

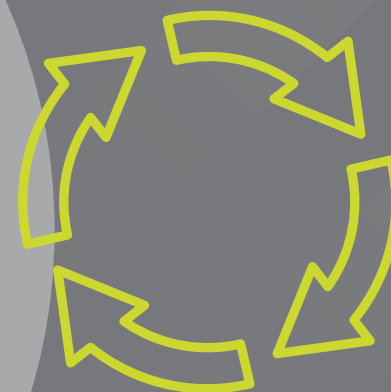
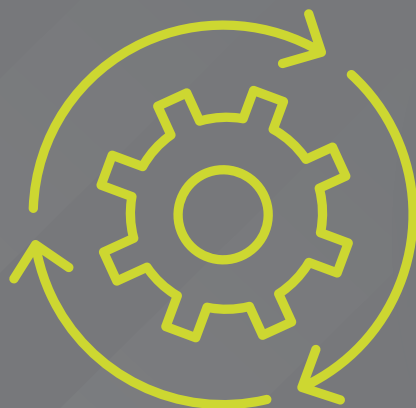


0636.HK

KLN Logistics Group Limited

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

S U S T A I N A B I L I T Y R E P O R T 2 0 2 4



OUR CORE VALUES

VOICE

VALUE CREATION We strive to generate meaningful benefits for all our stakeholders by delivering innovative solutions and fostering enduring value. Our goal is to enhance experiences and outcomes by continually pushing the boundaries of what's possible. **OPENNESS** We believe in true openness and transparency throughout our company. We actively encourage open communication and dialogue at every level of the organisation, fostering an agile environment that swiftly adapts to change and seizes opportunities. **INTEGRITY** Our business is built on integrity. We follow clear ethical guidelines and strictly enforce them throughout the company. **COMMITMENT** We are dedicated to the success of our clients. Our unwavering commitment extends to every project and assignment, ensuring exceptional service and outstanding performance. We are equally devoted to fostering our employees' career development and fulfilling our shareholders' expectations. **EXCELLENCE** We are committed to excellence by continuously improving and innovating while integrating sustainable practices to ensure a better future for our business and the world.



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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 59 countries and territories, covering a significant portion of the world’s emerging markets, including the Mainland of China, India, Southeast Asia, the CIS, the Middle East, LATAM, and other regions.

QUICK FACTS



59

countries & territories



18,000+

employees worldwide



57M ft²

land & facilities



2,200+

self-owned operating vehicles

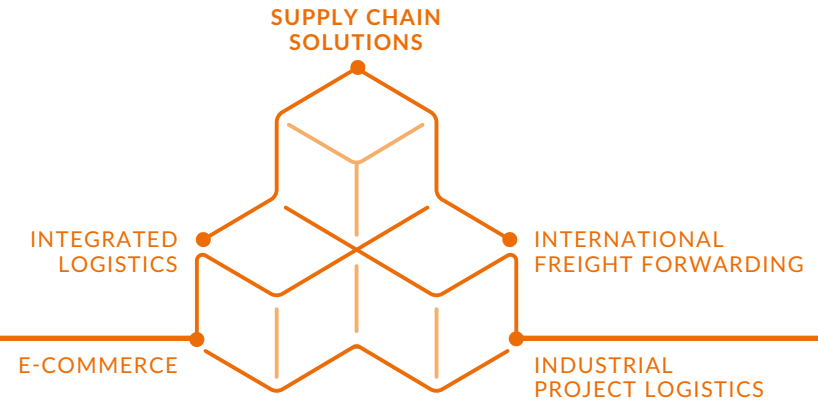


Note: Figures as at 31 December 2024

COMPANY OVERVIEW

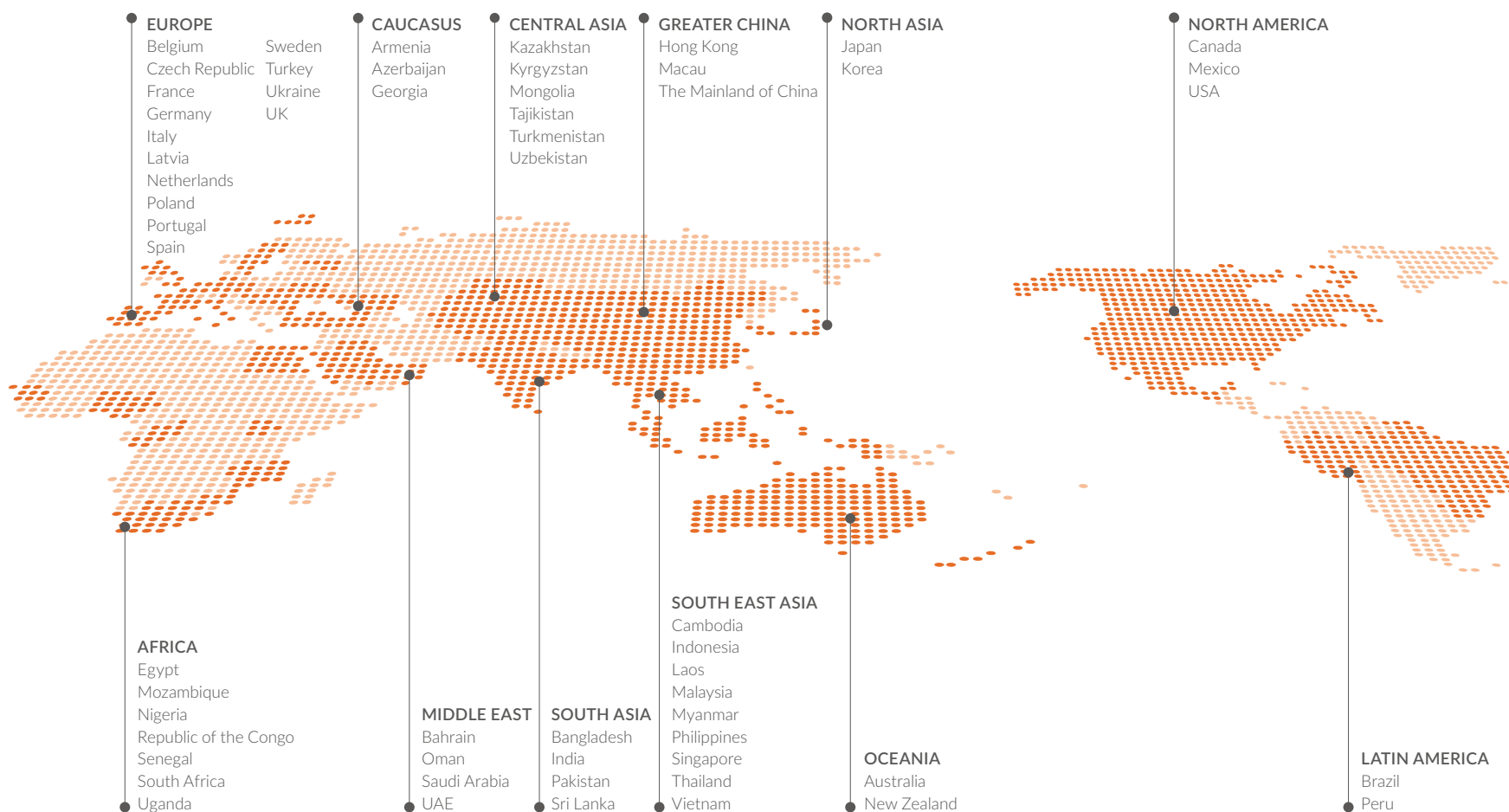
OUR CORE SERVICES

END-TO-END SOLUTIONS WITH
HIGH SUPPLY CHAIN EFFICIENCY



GLOBAL FOOTPRINT

ASIA'S LEADING 3PL WITH A GLOBAL PRESENCE



Note: Figures as at 31 December 2024

COMPANY OVERVIEW

FINANCIAL HIGHLIGHTS

HK\$M

REVENUE*

58,274

23% ▲

SEGMENT PROFIT*

IL

1,251

3% ▼

IFF

1,950

39% ▲

CORE
OPERATING
PROFIT*

2,725

23% ▲

CORE
NET PROFIT*

1,357

12% ▲

PROFIT
ATTRIBUTABLE TO
THE SHAREHOLDERS

1,542

95% ▲

FINAL DIVIDEND

HK CENTS PER SHARE

15

GEARING

53.6%

GROSS

* For continuing operations only

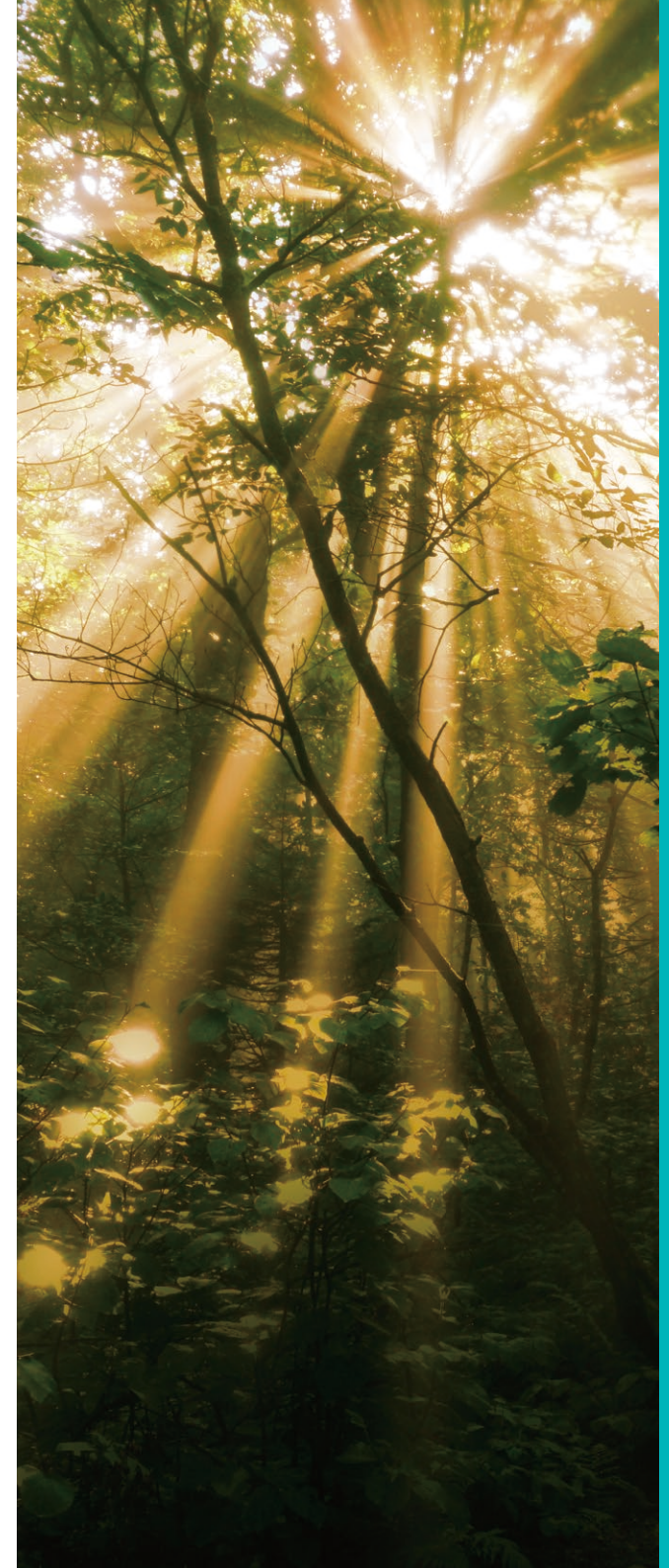
FOCUS

SUSTAINABLE LOGISTICS SOLUTIONS IN ACTION

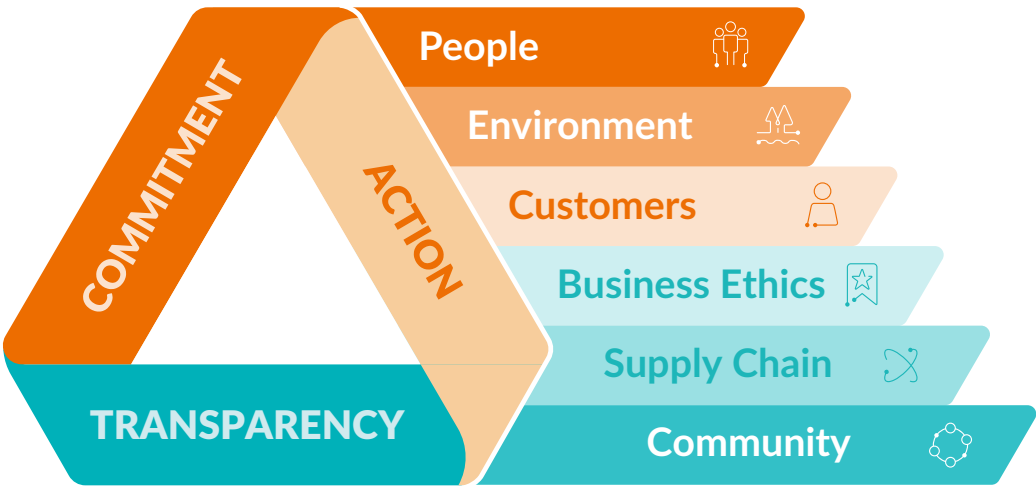
The Group is committed to creating long-term value for its stakeholders, the environment, and wider society. We are dedicated to the goals of our Sustainability Vision Statement, launched in 2021, by adhering to three fundamental principles: Commitment, Action, and Transparency.

KLN, the Board of Directors, leadership and our business partners are united in the pursuit of responsible and sustainable

business growth. We measure our success by evaluating our performance across six key sustainability pillars: People, Environment, Customers, Business Ethics, Supply Chain, and Community. Our initiatives and goals across these strategic areas are designed to make us accountable and establish KLN as a leader in the 3PL industry.



THREE PRINCIPLES AND SIX PILLARS



Principle	Commitment Making long-term commitments and setting near-term targets to address global challenges	Action Taking tangible action	Transparency Communicating the Group's approach to sustainability in a transparent manner
How KLN delivers	We remain committed to achieving net zero carbon emissions across our operations and value chain by 2050. We strive to continually enhance employee wellbeing through our introduced WE KARE programme and create a positive social impact in the community.	Additional solar panels have been installed at our warehouses in China and in the USA, contributing to our goal of increasing renewable energy usage. KLN has two new fully electric long-haul trucks, which reduce carbon dioxide emissions by approximately 92 kilogram per vehicle for every 100 kilometers compared to traditional diesel vehicles.	The Group actively seeks feedback from internal and external stakeholders through various channels. This feedback plays a key role in helping to update our policies and action plans across key strategic areas. Meanwhile, we are beginning to explore the financial impact of climate risk on the Group's operations and with reference to International Sustainability Standards Board ("ISSB") reporting standards on enhancing disclosure.

FOCUS

BOARD STATEMENT

Dear Stakeholders

During 2024, we saw the world face the damaging consequences of climate change and geopolitical tensions. Despite these challenges, the Group has continued its pursuit of decarbonising its operations, building an inclusive workplace, creating positive change in the community, and providing a best-in-class experience to customers through our innovative and sustainable logistics solutions. This year has seen us make remarkable progress on our sustainability journey: we accelerated renewable energy adoption globally and enhanced operational accuracy and efficiency through streamlined processes and warehouse robotics. Meanwhile, we have begun to gather information to better understand our sustainability-related

“

Despite an uncertain economic landscape, we remain committed to decarbonising our operations and creating an innovative and sustainable supply chain. By incorporating sustainability principles into our products and services, we aim to maximise value for stakeholders and lead the way to a greener and more secure future in the logistics industry.”

financial risks and opportunities, underscoring our commitment to a resilient, low-carbon future for global supply chains.

IN PURSUIT OF SUSTAINABLE GROWTH

In 2024, KLN continued to take strides towards key sustainability goals by accelerating the use of renewable energy, creating positive social change for the communities in which we operate, and improving our reporting and risk assessment methodologies. At a Board level, we continue to study emerging ESG issues to ensure we are able to make well-informed decisions when presented with challenges.

Throughout the year, we have made progress on decarbonising our own operations by finding innovative ways to save energy at our

warehouses and offices, working with customers to optimise routes and introducing fully electric long-haul trucks. We continue to make headway towards achieving our net zero target by 2050 by widening the Scope 3 GHG data collection to include aviation and marine emissions last year and rail emissions this year. Our data-driven approach extends to the use of sophisticated models which help us to identify emissions hotspots. To help our clients reduce their Scope 3 emissions, we are exploring the use of alternative fuels. The promotion of sustainable marine fuels has been launched in Spain as a trial. Meanwhile, the introduction of sustainable aviation fuel is currently under discussion with SF Holding. We remain committed to our sustainability strategy while creating long-lasting value for our stakeholders.

DRIVING CHANGE THROUGH STAKEHOLDER ENGAGEMENT

The Group continues to engage in meaningful dialogue with all stakeholders to promote sustainable practices and drive positive changes.

To comply with new requirements announced in the HKSAR Government's paper "Roadmap on Sustainability Disclosure in Hong Kong", we are preparing to fulfil the New Climate Requirements as set out by the Stock Exchange of Hong Kong, which are closely aligned with the ISSB S2 Standards.

During the year, we conducted our first double materiality assessment, to gauge both the impact and financial materiality of challenges and opportunities facing of our business. This process has given us a deeper insight into how sustainability issues might affect our business financially, helping us to make informed decisions which enhance our resilience. The assessment adds a further means of validating the focus of our sustainability strategy.

NURTURING A DIVERSE AND INCLUSIVE COMMUNITY

The Group strongly believes that our people serve as the backbone of our success. We continue to cultivate an inclusive and secure workplace for our people through our WE KARE initiative, ensuring they can give their best in everything they do. During 2024, we expanded the range of training we offered and sponsored staff to take relevant industry-related courses, making sure we continually invest in upskilling our employees and encourage their professional development. This year, as a part of our talent acquisition efforts, we have partnered with educational institutions to attract young talent with diverse academic backgrounds to the logistics industry. We offer practical learning experiences through internship and traineeship programmes, which are aimed at building future leaders and enhancing our ability to meet the needs of the global market.

In 2024, we signed a five-year HK\$1 billion sustainability-linked social loan led and syndicated by a group of international banks. The facility allows us to allocate resources to invest in social initiatives which promote equitable access to employment and provide services and infrastructure to drive inclusive community development. The Group believes in empowering our people and the community to deliver stakeholder value by contributing to our sustainability goals.

Our focus will remain on navigating the challenges of climate change while maximising the opportunities presented by the benefits of operating sustainably. We are committed to addressing critical risks within our operations and embracing innovation for a more sustainable future. By implementing sustainable logistics in action, we aim to create a positive impact and become pioneers in adoption of green solutions.

Board of Directors

28 March 2025

2024 KEY HIGHLIGHTS



Strategy and Governance

- Refreshed our double materiality assessment in 2024 and lay the groundwork to better understand sustainability-related financial risks and opportunities

OUR SIX PILLARS



People

- Launched the "Soul Amazing Series" in Hong Kong and "Resilience & Well Being" workshops in Oceania as a part of our WE KARE programme to boost employees' mental health and overall wellness
- The Mega Challenge in HK showcased remarkable teamwork and resilience among over 100 participants from various business units and departments, emphasising the fostering of a high-performing culture through collaboration and diverse challenges
- Explored the feasibility of employing individuals from targeted groups, including persons with disabilities, ethnic minorities, and women looking to return to work



Business Ethics

- Refreshed Whistleblowing policy, handing responsibility for overseeing reports directly to the Chief Executive Officer



Environment

- Replaced more than 800 lights at Kerry Logistics Centre (Tampines) with smart lighting, reducing electricity consumption by 25%. In Hong Kong, an additional of 200,000 square feet of warehouse space is covered by smart lighting system
- Repurposed 50% of post-consumer waste packaging and continued applying bio-based packaging materials in Hong Kong



Supply Chain

- Conducted an annual evaluation of suppliers' environmental and social performance, ensuring their practices are aligned with our Sustainable Procurement Policy
- Incorporated sustainability and ethical sourcing as a part of our vendor selection process and ensured the implementation of Environmental Management System prior to onboarding



Customers

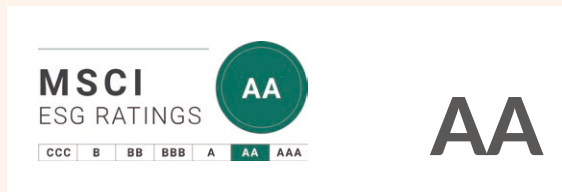
- Exceeded target service level based on customer scorecard ratings
- Adopted artificial intelligence monitoring technology to enhance accuracy and speed for warehouse operations



Community

- Continuously engaged with social enterprises to establish partnerships that contribute greater positive social impact
- In Hong Kong, we launched a comprehensive three-step volunteer programme ("Acts of Volunteer Services") encompassing volunteer training, home repair guidance, and elderly support service days
- This year marks the third year of KLN's collaboration with SOS Children's Villages in China and the establishment of the "Kerry Logistics Home of Love" since 2022

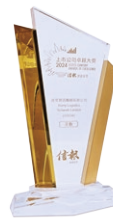
ACCREDITATIONS



AWARDS

LISTED COMPANY AWARDS OF EXCELLENCE 2024 (MAIN BOARD CATEGORY)

The Hong Kong Economic Journal



ESG LEADING ENTERPRISE 2024 (CATEGORY I: MARKET CAPITALISATION OVER HK\$12 BILLION)

Bloomberg Businessweek/Chinese Edition



MERIT AWARD (LARGE ORGANISATION CATEGORY)

Hong Kong Sustainability Awards 2024

The Hong Kong Management Association



- PLATINUM AWARD
- BEST SUSTAINABILITY TEAM
- BEST INITIATIVE IN ENVIRONMENTAL RESPONSIBILITY

The Asset ESG Corporate Awards 2024

The Asset Magazine



CROSS-BORDER CORPORATE – LEADERSHIP AWARD

Standard Chartered Corporate Achievement Awards 2024

Standard Chartered Bank and Hong Kong Economic Journal



OUTSTANDING AWARD FOR GREEN AND SUSTAINABLE LOAN ISSUER (LOGISTICS SERVICES INDUSTRY) – VISIONARY SUSTAINABILITY-LINKED LOAN PERFORMANCE METRICS

Hong Kong Green and Sustainable Finance Awards 2024

Hong Kong Quality Assurance Agency



AWARDS

- **ESG BENCHMARK – SILVER AWARD**
- **OUTSTANDING SUSTAINABILITY DIVIDEND AWARD**

ESG Achievement Awards 2023/2024

*3rd consecutive year

Institute of ESG & Benchmark



- **BEST COMPANY BOARD**
- **BEST ESG PROGRAM**

2024 All-Asia (Ex-Japan) Executive Team
(Overall Small & Midcap) – 1st Place
(Transportation Sector)

Institutional Investor

- **EXCELLENCE IN GLOBAL LOGISTICS**
- **EXCELLENCE IN SUSTAINABLE LOGISTICS ENTERPRISE**

The Hong Kong Economic Times
Excellence Awards 2024

Hong Kong Economic Times



PIONEERING AWARD FOR ESG DISCLOSURE CONTRIBUTION

The Hong Kong Green and Sustainability
Contribution Awards 2024

Hong Kong Quality Assurance Agency



GLOBAL LOGISTICS COMPANY OF EXCELLENCE

Corporate Brand Awards of Excellence 2024

The Hong Kong Economic Journal



10 YEARS PLUS CARING COMPANY

The Hong Kong Council of Social Service



AWARDS

GOOD EMPLOYER CHARTER 2024

*3rd consecutive year

Hong Kong Labour Department



SOCIAL ENTERPRISE SUPPORTER EXCELLENCE AWARD 2024

Fullness Social Enterprises Society



E-CONTRIBUTION AWARD

2023-2024 Good MPF Employer Award
Mandatory Provident Fund Schemes Authority



- MERIT AWARD - GRAND AWARD OF EMPLOYEE WELLNESS
- MERIT AWARD - EMPLOYEE HAPPINESS AWARD
- MERIT AWARD - MANAGEMENT TRAINEE PROGRAMME AWARD
- MERIT AWARD - COMMUNITY CARING AWARD
- MERIT AWARD - GEN Z ATTRACTION AWARD
- GOOD PRACTICE AWARD - BEST WORKPLACE AWARD

HR Excellence Awards 2024/2025

Hong Kong Institute of Human Resource Management



- GOLD AWARD - EXCELLENCE IN EMPLOYEE CARE & WELLBEING
- GOLD AWARD - EXCELLENCE IN GRADUATE & MANAGEMENT TRAINEE PROGRAMME
- SILVER AWARD - EXCELLENCE IN CAREER DEVELOPMENT
- SILVER AWARD - EXCELLENCE IN REWARDS & RECOGNITION
- BRONZE AWARD - EXCELLENCE IN WORKPLACE CULTURE

Human Resources Distinction Awards 2024

Human Resources Online



- GRAND AWARD - BEST GEN Z ATTRACTION AWARD
- GRAND AWARD - BEST REWARD & RECOGNITION STRATEGY AWARD
- GOLD AWARD - BEST CORPORATE WELLBEING PROGRAMME AWARD

CTgoodjobs Best HR Awards 2024

CTgoodjobs

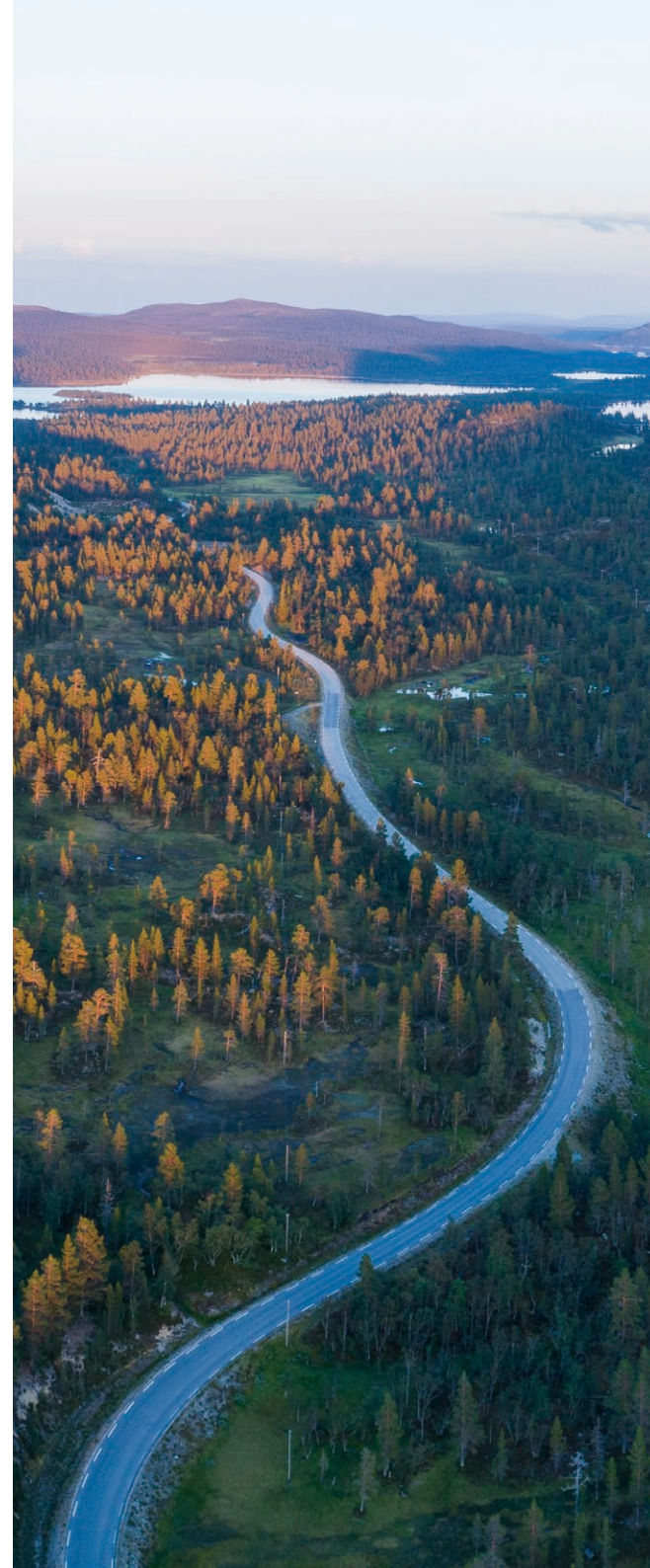


STRATEGY






SUSTAINABILITY FRAMEWORK

The Group's long-term viability is underpinned by a strong and evolving sustainability framework which serves as a guide for our corporate strategy. The framework supports the goal of providing sustainable logistics solutions while adhering to leading international sustainability and reporting standards. It incorporates the Ten Principles of the United Nations Global Compact ("UNGC") into the objectives and strategies which KLN sets for its business units, focusing on meeting the targets of the United Nations Sustainable Development Goals ("UN SDGs").

KLN's core principles of Commitment, Action, and Transparency, along with its duty to be accountable to both people and the planet, ensure that it operates in accordance with its sustainability framework. The Group upholds its transparency obligation by releasing annual sustainability reports that detail its progress and alignment with global standards and principles, including its UNGC Communication on Progress disclosures. By adhering to this framework, the Group fulfils its duties as a responsible corporate citizen, adapts to an uncertain global economic landscape, and continues to strive for long-term sustainable growth.



SUSTAINABLE LOGISTICS IN ACTION

THREE PRINCIPLES	COMMITMENT, ACTION & TRANSPARENCY					
SIX PILLARS	 <p>People</p>	 <p>Environment</p>	 <p>Customers</p>	 <p>Business Ethics</p>	 <p>Supply Chain</p>	 <p>Community</p>
FOCUS AREAS	<ul style="list-style-type: none"> 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 	<ul style="list-style-type: none"> Tackling climate change Climate-related financial disclosures Minimising environmental footprint 	<ul style="list-style-type: none"> Delivering excellence in logistics solutions Boosting innovation 	<ul style="list-style-type: none"> Adhering to business standards Protecting data privacy and security 	<ul style="list-style-type: none"> Sharing our ESG values with suppliers 	<ul style="list-style-type: none"> Caring for the community
CONTRIBUTING TO UN SDGS AND ITS TARGETS	 <p>8.5 8.6</p>	<div>   </div> <p>12.2 12.5 13.1 13.3</p>	 <p>17.16</p>	 <p>16.5 16.6</p>	 <p>8.8</p>	 <p>17.17</p>
ADHERING TO THE TEN PRINCIPLES OF UNGC IN THE AREAS OF	HUMAN RIGHTS LABOUR ENVIRONMENT ANTI-CORRUPTION					

STRATEGY

SUSTAINABILITY TARGETS

The Group meets its responsibility as a corporate citizen by adopting the principles of the UN SDGs, which outline a global strategy for achieving sustainable development and fostering an equitable society by 2030. In recognition of the role that collaboration between public and private sectors plays in sustainable development, the Group engages with its partners, suppliers, and stakeholders to support these global initiatives.

We identified five key UN SDGs that align with our sustainability framework, recognising these areas as having the highest potential for positive impact. The progress we made toward these priority goals and our plans for 2025 are detailed in the table below.

IMPLICATION OF THE UN SDGS FOR KLN GROUP

8 DECENT WORK AND ECONOMIC GROWTH



Actions in 2024

The Group continued to expand its WE KARE wellbeing platform across the globe by broadening the initiative to reach more employees, their families and the communities where we operate.

To fulfil its commitment to creating a diverse and inclusive workplace, the Group enhanced its policies and encouraged a culture which celebrates diversity and rejects any form of discrimination.

The Group collaborated with educational institutions to provide internship opportunities and sponsorship programmes which help to nurture and develop young people.

Plans in 2025

The Group will further expand WE KARE globally to ensure a growing number of employees, their families and the wider community can benefit.

The Group will take measures to make the workplace more inclusive, such as exploring the feasibility of employing individuals from targeted groups, including people with disabilities, ethnic minorities, and women who want to return to the workplace.

The Group intends to strengthen its partnerships with educational institutions to deliver internships and sponsorship, while enhancing career development programmes for current staff to support their professional growth.

12 RESPONSIBLE CONSUMPTION AND PRODUCTION



Actions in 2024

We launched initiatives to optimise the use of natural resources across all operations, including energy efficiency upgrades and sustainably sourcing raw materials. We reduced waste by focusing on prevention, reduction, recycling, and reuse.

Plans in 2025

We will develop and enforce procurement policies that prioritise suppliers with sustainable practices and continue to explore innovative waste management solutions including the use of biodegradable packaging materials.

13 CLIMATE ACTION



Actions in 2024

The Group conducted climate risk assessments for all operations and facilities to identify vulnerabilities and develop mitigation strategies. Meanwhile we carried out regular drills and training sessions, and developed response plans to ensure we are well equipped to respond to climate-related disasters.

Plans in 2025

We will continue to develop comprehensive climate action plans that outline specific goals, strategies, and timelines for reducing the company's carbon footprint and enhancing sustainability.

16 PEACE, JUSTICE AND STRONG INSTITUTIONS



Actions in 2024

The Group has provided comprehensive ethics training to all Board members and employees, covering topics such as anti-corruption and data privacy. We hosted events for key suppliers to promote and share best practice in sustainability and ethical business conduct.

Plans in 2025

We will continue to update ethics training for all Board members and employees while improving accountability through comprehensive disclosure.

17 PARTNERSHIPS FOR THE GOALS



Actions in 2024

The Group encouraged employees to contribute to the community through the Volunteer Service Scheme, and was recognised by individual and organisational awards from the Agency of Volunteer Services.

The Group engaged with NGOs and social enterprises, establishing strategic partnerships which generate positive social impact.

Plans in 2025

The Group will continue to collaborate with the Agency of Volunteer Services to encourage employees contributing to the community and engage in more volunteer services.

The Group will focus on collaborating with social enterprises to organise events that lead to positive social impact.



GOVERNANCE

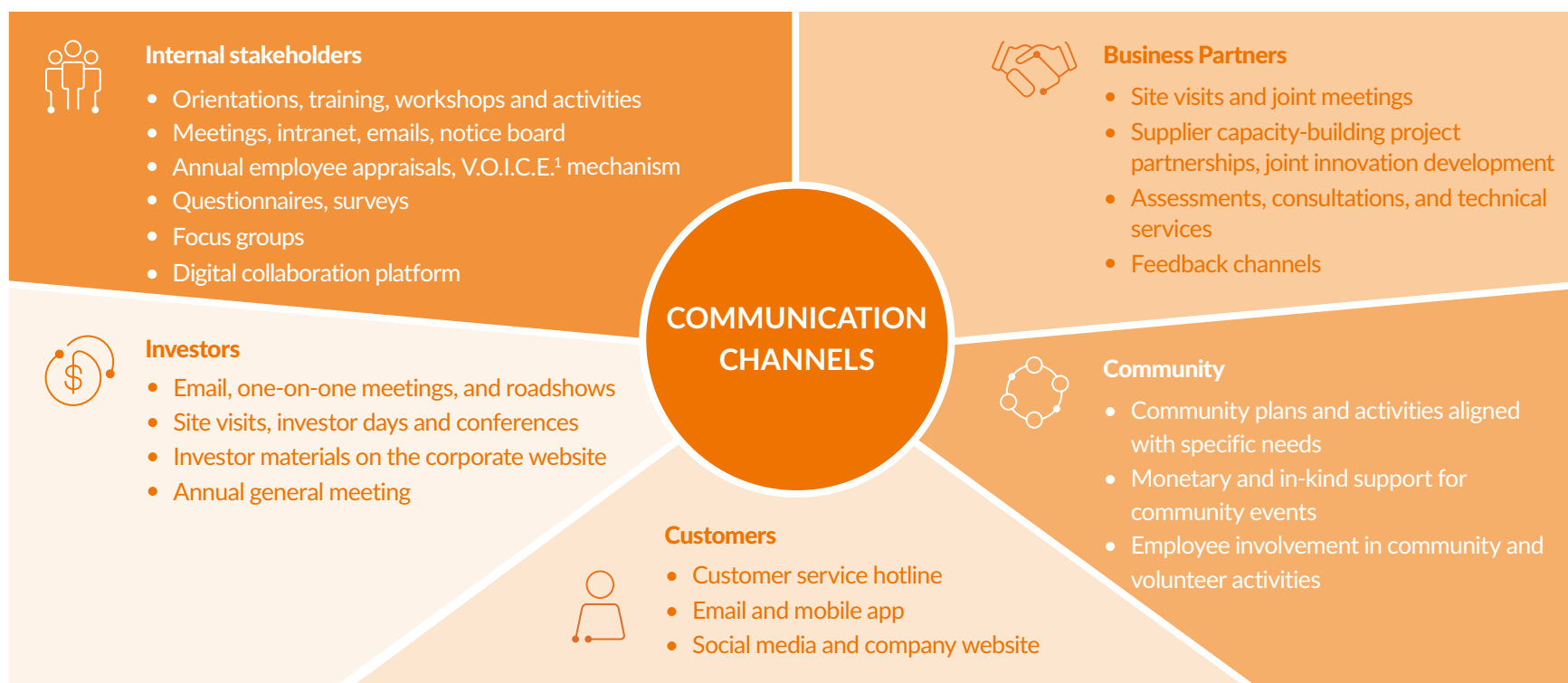
GOVERNANCE

STAKEHOLDER ENGAGEMENT

The Group continually seeks feedback from key stakeholders through a variety of channels, a process which is vital for refining its sustainability strategy, goals, and policies. This input is shared

with the Board and senior management, ensuring they remain aware of emerging sustainability issues and priorities.

KEY STAKEHOLDERS



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

RESPONDING TO STAKEHOLDER NEEDS

KLN actively engages with stakeholders to raise awareness of new opportunities, address

concerns, and ensure alignment with their evolving expectations. Their insights contribute to the improvement of the Group's performance, vision, and objectives. The table below outlines the key

topics of concern identified through this year's stakeholder engagement programme, along with our approach to addressing them.

Key Stakeholders	Topics of Concern	KLN's Response
Internal stakeholders – Board of Directors	Anti-corruption	Effective implementation of policies: The Group maintains a zero-tolerance stance against bribery and corruption, ensuring its <u>Global Anti-Bribery Policy</u> is adhered to across all operations.
	Corporate governance	Robust governance structure: Our governance framework ensures senior management oversees sustainability concerns alongside business operations, with the Board responsible for the Group's governance and long-term corporate sustainability strategy.
	Data security and privacy	Applying data protection measures: The Group continues to enhance measures to protect all sensitive information that it collects, manages and disseminates.
Internal stakeholders – Employees	Anti-corruption	Strengthening awareness through training: We hosted subject matter experts to deliver anti-bribery training to employees, strengthening their awareness and ensuring we uphold the Group's Global Anti-Bribery Policy.
Analysts/Bankers/Investors/Shareholders	Data security and privacy	Applying data protection measures: The Group adopted several approaches to protect data and privacy, including cybersecurity protocols, antivirus software, access controls and firewalls, and employee trainings.
Suppliers/Contractors	Anti-corruption	Effective implementation of policies: We prioritise working with partners committed to high standards of ethical business practice and require suppliers to follow our <u>Business Partner Code of Conduct</u> to ensure integrity and ethical practices throughout the supply chain.
Customers	Data security and privacy	Applying data protection measures: The Group's <u>Privacy Policy</u> and <u>Information Security Policy</u> ensure careful management of stakeholder data. We continually enhance cybersecurity measures, update software, and train employees to safeguard customer data.
Joint venture	Anti-corruption	Strengthening awareness through training: We have implemented training on anti-corruption tailored to different regions in which we operate. We also continually update anti-bribery declarations and conduct risk assessments to pre-emptively identify and resolve any potential compliance issues.
	Diversity, equity and inclusion	Employing individuals with diverse backgrounds: KLN Group adheres to its <u>Global Equal Opportunities Policy</u> . We employ individuals with disabilities, conduct cultural diversity trainings, and maintain open channels for addressing workplace equality concerns.
	Occupational health and safety	Adopting holistic health and safety practices: We have adopted a comprehensive <u>Occupational Health and Safety Policy</u> and a holistic safety management system to prioritise employees' safety across our operations. Our workplaces are designed ergonomically, and our safety protocols are tailored to mitigate job-specific occupational health hazards, thereby promoting employee wellbeing.
Community	Community engagement and investment	Creating impact through local initiatives: The Group's <u>Social Responsibility Policy Statement</u> outlines our commitment to community engagement and investment, actively supporting local initiatives that address the diverse needs of stakeholders, including children, the elderly, the underprivileged, and environmental sustainability.

PAPERLESS COMMUNICATION

In line with Rule 2.07A of the Listing Rules of The Stock Exchange of Hong Kong Limited and the Company’s Bye-laws, we have adopted electronic communication with shareholders with effect from 31 December 2023, providing printed copies only upon request. This initiative demonstrates our commitment to sustainability and reducing our environmental impact by minimising paper usage and waste.

MATERIALITY ASSESSMENT

The Group regularly engages with key internal and external stakeholders to identify sustainability-related concerns, risks and opportunities which help to shape our business strategy. This year we refreshed our approach by applying a double materiality lens to help us make more comprehensive disclosure. The table below sets out our approach to evaluating sustainability issues.

FOUR-PHASE PROCESS



MATERIALITY RESULTS

The Group gathered inputs from both internal and external stakeholders, ranking the topics based on KLN’s impact on the environment, society, and economy. We also consulted with

senior management to prioritise the material topics based on the impact to KLN’s business operations. Following this, the results were validated by the ESG team and approval was obtained from the Board to ensure alignment

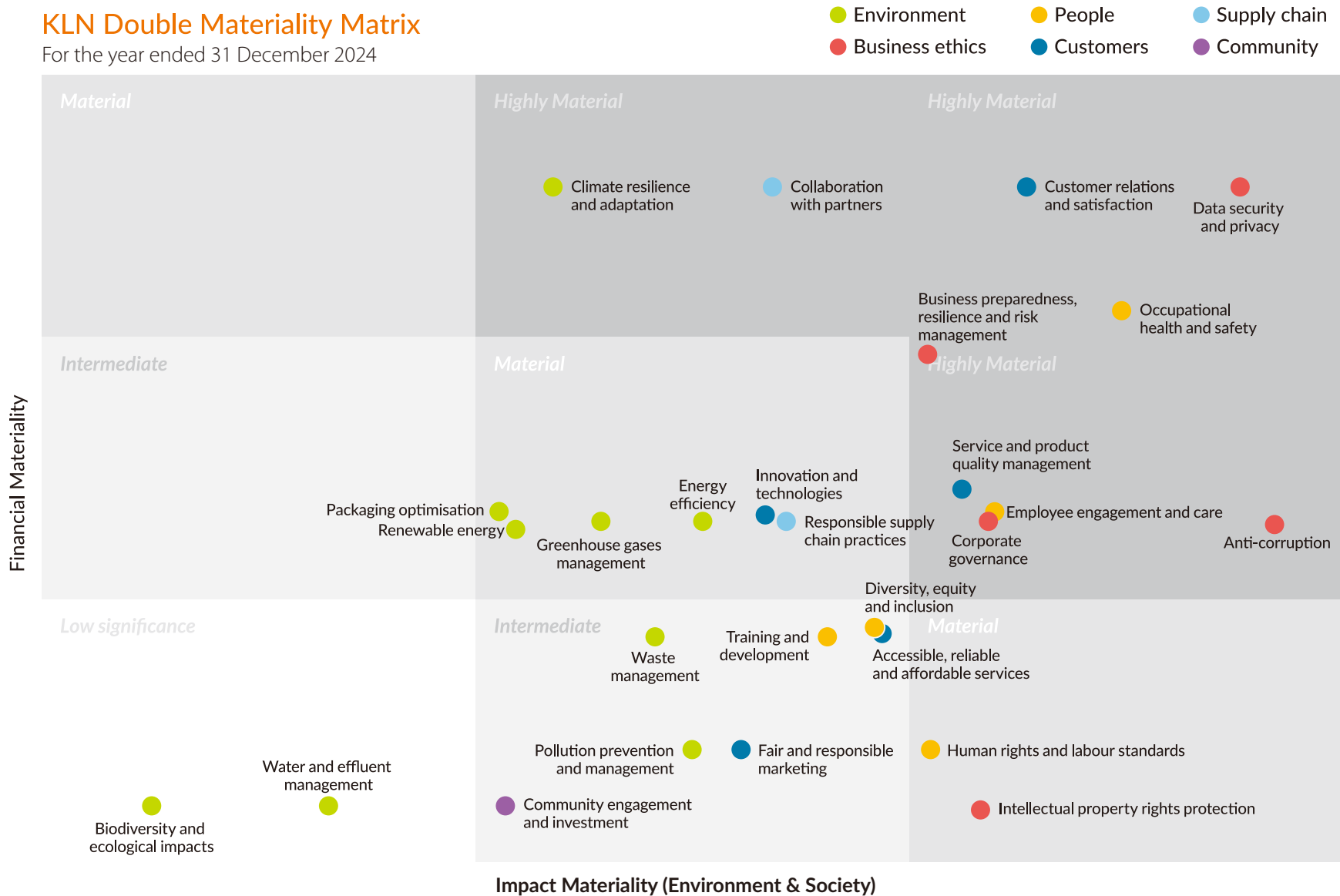
of the material topics with our sustainability strategy. This process culminated in a list of prioritised material topics, presented by the Group’s six Sustainability pillars below.



The results of the materiality assessment are also mapped across a double materiality matrix

below. It illustrates the significance of ESG factors across two dimensions: their impact on

our business (i.e., financial materiality) and our impact on the environment and society (i.e., impact materiality).



The table below outlines the key material topics identified through the materiality assessment exercise in 2024, 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

FOCUS GROUP SUMMARY

In 2023, we strengthened stakeholder collaboration by conducting focus groups with senior managers from our IFF and IL divisions. These sessions proved instrumental in aligning our business priorities with critical sustainability challenges. Building on this momentum, in 2024, we brought together senior management and Directors to explore emerging ESG issues material to the Group.

These sessions were an opportunity to better understand the environmental and social risks

and opportunities impacting KLN. Discussions centred on the potential for collaboration with automation technology firms to deliver advanced material recycling solutions, and the adoption of sustainable aviation fuel (“SAF”), given their potential to decarbonise logistics. On the topic of climate disclosures, participants emphasised the need for KLN to reassess its practices to meet rising investor and regulatory expectations, particularly in light of the upcoming ISSB standards and the European Union’s Corporate Sustainability Reporting Directive (“CSRD”). The exercise further underlined the importance of adopting flexible risk management strategies

and formalising business continuity measures to mitigate disruption in the face of rising geopolitical tensions.

These actionable insights, drawn from diverse perspectives, are directly informing the recalibration of sustainability targets and the Group’s strategic priorities. We are committed to working with external partners to ensure these insights help to recalibrate the Group’s sustainability targets and strategic priorities.

GOVERNANCE

GOVERNANCE STRUCTURE

Effective corporate governance is integral to the Group's long-term success and its sustainable development. As illustrated in the diagram below, our sustainability governance framework enables senior management to maintain appropriate oversight of sustainability concerns, which are managed in tandem with our overall business operations. The Board takes overall responsibility for managing the Group's governance, including the formulation and execution of a long-term corporate sustainability strategy.

The Group's Board-level Sustainability Committee ("SC") ensures we hold ourselves accountable to the commitments outlined in our [Sustainability Vision Statement](#). The Board's responsibility for the Group's sustainability strategy is supplemented by the active participation of the SC and the Risk Management Committee ("RMC"). Operational execution is managed by the Integrated Management System ("IMS") Committee, ESG Taskforce, and Global Management Board, while our Sustainability Action Teams ("SAT") bring together

expertise from across the business to drive ESG initiatives across our operations globally.

An engaged and active Board, a structured governance framework and clear communication channels mean the Group is well-positioned to achieve its sustainability objectives.

SUSTAINABILITY GOVERNANCE



Governance	Members	Roles
Board	All Board Members	Overall responsibility for the Group's ESG strategy and reporting including rolling review of progress made towards sustainability goals and targets
Sustainability Committee	Executive Director and Heads of Finance, Company Secretariat, Human Resources & Administration, Quality & Risk Management and Investor Relations	Evaluate sustainability-related risks and opportunities, recommend ESG strategies and monitor sustainability reporting
Risk Management Committee	Chief Executive Officer and Heads of Finance and Quality & Risk Management	Strengthen oversight of sustainability and climate-related risks and system effectiveness
Integrated Management System Committee	Chief Executive Officer and Heads of Business and Functions Units	Work closely with departments, frontline employees and workers to identify, assess and manage risks across the Group's operations related to OHS, quality, environmental, climate-related risks and supply chain security
ESG Taskforce	Delegates of Sustainability Committee	Facilitate communication, cooperation and collaboration among the Board and business units on sustainability and climate-related issues
Global Management Board*	Board Members and Senior Management	Work with global business units to implement and monitor the Group's climate-related business strategies
Sustainability Action Teams	Dedicated Representative from Business and Functions Units	Implement measures to ensure sustainability and climate-related goals and objectives set out by the Group are achieved

* Formerly known as Global Executive Committee

STRENGTHENING ESG EXPERTISE WITHIN OUR LEADERSHIP

The Board and management team play a pivotal role in addressing ESG priorities and opportunities. To strengthen their ability to make decisions, our Board and management team have proactively sought opportunities to deepen their knowledge and expertise on key sustainability issues. All members have undergone extensive ESG training, including climate change and cybersecurity. The five members of our SC were carefully selected to bring diverse perspectives to the role, and the majority of them hold the ESG Reporting Certification from The Hong Kong Chartered Governance Institute, along with additional training in sustainability.

Recruiting Board members and our leadership team from a range of backgrounds ensures we stay resilient in the face of challenges. The Company aims to enhance Board diversity by considering gender, professional background, and nationality when making new appointments. During the Reporting Period, the Board comprises individuals with diverse backgrounds, bringing together academic professors, entrepreneurs, treasurers, accountants, lawyers and others, with three female members ensuring well-rounded representation.

RISK AND COMPLIANCE MANAGEMENT

RISK MANAGEMENT

In recognition of the symbiotic relationship between sustainability and growth, the Group continues to explore ways of integrating sound ESG principles into its strategic priorities. The double materiality assessment we conducted this year has given us a deeper understanding of the most significant risks and opportunities across our operations and value chain, and their potential implications for the Group across different time horizons. To proactively manage these risks, we conduct a thorough assessment of each segment of the value chain, enabling us to safeguard the interests

of our stakeholders while ensuring alignment with global sustainability goals. In 2024, we further strengthened our risk management strategy, supported by a robust governance structure and well-established policies

Our approach to managing sustainability risks is guided by the Group’s corporate risk management framework, with oversight from the Risk Management, Sustainability and IMS Committees. The risk assessment methodology we employ adheres to internationally recognised standards, including ISO 9001 (Quality Management),

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

In 2024, the Group has identified and prioritised several key sustainability risks that could impact our operations, as described below.

Sustainability Risks	Impact on the Group	Status and Responses
Financial Risks	Potential financial risks encompass rising interest rates and a decline in purchasing power and consumption levels. These factors may adversely affect the Group’s profitability by increasing borrowing costs or diminishing demand for logistics services. Additionally, currency fluctuations and geopolitical instability can further complicate financial management.	The Group’s risk management strategy aims to reduce the adverse effects of financial market unpredictability by identifying, assessing, and managing financial risks within its operating units. Regular risk assessments and contingency plans are in place to mitigate financial downturns. We diversify our business portfolio, geographical presence, and customer base to better manage the impact of economic instability. For more details on our financial risk management, please refer to the Group’s 2024 Annual Report.
Climate Change	The Group’s business is susceptible to both physical and transition risks associated with climate change. Physical risks, such as rising sea levels, extreme temperatures, coastal flooding, heavy rainfall, typhoons, and droughts, can have a direct impact on the Group’s operations, supply chain, and overall performance. Transition risks, including technological changes and climate-related policy shifts, can influence the value chain and the competitiveness of the Group’s business and strategic approach.	We have committed to reducing carbon emissions and have carried out a climate-related assessment at the Group-level to identify potential risks. We have initiated the process of goal setting aligned with Science-based Targets framework and created a tool to help us analyse our targeted emission reduction areas. Additionally, we have conducted a feasibility and impact assessment to understand the practicality of our potential decarbonisation initiatives and plan to extend our climate training to employees at various levels. For more details on the Group’s approach to managing climate-related risks, please refer to the section titled “Climate-related Financial Disclosures” in this report.
Cyber Security	Given the nature of its operations, the Group gathers, processes, and stores confidential information. To safeguard its stakeholders, the Group adheres to relevant data protection laws and regulations. Potential cyber-attacks could jeopardise the confidentiality, integrity, and availability of data, potentially disrupting its operations.	The Group provides regular training sessions to keep employees informed about the latest advancements in data privacy and security. We continually improve our information security in line with evolving market practices. We undertake all necessary actions to protect our own data and stakeholder data to minimise any disruptions.

POLICIES AND GUIDELINES

The Group has developed an extensive suite of policies to guide its ethical conduct and governance practices in social and environmental matters. As part of its commitment to transparency and accountability, the Group ensures these policies and expectations are clearly communicated to all suppliers and business partners across the value chain. These policy statements are publicly accessible on the Group's website under the "Governance – Policies" section.

REGULATORY COMPLIANCE

The Group continuously evaluates its compliance with regional laws and regulations across all operational territories, closely monitoring new regulations and updates to existing legislation. We periodically update our internal policies to align with relevant local regulatory standards, as detailed in the respective sections of this report. The Audit and Compliance Committee ("ACC") oversees the Group's compliance management, ensuring adherence to industry best practice and evaluating the effectiveness of policies and protocols. Through our enterprise

risk assessment framework, we conduct comprehensive assessments of compliance risk by identifying laws and regulations that could significantly impact operations within specific jurisdictions.

Non-compliance with laws and regulations can adversely affect the Group's business, financial conditions, and operations. The potential impacts include:

- Regulatory or legal action against the Group or its employees, resulting in fines, penalties, and/or imprisonment
- Negative impact on the Group's share price and potential future earnings due to loss of confidence among investors and customers
- Business interruption from adverse events such as system shutdowns, business suspensions, cyber extortion, employee injuries, and environmental pollution
- Damage to the Group's reputation or brand, including negative media coverage and public censure.

The Group is committed to staying updated on the latest regulatory developments and provides appropriate training for relevant employees to maintain high compliance standards. In 2024, there were no non-compliance cases resulting in significant fines or non-monetary sanctions.



OUR PEOPLE



The Group's most valuable asset is its workforce, and we are committed to offering them a rewarding career journey. As a global 3PL, we value the diversity and unique skills of our workforce, which are key to our success. To foster a dynamic and inclusive workplace, we actively seek professionals from diverse backgrounds and go the extra mile to ensure that every employee feels valued and respected.

Our Targets

- Improve employee wellbeing through WE KARE which focuses on five core elements: Fitness Care, Wellness Care, Work-life Care, Family Care, and Community Care
- Create an equitable and respectful workplace for all employees, ensuring it is free from discrimination based on gender, pregnancy, marital status, age, disability, family status, ethnicity, race, or religious beliefs
- Enhance and cultivate the skills of employees through partnerships with external organisations, as well as 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

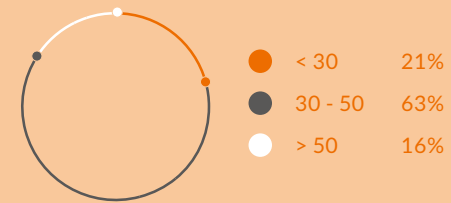
TOTAL WORKFORCE (EMPLOYEE)

18,748

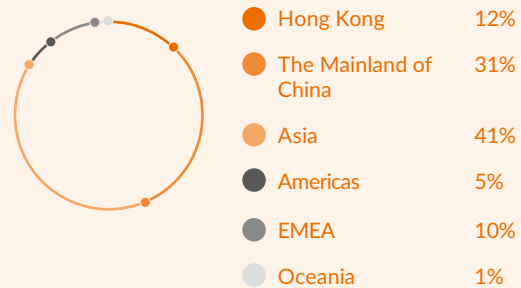
EMPLOYEE BY GENDER



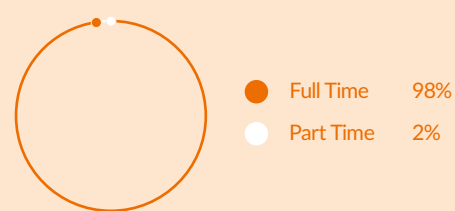
EMPLOYEE BY AGE GROUP



EMPLOYEE BY REGION



EMPLOYMENT BY TYPE



EMPLOYEE BY CATEGORY



EMPLOYEE ENGAGEMENT AND CARE

The Group recognises that the professional success of its people is intrinsically linked to their health and wellbeing. We are committed to helping our employees achieve a healthy work-life balance and fostering an environment where they feel a sense of belonging. To support them, we have introduced tailored initiatives across different regions, including wellness programmes, mental health support, and community activities.

In Hong Kong this year, we expanded our WE KARE initiative, with a new focus on boosting mental health awareness. Meanwhile, our Family Bakery event encouraged colleagues to share their creativity with their families through

cooking. We are delighted that the success of WE KARE as well as the CSR initiatives of KLN were recognised through accolades, including the 10 Years Plus Caring Company award from The Hong Kong Council of Social Service.

At our Singapore office, we organised several events to celebrate cultural diversity, such as a Durian Festival, and lunch gatherings around holidays including Christmas Eve, Chinese New Year, and Hari Raya Puasa. These activities are an opportunity for colleagues to reconnect with their cultures. In the Mainland of China, we organised a badminton competition, drawing more than 80 competitors. We continued organising our Sports Days, aimed at promoting fitness and wellbeing among our employees. These initiatives encourage personal development and growth, while fostering a spirit of inclusion.

EXPANDING WE KARE: OUR COMMITMENT TO ENHANCED WELLBEING

Building on the success of WE KARE, we continue to expand its reach to new regions every year. This year, we organised a series of impactful events to celebrate our colleagues and enhance their wellbeing, as outlined below:

Vietnam:

We organised celebratory events for International Women's Day, Vietnam Women's Day, and Christmas in Vietnam this year. These events provided an opportunity for colleagues to build and grow their professional networks and celebrated their accomplishments during the year. They fostered a sense of camaraderie, strengthening bonds and instilling a spirit of unity within KLN.

Oceania:

We hosted a Resilience and Wellbeing Workshop which offered professional advice on enhancing mental health and personal development. Featuring expert-led sessions and practical exercises, this workshop aimed to equip our employees with essential tools for managing stress and building resilience.

FOSTERING SAFETY AND WELLBEING

Given our critical role in the global supply chain, we recognise the importance of maintaining the highest standards of safety and wellbeing. Our Occupational Health and Safety (OHS) Policy Statement serves as a company-wide framework to prioritise the safety and health of our workforce and business partners. We provide comprehensive healthcare benefits and promote holistic wellness, integrating regular breaks into our employees' schedules.

We adhere to the Occupational Safety and Health Ordinance in Hong Kong and relevant OHS laws in other jurisdictions that significantly impact the Group.

SAFETY MANAGEMENT SYSTEM

In recognition of the vital role our workforce plays in our operations, we prioritise occupational safety as a fundamental concern. The Group has implemented an OHS system that continuously enhances our safety management processes and mitigates health risks and occupational hazards for our employees.

This system seamlessly integrates all aspects of our business operations, including logistics services, e-commerce, facilities management, international freight forwarding, trucking, and cargo distribution, in compliance with the ISO 45001 standard.

Outlined below are some of the key procedures that constitute the Group's comprehensive OHS policy.

Hazard identification and risk assessment	The IMS Committee takes responsibility for recognising, evaluating, and handling OHS hazards and risks throughout Group-wide operations.
	Members of the IMS Committee and frontline employees from all departments are involved to ensure that hazards and risks are thoroughly evaluated from multiple perspectives. To maintain continuous improvement, reviews are conducted every six months or whenever there are significant operational changes.
	To ensure the effectiveness of the OHS system, an independent professional consultant is appointed to conduct regular audits.
Incident reporting and investigation	Employees and supply chain partners are encouraged to report any potential health hazards through clear and well-established channels. Each report is forwarded to the IMS Committee and workers' representatives for follow-up action. The Group's OHS policy clearly states that employees and workers have the right to remove themselves from work without fear of consequence if they encounter any danger.
Communication and participation	The Group takes an active approach to continuous improvement of the OHS system through employee engagement.
	Employees have easy access to safety guidelines and procedural manuals, which empower them to identify hazards and effectively assess the associated risks.
	Employee and worker representatives hold regular meetings with the Group's IMS Committee to collaboratively review the effectiveness of the OHS management system and identify opportunities for further improvement.

WORKPLACE SAFETY IN THE VALUE CHAIN

We are committed to assisting our value chain partners in establishing a safe and secure working environment for their employees. To achieve this, we offer training and workshops, promote open dialogue and questions, and conduct regular inspections to ensure continuous improvement to their OHS performance.

Before engaging with any contracted third party, we require them to demonstrate compliance with KLN's Contractor OHS Code. Additionally, we carry out detailed safety risk assessments to ensure that our partners fully align with our policies and meet both regional and international safety standards.

TRAINING AND BUILDING AWARENESS

The Group conducts holistic safety training sessions for employees, tailored to meet the specific needs of each business unit and department, as well as the statutory requirements of different regions. We actively encourage our staff to share recommendations for enhancing workplace safety, making full use of their daily operational insights and expertise.

In Hong Kong, we have conducted a series of training sessions this year to promote workplace safety awareness among machine operators, warehouse staff, and truck drivers, covering machinery safety, fire drills, and defensive

driving. Meanwhile, warehouse safety initiatives focused on operating equipment safely and emergency drills. To support worker health and wellbeing, yearly medical health checks and social factor risk assessments were conducted for all employees in line with ISO 45001 standards. Elsewhere, we ran a comprehensive training programme in Myanmar covering emergency preparedness, proper equipment usage, hazard mitigation, local traffic and regulation awareness. We have improved safety in Thailand through training which focused on warehouse operations. Our driver safety programme includes road risk assessments, emergency drills, regular inspection of trucks to

ensure they comply with adherence to regional regulations. These initiatives enhance our employees' knowledge and skills, promoting a safer and more productive work environment.

The Group continually updates its guidelines to align itself with the latest industry standards, encompassing early hazard warning signs, accident reporting and investigation methods, and disciplinary action for safety violations. Through our approach to health and safety we strive to create a safer work environment and pre-emptively reduce the likelihood of accidents and injuries.

Categories	Training Topics
General safety	<ul style="list-style-type: none">OHS training for new joinersRegular refresher training
Safe operation in offices and warehouse	<ul style="list-style-type: none">Working with display screen equipmentHandling of hazardous goods in the workplaceStandard manual handling proceduresPreventative and protective measures
Fire safety	<ul style="list-style-type: none">Facilities for fire safety in the office, warehouse and daily lifeFire hazards in the workplaceIntroduction of firefighting equipment
First aid	<ul style="list-style-type: none">Basic first aidCardiopulmonary resuscitation ("CPR")Automated external defibrillator ("AED")

EMPLOYEE HEALTH AND WELLBEING

The physical, mental and wellbeing of our employees is a key priority for the Group. To support the health of our people, we offer a variety of programmes and events.

MENTAL HEALTH

The mental health of our staff has a direct correlation with their productivity and quality of life. Accordingly we have integrated comprehensive mental health support into our employee wellbeing strategy. KLN offers a 24-hour counselling hotline for employees and their immediate family members. Additionally, we continue to support our employees' mental wellbeing through the Mental Health Outpatient Benefit scheme and Employee Assistance Programme ("EAP") in selected regions, offering free counselling support to colleagues.

MIND AND BODY IN BALANCE: OUR COMMITMENT TO EMPLOYEE WELLBEING

This year, we launched the Soul Amazing Series of events in Hong Kong by extending our employee wellness programmes beyond physical fitness to mental health and overall well-being.

As the first event within this series, we hosted Soul Chill Marketplace, bringing together social enterprises and healthcare partners. This event provided employees an opportunity to learn about wellness-related products and services. Featuring on-site health measurement activities, such as examinations of eye, neck, shoulder and back health and cardiovascular function tests, we empowered employees to take proactive steps toward health improvement.

The second event was the Soul Relaxation Garden initiative, encouraging employees to connect with nature through gardening. This initiative aimed to promote inner calm and mindfulness, offering a serene environment for employees to unwind and rejuvenate.

These initiatives demonstrate a holistic approach to employee wellbeing, supporting employees in both their personal and professional lives.

PHYSICAL HEALTH

The Group actively supports its employees in leading a healthy lifestyle by creating a workspace that promotes physical activity and healthy habits. Employees have access to a fitness programme and fresh fruit and healthy snacks in our offices. Our work environment is ergonomically designed to enhance posture and prevent injuries. We also offer comprehensive health insurance coverage, annual health check-ups, and seasonal flu vaccinations in selected regions.

This year in the Mainland of China, we hosted an eye healthcare workshop to address the growing impact of screen use on eye health. Experts shared practical tips on myopia prevention and daily eye care, emphasising the importance of vision health for quality of life. The session encouraged employees to take proactive steps to protect their eyes in an increasingly digital world.

In Hong Kong, KLN reinforced its focus on employee health through its participation in four marathons and charity runs, including the Standard Chartered Hong Kong Marathon 2024, a milestone marking our 13th consecutive year of involvement in the event. More than 200 employees volunteered to help with our support of running events this year, fostering wellness, teamwork, and an active workplace culture.

UPHOLDING LABOUR STANDARDS AND HUMAN RIGHTS

The Group ensures that the human rights of individuals within its operations and throughout the value chain are fully protected and uncompromised. We enforce strict compliance with our Social Responsibility Policy Statement and Business Partner Code of Conduct across our operations and those of our partners. We adhere to all international laws and regional regulations in key operational areas.

We ensure our suppliers and business partners are aligned with our standards on human rights. Our supplier screening process filters out those who violate human rights principles, maintain poor working conditions, or treat their workers unfairly. We mandate that all third parties demonstrate compliance with human rights, anti-discrimination, child and forced labour standards as a prerequisite for engaging with KLN.

We regularly conduct labour rights assessments, inspections, and audits for third parties, assigning ratings based on their practices. If any partner consistently receives unsatisfactory ratings or fails to improve, we terminate our business relationship. During the reporting year, we have not terminated any business relationships due to human rights or ethical labour standards violations.

CREATING A DIVERSE, EQUAL AND INCLUSIVE WORKPLACE

We are committed to treating our people equally, regardless of age, ethnic background, gender, or religious belief. We value diversity within our workforce and business partners, recognising the unique perspectives, values, skills, and experiences that each individual brings.

The Group's Global Equal Opportunities Policy strictly forbids any form of harassment or discrimination. Additionally, the Social Responsibility Policy Statement underscores our unwavering commitment to eradicating discrimination. The Group adheres to the Sex Discrimination Ordinance in Hong Kong and complies with all relevant employment laws and regulations in every jurisdiction where it operates. Throughout the reporting period, the Group did not record any incidents of discrimination.

FOSTERING INCLUSION: PARTNERING WITH SOCIAL VENTURES HONG KONG ("SVHK") TO SUPPORT WOMEN IN THE WORKFORCE

As part of our commitment to fostering inclusivity, we actively seek to employ individuals with disabilities, ethnic minorities, and women, and collaborate with like-minded partners who share our vision.

We are working with SVhk, a leading organisation in social innovation and sustainable impact, to support women, especially mothers, who want to re-enter the workforce. We engage with participants, arranging job referrals and interviews to connect them with employment opportunities within our organisation. This partnership aligns with our values of inclusion and strengthens our ability to create social impact by empowering individuals to rebuild their careers.

STRATEGIC WORKFORCE EXPANSION THROUGH HONG KONG'S ENHANCED SUPPLEMENTARY LABOUR SCHEME

Facing rising operational demands and expansion needs, KLN addressed frontline staffing shortages by joining Hong Kong's Enhanced Supplementary Labour Scheme. This initiative enabled efficient recruitment of qualified personnel while maintaining service quality standards, allowing us to immediately scale operations and strategically align workforce planning with long-term growth objectives.

PROVIDING EQUAL OPPORTUNITIES

We have incorporated principles of equality and fairness into our organisational fabric, training, and career development practices. Our goal is to ensure that every individual is given equal opportunities, with all evaluations and career advancement decisions based solely on performance and merit. We are committed to making our recruitment process accessible to individuals with special needs and disabilities, ensuring a diverse and inclusive workforce.

CREATING AN INCLUSIVE WORKPLACE

The Group is committed to meeting the needs of employees from a variety of backgrounds, religious beliefs, and ethnicities. To support this commitment, some of our offices are equipped with facilities such as accessible washrooms

for individuals with disabilities and designated prayer rooms. At our Oceania office this year, we ran cultural diversity training to foster an inclusive and respectful work environment. This helped equip the employees with the ability to navigate and appreciate cultural differences. This year we launched a dedicated channel to handle employee complaints about workplace equality, ensuring we promptly address any concerns.

We are committed to strategically enhancing our talent acquisition efforts by actively exploring various government recruitment programs. This multifaceted approach aims to strengthen our workforce and support the company's operational and developmental goals.

NURTURING AND DEVELOPING TALENT

We strive to empower the next generation of leaders who are committed to our vision of establishing a leading logistics network. KLN provides a range of opportunities through specialised training programmes, ensuring continuous learning and development. Our mission is to establish an environment that supports the holistic development of our employees, both professionally and personally.

DEVELOPING TALENT AND LEADERS

The Group offers a variety of apprenticeship, internship, and placement programmes designed to attract young talent. Coupled with our comprehensive training programmes, this ensures that our workforce stays ahead of curve and is fully prepared to tackle future challenges.

YOUNG EXECUTIVES ACADEMY

The Group cultivates its future leaders by promoting their development through the Young Executives Academy (“YEA”). Through YEA, KLN provides comprehensive support for employees at all career stages, from student interns to managers and leaders. This year, the YEA programme successfully recruited over 50 young executives from regions including Singapore, the Mainland of China and Hong Kong.

The YEA offers two distinct programmes, ensuring that individuals receive tailored learning experiences that match their unique professional development needs at various stages of their careers:

Management Trainee (“MT”)	<ul style="list-style-type: none">• Nurtures fresh graduates, regardless of their academic background, to become the Group’s future business leaders• A stream-based approach has been adopted to best suit the needs of our core business verticals• Offers rotation across different business streams with overseas exposure
Internship Programme	<ul style="list-style-type: none">• A six-month programme, allowing candidates to gain hands-on experience and explore interests for career progression• Outstanding interns are fast-tracked to the Group’s MT programme after graduation

TRAINING AND PROFESSIONAL DEVELOPMENT

This year, we supported the learning and development of our employees through customised internal training and by providing financial assistance for external educational opportunities.

Our training includes orientation sessions for new hires and job-specific training for current employees. By using a training matrix to evaluate each employee's skills and attributes, we design customised training programmes based on their business division and individual learning requirements. In Canada, we encourage our younger staff to enrol in industry-related courses, offering full reimbursement or compensation for their training. At our operations in the Mainland of China, employees can undertake courses on our online reading learning platform, and each department periodically provides training on time-sensitive matters.

1. WORK-STUDY DIPLOMA PROGRAMME

KLN Singapore has partnered with a local technical institute to offer a work-study diploma programme. It allows students to gain practical experience while dedicating one day per week to their studies, bridging the gap between academic learning and real-world application.

2. CAREER DEVELOPMENT FOR UNIVERSITY STUDENTS

KLN supports young talent in logistics through partnerships with educational institutions, offering diverse opportunities for individuals of varying academic backgrounds. Our initiatives, including internships we run with the Chinese University of Hong Kong, and Hang Seng University of Hong Kong, provide practical learning experiences, career coaching, and industry networking. These programmes build competence in supply chain management, operations, and personal skills to help participants successfully integrate into the workforce.

3. FOSTERING TEAM UNITY & CULTIVATING COLLABORATION

We have designed an immersive journey “MEGA Challenge”, a transformative team-building event aimed at igniting collaboration, communication, and camaraderie among our valued colleagues. Through fun physical challenges, mental puzzles, and team activities, our teams built stronger bonds, discovered new strengths, and became a united, resilient group – ready to conquer challenges together in the business world.



OUR ENVIRONMENT



12 RESPONSIBLE CONSUMPTION AND PRODUCTION



13 CLIMATE ACTION



KLN Group acknowledges that our operations are reliant on stable energy supply and are affected by changes to the environment. We proactively seek innovative solutions and collaborate with value chain partners to minimise our environmental footprint, while ensuring we use natural resources in a sustainable manner.

The Group continuously measures the impact of its operations on the environment, including our greenhouse gas (“GHG”) emissions. The methodology employed is aligned with the guidelines² established by the Electrical and Mechanical Services Department and the Environmental Protection Department of Hong Kong. It references internationally recognised standards, including the Greenhouse Gas Protocol, the ISO 14064-1 standard. We reference the Global Logistics Emissions Council (“GLEC”) Framework for the calculation of our upstream transportation and distribution emissions.

Our Targets

- Achieve net zero emissions across our operations and value chain by 2050
- Minimise energy and water consumption in our operations
- Adopt renewable energy and gradually phase out conventional energy consumption
- Increase the use of sustainable packaging material and reduce packaging material consumption
- Educate our partners on environmental stewardship through training and campaigns
- Lead on the innovation of green logistics solutions for customers and the 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 events affect the global supply chain with increasing regularity, the Group is strengthening its measures to identify and address the risks and opportunities, as outlined in our [Climate Change Policy Statement](#). We also continue to make efforts to meet our goal of achieving net zero GHG emissions across our operations and value chain by 2050, in line with the Paris Agreement.

To align with the Roadmap on Sustainability Disclosure in Hong Kong, we have started preparing for the HKEX’s New Climate Disclosure Requirements, which are closely aligned with the ISSB’s International Financial Reporting Standards (“IFRS”) S2 Standards. We are in the process of assessing the potential and actual financial effects of climate-related risks and opportunities, and integrating them within our Group-wide strategy, policies, and action plans.

² Guidelines to Account for and Report on Greenhouse Gas Emissions and Removals for Buildings (Commercial, Residential or Institutional Purposes) in Hong Kong

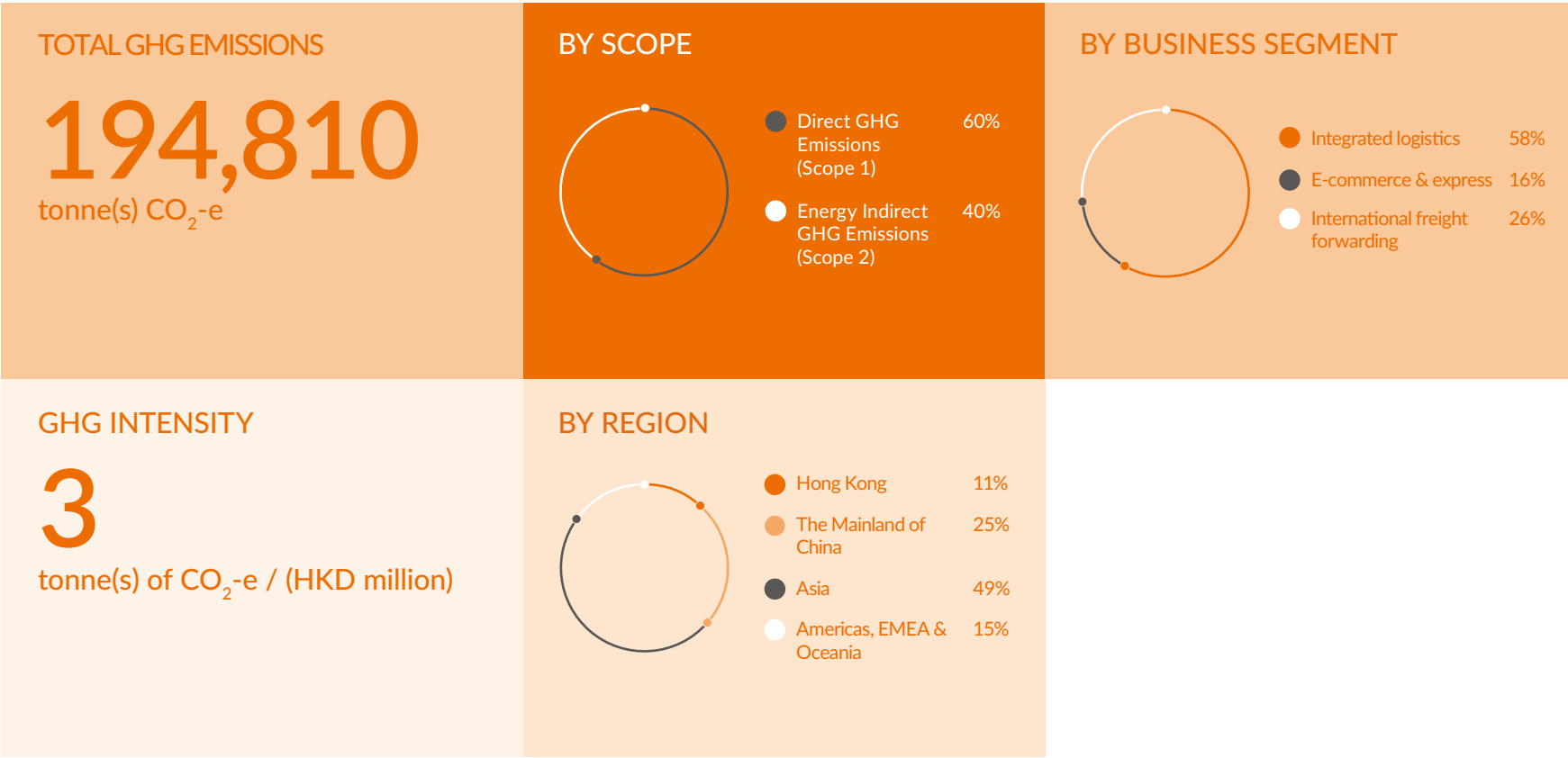
DECARBONISING LOGISTICS OPERATIONS

The Group continues to advance its sustainability practices by identifying ways of decarbonising our operations to reduce our environmental footprint.

Our emissions reduction measures focus on the following four dimensions:

- Carbon reduction – Exploring the use of sustainable aviation and marine fuels, optimising route planning, upgrading vehicles to minimise exhaust emissions, transitioning to sustainable packaging and reducing and recycling waste
- Energy efficiency and renewable energy adoption – Conserving energy through smart lighting, replacing combustion engine-powered equipment with electrical equipment, and increasing renewable energy capacity across our facilities
- Carbon offsetting – Planting trees and purchasing credible offsets from third parties where necessary
- Transparency of disclosure – Measuring and disclosing our GHG emissions, including additional categories within Scope 3 where feasible, and energy use and intensity in line with internationally recognised standards

GHG EMISSIONS (SCOPE 1+2) IN 2024



CARBON REDUCTION AND MANAGEMENT

The Group sets benchmarks to ensure it remains on track to meet its GHG emissions reduction targets. We tailor our carbon management approach by using a smart emissions hotspot identification tool, which helps to identify our highest impact areas and track our Scope 3 GHG emissions. During 2024 the tool helped to identify that Category 4 (upstream transportation and distribution) was the biggest contributor to our overall value chain emissions, and accurately tracked the resource usage of our aviation and marine operations. This year, we expanded our disclosure to include our rail emissions for the first time. A detailed breakdown can be found in the Appendices section of this report.

We will continue to evaluate emissions across our upstream and downstream value chain and disclose further Scope 3 categories in the coming years.

Metrics	2024 (tonnes of CO ₂ e)	2023 (tonnes of CO ₂ e)	2022 (tonnes of CO ₂ e)
Other indirect GHG emission (Scope 3) – Category 4: Upstream transportation and distribution	2,792,604 (includes air, rail and marine transport activities only)	2,149,700 (includes air and marine activities only)	2,070,159
GHG removals from newly planted trees	8	9	6

REDUCING EMISSIONS THROUGH SUSTAINABLE FUELS

To play our part in decarbonising the logistics sector and assist our clients in reducing their Scope 3 emissions, we continue to explore the adoption of sustainable fuel solutions:

- Sustainable marine fuel: We have begun to trial the use of sustainable marine fuels in Spain as a pilot, offering clients a cleaner alternative to traditional marine fuels.
- Sustainable aviation fuel: In collaboration with SF Holding, we continued to roll out the use of sustainable aviation fuels. This partnership ensures that our aviation fuel meets rigorous sustainability standards, enabling clients to lower their Scope 3 emissions while maintaining operational efficiency.

These initiatives offer clients innovative, scalable solutions to address their Scope 3 emissions. By expanding the availability and adoption of sustainable fuels across regions and market segments, we are driving meaningful progress toward a low-carbon future.

SCIENCE-BASED TARGETS

The Group recognises the importance of quantifying and measuring its progress towards net zero through the use of an established methodology. We are exploring opportunities to adopt science-based targets to ensure that we are aligned with the latest climate science and contribute meaningfully to efforts to limit global warming. Through the use of science, we aim to establish a robust framework for reducing greenhouse gas emissions, reinforcing our dedication to environmental stewardship and sustainable growth.

ENERGY EFFICIENCY AND RENEWABLE ENERGY

We are continuously looking for opportunities to use emerging technology that can help us optimise energy efficiency and reduce resource consumption across our operations. At the same time, we are transitioning to renewable energy use, capitalising on regionally available clean energy sources in each of our markets. For instance, in Canada, we are exploring ways to harness hydro power, while in China, Singapore and Thailand, we are harnessing solar energy.



ENERGY EFFICIENCY

The Group's energy efficiency measures are focused on two areas: road transport and warehouse operations. Further details are described 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 stacker, 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• Introducing fully electric long-haul trucks in China• 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">• Replacing fluorescent lights with more energy-efficient LED alternatives in Canada, Thailand, Singapore, Hong Kong, the Mainland of China and Oceania• Adopting motion sensor lights to improve energy savings at our facilities in Singapore, Hong Kong and the Mainland of China. This is estimated to reduce energy consumption by 25% in Singapore• 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 Mainland of China, and setting them to a higher temperature to enhance energy efficiency
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RENEWABLE ENERGY AND CLEAN MOBILITY

In 2024, the Group remains committed to reducing emissions by increasing the use of renewable energy sources and advancing electrification for transport and equipment wherever feasible. The development of clean energy technologies offers opportunities to reduce reliance on fossil fuels and mitigate the Group's environmental impact. KLN embraces these innovations, recognising their role in achieving sustainable logistics operations and driving our vision for a greener future.

CONSTRUCTION OF HONG KONG'S FIRST OIL BARGE EQUIPPED WITH SOLAR PANELS

As part of our commitment to sustainability and innovation, KLN began operating the first oil barge in Hong Kong to incorporate green elements. The barge is equipped with solar panels, reducing its reliance on traditional energy sources and contributing to lower emissions during operations. This project, launched in partnership with a client, underscores our dedication to exploring and implementing sustainable solutions within the logistics sector, supporting the transition towards a greener future.

CLEANER AIR, GREENER FUTURE: ELECTRIFYING OUR TRUCK FLEET

As part of the Group's commitment to minimising its environmental footprint across the supply chain, we have introduced the "Windrose R700" electric long-haul truck to our fleet in the Mainland of China. Compared with conventional diesel heavy trucks, each R700 vehicle emits about 92 kilograms less carbon dioxide equivalent emissions per 100 kilometres travelled. Their superior performance in energy saving and emissions reduction means our upgraded fleet contributes to a smarter and greener logistics network.

ENERGY CONSUMPTION IN 2024

TOTAL ENERGY CONSUMPTION

692,864
MWh

ENERGY INTENSITY

12
MWh/(HKD million)

BY BUSINESS SEGMENT



BY REGION



CARBON OFFSETTING

Carbon offsetting allows us to invest in environmental projects by purchasing carbon credits equivalent to the GHG emissions generated through business activities. The purchase of high-quality carbon credits from certified companies is governed by the Group’s Carbon Offset Policy. This helps to balance out

emissions, especially where green technologies are not yet available or where we cannot avoid or reduce emissions by other means. This is a useful approach for immediate action. During the reporting year, the Group did not use carbon credits to offset GHG emissions and the Group focuses more on exploring long-term emissions reduction strategies towards achieving its net-zero emissions goal.

TRANSPARENCY AND DISCLOSURE

KLN recognises the importance of measuring its environmental performance in a scientific and accurate manner, such that we can benchmark our progress. We disclose this information through official channels, including this sustainability report, ensuring a transparent account of our sustainability practices. Details on

our environmental performance calculation and methodology can be found in the Appendices section.

In 2024, KLN continued to submit its responses to the CDP’s climate change survey, scoring B. The CDP questionnaire, a global platform for climate-related data disclosure, enables companies to measure and report their environmental impact. KLN’s participation underscores its dedication to managing climate risks and opportunities effectively while enhancing accountability. This proactive exercise not only strengthens stakeholder trust but also aligns with the Group’s broader sustainability objectives, reinforcing its role as a responsible leader in addressing climate challenges.

CLIMATE-RELATED FINANCIAL DISCLOSURES

As part of our Sustainability Vision Statement, we are committed to aligning ourselves with the recommendations of the Task Force on Climate-related Financial Disclosures (“TCFD”). The recommendations form the basis for the ISSB’s IFRS Sustainability Disclosure Standard,

which act as a guide for businesses to categorise, manage and report on climate-related risks. The Group has developed a three-phase approach to further enhancing its climate-related governance initiatives, embedding climate-related considerations into its strategy, conducting a more in-depth assessment of climate-related risks and incorporating the relevant findings within its enterprise risk management system.

In the initial phase, the Group has directed its focus towards identifying climate risks (Phase 1). After the completion of risk identification in Phase 1, an in-depth assessment will be

conducted to evaluate the financial impact associated with climate-related risks (Phase 2). To enhance the Group’s overall climate risk resilience plan, we will concentrate on formulating a robust climate change adaptation plan (Phase 3). In the meantime, it will set 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:

GOVERNANCE <ul style="list-style-type: none">Reviewed and approved the Phase 1 climate risk assessmentSet out plans to enhance stakeholder engagement on climate-related issues, targeting investors, customers, and employeesPlanned to extend climate-related training to employees at various levels	STRATEGY <ul style="list-style-type: none">Enhanced the disclosure on Phase 1 assessment results by regional operationsContinuously conducting emissions analysis and providing guidelines for targeted emissions reduction areasContinuously engaging with value-chain partners to pursue decarbonisation efforts
RISK MANAGEMENT <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 assetsIdentified and shortlisted vulnerable assets for Phase 2 financial impact assessment	METRICS AND TARGETS <ul style="list-style-type: none">Conducted a current state assessment on emissions and identified Scope 3 emissions as the primary contributor to the Group’s total carbon footprintConducted feasibility and impact assessment on potential decarbonisation initiatives

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. Quarterly Board meetings are the opportunity to discuss climate-related risks and opportunities and the KLN's SC attends to provide an update on any new sustainability developments. The Group's Climate Change Policy Statement is further reviewed and approved by the Global Management Board, comprising 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 materiality of climate-related issues, 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.

The Group has established several management teams and committees to ensure that climate related risks and opportunities are assessed and managed across the Group. 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 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 Phase 1 Climate Risk Assessment Result. The approval underscores the proactive commitment of senior management and the Board to manage climate-related risks.

Moreover, the Group strives to continuously enhance the ESG data management system which allows clearer assignment of data management responsibilities and facilitate a deeper analysis of our ESG performance in the future. To maintain transparency and accountability, the Group utilises regular reporting mechanisms, both internally and externally. These mechanisms provide clear insight into the progress made toward achieving our net-zero commitment.

Looking ahead, 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

During the Reporting Period, 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°C scenarios, potential risks that have been identified in the medium or long-term time horizons include physical risks such as sea level rise, extreme heat, coastal flooding, extreme precipitation, typhoons, and droughts, 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

Meanwhile, potential opportunities to be exploited 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	Potentially Impacted Regions
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 	<ul style="list-style-type: none"> • Thailand
Transition Risk	Policy	Carbon price	Medium Term	Carbon pricing is currently not a part of our decision-making. However, carbon prices 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.	<ul style="list-style-type: none"> • Increase in operational cost 	<ul style="list-style-type: none"> • The Mainland of China • Thailand
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 	<ul style="list-style-type: none"> • The Mainland of China • Thailand • USA
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 	<ul style="list-style-type: none"> • The Mainland of China • Thailand

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	Potentially Impacted Regions
Physical Risk	Chronic Physical Risk	Sea level rise	Long Term	Rising sea levels may disrupt shipping services and affect transport routes due to ports and facilities experiencing sea level rise. Sea level rise can cause flooding, erosion, and other damage to ports and related facilities, which can result in delays and other disruption to shipping services.	<ul style="list-style-type: none"> • Loss of revenue due to service disruptions • Increased operational expenses due to the impact on transport routes 	<ul style="list-style-type: none"> • Hong Kong • The Mainland of China • USA
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 	<ul style="list-style-type: none"> • Thailand
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 	<ul style="list-style-type: none"> • Hong Kong • The Mainland of China

Category	TCFD Taxonomy	Specific Risk/ Opportunity	Time Horizon ¹	Detailed Description	Potential Impact	Potentially Impacted Regions
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 	<ul style="list-style-type: none"> • Thailand • The Mainland of China
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 	<ul style="list-style-type: none"> • Hong Kong • The Mainland of China • Thailand • USA
Physical Risk	Chronic Physical Risk	Droughts	Medium/ Long Term	Increased frequency of droughts can cause significant disruption to shipping operations, as it can impact shipping routes. Droughts can reduce water levels in rivers and other waterways, making them too shallow for ships to navigate.	<ul style="list-style-type: none"> • Loss of revenue due to service disruptions 	<ul style="list-style-type: none"> • The Mainland of China

CONDUCTING LOCATION-SPECIFIC CLIMATE-RELATED RISK ASSESSMENT

The vulnerability of the Group's assets will vary depending on the characteristics such as the asset's structure, materials, location, and surrounding environment. Therefore, the Group has conducted a detailed location-specific climate-related risk assessment to determine the potential threat posed to KLN's warehouses, transfer hubs, offices, and other physical assets. The results will be incorporated into the Group's strategic decision-making and future financial planning processes.

Following the completion of the Phase 1 assessment, a targeted selection process identified 82 assets for further examination, recognising them as high-risk assets susceptible to physical climate risks. The assessment encompassed key locations including Hong Kong, Mainland China, Thailand, and the United States, providing a comprehensive overview of the climate risks faced by our facilities including warehouses, transfer hubs, offices, and other physical assets in these regions. The geographic distribution of these assets introduces diverse challenges. For instance, locations in Hong Kong are prone to typhoons, while certain regions in the Mainland of China face risks associated with coastal flooding, extreme precipitation, and drought. In Thailand, assets are susceptible to the impacts of typhoons and extreme heat, and in the USA, the risks include typhoons and rising sea levels.

Acknowledging the unique vulnerabilities of each high-risk asset, the Group is intensifying its focus on risk mitigation strategies. This comprehensive approach involves additional due diligence and operational reviews, reflecting the necessity for heightened attention and care to address specific climate-related challenges facing each asset.

To ensure a robust and informed approach, the Group has engaged external consultant to develop a financial impact assessment methodology and perform a quantitative analysis of key risks and opportunities. The Group plans to apply the same approach to understanding the financial impact of each potential risk identified.

This proactive approach aims to provide a more precise understanding of potential financial implications, thereby enhancing the Group's ability to make informed decisions in the face of climate-related risks and opportunities. However, significant areas of uncertainty may arise from the methodologies employed in projecting the anticipated impacts of these risks when assessing the physical risks. For example, the reliance on climate models within the assessments necessitates the application of assumptions based on past records of climate events, considering their geographical distribution, frequency, and magnitude, which also applies to our assessment of asset vulnerability and resilience.

DEVELOPING A CLIMATE RESILIENCE STRATEGY

Recognising the substantial transition climate risk associated with emission reduction, the Group understands the need to embark on the decarbonisation journey. The Group has taken significant steps to mitigate climate risks by developing 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, please refer to the "Tackling Climate Change" section.

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 decarbonization strategies and encouraging the development of SBTi-aligned goals. This strategic approach aims to significantly reduce the Group's Scope 3 emissions, supporting the Paris Agreement's objective to limit global warming.

The Group is currently setting a baseline figure for its greenhouse gas emissions, primarily focusing on transport services, to measure progress in reducing its carbon footprint. With a keen eye on sustainability and the pledged long-term net-zero commitment, the Group is exploring innovative technologies and processes to optimise energy consumption, investing in renewable energy, and prioritising energy-efficient practices in its fleet and facilities, all while conducting a detailed study on Scope 3 emissions in its wider value chain.

The Group has consistently advocated transparency and accountability by urging carriers to disclose fleet and fuel consumption data. This initiative not only aligns with our sustainability goals but also positions the Group as a leader in the transition to a low-carbon economy. Through collaborative efforts with carriers, the Group demonstrates its commitment to achieving emission reduction targets and actively contributing to industry-wide decarbonisation efforts.

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.

CLIMATE RISK ANALYSIS OF OUR BUSINESS OPERATIONS

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 climate risk analysis was split into two parts, analysing both 1.5°C and 3°C scenarios.

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 Phase 1 assessment, specific vulnerable assets have been identified and shortlisted for detailed assessment in Phase 2. This subsequent phase will analyse the financial implications associated with the climate risks affecting the Group. A comprehensive mitigation plan will then be formulated, aiming at minimising the adverse effects. 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.

ACHIEVING NET ZERO EMISSIONS BY 2050

The Group has pledged to achieve net zero emissions from its operations and value chain by 2050 and monitored the progress since 2021. To provide a clear trajectory for emissions reduction, the Group is currently exploring the setting of goals in alignment with the SBTi framework. This involves setting short-, medium – and long-term targets using a rigorous science-based methodology aligned with the GHG Protocol Corporate Standard and the Guidance.

With the consideration of the SBTi framework, specific emphasis is placed on setting Scope 3 emissions reduction targets, recognising the impact of these indirect emissions throughout the value chain. Consequently, a comprehensive mapping exercise has been carried out and a number of Scope 3 categories have been identified as relevant and material to KLN's value chain.

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. Due to the significance of Scope 3 emissions, the Group understands the need for enhanced data collection procedures. Plans are underway to improve the accuracy and breadth of Scope 3 emissions data to give us a better understanding of the environmental impact of our value chain.

Simultaneously, we are working with stakeholders to ensure we accurately understand 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 net zero ambition and commitment.

MINIMISING ENVIRONMENTAL FOOTPRINT

The Group’s ability to maintain regular operations relies on a clean and stable natural environment. KLN’s [Environmental Policy Statement](#) outlines our commitment to upholding rigorous standards in pollution control, responsible resource use, and environmental regulatory compliance.

ENVIRONMENTAL MANAGEMENT SYSTEM

The environmental management practices adopted by KLN are guided by the ISO 14001 standard. The Group’s operations in Hong Kong, the Mainland of China, Singapore, and selected regions in Europe have obtained the ISO 14001 certification. In line with its commitment to environmental responsibility, the Group adheres to all relevant laws and regulations and keeps pace with best practices to protect the environment.

AIR EMISSIONS AND SPILLAGES

To effectively tackle air pollution, the Group has implemented measures to phase out vehicles that fail to meet strict emissions standards. For further details on these efforts, please refer to the section in this report entitled “Tackling Climate Change – decarbonising logistics operations”.

Air Emissions in 2024	Tonnes
Nitrogen oxides (NO _x)	528
Sulphur oxides (SO _x)	<1
Respirable suspended particulate (RSP)	35

The Group implements robust measures to safely store and transport chemical substances for clients. This includes thorough procedures for the secure storage and handling of dangerous materials and chemicals, regular maintenance of equipment, and extensive employee training covering emergency responses and incident management protocols. By enforcing these guidelines, we ensure the highest levels of safety and reduce the likelihood of accidents.

WASTE MANAGEMENT

Waste management is a critical element within the Group’s comprehensive sustainability strategy. We are dedicated to minimising landfill reliance and reducing waste by adhering to principles of Reduce, Reuse, Recycle, Replace.

Meanwhile, our Hong Kong warehouses are registered as designated Chemical Waste Producers(s) under local regulations, requiring careful oversight of hazardous waste categories such as lubricating oils, organic solvents, pesticides, fluorescent tubes, refrigerants, and printed circuit boards. Licensed waste collectors are engaged to manage these materials responsibly, mitigating environmental risks.

Strategy	Practices
REDUCE: Reduce consumption at the source	<ul style="list-style-type: none"> Achieved zero plastic usage for one of our clients in Hong Kong in its e-commerce order process Reduced consumption of inbound and outbound packaging material (pallets, carton boxes, cardboard containers, dunnage and lashing materials) by combining packaging at each delivery point. For example, in our Hong Kong warehouses, usage of post-consumer waste Polyethylene ("PE") stretch film has reached 50% Reduced paper consumption by switching to electronic archives and documents, online communication and electronic approvals instead of paper documents. An electronic proof of delivery system which uses QR codes has replaced the use of paper in Hong Kong warehouses. We only send paper copy corporate communications to shareholders upon request
REUSE: Reuse materials or products in their original forms	<ul style="list-style-type: none"> Use of re-treaded tires to extend their life cycle where appropriate Reuse of carton boxes Reuse of paper printed on one side
RECYCLE/RECOVER: Recycle materials that would otherwise be disposed of as waste and turn them into new products	<ul style="list-style-type: none"> Recycled regulated electrical equipment under the Producer Responsibility Scheme on Waste Electrical and Electronic Equipment in Hong Kong Recovery of heavy metals from the waste of electrical and electronic equipment, including obsolete computers, electronic goods, and customers' products Where they cannot be reused, we promote the use of recycled paper and carton boxes. For example, in Australia, we initiated a programme to shred original carton boxes to produce carton packaging material Recycling of coffee grounds and food waste Responsible management of the recycling of paper archives with the assistance of professional recycling companies
REPLACE: Replace materials with alternative environmentally friendly materials	<ul style="list-style-type: none"> Replaced carton boxes and wooden pallets with more durable or recycled alternatives, such as logistics carts, plastic tote boxes and plastic pallets Replaced fossil-based plastics packing materials with bio-based plastic alternatives where possible Collaborated with customers to replace packaging materials with biodegradable or eco-friendly alternatives in Singapore Replaced plastic bags with paper fillers and switched to gum tape Printing the Group's annual reports on Forest Stewardship Council certified paper

USING A FOOD COMPOSTING MACHINE AND ENCOURAGING RECYCLING

The Group continues to deploy a food composting machine introduced in the cafeteria of its Hong Kong headquarters. Since its adoption in 2023, this machine has significantly reduced landfill reliance, prevented methane from being released into the atmosphere, and decreased fuel consumption for waste transportation. Looking forward, we aim to collaborate with our value chain partners to expand and upscale food waste recycling across the industry.

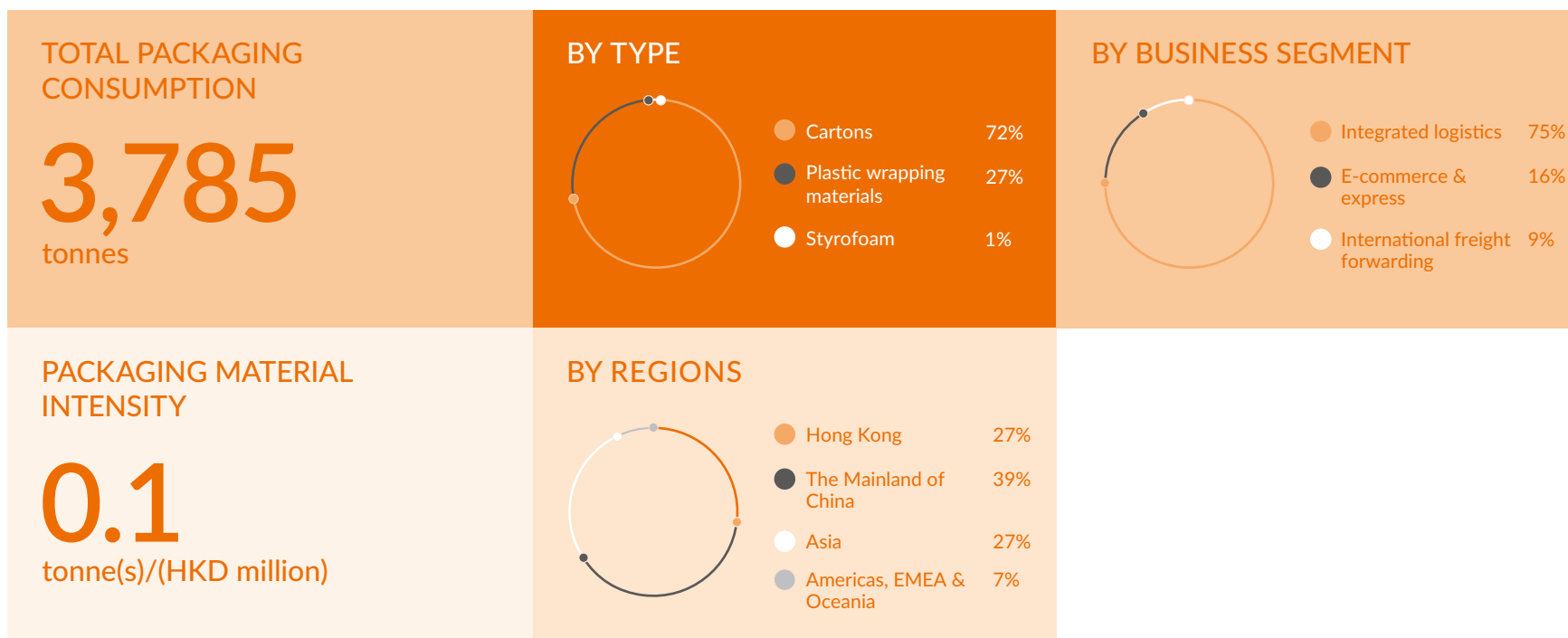
Waste in 2024	Tonnes
Hazardous waste	95
Non-hazardous waste	6,345
Waste Intensity in 2024	Tonne(s)/ (HKD million)
Hazardous waste intensity	<0.1
Non-hazardous waste intensity	0.1

PACKAGING MATERIALS

Packaging is a fundamental aspect of the Group's storage, distribution, and transportation operations. KLN utilises three principal packaging materials: shrink-wrap film, boxes, and pallets, and each of them contributes to the safe handling of products throughout their shipment journey.

With the aim of reducing raw material consumption, KLN adopts durable and recycled packaging materials across our operations. For instance, in the Mainland of China, we adhere to national green packaging standards. We are committed to working with partners and suppliers to innovate green packaging materials.

PACKAGING IN 2024



INTRODUCING RECYCLED MATERIAL SAFETY SHOES IN SINGAPORE WAREHOUSES

In line with our sustainability goals, we have transitioned to safety shoes made from recycled materials for all warehouse staff in Singapore. This initiative ensures compliance with workplace safety standards while reducing our environmental footprint by minimising the use of virgin resources. By prioritising eco-friendly alternatives, we are advancing our commitment to sustainability without compromising on safety or operational efficiency.

For more details on our safety practices, please refer to the section in this report titled “Our people – fostering safety and wellbeing”.

WATER EFFICIENCY

Despite the low reliance of our core operations on freshwater resources, water stewardship is embedded within KLN's environmental strategy. Our water usage is limited to essential needs like drinking water and sanitation. Regionally, we have not faced any water supply challenges. However, we acknowledge the importance of contributing to global water conservation initiatives. We monitor water availability in our regions of operation and integrate water-saving measures within our business practices. We also promote water conservation practices among employees and partners and strive to raise awareness on conserving this vital resource.

GREEN BUILDINGS

The Group prioritises optimising 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, hold the Leadership in Energy and Environmental Design (“LEED”) (Gold) certification. These accomplishments were realised through the implementation of energy-efficient technologies and resource-saving practices. Notably, the PC³ facility is the first industrial building to have been certified under the Hong Kong Building Environmental Assessment Method (“HK-BEAM”) (Gold) accolade, highlighting the Group's commitment to sustainable building design and operation.

ENVIRONMENTAL COMPLIANCE

The Group is committed to full compliance with all relevant environmental regulations and prioritises adherence to its compliance obligations. This includes strict adherence to the Air Pollution Control Ordinance in Hong Kong, alongside all other relevant environmental laws and regulations across jurisdictions that hold significant influence over the Group's operations.



OUR CUSTOMERS



17 PARTNERSHIPS
FOR THE GOALS



The Group is dedicated to continuously enhancing its product and service quality, reflected in our lasting customer relationships and our [Quality Policy Statement](#). We champion sustainability and maximise value creation across our value chain by adopting green and ethical sourcing practices and fostering innovation.

In 2024, we prioritised the enhancement of operational efficiency and the customer experience by integrating advanced artificial intelligence (“AI”) technology into our business and by expanding the use of robotics across our warehouses and operations. By actively gathering and incorporating stakeholder feedback into our business practices, we maintained a focus on continuous improvement, resulting in high customer satisfaction ratings and exceptional value creation.

Our Targets

- Pursue efficiency optimisation and the advancement of product and service quality through ongoing exploration and adoption of technological innovations
- Identify and assess opportunities to engage with customers in the interests of innovation and sustainability

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 uphold our reputation as a trusted service provider, we focus on solution-oriented strategies. KLN Canada adopted a two-pronged approach to tackle scheduling and inland movement challenges. We collaborated with third-party partners to minimise delays, while support teams informed and reassured customers, resulting in a seamless experience.

We have implemented a comprehensive customer feedback mechanism, offering multiple channels for lodging complaints, such as phone calls, emails, letters, and in-person interactions. KLN Myanmar has run a comprehensive training programme focusing on customer relationship management, emphasising how we can handle complaints in a prompt and empathetic manner, transforming them into opportunities for improvement.

At KLN Vietnam, our agents conduct regular follow-ups on orders after receiving customer complaints, resulting in a satisfaction rating of between 97% and 100%. The implementation of the Net Promoter Score (“NPS”) system in Oceania reinforces our commitment to maintaining high service standards. In 2024, the Group received no customer complaints that had a significant impact on its operations.

ENHANCING CUSTOMER ENGAGEMENT THROUGH PERFORMANCE SCORECARDS

At our Hong Kong headquarters this year, we integrated performance scorecards for tracking and improving customer satisfaction. These scorecards provide us with:

- Structured framework for measuring key performance indicators, allowing us to evaluate and improve service delivery
- Data-driven approach, enhancing accountability and supporting informed decision-making
- Partnership-driven environment where customer feedback is actively sought and valued

This tool has helped us exceed target service levels and revitalised customer relationships, underscoring our commitment to continuous improvement.

BOOSTING INNOVATION

Our commitment to innovation drives us to invest in solutions that will not only ensure the sustainability of our products and services but also streamline our operations and lower costs. By embracing the latest advancements in sustainable logistics, we aim to integrate new technology that provides exceptional service to our customers.

ROBOTICS AND AUTOMATION

The implementation of our new PutWall system, which enhances sorting efficiency in chilled logistics for a leading food and beverage company. PutWall is set to significantly enhance our warehouse operations through 15% labour saving and the increase in sorting capacity. PutWall allows us to sort up to 2,100 pieces per hour, serving over 200 stores per day. This breakthrough will not only improve our productivity but also help us to meet the growing demands of our customers.

KLN has also introduced AI camera technology to enhance operational efficiency and accuracy. We utilise AI-powered cameras to monitor and analyse production processes in real-time. These cameras ensure precise quality control and significantly reduce the need for manual oversight. A notable application of this technology is in one of our packaging lines, where AI-powered cameras maintain consistent product quality whilst minimising human intervention. This innovative solution will be further rolled out to more customers, offering enhanced reliability and value through improved efficiency and cost saving in the long run.

DRIVING OPERATIONAL EFFICIENCY

The Group employs smart digital tools that optimise error reduction and task automation, to provide customers with a best-in-class experience. For instance, we implemented the Odoo management system in Myanmar, which streamlines finance, commercial and procurement processes to reduce the response times. We will continue to upgrade our suite of digital tools in the future, integrating corrective action workflows to improve efficiency.

Compliance with customs and shipping regulations is critical to our operations but often demands meticulous checks and manual effort. To enhance efficiency, we deploy systems that proactively identify and prevent non-compliance. In Thailand, we are rolling out an advanced platform to boost customs compliance. Phase one introduces non-compliance reporting and phase two will integrate corrective action.

DRIVING SUSTAINABILITY AT OUR FACILITIES

Our commitment to sustainable logistics in action delivers tangible value to customers. We have adopted the following green practices:

- Implemented initiatives to recycle resources, reducing material waste
- Introduced reusable packaging solutions, lowering our carbon footprint
- Used green technology to minimise electricity costs and associated greenhouse gas emissions at our Leadership in Energy and Environmental Design-certified facilities

By embedding environmental stewardship into our practices, we aim to create shared business resilience and long-term market leadership for our customers and partners.



OUR BUSINESS ETHICS



As a responsible corporate citizen, the Group remains committed to upholding the highest standards of ethical business conduct and transparency across all its business units. Embedding business ethics into our culture and business practices starts with our senior leadership leading by example, espousing values such as honesty, accountability, and respect for all stakeholders.

This year, we tailored our staff training to address topical issues relevant to functions across the 3PL industry. For instance, our sales personnel received training on ethical selling and anti-bribery practices, focusing on compliance during client interactions. This practical training serves as a strong first line of defence to mitigate risks and ensure responsible business conduct.

Given the extensive reach of our value chain, we prioritise working with vendors, clients, and partners to ensure they comply with our values and policies. Throughout 2024, we implemented rigorous due diligence measures for onboarding new partners and evaluating ongoing third-party relationships. As we continue to grow, we remain dedicated to upholding high standards of ethical business practice across all of our operations.

Our Targets

- Enhance employee understanding of anti-corruption and risk management measures, and encourage them to utilise our whistleblowing protocols
- Continuously upgrade our information security safeguards to guarantee ethical management and prevent misuse of customer data

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

We prioritise proactive measures over reactive solutions, in the belief that it is better to prevent issues before they arise. In 2024, we reinforced our commitment to ethical conduct by aligning our policies with the latest international standards and local regulations. This included comprehensive training for employees on ethical

business conduct and regional regulations, with sessions from external experts. We aspire to create a workplace where ethical practices are embedded in daily responsibilities, ensuring accountability and reliability. Our enhanced training programmes and robust reporting mechanisms empower stakeholders to address unethical behaviour effectively. Additionally, we have strengthened our data governance frameworks to remain vigilant against data breaches and leaks. Through responsible business practices, we strive to create a culture of integrity and transparency, driving sustainable growth.

ANTI-CORRUPTION

KLN Group enforces a strict zero-tolerance stance against bribery and corruption across all operations. We have strengthened our anti-corruption efforts by integrating tailored, region-specific training into our mandatory Group-wide ESG programme for all employees. At our Hong Kong headquarters, we hosted experts from the Independent Commission Against Corruption, who delivered training on anti-bribery, and the Inter-departmental Counter Terrorism Unit for a talk on wider aspects of, reinforcing the importance of vigilance and compliance.

Our updated Global Anti-Bribery Policy requires employees to submit anti-bribery declarations during onboarding, annual appraisals, and relevant commercial dealings. We conduct ongoing risk assessments for high-risk activities, such as new partnerships and large tenders, supported by random compliance checks and audits to identify and address policy breaches. In 2024, no violations were identified.

The Group adheres to regional and international anti-corruption and anti-bribery regulations and laws, in collaboration with our key stakeholders. We comply with the Prevention of Bribery Ordinance in Hong Kong and applicable laws in all jurisdictions where we operate. In 2024, neither the Group nor its employees were involved in any legal cases related to corrupt practices.

CODE OF CONDUCT

Our Business Partner Code of Conduct stipulates the core principles and practices to which we require all our customers, suppliers and other partners to adhere. Together with our anti-corruption declarations and agreements, the Code is integrated within our contracting process, ensuring that all parties are committed to maintaining the highest standards of integrity.

This was prepared in reference to the Ten Principles of the UNGC and internationally recognised frameworks, such as the Fundamental Conventions of the International Labour Organisation.

The Group maintains the highest standards of ethical practice by carrying out regular compliance checks with partners and terminating business relationships upon identifying any violations of the Code. There were no incidents of non-compliance with our Business Partner Code of Conduct during the year.

WHISTLEBLOWING POLICY

The Group prioritises maintaining an environment where all stakeholders, including employees, feel able to raise concerns. Our Group Whistleblowing Policy outlines the reporting mechanisms for stakeholders to report suspected or observed unethical behaviour, legal violations, misconduct, or breaches of company policy. Complaints lodged through our dedicated channels reach the Chief Executive Officer directly, ensuring prompt attention from the highest level of leadership. The ACC conducts a thorough investigation into each report and takes necessary follow-up action, maintaining process integrity.

In 2024, we incorporated the whistleblowing procedure into our mandatory ESG training for all staff. By providing clear and accessible reporting mechanisms, we empower stakeholders to voice their concerns confidently, fostering a culture of integrity and trust. During the reporting period, a whistleblowing case was reported. A thorough investigation was carried out and reported, in line with our Whistleblowing Policy and the case has been resolved. The nature of the case was found to be irrelevant and no misconduct or fraud was discovered.

ETHICAL MARKETING AND INTELLECTUAL PROPERTY PROTECTION

We are committed to delivering accurate, transparent, and timely information about our products and services to all stakeholders. Through communication platforms – including our website, social media channels, and targeted email campaigns – we ensure that customers and partners are well-informed about the features, environmental benefits, and social impact of our offerings.

Throughout 2024, we maintained compliance with all relevant regulations and voluntary codes related to product and service information, labelling, marketing communications, and intellectual property rights. We are pleased to report that no incidents of non-compliance were identified that could have materially affected the Group. Guided by our Corporate

Identity Guidelines, our employees uphold the highest standards of integrity, diligence, transparency, and sustainability in all marketing and communication efforts. We emphasise a customer-first approach, ensuring that every interaction reflects our commitment to fairness and accuracy. To support this, all employees receive extensive training to embed these principles into their daily work.

In 2024, we continued to uphold ethical marketing practices and intellectual property protection, reinforcing our dedication to fostering trust, promoting fair competition, and advancing a sustainable business ecosystem. We are proud to report that no significant concerns were raised regarding our marketing practices during the reporting period, further validating our efforts to operate responsibly and with integrity.

IMPROVING SUPPLY CHAIN VISIBILITY

At the heart of our ethos is a commitment to fostering long-term relationships with all stakeholders. To ensure every voice is heard, we have established multiple channels for stakeholders to share their views. Internal stakeholders provide feedback directly to management through a well-defined reporting structure, outlined in our training programmes and policies. Platforms such as the KLN World app and V.O.I.C.E email system offer additional avenues for dialogue.

We engage customers, partners, and the broader community through our annual stakeholder survey. Further feedback is welcomed via our website, social media, email, and a dedicated telephone hotline. We place a high value on all feedback, using it to drive meaningful improvements.

PROTECTING DATA PRIVACY AND SECURITY

As a logistics company, we rely on robust data platforms to drive decisions and fuel innovation. Hence, we continuously strengthen measures to protect sensitive information we hold about customers, internal stakeholders and value chain partners. Our approach includes maintaining robust cybersecurity protocols, frequently updating our software and anti-virus protection, establishing access controls and firewalls, and continuously training employees to mitigate risks and respond swiftly to potential threats. Through these measures, we uphold our responsibility to foster a secure and trustworthy environment for our stakeholders.

DATA PRIVACY

The Group's [Privacy Policy](#) outlines our approach to collecting, managing and processing stakeholders' data, as well as ensuring its security. The policy complies with local laws and regulations in our key operational regions, including the European Union General Data Protection Regulation ("GDPR") 2016 and the Personal Data Privacy Ordinance in Hong Kong. It details procedures for reporting suspected data breaches, different types of data collected, purposes of collection, and how data is processed. We launched a Privacy Information Management Program to ensure our adherence to the Company's [Privacy Policy](#) and our compliance with privacy laws and regulations.

In response to the increasing data breaches across the industry, we have implemented measures to build risk awareness among our employees. This includes mandatory training on data privacy, cybersecurity and phishing. We implemented a Global Phishing Awareness Campaign as part of our ongoing efforts to educate and empower our office staff in identifying and mitigating phishing threats. These initiatives equipped them with the knowledge to assess potential risks and effectively respond to threats. During the reporting period, there were no substantiated complaints relating to breaches of customer privacy.

DATA SECURITY

At KLN, we adopt rigorous safeguarding mechanisms to ensure the confidentiality and integrity of all data we handle. The Group's Information Security Policy sets out our strategy for safeguarding information assets and details the procedures to be followed if security breaches are suspected or detected. This policy complies with all applicable statutory and regulatory requirements in our regions of operation.

The initiatives outlined below illustrate our commitment to data security.

INFORMATION SECURITY MANAGEMENT SYSTEM

Our Information Security Management System ("ISMS") plays a critical role in providing our business units with a systematic set of controls and protocols to manage security risks. Aligned with the ISO 27001:2022 (Information Security Management) it outlines the data classification and access control requirements, improvement measures, and preventive actions to protect information assets, including aspects relevant to our supply chain. Our Information Security Management Committee is responsible for overseeing the ISMS, while managers are tasked with implementation and ensuring staff adherence.

The ISMS undergoes regular updates, internal checks and external independent audits to ensure its effectiveness. We regularly conduct security and IT assessments of value chain partners to ensure they comply with our standards. Should any third-party fail to meet these requirements, we reserve the right to terminate relationships with them.

TACKLING CYBER THREATS

In 2024, the Group has further elevated its cybersecurity measures to address the increasingly sophisticated nature of cyber threats. We have adopted a multi-layered approach tailored to regional requirements, combining advanced technological solutions with enhanced training and access controls.

This year, we prioritised strengthening our cybersecurity measures to safeguard our digital environment and protect sensitive information. A key focus was on enhancing secure remote access by implementing robust authentication protocols and requiring all employees to use secure connection methods, now reinforced with multi-factor authentication ("MFA"). MFA has also been extended to critical business platforms, including productivity tools and enterprise systems, to further secure access. We collaborated with trusted external partners to enhance our threat detection and response

capabilities, ensuring proactive monitoring and rapid mitigation of potential risks. Additionally, we adopted advanced solutions to continuously assess and manage our global digital footprint, enabling us to identify and address potential vulnerabilities effectively. Access controls have been rigorously reviewed and tightened, with permissions granted strictly on a need-to-know basis. Our network infrastructure is further protected by advanced security measures, including firewalls and intrusion detection systems, to prevent unauthorised access and monitor for potential threats.

These comprehensive measures reflect our commitment to maintaining the highest security standards, minimising our vulnerability to cyberattacks, and ensuring the integrity of our data.

In June 2024, a data incident was detected in respect of the operations of the Group's subsidiaries. The case was reported to the Police and to the Office of the Privacy Commissioner for Personal Data ("PCPD"). Whilst no material losses by any data subjects were reported, remedial measures were taken after investigation to prevent reoccurrence. PCPD, which has kept track of the investigation processes and remedial actions, decided not to take any further actions under the Personal Data (Privacy) Ordinance, Cap. 486 Laws of Hong Kong.

KTZE - Khorgos Gateway



OUR SUPPLY CHAIN



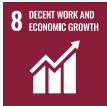
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We seek to collaborate with partners that share our values, ethical business practices and sustainability ambitions. By sharing our vision for green efficiency, industry-leading safety standards, and a commitment to contributing to community initiatives, they can help us to establish a resilient supply chain.

Our Targets

- Working with suppliers and partners to improve sustainability and keeping them informed about conduct standards
- Raising awareness among business partners to help them enhance their labour practices and maintain high standards of business ethics

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

We work together with our suppliers and business partners to achieve our shared vision of providing sustainable logistics solutions. Through partnerships on environmental and social programmes, and by assisting them in enhancing their sustainability performance, we aim to lead the global supply chain towards a more sustainable future.

SUPPLIER PROFILE

The Group collaborates with a diverse range of suppliers and vendors, such as airlines, shipping companies, and owners of logistics facilities. These partnerships enhance the scope of our distribution network and facilitate the provision of comprehensive logistics solutions to our clients.

As of 31 December 2024, the Group has established relationships with a total of 927 suppliers, building a strong and extensive network worldwide, as detailed in the table below:

Regions	2024
Hong Kong	114
The Mainland of China	327
Asia	155
Americas	106
EMEA	182
Oceania	43
Total	927

RESPONSIBLE PARTNERSHIPS

The Group’s Social Responsibility Policy Statement outlines suppliers’ responsibility in areas like ethics, health and safety, employment and human rights, and environment. Suppliers must follow our Business Partner Code of Conduct, detailing their duty to operate with integrity, to ensure consistency across the supply chain. For further information on these standards, please refer to the text in this report titled “Adhering to business standards” under the “Our business ethics” section.

PARTNERS FOR A SUSTAINABLE FUTURE: COLLABORATIVE INITIATIVES

We acknowledge the importance of building relationships with business partners who understand our values and commit to ethical and sustainable practices. We put this into action through the following initiatives across our global offices:

- Oceania: Partnered with a client and shipping line to repurpose import containers for export, reducing transportation costs and carbon emissions and improving operational efficiency for both our suppliers and KLN
- Thailand: Engaged in knowledge-sharing initiatives with partners to enhance workplace safety for suppliers and contractors, resulting in better workplace safety for all personnel across KLN’s value chain. In Siam Seaport, we collaborated with our fleet team partner to deploy four EV trailers supporting the high volume of container vessel activities in the terminal.
- Hong Kong: Shared critical industry insights from the International Air Transport Association and the International Federation of Freight Forwarders Associations to help suppliers keep their staff informed of supply chain and ESG developments and align themselves with industry best practice

SUSTAINABLE PROCUREMENT AND SUPPLY CHAIN MANAGEMENT

In 2022, the Group introduced a Sustainable Procurement Policy Statement, detailing supplier evaluation and management processes to ensure compliance with quality, industry standards, and environmental regulations. The policy emphasises the principles of accountability, environmental stewardship, transparency, and ethics in our supply chain.

The Group maintains a rigorous process for supplier selection, evaluation, and oversight. Our procurement staff are trained to prioritise vendors which address their environmental impact, highlighting our dedication to procurement excellence and sustainability. In Hong Kong, we have developed a Green Specification List which prioritises the sourcing of eco-friendly equipment, supporting our sustainable procurement efforts. In Thailand, we mandate evaluating at least three vendors during the tender process to ensure we opt for a partner with the best practices and periodically carry out detailed quality reviews.

To ensure our suppliers operate responsibly, we provide them with systematic training sessions that cover key areas such as workplace safety, anti-corruption measures, environmental stewardship, and other material ESG topics.

We regularly evaluate suppliers based on various criteria such as environmental commitment, safety standards, emergency response capabilities, workplace quality and compliance with global standards. The Group aims to prioritise working with suppliers that are certified with:

- ISO9001 (Quality Management System)
- ISO14001 (Environmental Management System)
- ISO45001 (Occupational Health and Safety Management System)

The table below outlines the measures taken by KLN to ensure all business partners adhere to our policies:

Area	Precautionary measures
Supplier screening	<p>New suppliers are subject to a rigorous pre-qualification process to determine whether they meet the criteria and are aligned with the Group's values.</p> <p>Supplier contracts contain clauses stipulating environmental or ethics-related requirements.</p> <p>In the process of making procurement decisions, the Group carefully assesses the environmental impact of products and services, considering criteria like ISO certification, environmental and occupational health and safety certifications, Forest Stewardship Council certification, and supplier listing status.</p> <p>In 2024, the Group sent out the Business Partner Code of Conduct to all key suppliers to support its business partners in operating with integrity.</p>
Supplier training	<p>New suppliers are provided with training on matters including occupational health and safety, environmental management, working with display screen equipment, anti-corruption and whistleblowing.</p> <p>Regular refresher training is provided to all suppliers, contractors and subcontractors.</p>
Supply chain disruption response	<p>The Group has set up a structured performance evaluation process to create contingency plans for maintaining service reliability and business continuity amid supply chain disruptions.</p>
Supply chain risk management	<p>KLN shares its risk management protocols with its suppliers and ensures they adhere to its standards.</p> <p>The process of evaluating and measuring risk is ongoing and is integrated into the day-to-day activities of the business.</p> <p>The Group's operations teams are accountable for communicating risks with suppliers, contractors and subcontractors.</p>
Supplier evaluation	<p>Existing suppliers are subject to regular performance assessments to monitor the quality of their environmental management and occupational health and safety.</p> <p>Suppliers that fail to meet the Group's performance requirements must take corrective action promptly or they will be suspended from doing business with the Group.</p> <p>In 2024, more than 700 suppliers of the Group's headquarters in Hong Kong had undergone performance evaluation. More than 85% demonstrated performance that was acceptable or above.</p>
Supplier communications	<p>The Group regularly interacts with its suppliers to share knowledge and expertise on best industry practice and to exchange ideas to improve the sustainability of its supply chain.</p> <p>The Group regularly communicates with suppliers about the signed Code of Business Conduct and ensures subcontractors follow KLN's procurement practices.</p> <p>In the Mainland of China, the Group regularly reminds its suppliers of industry regulations relating to the use of vehicles, replacement of vehicles with low-emission alternatives and service quality. New suppliers are required to review, agree and return a "Letter of Notification on Implementation of Environment and Occupational Health" with an official stamp to confirm compliance.</p> <p>In Hong Kong, all subcontractors and business partners are encouraged to gradually upgrade their delivery vehicles Euro 6 standards to minimise carbon emissions.</p>



OUR COMMUNITY

17 PARTNERSHIPS FOR THE GOALS



Our operations across the globe provide us with insights into the distinct needs of different communities. Our global logistics footprint gives us a platform to make a positive impact, champion community initiatives and collaborate with local stakeholders to drive change. We encourage employees to participate in community engagement programmes, offering them opportunities to contribute meaningfully to an inclusive and sustainable future.

Our Targets

- Continuously enhance employee volunteer initiatives to positively influence communities
- Use our logistics expertise and network to support those in need
- Establish partnerships with stakeholders such as non-governmental organisations (“NGOs”) and social enterprises to foster positive community impact

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

We aspire to foster resilience and better serve the needs of the communities where we operate as they face the uncertainty of climate change and a shifting economic landscape. The Group's Social Responsibility Policy Statement details our approach to support our communities and enhance employee participation in volunteering programmes, community service, and other engagement activities.



Over 100 KLN staff from various business units and departments showcased remarkable teamwork and resilience in the Mega Challenge held in July 2024 in Hong Kong.

COMMUNITY FOCUS AREAS

We believe that caring for the community and its needs is a part of our duty as a responsible corporate citizen. Leveraging our extensive networks, resources, and expertise in logistics, KLN supports local initiatives that address the needs of various stakeholder groups, including children and youth, the elderly, the underprivileged, and the environment, ultimately building long-term societal benefits.



Children & Youth

We are dedicated to enhancing the lives of young people through partnerships with regional social enterprises and NGOs. As we expand our youth empowerment initiatives globally, we aim to future-proof our society by investing in the next generation and helping them reach their full potential.



The Underprivileged

We remain committed to supporting those in need and contributing to global poverty reduction goals. In partnership with non-profit organisations, we offer financial support and take part in community activities to mitigate the effects of economic inequality.



The Elderly

Offering support to the elderly goes beyond improving their mental and physical health – it enhances their quality of life while contributing to community welfare. We participate in outreach programmes that promote the wellbeing of seniors, along with creating meaningful employment opportunities where feasible.



The Environment

With the goal of leading the logistics industry towards a greener future, we aim to foster a culture of environmental stewardship. We actively engage in initiatives that help to mitigate the impacts of pollution while creating a cleaner and healthier environment for local communities.

VOLUNTEERING AND DONATIONS

We launched our Volunteer Service Scheme in 2022 to formalise the contribution our employees make towards KLN's community outreach programmes, and have since observed

a significant rise in employee engagement. The notable increase in volunteer hours across a wide range of initiatives reflects our commitment to making a meaningful impact.

The table below outlines our key community-focused initiatives in 2024:



Children & Youth

In 2024, we committed to fostering youth development and promoting child welfare through a range of impactful initiatives.

- Youth empowerment: In Oceania, we support The Smith Foundation, funding the wellbeing of young people. In Thailand, meanwhile, we have contributed computers and resources to rural schools.
- Child-focused community engagement: In the Mainland of China, this year marked our third year of collaboration with SOS Children's Village, which supports orphaned children. In Hong Kong, we supported the UNICEF WONDERUN 2024 event, which helped raise awareness on children's rights to education, clean water and healthcare globally. Employees participated in the Standard Chartered Hong Kong Marathon 2024, which helped fund youth development.
- Young employee support: We offered summer internship and employment opportunities to young people in Canada. In Myanmar, we offer paid leave for young employees to support their educational and professional development.



The Underprivileged

We empower those in need via community service projects, charitable endeavours and initiatives that champion diversity and inclusion.

- Household relocation: Through our partnership with the Henderson project in Singapore, we offer free relocation services to underprivileged citizens. The initiative has supported more than 50 households since its inception.
- Engagement events for the underprivileged: In Hong Kong, we continue to support people with disabilities through the Hong Kong Disneyland 10K Weekend 2024. In the Mainland of China, we worked alongside the Local Disabled Persons Federation to host a market which gave the disabled community the opportunity to learn new skills and support their income through the sales of handicrafts.
- Social integration and rehabilitation: In Singapore, we partnered with the Yellow Ribbon Project, which helps to support the training and upskilling of ex-offenders. This has helped offer them a second chance to reintegrate into the workforce and contribute positively to society.



The Elderly

We are dedicated to enhancing the wellbeing of older people through targeted initiatives and by providing employment opportunities.

- Elderly care and support: In Hong Kong, we launched a comprehensive three-step volunteer programme “Acts of Volunteer Services”, encompassing volunteer training, home repair guidance, and elderly support service days. In Singapore, our collaboration with St Luke’s Eldercare provides transport to allow older people to attend church events, fostering social engagement and emotional well-being.
- Job opportunities for older people: In Myanmar, we continue to provide consultancy and advisory positions for elderly, providing them with meaningful engagement and helping to supplement their incomes.
- Festive elderly volunteer activities: During Christmas in Hong Kong, we distributed gift bags and held craft workshops to enrich the lives of the elderly.



The Environment

We are committed to protecting the environment and reducing our impact on the planet.

- Resource recycling: In Hong Kong, we have been partners with Eco-Greenery, a social enterprise, in a coffee ground recycling programme since June 2022. In 2024, we had recycled 787 kilogram of coffee grounds, promoting resource circularity and sustainability. 2.04 tons of coffee grounds have been collected since the launch of the programme.
- Environmental protection and cleanup: In Thailand, we have cleared drains on public roads to reduce flood risk, ensuring community safety and resilience against climate-related challenges.
- Fostering eco-consciousness: In Hong Kong, we sponsored the 31st Green Power Hike, encouraging an appreciation for nature and reinforcing the ‘Leave No Trace’ principle, helping to nurture environmental stewardship among participants.

HUMANITARIAN AID LOGISTICS SUPPORT

In 2024, we continued to strengthen our strategic partnerships with social enterprises and charities and contributed to regional outreach initiatives.

KLN underlines in its logistics expertise by supporting the HKSAR government’s departments with humanitarian aid projects, which includes building the entire logistics process, designing systems and workflows, shipping equipment, and managing and maintaining that equipment.

During the setup phase, we successfully revamped the equipment warehouse. Our IT and operational teams contributed to system and workflow design, equipment sourcing,

and warehouse layout design and setup. After testing, the system will shift from manual processes to a systematic approach, resulting in a significant reduction in preparation time for timely rescue operations. In the future, we plan to incorporate AI technology and further integrate system consolidation to enhance overall efficiency.

If there is any emergency situation, KLN will support the shipment of equipment to Hong Kong Airport and overseas for emergency deliveries. We will also collaborate with the international teams on overseas aid missions. During the mission, we can use GPS technology to monitor the location and status of equipment in real time, ensuring timely deliveries and reducing the risk of losses or delays. This visibility in team members and equipment usage allows

the controller to make better arrangements and conduct more effective analysis.

Additionally, to promote resource savings and support sustainable rescue practices, equipment used for rescue operations will be collected for reuse.

Furthermore, KLN supported the HKSAR Government and the Hong Kong Fire Services Department in the recent disaster relief efforts following the Myanmar earthquake on March 28, 2025. KLN showcased our expertise in warehousing, outbound logistics of rescue equipment and relief supplies to air freight and on-the-ground support in Myanmar. In the future, we will continue to contribute to humanitarian logistics assistance initiatives and extend our support to communities in need.

APPENDICES

ABOUT
THE REPORT

The ninth annual sustainability report (the “report”) provides an overview of KLN Group’s management approach and highlights the sustainability performance for the period ended 31 December 2024. This report should be read in conjunction with the Group’s Annual Report 2024, which provides information relating to financial performance and corporate governance.

This report also fulfils the Group’s obligation as a signatory of the UNGC COP. 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 logistics operations and international freight forwarding in the Mainland of China, Hong Kong, Asia, Americas, EMEA and Oceania.

This Report covers the period from 1 January 2024 to 31 December 2024 (the “Reporting Period”), with modest extensions forward and backward.

REPORTING STANDARDS

This report has been prepared in accordance with the Mandatory Disclosure Requirements and “Comply or Explain” Provisions of the Environmental, Social and Governance Reporting Guide (the “ESG Guide”) under Appendix C2 to the Listing Rules and references GRI Standards from the Global Reporting Initiative. To ensure comprehensive reporting, the Group uses selected GRI Standards related to the identified material topics, or part of their contents, to report specific information. Please refer to the Hong Kong Exchanges and Clearing Limited (“HKEX”) and GRI content indices for more information.

REPORTING PRINCIPLES

This report adheres to the reporting principles specified in the ESG Guide 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 2024 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 28 March 2025.

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 verification statement is presented on pages 98-99 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	2024
Workforce Profile (at year end)	
Total workforce (Employee)	18,748
By gender	
Male	11,313
Female	7,435
By age group	
Under 30	3,889
30-50	11,890
Over 50	2,969
By employment type	
Full time	18,388
Part time	360

Performance Indicators	2024
By employee category	
Managerial Staff	3,589
General Staff	15,159
By geographical region	
Hong Kong & Macau	2,331
The Mainland of China	5,850
Asia	7,619
Americas	975
EMEA	1,831
Oceania	142
Total workforce (Non-employee workers) ⁽¹⁾	10,232

Employee Turnover ⁽²⁾		
Total number and rate of voluntary turnover ⁽³⁾	3,942	15%
By gender		
Male	2,278	14%
Female	1,664	17%
By age group		
Under 30	1,638	24%
30-50	2,077	13%
Over 50	227	8%
By geographical region		
Hong Kong & Macau	272	11%
The Mainland of China	510	9%
Asia	2,836	19%
Americas	109	11%
EMEA	190	11%
Oceania	25	18%

Employee Turnover ⁽²⁾		
Total number and rate of involuntary turnover ⁽⁴⁾	1,168	5%
By Gender		
Male	846	5%
Female	322	3%
By age group		
Under 30	410	6%
30-50	610	4%
Over 50	148	5%
By geographical region		
Hong Kong & Macau	96	4%
The Mainland of China	161	3%
Asia	742	5%
Americas	48	5%
EMEA	112	7%
Oceania	9	6%

Health and Safety⁽⁵⁾

Total number of work injury cases	77
Work injury rate ⁽⁶⁾	0.30%
Total number of work fatal case	0
Work fatal rate ⁽⁷⁾	0.00%
Number of lost day due to work injuries	1,769

Training and Development		
Total number and percentage of employee trained ⁽⁸⁾	13,818	74%
By gender		
Male	8,199	72%
Female	5,619	76%
By employee category		
Managerial staff	2,821	79%
General staff	10,997	73%
Total number of training hours and average training hours ⁽⁹⁾	111,466	6
By gender		
Male	60,493	5
Female	50,973	7
By employee category		
Managerial staff	23,470	7
General staff	87,996	6

Supply Chain Management		
Total number of suppliers		927
By geographical region		
Hong Kong		114
The Mainland of China		327
Asia		155
America		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	4,184	100%
Training materials and policy reached full time employee	18,388	100%
Community		
Monetary donations to community events (HK\$)		2,857,000
Spending on community events (excluding monetary donations) (HK\$)		159,000

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 2023, the number of work fatal cases and work fatal rate was 1 and 0.003% respectively.
In 2022, the number of work fatal cases and work fatal rate was 1 and 0.002% 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 2024	Total 2023
Air Emissions		
Nitrogen oxides (NO _x) tonne(s)	528	1,907
Sulphur oxides (SO _x) tonne(s)	<1	3
Respirable suspended particulates (RSP) tonne(s)	35	118
GHG Emissions		
Direct GHG emissions (Scope 1) tonnes of CO ₂ -e	116,401	215,018
Energy indirect GHG emissions (Scope 2) tonnes of CO ₂ -e	78,409	79,916
Total GHG emissions (Scope 1 and 2) tonnes of CO ₂ -e	194,810	294,934
GHG intensity (Scope 1 and 2) tonnes of CO ₂ -e / (HKD million)	3	6
GHG removals from newly planted trees tonnes of CO ₂ -e	8	9
Scope 3 – Upstream Transportation and Distribution tonnes of CO ₂ -e	2,792,604	2,149,700
By transport mode		
Aviation tonnes of CO ₂ -e	1,920,449	1,450,515
Marine tonnes of CO ₂ -e	754,510	699,185
Rail tonnes of CO ₂ -e	117,645	-

By geographical region					
2024					
Hong Kong	The Mainland of China	Asia	Americas	EMEA	Oceania
30	67	382	0	37	12
<1	<1	<1	<1	<1	<1
3	5	23	0	3	1
5,416	19,856	65,708	388	21,574	3,459
17,180	28,252	29,223	538	1,744	1,472
22,596	48,108	94,931	926	23,318	4,931
-	-	2	-	6	-

By business segment		
2024		
Integrated logistics	E-commerce & express	International freight forwarding
154	260	114
<1	<1	<1
12	14	9
48,244	27,311	40,846
65,150	2,794	10,465
113,394	30,105	51,311
1	-	7

		Total 2024	Total 2023
Unit			
Energy			
Total direct energy consumption (non-renewable)	MWh	544,719	1,005,665
Diesel	MWh	350,675	780,440
Petrol	MWh	12,205	13,424
Liquefied petroleum gas	MWh	1,870	2,112
Natural Gas	MWh	1,399	909
Gas Oil	MWh	4,214	4,375
Compressed Natural Gas	MWh	174,356	204,405
Total direct energy consumption (renewable)	MWh	3,837	1,402
Solar	MWh	3,581	1,378
Bioethanol	MWh	-	-
Hydropower	MWh	256	24
Total indirect energy consumption	MWh	145,144	167,799
Electricity	MWh	145,144	167,799
Total energy sold	MWh	836	479
Total energy consumption	MWh	692,864	1,174,387
Energy Intensities	MWh/ (HKD million)	12	23

By geographical region					
2024					
Hong Kong	The Mainland of China	Asia	Americas	EMEA	Oceania
19,331	81,395	307,771	1,214	120,973	14,035
13,860	49,196	247,634	3	26,128	13,854
343	7,572	2,070	492	1,675	53
1,074	0	668	-	-	128
-	-	-	719	680	-
4,054	-	160	-	-	-
-	24,627	57,239	-	92,490	-
-	286	3,295	256	-	-
-	286	3,295	-	-	-
-	-	-	-	-	-
-	-	-	256	-	-
43,833	42,588	50,232	1,435	4,392	2,664
43,833	42,588	50,232	1,435	4,392	2,664
400	-	436	-	-	-
62,764	124,269	360,862	2,905	125,365	16,699

By business segment		
2024		
Integrated logistics	E-commerce & express	International freight forwarding
190,483	107,355	246,881
155,215	107,146	88,314
6,790	209	5,206
839	-	1,031
-	-	1,399
3,012	-	1,202
24,627	-	149,729
3,581	-	256
3,581	-	-
-	-	-
-	-	256
123,642	6,322	15,180
123,642	6,322	15,180
836	-	-
316,870	113,677	262,317

		Total	Total	By geographical region						By business segment		
		2024	2023	2024						2024		
Unit				Hong Kong	The Mainland of China	Asia	Americas	EMEA	Oceania	Integrated logistics	E-commerce & express	International freight forwarding
Waste												
Hazardous waste	tonnes	95	54	5	5	80	-	5	-	84	-	11
Hazardous waste intensity	tonne(s)/ (HKD million)	<0.1	<0.1									
Non-hazardous waste	tonnes	6,345	20,113	1,070	1,791	2,147	124	1,133	80	4,889	-	1,456
Non-hazardous waste Intensity	tonne(s)/ (HKD million)	0.1	0.4									
Water												
Total Water Consumption	Cubic meters	743,742	1,042,625	80,113	209,459	371,917	25,574	48,316	8,363	504,331	58,893	180,518
Water Intensities	Cubic meters/ (HKD million)	13	21									
Packaging Material												
Total Packaging material consumption	tonne(s)	3,785	5,672	1,024	1,469	1,012	60	180	40	2,831	596	358
Packaging material intensity	tonnes(s)/ (HKD million)	0.1	0.1									
By Categories												
Cartons	tonnes(s)	2,748	4,539	725	1,020	901	34	60	8	2,070	548	130
Plastic Wrapping materials	tonnes(s)	1,035	1,100	297	449	111	26	120	32	759	48	228
Styrofoam	tonnes(s)	2	33	2	-	-	-	-	-	2	-	-

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 Appendix 2 of the ESG Guide from The Stock Exchange of Hong Kong Limited, 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.
- (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) 2023 Scope 1 emissions have been adjusted to reflect actual operational conditions. This adjustment ensures the emissions reporting is more accurate and representative of the current situation.
- (7) KLN's Scope 3 Category 4 emissions encompass the Scope 1 emissions from SF resulting from the business relationship.

APPENDICES

HKEX ESG REPORTING GUIDE

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 A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g., per unit of production volume, per facility).	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 No revision has been made to the target
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
Aspect A4: Climate Change		
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Tackling Climate Change
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Climate-Related Financial Disclosures
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 (for example, full- or part-time), age group and geographical region.	Our People Social Performance Data
KPI B1.2	Employee turnover rate by gender, 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 Wellbeing
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 (e.g., senior management, middle management).	Social Performance Data
KPI B3.2	The average training hours completed per employee by gender and employee category.	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 2024, 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 Social Performance Data
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

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 2024 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	02
2-2	Entities included in the organisation's sustainability reporting	About the report	81-82
2-3	Reporting Period, frequency and contact point	About the report	81-82
2-4	Restatements of information	Unless otherwise specified, there is no restatement of information	–
2-5	External assurance	Verification Statement	98-99
Activities and Workers			
2-6	Activities, value chain and other business relationships	KLN at a glance	02
2-7	Employees	Our People, Social Performance Data	30-40, 83-85
2-8	Workers who are not employees	Social Performance Data	83-85
Governance			
2-9	Governance structure and composition	Governance	17-29
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	17-29
2-13	Delegation of responsibility for managing impacts	About the Report	81-82
2-14	Role of the highest governance body in sustainability reporting	Governance	17-29
2-15	Conflicts of interest	Annual Report 2024 – Corporate Governance Report	–
2-16	Communication of critical concerns	Governance, Adhering to Business Standards	17-29, 67-69
2-17	Collective knowledge of the highest governance body	Sustainable Logistics Solutions in Action, Board Statement, Strengthening ESG Expertise within Our Leadership	06, 08, 27
2-19	Remuneration policies	Annual Report 2024 – Management Discussion and Analysis, Corporate Governance Report, Report of Directors	–
2-20	Process to determine remuneration	Annual Report 2024 – Corporate Governance Report, Report of Directors	–
Strategy, Policies and Practices			
2-22	Statement on sustainable development strategy	Board Statement, Strategy	08, 14-16
2-23	Policy commitments	Risk and Compliance Management	28-29
2-24	Embedding policy commitments	Our People, Our Environment, Our Customers, Our Business Ethics, Our Supply Chain, Our Community	30-80
2-25	Processes to remediate negative impacts	Regulatory Compliance	29
2-26	Mechanisms for seeking advice and raising concerns	Adhering to Business Standards	67-69
2-27	Compliance with laws and regulations	Adhering to Business Standards	67-69
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	18-24
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	20
3-2	List of material topics	Materiality Results	21-23
People Material Topic: Occupational Health and Safety			
GRI 3: Material Topics 2021			
3-3	Management of material topics	Fostering Safety and Wellbeing	34-36
GRI 403: Occupational Health and Safety 2018			
403-1	Occupational health and safety management system	Safety Management System	34
403-2	Hazard identification, risk assessment, and incident	Safety Management System, Workplace Safety in the Value Chain	34, 35
403-3	Occupational health services	Employee Health and Wellbeing	36
403-4	Worker participation, consultation, and communication on occupational health and safety	Safety Management System	34
403-5	Worker training on occupational health and safety	Training and Building Awareness	35
403-6	Promotion of worker health	Employee Health and Wellbeing	36
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Upholding Labour Standards and Human Rights	37
403-9	Work-related injuries	Social Performance Data	83-85
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	37
GRI 408: Child Labour 2016			
408-1	Operations and suppliers at significant risk for incidents of child labour	Upholding Labour Standards and Human Rights	37
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	37

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 and Clean Mobility	42-49
GRI 302: Energy 2016			
302-1	Energy consumption within the organisation	Energy Consumption in 2024, Environmental Performance Data	48, 86-88
302-3	Energy intensity	Energy Consumption in 2024, Environmental Performance Data	48, 86-88
Environment Material Topic: Pollution Prevention and Management			
GRI 3: Material Topics 2021			
3-3	Management of material topics	Minimising Environmental Footprint	58-61
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	58-61, 86-88
Business Ethics Material Topic: Anti-corruption			
GRI 3: Material Topics 2021			
3-3		Adhering to Business Standards	67-69
GRI 205: Anti-corruption 2016			
205-2	Communication and training about anti-corruption policies and procedures	Anti-Corruption	67-68
205-3	Confirmed incidents of corruption and actions taken	Regulatory Compliance	29
Business Ethics Material Topic: Data Security and Privacy			
GRI 3: Material Topics 2021			
3-3	Management of material topics	Protecting Data Privacy and Security	69-70
GRI 418: Customer Privacy 2016			
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Tackling Cyber Threats	70

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	62-65
Customers Material Topics: Service and product quality management			
GRI 3: Material Topics 2021			
3-3	Management of material topics	Delivering Excellence in Logistics Solutions	63-64
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	34-36
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	72-75
GRI 308: Supplier Environmental Assessment 2016			
308-1	New suppliers that were screened using environmental criteria	Sharing our ESG Values with Suppliers	72-75
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	28-29, 49-57, 72-75
GRI 414: Supplier Social Assessment 2016			
414-1	New suppliers that were screened using social criteria	Sharing our ESG Values with Suppliers	72-75
414-2	Negative social impacts in the supply chain and actions taken	Risk and Compliance Management, Sharing our ESG Values with Suppliers	28-29, 72-75
Supply Chain Material Topics: Supplier Engagement			
GRI 3: Material Topics 2021			
3-3	Management of material topics	Improving Supply Chain Visibility	69
Community Material Topics: Community engagement and Community investment			
GRI 3: Material Topics 2021			
3-3	Management of material topics	Our Community	76-80
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	76-80

VERIFICATION STATEMENT

SCOPE AND OBJECTIVE

Hong Kong Quality Assurance Agency (“HKQAA”) was commissioned by KLN Logistics Group Limited (“KLN”), formerly known as Kerry Logistics Network Limited, to conduct an independent verification for its Sustainability Disclosures (the “Selected Disclosures”) stated in its Sustainability Report 2024 (“the Report”). The selected disclosures covered the period from 1st January 2024 to 31st December 2024 and represented the sustainability performance of KLN.

The objective of this verification is to provide an independent opinion with a limited level of assurance on whether the selected disclosures are prepared in accordance with the following reporting criteria:

- the Environmental, Social and Governance Reporting Guide (“ESG Guide”) set out in Appendix C2 of the Listing Rules of The Stock Exchange of Hong Kong Limited (version effective from 31 December 2023, which remains applicable to annual reports for financial years commencing before 1 January 2025).

The verification team also reviews the disclosures in the Report by making reference to the following disclosure frameworks, as the Report has been prepared with references to:

- the Global Reporting Initiative Standards 2021 (“GRI Standards 2021”) for the selected standards.

LEVEL OF ASSURANCE AND METHODOLOGY

HKQAA’s verification procedure has been 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. The evidence gathering process was designed to obtain a limited level of assurance as set out in the ISAE 3000 by using a risk-based approach.

Our verification procedure included, but not limited to:

- Sampling the sustainability information stated in the Report, e.g. claims and performance data for detail verification;
- Verifying the raw data and supporting information of the selected samples of the sustainability information;
- Interviewing responsible personnel; and
- Checking the internal control mechanism

ROLES AND RESPONSIBILITIES

KLN is responsible for the organization's information system, the development and maintenance of records and reporting procedures in accordance with the system, including the calculation and determination of sustainability information and performance. HKQAA verification team is responsible for providing an independent verification opinion on the selected disclosures provided by KLN for the reporting period. The verification was based on the verification scope, objectives and criteria as agreed between the KLN and HKQAA.

INDEPENDENCE

HKQAA did not involve in collecting and calculating data or compiling the reporting contents. Our verification activities were entirely independent and there was no relationship between HKQAA and KLN that would affect the impartiality of the verification.

LIMITATION AND EXCLUSION

The following limitations and exclusions were applied to this verification due to the service scope, nature of verification criteria, and characteristics of the verification methodology.

- I. Our verification scope is limited to verifying the transcription/transformation of the raw data or information into the selected disclosures, e.g., Claims and Performance Data stated in the Report. This Sustainability Information may be subject to inherent uncertainty.
- II. Evaluating the quality of execution and implementation effectiveness of the ESG practices, the appropriateness of the assumptions made, and the estimation techniques applied are outside the scope of our verification.
- III. The verification of raw data or information is based on the use of a sampling approach and reliance on the client's representation. As a result, errors or irregularities may occur and remain undetected.
- IV. Any information outside the established verification period has been excluded.

CONCLUSION

Based on the evidence obtained and the results of the verification process, it is the opinion of the verification team that, with a limited level of assurance, nothing has come to the team's attention that the Report has not been prepared, in all material respects, in accordance with the ESG Guide set out in Appendix C2 of the Listing Rules of The Stock Exchange of Hong Kong Limited (former version, which remains applicable to annual reports for financial years commencing before 1 January 2025).

In addition, the verification team reviewed the Report with reference to the GRI Standards 2021 and considered that the Report has been prepared by making reference to the contents or parts of the contents of the aforementioned disclosure frameworks.

Signed on behalf of Hong Kong Quality Assurance Agency



Connie Sham
Head of Audit
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