



中煙國際（香港）有限公司

China Tobacco International (HK) Company Limited

(Incorporated in Hong Kong with limited liability)

Stock code: 6055



2025

SUSTAINABILITY REPORT

聚焦·聚力·聚心

CONCENTRATION

COHESION

COMMITMENT

Sustainability Report

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DEFINITION

Unless otherwise stated, these terms are defined as follows:

“Board” or “Board of Directors”	The board of Directors of the Company;
“CBT”	China Brasil Tabacos Exportadora S.A., a company incorporated in Brazil on 15 September 2011 with limited liability;
“China” or “PRC”	The People’s Republic of China;
“Chinese Mainland”	PRC excluding Hong Kong, Macau and Taiwan;
“CNTC”	China National Tobacco Corporation (中國煙草總公司), an enterprise incorporated in the PRC and the ultimate controlling shareholder of the Company;
“CNTC Group” or “China Tobacco”	CNTC and its subsidiaries;
“CTIB” or “China Tobacco Brazil”	China Tabaco Internacional Do Brasil Ltda. (中煙國際巴西有限公司), a company incorporated in Brazil on 6 June 2002 with limited liability;
“CTIB Group”	CTIB and its subsidiaries, including CBT;
“CTIG”	China Tobacco International Group Limited, a company incorporated in Hong Kong with limited liability and the immediate parent of the Company;
“CTIHK” or the “Company”	China Tobacco International (HK) Company Limited;
“ERP”	Enterprise Resource Planning;
“ESG”	Environmental, Social and Governance;
“ESG Reporting Code”	The Environmental, Social and Governance Reporting Code is set out in Appendix C2 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Ltd.;
“Exclusive Operating Regions for Cigarettes”	Duty-free outlets of the Kingdom of Thailand, the Republic of Singapore, Hong Kong, Macau, as well as duty-free outlets within the borders, but outside the customs areas, of the Chinese Mainland;
“Group”, “we” or “our”	The Company and its subsidiaries;
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China;
“SEHK”	Stock Exchange of Hong Kong Limited;
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited;
“Macau”	The Macau Special Administrative Region of the PRC;
“New Designated Regions for Cigarettes”	Areas other than (i) Exclusive Operating Regions for Cigarettes; and (ii) the Chinese Mainland;
“Non-exclusive Operating Regions for Tobacco Leaf Products”	Areas other than (i) Southeast Asia, Hong Kong, Macau and Taiwan; and (ii) the Chinese Mainland;
“NO _x ”	Nitrogen Oxides;
“PM”	Particulate Matter;
“PPE”	Personal Protective Equipment;
“R\$” or “Real”	Brazilian real, the lawful currency of Brazil;
The “Report”	China Tobacco International (HK) Company Limited Sustainability Report 2025;
“SO _x ”	Sulphur Oxides;
“Taiwan”	The Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu;
The “Year”, the “Reporting Period”	From 1 January 2025 to 31 December 2025;
“UN SDGs”	United Nations Sustainable Development Goals;
“%”	Percent.

1. ABOUT THE REPORT

The Group is pleased to present the 2025 Sustainability Report. This comprehensive document highlights the principles we adhere to and the sustainable development concepts we embrace in fulfilling our corporate social responsibility. It demonstrates our commitment to sustainable development and corporate social responsibility by presenting the sustainability strategies and practices of the Group during the Reporting Period.

1.1 Reporting Scope

The Report illustrates the Group’s sustainable development policies, measures, and key performance indicators (“KPIs”) relating to its core business during the Reporting Period. Considering the materiality of business impact, the Group’s environmental and social data collection scope has only included CTIHK and CBT. Unless otherwise specified, the Report disclosure is in consistency with the 2025 Annual Report, which covers businesses directly controlled by the Group, and the collection of environmental KPIs is inclusive of those of offices in Hong Kong and Brazil, and a warehouse in Brazil.

1.2 Reporting Standards

The Report is prepared in accordance with the “Environmental, Social and Governance Reporting Code” set out in Appendix C2 to the Listing Rules of SEHK (the “Code”). The contents covered herein follow the provision of “Comply or Explain” as well as four reporting principles of materiality, quantitative, balance and consistency required in the Code. The last section of the Report contains an index of the Guide with reference to the contents of the Report for readers’ quick reference.

Materiality	The Report has identified and disclosed the process of determining material ESG factors and the criteria for the selection of these factors, as well as the results of materiality assessment.
Quantitative	The statistical standards, methodologies, assumptions and/or calculation tools used in the Report for the reporting of emissions/energy consumption (where applicable), as well as the sources of conversion factors, are illustrated in the Report.
Balance	The Report presents the Group’s performance during the Reporting Period in an impartial manner, avoiding choices, omissions or presentation formats that may unduly influence readers’ decisions or judgements.
Consistency	The statistical methods used for the data disclosed in the Report are as compared to previous years. Any changes will be clearly stated in the Report.

1.3 Reporting Language

This Report is available in both Traditional Chinese and English versions. In the event of any discrepancy, the English version shall prevail. To learn more about our background, business development, and sustainable development philosophy, please visit the Company’s official website at <https://www.ctihk.com.hk/sustainableDevelopment.html>, and CBT’s official website at <https://www.cbtexport.com/>.

1.4 Approval























The Report was approved by the Board on 5 March 2026 upon confirmation from the management.

1.5 Feedback

The Group values your feedback on this Report. If you have any inquiries or suggestions, please contact us through the following: Email: ir@ctihk.com.hk.

Your feedback will help us further improve this Report and enhance our sustainability performance.




1.6 Response to the UN SDGs

Strategic Pillars	UN SDGs	Strategic Priorities
Green Development (Green)	     	The Group is committed to achieving green operations and balanced development, actively reducing its carbon footprint to mitigate the adverse impacts of climate change.
Community Engagement (Responsibility)	      	The Group is committed to deeply embedding community development, and recognizes the significance of respecting local culture, caring for community residents and promoting youth education.
Supply Chain Management (Optimization)	   	The Group continuously refines and regulates supply chain operations, and works with our partners to establish cooperation mechanisms based on compliance, fairness, transparency, and integrity.
People-Centric Workplace (Well-being)	    	The Group is committed to creating a healthy and positive work environment, protecting the well-being and health of employees, and strictly adhering to relevant laws and regulations regarding employment inclusion, occupational safety, and labor standards.


2. ABOUT US

CTIHK was registered and established in Hong Kong in 2004. Within CNTC, the Company is the sole listed entity mainly carrying out tobacco business, and at the same time, CTIHK is the designated offshore platform for CTIG for capital markets operation and international business expansion. Since CTIHK listing in 2019, the Company has focused on expanding our international market, continuously tapping into market potential, and striving to enhance the scale and quality of business development.

In 2021, CTIHK acquired CTIB and obtained effective control of its subsidiary, CBT. CBT carries out tobacco leaf production, purchasing, processing, sales, and export business in the core tobacco producing regions of Brazil.

<p>Vision</p>  <ul style="list-style-type: none"> • Strive to build a globally renowned tobacco enterprise with international competitiveness 	<p>Values</p>  <ul style="list-style-type: none"> • Respect the market • Respect the rules • Respect the investors 	<p>Spirit</p>  <ul style="list-style-type: none"> • Pragmatic • Innovative • Integrity • People-oriented
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The Group is engaged in the following business operations (together, the “Relevant Businesses”): 

	Export of tobacco leaf products to Southeast Asia, Hong Kong, Macau, Taiwan and Non-exclusive Operating Regions for Tobacco Leaf Products (the “Tobacco Leaf Products Export Business”);
	Import of tobacco leaf products in Chinese Mainland from origin countries or regions around the world (other than from sanctioned countries and regions) (the “Tobacco Leaf Products Import Business”);
	Procurement, processing, sale of tobacco leaves and procurement of agricultural materials inherent to tobacco production in Republic of Brazil (“Brazil”) and from Brazil to regions around the world (except Chinese Mainland) (the “Brazil Operation Business”);
	Export of cigarettes to Exclusive Operating Regions for Cigarettes and New Designated Regions for Cigarettes from CNTC Group directly or through distributors (the “Cigarettes Export Business”); and
	Export of new tobacco products to the global market (except the Chinese Mainland) (the “New Tobacco Products Export Business”).

As a responsible enterprise, we place great importance on the Group’s performance in sustainability. We are committed to meeting the evolving needs of our customers while maintaining high-quality, innovative, and ethical business practices. At the same time, we are dedicated to enhancing the sustainability of our operations, promoting environmental protection, fulfilling social responsibility, improving corporate governance, and contributing to the ultimate achievement of sustainable development goals in the tobacco industry.

3. MESSAGE FROM THE CHAIRMAN

On behalf of the Board, I am pleased to present the CTIHK 2025 Sustainability Report. In an increasingly complex global landscape, we are committed to integrating environmental management, social responsibility, and excellent corporate governance into every aspect of our business operations.



Improving the Sustainability Management System, Advancing Governance Effectiveness

In 2025, building on our established sustainability governance structure, we developed the Sustainability Framework. Supported by four sustainability management systems, based on the UN SDGs, guided by the “GROW” strategic pillars, and driven by our vision of “Strive to Build a Globally Renowned Tobacco Enterprise with International Competitiveness”, this framework enhances our sustainable development management effectiveness. In addition, we established an ESG Development Index System within our sustainability management system to systematically monitor the Group’s ESG performance and drive continuous improvement. Aligned with the SEHK’s latest ESG Reporting Code requirements, the Sustainability Framework reflects our commitment to building a responsibly managed enterprise that creates long-term shared value for all stakeholders.

Addressing Climate Change Risks, Practicing Green and Low-Carbon Development Concepts

Climate change continues to present both challenges and opportunities for our business. In 2025, we proactively responded to the SEHK’s latest requirements on climate-related disclosures by establishing a climate change management framework and reassessing the potential impacts of climate-related risks on the Group’s operations, supply chains, and financial performance. In addition, we further advanced the concept of green and low-carbon development and made positive progress in tracking greenhouse gas emissions, reducing waste generation, and lowering water and energy consumption.

Cultivating a Supportive Environment for Talent, Actively Fulfilling Corporate Social Responsibility

In 2025, the Group maintained its Human Rights Policy and adopted a zero-tolerance policy towards human trafficking, forced labor, and child labor in our operations. We prioritized employee well-being and organized several activities to enhance employee welfare, such as flower arrangement on the International Women's Day, yoga workshops, and the establishment of an office book corner. We were also honored to receive the Mental Health Friendly Supreme Organization award from the Hong Kong Labor Department. At the same time, we continued to strengthen our community engagement by organizing initiatives such as donations in support of the Tai Po fire tragedy, sapling conservation activities, and community donation activities, thereby putting our Community Engagement philosophy into practice.

Building Sustainable Supply Chains, Creating Shared Value

Supply chain management is one of the key aspects of our sustainability strategy. In 2025, our field technicians in Brazil used the Growers Management System (GMS) to monitor sustainability indicators for all contracted farmers to ensure farmer traceability. In addition, we further strengthened our oversight of the social and environmental practices of contracted farmers and fields through our participation in the Sustainable Tobacco Program (STP). We are committed to creating long-term shared value by promoting sustainability principles throughout the supply chain, strengthening risk identification and management, and working hand in hand with our supply chain partners.

On behalf of the Board of Directors, I sincerely thank our shareholders, investors, customers, and business partners for their consistent support, and to the management team and all employees for their unremitting efforts over the past year to drive the Group toward its sustainable development goals.

SHAO Yan

Chairman of the Board and Non-executive Director

4. OVERVIEW OF SUSTAINABILITY PERFORMANCE AND ACHIEVEMENTS

4.1 Sustainable Development-related Ratings

Rating Agencies/Indexes	Ratings*
MSCI	BBB
S&P Global ESG Score	36
Hang Seng Corporate Sustainability Index	BB+
Wind (萬得)	A

4.2 Sustainable Recognitions



CTIHK was commended as Mental Health Friendly Supreme Organization



CTIHK has joined Joyful@Healthy Workplace Charter

* ESG Ratings and Sustainability Index Disclaimer: The Group's ESG ratings and sustainability indexes referenced herein include the MSCI ESG Rating, the S&P Global ESG Score (Corporate Sustainability Assessment), the Hang Seng Corporate Sustainability Index, and ESG-related data sourced from Wind Information Co., Ltd. (Wind). All such information is provided for informational purposes only and is subject to change. The MSCI ESG Rating and any MSCI data used are the exclusive property of MSCI Inc. The inclusion of the Group in any MSCI index or the use of MSCI data is not a recommendation by MSCI to buy, sell or hold any securities; MSCI makes no warranties or representations and has no liability whatsoever with respect to any MSCI data. Reference to the S&P Global ESG Score does not constitute an endorsement of the Company by S&P Global. The Hang Seng Corporate Sustainability Index is compiled and managed by Hang Seng Indexes Company Limited; reference to such index does not constitute investment advice or any form of endorsement. None of the aforementioned rating agencies or index providers has been involved in the preparation of this Report. The rating scores and sustainability indexes presented herein are based on publicly available scores and information as of 2025.



Managing Sustainability

Focus Areas

- Board Diversity
- Brand Image
- Business Ethics and Anti-Corruption
- Business Integrity and Compliance
- Stakeholder Engagement

Contributing to the UN SDGs



5. BOARD STATEMENT

The Group embraces sustainable development as a core principle and integrates it throughout its business operations. The Sustainable Development Policy designates the Board as the highest decision-making body for sustainability management, with comprehensive responsibility for overseeing all matters related to sustainable development. The Board's responsibilities include establishing the Group's sustainability strategy, evaluating and determining sustainability-related risks and opportunities, approving and confirming sustainability-related targets, monitoring progress against these targets, and evaluating and prioritizing material sustainability issues.

To strengthen our sustainability management, we have established an ESG Task Force under the Board's oversight. The ESG Task Force is led by the Group's Executive Director and Company Secretary and is responsible for monitoring and driving the implementation of various sustainability initiatives. It also regularly reports to the Board on sustainability performance, emerging risks, and strategic recommendations.

The Board recognizes that effective sustainability management is essential to our long-term business resilience and stakeholder value creation. In 2025, the Board reviewed and reaffirmed our sustainability-related goals, assessed progress against established targets, and evaluated the adequacy of resources allocated to sustainability initiatives, including but not limited to whether the related sustainability trainings and budgets, and sustainability-related policies are sufficient. We remain committed to minimizing the environmental impact of our operations, enhancing our positive social contributions, and maintaining high standards of corporate governance. The Board will continue to monitor our sustainability performance, regularly review our targets, and update our sustainability strategy as needed to align with evolving stakeholder expectations and international best practices.

6. STAKEHOLDER ENGAGEMENT

The Group firmly believes that effective stakeholder engagement is one of the key factors in sustainable business development. We have identified key stakeholders who are material to our business and established multiple communication channels to foster meaningful dialogue. The table below outlines the Group's key stakeholder groups and the various platforms and methods we employ to engage with, listen to, and respond to their concerns and expectations.



Stakeholders	Communication channels
Shareholders/Investors	<ul style="list-style-type: none"> • AGM and other general meetings • Interim reports and annual reports • Corporate communications (such as letters/circulars and meeting notices to shareholders) • Results announcements • Investor meetings • Interviews • Investor relations e-mails
Employees	<ul style="list-style-type: none"> • Staff conferences • Staff opinion survey • Performance appraisal • Volunteer activities • Seminars/workshops/speeches • Telephone • Emails • Electronic communication software
Customers	<ul style="list-style-type: none"> • Visits by customer managers • Daily operation/communication • Telephone • Emails • Electronic communication software
Business Partners	<ul style="list-style-type: none"> • Meetings • Telephone • Electronic communication software
Suppliers	<ul style="list-style-type: none"> • Management procedure for suppliers • Assessment system for suppliers/contractors • Video conferences • Site inspections • Electronic communication software
Regulatory Authorities	<ul style="list-style-type: none"> • Submit information on time as requested and inquired by different regulatory authorities
Society/ Non-Governmental Organizations	<ul style="list-style-type: none"> • Volunteer activities • Donation • Community activities • Seminars/speeches/workshops • Meetings
Peers	<ul style="list-style-type: none"> • Conferences

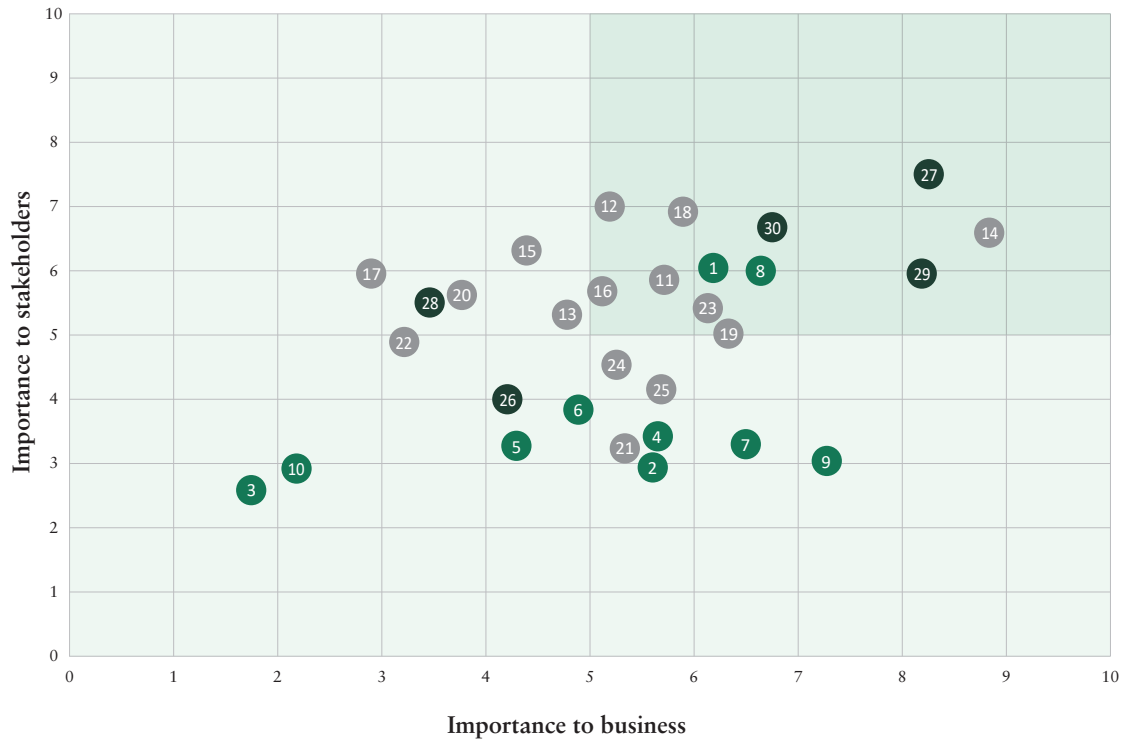
7. MATERIALITY ASSESSMENT AND VALUE CREATION

The Group conducts a materiality assessment annually to identify and prioritize relevant sustainability issues that have significant impacts on our business operations, stakeholders, and value chain. This systematic process ensures that our sustainability strategy and reporting focus on the issues that matter most to our business success and stakeholder expectations.

In alignment with double materiality principles, our assessment separately considers inside-out impacts (how our business activities affect society and the environment), as well as outside-in impacts (how sustainability issues affect our business performance and value creation). This approach ensures that sustainability-related material topics are reflected in our corporate-wide risk identification and management processes. The materiality assessment process comprises four key steps:



2025 Materiality Matrix



Environmental	Social & Operation	Governance
1. Greenhouse Gas Emissions and Management	11. Talent Attraction and Retention	26. Board Diversity
2. Air Pollutants Emissions and Management	12. Employee Human Rights	27. Business Integrity and Compliance
3. Waste Management	13. Employee Equality, Diversity and Inclusion	28. Stakeholder Engagement
4. Energy Use and Management	14. Occupational Health and Safety	29. Brand Image
5. Water Resources Use and Management	15. Employee Development and Training	30. Business Ethics and Anti-Corruption
6. Circular Economy	16. Employment Policy and Employee Benefits	
7. Environmental and Natural Resources Protection and Education	17. Sustainable Supply Chain Management	
8. Climate Change Mitigation and Adaptation	18. Product Quality and Safety	
9. Biodiversity	19. Information Security and Privacy Protection	
10. Product Carbon Footprint	20. Responsible Marketing	
	21. Community Welfare and Philanthropy	
	22. Product Design and Life Cycle Management	
	23. Tobacco Harm Reduction	
	24. Livelihoods and Welfare of Tobacco Growing Communities	
	25. Chemical Safety	

8. SUSTAINABILITY FRAMEWORK AND “GROW” STRATEGY

In 2025, the Group established the Sustainability Framework to bridge the UN SDGs with our sustainable development vision. Through this framework, we aim to systematically advance our sustainable development agenda, respond to the evolving expectations of investors, regulators, employees, and communities, and create long-term value for all stakeholders.



As the strategic paths to achieving our sustainable development vision, the “GROW” strategy is built on the following four core pillars:

Green Development – Green

We are committed to achieving green operations and balanced development, actively reducing our carbon footprint to mitigate the adverse impacts of climate change. The Green Development pillar mainly addresses ten critical areas: air pollutant emissions and management, biodiversity, circular economy, climate change mitigation and adaptation, energy use and management, environmental and natural resources protection and education, greenhouse gas emissions and management, product carbon footprint, waste management, water resources use and management.

Community Engagement – Responsibility

We are committed to deeply embedding community development and recognize the significance of respecting local culture, caring for community residents, and promoting youth education. The Community Engagement pillar focuses on community welfare and philanthropy, by promoting community development, fostering social inclusion and creating meaningful social impact through a range of targeted initiatives and programs designed to address the specific needs and priorities of local communities.

Supply Chain Management – Optimization

We are committed to continuously standardizing and regulating supply chain operations, and to working with our partners to establish cooperation mechanisms based on compliance, fairness, transparency, and integrity. The Supply Chain Management pillar addresses six critical areas: chemical safety, circular economy, environmental and natural resources protection and education, livelihoods and welfare of tobacco growing communities, stakeholder engagement, and sustainable supply chain management.

People-Centric Workplace – Well-being

We are committed to creating a healthy and positive work environment, protecting the well-being and health of employees, and strictly adhering to relevant laws and regulations regarding employment inclusion, occupational safety, and labor standards. The People-Centric Workplace pillar addresses six critical areas: talent attraction and retention, employee development and training, occupational health and safety, employment policy and employee benefits, employee equality, diversity and inclusion, and employee human rights.

9. SUSTAINABILITY MANAGEMENT SYSTEMS

9.1 Governance Structure System

Achieving sustainable development is inseparable from a sound governance system and its implementation. By developing a governance structure system covering all levels of the Group, we have fully integrated sustainability responsibilities into the organizational structure, from the Board to management and individual employees, forming a top-down chain of accountability.

Our dedicated ESG Task Force plays a pivotal role in driving the sustainability agenda forward. Led by senior management and comprising heads of departments and designated personnel from subsidiaries, the ESG Task Force operates under the Board's authority to formulate sustainability-related policies, strategies, and annual work plans. The Task Force systematically identifies, manages, assesses, and monitors material sustainability issues, risks, and opportunities while collecting and analyzing annual sustainability data to develop sustainable development targets that align with our business objectives.

Through this integrated governance structure system, we ensure that our sustainability commitments translate into measurable actions that support sustainable development while meeting stakeholder expectations. The ESG Task Force continuously tracks and monitors our sustainability performance and progress toward established objectives, ensuring proper management and implementation of all sustainability-related matters across the organization.



Sustainability Governance Structure and Main Responsibilities

Supervisory
Level:

Audit
Committee

- Monitors and ensures the effectiveness and adequacy of risk management and internal control systems, including financial, operational, compliance and sustainability aspects

Decision-Making
Level:

Board of
Directors

- Takes full responsibility for the Group's sustainability strategies
- Delegates authority to the ESG Task Force for implementation and monitoring
- Decides on and supervises sustainability management policies, strategies, targets, and overall sustainability work of the Group
- Regularly evaluates the effectiveness of sustainability strategies and policies, ensuring alignment with the Group's long-term business goals and stakeholder expectations

Organization
Level:

ESG Task
Force

- Organizes and convenes regular meetings to review sustainability performance and strategic priorities
- Formulates sustainability management policies, strategies, programs, annual work plans, and objectives
- Identifies, manages, assesses, and monitors material sustainability issues, risks, and opportunities
- Reviews and monitors the Group's sustainability policies and practices to ensure compliance with relevant laws and regulatory requirements
- Promotes and monitors the Group's established sustainability strategies and objectives in daily operations, executing sustainability policies and carrying out sustainability-related work
- Continuously tracks and monitors sustainability performance and progress toward objectives to ensure proper management and implementation of all sustainability-related matters

Executive
Level:

Internal
Working Groups

- Complies with sustainability-related policies and regulations
- Collects and reports internal policies, regulations, and sustainability-related performance indicators
- Implements sustainability initiatives within respective departments and operational areas
- Supports the annual sustainability report

9.2 Policy and Regulation System

Upholding the spirit of a responsible Group, we have developed comprehensive sustainability policies and implemented them across all aspects of our operations to enhance business sustainability and create long-term value for our stakeholders.

Including, but not limited to:

- Sustainable Development Policy (《可持續發展政策》): Articulates our overarching approach to integrating sustainability principles and commitments into our business strategy and operations.
- Terms of Reference of the ESG Task Force (《ESG專責小組職權範圍書》): Defines the roles, responsibilities, and authority of the ESG Task Force in implementing and monitoring the Group's sustainability initiatives.
- Employee ESG Manual (《ESG員工手冊》): Clearly communicates our commitment to environmental protection, social responsibility, and good corporate governance, enhances employees' awareness and understanding of ESG concepts, establishes a common ESG language, and applies it to daily work practices.
- Climate Change Management Measures (《氣候變化管理辦法》): Develops climate-related strategies and plans, and identifies, manages, assesses, and monitors climate-related issues, significant climate risks and opportunities, climate targets, and regularly evaluates progress toward targets.
- Human Rights Policy (《人權政策》): Sets forth our commitment to respecting human rights throughout our operations and value chain, in alignment with international standards and principles.
- Compliance Manual (《合規手冊》): Establishes a clear code of conduct and ethical standards to guide all business operations in complying with applicable laws, regulations, and internal requirements.
- Cybersecurity and Information Security Policy (《網絡安全管理辦法》): Reduces our information security risks and improves the level of network information security protection.
- Integrity and Compliance Regulations (《廉潔從業規定》): Defines the specific operational mechanisms for maintaining an integrity-driven environment, providing standardized management guidelines for ethical business conduct.



Policies and Regulations	Green Development	Community Engagement	Supply Chain Management	People-centric Workplace	Corporate Governance
Sustainable Development Policy	✓	✓	✓	✓	✓
Terms of Reference of the ESG Task Force					✓
Employee ESG Manual				✓	
Climate Change Management Measures	✓				
Human Rights Policy		✓	✓	✓	
Compliance Manual		✓	✓	✓	✓
Cybersecurity and Information Security Policy					✓
Integrity and Compliance Regulations					✓



9.3 Risk Management System

9.3.1 Risk Management and Internal Supervision

Risk management is the cornerstone of the Group’s stable operations; while preventing and mitigating risks, it also plays a critical role in maintaining effective corporate governance. We have established a comprehensive internal control and risk management framework, guided by the Guidance of Compliance and Legal Risk Management (《合規及法律風險管理指南》), which clarifies management requirements and, through ongoing internal control monitoring and inspections, ensures that operational activities are compliant and orderly. In addition, the framework systematically incorporates sustainability-related risks, assigns contingency plans and response measures for all identified risks, and clarifies responsibilities at each level to ensure effective implementation of risk management measures.

We have instituted a routine risk supervision and assessment mechanism to systematically identify, evaluate, and monitor the major risks. Through annual reviews, we comprehensively examine the effectiveness of risk management and internal controls, covering areas such as operational compliance, the reliability of financial reporting, and oversight and adherence in key domains including anti-corruption, anti-fraud, and sustainability. We place particular emphasis on identifying environmental and social risks in operations management, and continuously adjust and optimize response measures based on assessment results.

The risk database management follows a structured workflow:

Develop work plans and programs:

Define objectives, methodologies, procedures, and expected outcomes for risk management activities.

Establish risk framework and database:

Systematically document hazards, prevention methods, and control measures for each department using the Table of Risk Prevention and Control System (《風險防控體系表》).

Clarify roles and responsibilities:

Enhance risk prevention effectiveness, continuously optimize processes, and promote standardized operations across the Group.

Identify business risks and control procedures:

Conduct regular departmental self-assessments and take corrective actions; analyze business process risks; and develop response plans, control procedures, and standards.

In 2025, the Group completed its comprehensive ESG risk assessment, systematically identifying and categorizing key risks in accordance with regulatory standards. For each identified risk, we have established clear risk levels, implemented corresponding control measures, and developed prevention strategies. The assessment incorporates risks across environmental, social and governance dimensions, ensuring alignment with our materiality assessment and strategic priorities. For details on managing climate-related risks and opportunities, please refer to the “Rising to the Climate Challenge” section of this Report.

Green Development	
Climate Change Risk	
Potential Risks:	Our Response:
<ul style="list-style-type: none"> • Indirect physical risks through potential disruptions in tobacco leaf supply caused by changing rainfall, droughts, and extreme weather. • Transition risks from tightening carbon related regulations, higher energy and carbon costs, and rising investor expectations for climate related disclosures. 	<ul style="list-style-type: none"> • Incorporated climate change risk into our Board level sustainability management and overall risk management framework. • Conducted climate change risk scenario analysis and established a “Climate Change Management Measures” to systematically identify, manage and monitor climate related issues.
Inadequate Emissions and Waste Management	
Potential Risks:	Our Response:
<ul style="list-style-type: none"> • Non compliance with local air quality, wastewater or waste laws could lead to regulatory penalties, operational disruptions, or reputational damage. 	<ul style="list-style-type: none"> • Strictly complied with Hong Kong’s Air Pollution Control Ordinance and Brazil’s National Environmental Policy. • Monitored GHG and other emissions, and preventive measures such as energy saving practices and waste management controls initiatives.

People-Centric Workplace	
Talent Acquisition and Retention Risk	
Potential Risks:	Our Response:
<ul style="list-style-type: none"> This may leads to vacancies in core positions, team instability, and a gap in business expertise, thereby affecting operational efficiency, project continuity, and market competitiveness. 	<ul style="list-style-type: none"> Conducted regular market surveys on compensation and benefits to ensure that pay levels for key positions remain competitive and explore mid to long term incentive schemes. Established a clear career development and promotion review mechanism to provide employees with visible growth paths and development opportunities. Optimized the work environment and corporate culture to enhance employees' sense of belonging and job satisfaction and regularly identify and address management gaps through anonymous feedback mechanisms.
Supply Chain Management	
Human Rights Violations in the Supply Chain	
Potential Risks:	Our Response:
<ul style="list-style-type: none"> Unfair working conditions and inadequate occupational health and safety for workers and contracted farmers, which could lead to reputational damage, regulatory scrutiny, and stakeholder backlash. 	<ul style="list-style-type: none"> Implemented a dedicated Human Rights Policy, requiring suppliers to conduct self assessments on ethical standards. Contracted farmers as our suppliers must comply with labor and occupational health and safety regulations, while training and awareness initiatives reinforce safe working conditions for contracted farmers.

Corporate Governance	
Compliance and Business Integrity	
Potential Risks:	Our Response:
<ul style="list-style-type: none"> Failure to meet anti-bribery, anti-corruption, and supply chain conduct requirements across complex regulatory jurisdictions could lead to legal penalties, reputational damage and disruptions to cross border operations. 	<ul style="list-style-type: none"> Implemented a comprehensive compliance and legal risk management initiatives, strictly adhered to local laws such as Hong Kong's Prevention of Bribery Ordinance (《防止賄賂條例》), the Organized and Serious Crimes Ordinance (《有組織及嚴重罪行條例》) and relevant Brazilian legal requirements governing agricultural procurement, processing, and export.
Corruption and Bribery Risk	
Potential Risks:	Our Response:
<ul style="list-style-type: none"> Exposure to corruption and bribery risk in areas such as business partnering, customs and logistics, government related approvals, and interactions with suppliers and distributors, which could lead to regulatory penalties, reputational damage and operational disruptions if not properly controlled. 	<ul style="list-style-type: none"> Implemented a zero tolerance anti corruption and bribery regime, strictly complying with the relevant laws, such as Hong Kong's Prevention of Bribery Ordinance and the Brazilian Anti Corruption Law. Formulated the "Integrity and Compliance Regulations" to clarify the work norms regarding gifts, hospitality, and conflicts of interest. Arranged regular anti-corruption training and internal control checks for directors and employees.
Stakeholder Disputes	
Potential Risks:	Our Response:
<ul style="list-style-type: none"> Stakeholder disputes may arise from differences in commercial terms, pricing arrangements, listing rule related connected transaction waivers, or expectations on governance and sustainability performance, which could affect supply stability, regulatory approvals, and investor confidence. 	<ul style="list-style-type: none"> Embedded stakeholder engagement practices into our sustainability management framework, including structured communication with shareholders, clear dispute resolution mechanisms in its framework agreements and ongoing stakeholder consultation and disclosure to align expectations and reduce potential conflicts.

Operation	
Product Quality and Safety Issue	
Potential Risks:	Our Response:
<ul style="list-style-type: none"> Potential defects, contamination, non-compliance with local safety standards, or mislabeling, which could lead to customer complaints, regulatory penalties, product recalls, reputational damage and loss of market access. 	<ul style="list-style-type: none"> Established a systematic product quality management system, including but not limited to internal quality classification standards for tobacco leaf, pre-shipment sampling and inspection of supplier products.
Procurement Management Risk	
Potential Risks:	Our Response:
<ul style="list-style-type: none"> Concentration in supplier base, geopolitical or regulatory changes, and volatility in raw material availability and pricing, which could lead to supply shortages, delays in market access, and reduced business flexibility. 	<ul style="list-style-type: none"> Established a structured procurement framework, such as Administrative Measures for Procurement and Business Specifications for Imported Tobacco Leaves, implemented strict supplier selection and exit criteria (covering compliance, management stability, supply capacity and ESG performance).

Risk Management at CBT

CBT maintains comprehensive compliance with Brazilian legislation, regulations, and industry standards through a robust compliance policy and governance framework. CBT's financial compliance system focuses on controlling core risks including fraud, corruption, tax evasion, and money laundering, supported by professionally trained staff and structured oversight mechanisms.

CBT implements a multi-layered compliance assurance system featuring both internal and external controls. Internally, strict segregation of departmental duties with multiple review checkpoints prevents violations and ensures operational integrity. Externally, CBT undergoes annual independent audits to verify transparent financial disclosure and regulatory compliance, demonstrating commitment to accountability and stakeholder trust.

CBT's compliance commitment extends across all operational dimensions. The Human Resources and Corporate Affairs departments maintain transparent, accessible policies and procedures that align the organization with its sustainability objectives and corporate culture. Environmentally, CBT strictly oversees compliance with all required permits and licenses, ensuring continuous adherence to Brazilian environmental regulations. CBT strengthened its sustainability management by launching the Green Commitment Program (Programa Compromisso Verde), designed to strengthen projects that promote sustainable practices, environmental education, and actions aimed at mitigating environmental impacts. Through this program, CBT has solidified its role as an agent of transformation, integrating environmental responsibility into its corporate strategy and expanding initiatives that contribute to building a more balanced, resilient, and conscious future. In parallel, CBT expanded compliance awareness and training through initiatives such as the Sustainability Seminar and Compliance Day.

We have now integrated the identification, assessment, and control of a wide range of non-financial risks that could affect our long-term performance and reputation into our risk management system. Beyond traditional operational and financial risks, we recognize that areas such as business ethics and anti-corruption, product quality and safety, data security and privacy protection, responsible marketing, innovation management, and intellectual property rights also represent critical dimensions of risk exposure. Accordingly, the Group embedded these considerations into its enterprise risk management system – establishing governance mechanisms, internal controls, and monitoring processes to prevent, detect, and mitigate potential risks.

9.3.2 Business Ethics and Anti-Corruption

The Group has always adhered to high standards of ethical business practices, integrity, and zero tolerance for corruption. We strictly comply with all relevant laws and regulations in the locations of operations, including but not limited to Hong Kong's Prevention of Bribery Ordinance, Organized and Serious Crimes Ordinance, and Brazil's Anti-Corruption Act to prevent bribery, corruption, money laundering, and fraud across our operations.

To address potential conflicts of interest, insider trading, and improper gifts, or entertainment, the Group has formulated and implemented the Rules of Procedure for the Board of Directors (《董事會工作規則》) and Integrity and Compliance Regulations (《廉潔從業規定》). These regulations clearly stipulate that directors and employees must not accept advantages from any person, company, or organization with business dealings with the Group. Conflicts of interest must be proactively declared to the Group, with timely updates when circumstances change. Upon the identification of any non-compliance, we will launch an immediate investigation and, depending on the severity of the violation, take measures including employment termination, contract cancellation, or legal action. Meanwhile, the Group has established open whistleblowing channels and reporting mechanisms to encourage internal and external stakeholders to participate in oversight, and has strengthened anti-corruption publicity during major holidays to jointly maintain an honest and transparent business environment. These mechanisms encompass anonymous complaint channels (CTIHK: jb@ctihk.com.hk; CBT: <https://www.cbtextport.com/denuncias>), ensuring that stakeholders have effective, accessible means to voice their concerns and seek timely resolution. We have always prioritized enhancing internal compliance awareness. All directors, employees, and third parties are required to uphold principles of integrity, impartiality, and candor, with zero tolerance for unethical behavior.

Building Integrity Culture

We have strengthened our internal culture of integrity through various training programs. The training content covers compliance, anti-corruption and ethical conduct, and reaches all levels of the organization, including the Board of Directors, management and all employees.

In addition to routine compliance and integrity training in 2025, the Company invited senior attorneys from Fangda Partners to conduct a specialized seminar on Anti-Money Laundering and Counter-Financing of Terrorism compliance requirements. By integrating in-depth analysis of typical cases, this training session effectively strengthened employees' compliance awareness and professional integrity.

CBT also held a Compliance Day initiative, which brought together employees from CBT's headquarters and buying station units to strengthen understanding of the principles that guide ethical conduct and transparency in daily activities. Through interactive discussions and practical scenarios, the focus was to demonstrate how transparency and security in processes protect both CBT and its professionals.



CTIHK Compliance Training 2025



CBT Compliance Day 2025

During the Reporting Period, the Group was not involved in any corruption-related lawsuits and maintained full compliance with all relevant laws and regulations impacting our operations.

9.3.3 Product Innovation and Responsible Marketing

We view excellence as a multifaceted commitment that drives our comprehensive operational strategy. Through rigorous protection of consumer data and intellectual property rights, we maintain high security standards while fostering innovation. This dedication extends to our marketing practices, where we prioritize transparent, truthful advertising that respects consumer trust.

Our commitment focuses on the following five key areas:

Product Innovation	Our strategy emphasizes continuous improvement to meet consumer needs, incorporating quality, safety, sustainability, and usability in product development.
Data Security	We strictly protect consumer privacy through robust measures and full compliance with data protection regulations.
Advertising	Our marketing campaigns comply with local tobacco control regulations and ethical standards, ensuring transparent communications that enable informed consumer decisions.
Customer Service	Our professional teams deliver prompt assistance, efficient query resolution, and comprehensive product support.
Intellectual Property	We fully respect others' legitimate rights to ensure fair market competition.

Product Quality Management

The Group has established a comprehensive quality management system covering procurement, processing, storage, and delivery. All products comply with relevant national and international standards, supported by required certifications and licenses. Systematic quality checks, safety protocols, and traceable supply chain management ensure consistent product integrity from raw material reception to shipment.

Internal Control and Inspection Procedures

Tobacco classification follows specifications in our Internal Classification Quality Document (《内部分級品質文件》), evaluating position, color, and quality under controlled lighting of 1,500-2,000 LUX. Monthly measurements during harvest ensure accuracy at a standardized 30 cm distance from light source to conveyor belt.

Supply Chain Quality Control

Product quality management is integrated throughout the entire process of product storage, transportation, and customs procedures. We consistently adhere to strict data collection standards and conduct sample verification before shipment to ensure product quality meets standards before delivery. We also provide our suppliers with detailed shipping instructions to minimize potential risks during transit.

CBT maintains rigorous quality rules and standards for receiving raw materials, including well-defined criteria for handling, storing, preserving, and transferring green tobacco between manufacturing and purchase units. A dedicated traceability procedure ensures identification throughout receiving, purchase, processing, storage, and shipping. Trained seasonal employees will process and verify tobacco leaves leaf by leaf on the conveyor belt to exclude undesirable residues in the pre-checking area according to customer standards.

Quality Verification and Issue Resolution

Our receiving process includes thorough quality inspections following established acceptance standards. When quality concerns arise, we immediately collaborate with suppliers and production facilities to implement corrective measures, maintaining communication until customer confirmation of resolution is obtained.

Storage and Inventory Management

Our comprehensive storage management system ensures consistent product quality through regular warehouse environment inspections and systematic sampling protocols. We implement a first-in, first-out inventory strategy based on precise market demand forecasts, while maintaining continuous quality monitoring of stored products. This integrated approach to storage and inventory management safeguards product integrity throughout the warehousing process.

Client Quality Assurance

Our business departments promote product quality verification through two main methods. The Tobacco Leaf Department will conduct on-site inspections of stored goods at designated locations, and confirm inspection parameters such as sampling proportions and batches in advance through customer consultation. The Cigarette Operation Department will conduct inventory of the warehouse twice a year. In addition, we will conduct preliminary quality assessments through sample shipment, including newly drawn samples, before final delivery to ensure that product quality meets customer requirements.

CBT's "China Style Quality" team comprises a coordinator and four professionals focused on Tobacco Purchase Management. This team collects production data, conducts statistical, qualitative, and quantitative analyses, and supports management decision-making by measuring tobacco-growing region performance and quality levels. These analyses are crucial for strategic planning and ensuring product consistency.

During the Reporting Period, the Group experienced no product recalls due to safety or health reasons, demonstrating our commitment to high quality standards of products.

Data Security and Privacy Protection

Data Privacy Protection

The Group strictly complies with applicable data protection laws, including the Personal Data (Privacy) Ordinance (《個人資料(私隱)條例》) in Hong Kong and Brazil's General Personal Data Protection Law (LGPD), which together guide our approach to protecting the personal data of employees, customers, and business partners across all operations. CTIHK's Human Resources & Administration Department and CBT's Information Technology (IT) Department are jointly responsible for properly maintaining and safeguarding the personal information of suppliers, customers, and consumers, ensuring that all data access, storage, and processing remains confidential and compliant with regulatory standards.

Employee Confidentiality Protocol

Employees must strictly follow the Group's confidentiality policies regarding client and business partner information, unauthorized disclosure of sensitive information to third parties is treated seriously and may lead to disciplinary action.

During the Reporting Period, the Group did not receive any complaints or litigation concerning data protection and privacy protection, demonstrating our commitment to safeguarding the privacy and security of individuals' information.



Cybersecurity Protection

During the Reporting Period, the Company continued to strengthen our cybersecurity defenses. By optimizing existing security strategies and improving management mechanisms, we established a multi-layered protection framework covering network boundaries, applications, data, and endpoints, as detailed below:

<p>Perimeter Security Hardening</p>	<p>Internal and external network firewalls were deployed to achieve logical network isolation, effectively preventing unauthorized access and external attacks. At the same time, an internet access behavior management system was implemented to regulate employees' online activities and reduce the risks of data leakage and malware intrusion. Fine-grained network segmentation was also carried out, with separate segments established for office, data, and public areas based on business attributes, thereby enabling differentiated access control policies.</p>
<p>Core Application Protection</p>	<p>The ERP system was deployed on a cloud platform, leveraging the platform's underlying security capabilities to ensure business continuity and data security. Microsoft email services were adopted uniformly across the Company, relying on their mature anti-spam, anti-phishing, and email encryption mechanisms to ensure secure and reliable corporate communications.</p>
<p>Data Security Assurance</p>	<p>Regular backups were performed for critical data stored on shared drives, alongside an offsite backup mechanism. This established a disaster recovery framework combining local and offsite backups, effectively addressing risks such as data loss and regional disruptions.</p>
<p>Endpoint Security and Compliance Management</p>	<p>Endpoint access control was further strengthened, and a strict approval process for the software installation was enforced. All software must be reviewed and approved before installation, thereby preventing security risks arising from non-compliant software at the source.</p>

Cybersecurity Emergency Response

The Group has established the Emergency Response Plan for Information Network Security (《網絡信息安全突發事件應急預案》), which defines clear procedures for incident reporting, escalation, containment, investigation, and recovery. In the event of a security incident, responsible personnel must immediately notify senior management, activate the emergency protocol, and implement remedial measures. We also perform regular backups of core operational data to ensure business continuity and minimize data loss risk in the event of system interruptions or cyberattacks.

Data Security Management

Recognizing information security as a key operational risk, the Group manages data security through a structured policy framework, including the Cybersecurity and Information Security Policy (《網絡信息安全管理辦法》) and the Administrative Measures for Records Management (《檔案管理辦法》). The Group conducts regular compliance inspections across information systems, hardware, and data-processing networks, and engages certified third-party organizations for equipment maintenance. Encryption technology is applied internally to prevent unauthorized access, leakage, or misuse of sensitive information.

CBT enforces strict data access controls through established security and resource management policies, ensuring data security standards are maintained across all operations in compliance with applicable legal requirements.

Responsible Marketing

We strictly follow Hong Kong's Trade Descriptions Ordinance (《商品說明條例》) and Smoking (Public Health) Ordinance (《吸煙(公眾衛生)條例》), as well as other relevant laws and regulations, to regulate product promotion and ensure responsible sales practices. Because CBT does not produce cigarettes, Brazilian laws on cigarette advertising and packaging do not apply.

We export cigarettes to Exclusive Operating Regions for Cigarettes and New Designated Regions for Cigarettes from CNTC Group directly or through distributors and export of new tobacco products to the global market (except the Chinese Mainland). As a responsible tobacco enterprise, we recommend rational smoking behavior among adult consumers and ensure all labeling and promotional materials content is accurate and transparent, enabling consumers to make informed decisions about our products. Marketing communications strictly avoids targeting minors, creating misleading associations, or misrepresenting product information.

During the Reporting Period, the Group maintained compliance with all relevant laws and regulations, with no non-compliance issues recorded relating to health, safety, advertising, labeling, or consumer privacy.

Brand Image and Customer Service

Procedures and Mechanisms for Handling Customer Complaints

The Group is committed to enhancing service quality and raising customer satisfaction. We have established the Procedures and Mechanisms for Handling Customer Complaints (《客戶投訴的流程與處理方案》) and actively gathers feedback through regular visits, phone calls, emails, and other communication channels.

Every piece of feedback is viewed as a valuable opportunity to strengthen relationships with consumers and customers. We promptly inform relevant departments or upstream and downstream partners of customer complaints and feedback for immediate resolution and improvement. When necessary, we launch targeted investigations into the parties involved. For major complaints, we follow management directives and form dedicated teams to investigate and formulate comprehensive response plans.

Standardized Complaint Handling Procedures

<p style="text-align: center;">Insurance Claims for Transit Damage</p>	<p>We manage port arrival incidents by facilitating communication between customers and suppliers, assisting with claim documentation preparation, and coordinating with insurance companies for efficient claim processing.</p>
<p style="text-align: center;">Non-Insurance Issues Management</p>	<p>When addressing quality non-conformance, short shipments, or foreign matter detection, our team documents customer complaints immediately and strives to contact suppliers within two business days. We conduct thorough on-site inspections when necessary and facilitate resolution negotiations between all parties involved.</p>
<p style="text-align: center;">Quality Assurance and Follow-up</p>	<p>Our commitment to continuous service excellence involves regular monitoring of product usage and customer satisfaction. We ensure prompt transmission of quality feedback to suppliers and work collaboratively to develop effective improvement strategies that benefit all stakeholders.</p>
<p style="text-align: center;">Customer Relationship Management</p>	<p>To maintain strong business partnerships, we coordinate regular visits between Chinese Mainland tobacco suppliers and international customers. Our team conducts systematic customer visits based on business needs, builds a closed-loop management system for information feedback and improvement suggestions, and achieves continuous optimization of service quality through timely two-way communication.</p>

Customer Satisfaction Survey

In 2025, the Company has distributed satisfaction surveys to major business clients across global markets. Survey responses indicated strong satisfaction with sales representatives' service attitude, product quality, and responsiveness, achieving a 100% satisfaction rate.

CBT maintains comprehensive customer service practices, with the commercial team maintaining regular communication with customers to understand their needs and gather feedback on product quality and logistics, supporting continuous service improvement.

During the Reporting Period, the Group did not receive any complaints regarding customer service. Moving forward, the Group will continue working on optimizing the service process to provide customers with more efficient and convenient services.

Intellectual Property Rights

The Group is committed to safeguarding its Intellectual Property (IP) rights while respecting those of third parties, in strict compliance with relevant laws and regulations, such as Hong Kong's Trademark Ordinance (《商標條例》) and Copyright Ordinance (《版權條例》), as well as China's Trademark Law, which mandates that cigarettes, cigars, packaged tobacco, and electronic cigarettes bear registered trademarks before production or sale.

One of our primary focuses is global trademark registration. Our proprietary brands are currently undergoing registration in 94 jurisdictions, reflecting our commitment to comprehensive IP protection across international markets. The Guide for Risk Management of Compliance and Law (《合規及法律風險管理指南》) supports the registration and maintenance of IP rights for our business operations. We handle global trademark registration through professional third-party agencies and maintain detailed patent status records for our industrial products, ensuring comprehensive oversight of our IP portfolio.

IP Management Framework

For IP actions related to new tobacco products and brand protection, we follow a systematic approach:

- **Recording and Monitoring:** We have created standardized tracking forms according to registration details. Each quarter, we review these forms to confirm validity, preventing omissions in registration updates or renewals. Ownership certificates are stored under a “one file per item” backup system to ensure documentation integrity.
- **Changes and Updates:** We work with professional institutions to expedite processes for any changes concerning trademarks, patents, or other IP assets, ensuring compliance with jurisdictional requirements including those under the Madrid System for international trademark registration.
- **Infringement Monitoring and Enforcement:** We actively monitor for IP infringements across our operating markets. When infringements occur, we take prompt legal action to halt unauthorized use, determine liability, and seek appropriate remedies through judicial channels.

In addition to safeguarding our own IP, the Group respects third-party intellectual property rights and does not utilize any third-party IP without prior authorization. All terminal devices and information systems within the Group use genuine licensed software, and we maintain zero tolerance policy for any illegal or improper actions related to IP.

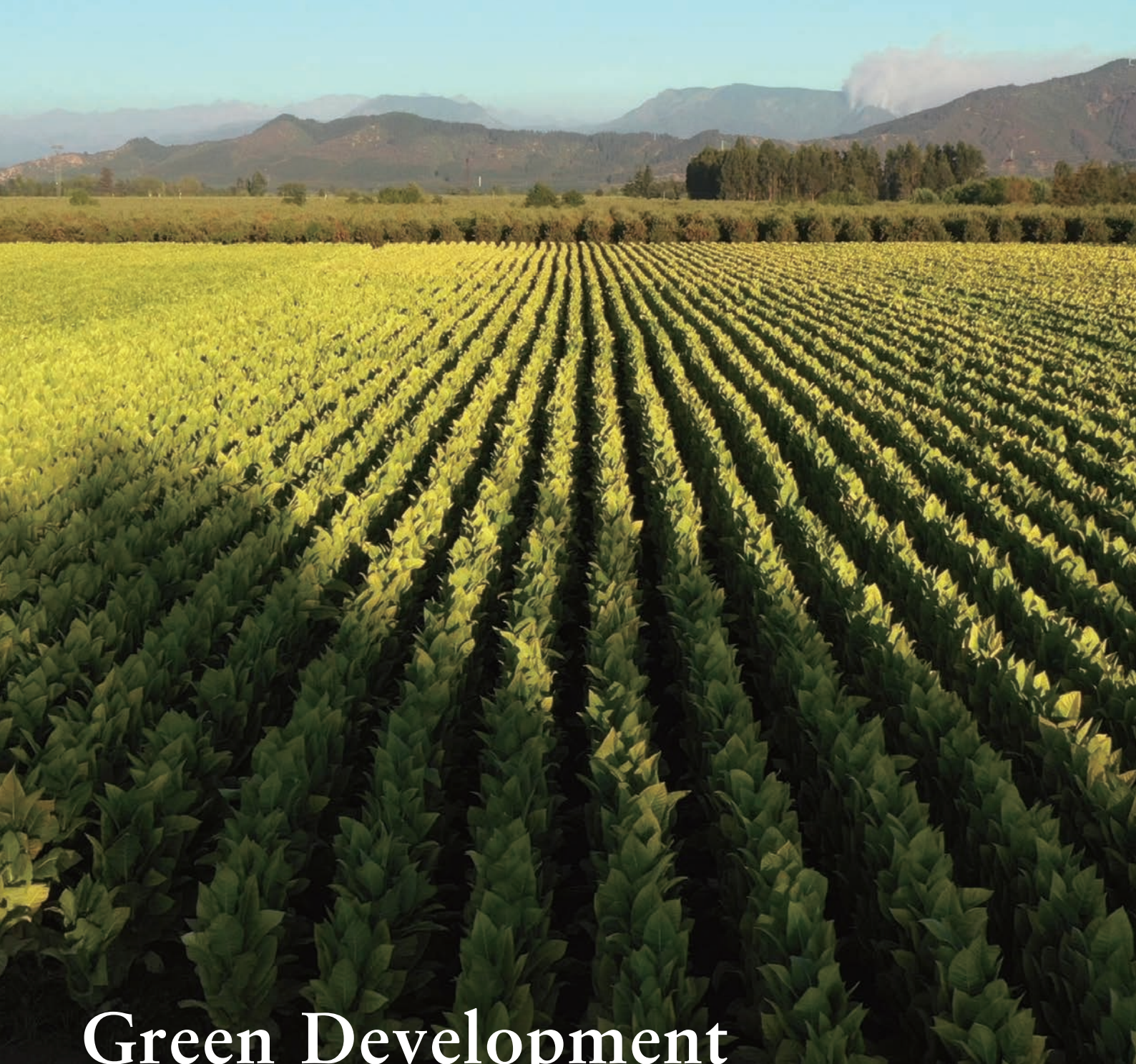


9.4 Development Index System

In 2025, the Group explored and established an ESG Development Index to systematically measure and monitor its sustainability performance during operations, and to effectively manage risks and opportunities related to sustainability.

Our ESG Development Index is based on the Group's sustainability strategy and principles, and is constructed around five dimensions: Green Development, Community Engagement, Supply Chain Management, People-Centric Workplace, and Corporate Governance. Each dimension encompasses key themes and indicators that capture the qualitative and quantitative dimensions, enabling a holistic and balanced assessment of our progress toward sustainable value creation.

By systematically evaluating both directional themes and specific operational metrics, the Development Index supports evidence-based decision-making to drive continuous improvement of our ESG performance. The Index also aligns with international reporting standards and stakeholder expectations, reinforcing our commitment to transparency and responsible business practices. It enables us to establish clear targets, track our ESG performance and trends, and communicate our progress in promoting ESG performance to stakeholders. Moving forward, we will continue to refine our Development Index and disclose our sustainability performance within this index system as appropriate.



Green Development

Focus Areas

- Air Pollutant Emissions and Management
- Biodiversity
- Circular Economy
- Climate Change Mitigation and Adaptation
- Energy Use and Management
- Environmental and Natural Resources Protection and Education
- Greenhouse Gas Emissions and Management
- Product Carbon Footprint
- Waste Management
- Water Resources Use and Management

Contributing to the UN SDGs



10. GREEN DEVELOPMENT

The Group adheres to the Carbon Peaking and Carbon Neutrality Goals of China, upholds the management philosophy centered on sustainable development, and is committed to integrating environmental responsibility and green and low-carbon development concepts into its daily operations, reducing its ecological footprint while maximizing corporate social value and promoting community prosperity. We continue to monitor and actively address the environmental impact of our tobacco products. By conducting product carbon footprint and life cycle assessments, we have demonstrated our commitment to reducing environmental impact throughout our value chain and the implementation of the concept of sustainable development.

10.1 Charting a Sustainable Future

In 2025, based on our Sustainable Development Policy (《可持續發展政策》), we further strengthened our commitment to sustainable development, implemented environmental management practices, specifically by setting, tracking, controlling, and reviewing various environmental indicators and targets through a systematic approach, and ensuring that our practices are consistent with the latest relevant global standards and regulatory requirements.

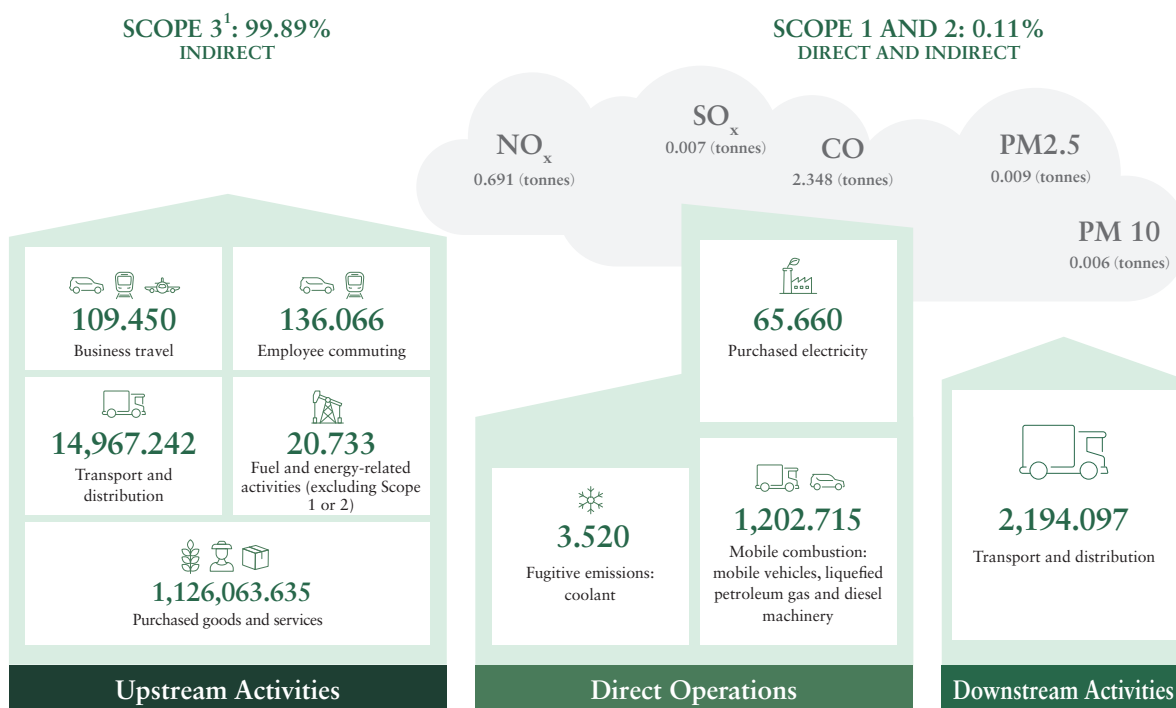
Our operations strictly adhere to Hong Kong's Air Pollution Control Ordinance (《空氣污染管制條例》), the National Environmental Policy of Brazil, and other relevant environmental regulations in our business operation regions. We have also formulated and implemented the Business Vehicle Management Rules (《商務車輛管理規定》) and prioritized the purchase and use of business vehicles with Euro 6B emission standards based on the principles of “conservation, efficiency and practicality”.

Throughout the Reporting Period, we maintained full compliance with environmental laws, with no violations recorded, underscoring our commitment to responsible environmental stewardship.

10.1.1 Greenhouse Gas Emissions Management

The Group closely monitored key climate-related metrics, and consistently tracked and documented GHG emissions, across all Scopes. In 2025, we conducted a comprehensive Scope 3 GHG emissions inventory for the first time marking a significant step forward in enhancing the completeness and transparency of the Group's carbon accounting and climate disclosure practices.

The Group's core GHG emissions in 2025



Note: Unless otherwise specified, the unit of data is tonnes of CO₂e.

¹ In 2025, the Group conducted a comprehensive Scope 3 GHG emissions inventory for the first time, adopting calculation methodologies and emission factors based on the SEHK How to prepare an ESG Report Appendix 2: Reporting Guidance on Environmental KPIs and the U.S. Environmental Protection Agency (EPA) dataset Supply Chain Greenhouse Gas Emission Factors v1.3 by NAICS-6. Emissions from supplier services were estimated using procurement expenditure data. In addition, the methodology referenced the UK Government's Greenhouse Gas Reporting: Conversion Factors 2025 as supplementary sources for emission factors and calculation approaches. The Scope 3 (other indirect emissions) inventory was prepared in accordance with the Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard. It covers six categories, numbered in accordance with the GHG Protocol's official category classification rather than in continuous sequence: (1) purchased goods and services; (3) fuel- and energy-related activities (not included in Scopes 1 or 2); (4) upstream transportation and distribution; (6) business travel; (7) employee commuting; and (9) downstream transportation and distribution.

In 2025, we continued to optimize cargo transportation routes to reduce climate risk impacts and promote low-carbon emission reduction. Through scientific planning and precise scheduling of routes, we reduced unnecessary transfer links during transportation and significantly decreased GHG emissions during cargo delivery. This is also expected to save over HKD1,400,000 in storage and transportation costs annually while improving logistics efficiency by 2-3 months.

Looking ahead, the Group will deepen its emissions management through quantifiable and substantive actions, proactively develop a decarbonization roadmap, and systematically integrate climate-related risks and opportunities into its operational decision-making processes.

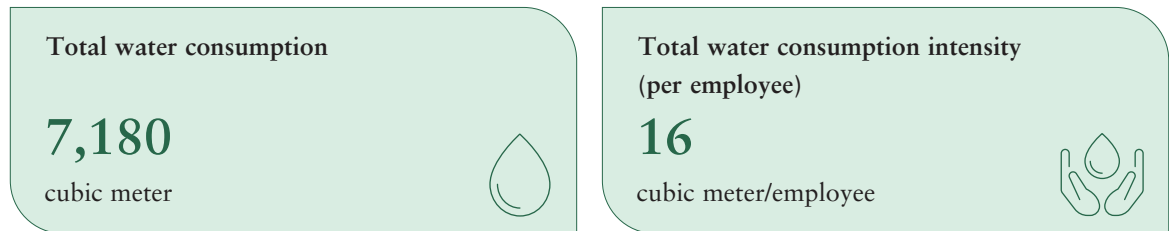
10.1.2 Water Management

We are committed to conserving water resources across our operations. The Company obtains water supply through facilities provided by the property building and promotes water conservation by posting “Save Water” labels in all water-using areas to encourage employees to practice sustainable development principles.

In Brazil, CBT is committed to responsible water management. Although water is not a primary input in CBT’s operations, consumption in offices and general activities is monitored to ensure responsible use of resources. CBT’s water is sourced from underground wells and the public supply network, and all abstraction sources are properly licensed and operate within the limits authorized by regulatory authorities.



During the Reporting Period, the total water consumption across operation sites in Hong Kong and Brazil was 7,180 m³.



10.1.3 Energy Management

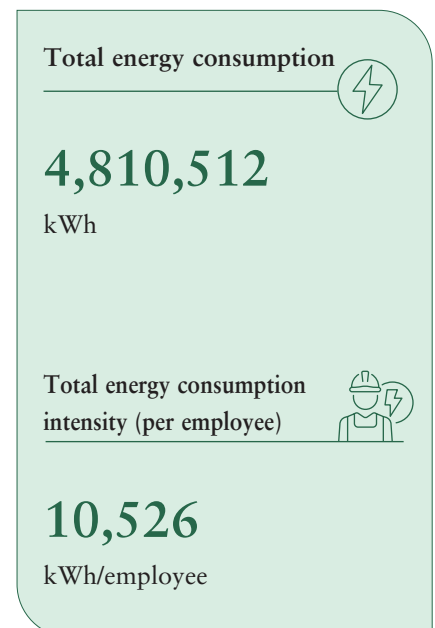
Electricity is our primary energy source, used extensively for lighting, air-conditioning, and powering office and operational equipment across our Hong Kong and Brazil sites. We continue to monitor and analyze electricity usage through regular tracking, ensuring efficient use and distribution.

Key ongoing energy-saving measures include:

- Maximizing natural light and using energy-efficient LED lighting
- Implementing zoning and independent switches for lighting in less frequently used areas
- Selecting energy-efficient office equipment with recognized energy-saving labels
- Switching off all electrical equipment after work hours
- Planning for gradual replacement of aging equipment with high-efficiency alternatives

Energy is used at CBT not only in office settings but also in operational processes such as moving conveyor belts and operating forklifts. Fuel consumption, primarily gasoline for field technicians' vehicles, remains significant and is expected to grow with CBT's increased production. However, we are taking proactive steps to mitigate this impact by improving energy efficiency at our facilities and optimizing logistics routes to reduce energy consumption and GHG emissions during transportation.

In the Reporting Period, the total energy consumption of our operation sites in Hong Kong and Brazil amounted to 4,810,512 kWh for the Year.




10.1.4 Waste Management

The Group strictly adheres to Hong Kong's Waste Disposal Ordinance (《廢物處置條例》) and Brazil's National Solid Waste Policy. In our daily operations, we actively promote waste reduction, particularly by advocating for a paperless office environment. We encourage staff to use digital document viewing and promote double-sided printing and the reuse of single-sided printed paper. We prioritize the reuse of office consumables and foster behavioral changes among employees to encourage recycling and reusing office materials. Following the comprehensive upgrade of the ERP office system, we have digitized our document creation and approval processes. This transition has significantly reduced paper waste, demonstrating how technology facilitates the achievement of our waste reduction targets.

At CBT, we have established the Waste Management Procedure, to provide guidelines for classifying, identifying, packaging, discarding, and directing waste for disposal, including transport and handling to its final destination. Moreover, our field technicians work closely with contracted farmers to encourage them to practice the correct disposal of the Crop Protection Agent (CPA)'s packages.

One of the best practices of CBT's circular approach is the use of by-products from tobacco processing, such as leaves, stalks, branches, and dust. These residues are collected and sent to a specialized company, which fully transforms them into an organic fertilizer enriched with soil organic matter, provided as an input for CBT's contracted farmers, closing the tobacco production cycle.

During the Reporting Period, the total (including hazardous and non-hazardous) waste from our operation sites in Hong Kong and Brazil amounted to 102 tonnes.

2025		
Total waste	Total waste intensity (per employee)	
102 tonnes	0.223 Kg/employee	



10.2 Rising to the Climate Challenge

Climate change poses significant threats to the environment, ecosystems, and human well-being, whilst continuing to intensify extreme weather events and drive regulatory shifts globally. In response, the Group is committed to minimizing its carbon footprint and mitigating the adverse impacts of climate change through robust strategies and systematic action. In alignment with the climate-related disclosure requirements under Part D of the ESG Reporting Guide we have established a climate change management framework to comprehensively integrate climate response across our business operations, proactively addressing both the risks and opportunities arising from the transition to a low-carbon economy.

10.2.1 Governance

The Group has established a four-tier sustainability governance structure to oversee climate-related risks and opportunities:

Supervision Level: Audit Committee members provide independent oversight of ESG and climate-related matters.

Decision-making Level: The Board of Directors holds ultimate accountability for climate governance, reviewing and approving climate strategies, policies, and targets.

Organization Level: The ESG Task Force, serving as the coordination body, is responsible for overseeing the identification, assessment, and management of climate-related risks and opportunities, and reports regularly to the Board.

Executive Level: Internal Working Groups across relevant departments implement climate-related initiatives, monitor progress, and collect data for preparing Sustainability Reports.

Skills and Competence

The Board and the ESG Task Force regularly participate in climate risk training and assess their professional backgrounds and external advisory support to ensure the capabilities required for overseeing strategy. Future reviews will be conducted based on the latest regulatory updates, and climate-related professional requirements will be reflected in director nominations and terms of reference as appropriate.

Information Access

The Board reviews the sustainability report annually and discusses climate-related risks and opportunities. They also regularly receive special reports and briefings on material matters from the ESG Task Force.

Strategy Integration

When overseeing strategy, significant transactions, and risk management, climate risk trade-offs are appropriately considered (such as the impact of physical risks and transition risks on business operations) and integrated into our risk management system.

Target Monitoring

The Board regularly monitors the formulation of climate-related targets and progress. Currently, relevant metrics have not been incorporated into remuneration policies.

Management functions are undertaken by the Board of Directors, which collaborates with the ESG Task Force and relevant departments to identify, assess, and implement strategies for climate-related risks. Day-to-day management is conducted by the ESG Task Force under Board oversight. The ESG Task Force operates in accordance with internal policy documents such as Climate Change Management Measures, coordinating the monitoring of climate change impacts on business operations, responding to related risks, and identifying potential opportunities. For more details, please refer to the “Governance Structure System” section.

10.2.2 Strategy

Climate Risk Assessment Process

In 2025, the Group reviewed the climate risk assessment conducted in 2024 and endorsed the findings. Following a process consistent with the 2024 assessment, the evaluation went through the following approach: We referenced climate risk categories from peer sustainability reports, industry research, and media sources, combined with the characteristics of our value chain and the policy environment in our operating regions, and through in-depth analysis of industry disclosure practices, we preliminarily identified and established a repository of climate-related risk topics highly relevant to our business operations.









Based on this repository, we designed an online questionnaire survey and invited relevant internal personnel to assess the likelihood and magnitude of impact for each climate risk. We then conducted materiality ranking analysis and established a climate risk matrix to clarify priority management areas.

Identification Results of Climate-Related Risks

Through the analysis, the Group has identified three material climate risks in the 2024 assessment, which remain valid following the 2025 review. For these climate risks, we focus on analyzing their potential impacts on operations and business, and summarize the key response measures currently deployed.

Evaluation Results of Climate Risk Assessment

With the strengthened assessment framework, we identified three material climate risks that are assessed as “high” risk levels across both physical and transitional risks. Moreover, we have also determined to evaluate whether the effectiveness and adaptability of our existing control measures and our internal risk management policies are adequate in addressing these challenges.

Risk Category 	Description 	Business Impact 	Financial Impact ² (current and anticipated) 	Time Horizon 
Physical Risks				
Acute Risks				
Increased frequency and intensity of floods and hurricanes in tobacco growing areas 	Climate change causes extreme weather events such as storms and floods, posing potential destruction risks to fixed assets and the environment.	Tobacco supply chain may face disruptions from disasters like floods and hurricanes, such as those experienced in Brazil. These disasters can lead to damage to buildings and goods, loss of crops, and interruptions in logistics networks, impacting both farmers and the supply chain.	<ul style="list-style-type: none"> Local tobacco leaf prices rise Procurement costs increase Sales profit margins decrease 	Short-term (present to 2028)
Increased frequency and intensity of extreme heat waves in tobacco growing areas 	Climate change leads to extreme weather events such as droughts and heat waves, leading to potential damage risks to fixed assets and the environment.	Severe droughts, heat waves will lead to a decrease in crop yields. Extreme heat will also affect farmers' mental and physical health, leading to a decrease in productivity. Loss of yield may result in higher tobacco prices in local markets or scarcity of tobacco substitutes of equivalent quality, thereby increasing procurement costs and reducing profits.	<ul style="list-style-type: none"> Local tobacco leaf prices rise Procurement costs increase Sales profit margins decrease 	Short-term (present to 2028)
Transition Risks				
Policy and Legal Risks				
Stricter regulatory policies and disclosure requirements 	The world is gradually paying attention to the risks brought by climate change. Local governments have implemented or updated stricter relevant policy supervision on corporate products and services. If companies fail to respond in time, they will cause monetary losses, violate laws and regulations, and even must do business transformation.	Regulation of energy efficiency requirements may affect businesses in factories or mechanized agricultural processes. Complying with increasingly complex regulatory requirements increases the Group's exposure to additional costs and the risk of unintended non-compliance, which may result in regulatory reprimands and financial penalties.	<ul style="list-style-type: none"> Compliance costs increase Energy efficiency requirements increases 	Short to medium-term (present to 2035)

² Regarding the disclosure of climate-related financial impacts, the Group has primarily adopted qualitative descriptions during the Reporting Period and has not yet provided quantitative data. This is mainly because climate risks are closely intertwined with daily operations, market conditions, and other factors, making it difficult at this stage to precisely isolate and separately quantify their independent impact on financial position, performance, and cash flows. Additionally, such measurements involve considerable uncertainty. This report clearly presents the potential directional impact of climate factors on major financial items (such as operating costs). The Group is continuously strengthening its capacity building in climate scenario analysis and financial impact assessment, and will progressively introduce more meaningful quantitative disclosures in the future.

Responses to Climate Risks

In response to the identified climate risks, the Group is strengthening sustainability integration between CTIHK and CBT by synchronizing policy implementation to ensure uniform standards and practices across both locations. This strategic alignment is facilitated through regular meetings of ESG Task Force members from both regions to enhance internal communication and share best practices related to climate risk management. We also actively build partnerships with public and community entities to support projects that mitigate climate impacts and strengthen both community and business resilience.

We have implemented comprehensive response measures to address the identified material climate risks. To mitigate physical risks from extreme weather events-including storms, floods, droughts, and heat waves-that threaten fixed assets and operations, the Company has strengthened the climate resilience of infrastructure through the Office Workplace 5S Management Measures (《辦公場所5S管理辦法》), regular facility inspections, and emergency response procedures at operational sites.

CBT has also promoted sustainable agriculture practices through the Good Agricultural Practices Guide. Contracted farmers are recommended to adopt conservation tillage methods such as no-till and reduced-till farming to improve soil water retention and climate resilience. These practices are complemented by crop rotation and supported by technical assistance provided by field technicians, who guide farmers in the implementation of recommended agricultural and environmental practices.

To address regulatory and policy transition risks arising from stricter climate-related regulations, the Group adopted the Climate Change Management Measures to systematically manage climate-related issues. We have established comprehensive GHG emissions tracking across Scopes 1, 2, and 3.

Scenario Analysis Framework

The Group has developed a scenario analysis framework by selecting internationally recognized climate scenarios and appropriate input parameters to assess the potential financial impacts of physical and transition risks on operations. Considering the Group's value chain and operating locations, we reference scenarios from IPCC and the International Energy Agency (IEA) to construct low-emissions³ and high-emissions⁴ scenarios across three-time horizons: short-term (present to 2028), medium-term (2028-2035), and long-term (2035-2060). This analysis aligns with our ESG disclosure scope and evaluates actual and potential impacts on business strategy and financial planning. Climate-related risks and opportunities are assessed separately across these time horizons to prioritize risk management and implement targeted response measures.

The following key parameters have been incorporated into the scenario analysis based on their materiality to the Group's operations:

Key Parameter	Rationale for Consideration
Extreme weather events	Increased frequency of extreme weather may disrupt the Group's business operations
Long-term global climate pattern changes	Prolonged deterioration of climate patterns will affect the Group's business operations
Product and service regulations	Increasingly complex regulations will raise corporate compliance costs
Climate disclosure requirements	Stricter climate disclosure requirements may result in higher compliance risks and costs
Low-carbon technology transition expenditures	Adoption of renewable energy and energy-efficient equipment to replace conventional energy and high-consumption equipment may lead to premature asset retirement, increasing operating expenses
Changes in customer preferences	Customers will increasingly favor greener and low-carbon products and services, failure to respond proactively will reduce attractiveness to such customers
Energy prices	Rising energy prices will directly impact the Group's operating costs
Raw material costs	Fluctuations in raw material prices will increase procurement costs
Public attention to climate change	Failure to respond promptly to climate change issues will damage corporate reputation and create negative impacts

³ The low-emissions scenario covers the physical risk scenario IPCC AR6 SSP1-2.6 and the transition risk scenario IEA NZE.

⁴ The high-emissions scenario covers the physical risk scenario IPCC AR6 SSP3-7.0 and the transition risk scenario IEA STEPS.

The scenario analysis for the Group is based on the following key assumptions:

Scenario Element	Low-Emissions Scenario	High-Emissions Scenario
Physical Environment		
Global average temperature increase	Approximately 1.5°C by 2040, 1.7°C by 2060, and 1.8°C by 2100	Approximately 1.6°C by 2040, 2.4°C by 2060, and 4.4°C by 2100
Global mean sea level rise	Likely to reach 0.19 meters by 2050 (likely range: 0.16–0.25 meters) and 0.44 meters by 2100 (likely range: 0.32–0.62 meters)	Likely to reach 0.23 meters by 2050 (likely range: 0.20–0.29 meters) and 0.77 meters by 2100 (likely range: 0.63–1.01 meters)
Climate change impacts	Relatively stable	Significant (increased frequency and severity of floods, extreme weather events, etc.)
Socioeconomic Environment		
Economic development	Achieving more inclusive economic development while respecting known environmental boundaries	Economic growth and technological progress driven by fossil fuels, resulting in high GHG emissions through 2100, potentially exacerbating extreme weather events
Climate policy	Chinese Mainland and Hong Kong have committed to achieving net-zero emissions with detailed near-term targets and action plans. Chinese Mainland has committed to peak carbon emissions by 2030 and carbon neutrality by 2060; Hong Kong has committed to carbon neutrality by 2050	Lack of new climate policies due to institutional, political, and economic barriers, i.e., policy inertia
Policy implementation	Strict climate policies implemented primarily by the government of China and the government of the HKSAR, with low implementation difficulty	Lack of detailed near-term actions and implementation plans
Common business models	Rapid transition from fossil fuel-dependent economies to renewable energy-driven economies	Profit-driven business models that fail to adequately consider environmental and social impacts
Commitment levels	Corporate commitment to contribute to national and regional climate action goals, with business partners collaborating to achieve low-carbon operations	Insufficient public awareness to drive institutional reform

Climate Resilience

Based on the analysis of climate-related risks across different scenarios, reference indicators, and time horizons, and in consideration of our business characteristics and geographic operating environment, we have comprehensively assessed our climate resilience performance, and the results are detailed in the table below:

Physical Risk	IPCC AR6 SSP1-2.6			IPCC AR6 SSP3-7.0		
	Short-term present-2028	Mid-term 2028-2035	Long-term 2035-2060	Short-term present-2028	Mid-term 2028-2035	Long-term 2035-2060
Increased frequency and intensity of floods and hurricanes in tobacco growing areas						
Increased frequency and intensity of extreme heat waves in tobacco growing areas						
Transition Risk	IEA NZE			IEA STEPS		
	Short-term present-2028	Mid-term 2028-2035	Long-term 2035-2060	Short-term present-2028	Mid-term 2028-2035	Long-term 2035-2060
Stricter regulatory policies and disclosure requirements						

Risk Value⁵:

Lower



Moderate



Higher



⁵ Risk Value: Based on SEHK's Implementation Guidance for Climate Disclosures under the SEHK ESG reporting framework, risk value (degree/percentage) reflects the magnitude of climate-related risks' impact on a company's potential asset value and financial condition. Higher risk values indicate greater impacts and require more measures to enhance climate resilience.

Climate-Related Strategy and Business Transformation

The Group has integrated climate-related risks into strategic decision-making and resource allocation, developing a climate transition plan to address both transition risks (such as stricter policy trends) and physical risks (such as floods, droughts, and extreme weather events). During 2025, although climate change has not yet created material structural impacts on the Group's overall business model or resource allocation, we have strengthened climate risk management at the medium- to long-term strategic level, progressively incorporating climate-related factors into operational decision-making, supply chain management, and investment deployment to establish a foundation for low-carbon transformation.

To enhance business resilience, the Group continuously assesses the potential impacts of climate change on production, logistics, and supply chain stability. We mitigate supply risks arising from extreme weather events by optimizing raw material procurement strategies, advancing diversification of key raw material sources, and accelerating green alternatives. In tobacco leaf sourcing operations, climate-adaptive agricultural practices are guided by the Good Agricultural Practices Guide, which provides best practice recommendations to contracted farmers, such as the adoption of conservation tillage methods to enhance soil resilience and water retention capacity. In addition, we also used the GMS to implement digital supervision of the tobacco supply chain to ensure that the supply chain is transparent and traceable.

In capitalizing on climate-related opportunities, the Group is advancing its green growth strategy through enhanced sustainability integration between CTIHK and CBT operations. We support farmer capacity building through technical assistance programs such as the aforementioned Good Agricultural Practices Guide, which promotes climate-resilient farming techniques including crop rotation and water conservation practices. In resource allocation, the Group takes into consideration investments supporting carbon reduction and environmental stewardship.

10.2.3 Metrics and Targets

To advance clean and low-carbon transformation and enhance climate resilience, the Group has established the following climate-related qualitative targets:

The Group commits to contributing to the Carbon Peaking and Carbon Neutrality Goals of China and Hong Kong's 2050 carbon neutrality target in alignment with the Paris Agreement. We aim to achieve systematic tracking and transparent disclosure of GHG emissions across Scopes 1, 2, and 3, progressively expanding data coverage to meet SEHK's climate disclosure requirements. Environmental performance improvement targets focus on energy efficiency, water conservation, and waste reduction across operations. We are committed to advancing low-carbon operational practices through environmental protection initiatives and promoting climate-resilient agricultural practices throughout our tobacco leaf supply chain. The Group will conduct regular climate scenario analysis to assess financial implications and develop adaptive response strategies in accordance with the Climate Change Management Measures. A unified sustainability digital platform will be established to standardize climate data collection, improve monitoring accuracy, and integrate climate-related indicators into performance management systems for transparent stakeholder disclosure.

The Group recognizes that addressing climate change is essential to our long-term business sustainability and stakeholder value creation. Through systematic governance, comprehensive risk assessment, strategic business transformation, and measurable targets, we are continuously strengthening climate resilience across our operations and supply chain.



Community Engagement

Focus Areas

- Community Welfare and Philanthropy

Contributing to the UN SDGs



11. COMMUNITY ENGAGEMENT

The Sustainable Development Policy clearly states that the Group should fully consider community interests and fulfill its social responsibilities in its business operations, striving to have a positive impact on the communities in which we operate. We actively engage with local communities to promote livelihood development and social welfare as key pillars of our community involvement. These commitments highlight our dedication to community partnerships, and lead us to create a profound and positive impact on the community.

11.1 CTIHK's Contributions

Responded to the call of “Chinese Enterprises Serving the Community”

Following Super Typhoon Ragasa, CTIHK responded to the “Chinese Enterprises Serving the Community” initiative by organizing a Mid-Autumn Festival and National Day community care program on September 27, 2025, in the Central and Western District and Southern District of Hong Kong Island. This initiative aimed to deliver festival greetings and care packages to grassroots elderly families.

The Company mobilized a volunteer team of dozens of people who visited over 150 grassroots elderly households, delivering care packages and festive greetings. The beneficiary families primarily consisted of elderly individuals living alone, elderly couples, and families living in subdivided flats-vulnerable groups requiring community support and assistance.

This marks the third consecutive year that CTIHK has carried out the “Chinese Enterprises Serving the Community” series of activities. Over the years, the Company has actively fulfilled the social responsibilities of a Chinese-funded enterprise in Hong Kong, put into practice its development philosophy of being “Community Engagement” continuously expanded the forms of community service, supported improvements to people’s livelihoods in Hong Kong, and integrated community service into its corporate culture.



Forest Conservation Activities in the Baguang Heritiera Wetland Park



On November 28, 2025, CTIHK organized a forest conservation initiative at the Baguang Heritiera Wetland Park in Shenzhen. This activity aimed to deepen the Company's commitment to sustainability principles and inject green momentum into our sustainable development through practical environmental stewardship.

Under the guidance of wetland park experts, our employees were organized into three specialized teams to conduct forest conservation:

- **Beach Cleaning Team:** Cleared plastic waste and debris along the coastal areas to improve marine and coastal ecosystem health.
- **Seed Collection Team:** Collected healthy fruits from silver-leaf trees to support species propagation and genetic diversity preservation.
- **Vegetation Management Team:** Conducted fine-scale maintenance of understory areas, removing invasive species that threaten native mangrove ecosystems.

All employees demonstrated clear division of labor and efficient collaboration, achieving significant results in wetland restoration. As one of the important coastal ecosystems in the Greater Bay Area, our initiative contributes to maintaining the biodiversity and overall ecosystem function of the Shenzhen Baguang Heritiera Wetland Park.

11.2 CBT's Contributions

CBT has established a comprehensive social responsibility framework built on two complementary programs that strengthen community engagement and deliver meaningful social impact in the regions where it operates.

11.2.1 CBT do Bem (Corporate Volunteer Program)

CBT actively encourages employees to participate in the Corporate Volunteer Program. Renamed “CBT do Bem” (CBT Doing Good), this program now operates under the “Social” division and aims to awaken the spirit of solidarity and empathy among employees while building stronger community connections.

The initiative consists of socio-environmental campaigns targeted at entities in production regions and seasonal employees, focusing on education, health, and environmental protection, including the following community-oriented activities:

- Collecting plastic bottle caps for recycling initiatives
- Winter clothing donation campaigns for vulnerable populations
- School supplies donation campaigns to support local education
- Knitted sweater and blanket production for donation to families in need

Bottle Cap and Aluminum Tab Donation Campaign



On October 30, 2025, the “CBT do Bem” volunteer team completed the delivery of collected donation materials to the Women’s Cancer Support League (Liga Feminina de Combate ao Câncer) in Venâncio Aires. This initiative aimed to support cancer patients through the recycling of everyday materials, demonstrating how simple actions can create meaningful community impact.

Luana Mainara Brandão, Administrative Assistant of the Women’s Cancer Support League, received the donated materials and expressed sincere gratitude to CBT. She stated: “The League’s operations depend on donations, and every bit of support empowers us. The sense of fulfillment that comes from helping others cannot be measured in monetary terms. Continuing to support more lives always holds deep significance for us.”

Established in 2000, the Women’s Cancer Support League provides psychological counseling and nutritional guidance services, and also offers handicraft workshops, yoga classes, and family group activities. The League currently supports 150 patients actively receiving treatment, raising funds through the sale of bottle caps and aluminum tabs to purchase medications, supplements, and other essential items for patients.

Hydroponic Lettuce Cultivation Program at Santa Cruz do Sul School



On October 16, 2025, the “CBT do Bem” volunteer team partnered with the Santa Cruz do Sul Environmental Protection Foundation to organize a “Sustainable School Activity” at Dona Leopoldina Municipal Elementary School in Santa Cruz do Sul.

The activity combined practical action with environmental education, engaging 15 fourth-grade students in hydroponic lettuce cultivation. Students

transformed recycled plastic bottles into planting containers, carefully cultivated lettuce seedlings, and showcased their results at the school’s project exhibition on October 18, 2025. Following the activity, students took home both the lettuce they had grown and their repurposed plastic bottle planters.

This was the first collaborative activity between CBT and the Santa Cruz do Sul Environmental Protection Foundation. The foundation acknowledged the positive impact of CBT’s support and participation, and stated that the event helped cultivate students’ environmental awareness and sense of social responsibility.

These initiatives enable employees to directly contribute to the local community welfare while fostering a culture of corporate citizenship within CBT.

11.2.2 CBT Transforma (Community-Oriented Project)

“CBT Transforma” aims to conduct supporting programs covering education, environment, health, and social welfare, targeting children and adolescents, through tax incentives and CBT’s own resources. The project is fully integrated into CBT’s sustainability strategy with the objective of generating measurable results, reinforcing our commitment to corporate social responsibility and sustainability.

Education and Anti-Bullying Programs

The program addresses bullying through multiple approaches, including storytelling sessions in schools located in areas with concentrations of children of contracted farmers, and theatrical presentations and “SuperAção” (resilience) activities in schools in the main city and nearby locations.

Educational Materials and Community Support Programs

The program involves distributing educational coloring guides to schools in locations with concentrations of children of contracted farmers, and sponsoring Rural Women Workers meetings that include contracted farmers and their families. These programs strengthen community connections while providing educational support to stakeholders across CBT’s operating regions.



Delivery of the Coloring Guides



Supply Chain Management

Focus Areas

- Chemical Safety
- Circular Economy
- Environmental and Natural Resources Protection and Education
- Livelihoods and Welfare of Tobacco Growing Communities
- Stakeholder Engagement
- Sustainable Supply Chain Management

Contributing to the UN SDGs



12. SUPPLY CHAIN MANAGEMENT

To foster a sustainable, responsible supply chain management and procurement system, we continuously standardize and regulate our supply chain, working with partners to establish cooperation mechanisms based on compliance, fairness, transparency, and integrity. The Group has established “Supply Chain Management” as one of the four strategic pillars of sustainable development, aiming to systematically enhance sustainability effectiveness across the value chain.

12.1 Supply Chain End-to-end Management

To guide and regulate procurement processes and supplier selection, the Group has formulated and implemented the Administrative Measures for Procurement (《採購管理辦法》) and Business Specifications for Imported Tobacco Leaves (《進口煙葉業務規範》). These policies clearly define processes for supplier selection, introduction, rating, and complaint management applicable to all procurement activities and supplier evaluations.

12.1.1 Admittance Screening

The Group imposes strict supplier selection standards with strong emphasis on compliance. During preliminary evaluation, potential suppliers undergo thorough review for corporate compliance, management stability, supply capacity, and market acceptance. We evaluate ESG factors including health and safety management, environmental protection, labor practices, and business ethics, giving preference to suppliers with relevant certifications or demonstrable social responsibility actions. Suppliers must provide third-party due diligence questionnaires and business registration certificates, ensuring transparency and accountability.

In 2025, CBT established an integrated pre-engagement assessment process, involving the Human Resources, Occupational Health and Safety (SES MET), and Legal departments, ensuring that new business partners undergo a thorough due diligence process prior to the formalization of any commercial relationship. Furthermore, contractual clauses were revised to incorporate stricter requirements related to compliance, ethics, occupational health and safety, human rights, and environmental sustainability. With the release of the Supplier Code of Conduct, CBT clearly defined expectations, guidelines, and minimum standards of conduct applicable to all business partners.

12.1.2 Supplier Communication and Performance Assessment

We establish long-term communication mechanisms with suppliers through diversified channels including on-site visits, online communication, and offline seminars, timely conveying our supply chain management concepts and requirements. Under our supply chain management system, we maintain comprehensive files covering supplier information, service quality assessments, pricing details, and delivery records.

In 2025, we conducted a Supplier Code of Conduct questionnaire to reinforce ethical standards and responsible practices throughout our supply chain. A total of 50 suppliers participated in this assessment, which systematically evaluates suppliers’ adherence to critical ethical principles including prohibition of human trafficking, forced labor, and modern slavery; prevention of child labor with robust age verification procedures; commitment to diversity, equity, inclusion, and equal opportunity in employment practices; and provision of decent working conditions including occupational health and safety, fair compensation, and respect for workers’ rights.

12.1.3 Supplier Compliance Management System and Practice

The Group incorporates integrity clauses into supplier agreements, underscoring the importance of business ethics and ensuring suppliers' alignment with our values and sustainability goals. We have established complaints and compliance reporting channels, providing an open platform for external parties, including suppliers, customers, and employees, to lodge complaints and report non-compliant conduct. If any supplier violates laws or internal regulations, the Group reserves the right to take corrective actions, up to and including termination of the business relationship.

CBT Supply Chain Sustainability Management

CBT maintains a specialized team of leaf supervisors and field technicians to identify and assess environmental and social compliance in the supply chain through a two-tier monitoring structure.

Tier one: Leaf Supervisors:

- Oversee procedure compliance within their teams
- Provide guidance and support to field technicians
- Track and monitor reported irregularities
- Escalate complex cases to the sustainability department for resolution
- Participate in bi-annual sustainability department meetings to review irregularities and action plans

Tier two: Field Technicians:

- Conduct regular technical assistance visits to identify irregularities
- Report critical risks requiring immediate attention to both Compliance & ESG Committee and Supervisors of CBT
- Escalate other risks to supervisors for action planning
- Document findings using standardized forms (Irregularity Guidance and Immediate Action Guidance)
- Provide guidance to tobacco farmers on resolving identified issues
- Monitor implementation of corrective action plans
- Seek clarification from supervisors when needed

This structured approach ensures effective communication flow between field operations team and the Compliance & ESG Committee of CBT, enabling prompt identification and resolution of environmental and social concerns while maintaining clear accountability at each level.

Our upstream partners – tobacco import and export companies and tobacco industrial companies operating in the Chinese Mainland – play an equally critical role in driving the sustainable development of the Group’s value chain, and drive meaningful environmental and social improvements at the agricultural and industrial levels.

Sustainability practices in tobacco import and export companies in Chinese Mainland

As part of our sustainability strategy, we partner with tobacco import-export companies like China Tobacco Yunnan Import & Export Co., Ltd. (Yunnan Import and Export) to advance sustainability practices across the supply chain—fostering innovation, reducing environmental footprints, and improving farmer livelihoods. Yunnan Import and Export’s sustainability practices include, but are not limited to:

Clean Energy Transition in Tobacco Curing

Yunnan Import and Export actively seeks policy support for tobacco leaf production investment, agricultural machinery procurement, air pollution prevention, and power facility construction. Yunnan Import and Export vigorously promotes the “tobacco-based investment, farmer-led construction, multi-party co-management, farmer benefit” biomass energy curing barn construction model. It accelerates the establishment of a “government-led, inter-departmental collaboration, shared construction, farmer benefit” mechanism for new energy curing barns powered by electricity, alcohol-based fuels, and natural gas, collectively driving the rapid transition from coal-fired to clean energy sources in tobacco leaf curing to promote energy conservation, emission reduction, and cost-efficiency.

Fertilizer Reduction and Efficiency Enhancement

Tobacco-Growing Soil Testing: Conducts soil testing to supplement and improve the tobacco-growing soil database, formulates precision fertilizer application protocols tailored to local conditions, and achieves full coverage of soil-testing-based fertilizer application across tobacco-growing regions.

Fertilizer Application Machinery Development and Application: Develops and applies fertilizer application machinery to promote deep mechanical application and topdressing techniques, reducing fertilizer nutrient volatilization and loss.

High-Efficiency Water-Saving Irrigation: Utilizes drip irrigation and fertigation technologies to promote integrated water-fertilizer application, improving fertilizer and water resource utilization efficiency.

Optimized Fertilizer Application Ratios: Adjusts base-to-topdressing fertilizer ratios, promotes staged fertilization techniques, demonstrates and promotes high-efficiency new fertilizers such as foliar fertilizers and bio-fertilizers, and continuously improves fertilizer utilization rates.

Sustainability practices in tobacco industrial companies in Chinese Mainland

To actively advance carbon neutrality goals and put sustainable development principles into practice, all tobacco carton packaging used by China Tobacco Hunan Industrial Co., Ltd. is made from recyclable corrugated paper; the filter rods of the heated tobacco brand Baisha use a paper-tube composite structure, reducing the use of acetate fiber and making them more environmentally friendly than conventional acetate fiber filter rods. Furthermore, other industrial companies have also implemented a range of sustainability practices, including but not limited to the following measures:

- Giving priority to low-aluminum, environmentally friendly packaging materials;
- Utilizing compressed air for equipment cleaning and vacuum dust removal systems;
- Implementing centralized wastewater discharge to factory treatment systems;
- Employing energy-efficient LED lighting instead of traditional bulbs; and
- Sorting, shredding, and packaging tobacco waste before sending it to qualified third-party environmental service providers for disposal. All operating parameters, including noise levels, gas emissions, and dust concentrations, are in strict compliance with relevant regulations and laws of China.

During the Reporting Period, CTIHK engaged approximately 84 major suppliers across 36 in the Chinese Mainland, 25 in Hong Kong and Macau, 2 in other Asian countries, and 21 outside Asia. CBT has 622 non-tobacco leaf procurement suppliers and 23,935 tobacco farmer suppliers. These suppliers provided support for our business activities and daily operations.



12.2 Sustainable Tobacco Program in Action

In a significant move toward enhanced sustainability practices, CBT joined STP in 2023, aligning with a global industry initiative established in 2016. STP is designed to elevate socio-environmental standards throughout the tobacco supply chain, monitors eight critical dimensions: governance, water management, human and labor rights, crop practices, soil health, climate change mitigation, natural habitat protection, and livelihood.

Through its participation in STP, CBT strengthens the monitoring of socio-environmental practices across its supply chain while aligning its operations with internationally recognized sustainability standards. The program also promotes continuous improvement by enabling the monitoring of sustainability performance, the identification of potential risks, and the strengthening of responsible practices across the supply chain. By incorporating STP requirements into its internal processes, CBT reinforces its commitment to responsible supply chain management and supports the environmental and social sustainability of the farming communities connected to its operations.

CBT encourages the adoption of sustainable agricultural practices that increase productivity, ensure tobacco quality, and contribute to environmental preservation. Through comprehensive technical support and innovation partnerships, CBT promotes evidence-based farming methods for which there is a possibility of generating measurable environmental and economic benefits for contracted farmers.

12.2.1 Crop Diversification and Conservation Agriculture

No tillage and Minimum tillage

In 2025, approximately 69% of CBT-contracted farmers adopted No Tillage on Straw and the Minimum Tillage, demonstrating widespread implementation of conservation agriculture techniques. These technologies control erosion, increase soil moisture, facilitate weed control, and reduce labor requirements while delivering significant environmental benefits.

No Tillage on Straw maintains permanent soil coverage with “cover plants” (straw), incorporates crop rotation and intercropping, and minimizes soil disturbance. These practices regulate humidity and temperature, increase organic matter content, and improve overall soil health. After tobacco harvest, growers rotate with non-solanaceous crops or cover plants such as black oats, millet, and Sudan grass. This approach originated from Brazil’s No Tillage System, a transformative agricultural technology developed in Paraná 40 years ago that revolutionized Brazilian agriculture.

The Minimum Tillage serves as an intermediate practice between conventional soil preparation and No Tillage on Straw. It corrects soil compaction problems while reducing costs and erosion by minimizing soil manipulation and maintaining fertility and porosity. The system requires only a subsoiler and plow, providing fuel savings and reducing GHG emissions compared to conventional tillage methods.

12.2.2 Soil Care and Fertility Management

For CBT, soil is the foundation of sustainable tobacco production. The quality, safety, and integrity of tobacco depend on best agricultural practices combining agronomic science and environmental conservation. Well-structured soil is essential for protecting the environment and supporting productive agriculture.

Comprehensive Soil Analysis Program

All contracted farmers are instructed to perform chemical soil analysis, correct pH (acidity), and apply appropriate fertilization. Field technicians provide expert technical assistance throughout these steps. Soil sample analyses provide critical information guiding pH correction and indicating necessary fertilization levels.

This data-driven approach allows operations to be adjusted according to plant nutritional needs. Since soil fertility can vary significantly between crops or even within the same field, analysis of different samples indicates the precise amount of fertilizer required, avoiding input waste and preventing diseases resulting from deficiency or excess.

Liming and Nutrient Management

Following soil analysis recommendations, liming (limestone application) promotes crop root growth and enhances its water and nutrient absorption. In soils without significant acidity, liming corrects calcium and magnesium levels. All fertilizers supplied by CBT undergo quality control and validation by the Department of Agronomy.

University of Santa Cruz do Sul (UNISC) Partnership for Soil Fertility Diagnosis

CBT established a partnership with the UNISC Socio-Environmental Center to diagnose soil fertility across contracted farmers' operations. Researchers utilize CBT's soil analysis database to generate data and regionalized maps identifying each region's fertilization needs. The project includes development of a mobile application providing field technicians with immediate access to analysis results. This technology enables rapid determination of liming requirements and delivers personalized fertilization recommendations. The initiative contributes to more efficient input usage, reduced environmental impact, and improved crop productivity.

12.2.3 Low-Toxicity Crop Protection

Responsible CPA Management

Through its Agronomic Program, CBT provides all CPA needed for tobacco production. These inputs are registered with the Brazilian Ministry of Agriculture, Livestock and Food Supply. CBT does not recommend or provide CPA classified as extremely or highly toxic, prioritizing farmer safety and environmental protection.

Field technicians prepare contracted farmers for correct CPA use through comprehensive training on dosage, application timing, pest and disease identification, and product necessity. Whenever available, CBT provides fewer toxic CPA that have been tested and demonstrated satisfactory results. All products are provided with invoices and registered in farmers' registries for easy volume identification and traceability.

PPE and Safety Monitoring

CBT provides PPE for CPA application at cost and monitors its use by farming families. Field technicians continuously advise contracted farmers on the importance of PPE use, which is mandatory under Brazilian law, and monitor whether equipment is used as recommended.

These professionals provide guidance on following prescribed doses and observing re-entry intervals after applications. Contracted farmers must comply with contractual rules prohibiting minors, pregnant women, the elderly, and nursing mothers from handling pesticides. The Good Practices Guide, offered to all farmers, provides essential guidance on safe CPA application.

12.2.4 Biological Control and Bio-Inputs Innovation

Leading the Bio-Inputs Frontier

Bio-inputs represent the fastest growing segment of Brazilian agribusiness and a new frontier in research, development, and innovation. These products, based on biological agents for plant nutrition and pest control, are making CBT agricultural production increasingly sustainable.

Moth Control with Parasitoid Wasps

At CBT, biological control practices were developed in partnership with UNISC to improve pest management in tobacco storage facilities. The program began with experimental applications that successfully suppressed moths of the species *Ephestia* spp. in the main tobacco warehouse under the supervision of UNISC researchers. The technique involved releasing thousands of female *Habrobracon hebetor* wasps that parasitized moths by laying eggs on their larvae, preventing pest development.

Building on the positive results from the initial trials, CBT has continued and expanded the initiative to include the green tobacco transfer warehouse. The service provider was Empresa Sul – MIP Indústria e Comércio de Agentes Biológicos, a project developer incubated at UNISC, supports the ongoing implementation. The biological control practice has effectively reduced tobacco moth populations, preventing product damage and financial losses while eliminating the need for chemical interventions.

Stubble Destruction and Integrated Pest Management

Many CBT-contracted farmers practice stubble destruction, eliminating plant remains and tobacco stalks after harvest. This common sector technique aids pest control and forms part of encouraged good practices. When conducted together with crop rotation, stubble destruction reduces the incidence of pathogens that harm crops, contributing to integrated pest management strategies.

12.3 Well-being and Human Rights in the Supply Chain

We recognize that farmers are integral to the tobacco supply chain. We cultivate long-term partnerships with our farmers, working together to promote fair labor practices and safe working conditions. We are committed to raising awareness of labor rights and compliance, and building a responsible and sustainable tobacco supply chain.

12.3.1 Success with Our Farmers

By providing agricultural guidance and support, CBT's field technicians support farmers in producing high-quality tobacco leaves, contributing to the reputation and competitiveness of our tobacco products in the market. By assisting farmers in implementing best practices throughout the production process, we promote sustainable agriculture and responsible farming practices.



Field Technicians – The Essential Link



The quality of CBT tobacco begins with the work of our field team, composed of 187 professionals across all field roles. This team, which includes field technicians, serves as the essential link connecting CBT to its main partner, the contracted farmer, and provides the technical and behavioral support families need before, during, and after the harvest.

The core responsibilities of field technicians include:

- Provide monthly visits, meetings, and dialogues with contracted farmers
- Offer agronomic advice and encourage environmental preservation practices
- Distribute supporting materials and gather data on working conditions
- Explain proper use, cleaning, and storage of mandatory PPE
- Disseminate principles of the international STP protocol
- Provide technical assistance and agronomic advice

All field technicians are certified by Brazil's National Rural Training Service (SENAR) under Regulatory Standard No. 31 (NR-31). They seek to raise awareness among farmers about the importance of producing healthily and safely, such as careful use of implements to avoid accidents.

Through frequent visits, field technicians develop relationships of trust and respect with contracted farmers. If irregularities are found, technicians discuss problems with families, propose corrective plans with deadlines, and submit the relevant cases forms to the CBT's Corporate Affairs Department.

Dynamic Agronomic Program

CBT implements a dynamic Agronomic Program that is reviewed and improved annually. This management-approved framework guides all units in producing Flue-cured Virginia tobacco that meet market preferences.

The Agronomy Department, composed of tobacco specialists, plays a central role in supporting responsible agricultural production across the supply chain. Its activities include:

- Evaluating the performance and suitability of certified seed varieties
- Conducting field trials to validate agronomic practices and production technologies
- Training field technicians to ensure consistent and high-quality technical assistance to growers
- Providing guidance on the responsible use, handling, storage, and application of CPAs to support safe and effective pest management
- Engaging with growers to promote sustainable farming practices and continuous improvement at the farm level

Through this integrated technical support system, CBT strengthens farmer support services, promotes the responsible and efficient use of agricultural inputs, and contributes to maintaining high environmental, social, and production standards across its sourcing regions, while helping mitigate agronomic, environmental, and operational risks within the supply chain.

This integrated approach ensures continuous improvement in technical advisory services while maintaining high agricultural and environmental standards.

Education for Responsible Production

We distribute a complimentary 50-page Agronomic Guide to all contracted farmers, serving as their essential handbook for tobacco cultivation excellence. This handbook guides farmers through the entire planting work for the production cycle, from float system seedling cultivation to final curing processes, while incorporating crucial financial planning tools for business sustainability.

The guide meticulously details quality control procedures, with special emphasis on preventing contamination from foreign materials such as grass, soil, feathers, plastic, and sponge fragments that could compromise tobacco quality and market value. It outlines critical safety protocols and environmental preservation methods, including strategies to minimize carbon monoxide and carbon dioxide emissions during curing, and reducing GHG emissions from firewood combustion.

During the Reporting Period, CBT promoted several technical training sessions and field activities focused on agronomic practices and tobacco production. Training topics included seedling production, soil preparation, soil analysis interpretation and fertilization recommendations, curing processes, the use of agronomic tools, and best practices for tobacco storage and classification. Field days and technical visits were also conducted to support farmers during crop and curing stages.

These initiatives involved CBT field technicians and farmers across southern Brazil, Rio Grande do Sul, Santa Catarina e Paraná, contributing to the dissemination of good agricultural practices throughout the supply chain.

Growers Management System

The GMS, a mobile application is introduced to enhance sustainability monitoring. This digital platform collects growers' comprehensive data across multiple dimensions:

- Living Conditions
- Farm Monitoring Detail All (Child labor, Safety Work, Fair Treatment, Forced Labor, Accommodation)
- Employment Condition
- Natural Resource Management

The Growers Management System's data collection scope now includes comprehensive tracking of firewood usage in curing barns and monitoring of sustainable forestry initiatives for tobacco curing. This digital advancement enables us to trace the source and sustainability of wood resources.

Field technicians have been monitoring non-conformities, through the Growers Management System, including child labor, hazardous work for minors under 18, income, payment of salaries and hours, type of lodging offered to rural workers, and other environmental information such as water sources. In the 2025 harvest, information on the volume of firewood used in curing, purchase of inputs, and afforestation began to be entered.

During the Reporting Period, more than 23,000 contracted growers were monitored through the GMS.

12.3.2 Fair Working Conditions

CBT maintains a Policy on Human Rights, Combating Child Labor and Eradicating Modern Slavery. This policy establishes clear commitments for contracted farmers to prevent child labor and forced labor across the supply chain, including the prohibition of any type of work below the legal minimum working age. Farmers are also obligated to respect the legal rights of their workers, ensure lawful salary payment, and provide safe working and lodging conditions consistent with Brazil's health and safety regulations. CBT requires that all workers be accommodated with dignity, hygiene, comfort, and privacy, free from any conditions that could constitute slave-like or degrading treatment. Compliance is supported through CBT's field technician network, awareness and training initiatives, and educational materials, and is reinforced through contractual obligations and regular field monitoring.

Green Tobacco Sickness Prevention

CBT instructs and provides harvesting clothing at cost price to prevent Green Tobacco Sickness, a reaction occurring during leaf collection among workers sensitive to nicotine. Feeling unwell, dizzy, nauseous, and vomiting can occur when tobacco is harvested or handled while damp due to rain or dew.

CPA Storage Safety

CBT requires correct CPA storage in warehouses, avoiding environmental contamination or human poisoning risks. CBT distributed educational material published by SindiTabaco on appropriate storage standards requiring closed metal cabinets. In addition, contracted farmers can purchase CPA storage from CBT, with financing options available. CBT constantly encourages this investment in safety infrastructure.

12.3.3 Fair Trade and Transparent Engagement

CBT operates under Law No. 13,288/2016, which governs tobacco industry relationships and ensures fair trade practices in Brazil. This legislative framework establishes a transparent commercial structure between CBT and tobacco farmers, clearly defining mutual rights and obligations. Through joint industry-farmer committees, stakeholders engage in regular dialogue on sector issues and trade matters.

Our commitment to transparency extends to practical operations, where farmers are welcome to personally observe tobacco classification and trading processes. This open-door policy, combined with active representation in industry committees, ensures fair treatment and strengthens trust between CBT and its agricultural partners.

The above practices, while adhering to relevant legal requirements, further deepen sustainable business relationships based on mutual respect and accountability.



People-Centric Workplace

Focus Areas

- Employee Development and Training
- Employee Equality, Diversity and Inclusion
- Occupational Health and Safety
- Employee Human Rights
- Employment Policy and Employee Benefits
- Talent Attraction and Retention

Contributing to the UN SDGs



13. PEOPLE-CENTRIC WORKPLACE

Following the “people-centric” philosophy, the Group is committed to creating a healthy and positive work environment, protecting the well-being and health of employees, and strictly adhering to relevant laws and regulations regarding employment inclusion, occupational safety, and labor standards.

13.1 Comprehensive Employment Stewardship

13.1.1 Empowering Employee Dignity and Rights

The Group is dedicated to creating an inclusive workplace that offers equal opportunities to all. CTIHK has formulated an Employee Handbook (《員工手冊》) that standardizes diverse personnel management systems. This handbook encompasses policies on fair employment, attendance management, recruitment and promotion processes, training and development opportunities, health and safety protocols, performance evaluation standards, as well as codes of conduct. It effectively safeguards the legitimate rights and interests of employees. CBT has in place a Human Development Management Policy, which covers skills profile, recruitment and selection, hiring, integration, performance evaluation, training, and personnel administration. It commits to non-discrimination and equal employment opportunities, aligning with relevant legislation to ensure fairness and procedural justice in human resources decisions.

Human Rights Policy Framework

To further implement the practice of respecting human rights and to build stronger trust with various stakeholders, we have formulated and implemented the Human Rights Policy that underpins our operations and management. This policy, which extends across all facets of the Group’s business operations, reflects our dedication to upholding the fundamental principles of social responsibility and human rights.

By adhering to the basic tenets outlined in the policy, we clearly state our stance on the protection and respect of human rights, emphasizing the importance of creating a sustainable and inclusive environment for our employees and stakeholders. We maintain a zero tolerance policy toward human trafficking, forced labor, modern slavery and child employment.

The Human Rights Policy not only strengthens the Group’s internal governance but also cultivates trust and credibility with our global network of partners, showcasing our steadfast commitment to international standards of corporate responsibility.

Voluntary Employment and Fair Labor Practices

Our hiring processes are void of coercion, imprisonment, or any illegal contracts. Every employee is provided with a written contract outlining the essential terms of employment, supported by thorough background checks to verify the authenticity of provided information, thereby preventing any instances of illegal employment. Should any violations arise, appropriate disciplinary measures will be considered.

Preventing Forced Labor

We are committed to providing a safe, dignified, and fair working environment for all employees, and firmly oppose forced labor, and ensures that all employment agreements are based on voluntary consent. In instances where overtime becomes necessary, the Company's Employee Handbook and CBT's Human Resource Policy explicitly delineate employees' rights to receive appropriate overtime compensation or compensatory time off, along with reasonable intervals of rest, as outlined in their employment contracts.

Throughout the Reporting Period, no instances of employing child labor, forced labor, or other violations of employee human rights have been discovered within the Group.

13.1.2 Talent Acquisition and Termination

Fair and Merit-based Recruitment

Our recruitment process is firmly rooted in the principles of openness, fairness, competitiveness, and merit-based selection. Embracing standardized procedures and selection criteria for appointments, we ensure that every candidate has equal access to employment opportunities.

Our commitment to fair and merit-based recruitment is further reinforced by the implementation of the Recruitment Management Regulations (《招聘管理辦法》). These regulations also clearly delineate the rights and obligations of both parties within the employment contract, safeguarding the lawful rights of all employees.

Zero Tolerance for Child Labor and Forced Labor

The Group considers protecting labors' rights as one of our core values. We maintain a stringent stance against forced labor and child labor, aligning with applicable laws of Hong Kong and Brazil that prohibit such practices, including the Employment of Children Regulation (《僱用兒童規例》), the Employment Ordinance (《僱傭條例》) in Hong Kong and the Consolidation of Labor Laws Decree Law No. 5452 in Brazil.

Standardized Termination Procedures

In our approach to employee departures, we strictly adhere to relevant laws and regulations, embracing standardized core management practices. Our Employee Handbook and Human Development Management Policy provide comprehensive guidance on processes and procedures for termination of employment contracts.

If an employee resigns, we will fully investigate and understand the reason for the employee's resignation, strictly prevent any illegal dismissal, and continue to optimize and improve our employment policies. In cases where employees breach discipline, laws, or act in ways detrimental to the Group's interests, we uphold the right to terminate their employment contracts in accordance with our established protocols.

13.1.3 Diverse and Inclusive Culture

The Group maintains compliance with all relevant labor rights and anti-discrimination laws of Hong Kong and Brazil, including the Disability Discrimination Ordinance (《殘疾歧視條例》), the Sex Discrimination Ordinance (《性別歧視條例》), the Family Status Discrimination Ordinance (《家庭崗位歧視條例》), and the Race Discrimination Ordinance (《種族歧視條例》) in Hong Kong, as well as the 1988 Constitution of Brazil and Law No. 14.611/2023 on equal pay transparency.

Our commitment to fostering diversity among employees remains unwavering, accompanied by a strong stance against all forms of discrimination. We are committed to eradicating bias in recruitment and employment processes, emphasizing equal opportunities for all individuals regardless of gender, age, race, color, religious beliefs, or sexual orientation. Fairness and protection of employees' rights and interests have always been core principles of the Group's operations, with strict prohibitions against discrimination based on gender, marital status, pregnancy, family status, race, religion, or disability.

To reinforce these commitments, we have established clear policies and formal procedures for preventing incidents of sexual harassment, discrimination, and other forms of workplace harassment. We foster internal cohesion through a variety of communication channels, including encouraging open dialogue, valuing the perspectives and opinions of others, and supporting employee professional development, in order to continuously cultivate a diverse and inclusive organizational culture. We recognize that creating an environment where all employees feel respected, valued, and empowered to contribute their unique talents is essential to our innovation and success.

International Women's Day Celebration: Flower Arrangement Workshop



On March 7, 2025, CTIHK organized a Flower Arrangement Workshop to honor the dedication and outstanding contributions of our female employees. The event featured a professional team of florists from Hong Kong who provided hands-on instruction, creating an artistic space for participants to connect with nature and cultivate mindfulness through Bouquets design. The workshop was highly successful, with over 25 female employees participating. Through the careful arrangement of stems and foliage, participants crafted unique Bouquets that

reflected their individual styles. The workshop conveyed the Company's respect for and recognition of the individual value of women, highlighting a "people-centric" corporate culture.

The workshop concluded with a showcase and creative sharing segment, during which employee representatives presented gifts and well-wishes to all participants. Moving forward, the Company remains committed to its sustainability principles by deepening workplace initiatives for women, fostering a diverse and inclusive workplace, encouraging female employees to demonstrate their value and flourish in their roles to create a better team atmosphere.

Women's Rights and Gender Equality Education Session



On July 15, 2025, during the Internal Week for the Prevention of Occupational Accidents, CBT focused on women's rights issues by hosting a specialized education session. CBT invited Manuela Braga, a family law expert and long-time advocate for gender equality in southern Brazil, to address employees on this critical topic.

Manuela reviewed decades of legal progress women have achieved, including the 1962 Statute of Married Women, which granted women complete civil capacity and autonomous decision-making rights. The presentation covered foundational legislation such as equal pay laws and raised awareness about various forms of violence that women face in society and the workplace.

The session also emphasized the importance of estate planning and encouraged women to pursue leadership positions within companies. Key messages included: (1) the necessity for women to participate in decision-making process; and (2) the understanding that the path to equality requires knowledge of one's rights and active pursuit of voice, time, and respect in professional settings.

13.1.4 Compensation and Benefits

We adhere diligently to laws and regulations governing remuneration practices, underpinned by the ongoing refinement of our Administrative Measures for Remuneration (《薪酬管理辦法》). This framework ensures the continual enhancement of our remuneration system and the establishment of a flexible mechanism for adjusting remuneration. Regular reviews of our salary structures against market benchmarks enable us to craft a competitive salary and bonus scheme that remains in sync with prevailing market conditions.

Performance-Based Compensation

Bonuses are distributed based on the provisions of the Performance Management Measures (《績效管理辦法》) and by taking into account both corporate performance and individual employee appraisals. Through these measures, we regularly monitor the performance of each department and individual employees, ensuring that compensation reflects both organizational success and personal contributions, thereby strengthening the connection between individual contributions and collective achievements.

We prioritize employee well-being and are committed to promoting work-life balance, and strictly adhere to local labor laws regarding working hours, rest days, and public holidays. We have meticulously designed our compensation packages to attract and retain top talent, such as competitive welfare benefits, early retirement options, funeral leave, maternity and paternity leave, comprehensive medical coverage (including dental care, outpatient and inpatient treatments), and personal accident insurance.

CBT's Compensation Framework

CBT has established a structured compensation framework aligned with Brazilian labor legislation and internal compliance guidelines. CBT remuneration system is based on a formal Job and Salary Plan that includes competence profiles for each position, salary scales for the different professional categories, and a performance evaluation system. The salary structure considers the training, qualifications, seniority, and professional development of employees, aiming to ensure internal equity and alignment with labor market practices.

In addition to salary components, CBT's remuneration structure may include result-sharing mechanisms and additional benefits offered according to internal policies. Additional benefits are made available to employees according to the eligibility rules applicable to each professional category, always in compliance with Brazilian labor regulations and the company's internal procedures.

13.2 Occupational Health and Safety

The Group is committed to providing a safe and healthy working environment for all employees and to strictly comply with relevant laws and regulations such as the Occupational Safety and Health Ordinance (《職業安全及健康條例》) of Hong Kong and Brazilian Regulatory Standard NR-01, ensuring that occupational safety and health standards are implemented in operations.

13.2.1 Safety Management Framework

The Group consistently maintains high occupational safety and health standards and has fully implemented various safety management measures. The Safety and Emergency Management Measures (《安全及應急管理辦法》) comprehensively address potential accidents, establish a robust reporting mechanism for safety incidents, and ensure effective monitoring and resolution of any delayed or false reporting incidents. The Office Workplace 5S Management Measures aims to assure office discipline, maintain organizational cleanliness in personal and public workspaces, keep office passages clear, and ensure that firefighting and rescue equipment and supplies are effective and sufficient.

Furthermore, we also strictly adhere to safety regulations and operational guidelines outlined in the Environment, Health, and Safety Policy (《環境、健康和安全管理政策》) as stated in our Employee Handbook (《員工手冊》). This policy emphasizes the importance of creating a positive work environment, and will be reviewed and revised based on actual circumstances to ensure that employees always have a safe and reliable working environment.

13.2.2 Safety Training and Emergency Preparedness

We actively promoted a safety and health-first mindset among our employees and ensured a safe and reliable working environment at all times. We have conducted various occupational health and safety training courses for all employees, such as fire emergency drills and first aid training, which have further strengthened employees' safety awareness, improved their ability to coordinate and handle emergencies, and effectively strengthened the Group's safety defenses.

Prioritizing Occupational Safety: CTIHK Held an Internal Training Session on Fire Safety and First Aid

CTIHK consistently prioritizes the safety and well-being of its employees. Throughout 2025, the Company conducted a series of specialized training sessions focused on fire safety and emergency first aid for all staff. Aligned with the core objectives of “Preventing Risks, Eliminating Hazards, and Preventing Accidents,” these initiatives were designed to enhance safety awareness and emergency response capabilities within the office environment. The Human Resources & Administration Department, in conjunction with the building’s property management, provided detailed explanations and video demonstrations on topics such as fire safety facility management, fire escape guidelines, and practical operation of fire extinguishers, in accordance with Hong Kong’s Fire Safety (Commercial Premises) Ordinance and property safety management regulations. To further enhance employees’ practical skills and safety awareness, the Company has also produced “First Aid Information Cards” to provide each employee with standardized first aid procedures and action guidelines.

To achieve the “Dual Zero” target (zero fire incidents and zero hidden hazards), it is vital for every employee to maintain a high level of safety vigilance. The Company will continue to practice its “people-centric” and “safety-first” corporate culture, maintain a healthy, safe and sustainable workplace, and work with all employees to safeguard safety.



13.2.3 Safety Initiatives at CBT

Operational health and safety is a fundamental value at CBT. Its health and safety management system is grounded in Brazilian Regulatory Standard NR-01 and harmonized with ISO 45001, encompassing 100% of employees and service providers.

Risk Management Program

Central to CBT's safety framework is its Risk Management Program (RMP), which systematically identifies, assesses, and prioritizes occupational hazards through anticipation, recognition, analysis, evaluation, and control. Risks are reviewed annually by the Specialized Service in Occupational Safety and Medicine (SESMT), with control measures applied hierarchically to eliminate, reduce, or manage identified risks. Besides, administrative, collective, and individual protective measures – including PPE provision for all permanent, seasonal, and outsourced workers – are consistently monitored across all operations.

Employee Training and Engagement

All employees receive role-specific safety training from onboarding onwards, with the right and responsibility to halt activities upon identifying serious or imminent risks. CBT's detailed safety procedures cover various work processes and aspects, including forklift operation, bale handling, truck management, electrical work, and working at heights.

2025 Internal Week for the Prevention of Occupational Accidents



CBT held its 2025 Internal Week for the Prevention of Occupational Accidents from July 14 to July 18, 2025, at its headquarters in Venâncio Aires, Rio Grande do Sul, Brazil. Co-organized by CBT's Internal Accident and Harassment Prevention Committee and the company's Administrative Center, the initiative covered occupational safety, environmental protection, and women's rights themes.

The program emphasized that during operations, CBT prioritizes safety by halting work activities when necessary to demonstrate its commitment to safety standards and truly integrating the "people-centric" concept into daily operations.

Medical Services and Incident Management

All employees have access to CBT's on-site outpatient clinic, which provides clinical care, emergency response, and medical transportation. All incidents are investigated with the participation of managers, SESMT, and the Internal Committee for Prevention of Accidents and Harassment (CIPA), with corrective actions implemented to prevent recurrence.

During the Reporting Period, we did not receive any complaints or lawsuits pertaining to violations of health and safety-related laws, and there have been no work-related fatalities within the past three years.



13.3 Professional Growth

The Group prioritizes employee development and advancement through comprehensive professional training programs that ensure employees' professional skills keep pace with the latest industry trends and market changes, in alignment with the guidelines outlined in our Employee Handbook. We have created an integrated online and offline training system tailored to different business characteristics, covering topics such as employee skill improvement and development, occupational safety and health, and compliance. We are committed to continuously enhancing the professional capabilities and industry insights of our employees, ensuring that they possess the core competencies to excel in their roles, and creating a workplace environment that focuses on growth, safety, and sustainable development.

In 2025, the Company closely aligned its efforts with the goals of workforce development and high-quality growth, and organized 21 training sessions aimed at enhancing employees' professional competencies and overall skills. These programs covered a range of key areas, including onboarding training for new employees, basic business knowledge training, compliance-focused training and specialized training on international market developments in new tobacco products. The objective was to comprehensively improve employees' business capabilities, professional competence, and overall job performance, enabling them to accurately grasp industry development trends, master practical job skills, and strengthen both risk awareness and emergency response capabilities. These initiatives have laid a solid talent foundation and provided strong support for the steady advancement of the Company's international business and the high-quality execution of its various operations.

CBT also conducted a number of vocational training programs tailored to the characteristics of operations, covering topics such as human resources, the non-tobacco-related materials program, occupational safety, medical services, industrial vehicle operation, and the use of mobile lifting work platforms.

The overview of the employee training of the Group during the Reporting Period is as follows:

	By gender 	By employment type 
Average training hours (hours) ⁶		
	Male 5.95	Senior 8.70
	Female 12.88	Middle 13.02
		Junior 7.87
Percentage of the employees trained ⁷	100%	100%

⁶ Calculation method: the total training hours of employees in each category/the total number of trained employees in each category.

⁷ Calculation method: the number of trained employees in this category/the total number of employees of this category, calculated by rounding.

APPENDIX I: SUSTAINABILITY DATA STATEMENT⁸

Emissions				
A1.1	Types of emissions and respective emissions data	Unit	2025	2024
Type of emissions from vehicles	NO _x	tonnes	0.691	1,270
	SO _x	tonnes	0.007	0.006
	CO	tonnes	2.348	3.368
	PM	tonnes	0.015	0.026
A1.2	Direct (Scope 1) and energy indirect (Scope 2) GHG emissions (in tonnes) and, where appropriate, intensity ⁹	Unit	2025	2024
	Scope 1			
	Mobile Vehicles	tonnes of CO ₂ e	1,148.187	982.936
	Coolant	tonnes of CO ₂ e	3.520	3.520
	Liquefied petroleum gas machinery	tonnes of CO ₂ e	50.356	104.858
	Diesel machinery	tonnes of CO ₂ e	4.173	3.543
	Scope 2			
	Purchased Electricity	tonnes of CO ₂ e	65.660	57.410
	Scope 3¹⁰			
	Purchased goods and services	tonnes of CO ₂ e	1,126,063.635	/
	Fuel- and energy-related activities (not included in Scopes 1 or 2)	tonnes of CO ₂ e	20.733	/
	Upstream transportation and distribution	tonnes of CO ₂ e	14,967.242	/
	Business travel	tonnes of CO ₂ e	109.450	/
	Employee commuting	tonnes of CO ₂ e	136.066	/
	Downstream transportation and distribution	tonnes of CO ₂ e	2,194.097	/
	Total GHG emissions (Scope 1, 2 and 3)	tonnes of CO ₂ e	1,144,763.119	1,152.267
	Intensity of GHG emissions			
	Per square meter (Scope 1, 2 and 3)	tonnes of CO ₂ e/ square meter	25.110	0.026
	Per employee (Scope 1,2 and 3)	tonnes of CO ₂ e/ person	2,504.952	2.895

⁸ The scope of environmental and social data includes CTIHK and CBT based on the materiality of business impact.

⁹ GHG emissions (Scope 1) are calculated based on the emission factors set out in the “Reporting Guidance on Environmental KPIs” under Appendix 2 issued by the SEHK, with Global Warming Potential (GWP) values updated in accordance with the Sixth Assessment Report (AR6) published by the Intergovernmental Panel on Climate Change (IPCC) in 2021. GHG emissions (Scope 2) are calculated on a location-based method; the computation methodology and relevant emission factors are based on the 2024 Sustainability Report published by CLP Holdings Limited, whilst the Brazilian grid emission factor is derived from the latest data published under the GHG Protocol Program.

¹⁰ This is the first year the Group has conducted a comprehensive assessment, data collection, and calculation of Scope 3 greenhouse gas emissions in accordance with the Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard. To ensure data consistency and comparability, the prior-year greenhouse gas emissions have been restated based on the methodology adopted this year.

Hazardous Waste Produced				
A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility)	Unit	2025	2024
	Total hazardous waste produced	tonnes	11.404	10.0851
	Ink cartridge	tonnes	0.0014	0.0012
	Waste batteries	tonnes	0.0025	0.0023
	Other	tonnes	11.4000	10.0816
	Hazardous waste generated intensity (per employee)	tonnes/person	0.0250	0.0253
Non-hazardous Waste Produced				
A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility)	Unit	2025	2024
	Total non-hazardous waste produced	tonnes	90.658	130.637
	Paper	tonnes	30.600	36.077
	Plastics	tonnes	3.918	7.906
	Others	tonnes	56.140	86.654
	Non-hazardous waste generated intensity (per employee)	tonnes/person	0.198	0.328
Use of Resources				
A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000) and intensity (e.g. per unit of production volume, per facility)	Unit	2025	2024
	Total energy consumption	kWh	4,810,512.408	4,545,699.193
	Electricity consumption	kWh	672,271.860	731,999.000
	Liquefied petroleum gas	kWh	212,329.200	442,138.920
	Diesel	kWh	17,068.655	14,491.346
	Petrol	kWh	3,908,842.693	3,357,069.927
	Total energy consumption intensity (per employee)	kWh/person	10,526.285	11,421.355

Water Consumption				
A2.2	Water consumption in total and intensity	Unit	2025	2024
	Total water consumption	m ³	7,180.200	6,363.200 ¹¹
	Total water consumption intensity (per employee)	m ³ /person	15.712	15.988 ¹²
Packaging Materials				
A2.5	Packaging material consumption	Unit	2025	2024
	Total packaging material consumption	tonnes	19,272.395	18,613.789
	Paper box	tonnes	19,056.324	18,385.353
	Plastic packaging	tonnes	216.071	228.435
	Total packaging material consumption intensity (per employee)	tonnes/person	42.172	46.768

¹¹ Data Correction in 2025.

¹² Data Correction in 2025.

Total Workforce by Gender, Employment Type, Age Group and Geographical Region ¹³				
B1.1		Unit	2025	2024
Gender	Male	number of employees	372	323
	Female	number of employees	85	75
Employment category	Junior	number of employees	402	347
	Middle	number of employees	39	35
	Senior	number of employees	16	16
Age	Below 30	number of employees	110	93
	30 – 50	number of employees	243	211
	Above 50	number of employees	104	94
Employment type	Full-time	number of employees	454	395
	Part-time	number of employees	3	3
	Permanent worker at CBT	number of employees	298	258
	Seasonal worker at CBT	number of employees	80	77
	Hong Kong	number of employees	73	56
Region	Brazil	number of employees	384	342

¹³ Independent Non-executive Directors of CTIHK and seasonal workers employed by CBT for less than six months are excluded.

Employee Turnover Rate by Gender, Age Group ¹⁴ and Geographical Region			
B1.2		2025	Percentage 2024 ¹⁵
Gender	Male	14.5%	3.7%
	Female	23.3%	36.0%
Age	Below 30	17.5%	33.3%
	30 – 50	21.5%	6.5%
	Above 50	0.0%	25.0%
Region	Hong Kong	19.1%	10.2%
	Brazil ¹⁶	130%	146%

Occupational Health and Safety			
B2.1 & B2.2		Year	Count
Number of work-related fatalities in each of the past three years (including the Reporting Period)		2025	0
		2024	0
		2023	0
Work-related fatality rate in each of the past three years (including the Reporting Period)		2025	0
		2024	0
		2023	0
Lost days due to work injury number of days		2025	0
		2024	16
		2023	0

¹⁴ Employee turnover rate by gender and age groups are calculated based on CTIHK's statistics in Hong Kong.

¹⁵ Data Correction in 2025.

¹⁶ CBT's operations and recruitment are highly correlated to seasonality and agricultural practice. CBT works with seasonal employees and contractors. Therefore, there's a high turnover rate in Brazil.

Development and Training				
B3.1	The percentage of employees trained by gender and employee category	Unit	2025	2024
	Male	%	100	100
	Female	%	100	100
	Senior	%	100	100
	Middle	%	100	100
	Junior	%	100	100
B3.2	Average training hours completed per employee by gender and employee category	Unit	2025	2024
	Male	Hours	5.95	5.35
	Female	Hours	12.88	7.35
	Senior	Hours	8.70	7.23
	Middle	Hours	12.02	6.54
	Junior	Hours	7.87	5.42
Supply Chain Management				
B5.1	Number of suppliers by geographical region	Unit	2025	2024
	CTIHK			
	Chinese Mainland	number of suppliers	36	40
	Hong Kong and Macau	number of suppliers	25	25
	Asia (Excluding Chinese Mainland, Hong Kong and Macau)	number of suppliers	2	4
	Outside of Asia	number of suppliers	21	31
	CBT			
	Tobacco farmers	number of suppliers	23,935	21,624
	Non-tobacco suppliers	number of suppliers	622	564
	CTIHK and CBT suppliers (excluding farmers)	number of suppliers	706	664

Product Responsibility			
B6.1 & B6.2		2025	2024
	Percentage of total products sold or shipped subject to recalls for safety and health reasons	0	0
	Number of products and service related complaints received and how they are dealt with	0	0
Anti-corruption			
B7.1		2025	2024
	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	0	0
Community Contribution			
B8.2		2025	2024
	Resources contributed (e.g. money or time) to the focus area	HKD728,952	HKD805,000

APPENDIX II: SEHK ESG REPORTING CODE INDEX

Mandatory Disclosure Requirements	
Governance Structure	
A statement from the board containing the following elements:	Board Statement
(i) a disclosure of the board’s oversight of ESG issues;	
(ii) the board’s ESG management approach and strategy, including the process used to evaluate, prioritise and manage material ESG-related issues (including risks to the issuer’s businesses); and	
(iii) how the board reviews progress made against ESG-related goals and targets with an explanation of how they relate to the issuer’s businesses.	
Reporting Principles	
A description of, or an explanation on, the application of the following Reporting Principles in the preparation of the ESG report:	Reporting Standards
<ul style="list-style-type: none"> Materiality: The ESG report should disclose: (i) the process to identify and the criteria for the selection of material ESG factors; (ii) if a stakeholder engagement is conducted, a description of significant stakeholders identified, and the process and results of the issuer’s stakeholder engagement. Quantitative: Information on the standards, methodologies, assumptions and/or calculation tools used, and source of conversion factors used, for the reporting of emissions/energy consumption (where applicable) should be disclosed. Consistency: The issuer should disclose in the ESG report any changes to the methods or KPIs used, or any other relevant factors affecting a meaningful comparison. 	
Reporting Boundary	
A narrative explaining the reporting boundaries of the ESG report and describing the process used to identify which entities or operations are included in the ESG report. If there is a change in the scope, the issuer should explain the difference and reason for the change.	Reporting Scope

Subject Areas, Aspects, General Disclosures and KPIs

A. Environmental

A1: Emissions	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 air and GHG emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Charting a Sustainable Future
	A1.1 The types of emissions and respective emissions data.	APPENDIX I: SUSTAINABILITY DATA STATEMENTS
	A1.3 Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	APPENDIX I: SUSTAINABILITY DATA STATEMENTS
	A1.4 Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	APPENDIX I: SUSTAINABILITY DATA STATEMENTS
	A1.5 Description of the emission targets set and the steps taken to achieve them.	Green Development
	A1.6 Description of how hazardous and non-hazardous wastes are handled and description of the emission targets set and the steps taken to achieve them.	Waste Management

A2: Use of Resources	<p>General Disclosure Policies on the efficient use of resources, including energy, water and other raw materials.</p> <p>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).</p> <p>A2.2 Water consumption in total and intensity (e.g. per unit of production volume, per facility).</p> <p>A2.3 Description of energy use efficiency targets set and the steps taken to achieve them.</p> <p>A2.4 Description of whether there is any issue in sourcing water that is fit for purpose, the water use efficiency targets set, and the steps taken to achieve them.</p> <p>A2.5 Total packaging material used for finished products (in kg) and, if applicable, with reference to per unit produced</p>	<p>Charting a Sustainable Future</p> <p>APPENDIX I: SUSTAINABILITY DATA STATEMENTS</p> <p>Water Management APPENDIX I: SUSTAINABILITY DATA STATEMENTS</p> <p>Energy Management</p> <p>Water Management</p> <p>APPENDIX I: SUSTAINABILITY DATA STATEMENTS</p>
A3: The Environment and Natural Resources	<p>General Disclosure Policies on minimising the issuer's significant impact on the environment and natural resources.</p> <p>A3.1 Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.</p>	<p>Green Development</p> <p>Green Development</p>

B. Social		
B1: Employment	<p>General Disclosure (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, holidays, equal opportunity, diversity, anti-discrimination, and other benefits and welfare</p> <p>B1.1 Total number of employees by gender, employment type (e.g. full-time or part-time), age Company and geographical region.</p> <p>B1.2 Employee turnover rate by gender, age Company and geographical region.</p>	<p>People-Centric Workplace</p> <p>APPENDIX I: SUSTAINABILITY DATA STATEMENTS</p> <p>APPENDIX I: SUSTAINABILITY DATA STATEMENTS</p>
B2: Health and Safety	<p>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.</p> <p>B2.1 Number of work-related fatalities and work-related fatality rate in each of the past three years (including the Reporting Period).</p> <p>B2.2 Lost days due to work injury.</p> <p>B2.3 Description of occupational health and safety measures adopted, how they are implemented and monitored.</p>	<p>Occupational Health and Safety</p> <p>Occupational Health and Safety APPENDIX I: SUSTAINABILITY DATA STATEMENTS</p> <p>APPENDIX I: SUSTAINABILITY DATA STATEMENTS</p> <p>Occupational Health and Safety</p>

<p>B3: Development and Training</p>	<p>General Disclosure Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.</p> <p>B3.1 The percentage of employees trained by gender and employment category (e.g. senior management, middle management).</p> <p>B3.2 The average training hours completed per employee by gender and employment category.</p>	<p>Professional Growth</p> <p>Professional Growth APPENDIX I: SUSTAINABILITY DATA STATEMENTS</p> <p>Professional Growth APPENDIX I: SUSTAINABILITY DATA STATEMENTS</p>
<p>B4: Labour Standards</p>	<p>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.</p> <p>B4.1 Description of measures to review employment practices to avoid child and forced labour.</p> <p>B4.2 Description of steps taken to eliminate such practices when discovered.</p>	<p>Comprehensive Employment Stewardship</p> <p>Comprehensive Employment Stewardship</p> <p>Comprehensive Employment Stewardship</p>
<p>B5: Supply Chain Management</p>	<p>General Disclosure Policies on managing environmental and social risks of the supply chain.</p> <p>B5.1 Number of suppliers by geographical region.</p> <p>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.</p> <p>B5.3 Description of the practices relating to identifying environmental and social risks at each stage of the supply chain, and how they are implemented and monitored.</p> <p>B5.4 Description of the practices that promote the use of environmental protection products and services when selecting suppliers and how they are implemented and monitored.</p>	<p>Supply Chain Management</p> <p>APPENDIX I: SUSTAINABILITY DATA STATEMENTS</p> <p>Supply Chain End-to-end Management APPENDIX I: SUSTAINABILITY DATA STATEMENTS</p> <p>Supplier Compliance Management System and Practice</p> <p>Supplier Compliance Management System and Practice Sustainable Tobacco Program in Action</p>

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.	Product Quality Management
	B6.1 Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Product Quality Management APPENDIX I: SUSTAINABILITY DATA STATEMENTS
	B6.2 Number of products and service-related complaints received and how they are dealt with.	Brand Image and Customer Service APPENDIX I: SUSTAINABILITY DATA STATEMENTS
	B6.3 Description of practices relating to observing and protecting intellectual property rights.	Intellectual Property Rights
	B6.4 Description of quality assurance process and recall procedures.	Product Quality Management
	B6.5 Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Data Security and Privacy Protection

<p>B7: Anti-corruption</p>	<p>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.</p> <p>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.</p> <p>B7.2 Description of preventive measures and whistleblowing procedures, and how they are implemented and monitored.</p> <p>B7.3 Description on anti-corruption trainings provided to the directors and the employees.</p>	<p>Business Ethics and Anti-Corruption</p> <p>APPENDIX I: SUSTAINABILITY DATA STATEMENTS</p> <p>Business Ethics and Anti-Corruption</p> <p>Business Ethics and Anti-Corruption</p>
<p>B8: Community Investment</p>	<p>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.</p> <p>B8.1 Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).</p> <p>B8.2 Resources contributed to the focus area.</p>	<p>Community Engagement</p> <p>Community Engagement</p> <p>Community Engagement APPENDIX I: SUSTAINABILITY DATA STATEMENTS</p>

Part D: “Comply or explain” Provisions Climate-related Disclosures

(I). Governance

19 (a) the governance body(s) (which can include a board, committee or equivalent body charged with governance) or individual(s) responsible for oversight of climate-related risks and opportunities:	Rising to the Climate Challenge-Governance
<ul style="list-style-type: none"> i) how the body(s) or individual(s) determines whether appropriate skills and competencies are available or will be developed to oversee strategies designed to respond to climate-related risks and opportunities; ii) how and how often the body(s) or individual(s) is informed about climate-related risks and opportunities; iii) how the body(s) or individual(s) takes into account climate-related risks and opportunities when overseeing the issuer’s strategy, its decisions on major transactions, and its risk management processes and related policies, including whether the body(s) or individual(s) has considered trade-offs associated with those risks and opportunities; iv) how the body(s) or individual(s) oversees the setting of, and monitors progress towards, targets related to climate-related risks and opportunities (see session “Climate-related targets”), including whether and how related performance metrics are included in remuneration policies (see paragraph 35); 	
19 (b) management’s role in the governance processes, controls and procedures used to monitor, manage and oversee climate-related risks and opportunities:	Rising to the Climate Challenge-Governance
<ul style="list-style-type: none"> i) whether the role is delegated to a specific management-level position or management-level committee and how oversight is exercised over that position or committee; and ii) whether management uses controls and procedures to support the oversight of climate-related risks and opportunities and, if so, how these controls and procedures are integrated with other internal functions. 	

(II). Strategy	
Climate-related risks and opportunities	
20 (a) describe climate-related risks and opportunities that could reasonably be expected to affect the issuer’s cash flows, its access to finance or cost of capital over the short, medium or long term;	Evaluation Results of Climate Risk Assessment
20 (b) explain, for each climate-related risk the issuer has identified, whether the issuer considers the risk to be a climate-related physical risk or climate-related transition risk;	
20 (c) specify, for each climate-related risk and opportunity the issuer has identified, over which time horizons – short, medium or long term – the effects of each climate-related risk and opportunity could reasonably be expected to occur;	
20 (d) explain how the issuer defines ‘short term’, ‘medium term’ and ‘long term’ and how these definitions are linked to the planning horizons used by the issuer for strategic decision-making.	
Business model and value chain	
21 (a) a description of the current and anticipated effects of climate-related risks and opportunities on the issuer’s business model and value chain; and	Evaluation Results of Climate Risk Assessment
21 (b) a description of where in the issuer’s business model and value chain climate-related risks and opportunities are concentrated (for example, geographical areas, facilities and types of assets).	
Strategy and decision-making	
22 (a) information about how the issuer has responded to, and plans to respond to, climate-related risks and opportunities in its strategy and decision-making, including how the issuer plans to achieve any climate-related targets it has set and any targets it is required to meet by law or regulation:	Responses to Climate Risks Climate-Related Strategy and Business Transformation
i) current and anticipated changes to the issuer’s business model, including its resource allocation, to address climate-related risks and opportunities;	
ii) current and anticipated adaptation and mitigation efforts (whether direct or indirect);	
iii) any climate-related transition plan the issuer has (including information about key assumptions used in developing its transition plan, and dependencies on which the issuer’s transition plan relies), or an appropriate negative statement where the issuer does not have a climate-related transition plan; and	
iv) how the issuer plans to achieve any climate-related targets (including any GHG emissions targets(if any)), described in accordance with paragraphs 37 to 40; and	
22 (b) information about how the issuer is resourcing, and plans to resource, the activities disclosed in accordance with paragraph 22 (a).	
23. disclose information about the progress of plans disclosed in previous reporting periods in accordance with 22 (a).	

Financial position, financial performance and cash flows	
Current financial effect	
24 (a) how climate-related risks and opportunities have affected its financial position, financial performance and cash flows for the reporting period; and	Evaluation Results of Climate Risk Assessment
24 (b) the climate-related risks and opportunities identified in paragraph above for which there is a significant risk of a material adjustment within the next annual reporting period to the carrying amounts of assets and liabilities reported in the related financial statements.	
Anticipated financial effect	
25 (a) how the issuer expects its financial position to change over the short, medium and long term, given its strategy to manage climate-related risks and opportunities, taking into consideration:	Evaluation Results of Climate Risk Assessment
i) its investment and disposal plans; and	
ii) its planned sources of funding to implement its strategy; and	
25 (b) how the issuer expects its financial performance and cash flows to change over the short, medium and long term, given its strategy to manage climate-related risks and opportunities.	
Climate resilience	
26 (a) the issuer's assessment of its climate resilience as at the reporting date, which shall enable an understanding of:	Evaluation Results of Climate Risk Assessment Scenario Analysis Framework Climate Resilience
i) the issuer's assessment of its climate resilience as at the reporting date, which shall enable an understanding of: the implications, if any, of the issuer's assessment for its strategy and business model, including how the issuer would need to respond to the effects identified in the climate-related scenario analysis;	
ii) the significant areas of uncertainty considered in the issuer's assessment of its climate resilience; and	
iii) the issuer's capacity to adjust, or adapt its strategy and business model to climate change over the short, medium or long term;	

26 (b) how and when the climate-related scenario analysis was carried out, including:

- i) information about the inputs used, including:
 - (1) which climate-related scenarios the issuer used for the analysis and the sources of such scenarios;
 - (2) whether the analysis included a diverse range of climate-related scenarios;
 - (3) whether the climate-related scenarios used for the analysis are associated with climate-related transition risks or climate-related physical risks;
 - (4) whether the issuer used, among its scenarios, a climate-related scenario aligned with the latest international agreement on climate change;
 - (5) why the issuer decided that its chosen climate-related scenarios are relevant to assessing its resilience to climate-related changes, developments or uncertainties;
 - (6) time horizons the issuer used in the analysis; and
 - (7) what scope of operations the issuer used in the analysis (for example, the operation, locations and business units used in the analysis);
- ii) the key assumptions the issuer made in the analysis;
- iii) the reporting period in which the climate-related scenario analysis was carried out.

(III). Risk Management

27 (a) the processes and related policies it uses to identify, assess, prioritise and monitor climate-related risks, including information about:

- i) the inputs and parameters the issuer uses (for example, information about data sources and the scope of operations covered in the processes);
- ii) whether and how the issuer uses climate-related scenario analysis to inform its identification of climate-related risk;
- iii) how the issuer assesses the nature, likelihood and magnitude of the effects of those risks (for example, whether the issuer considers qualitative factors, quantitative thresholds or other criteria);
- iv) whether and how the issuer prioritises climate-related risks relative to other types of risks;
- v) how the issuer monitors climate-related risks;
- vi) whether and how the issuer has changed the processes it uses compared with the previous reporting period;

27 (b) the processes the issuer uses to identify, assess, prioritise and monitor climate-related opportunities (including information about whether and how the issuer uses climate-related scenario analysis to inform its identification of climate-related opportunities); and

27 (c) the extent to which, and how, the processes for identifying, assessing, prioritising and monitoring climate-related risks and opportunities are integrated into and inform the issuer's overall risk management process.

Evaluation Results of
Climate Risk
Assessment
Scenario Analysis
Framework
Climate Resilience

(IV). Metrics and Targets	
GHG emissions	
28. disclose its absolute gross GHG emissions generated during the reporting period, expressed as metric tons of CO ₂ equivalent, classified as: (a) scope 1 emissions; (b) scope 2 emissions; and (c) scope 3 emissions.	Greenhouse Gas Emissions Management APPENDIX I: SUSTAINABILITY DATA STATEMENTS
29 (a) measure its GHG emissions in accordance with the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004) unless required by a jurisdictional authority or another exchange on which the issuer is listed to use a different method for measuring GHG emissions;	Greenhouse Gas Emissions Management
29 (b) disclose the approach it uses to measure its GHG emissions including: i) the measurement approach, inputs and assumptions the issuer uses to measure its GHG emissions; ii) the reason why the issuer has chosen the measurement approach, inputs and assumptions it uses to measure its GHG emissions; and iii) any changes the issuer made to the measurement approach, inputs and assumptions during the reporting period and the reasons for those changes;	Greenhouse Gas Emissions Management APPENDIX I: SUSTAINABILITY DATA STATEMENTS
29 (c) disclose its location-based Scope 2 GHG emissions, and provide information about any contractual instruments that is necessary to enable an understanding of the issuer's Scope 2 GHG emissions; and	
29 (d) disclose the categories included within the issuer's measure of Scope 3 GHG emissions, in accordance with the Scope 3 categories described in the Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard (2011).	
Climate-related transition risks	
30. disclose the amount and percentage of assets or business activities vulnerable to climate-related transition risks.	The Group is currently enhancing its climate risk assessment and data systems and is not yet able to provide the quantitative disclosures. Relevant disclosures will be progressively strengthened in future reporting periods.
31. disclose the amount and percentage of assets or business activities vulnerable to climate-related physical risks.	
32. disclose the amount and percentage of assets or business activities aligned with climate-related opportunities.	

33. disclose the amount of capital expenditure, financing or investment deployed towards climate-related risks and opportunities

The Group has not separately identified or disclosed capital expenditure, financing or investment related to climate risks and opportunities during the Reporting Period. Relevant disclosures will be enhanced as the Group further develops its climate strategy and resource tracking framework.

34 (a) an explanation of whether and how the issuer is applying a carbon price in decision making (for example, investment decisions, transfer pricing, and scenario analysis); and

34 (b) the price of each metric tonne of GHG emissions the issuer uses to assess the costs of its GHG emissions.

The Group has not yet incorporated an internal carbon pricing mechanism into its decision-making processes. The Group will explore the feasibility of establishing such a mechanism in future as its climate data management and carbon accounting capabilities continue to develop.

Remuneration

35. disclose whether and how climate-related considerations are factored into remuneration policy, or an appropriate negative statement. This may form part of the disclosure under paragraph 19(a)(iv).

Rising to the Climate Challenge-Governance

Industry-based metrics

36. An issuer is encouraged to disclose industry-based metrics that are associated with one or more particular business models, activities or other common features that characterize participation in an industry. In determining the industry-based metrics that the issuer discloses, an issuer is encouraged to refer to and consider the applicability of the industry-based metrics associated with disclosure topics described in the IFRS S2 Industry based Guidance on implementing Climate-related Disclosures and other industry-based disclosure requirements prescribed under other international ESG reporting frameworks.

The Group has applied relevant industry-based metrics for its business operations and activities by referencing recognized industry materiality benchmarks.

Climate-related targets

37. disclose (a) the qualitative and quantitative climate-related targets the issuer has set to monitor progress towards achieving its strategic goals; and (b) any targets the issuer is required to meet by law or regulation, including any GHG emissions targets. For each target:

- (a) the metric used to set the target;
- (b) the objective of the target (for example, mitigation, adaptation or conformance with science-based initiatives);
- (c) the part of the issuer to which the target applies (for example, whether the target applies to the issuer in its entirety or only a part of the issuer, such as a specific business unit or geographic region);
- (d) the period over which the target applies;
- (e) the base period from which progress is measured;
- (f) milestones or interim targets (if any);
- (g) if the target is quantitative, whether the target is an absolute target or an intensity target;
- (h) how the latest international agreement on climate change, including jurisdictional commitments that arise from that agreement, has informed the target.

38. disclose information about its approach to setting and reviewing each target, and how it monitors progress against each target, including:

- (a) whether the target and the methodology for setting the target has been validated by a third party;
- (b) the issuer's processes for reviewing the target;
- (c) the metrics used to monitor progress towards reaching the target;
- (d) any revisions to the target and an explanation for those revisions.

39. disclose information about its performance against each climate-related target and an analysis of trends or changes in the issuer's performance.

40. For each GHG emissions target disclosed in accordance with paragraphs 37 to 39, an issuer shall disclose:

- (a) which GHG are covered by the target;
- (b) whether Scope 1, Scope 2 or Scope 3 GHG emissions are covered by the target;
- (c) whether the target is a gross GHG emissions target or a net GHG emissions target. If the issuer discloses a net GHG emissions target, the issuer is also required to separately disclose its associated gross GHG emissions target;
- (d) whether the target was derived using a sectoral decarbonisation approach;
- (e) planned use of carbon credits to offset GHG emissions to achieve any net GHG emissions target. In explaining its planned use of carbon credits, the issuer shall disclose:
 - (i) the extent to which, and how, achieving any net GHG emissions target relies on the use of carbon credits;
 - (ii) which third-party scheme(s) will verify or certify the carbon credits;
 - (iii) the type of carbon credit, including whether the underlying offset will be nature-based or based on technological carbon removals, and whether the underlying offset is achieved through carbon reduction or removal; and
 - (iv) any other factors necessary to enable an understanding of the credibility and integrity of the carbon credits the issuer plans to use (for example, assumptions regarding the permanence of the carbon offset).

Metrics and Targets
(The Group has not yet established quantitative emission reduction targets as our GHG data collection systems continue to mature. We plan to set quantitative targets once comprehensive baseline data across all Scopes is established in the future reporting cycle.)

During the Reporting Period, the Group has not established any net GHG emission targets that rely on the use of carbon credits and does not plan to use carbon credits to offset emissions. Accordingly, the related disclosure requirements are not applicable at this stage.

Applicability of cross-industry metrics and industry-based metrics

41. In preparing disclosures to meet the requirements in paragraphs 21 to 26 and 37 to 38, an issuer shall refer to and consider the applicability of cross-industry metrics (see paragraphs 28 to 35) and (ii) industry-based metrics (see paragraph 36).

Strategy
Metrics and Targets