STELLA
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CLIMATE TRANSITION PLAN

Version 1.0
September 2026

HQ Sustainability Development Office
Stella International Holdings Limited

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PURPOSE

Stella International Holdings Limited ("Stella" or "the Group") is committed to the transition to a low-carbon economy while strengthening the long-term resilience of our global business. Our Group Climate Transition Plan ("GCT Plan") translates our climate strategy into a structured roadmap for governance, operational decarbonization, climate adaptation and mitigation, capital allocation, and stakeholder engagement across our value chain.

CLIMATE TRANSITION ALIGNMENT, COMMITMENTS, & TARGETS

Stella's GCT Plan aligns the Group's business strategy with the Paris Agreement's 1.5°C pathway. With our *Environmental Policy* as the foundation, our GCT Plan comprised of our strategies and developed action agenda for achieving climate commitments and targets. We drive supply chain decarbonization by supporting suppliers through capacity building, training, and collaboration.

Mitigation

Stella has received validation from the Science Based Targets initiative (SBTi). From a 2023 base year, we commit to achieve the below near-term targets by 2030:

- Reduce absolute Scope 1 & Scope 2 GHG emissions by 42.0%
- Reduce Scope 3 GHG emissions intensity by 51.6% per USD value added (million US dollars of our revenue), based on applicable categories[1]

We further commit to:

- Continuously increase energy efficiency throughout operations
- Reduce Group electricity consumption intensity (kWh/unit of product) by 20% from 2024 base year by 2030
- Source ≧30% of total goods and services from suppliers with validated Science-Based Targets by 2030
- Require core suppliers to phase out coal in operations
- Ensure Stella does not fund climate denial or lobbying against climate regulations, and does not invest in fossil fuel expansion (i.e., cease all spending on and generating revenue from fossil fuel expansion)

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

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- Transition to cleaner fuel options via electrification

Adaptation

To reduce physical and transition climate risks, Stella commits to improve operational resilience, strengthen energy security, and integrate climate considerations into business planning to support business continuity and supply chain resilience. Our commitments and targets:

- Achieve 50% of Group electricity consumption from renewable sources, requiring core suppliers to reach 20% RE adoption
- Strengthen climate resilience across all production locations through continuous climate risk assessment and measures (e.g., infrastructure upgrades, supplier diversification, and emergency response plans)
- Integrate climate considerations into investment decisions, operational planning, and supplier engagement

KEY ASSUMPTIONS AND DEPENDENCIES

Stella's GCT plan is informed by climate scenario analysis (detailed in our annual ESG report), including assumptions on short- to long-term regulatory changes that shape our decarbonization strategies.

Assumptions

- Stable international climate standards and methodologies
- Strengthening of climate policies and regulations across our operating regions
- Technological improvements in energy efficiency and material alternatives
- Progressive decarbonization of electricity grids
- Improving commercial viability of renewable electricity, energy attribute certificate (EAC), and low-carbon solutions
- Increasing availability and quality of reliable supplier emissions data
- Growing customer demand for lower-carbon manufactured footwear

Dependencies

- Supportive government policies and regulatory frameworks that facilitate decarbonization, RE deployment, and climate transition
- Collaboration with customers and suppliers to reduce Scope 3 emissions

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- Limitations of renewable electricity, power purchase options, and EAC mechanisms, recognizing that market capacity and accessibility may vary by region
- Continued investment in RE and grid infrastructure and availability of commercially viable low-carbon technologies
- Access to climate-related financing and investment opportunities
- Support the implementation of climate-related initiatives by employee capability

CLIMATE TRANSITION PLAN ROADMAP AND ACTIONS

Stella's time-bound climate transition roadmap includes short- to long-term actions that position the Group for our low-carbon transition.

Short-term (within 3 years)	• Establish Group-wide procedures and guidelines, including the Renewable Energy Procurement Guidelines and Energy Efficiency Standards • Strengthen climate data management • Improve energy efficiency by conducting energy audits • Accelerate RE adoption by prioritizing on-site RE installations where feasible • Continuously assess and manage climate-related risks and opportunities in alignment with the TCFD Recommendations
Mid-term (3-10 years)	• Scale energy-efficient equipment, process optimization, and prioritized equipment upgrades and replacements • Expand renewable electricity procurement and RE adoption across the value chain • Strengthen environmental management systems by obtaining and maintaining internationally recognized energy- and emissions-related certifications • Monitor evolving regulations (e.g., IFRS S2) for business planning integration
Long-term (Beyond 10 years)	• Integrate emerging low-carbon technologies and best practices as they become commercially viable • Support the transition to a net-zero economy through sustained emissions reductions, climate-resilient operations, and the adoption of circular manufacturing practices

Implementation, Monitoring, and Disclosure

Implementation of Stella's GCT Plan is supported by a centralized ESG data management platform, which collects monthly performance data from all manufacturing facilities. This enables the Group to track progress against climate targets and roadmap milestones.

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Key implementations include:

- Regular Board oversight of climate strategy, targets, implementation, and resource allocation (e.g., climate-related capital expenditure approval processes)
- Continuous improvement of environmental management systems through benchmarking against industry best practices, recognized standards, and collaboration with industry partners and solution providers
- Annual disclosure via the Group's ESG Report

Climate-related Capacity Building

Successful implementation of the GCT Plan depends on building the knowledge, capability, and engagement of employees and value chain partners. Stella is committed to strengthening organizational capability through ongoing climate-related training, awareness programs, and capacity-building initiatives for employees at all levels. The Group also collaborates with suppliers by providing guidance, technical resources, and knowledge-sharing to improve climate-related data quality, support emissions reductions, and promote the adoption of best practices across the value chain.

FINANCIAL IMPLICATIONS AND RESOURCE ALLOCATION

Stella's assessment of climate-related financial implications informs the prioritization of mitigation, adaptation, and capital allocation. Our key prioritized climate measures:

Climate risk assessment and adaptation measures	Digital systems supporting monitoring and reporting	Energy-efficient production equipment
Environmental management systems	Manufacturing process optimization	Renewable energy procurement

These investments are expected to improve operational efficiency, reduce exposure to energy price volatility and regulatory costs, strengthen business resilience, and enhance Stella's competitiveness as a lower-carbon manufacturing partner.

CLIMATE GOVERNANCE AND STAKEHOLDER ENGAGEMENT

Our GCT Plan is integrated into Stella's broader sustainability development governance framework, strategy, and risk management processes.

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Climate Governance

Clear governance and accountability ensure the effectiveness of our Group GCT Plan.

Board Level	Corporate Governance (CG) Committee • Oversees and remains accountable for Stella's climate strategy development, as well as approves the GCT Plan in collaboration with the senior leadership team (e.g., CEO) • Ensures climate considerations remain integrated within the Group's governance framework (e.g., considers climate-related capital expenditure and investment decisions)
Management Level	ESG Working Committee • Facilitates cross-functional leadership to coordinate the implementation of GCT Plan
Headquarter Level	Sustainability Development (SD) Office • Leads the development and implementation of the GCT Plan • Establishes climate-related commitments/targets, monitors performance, supports relevant initiatives, and provides technical guidance or capacity building across the Group • Regularly reports implementation progress to the CG and ESG Working Committee • Supports compliance with evolving regulations, standards, and customer expectations
Operational Level	• Implements climate-related policies, procedures, and initiatives • Embeds climate consideration into operational decision-making

Stakeholder Engagement and Feedback Mechanism

The Group obtains feedback through regular engagement with employees, customers, suppliers, investors, and other established communication channels. The Group's Investor Relations (IR) Department, together with the SD Office, maintains regular communication with institutional investors and shareholders on sustainability-related matters, including the GCT Plan. Stakeholder feedback is considered when evaluating climate strategies, targets, implementation priorities, resource allocation, and performance against the GCT Plan. For enquiries: sd.office@stella.com.hk.

REVIEW AND CONTINUOUS IMPROVEMENT

The GCT Plan is reviewed annually to evaluate progress against commitments, milestones, and is updated as needed to maintain relevance, effectiveness, and alignment with regulatory requirements, stakeholder expectations, and emerging climate science. Material amendments require review and approval by Stella's Leadership before implementation.

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APPROVAL & SIGN-OFF

This Group Climate Transition plan has been reviewed and approved by Stella Group's Chief Executive Officer. It reflects the Group's commitment to climate transition and continuous improvement, and is effective as of the date below.

Approved by

Chi Lo-Jen
Chief Executive Officer
Stella International Holdings Limited

Date of Approval: September 15, 2026
Version 1.0

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