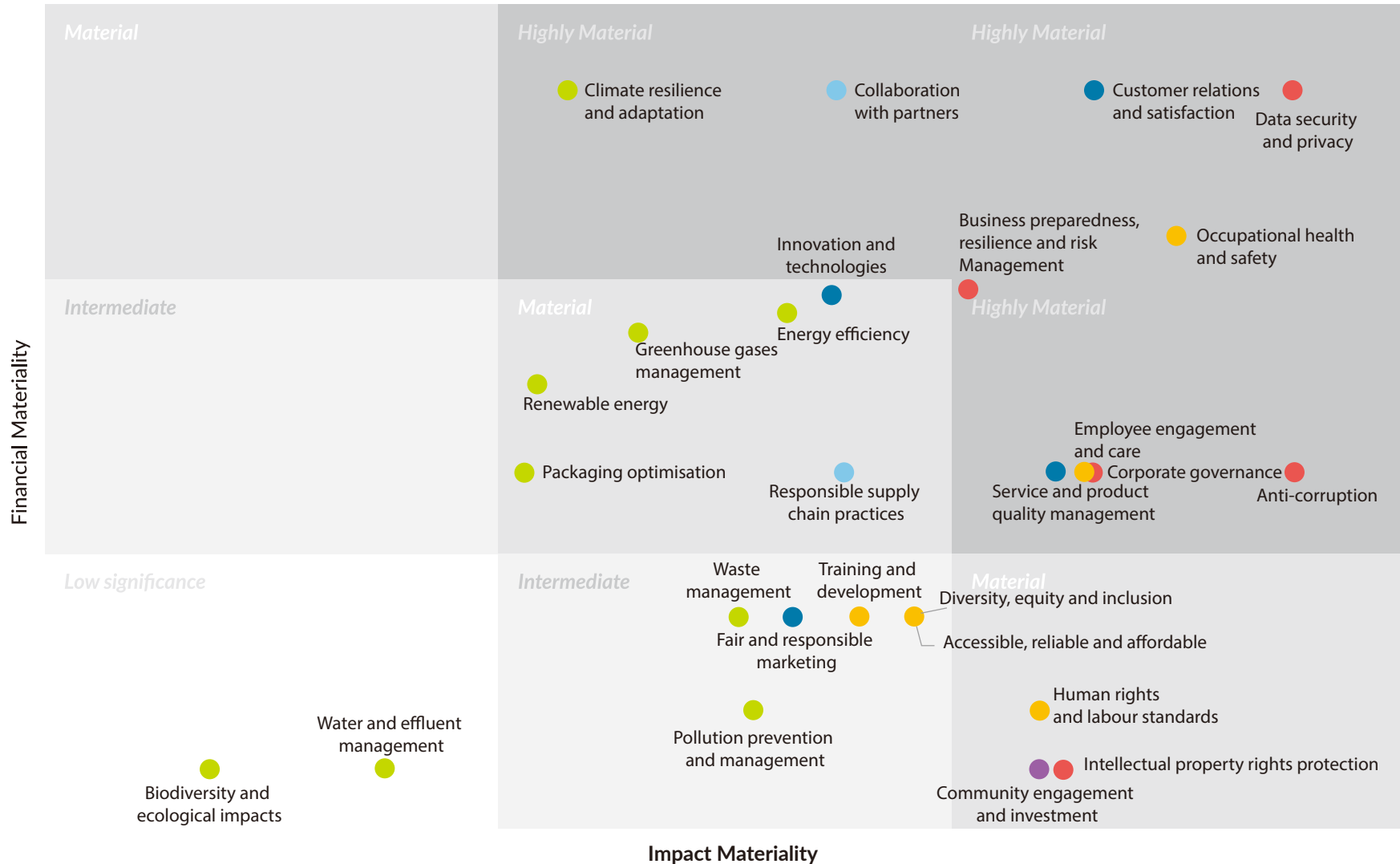
The updated priorities for the Group are illustrated in the double materiality matrix below. The matrix shows the significance of the sustainability topics of material importance to

the Group across two dimensions: their impact on our business (i.e., financial materiality) and our impact on the environment and society (i.e., impact materiality).

KLN DOUBLE MATERIALITY MATRIX

For the year ended 31 December 2025

- Environment
- Employees
- Supply chain
- Business ethics
- Customers
- Community



The table below outlines the key material topics identified through the materiality assessment exercise in 2025, arranged in accordance with the Group's six sustainability pillars. Further details can be found in the relevant chapters of this report.

Pillars and Report Chapters	Key Material Topics	GRI Standards
Business Ethics	Anti-corruption	GRI 205
	Data security and privacy	GRI 418
	Corporate governance	GRI 2
	Business preparedness, resilience and risk management	GRI 2
People	Occupational health and safety	GRI 403
	Employee engagement and care	GRI 401
Customers	Customer relations and satisfaction	-
	Service and product quality management	GRI 416
Environment	Climate resilience and adaptation	GRI 305
Supply Chain	Collaboration with partners	-
Community	Community engagement and investment	GRI 413

OUTLOOK OF MATERIAL TOPIC PRIORITIES IN THE NEAR FUTURE

Given the dynamic nature of sustainability topics, we recognise the need to anticipate how their impacts will evolve so we can plan effectively and seize emerging opportunities. This year, as a part of our materiality assessment process, senior leadership came together to examine which issues are likely to shift in priority over the near term (three- to five-year horizon) and consequently, to better navigate sustainability-related risks and opportunities relevant to the business.

Based on this discussion, over the next three to five years, we expect the financial materiality of Innovation and technology to rise as KLN further integrates artificial intelligence and robotics into our operations. As these capabilities are embedded with our business processes, we envision that Intellectual Property Rights Protection will also become increasingly important. This topic will also gain significance due to regulatory requirements across our regions of operations. Managing these material topics will enable us to improve our competitive edge and future-proof our business.

Closely linked to this technological shift, Renewable energy is likely to gain significance as our solar installations, EV pilots and support for charging infrastructure progress, and as we explore the adoption of renewable fuels across operations – developments that will require closer monitoring and, where appropriate, accelerated investment.

At the same time, Climate adaptation and resilience will remain highly material for the Group. Although our warehouses are largely inland and not exposed to coastal flood risk, extreme weather events such as typhoons continue to disrupt air and sea logistics. Hence, we will keep this area under close review and integrate resilience measures into operational planning. Likewise, Occupational Health and Safety will remain a core priority given the labour-intensive nature of the sector, and we will continue to roll out and evaluate new initiatives to protect our workforce.

On the other hand, the topic of Community engagement and investment is expected to grow in importance, particularly in terms of impact materiality, as we scale humanitarian and disaster-relief efforts in partnership with local authorities and other stakeholders. By aligning our technological, environmental and social initiatives and leveraging our logistics expertise, we aim to enhance regional resilience and ensure our social programmes remain responsive to emerging needs.

These anticipated shifts reflect the strategic priorities set by senior leadership and their impact to KLN's business planning and resilience. We will continue to monitor developments and adjust our approach as necessary to ensure our actions remain aligned with the Group's strategy and the expectations of our stakeholders.

GOVERNANCE

GOVERNANCE STRUCTURE

The Group recognises that a robust governance structure underpins our long-term success and sustainable development. Our sustainability governance framework, illustrated below, ensures that sustainability considerations are embedded into business operations and decision-making across the organisation.

The Board takes ultimate responsibility for overseeing governance and setting the strategic direction for sustainability by ensuring that our sustainability priorities align with our long-term corporate goals and the expectations of our stakeholders. Supporting the Board, the Sustainability Committee (“SC”) plays a central role in monitoring our progress against the commitments set out in our Sustainability Vision, while the Risk Management Committee (“RMC”) provides additional oversight on sustainability-related risks and opportunities.

At the management level, our Integrated Management System (“IMS”) Committee, ESG Taskforce, and Global Management Board drive the implementation of sustainability initiatives and embed ESG considerations into our operations. In addition, our Sustainability Action Teams (“SAT”) bring together expertise from across our business units to execute targeted programs and strengthen our ESG performance globally.

Through an engaged Board, a well-defined governance structure, and effective communication channels, we are well-positioned to achieve our sustainability objectives and create long-term value for our stakeholders.

SUSTAINABILITY GOVERNANCE



Governance	Members	Roles
Board	All Board Members	Overall oversight of ESG strategy and reporting, including ongoing review of progress towards the Group's sustainability goals and targets.
Sustainability Committee	Executive Director and Heads of Finance, Company Secretariat, Human Resources & Administration, Quality & Risk Management and Investor Relations	Assess sustainability-related risks and opportunities, propose ESG strategies and oversee the quality of sustainability reporting.
Risk Management Committee	Chief Executive Officer and Heads of Finance and Quality & Risk Management	Provide strengthened oversight of sustainability and climate-related risks, as well as the effectiveness of related management systems.
Integrated Management System Committee	Chief Executive Officer, a Senior Management, Heads of Finance and Quality & Risk Management	Collaborate with departments, frontline employees and workers to identify, assess and manage risks across the Group's operations relating to OHS, quality, environmental and climate-related issues, and supply chain security.
ESG Taskforce	Delegates of Sustainability Committee	Promote communication, coordination and collaboration between the Board and business units on sustainability and climate-related matters.
Global Management Board*	Board Members and Senior Management	Partner with global business units to execute and monitor the Group's climate-related business strategies.
Sustainability Action Teams	Dedicated Representative from Business and Functions Units	Implement initiatives to achieve the sustainability and climate-related goals and objectives established by the Group.

* Formerly known as Global Executive Committee

STRENGTHENING ESG EXPERTISE WITHIN OUR LEADERSHIP

The Group's sustainability strategy and action plan are overseen by the Board and management, and therefore, they continue to take measures to enhance their knowledge and understanding of various sustainability issues. Majority of them hold the ESG Reporting Certification by The Hong Kong Chartered Governance Institute and have also completed additional sustainability training.

Recruiting Board members and senior leaders from a range of backgrounds helps the Company remain resilient in the face of challenges. To strengthen diversity, we consider gender, professional experience and nationality when making new appointments. In 2025, the Board comprised individuals from varied fields – including academics, entrepreneurs, treasurers, accountants and lawyers – and included three female members, providing well-rounded representation. They bring a range of perspectives to the table with their diverse backgrounds and experiences.



Ellis Cheng, Executive Director and Chairman of the Sustainability Committee of KLN (front row, second left), with members of the ESG working team.

GOVERNANCE

RISK AND COMPLIANCE MANAGEMENT

RISK MANAGEMENT

The Group continues to embed ESG principles into its strategic agenda in recognition of the relationship between sustainable practices and long-term growth. The double materiality assessment refresh carried out this year provided deeper insight into the critical risks and opportunities across our operations and value chain, highlighting their potential impact on the Group over varying time horizons. To stay ahead of these challenges, every stage of the value chain undergoes a comprehensive assessment to

ensure that stakeholder interests are protected while we move towards alignment with global sustainability objectives. During 2025, we further reinforced our risk management approach, underpinned by a solid governance framework and established policies.

Sustainability risk management is integrated into the Group's wider corporate risk framework, with oversight provided by the Risk Management, Sustainability, and IMS Committees. Our methodology follows

internationally recognised standards, including ISO 9001 (Quality Management), ISO 45001 (Occupational Health and Safety), ISO 22000 (Food Safety), ISO 27001 (Information Security), ISO 28000 (Supply Chain Security), ISO 14001 (Environmental Management), and ISO 13485 (Medical Devices Quality Management).

In 2025, the Group identified and prioritised key sustainability risks which had the potential to affect our operations. They are outlined below.

Sustainability Risks	Impact on the Group	Status and Responses
Financial Risks	<p>The Group is exposed to potential financial risks stemming from enhanced tariff risk, which may in turn suppress consumer spending. These conditions could adversely affect profitability by weakening demand for logistics services. Meanwhile, fluctuations in foreign exchange rates and heightened geopolitical instability add further complexity to the Group's financial management.</p> <p>The Group is also exposed to geopolitical tension with 58 countries/territories and its core business depends on cross border trade, global transport corridors and regulatory stability. Operating across geopolitically sensitive regions, it is affected by route disruptions and freight rate volatility. These factors can alter cargo flows, costs, capacity supply and customers demand dynamics, impacting operations and financial performance.</p>	<p>The Group's risk management strategy is designed to mitigate the potential adverse impacts of financial market volatility through the systematic identification, evaluation, and management of financial risks across its operating units. To address potential downturns, regular risk assessments are undertaken and contingency measures are established. In addition, the Group pursues diversification across its business portfolio, geographic footprint, and customer base enhances resilience to economic instability. For more details on our financial risk management, please refer to the Group's 2025 Annual Report.</p> <p>In response to heightened geopolitical uncertainty, the Group has adopted a prudent risk management approach focused on safety, regulatory compliance, and operational sustainability. Leveraging the Group's extensive global footprint and diversified logistics capabilities, alternative solutions such as mode shifting, multimodal logistics, and tailored supply chain arrangements are provided to ensure operational continuity, drawing on experience from the COVID-19 period and the Red Sea disruptions in 2025.</p>

Sustainability Risks	Impact on the Group	Status and Responses
Climate Change	The Group's operations are exposed to both physical and transition risks arising from climate change. Physical risks – including rising sea levels, extreme temperatures, coastal flooding, heavy rainfall, typhoons, and droughts – pose direct challenges to the Group's supply chain, day-to-day activities, and overall performance. Transition risks, such as evolving technologies and shifts in climate-related policies, have the potential to reshape the value chain and affect the competitiveness of the Group's business model and strategic direction.	Our efforts to reduce carbon emissions are supported by tools to analyse reduction areas and ongoing feasibility assessments of decarbonisation initiatives. In 2025, we strengthened our approach by measuring financial impacts from high-risk locations and expanded geographical risk monitoring. We will continue to track developments closely to ensure timely responses and effective mitigation. For further details, please refer to the section titled "Climate-related Financial Disclosures" in this report.
Cyber Security	In view of the nature of its operations, the Group collects, processes, and retains confidential information. To ensure the protection of its stakeholders, the Group adheres strictly to applicable data protection laws and regulatory requirements. Notwithstanding these measures, cyber threats pose a material risk to the confidentiality, integrity, and availability of data, and have potential to disrupt the Group's operational continuity.	Our Group employees undergo frequent training to ensure they remain up to date with the latest developments in data privacy and security. Our information security practices are continuously enhanced to reflect changing industry standards. We take all essential measures to safeguard both internal data and stakeholder information, thereby reducing the risk of operational disruption.

POLICIES AND GUIDELINES

The Group has put in place a wide-ranging framework of policies that define its approach to ethical behaviour and governance in relation to social and environmental responsibilities. Demonstrating its commitment to openness and accountability, the Group makes sure that these standards are consistently communicated to its suppliers and business partners throughout the value chain. To ensure accessibility, all policy documents are made available to the public on the Group's website under the section titled "Governance – Policies".

REGULATORY COMPLIANCE

The Group maintains ongoing oversight of its compliance with regional laws and regulations across all areas of operation, keeping a close watch on new legislative developments and amendments to existing requirements. Internal policies are regularly revised to remain consistent with applicable local standards, as outlined in the relevant sections of this report. Oversight

of compliance activities rests with the Audit and Compliance Committee of the Company ("ACC"), which ensures alignment with industry best practice while continually reviewing the effectiveness of established policies and procedures. We carry out detailed evaluations of compliance risks against our enterprise risk assessment framework, which allows us to identify regulatory obligations that may have a significant impact on operations within specific jurisdictions.

Non-compliance with applicable laws and regulations poses significant risks to the Group's business, financial stability, and overall operations. The possible impacts include:

- Legal or regulatory proceedings against the Group or its employees, which may lead to fines, sanctions, and/or imprisonment
- Decline in the Group's share price and reduced potential future earnings arising from diminished confidence among investors and customers

- Operational disruption caused by incidents such as system outages, business suspension, cyberattacks, workplace injuries, or environmental hazards
- Reputational harm to the Group's brand, including unfavourable media coverage and public criticism

The Group remains dedicated to keeping pace with evolving regulatory requirements and ensures that relevant employees receive ongoing training to uphold strong compliance standards. In 2025, no instances of non-compliance were recorded that resulted in material fines or non-monetary penalties.



OUR PEOPLE

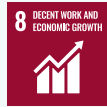


The Group's future is built on the strength of its people. We are committed to nurturing talent, fostering wellbeing, and building an inclusive workplace where every employee feels valued and empowered. Through initiatives including our WE KARE, Young Executives Academy, and inclusive hiring practices, we continue to strengthen our workforce and ensure long-term success.

Our Targets

- Advance employee wellbeing through WE KARE, encompassing five pillars: Fitness Care, Wellness Care, Work-life Care, Family Care, and Community Care
- Foster an equitable and respectful workplace that is free from discrimination, ensuring equal opportunities regardless of gender, pregnancy, marital status, age, disability, family status, ethnicity, race, or religious beliefs
- Strengthen workforce capabilities and skills by collaborating with external organisations and expanding training and development initiatives

Our Prioritised SDGs and Targets



- Target 8.5: Achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value
- Target 8.6: Substantially reduce the proportion of youth not in employment, education or training

Our Focus Areas

- Employee engagement and care
- Fostering safety and wellbeing
- Upholding labour standards and human rights
- Creating a diverse, equal and inclusive workplace
- Nurturing and developing talent



KLN GROUP'S WORKFORCE

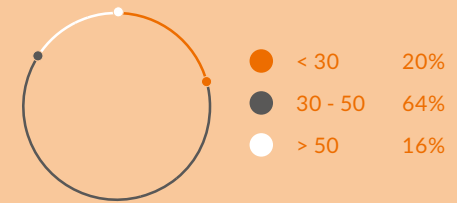
TOTAL WORKFORCE (EMPLOYEE)

18,618

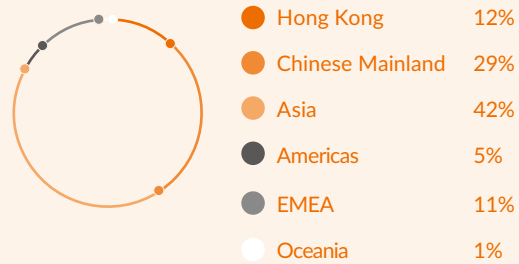
EMPLOYEE BY GENDER



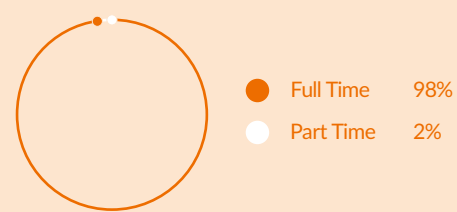
EMPLOYEE BY AGE GROUP



EMPLOYEE BY REGION



EMPLOYMENT BY TYPE



EMPLOYEE BY CATEGORY



EMPLOYEE ENGAGEMENT AND CARE

The wellbeing and growth of our people are fundamental to the Group's long-term success, and we are committed to fostering a culture where every employee feels supported, respected, and empowered to excel. In 2025, we continued to roll out a series of initiatives and events designed to meet the diverse needs of our global workforce, enhancing wellbeing, strengthening inclusivity, and supporting professional development.

KLN Group celebrated the cultural traditions and festive occasions in regions where it operates to strengthen a sense of belonging and inclusivity. In Singapore, colleagues gathered for the annual Lo Hei celebration to welcome the new year with shared prosperity. In the Chinese Mainland, meanwhile, employees came together to enjoy Lunar New Year, Mid-Autumn Festival, and Dragon Boat festivities. These events foster a connection and cross-cultural appreciation, ensuring employees feel part of a vibrant and inclusive workplace.

Celebrating Women in Logistics – National Women's Day, South Africa

KLN's South Africa office proudly joined the nation in marking National Women's Day, recognising the remarkable achievements of women in the freight industry. The celebration highlighted the valuable contributions of female colleagues who continue to break barriers and drive innovation in the sector. The event provided a meaningful platform for colleagues to come together, share experiences, and honour the resilience and leadership of women shaping the future of logistics.



FOSTERING SAFETY AND WELLBEING

At KLN, we place the utmost priority on creating a safe and secure workplace and upholding the highest standards of safety and wellbeing. Guided by our Occupational Health and Safety (OHS) Policy, which is aligned with ISO 45001:2018, we are committed to preventing work-related injury and ill health, eliminating hazards, and continually improving our safety systems. In addition to our robust safety measures, we provide comprehensive healthcare benefits and promote holistic wellness, ensuring practices such as regular breaks are integrated

into daily schedules to support both physical and mental wellbeing. In 2025, we advanced our safety commitments and expanded holistic wellbeing initiatives to create a smarter, safer workplace for every employee. Together, these efforts foster a culture of care which allows employees to thrive.

We comply with the Occupational Safety and Health Ordinance (Chapter 509 of the laws of Hong Kong), as well as other occupational health and safety regulations in jurisdictions that have a significant impact on the Group.

SAFETY MANAGEMENT SYSTEM

Recognising the contribution of our people to the Group's success, we treat occupational safety as a core priority. To protect our workforce, KLN has established an OHS system that underpins and strengthens our safety management practices and reduces health risks and workplace hazards. This system is embedded across our operations – covering logistics services, e-commerce, facilities management, international freight forwarding, trucking, and cargo distribution – and is aligned with the ISO 45001 standard.

The table below outlines the key procedures that comprise the Group's comprehensive OHS framework.

Hazard identification and risk assessment	<p>The IMS Committee is in charge of identifying, assessing and managing OHS hazards and risks across the Group's operations.</p> <p>Members of the IMS Committee work alongside frontline employees from every department to ensure hazards are evaluated from multiple perspectives. To support continuous improvement, reviews are carried out every six months, or whenever significant operational changes occur.</p> <p>An independent professional consultant is engaged to perform regular audits and validate the effectiveness of the OHS system.</p>
Incident reporting and investigation	<p>Employees and supply-chain partners are urged to use clear, established reporting channels to flag any potential health hazards. Each submission is forwarded to the IMS Committee and workers' representatives for prompt follow-up. The Group's OHS policy clearly states that employees have the right to remove themselves from work without penalty if they encounter a hazardous situation.</p>
Communication and participation	<p>The Group pursues continuous improvement of its OHS system by engaging employees in safety initiatives and encouraging their participation in risk-reduction efforts.</p> <p>Employees have ready access to safety guidelines and procedural manuals, empowering them to identify hazards and assess associated risks effectively.</p> <p>Employee and worker representatives meet regularly with the Group's IMS Committee to jointly review the performance of the OHS management system and identify opportunities for improvement.</p>

Team Pulse: Gathering insights that prevent safety risks and build trust among teams

MyTeamPulse is a leader-facing pulse survey tool designed to build high-trust, well-aligned and high-performing teams. KLN's Oceania business unit has progressively rolled out the platform to measure and encourage engagement and trust and identify risks, which are addressed in structured follow-up meetings.

By giving leaders regular insight into engagement, leadership, productivity and team effectiveness, MyTeamPulse helps managers act quickly and supports improvements in collaboration, trust and workplace safety.

Building Preparedness and Safety Awareness in Mexico

In 2025, the KLN Mexico team conducted a comprehensive training programme focused on health care and emergency preparedness. The sessions combined practical exercises with awareness-building activities to strengthen staff resilience and safety skills. Employees prepared family emergency plans and backpacks, practiced earthquake drills and evacuation routes, and learned quick-response techniques such as unclogging at home.

The training also addressed road safety, with staff experiencing the effects of impaired perception through simulation lenses that mimic alcohol's impact on reaction time. These exercises reinforced the importance of responsible driving and proactive risk management.

By combining hands-on practice with experiential learning, KLN empowered employees to protect themselves, their families, and their communities, while embedding a culture of safety and preparedness within the team.

WORKPLACE SAFETY IN THE VALUE CHAIN

Recognising that workplace safety is a shared responsibility across our network, we support our value-chain partners in creating safe, secure workplaces for their employees.

We are committed to supporting our value-chain partners in creating safe, secure workplaces for their employees. To this end, we provide training and workshops, encourage open dialogue and questions, and carry out regular inspections to drive ongoing improvements in their OHS performance.

Prior to engaging any contracted third party, we require evidence of compliance with KLN's Contractor OHS Code and conduct thorough safety risk assessments to confirm alignment with our policies and with relevant regional and international safety standards.

TRAINING AND BUILDING AWARENESS

The Group delivers comprehensive safety training tailored to the needs of each business unit and department and aligned with regional statutory requirements. We encourage employees to contribute suggestions for improving workplace safety, drawing on their day-to-day operational knowledge and expertise.

This year, we continued to enhance our OHS training curriculum, shifting from compliance-focused delivery to a culture of proactive risk prevention tailored to meet diverse needs across all organisational levels. In Myanmar, we continued to deliver comprehensive training sessions on health and safety covering a broad spectrum of topics, such

as correct use of equipment, hazard mitigation and emergency preparedness. In the Chinese Mainland, we continue to run monthly safety training, regular fire drills and targeted driver-safety sessions to reinforce compliance, refresh practical skills and maintain operational readiness across our sites.

Meanwhile, in Hong Kong, our warehouse and driver teams undergo regular hands-on safety training, with targeted sessions on forklift truck safety and the safe use of fire extinguishers.

In 2025, we reinforced leadership accountability through the Certificate in Manual Handling for supervisors, strengthening proactive oversight of team safety. Our training is supported by partnerships with the Occupational Safety and

Health Council (OSHC) and St. John Ambulance to ensure the programmes meet rigorous professional standards and translate into safer day-to-day operations. These programmes upskill our workforce and reinforce safe practices, leading to fewer incidents and greater operational efficiency.

We regularly revise our safety guidelines to align with current industry standards, covering early hazard detection, incident reporting and investigation procedures, and disciplinary measures for safety breaches. By embedding these practices into our health and safety framework, we aim to prevent incidents from occurring and maintain a safer workplace for all employees.

The table below outlines our comprehensive safety training programme:

Categories	Training Topics
General safety	<ul style="list-style-type: none"> OHS training for new joiners Regular refresher training
Safe operation in offices and warehouse	<ul style="list-style-type: none"> Working with display screen equipment Handling of hazardous goods in the workplace Standard manual handling procedures Preventative and protective measures
Fire safety	<ul style="list-style-type: none"> Facilities for fire safety in the office, warehouse and daily life Fire hazards in the workplace Introduction of firefighting equipment
First aid	<ul style="list-style-type: none"> Basic first aid Cardiopulmonary resuscitation (“CPR”) Use of automated external defibrillators (“AED”)

EMPLOYEE HEALTH AND WELLBEING

We prioritise the physical, mental and social wellbeing of our workforce. A range of targeted programmes is offered by the Group to promote health, resilience and work-life balance among colleagues.

MENTAL HEALTH

We prioritise mental wellbeing through accessible support and proactive initiatives. We have embedded comprehensive mental-health support into our wellbeing strategy, including a 24-hour counselling hotline for employees and their immediate family members. Our Mental

Health Outpatient Benefit and Employee Assistance Programme (EAP) provides free confidential counselling and practical support in selected regions.

These core services are supplemented by local initiatives. In Hong Kong, the Soul Relaxation Garden 2.0 offered colleagues the opportunity to practice mindfulness through gardening, while the Emotional Wellness Ambassador programme trained employees to support colleagues and families. In Oceania, wellbeing was reinforced through confidential external counselling, pre-shift exercise classes and targeted resilience workshops, helping colleagues to manage stress and thrive both at work and at home.

Promoting Wellbeing Through Shared Experiences

Chinese Mainland - Laughter as a Path to Wellbeing in the Workplace: In November 2025, KLN’s Chinese Mainland office organised a stand-up comedy event to encourage colleagues to relieve stress through laughter. The initiative provided a light-hearted platform for employees to connect outside of their daily routines, fostering a positive atmosphere and reinforcing the Group’s commitment to employee wellbeing. By integrating creative activities such as comedy into workplace culture, KLN continues to promote resilience, inclusivity and mental wellness across its teams.

PHYSICAL HEALTH

The Group promotes healthy lifestyles by creating workspaces that encourage physical activity and healthy choices. Employees have access to fitness programmes and fresh fruit and healthy snacks in our offices. Work areas are ergonomically designed to support good posture and reduce injury risk. We provide comprehensive health insurance, annual medical checkups, and seasonal flu vaccinations in selected regions.

As a lead sponsor of the UNICEF Charity Run 2025/26 HERO RUN – PoweRun, KLN was proud that more than 40 employees took part in the event at Hong Kong Disneyland Resort, demonstrating our commitment to encouraging participation in sport as part of a healthy lifestyle.

In the Chinese Mainland, KLN participated in the 21st World Walking Assembly, supported by the World Walking Association and the International Leisure Sports Cooperation Organization. By joining this event, KLN encouraged employees to embrace outdoor exercise, strengthen team spirit, and deepen awareness of environmental sustainability.

Our involvement in these activities reinforces our focus on physical health, encourages active lifestyles among colleagues, and strengthens ties with local partners.

UPHOLDING LABOUR STANDARDS AND HUMAN RIGHTS

The Group is committed to upholding the human rights across its operations and throughout the value chain. We require strict adherence to our [Social Responsibility Policy Statement](#) and [Business Partner Code of Conduct](#), and ensure we comply with applicable international conventions and regional regulations in key operating jurisdictions.

We ensure suppliers and business partners meet our human-rights expectations through a robust screening process that excludes those with poor labour practices or unfair treatment of workers. All third parties must demonstrate compliance with human rights, anti-discrimination, child labour and forced labour standards before engagement. We conduct regular labour rights assessments, inspections and audits of third parties and assign ratings based on their practices. Partners are made aware that persistent non-compliance or failure to improve may lead to termination of the business relationship.

During the reporting year, we did not have cause to terminate any business relationships for human rights or ethical labour standards violations. We continue to monitor supplier performance, act on audit findings, and work with partners to drive improvements that protect workers' rights and promote responsible practices across our supply chain.

CREATING A DIVERSE, EQUAL AND INCLUSIVE WORKPLACE

The Group is committed to equal treatment for all employees, regardless of age, ethnicity, gender or religion, and values the perspectives, skills and experiences that a diverse workforce brings. To strengthen these efforts, we continuously investigate potential collaborations with relevant NGOs and social enterprises to support inclusive hiring, including exploring the feasibility of employing individuals from targeted groups, including persons with disabilities, ethnic minorities and women. These collaborations will be evaluated for feasibility and impact as part of our ongoing diversity and inclusion strategy.

Our [Global Equal Opportunities Policy](#) prohibits any form of harassment or discrimination and ensures recruitment occurs through a merit-based selection process. The Group's [Social Responsibility Policy Statement](#) reinforces our commitment to eliminating bias or discrimination. We comply with the Sex Discrimination Ordinance (Chapter 480 of the laws of Hong Kong) and all applicable employment laws in the jurisdictions where we operate. During the reporting period, no incidents of discrimination were recorded.

An Inclusive Workplace: Diversity Marketplace

In 2025, KLN hosted the Diversity Marketplace in Hong Kong, showcasing our commitment to diversity and inclusive workplace. The event brought together KLN staff and social enterprises to celebrate multicultural talent and create a visible platform for social partnership and supplier engagement.

Local social enterprises led by elderly, women, youth, and minority ethnic groups were invited to present their featured products, demonstrating the creativity and value of diverse communities.

The event showcased multicultural food and crafts, including Nepalese cuisine, traditional pastries, and sustainable products.



PROVIDING EQUAL OPPORTUNITIES

Equality and fairness are principles which are embedded across our organisation, including in training, performance evaluations and career-development. Our objective is to ensure that every individual has equal opportunity to develop and advance based solely on merit and performance. Recruitment, assessment and progression processes are continually reviewed to remove barriers and guarantee a level playing field for all employees.

We are committed to adapting our recruitment practices and making workplace adjustments for people with special needs and disabilities to ensure careers with KLN are accessible. In Hong Kong, we have launched a partnership with the Hong Kong Society for the Deaf to explore inclusive hiring.

CREATING AN INCLUSIVE WORKPLACE

The Group is committed to meeting the needs of employees from diverse cultural, religious and ethnic backgrounds. Several offices provide inclusive facilities such as accessible washrooms and designated prayer rooms to support colleagues' practical and spiritual needs.

To strengthen our talent pipeline and other strategic initiatives to attract a broader range of candidates, we will continuously monitor the Hong Kong market and new government recruitment programmes. Our approach to inclusive workplace facilities, clear grievance mechanisms and targeted recruitment partnerships will help us to build a more diverse, resilient workforce that supports the Group's goals.

NURTURING AND DEVELOPING TALENT

We are committed to cultivating the next generation of leaders to realise our vision of establishing a leading logistics network. KLN provides targeted training programmes, structured leadership pathways, and continuous learning opportunities that combine technical skills, managerial development and practical on-the-job experience. Through mentoring, stretch assignments and a clear career progression framework, we create an environment that supports professional growth and personal development.

DEVELOPING TALENT AND LEADERS

The Group runs a diverse range of internships and placement programmes to attract the best emerging talent. Alongside our comprehensive training curriculum, these initiatives keep our workforce future-ready and equipped to meet evolving industry challenges.

YOUNG EXECUTIVES ACADEMY

The Group develops young generation through the Young Executives Academy (YEA), which delivers targeted development and support for employees across all career stages, from student interns to managers. In 2025, the YEA recruited 27 young executives from markets including the Chinese Mainland and Hong Kong.

The academy offers two tailored programmes, each designed to match the learning objectives and career level of its participants:

Management Trainee Programme	<ul style="list-style-type: none">• Develops recent graduates from any academic discipline into the Group's future business leaders• Uses a sector-focused stream model to align training with the needs of our core business verticals• Provides rotational placements across different business streams, including opportunities for international exposure
Internship Programme	<ul style="list-style-type: none">• A six-month programme that provides candidates with practical, hands-on experience and the opportunity to explore career interests and progression pathways• Exceptional interns may be fast-tracked into the Group's Management Trainee Programme upon graduation

TRAINING AND PROFESSIONAL DEVELOPMENT

The Group supports employee development through tailored internal training and sponsorship for external learning. Our programmes include comprehensive orientation for new hires and role-specific training for existing staff, ensuring all employees are equipped with knowledge and skills needed to thrive.

We use a training matrix to assess each employee's competencies and learning needs, enabling managers to create personalised development plans aligned with both business priorities and individual goals. This framework identifies training requirements for a wide range of roles, including managers, interns, management trainees, customer service staff, and operations teams. For customer service staff, we provide annual training to enhance service excellence. Operations teams receive essential system training as well as warehouse management programmes to ensure operational efficiency and compliance. In our Hong Kong office, the matrix supports targeted training for interns and management trainees to accelerate their early professional development. In Myanmar, we continue to run in-house programmes that develop both soft skills and technical expertise for well-rounded growth. Meanwhile in Oceania we provided practical software training to help colleagues manage time and boost productivity. In the Chinese Mainland,

employees are able to access a wide range of courses via our online reading and learning platform, and departments deliver periodic, time-sensitive training to address operational priorities and emerging needs.

Learning and development for an inclusive workplace

We expanded flexible learning to make development more accessible and inclusive. Our "Sip & Succeed" workshops were converted into on-demand e-learning modules to increase reach and participation, while the Personal Excellence series – including Mandarin for Expat – delivers practical skills that support career progression. Beverage-themed workshops on coffee, Chinese tea, and wine, where staff build networking capabilities, explore cultural insights and beverage knowledge, and gain useful professional tips. All programmes are designed to be culturally inclusive and accessible. We regularly review content and delivery methods to remove barriers, promote equal opportunity and ensure colleagues from diverse backgrounds can fully participate and benefit.



OUR ENVIRONMENT

12 RESPONSIBLE CONSUMPTION AND PRODUCTION



13 CLIMATE ACTION



KLN Group considers environmental stewardship among the cornerstones of futureproof and resilient operations. We strategically invest in innovative solutions that helps us reduce emissions, conserve resources, and build resilience against climate change, ensuring that our growth aligns with the needs of both society and the planet.

The Group continuously monitors and evaluates the environmental impact of its activities, including greenhouse gas (“GHG”) emissions. Our methodology follows the guidelines issued by the Electrical and Mechanical Services Department and the Environmental Protection Department of Hong Kong and is aligned with internationally recognised standards including the Greenhouse Gas Protocol and ISO 14064-1. For upstream transportation and distribution emissions, we adopt the Global Logistics Emissions Council Framework to ensure consistency and transparency in our reporting.

Our Targets

- Achieve net zero emissions across our operations and value chain by 2050
- Reduce energy and water consumption in our operations
- Transition to renewable energy and progressively phase out the energy from fossil fuels
- Expand the use of sustainable packaging materials and reduce overall packaging consumption
- Support our partners’ environmental stewardship through training and campaigns
- Pioneer innovative green logistics solutions for our customers and the wider value chain

Our Prioritised SDGs and Targets



- Target 12.2: Achieve the sustainable management and efficient use of natural resources
- Target 12.5: Substantially reduce waste generation through prevention, reduction, recycling and reuse
- Target 13.1: Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries
- Target 13.3: Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning

Our Focus Areas

- Tackling climate change
- Climate-related financial disclosures
- Minimising environmental footprint

TACKLING CLIMATE CHANGE

As climate-related disruptions continue to affect global supply chains, the Group is strengthening its governance and management approach to identifying, assessing, and responding to associated risks and opportunities in accordance with its [Climate Change Policy Statement](#). We remain steadfast in our commitment to achieving net zero GHG emissions across our operations and value chain by 2050, in alignment with the goals of the Paris Agreement¹.

We have continued to work on our climate-related disclosures, in line with the HKEX’s new Climate Disclosure Requirements under the ESG Code as set out in Appendix C2 of the Listing Rules, which are closely aligned with the International Sustainability Standards Board (“ISSB”) IFRS S2 standards.

¹ The Paris Agreement is a global treaty adopted in 2015 that aims to limit global warming to well below 2°C, pursuing efforts to restrict it to 1.5°C above pre-industrial levels.

DECARBONISING LOGISTICS OPERATIONS

The Group continues to enhance its sustainability practices by exploring and implementing decarbonisation initiatives to reduce its environmental footprint.

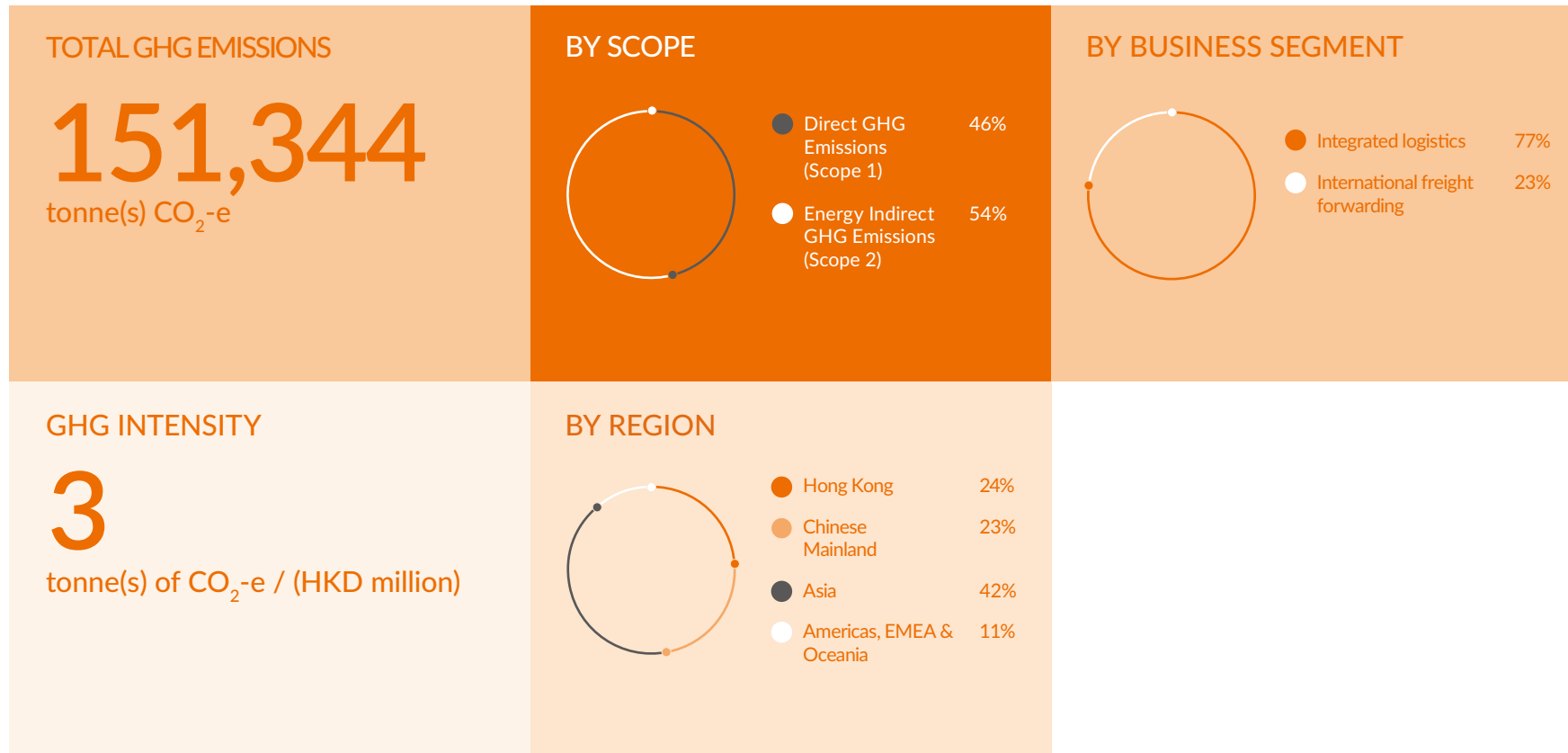
- Carbon reduction – Reducing and recycling waste, shifting towards sustainable packaging, upgrading our fleet to cut exhaust emissions,

improving route planning for efficiency, exploring the use of renewable diesel for road transport where feasible, expanding the use of sustainable aviation and marine fuels

- Energy efficiency and renewable energy adoption – Enhancing energy conservation through smart lighting, replacing combustion-engine equipment with electric alternatives, and expanding on-site renewable energy capacity across facilities

- Carbon offsetting – Engaging in reforestation initiatives and securing verified third-party offsets when necessary
- Transparency of disclosure – Monitoring and reporting GHG emissions, including additional Scope 3 categories where feasible, along with energy consumption and intensity in alignment with internationally recognised standards

GHG EMISSIONS (SCOPE 1+2) IN 2025



CARBON REDUCTION AND MANAGEMENT

The Group continues to strengthen its carbon reduction and management approach to stay on track towards its GHG emissions reduction targets.

This year, we enhanced our disclosures by calculating additional material Scope 3 categories, as shown in the adjacent table. A spend based approach was used to calculate emissions for Categories 1 (Purchased goods and services), 2 (Capital goods), and 6 (Business travel), while the average data method was applied for Category 3 (Fuel and Energy-related Activities).

We will continue to evaluate opportunities to expand Scope 3 disclosures in future reporting periods.

Metrics	2025 (tonnes of CO ₂ e)	2024 (tonnes of CO ₂ e)	2023 (tonnes of CO ₂ e)
Other indirect GHG emission (Scope 3) – Category 1: Purchased goods and services	20,749	–	–
Other indirect GHG emission (Scope 3) – Category 2: Capital goods	8,654	–	–
Other indirect GHG emission (Scope 3) – Category 3: Fuel and Energy-Related Activities (Not included in Scope 1 and 2)	36,539	–	–
Other indirect GHG emission (Scope 3) – Category 4: Upstream transportation and distribution	2,864,757 (includes air, rail and marine transport activities only)	2,792,604 (includes air, rail and marine transport activities only)	2,149,700 (includes air and marine transport activities only)
Other indirect GHG emission (Scope 3) – Category 6: Business travel	1,148	–	–
GHG removals from newly planted trees	6	8	9



SCIENCE-BASED TARGETS

KLN Group recognises that science-based targets provide a foundation for measuring and guiding progress toward net zero emissions. We continue to assess and consider the adoption of science-based targets to ensure our alignment with latest climate science and that we contribute meaningfully to global efforts to limit warming. By applying established international methodologies, we aim to create a clear framework for reducing GHG emissions. This approach reinforces our responsibility for environmental stewardship and supports the Group's long-term sustainable growth.

At present KLN is included within S.F. Holding's SBTi validated decarbonisation targets, as KLN's published emissions in its latest Sustainability Report form part of S.F. Holding's consolidated greenhouse gas (GHG) inventory boundary.

ENERGY EFFICIENCY AND RENEWABLE ENERGY

The Group continues to integrate emerging technologies that drive energy efficiency and reduce resource consumption across our operations. During the reporting year, we made further progress in expanding renewable energy adoption. For example, we established the first solar power system at our Myanmar facilities and advanced initiatives to increase solar power utilisation at our operations in the Chinese Mainland. The Group has established a target to generate 19,000 MWh of renewable energy per year by 2035. Our pilot project in the Chinese Mainland aims to generate renewable energy each year equivalent to approximately 50% of our 2025 purchased electricity in the Chinese Mainland. These developments mark important steps in our transition towards clean energy and reinforce our commitment to sustainable growth.



ENERGY EFFICIENCY

The Group's energy efficiency measures are focused on two areas: road transport and warehouse operations. Details are set out in the table below:

Road Transport

Operational efficiency	<ul style="list-style-type: none">• Enhancing route planning• Instilling responsible behaviour through measures including carrier capacity optimisation, mileage yield monitoring, driver training, and regular fleet maintenance• Replacing combustion engine-powered equipment with electrical equipment, including electric forklifts, reach stackers, and tractors• Enhancing standard operating procedures during loading and unloading to save energy and reduce emissions• Maximising vehicle capacity to reduce the number of delivery trips and minimise vehicle exhaust emissions• Monitoring fuel usage to ensure energy consumption remains within limits
Sustainable logistics solutions	<ul style="list-style-type: none">• Providing multimodal transport solutions to customer to lower carbon emissions
Fleet modernisation	<ul style="list-style-type: none">• Adopting electric and hybrid vehicles and installation of chargers for electrical vehicles• Introducing fully electric long-haul trucks in the Chinese Mainland• Replacing vehicles with alternatives which meet newer Euro 5 and 6 standards

Warehouse Operations

Building envelope – lighting, heating, ventilation and air conditioning and refrigeration systems	<ul style="list-style-type: none">• Continue to replace fluorescent lights with more energy-efficient LED alternatives across all regions within our operation coverage• Expansion of site coverage installing motion sensor lights to improve energy savings at our facilities in Singapore, Hong Kong and the Chinese Mainland• Switching off lights during lunch breaks, non-working hours and in idle parts of facilities to reduce electricity consumption• Adopting maintenance plans aimed at efficiency, such as regular cleaning of dust filters and fan coils• Utilising environmentally friendly air conditioners in the Chinese Mainland, and setting them to a higher temperature to enhance energy efficiency• Installation of solar panels at key distribution centres• Installation of hybrid solar power systems at dry port operations in Myanmar
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RENEWABLE ENERGY AND CLEAN MOBILITY

The Group remains focused on lowering emissions by expanding the use of renewable energy and advancing electrification across our transport fleet and equipment wherever practical. Progress in clean energy technologies is creating new opportunities to reduce dependence on fossil fuels and minimise our environmental footprint. As part of our journey towards leading the way in the development of a more sustainable logistics sector, we will embrace greener alternatives.

PILOTING INNOVATIVE ENERGY-SAVING TECHNOLOGY

As part of our ongoing commitment to energy efficiency and emissions reduction, we are piloting a cutting-edge energy-saving “e-Clean” technology at our warehouses in Hong Kong. This solution is designed to enhance operational efficiency while contributing to environmental protection. The technology ensures stable power supply and normal equipment operation, while delivering multiple sustainability benefits. It suppresses the generation of harmful electromagnetic waves, eliminates line noise during power transmission, reduces heat output, and lowers carbon dioxide emissions associated with electricity generation. We are committed to embracing innovative technology in our operations to advance our energy efficiency agenda and drive sustainable logistics solutions.

BROADENING THE ADOPTION OF RENEWABLE ENERGY AND LOW-CARBON ALTERNATIVES

KLN continues to accelerate the adoption of clean and renewable energy sources and sustainable equipment across its global operations, enhancing resilience and reducing emissions. Selected examples are listed below:

- **Myanmar:** In November 2025, dry port operations in Yangon and Mandalay began installation of hybrid solar systems. By December 2025, the systems were fully operational, and based on current records, annual on site generation is estimated at 237,250 kWh at Yangon and 158,775 kWh at Mandalay, subject to seasonal variation. The transition has delivered immediate cost efficiencies through reduced grid purchases and diesel consumption and materially improved environmental sustainability by lowering site emissions.

- **Canada:** Since the establishment of our International Freight Forwarding operations in Montreal, KLN has relied solely on hydropower for electricity year-round, and between April and November at our Integrated Logistics facilities. In 2025, KLN Canada intensified monitoring of energy and material consumption, with frontline teams actively pursuing energy and packaging material savings. Electric forklifts have replaced all fossil fuel-based predecessors.
- **Chinese Mainland:** In 2025, eight additional sites were identified for solar panel installations. KLN has established a target to generate 19,000 MWh of renewable energy per year by 2035. The projects in the Chinese Mainland aim to generate renewable energy each year equivalent to approximately 50% of 2025 purchased electricity in the region. KLN will continue to explore future opportunities to expand the coverage of the Group’s solar panels.

ACCELERATING DECARBONISATION THROUGH SUSTAINABLE FUELS

KLN is driving its decarbonisation agenda through renewable fuel adoption. The initiatives highlighted below showcase how the Group is reducing emissions while supporting customers in achieving their sustainability goals.

- **Piloting renewable diesel in Hong Kong:** In collaboration with a major energy producer, KLN has begun to test the use of renewable diesel in Hong Kong. This solution delivers approximately 30% lower lifecycle emissions compared with conventional diesel, with higher blends such as R33 Diesel enabling seamless integration into road transport operations. We hope these trial will lead to a reduction of GHG emissions while maintaining fuel performance standards, helping clients to lower their Scope 3 emissions.

- **Biofuel Usage:** KLN's EU team secured a 1,000 litre allocation of HVO100 biofuel as part of its sustainability initiatives. The allocation was provided to an ocean freight customer under a book and swap arrangement, enabling the customer to achieve an emissions reduction up to approximately 300 tCO₂e. In addition, KLN is actively exploring the use of renewable fuels. In collaboration with business partners, we are jointly developing effective air freight decarbonisation initiatives, which are being progressively rolled out.

DRIVING LOW-EMISSION LOGISTICS IN SINGAPORE

KLN has begun leasing three electric delivery vans for and installed a fast-charging electric vehicle charger at the KLN Logistics Centre in Singapore. These steps mark the start of a broader transition towards electrified transport solutions in the region.

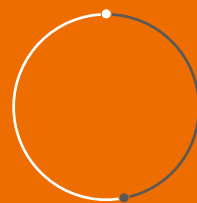
ENERGY CONSUMPTION IN 2025

TOTAL ENERGY CONSUMPTION

567,273

MWh

BY BUSINESS SEGMENT



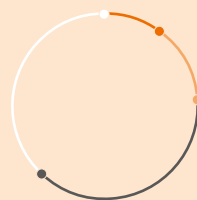
- Integrated Logistics 47%
- International Freight Forwarding 53%

ENERGY INTENSITY

10

MWh/(HKD million)

BY REGION



- Hong Kong 10%
- Chinese Mainland 14%
- Asia 38%
- Americas, EMEA & Oceania 38%

CARBON OFFSETTING

Carbon offsetting provides us with a mechanism to balance GHG emissions by investing in certified environmental projects through the purchase of high-quality carbon credits. Governed by the Group's [Carbon Offset Policy](#), carbon credits serve as an interim measure where green technologies are not yet available or emissions cannot otherwise be avoided or

reduced. During the Reporting Period, the Group did not utilise carbon credits to offset GHG emissions, instead prioritising direct long-term emissions reduction strategies across our operations and value chain. This reflects our commitment to achieving net zero emissions through sustainable, science-based solutions rather than short-term measures.

TRANSPARENCY AND DISCLOSURE

KLN places strong emphasis on measuring environmental performance with precision and transparency, enabling us to keep track of our progress and strengthen accountability. We continue to disclose this information through official channels, including this sustainability report, with detailed methodologies provided in the Appendices. In 2025, the Group continued to submit responses to the CDP's climate change

survey, achieving a score of B. Participation in the CDP, a leading global platform for climate-related data, reflects our commitment to managing climate risks and opportunities in line with international best practice. Proactive engagement with the CDP climate change survey, enhances stakeholder confidence, supports informed decision-making, and reinforces KLN's broader sustainability strategy. By consistently improving our reporting and alignment with recognised frameworks, we demonstrate our role as a responsible logistics leader.

CLIMATE-RELATED FINANCIAL DISCLOSURES

As part of our Sustainability Vision Statement, we committed to aligning ourselves with the recommendations of the Task Force on Climate-related Financial Disclosures ("TCFD"). The recommendations have formed the basis for the ISSB's IFRS Sustainability Disclosure Standards, which act as a guide for businesses to identify, manage and report on sustainability and climate-related risks and opportunities.

The Group has adopted a phased approach to enhancing its climate-related initiatives, embedding climate-related considerations into its strategy, assessing the financial impacts of climate-related risks and opportunities to the Group's business and incorporating the relevant findings within its enterprise risk management system.

In the initial phase, the Group completed an identification of climate-related risks and opportunities across its asset portfolio, covering both physical and transition risks and opportunities, prioritizing assets with a focus on exposure.

Building on these insights, the Group further conducted scenario analysis across its key operating regions, including the Chinese Mainland, the United States, Hong Kong and Thailand. In 2025, the assessment scope was

expanded to include additional locations and operational sites, aiming to provide a more comprehensive evaluation of climate-related financial impacts under varying climate futures.

To enhance the Group's overall climate risk resilience plan, we are also formulating a robust climate change adaptation plan to address the risks and opportunities identified. To mitigate the transition risk, the Group is setting quantitative short, mid, and long-term emissions reduction targets to track performance and ensure continued progress towards achieving the Group's net zero commitment. The Group's climate-related progress for the Reporting Period is as follows:

TCFD Recommendations

KLN Highlights	Disclosure	Section
<p>GOVERNANCE</p> <ul style="list-style-type: none"> Reviewed and approved the findings from the climate-related risks and opportunities identification, as well as the scenario analysis Set out plans to enhance stakeholder engagement on climate-related issues, targeting investors, customers, and employees Planned to extend climate-related training to employees at various levels 	<ul style="list-style-type: none"> Describe the board's oversight of climate-related risks and opportunities. Describe management's role in assessing and managing climate-related risks and opportunities. 	<ul style="list-style-type: none"> Governance, Risk and Compliance Management Climate-related financial disclosures – Governance
<p>STRATEGY</p> <ul style="list-style-type: none"> Identified material climate risks and conducted scenario analysis to assess the climate risk impact on the Group's physical assets Strengthened climate-related disclosure by integrating scenario analysis results Engaged with value-chain partners to pursue decarbonisation efforts 	<ul style="list-style-type: none"> Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term. Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning. Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario. 	<ul style="list-style-type: none"> Climate-Related Financial Disclosures – Strategy
<p>RISK MANAGEMENT</p> <ul style="list-style-type: none"> Identified and shortlisted vulnerable assets for financial impact assessment 	<ul style="list-style-type: none"> Describe the organization's processes for identifying and assessing climate-related risks. Describe the organization's processes for managing climate-related risks. Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management. 	<ul style="list-style-type: none"> Risk and Compliance Management Climate-related financial disclosures – Risk management
<p>METRICS AND TARGETS</p> <ul style="list-style-type: none"> Enhanced the data collection processes to support the calculation and disclosure of a comprehensive Scope 3 emission inventory Started conducting financial impact assessment to quantify the climate-related risks and potential financial implications on vulnerable assets Conducted feasibility and impact assessment on potential decarbonisation initiatives 	<ul style="list-style-type: none"> Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process. Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks. Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets. 	<ul style="list-style-type: none"> Climate-Related Financial Disclosures – Metrics and targets Risk and Compliance Management Environmental Performance Data KLN Website – Sustainability Roadmap

GOVERNANCE

BOARD OVERSIGHT OF CLIMATE-RELATED RISKS AND OPPORTUNITIES

The Group demonstrates its commitment to sustainability at all levels including the Board, management, and functional units. The Board has ultimate accountability for overseeing the Group's strategic approach to sustainability and climate-related issues. KLN's SC attends quarterly Board meetings to provide updates on any new sustainability developments and discuss climate-related risks and opportunities. The Group's [Climate Change Policy Statement](#) is further reviewed and approved by the Global Management Board of the Company, comprising of Board members and senior management. They are further accountable for overseeing the development and adoption of the policy. Regular training workshops are conducted for Board members to enhance their understanding of climate-related issues.

The RMC, chaired by the Chief Executive Officer, is responsible for strengthening oversight of climate-related risks. The SC, chaired by an Executive Director, is responsible for overseeing the climate-related issues across the Group, making recommendations, considering trade-offs and implementing strategies to mitigate climate-related risks, and ensuring that the Group's sustainability objectives and performance are reported accurately and transparently. For more details, please refer to the section titled "Governance Structure" in this report.

The Group engaged an external consultant to conduct a comprehensive review of the identified risks. The engaged consultant then examined the risks, presenting its findings to the SC. Subsequently, the SC communicated the opinions and recommendations provided by the consultant to the Board and, following a thorough review, the Board approved the Climate Risk Assessment Result. The approval underscores the proactive commitment of senior management and the Board to manage climate - related risks.

Looking forward, the Group is committed to enhancing stakeholder engagement on climate-related issues, fostering transparent and inclusive interactions with investors, customers, and employees. Additionally, the Group aims to extend climate-related training to more employees. This initiative is designed to enhance overall awareness of, and engagement with, climate issues, ensuring that employees across the Group are equipped with the knowledge and understanding to actively contribute to the Group's climate goals.

STRATEGY

STRATEGY TO ADDRESS ACTUAL AND POTENTIAL IMPACTS OF CLIMATE-RELATED RISKS

Evaluating Climate-related Risks and Opportunities

The Group engaged an external consultant to evaluate its climate-related opportunities and risks over various time horizons with reference to the TCFD recommendations. The Group's vulnerability and preparedness regarding climate-related risks have been assessed to determine which risk factors are most significant to KLN's business operations. We considered a range of climate models and reputable sources to inform our climate-related scenarios. These include information sourced from Network for Greening the Financing System ("NGFS"), International Energy Agency ("IEA"), Intergovernmental Panel on Climate Change ("IPCC"), etc.

With the consideration of both 1.5°C and 3.0°C scenarios, potential risks that have been identified in the medium or long-term time horizons include physical risks such as extreme heat, coastal flooding, extreme precipitation, and typhoons, as well as transition risks such as the price impact of fuel and technology investments, and rising carbon prices. Such risks may potentially impact the Group in the form of increased operational costs, lost revenue due to service disruptions, impact on transport routes or a decrease in employee productivity.

Conducting Location-specific Climate-related Risk Assessment on Physical Risks

The Group continues to enhance its scenario analysis capabilities to strengthen climate risk resilience. Previously, scenario analysis was conducted across four key operating regions – the Chinese Mainland, the United States, Hong Kong and Thailand – to assess the potential impacts of climate-related risks and opportunities. Based on this foundation, the 2025 assessment update significantly expanded the scope, increasing the number of assets covered from 80+ to 380+. This expansion reflects the Group's evolving portfolio and operational footprint.

This enhanced analysis incorporated updated geospatial data, and detailed site-specific vulnerability assessments. As a result, the Group conducted a deeper evaluation of previously identified physical climate risks under both current and projected future climate scenarios, including 1.5°C and 3.0°C scenarios.

The findings indicate that property damage and business disruption from sea level rise and drought are expected to have minimal to negligible impact on the Group's operations, supply chain resilience, asset performance, or financial stability.

Meanwhile, potential opportunities to be explored include increasing consumer demand for environmentally friendly logistics solutions and the use of lower emission sources of energy to support the Group's resilience to carbon tax or carbon price fluctuations. These may allow the Group to take advantage of new revenue streams and avoid potential cost impacts.

Overview of Climate-related Risks and Opportunities

Category	TCFD Taxonomy	Specific Risk/ Opportunity	Time Horizon ¹	Detailed Description	Potential Impact
Transition Risk	Technology	Price impact of fuel and technology investments	Medium Term	As the prices and investments to replace existing technology increase, it is expected that the costs of air freight, shipping, and road transport will also increase. This is because transport companies will incur upfront costs and timing decisions related to these increases. For example, transport companies may need to invest in new technology to reduce the amount of fuel consumed, or they may need to invest in fuel-efficient vehicles to reduce costs and emissions.	<ul style="list-style-type: none"> • Increase in operational cost
Transition Risk	Policy	Carbon price	Medium Term	<p>Internal carbon pricing is currently not a part of our decision-making.</p> <p>However, carbon prices set by jurisdictional governments – particularly in the Chinese Mainland and Thailand – are expected to rise, which could lead to increased instability in business operations. This could have a significant effect on internal environmental management, operating decision-making, and operating costs for the company.</p>	<ul style="list-style-type: none"> • Increase in operational cost
Transition Opportunity	Reputation and Market	Consumer demand for environmentally friendly logistics solutions	Long Term	With the increased focus on climate change and environmental protection, more customers are looking for environmentally friendly logistics solutions. This presents an opportunity for companies to capitalise by providing different green logistics solutions. For example, companies could provide services including carbon offsetting, sustainable packaging, green delivery. Additionally, providing such services can help companies attract more environmentally conscious customers and build long-term relationships.	<ul style="list-style-type: none"> • New revenue stream due to shift in market demand
Transition Opportunity	Energy Source and Resilience	Use of lower emission sources of energy	Medium/ Long Term	The use of alternative fuels can help the Group to become more resilient to any increases in carbon taxes or carbon prices by reducing total emissions from operations. In addition, utilising alternative fuels can help companies to meet environmental regulations and demonstrate their commitment to sustainability.	<ul style="list-style-type: none"> • Avoided cost impact

¹ The time horizons regarding climate-related risks and opportunities are categorised as Short-term (“Up to 2030” which focuses on immediate actions), Medium-term (“Up to 2040” which emphasises intermediate-term strategies) and Long-term (“2050 or above” which addresses future-oriented approaches and considerations)

Category	TCFD Taxonomy	Specific Risk/ Opportunity	Time Horizon ¹	Detailed Description	Potential Impact
Physical Risk	Chronic Physical Risk	Extreme heat	Medium/ Long Term	<p>Sustained higher temperatures over time or extreme heat waves may potentially lower employees' productivity and result in higher energy costs for cooling infrastructure.</p> <p>Extreme heat may also negatively affect transport routes due to its impact on railway tracks, roads and runways. High temperatures can cause the tracks, roads and runways to buckle, which can cause delays and other disruption to transport.</p>	<ul style="list-style-type: none"> • Increased operational costs due to decrease in employee productivity • Increased operational costs of cooling and impact on transport routes • Loss of revenue due to service disruptions
Physical Risk	Acute Physical Risk	Coastal flooding	Long Term	Coastal flooding due to storms, high tides, and surges can damage or destroy assets, warehouses, ports, and other property, resulting in significant losses. Storms, high tides, and surges can overwhelm coastal areas, leading to flooding and erosion. This can damage or destroy assets, infrastructure, and property, resulting in significant losses.	<ul style="list-style-type: none"> • Loss of revenue due to service disruptions • Increased operational expenses due to impact on transport routes • Damage to assets and increasing repairing costs
Physical Risk	Acute Physical Risk	Extreme precipitation	Long Term	Extreme precipitation, such as heavy rain, snow, or hail, can cause significant damage, including flash flooding, which can damage assets, infrastructure, disrupt services, and make it difficult for people to access essential services.	<ul style="list-style-type: none"> • Loss of revenue due to service disruptions • Increased operational expenses due to impact on transport routes
Physical Risk	Acute Physical Risk	Typhoons	Medium/ Long Term	Typhoons may cause extensive flooding, property and infrastructure damage (road transport and electricity supply), service disruption (transport and delivery), which can lead to significant economic impact.	<ul style="list-style-type: none"> • Loss of revenue due to service disruptions • Increased operational expenses due to impact on transport routes • Damage to assets and increasing repairing costs

Initiating Climate-related Financial Impact Assessment

Following the completion of the location-specific climate-related risk assessment, the Group has initiated a financial impact assessment to evaluate the potential financial consequences of physical climate risks across its global asset portfolio.

To ensure a robust and informed approach, the Group has engaged an external consultant to develop a financial impact assessment methodology to quantify possible financial impacts under a range of climate scenarios, strengthening its ability to inform strategic decision-making and long-term resilience planning. The Group is now actively gathering relevant operational, financial and geospatial data to support the financial impact assessment. For the reporting period, the Group has not experienced any climate-related event that resulted in material financial loss or significant disruption to operations.

STRENGTHENING OPERATIONAL RESILIENCE AMID RISING FUEL PRICES IN MYANMAR

Rising diesel prices and instability in the national grid created significant operational risks for logistics activities in Myanmar, threatening both cost predictability and service reliability. To mitigate these challenges, the Company invested in hybrid solar power to secure a fixed-cost, sustainable energy supply. At the same time, fleet fuel consumption per kilometre was optimised through careful monitoring of vehicle routing, condition and driver behaviour, supported by safe-driving awareness training. Together, these measures enabled the company to maintain high operational standards despite escalating fuel costs.

RISK MANAGEMENT

As a multinational company principally focused on integrated logistics and international freight forwarding businesses, adverse weather effects, increased temperatures and other impacts brought about by climate change will undoubtedly affect the maintenance and full utilisation of the Group's existing transport routes around the world. The Group ensures that climate-related risks are accounted for in its business strategies and operations, through

the development of contingency plans, active monitoring and management of risks, as well as staying informed of any new policies and changes in the market that could affect the Group's operations.

PROCESS TO IDENTIFY, ASSESS, PRIORITISE AND MONITOR CLIMATE-RELATED RISKS

The Group has conducted a thorough climate risk analysis of its business operations with the assistance of external consultants, with the aim of ensuring climate risks are reflected proportionally in the overarching risk management policy.

The first part consisted of an indicative analysis of all physical and transition climate risks, taking into consideration the three facets of severity, likelihood, and vulnerability, as well as considering both short-term and long-term trends. The process provided a foundational understanding of the potential risks at various scales.

The second part consisted of an in-depth analysis of climate risks faced by physical assets owned or operated by the Group, prioritised by economic output and concentration of assets in the respective geographical location to provide a granular assessment of physical assets and allow for a more targeted evaluation. Leveraging reputable data sources such as the Intergovernmental Panel on Climate Change (“IPCC”) and the World Resources Institute (“WRI”) and employing advanced analytical tools like the Global Change Assessment Model (“GCAM”), the assessment integrated historical climate data, geographical vulnerability, and market trends into a comprehensive framework.

Furthermore, the assessment included a scenario analysis, examining different climate scenarios and their potential implications. This forward-looking approach anticipated the impact of varying climate conditions on the Group’s operations, providing insight into potential future challenges and opportunities and enhancing its preparedness and adaptability.

After completing the scenario analysis, specific vulnerable assets have been identified and shortlisted for detailed climate-related financial impact assessment. This subsequent phase has analysed the financial implications associated with the climate risks affecting the Group.

DEVELOPING A CLIMATE RESILIENCE STRATEGY

The Group has taken significant steps to mitigate climate risks by focusing on decarbonisation, supported by an internal tool that serves as a comprehensive guideline and identifies focus areas for the Group. This tool has proven instrumental in pinpointing emissions data across various regions and business activities, enabling the Group to formulate a targeted emissions reduction plan. For more detailed information on our emission reduction initiatives and targets, please refer to the “Tackling Climate Change” and “Metrics and Targets” sections respectively.

In addition, the Group has proactively collaborated with carriers to address emissions at the source. The Group regularly engages with carriers or other value-chain partners for updating the industry decarbonisation strategies and encouraging the development of SBTi-aligned goals. This strategic approach aims to significantly reduce the Group’s Scope 3 emissions, driving carbon reduction across the entire value chain. The Group has consistently advocated transparency and accountability by urging carriers to disclose fleet and fuel consumption data. By encouraging collaborations and partnerships with external stakeholders, the Group demonstrates its commitment to achieving emission reduction targets and actively contributing to industry-wide decarbonisation efforts.

The Group is formulating a comprehensive mitigation plan, aiming at minimising the adverse effects from climate-related risks. The plan will include strategic measures and targeted action to enhance the Group’s resilience and responsiveness to potential financial challenges posed by climate change, ensuring a proactive and effective risk management approach.

METRICS AND TARGETS

MEASURING AND REPORTING ENVIRONMENTAL PERFORMANCE AND CLIMATE-RELATED PROGRESS

The Group captures a variety of climate-related metrics that allow it to measure its environmental performance against its stated goals. The Group annually reports its Scope 1, 2 and selected Scope 3 GHG emissions in accordance with the Listing Rules and in line with the GHG Protocol. A comprehensive account of the Group’s environmental metrics is disclosed in the section titled “Appendices – Environmental Performance Data” in this report.

Guided by our [Vision Statement](#) to set near-term targets and take tangible actions, we actively seek to minimise the environmental footprint from our operations. As part of our carbon management strategy, KLN has been working on increasing the utilisation of renewable energy and encouraging our operations among different countries to maximise the use of renewable energy whenever available and practicable.

To measure and monitor our progress continuously, the Group has established a target to generate 19,000 MWh of renewable energy per year by 2035. To achieve our target, we are strengthening partnerships with solar panel installation partners to install solar panels on the rooftops of our self-owned properties. Our pilot project in the Chinese Mainland aims to generate renewable energy each year equivalent to approximately 50% of our 2025 purchased electricity in the Chinese Mainland. We will continue to explore future opportunities to expand the coverage of our solar panel installation projects to reduce our Scope 2 emissions after projects.

To address Scope 1 emissions, the Group is developing a phased approach to decarbonise direct emissions from owned or controlled sources. This includes evaluating and transitioning from fossil fuels to low-carbon alternatives where feasible.

ACHIEVING NET ZERO EMISSIONS BY 2050

The Group has pledged to achieve net zero emissions from its operations and value chain by 2050 and has been monitoring the progress since 2021. To provide a clear trajectory for emissions reduction, the Group supports our parent group, S.F. Holding, to achieve their science-based target and established a target in the reporting year to monitor our efforts on renewable energy generation by 2035. The Group will further explore and set specific targets where necessary considering science-based methodologies and the GHG Protocol Corporate Standard.

A thorough current state assessment of emissions has been conducted by the Group, revealing that Scope 3 emissions are the primary contributor to its total emissions footprint. In 2025, we evaluated our indirect emissions through a value chain assessment and refined our internal data collections to compile a comprehensive Scope 3 emission inventory, with reference to the Corporate Value Chain (Scope 3) Standard issued by the Greenhouse Gas Protocol (“GHG Protocol”). The most significant contributor to our Scope 3 emissions remains our Category 4 (Upstream transportation and distribution) emissions, accounting for over 95% of our total GHG emissions, highlighting the critical importance of supplier engagement and supply chain transformation. In the upcoming years, we will continue enhancing the data

quality for more granular and specific activity data to refine our calculations of the Scope 3 emissions where necessary. To drive meaningful reductions, we will continue to collaborate with industry partners to drive collective actions across the value chain, aiming to increase the proportion of our suppliers with science-based targets.

Simultaneously, we are working with stakeholders to ensure we accurately understand and reflect their decarbonisation efforts. The Group is actively exploring decarbonisation solutions such as alternative fuels for air freight and sea freight, and the design of low carbon logistics solutions for customers. A thorough assessment of the feasibility and impact of potential initiatives has been conducted, paving the way for a comprehensive decarbonisation roadmap. With our implemented reduction initiatives, we observed a general decreasing trend of our total GHG emissions (Scope 1 and 2), demonstrating our progress towards our net zero ambition and commitment.

MINIMISING ENVIRONMENTAL FOOTPRINT

The Group's continued ability to operate effectively depends on a clean and stable natural environment. KLN's Environmental Policy Statement affirms its commitment to maintaining high standards in pollution prevention, responsible resource management, and compliance with environmental regulations.

ENVIRONMENTAL MANAGEMENT SYSTEM

KLN's environmental management system is structured in accordance with the ISO 14001 standard. Operations in Hong Kong, the Chinese Mainland, Singapore, and selected European regions have successfully obtained ISO 14001 certification. Consistent with its commitment to environmental stewardship, the Group ensures full compliance with applicable laws and regulations while continuously aligning with best practice to safeguard the environment.

AIR EMISSIONS AND SPILLAGES

To address air pollution more effectively, the Group has introduced measures to gradually retire vehicles that do not comply with stringent emissions requirements. Further information on these initiatives can be found in the section "Tackling Climate Change – Decarbonising Logistics Operations" of this report.

Air Emissions in 2025	Tonnes
Nitrogen Oxides (NO _x)	242
Sulphur Oxides (SO _x)	0
Respirable Suspended Particles (RSP)	19

The Group has established stringent protocols to ensure the safe storage and transportation of chemical substances for its clients. These measures include comprehensive procedures for handling hazardous materials, regular equipment maintenance, and extensive employee training on emergency response and incident management. By consistently applying these standards, the Group upholds the highest levels of safety and minimises the risk of accidents.

GREEN LOGISTICS IN ACTION: KLN MYANMAR'S AWARD-WINNING ENVIRONMENTAL MANAGEMENT PRACTICES

This year, KM Terminal & Logistics Limited, our division in Myanmar, was honoured with the *First Prize of Excellent Environmental Management in Industrial Operations* by the Yangon Regional Government. This recognition reflects the company's strong commitment to sustainability and its proactive approach to environmental stewardship, as outlined below:

- **Pollution Prevention** – Conducted quarterly monitoring and analysis of air, noise, and water quality. Results are documented in Environmental Management Plan (EMP) reports, submitted biannually to the Environmental Conservation Department. This has led to significant reductions in carbon footprint and air pollution through:
 - o Strict monitoring of truck and rail movements
 - o Optimisation of fuel efficiency across the logistics network

- **Waste Management** – Implemented waste segregation practices across dry ports. Waste is categorised at source and responsibly disposed of via Yangon City Development Committee and Mandalay City Development Committee. This ensures proper disposal of waste materials.
- **Office Paper Reduction** – Transitioned towards a paperless office environment by digitising warehouse and finance operations.

These integrated measures demonstrate how KLN's industrial operations can combine efficiency with environmental responsibility. The award is testament to our leadership in pollution prevention, waste management, and sustainable business practices.

WASTE MANAGEMENT

Waste management forms a key pillar of the Group's broader sustainability strategy. We are committed to reducing reliance on landfill and minimising waste through the principles of Reduce, Reuse, Recycle, and Replace.

In Hong Kong, our warehouses are registered as designated Chemical Waste Producers under local regulations, requiring careful oversight of hazardous waste streams such as lubricating oils, organic solvents, pesticides, fluorescent tubes, refrigerants, and printed circuit boards. We engage licensed waste collectors to ensure responsible handling and minimise environmental risks.

In 2025, we prioritised the strengthening of our pollution prevention and waste management practices. To gain deeper insight into how our waste is managed – whether through landfill, recycling, or incineration – we enhanced our data collection approach. As part of this process, we revised our reporting forms, and from 2026 onwards we will systematically capture this information to provide a clearer picture of our waste handling processes.

Strategy	Practices
<p>REDUCE: Reduce consumption at the source</p>	<ul style="list-style-type: none"> • Reduced packaging material consumption (including pallets, carton boxes, cardboard containers, dunnage, and lashing materials) by consolidating packaging at each delivery point. Our warehousing teams in Canada actively reuse pallets to minimise overall pallet consumption • Reduced paper usage by transitioning to electronic archives, digital communication, and online approvals. An electronic proof-of-delivery system using QR codes has replaced paper records in Hong Kong warehouses. Corporate communications in hard copies are only provided upon request • Promote double-sided use of printing paper to reduce office waste
<p>REUSE: Reuse materials or products in their original forms</p>	<ul style="list-style-type: none"> • Reuse of packaging material where feasible • Use of re-treaded tyres to extend their service life where appropriate • Reuse of paper printed on one side
<p>RECYCLE/RECOVER: Recycle materials that would otherwise be disposed of as waste and turn them into new products</p>	<ul style="list-style-type: none"> • Recycling and controlled disposal of lubricants from truck fleet maintenance to reduce environmental impact • Recycled regulated electrical equipment under the Producer Responsibility Scheme on Waste Electrical and Electronic Equipment in Hong Kong • Recovered heavy metals from electrical and electronic waste, including obsolete computers, electronic goods, and customer products • Where reuse is not possible, promoted the use of recycled packaging materials. For example, in Australia, old cartons are shredded and repurposed as packing material, eliminating the need for foam pallet fillers • Recycled coffee grounds and food waste • Ensured responsible recycling of paper archives with the support of professional recycling companies
<p>REPLACE: Replace materials with alternative environmentally friendly materials</p>	<ul style="list-style-type: none"> • Introduced 100% recycled and recyclable plastic stretch film across operations • In Hong Kong, recyclable plastic boxes are used instead of carton boxes for around 70% of daily operations • Biodegradable wrapping film introduced to replace conventional plastics • Continued use of stretch film containing 50% post-consumer waste polyethylene for selected projects • Continued to print the Group's annual reports on paper certified by the Forest Stewardship Council

Waste in 2025	Tonnes
Hazardous Waste	185
Non-Hazardous Waste	6,707
Waste intensity in 2025	Tonne(s)/ (HKD million)
Hazardous Waste Intensity	<0.1
Non-Hazardous Waste Intensity	0.1

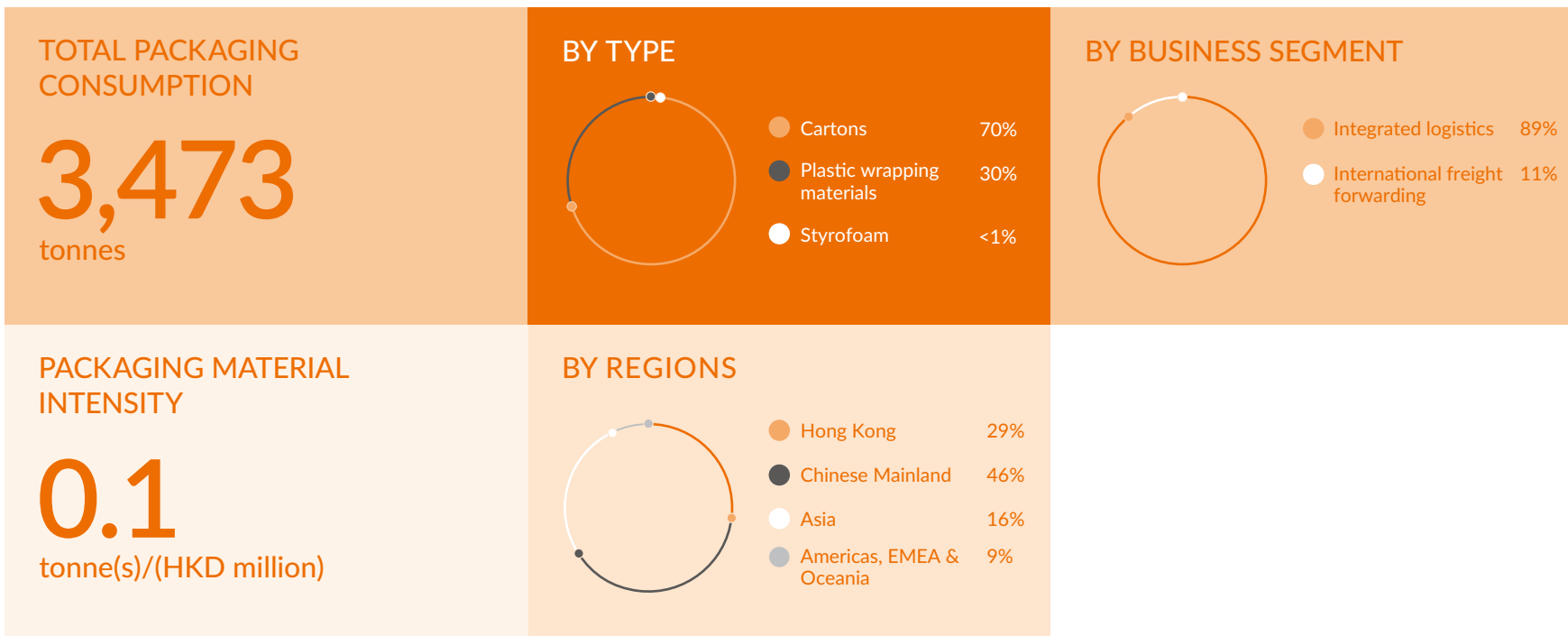
PACKAGING MATERIAL

Packaging plays an essential role in the Group's storage, distribution, and transportation activities. KLN primarily uses three types of packaging materials – shrink-wrap film, boxes, and pallets – which ensure products are handled safely throughout their journey. To reduce raw material consumption, the Group incorporates

durable and recycled packaging across its operations. For instance, in our Oceania operations, we continue to shred old cartons to create packaging material, eliminating purchase of new foam pellet carton fillers.

We remain committed to collaborating with partners and suppliers to drive innovation in sustainable packaging solutions.

PACKAGING IN 2025



WATER EFFICIENCY

Although our core operations have limited reliance on freshwater resources, water stewardship remains a key part of KLN's environmental strategy. Our usage is largely confined to essential needs such as drinking water and sanitation, and to date we have not encountered any regional supply constraints. Nevertheless, we recognise the global importance of conserving resources and continue to monitor water availability across our operating regions. We integrate water-saving measures into our practices, encourage conservation among employees and partners, and actively raise awareness of responsible water use. We will continue to explore opportunities for efficiency improvements and consider how we can better contribute to global efforts on sustainable resource management as a responsible corporate citizen. These actions ensure that our commitment to water stewardship evolves in step with broader environmental priorities and stakeholder expectations.

GREEN BUILDINGS

The Group places an emphasis on enhancing environmental performance across its logistics facilities. Two of our flagship sites – the Tai Po Product Customisation and Consolidation Centre ("PC3") in Hong Kong and the Kerry Tampines Logistics Centre in Singapore – have both achieved Leadership in Energy and Environmental Design Gold certification. These achievements reflect the adoption of energy-efficient technologies and resource-saving practices. In addition, PC3 stands out as the first industrial building to be awarded the Hong Kong Building Environmental Assessment Method Gold certification, underscoring the Group's dedication to sustainable building design and operations.

ENVIRONMENTAL COMPLIANCE

The Group is fully committed to meeting all applicable environmental regulations and places strong emphasis on fulfilling its compliance obligations. This includes strict observance of the Air Pollution Control Ordinance in Hong Kong, as well as adherence to other environmental laws and regulatory requirements across the jurisdictions that significantly influence our operations.

ENERGY EFFICIENCY OPTIMISATION FOR SUSTAINABLE FACILITIES

KLN has expanded its green building initiatives by integrating smart lighting and energy efficiency upgrades at its facilities. These measures are designed to reduce electricity consumption, lower emissions, and enhance sustainable operations.

- **Smart lighting initiatives:** In Hong Kong, smart LED lighting systems were introduced across projects and facilities covering approximately 25,633 sq. ft.. Additionally, three warehouses totalling 100,000 sq. ft. transitioned from traditional lighting to LED lighting, delivering measurable energy savings. Globally, sensor-triggered LED installations have also been rolled out across facilities, reinforcing KLN's commitment to sustainable building operations and efficient energy use.
- **Energy efficiency upgrades in warehouses:** KLN implemented energy-efficiency upgrades on selected floors of two warehouses in Hong Kong, optimising LED lighting systems and installing intelligent control systems. These measures are expected to deliver annual energy savings of more than 50,000 kWh. In 2026, KLN plans to introduce additional equipment-related efficiency measures, including further optimisation of warehouse LED lighting and intelligent control solutions to monitor electricity consumption. These projects are expected to generate annual energy savings exceeding 30,000 kWh.



OUR CUSTOMERS



17 PARTNERSHIPS FOR THE GOALS



The Group remains committed to continuously enhancing product and service quality, as demonstrated by our long-standing customer relationships and adherence to our [Quality Policy Statement](#). We integrate sustainability principles across our value chain by embracing green and ethical sourcing practices and driving innovation to maximise shared value creation.

During 2025, we continued to strengthen customer engagement and operational efficiency through several key initiatives, including new customer engagement improvement initiatives, development of automation and enhancement of AI in our operations. These improvements have enabled us to maintain our commitment to continuous improvement, contributing to customer satisfaction, while reinforcing our capabilities in long-term value creation.

Our Targets

- Drive operational efficiency and enhance product and service quality through continuous adoption of innovative technologies.
- Explore and evaluate opportunities to collaborate with customers to foster innovation and promote sustainable development.

Our Prioritised SDGs and Targets



- Target 17.16: Enhance the global partnership for sustainable development, complemented by multi-stakeholder partnerships that mobilise and share knowledge, expertise, technology and financial resources, to support the achievement of the sustainable development goals in all countries, in particular developing countries

Our Focus Areas

- Delivering excellence in logistics solutions
- Boosting innovation

DELIVERING EXCELLENCE IN LOGISTICS SOLUTIONS

IMPROVING CUSTOMER SATISFACTION

To strengthen our position as a trusted logistics partner, we implemented proactive, solution-driven initiatives across regions to elevate customer satisfaction and operational performance. At our Hong Kong headquarters, regular quarterly and monthly business reviews

provide a data-driven framework for tracking key performance indicators, enabling continuous service refinement, greater accountability and more informed decision-making. In 2025 these reviews helped us exceed our target service level, demonstrating the tangible impact of our performance-management approach.

In addition to these reviews, our Integrated Logistics team hosted sustainability workshops at the Product Customisation and Consolidation Centre in collaboration with clients and ran annual customer satisfaction surveys and targeted post-job questionnaires to drive ongoing improvements. We also ensure to send across a customer satisfaction questionnaire after the completion of services to capture immediate feedback.

In 2025, we also expanded practical capability building towards improving the quality of our services. KLN South Africa delivered its first International Commercial Terms (Incoterms) training at the Bedfordview offices to help partners improve compliance, reduce risk and make smarter decisions in global trade.

In Myanmar, we established a robust complaint-handling mechanism to systematically log, investigate and resolve feedback while implementing preventive process improvements. In Oceania, we launched a modernised website with intuitive navigation, monthly market insight publications and an integrated quote-and-feedback platform to streamline interactions and capture actionable customer intelligence. On the other hand, the Net Promoter Score (NPS) system, introduced in Oceania in 2024, continued to support our efforts to monitor service standard and enhance service quality.

Overall, these coordinated initiatives reinforced our commitment to continuous improvement and long-term value creation. In 2025, the Group received no customer complaints that had a significant impact on its operations.

BOOSTING INNOVATION

Innovation remains central to our sustainability journey. We proactively invest in advanced logistics solutions that not only enhance the environmental efficiency of our operations but also optimise performance and reduce costs. Through the integration of emerging technologies, we are reimagining our logistics processes to deliver smarter, more sustainable services to our customers.



ROBOTICS AND AUTOMATION

Last year, we introduced the PutWall system and AI camera technology to strengthen chilled-logistics and packaging operations, and in 2025 we continued to scale both solutions across our network. PutWall has increased sorting capacity and continues to deliver an estimated 15% savings in labour hours, thereby boosting throughput and our ability to meet growing customer demand.

Our AI-powered cameras provide real time monitoring and analytics on packaging lines, ensuring consistent quality control, reducing manual oversight and lowering error rates. To advance automation with greater accuracy, KLN is exploring the deployment of PutWall and AI camera solutions for additional customers. Feasibility studies are ongoing, and standard operating procedure reviews are currently in progress.

In 2025, we extended these technologies to additional sites and customers, improving reliability, operational efficiency and long-term cost savings.

At KLN Oceania, we utilise automation at our Cold Chain warehouse at Sydney and are currently in the progress of exploring the application of satellite racking for our warehouse at Melbourne, potentially boosting operational efficiency, reduce energy consumption and decrease forklift needs, improving worker safety.

DRIVING OPERATIONAL EFFICIENCY

The Group leverages intelligent digital tools to minimise errors and automate tasks, delivering a seamless, best-in-class customer experience. For instance, as part of our commitment to operational excellence, we have rolled out a strategic IT roadmap to drive AI initiatives at our Oceania operations. These advancements enhance efficiency, accuracy, and compliance in the customs clearance process, improving resource utilisation and aligning with industry progress in AI-powered document digitisation.

Across KLN's Asian operations, including Singapore, Vietnam and Myanmar, we have enhanced efficiency through a customer-specific reporting dashboard within our Warehouse Management System, on both desktop and website applications delivering greater agility, scalability, and operational responsiveness to meet changing market needs. By enhancing transparency and real time monitoring over inventory, these digital solutions have strengthened customer engagement and supported long term client retention.

ENHANCING OPERATIONAL SUSTAINABILITY FOR CUSTOMER VALUE

Our focus on sustainable logistics practices creates real value for customers. Key green initiatives we have adopted include:

- Optimised fuel efficiency, while integrating and expanding renewable energy usage, reducing emissions
- Implemented initiatives to recycle resources and manage waste effectively
- Expanded use of electric vehicles to lower carbon emissions of our fleet

Through integration of environmental stewardship, we foster business resilience and sustainable long-term leadership benefiting our customers and partners.



OUR BUSINESS ETHICS



Ethical responsibility is a core responsibility of the Group, and it is embedded into every aspect of our business. We believe that ethical business conduct is a fundamental driver of trust and resilience. By ensuring that our decisions and practices are guided by fairness, accountability, and transparency, we aim to strengthen relationships with stakeholders and reinforce our reputation as a responsible leader in the logistics industry.

In 2025, we directed our efforts towards critical areas that define responsible corporate behaviour. Data privacy and cybersecurity remained key priorities, reflecting our commitment to protecting sensitive information in a rapidly evolving digital environment. At the same time, we continued to advance our work in transparent marketing, ensuring that our communications are clear, accurate, and respectful of stakeholder interests. We also reinforced anti-corruption measures, embedding controls that prevent misconduct and uphold our values of honesty and accountability.

To sustain these commitments, we continuously review and refine our internal policies, benchmarking them against globally recognised standards. This proactive approach allows us to identify risks, close gaps, and ensure that our operations remain aligned with best practices worldwide. By prioritising ethical decision-making, we not only protect stakeholder wellbeing but also generate positive impacts for the wider society, contributing to the long-term success and sustainability of the Group.

Our Targets

- Foster a culture of integrity by equipping employees with tools to identify, prevent, and report unethical practices, thereby reinforcing transparency, accountability, and stakeholder trust
- Implement robust data governance frameworks that integrate ethical principles, advanced security technologies, and continuous monitoring to protect sensitive information and maintain stakeholder trust

Our Prioritised SDGs and Targets



- Target 16.5: Substantially reduce corruption and bribery in all their forms
- Target 16.6: Develop effective, accountable and transparent institutions at all levels

Our Focus Areas

- Adhering to business standards
- Protecting data privacy and security

ADHERING TO BUSINESS STANDARDS

At KLN, we view ethical conduct as the foundation of sustainable growth and responsible business practice. As our operations continue to expand across regions, we face the challenge of maintaining consistent standards while adapting to diverse cultural and regulatory

environments. To address this, we have strengthened our compliance frameworks and introduced new monitoring systems that ensure our policies remain aligned with both international guidelines and local requirements. Ethics and corruption-related training is delivered as an ongoing process, with employees encouraged to participate in workshops, discussions, and scenario-based learning that highlight the importance of integrity in everyday decision-making. We continued to maintain accessible, confidential whistleblowing channels, enabling staff and partners to raise concerns with confidence.

Collaboration with external experts and industry peers allows us to benchmark our practices and refine our approach to anti-corruption, data protection, and ethical governance. By embedding transparency and accountability into our daily operations, we aim to build a resilient culture of integrity that protects stakeholder interests.

ANTI-CORRUPTION

KLN Group maintains a firm zero-tolerance policy on bribery, extortion, fraud, money laundering and corruption across all operations. This year, the Group strengthened its [Global Anti-Bribery Policy](#) to reinforce its commitment to responsible business practices. The updated framework sets clear expectations for ethical conduct, identifies circumstances where bribery risks may arise, and outlines the approvals and

declarations required under our governance structure. Employees are required to submit anti-bribery declarations at onboarding, during annual appraisals, and when entering new commercial engagements. To support compliance, tailored training programmes on anti-corruption, ethics, and code of conduct are delivered across regions. Alongside these measures, the Group maintained a zero-tolerance approach toward corruption and unethical conduct, ensuring that ethical marketing practices were followed through accurate service information and fair communication with customers and partners.

The Group also carried out ongoing risk reviews, random spot checks, internal audits led by a dedicated compliance team, and external audits across all divisions worldwide. Any suspected breach triggered thorough investigation and appropriate disciplinary or legal action. In 2025, no violations or major ethical issues were reported. We continue to comply with international and local anti-corruption laws, including the Prevention of Bribery Ordinance (Chapter 201 of the laws of Hong Kong) and equivalent legislation in other jurisdictions. Throughout the year, neither the Group nor its employees faced legal proceedings related to corrupt practices.

CODE OF CONDUCT

The Group places strong emphasis on upholding responsible and ethical practices across every stage of our operations. To reinforce this, all contractual arrangements with suppliers, customers, and business associates include clear requirements to acknowledge and comply with KLN's anti-corruption commitments. These expectations are consolidated within our Business Partner Code of Conduct, which outlines the essential standards we expect partners to follow. The Code addresses areas such as fair treatment of employees, respect for human rights, sound labour practices, environmental responsibility, product and service safety, integrity in business dealings, and safeguarding of personal data.

The Code was developed with guidance from globally recognised frameworks, including the Ten Principles of the UN Global Compact, the UN Sustainable Development Goals, the Universal Declaration of Human Rights, and the International Labour Organisation's Fundamental Conventions. To ensure adherence, we conduct both scheduled and unannounced reviews of our partners' practices. Where breaches are detected, contracts are discontinued immediately. Throughout 2025, no violations of the Business Partner Code of Conduct were recorded, reflecting the strong commitment of our partners to these standards.

WHISTLEBLOWING POLICY

The Group is committed to fostering a workplace culture where employees and other stakeholders feel safe and supported in raising concerns. Our Whistleblowing Policy provides clear guidance on how individuals can report suspected misconduct, breaches of company rules, unethical practices, or legal infringements. Reports submitted through the designated channels are directed to the Chief Executive Officer, ensuring that issues receive immediate attention at the highest level. Each case is carefully reviewed by the ACC, which undertakes detailed investigations and implements appropriate corrective measures to safeguard the integrity of the process.

To strengthen awareness, the Whistleblowing Policy framework was integrated into compulsory ESG training for all staff in 2025. This initiative ensures that reporting procedures are well understood and accessible, enabling stakeholders to raise concerns with confidence. During the reporting period, whistleblowing report was received alleging violation of the rules of conduct. An internal review was conducted in accordance with the Group's Whistleblowing Policy. The allegation was assessed and considered unfounded. No misconduct or fraud was discovered. Certain related internal control matters had previously been identified through regular audit processes and were remediated. As no further information was received, the case was closed.

ETHICAL MARKETING AND INTELLECTUAL PROPERTY PROTECTION

The Group recognises the importance of keeping stakeholders fully informed about the attributes, performance, and broader impacts of our products and services. We provide consistent updates on our logistics solutions through multiple communication channels, such as our corporate website, social media, and optional email newsletters, ensuring that information remains current and reliable. In 2025, we did not encounter any cases of non-compliance with applicable regulations or voluntary standards relating to product and service information, labelling, marketing practices, advertising, sponsorships, or intellectual property rights that materially affected the Group.

To ensure accuracy and fairness in how our products are represented, employees are encouraged to adopt a customer-focused mindset in all engagements. Our Corporate Identity Guidelines serve as a framework, requiring adherence to principles of honesty, responsibility, transparency, and sustainability when preparing marketing and communication materials. With the rise of importance of innovation and technologies in our Group, intellectual property rights protection will also be expected to rise in the future. Our Group puts strong emphasis on the protection of our intellectual property rights. Training programmes

are provided to ensure staff consistently apply these values in their daily responsibilities. During the reporting year, no concerns were raised regarding the Group's marketing or communication practices that might have posed significant risks to the organisation.

IMPROVING SUPPLY CHAIN VISIBILITY

The Group places strong importance on maintaining open and constructive communication with stakeholders, recognising that transparency and dialogue are essential to strengthening our practices and performance. Employees and internal stakeholders are encouraged to share their perspectives through established platforms such as the KLN World application, the V.O.I.C.E. email channel, and the KLN intranet. In addition, a clear escalation framework is in place to allow concerns to be raised directly with management.

Externally, we welcome engagement from customers, partners, and the wider community through our annual stakeholder survey, as well as through accessible channels including social media, email correspondence, a dedicated hotline, and our corporate website. By continuously refining these mechanisms, we aim to nurture trust, encourage participation, and create a culture where stakeholder input is valued and acted upon.

PROTECTING DATA PRIVACY AND SECURITY

The logistics industry is increasingly dependent on digital platforms and cloud technologies to manage information at scale. With this reliance comes heightened responsibility, and KLN is committed to protecting the sensitive data entrusted to us. We have expanded our cybersecurity approach by investing in advanced safeguards, diversifying our systems, and strengthening governance frameworks to reduce vulnerabilities. Recent industry incidents have underscored the importance of vigilance, prompting us to reinforce risk management procedures and enhance monitoring capabilities. Our focus is not only on preventing breaches but also on building resilience, ensuring that customer information and stakeholder data remain secure.

At the same time, we recognise that technology alone cannot guarantee protection. Ethical data management requires active participation from employees and partners, which is why we embed training and awareness programmes into our operations. Staff are equipped with the knowledge to identify risks, apply best practices, and respond quickly to potential threats. Access controls, firewalls, and regular software updates form part of our layered defence strategy, while transparent reporting mechanisms ensure accountability across the organisation. By combining technical safeguards with a culture of responsibility, KLN strives to create a secure environment that strengthens trust with customers, partners, and internal stakeholders, and sets a benchmark for responsible information management in the logistics sector.

DATA PRIVACY

The Group's [Privacy Policy](#) sets out our framework for handling stakeholder data responsibly, covering its collection, management, processing, and protection. The policy is aligned with applicable regulations in our major operating regions, including the EU General Data Protection Regulation ("GDPR") 2016 and Personal Data (Privacy) Ordinance (Chapter 486 of the laws of Hong Kong). It specifies the categories of data collected, the purposes for which it is used, the methods of processing, and the procedures for reporting suspected breaches. To reinforce compliance, we established a Privacy Information Management Programme that ensures consistent application of the Policy and adherence to relevant privacy requirements.

Recognising the growing risks of data breaches across industries, we have introduced initiatives to strengthen employee awareness and resilience. These include compulsory training on data protection, cybersecurity, and phishing prevention. In addition, our Global Phishing Awareness Campaign equips staff with practical skills to identify suspicious activity and respond effectively to potential threats. As a result of these measures, no confirmed cases of customer privacy violations were recorded during the reporting year.

DATA SECURITY

KLN places strong emphasis on protecting information assets and maintaining the confidentiality of all data entrusted to us. Our [Information Security Policy](#) provides a clear framework for managing data protection, outlining the steps to be taken in the event of suspected or actual breaches. The Policy is designed to align with statutory and regulatory requirements across our operating regions, ensuring consistent compliance.

The following initiatives demonstrate how we put this commitment into practice and reinforce our dedication to maintaining the highest standards of data security.

INFORMATION SECURITY MANAGEMENT SYSTEM

The Group relies on its Information Security Management System ("ISMS") to safeguard data across global operations and ensure resilience against cyber risks. Developed in alignment with the ISO 27001:2022 (Information Security Management), the ISMS equips employees with clear protocols to protect information assets from both internal vulnerabilities and external threats. It also integrates practical operating procedures that support compliance with data classification rules and access control measures. To uphold transparency and reliability and ensure effectiveness, the system is subject to ongoing internal reviews and periodic external audits.

We also monitor the practices of suppliers, customers, and business partners to confirm adherence to our IT and security requirements. Where third parties fail to meet these standards, the Group enforces strict measures, including the termination of contracts or business relationships, to maintain the integrity of our value chain.

TACKLING CYBER THREATS

In 2025, the Group has further strengthened its cybersecurity and risk management framework to address the evolving threat landscape and ensure operational resilience. Building on the multi-layered approach established in the previous year, we implemented strict access controls, advanced encryption protocols, and full compliance with global data protection regulations to safeguard sensitive information. Our security strategy is reinforced by regular audits and comprehensive employee training, ensuring that awareness and accountability remain central to our defence posture.

To enhance system performance and resilience, we continuously upgrade and optimise our infrastructure, leveraging modern technologies to improve scalability and reliability. Vulnerabilities are proactively patched, and processes streamlined to maintain a secure and efficient digital environment. In tackling cyber threats, we employ advanced monitoring tools, conduct regular vulnerability assessments, and ensure timely patching of all endpoints, enabling rapid detection and mitigation of risks.

During 2025, no data-related incident or incident involving customer privacy data that had a significant impact on operations or results in material fines or monetary penalties.

ZE - Khorgos Gate



OUR SUPPLY CHAIN



8 DECENT WORK AND ECONOMIC GROWTH



(This page contains computer-processed images)

We aim to build partnerships with organisations that share our values and principles, uphold ethical business conduct, and are committed to sustainability. By aligning with our energy efficient operations, robust safety standards, and active community engagement, these partners play a vital role in strengthening a supply chain that is both resilient and responsible.

Our Targets

- Engaging with suppliers and partners to drive sustainability progress, while consistently communicating expectations around ethical conduct and compliance standards
- Supporting business partners in strengthening labour practices while ensuring rigorous adherence to principles of integrity and ethical business conduct

Our Prioritised SDGs and Targets



- Target 8.8: Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular, women migrants, and those in precarious employment

Our Focus Areas

- Sharing our ESG values with suppliers

SHARING OUR ESG VALUES WITH SUPPLIERS

The Group actively engages with suppliers and business partners to advance a shared commitment to sustainable logistics solutions. By collaborating on environmental and social initiatives, and by supporting partners in strengthening their sustainability practices, we strive to guide the global supply chain toward a more responsible future.

SUPPLIER PROFILE

The Group works closely with suppliers and service providers, encompassing airlines, maritime carriers, and logistics facility operators. These collaborations broaden the reach of our distribution network and enable the delivery of fully integrated logistics solutions tailored to meeting the diverse needs of our clients.

As of 31 December 2025, the Group has established relationships with a total of 915 suppliers, developing a resilient and comprehensive global network that supports our business growth, as detailed in the table below:

Regions	2025
Hong Kong	113
Chinese Mainland	324
Asia	147
Americas	106
EMEA	182
Oceania	43
Total	915

RESPONSIBLE PARTNERSHIPS

Our Social Responsibility Policy sets out clear guidelines for suppliers in key areas including ethical conduct, workplace health and safety, fair employment practices, respect for human rights, and environmental stewardship. To maintain integrity and consistency throughout the supply chain, all suppliers and partners are required to comply with our Business Partner Code of Conduct. This code outlines their obligation to operate responsibly and transparently. For more details on these commitments, please see the section titled “Adhering to business standards” under the “Our business ethics” pillar within this report.

DRIVING IMPACT THROUGH RESPONSIBLE PARTNERSHIPS

We remain committed to strengthening our supply chain practices through responsible partnerships. In 2025, this approach was brought to life through a series of initiatives across our operations, demonstrating how collaboration can drive both resilience and positive change.

In Singapore, KLN collaborated with Re:Nue, the social enterprise arm of The Salvation Army, to repurpose and resell pre-loved items donated by our colleagues since May 2025. This partnership promotes circularity, extending the life cycle of goods while supporting community programmes.

In Oceania, we continued working with a key shipping partner to reuse import containers for export purposes, eliminating additional haulage costs and reducing emissions. This initiative demonstrates how responsible partnerships can deliver both environmental and economic benefits.

As Hong Kong’s largest logistics operator of commercial vehicles, KLN partnered with China Light and Power, a leading public utility provider, to advance sustainable mobility solutions. Through the eMobility Grid Management Platform, we enabled comprehensive tracking of vehicle movements across the city. This initiative generates valuable insight into travel patterns, supporting the planning and development of future electric vehicle charging infrastructure to optimise convenience, efficiency, and use of space.

SUSTAINABLE PROCUREMENT AND SUPPLY CHAIN MANAGEMENT

In 2022, the Group introduced its Sustainable Procurement Policy Statement, outlining supplier evaluation and management processes to ensure compliance with quality requirements, industry standards, and environmental regulations. Managed by our procurement team, the policy anchors our approach to responsible supply chain management to the principles of accountability, environmental stewardship, transparency, and ethics.

We have created and continue to maintain a holistic framework for supplier selection, evaluation, and oversight. Our procurement team is trained to prioritise vendors that actively address their environmental impact, reflecting our commitment to excellence and sustainability. To support responsible operations, we provide suppliers with systematic training sessions covering workplace safety, anti-corruption measures, environmental stewardship, and other fundamental ESG elements. Suppliers are regularly assessed against criteria including environmental commitment, safety standards, emergency response capabilities, workplace quality, and compliance with global benchmarks.

In practice, our sustainable procurement principles are applied across regions through tailored initiatives. In Myanmar, for example, procurement processes emphasise evaluating suppliers on their environmental impact and collaborating closely on demand forecasting, to reduce waste in our value chain. In Hong Kong, we continue to utilise our Green Specification List, which helps us to prioritise the sourcing of eco-friendly equipment. Our tender process in Thailand, meanwhile, requires our local teams to evaluate at least three suppliers and conduct periodic quality reviews to ensure best practice.

The Group prioritises partnerships with suppliers certified under internationally recognised standards, including:

- ISO 9001 – Quality Management System
- ISO 14001 – Environmental Management System
- ISO 45001 – Occupational Health and Safety Management System

KLN applies the following measures to uphold compliance among business partners, as outlined in the table below:

Area	Precautionary Measures
Supplier screening	<p>New suppliers undergo a rigorous pre-qualification process to ensure they meet our criteria and align with the Group's values.</p> <p>Supplier contracts include clauses addressing environmental and ethics-related requirements.</p> <p>In making procurement decisions, the Group carefully considers the environmental impact of products and services, with reference to suppliers' status listed on ISO certifications, occupational health and safety standards, Forest Stewardship Council certification</p> <p>KLN distributed its Business Partner Code of Conduct to all key suppliers in 2025, reinforcing its expectation that partners conduct their business with integrity.</p>
Supplier training	<p>New suppliers receive training on key principles including occupational health and safety, environmental management, working with display screen equipment, anti-corruption, and whistleblowing.</p> <p>To reinforce responsible practices, regular refresher training is provided to all suppliers, contractors, and subcontractors.</p>
Supply chain disruption response	<p>The Group has established a structured performance evaluation process to develop contingency plans that safeguard service reliability and business continuity during supply chain disruptions.</p>
Supply chain risk management	<p>KLN shares its risk management protocols with suppliers and requires adherence to these standards.</p> <p>Risk evaluation and measurement are ongoing and integrated into daily operations.</p> <p>Our operations teams are accountable for communicating risks to suppliers, contractors, and subcontractors.</p>
Supplier evaluation	<p>Existing suppliers undergo regular performance assessments to monitor environmental management and occupational health and safety.</p> <p>Suppliers that fail to meet performance requirements must take corrective action promptly or face suspension.</p> <p>In 2025, more than 800 suppliers at the Group's Hong Kong headquarters were evaluated, with over 85% demonstrating acceptable or better performance.</p>
Supplier communications	<p>The Group engages suppliers regularly to exchange knowledge on industry best practice and to strengthen sustainability across the supply chain.</p> <p>Clear channels of communication reinforce compliance with the signed Code of Business Conduct and KLN's procurement practices.</p> <p>In the Chinese Mainland, suppliers are reminded of regulations on vehicle use, low-emission replacements, and service quality. Following successful bids, suppliers receive a "Letter of Notification on Implementation of Environment and Occupational Health," which must be reviewed, agreed, and returned with an official stamp to confirm compliance.</p> <p>In Hong Kong, subcontractors and business partners are encouraged to progressively upgrade their delivery vehicles to Euro 6 models to minimise carbon emissions.</p>



OUR COMMUNITY

17 PARTNERSHIPS FOR THE GOALS



We recognise the diverse needs of the communities we serve and remain committed to addressing them, reinforcing our role as a responsible corporate citizen. By leveraging our expertise and resources, we deliver humanitarian logistics support to areas that are remote and difficult to reach, while partnering with local organisations to advance social and environmental initiatives. We actively encourage employee participation in these programmes, contributing to a fair, inclusive, and sustainable society.

Our Targets

- Empower staff to contribute through volunteering, creating meaningful impact in society
- Leverage logistics capabilities and global network to deliver assistance and create impact for communities in need
- Collaborate with NGOs and social enterprises to build impactful partnerships that strengthen community wellbeing

Our Prioritised SDGs and Targets



- Target 17.17: Encourage and promote effective public, public-private and civil society partnerships, building on the experience and resourcing strategies of partnerships

Our Focus Areas

- Caring for the community

CARING FOR THE COMMUNITY

The Group is dedicated to strengthening its ties with the community and encouraging employees to take part in initiatives that create a positive social impact. Through our [Social Responsibility Policy Statement](#), we outline our commitment to supporting charitable causes, community programmes, and volunteer activities that benefit society at large. We actively explore new ways to contribute, ensuring our efforts remain relevant to the changing needs of the communities in which we operate.



COMMUNITY FOCUS AREAS

As a socially responsible organisation, we place strong emphasis on contributing to the wellbeing of the communities in which we operate. By drawing on our industry expertise, resources, and partnerships, we design initiatives that respond to local needs and create meaningful impact. Our programmes are directed toward four key beneficiaries – children and youth, the elderly, the underprivileged, and the environment – reflecting our commitment to fostering inclusive growth and sustainable development across society.



Children & Youth

We believe that empowering the next generation is essential to building a resilient and inclusive future. In a world where opportunities are increasingly competitive, we strive to equip young people with the skills, confidence, and support they need to thrive. By collaborating with community organisations and global partners, we are committed to fostering leadership, encouraging innovation, and creating pathways that enable young people to unlock their potential and contribute meaningfully to society.



The Underprivileged

In recognition of persistent economic disparities, our commitment to supporting disadvantaged sectors of society plays a key role in our community work. Through strategic collaborations with non-profit and philanthropic organisations, we provide financial assistance and actively participate in welfare initiatives designed to alleviate hardship. Our commitment is aimed at reducing inequality, enhancing social wellbeing, and contributing to broader global efforts to alleviate poverty.



The Elderly

Recognising the vital role of senior citizens in preserving cultural traditions and imparting wisdom to future generations, we continue to place an emphasis on initiatives that strengthen their overall wellbeing. In collaboration with community and philanthropic partners, we implement programmes that address both physical and mental health needs, while identifying opportunities to provide meaningful employment where appropriate. Through these efforts, we seek to honour the contribution of older people and ensure their continued engagement in society.



The Environment

We are dedicated to advancing environmental responsibility by integrating sustainable practices into our operations and reducing ecological impact wherever possible. Through close collaboration with industry partners and participation in community-driven initiatives, we seek to promote greener growth and support healthier surroundings. Our efforts are directed towards building a future where business progress and environmental preservation go hand in hand, ensuring long-term benefits for our planet and society.

VOLUNTEERING AND DONATIONS

Since its establishment in 2022, the Volunteer Service Scheme has provided a structured framework for employee participation in KLN's community outreach efforts. This initiative enables staff to contribute their time and professional expertise to a broad spectrum of social and environmental programmes. The continued increase in volunteer engagement among our colleagues reflects their dedication and commitment towards generating meaningful social impact. Selected community-focused initiatives undertaken by KLN in 2025 are presented in the table below.



Children & Youth

Throughout 2025, KLN strengthened its commitment to empowering young people and supporting child welfare by driving impactful programmes across education, family care, talent development, and community engagement.

- KLN collaborated with United Nations Children’s Fund (“UNICEF”) Hong Kong to lead 286 children from local schools in a GUINNESS WORLD RECORDS™ attempt for ‘Most People Playing Heads or Tails Simultaneously’. The event combined fun with education, as children learned about the history of coins and Hong Kong’s development.
This year, KLN is a gold sponsor for the UNICEF Charity Run 2025/26, an event aimed at promoting child wellbeing, resilience, and community solidarity. Our colleagues also joined the UNICEF Charity Run – ‘HERO RUN – WondeRun’. Money raised from this event will go towards psychosocial support for the Tai Po school community in Hong Kong.
- In the Chinese Mainland, KLN launched the “Growing Happily Together” programme in celebration of International Children’s Day. As part of this initiative, the Company prepared festive gifts for employees’ children, carefully selecting age-appropriate games, toys and craft kits for different stages of childhood. This programme reflects KLN’s dedication to family care and its recognition of the importance of supporting employees’ families.
- In Myanmar, KLN continued to nurture young talent through internship programmes that provide hands-on experience and mentorship. In 2025, two new programmes in Customer Service and Finance were introduced, offering participants practical exposure to real business operations. Alongside these efforts, KLN welcomed students from the Bremen University of Applied Sciences, who explored the company’s QHSE management system and sustainability initiatives. Their active engagement helped bridge theory with practice, strengthening the connection between academic learning and real-world applications.
- KLN extended its support to children and young people through local sponsorship of community sports teams in Australia and New Zealand, encouraging active lifestyles, teamwork, and community spirit. In addition, the company partnered with Plan International to sponsor children in the Chinese Mainland and Vietnam, helping them access education and healthcare. Further demonstrating its commitment to young people, KLN’s Sweden office held a Football Shirt Friday event in July 2025 to raise money for the fight against childhood cancer. These efforts highlight KLN’s commitment to empowering young people across different regions, improving their quality of life, and contributing to inclusive community development.



The Underprivileged

The Group supports vulnerable communities through outreach programmes, charitable partnerships, and employee volunteering. These initiatives promote inclusivity, strengthen social ties, and provide meaningful assistance to those in need.

- In Auckland, KLN organised a Christmas toy drive to bring joy to underprivileged children. Additionally, the Cold Chain business supplied overstock food items to shelters and disadvantaged families, ensuring that vulnerable groups received both festive gifts and essential nourishment.



The Elderly

The Group is committed to supporting elderly communities by engaging in programmes that promote their welfare and quality of life. Our initiatives include outreach activities, social support services, and opportunities designed to strengthen inclusion for senior citizens.

- KLN collaborated with the Chinese YMCA of Hong Kong and its social enterprise YM Hair to launch the “Be a Volunteer Hairdresser – Serve the Elderly” programme. A total of 40 colleagues were trained as volunteer hairdressers and provided free haircuts to 80 elderly participants. This initiative fostered meaningful connections between employees and the community while enhancing the lives of senior citizens. In Singapore, KLN implemented the ‘Relocation Project’, where we leveraged our logistics expertise and resources to assist elderly residents with the safe and smooth relocation to new homes. By alleviating both the physical and emotional challenges of moving, the project reinforced KLN’s commitment to social responsibility, inclusivity, and care.
- In Myanmar, we continue to engage the elderly by offering them consultancy and advisory roles, supporting their purposeful involvement while supplementing their income. This initiative ensures that older people remain meaningfully connected to society and enables them to share their experiences and expertise in ways that benefit the community.



The Environment

We place strong emphasis on environmental stewardship and work continuously to limit our impact on ecosystems.

- Since June 2022, we have partnered with the social enterprise Eco-Greenergy to recycle coffee grounds, with the goal of reducing landfill disposal and upcycling waste to limit the consumption of new resources. Since then, we have collected a total of 2.87 tonnes, reflecting our commitment to resource recycling and environmental conservation.
- We participated in the 32nd Green Power Hike, which promotes ecological awareness through hands-on hiking experiences along the Hong Kong Trail. During the event, our employees practiced the “Leave-No-Trace” principle by collecting and recycling waste, and volunteered to support the success of the event. In celebration of World Environment Day 2025, the team at KLN Sri Lanka organised a silent walk from our head office to Sir James Peiris Mawatha, followed by a tree planting ceremony, further underscoring our commitment to sustainability and building a greener future for generations to come.
- In Myanmar, we supported local carbon reduction efforts by increasing our share of solar-powered electricity and planting trees around warehouse and dry port facilities. Quarterly monitoring of groundwater usage, air quality, and noise levels have helped to ensure sustainable operations and promote community wellbeing. Meanwhile, our Chinese Mainland team collaborated with S.F. Holding on logistics for the Uzbekistan Tashkent Photovoltaic and Battery Energy Storage System Power Generation Project, balancing efficiency and cost with community impact. Using 3D transport simulation models, we accurately predicted traffic flow alongside resident activity patterns to minimise disruption to surrounding communities.

HUMANITARIAN AID LOGISTICS SUPPORT

In 2025, KLN expanded its collaboration with social enterprises, charities, and regional outreach programmes, reinforcing our role as a trusted logistics partner in supporting humanitarian initiatives.

We continued to channel resources into global aid efforts, combining financial contributions with logistics expertise to deliver tangible support. In Hong Kong, following the recent fire outbreak incident which affected residential communities in Tai Po, we contributed HK\$5 million through the Tung Wah Group of Hospitals to address urgent needs and post-incident recovery for affected families. We also offered free logistics services to ensure relief supplies reached those impacted without delay.

In Oceania, we offered free warehouse storage and logistics services to the Middlemore Foundation in Auckland to support their diverse community initiatives.

In early 2025, KLN provided critical logistics support to the HKSAR Government in response to the Myanmar earthquake, including air freight services and on-the-ground logistics assistance for rescue operations. This initiative reflects KLN's commitment to supporting humanitarian relief efforts and strengthening community resilience during crisis situations. Building on this collaboration, KLN has further deepened its partnership with the Hong Kong Fire Services Department to support their international rescue operations through reliable and responsive logistics solutions.

The collaboration focuses on establishing strategically located, pre-positioned supply hubs across KLN's global network, integrating advanced technology for smart equipment and personnel management to improve deployment efficiency and emergency preparedness. In parallel, the partners are jointly developing an AI-driven adaptive model that integrates KLN's end-to-end logistics capabilities with local rescue operations, enhancing operational readiness and rapid mobilisation.

By leveraging sophisticated equipment and supply management platforms, together with KLN's professional services across multiple countries and regions, the partnership enables precise resource tracking and responsible use of assets. In addition, smart post-mission analysis is supported to optimise resource utilisation, complemented by KLN's devanning and replenishment services to ensure effective and sustainable future deployments.

Collectively, these actions underscore KLN's commitment to standing alongside communities worldwide, delivering meaningful assistance where it is needed most.

APPENDICES

ABOUT THE REPORT

The tenth annual sustainability report (the “Report”) provides an overview of KLN Group’s management approach and highlights the sustainability performance for the period ended 31st December 2025. This report complements the Group’s 2025 Annual Report, which outlines KLN’s financial performance and corporate governance aspects.

This report also fulfils the Group’s obligation as a signatory of the United Nations Global Compact (“UNGC”) Communication on Progress. The Group achieves its commitment and aligns with the Ten Principles of the UNGC through its various initiatives and policies detailed within the Report.

REPORTING SCOPE AND BOUNDARIES

Unless otherwise specified, this report covers the Hong Kong headquarters and focuses on the principal business operations over which the Group has management control, including integrated logistics and international freight forwarding in Chinese Mainland, Hong Kong, Asia, Americas, EMEA and Oceania.

This report covers the period from 1 January 2025 to 31 December 2025 (the “Reporting Period”), with modest extensions forward and backward.

REPORTING STANDARDS

This report has been prepared in accordance with the Mandatory Disclosure Requirements and the “Comply or Explain” provisions of the ESG Reporting Code (the “ESG Code”) under Appendix C2 to the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “HKEX”). It also complies with Part D (Climate-related Disclosures) of the ESG Code. To ensure comprehensive reporting, the Group references selected Global Reporting Initiative (“GRI”) and Task Force on Climate-related Financial Disclosures (“TCFD”) Standards relevant to identified material topics. Please refer to the content table of TCFD and the content indices of HKEX and GRI for further details.

REPORTING PRINCIPLES

This report adheres to the reporting principles specified in the ESG Code and reporting principles for defining report content and quality stated in the GRI Standards as follows:

Reporting Principles	Description
Materiality	Material sustainability concerns are identified through stakeholder engagement. The Board is involved throughout the process to review and validate the results. Please refer to the section headed “Materiality Assessment” for more information.
Quantitative	Quantitative information is accompanied by a narrative, explaining its purpose, impact, and giving comparative data where appropriate.
Balance	An unbiased picture of the Group’s performance is provided by explaining achievements and the challenges faced by the Group.
Comparability and Consistency	Consistent methodologies are adopted to allow for meaningful comparisons of sustainability data over time. Any changes that may affect comparisons with previously reported information and performance will be explained accordingly.
Accuracy	A rigorous audit process is conducted to ensure the quality and veracity of information disclosed.
Clarity	The report is written in a manner that is comprehensible to stakeholders who have a reasonable understanding of the Group and its activities.
Completeness	All material sustainability topics identified by the Group in 2025 are addressed in this report to ensure complete disclosure.
Sustainability Context	Decisions on material sustainability matters take into account the Group’s long-term strategy, risks, opportunities and goals whenever feasible.
Timeliness	The information in the Report indicates the period to which it relates, providing stakeholders with consolidated disclosure of economic, environmental and social impact.
Verifiability	Information gathered, recorded, compiled, and analysed by the Group can be examined to establish its quality.

APPROVAL AND EXTERNAL ASSURANCE

The information documented in this report is sourced from the Group’s official documents, statistical data, management and operation information, and is collected in accordance with the Group’s policies. The Report has been approved by the board of directors of the Company (the “Board”) on 30 March 2026.

This report has been independently verified by the Hong Kong Quality Assurance Agency (“HKQAA”) with respect to the extent of its coverage and information provided in accordance with the standards mentioned above. The Independent Assurance Report is presented on pages 117-118 of this report.

CONTACT US

This report is available in both English and Chinese on the Company’s website (www.kln.com) and the HKEX’s website (www.hkexnews.hk). The Group welcomes feedback and comments from its stakeholders via email at IR@kln.com to strengthen its future sustainability reporting.

APPENDICES

SOCIAL PERFORMANCE DATA

Performance Indicators	2025
Workforce Profile (at year end)	
Total workforce (Employee)	18,618
By gender	
Male	11,258
Female	7,360
By age group	
Under 30	3,827
30-50	11,873
Over 50	2,918
By employment type	
Full time	18,224
Part time	394

Performance Indicators	2025
By employee category	
Managerial Staff	3,729
General Staff	14,889
By geographical region	
Hong Kong & Macau	2,303
Chinese Mainland	5,349
Asia	7,872
Americas	977
EMEA	1,981
Oceania	136
Total workforce (Non-employee workers) ⁽¹⁾	9,820

Employee Turnover⁽²⁾

Total number and rate of voluntary turnover ⁽³⁾	2,815	15%
By gender		
Male	1,711	15%
Female	1,104	15%
By age group		
Under 30	1,017	27%
30-50	1,538	13%
Over 50	260	9%
By geographical region		
Hong Kong & Macau	294	13%
Chinese Mainland	431	8%
Asia	1,627	21%
Americas	125	13%
EMEA	310	16%
Oceania	28	20%

Employee Turnover⁽²⁾

Total number and rate of involuntary turnover ⁽⁴⁾	968	5%
By Gender		
Male	630	6%
Female	338	5%
By age group		
Under 30	227	6%
30-50	515	4%
Over 50	226	8%
By geographical region		
Hong Kong & Macau	115	5%
Chinese Mainland	404	7%
Asia	240	3%
Americas	83	9%
EMEA	109	6%
Oceania	17	12%

Health and Safety⁽⁵⁾

Total number of work injury cases	100
Work injury rate ⁽⁶⁾	0.54%
Total number of work fatal case	0
Work fatal rate ⁽⁷⁾	0.00%
Number of lost day due to work injuries	1,231

Training and Development		
Total number and percentage of employee trained ⁽⁸⁾	12,037	66%
By gender		
Male	6,897	62%
Female	5,140	72%
By employee category		
Managerial staff	2,679	73%
General staff	9,358	83%
Total number of training hours and average training hours ⁽⁹⁾	126,098	7
By gender		
Male	72,349	7
Female	53,749	8
By employee category		
Managerial staff	38,583	10
General staff	87,515	6

Supply Chain Management	
Total number of suppliers	915
By geographical region	
Hong Kong	113
Chinese Mainland	324
Asia	147
Americas	106
EMEA	182
Oceania	43

Anti-Corruption		
Number of concluded legal cases regarding corrupt practices brought against the Group or its employees		0
Total number and percentage of employees receiving anti-corruption training by Categories		
Board	11	100%
New employee	4,142	100%
Training materials and policy reached full time employee	18,224	100%

Community	
Monetary donations to community events (HK\$)	10,019,000
Spending on community events (excluding monetary donations) (HK\$)	363,000

Remarks

- (1) Non-employee worker as sub-contracting labours/outsourced labours performing in company's operational business.
- (2) Employee Turnover = Number of leavers during the Reporting Period/Average number of employees
- (3) Voluntary turnover refers to resignation.
- (4) Involuntary turnover refers to dismissal, contract-end, retirement, retrenchment.
- (5) It includes employees only.
- (6) Work Injury Rate = Total Number of Work Injury Cases/Average Number of Employees
- (7) Work Fatal Rate = Total Number of Work Fatal Cases/Average Number of Employees.
In 2024, the number of work fatal cases and work fatal rate was 0 and 0.00% respectively.
In 2023, the number of work fatal cases and work fatal rate was 1 and 0.003% respectively.
- (8) Percentage of employee trained = Total number of employee trained/Total number of employees
- (9) Average training hour = Total number of training hours/Total number of employees

APPENDICES

ENVIRONMENTAL PERFORMANCE DATA

Unit	Total	Total	By geographical region						By business segment		
	2025	2024	2025						2025		
			Hong Kong	Chinese Mainland	Asia	Americas	EMEA	Oceania	Integrated logistics	International freight forwarding	
Air Emissions											
Nitrogen Oxides (NO _x)	tonne(s)	242	528	26	14	96	0	49	57	145	97
Sulphur Oxides (SO _x)	tonne(s)	0	<1	0	0	0	0	0	0	0	0
Respirable Suspended Particulates (RSP)	tonne(s)	19	35	2	1	7	0	4	5	12	7
GHG Emissions											
Direct GHG Emissions (Scope 1)	tonnes of CO ₂ -e	68,869	114,969	6,906	12,242	35,521	508	10,215	3,477	41,890	26,979
Energy indirect GHG Emissions (Scope 2)	tonnes of CO ₂ -e	82,475	74,240	28,936	22,143	27,831	739	1,401	1,425	74,076	8,399
Total GHG Emissions (Scope 1 and 2)	tonnes of CO ₂ -e	151,344	189,209	35,843	34,385	63,351	1,247	11,616	4,902	115,966	35,378
GHG Intensity (Scope 1 and 2)	tonnes of CO ₂ -e/ (HKD million)	3	3								
GHG Removals from Newly Planted Trees	tonnes of CO ₂ -e	6	8	-	-	0	-	6	-	0	6
Scope 3 - Category 1: Purchased Goods and Services	tonnes of CO ₂ -e	20,749	-								
Scope 3 - Category 2: Capital Goods	tonnes of CO ₂ -e	8,654	-								
Scope 3 - Category 3: Fuel and Energy-Related Activities (not included in scope 1 or scope 2)	tonnes of CO ₂ -e	36,539	-								
Scope 3 - Category 4: Upstream Transportation and Distribution	tonnes of CO ₂ -e	2,864,757	2,792,604								
By transport mode											
Aviation	tonnes of CO ₂ -e	2,034,406	1,920,449								
Marine	tonnes of CO ₂ -e	697,875	754,510								

Note: 2024 Scope 1 and 2 emissions, and electricity consumption have been adjusted to reflect actual situation.

	Unit	Total	Total	By geographical region						By business segment	
		2025	2024	2025						2025	
				Hong Kong	Chinese Mainland	Asia	Americas	EMEA	Oceania	Integrated logistics	International freight forwarding
Rail	tonnes of CO ₂ -e	132,476	117,645								
Scope 3 – Category 6: Business Travel	tonnes of CO ₂ -e	1,148	-								
Energy											
Total Direct Energy Consumption (Nonrenewable)	MWh	422,991	544,719	14,741	41,836	160,243	1,618	191,487	13,066	141,103	281,888
Diesel	MWh	221,505	350,675	11,330	36,366	124,886	771	35,208	12,944	133,412	88,093
Petrol	MWh	9,663	12,204	283	5,470	1,937	69	1,884	20	4,943	4,720
Liquefied Petroleum Gas	MWh	2,147	1,870	1,177	-	868	-	-	102	1,031	1,116
Natural Gas	MWh	1,166	1,399	-	-	-	738	428	-	-	1,116
Gas Oil	MWh	1,997	4,214	1,951	-	46	-	-	-	1,717	280
Compressed Natural Gas	MWh	186,473	174,356	-	-	32,506	-	153,967	-	-	186,473
Propane	MWh	40	-	-	-	-	40	-	-	-	40
Lubricant	MWh	0	-	-	-	0	-	-	-	0	0
Total Direct Energy Consumption (Renewable)	MWh	4,349	3,837	-	822	3,219	308	-	-	3,994	355
Solar	MWh	4,041	3,581	-	822	3,219	-	-	-	3,994	47
Bioethanol	MWh	-	-	-	-	-	-	-	-	-	-
Hydropower	MWh	308	256	-	-	-	308	-	-	-	308
Total Indirect Energy Consumption	MWh	140,814	147,155	41,961	38,928	50,221	2,652	4,482	2,570	124,216	16,598
Electricity	MWh	140,814	147,155	41,961	38,928	50,221	2,652	4,482	2,570	124,216	16,598
Total Energy Sold	MWh	881	836	445	-	436	-	-	-	881	-
Total Energy Consumption	MWh	567,273	694,875	56,257	81,586	213,247	4,578	195,969	15,636	268,432	298,841
Energy Intensity	MWh/(HKD million)	10	12								

Note: 2024 Scope 1 and 2 emissions, and electricity consumption have been adjusted to reflect actual situation.

Unit	Total		By geographical region						By business segment		
	2025	2024	2025						2025		
			Hong Kong	Chinese Mainland	Asia	Americas	EMEA	Oceania	Integrated logistics	International freight forwarding	
Waste											
Hazardous Waste	tonnes	185	95	2	28	145	-	10	-	174	11
Hazardous Waste Intensity	tonne(s)/(HKD million)	<0.1	<0.1								
Non-Hazardous Waste	tonnes	6,707	6,345	1,354	1,896	2,685	81	644	46	5,823	884
Non-Hazardous Waste Intensity	tonne(s)/(HKD million)	0.1	0.1								
Water											
Total Water Consumption	Cubic meters	586,543	743,742	79,363	184,131	255,360	17,836	44,154	5,699	452,274	134,269
Water Intensity	Cubic meters/(HKD million)	10	13								
Packaging Material											
Total Packaging Material Consumption	tonne(s)	3,473	3,822	1,004	1,604	562	18	249	36	3,080	393
Packaging Material Intensity	tonnes(s)/(HKD million)	0.1	0.1								
By Categories											
Cartons	tonnes(s)	2,419	2,748	661	1,139	484	14	111	10	2,265	154
Plastic Wrapping Materials	tonnes(s)	1,051	1,035	340	465	78	4	138	26	812	239
Styrofoam	tonnes(s)	3	39	3	-	-	-	-	-	3	-

Remarks

- (1) Numbers have been subject to rounding. Any discrepancies between the total shown and the sum of the amounts listed are due to rounding.
- (2) 2024 data cover activities from discontinued operations. For details, please refer to Note 38 under the section headed "Notes to the Financial Statements" in the 2024 Annual Report.
- (3) Various methodologies were adopted for the calculation of Scope 1 and Scope 2 emissions. The calculation of Scope 1 emissions was based on guidance from the ESG Code, DEFRA's 2024 guidelines, and US EPA 2025 GHG Emission Factors Hub, which covers Carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O) and hydrofluorocarbons (HFCs) in the GHG calculations. The Scope 2 emissions was calculated by location-based method, based on Guidelines for Accounting and Reporting Greenhouse Gas Emissions for Manufacturing and Other Industrial Enterprises (Trial), Emission Factors from CLP Power Hong Kong Limited, DEFRA's 2024 guidelines and Carbon Database Initiative 2024 Grid Electricity Emissions Factors. During the Reporting Period, no changes were made to the measurement approach, inputs, or assumptions used in the preparation of this report. All methodologies and criteria remain consistent with those applied in previous reporting periods. As of 31 December 2025, the Group does not hold any contractual instrument that would affect the reporting of its Scope 2 greenhouse gas emissions.
- (4) Upstream Transportation and Distribution is one of the scope 3 emissions categories that is highly relevant to KLN's business. Based on available port-to-port export shipment data, KLN adopted the GLEC framework in its scope 3 emissions calculation methodology and the basis of 'well-to-wheel' is employed.
- (5) Total energy consumption = total direct energy consumption (non-renewable) + total direct energy consumption (renewable) + total indirect energy consumption – total energy sold.
- (6) 2024 Scope 1 and 2 emissions, and electricity consumption have been adjusted to reflect actual situation.
- (7) The spend-based approach has been applied to estimate Scope 3 emissions for categories 1 (Purchased Goods and Services), 2 (Capital Goods), and 6 (Business Travel). For Scope 3 Category 3 (Fuel and Energy-related Activities), the average-data method has been utilised.
- (8) KLN's Scope 3 Category 4 emissions encompass the Scope 1 emissions from S.F. Holding resulting from the business relationship.
- (9) For Scope 3 Category 6 emission, the emission data is only accounted for the emissions from air travel from 1 July 2025 to 31 December 2025. In 2026, we will disclose the full year business travel-related emission data.

APPENDICES

HKEX ESG REPORTING CODE CONTENT INDEX

Subject Areas, Aspects and KPIs	Description	Sections/References/Remarks
Mandatory Disclosure Requirements		
Governance Structure		Governance
Reporting Principles		About the Report, Governance
Reporting Boundaries		About the Report
“Comply or Explain” Provisions		
A. Environmental		
Aspect A1: Emissions		
General Disclosures	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Tackling Climate Change, Minimising Environmental Footprint, Governance
KPI A1.1	The types of emissions and respective emissions data.	Tackling Climate Change, Environmental Performance Data
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g., per unit of production volume, per facility).	Minimising Environmental Footprint, Environmental Performance Data
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g., per unit of production volume, per facility).	Minimising Environmental Footprint, Environmental Performance Data
KPI A1.5	Description of emissions target(s) set, and steps taken to achieve them.	Our Environment, Tackling Climate Change
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set, and steps taken to achieve them.	Minimising Environmental Footprint

Subject Areas, Aspects and KPIs	Description	Sections/References/Remarks
Aspect A2: Use of Resources		
General Disclosures	Policies on the efficient use of resources, including energy, water and other raw materials.	Minimising Environmental Footprint
KPI A2.1	Direct and/or indirect energy consumption by type (e.g., electricity, gas or oil) in total (kWh in '000s) and intensity (e.g., per unit of production volume, per facility).	Environmental Performance Data
KPI A2.2	Water consumption in total and intensity (e.g., per unit of production volume, per facility).	Environmental Performance Data
KPI A2.3	Description of energy use efficiency target(s) set, and steps taken to achieve them.	Our Environment, Minimising Environmental Footprint
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set, and steps taken to achieve them.	Minimising Environmental Footprint
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Environmental Performance Data, Minimising Environmental Footprint
Aspect A3: The Environment and Natural Resources		
General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources.	Minimising Environmental Footprint
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Minimising Environmental Footprint
B. Social		
Aspect B1: Employment		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Governance, Creating a Diverse, Equal and Inclusive Workplace
KPI B1.1	Total workforce by gender, employment type, age group and geographical region.	Our People Social Performance Data
KPI B1.2	Total workforce by gender, employment type (for example, full – or part-time), age group and geographical region.	Social Performance Data

Subject Areas, Aspects and KPIs	Description	Sections/References/Remarks
Aspect B2: Health and Safety		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Governance, Fostering Safety and Wellbeing
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Social Performance Data
KPI B2.2	Lost days due to work injury.	Social Performance Data
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	Fostering Safety and Well-Being
Aspect B3: Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Nurturing and Developing Talent
KPI B3.1	The percentage of employees trained by gender and employee category.	Social Performance Data
KPI B3.2	The percentage of employees trained by gender and employee category (e.g., senior management, middle management).	Social Performance Data
Aspect B4: Labour Standards		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Governance, Upholding Labour Standards and Human Rights
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Upholding Labour Standards and Human Rights In 2025, there were no operations and/or suppliers considered to have significant risk for incidents of child or forced labour.
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Upholding Labour Standards and Human Rights
Aspect B5: Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Sharing our ESG Values with Suppliers
KPI B5.1	Number of suppliers by geographical region.	Sharing our ESG Values with Suppliers Social Performance Data
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Sharing our ESG Values with Suppliers
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Sharing our ESG Values with Suppliers
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Sharing our ESG Values with Suppliers

Subject Areas, Aspects and KPIs	Description	Sections/References/Remarks
Aspect B6: Product Responsibility		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Governance, Our Customers, Adhering to Business Standards, Fostering Safety and Wellbeing, Protecting Data Privacy and Security
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Due to the nature of the business, this does not apply to KLN.
KPI B6.2	Number of products and service-related complaints received and how they are dealt with.	Delivering Excellence in Logistics Solutions
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Adhering to Business Standards
KPI B6.4	Description of quality assurance process and recall procedures.	Delivering Excellence in Logistics Solutions; Due to the nature of the business, the recall process does not apply to KLN.
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Protecting Data Privacy and Security
Aspect B7: Anti-corruption		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Governance, Adhering to Business Standards
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Adhering to Business Standards
KPI B7.2	Description of preventive measures and whistleblowing procedures, how they are implemented and monitored.	Adhering to Business Standards
KPI B7.3	Description of anti-corruption training provided to directors and staff.	Adhering to Business Standards KLN provides training on anti-corruption to both Directors and employees. Social Performance Data
Aspect B8: Community Investment		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Caring for the Community
KPI B8.1	Focus areas of contribution (e.g., education, environmental concerns, labour needs, health, culture, sport).	Caring for the Community
KPI B8.2	Resources contributed (e.g., money or time) to the focus area.	Caring for the Community Social Performance Data

Subject Areas, Aspects and KPIs	Description	Sections/References/Remarks
D: Climate-related Disclosures		
(I) Governance		
19	An issuer shall disclose information about:	
19 (a)	the governance body(s) (which can include a board, committee or equivalent body charged with governance) or individual(s) responsible for oversight of climate related risks and opportunities. Specifically, the issuer shall identify that body(s) or individual(s) and disclose information about:	Governance Board Oversight of Climate-related Risks and Opportunities
19 (a)(i)	how the body(s) or individual(s) determines whether appropriate skills and competencies are available or will be developed to oversee strategies designed to respond to climate-related risks and opportunities;	Governance Board Oversight of Climate-related Risks and Opportunities
19 (a)(ii)	how and how often the body(s) or individual(s) is informed about climate-related risks and opportunities;	Governance Structure
19 (a)(iii)	how the body(s) or individual(s) takes into account climate-related risks and opportunities when overseeing the issuer's strategy, its decisions on major transactions, and its risk management processes and related policies, including whether the body(s) or individual(s) has considered trade-offs associated with those risks and opportunities;	Governance Structure
19 (a)(iv)	how the body(s) or individual(s) oversees the setting of, and monitors progress towards, targets related to climate-related risks and opportunities (see paragraphs 37 to 40), including whether and how related performance metrics are included in remuneration policies (see paragraph 35); and	Board Oversight of Climate-related Risks and Opportunities
19 (b)	management's role in the governance processes, controls and procedures used to monitor, manage and oversee climate-related risks and opportunities, including information about:	Governance Board Oversight of Climate-related Risks and Opportunities
19 (b)(i)	whether the role is delegated to a specific management-level position or management-level committee and how oversight is exercised over that position or committee; and	Governance Board Oversight of Climate-related Risks and Opportunities
19 (b)(ii)	whether management uses controls and procedures to support the oversight of climate-related risks and opportunities and, if so, how these controls and procedures are integrated with other internal functions.	Board Oversight of Climate-related Risks and Opportunities Risk Management section under Climate-related Financial Disclosures
(II) Strategy		
Climate-related risks and opportunities		
20	An issuer shall disclose information to enable an understanding of climate-related risks and opportunities that could reasonably be expected to affect the issuer's cash flows, its access to finance or cost of capital over the short, medium or long term. Specifically, the issuer shall:	Strategy to Address Actual and Potential Impacts of Climate-related Risks
20 (a)	describe climate-related risks and opportunities that could reasonably be expected to affect the issuer's cash flows, its access to finance or cost of capital over the short, medium or long term;	Strategy to Address Actual and Potential Impacts of Climate-related Risks

Subject Areas, Aspects and KPIs	Description	Sections/References/Remarks
20 (b)	explain, for each climate-related risk the issuer has identified, whether the issuer considers the risk to be a climate-related physical risk or climate-related transition risk;	See table titled "Overview of Climate-related Risks and Opportunities"
20 (c)	specify, for each climate-related risk and opportunity the issuer has identified, over which time horizons – short, medium or long term – the effects of each climate-related risk and opportunity could reasonably be expected to occur; and	See table titled "Overview of Climate-related Risks and Opportunities"
20 (d)	explain how the issuer defines 'short term', 'medium term' and 'long term' and how these definitions are linked to the planning horizons used by the issuer for strategic decision-making.	See footnote 1 on underneath the table titled "Overview of Climate-related Risks and Opportunities"
Business model and value chain		
21	An issuer shall disclose information that enables an understanding of the current and anticipated effects of climate-related risks and opportunities on the issuer's business model and value chain. Specifically, the issuer shall disclose:	See table titled "Overview of Climate-related Risks and Opportunities"
21 (a)	a description of the current and anticipated effects of climate-related risks and opportunities on the issuer's business model and value chain; and	See table titled "Overview of Climate-related Risks and Opportunities"
21 (b)	a description of where in the issuer's business model and value chain climate-related risks and opportunities are concentrated (for example, geographical areas, facilities and types of assets).	See table titled "Overview of Climate-related Risks and Opportunities". The Group is in the process of gathering further data on the concentrated impact.
Strategy and decision-making		
22	An issuer shall disclose information that enables an understanding of the effects of climate-related risks and opportunities on its strategy and decision-making. Specifically, the issuer shall disclose:	Strategy section under Climate-related Financial Disclosures
22 (a)	information about how the issuer has responded to, and plans to respond to, climate-related risks and opportunities in its strategy and decision-making, including how the issuer plans to achieve any climate-related targets it has set and any targets it is required to meet by law or regulation. Specifically, the issuer shall disclose information about:	Strategy section under Climate-related Financial Disclosures
22 (a)(i)	current and anticipated changes to the issuer's business model, including its resource allocation, to address climate-related risks and opportunities;	Developing a Climate Resilience Strategy
22 (a)(ii)	current and anticipated adaptation and mitigation efforts (whether direct or indirect);	Developing a Climate Resilience Strategy
22 (a)(iii)	any climate-related transition plan the issuer has (including information about key assumptions used in developing its transition plan, and dependencies on which the issuer's transition plan relies), or an appropriate negative statement where the issuer does not have a climate-related transition plan; and	Developing a Climate Resilience Strategy
22 (a)(iv)	how the issuer plans to achieve any climate-related targets (including any greenhouse gas emissions targets (if any)), described in accordance with paragraphs 37 to 40; and	Achieving Net Zero Emissions by 2050
22 (b)	information about how the issuer is resourcing, and plans to resource, the activities disclosed in accordance with paragraph 22(a).	KLN will continue to leverage internal resources and borrowing to fulfil our climate-related targets.
23	An issuer shall disclose information about the progress of plans disclosed in previous reporting periods in accordance with paragraph 22(a).	Strategy section under Climate-related Financial Disclosures

Subject Areas, Aspects and KPIs	Description	Sections/References/Remarks
Financial position, financial performance and cash flows		
Current financial effect		
24	An issuer shall disclose qualitative and quantitative information about:	
24 (a)	how climate-related risks and opportunities have affected its financial position, financial performance and cash flows for the reporting period; and	For the reporting period, the Group has not experienced any climate-related event that resulted in a significant impact on its financial position, performance, or cash flows.
24 (b)	the climate-related risks and opportunities identified in paragraph 24(a) for which there is a significant risk of a material adjustment within the next annual reporting period to the carrying amounts of assets and liabilities reported in the related financial statements.	To the best of our knowledge, we do not anticipate any significant or material adjustments to the carrying amounts of assets or liabilities within the next annual reporting period as a result of climate-related factors.
Anticipated financial effect		
25	The issuer shall provide qualitative and quantitative disclosures about:	
25 (a)	how the issuer expects its financial position to change over the short, medium and long term, given its strategy to manage climate-related risks and opportunities, taking into consideration:	During the reporting period, the Group has taken the first step in analysing the current financial impacts associated with physical climate risks. The Group will continue to closely monitor anticipated financial effects and disclose this information in future reporting periods.
25 (a)(i)	its investment and disposal plans; and	During the reporting period, the Group has taken the first step in analysing the current financial impacts associated with physical climate risks. The Group will continue to closely monitor anticipated financial effects and disclose this information in future reporting periods.
25 (a)(ii)	its planned sources of funding to implement its strategy; and	During the reporting period, the Group has taken the first step in analysing the current financial impacts associated with physical climate risks. The Group will continue to closely monitor anticipated financial effects and disclose this information in future reporting periods.
25 (b)	how the issuer expects its financial performance and cash flows to change over the short, medium and long term, given its strategy to manage climate-related risks and opportunities.	During the reporting period, the Group has taken the first step in analysing the current financial impacts associated with physical climate risks. The Group will continue to closely monitor anticipated financial effects and disclose this information in future reporting periods.
Climate resilience		
26	An issuer shall disclose information that enables an understanding of the resilience of the issuer's strategy and business model to climate-related changes, developments and uncertainties, taking into consideration the issuer's identified climate-related risks and opportunities. An issuer shall use climate-related scenario analysis to assess its climate resilience using an approach that is commensurate with an issuer's circumstances. In providing quantitative information, the issuer may disclose a single amount or a range. Specifically, the issuer shall disclose:	
26 (a)	the issuer's assessment of its climate resilience as at the reporting date, which shall enable an understanding of:	See "Developing a Climate Resilience Strategy" under the Climate-related Financial Disclosures

Subject Areas, Aspects and KPIs	Description	Sections/References/Remarks
26 (a)(i)	the implications, if any, of the issuer's assessment for its strategy and business model, including how the issuer would need to respond to the effects identified in the climate-related scenario analysis;	See "Developing a Climate Resilience Strategy" under the Climate-related Financial Disclosures
26 (a)(ii)	the significant areas of uncertainty considered in the issuer's assessment of its climate resilience; and	See "Developing a Climate Resilience Strategy" under the Climate-related Financial Disclosures
26 (a)(iii)	the issuer's capacity to adjust, or adapt its strategy and business model to climate change over the short, medium or long term;	See "Developing a Climate Resilience Strategy" under the Climate-related Financial Disclosures
26 (b)	how and when the climate-related scenario analysis was carried out, including:	Conducting Location-specific Climate-related Risk Assessment on Physical Risks
26 (b)(i)	information about the inputs used, including:	Conducting Location-specific Climate-related Risk Assessment on Physical Risks
26 (b)(i)(1)	which climate-related scenarios the issuer used for the analysis and the sources of such scenarios;	Conducting Location-specific Climate-related Risk Assessment on Physical Risks
26 (b)(i)(2)	whether the analysis included a diverse range of climate-related scenarios;	Conducting Location-specific Climate-related Risk Assessment on Physical Risks
26 (b)(i)(3)	whether the climate-related scenarios used for the analysis are associated with climate-related transition risks or climate-related physical risks;	Conducting Location-specific Climate-related Risk Assessment on Physical Risks
26 (b)(i)(4)	whether the issuer used, among its scenarios, a climate-related scenario aligned with the latest international agreement on climate change;	Conducting Location-specific Climate-related Risk Assessment on Physical Risks
26 (b)(i)(5)	why the issuer decided that its chosen climate-related scenarios are relevant to assessing its resilience to climate-related changes, developments or uncertainties;	Conducting Location-specific Climate-related Risk Assessment on Physical Risks
26 (b)(i)(6)	time horizons the issuer used in the analysis; and	Conducting Location-specific Climate-related Risk Assessment on Physical Risks
26 (b)(i)(7)	what scope of operations the issuer used in the analysis (for example, the operation, locations and business units used in the analysis);	Conducting Location-specific Climate-related Risk Assessment on Physical Risks
26 (b)(ii)	the key assumptions the issuer made in the analysis; and	Conducting Location-specific Climate-related Risk Assessment on Physical Risks
26 (b)(iii)	the reporting period in which the climate-related scenario analysis was carried out.	Conducting Location-specific Climate-related Risk Assessment on Physical Risks
(III) Risk Management		
27	An issuer shall disclose information about:	
27 (a)	the processes and related policies it uses to identify, assess, prioritise and monitor climate-related risks, including information about:	Risk Management section under Climate-related Financial Disclosures Conducting Location-specific Climate-related Risk Assessment on Physical Risks
27 (a)(i)	the inputs and parameters the issuer uses (for example, information about data sources and the scope of operations covered in the processes);	Risk Management section under Climate-related Financial Disclosures Conducting Location-specific Climate-related Risk Assessment on Physical Risks
27 (a)(ii)	whether and how the issuer uses climate-related scenario analysis to inform its identification of climate-related risks;	Conducting Location-specific Climate-related Risk Assessment on Physical Risks

Subject Areas, Aspects and KPIs	Description	Sections/References/Remarks
27 (a)(iii)	how the issuer assesses the nature, likelihood and magnitude of the effects of those risks (for example, whether the issuer considers qualitative factors, quantitative thresholds or other criteria);	Conducting Location-specific Climate-related Risk Assessment on Physical Risks
27 (a)(iv)	whether and how the issuer prioritises climate-related risks relative to other types of risks;	See table titled "Overview of Climate-related Risks and Opportunities" Conducting Location-specific Climate-related Risk Assessment on Physical Risks
27 (a)(v)	how the issuer monitors climate-related risks; and	Conducting Location-specific Climate-related Risk Assessment on Physical Risks
27 (a)(vi)	whether and how the issuer has changed the processes it uses compared with the previous reporting period;	Conducting Location-specific Climate-related Risk Assessment on Physical Risks
27 (b)	the processes the issuer uses to identify, assess, prioritise and monitor climate related opportunities (including information about whether and how the issuer uses climate-related scenario analysis to inform its identification of climate-related opportunities); and	Conducting Location-specific Climate-related Risk Assessment on Physical Risks
27 (c)	the extent to which, and how, the processes for identifying, assessing, prioritising and monitoring climate-related risks and opportunities are integrated into and inform the issuer's overall risk management process.	Conducting Location-specific Climate-related Risk Assessment on Physical Risks

(IV) Metrics and Targets

Greenhouse gas emissions

28	An issuer shall disclose its absolute gross greenhouse gas emissions generated during the reporting period, expressed as metric tons of CO ₂ equivalent, classified as:	See Appendix – Environmental Performance Data
28 (a)	Scope 1 greenhouse gas emissions;	See Appendix – Environmental Performance Data
28 (b)	Scope 2 greenhouse gas emissions; and	See Appendix – Environmental Performance Data
28 (c)	Scope 3 greenhouse gas emissions.	See Appendix – Environmental Performance Data
29	An issuer shall:	See Appendix – Environmental Performance Data
29 (a)	measure its greenhouse gas emissions in accordance with the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004) unless required by a jurisdictional authority or another exchange on which the issuer is listed to use a different method for measuring greenhouse gas emissions;	See Appendix – Environmental Performance Data
29 (b)	disclose the approach it uses to measure its greenhouse gas emissions including:	See Appendix – Environmental Performance Data
29 (b)(i)	the measurement approach, inputs and assumptions the issuer uses to measure its greenhouse gas emissions;	See Appendix – Environmental Performance Data The Group has adopted an operational control approach to measure our greenhouse gas emissions
29 (b)(ii)	the reason why the issuer has chosen the measurement approach, inputs and assumptions it uses to measure its greenhouse gas emissions; and	See Appendix – Environmental Performance Data
29 (b)(iii)	any changes the issuer made to the measurement approach, inputs and assumptions during the reporting period and the reasons for those changes;	See Appendix – Environmental Performance Data

Subject Areas, Aspects and KPIs	Description	Sections/References/Remarks
29 (c)	for Scope 2 greenhouse gas emissions disclosed in accordance with paragraph 28(b), disclose its location-based Scope 2 greenhouse gas emissions, and provide information about any contractual instruments that is necessary to enable an understanding of the issuer's Scope 2 greenhouse gas emissions; and	See Appendix – Environmental Performance Data
29 (d)	for Scope 3 greenhouse gas emissions disclosed in accordance with paragraph 28(c), disclose the categories included within the issuer's measure of Scope 3 greenhouse gas emissions, in accordance with the Scope 3 categories described in the Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard (2011).	See Appendix – Environmental Performance Data
Climate-related transition risks		
30	An issuer shall disclose the amount and percentage of assets or business activities vulnerable to climate-related transition risks.	KLN has determined that full disclosure of the amount and percentage of assets or business activities exposed to climate risks would require undue cost, effort, or resource allocation beyond what is reasonable and supportable at the reporting date.
Climate-related physical risks		
31	An issuer shall disclose the amount and percentage of assets or business activities vulnerable to climate-related physical risks.	KLN has determined that full disclosure of the amount and percentage of assets or business activities exposed to climate risks would require undue cost, effort, or resource allocation beyond what is reasonable and supportable at the reporting date.
Climate-related opportunities		
32	An issuer shall disclose the amount and percentage of assets or business activities aligned with climate-related opportunities.	KLN has determined that full disclosure of the amount and percentage of assets or business activities exposed to climate risks would require undue cost, effort, or resource allocation beyond what is reasonable and supportable at the reporting date.
Capital deployment		
33	An issuer shall disclose the amount of capital expenditure, financing or investment deployed towards climate-related risks and opportunities.	KLN's current financial system do not capture and classify capital outflows by climate-related purpose at a granular level.
Internal carbon prices		
34	An issuer shall disclose:	
34 (a)	an explanation of whether and how the issuer is applying a carbon price in decision making (for example, investment decisions, transfer pricing, and scenario analysis); and	Internal carbon pricing is currently not a part of our decision making.
34 (b)	the price of each metric tonne of greenhouse gas emissions the issuer uses to assess the costs of its greenhouse gas emissions; or an appropriate negative statement that the issuer does not apply a carbon price in decision-making.	Internal carbon pricing is currently not a part of our decision making.

Subject Areas, Aspects and KPIs	Description	Sections/References/Remarks
Remuneration		
35	An issuer shall disclose whether and how climate-related considerations are factored into remuneration policy, or an appropriate negative statement. This may form part of the disclosure under paragraph 19(a)(iv).	The Group has not yet integrated climate-related considerations into its remuneration policy.
Industry-based metrics		
36	An issuer is encouraged to disclose industry-based metrics that are associated with one or more particular business models, activities or other common features that characterise participation in an industry. In determining the industry-based metrics that the issuer discloses, an issuer is encouraged to refer to and consider the applicability of the industry-based metrics associated with disclosure topics described in the IFRS S2 Industry-based Guidance on implementing Climate-related Disclosures and other industry-based disclosure requirements prescribed under other international ESG reporting frameworks.	KLN Group will continue to work towards improving our disclosures and consider disclosing industry-based metrics in future reporting periods.
Climate-related targets		
37	An issuer shall disclose (a) the qualitative and quantitative climate-related targets the issuer has set to monitor progress towards achieving its strategic goals; and (b) any targets the issuer is required to meet by law or regulation, including any greenhouse gas emissions targets. For each target, the issuer shall disclose:	See "Achieving Net Zero Emissions by 2050" under Climate-related Financial Disclosures.
37 (a)	the metric used to set the target;	See "Achieving Net Zero Emissions by 2050" under Climate-related Financial Disclosures.
37 (b)	the objective of the target (for example, mitigation, adaptation or conformance with science-based initiatives);	See "Achieving Net Zero Emissions by 2050" under Climate-related Financial Disclosures.
37 (c)	the part of the issuer to which the target applies (for example, whether the target applies to the issuer in its entirety or only a part of the issuer, such as a specific business unit or geographic region);	See "Achieving Net Zero Emissions by 2050" under Climate-related Financial Disclosures.
37 (d)	the period over which the target applies;	See "Achieving Net Zero Emissions by 2050" under Climate-related Financial Disclosures.
37 (e)	the base period from which progress is measured;	See "Achieving Net Zero Emissions by 2050" under Climate-related Financial Disclosures.
37 (f)	milestones or interim targets (if any);	See "Achieving Net Zero Emissions by 2050" under Climate-related Financial Disclosures.
37 (g)	if the target is quantitative, whether the target is an absolute target or an intensity target; and	See "Achieving Net Zero Emissions by 2050" under Climate-related Financial Disclosures.
37 (h)	how the latest international agreement on climate change, including jurisdictional commitments that arise from that agreement, has informed the target.	See "Achieving Net Zero Emissions by 2050" under Climate-related Financial Disclosures.
38	An issuer shall disclose information about its approach to setting and reviewing each target, and how it monitors progress against each target, including:	See "Achieving Net Zero Emissions by 2050" under Climate-related Financial Disclosures.
38 (a)	whether the target and the methodology for setting the target has been validated by a third party;	See "Achieving Net Zero Emissions by 2050" under Climate-related Financial Disclosures.

Subject Areas, Aspects and KPIs	Description	Sections/References/Remarks
38 (b)	the issuer's processes for reviewing the target;	See "Achieving Net Zero Emissions by 2050" under Climate-related Financial Disclosures.
38 (c)	the metrics used to monitor progress towards reaching the target; and	See "Achieving Net Zero Emissions by 2050" under Climate-related Financial Disclosures.
38 (d)	any revisions to the target and an explanation for those revisions.	See "Achieving Net Zero Emissions by 2050" under Climate-related Financial Disclosures.
39	An issuer shall disclose information about its performance against each climate-related target and an analysis of trends or changes in the issuer's performance.	See "Achieving Net Zero Emissions by 2050" under Climate-related Financial Disclosures.
40	For each greenhouse gas emissions target disclosed in accordance with paragraphs 37 to 39, an issuer shall disclose:	See "Achieving Net Zero Emissions by 2050" under Climate-related Financial Disclosures.
40 (a)	which greenhouse gases are covered by the target;	See "Achieving Net Zero Emissions by 2050" under Climate-related Financial Disclosures.
40 (b)	whether Scope 1, Scope 2 or Scope 3 greenhouse gas emissions are covered by the target;	See "Achieving Net Zero Emissions by 2050" under Climate-related Financial Disclosures.
40 (c)	whether the target is a gross greenhouse gas emissions target or a net greenhouse gas emissions target. If the issuer discloses a net greenhouse gas emissions target, the issuer is also required to separately disclose its associated gross greenhouse gas emissions target;	See "Achieving Net Zero Emissions by 2050" under Climate-related Financial Disclosures.
40 (d)	whether the target was derived using a sectoral decarbonisation approach; and	See "Achieving Net Zero Emissions by 2050" under Climate-related Financial Disclosures.
40 (e)	the issuer's planned use of carbon credits to offset greenhouse gas emissions to achieve any net greenhouse gas emissions target. In explaining its planned use of carbon credits, the issuer shall disclose:	See "Achieving Net Zero Emissions by 2050" under Climate-related Financial Disclosures.
40 (e)(i)	the extent to which, and how, achieving any net greenhouse gas emissions target relies on the use of carbon credits;	See "Achieving Net Zero Emissions by 2050" under Climate-related Financial Disclosures.
40 (e)(ii)	which third-party scheme(s) will verify or certify the carbon credits;	See "Achieving Net Zero Emissions by 2050" under Climate-related Financial Disclosures.
40 (e)(iii)	the type of carbon credit, including whether the underlying offset will be nature-based or based on technological carbon removals, and whether the underlying offset is achieved through carbon reduction or removal; and	See "Achieving Net Zero Emissions by 2050" under Climate-related Financial Disclosures.
40 (e)(iv)	any other factors necessary to enable an understanding of the credibility and integrity of the carbon credits the issuer plans to use (for example, assumptions regarding the permanence of the carbon offset).	See "Achieving Net Zero Emissions by 2050" under Climate-related Financial Disclosures.
Applicability of cross-industry metrics and industry-based metrics		
41	In preparing disclosures to meet the requirements in paragraphs 21 to 26 and 37 to 38, an issuer shall refer to and consider the applicability of cross-industry metrics (see paragraphs 28 to 35) and (ii) industry-based metrics (see paragraph 36).	The Group will consider the applicability of cross-industry metrics in the future.

APPENDICES

GLOBAL REPORTING INITIATIVE CONTENT INDEX

KLN Group has reported the information cited in this GRI content index for the 12-month period ended 31 December 2025 with reference to the GRI Standards.

GRI Standards & Disclosures	Description	Sections/References/Remarks	Page
GRI 1: Foundation 2021			
General Disclosures			
GRI 2: General Disclosures 2021			
The Organisation and its Reporting Practices			
2-1	Organisational details	KLN at a Glance	2
2-2	Entities included in the organisation's sustainability reporting	About the report	91-92
2-3	Reporting period, frequency and contact point	About the report	91-92
2-4	Restatements of information	Unless otherwise specified, there is no restatement of information	-
2-5	External assurance		117
Activities and Workers			
2-6	Activities, value chain and other business relationships	KLN at a glance	2
2-7	Employees	Our People, Social Performance Data	34-46, 93-95
2-8	Workers who are not employees	Social Performance Data	93-95
Governance			
2-9	Governance structure and composition	Governance	19-33
2-10	Nomination and selection of the highest governance body	KLN Corporate Website, Nomination Policy, Procedure for Election of Directors	-
2-11	Chair of the highest governance body	KLN Corporate Website – Board of Directors	-

GRI Standards & Disclosures	Description	Sections/References/Remarks	Page
2-12	Role of the highest governance body in overseeing the management of impacts	Governance	19-33
2-13	Delegation of responsibility for managing impacts	About the Report	91-92
2-14	Role of the highest governance body in sustainability reporting	Governance	19-33
2-15	Conflicts of interest	Annual Report 2025 – Corporate Governance Report	-
2-16	Communication of critical concerns	Governance, Adhering to Business Standards	19-33, 75-77
2-17	Collective knowledge of the highest governance body	Sustainable Logistics Solutions in Action, Board Statement, Strengthening ESG Expertise within Our Leadership	6-7, 8-9, 30
2-19	Remuneration policies	Annual report 2025 – Management Discussion and Analysis, Corporate Governance Report, Report of Directors	-
2-20	Process to determine remuneration	Annual report 2025 – Corporate Governance Report, Report of Directors	-
Strategy, Policies and Practices			
2-22	Statement on sustainable development strategy	Board Statement, Strategy	6-7, 17-18
2-23	Policy commitments	Risk and Compliance Management	31-33
2-24	Embedding policy commitments	Our People, Our Environment, Our Customers, Our Business Ethics, Our Supply Chain, Our Community	34-90
2-25	Processes to remediate negative impacts	Regulatory Compliance	33
2-26	Mechanisms for seeking advice and raising concerns	Adhering to Business Standards	75-77
2-27	Compliance with laws and regulations	Adhering to Business Standards	75-77
2-28	Membership associations	Clean Cargo of Smart Freight Centre, Corporate Founding Member of Institute of ESG & Benchmark, China International Freight Forwarders Association, Hong Kong Logistics Association, National Customs Brokers & Forwarders Association of America, SmartWay Logistics Company Partner	-
Stakeholder Engagement			
2-29	Approach to stakeholder engagement	Stakeholder Engagement	20-27
2-30	Collective bargaining agreements	KLN does not have any employees who are bound by any local collective bargaining agreement. KLN respects the right of employees to form associations, organise and bargain collectively in a lawful and peaceful manner, free from punishment or interference	-

GRI Standards & Disclosures	Description	Sections/References/Remarks	Page
Material Topics			
GRI 3: Material Topics 2021			
3-1	Process to determine material topics	Materiality Assessment	23
3-2	List of material topics	Materiality Results	24
People Material Topic: Occupational Health and Safety			
GRI 3: Material Topics 2021			
3-3	Management of material topics	Fostering Safety and Wellbeing	
GRI 403: Occupational Health and Safety 2018			
403-1	Occupational health and safety management system	Safety Management System	39-40
403-2	Hazard identification, risk assessment, and incident	Safety Management System, Workplace Safety in the Value Chain	39-40, 40
403-3	Occupational health services	Employee Health and Wellbeing	42-43
403-4	Worker participation, consultation, and communication on occupational health and safety	Safety Management System	39-40
403-5	Worker training on occupational health and safety	Training and Awareness Building	41-42
403-6	Promotion of worker health	Employee Health and Wellbeing	42-43
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Upholding Labour Standards and Human Rights	43
403-9	Work-related injuries	Social Performance Data	93-95
People Material Topic: Human Rights and Labour Standards			
GRI 3: Material Topics 2021			
3-3	Management of material topics	Upholding Labour Standards and Human Rights	43
GRI 408: Child Labour 2016			
408-1	Operations and suppliers at significant risk for incidents of child labour	Upholding Labour Standards and Human Rights	43
GRI 409: Forced Labour 2016			
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labour	Upholding Labour Standards and Human Rights	43

GRI Standards & Disclosures	Description	Sections/References/Remarks	Page
Environment Material Topic: Energy Efficiency			
GRI 3: Material Topics 2021			
3-3	Management of material topics	Tackling Climate Change, Energy Efficiency and Renewable Energy	48-56, 51-54
GRI 302: Energy 2016			
302-1	Energy consumption within the organisation	Energy Consumption in 2025, Environmental Performance Data	55-56, 96-98
302-3	Energy intensity	Energy Consumption in 2025, Environmental Performance Data	55-56, 96-98
Environment Material Topic: Pollution Prevention and Management			
GRI 3: Material Topics 2021			
3-3	Management of material topics	Minimising Environmental Footprint	65-69
GRI 305: Emissions 2016			
305-7	Nitrogen oxides (NO _x), sulfur oxides (SO _x), and other significant air emissions	Minimising Environmental Footprint, Environmental Performance Data	65-69, 96-98
Business Ethics Material Topic: Anti-corruption			
GRI 3: Material Topics 2021			
3-3	Adhering to Business Standards		75-77
GRI 205: Anti-corruption 2016			
205-2	Communication and training about anti-corruption policies and procedures	Anti-Corruption	75-76
205-3	Confirmed incidents of corruption and actions taken	Regulatory Compliance	33
Business Ethics Material Topic: Data Security and Privacy			
GRI 3: Material Topics 2021			
3-3	Management of material topics	Protecting Data Privacy and Security	77-79
GRI 418: Customer Privacy 2016			
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Tackling Cyber Threats	79

GRI Standards & Disclosures	Description	Sections/References/Remarks	Page
Customers Material Topics: Customer Relations and Satisfaction			
GRI 3: Material Topics 2021			
3-3	Management of material topics	Our Customers	70-73
Customers Material Topics: Service and product quality management			
GRI 3: Material Topics 2021			
3-3	Management of material topics	Delivering Excellence in Logistics Solutions	71-72
GRI 416: Customer Health and Safety 2016			
416-1	Assessment of the health and safety impacts of product and service categories	Fostering Safety and Wellbeing	39-43
Supply Chain Material Topics: Supplier chain risk management			
GRI 3: Material Topics 2021			
3-3	Management of material topics	Sharing our ESG Values with Suppliers	81-84
GRI 308: Supplier Environmental Assessment 2016			
308-1	New suppliers that were screened using environmental criteria	Sharing our ESG Values with Suppliers	81-84
308-2	Negative environmental impacts in the supply chain and actions taken	Risk and Compliance Management, Climate-Related Financial Disclosures, Sharing our ESG Values with Suppliers	31-33, 56-64, 81-84
GRI 414: Supplier Social Assessment 2016			
414-1	New suppliers that were screened using social criteria	Sharing our ESG Values with Suppliers	81-84
414-2	Negative social impacts in the supply chain and actions taken	Risk and Compliance Management, Sharing our ESG Values with Suppliers	31-33, 81-84
Supply Chain Material Topics: Supplier Engagement			
GRI 3: Material Topics 2021			
3-3	Management of material topics	Improving Supply Chain Visibility	77

GRI Standards & Disclosures	Description	Sections/References/Remarks	Page
Community Material Topics: Community engagement and Community investment			
GRI 3: Material Topics 2021			
3-3	Management of material topics	Our Community	85-90
GRI 413: Local Communities 2016			
413-1	Operations with local community engagement, impact assessments, and development programs	Our Community KLN implemented local community engagement through its local community development and other charity programmes at locations where it operates	-

INDEPENDENT ASSURANCE REPORT

1. INTRODUCTION

Hong Kong Quality Assurance Agency (“HKQAA”, “we”, “our”, “us”) was engaged by KLN Logistics Group Limited (“the Company”) to conduct an independent assurance of the sustainability disclosures (“Sustainability Disclosures”) presented in its Sustainability Report 2025 (“the Report”) for the reporting period from 1 January 2025 to 31 December 2025 (“Reporting Period”) and issue this Independent Assurance Report (“Assurance Report”). For the avoidance of doubt, the Appendices listed at the end of this Assurance Report form an integral part of it, though certain Appendices are intended for the Company’s internal use only. Our sustainability assurance activities and this Assurance Report are undertaken based on the assumptions, dependencies, boundaries, limitations, exclusions, roles and responsibilities and independence as set out under Appendix A. A generic version of Appendix A is available for reference on the HKQAA website (www.hkqaa.org) under the navigation path: News & Resources > Guides & Forms > Guidelines > Sustainability Assurance.

The objective of this sustainability assurance service is to provide an independent conclusion, with a limited level of assurance, on whether the Sustainability Disclosures have been prepared in accordance with the following reporting criteria:

- The Environmental, Social and Governance Reporting Code (“ESG Reporting Code”) set out in Appendix C2 of the Main Board Listing Rules of The Stock Exchange of Hong Kong Limited.

The assurance team also reviewed the Sustainability Disclosures by making reference to the following disclosure framework, as the Report has been prepared with reference to:

- The Global Reporting Initiative Standards (“GRI Standards”) for the selected standards
- The TCFD recommendations on climate-related financial disclosures (“TCFD recommendations”).

2. ASSURANCE METHODOLOGY

HKQAA’s assurance procedure was conducted with reference to the International Standard on Assurance Engagements 3000 (Revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information (“ISAE 3000”), issued by the International Auditing and Assurance Standards Board (“IAASB”).

The evidence gathering processes were designed to obtain a limited level of assurance, as set out in the ISAE 3000, using a risk-based approach. Our assurance procedures included, but were not limited to:

- reviewing relevant policies, procedures, relevant documentation and records provided by the Company, including those related to sustainability-related information such as governance, risk identification, and performance metrics;

- interviewing key management and responsible personnel of the Company for reporting and sustainability-related governance;
- conducting analytical reviews of disclosures for plausibility and consistency with relevant external frameworks and internal supporting data;
- selecting representative samples of disclosures, with a focus on materiality and risk, and assessing the underlying evidence for each sample using judgmental sampling;
- evaluating the transparency of disclosed assumptions, dependencies, and boundaries; and
- assessing the completeness of coverage with respect to the requirements of the reporting criteria, including reviewing methodologies used for estimations, sensitivity analyses, and disclosures of uncertainties.

3. CONCLUSION

Based on the procedures performed, evidence obtained, and subject to the stated assumptions, dependencies, boundaries, limitations, and exclusions, nothing has come to our attention that causes us to believe that the Sustainability Disclosures in the Company's Sustainability Report 2025 for the Reporting Period from 1 January 2025 to 31 December 2025 are not presented, in all material respects, in accordance with the requirements of the ESG Reporting Code and with reference to the selected GRI Standards and TCFD recommendations as stated in the Introduction section of this Assurance Report.

This Assurance Report is made solely for the use of KLN Logistics Group Limited and the users of its Sustainability Report 2025, and for use in accordance with the reporting criteria set out in the Introduction section of this Assurance Report. We do not accept or assume responsibility for any other purpose or to any other person to whom this Assurance Report is shown or in whose hands it may come. We confirm our independence from the Company in conducting this engagement.

The engagement leader on the assurance engagement resulting in this Assurance Report is KT Ting.

Signed on behalf of Hong Kong Quality Assurance Agency



22 April 2026
Ref: 14997624