

Annual Report 2024



LUHTA
SPORTSWEAR
COMPANY

2024 WAS A year of many significant events. We report on the year’s events and activities in our Annual Report 2024, which for the first time combines our previously separate Annual Report and Sustainability Report.

- LUHTA SPORTSWEAR COMPANY’S** Annual Report 2024 consists of four sections:
- Business Review
 - Sustainability Review
 - Financial Review
 - Corporate Governance Statement

ALL THE INFORMATION concerns the period 1.1.–31.12.2024 and is reported in accordance with GRI Standards. In the annual report we apply the elements of an integrated report.

ALL SECTIONS OF the annual report are available in both Finnish and English.

WE REGULARLY COMMUNICATE as a company on our website www.luhtasportswearcompany.fi and LinkedIn channel www.linkedin.com/company/luhtasportswearcompany/.

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Business Review 2024



LUHTA
SPORTSWEAR
COMPANY

BUSINESS REVIEW 2024

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Luhtha in Brief

Founded in
1907

52
own stores

100%
Finnish family
owned company

7 000+
sales sites

Ca.
1 000
professionals

Sales in
50+
countries



Luhtha Sportswear Company



We Are Luhta Sportswear Company

LUHTA SPORTSWEAR COMPANY is the leading Finnish clothing Group and one of Europe’s largest sportswear companies. We are headquartered in Finland, and we have distribution centers in Lahti, Finland, and Suzhou, China.

OUR COMPANY HAS a comprehensive portfolio of clothing and footwear brands focused on sports, casual leisure, outdoor activities and fashion. We develop strategic brands for the long term and

to succeed in international competition, and we use our tactical brands to actively respond to the changing market situation, while taking sales needs into account. Around Europe, we are particularly known for our strategic brands Luhta, Icepeak, Rukka and Dachstein.










OUR SPECIAL EXPERTISE is in the design, manufacture and sales of casual, sports, fashion and outdoor clothing, footwear and accessories. The port-

folio also includes motorcycling, home furnishings and pet products. We offer these products, which represent our Finnish heritage and the know-how that has been passed down through several generations in our company, to active people around the world.

THE BUSINESS DEVELOPMENT of our brands and product development of our collections is allocated among three divisions: Apparel, Performance &

Footwear, and Essentials. The allocation is based on the product segments offered by the brands and the product functionality level. The sales teams in Wholesale, DTC Budgeting and Assortment, Retail and Digital are responsible for offering products to different markets and sales channels. The business service units support the divisions’ activities in various areas.

Luhta Sportswear Company's Business Areas and Product Categories

BUSINESS UNITS & PRODUCT DIVISIONS	APPAREL			PERFORMANCE AND FOOTWEAR			ESSENTIALS		
	Clothing			Clothing	Footwear	Motorsport Clothing, Footwear and Accessories	Accessories	Home Textiles and Small Furnishings	Pet Clothing and Accessories
	KEY BRANDS			KEY BRANDS			KEY BRANDS		
	<div><div> LUHTA</div><div></div><div></div><div><div>YOUR</div>FACE</div><div>O · i · S</div></div>			<div><div></div><div></div><div> LUHTA</div><div></div></div>			<div><div> LUHTA</div><div></div><div></div></div>		
SHARE OF SALES	71%			21%			8%		

WE SELL OUR brands' products to wholesalers and major European retailers, as well as directly to consumers in our own brick-and-mortar stores and online.

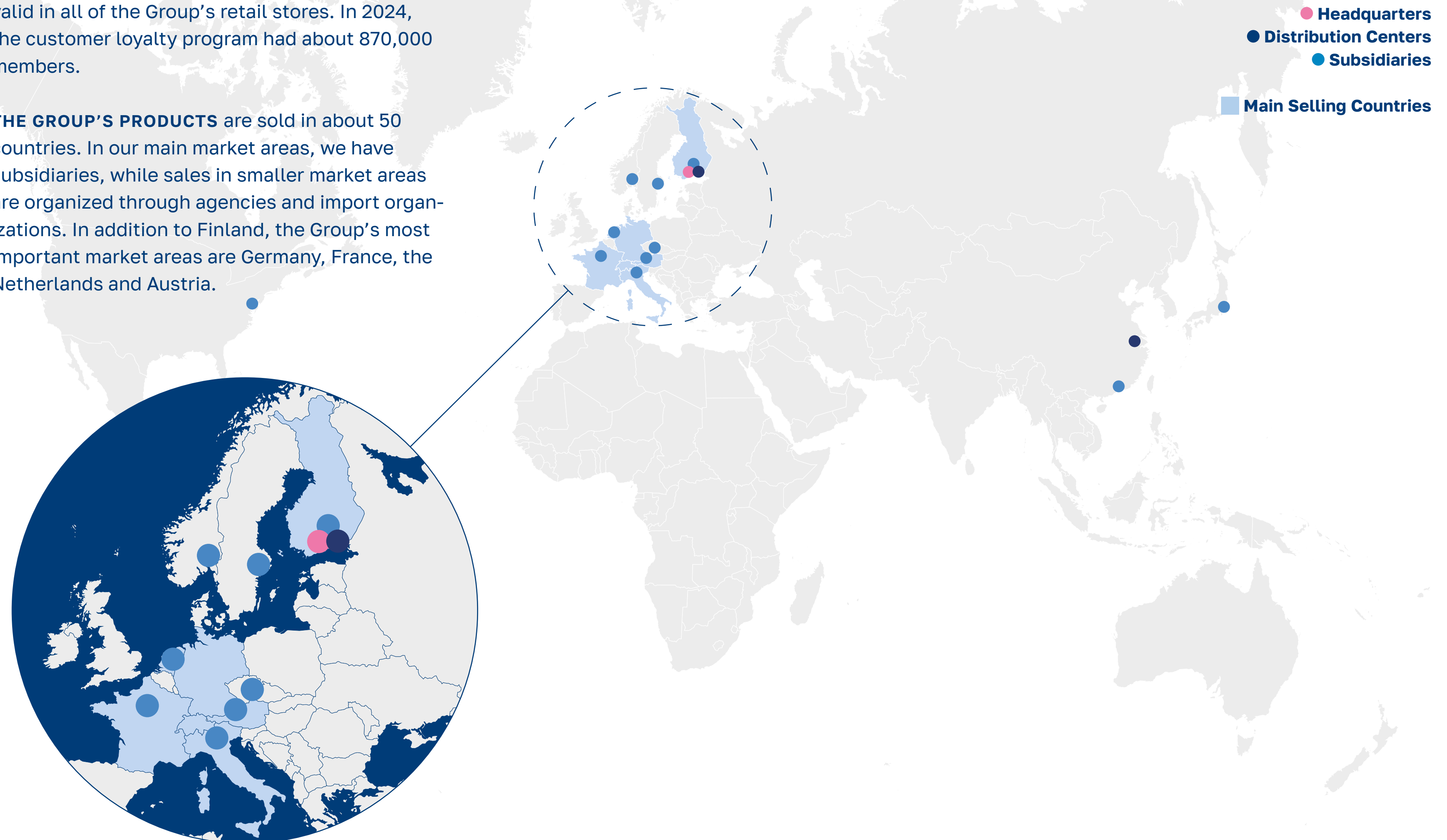
THE WHOLESALE ORGANIZATIONS of the Group's brands provide the customers of each business area with high-level customer service in each market area. Long-term business relationships, the local nature of the customer service, and the extensive brand and category offering are strengths that deepen our customer relationships, strengthen our market position, and help in understanding the needs of different market areas and in offering alternative solutions to fulfill them.

THROUGH THE GROUP'S different retail sales concepts, we make our products available to the widest possible range of consumers in selected markets. Until the end of 2024, the Group's multichannel consumer business included the Luhta Brand Store focusing on casual sportswear, the Luhta Outdoor Store specializing in Finnish outdoor wear, the multi-brand fashion chain Aleksi 13, the woman's fashion brands Your FACE and Ril's, and the Luhta Outlet stores offering consumers previous seasons' collections and special batches at bargain prices. At the end of 2023, we made the decision to move from a five-chain model to a three-chain model. In line with the decision, the Aleksi 13 and Luhta Outdoor Store chains will be closed, and we will open a new fashion chain in autumn 2025. At the end of 2024, our retail brands had 52 stores in growth centers in Finland and internationally.

THE GROUP'S LUHTA.COM online store sells products in the EU and showcases our brands globally. The Luhta aClass customer loyalty program is valid in all of the Group's retail stores. In 2024, the customer loyalty program had about 870,000 members.

THE GROUP'S PRODUCTS are sold in about 50 countries. In our main market areas, we have subsidiaries, while sales in smaller market areas are organized through agencies and import organizations. In addition to Finland, the Group's most important market areas are Germany, France, the Netherlands and Austria.

Business Areas of Luhta Sportswear Company in 2024





Managing Director's Review

Managing Director's Review 2024

OVERALL, 2024 WAS a challenging year for Luhta. The Group's net sales and profitability declined, but there are signs of a market turnaround. Our international sales weakened, but we managed to strengthen our home market and increase the share of consumer sales. We made determined progress towards our long-term strategic objectives and responded to a number of challenges in our sector. We renewed our organizational structure and our retail chain structure to build a foundation for future growth.

- Net sales decreased by -10.7 % to 190.2 million euros (213.0 million, 1–12 2023).
- Domestic sales increased by +4.2 %, but international sales decreased by -17.2 %.
- Consumer sales were up by +7.0 %, and wholesale sales were down by -16.2 %.
- Profit before taxes for the financial period was 5.76 million euros (7.89 million, 1–12 2023).

Development of the Clothing Industry

THE SITUATION FOR the clothing industry remained challenging throughout the year, both in terms of consumer demand and supply chain. Uncertainty in the market environment affected consumer purchasing behavior throughout the year. Demand weakened in all markets for the third consecutive year. However, the inventory situation in the mar-

kets started becoming healthier. Domestic clothing sales continued to decline throughout the year, while textile sales from Chinese online retailers to Finland grew strongly.

GEOPOLITICAL TENSIONS IN Asia and the Middle East, as well as Russia's continued war of aggression in Ukraine, increased uncertainty about the economic outlook and weakened consumer behavior. Consumer confidence in their own livelihoods fluctuated during the year in line with the global political situation, which was also directly reflected in the purchasing behavior in the clothing industry. Inflation and high interest rates in the early part of the year kept confidence low, but a drop in interest rates boosted confidence in the future of the economy and confidence reached its highest level in October. From November onwards, however, the trend turned downwards again.

IN THE LOGISTICS environment, the effects of geopolitical tensions were a challenge. In June-July, customs-related changes in the markets caused a sharp spike in demand for containers in China during our peak shipping season, temporarily pushing prices to near pandemic record levels. At the same time, unrest in the Middle East forced cargo ships to detour around the southern tip of Africa, which extended voyage times and further increased costs for our autumn and winter 2024 deliveries.

IN 2024, WE continued to comprehensively develop our operations, business strategy and sustainability program supporting the EU Textile Strategy. We again took several important steps in our sustainability work and, in recognition, we received the international ESG Transparency Award. The award was given for forward-looking sustainability work and transparency in reporting.

IN THE SPORTING goods sector, sales of the outdoor apparel segment have fallen sharply from the record sales in the pandemic years in all our main markets, largely as a ripple effect of geopolitical tensions. As a result of this, our wholesale customers accumulated a very unhealthy level of inventory for 2023. However, moderate preliminary purchases in the last four seasons have reduced our customers' inventories, and in 2024 a return to more normal preliminary purchase budgeting has started.

IN THE MAIN markets in Central Europe, demand fluctuated according to the economic outlook and weather conditions. Measures implemented in various countries early in the year to increase purchasing power and the lower interest rates boosted demand, which was mirrored in the healthier spring inventories of our customers in the biggest markets in Central Europe. This was directly reflected in an increase in our spring 2025 preliminary order back-

log. Demand continued to grow in autumn but fell in November as the winter and ski season began. The decline in Black Week sales, which started already in 2023 in our main markets in Central Europe, did not recover in 2024, despite robust discount campaigns. Consumer demand continued to weaken again in December across Europe's sporting goods sector, with a particular impact on sales of ski products. The largest sporting good retail chains in Central Europe have announced full-year sales trends ranging from -6 % to +4 %.

We again took several important steps in our sustainability work and, in recognition, we received the international ESG Transparency Award.

AS THE EXCEPTIONALLY warm weather conditions continued in Asian markets, clothing segment sales in the sporting goods sector continued to decline. In China, winter sports became a national theme, which increased the market competition from brands not traditionally active in this segment. However, the Chinese market is still suffering from low consumer confidence in the future and the expected recovery in consumption has not yet happened. In Japan, a warm and late autumn hampered

sales of autumn outdoor clothing, but a record snowy winter that started towards the end of the year boosted sales of ski products – and with the cheap yen, ski tourism also reached record levels.

IN THE NORDIC countries, the weakening in consumer purchasing behavior was reflected in a decline in sporting goods sector sales in all markets. It was an exceptionally challenging year for the Finnish sporting goods sector in particular, with sales falling in every month of the year. In 2024, cumulative sales in Finland’s sporting goods sector fell for the third year in a row. Consumer purchases of sporting goods were down by 166.7 million euros, leading to a -11.3 % development in the sector. Clothing purchases in the sporting goods sector fell by -81.4 million euros, or -13.9 %, and footwear purchases fell by -41.3 million euros, or -12.7 %. The value of the sporting goods sector fell for the first time to pre-pandemic figures and is -0.5% lower than in 2019 and -2 % compared to 2013.

FINLAND’S FASHION SALES fared what was a difficult year for consumer demand somewhat better than sporting goods, largely due to the strong +8.9 % performance in May and the small positive sales increases in November and December. However, for the year as a whole, fashion sales fell by -118 million euros, or -3.5 %, of which clothing accounted for -91.2 million euros with development of -3.4 %. Development in fashion footwear sales was -20.9 million euros, or -5.9 %. The value of fashion consumption has decreased by -6.4 % since 2019 and by -20 % since 2013.

BRICK-AND-MORTAR REMAINED THE main channel for consumer purchases of clothing in Finland, although brick-and-mortar clothing sales fell by -6.4 % and online sales declined more moderately, i.e. by -1.2 %. The market share of brick-and-mortar clothing sales was 79 % and online sales 21 %, of which foreign online sales accounted for 17 %. Online purchases of clothing from outside the EU increased by 159 % to approximately 80 million euros, with a market share increasing to 2.6 %. Purchases of clothing from China, valued at less than 150 euros, grew by a whopping +343 % to 85.0 million euros and exceeded a total of 10.5 million pieces.

FORECASTING IN THE clothing sector continues to be difficult in the current climate of uncertainty and the challenging business environment.

Group Sales Development

Wholesales

FOR THE SECOND year in a row, the Group’s wholesale sales developed negatively, ending down by -16.2 % (-26.8 million euros). The weakened demand caused by the Russian war of aggression in Ukraine continued in the main European markets throughout 2023, leading to a significant inventory problem for our customers. The situation was exacerbated by exceptionally the commercially unfavorable weather conditions, which did not favor seasonal sales and severely reduced the spring 2024 and the autumn 2024 preliminary sales order

backlog. In fact, preliminary sales invoicing for 2024 fell by -18.2 %, or -26.6 million euros, to 120.0 million euros. While our brands’ price positioning products were the best sellers, the surplus inventories affected also our 2024 warehouse sales, as our customers preferred to replenish their stores from their own warehouses. Warehouse sales of our sporting goods products fell to a record low of 9.3 million euros, down -1.2 million euros, or -11.8 %, from the previous year. As customers promoted their own inventory products, they purchased less of our active pricing campaign products and our warehouse products, raising our gross sales margin by a modest +0.7 percentage points.

Forecasting in the clothing sector continues to be difficult in the current climate of uncertainty and the challenging business environment.

THE WEAKENED SALES did not have any exceptional financial impact for our customers, and there were no exceptional credit losses in 2024.

WHOLESALE SALES OF our largest product category, clothing, fell by -15.0 %, our footwear category by -23.2 %, our bags and accessories category by -5.3 %, and our pet products category by -28.4 %. Home textiles, on the other hand, picked up slightly, growing by +10.6 %.

OF OUR STRATEGIC brands, Luhta has weathered the challenging conditions best, with a sales development of -6.4 %. Sales of our largest and most widely distributed brand, Icepeak, fell by -15.2 %. Sales of our Rukka brand fell by -25.5 % due to the domestic challenges in sporting goods and motorsport, while sales of Dachstein, which is focused on the Germanic region, fell by -15.1 %.

REGIONALLY, SALES OF our sporting goods varied widely but the trend in the majority of markets was negative. Positive exceptions were France, Estonia and Slovakia, where we achieved a small increase in sales. Sales in our largest markets in Europe – Germany, Finland, France, the Netherlands and Austria – fell by a total of -7.8 %. In percentage terms, the biggest sales declines were in the Balkans, Switzerland and Asia. The warm winter season with little snow in 2023 in China and Japan severely weakened the preliminary order backlog for the autumn-winter 2024 collection, and sales in these countries fell by a total of -40.8 %.

NORDIC WHOLESALE SALES were hit hard by the unseasonable weather conditions and fell by a total of -7,8 %, of which domestic wholesale sales accounted for -2,7 %.

THE WARM WINTER with little snowfall combined with the impact of geopolitical tensions and consumers’ needs-driven purchasing behavior weakened 2024 net sales in several of our categories. Wholesale net sales of Icepeak and Luhta brands declined by -4.8 % in the ski segment, by -18.7 % in

the outdoor segment and by -19.9 % in the sports-wear segment. Home furnishings grew by +10.6 %.

CONSUMER CAUTION IN purchasing was also strongly reflected in sales of our motorsport product group. After a record year in 2023, sales fell by -30.8 %. Our three largest motorsport markets (Germany, Finland and the UK), which together account for around 65 % of our sales in this product category, struggled. Sales in these markets fell by nearly half, -45.8 %. In other countries, the situation was slightly better, and sales developed positively in several countries, +15.9 % in Italy and a total of +3.3 % in others.

2024 was the year the streamlining of the domestic chain structure in our retail business was implemented.

Retail Sales

2024 WAS THE year the streamlining of the domestic chain structure in our retail business was implemented. At the end of 2023, we decided to close our loss-making Aleksi 13 and Luhta Outdoor Store chains, with in-store closeout sales starting from February 2024 as the leases expired. As in previous years, overall consumer demand was challenging

and consumers were not attracted by the usual low-price campaigns, but the closeout sales proved to be attractive shopping events for consumers. Thanks to the success of the closeout sales, our full-year retail net sales increased to 55.8 million euros, an increase of +7.0 %, or +3.6 million euros, compared to the previous year. The gross margin in retail sales decreased by -2.1 percentage points with the closeout sales and more active pricing.

DURING THE YEAR, we closed a total of 17 stores and converted four stores into stores in the Luhta Brand Store chain.

STORES IN THE Aleksi 13 chain remained open throughout the year, except for one. The chain’s closeout sales attracted consumers, and the comparable sales development for the full-year 2024 was +53 % compared to 2023. The sales development during the closeout sales was +92 %. The gross sales margin decreased by 5.3 percentage points due to active closeout campaigns.

AT THE BEGINNING of 2024, the Luhta Outdoor Store chain had 11 stores. All stores were closed or converted during 2024. The first stores were closed in July and the last one at the end of the year. The comparable sales development of the chain’s closeout sales was +56 % and +38.3 % for the full-year 2024 compared to 2023. The decrease in the gross sales margin was exceptionally sharp, i.e. -9.8 percentage points, as the majority of the stores were closed before sales of winter products, which have the highest margin.

OUR CASUAL-FOCUSED LUHTA Brand Store suffered from the general slowdown in consumer demand and from the closeout sales of the Aleksi 13 and Luhta Outdoor Store chains, as the Luhta Brand Store was in their impact zone. Including the converted stores, the chain’s sales ended up with an index of -1 %, but the comparable store sales development for the chain was -9 %. More active campaigns to maintain sales reduced the chain’s gross sales margin by -1.2 percentage points.

AMONG OUR CHAINS, Luhta Outlet was the hardest hit by the closeout sales, as many Outlet stores were in the impact zone of the store closures. The comparable sales development of the chain’s stores was -7 %, compared to the overall development of -11 %. During the year we closed the Ril’s Outlet at the Helsinki Outlet Center and the Luhta Pop-Up Outlet at Itäkeskus. The gross sales margin in the chain decreased by -0.8 percentage points. Sales development of the company’s five Luhta Outlet stores abroad was growth of +5.7 % and the gross sales margin development was -0.8 percentage points. The closeout sales effectively depleted the warehouses, so we did not organize any Hintaralli (Price Rally) sales during the year, which contributed to the decreased net sales of the Outlet business.

SALES OF OUR fashion chain, Your FACE, followed the development of Finnish fashion sales and, except for the end of the year, were also on a downward trend. Due to good sales months in November and December, the chain’s total sales decreased by -6 % and comparable sales by -8 %.

2024 WAS A very inconsistent year for the domestic e-commerce, with sales months that saw both -70% declines and excellent +200 % year-on-year developments. Closeout sales campaigns could not be fully sustained in the e-commerce, and sales in a difficult market situation were dependent on normal operations. The biggest successes were seen in the third quarter, when sales increased by +88 %; thanks to this, there was a small positive development of +1.0 % in total sales for the year.

INTERNATIONAL E-COMMERCE CONTINUED its good development, nearly doubling (+97 %) in the first half of the year. The short e-commerce test campaign in Germany in autumn sustained the positive trend, but as the warm weather continued in Central Europe, the last quarter of the year proved difficult and sales fell by -16.0 %. Total international online sales for the year grew by +20.9 %.

Group Profit Development and Expectations for 2025

THE POSITIVE DEVELOPMENT in retail sales could not compensate for the strong decline in wholesale sales, and the company’s net sales fell by -10.7 % from the previous year’s 213.0 million euros to 190.2 million euros.

ALTHOUGH OUR GROSS sales margin decreased slightly due to closeout sales and more active pricing, the Group’s sales margin continued its excellent development, rising to 51.7 % from 50.3 % in the previous financial year. This positive devel-

opment in the margin was due to the exchange rate gain brought about by the sharply weakened renminbi, our production purchasing currency. The positive impact of the exchange rate gain was able to offset the increase in variable costs of +2.7 million euros in June-July arising from the strongly increased freight costs.

THE GROUP’S FIXED cost decreased by -6.0 %, or -5.4 million euros. Personnel expenses decreased by -4.16 million euros to 33.1 million euros (37.25 million in 2023) as a result of operating activities, activations of the project phase of our ERP system and lower insurance premiums. Other operating expenses decreased by -2.3 % as a result of operating activities and in line with the change in sales, reaching 52.03 million euros (53.27 million in 2023).

DUE TO THE strong decrease in net sales, our company’s net result decreased to +4.1 million euros, from +5.8 million in 2023. The operating margin fell to 13.9 million euros, from 17.5 million in 2023.

THE VALUE OF our inventories decreased by -3.0 million euros due to the closure of stores and a decrease in the warehouse value of previous seasons sold in closeout sales. Inventories were lifted by the slightly higher value of production inventory in transit for the spring 2025 season.

THE OPERATING ENVIRONMENT is expected to remain challenging in 2025 and net sales to remain at the 2024 level. Our wholesale preliminary order backlog increased in the spring-summer 2025

season and in the main markets either increased or remained at the previous year’s level into the autumn-winter 2025 season, ending with a small increase for the year as a whole. This gives positive signals that the market and, through it, our net sales will be returning to growth.

We expect strong comparable sales performance from the continuing Luhta Brand Store casual chain, as well as profitable sales from the new fashion concept stores to be established and from the domestic online store.

AFTER A YEAR of closeout sales, in the retail business we are continuing the development of a multichannel consumer shopping path through two main chains – fashion and casual. We expect strong comparable sales performance from the continuing Luhta Brand Store casual chain, as well as profitable sales from the new fashion concept stores to be established and from the domestic online store. We will continue to focus on growing international sales of the online store through active targeted and limited consumer markets in Central Europe. Sales across all brands in the marketplace channel are also expected to continue to grow in 2025.

AS A RESULT of the projected decrease in freight costs, the maintained level of gross sales margin

on preliminary sales, and exchange rate trends, we expect our net sales margin percentage to develop slightly and we expect a positive development in our key ratios. This is supported by lower fixed cost for this year brought about by changes in past operational activities, such as cost savings arising from the closure of two chains. Operating profit is forecast to be at a better level than in the 2024 financial period.

THE MAIN RISKS in our operating environment relate to the impact of geopolitical tensions on exchange rate fluctuations, costs and disruptions in the logistics chain, and a decline in consumer purchasing behavior. Of these, the company has hedged foreign exchange rates for 2025, but disruptions in the logistics chain and consumer purchasing behavior are difficult to forecast.

Events After the Financial Year

THE PRELIMINARY SALES for the autumn-winter 2025 season ended in March. Comparable preliminary sales decreased by -4.0 %, i.e. about 3.6 million euros. The decrease was due to the more than -20 % decrease in only a few countries. Our other main markets ended with a +2.9 % increase in preliminary sales, indicating also a recovery of the autumn-winter market.

WE SIGNED A licensing agreement for the right to use the Balmuir trademark with Balmuir Oy at the end of 2024. By licensing the brand, we will expand and diversify the range and price flexibility of our

new fashion chain and online store, expand and diversify the brand and product portfolio sold to fashion customers in Central Europe to support the wholesale sales of the future Luhta Smart Sports-wear collection, as well as improve our service sales margin. The licensing agreement covers the Balmuir brand’s product development, e-commerce and wholesale activities, as well as Balmuir’s airport store. The licensing agreement entered into force on 1.1.2025.

IN 2024, THE company started negotiations on the possible capitalization of Luhta-Kiinteistöt. During 2022–2023, Luhta-Kiinteistöt had been issued a convertible bond totaling three million euros, which had not matured at the balance sheet date.



Our Purpose and Shared Values

Mission and Vision Set the Direction

IN OUR 2022 updated strategy, we describe our company's ambition and summarize why our company exists and what we want to achieve.

WE HAVE DEFINED our company mission and vision as follows:

MISSION:

We inspire an active and healthy lifestyle from one generation to another.

We are proud of our 117-year history – of the timeless design we have created, the responsible choices we have made and that our product brands and portfolios have encouraged and inspired people around the world to live an active lifestyle.

Our products are designed to help enjoy life: We are active outdoors, we decorate, we live every day to the fullest, and we celebrate weekends. These moments are part of us and our life story.

VISION:

Inspiration and success for the next 100 years.

We are proud of our 117-year heritage – the strong foundation and deep know-how we have built over the years. We are moving confidently into the next one hundred years. We are one of Europe's largest sportswear companies. In the future we want to be one of the world's largest outdoors-inspired sportswear companies.

We have created many success stories with our customers and consumers – and we will create many more.

Through our business, we create a positive impact on active and healthy lifestyles. Making responsible choices matters, and we want to be part of building a future that is a better place to live – an aim that will become increasingly important in the future.

We offer high-quality products for a wide audience – products with excellent design, quality and value for the money.

By working together and following our shared passion, we will continue to create new success stories for future generations.

Our Shared Values Guide Our Way of Operating

Our company's values are summarized in the following four core concepts:

OUR COMPANY'S VALUES describe how we do business. Shared values create a foundation for our operations, our development and our culture. We expect everyone in our company to work in line with our values, and we want our values to be outwardly visible through our everyday actions.

VALUES HELP US to make the right choices, even in difficult situations, and to be more resilient. Through value workshops at the departmental, team and individual level, together with all employees at our headquarters and in our stores across Finland, we have reflected on the significance values have on our daily work and practical actions.

INTERNAL ENTREPRENEURSHIP:

We give room to develop and grow, take responsibility and influence.

- Together with our enthusiastic, development-oriented and highly skilled personnel, we constantly create new success stories.
- We take initiative and responsibility, and we see things through.
- We support an environment where our people develop their skills.

RENEWAL:

We are curious and innovative, and we dare to challenge ourselves and each other.

- We are brave and agile in decision-making and open to change.
- We innovate and keep up with development in the international environment.
- We discuss openly and learn from adversity.

WORKING TOGETHER:

Together we achieve more and succeed.

- We support the creation of team spirit; we succeed together and communicate openly.
- Everyone has a responsibility to ask, listen, care and intervene. Each of us has an important role to play as part of the team; we respect each other.
- We value each person as an individual and support their overall wellbeing.

RESPONSIBILITY:

Through our choices, we want to leave behind a better world.

- Our operations are transparent, and we commit to the sustainability targets we set.
- We take action, we are aware of our responsibilities, and we encourage all our stakeholders to make responsible choices.
- We design and create products that last, in terms of both quality and design.

Financial Position and Responsibility



Financial Position

THE GROUP’S FINANCIAL position and liquidity were at a good level at the end of the financial year 2024. Group net sales decreased by -10.7 % in total. However, retail sales grew by +7.0 %, but wholesale sales fell by -16.2 % due to the difficult market situation. A record sales margin of 51.7 % had a positive impact on the company’s financial performance. The Group’s financial expenses were EUR -2.4 million, compared to EUR 4.0 million in the previous year. Operating profit was EUR 8.2 million, compared with EUR 11.8 million in the previous year. The Group had net debt of EUR 22.2 million, which was at the same level as in the previous year.

L-FASHION GROUP’S RESULT for the financial year 2024 was EUR 4.1 million (5.8 million in 2023). Net sales were EUR 190.2 million, down -10.7 % on the previous year (EUR 213.0 million). Retail net sales grew by +7 % (EUR +3.7 million). The strong closeout sales by two retail chains in Finland contributed to the majority of this growth (EUR +3.3 million). In addition, Central European retail net sales increased by EUR 0.3 million. Wholesale sales decreased by -16.2 % (EUR -26.8 million) due to the challenging market situation.

THE SALES MARGIN developed positively from 50.3 % to 51.7 %. Favorable exchange rates and currency hedging were the main drivers of the improvement in the sales margin. The significant increase in container freight rates had a negative impact of EUR -2.7 million on the sales margin compared to the previous financial year. Personnel expenses were EUR 33.1 million, or EUR -4.2 million lower than in the previous year. The decrease in personnel expenses was due to operational activities, the capitalization of personnel expenses

for the ERP project and lower pension insurance contributions than in the previous year. Other operating expenses amounted to EUR 52.0 million (53.3 million), down -2.3 % as a result of the operational activities and in line with the change in sales.

AT THE END of the year, inventories amounted to EUR 61.7 million, a decrease of EUR -3 million (64.7 million). There were more in-transit inventories for the upcoming spring at the end of the year compared to the previous year, which increased the amount of inventories and tied up working capital. Due to the later deliveries, accounts receivable were higher than in the previous year, totaling EUR 42.8 million (38.9 million). However, customer payment behavior has remained good and credit loss risks have not increased. At the end of the year, cash on hand amounted to EUR 17.4 million (16.5 million).

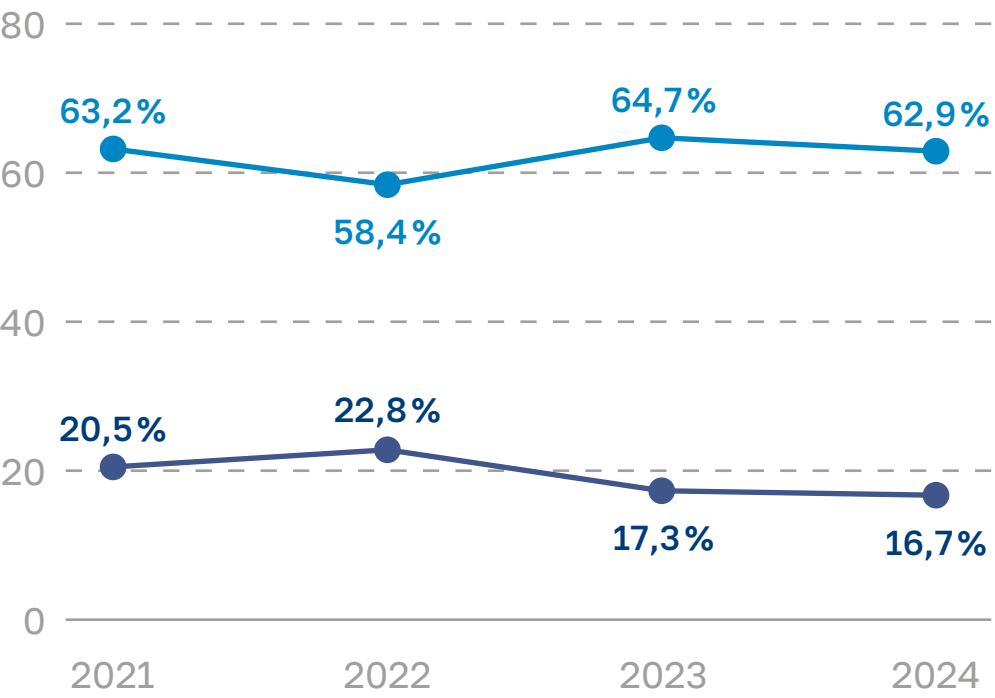
AS PLANNED, LONG-TERM loans have decreased by EUR -5 million during the financial year to EUR 17.5 million (22.5 million) at the end of the year. Short-

term loans drawn included working capital loans of EUR 2.0 million (0 million) for the Parent Company in Finland and EUR 15.2 million (11.7 million) for the subsidiary in China.

OPERATING CASH FLOW after taxes and interest was positive EUR 14.9 million (16.7 million). Cash flow from investments increased by EUR 5.4 million and amounted to EUR -10 million (-4.6 million) in the financial period. Most of the investments in the financial period were related to the development of the company’s new ERP system and online store. Cash flow from financing was negative at EUR -3.6 million (-14.7 million). Dividends paid amounted to EUR -3.6 million (-4.2 million).

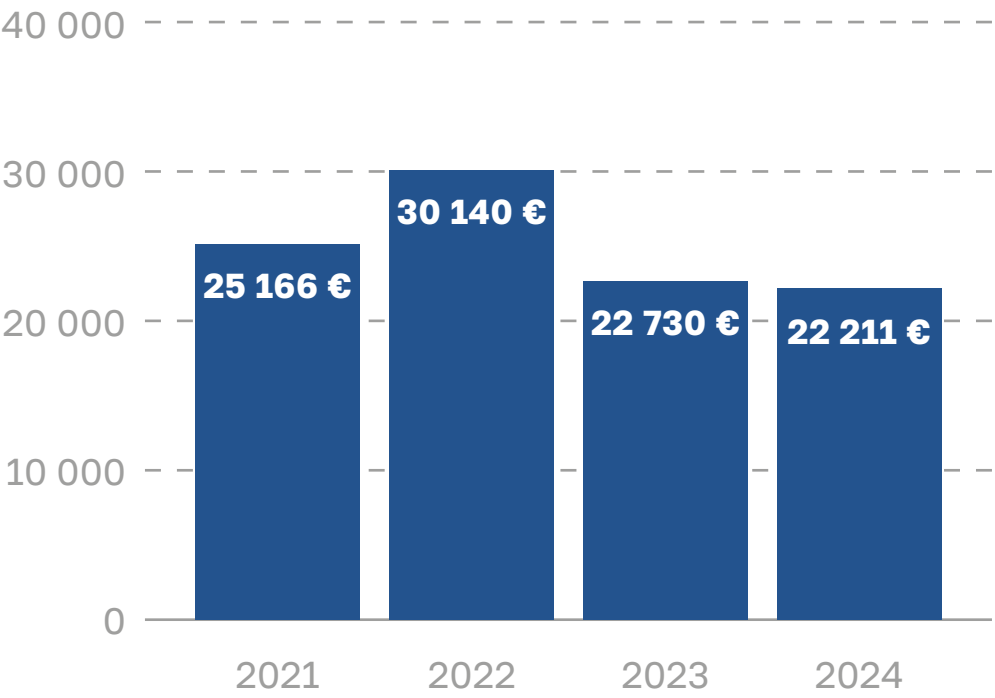
THE GROUP’S EQUITY and liquidity were at a good level at the turn of the year. The equity ratio decreased slightly to 62.9 % (64.7 %). Net interest-bearing debt at the end of the year was at the level of the previous year and was EUR 22.2 million (22.7 million). The net debt/EBITDA ratio was 1.6 (1.3) at the end of the year.

EQUITY-TO-ASSETS RATIO AND GEARING (%)

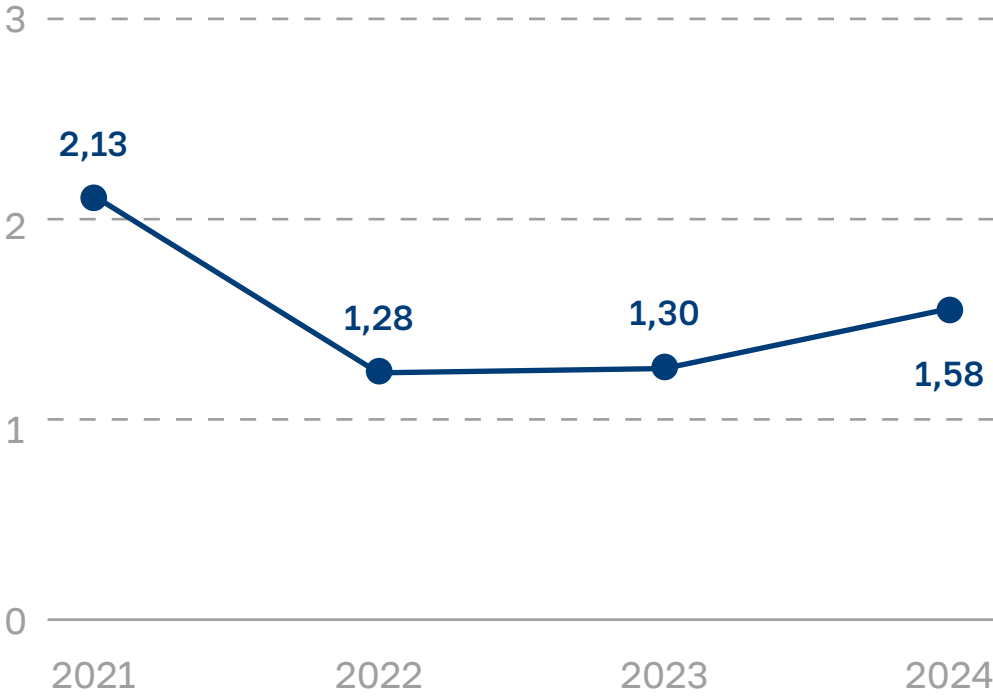


— Equity-to-Assets Ratio%
 — Net Gearing Ratio%

NET INTEREST-BEARING DEBT (€)



NET INTEREST-BEARING DEBT TO COMPARABLE EBITDA



GROUP	2023	2024
Net Sales	212 990	190 240
Change in Net Sales from Previous Year %	-13,2%	-10,7%
Sales Margin, %	50,3%	51,7%
Fixed Costs, % Of Net Sales	42,5%	44,7%
Comparable Ebitda	18 035	14 075
Operating Profit, €	11 838	8 171
Operating Profit, % Of Net Sales	5,6%	4,3%
Return Of Equity, %	4,4%	3,1%
Return On Investment, %	7,2%	4,9%
Operating Cash Flow	16 685	14 881
Liikevaihto Inventories, % Of Net Sales	30,4%	32,4%
Financing Expensed On Interest-Bearing Debts	2 890	2 230

Return on Equity, %, Formula

Profit/loss before appropriations - taxes

Shareholders' equity (average) + minority interest + accumulated depreciation difference net from taxes

x 100

Reurn on Investment, %, Formula

Profit/loss before appropriations + interest and financing expenses

Total assets (average) - Non interest bearing depts (average)

x 100

Equity to Assets Ratio, %, Formula

Shareholders' equity + accumulated depreciation difference net from taxes

Total assets - prepayments received

x 100

Gearing Ration, %, Formula

Interest bearing debt - cash and cash equivalent

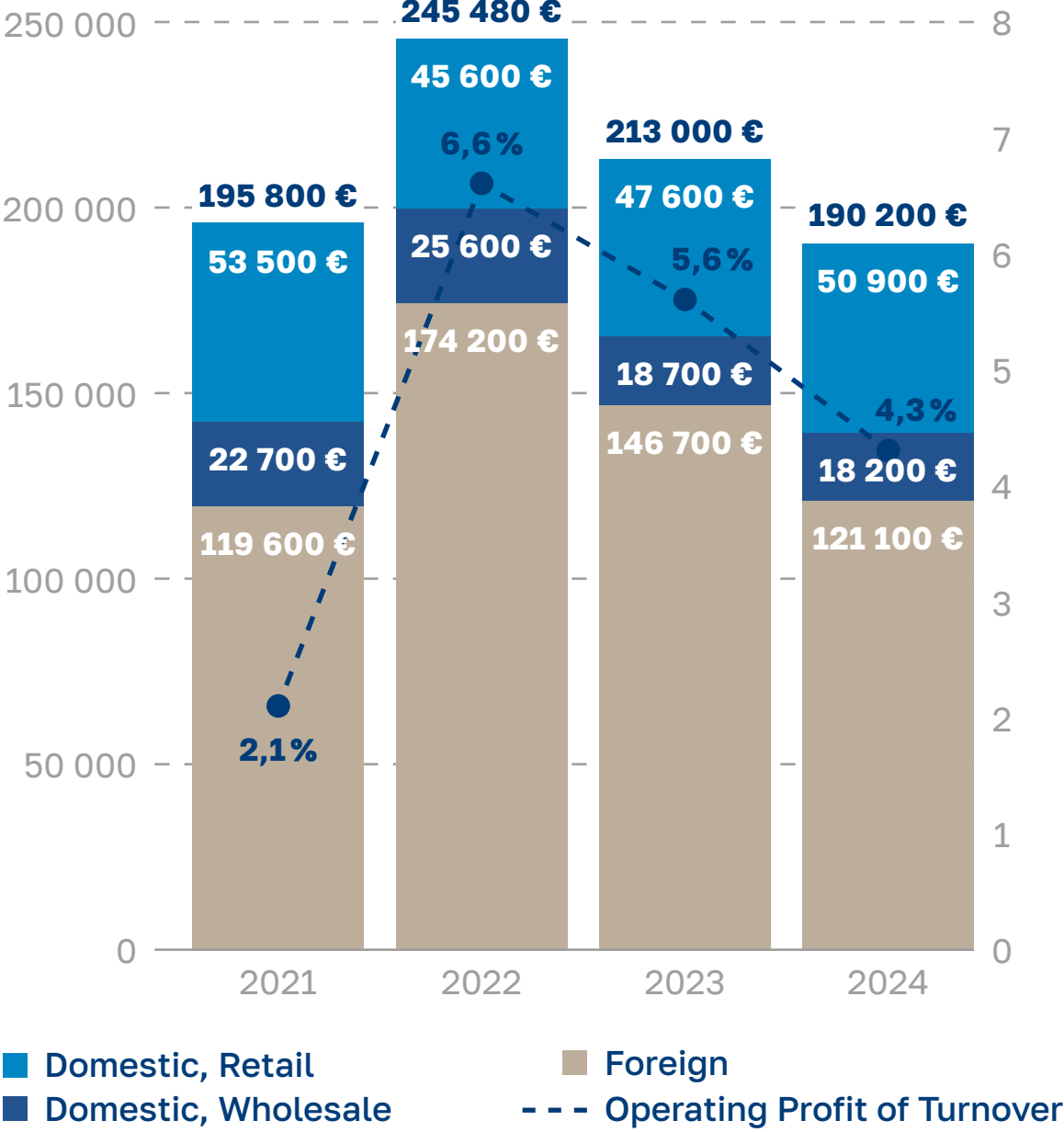
Shareholders' equity

x 100

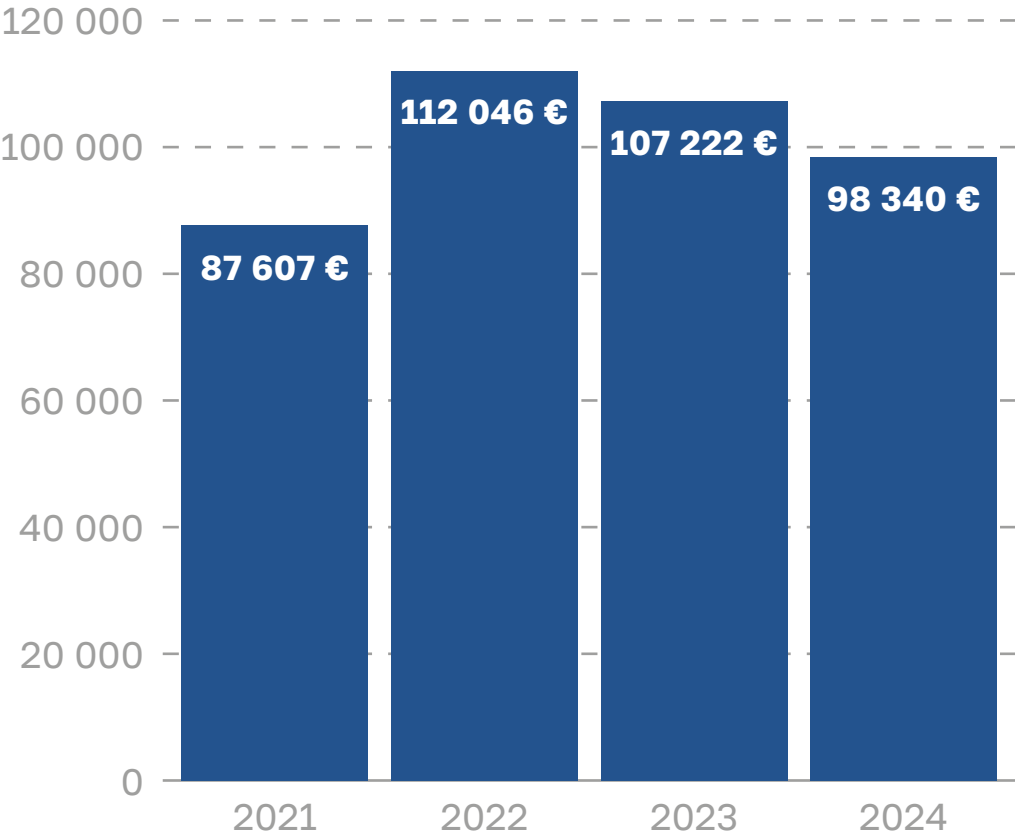
Comparable EBITDA Formula

Operating profit + depreciation + non-recurring items

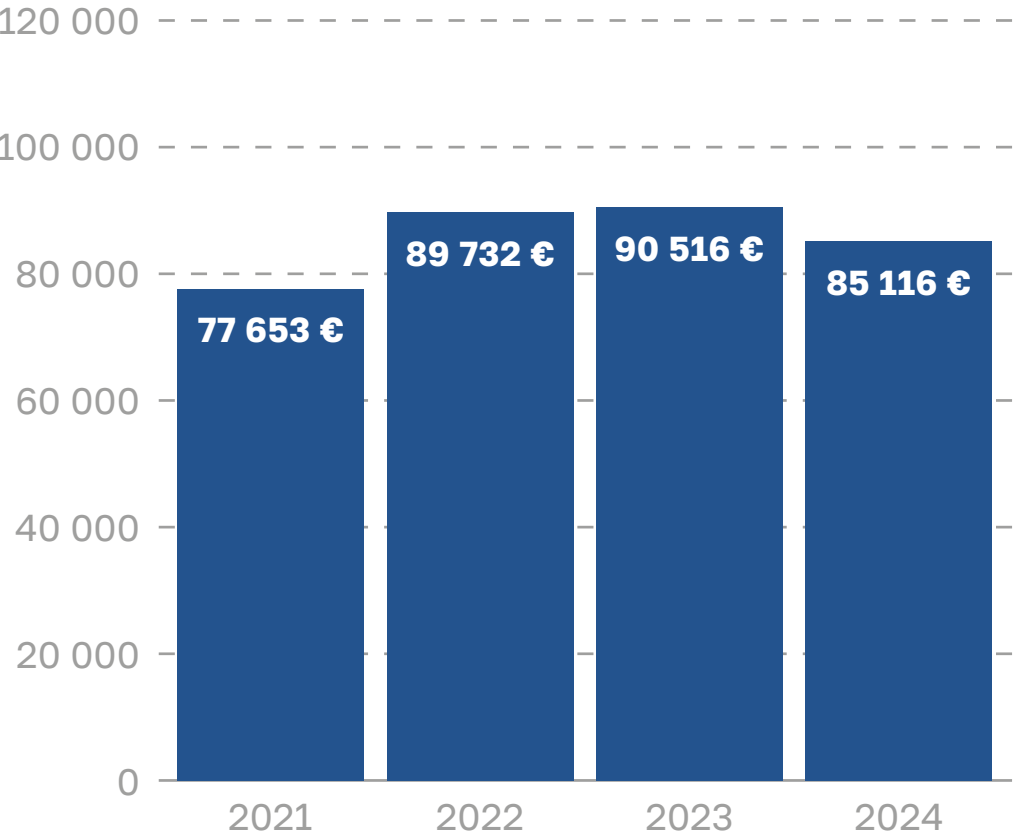
NET SALES (1000 €)



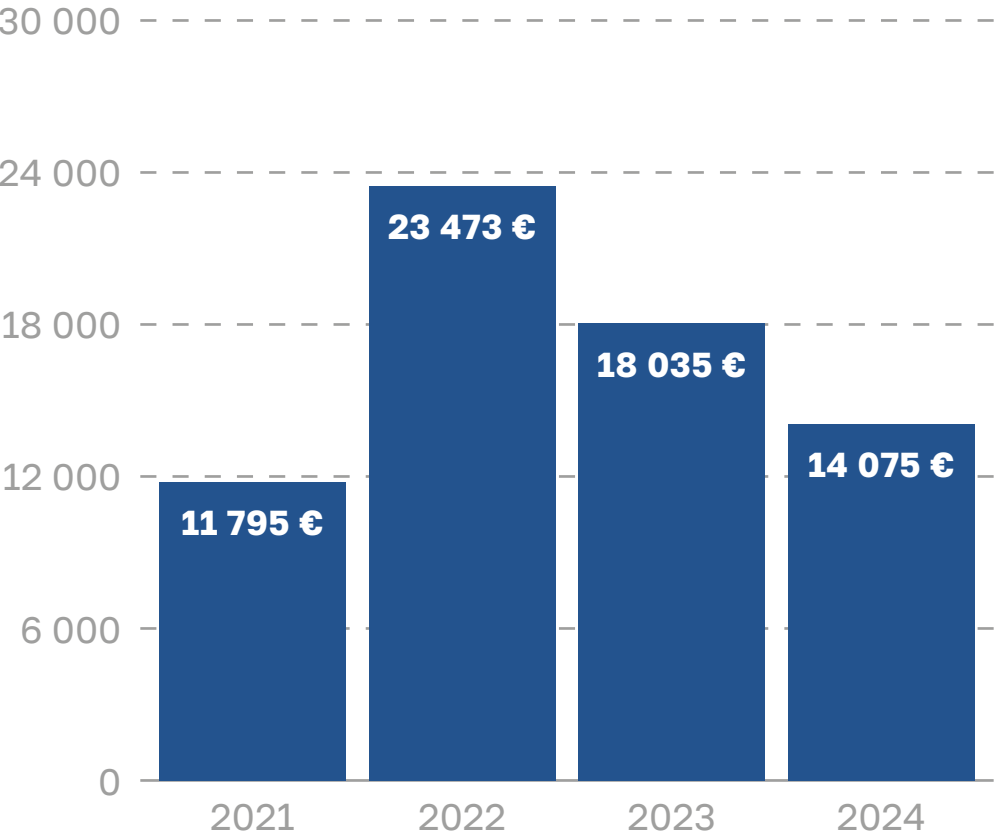
SALES MARGIN (1000€)



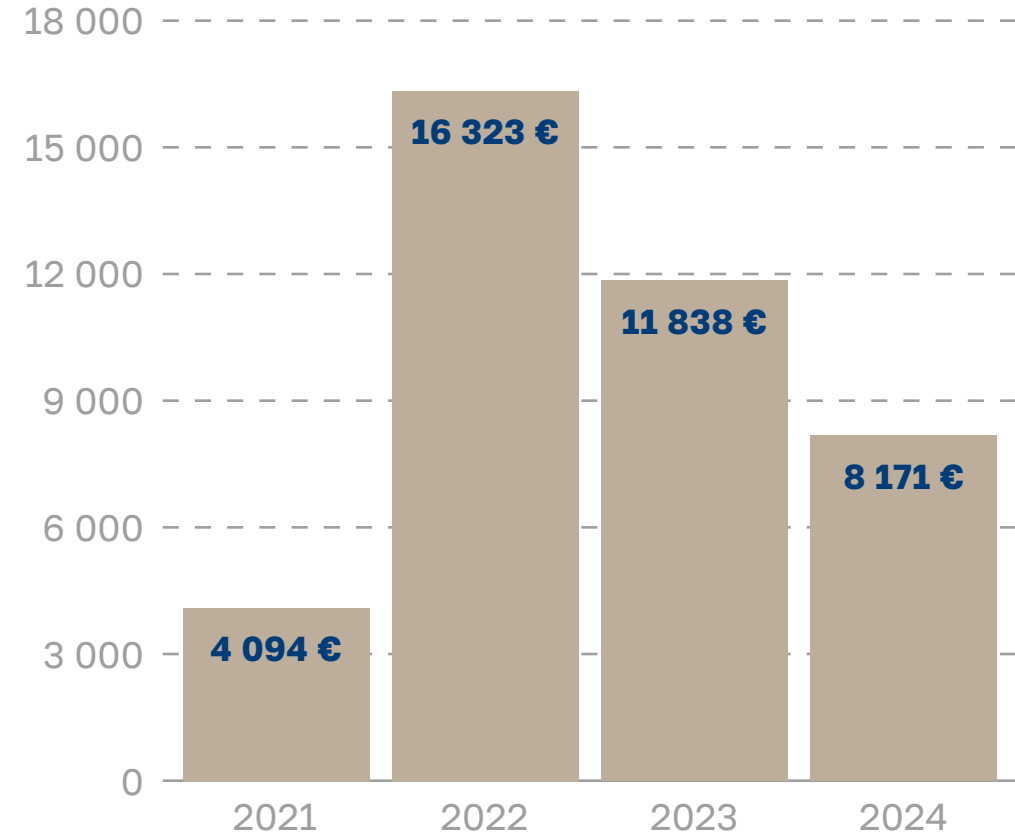
FIXED COSTS (1000 €)



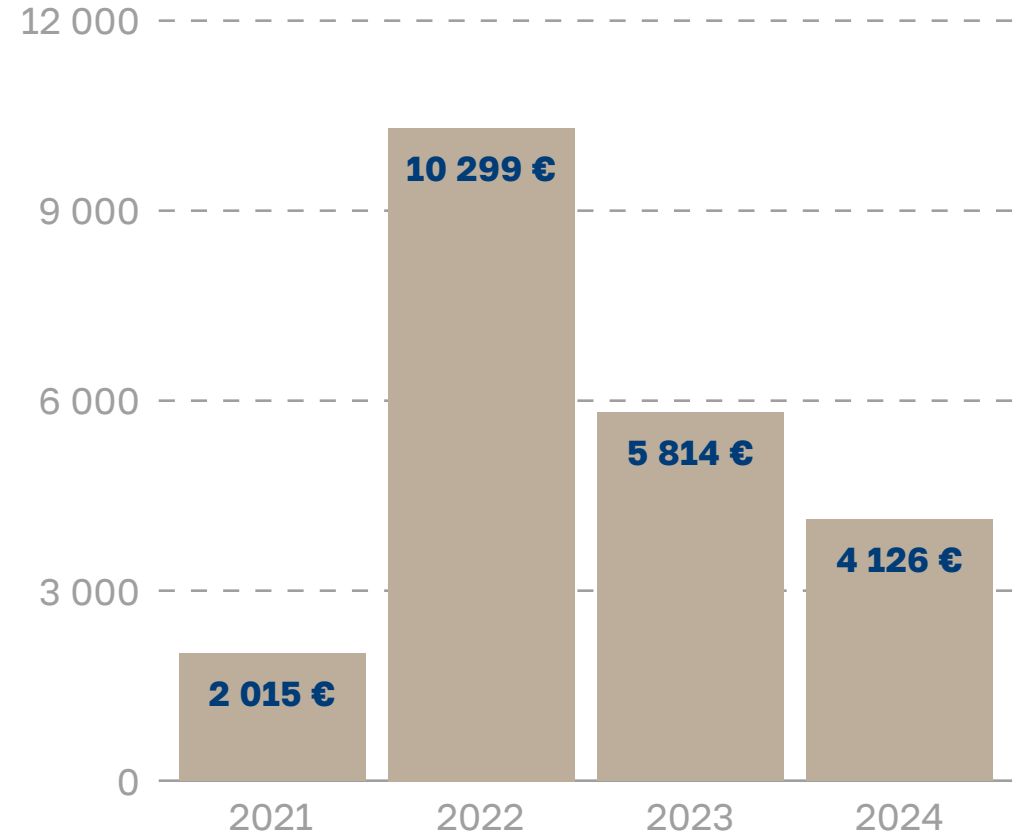
COMPARABLE EBITDA



OPERATING PROFIT (1000€)

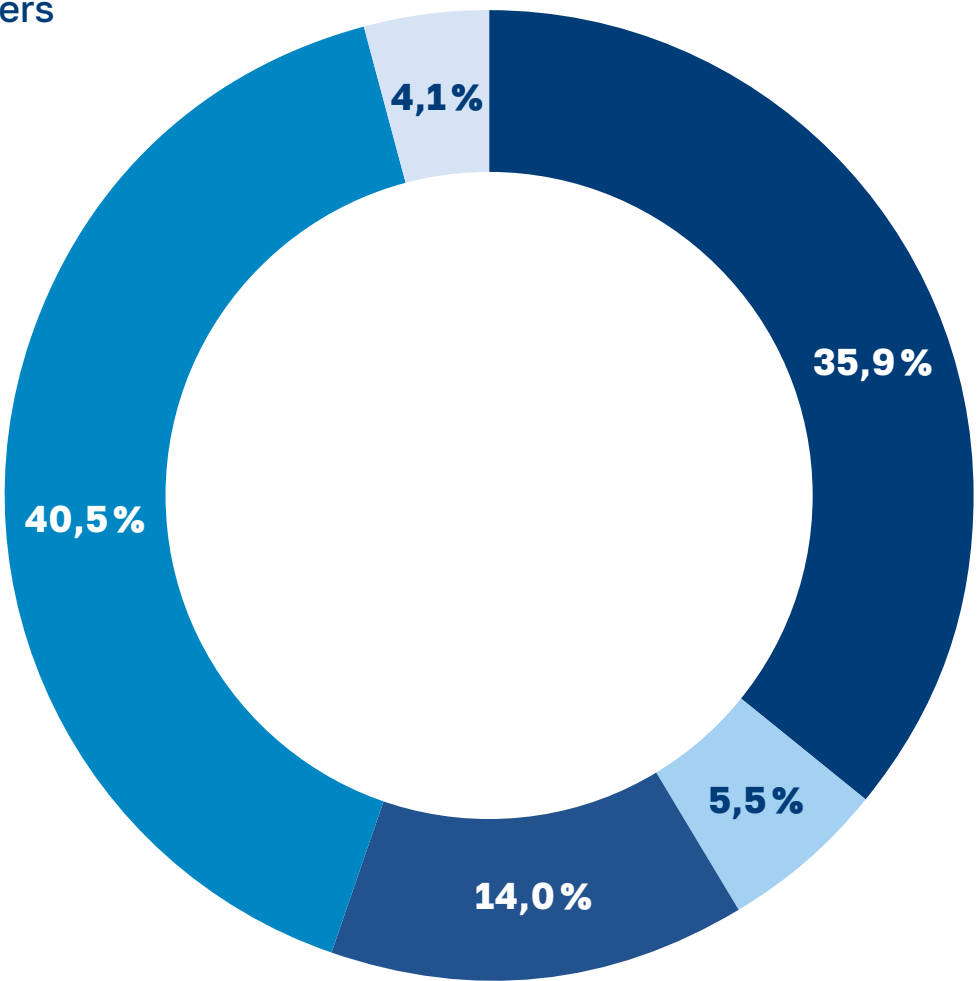


PROFIT AFTER TAXES (1000€)



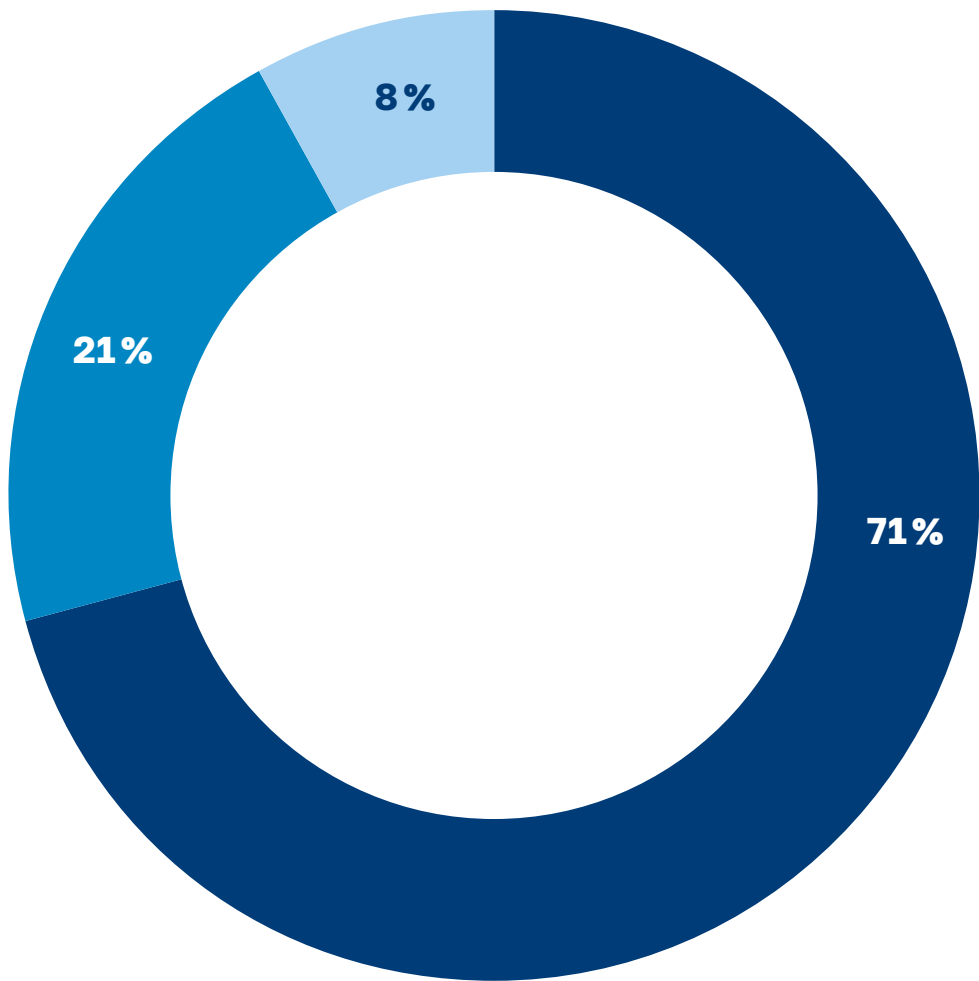
NET SALES BY MARKET AREAS 2024

- Finland
- Scandinavia + the Baltic Countries
- Southern Europe
- Central Europe
- Others



NET SALES BY BUSINESS AREA 2024

- Apparel
- Performance and Footwear
- Essentials



Financially Responsible Corporate Citizen

ONE OF LUHTA Sportswear Company’s sustainability targets is “Building a sustainable corporate culture to enable wellbeing and growth.” Acting in a financially responsible and sustainable way plays a big role in achieving this. Our goal is to use sustainable and long-term economic solutions to ensure that our business operations benefits our stakeholders and society as a whole for generations to come. We want to ensure that our business is financially profitable and that all our operations guarantee sustainable growth while respecting the wellbeing of people and the environment. In addition to the tax footprint we leave in different countries, our operations also benefit the surrounding society through the investments and procurements we make.

Creating Economic Value

LUHTA SPORTSWEAR COMPANY’S operations create economic value for its stakeholders, including its customers, employees, owners, partners and society as a whole. In addition to employing more than 1,000 people worldwide, we are also a major taxpayer. In addition to taxes, the wider benefits of our activities are spread through the investments we make and the services we buy to support our

business operations. In 2024, Group investments into our business operations amounted to approximately EUR 10.0 million (2023: 4.6 million) and other operating expenses to approximately EUR 52.0 million (2023: 53.3 million).

OUR BUSINESS IMPACTS local communities by supporting local, regional and national economic prosperity. The direct economic value we generated in 2024 was around EUR 191.2 million (2023: 214.8 million). The total distributed economic value was approximately EUR 182.7 million (2023: 205.9 million), consisting mainly of operating costs, employee salaries and benefits, and payments to investors and the government. The total economic value retained in 2024 was approximately EUR 8.5 million (2023: 8.8 million).

Entire Group’s Direct Generated and Distributed Economic Value in 2024 (EUR)

		Group eliminations
DIRECT ECONOMIC VALUE GENERATED	191 242 414	-146 402 767
Net sales	190 240 343	-145 022 457
Other operating income	674 719	-977 614
Dividend income	14	0
Financial income	327 338	-402 696
DISTRIBUTED ECONOMIC VALUE	-182 722 806	-147 343 399
Business operating costs	-141 897 593	-146 000 072
Purchases	-89 808 405	-143 418 553
Purchases/outsourced services	-54 818	0
Other operating costs	-52 034 371	-2 581 519
Employee wages and benefits	-33 082 129	-0
Payments to providers of capital (interest and dividends)	-6 317 566	-1 343 327
Dividends paid	-3 578 798	-940 631
Financial expenses	-2 738 768	-402 696
Payments to the government	-1 425 518	0
Taxes	-1 633 128	157 215
Deferred taxes	-207 611	157 215
RETAINED ECONOMIC VALUE	8 519 608	940 631

Source: Group consolidation sheets, in EUR value.

Luhta’s Tax Footprint

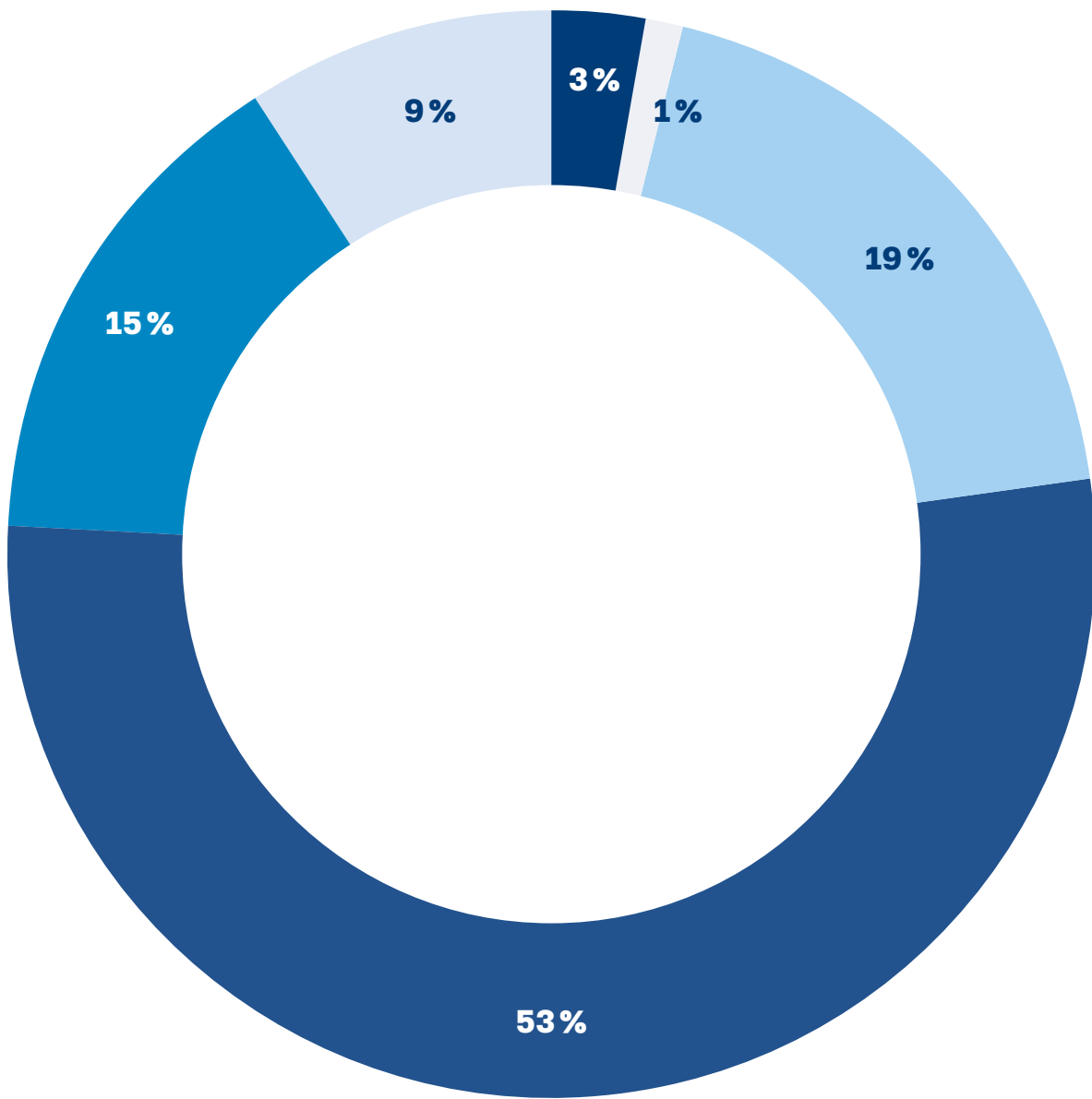
LUHTA SPORTSWEAR COMPANY is a major taxpayer in Finland and globally. By paying taxes, we contribute to social development at both the local and national level. In 2024, Luhta’s total tax footprint was approximately EUR 40.3 million (2023: 41.9 million). The decrease in the tax footprint compared to the previous year is explained by, among other things, the decrease in sales, which affects, e.g., the amount of VAT to be accounted for (fewer sales, less VAT to be accounted for), the amount of customs duties (fewer imports) and the amount of income taxes.

Approach to Taxation

WE ALWAYS ACT in accordance with local legislation, case law and tax authorities’ instructions in each country where we operate. We pay our taxes on time and without delay. In transactions between our Group companies, we always seek to ensure that the transactions are market based, in accordance with transfer pricing rules.

OUR TAX SOLUTIONS are based on business needs, and we do not engage in tax planning to artificially reduce taxation. Luhta Sportswear Company does not have a formal tax strategy, but the company has defined a shared mindset and a commitment to keep structures simple and clear in order to minimize tax risks. We maintain an active dialogue with local accounting firms and authorities to identify and prevent tax risks. The company also has a

whistleblowing channel where anyone can anonymously report concerns, including tax-related concerns. No tax-related reports were made to the whistleblowing channel in 2024. An external party (EY) audits Luhta Sportswear Company’s consolidated financial statements, in which taxes paid are also audited. The auditor’s report can be found in Luhta Sportswear Company’s financial statements.



Group’s Tax Footprint in 2024

TAXES BORNE (EUR)		TAXES COLLECTED (EUR)	
Income taxes	1 323 721	Value added taxes	21 410 816
Real estate tax	476 734	Withholding tax	5 988 982
Customs duties	7 722 353	Social security contributions	3 398 673
TOTAL TAX FOOTPRINT		40 321 279	

Number of Employees and Taxes Paid by Country in 2024

Country	Number of employees	Taxes borne and collected
Finland	502	22 427 027
Germany	43	5 303 452
France	13	3 554 660
Holland	8	2 264 594
Austria	14	2 140 607
China	316	1 599 779
Italy	6	1 396 280
Sweden	3	512 558
Belgium	2	478 042
Spain	0	206 941
Norway	0	158 308
Japan	5	80 666
Switzerland	2	73 460
USA	0	65 709
Russia*	2	56 258
Hong Kong**	1	2 937

*The business operations of the Russian subsidiaries was discontinued in 2022. There are still assets in the Russian companies; the assets will be transferred to the Finnish parent company within the limits set by Russian legislation. Under local law, we are required to keep the subsidiary’s managing director and chief accountant on the payroll until we have transferred our assets in the name of the Russian subsidiary to Finland.

**The results of a Hong Kong subsidiary Finandmax Ltd are taxed in full in Finland as taxable income of the parent company under the law on foreign intermediary companies.

Government Aid Received in 2024

COUNTRY	GRANTING AUTHORITY / TARGET OF AID	AMOUNT OF AID (EUR)
China	Government of China / Personnel-related support	16,978

The organization’s shareholdings are not held by governments.



Events of 2024

Events of 2024



WE RECEIVED A PRESTIGIOUS AWARD FOR OUR SUSTAINABILITY WORK AND REPORTING

We received the international ESG Transparency Award 2024. The award recognizes European organizations that carry out forward-looking sustainability work within their organization and communicate it transparently in the form of a sustainability report. We achieved the highest EXCELLENCE CLASS level in the evaluation by a German research firm and received LEADING COMPANIES recognition as the winner in our category.



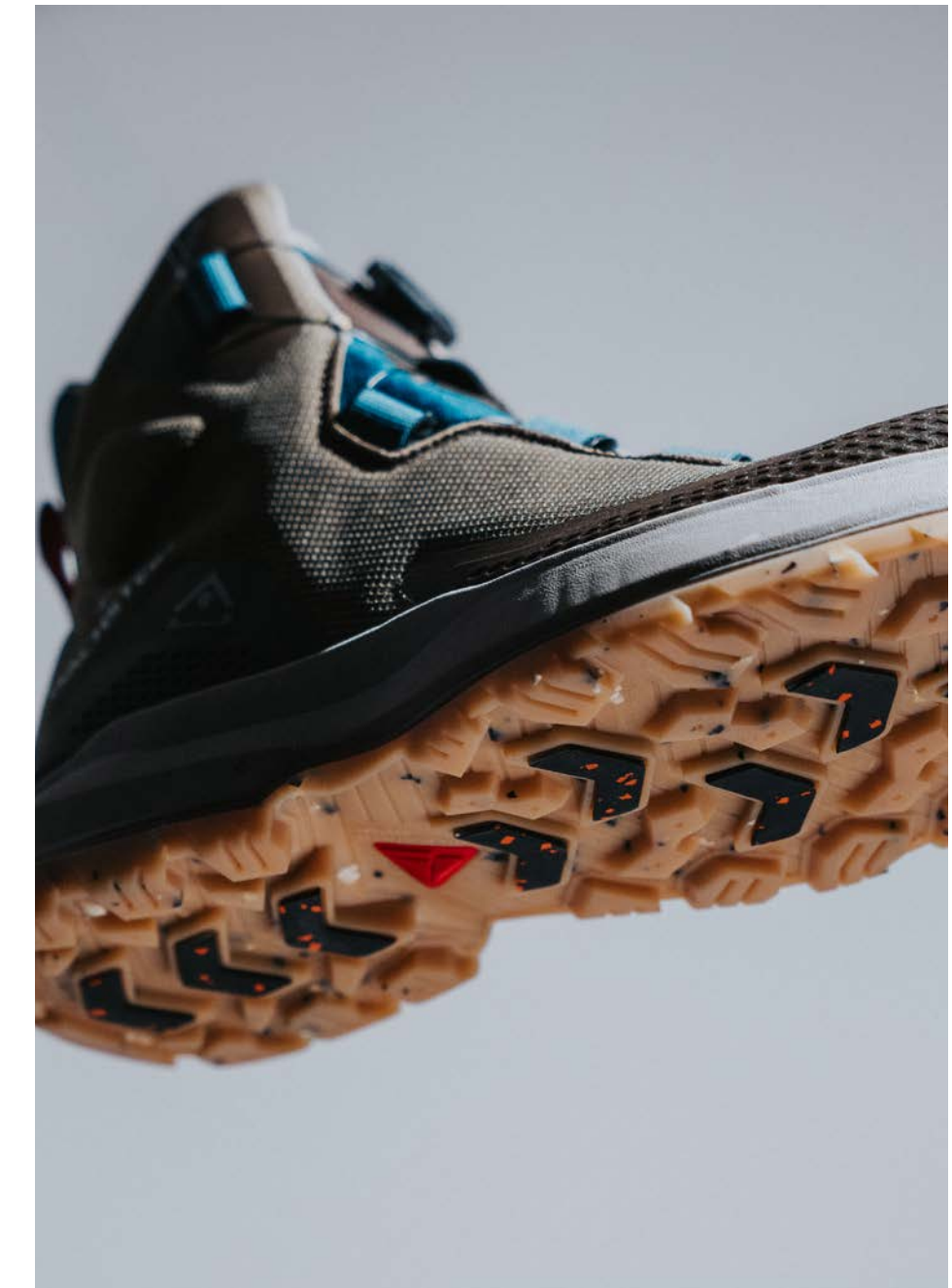
WE CREATED A CLIMATE ROADMAP AND SET CLIMATE TARGETS

In line with our sustainability program, we are committed to reducing emissions from our value chain. We committed to science-based short- and long-term targets for our climate work and created a carbon roadmap to achieve them. We are committed to reducing emissions from our value chain to net zero by 2050. We communicated our climate targets to our suppliers, we set a target for our key tier 1 and tier 2 partners to set science-based climate targets by 2027, and we demonstrated our support for climate work by participating in Earth Hour and turned the lights off for nature and climate.



WE WERE WITH FINNISH ATHLETES IN PARIS

We dressed the Finnish Olympic team for the Paris Games with a collection fully embracing circular economy principles. Content related to our Rukka brand and our Olympic collection appeared in daily newspapers, tabloids, digital media, trade magazines, women's magazines, online and on social media. We were visible in all major media 100 days before and during the Games.



WE RECEIVED THE ISPO AWARD

Dachstein's new technical winter boot Arctic GTX was awarded the ISPO Award by Ispo. This was the second time that a professional jury chose the high-performance Dachstein winterboot to receive the ISPO Award.



WE DEVELOPED OUR DUE DILIGENCE PROCESS

We developed processes and measures related to our human rights and environmental work, carefully following the UN Guiding Principles and OECD Guidelines. We did a maturity assessment of the current state of our operations, carried out a human rights saliency analysis and created an action plan to further develop our due diligence process. We updated our Human Rights Commitment and policies (Supplier & Partner Code of Conduct) binding our suppliers and partners. We continued to educate and train our employees and stakeholders, we renewed contracts, increased our resources dedicated to sustainability work and collaborated with the best external subject-matter experts. We will continue our HRDD work in line with the action plan created in 2024.



BUSINESS &
HUMAN RIGHTS
ACCELERATOR



**PROUD TO ADVANCE
HUMAN RIGHTS IN
BUSINESS THROUGH OUR
PARTICIPATION IN THE
BUSINESS & HUMAN
RIGHTS ACCELERATOR**



WE PARTICIPATED IN UN GLOBAL COMPACT NETWORK FINLAND'S HUMAN RIGHTS TRAINING

Three people from different functions of our organization participated in the international UN Global Compact Network Finland's Business & Human Rights training program. We gained more expertise to develop an important area of our company. The program provides training in identifying and assessing our company's key human rights impacts and translating the findings into tools and actions to improve processes.



WE UPDATED THE SUPPLIER & PARTNER CODE OF CONDUCT

In January 2024, we updated the Luhta Supplier & Partner Code of Conduct, which is binding for all of Luhta contract manufacturers and other partners providing services of importance to our company. We supplemented it to include more detailed policies on human rights, production conditions, child labor, harmful substances, animal rights and the environment, and to make them more binding for our contract manufacturers and other partners.



WE CARRIED OUT SUSTAINABILITY TRAINING FOR OUR STRATEGIC PARTNERS IN CHINA

As part of our due diligence process development efforts, we organized sustainability training for our major tier 1 and tier 2 partners in China. We trained suppliers on the contents and requirements of our binding Code of Conduct and sustainability policies, the requirements of EU legislation, the targets of our sustainability work and our expectations of our business partners.



WE CARRIED OUT LUHTA CODE OF CONDUCT TRAINING

We strongly communicated the obligation of every Luhta employee to comply with our Luhta Code of Conduct ethical guidelines in their daily work and launched internal training to ensure the implementation and understanding of the guidelines. These guidelines comprise the main principles that drive our culture, including, for example, how we treat our colleagues, customers, business partners and other stakeholders in our work.



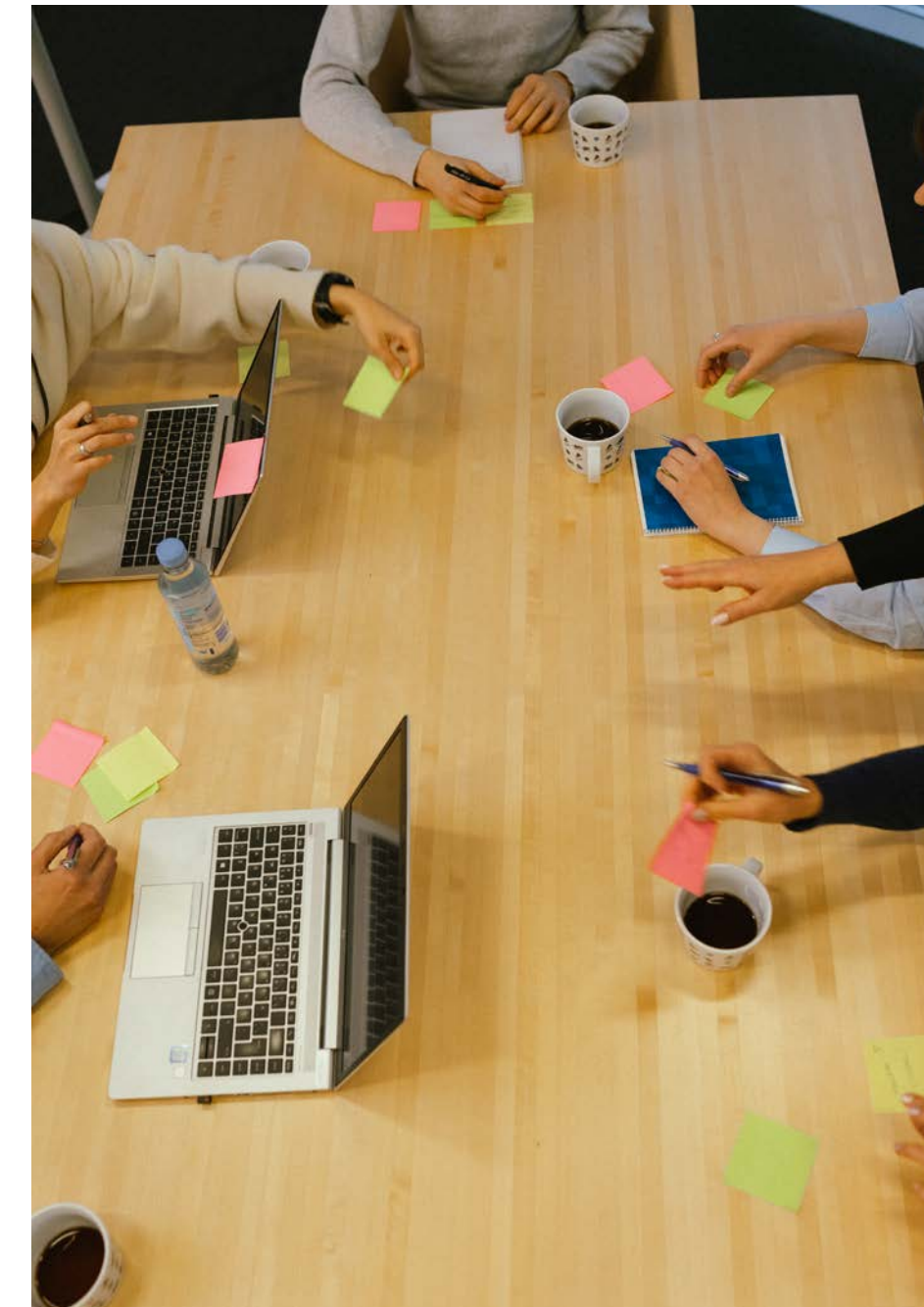
WE AWARDED OUR VALUE HEROES

We expect all Luhta people to act in accordance with our values, and we want our values to be reflected also in our everyday actions. This year, we again nominated and awarded Luhta's value heroes, a total of 15 colleagues whose behavior is exemplary and contributes to the realization of our values in our everyday life.



WE SURVEYED EMPLOYEES

We again used the Signi employee survey to find out what issues our employees feel are most important and how these issues are implemented. We provided a feedback channel for all our employees, and the information we received enabled us to increase our understanding of our employees and to target our work community development measures. Our personnel response rate exceeded 90%, and our overall satisfaction with the workplace again improved from the previous survey.



WE LAUNCHED THE LUHTA TALENT ACADEMY COACHING

In spring, we launched the new Luhta Talent Academy (LTA). The two-year coaching program aims to develop internal career paths at Luhta and to support and enable development in current roles.



WE ENCOURAGED POSITIVE FEEDBACK

Employee surveys show that strong team spirit in the workplace is important to Luhta people. We value our colleagues and take care of one another. 'Working together' is one of our values. Through our 'Thank a colleague' campaign, we offered a concrete opportunity to express our care, to remind others of the importance of good camaraderie and to encourage positive feedback. Hundreds of Luhta employees took part in the campaign and 499 thank-you messages were shared.



WE TRAINED OUR SALES ORGANIZATION IN SUSTAINABILITY

At the beginning of the year, we organized sustainability training for our international wholesale organization. The training provided our sales organization with information about the starting points and key objectives of our sustainability work, product responsibility and the importance of communicating it, our sustainability communications and reporting, and contractual issues related to the principles of sustainable business.



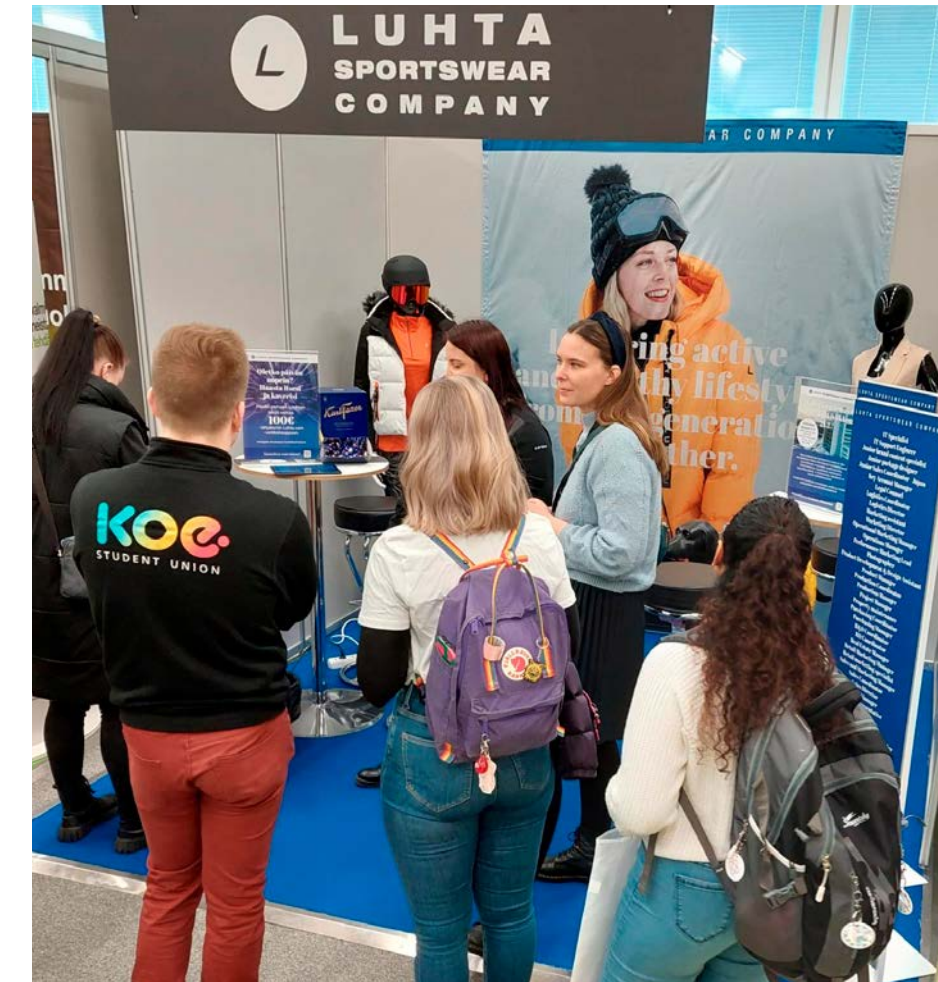
SECONDHAND CLOTHES IN THE SPOTLIGHT

Together with Posti Group and 10 other secondhand operators, we are participating in the Second-hand September campaign, which emphasizes the relationship of sustainable consumption in society. In this campaign, we highlighted the diversity of the secondhand market and the potential of secondhand as an everyday responsible action for consumers.



WE TOLD STUDENTS ABOUT OUR SUSTAINABILITY WORK

We invited students from different disciplines to our headquarters to hear about our company's journey to today and how we are working to achieve our sustainability targets. We hosted groups of students from different educational institutes, such as Salpaus Further Education, LUT University/LAB University of Applied Sciences and local upper secondary schools.



WE ENGAGED WITH FUTURE WORKERS

We participated in the largest annual recruitment event in the Päijät-Häme area and one of the largest annual recruitment events in Finland. We engaged with a huge number of future workers and shared information about our company, the work we do and our employment opportunities with students and others attending the events.



INVITED CHILDREN TO GET TO KNOW THE WORKPLACE

In November, during Children's Rights Week, we invited a valuable stakeholder of our company, the children of our employees, to come to work with us at our head office and get to know the workplace of parents. We were visited by a delightful group of our staff's offspring, aged between 1.5 and 14 years.

LuhtaLive

Vähemmän kuormitusta,
enemmän energisyyttä

NINE LUHTALIVE WEBINARS

We provided information to all our personnel about our operations in China, our company's digital activities, our organization's new DTC activities, as well as presentations by external experts on work-life emotional skills, preparing the Finnish Olympic team for the Games, brain wellness, the importance of sleep, resilience at work and strengthening peace of mind.



WE CHALLENGED ALL LUHTA PEOPLE TO GET ACTIVE

In line with our mission, we want to inspire people to lead an active and healthy lifestyle. We set an example ourselves by challenging all Luhta employees to take part in a joint activity challenge. In total, those participating in the challenge took 38.7 million steps, or nearly 8,000 steps per day per Luhta employee. In total, we moved for 7,400 hours and 13.3 thousand kilometers, or five times the distance from Helsinki to Paris. We recorded more than 12,000 exercise and activity entries – and above all – we encouraged each other more than 28,000 times along the way.



WE UPDATED OUR EARLY INTERVENTION MODEL AND OUR SUBSTANCE ABUSE PROGRAM

We updated our company's early Intervention model and substance abuse policy to clarify both the process and the role of each employee, supervisor and of occupational health at different stages. We provided our supervisors with training and guidance on the new policies.



WE TOOK PART IN THE EXERCISE DAY OF YOUR DREAMS

On the Exercise Day of Your Dreams, we challenged all our employees to bicycle or walk to work and to take a break for a workout. We also organized outdoor games for employees at the headquarters to energize their day.



WE INSPIRED LUHTA PEOPLE TO GET ACTIVE AND BOOSTED TEAM SPIRIT

We offered Luhta employees the opportunity to try out a number of different types of physical activities, e.g. skiing, pole-walking, yoga and Zumba. The idea was to spark enthusiasm for outdoor activities and sports in line with our mission and to boost team spirit.



WE RAN FOR A GOOD CAUSE

We partnered with the Finnish Olympic Committee to run for a good cause in Helsinki's Töölönlahti Park. By participating in the Corporate Marathon Relay 2024 for charity event, we supported children's physical activities.



WE STARTED SUPPORTING JUNIOR GOLF

Together with the internationally successful Mikko Ilonen, we founded a junior golf team, where 8-10 enthusiastic, goal-oriented young golfers have a unique opportunity to develop their game under the mentorship of a top golfer and with the support of our company.



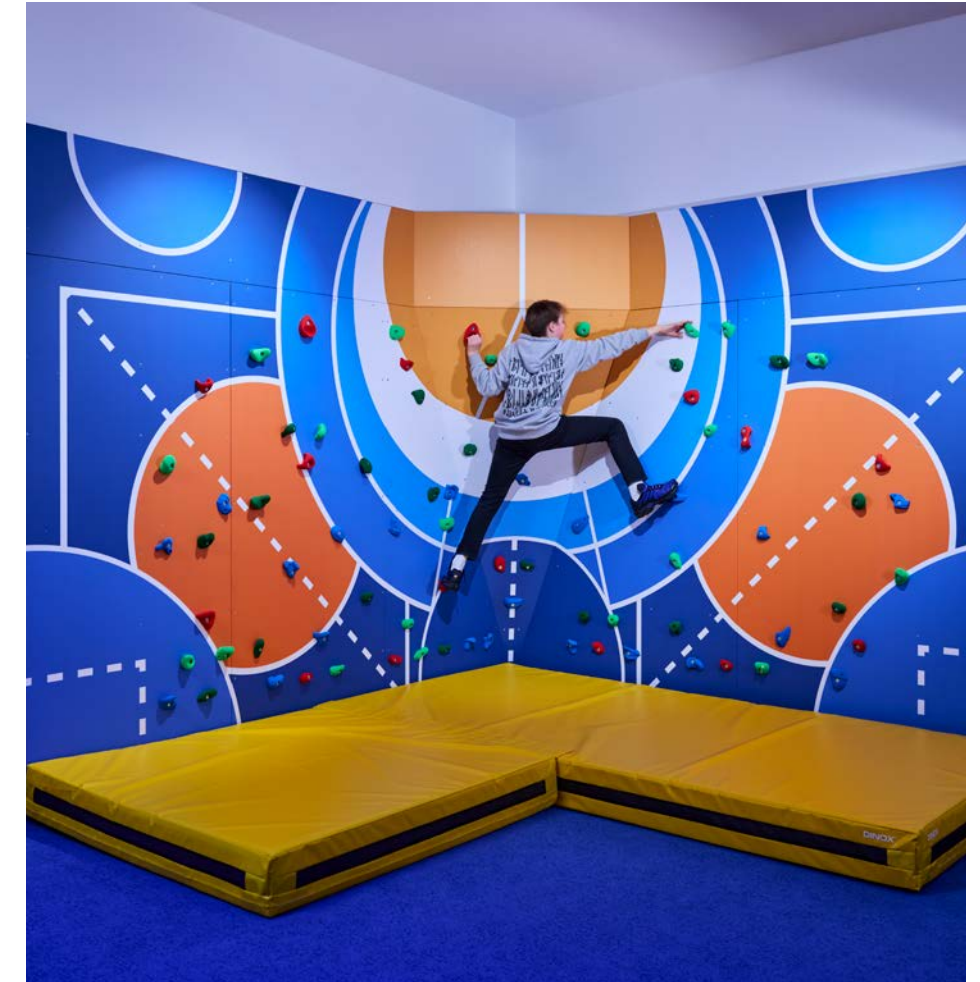
WE DONATED TO CHARITY

In 2024 we donated the funds used for Christmas cards and gifts to charity. Based on the wishes of our personnel, we made a donation to the MIELI Finnish Association for Mental Health benefitting children and young people. The company made a significant product donation to Kympin Lapset ry. In addition, headquarters personnel collected a great number of Christmas presents for vulnerable children in the Päijät-Häme region for delivery by Lahti's Mother and Child Home and Shelter.



WE DONATED BLOOD

We set up our own Finnish Red Cross blood donor group and encouraged team members to donate together. Donating to the common 'Blood Group' was possible from any donation site from Rovaniemi to Hanko.



WE SET OUT TO IGNITE THE SPARK OF PHYSICAL ACTIVITY FOR CHILDREN

We became a founding partner in the new nationwide Sports Adventure concept. The aim of Sports Adventure is to offer young people ways to discover the joy of movement. In addition to the TAHTO premises at the Olympic Stadium, the aim is to roll out the physical activity discovery experience to cities across the country.

Sustainability Review



LUHTA
SPORTSWEAR
COMPANY

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Reporting Principles



Greetings from the Sustainability Director

SUSTAINABILITY WAS VERY much in the spotlight in 2024, and the rapid changes in the EU's corporate responsibility regulation sparked dialogue across all sectors.

SUSTAINABLE FASHION AND circular economy opportunities strengthened their position in our industry, but economic uncertainty continued to influence consumer purchasing behavior, with price playing a key role in purchasing decisions.

COMPANIES HAD TO make significant investments and innovations in data management and technology to prepare for the requirements of the EU's Corporate Sustainability Reporting Directive (CSRD).

HOWEVER, A YEAR of changes did not slow down our sustainability work – quite the opposite. In 2024 we advanced sustainability broadly throughout our processes and again took a number of significant steps towards our sustainability program targets.

SUSTAINABILITY IS A key part of Luhta Sportswear Company's values, strategy and operating principles. Our sustainability program aims to promote sustainable development in three key areas: environment, social responsibility and good governance. Our sustainability mission – "Responsible choices from one generation to another" – guides our actions and decisions. In line with this mission, we want to enable sustainable choices and recognize our impacts not only in the present but also in terms of future generations. Protecting the climate and biodiversity and strengthening social responsibility remain at the core of our operations, both in our value chain and regarding our own personnel. Additionally, through good governance and economic value creation, we support the long-term sustainability of our business.

IN 2024, WE focused on developing sustainability across the board – in our processes, our reporting and our stakeholder work. We worked on the materiality assessment, taking into account the requirements of double materiality under the CSRD. We defined our value chain as precisely as possible, and we identified the related impacts – both potential and actual as well as negative and positive – on the environment, people and society.



We developed a climate transition plan and set short- and long-term climate targets, which we sent to SBTi for validation. We further developed our due diligence process, we worked on the HRDD risk assessment, and we developed our SDG reporting and stakeholder communication. We sought to broaden our understanding of our impact by consulting as much as possible with our stakeholders, and we became a member of the international European Outdoor Group to join forces with other companies in our sector to develop a more sustainable outdoor clothing industry.

WE ARE CURRENTLY living in a time of significant change, where sustainability requirements and sustainability reporting obligations are evolving rapidly. EU regulatory developments, in particular the omnibus proposal related to CSRD reporting and CSDDD, have brought uncertainty to sustainability development work. However, we are committed to transparency and the continuous improvement of our sustainability work, also in a changing environment. We actively monitor regulatory developments and ensure that our reporting meets the latest requirements, while also providing our stakeholders with the clearest, most transparent and reliable information on our sustainability work.

WE HAVE BEEN systematically developing our sustainability reporting for several years, and this work was recognized internationally last year when we were awarded the ESG Transparency Award. Luhta achieved the highest EXCELLENCE CLASS level in an assessment by the German research

company EUPD Group and was awarded the LEADING COMPANIES award as the winner in its category. This recognition is a great honor for us, as it reflects Luhta’s commitment to sustainability and social responsibility work. Transparency is the cornerstone of our sustainability work, especially as we navigate the multidimensional environment of the textile industry. This recognition encourages us even more to continue our efforts to achieve our ambitious environmental, social and governance targets.

OUR TARGETS FOR the future are ambitious, but we are committed to them for the long term. We believe that with sustainable business operations we can create value for our customers, our personnel and society as a whole.

WE ARE DETERMINED to work towards a more sustainable future – together, from one generation to another.

Annamaria Väli-Klemelä
HR & Sustainability Director





Sustainability Strategy

Luh​ta's Sustainability Strategy

THE TEXTILE AND fashion sector has significant global impacts on the environment and surrounding society. Our operations impact the climate, natural resources, people and animals. Luh​ta's sustainability work is based on a sustainability strategy created in 2021, updated in 2024 with a materiality analysis. Through our strategic sustainability work we want to contribute to building a more sustainable textile and fashion sector. Our sustainability strategy encompasses people, the value chain, the environment and good governance.

SUSTAINABILITY IS PART of Luh​ta's values, strategy and operating principles. Sustainability work is an important and evolving part of our business. Our sustainability work is based on a strategic policy to develop our operations in a sustainable way, taking into account both the economy and the surrounding society and environment. We know that our choices matter and we want to leave behind a better world through our choices. Our development work for a more sustainable textile and footwear sector is guided by our sustainability mission 'Responsible choices from one generation to another'.

OUR MISSION IS to design and create products that last both in terms of quality and design. Our operations are transparent, and we commit to the sustainability targets we set. We take action, we

are aware of our responsibilities, and we encourage also all our stakeholders to make responsible choices. We report and communicate openly and transparently, we are aware of our development needs, and we are committed to continuous operational improvement over the long term.

LUHTA'S SUSTAINABILITY WORK is guided by our corporate values, our sustainability development program (aligned with our sustainability strategy), and the UN Sustainable Development Goals that have been identified as the most relevant for our business. The development of corporate responsibility and the achievement of the set targets are guided by Luh​ta's policies, guidelines and commitments, as well as by the requirements and legislation defined by external stakeholders and bodies. [Read more about the sustainability management here.](#)

WE RECOGNIZE THAT our own operations have significant environmental impacts, and that is why climate and nature work are at the heart of our sustainability program and targets. In 2024, we updated our climate targets and committed both to short- and long-term targets. We aim to reduce our greenhouse gas emissions every year and to cut them in half by 2033, and to reach net zero by 2050. We joined the Race to Zero initiative for this target. In 2023, we committed to setting

Sustainability Targets

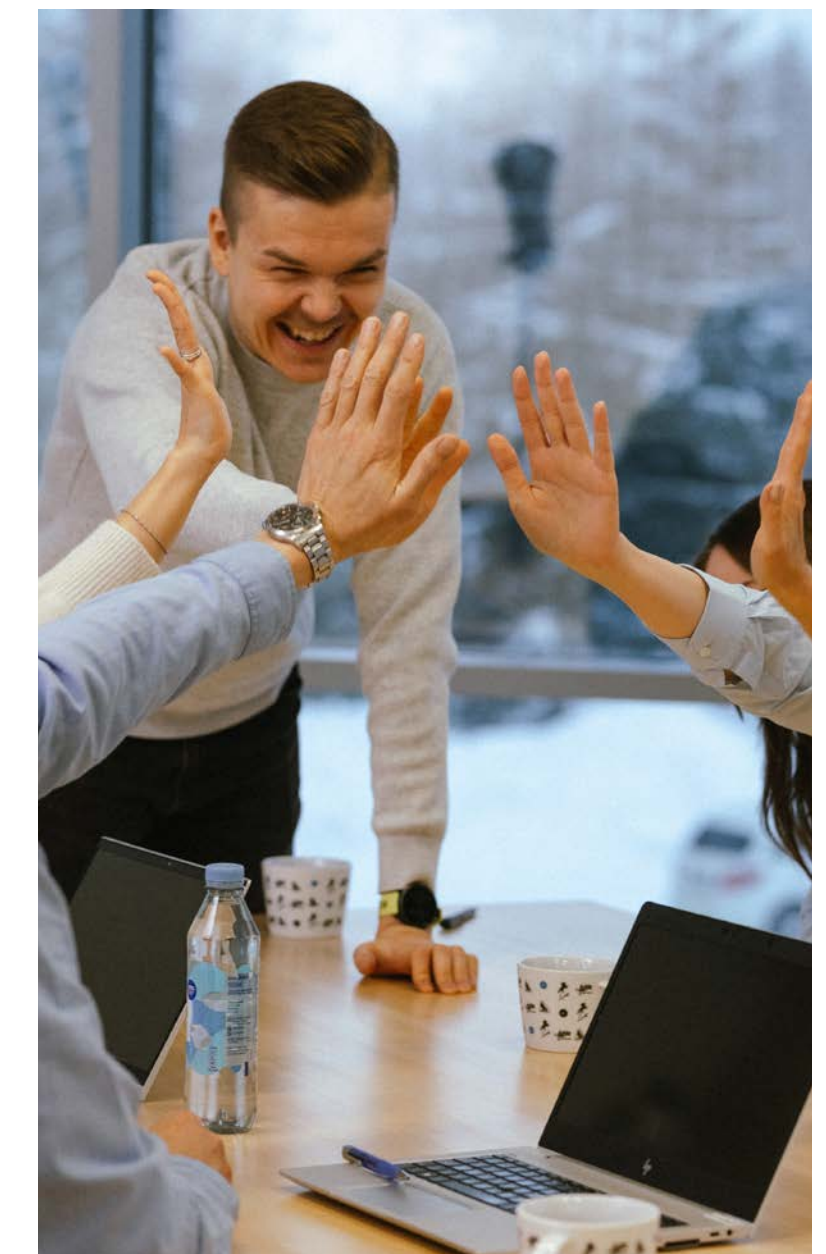
Three main targets guide our sustainability work:



**Committed to
net-zero by 2050**



**100% circular economy-aligned
collections by 2040**



**Building a sustainable
corporate culture to enable
wellbeing and growth**

SBTi-aligned short- and long-term science-based climate targets. We worked on the targets during 2024 and submitted both our short- and long-term climate targets to SBTi for validation. In addition, in 2024 we developed a climate transition plan, under which we will work to achieve our climate targets. [Read more about Luhta’s climate work here.](#)

THROUGH OUR ENVIRONMENTAL and circular economy targets, we ensure that the environmental impacts of our sustainable and innovative products are considered and mapped, for climate and nature work, as comprehensively as possible throughout the value chain. One of the biggest decisions currently guiding our activities is our target of circular economy-aligned collections by 2040. We are working systematically towards this target by, for example, reducing the use of virgin materials, taking into account future life cycle stages already at the design and production phase, improving the waste cycle, and by enabling the resale of our products and the reuse of used materials [Read more about our circular economy activities here.](#)

OUR AIM IS to build a sustainable corporate culture to enable wellbeing and sustainable growth. As a family business, we want to create value for our owners, our other stakeholders and society as a whole over the long term, from one generation to another. We want to ensure that our business is financially profitable and that our entire operations ensure sustainable growth, while taking into account the wellbeing of people and the environment. It is important for us to take into account the

wellbeing of our own employees, value chain workers and other stakeholders, as well as business ethics and responsibility in our own operations and those of our partners. We continuously take development measures to improve workplace wellbeing and safety. We maintain close relationships with our long-term partners. In 2024, we actively participated in events and discussions on sustainability challenges and development measures in our sector. We engaged in close cooperation and dialogue

with local and international industry associations, government working groups and NGOs, among others. We want to develop and maintain long-term customer relationships. We operate locally and with consideration to the needs of our customers and consumers. We offer competitive, profitable and sustainable solutions to meet our customers’ needs.

KEY TARGETS AND INDICATORS OF SUSTAINABILITY WORK

Area	Strategic Target	Target	KPI
Climate	Cut greenhouse gas emissions in half across our value chain by the end of 2033	50 % reduction by 2033	tCO2e
	Reduce greenhouse gas emissions across our value chain to as close to zero as possible by 2050	Net zero by 2050	% of tier 1 and 2 partners who have set science-based climate targets
	Tier 1 and 2 partners have science-based climate targets	90% by the end of 2027	Climate targets
Responsible Value Chain	Verify and audit implementation of social responsibility in factories in risk countries	100% tier 1 and 2 by the end of 2026	% of third-party audited and certified factories
Circular Economy	Increase circular economy-aligned business and product range	100% circular economy-aligned products by 2040	% of share of circular economy-aligned products
Wellbeing of Our Employees and Meaningfulness of Work	Advance wellbeing, inclusion and the implementation of meaningful issues in the daily lives of our employees	Signi index >75 by 2026	Signi employee survey’s flame index

Materiality Analysis and Material Sustainability Topics

WE RECOGNIZE THAT the operations of Luhta and its entire value chain have a wide impact on the environment, people and society. During 2021-2024, Luhta identified and analyzed the sustainability impacts relevant to its operations as part of the development of its sustainability work and reporting. The sustainability themes identified as material are reflected in Luhta’s sustainability targets, sustainability work priorities and the topics reported in the Sustainability Report.

IN 2024, WE updated our materiality analysis to take into account the requirements of both the GRI standards guidelines and the double materiality assessment under the Corporate Sustainability Reporting Directive (CSRD). As part of the materiality analysis, we defined our value chain and identified the potential and actual negative and positive impacts of the value chain on the environment, people and society. We assessed the severity and likelihood of impacts and, based on the results, prioritized material topics for sustainability. In addition, as part of the double materiality assessment, we identified and analyzed the financial impacts related to various sustainability issues affecting Luhta’s operations; we will report on these impacts in our 2025 report, as required by

the CSRD requirements. We will deepen and update our materiality analysis during 2025, taking into account the requirements of the CSRD.

WE TAKE STAKEHOLDERS’ views into account as part of the materiality determination. Luhta’s materiality analysis is based on several surveys and interviews of our stakeholders. These have been used to obtain as wide a range of stakeholder views as possible on the significant impacts of the textile sector and Luhta’s activities, and their expectations of our sustainability work. In 2024, we conducted a survey of our regular consumer customers and our wholesale customers. We also collect the views of our employees annually as part of our employee survey, and we have organized employee interviews on topics related to sustainability. We also collect feedback from our personnel through our ongoing dialogue in cooperation bodies. We analyze industry-related research and data and continuously explore sustainability impacts and risks related to materials and production, for example. We also engage in dialogue with external stakeholders and use both internal and external experts to analyze sustainability impacts and to develop our sustainability work.

MATERIAL TOPICS IDENTIFIED FOR LUHTA 2024:

Environment and Animals

- Climate change
- Use of materials and resources, and waste
- Circular economy alignment
- Water consumption and use of chemicals
- Biodiversity
- Animal welfare

Social

- Occupational health and safety of own employees
- Competence development of own employees
- Diversity, equity and inclusion
- Human rights of value chain workers
- Product safety

Governance and Economy

- Legal compliance and ethical business practices
- Value chain management and transparency
- Economic responsibility (economic value creation and tax footprint)



SUSTAINABILITY WORK PRIORITIES

Environment
Minimizing environmental impacts: <ul style="list-style-type: none">EmissionsChemicalsWater useUse of materials and resourcesWasteBiodiversity Choice of materials
Circular economy alignment
Optimization of production and material procurement



People, Governance and Economy
Social responsibility and human rights <ul style="list-style-type: none">Wellbeing, health and safetyA living wageDiversity, equity and equality Transparency of value chain and production
Long-term collaboration with partners
Ethical business conduct and compliance with laws
Economic responsibility <ul style="list-style-type: none">Profitability and competitiveness



Sustainable and Innovative Products
Products that withstand time and wear
Care and repair of products
Take-back, reuse and recycling
Product safety
Innovativeness <ul style="list-style-type: none">Innovative materials



Sustainability Work Priorities

LUHTA’S SUSTAINABILITY WORK covers the whole company’s operations and product life cycle, from design to recycling. At the heart of our sustainability strategy development work are sustainability work priorities based on material sustainability impacts. In order to manage the sustainability impacts and risks associated with Luhta’s own and its value chain activities, we systematically and methodically promote issues related to our priorities as part of our sustainability work. The sustainability work priorities also link to Luhta’s sustainability targets and describe the areas we are working on to achieve our sustainability targets.

UN Sustainable Development Goals

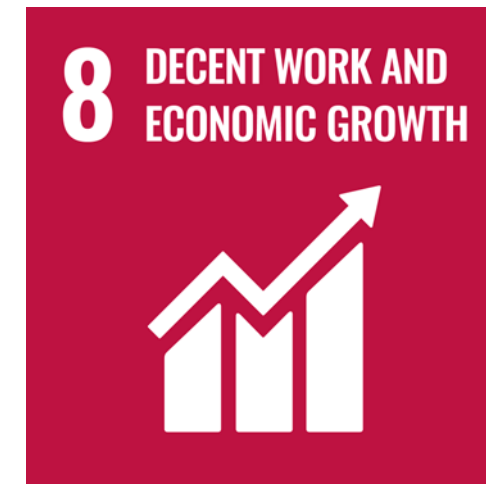
IN 2023, WE joined the UN Global Compact, a voluntary global initiative established by the United Nations in 2000 and the world's largest voluntary global initiative for corporate responsibility. We have a long history of working in accordance with the UN Sustainable Development Goals and are committed to the Global Compact's ten principles related to human rights, working conditions, the environment and anti-bribery in our operations and in our Code of Conduct. We commit to reporting annually on our development work in the form of a Communication on Progress (CoP) report. We promote Luhta's sustainability work by applying the UN Global Compact's ten principles and UN Sustainable Development Goals. In our Sustainability Program, we have identified four UN Sustainable Development Goals that are most relevant to our operations. These goals are:



THE PRODUCTION OF materials and products in the textile sector often uses a lot of water and chemicals, which can adversely impact the environment and human wellbeing. Our goal is to reduce water consumption,

reduce adverse environmental impacts caused by chemicals and ensure that wastewater receives the proper treatment in the different phases of

our value chain. We work with selected suppliers, and our Supplier & Partner Code of Conduct and our Environmental Policy set requirements on our partners regarding water consumption, chemicals use and wastewater treatment. In our processes, we used Finnish Textile and Fashion's Restricted Substance List (RSL), which is based on EU and national restrictions, to guide our procurement and to manage the use of harmful substances in our products. We are currently planning to extend RSL with the broader international list of AFIRM (the Apparel and Footwear International RSL Management) Group. We also require the use of PFAS-free alternatives in water-repellency treatment. We require OEKO-TEX® STANDARD 100 certification from our material suppliers to ensure that the chemical content is compliant with limits. We have also started a project to optimize production processes, improve dyeing processes and reduce microplastics. In the upcoming years, we will continue working on a chemicals strategy that will also explore the possibilities of managing chemicals during production, which will have significant direct impacts on, for example, water bodies through wet processes. By replacing raw materials with recycled and organic materials, we can also reduce water consumption and have a greater impact on water resources to better maintain healthy ecosystems. [Read more here.](#)



THE UN SUSTAINABLE Development Goal on decent work and economic growth is also closely linked to Luhta's own sustainability targets. Our employees in Finland and abroad are of paramount importance to us and are the key to Luhta's operations and economic growth. Luhta has a significant tax footprint, and we also have a significant impact on employment in our economic region and in our sector. We are committed to the equal treatment, health, working capacity and wellbeing of our employees, and we are constantly working to improve these. Our aim is to ensure the transparency of our production chain and respect for human rights across the value chain. We use a number of different methods to manage and monitor our production chain, with the aim of ensuring the working conditions, rights and wages of workers in our value chain. We audit our production chain using both internal and external third-party, e.g. amfori BSCI, processes. Luhta's own North Star production control process and Code of Conduct and policies are our internal mechanisms for managing the implementation of social responsibility in our value chain. We have an anonymous reporting channel for use by both internal and external stakeholders. We are continuously developing our processes to comply with the due diligence process in line with the OECD and UNGP principles so that we can effectively prevent, remediate and mitigate the human rights impacts

and risks of our value chain activities for our own employees, value chain workers, affected communities, customers and end users. [Read more here.](#)



WE RECOGNIZE THAT the manufacturing and consumption of products impact the environment and society. We aim to do our part to contribute to more sustainable consumption by designing and producing

high-quality, long-lasting products. When design and materials withstand the test of time and wear they don't need to be replaced as often. A key objective of our sustainability work is to increase the use of less environmentally adverse materials in our products. Through the ReUse service, we also aim to keep products in circulation for as long as possible by receiving and selling our brands' used products and to help consumers recycle a product properly in textile recycling when it reaches the end of its life cycle. We offer our customers repair services and we aim to consider the reparability of the product in the design and production phase. We will continue our work and focus on bringing more products back into use. We communicate about sustainable development and responsible consumption as openly as possible to consumers and our customers. We are committed to using only official material and eco-labels received from our partners. We use many channels to inform our customers about the choice of products for different

uses, and about proper care and repair to ensure that our products last as long as possible. [Read more here.](#)



CLIMATE CHANGE IS an integral part of the environmental impacts of textile sector activities. At the heart of our sustainability efforts is to work with purpose and find ways to mitigate climate change.

In 2023, Luhta committed to setting SBTi-aligned short- and long-term climate targets. We worked on the targets in 2024 and created a climate transition plan to achieve them. As part of Luhta's sustainability targets, we have set short- and long-term climate targets, committing to halving greenhouse gas emissions across our value chain by 2033 and reaching net zero by 2050. We have already implemented several measures to reduce our value chain's greenhouse gas emissions, and we are making progress towards our targets. Each year, we identify the emissions from our entire value chain by following the GHG protocol, which allows us to monitor and improve our emission reduction actions. We have switched to renewable and zero-emission renewable energy sources where possible, improved our logistics operations and are continuously working to reduce emissions product-based products, including those from materials used in them and from their production. [Read more here.](#)



Stakeholder Engagement

WE RECOGNIZE THAT our sustainability impact extends well beyond just our own company. As one of Europe’s biggest sportswear companies, we are aware of our role also as a trendsetter in the industry. We have identified the relevant and significant stakeholders who are most affected by our operations and with whom we have the opportunity to engage in dialogue to continuously develop and improve our operations. We recognize that our operations have an impact on various stakeholders, including our employees, owners, supply chain operators and workers, customers, consumers, local communities and the surrounding society. By involving stakeholders, we can identify and prioritize sustainability issues and develop our actions to address them. We include and consult multiple stakeholder perspectives also in the CSRD double materiality assessment, and in the human rights impact assessment and due diligence process development work we did in 2024.

WE ENGAGE IN a two-way dialogue and inform the various stakeholders. We actively promote sustainability issues related to our industry and our business with our various stakeholders by communicating openly about our operations, responding to enquiries and the feedback we have received, and maintaining an open dialogue with different parties. We ensure that our stakeholders receive the information and materials they need about our company’s operations in a timely manner, either in

their own language or in English. We report on our progress on issues relevant to our stakeholders on our website, in our Sustainability Report, and through regular personal communication.

WE PARTICIPATE IN our industry’s national and international expert forums, we engage in bilateral or multilateral discussions with stakeholder representatives, we educate ourselves, we listen closely to experts, non-governmental organizations, customers and consumers. We train and guide our personnel, our goods suppliers, our customers and other partners on key aspects related to our operations. We work closely with regional partners, including in Lahti, where our headquarters is located, and with regional educational institutes and many local associations. In China, we work in close collaboration with regional authorities and we report to them annually on our company’s employment and social security, the wages we pay to different professional groups, the number of hours worked and other issues related to the employment contract.

THROUGH OUR EXTENSIVE Luhta aClass customer loyalty program, we reach about 870,000 consumers who shop in our brick-and-mortar and online stores, providing us with valuable insights into their expectations, wishes and shopping behavior and enabling us to inform them about matters related to our company and our collections.

THE COMPANY’S PRIMARY financial investors are its shareholders and banks. A prudent distribution of funds policy helps to maintain a strong balance sheet and solvency and ensures that financial risks are under control. Bank financing ensures that the company has sufficient financial resources to finance investments in working capital. Transparent and close relationships with investors help to ensure the company’s future opportunities for success.

We are active members in a number of international and national industry organizations, such as

- amfori BSCI
- UN Global Compact Network Finland
- Euratex – The European Apparel and Textile Confederation
- European Outdoor Group EOG
- Finnish Textile & Fashion
- Fashion and Sports Commerce Association
- Finnish Commerce Federation
- Finnish Standards Association SFS
- The European Committee for Standardization, CEN/TC162
- Finnish Fashion Law Association
- Häme Chamber of Commerce
- Lahti Industrial Association
- Design Foundation Finland (founding member)

SIGNIFICANT STAKEHOLDERS AND STAKEHOLDER ENGAGEMENT

Stakeholder	How We engage	Stakeholder’s Interests and Concerns	Our Response
Personnel	<ul style="list-style-type: none">• Intranet• Code of Conduct• Employee survey• Leader and team work• Info events and meetings• Internal trainings• Career pages• Website, social media• Sales meetings• LYHTY and occupational safety committee, dialogue in accordance with the law• Whistleblowing channel	<ul style="list-style-type: none">• Fair treatment• Employment and its continuity, working hours, wages• Meaningfulness of work and how it is achieved• Professional development, training• Job openings and career development• Work wellbeing and occupational safety	<ul style="list-style-type: none">• Company policies and guidelines• Development discussions• Review of survey feedback with all personnel, development programs• Annual review of wages• Open communication and change security support in conjunction with cooperation negotiations• Open application for jobs• Employment benefits• Wellbeing committee• Encouraging open debate and feedback through surveys and campaigns
Shareholders	<ul style="list-style-type: none">• • Managing Director’s half-yearly reviews for shareholders• • General Meetings• • Website, social media	<ul style="list-style-type: none">• Business development• Financial situation• Risks and opportunities• Sustainability	<ul style="list-style-type: none">• Consistent, open reporting• Long-term profitability and growth• Good governance• Sustainability Report
Business Customers	<ul style="list-style-type: none">• Business customer meetings, sales visits• Business customer service• Website, social media• Trade fairs• Whistleblowing channel	<ul style="list-style-type: none">• Collections, products• Timeliness, quality and durability of products• Sustainability issues• Product safety• Processing of complaints	<ul style="list-style-type: none">• Improving customer experience• Agreements• Providing up-to-date and relevant product information• Company’s Sustainability Program, Sustainability Report• Responsible material choices (certificates)• Responsible packaging (eco-labels)• Responsible supply chain, North Star• Audit certificates• Complaints processing, repair service, returns handling program• Warranty

Consumers	<ul style="list-style-type: none"> • In-person encounters at brick-and-mortar stores • Online store • Customer service • Loyal customer communications and marketing • Loyal customer surveys, ongoing communication • Open communication • Social media and website • Advertising • Fairs 	<ul style="list-style-type: none"> • Collections, products • Timeliness, quality and durability of products • Sustainability issues 	<ul style="list-style-type: none"> • Providing up-to-date and relevant product information • Company’s Sustainability Program (social, product, environment) • Responsible material choices • Responsible packaging • Development projects based on customer experience feedback • Product take-back (Luhta ReUse) • Warranty • Customer loyalty program
Suppliers and Cooperation Partners	<ul style="list-style-type: none"> • Regular meetings • Agreement negotiations • Audits • Code of Conduct • Trade fairs • Whistleblowing channel 	<ul style="list-style-type: none"> • Continuity of cooperation • Sustainability issues (social, product, environment) • Fair pricing 	<ul style="list-style-type: none"> • North Star: responsible supply chain, audits, regular factory visits, quality assurance • amfori BSCI, BEPI and other equivalent social and environmental audits • Supplier contract and Code of conduct with related policies • Development discussions to cultivate cooperation
Industry Organizations	<ul style="list-style-type: none"> • Regular meetings and interaction in industry organizations’ internal working groups: • EURATEX European Apparel and Textile Confederation • STJM Board of Directors, Sustainability and circular economy advocacy group, Working life and competence advocacy group, International business and financing advocacy group, and Growth agreement implementation team • Finnish Commerce Federation Sustainability Committee • Western Waste Management Cooperation Group • CEN The European Committee for Standardization • Trainings, surveys, member portals • Confederation of Finnish Industries, Trade Policy Committee 	<ul style="list-style-type: none"> • Supply chain responsibility • Defending the interests of the textiles and clothing industry in EU institutions • Transparency • Cooperation to develop the sector • Safety of motorcycle riding gear, compliance with standards 	<ul style="list-style-type: none"> • Consistent, open and active communication and reporting • Attendance at meetings, active communication and lobbying • Influence on employers’ association issues, industry development, and cooperation between companies • Communicating sustainability issues • Sustainability Report • Publication of factory lists • Appointment of contact persons • Active participation in the development of standards
Authorities (EU, states, municipalities)	<ul style="list-style-type: none"> • Website and publications (Sustainability Report) • Regulatory reporting (e.g. tax reporting and occupational safety reporting) • Meetings and inspections when needed 	<ul style="list-style-type: none"> • Compliance with laws, regulations and guidelines 	<ul style="list-style-type: none"> • Compliance with laws, regulations and guidelines • Good governance

Investors	<ul style="list-style-type: none">Regular meetingsReporting	<ul style="list-style-type: none">Business developmentFinancial situationBusiness risksSustainability issues	<ul style="list-style-type: none">Consistent, open communicationCompliance with good governanceProfitability and growthRisk management
Responsibility Organizations and Initiatives (e.g. amfori, UN Global Compact, SBTi)	<ul style="list-style-type: none">TrainingsRegular contactsReporting	<ul style="list-style-type: none">Reporting complianceEnvironmental responsibility issuesHuman rights issues	<ul style="list-style-type: none">Participation in trainingCompliance with reporting timetableAppropriate reporting
NGOs (e.g. Finnwatch, Pro Ethical Trade Finland, WWF)	<ul style="list-style-type: none">Regular discussions and meetingsSustainability Report, website, social media content, answers to questions	<ul style="list-style-type: none">Responsible business, human rights and environmental impactsAnimal rights, sustainable production and consumption	<ul style="list-style-type: none">Consistent, open communication in areas of interest to organizations
Educational Institutes	<ul style="list-style-type: none">Regular meetingsCooperation projectsStudent visits, guest lecturesWebsite, social mediaCareer pages	<ul style="list-style-type: none">Cooperation projectsTrainee positions for studentsEmployer image	<ul style="list-style-type: none">Offering cooperation projectsDesign competitionsEmployer-attraction projectsEmployer-retention projectsHosting educational institute visitsResponding to interviews and enquiries of students and educational institutes
Policy-making Bodies	<ul style="list-style-type: none">Cooperation through own industry organizations	<ul style="list-style-type: none">Addressing own industry’s critical issues in decision-making	<ul style="list-style-type: none">Raising critical issues in the policy debate through industry organizationsContributing to industry initiatives
Media	<ul style="list-style-type: none">Press releases, eventsResponding to enquiries and contactsMeetingsWebsite and social media	<ul style="list-style-type: none">Information about company’s significant eventsConveying topical newsResponding to contact requests	<ul style="list-style-type: none">Active open communication on relevant issuesUp-to-date information on websiteSocial media activity (LinkedIn)Contact information accessibility; reachability



Environmental Responsibility

Environmental Responsibility

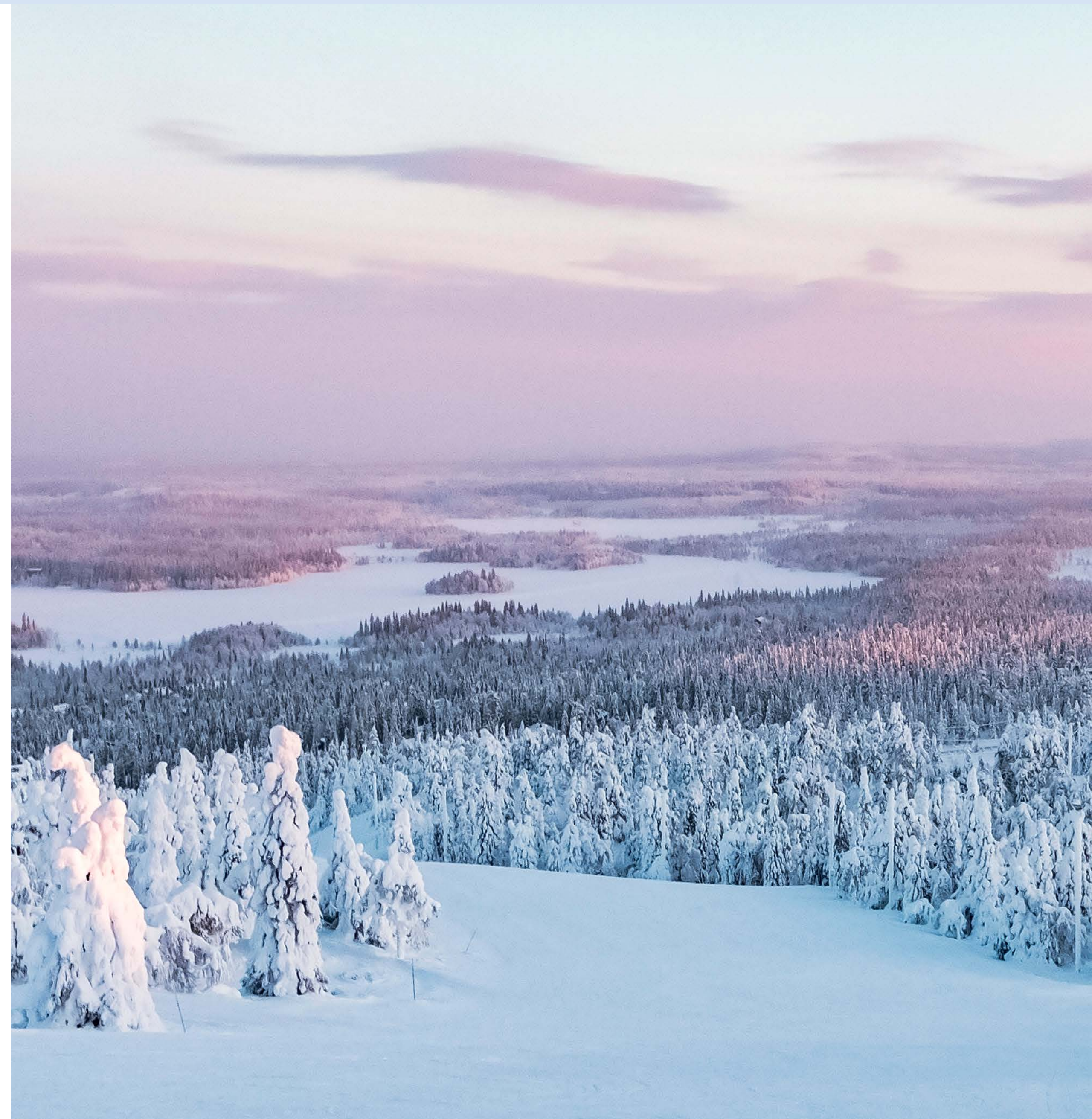
THE VALUE CHAIN of a textile and fashion industry company has significant environmental impacts. The material environmental impacts we have identified relate to climate change and emissions, biodiversity, use of materials and resources, chemicals, water use and discharge, microplastics, and waste. We recognize that these environmental impacts have social consequences too, for example, on surrounding communities and society as a whole.

MANAGING LUHTA SPORTSWEAR Company's environmental impact is an integral part of Luhta's sustainability strategy. We have a strategic approach for reducing our harmful environmental impacts and promoting positive impacts. We consider environmental responsibility as part of our company policies, processes, and daily practices throughout our operations. We have set ambitious climate and circular economy targets and are systematically improving our performance towards these targets.

WE PAY ATTENTION to the environmental impact of our products throughout their life cycle. By design-

ing and manufacturing high-quality, long-lasting products, we prolong the life cycle of materials and prevent waste. We pay particular attention to the selection and sourcing of materials and aim to increase the proportion of less polluting materials in our production, such as recycled, renewable, and organic materials. We continuously aim to optimize production processes and volumes. We work closely with our suppliers to mitigate our environmental impact, for example, by setting limits on the use of harmful chemicals and actively informing them on these matters. We also develop climate and circularity measures in our own operations. Our aim in 2025 is to focus on further assessment and development of our environmental impacts, particularly on water risks. We recognize that these measures will only address part of a systemic problem, rooted in overproduction and overconsumption.

IN THIS SECTION, we describe in more detail Luhta's targets, plans, and actions regarding climate, the circular economy, and responsible use of materials.



Climate and Carbon Accounting

CLIMATE CHANGE IS a severe global challenge that requires immediate action by people, businesses, and society at large. The textiles sector is a major contributor to climate change, accounting for 10% of all greenhouse gas emissions globally. Climate change mitigation has also been identified as one of the key sustainability issues at Luhta.

IN 2024, WE updated our climate targets and set both short- and long-term targets. Our goal is to reduce emissions at the pace required by the Science Based Targets initiative (SBTi) framework.

A KEY PART of our environmental sustainability is carbon accounting for Luhta Sportswear Company, which started in 2021 for scope 1 & 2 greenhouse gas emissions. The first carbon accounting that covered our total value chain (scope 1-3) was conducted in 2022. Our carbon accounting practices follow the Greenhouse Gas Protocol Corporate Standard (GHG Protocol) guidance. For more details on the methodology, boundaries, and accuracy of the calculation, see Annex 1. During our 2023 carbon accounting, we included land use and land use change emissions in our value chain, which turned out to represent less than 1% of our total emissions.

Our Transition Plan to Mitigate Climate Change

IN LINE WITH our updated climate targets, we aim to reduce our greenhouse gas emissions every year. Our goal is to halve our emissions by 2033 and reach net zero emissions by 2050. In our 2021 sustainability strategy, we announced our ambition to be carbon neutral by 2030 for scope 1 & 2 emissions. However, most of our climate impacts occur at the upstream end of our value chain. Therefore, our updated targets cover the whole value chain. Our 2033 target does not include any

carbon offsetting, and the net zero target requires us to reduce our emissions intensity relative to turnover by at least 97%. We are seeking approval for our targets from the Science Based Targets Initiative (SBTi). During the SBTi process, the targets may still be subject to change, and we will communicate the final targets once they have been approved by the SBTi.

TO REACH OUR climate targets, a thorough plan is needed. In 2024, we made a transition plan for climate change mitigation that covers our 2033 targets. The 2050 target still requires us to further develop the plan. Our transition plan is in line with Luhta’s overall business strategy and financial planning. We aim to decouple emissions and production volumes, meaning that our production volumes can remain the same or increase while we reduce our emissions. In the transition plan process, we identified climate mitigation measures, estimated their emission reduction potential, and ensured that the total mitigation potential meets our climate objectives.

THE VAST MAJORITY of our emissions come from clothing manufacturing, which is the focus area of our transition plan. In terms of manufacture, the most effective way to reduce emissions is to reduce the volume of material used. We aim to achieve this by optimizing production processes and volumes and avoiding overproduction. Our contract manu-

Between 2022 and 2024, we have taken the following steps to mitigate Luhta’s climate impact:

- Identification and analysis of climate-related impacts, risks and opportunities
 - Annual carbon accounting across the value chain and development of the calculation practices
 - Commitment to the SBTi framework and updating of Luhta’s climate targets
 - Creation of a climate transition plan in line with the updated climate targets
- Updating environmental policy and procurement guidelines to take account of climate change and emission reduction targets
 - Increased use of renewable energy in buildings and installation of solar panels
 - Updating car and travel policies
 - Optimizing logistics
 - Investment plans to minimize scope 1 & 2 greenhouse gas emissions from the company’s own production and distribution centres and premises
- Training of own staff and suppliers on climate change, emissions accounting, and necessary emission reduction measures
 - Promotion of circular economy measures
 - Active participation and stakeholder engagement to promote climate work

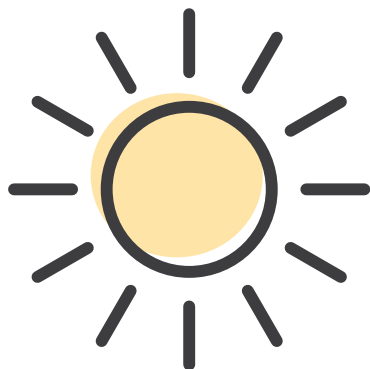
facturers play a key role in our climate mitigation. Hence, we aim for at least half of them to set their own science-based climate targets and start reducing their emissions in line with these targets by 2027. We expect our contract manufacturers to increasingly switch to renewable energy and improve energy and material efficiency. For logistics, avoiding air freight is the main measure to reduce emissions. Other climate mitigation measures in our value chain include optimizing logistics and packaging.

IN OUR OWN operations, we intend to switch to renewable energy sources in all our owned and rented properties by 2033. We aim to prevent re- frigerant leaks in our properties and switch compa- ny cars’ source of power to electricity or biofuels.

WE CANNOT ACHIEVE our climate targets only by the measures taken by ourselves and our contrac- tors. Our targets require a society-wide transfor- mation, particularly regarding energy production, logistics, and the circular economy.



Luhta Sportswear Company's Climate Transition Plan



Goals

2023 →

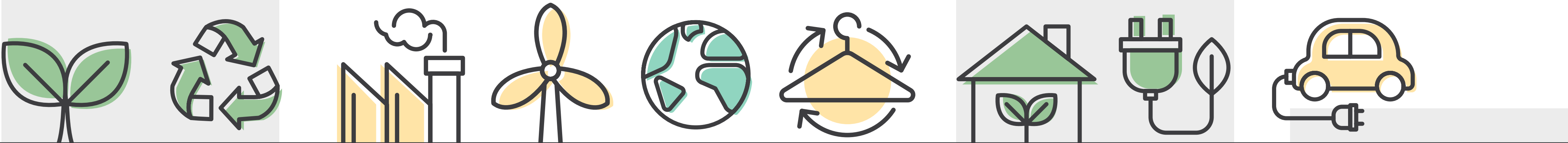
Scope 1–3
greenhouse gas emissions
reduced every year

2033

Scope 1–3
greenhouse gas
emissions **-50 %**

2050

Scope 1–3 Greenhouse
gas emissions **net zero
level**



Actions

Materials and Packaging:

- Increasing the use of more environmentally sustainable materials (e.g. recycled, organic and innovative materials)
- Optimizsing the use of materials and reducing overproduction
- Shifting to renewable energy and improving energy efficiency in materials production
- Increasing innovative packaging materials and reducing the use of packaging materials

Production:

- Engaging Luhta’s contract manufacturers to set their own short and long-term SBT climate targets
- Switching to renewable energy and improving energy efficiency in production
- Optimizing production and reducing overproduction

Logistics:

- Minimising air transport and replacing it with sea freight
- Optimizing logistics (e.g. more efficient local deliveries, consolidating shipments, reducing package sizes)
- Developing e-commerce and reducing product returns

Own and Rented Properties:

- Transition to renewable energy sources globally in all buildings (including installation of solar panels)
- Reducing and optimizing energy consumption and preventing refrigerant leakage

Company Vehicles:

- Transition to all-electric vehicles

*The plan presented in this graph includes the main measures related to Luhta’s main emission sources, but it does not include all planned measures and assumptions in detail. The year 2023 serves as the base year for the transition plan, against which annual emissions trends are compared.

Energy

OUR REPORTED DIRECT energy consumption increased by almost a quarter from the previous year. The growth comes mainly from increased heating energy consumption. This year, we had to resort to estimating the heating of several of our properties based on floor area because we did not receive the required data from our landlords or energy suppliers in time. Using floor area for the calculation would seem to cause an overestimation, which would explain at least part of the increase. Changes in our property stock and weather conditions also affect heat consumption. We are working to improve our emissions calculation process for the coming year so that we can obtain more accurate data from our landlords and energy suppliers for future calculations.

38% OF OUR own energy consumption was produced from renewable energy sources, down from 51% in the previous year, mainly due to higher estimated consumption of district heating. We were unable to verify all our renewable energy consumption due to a delay in data delivery, so it is likely that the actual share of renewable energy was higher.

OUR ENERGY INTENSITY figures relative to turnover and personnel count increased by almost a third compared to the previous year. This change was mainly due to lower turnover and staff numbers and higher consumption of district heating.

Energy Consumption 2022–2024

	2024			2023			2022		
	MWh	GJ	share	MWh	GJ	share	MWh	GJ	share
Fuels*	1 544	5 560	6 %	1 731	6 233	8 %	208	748	1 %
Renewable	133	478	9 %	172	618	10 %	79	284	38 %
Non-renewable	1 412	5 082	91 %	18	65	90 %	129	463	62 %
Electricity	6 716	24 176	24 %	7 128	25 661	31 %	7 248	26 093	47 %
Renewable	4 265	15 354	64 %	4 722	16 999	66 %	-	-	-
Non-renewable	2 451	8 822	36 %	2 406	8 662	34 %	-	-	-
District Heating	19 464	70 071	70 %	13 663	49 187	60 %	7 922	28 518	51 %
Renewable	6 070	21 851	31 %	5 830	20 988	43 %	-	-	-
Non-renewable	13 394	48 220	69 %	7 833	28 199	57 %	-	-	-
District Cooling	205	736	1 %	178	641	1 %	259	931	2 %
Renewable	205	736	100 %	178	641	100 %	-	-	-
Non-renewable	0	0	0 %	0	0	0 %	-	-	-
Total	27 929	100 543	100 %	22 700	81 722	100 %	15 636	56 290	100 %
Renewable	10 672	38 420	38 %	10 902	39 246	48 %	-	-	-
Non-renewable	17 256	62 123	62 %	10 257	36 925	45 %	-	-	-

*) Included only premises before 2024. From 2024 onwards includes also company cars.

Energy Intensities 2022–2024

	2024	2023	2022	Change 2022-2024
kWh/€	0,15	0,11	0,06	130 %
MJ/€	530	385	230	130 %
MWh/fte	30,5	22,4	12,6	144 %
GJ/fte	110	81	45	144 %

Greenhouse Gas Emissions

WE CARRIED OUT our first full value chain carbon footprint calculation for the year 2022. The 2023 calculation was chosen as the baseline for our climate targets because it had better coverage of our emissions. Our total emissions for 2024 increased by 1% from the previous year. Compared to 2022, they decreased by 10%. In relation to turnover, our emissions increased by 14%, which is explained by the decrease in turnover while production volumes stayed similar and better accuracy in carbon accounting.

WE FURTHER DEVELOPED our carbon accounting this year. Now for the first time, the entire Luhta Sportswear Company product range was included in the calculation. New emission sources included were candles and liquid products from our Home product line, products from the Rukka Motorsport product line that were previously missing, and accessories for most of our apparel products (trims, e.g., buttons, zips, cords).

THIS YEAR, WE switched to Well-To-Wheel (WTW) emissions calculation for logistics and travel, which means that the accounting also considers emissions from the distribution and production of fuels. We also recalculated the 2023 emissions using the same methodology. This change is due to our commitment to set science-based climate targets under the SBTi, which requires the WTW methodology. Previously WTW methodology was not applied for logistics and travel, since it is

not a requirement in the GHG Protocol Corporate Standard.

FOR 2024, FOR the first time we separated capital goods into a separate category from purchases and acquisitions, although no new emission sources were included in the calculation for these. The emission data for waste management became more accurate as we also estimated the amount of waste from properties for which we did not receive data from the landlord. Data coverage was also improved for logistics and commuting of workers. The only remaining gap that we know of in the emissions data concerns possible refrigerant leaks in the properties we use, since we unfortunately did not receive data about these from most of our landlords.

Scope 1–2 Emissions

IN THE 2024 calculation, direct fuel consumption in rental properties was transferred to scope 2 emissions in accordance with the standard, whereas it was previously incorrectly included in scope 1. Our scope 2 emissions were nevertheless reduced due to the reduction in the number of properties we occupied and the shift towards renewable energy production. There were no significant changes in our emissions from car use. Two thirds of the premises we use are covered by a carbon-free electricity contract. The last third either do not have a carbon-free electricity contract or the information was not available from the landlord. We use only renewable energy in our own properties in Finland.

Carbon Footprint 2022–2024

tCO2e	2024	2023	2022	Change 2022–2024
Scope 1	442	700	623	-29 %
Scope 2 (Market-based)	1 531	1 669	792	93 %
Scope 2 (Location-based)	1 697	1 499	-	-
Scope 3	59 448	56 203	64 590	-8 %
Purchased Goods and Services	46 892	47 554	58 638	-20 %
Capital Goods	1 447	incl. above	incl. above	-
Fuel- and Energy-Related Activities Not Included in Scope 1–2	335	803	818	-59 %
Upstream Logistics	3 884	3 883	1 126	245 %
Waste Generated in Operations	251	102	64	293 %
Business Travel	849	774	398	114 %
Employee Commuting	870	725	748	16 %
Upstream Leased Assets	-	-	-	-
Downstream Logistics	-	-	-	-
Processing of Sold Products	-	-	-	-
Use of Sold Products	1 748	1 300	1 551	13 %
End-of-life of Sold Products	1 197	1 062	1 248	-4 %
Downstream Leased Assets	-	-	-	-
Franchising	-	-	-	-
Investments	-	-	-	-
Total Emissions	59 445	58 572	66 005	-10 %

Emission Intensities 2022–2024

	gCO2e/€				kgCO2e/person			
	2024	2023	2022	Change 2022–2024	2024	2023	2022	Change 2022–2024
Scope 1–2	10	11	6	73 %	2 151	2 334	1 140	89 %
Scope 1–3	313	276	269	16 %	64 829	57 707	53 186	22 %

Scope 3 emissions

97% OF OUR emissions are scope 3 emissions, which cover all indirect emissions across our value chain. 66% of our total emissions come from the materials for the products we sell. In our carbon accounting, ‘materials’ refer to the materials that arrive at our first-tier suppliers, mainly different types of fabrics. ‘Materials’ includes emissions from the primary production, manufacturing processes, and logistics from fibre to fabric, or equivalent production steps for non-textile materials. The manufacture of clothing and other products by our first-tier suppliers is our second largest source of emissions with a share of 10%. The logistics chain from our first-tier suppliers to the sale of our products accounts for 7% of our emissions. The use and disposal of products accounts for around 5% of emissions. This share is significantly lower than the industry average because we mainly sell outerwear, which doesn’t require as frequent washing and drying as other textile products. In total, products and their transportation account for 87% of our total emissions. Smaller emission categories for us are travel and commuting (4%) and energy use in our premises (3%). The rest of the emissions occur from the purchase of services and office supplies and waste management in our own premises (6%). Our emission profile remained very similar to the previous year.

EACH YEAR, WE aim to refine the emission data on materials and first-tier producers, which are our main emission sources. We calculate the emissions from material use in a way that considers all materials used in our products and, for the majority of textile materials, the country of manufacture. The calculation is based on the weight of the materials used and emission factors from emission factor databases, manufacturers, or studies. This year, we requested first-tier supplier data from a total of 167 different factories, of which 162 were able to provide us with useful data. At minimum, the data covered energy consumption, and most were also able to provide data on internal logistics and waste generation for the products supplied to us. The responses we received covered almost 80% of our production, and we estimated the remaining 20% based on the responses received. Although there are still uncertainties in the data from the factories, we are confident that the information obtained is more accurate than calculations based on industry averages.



Largest Emission Sources

	2024	2023	2022	2024 Share	Change 2022–2024
Materials	39 253	37 842	48 866	66 %	-20 %
1st tier	5 927	6 766	9 397	10 %	-37 %
Logistics	3 884	3 883	1 126	7 %	245 %
Use & End-of-life	2 945	2 362	2 799	5 %	5 %
Travel	2 257	1 982	1 722	4 %	31 %
Energy in Premises	1 770	2 590	1 656	3 %	7 %
Other	3 408	3 146	439	6 %	676 %
Total	59 445	58 572	66 004	100 %	-10 %

Promoting a Circular Economy at Luhta Sportswear Company

AS ONE OF Europe’s leading sportswear companies, we recognize that Luhta has a responsibility to transform our operations to align with a circular economy and to be a frontrunner in the industry. The circular economy is proven to be the most effective way to not only reduce the overuse of natural resources but also to promote social wellbeing. For this reason, circularity is at the heart of our sustainability work and has been embedded into our organization, its culture and all its activities. At Luhta, circularity is about the resource-efficient, innovative use of materials and resources wherever possible and effective.

Aiming for Circular Economy-Aligned Collections by 2040

OUR WORK IS guided by the target we set in 2019 to have circular-economy aligned collections by 2040. Extending of the life cycle of our products is at the core of our target and is reflected in everything we do – from designing products to recycling materials and turning them into new products. Among other things, this means recycled, innovative and renewable (e.g. regenerative) material choices, taking reuse, repairability and recyclability into consideration already in the design process, and taking responsibility for the

product’s whole life cycle, from cradle-to-grave. In our approach we also emphasize business models that support circularity, such as our Luhta ReUse take-back service.

TO COMPREHENSIVELY TRANSFORM our operations to accelerate circular economy-aligned business, we maintain a culture that encourages continuous improvement and innovation. The industry is constantly evolving and new innovations and technologies that support a circular economy are emerging all the time. We are constantly improving our ways of operating, actively following the development of technologies and innovations, and looking for new practices and materials that not only extend the life cycle of our products but also improve their usability and value for our customers. We are also continuously identifying the best partners who can help us to learn new things and improve our practices in designing, producing and extending the life cycle of products and materials in a circular economy.

WE ANNUALLY MONITOR trends in our material consumption and strive for a sustainable transition towards recycled, renewable and innovative materials. This monitoring is supported by continuous internal mapping and our first-time participation in 2024 in Textile Exchange’s Material Benchmarking, where we tracked our own fiber and raw material use in relation to industry-recognized reference framework. During 2025, we will develop our circular economy measurability and reporting in line with the CSRD.

BY BEING TRANSPARENT and communicating our circular economy targets and policies, we want to be an industry trendsetter in the circular economy revolution.



Circular Economy in Practice

Product Design

WITH RESEARCH SHOWING that the design phase determines up to 80% of the environmental impact of a product, we design our products to be as much in line with the circular economy as possible, thus enabling the long product life cycle. This means carefully choosing and sourcing sustainable materials, making products that can be maintained and repaired, and taking the recyclability of materials and products into account already at the design stage.

ENABLING THE CIRCULAR economy alignment of products is based on high-quality product development. Our design ideology focuses on creating products that are durable and long-lasting, that are worth maintaining and, when necessary, repairing. The choice of material is heavily influenced by the

product’s intended use and the technical demands of it. We test all our materials in our own laboratory to ensure that they meet our pre-defined standards for durability, such as fabric abrasion resistance and tear strength, color bleeding, water proofing, light fastness, breathability, fraying, frost resistance, pilling and chafing. Every test, most of which are compliant with the ISO standard, has its own threshold value. We carefully assess the durability, appearance, quality, functionality and composition of the material to ensure the most durable and usable product possible. We also take product safety into account in our risk-based design and material selection and, if necessary, we require material testing that is appropriate to the nature of the risk. [Read more about product safety here.](#)

PRODUCT DEVELOPMENT PLAYS a major role in the later stages of a product’s life cycle. How easily a product can be maintained and whether it’s worthy

of repair is largely determined by how the product is designed. Our product development works closely with production and with customer feedback in order to create increasingly higher quality products for our customers. Our products go through a rigorous product development process that also includes production fittings and assessments of sample series products. After the sample series, any shortcomings and errors can still be addressed, if needed, before the actual production.

IN THE DESIGN and production stage, we strive to create solutions that promote long product life, repairability and maintainability. We use design to encourage extending the life of our products through repair, for example.

Sourcing and Production

FROM A CIRCULAR economy perspective, the efficient use of resources, minimizing waste and waste generation, and the quality and durability of the end product are important factors in our choices of materials. We particularly focus on the sustainability of the materials. We ensure the sustainable use of the materials in our products and their recirculation when the lifespan of the product itself comes to an end. By aiming for monomateriality and the design of monomaterial products, we enable the recyclability of materials. An important part of our circular economy target is to reduce the use of virgin raw materials, like polyester, by replacing them with recycled materials, and to maintain, reuse and recycle used materials.

IMPROVING RESOURCE EFFICIENCY is also an important part of our circular economy actions and targets. This is reflected in the selection and sourcing of materials and in the minimization of waste. Producing fabric in the single largest batch possible is the most responsible approach in fabric production, so we try to combine purchases of the material across our different brand collections whenever possible. Product teams are assisted in this by an in-house library of responsible materials. [Read more about material sourcing here.](#)

EFFICIENT USE OF resources also means minimizing waste. By optimizing production, we can reduce surplus and waste. The majority of our production is made to order for our retailers on the basis of preliminary sales. Through our network of Outlet stores, we can sell products from previous seasons and products that cannot be sold elsewhere, for example because of minor aesthetic flaws.

Our approach to circular design is based on three elements: physical, visual and emotional durability.

- **BY PHYSICAL DURABILITY** we mean that the product will withstand its intended use, washing, care and storage as well as possible. In terms of physical durability, our aim is that the product remains in a condition that makes its care and repair meaningful to the user, thus enabling emotional durability.
- **BY EMOTIONAL DURABILITY** we mean the creation of an emotional bond to the product so that the person who bought it is willing to invest in its care.
- **WITH VISUAL DURABILITY**, our aim is that neither time nor fast-moving fashion trends artificially age the product, so it can be worn for years and is still relevant.

Versatility and Repairing Extend the Useful Life of Clothing

VERSATILITY EXTENDS THE life cycle of a product and increases its value. We design our products to suit a wide range of uses – from every day to special occasions and from indoors to outdoors. Timeless designs, quality materials and thoughtful details make our clothes versatile and easy to mix and match. We aim for our products to stay with their users for a long time and serve various contexts and purposes.

WHEN USED ACTIVELY, all products inevitably experience wear and thus require occasional repair and maintenance. Support for maintaining and repairing products purchased from us is available through our website and customer service. We partner with Menddie's repair service to provide an easy way to repair, alter or otherwise customize our products. When needed, we work with Menddie's experts to resolve repair issues and locate possible spare parts.

Post-use Phase

WHEN A PRODUCT no longer serves its user for one reason or another, we advise the consumer to bring it to our Group's stores in Finland. In return, the customer receives a discount voucher/code for use in in-store or online. From the store, the product continues its journey on the basis of the waste hierarchy to sorting and from there preferably directed to the Luhta ReUse take-back service

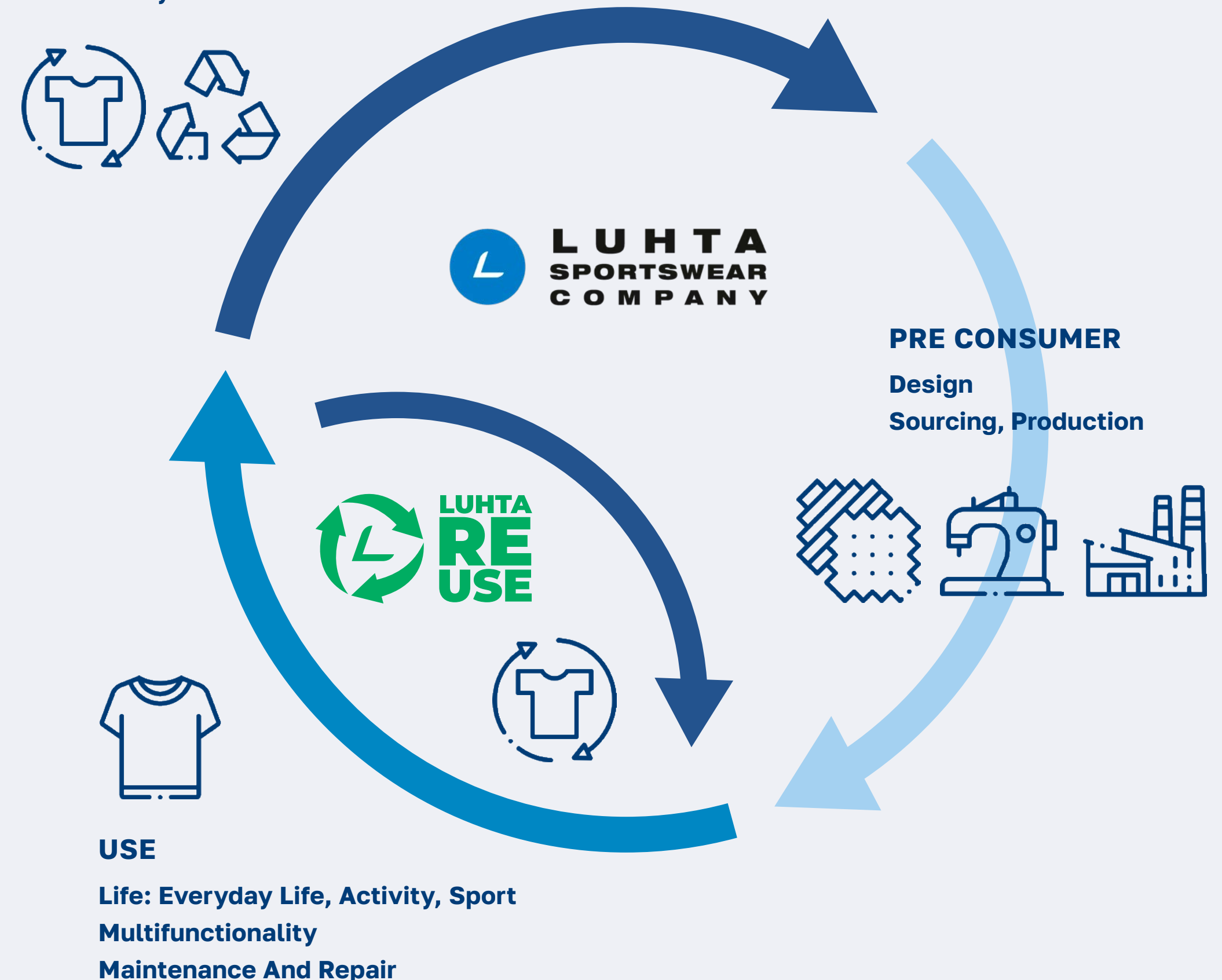
or, alternatively, to one of our circular economy partners. Through these partners, the product or its materials will either continue their life as is or be repurposed through upcycling. Our priority is to recover products and materials in their existing form. Recycling as textile waste is considered the final option.

A HIGH-QUALITY CIRCULAR economy does not exist alone; it consists of multiple different sectors and actors. In 2024, we gained two new circular economy partners alongside Rester and started collaborating with the Helsinki Metropolitan Area Reuse Center and Lounais-Suomen Jätehuolto (Southwest Finland Waste Management). Our presorted B-quality products that are not suitable for ReUse sale but in good condition and usable are donated to the Reuse Center. Through the collaboration, products are made available to consumers for reuse, and in this way we promote the minimization of waste. In addition, the cooperation we started with Southwest Finland Waste Management enables us to divert products and their materials that are not suitable for sale to be recycled into new products for companies and individuals. Through these partnerships, we are able to significantly reduce the amount of textile waste generated.

POST CONSUMER

Circular Economy Partners

- Lounais-Suomen Jätehuolto (Southwest Finland Waste Management)
- Helsinki Metropolitan Area Reuse Center
- Rester Oy



Luhta ReUse

LUHTA REUSE IS a service we introduced in 2022 to enable the longest possible life cycle of our products. From a circular economy perspective, keeping a product in use for as long as possible is the most valuable approach, so we want to offer consumers a convenient and dependable service that makes it easy to let go of Luhta products no longer being used, while also offering a reliable and hassle-free opportunity to buy used clothing in good condition.

LUHTA REUSE IS one of the cornerstones of our life-cycle thinking through which we aim to be a frontrunner in the circular economy. By offering and managing Luhta's secondhand service ourselves, we ensure a closed loop for our products and their materials, i.e. we prevent them from being diverted from circulation and ending up in a landfill. Through the Luhta ReUse take-back service, we are also gaining important experience and learning from the secondhand process and business model, which we can possibly use later internationally. The service also gives us valuable information about our own products and where they are most prone to wear and damage. This helps us to further improve the longevity and durable quality of our products.

CLOTHES ARE SENT to the Luhta ReUse service through our extensive network of stores in Finland. After our stores receive our branded clothing from consumers, it is sorted and delivered to our ReUse point in Lahti. We then assess the condition of the clothing, carry out any necessary washing, sani-

tization and repairs, and photograph them for the online shop. In 2024, the ReUse service was used 1,248 times. The number of items with each return varies, so we received around 3,500 products through the program. Around one third of these products will be sold on the ReUse online shop and the rest will be diverted elsewhere.

AT PRESENT, OUR largest sorting fraction is usable textiles that end up at the Helsinki Metropolitan Area Reuse Center, which accounted for 56% of the material we sorted. The second largest fraction was to Southwest Finland Waste Management, which we began partnering with in autumn 2024. It received 22% of the product stream. The remaining streams went to ReUse sales (12%) and collaborative projects with universities (8%). The figures are distorted by the ReUse share, which in reality is much higher. The sorting volumes only take into account products that have been transferred from our sorting point to ReUse sales, and not, for example, products in ReUse's warehouse waiting to be made available for sale. Our sorting process is in the test phase, and we are continuously improving its monitoring and reporting as the operation evolves. Outside the scope of sorting, we also calculate the share of textile waste streams that, through us, end up as energy waste. We also have other fractions, such as moldy and soiled products and personal protective equipment, that are not suitable for other sorted fractions and are used as energy waste. In 2024, thanks to sorting, we were able to reduce the share of textiles generated in Finland, processed through us and ending up as energy waste by 77%.



Collaboration, Learning and Training

RENEWAL AND WORKING together are intrinsic Luhta values. We believe in the power of collaboration, which is why we want to identify and develop new partnerships with various operators to promote the circular economy. Through partnerships and cooperation, we can develop, renew and learn. In 2024, several partnerships were fundamental in advancing our circular economy goals.

Olympic Collection Brought New Learning and Experience with Circularity-Based Collections

WE HAD THE honor of partnering with top athletes in the development of a circular economy collection for the Paris Summer Olympics. The project gave us the opportunity to boldly experiment and learn about innovative new materials that are compatible with the circular economy, the most important experience being with Sorona® fiber, which can replace the poorly recyclable elastane. The collaboration provided valuable insights into the types of circular economy materials that we can use while ensuring optimal performance, also in elite athletic performances.

Putting Waste to Use with Future Talents

OUR COLLABORATION WITH LAB University of Applied Sciences' Institute of Design and Fine Arts and Savonia University of Applied Sciences embodies our culture of learning, renewal and experimenting together at Luhta.

LUHTA COULD VERY well be a future workplace for textile design graduates from the LAB University of Applied Sciences in Lahti. LAB has become known as an educational facility for functional, responsible but also industrially produced fashion, producing technical experts in both sustainability and functional product design. Through our collaboration, we gain fresh perspectives on design, such as upcycling. For example, the ReUse collaboration with LAB's wearable design students provided a lot of first-hand knowledge, especially about the challenges of upcycling. The final products were showcased in LAB University of Applied Sciences' KOE2024 Fashion Show.

IN 2024, WE participated in a Sustainable Design Lab course as a work-life example; we gave students two assignment options: 1) redesign and produce one or more products from broken or otherwise unusable products that had ended up in ReUse take-back, or 2) redesign and remanufacture a defective batch of winter coats into a usable product that could be reproduced on a large scale. The assignment was carried out through a design competition, with two winners selected at the end.



KOE24 Fashion Show 28.5.2024,
LAB University of Applied Sciences.
Designer Saga Nurmenniemi.
Photographer Val Nevalainen.

Responsible Material Sourcing

RESPONSIBLE MATERIAL SOURCING is one of the key priorities of Luhta’s sustainability strategy. The use of materials and resources is also key for us from a sustainability perspective. We strive to make responsible material choices, optimize sourcing processes and use innovative materials. By doing so, we can reduce the environmental and human impacts of the materials as well as ensure the longevity, durability and high quality of our products for our customers.

Assessing the Sustainability Impacts of Materials

WE ARE AWARE that the production of materials causes a significant amount of greenhouse gas emissions in Luhta’s value chain and in the textile and fashion industry as a whole, as well as other environmental impacts, including water use and emissions, chemical use, microplastics and waste. In addition, materials may also have relevant implications related to animal rights and social responsibility. In 2024, as part of our materiality assessment, we analyzed in greater detail the sustainability impacts of the materials used by Luhta. We used the Textile Exchange Material Impact Explorer tool to carry out a risk analysis based on the main raw materials and their origin. We analyzed material-specific risks of the fiber portfolio in relation to climate, biodiversity, water, forests and air pollution. In the future, we aim to deepen our

material-specific risk and impact assessment and to map the sustainability impacts of our products throughout their life cycle using LCA analysis. We are currently exploring opportunities to integrate the LCA into our new PLM ERP system while taking into account the needs of the digital product passport and increasing information for the consumer.

AT LUHTA WE aim to manage and reduce the adverse sustainability impacts of materials through a variety of ways, e.g. by taking into consideration both environmental and social responsibility in raw material and material sourcing, full chain of custody traceability and verifiability, chemical safety, longevity of finished products and the circular economy perspective. We also aim to ensure that the best available techniques (BAT) are applied in the materials manufacturing processes so that we can prevent adverse environmental impacts. These create different requirements for material choices, but by taking them into account we can set clear boundary conditions for the due diligence obligation in line with EU and international legislation.

Materials-Related Targets and Metrics

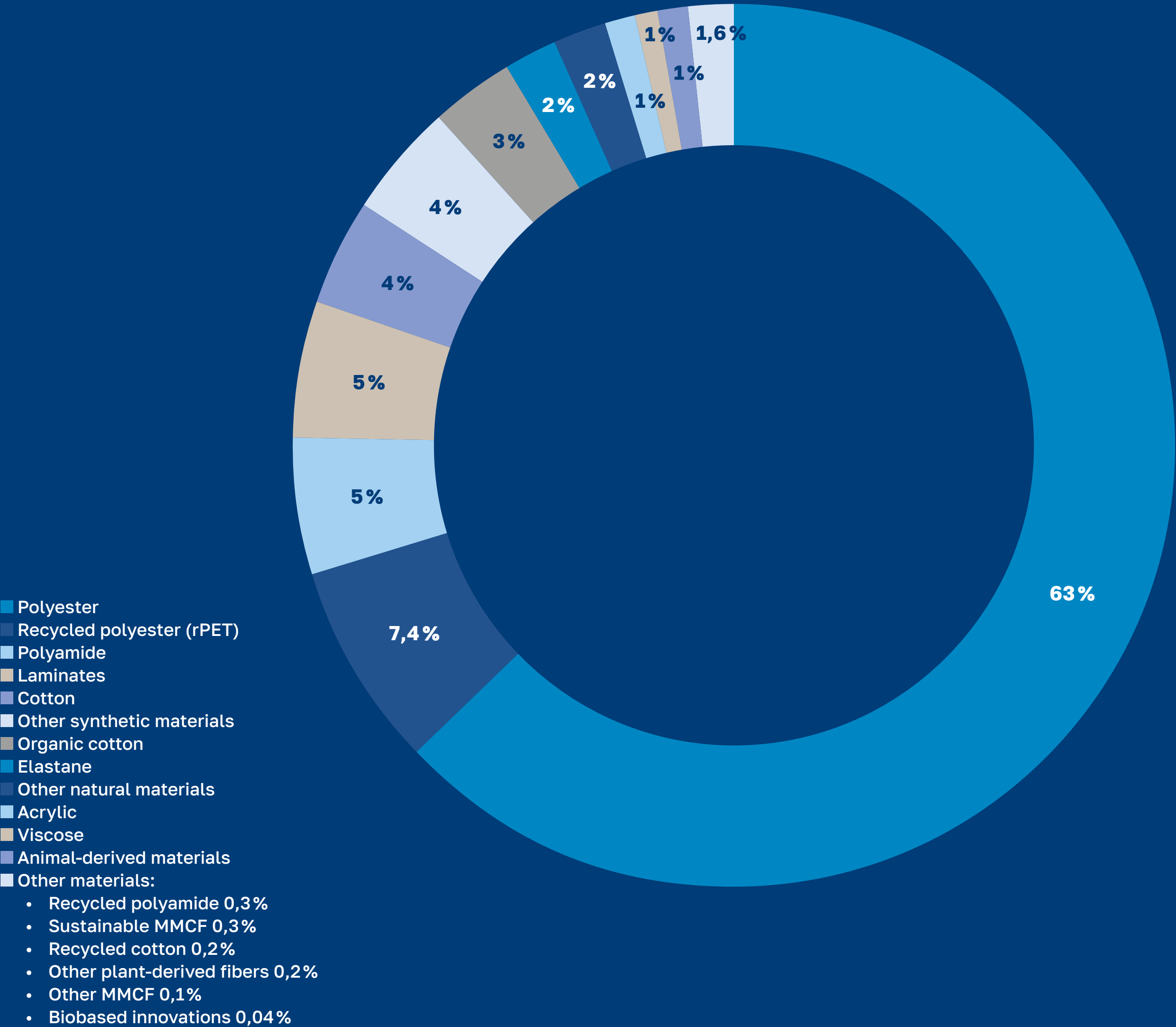
IN RECENT YEARS, we have developed sustainability targets for materials at Luhta. Our brands set their own brand-specific strategic material targets at the end of 2023 and created their own roadmaps to achieve them in the upcoming years. Included in these targets is the sourcing of polyester, currently the most significant material in terms of volume, as recycled material. The target for cotton, also an im-

portant raw material in terms of sourcing, is to shift to using either organic or recycled cotton. Other materials are also factored into the target-setting. In 2024, the company started increasing the share of recycled material, particularly for volume materials in common use, such as wadding and linings. We will update the brand-specific goals over the next year and align them with the SBTi targets. We want to ensure that our material targets are Specific, Measurable, Achievable, Realistic or Relevant and Time-bound (SMART). Materials also play an important role in the achievement of Luhta’s climate and circular economy targets. As part of our climate transition plan work carried out in 2024, we identified the targets of development and the sub-targets related to materials in order to achieve our climate targets. As part of the plan, we aim to replace at least 60% of polyester with recycled polyester and to replace at least 80% of cotton with organic or recycled cotton by 2033. We also aim to increase the use of innovative and lower emissions materials, optimize production volumes and material grades, and reduce overproduction.

WE MONITOR AND measure annual development at the seasonal level. We have been included in the 2024 Textile Exchange Material Benchmark, which tracks the use of fibers and raw materials and reports on the strategic approach against recognized industry framework. Our plan is to continue participating in the benchmarking so that we can track our progress at the material level over the longer term.

POLYESTER ACCOUNTED FOR around 70% of all materials used in 2024. The amount of recycled polyester used in all product categories was around 10%. Recycled materials accounted for around 8% of all materials and volumes. Organic and recycled cotton accounted for around 43% of all cotton used in all product categories. The use of materials classified as innovative materials in relation to all materials was around 0.04%. Around 50% of the materials used in the materials accompanying the product, such as packaging and hang tags that are part of the product presentation (e.g. cardboard and plastic), were made from recycled materials and 94% from renewable materials. We recognize that we still have some way to go to reach our material targets. As the collections for the coming years are planned and material strategy decisions are made two years prior to product production, the changes also take time to manifest. We will continue to work systematically towards our targets.

Main Materials Used in Luhta Sportswear
Company's Products in 2024



MATERIAL	CATEGORY	SOURCE	TOTAL (KG)
Polyester	synthetic	non-renewable	1 822 064
Recycled polyester (rPET)	synthetic	post-consumer recycled	213 459
Polyamide	synthetic	non-renewable	147 521
Recycled polyamide	synthetic	pre-consumer recycled	7 723
Acrylic	synthetic	non-renewable	25 385
Elastane	synthetic	non-renewable	48 848
Laminates	synthetic	non-renewable	134 233
Viscose	semi-synthetic	renewable	39 426
Other MMCF	semi-synthetic	renewable	3 475
Sustainable MMCF	semi-synthetic	renewable	8 440
Cotton	natural material	renewable	115 297
Organic cotton	natural material	renewable	82 525
Recycled cotton	natural material	renewable	5 642
Other plant-derived fibers	natural material	renewable	7 153
Animal-derived materials	natural material	renewable	43 060
Other natural materials	natural material	renewable	65 557
Other synthetic materials	synthetic	non-renewable	111 524
Biobased innovations	synthetic	renewable	1 228
TOTAL			2 882 560

*Material data for all Luhta product categories is reported in the table.

Luh​ta’s Material Sourcing Guide

Material	Minimum Requirement	Recommend	Required Certificates or Licenses
Main Materials			
Cotton	No sourcing allowed from areas with high risk of forced labor UFLPA	Organic Recycled Responsibly sourced (via responsible initiative or program)	GOTS, OCS – Organic GRS, RCS – Recycled (Trademark)
Polyamide		Recycled (textile waste or post-industrial) Biobased innovation	GRS, RCS – Recycled Trademark
Polyester		Recycled (textile waste or post-industrial) Biobased innovation	GRS, RCS – Recycled Trademark
Elastane		Max 3 % Mechanical stretch Biobased innovation	Trademark
Laminates		Material’s polymer corresponding to the textile component Recycled Biobased innovation	GRS, RCS – Recycled Trademark
Plastic	Avoiding PVC	Recycled	GRS, RCS
Animal-Derived Materials			
Wool	Compliance with Luh​ta’s Animal Welfare Policy AWTA report – Australia IWTO report – International	Responsibly sourced	RWS Trademark
Merino Wool	Compliance with Luh​ta’s Animal Welfare Policy Mulesing-free AWTA report – AWEX certificate – Australia IWTO report – International	Responsibly sourced	RWS Trademark
Cashmere	Compliance with Luh​ta’s Animal Welfare Policy	Responsibly sourced	Good Cashmere Standard RWS

Mohair	Compliance with Luh​ta’s Animal Welfare Policy	Responsibly sourced	RMS
Alpaca	Compliance with Luh​ta’s Animal Welfare Policy	Responsibly sourced	RAS
Yak	Compliance with Luh​ta’s Animal Welfare Policy	Responsibly sourced	RWS
Leather	Compliance with Luh​ta’s Animal Welfare Policy	Responsibly sourced	LWG with traceability Oeko-Tex Leather
Down	Compliance with Luh​ta’s Animal Welfare Policy	Responsibly sourced	RDS
Plant-Derived Materials			
Viscose	Deforestation-free Eliminate the risk of wood pulp being sourced from old-growth and endangered forests/ species	Responsibly sourced Trademark (e.g. Lenzing EcoVero)	FSC – Certificate of origin FSC – Chain of Custody Canopy Hot Button report
Lyocell	Deforestation-free Eliminate the risk of wood pulp being sourced from old-growth and endangered forests/ species	Responsibly sourced Trademark (e.g. Lenzing Tencel)	FSC – Certificate of origin FSC – Chain of Custody Canopy Hot Button report
Modal	Deforestation-free Eliminate the risk of wood pulp being sourced from old-growth and endangered forests/ species	Responsibly sourced Trademark (e.g. Lenzing Modal)	FSC – Certificate of origin FSC – Chain of Custody Canopy Hot Button report
Triacetate / Acetate	Deforestation-free Eliminate the risk of wood pulp being sourced from old-growth and endangered forests/ species	Responsibly sourced	FSC – Certificate of origin FSC – Chain of Custody Canopy Hot Button report
Bamboo	Deforestation-free	Responsibly sourced	FSC – Certificate of origin

*Includes an overview of the main content of Luh​ta’s Material Sourcing Guide, but not all details. The guide also contains internal guidance, e.g. on sustainable materials claims and marketing, as well as detailed guidance on managing chemical use, which is further detailed in the report.

Criteria Guiding Luhta’s Responsible Material Sourcing and Marketing

IN 2024, WE created a Luhta Material Sourcing Guide that lists the main materials as well as those for which particular care should be taken. The guide specifies the minimum requirements and recommended alternatives for material procurements for all our brands. The procurement must always be based on third-party verification. The Material Sourcing Guide also includes internal guidance on applicable marketing claims. We will update the guidelines as necessary and train our product teams on the implementation of the guide.

THE CHOICE OF more sustainable materials is supported by an in-house library of responsible materials, which serves as a source of information and inspiration for product development teams. The library also displays the materials selected for production and thus shared and approved for centralized selection among teams. The library has separate categories for natural materials as well as for recycled and innovative materials. In addition, we will add a label to the materials that support recyclability, in which the possibilities for mechanical recycling, such as monomateriality and innovative solutions, are taken into account.

AMONG THE INNOVATIVE materials we currently include are Textile-to-Textile recycled material (uses various recycling methods to turn textile waste into fiber), Carbon Capture fiber (recovers and modifies industrial greenhouse gas emissions

into textile fiber, serving as a technical carbon sink) and Biobased Synthetic fibers (making synthetic materials using renewable biobased raw material instead of non-renewable fossil raw material). The market availability of these innovative materials has already increased dramatically over the past year, although their uptake may still be challenged by price, minimums and quality characteristics. We actively monitor the market and map potential partners to take innovative steps as part of more established collection work.

IN 2024, WE updated the claims for sustainable materials. The new categories, Recycled Materials, Organic Materials, Innovative Materials and Responsibly Sourced, divide responsible material sourcing into essential criteria, and the conditions for use include not only verification, i.e. certificates and licenses, but also strict company thresholds. In compliance with the EU’s Empowering Consumers Directive, we do not use misleading symbols or statements referencing environmental claims; we base our claims on facts to move towards the requirements of the EU Green Claims Directive.

WITH THE PRODUCT Sustainability Percentage (PSP) calculation method we created we can determine the sustainability percentage for each product that contains a sustainable material based on the raw material procurement of the product’s materials. The method takes into account all the main materials of multilayered multicomponent products, such as the outer fabric, liner and wadding, as well as the technical laminate layers of the

materials. Both the material hang tag and the care instructions have a QR code through which more general information about our criteria for responsible sourcing of materials can be found.

OUR MATERIAL CHOICES are also guided by the upcoming ESPR Ecodesign for Sustainable Products Regulation. We have started to anticipate and work on the potential changes that this extensive regulation will bring. We are looking at issues such as quality requirements for materials and products, the obligation to introduce recycled materials and its rationale, chemical management of Substances of Concern, the realization of circular economy principles and the introduction of the digital product passport.

Managing Water and Chemicals Use in the Production Chain

THE TEXTILE INDUSTRY often uses a lot of water and chemicals in the production of materials and products, which can have adverse impacts on the environment and human wellbeing. We aim to reduce water consumption, reduce the harmful environmental impacts of chemicals and ensure the proper treatment of wastewater at different stages of our value chain. We work with selected manufacturers and have set requirements regarding water consumption, chemical use and wastewater treatment. We are also mapping opportunities to optimize production processes, improve dyeing processes and reduce microplastics. By replacing raw materials with recycled and organic materials,

we can also reduce water consumption and have a greater impact on water resources to better maintain healthy ecosystems. In the coming years, we will continue working on a chemicals strategy with the aim of exploring the possibilities of managing chemicals during production, which has significant direct impacts on, e.g., water resources through wet processes.

WE REQUIRE EACH of our suppliers and business partners to comply with our Supplier & Partner Code of Conduct and the related environmental policy, which outlines our environmental requirements and statutory restrictions on the chemical content of the finished product and the use of chemicals during production. In addition, we require our material suppliers and partners to take special care in their chemical management, including by ensuring the appropriate third-party certificates, such as OEKO-TEX® STANDARD 100.

WE ALWAYS COMPLY with up-to-date chemical legislation based on the EU REACH and POP regulations and with special attention to SVHC (Substances of Very High Concern), which are classified as particularly harmful. To ensure chemical safety, in our processes in 2024 we used the STJM’s RSL (Restricted Substance List), which is based on the EU and national restrictions, to guide our procurements and to manage the use of harmful substances in our products. In addition, we followed the updates on chemical restrictions that came in 2024 and immediately addressed them in our supply chains. We also planned to extend the RSL with

the broader AFIRM (Apparel and Footwear International RSL Management) Group RSL list, which is an international cross-market list of restricted substances with regard to the chemical content in finished products. We will take the AFIRM Group RSL list into use in Luhta’s processes in 2025.

WITH REGARD TO chemical management, as a manufacturer of technical outdoor products, we have paid particular attention to the exclusion of PFC/PFAS chemicals in the waterproofing and repellency treatments of fabrics and accessories, and thus we oblige our partners to use PFC/PFAS-free alternatives in water repellency treatment and technical films. We recognize the challenges of the familiar PFC-free market claim, as it has traditionally been based on the exclusion of limited groups of chemicals. Chemical legislation is being refined and extended to a total ban in the EU and covering thousands of PFAS chemicals. We ensure that our functional outdoor products are PFAS compliant.

IN ADDITION TO the chemical content of the finished product, we are currently identifying opportunities to determine the management of chemicals in the supply chain and the use of in-process chemicals that have environmental impacts. In this regard, it is essential to take into account the MRSL, Manufacturing Restricted Substances List, to which we apply the ZDHC definitions. ZDHC is a global initiative to reduce the use and emissions of harmful chemicals in the textile industry. ZDHC develops standards and guidelines for the safe management of chemicals and provides platforms

for cooperation between stakeholders. For dye suppliers, the Supplier to Zero by ZDHC minimum requirements have already been met, which means that Level 1 has been achieved. In 2025 we will address this issue in more depth through internal training, by providing information and by setting requirements especially for suppliers of wet process phases.

WE RECOGNIZE THAT managing environmental responsibility in the textile industry is also intrinsically linked to reducing microplastics in ecosystems – in water systems, air and soil, as microplastics have been shown to have impacts on biodiversity and habitat loss, environmental and water pollution, and climate change. We continued studying the issue internally during 2024 and are currently exploring the possibilities to manage microplastics emissions throughout the life cycle of the product. We recognize that the management of microplastics must take into account to material manufacturing, production processes, product use, and end-of-life, with a particular focus on the fiber fragmentation perspective. Our aim is to pay attention to material choices and their quality also from a microplastics perspective. So far, we have introduced new innovative material alternatives, for example for traditional fleece, to the Luhta material library. We have also explored possibilities for testing and measuring the microplastic content of products, as well as ways to prevent the release of microplastics during washing and for providing guidance to consumers.

Third-Party Certifications

WE WILL CONTINUE the systematic verification of materials and third-party certifications to ensure responsible sourcing of raw materials and material or fiber content and to accurately communicate product sustainability claims. Luhta’s Material Sourcing Guide provides guidance on the required standard certificates for each material. In 2024, L-Fashion Group Oy as a company achieved the GOTS standard after a rigorous auditing process. GOTS is an international standard that defines the requirements for the production, processing and trade of organic fibers. Its aim is to ensure that textile products labeled as GOTS certified are produced using ecologically and socially responsible practices. Luhta Home’s cotton textiles are within the standard and we are working to add product groups to the scope of certification, which requires a product to have full chain-of-custody certification – from raw material sourcing to product manufacturing. We understand that only then can we display the standard logo or name in conjunction with the product. We have also started the application process for Textile Exchange standards, such as the comprehensive GRS standard for recycled material products and the RWS standard for ethical and sustainable wool sourcing. However, we have always obtained recognized international standard certifications for at minimum the material level from suppliers and on a batch-specific basis.

WE HAVE PROMOTED the sustainable sourcing of raw materials also in relation to the product

packaging and accompanying materials. Primarily, the products’ plastic packaging is certified as 100% recycled material, and a recycled material requirement is in place for the cardboard used in logistics. Internally, we have instructed that all accompanying materials, such as cardboard hang tags and packaging, must be sourced from certified raw materials that take into account sustainable forestry criteria.

Natural Materials: Plant- and Animal-Derived

IN THE CASE of natural materials, we pay particular attention to the origin of the materials. EU legislation, such as the EUDR deforestation regulation, requires comprehensive traceability of the sourcing of risk commodities, such as timber and cattle hides. Even if the customs classification does not obligate a risk assessment of the product containing the commodity, our aim is to ensure origin and sourcing certifications in line with the general due diligence obligation. In terms of natural materials, we recognize that land use and farming practices, which are strongly linked to the use of water and chemicals, as well as improving biodiversity, such as the favoring of regenerative and organic practices, often come into question. We take natural materials and their environmental impacts into account, for example, in our internal sourcing guidelines. In the future, we also aim to deepen our risk and impact assessment of natural materials, along with other materials, and to find ways to manage their sustainability impacts.

ALTHOUGH THE USE of animal-derived materials in Luhta’s products is marginal (around 1%), it is very important for us to ensure that they are sourced ethically and that animal rights and welfare are respected in the production of the materials. We take animal welfare into consideration in our Supplier & Partner Code of Conduct, and we have in place an Animal Welfare Policy that binds our suppliers and sets out our minimum requirements for material suppliers to respect the rights and treatment of animal in the production of materials. We also take into account the criteria related to animal-derived materials in our internal Material Sourcing Guide, and we strive to ensure comprehensive third-party certificates of origin for the materials used, verifying ethical practices in the sourcing of animal-derived materials.



Value Chain Management

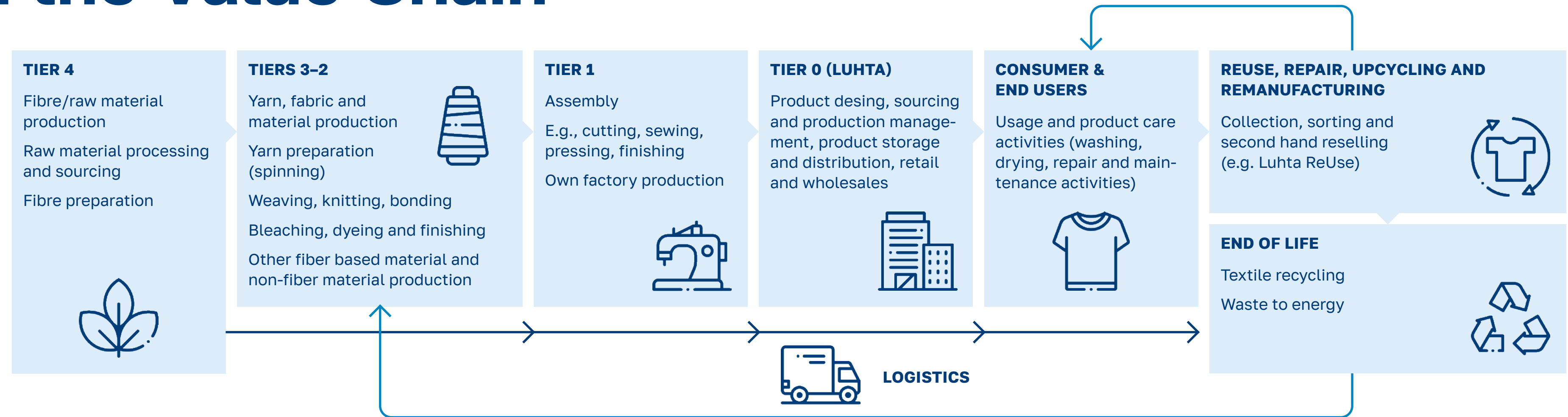


Transparency in the Value Chain

WE RECOGNIZE THAT long and global value chains in the textile sector are associated with many environmental- and human-related sustainability impacts and risks. The aim of our sustainability work is to manage the sustainability impacts of our entire value chain and to work with purpose and determination to mitigate adverse sustainability impacts and promote positive impacts.

Luhta Sportswear Company's Value Chain

LUHTA'S CORE BUSINESS is the design, manufacture and sale of clothing, accessories, footwear, home furnishings and pet products. Luhta's value chain consists of many different stages and processes, as well as the resources and actors required to enable them. The upstream end of our value chain, which we also refer to more generally as the supply chain, consists of many different stages and processes. The supply chain involves several different tiers of actors, such as suppliers and factories, each with their own role and process in the manufacture of products – from the production of raw materials and supplies to production of the final products. The downstream end of the value chain consists of the use, consumption and care of products, as well as the reuse, repair, recycling and disposal of the product (e.g., textile



waste). An integral part of Luhta's own operations includes product design, material procurement and production control, production in our own factory, the storage, logistics and distribution of products, which drive the material and production phases, as well as product sales through brick-and-mortar, e-commerce and wholesale. Luhta's processes are managed and supported by Luhta's diverse support functions, such as Legal and Compliance, HR, Sustainability, Finance, Marketing, Communications and Digital Services and ICT services.

THE GRAPHIC ABOVE provides a more general description of the value chain in the textile sector in particular, its different stages and the processes of the actors involved at the different tiers.

WE WORK SYSTEMATICALLY and purposefully to prevent and mitigate adverse impacts on the environment and people in our own operations and across our value chain and to promote positive impacts. As an important part of this work, we are developing Luhta's due diligence process, taking into account both human rights and the environment.

AT LUHTA, WE have mapped the different stages of our value chain and have identified and assessed the environmental-, human- and economic-related sustainability impacts and risks associated with our entire value chain. The most significant sustainability impacts we have identified through our double materiality assessment are particularly at the upstream end of our value chain and in long supply chains. The production of materials and

products requires significant amounts of resources, energy, water and chemicals. Manufacturing processes, in turn, can cause a range of environmental impacts, such as carbon dioxide emissions, wastewater discharges, air, water and soil pollution, and waste, which contribute to climate change and biodiversity loss. In addition, there are potential human rights impacts on workers, especially at the upstream end of the value chain; these potential impacts are related to, e.g., forced labor, child labor, occupational safety and health, living wages and reasonable working hours. There are also impacts on the environment and people through our own operations and at the downstream end of the value chain. In this section, we explain in more detail the processes and measures involved in managing these impacts.

Luhta Sportswear Company's Due Diligence Process

RESPECT FOR HUMAN rights and protection of the environment are an integral part of Luhta’s overall sustainability strategy and objectives. At Luhta, we are committed to respecting human rights in all our operations, and we want to ensure that human rights are respected by our own employees, workers in our value chain, local communities, and our customers and consumers. We recognize that the textile and fashion industry and the various stages of our long and complex value chain, such as material production and product manufacturing, are linked to many potential impacts on people and the environment.

A SIGNIFICANT PART of our supply chain is located in countries with a medium risk rating. Luhta has production in, e.g., China, Bangladesh, India, Pakistan and Turkey, which are medium risk countries according to the amfori Risk Country Classification (2023) that is based on the World Bank’s World-wide Governance Indicators. We are aware that these risk countries and our industry in general are exposed to human rights risks, particularly with regard to child labor, forced labor, decent working hours, social security, occupational health and safe working conditions, freedom of association, adequate social dialogue and freedom of expression, and living wages. This is why one of the priorities of our sustainability work is on developing Luhta’s human rights work and due diligence process. Al-

though we are not directly bound by the Corporate Sustainability Due Diligence Directive (CSDDD), we want to invest in the transparency of our value chain and ensure that we respect human rights and the environment in our operations across the value chain. To this end, we aim to develop our company’s processes and measures in careful compliance with the requirements of the CSDDD, the UN Guiding Principles and OECD Guidelines.

DURING 2024, WE took several steps forward in our human rights work and in the development of our due diligence process. We participated in the UN Global Compact’s Business & Human Rights Accelerator training program, which provided us with excellent learning and tools to improve our due diligence process and human rights work. During 2024, we assessed the status and areas for improvement of our current operations through a maturity assessment, we conducted a human rights saliency analysis, and we created an action plan to develop Luhta’s due diligence process. In addition to Luhta’s human rights commitment, we updated the Labor Rights Policy and the Supplier & Partner Code of Conduct, which are binding for our suppliers and partners, and we provided training on human rights and environmental risk requirements for our largest tier 1 and tier 2 suppliers in China. We also organized separate human rights training for senior management, delivered by external experts, to strengthen management’s understanding of human rights and commitment to Luhta’s human rights work development. Below we have described

in more detail the current status of the whole process, development measures, and future plans and targets of developments with a focus on human rights. Environmental risks and related measures are described in more detail here.

Our Commitments and Policies

LUHTA IS PUBLICLY committed to respecting all internationally recognized human rights. Our commitment to human rights is based on, among others, the UN Universal Declaration of Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, the UN Guiding Principles on Business and Human Rights, and the OECD Guidelines for Multinational Enterprises. We ensure and promote human rights in accordance with Luhta’s Human Rights Commitment and Policy and the Supplier & Partner Code of Conduct. These apply both to our own operations and also impose certain requirements on our suppliers and partners. Luhta’s Human Rights Commitment and Policies are approved by Luhta’s senior management. We review the policies annually and update them as necessary. Luhta’s Human Rights Policy and Supplier & Partner Code of Conduct were last updated in late 2024.

Identifying and Assessing Human Rights Impacts

AS PART OF the development of the due diligence process, during 2024 we focused on the identifi-

cation and assessment of human rights risks. We carried out a CSRD-compliant double materiality assessment to assess the impacts of our company and its entire value chain on the environment, its own employees, value chain workers, communities, consumers and end users. During the UN Global Compact Business and Human Rights Accelerator training program, we also mapped the human rights risks related to Luhta’s entire value chain. Around 90% of our production is located in China, which is why in 2024 we also conducted an in-depth human rights risk assessment, supported by external experts, focusing on the Chinese supply chain and our own factory in Suzhou, China. The in-depth human rights risk assessment took into account the above-mentioned guidelines and requirements concerning the identification, assessment and management of adverse human rights impacts. The human rights risk assessment was based on the identification of potential and actual impacts for all internationally recognized human rights and on a preliminary assessment of severity and likelihood. The assessment of the severity of the risks took into account the scale, scope/extent of the impact and the irremediable character of the impacts. The risk assessment took into account the information on potential human rights risks included in the reports of a wide range of international human rights organizations, other international and regional NGOs, studies, sectors and nations. It also took into account the information on risks and related impacts, generated by our company’s existing processes and internal audits and assessments.

THE HUMAN RIGHTS assessment has helped us to identify the most significant risks and to allocate our resources to minimize them. The majority of our supply chain is located in China and, based on the human rights risk assessment, the most salient human rights risks are therefore related to our supply chain in China. Based on the assessment, significant human rights risks associated with our supply chain in China include, e.g., the risk of forced and child labor, occupational safety and health risks (in particular occupational diseases and serious accidents), excessive working hours, inadequate living wages, insufficient social dialogue, and lack of freedom of association and expression. In addition, the production chain’s potential adverse impacts on the environment, such as chemical and wastewater discharges, can adversely affect the living environment of local communities and access to clean water. In addition to the supply chain, we identified potential human rights risks associated with our own subsidiary in China, with the main risks identified being the occupational health and safety of workers in relation to potential occupational diseases and serious accidents, excessive working hours, and potential discrimination and harassment. There are also potential human rights risks related to our own employees, both in Finland and globally, with regard to their safety, health, well-being, working hours, and possible discrimination and harassment. For customers and end users, product safety is particularly important in the product categories we design for motorcycling, pets and children.

WE WILL CONTINUE to assess our human rights impact further to take even greater account of all stages of our value chain, other high- and medium-risk countries in our supply chain, and the views of affected workers, individuals and communities. With this assessment, we are now aware of the human rights risks associated with our employees and our tier 1 and 2 suppliers and factories. However, we still need to increase transparency and our understanding to other risk countries with production, and in particular to the communities affected by the impacts, as well as to the tier 3 and 4 actors (fibers and materials production) upstream in our supply chain. In line with our action plan, we will engage our stakeholders to validate the risks, and we will assess the adequacy of our control measures.

WE HAVE ESTABLISHED a process by which we review the human rights-related commitment at least every three years and assess the timeliness of human rights impacts and the effectiveness of our measures. As needed, we will review and assess these more frequently, if new activities or business areas are added to our company, we identify significant changes in our external or internal operating environment, or we become aware of new risks through different channels.

Management, Monitoring and Remediation of Human Rights Impacts

RISK ASSESSMENT PLAYS an important role in guiding our development and our actions to pre-

vent, eliminate and minimize adverse impacts. Our development work is guided by the UN Guiding Principles and the OECD Framework. We understand that our company has a responsibility to cease, prevent and mitigate adverse human rights impacts and to remedy the actual impacts that our activities directly cause. If our activities contribute to adverse human rights impacts, for example through our supply chain, we must act accordingly together with our suppliers. Where we are involved in adverse human rights impacts, we will seek to use our leverage for the prevention or mitigation of these impacts and for remediation of the situation.

WE HAVE A number of processes and measures in place by which we aim to prevent and mitigate adverse impacts on our stakeholders and the environment. In the table below, we list, according to our current prioritized human rights issues, our current processes and measures to manage and mitigate impacts related to these issues. We report in more detail on these processes and measures in the various sections of this report. We discuss the risks and measures relating to the environment here.

IN LINE WITH our Human Rights Commitment, we are committed to remedying any adverse impacts on individuals, employees and/or communities that our company has directly caused or contributed to. We are also committed to cooperating with judicial and non-judicial mechanisms to provide legal protection remedies where appropriate. In addition, we expect our business partners to commit to remedial action in situations where their actions have

caused harm or contributed to adverse impacts on individuals, employees and/or communities.

WE ARE CURRENTLY developing our due diligence process and our plan for corrective measures to take account of different situations and risks. We recognize also the importance of stakeholder engagement as part of corrective actions, and it is particularly important for us to take into account the views of individuals or groups affected by human rights impacts. We are also exploring alternative models of cooperation and other solutions that would allow for effective implementation of corrective actions in the event of adverse impacts. For example, during 2024, we joined the ILO’s EIS (Employment Injury Scheme) pilot, which aims to protect the livelihoods of workers and their families at the factories we use in Bangladesh in the event of serious workplace injuries to workers. [Read more about the pilot here.](#)

Stakeholder Engagement and Grievance Mechanisms

WE RECOGNIZE THAT meaningful stakeholder engagement and consultation is an essential part of the due diligence process. The views of stakeholders, and in particular affected individuals and groups, provide important information on the risks identified and the measures required. We engage in an ongoing dialogue both with our internal and external stakeholders. Through our Group’s global HR processes, we regularly receive information on issues such as the health, safety and well-being

Affected Community	Prioritized Human Rights Issues	Luhta’s Current Processes and Measures
Own Employees	<ul style="list-style-type: none">Occupational health, safety and well-being of workersReasonable working hours and work-life balancePrevention of discrimination and harassment	<ul style="list-style-type: none">Personnel policies and guidelinesLuhta’s internal Code of Conduct for own employees, Human Rights PolicyEmployee induction and training (e.g. Code of Conduct training, DEI training and social responsibility-related trainingOccupational health and safety processes in Finland, China and other countriesProcesses that promote employee well-beingCollective agreements and respect for Employment Contracts ActFair pay and annual salary reviewRegular dialogue on collective bargainingAnonymous grievance mechanismsNon-discriminatory recruitment policyRead more here.
Value Chain Workers	<ul style="list-style-type: none">Prohibition of child and forced laborHealth and safety at work (in particular serious accidents at work and occupational diseases)Reasonable working hoursLiving wagesAdequate social dialogue and freedom of association, freedom of expressionSocial security	<ul style="list-style-type: none">Luhta’s Supplier & Partner Code of Conduct, Human Rights PolicyLuhta’s own production and procurement processes (e.g. North Star process) and third-party certifications and audits (e.g. amfori BSCI, SA8000)Regular visits and meetings, cooperation and dialogue with suppliers and factories, including trainingMonitoring of industry studies and surveys on human rights-related impactsIndustry initiatives and cooperation (e.g. EIS pilot)Read more here.
Communities	<ul style="list-style-type: none">Community health and safety (e.g. access to clean water and food)Preventing climate change and environmental degradation	<ul style="list-style-type: none">Luhta’s own production and procurement processes (e.g. North Star process) and third-party certifications and audits (e.g. OEKO-TEX® STANDARD 100, OEKO-TEX® STeP, bluesign®, ZDHC, GOTS, GRS, amfori BEPI)Environmental management processesSupplier & Partner Code of Conduct and environmental policy requirements for business partnersScience-based emission targetsMitigation of environmental impacts and climate change in line with the sustainability strategyRead more here.
Customers and End Users	<ul style="list-style-type: none">Health and safety of customers and end users	<ul style="list-style-type: none">Luhta’s product design, product safety and chemical management processesTraining of sales personnelAnonymous grievance mechanismsCustomer feedback and surveysRead more here.

of our employees. In addition, our employees have the opportunity to express their views on developments that affect them, for example through our annual employee survey, and we have a regular dialogue with representatives of employee groups to develop cooperation work. We have an ongoing dialogue with our suppliers and the factories we use; we aim to develop this further as part of our North Star process. We also gather information about our customers’ views, for example through various surveys and customer feedback. We also take stakeholders’ views into account as part of our two-way materiality assessment process.

LUHTA HAS A whistleblower channel in place, through which external and internal stakeholders can anonymously report their concerns and incidents of violations of, e.g., human rights or other company policies. During 2024, we did not receive any notifications related to human rights. In 2024, we further developed the channel for use also in Mandarin Chinese. We have informed and trained all our employees about the reporting channel and its purpose. We also encourage our own employees to report concerns and incidents directly to their supervisor or to Human Resources Management. In China, our own employees have access to an anonymous feedback box in addition to the company reporting channel and a labor market cooperative body’s channel through which they can anonymously provide feedback and report concerns and grievances. Employees also have the possibility to express their views via an external channel, such as the public forum of the Ministry of Labor or the

trade union channel of the company’s employees’ association. We regularly monitor and respond to notifications through the various channels in accordance with our internal process. We recognize that our current whistleblower channel alone is insufficient to provide an adequately comprehensive, effective and accessible grievance mechanism for all our stakeholders across the value chain. Through our amfori membership, we use the amfori Speak for Change grievance channel, which currently operates in Luhta’s production countries in Vietnam, Turkey, Bangladesh and India.

THE GRIEVANCE MECHANISM provides a number of channels adapted to local needs and situations; workers and communities can express their concerns anonymously through these channels. If a grievance is deemed worthy of further investigation, we will work with amfori in investigating and taking follow-up measures on the matter, and we proceed according to the defined process. In addition to using amfori’s grievance channel, we are also exploring other options to ensure, for example, that value chain workers in all of our company’s production countries have an effective, reliable and accessible feedback channel through which they can safely report, e.g., human rights violations in the workplace.

Monitoring and Communication on the Effectiveness of Measures

WE MONITOR THE effectiveness of our measures for our own employees, for example through

various indicators of occupational safety, health and well-being at work. In addition, we regularly monitor the results of factory audits, such as our North Star process and the amfori BSCI audit, for example. In addition, we monitor training related to operating guidelines and policies. Our aim is to further develop the monitoring of the effectiveness of policies and measures in the future and to develop new indicators to monitor. We also want to be as transparent as possible with our stakeholders about our operations. We engage in regular dialogue with our suppliers and business partners, and we train them on topics such as our company’s Code of Conduct and human rights. We communicate on the status and development of human rights and our due diligence process annually through a sustainability report in conjunction with our Annual Report, on our website, and through Global Compact CoP reporting. We recognize that there is room for improvement in our communication to affected groups, and we will look more closely at ways to reach these groups more effectively.

Further Development of the Due Diligence Process

WE HAVE CREATED an action plan to improve the due diligence process. The plan includes, among other things:

- Effective embedding of the due diligence process into all Luhta processes and measures (in particular, responsible procurement processes and

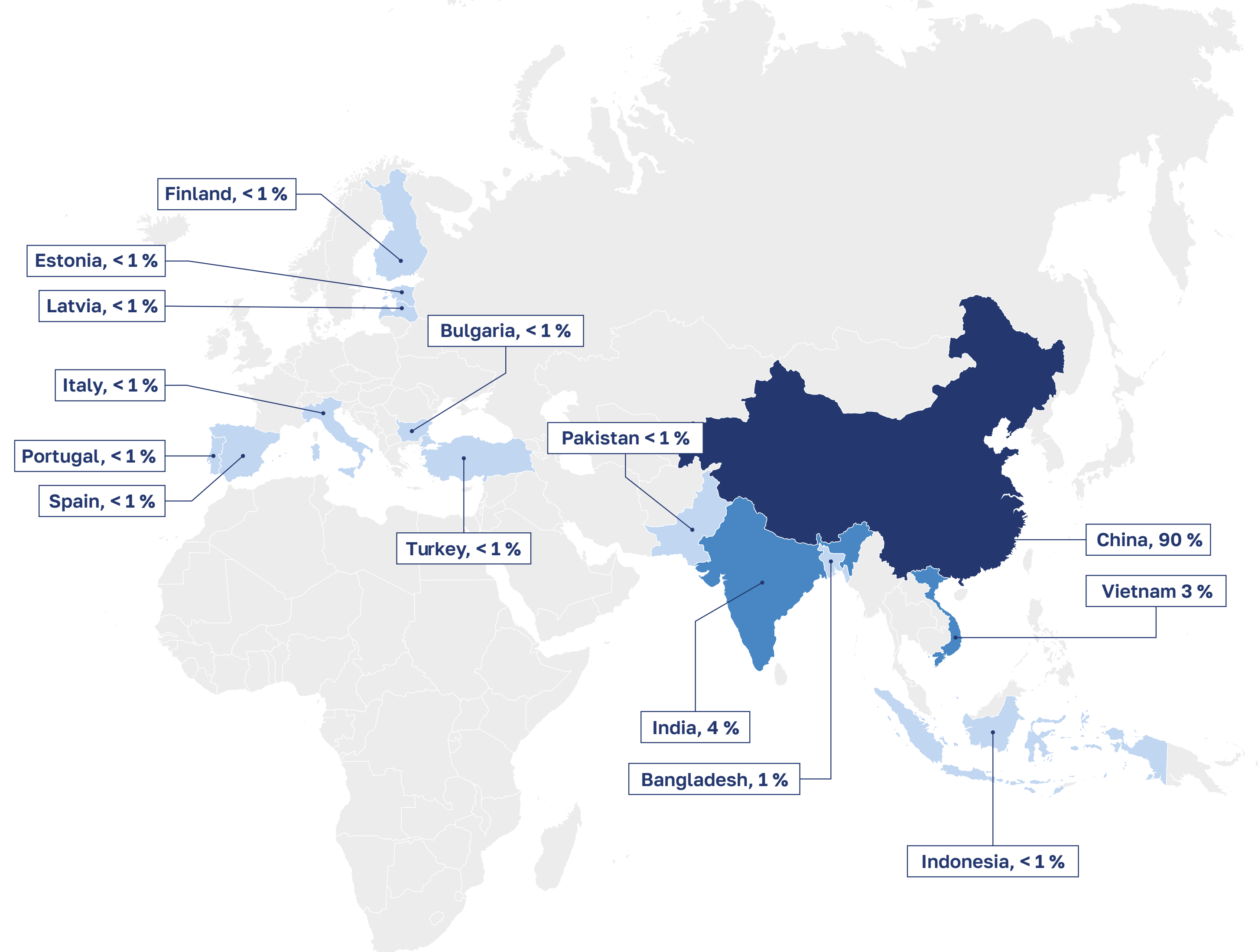
- procurement practices)
- Development and training of policies related to human rights, both internally and externally (training of suppliers and business partners)
- Regular review and development of the human rights risk assessment to take into account all other risk areas of production, and assessment and development of existing risk management measures
- Development of the North Star process from a human rights and environmental governance perspective (read more in the next section)
- Further development of existing measures and processes in relation to prioritized human rights risks
- Defining and monitoring indicators of the effectiveness of measures
- Committing suppliers to third-party social responsibility certifications and SBTi target setting
- Improving the accessibility and reliability of grievance channels
- Developing communication and reporting

Luhta Sportswear Company's Supply Chain Management

Luhta Sportswear Company's Production and Procurement Processes

MANAGING SUPPLY CHAIN responsibility is a challenge in our industry. It is therefore one of the key areas of our company's sustainability work and a key area of development. Around 90% of all our products are manufactured by our contract manufacturers outside the EU, in China. Luhta has long and close working relationships with contract manufacturers in China, as well as its own local organization to manage and audit the supply chain. There is also some production in other countries, such as India, Turkey, Bangladesh, Vietnam, and in Europe. We publish an annually updated list of our contract manufacturers, which we use to increase transparency about where and who manufactures our products. The list is updated annually on our website and is available [here](#). The production of our products and the origin of materials for our products are largely located in risk countries, and that is why it is important for us to ensure adequate risk management processes to mitigate sustainability risks and impacts.

Production Countries of Luhta Sportswear Company's Products:



TRANSPARENCY THROUGHOUT THE supply chain and ensuring product quality is important to us. Through Luhta's internal production and procurement management processes, our long and close partnerships and third-party certifications and audits, we strive to ensure good transparency in our value chain. Through these processes, we monitor our production from the perspectives of product quality as well as social and environmental responsibility in manufacturing. Our production team operating in Finland manages, coordinates and directs the overall production and procurement process. In Suzhou, China, the operations are implemented by Luhta's own organization, which started operations in 2002. The organization's duties include communication with suppliers, providing direction to suppliers, testing and monitoring the operational quality of suppliers, and monitoring sustainability. In addition to production quality, it is also responsible for ensuring that the reality in the factories corresponds to what is agreed in our Supplier & Partner Code of Conduct.

OUR ORGANIZATION CAREFULLY selects and visits the factories, both at the beginning of production and during the season. Whenever we select new suppliers, we engage in dialogue with them to verify their certifications, policies, social and environmental responsibility, etc. We also require all of our partners to provide details about all their subcontractors and any available audit reports. When necessary, we may prohibit a partner from using a particular subcontractor if there is an identified sustainability risk. We are currently

creating a uniform process for the selection, auditing and approval of new suppliers for all product categories; the process is being coordinated by our procurement team.

Own Factory Operation in China

LUHTA ALSO HAS its own factory that was established in Suzhou, China, in 2006. The production in our own factory focuses on Rukka Motorsport riding gear and other Gore-Tex products. The factory's operations include fabric inspection, cutting, laser cutting, embroidery, sewing, taping, product branding and labelling, and packaging. In addition, the factory provides quality control and testing activities, such as waterproof testing, pattern and design production, and technical support for production. We also use our North Star production control process to monitor the production of our factory, both in terms of product quality and the social and environmental responsibility of manufacturing. The Chinese organization's own EHS (Environmental, Health and Safety) department is responsible for safety and environmental responsibility issues related to the factory's operations. Our own factory is also amfori BSCI audited.

Material Procurement

MATERIAL PROCUREMENT STARTS with product development, where customer and consumer needs are identified and the potential of new materials is assessed. Selections are based on materials that continue to be used in collections and have



a proven track record, as well as on controlled renewal. Material sourcing is guided by our Material Sourcing Guide, which contains the minimum requirements and recommendations for choosing materials that are more responsible from an environmental and social perspective. We do not accept materials from very high risk areas, which are specified in detail in our internal procurement policies and guidelines. The Suzhou procurement team participates in material procurement by communicating with suppliers and by clarifying the technical specifications, origin, prices, possible production constraints of the materials, etc. The team also ensures compliance with the principles of Luhta’s Supplier & Partner Code of Conduct and sustainability certificates. Suzhou’s procurement and production teams have an important role in obtaining additional information and resolving any problems that may arise. In order to optimize production’s material quantities, it is important for the different brands to combine their material purchases, which is beneficial, e.g. with lining and wadding types.

THE MATERIALS USED in our products are mainly produced in China, but we also use materials produced in Europe, India and Bangladesh. The raw materials used in the materials may also come from other places, such as Australia or the USA. Our procurement is based on the principles of responsible sourcing, which we will clarify in our Procurement Policy document to be published in 2025. Compliance will be monitored both by our internal and external auditors. We aim to manage

the environmental and human rights impacts of the materials we use in our products by procuring materials that have third-party verification of their background and sustainability, such as various certifications and trademarks. [Read more about material sourcing here.](#)

Luhta’s Supplier & Partner Code of Conduct

WE STRIVE TO ensure and promote social and environmental responsibility in our supply chain through a range of policies, processes and measures. Our suppliers and partners are bound by certain requirements related to responsible and ethical business practices, as defined in Luhta’s Supplier & Partner Code of Conduct and its accompanying policies, which further specify the expectations and guidelines of our Code of Conduct. The Code of Conduct consist of four main themes to which our requirements and expectations relate. These themes are human rights, protection of the environment, ensuring animal welfare and ethical business practices.

WE REQUIRE ALL of our suppliers and partners to commit to comply with Luhta’s Supplier & Partner Code of Conduct and its accompanying terms and policies. Policies regarding suppliers and business partners cover obligations relating to environmental responsibility, chemical management, human rights and animal welfare. [\(Read more about the policies here.\)](#) Suppliers and business partners sign a commitment which is provided to them in both English and the local language. Along with the

Sustainability Themes Emphasized in Luhta’s Supplier & Partner Code of Conduct

 Respect for Human Rights	No forced labor, no child labor Occupational health and safety Prohibition of discrimination, violence and harassment Fair remuneration Reasonable working hours Freedom of association and collective bargaining Protection of young workers No precarious employment Right to work-life balance Right to religion
 Protection of the Environment	Energy and climate Water and wastewater discharges Resources and waste Chemicals
 Animal Welfare	Ensuring animal rights and welfare
 Ethical Business Practices	Prohibition of corruption and bribery Respect for intellectual property rights Avoiding restrictions on competition and conflicts of interest Transparent communication Personal data protection

*This table does not include all the detailed requirements for our partners. Luhta’s Code of Conduct and policies can be found in more detail on Luhta’s website.

Code of Conduct, we send a concise handbook explaining in plain language what we expect from our suppliers in relation to their own supply chain. We also require suppliers and partners to verify that their potential subcontractors also comply with our rules. In 2024, all our major partners signed Luhta's Supplier & Partner Code of Conduct and committed to compliance with its terms (97% of suppliers and factories). In 2025, our goal is to ensure that every partner signs the Code of Conduct.

IT IS VERY important for us to ensure that our suppliers and business partners understand the requirements of the Code of Conduct and policies that bind them. Our company has long and close business relationships with suppliers in China and we maintain an ongoing dialogue with them. In 2024, we organized a training event at our Suzhou office in China for our tier 1 and tier 2 suppliers. During the training, in addition to the requirements of the Code of Conduct and policies, we engaged in a dialogue on EU regulatory changes and on the sustainability development areas and targets in our supply chain. During the training, we set targets for our suppliers to deliver social responsibility audit reports (e.g. BSCI or SA8000) by 2025 and to commit to SBTi targets by 2027. Our aim is to continue the annual training and dialogue with our partners and to monitor the progress made in the strategic sustainability targets given to them, also in the future. We monitor the implementation of requirements targeting suppliers and business partners in our supply chain through our own North Star production control process, as well as through

third-party audits and certifications, which we discuss in more detail below.

ONE OUR DEVELOPMENT targets is to ensure fair wages for everyone in our supply chain. Through our policies and audits, we want to ensure that workers in our supply chain are paid at least the legal minimum wage. However, we recognize that a legal minimum wage is not the same as a living wage. We are committed to promoting living wages in our value chain, and we are exploring solutions to support this in collaboration with other industry players. We have already piloted this work in our Suzhou subsidiary, where we conduct wage-level surveys to verify that the wages we pay are above the Living Wage Level* defined by the Global Living Wage Coalition in Suzhou, China (*Source: Living Wage Update Report No. 24-04-15). We are committed to taking the necessary steps to increase wages if, at the annual review, the level falls below the Global Living Wage Coalition's living wage.

North Star Process

NORTH STAR IS Luhta's own internal production control and quality management process to ensure product quality and good transparency in our supply chain in China. More than 300 employees at our subsidiary in Suzhou, China, work as part of the North Star process to ensure the supply chain reliability, quality and compliance with the Code of Conduct. 20 employees perform factory audits only. Through the North Star process, we regularly monitor suppliers and manufacturers and carry



out quality audits before and during production. In addition to quality control and regular supplier visits, we perform our own factory audits to ensure that conditions in the factories comply with applicable requirements and with our Supplier & Partner Code of Conduct. These audits also ensure that our products are manufactured in the factories that have been reported to us. North Star also acts as a robust internal audit to verify processes and confirm the origin of the materials we use.

DURING 2024, WE made around 4,440 factory visits, including supplier visits during the product development phase. During 2024, we carried out a total of 211 factory audits under the North Star process. Audits in the North Star process focus in particular on operators that do not yet have a social audit certificate (e.g. BSCI and SA8000) issued by a third party. North Star-audited factories accounted for around 52% of production volume and 60% of suppliers. Some audit visits were unannounced. Through the North Star process audits, we aim to ensure that what we require in our ethical codes and policies is put into practice. In the North Star process factory audits, we assess a total of 26 areas related to social and environmental responsibility, in addition to quality-related aspects. These areas cover issues such as workers’ occupational safety and health, working conditions, working hours, wages, treatment of workers, freedom of association and workers’ rights. In the context of the environment, we ensure that wastewater, e.g., is treated in accordance with the law to prevent pollution, and we check

whether the factory uses green energy. During the audit process, we also take photographs to support the audit report. We archive the audit reports and follow up on them as necessary. Based on the results of the audits, we require corrective action to improve working conditions or production quality if necessary.

WE CONTINUOUSLY REVIEW our supply chain management process and analyze and develop our operations. We want to sense, know and understand our entire supply chain increasingly better. Our aim is to increase dialogue and to cooperate with factories and other supply chain actors in particular to develop environmental and social responsibility. We have assessed targets of improvement in our North Star process and during 2024 created an action plan related to the due diligence process; we will use the action plan to develop our operations also in our North Star process. We continuously strengthen our internal policies governing production and procurement, and we develop guidelines and policies for suppliers and partners. As planned, in 2024 we started developing the North Star audit plan and audit forms to address the important sustainability themes in our Code of Conduct and policies as comprehensively as possible and to ensure factory compliance with the requirements of our Code of Conduct. Our aim is to analyze and monitor developments at the factories more effectively, as well as to make suggestions for improvements and take the necessary remedial action in cooperation with the factories. We will continue to develop our data collection processes and internal data

management systems that help us in supply chain management and data analysis. We also aim to expand our North Star audits to cover more factories, material manufacturers and other risk countries in addition to China.

Third-Party Certification Systems and Audits

WE AIM TO work with partners in our value chain who operate responsibly. In addition to our own North Star process, we use international social responsibility auditing and certification systems, primarily the amfori BSCI audit, to assess working conditions in factories in risk countries. Our company has been a member of amfori BSCI since 2013. Through this membership, we are contributing to the promotion of sustainability in the global value chain. We also accept other social responsibility assessment schemes if their criteria are equivalent to the level of the amfori BSCI audit and the audit has been carried out by an independent party (e.g. SA8000, GOTS, Sedex/Smeta). Our target is for all (100%) suppliers and factories in risk countries to have a social responsibility audit, performed by an independent party; during 2024, we clearly communicated this target to our suppliers. In 2024, 88% of Luhta’s production had a social responsibility audit/certification, approved by us, through either a third-party or North Star process. In addition to these, Chinese government officials conduct regular factory inspections that include monitoring of factory workers’ wages and working hours, occupational safety and chemical management.

MOST OF THE factories audited by a third party are audited according to the amfori BSCI standard. The audit system is based on the amfori BSCI Code of Conduct and the audits are repeated annually. During 2024, a total of 169 amfori BSCI audits were carried out on the factories used by Luhta. In total, amfori BSCI audits in risk countries covered approximately 50% of our production in 2024. In the context of environmental responsibility, some of the factories we use are subject to amfori BEPI assessments. We aim to develop and expand also our environmental responsibility audits in the coming years.

WE REVIEW THE results of the amfori BSCI audits as part of our supply chain sustainability management and development. Through amfori, we are able to monitor the audit results of the amfori BSCI-audited factories we use, the development plans and various metrics, such as the monthly wages of workers compared to the legal minimum wage and the living wage level. In addition, we receive information on the status of existing reporting mechanisms in the factories and the reports submitted to them.

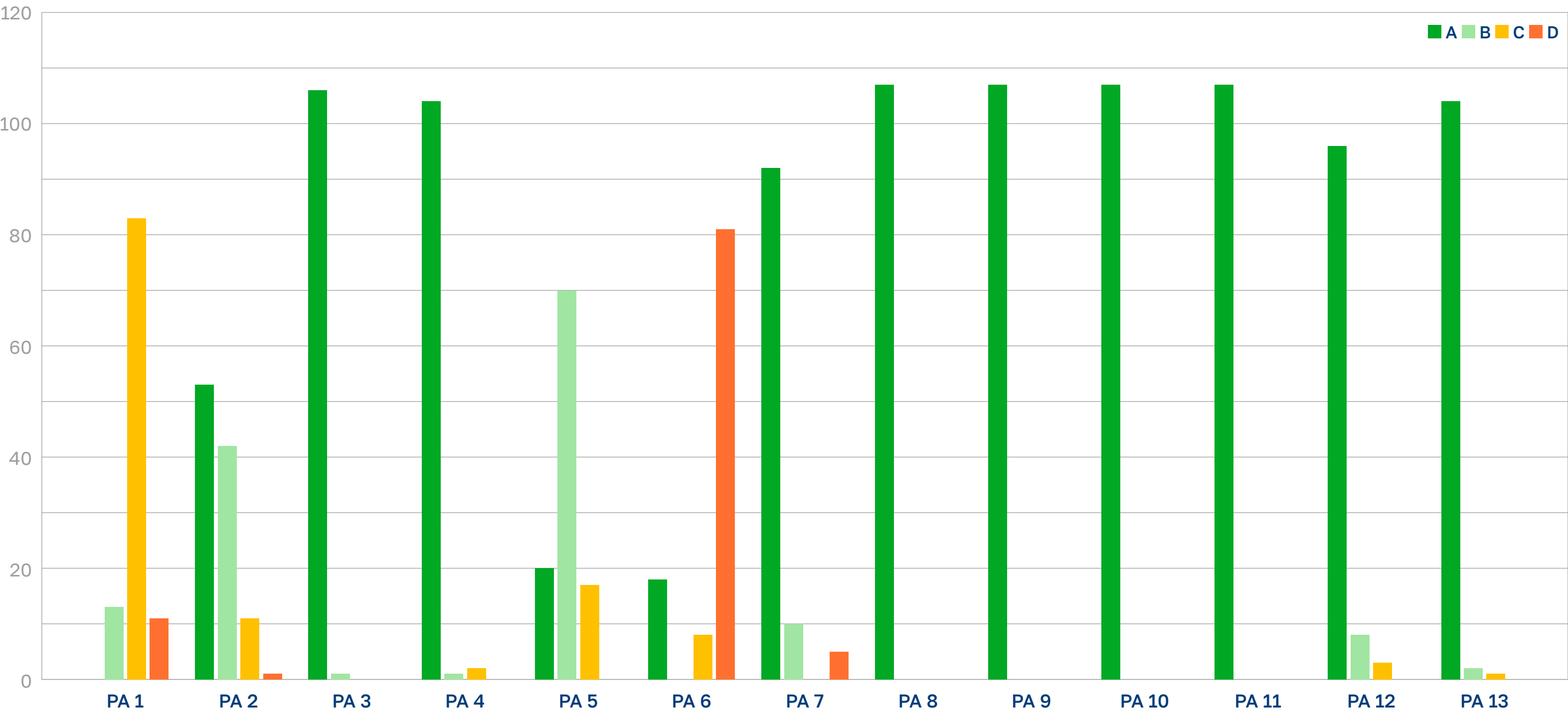
BASED ON THE results, one of the biggest challenges in our supply chain is the amount of excessive overtime, which was the most common finding in the amfori BSCI audits. We have also identified the same challenge through our North Star process and have provided our partners with feedback about this. Amfori BSCI emphasizes continuous development, so suppliers must always submit

and implement a development plan to address any identified shortcomings. Through amfori, we monitor the development of results and the situation in the factories. We also work with suppliers and factories ourselves to help them develop their social responsibility practices, for example by regularly auditing factories ourselves and engaging in regular dialogue with our suppliers.

LUHTA’S VALUE CHAIN management is a key part of the company’s sustainability strategy. We are committed to reducing adverse impacts on the environment and people and to promoting positive impacts across our value chain. We continuously develop our processes and measures to ensure respect for human rights and the environment at all stages of our operations. Our aim is a transparent and sustainable value chain that supports the well-being of both our business operations and our stakeholders. We report on our progress annually.

- PA 1: Social Management System and Cascade Effect
- PA 2: Workers Involvement and Protection
- PA 3: The Rights of Freedom of Association and Collective Bargaining
- PA 4: No Discrimination, Violence or Harassment
- PA 5: Fair Remuneration
- PA 6: Decent Working Hours
- PA 7: Occupational Health and Safety
- PA 8: No Child Labour
- PA 9: Special Protection for Young Workers
- PA 10: No Precarious Employment
- PA 11: No Bonded, Forced Labour or Human Trafficking
- PA 12: Protection of the Environment
- PA 13: Ethical Business Behaviour

Amfori BSCI Factory Audit Results in 2024



*Data based on 2024 amfori BSCI scores for the 13 amfori Performance Area (PA) categories for the factories used by Luhta, from A = Excellent, B = Good, C = Acceptable, D = Fair, E = Unacceptable



Personnel

Personnel

PERSONNEL IS AN asset for us, and our own employees are important to us. That's why one of the priorities of our sustainability work is to ensure that every Luhta employee has a fair, equal, safe and healthy workplace. We employ more than 900 experts in Finland, Europe and Asia, all supporting the growth and success of our business. Our culture is based on our values and a good employee experience. Occupational safety and health, wellbeing, and diversity, equality and inclusion are at the core of our operations. Meaningful work and strong team spirit are valued at our workplace. Each of us has an important role to play as part of the team, and we respect one another. The professionalism of our teams is best described by strong competence, innovation and endless enthusiasm. We are a major employer in the Finnish textile industry, and we want to contribute to the continuous professional development of our employees.

OUR COMPANY'S HR management processes are directed globally through the Group's HR function. In addition, our Chinese subsidiary has its own HR function, which works in close collaboration with the Group's HR function. The HR function's mission is to ensure that our company is a responsible work community and to develop and support our organization to succeed in a sustainable way. Through our HR management processes and policies, we

support the wellbeing of every Luhta employee, and we ensure competence development and high-quality and equitable leadership.

- **Code of Conduct (ethical guidelines)** defines our common rules of conduct and guides all our operations
- **Orientation plans and guidelines** help new employees adapt to the work environment and to their roles
- **Leadership guidelines and training** provide support and guidance to leaders in their roles
- **Work community development plan** focuses on developing and improving the work community
- **Occupational health and safety documents and policies** ensure a safe working environment
- **Occupational health and wellbeing agreements, programs and policies** support the health and wellbeing of employees
- **Remuneration policy and annual salary review** ensure fair pay
- **Other HR policies (incl. employee benefits)** cover a range of employee benefits and practices related to the employment relationship
- **Anonymous employee surveys and the related development processes** offer everyone the opportunity to give feedback anonymously and improve operations
- **Career path plans and training** support the career development and training of our personnel



Code of Conduct Defines Our Common Rules of Conduct

Our own operations and the entire Luhta personnel are bound by a Code of Conduct. The Code of Conduct guides all our operations, and all Luhta employees have the right and the duty to comply with it. The Code sets out the guiding principles for all our activities, including how we should treat our colleagues, customers, business partners and other stakeholders in our work. In addition to human rights issues, the Code also guides our own actions in relation to our environmental impacts and the society around us, as well as how we communicate. To ensure that the Code of Conduct is understood and implemented in our daily work, we organized online Code of Conduct training for our employees in late 2024. The training will continue and will be extended also to our all employees in China during 2025. Completion of the training is mandatory for all our employees and we will monitor the rate of completion. Our target is for 100% of Luhta's employees to complete the training during 2025.

Employee Figures for 2024

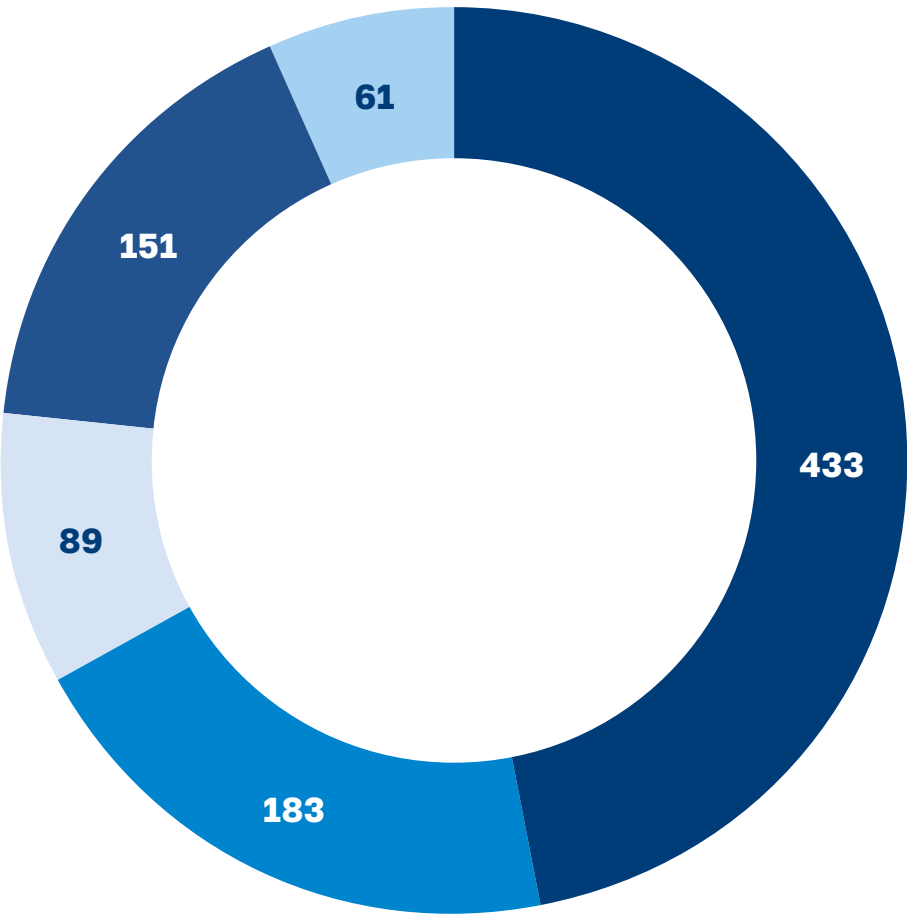
IN 2024, OUR company had a total of 917 own employees (2023: 1,015 employees) in 13 countries in Europe and Asia. In addition to Finland, Luhta has employees in China, Hong Kong, Japan, Germany, Austria, France, Switzerland, Italy, Sweden, the Netherlands, Belgium and Russia*. Our employees work in a variety of roles in brands, product devel-

opment, sales and marketing, retail, production and sourcing, logistics and administration. Indirectly, we employ more than 1,000 people through our use of outsourced labor, particularly in retail and logistics.

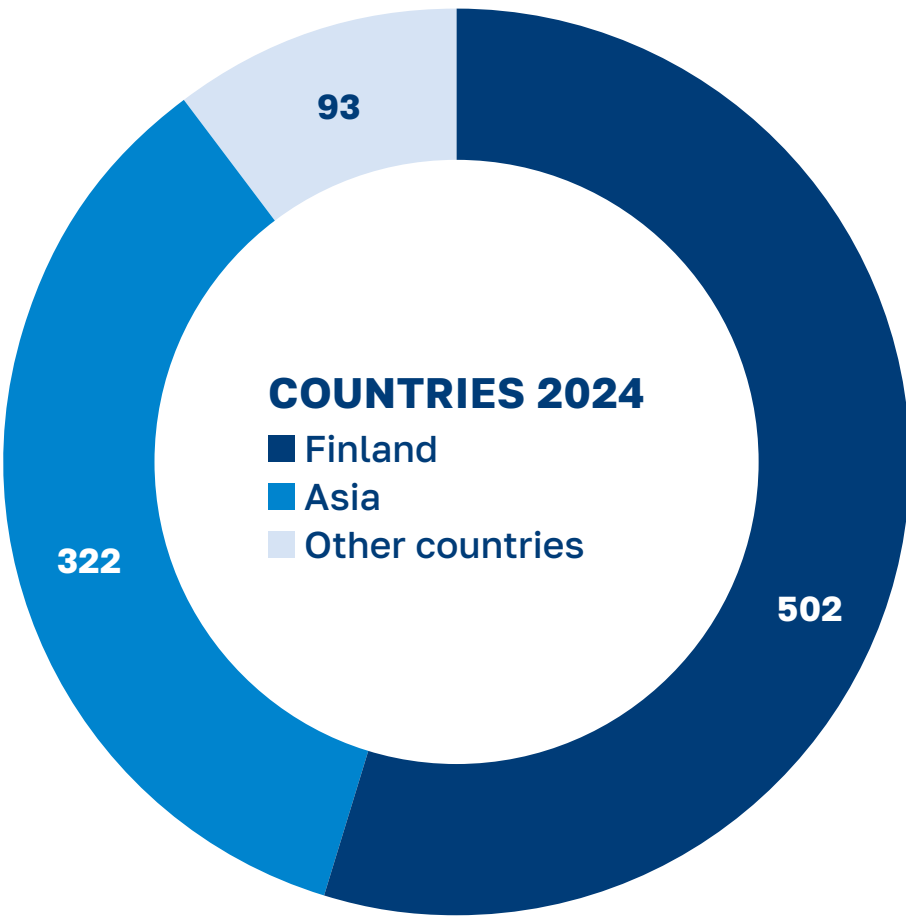
WE DESCRIBE OUR employee indicators for 2024 in more detail below.

LUHTA EMPLOYED A total of 70 people under frame-work contracts in Finland in 2024 (2023: 59 peo-ple). We are developing our reporting on headcount figures and in the future will report headcount fig-ures using the FTE method to give a more accurate picture of our total headcount.

Employees by Business Area



- BUSINESS AREA**
- Sales, marketing, retail
 - Product development, product divisions
 - Administration
 - Production and procurement
 - Distribution and logistics



COUNTRIES 2024

- Finland
- Asia
- Other countries

Employees by Personnel Group

Personnel group	Finland	Asia	Other countries	Total
Blue-collar (tot.)	228	75	27	330
Women	219	49	24	292
Men	9	26	3	38
White-collar (tot.)	190	214	53	457
Women	148	172	26	346
Men	42	42	27	111
Leaders (tot.)	67	33	12	112
Women	56	25	2	83
Men	11	8	10	29
Management team (tot.)	17	0	1	18
Women	4	0	0	4
Men	13	0	1	14
Total	502	322	93	917

The figures are reported on the basis of total headcount on 31.12.2024. Figures do not include people with framework agreements. The white-collar category excludes people working in a leadership position. The leaders category includes all people working in a leadership position, excluding the management team.

Employees by Employment Contract Type

Contract type	Finland	Asia	Other countries	Total
Permanent (tot.)	419	118	87	624
Women	352	85	48	485
Men	67	33	39	139
Temporary (tot.)	83	204	6	293
Women	75	161	3	239
Men	8	43	3	54
Full-time (tot.)	263	322	75	660
Women	196	246	37	479
Men	67	76	38	181
Part-time (tot.)	239	0	18	257
Women	231	0	15	246
Men	8	0	3	11

The figures are reported on the basis of total headcount on 31.12.2024. Figures do not include people with framework agreements. Of Finland’s part-time workers, 92% worked in retail positions, where part-time contracts are typical.

*The business of the Russian subsidiaries has been closed down. The subsidiaries employ a managing director and a chief accountant in order to meet their legal obligations until the repatriation of their assets.

External Labor

IN ADDITION TO its own personnel with an employment contract, our company employs external labor for various activities. In Finland, a total of 58 outsourced employees worked in logistics and warehouse jobs. A total of 187 agency workers worked in Luhta’s production, warehousing and retail operations in China. In addition, external labor was used in sales roles and in design, with a total of some 50 people working in these roles in Finland, Europe and North America in 2024.

Employee Turnover

IN 2024, WE implemented significant change processes in the organization, which had an impact on changes in headcount. As part of the retail chain restructuring process, the Aleksi 13 and Luhta Outdoor chains were closed and our sales force was significantly reduced. We also reorganized and streamlined our headquarters operations as well as the product operations of our Chinese subsidiary.

TERMINATED EMPLOYMENT CONTRACTS include the number of permanent contracts terminated by both the employer and the employees themselves. The share of employment contracts terminated by the employer was 38% in Finland, 60% in China and 0% in other countries. The turnover rate is calculated as the number of new or terminated permanent employment contracts in relation to the total headcount on the last day of the year 31.12.2024.

WE ARE COMMITTED to acting responsibly also in the event of change negotiations affecting our employees. In these situations, we comply with the notification and negotiation periods set out in local laws and in collective agreements. In Finland, a transition security model is in place for situations where employees are dismissed for production and financial-related reasons. The model aims to support employees during change and to help ensure a smooth transition forward from the change.

Collective Bargaining Agreements

A TOTAL OF about 51% of Luhta employees globally and about 75% of Luhta employees in Finland were covered by collective bargaining agreements. In Finland, Luhta is a member of Finnish Textile and Fashion and the Finnish Commerce Federation, and our employees are covered by Finnish Textile and Fashion’s collective bargaining agreements for salaried employees, the collective bargaining agreement for the commerce sector, and the collective bargaining agreement for retail supervisors. For other Finnish employees, we apply the textile and fashion collective bargaining agreement where applicable, e.g. in terms of disability support.

WE COMPLY WITH local collective bargaining agreements in all our operating countries where collective agreements have been negotiated. Collectively negotiated agreements do not determine or affect working conditions and terms in countries where workers are not covered by collective bargaining

Employee turnover	Finland	Asia	Other countries	Total
Permanent employment contracts started (no.)	38	30	11	79
Women	37	20	6	63
Men	1	10	5	16
Under 30 years	15	12	2	29
30–50 years	19	18	8	45
Over 50 years	4	0	1	5
Permanent employment contracts started (%)	48%	38%	14%	100%
Women (%)	97%	67%	55%	80%
Men (%)	3%	33%	45%	20%
Under 30 years (%)	39%	40%	18%	37%
30–50 years (%)	50%	60%	73%	57%
Over 50 years (%)	11%	0%	9%	6%
New hire turnover (%)	9.1%	25.4%	12.9%	12.7%
Permanent employment contracts terminated (no.)	85	15	17	117
Women	80	9	14	103
Men	5	6	3	14
Under 30 years	17	1	3	21
30–50 years	47	14	11	72
Over 50 years	21	0	3	24
Permanent employment contracts terminated (%)	73%	13%	14%	100%
Women (%)	94%	60%	82%	88%
Men (%)	6%	40%	18%	12%
Under 30 years (%)	20%	7%	18%	18%
30–50 years (%)	55%	93%	64%	62%
Over 50 years (%)	25%	0%	18%	20%
Quit rate (%)	20.3%	12.7%	21.2%	18.9%

agreements. For these countries, workers’ rights are guaranteed through compliance with local legislation and standard employment contracts in accordance with labor law, employment terms and conditions, and guidelines with supplementary terms and conditions. In some countries, it is common practice for the supplements to be made following discussion and approval by a staff meeting or by the company’s own internal workers’ union. In China, our workers elected personnel representatives from among themselves to monitor compliance with local laws and to discuss working conditions and terms with the employer. Employees’ terms and conditions of employment are determined in accordance with local legislation and case law. Wages paid to employees are based on local collective agreements and employment contracts, individual performance and job requirements, and in some cases on a performance-related bonus scheme.

Occupational Health and Safety at Luhta Sporswear Company

IN LINE WITH our mission, we inspire our personnel to lead an active and healthy lifestyle. The health and safety of our employees are priorities for our company, and we are committed to promoting the wellbeing of our employees and preventing accidents at work. Promoting occupational health and safety is a key part of our operations and management processes in all our countries of operation.

ALL OUR PERSONNEL are covered by the occupational health and safety management system, and an occupational safety collaboration body consisting of employee and employer representatives operates in Finland and China. All external labor whose work is subject to our supervision (245 people in total in Finland and China) are also covered by our occupational safety program and management.

OUR TARGET IS zero accidents. The identification, assessment and management of health and safety risks is a systematic effort that we undertake in cooperation with our employees and stakeholders. Success at work is supported by close and systematic cooperation with our occupational health partner. We comply with local occupational health and safety legislation in all countries where we operate. We actively ensure safe working conditions and contribute to the health and wellbeing of our employees by monitoring and developing occupational safety.

AT THE START of the employment contract, every employee receives orientation in occupational health and safety-related issues. We also offer our personnel free and regular training during working hours on health and safety issues. All employees can access training materials and guidelines as well as contact persons on our company intranet. We provide targeted additional training for teams and regions as needed.

WE INCLUDE OUR personnel in developing occupational safety and wellbeing by organizing various wellbeing campaigns and inclusive mental wellbeing training and by asking them to report safety observations. We actively communicate with our employees on occupational health and safety issues through our company’s official communication channels. We develop our operations based on the feedback we receive from our personnel, and we collect feedback annually through, e.g., our employee survey.

OUR COMPANY’S LEADERS are responsible for safety-related information and communication to employees. We provide our leaders with guidance and training on occupational health and safety issues. Leaders are responsible for ensuring that each Luhta employee is familiar with safe working practices and that each Luhta employee is committed to following our safety guidelines and to contributing to the development of safe working conditions. All employees working at our company must report any safety-related situations, shortcomings and development needs to their leader.

Occupational Health and Safety Management in Finland

WE ENCOURAGE ALL our personnel to report all hazardous situations and safety risks to the occupational safety organization. We manage occupational health and safety and related risks in Finland through the occupational safety function, risk man-

agement processes, cooperation with occupational health care, active communication and employee training. We actively seek to prevent, reduce or eliminate potential future hazards and hazardous situations. At Luhta, occupational safety collaboration is divided between two occupational safety collaboration bodies, i.e. the occupational safety committees (headquarters functions and retail functions) based on the nature and location of the work tasks. In accordance with the annual clock, the occupational safety operations address issues and actions affecting the safety, health and working capacity of Luhta employees as well as monitor their implementation and impact. The occupational safety operations comply with the requirements of the law. The issues to be addressed by the occupational safety collaborative activities are in accordance with the topics defined in the Act on Occupational Safety and Health at Workplaces (44/2006), the Occupational Health Care Act (1383/2001) and the Occupational Safety and Health Act (738/2002). The occupational safety committees are comprised of a representative from each personnel group and they meet quarterly under the leadership of the occupational safety manager.

LUHTA’S OCCUPATIONAL HEALTH and safety-related risk management process in Finland consists of a preparatory phase, the identification of risks and an assessment of their magnitude and significance. A risk assessment process is carried out annually at each independent site and serves as a basis for developing occupational safety and for occupa-

tional health care’s workplace reports. The aim of the process is to identify risks and hazards to the health and safety of workers and to ensure safe, healthy and smooth working conditions. Decisions on actions, timing and monitoring are made based on the risk assessment. An action plan outlines the actions we will take to prevent, eliminate or minimize the identified risks. The working environment and the workers’ tasks and associated hazards and risks vary from one workplace to another and from one job to another. The mapping is supplemented as situations change.

THE MOST SIGNIFICANT health/safety risks identified in Finland are psychosocial stress factors (such as workload, time pressure, customer interaction situations, working alone) and physical stress factors and ergonomics (such as different types of lifting in store and warehouse work and display terminal work in office work). In 2024, one of the main objectives of the occupational safety action plan for the whole organization was to prevent, reduce and eliminate psychosocial stress factors. To prevent psychosocial and physical risks, ergonomics guidelines, occupational physiotherapist support, mental wellbeing training, and guidelines on physical work and working alone have been created, and the early intervention process and substance abuse program have been updated.

IN 2024, WE took several actions in Finland to promote occupational safety and health. For example, we trained our personnel on issues related

to working alone, in-store safety, diversity, harassment and inappropriate behavior. We updated, among other things, the safety guidelines for store operations and the accident reporting guidelines to improve the safety reporting process. In line with our process, we actively addressed occupational health cooperation and accidents with the occupational safety committee. We aim to further improve the monitoring and reporting of workplace accidents, which is why in late 2024 we started developing the reporting of near-misses, hazardous situations and threatening customer situations.

Occupational Health and Safety Management in China

AS IN ALL our operating countries and units, the health and safety of workers also at our subsidiary in China is our top priority. To manage occupational health and safety in China, there is a dedicated EHS (Environmental Health and Safety) department headed by an EHS manager. Luhta has adopted an occupational health and safety management system in China (standards GBT45001-2020 and GB/T 33000–2016). The system complies with Chinese laws, regulations and guidelines (Guideline of China Occupational Safety and Health Management System), and its content is in line with the ISO 45001-2018 standard. All our employees in China are covered by this management system. China’s occupational health and safety management system is assessed internally annually and externally every three years.

OUR SUBSIDIARY IN China has a cooperative body made up of representatives of the employer and personnel groups; the task of the cooperative body is to promote and develop the occupational health and safety management system. All personnel are also included in the process, discussing the effectiveness of the system and any ideas for improvement. Personnel are also informed about work safety issues and guidelines through various channels, and feedback on the effectiveness of work safety processes is collected from the personnel. A dedicated occupational safety committee serves as part of our Chinese subsidiary’s management system, and an occupational safety system (F-02-02-01 Safety Production Responsibility Letter), describing and assuring the safety of our operations and processes, has been developed for all personnel. The occupational safety committee meets once every quarter.

LUHTA’S OPERATIONS IN China have their own processes for identifying and investigating work safety risks and accidents, and for preventing and eliminating risks and hazards. Risks are regularly identified and analyzed. A safety audit and latent risk survey plan are drawn up annually. An important part of safety management is personnel training and orientation to ensure that employees recognize latent risks before using new procedures or equipment. The risks identified during a routine inspection are divided into general risks and significant risks based on the degree of hazard. The aim is to eliminate general risks immediately or to pre-

pare for them in the department. Significant risks are addressed at the company level and owners are appointed for the related action plans.

THE MOST COMMON occupational safety and health risks are related to the factory and logistics and warehouse operations. These high-risk occupational safety risks are linked to the use of equipment and machinery, the use of chemicals, and to accidents in conjunction with moving goods in the warehouse and the use of vehicles. We strive to prevent accidents and safety risks by, for example, instructing and training employees on the correct use of equipment and by regularly inspecting and servicing equipment. In the selection and use of chemicals, we take into account regulatory chemical safety, that they do not cause significant harm to people, they are stored properly, employees are instructed in their use and are provided with all the necessary protective equipment for handling them. In the warehouse, only certified trained personnel are allowed to operate vehicles, equipment is regularly inspected and serviced, and regular drills for emergency situations are carried out. To avoid hazardous situations, we make sure that safety-related warning signs and instructions are visible to everyone on the site and in connection with the equipment. We always provide employees with the necessary personal protective equipment, and we regularly train personnel on occupational safety and health as part of the annual training plan.

WE REPORT ALL accidents in compliance with the law and the occupational safety process. The occupational safety committee thoroughly investigates accidents and draws up and implements the necessary corrective action plans to prevent similar situations. All personnel are covered by workers’ compensation insurance.

IN 2024, IN China, personnel were trained on a range of occupational safety and health topics, including occupational safety laws and regulations, work safety procedures, hazard identification and risk management, prevention and control of occupational diseases, equipment use, and chemical and fire safety. In addition, all our personnel in China signed a safety responsibility letter, and we also set annual production safety targets. We organized regular emergency drills, carried out occupational health care audits and made all statutory reports related to, for example, chemical management and safety risks. We also developed special equipment and their control and carried out regular equipment inspections and monitoring actions, as well as comprehensive inspections of workplace premises, equipment, forklifts, fire equipment and fire safety systems, electrical equipment, chemical management and other safety-related inspections.

Comprehensive Occupational Health Services for All Personnel

OUR AIM IS to enable effective and efficient occupational health care services for all our employees.

We ensure that every employee globally receives appropriate occupational health care in accordance with the laws of the specific country.

IN FINLAND, WE guarantee statutory preventative occupational health care for all employees with an employment contract. In addition to statutory occupational health care, we offer supplementary medical care services. Our employees can also take part in occupational health’s digital coaching, and they have access to Kela rehabilitation and to services provided by the pension company, with a referral from occupational health care.

WE WORK IN close cooperation with occupational health. Through active contact with occupational health, we provide our employees with high-quality service supporting wellbeing at work. In Finland, the task of occupational health care, in cooperation with the occupational safety organization, is to

identify and assess the workplace and work-related risk factors and to assess their hazardousness to health. The national occupational health team coordinates activities and collaborates with the HR function on a monthly basis. Based on the risk assessment, occupational health care carries out workplace surveys to assess the health significance of the work, work environment and work community’s health hazards, stress factors and resources. Cooperation on occupational health is developed with our company’s occupational safety committees and occupational health care on a regular basis every year. We take personnel feedback into account as part of the development of occupational health care, and the feedback is reviewed with the health and safety organization and with the HR function. We monitor the quality and effectiveness of occupational health services through the feedback we receive and the indicators defined in the occupational health care action plan.

Work-Related Injuries in 2024

IN 2024, LUHTA had a total of 20 work-related injuries (2023: 18). In Finland, five (5) of the injuries occurred in headquarters functions and 14 in store functions. The injuries were related to accidents during the work commute and to minor accidents (e.g. bumps, minor wounds) in conjunction with work. These have also been identified in the company’s risk mapping. All injuries were handled anonymously within the individual’s occupational safety organization and with the leader in compliance with the process. There were no reported work-related injuries in other European countries. There was one (1) work-related injury in China in 2024 (2023: 3), which was caused by an accident during the work commute. Work-related injuries at the company have been low risk and have resulted in low numbers of absences. No cases of occupational diseases were recorded in any country in 2024.

Own Employees	Finland	China	Total
Number of fatalities as result of work-related injury	0	0	0
Rate of fatalities as a result of work-related injury	0	0	0
Number of high-consequence work-related injuries	0	1	0
Rate of high-consequence work-related injuries	0	1.5	0
Number of recordable work-related injuries	19	1	20
Rate of recordable work-related injuries	26.4	1.5	14.5
Number of hours worked	720,688	657,192	1,377,880

All recorded work-related injuries include incidents where the employee has notified the employer about the injury. The rate of work-related injuries is calculated per 1,000,000 working hours.

External Employees	Finland	China	Total
Number of fatalities as result of work-related injury	0	0	0
Rate of fatalities as a result of work-related injury	0	0	0
Number of high-consequence work-related injuries	0	0	0
Rate of high-consequence work-related injuries	0	0	0
Number of recordable work-related injuries	4	0	0
Rate of recordable work-related injuries	58.8	0	9.6
Number of hours worked	68,015	346,982	414,997

Data collected and reported for Finland and China only. The rate of work-related injuries is calculated per 1,000,000 working hours.

LUHTA IS ALSO responsible for the safety of external workers on the premises. We manage and supervise the work and organise the safety and health conditions at the workplace. The employing company is responsible for complying with the provisions of the Occupational Safety and Health Act that apply to employers and for organising occupational health in accordance with the Act. In Finland in 2024, there were a total of four reported work-related injuries that happened in conjunction with moving (tripping) while unloading goods.

Promoting Personnel Wellbeing

THE WELLBEING OF our people is important to us. We recognize that employee engagement, satisfaction and competence are key to developing our operations and maintaining our competitiveness in an ever-changing environment.

WE HAVE A number of practices and policies in place to ensure the wellbeing of our personnel. To promote wellbeing at work, our company has an early intervention policy and process to support the overall wellbeing of our employees. We also have a substance abuse policy in place, which aims to ensure a substance-free and safe work community for employees and, where necessary, safe, appropriate services and operating environment. We also offer our employees various wellbeing resources and services, such as a wide range of well-

being-related personnel benefits and ergonomic equipment. Where needed, we use private service providers if our employees need individual support in various situations affecting their wellbeing at work, for example to improve work ergonomics. In Finland, our company’s own wellbeing committee serves as an active volunteer organization within our workplace, coming up with ideas and organizing actions and activities to promote the wellbeing of our employees.

We Listened to Personnel and Responded to Their Feedback

OUR ANNUAL SIQNI employee survey for our employees in Finland provides us with important information about what issues our employees feel are most important and how things are implemented throughout the company and within each team. We use the survey to increase our understanding of our personnel and to target our workplace development activities to improve the employee experience and develop our culture.

IN THE 2024 Siqni employee survey, 91% of Luhta employees provided feedback. The feedback indicated that our employees’ overall satisfaction towards the workplace was at a good level, with an average score of 76 on a scale of 0-100 (with the average increasing from 73 to 76 in just years). The survey found that the most important issues for employees were fair leadership, wages and benefits, work-life balance, and strong team spirit at the

workplace. We received a lot of positive feedback about the good working atmosphere, team spirit and the meaningfulness of work. Development measures requested included cultural and sports benefits and more constructive dialogue between teams. We responded to these wishes by developing our personnel benefits and by offering employees a sports and culture benefit from the beginning of 2025. We have also engaged in discussions to improve interaction between teams and, for 2025, we have created comprehensive leadership training aiming to improve collaboration both within and between teams. In line with our annual process, each team and its leader reviews its own performance and sets team-specific development targets; the progress of these is supported and monitored by the HR function.

IN 2024, WE took a number of concrete measures to improve employee wellbeing, working capacity and competence. Our employees can use sports, culture and wellbeing services using the new employee benefit Epass, which we introduced at the beginning of 2025. The benefits are available both to full-time and part-time employees.

IN 2024, WE also organized LuhtaLive webinars on wellbeing topics, including resilience at work, peace of mind, good sleep and the power of exercise, brain wellness and emotional energy as a performance driver. LuhtaLive recordings are available to our entire personnel. We also offered physical activity tryouts to support wellbeing and

resilience, and we ensured that break-time exercise equipment was available at all our sites.

IN FINLAND, WE organized a Road to Paris physical activity campaign in the 2024 Olympic year to challenge and inspire all our personnel to get moving. 163 Luhta people accepted the challenge, and we set up a total of 30 teams, who took part in a total of more than 240 different sports during the campaign. Participants took a total of 38.7 million steps, or nearly 8,000 steps per day per Luhta employee. We moved for a total of 7,400 hours and 13.3 thousand kilometers. During the campaign, we recorded more than 12,000 exercise and activity entries, and we encouraged each other more than 28,000 times along the way.

Personnel Competence Development

IT IS IMPORTANT for us to support the competence and career development of our employees. Through competence development, we want to ensure that our employees have the best opportunities to both develop their skills in their current roles and to prepare for a changing environment. Luhta uses development discussions as a tool for competence management; these discussions are one part of our personnel performance management. Annual target and development discussions contribute to the development of the individual, the team and our organization and ensure bilateral feedback.

In line with our guidelines, it is the responsibility of the leaders to have a 1to1 discussion with the team members at least once a quarter and a development discussion once a year. Our entire personnel in Finland is within the scope of regular discussions. In 2024, 88% of the employees had an annual discussion with their leader. We will continue to monitor and train our leaders, and our goal is that 100% of our employees will have an annual development discussion.

WE ENSURE THE up-to-date competence of our employees through both external and internal training. All new employees go through an orientation process to learn about their roles and the guidelines and practices of the workplace. The HR function is responsible for the orientation process and the follow-ups, and it organizes a joint orientation session every six months for all new employees working in the headquarters functions. In 2024, we organized several internal trainings in Finland. The total number of training hours organized was 2,493. In 2024, the training sessions we organized for our personnel included:

- Luhta Talent Academy training program
- Orientation day for new Luhta employees
- Leadership training
- Code of Conduct training
- First-aid training
- Information security training
- Other training (e.g. Basics of customs clearance, material competence, 3D design basics)

- Human rights training for management
- Pension foundation Board of Directors training
- Training days for store managers
- Store training (training on collections, sales procedure training and orientation)

IN ADDITION TO internal training, we also encourage our personnel to actively participate in training courses offered by our partners to support their professional development in their respective areas of responsibility. We are committed to developing the competence of our employees, so we will continue with training and webinars in 2025. High-quality management and leadership work are important to us and we regularly offer leadership training and store manager days, which we are constantly developing. For 2025, a broader training package is planned for leaders of the headquarters functions so that we can ensure a consistent leadership culture and approach. In 2024, we created a new training program, Luhta Talent Academy, to which 15 Luhta employees were selected through an open call for applications. The two-year coaching program aims to develop internal career paths at Luhta and to support and enable development in the current role. The first training program has received positive feedback and we are planning the start of a second training program.

AN ANNUAL TARGET and follow-up discussion was held with all our employees in China in 2024. In addition, the China subsidiary provides induction for new employees and training on a wide range



of topics. A total of 1,546 hours of training were organized in China and covered topics such as:

- Building the corporate culture (branding, products, operations)
- Emergency situation drills
- Annual occupational safety training
- Management training in sustainability
- Probationary management training
- Orientation training for new employees
- HR and EHS module training
- Financial management training
- Renewal of certification of first-aid team members
- Enterprise Resource Planning training

Diversity, Equity and Inclusion at Luhta Sportswear Company

LUHTA AIMS TO promote diversity, equity, inclusion and belonging within the company. Equality and equity for all members of the work community is a core principle in all our operations. Diversity, inclusion and equity are also taken into account in our policy documents and internal guidelines (Code of Conduct).

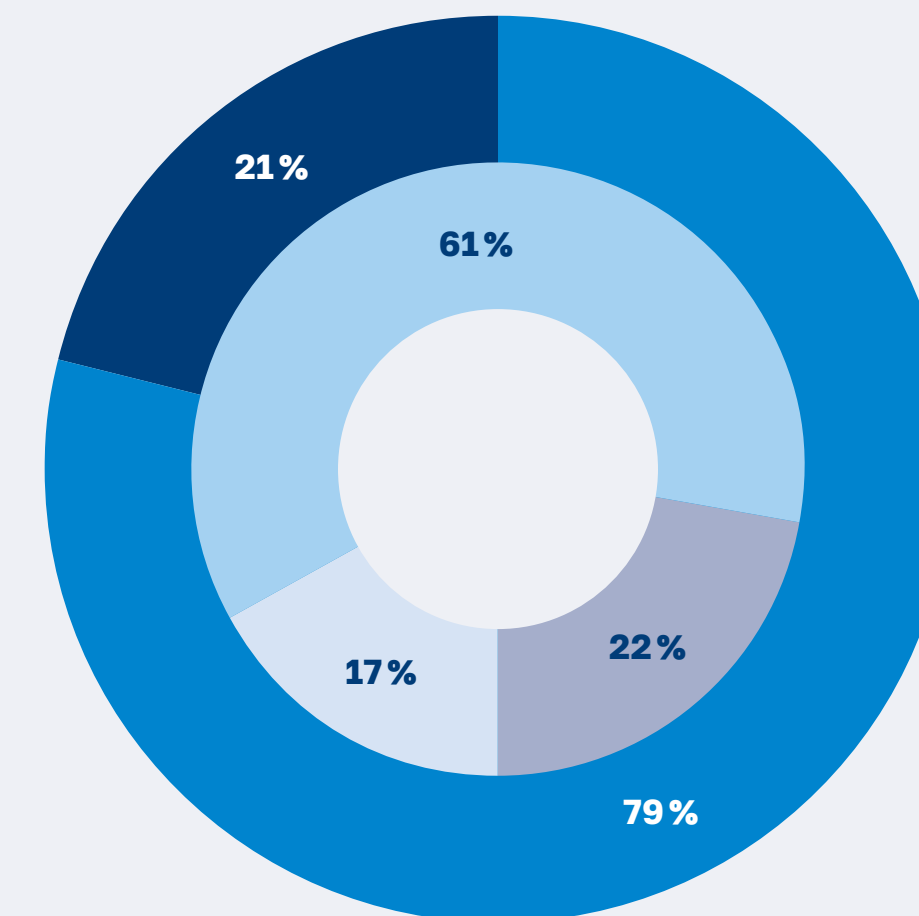
EQUITY, FAIRNESS, NON-DISCRIMINATION and equality are important principles for us. We value everyone as individuals and are committed to treating everyone equally, equitably and fairly. We

are committed to developing a working culture that is respectful of all and that addresses grievances without delay. We expect all our employees to behave in an appropriate and friendly manner towards our colleagues, our leaders, our stakeholders and our customers. We ensure that everyone is treated fairly, with respect and equality, regardless of their background, role, location, years of service, gender, religion, sexual orientation, health, political opinion, nationality, language, or socioeconomic background. Maintaining and promoting equality is also part of our occupational health and safety function and its implementation is regularly monitored in the company. We support inclusion by offering a work environment where individuals can express their views in a psychologically safe environment, and belonging by ensuring that everyone feels part of the work community.

WE DO NOT tolerate bullying, harassment, discrimination or other inappropriate conduct, and we take immediate action to address inappropriate conduct. Employees have the possibility to report inappropriate conduct through an anonymous reporting channel. In addition, we carry out topic-related risk mapping as well as employee and occupational health surveys. We also train our leaders on how to support employees and how to address challenging situations. We are not aware of any cases of discrimination in 2024.

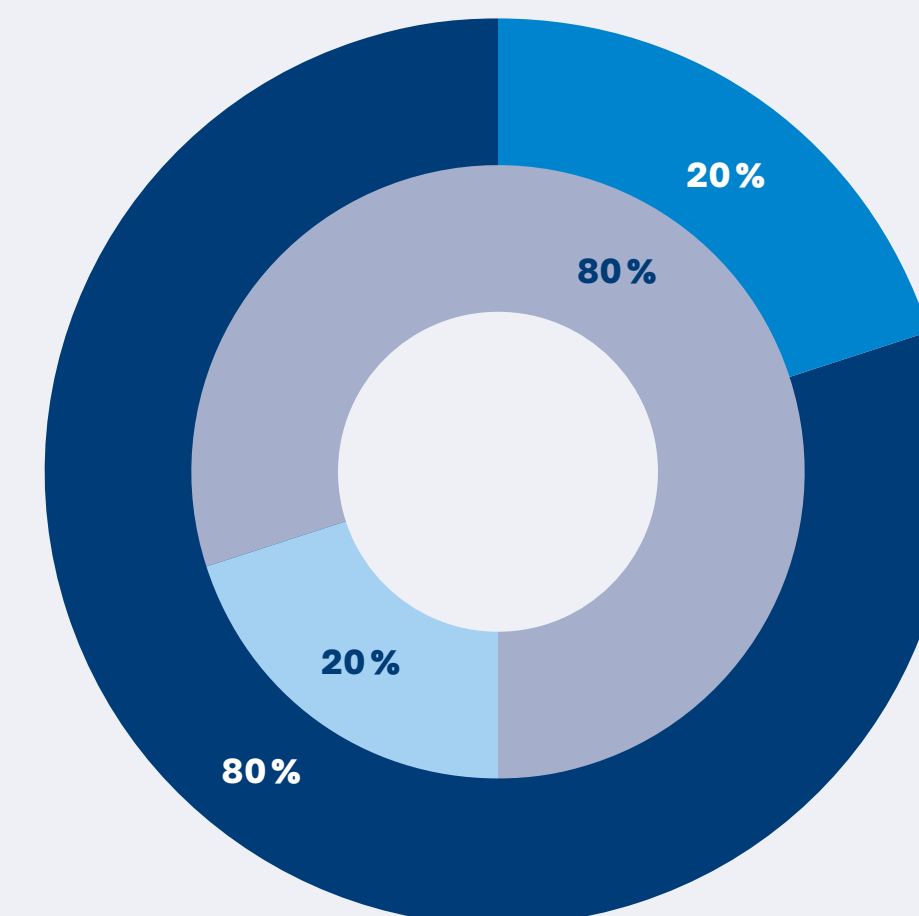
IN 2024, WE provided internal training on our Code of Conduct so that all our employees internalize and

Age and Gender Distribution of Own Employees, All Countries

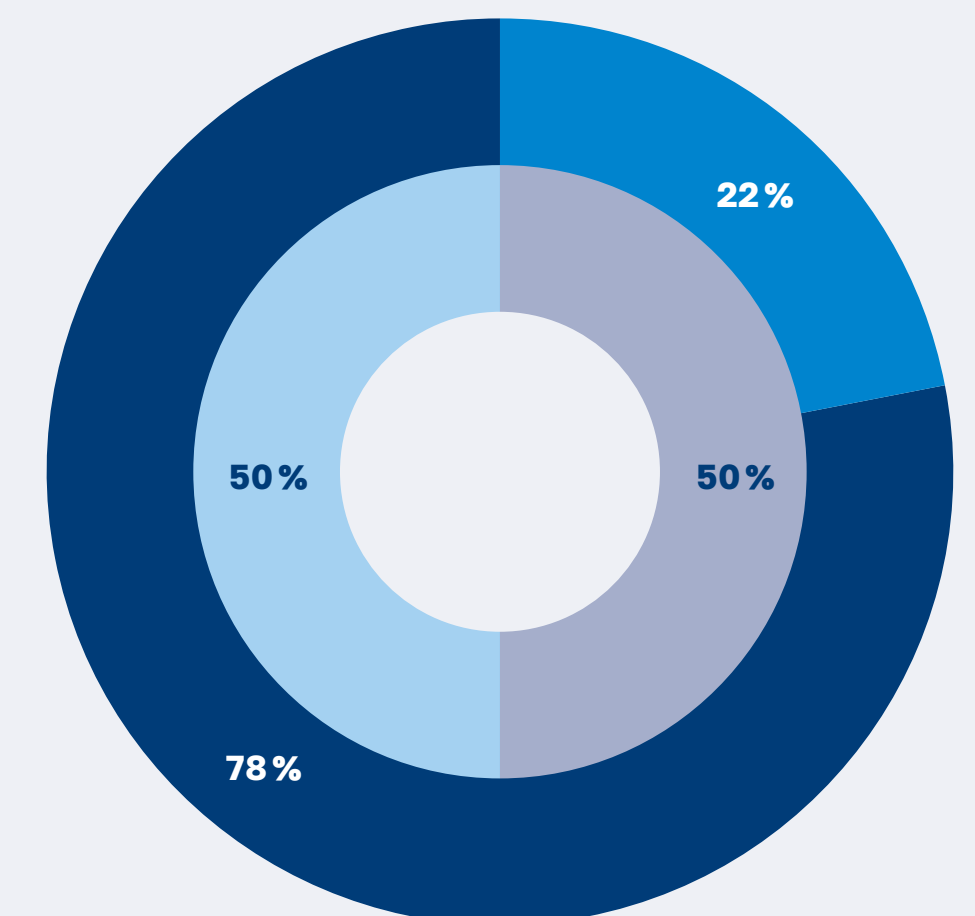


- Women
- Men
- Under 30 years
- 30-50 years
- Over 50 years

Age and Gender Distribution of Board of Directors



Age and Gender Distribution of Management Group



understand it. We have established clear recruiting practices and policies for Luhta, we have bench-marked salary trends, and we have made plans to eliminate potential pay gaps for similar roles.

EQUITY SUPPORTS OUR operations and we foster gender equity. Women account for a large proportion of our personnel, and we have representatives of both genders on our Board of Directors and in management positions.

Family Leave and Support in Different Life Situations

WE WANT TO support our employees in different life stages and circumstances. At Luhta, we have a positive attitude towards family leave, regardless of gender. We comply with local legislation on parental leave practices in all our countries of operation. Our personnel in all our countries of operation are entitled to family leave (pregnancy, parental

and childcare leave), regardless of gender. We also give equal consideration to diverse families. We take into account the orientation of employees returning from long periods of family leave, in cooperation with the leader and the HR function. We also support our employees in different life situations, such as the death of a loved one.

Non-Discriminatory Recruitment Process at Luhta

WE TAKE DIVERSITY and equality into account as part of our recruitment process and have an equal and non-discriminatory recruitment process in place. When filling vacancies, we treat all job applicants fairly, impartially and with respect. Our recruitment policy is based on always selecting the person best suited for the vacant position – regardless of age, gender, cultural background, life circumstances or other factors that do not affect the employee’s qualifications or performance in the job.

WE USE THE Teamtailor system for recruitment, which is managed by the HR function. We have developed our job advertisements to make them more applicant-friendly and have clarified their structure both for our retail operations and our headquarters. We use inclusive and equitable language in our job advertisements. We do not ask applicants for their age, nationality, gender, or any other information that is not relevant to their qualifications or job performance in the job. We have also mapped the

language skills required for different positions. Not all positions in the company require Finnish language skills, and we have increased diversity by hiring non-Finnish nationals. On the headquarters side, applications are always processed by the HR recruiter and leader, so no one person alone selects the shortlisted candidates. HR is involved in the headquarters interviews, and on the retail side, our chain management is involved in the recruitment process with the store manager.

IN 2023, WE introduced a video interview tool that allows candidates to answer questions at their convenience and, if necessary, to record their answers several times. We continued using the video interview tool in 2024. Video interviews can be conducted also in English. After the video interviews, we always maintain contact with the applicants and inform them about the progress of the recruitment process. We actively cooperate with educational institutes by participating in recruitment events organized by them and by organizing company visits for students. We also recruit interns from different educational institutes to join our teams.

IN 2024, WE worked on the recruitment training package, and we plan to train leaders in both the headquarters and retail functions on the recruitment process. The training will cover the steps of the recruitment process, a review of the responsibilities and principles of non-discriminatory and equal recruitment, including what questions are and are not allowed in recruitment.

Family leave 2024	Finland	Asia	Other countries	Total
Entitled to family leave	502	322	93	917
Women	427	246	52	725
Men	75	76	41	192
Took family leave	25	33	2	60
Women	23	27	2	52
Men	2	6	0	8
Returned from family leave	11	30	2	43
Women	9	24	2	35
Men	2	6	0	8
Returned from family leave, still employed 12 months after return	17	35	1	53
Women	14	32	1	47
Men	3	3	0	6
Return rate (%)	91.7%	90.9%	100%	95.6%
Retention rate (%)	100%	89.0%	100%	92.5%

Good Governance



Sustainability Management

IN LINE WITH Luhta Sportswear Company’s values and sustainability strategy, the company’s policies, guidelines, commitments, as well as guidelines and requirements defined by external stakeholders and bodies, steer the development of sustainability work and the achievement of the set targets. We comply with local legislation in all countries where we operate. In the event of a conflict between local law and our commitment, we will seek ways to ensure that international human rights principles are respected.

IT IS VERY important to us that we all act responsibly in line with our company values, common

policies and operating principles. We manage the impacts our value chain has on the environment, people and the economy through policies and by monitoring their implementation. Luhta’s own separate Code of Conduct binds our own operations and all Luhta employees. In addition to our own operations, we expect all our suppliers and other business partners to act responsibly and to respect human rights and the environment. We work with responsible and ethical business partners, and we choose our partners carefully. We follow the principles of responsible sourcing in our procurement, and our procurement is guided by Luhta’s Supplier & Partner Code of Conduct and the related policies.

LUHTA’S POLICIES AND operating principles are approved by senior management and are designed to ensure that our operations at a global level and throughout our processes are in line with our values and applicable regulations. We review policies and our operating principles regularly on an annual basis and develop them as necessary. Luhta’s policies and Supplier & Partner Code of Conduct were last updated in 2024. We have established processes by which we ensure that the policies are implemented for internal and external stakeholders. We ensure the implementation of internal policies as part of the employee induction and training process. We verify the effectiveness of the policies

through regular training and feedback collection. All policies and guidelines are consolidated on the company intranet, where any changes to them are also communicated. We integrate the implementation of external policies and guidelines into the procurement process and include the policies as part of procurement contracts. We also educate key stakeholders on the policies and possible changes through separate training sessions. We have described the policies and their implementation in more detail in this report in conjunction with the different topics.

WE ADDRESS LUHTA’S sustainability targets and strategic measures both in Luhta’s Sustainability team and Leadership Team and they are approved by Luhta Sportswear Company’s Managing Director and the Board of Directors. Sustainability work is led by the company’s Sustainability Director, who is a member of the Group’s Leadership Team and reports directly to Luhta Sportswear Company’s Managing Director. The Sustainability Director reports regularly and at least twice a year on the progress of the sustainability strategy and on material sustainability issues also directly to the Board of Directors. The Board of Directors annually approves the sustainability reporting. In 2024, the Board was provided with an update on the social responsibility regulation and Luhta’s action plan to comply with the regulation. In addition, the Board approved the results of the double materiality

In our operations, we are committed to a number of international agreements, the most important of them that guide our operations are:

- Universal Declaration of Human Rights
- UN Core Human Rights Treaties
- The ILO Declaration on Fundamental Principles and Rights at Work
- UN Guiding Principles On Business and Human Rights, UNGP
- UN Convention on the Rights of the Child
- UN Convention on the Elimination of All Forms of Discrimination Against Women
- OECD Guidelines for Multinational Enterprises on Responsible Business Conduct
- UN Global Compact initiative
- UN Sustainable Development Goals
- amfori Business Social Compliance Initiative’s (amfori BSCI) responsible procurement principles

Policies and operating principles guiding Luhta’s operations:

- Luhta’s internal Code of Conduct
- [Luhta Supplier & Partner Code of Conduct](#)
- [Amfori BSCI Code of Conduct](#)
- [Luhta Human Rights Commitment](#)
- [Labour Rights Policy](#)
- [Environmental Policy](#)
- [Animal Welfare Policy](#)
- [Restricted Substance List \(RSL\)](#)
- Other internal policies and operating principles (e.g. HR and data security policies)

Luhta’s Sustainability Management and Leadership Model:

RESPONSIBILITY	DESCRIPTION OF AREAS OF RESPONSIBILITY
Luhta Sportswear Company’s Board of Directors and Managing Director	<ul style="list-style-type: none"> Approval and monitoring of the sustainability strategy and sustainability targets Monitoring the implementation of sustainability and the due diligence process and development measures in the company’s operations Approval of the Sustainability Report, and review and approval of the reported information
Sustainability Director	<ul style="list-style-type: none"> Responsibility for the content of the sustainability strategy and monitoring its progress Advancing the due diligence process in line with OECD Guidelines Reporting on sustainability directly to the Managing Director and the Board of Directors Regularly attending Board meetings, informing and educating the Board on current issues related to sustainability and regulatory developments as well as their impact on Luhta’s operations Supporting Luhta’s operations in the implementation of the strategy Responsibility for sustainability reporting and its development Heading and chairing the Sustainability team Responsibility for Group-level stakeholder relations regarding responsibility and sustainability issues
Company Leadership Team	<ul style="list-style-type: none"> Reviewing sustainability issues in Leadership Team meetings Implementing the sustainability program, sustainability targets and other sustainability-related development measures in the processes and practices of respective area of responsibility
Sustainability Team	<ul style="list-style-type: none"> Addressing sustainability issues and meeting regularly Examination of sustainability-related development projects and measures, responsibility area-specific reviews Development work related to sustainability targets and other development of sustainable business
Business Units and Operational Level (Divisions and Functions)	<ul style="list-style-type: none"> Implementing, managing and monitoring the action plans related to the sustainability program at the process and procedural level Complying with operating principles regarding sustainability in every Luhta employee’s role and identifying risks

assessment, the climate roadmap, and key future sustainability measures.

WITH THE HELP of our Sustainability team, we ensure that sustainable practices cut across all processes. The Sustainability team also coordinates initiatives at the Group level and shares best practices and up-to-date information on regulations affecting our industry. The Sustainability team is chaired by Luhta Sportswear Company’s Sustainability Director and includes members from the company’s senior management, business units, product teams, production and procurement teams, the Chinese subsidiary, communications and administration. Luhta’s Sustainability team meets regularly and as the situation requires. In addition, smaller working groups have been formed under the Sustainability team; work with these smaller teams has been carried out on a project basis on issues such as the due diligence process and the climate roadmap. The Managing Director participates in the Sustainability team’s work on a regular basis and reviews its results.

ON A DAY-TO-DAY level, the progress of the sustainability work is monitored by specialists in the different functions (e.g. Sustainability Specialist, Legal Counsel, Product Compliance Specialist, Circular Economy Coordinator), who are responsible for the operational development of sustainability work and for reviewing and updating policies,

guidelines, processes and measures in their respective areas. Luhta’s internal sustainability specialists are also responsible for supporting Luhta Sportswear Company’s brands and operations and for training in internal sustainability work; they also monitor the progress of the sustainability program targets for their area of responsibility and take care of ESG data collection and sustainability reporting to various stakeholders. Luhta’s Legal department is also responsible for implementation of the company’s Compliance function (e.g. competition law, sanctions and data protection) and reports on significant compliance findings to the Managing Director and the Board of Directors.

LUHTA SPORTSWEAR COMPANY’S overall risk management process includes the management of risks related to sustainability and social responsibility, such as climate and human rights risks, as well as risks related to corruption and bribery. The risk management process is reported to senior management. [Read more about the risk management process here.](#)

Compliance and Ethics in Luhta Sportswear Company's Operations

LUHTA SPORTSWEAR COMPANY complies with the laws and regulations applicable to its business activities and with various regulatory provisions in all its operations. We do not tolerate improper means of influencing our business, such as bribery, corruption, or conflict of interest situations. We comply also with regulations on international sanctions. The internal Compliance function ensures that applicable laws are identified and complied with. The Compliance function is also responsible for ensuring compliance with corporate sustainability legislation. We prepare for future regulatory changes in sustainability through continuous training and by updating our processes and policies.



IN 2024, WE prepared for the entry into force of, among others, the ‘Deforestation Regulation’ (Regulation (EU) 2023/1115 of the European Parliament and of the Council of 31 May 2023 laying down rules for monitoring products associated with deforestation and forest degradation and the supply chains associated with their production as well as the amending of Regulation (EU) 2019/1020) and the General Product Safety Regulation (Regulation (EU) 2023/998 of the European Parliament and of the Council of 10 May 2023 on general product safety and repealing Council Directive 87/357/EEC and Directive 2001/95 EC). In addition, we have prepared for the Corporate Sustainability Reporting Directive (Directive EU 2022/2464 of the European Parliament and of the Council of 14 December 2022 on corporate sustainability reporting) by conducting a double materiality assessment and developing our internal reporting and data collection processes.

THE LEGALITY AND ethics of our business operations depends on the actions of our entire organization and our personnel. For this reason, the topics related to this theme are an important part of Luhta’s internal Code of Conduct for all employees. Through the compliance guidelines and the annual plan derived from it, which is maintained by the Compliance function and approved by the Board of Directors, we help to ensure that Luhta’s business operations are compliant with the applicable regulations at all levels of the organization. The Compliance annual plan includes, among

other things, findings and feedback collection, as well as regular training for employees on important legal and ethical topics. In 2024, we held Code of Conduct training for our own employees, training on compliance with international sanctions and, among other things, we published the Board-approved Anti-Corruption and Anti-Bribery Policy. The Group’s sustainability experts answer questions from employees and other stakeholders regarding the implementation and monitoring of the company’s responsible business policies and practices. Employees and other stakeholders have a low threshold to approaching the Sustainability Director and sustainability experts to raise concerns about the company’s business operations and practices.

Whistleblowing Channel

IN COMPLIANCE WITH the Whistleblower Act, our company has a channel for reporting suspected misconduct and other irregularities, as well as a process for investigating reports. The reporting channel can be used by anyone. It is available in Finnish, Swedish, English and Mandarin Chinese. Our company is committed to ensuring that no retaliation of any kind is taken against anyone who reports to the channel. The reporting channel is implemented in a secure manner, and we comply with applicable data protection and other legislation in the management of the reporting channel. When a notification is received in the reporting channel, an e-mail alert is sent to the company’s

Managing Director, General Counsel, HR Director and Legal Counsel. The notification is primarily handled by the General Counsel, unless the notification contains a personal conflict of interest. We respond to the notifier within seven days of receiving the notification. In 2024, we did not receive any notifications through the reporting channel that would have been subject to investigation under the Whistleblower Act. We received a total of 11 notifications in 2024, including notifications about third-party websites that unauthorizedly use our trademarks to advertise their own products, as well as feedback, which we forwarded to customer service.

Findings in 2024

THE COMPLIANCE FUNCTION collects compliance findings and reports them to the Board. For each compliance finding, we prepare a corrective action plan and take immediate action to address the finding.

IN 2024, WE did not make any material compliance findings. A material compliance finding is defined as an instance of intentional or grossly negligent misconduct, non-compliance with regulations or guidelines, or damage that has a greater than minor impact on the company’s reputation, operations or finances, or that would result in fines, administrative penalties or other serious sanctions imposed by a public authority.

In Particular, We Note That During 2024:

- There were no findings of corruption cases leading to the termination of contracts of employees or business partners.
- There were no pending lawsuits concerning anti-competitive conduct or violations of antitrust and monopoly laws.
- There were no findings of non-compliance with regulations and/or voluntary codes concerning the health and safety impact of products or services.
- There were no findings of non-compliance with regulations and/or voluntary codes on information and labeling of products or services that would have led to a warning, fine or penalty.
- There were no findings of non-compliance with regulations and/or voluntary codes concerning marketing communications, including advertising, sales promotion and sponsorship, that would have led to a warning, fine or penalty.
- There were no findings of human rights violations.

Data Protection and Data Security

PROTECTING THE PERSONAL data of our customers, employees and other stakeholders is important to us. We continuously develop our data protection by updating our internal guidelines and practices to improve data protection and security, and through training. Our data protection work is also supported by external expertise when needed. Continuous training and development enable us to ensure that the processing of personal data is always lawful, fair and transparent. We always process personal data in accordance with the purposes for which it is collected, for as long as it is necessary and justified for the purposes for which is collected.

Ensuring Data Protection and Data Security at Luhta Sportswear Company

IN 2024, WE updated our privacy policies and our data retention guidelines, among other things. We also provided Code of Conduct training for all our employees, which included data protection and data security as one of its components.

WE STORE AND process the personal data of many of our stakeholders, so we take data security seriously. Through Data Security Guidelines and training, we provide our employees and stakeholders

with a foundation for secure use both with internal and external parties. We update our guidelines as we identify new threats. As the business environment becomes more digital, we make sure that we invest sufficiently in the development of data security so that it constantly meets the set requirements.

IN 2024, WE continued to develop the technical aspect of data security, bringing a number of improvements to the company’s data security and identity protection. Luhta’s data protection officer meets quarterly with Luhta’s key stakeholders to review data protection needs and development projects. During these meetings, the data protection officer also provides training and ensures that stakeholders are aware of any new decisions or other changes related to the activities of their teams. Data protection developments and other important issues are regularly reported to the General Counsel, who reports the key issues to the Board of Directors.

our customer service received a total of 64 requests from our customers to exercise their rights in relation to the processing of their personal data, including the deletion of data from our systems (40 cases). We also received two separate contacts from the Office of the Data Protection Ombudsman regarding the processing of personal data of two of our individual customers. Our organization’s data protection officer handles all contacts promptly and, where appropriate, consults with other business units. We also use external expert advice where necessary.

Contacts from the data protection authority	2
Contacts from customers via customer service	64
Identified data breaches, theft, loss of customer data	0
Identified data protection breaches/ data breaches	0

Currently, our operations are guided by the following:

- Internal Code of Conduct, for employees
- Supplier & Partner Code of Conduct
- Data Breach Procedure
- Whistleblower Channel Privacy Policy
- Camera Surveillance Privacy Policy
- Recruitment Privacy Policy
- HR Management Privacy Policy
- Luhta.com Online Shop Privacy Policy
- Luhta aClass Customer Loyalty Program Privacy Policy
- Guidelines on the Retention Period of Personal Data
- Cookie Policy
- L-Fashion Group’s Shareholder and General Meeting Privacy Policy
- Data Security Guidelines

Data protection Breaches and Anomalies

TO MINIMIZE DATA protection risks, we have embedded key data protection principles in the tools and software used by Luhta. We monitor and document any data protection complaints, anomalies or data breaches, and report our findings to the Data Protection Authority as required by law. In 2024,

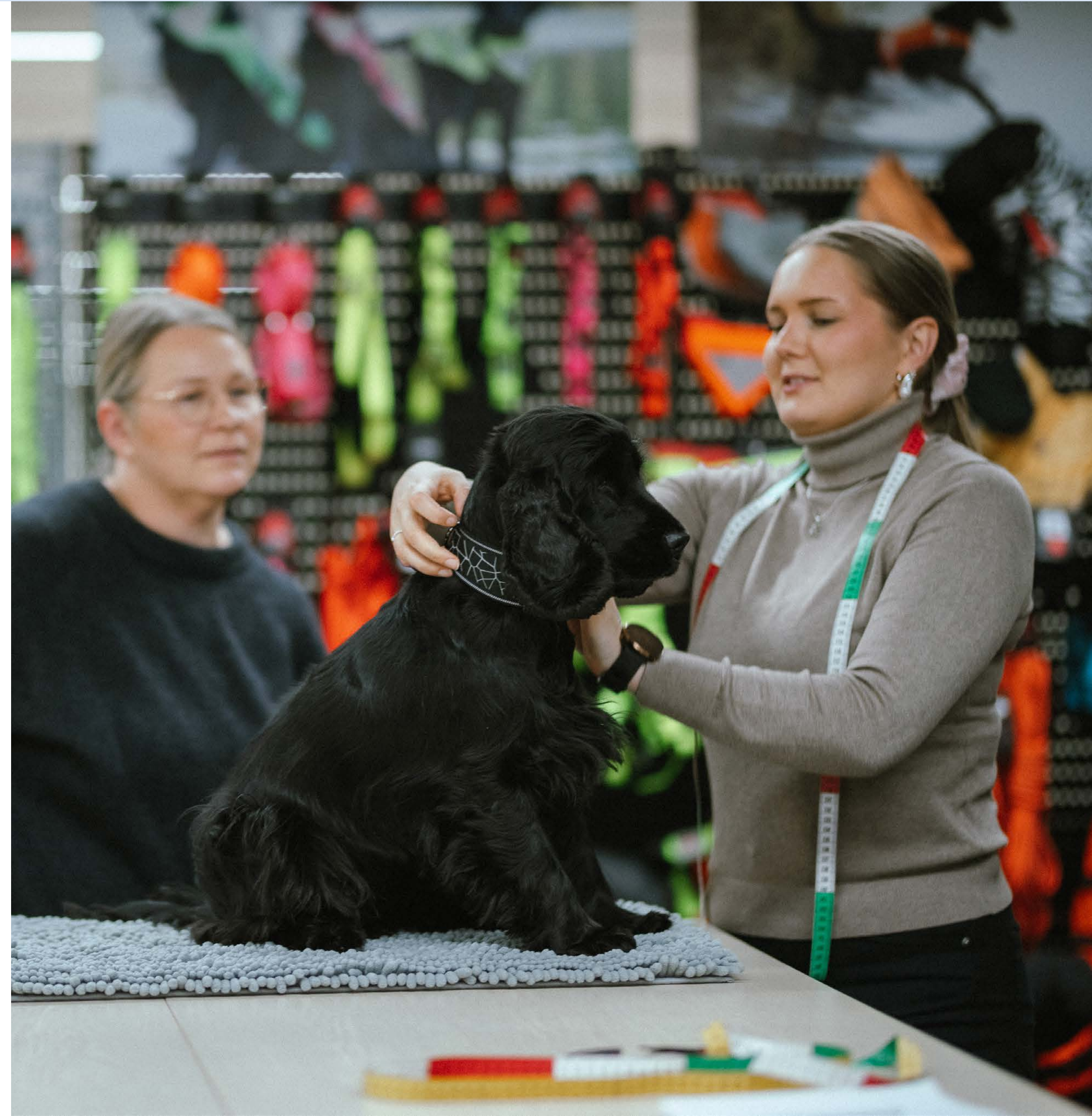
Ensuring Product Safety

FROM PRODUCT DESIGN to production and sales, the safety of our products has always been an essential part of all our operations. Above all, our products are manufactured to be safe to use, both in terms of their functionality and their mechanical and chemical properties.

WITH THE EUROPEAN Commission's General Product Safety Regulation GPSR (EU) 2023/988, we have developed and refined our existing safety procedures to meet the requirements of the law. We prepare individual risk assessments for each product we produce, highlighting and assessing potential risks, taking into account, e.g., the product's materials, components, chemicals, intended uses, potential suspected misuses, and marketing materials. The risk is always based on reasonable consumer expectations of the product and its intended use. Even the smallest risk is taken into account in the assessment, and all risks

are minimized as far as possible through design and production activities, without affecting the functionality or appearance of the product. Risks are assessed at both the design and production stages. All relevant risks that the user should be aware of when purchasing the product are printed on the product hangtag or accompanying material, for example on the packaging, and on our website.

BASED ON THE risk assessment and our findings, risk situations with our products occur very rarely. However, we have prepared for the worst, and our risk management operation covers all the essential steps – from product risk detection, analysis, recall and communication to error identification. We continuously improve our risk assessment process based on our own findings and customer feedback, taking into account national and international legislation, regulations, standards and recommendations.



Responsible Marketing and Communication

WE COMMUNICATE IN line with our values, vision and mission. We inform our employees, customers, consumers and other stakeholders about events and changes in our operations that affect them, as quickly as possible and transparently. We are available, we respond to contact requests, we keep our promises, and we are ready to engage in dialogue.

THROUGH THE “OUR Luhta” intranet, our company’s official information channel for our internal communications, we provide timely, reliable and simultaneous information to all our employees. The intranet supports the achievement of our common objectives, serves as a means of orientation for new employees, increases awareness of our business operations, and makes it easier to find and share the information you need.

TOGETHER, WE ALL take care of the image of our company and our brands. As an international company, we respond to the communication and marketing needs of different markets. We take diversity into account in our photo productions and in the materials we use. In our price marketing, we follow general guidelines, communicate as clearly as possible and do not mislead. We respect trademark and copyright laws and expect others to do the same. Media relations are handled by designated media relations officers within our company. We follow the same principles in our social media

communications as we do in our other communications. Our communication and marketing principles are an integral part of our internal policies as well as the communication guidelines and brand-specific guidelines accessible to all employees on our intranet.

SUSTAINABILITY COMMUNICATIONS IS part of corporate communications. Within our own organization, we raise awareness about the different aspects of sustainability, our sustainability strategy, the importance of and the targets set for our sustainability work, and how we are progressing in it, using as many internal communication means possible: through training, by sharing information and through dialogue. We also use our website, LinkedIn channel, reports and personal contacts to communicate to our other stakeholders (owners, customers, NGOs, investors) about the steps we have taken in our sustainability work. As a major player, we also want to raise consumer awareness about sustainability in our sector more broadly. Our aim is to facilitate and guide consumers in extending the useful life of clothing. We prepare our Sustainability Report using the GRI standard in preparation for the obligations of the Corporate Sustainability Reporting Directive, and we aim to communicate as clearly, openly and understandably as possible. We continuously update the FAQs from stakeholders on our website.

WE SHARE AS much factual information as possible about our operations and products with our stakeholders. We are preparing for the forthcoming Green Claims Directive and are regularly training those who create marketing content on its requirements so that our sustainability claims are reliable, comparable and verifiable. We share as openly as possible and with pride about our sustainability actions and our development work, and we also have the courage to talk about our work in progress. We have discontinued the use of unofficial eco-labels. This will be reflected in our online shop and digital materials immediately and on the hangtags of our products from the spring 2025 collections onwards. We are committed to using only official material and eco-labels where we are authorized to do so through product and brand licensing. We are committed to communicating about these in accordance with agreements and guidelines.

CLOSER AND MORE interactive communication with our external stakeholders is an area of development for us. Understanding the expectations of our stakeholders is key so that we can succeed in the best possible way and focus our sustainability efforts on the right priorities.

Reporting Principles

Reporting Principles

THIS SUSTAINABILITY REVIEW is Luhta Sportswear Company’s fourth sustainability report, and it is published as part of the company’s Annual Report 2024. We publish a sustainability report annually to serve as a source of information for our key stakeholders in assessing Luhta’s sustainability-related activities in different areas and the progress towards the sustainability targets set by the company. These stakeholders include owners, customers, consumers, investors, media, authorities, NGOs, local associations and educational institutes.

THIS REPORT FOCUSES on our sustainability work in 2024, our key developments, the targets we have set and the sustainability indicators we use. We also report some information on our key sustainability projects for 2025 and upcoming development projects.

Units and Functions within the Scope of Reporting

THE LEGAL NAME of the Group is L-Fashion Group Oy, which uses the marketing name of Luhta Sportswear Company. This sustainability review applies to the entire Luhta Sportswear Company Group’s operations, covering all its units, functions,

brands and subsidiaries, which are also presented in the Group’s financial statements and financial reporting. We take into account the principle of materiality in our reporting, and some of the information reported is presented with an emphasis on our Finnish and Chinese organization’s operations, as they cover the most significant part of Luhta Sportswear Company’s activities, processes and employee numbers

Reporting Period

THE REPORT IS prepared annually and covers the same period as our company’s financial statements, from 1.1.–31.12.2024, i.e. the company’s financial year. This sustainability review was published on 15 April 2025 as part of Luhta’s Annual Report. We will publish the sustainability report covering 2025 in spring 2026.

Reporting Standards

THIS REPORT HAS been prepared in accordance with GRI standards. Luhta has used the Global Reporting Initiative’s sustainability reporting guidelines to report on its operations, since 2022. The sustainability report complies with GRI standards

as comprehensively as possible, and topic-specific disclosures have been reported for Luhta’s material areas of economic, social, governance and environmental responsibility. The GRI reporting content is summarized in the GRI index in an appendix to the Annual Report (Appendix 2).

THE REPORTED EMISSIONS accounting has been carried out in line with the GHG Protocol Corporate Accounting and Reporting standard, which is the most widely used international framework for calculating carbon footprints. The accounting covers the functions of the entire Luhta Sportswear Company for scope 1–3. We will publish additional information about the emission calculation in an appendix to the Annual Report (Appendix 1).

Restatements of Reported Information

THE COMPANY HAS not made any significant re-statements to previously reported information during the reporting period. The emissions accounting for 2023 has been refined compared to the data reported for the previous year, as described in more detail in conjunction with the emissions reporting.

External Assurance

THE SUSTAINABILITY REPORT has not been assured by an external independent third party. We are currently preparing for the Corporate Sustainability Reporting Directive and for the assurance of sustainability data to be reported for the 2025 financial year.

Contact Info and Feedback

WE WELCOME STAKEHOLDER feedback about our sustainability communications so that we can further improve it and our sustainability work. We are also happy to answer questions about the information reported. Questions and feedback can be sent to our sustainability team at: sustainability@luhta.fi.

Financial Review



LUHTA
SPORTSWEAR
COMPANY

FINANCIAL REVIEW

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Report on Operations

Report on Operations 1.1.–31.12.2024

Significant Events 2024

IN 2024, OUR industry was challenged by commercially unfavorable weather conditions, the continuing Russian war of aggression against Ukraine, and the impacts of geopolitical tensions in Asia and the Middle East. In addition, weak consumer confidence, inflation and general uncertainties in the market environment affected consumer purchasing behavior throughout the year. Net sales in 2024 were impacted by the reduction in the preliminary orders made in the previous year, as retailers focused on reducing their own inventory levels. Measures implemented in various countries early in the year to increase purchasing power and the lower interest rates boosted demand, resulting in our customers in the largest Central European markets at a healthier inventory situation at the end of the year than in 2023. Consumer sales growth in the autumn/winter 2024 season was disrupted by increased political uncertainties.

THE GROUP’S NET sales decreased by 10.7 %, but the sales margin continued to develop favorably and reached a record level of 51.7 %, positively impacting the company’s result.

SALES TRENDS IN sporting goods remained nega-

tive, and consumer demand fluctuated depending on the economic outlook and weather conditions. On the positive side, throughout the year there were signs of recovery in the inventory situation of our customers’ retailers in the biggest markets.

THE GROUP’S WHOLESALE sales decreased by -16.2 % as a result of the decrease in the order backlog for the spring and autumn 2024 preliminary sales and the negative development of replenishment sales during the period due to our customers’ inventory situation.

OUR RETAIL SALES grew by +7.0% compared to the previous year, mainly driven by the successful closeout sales of our two chains and growth in e-commerce. Overall demand for clothing in Finnish retail fell by -5.3 %

AT THE END of 2023, we published a revised chain structure to improve our future competitiveness. We decided to clarify the operating model of the existing chains and to take steps to move from the current five-chain operating model to a new three-chain operating model. Accordingly, during 2024, we initiated store closeout sales of the loss-making Aleksi 13 and Luhta Outdoor Store chains. During the year, we closed 17 stores and converted four

stores into stores in the Luhta Brand Store chain. At the end of the year, the Group had a total of 52 brick-and-mortar stores.

IN THE LOGISTICS landscape, container availability in China weakened in the second quarter of the year, temporarily pushing container prices to near pandemic record levels. In 2024, container transit times increased due to unrest in the Middle East and throughput challenges in Central European ports, negatively impacting our delivery times.

PERSONNEL COSTS FELL by -11.2 % compared to the previous year, while other fixed costs fell by -2.3 %.

WE CONTINUED DEVELOPING our sustainability reporting in accordance with international GRI standards. We updated our roadmap for the development of our reporting towards the new EU Corporate Sustainability Reporting Directive (CSRD), and we are ready to report on our sustainability activities in line with the CSRD from 2025. We updated our materiality assessment to take into account both the guidelines of the GRI standards and the double materiality assessment requirements of the CSRD. We further refined our carbon footprint calculation and calculated the global emissions of our value chain, scope 1–3, according to the GHG Protocol,

and we worked on our climate transition plan. We developed our due diligence process, carried out a human rights saliency analysis and created an HRDD action plan to support the further development of the work.

INVESTMENTS IN OPERATIONAL activities increased as planned. The Group returned to a higher-level investment environment in 2024 with the investments related to the new ERP system.

THE LOAN AMOUNT and debt indicators are moderate and contribute to enabling investments in the ERP system and the digitalization of its environment.

Research and Product Development

THE GROUP OPERATES in an industry where active and robust research and product development is fundamental to success. It is conducted continuously in the different units. Research and product development expenditures remained at the same level as the previous year. Due to the nature of operations, the employees working in product development also have responsibilities in other functions, making it difficult to separately determine the costs incurred by the work.

Significant Events After the Reporting Period

THE PRELIMINARY SALES for the autumn-winter 2025 season ended in March. Comparable pre-liminary sales decreased by -4.0 %, i.e. about 3.6 million euros. The decrease was due to the more than 20 % decrease in only a few countries. Our other main markets ended with a +2.9 % increase in preliminary sales, indicating also a recovery of the autumn-winter market.

Related Party Transactions

WE SOLD DESIGN, logistics, sustainability, PR, and administrative and managerial services to Balmuir for a total of 273,186 euros in 2024. We sold finished products to Balmuir for a total of 388,156 euros. Our product purchases from Balmuir in 2024 were 64,034 euros. At the end of 2024, we signed a licensing agreement with Balmuir. The licensing agreement is effective from 1.1.2025, and, as a result, at the turn of the year we purchased inventories totaling 1,095,065 euros and fixed assets totaling 303,508 euros from Balmuir.

IN 2024, THE company started negotiations on the possible capitalization of Luhta-Kiinteistöt. During 2022-2023, Luhta-Kiinteistöt had been issued a convertible bond totaling three million euros, which had not matured at the balance sheet date.

Outlook for 2025 and Risks

WE EXPECT 2025 net sales to increase slightly compared to 2024. Our wholesale net sales are expected to grow through the accumulation of the preliminary order backlog for 2025. Our retail net sales will decrease due to retail chain changes.

WHILE THERE ARE positive signals that the market is returning to growth, the operating environment is expected to remain challenging and difficult to forecast. The main risks to the company’s operating environment relate to the impact of geopolitical tensions on exchange rate fluctuations, costs and disruptions in the logistics chain, and a decline in consumer purchasing behavior. Of these, the company has hedged foreign exchange rates for 2025, but disruptions in the logistics chain and consumer purchasing behavior are difficult to forecast.

Board of Directors

MEMBERS OF THE company’s Board of Directors have been:

- Mika Sutinen, Board Chair
- Vesa Luhtanen, Board member
- Tiina-Kaisa Luhtanen-Virtanen, Board member
- Jan-Elof Cavander, Board member
- Christian Finell, Board member

Auditors

THE AUDITORS ARE the accounting firm Ernst & Young Oy, the primary auditor Authorized Public Accountant Otto Joki, and Authorized Public Accountant Timo Tuokko.

Parent Company

L-FASHION GROUP OY’S Parent Company is Po-lap-Team Oy.

Board’s Proposal on the Distribution of Profits

THE PARENT COMPANY L-Fashion Group Oy’s result for the financial period was 3,906,740.10 euros and the unrestricted equity on 31.12.2024 was 98,254,620.04 euros. The Board of Directors proposes to the Annual General Meeting that the Parent Company distribute dividends of 0.21 euros per share, i.e. a total of 2.1 million euros, to its shareholders. The company has a total of 9,828,644 shares. The Board of Directors proposes that the dividend be paid on 9.5.2025.

THERE HAVE BEEN no significant changes in the company’s financial position since the end of the financial period. The company’s liquidity is good and, in the opinion of the Board of Directors, the proposed dividend distribution will not jeopardize the company’s solvency.



Financial Statements 1.1.–31.12.2024

L-Fashion Group -Group

Income Statement (1000 EUR)

	1.1.–31.12.2024	1.1.–31.12.2023
NET SALES	190,240	212,990
Production for own use		
Other operating income	675	836
Materials and services		
Materials and supplies		
Purchases during the period	-89,808	-104,429
Stocks, increase or decrease	-2,037	-1,268
External services	-55	-71
Materials and services	-91,900	-105,768
Personnel expenses		
Wages and salaries	-28,241	-30,284
Other social expenses		
Pension expenses	-2,223	-4,075
Other social expenses	-2,618	-2,886
Personnel expenses	-33,082	-37,245
Depreciation and write-downs		
Depreciation according to plan	-5,213	-5,190
Depreciation on consolidated goodwill and Group reserve decrease	-514	-514
Depreciation and write-downs	-5,727	-5,704
Other operating expenses	-52,034	-53,271
OPERATING PROFIT (LOSS)	8,171	11,838
Financial income and expenses		
Income from investments in other fixed assets	0	1
Other interest and financial income	327	978
Interest expenses and other financial expenses	-2,739	-4,933
Financial income and expenses	-2,411	-3,953
PROFIT (LOSS) BEFORE TAXES	5,760	7,885
Income taxes		
Taxes for the current and previous periods	-1,422	-1,766
Deferred taxes	-208	-257
Other direct taxes	-4	-48
Income taxes	-1,633	-2,071
PROFIT/LOSS FOR THE YEAR	4,127	5,814

Balance Sheet (1000 EUR)

	31.12.2024	31.12.2023
ASSETS		
FIXED ASSETS		
Intangible assets		
Intangible rights	106	146
Consolidated goodwill	2,055	2,569
Other intangible assets	11,619	6,655
Intangible assets	13,779	9,369
Tangible assets		
Land and water areas	2,772	2,559
Buildings and structures	37,928	39,230
Machinery and equipment	19,735	19,869
Other tangible assets	108	135
Advance payments and acquisitions in progress	698	24
Tangible assets	61,241	61,816
Investments		
Other shares and holdings	488	88
Investments	488	88
FIXED ASSETS	75,508	71,273
CURRENT ASSETS		
Inventories		
Raw materials and consumables	2,060	2,248
Finished products/goods	59,654	62,473
Inventories	61,714	64,721
Long-term receivables		
Accounts receivable	56	43
Loan receivables	3,000	3,000
Deferred tax asset	1,447	1,429
Long-term receivables	4,503	4,472
Short-term receivables		
Accounts receivable	42,725	38,836
Receivables from Group companies	815	826
Loan receivables	0	848
Deferred tax assets (FAS)	0	21
Other receivables	6,008	2,791
Prepaid expenses and accrued income	2,422	3,048
Short-term receivables	51,970	46,371
Cash and bank balances	17,436	16,501
CURRENT ASSETS	135,623	132,065
ASSETS	211,132	203,338

Balance Sheet (1000 EUR)

SHAREHOLDERS' EQUITY AND LIABILITIES

SHAREHOLDERS' EQUITY

Share capital	10,462	10,462
Share premium fund	103	103
Reserve fund	2,443	2,324
Other funds	30,864	30,864
Profit from previous periods	84,756	81,988
Profit/Loss for the year	4,127	5,814

SHAREHOLDERS' EQUITY

LIABILITIES

STATUTORY PROVISIONS

Tax provisions		3
Other statutory provisions	122	81

STATUTORY PROVISIONS

Long-term liabilities		
Loans from financial institutions	17,500	22,500
Deferred tax liabilities	1,659	1,410
Other liabilities	108	314

Long-term liabilities	19,267	24,224
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Short-term liabilities		
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Loans from financial institutions	22,148	16,731
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Prepayments	12	47
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Accounts payable	17,139	12,255
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Liabilities to Group companies	430	50
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Other liabilities	4,423	1,725
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Accruals	14,835	16,668
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Short-term liabilities	58,987	47,476
------------------------	--------	--------

LIABILITIES

SHAREHOLDERS' EQUITY AND LIABILITIES

31.12.2024

31.12.2023

10,462

10,462

103

103

2,443

2,324

30,864

30,864

84,756

81,988

4,127

5,814

132,755

131,555

3

81

122

84

17,500

22,500

1,659

1,410

108

314

19,267

24,224

22,148

16,731

12

47

17,139

12,255

430

50

4,423

1,725

14,835

16,668

58,987

47,476

78,254

71,784

211,132

203,338

Cash Flow Statement (1000 EUR)

1.1.–31.12.2024

1.1.–31.12.2023

Cash flow from operations

Proceeds from customers	187,893	229,288
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Payments to suppliers and employees	-169,641	-202,581
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Operating cash flow before financial items and taxes	18,251	26,707
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Interest paid from operations	-1,916	-2,398
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Dividends received from operations	0	-861
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Interest received from operations	219	281
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Other financing items from operations	-674	-2,750
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Taxes paid from operations	-1,000	-4,794
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Repayment of loan receivables		500
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Cash flow from operations

14,881

16,685

Cash flow from investments

Investments in tangible and intangible assets	-9,703	-4,569
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Capital gains on tangible and intangible assets	104	1,010
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Investment in other intangible assets	-400	
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Loans issued		-1,000
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Short-term investments increase/decrease	1	1
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Cash flow from investments

-9,999

-4,558

Cash flow from financing

Withdrawal of short-term loans	4,929	0
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Repayment of short-term loans		-7,473
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Repayment of long-term loans	-5,000	-2,500
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Dividends paid	-3,579	-4,203
----------------	--------	--------

Loans issued		-500
--------------	--	------

Short-term investments increase/decrease	18	5
--	----	---

Cash flow from financing

-3,632

-14,671

Change in cash and cash equivalents

1,250

-2,545

Cash and cash equivalents, opening balance	16,501	20,349
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Change in cash and cash equivalents	1,250	-2,545
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Impact of exchange rate changes	-314	-1,303
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Cash and cash equivalents	17,436	16,501
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Notes to the Financial Statements

NOTES CONCERNING THE PREPARATION OF THE FINANCIAL STATEMENTS

Scope of consolidation

The consolidated financial statements include all subsidiary companies. The consolidated financial statements figures include L-Export Oy’s subsidiary OOO Luhta Fashion Group and OOO Nordic Fashion Retail, located in Russia, as well as L-Fashion Group GmbH in Germany, and Luhta Sportswear Japan in Japan.

Principles of consolidation

Mutual shareholdings

The consolidated financial statements have been drawn up using the purchase method.

Internal business activities and margins

The Group’s internal business activities, the unrealized margins from internal operations, internal receivables and payables, and internal profit shares have been eliminated.

Minority interests

No minority interests.

Exchange rate differences

The closing figures of the Group’s foreign companies have been converted into euros using the official average rates on the balance sheet date and in the income statement using the monthly average rates of the financial period. Exchange rate differences arising from the elimination of the foreign subsidiary companies’ shareholders’ equity have been recorded under unrestricted shareholders’ equity.

Valuation and allocation principles

Valuation of fixed assets

Fixed assets have been capitalized on the balance sheet at their acquisition costs. Depreciation according to plan has been calculated as straight-line depreciation based on the useful economic life of the asset.

Economic lifetimes:

Other long-term expenditures	3–10 years
Industrial and office buildings	20–30 years
Residential buildings	50 years
Structures	5–10 years
Machinery and equipment	4–8 years
Automated warehouse	20 years
Consolidated goodwill	10 years
Consolidated goodwill will be amortized over its useful life, which is 10 years.	

Valuation of inventories

Inventories are valued on the FIFO principle (first in, first out) as the lowest of acquisition cost, resale cost or probable sales cost.

Valuation of financial assets

Marketable securities have been valued at lower of cost or net realizable value.

R&D and long-term expenditures

Research and development costs are expensed in the financial period during which they are incurred. Costs accumulating income over a period of three or more years are capitalized as long-term costs and are amortized over 3-10 years.

Foreign currency items

Receivables and payables in foreign currency are valued in euros at balance sheet date exchange rates.

Allocation of pension expenses

Pension expenses have been presented following each country’s own legislation. The Parent Company’s own pension trust does not have uncovered liabilities.

Deferred taxes

Deferred tax assets and liabilities are determined for all temporary differences arising between the assessed taxation and the financial statements using the following years’ substantiated tax rate at the close of accounts. The balance sheet includes the total deferred tax liability and the estimated amount of the deferred tax asset.

Notes to the Income Statement (1000 EUR)

NET SALES BY MARKET AREA

Finland	70,833	66,891
Others	119,807	146,098

Total net sales	190,240	212,990
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OTHER OPERATING INCOME

Rental income	196	190
Profit from sale of fixed assets, tangible assets	66	130
Profit from the sale of shares	412	517

Other operating income	675	836
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DEPRECIATION AND WRITE-DOWNS

Depreciation according to plan, intangible (excl. goodwill and right of use)	39	9
Depreciation according to plan, other long-term expenditures	1,458	1,404
Depreciation according to plan, buildings and structures	1,392	1,411
Depreciation according to plan, machinery and equipment	2,324	2,366

Depreciation according to plan	5,213	5,190
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Depreciation of consolidated goodwill	514	514
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Depreciation and write-downs	5,727	5,704
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OTHER OPERATING EXPENSES

Sales freight	4,820	5,917
Selling commissions	4,047	4,503
Rents	15,232	15,025
Other	27,936	27,827

Other operating expenses	52,034	53,271
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AUDITORS’ FEES

To auditor: actual audit	164	151
To auditor: tax consultation	23	2
To auditor: other professional services	7	40

Auditors’ fees	194	193
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FINANCIAL INCOME AND EXPENSES

Dividend income from others	0	1
Other interest income from others	220	282
Other financial income	107	696
Interest expense on liabilities to others	-1,981	-2,396
Other financial expenses	-758	-2,537

Financial income and expenses	-2,411	-3,953
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INCOME TAXES

Income taxes on actual operations	1,422	1,766
Deferred taxes	208	257
Other direct taxes	4	48

Income taxes	1,633	2,071
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Breakdown of Fixed Assets (1000 EUR)

31.12.2024

31.12.2023

INTANGIBLE ASSETS

Intangible rights

Acquisition expense 1.1.

2,216

2,223

Exchange rate differences

4

-7

Acquisition expense 31.12.

2,220

2,216

Accrued depreciation and write-downs 1.1.

-2,070

-2,068

Exchange rate differences

-5

7

Depreciation

-38

-9

Accrued depreciation and write-downs 31.12.

-2,114

-2,070

Book value 31.12.

106

146

Goodwill

Acquisition expense 1.1.

3,146

3,146

Acquisition expense 31.12.

3,146

3,146

Accrued depreciation and write-downs 1.1.

-3,146

-3,146

Accrued depreciation and write-downs 31.12.

-3,146

-3,146

Book value 31.12.

0

0

Consolidated goodwill

Acquisition expense 1.1.

6,792

6,792

Acquisition expense 31.12.

6,792

6,792

Accrued depreciation and write-downs 1.1.

-4,224

-3,710

Depreciation

-514

-514

Accrued depreciation and write-downs 31.12.

-4,738

-4,224

Book value 31.12.

2,055

2,569

Other intangible assets

Acquisition expense 1.1.

28,739

26,959

Exchange rate differences

74

-808

Increases

6,458

2,594

Decreases

0

-7

Transfers between items

-58

0

Acquisition expense 31.12.

35,213

28,739

Accrued depreciation and write-downs 1.1.

-22,084

-21,460

Exchange rate differences

-52

729

Accrued depreciation on decreases and transfers

0

7

Depreciation

-1,458

-1,405

Accrued depreciation and write-downs 31.12.

-23,595

-22,084

Book value 31.12.

11,619

6,655

Intangible assets

13,779

9,369

TANGIBLE ASSETS

Land and water areas

Acquisition expense 1.1.

2,770

2,870

Exchange rate differences

190

-100

Acquisition expense 31.12.

2,960

2,770

Accrued depreciation and write-downs 1.1.

-211

-193

Exchange rate differences

-7

13

Accrued depreciation on decreases and transfers

30

-30

Accrued depreciation and write-downs 31.12.

-188

-211

Book value 31.12.

2,772

2,559

Buildings and structures

Acquisition expense 1.1.

61,082

62,463

Exchange rate differences

193

-1,335

Decreases

245

23

Vähennykset

-48

-70

Acquisition expense 31.12.

61,472

61,082

Accrued depreciation and write-downs 1.1.

-21,852

-20,318

Exchange rate differences

-24

141

Accrued depreciation on decreases and transfers

6

8

Depreciation

-1,673

-1,684

Accrued depreciation and write-downs 31.12.

-23,543

-21,852

Book value 31.12.

37,928

39,230

Machinery and equipment

Acquisition expense 1.1.

51,036

49,886

Exchange rate differences

149

-350

Increases

1,704

1,893

Decreases

-413

-401

Acquisition expense 31.12.

52,704

51,028

Accrued depreciation and write-downs 1.1.	-31,173	-29,066
Exchange rate differences	-92	211
Accrued depreciation on decreases and transfers	311	-231
Depreciation	-2,015	-2,073
Accrued depreciation and write-downs 31.12.	-32,969	-31,159
Book value 31.12.	19,735	19,869
Other tangible assets		
Acquisition expense 1.1.	163	112
Increases	1	51
Acquisition expense 31.12.	164	163
Accrued depreciation and write-downs 1.1.	-28	-7
Depreciation	-29	-21
Accrued depreciation and write-downs 31.12.	-57	-28
Book value 31.12.	108	135
Advance payments and acquisitions in progress		
Acquisition expense 1.1.	24	312
Increases	900	6
Decreases	0	-294
Transfers between asset items	-227	0
Acquisition expense 31.12.	698	24
Book value 31.12.	698	24
Tangible assets	61,241	61,816
INVESTMENTS		
Other shares and holdings		
Acquisition expense 1.1.	88	88
Increases	400	0
Acquisition expense 31.12.	488	88
Book value 31.12.	488	88
Investments	488	88
FIXED ASSETS	75,508	71,273

Subsidiaries

Share of ownership, %

Registered
domicile

52	Luhta Austria GmbH	100	Bergheim	Austria
56	L-Export France Sarl	100	Paris	France
60	L-Fashion Ag	99,6	Rotkreuz	Switzerland
62	Luhta Italy S.r.l.	100	Salo Brescia	Italy
70	L-Fashion Ab	100	Stockholm	Sweden
75	L-Fashion Group Netherlands B.V.	100	LS Heteren	Holland
80	L-Fashion Group A/S	99,8	Oslo	Norway
10	Finandmax Ltd.	100	Hong Kong	China
17	L-Export Oy	100	Lahti	Finland
61	Luhta USA Ltd	100	Delaware	USA
67	Nordic Fashion Corporation LLC	100	Dubai	UAE

Production companies

40	Luhta Sportswear (Suzhou) Co. Ltd	100	Suzhou	China
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L-Export Oy's subsidiaries

65	OOO Luhta Fashion Group	100	Moscow	Russia
66	OOO Nordic Fashion Retail	100	Moscow	Russia
94	Luhta Sportswear Japan G.K.	100	Tokyo	Japan
50	L-Fashion Story GmbH	100	Viernheim	Germany

Deferred Taxes (1000 EUR)

31.12.2024

31.12.2023

Deferred tax assets

Internal margin of inventories	1,397	1,286
Other items	50	143

Deferred tax liabilities

Other items	1,659	1,410
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Receivables (1000 EUR)

Receivables from Group companies

Short-term receivables from Group companies

Group Accounts receivables

Other Group receivables

Short-term receivables from Group companies

Prepaid expenses and accrued income, external

Tax assets (income taxes)

Interest receivables (from others)

Accrued personnel expenses, short-term receivables

Other prepaid expenses and accrued income from sales (from others)

Other prepaid expenses and accrued income from expenses (from others)

Prepaid expenses and accrued income, external

Liabilities (1000 EUR)

Accruals, external

Short-term income taxes, interest-bearing

Internal balance sheet reconciliations

Short-term interest liabilities, non-interest-bearing

Other short-term financial items accrued, non-interest-bearing

Short-term tax liabilities, income taxes, non-interest-bearing

Accrued personnel expenses, non-interest-bearing

Other short-term accruals from income, non-interest-bearing

Other short-term accruals from expenses, non-interest-bearing

Accruals, external

Notes Concerning Personnel

Of the Group’s employees in 2024, 502 worked in Finland and 415 worked abroad.

Salaries and bonuses of management and board members

Group

Parent Company

Changes in Equity (1000 EUR)

RESTRICTED EQUITY

Share capital 1.1.2024

Share capital

Share premium fund 1.1.2024

Share premium fund

Reserve fund 1.1.2024

Exchange rate differences

Transfers between liability items

Reserve fund

Restricted equity

UNRESTRICTED EQUITY

Reserve for invested unrestricted equity 1.1.2024

Share issue (reserve for invested unrestricted equity)

Reserve for invested unrestricted equity

Other funds 1.1.2024

Other funds

Exchange rate differences 1.1.2024

Exchange rate differences

Exchange rate difference, at date of acquisition

Transfers between items (post-acquisition gains/losses)

Exchange rate differences

Earnings (defined benefit plans), 1.1.2024

Exchange rate differences

Share of deferred tax asset of changes in period

Earnings (defined benefit plans)

Earnings (other than defined benefit plans) 1.1.2024

Exchange rate differences

Dividend distribution

Share of deferred tax asset of changes in period, IAS 8/new stand.

Other direct entries to earnings

Earnings (other than defined benefit plans)

Profit/Loss for the period

Retained earnings

Unrestricted equity

SHAREHOLDERS’ EQUITY

Pledges and Contingent Liabilities (1000 EUR)	31.12.2024	31.12.2023
PLEDGES AND CONTINGENT LIABILITIES		
Financial institution loans, pledged with real estate and corporate mortgages and loan receivables	24,500	27,500
Financial institution loans	24,500	27,500
Liabilities with pledged mortgages and securities	24,500	27,500
LOANS WITH PLEDGED MORTGAGES AND SECURITIES		
PLEDGES ON OWN BEHALF		
Real estate mortgages	248,256	248,256
Other mortgages	124,128	124,128
Other	8,396	8,791
Pledges on own behalf	380,780	381,175
PLEDGES ON BEHALF OF SUBSIDIARY AND OTHER GROUP COMPANIES		
Guarantees	21,965	17,474
Pledges on behalf of subsidiary and other Group companies	21,965	17,474
Pledges	402,745	398,649
CONTINGENT LIABILITIES AND OTHER LIABILITIES		
Leasing liabilities maturing within one year	14	22
Leasing liabilities maturing in 1-5 years	18	170
Leasing liabilities	33	192
Rental liabilities maturing within one year	1,780	1,645
Rental liabilities maturing in 1-5 years	804	1,158
Other rental liabilities	2,584	2,803
Interest payable on capital loans (unrecognized)		
Bill liabilities maturing within one year	13,367	11,731
Bill liabilities	13,367	11,731

Other liabilities maturing within one year		
Other liabilities maturing in 1-5 years	3,000	3,000
Other liabilities maturing beyond 5 years	500	500
Other liabilities	3,500	3,500
Letter of credit liabilities	61	23
Letter of credit liabilities	61	23
Contingent liabilities and other liabilities	19,545	18,249
VAT liability for real estate renovation and building costs in compliance with § 33 of the VAT Act.	708	1,044

Group Relations

The Parent Company of the L-Fashion Group Oy subgroup is Polap-Team Oy, domiciled in Lahti, Finland. The consolidated financial statements are available from L-Fashion Group Oy’s headquarters at: Tiilimäenkatu 9, FIN-15501 Lahti, Finland.

L-Fashion Group Oy

Income Statement (1000 EUR)	1.1.–31.12.2024	1.1.–31.12.2023
NET SALES	165,394	175,844
Production for own use		
Other operating income	388	337
Materials and services		
Materials and supplies		
Purchases during the period	-90,128	-98,299
Stocks, increase or decrease	-3,897	-2,363
External services	-42	-213
Materials and services, total	-94,066	-100,875
Personnel expenses		
Wages and salaries	-19,262	-20,777
Other social expenses		
Pension expenses	-1,937	-3,746
Other social expenses	-409	-737
Personnel expenses	-21,609	-25,260
Depreciation and write-downs		
Depreciation according to plan	-4,409	-4,455
Depreciation and write-downs	-4,409	-4,455
Other operating expenses	-37,467	-37,717
OPERATING PROFIT (LOSS)	8,230	7,873
Financial income and expenses		
Income from shares in Group companies		863
Income from investments in other fixed assets	0	1
Other interest and financial income, external	608	481
Interest expenses and other financial expenses	-2,687	-4,417
Financial income and expenses	-2,078	-3,072
PROFIT (LOSS) BEFORE TAXES	6,151	4,802
Appropriations		
Change in depreciation difference	-1,339	-1,423
Appropriations	-1,339	-1,423
Income taxes		
Taxes for the current and previous periods	-906	-640
Deferred taxes		
Income taxes	-906	-640
PROFIT (LOSS) FOR THE YEAR	3,907	2,739

Balance Sheet (1000 EUR)

	31.12.2024	31.12.2023
ASSETS		
FIXED ASSETS		
Intangible assets		
Intangible rights	151	151
Other intangible assets	9,983	4,916
Intangible assets	10,134	5,067
Tangible assets		
Land and water areas	1,278	1,278
Buildings and structures	22,048	23,322
Machinery and equipment	16,998	17,203
Other tangible assets	54	54
Advance payments and acquisitions in progress	560	24
Tangible assets	40,939	41,881
Investments		
Shares in associated companies	12,250	12,250
Receivables from Group companies	632	632
Other shares and holdings	88	88
Investments	12,969	12,969
FIXED ASSETS	64,042	59,917
CURRENT ASSETS		
Inventories		
Raw materials and consumables	232	258
Finished products/goods	53,199	57,070
Inventories	53,431	57,327
Long-term receivables		
Accounts receivable	56	43
Receivables from Group companies	7,948	8,159
Loan receivables	3,000	3,000
Long-term receivables	11,004	11,202
Short-term receivables		
Accounts receivable	15,257	15,098
Receivables from Group companies	26,788	23,052
Loan receivables		
Other receivables	542	1,392
Prepaid expenses and accrued income	1,368	1,154
Short-term receivables	43,955	40,697
Cash and bank balances	7,615	7,659
CURRENT ASSETS	116,005	116,885
ASSETS	180,046	176,802

Balance Sheet (1000 EUR)

SHAREHOLDERS’ EQUITY AND LIABILITIES

SHAREHOLDERS’ EQUITY

Share capital	10,462	10,462
Share premium fund	103	103
Reserve fund	230	230
Other funds	30,798	30,798
Profit from previous periods	63,549	64,349
Profit/Loss for the year	3,907	2,739

SHAREHOLDERS’ EQUITY

Minority interests

APPROPRIATIONS

Depreciation difference	8,297	6,958
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APPROPRIATIONS

Consolidated reserves

LIABILITIES

Long-term liabilities		
Loans from financial institutions	17,500	22,500
Other liabilities	108	314

Long-term liabilities	17,608	22,814
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Short-term liabilities

Loans from financial institutions	7,000	5,000
Accounts payable	3,065	2,303
Liabilities to Group companies	26,049	20,253
Other liabilities	2,247	2,295
Accruals	6,730	8,497

Short-term liabilities	45,091	38,348
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LIABILITIES

LIABILITIES	62,699	61,162
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SHAREHOLDERS’ EQUITY AND LIABILITIES

	180,046	176,802
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Cash Flow Statement (1000 EUR)

1.1.–31.12.2024

1.1.–31.12.2023

Cash flow from operations

Proceeds from customers	145,902	185,271
Payments to suppliers and employees	-129,897	-167,096
Operating cash flow before financial items and taxes	16,004	18,175

Interest paid from operations	-1,953	-2,374
Dividends received from operations	0	8,352
Interest received from operations	588	405
Other financing items from operations	-734	-2,415
Taxes paid from operations	-919	-2,744
Repayment of loan receivables		2,384

Cash flow from operations	12,987	21,783
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Cash flow from investments

Investments in tangible and intangible assets	-8,534	-3,572
Capital gains on tangible and intangible assets	133	406
Loans issued		-985

Cash flow from investments	-8,401	-4,151
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Cash flow from financing

Repayment of long-term loans	-5,000	-2,500
Repayment of short-term loans		-7,500
Short-term loans increase/decrease	2,358	923
Withdrawal of short-term loans	2,000	
Dividends paid	-3,538	-4,128
Loans issued	-450	-2,423
Repayment of loan receivables		1,000

Cash flow from financing	-4,630	-14,628
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Change in cash and cash equivalents

-44	3,004
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Cash and cash equivalents, opening balance	7,659	4,655
Change in cash and cash equivalents	-44	3,004
Cash and cash equivalents	7,615	7,659

Notes to the Income Statement (1000 EUR)

31.12.2024

31.12.2023

NET SALES BY MARKET AREA

Finland	70,431	66,891
Others	94,963	108,953

Total net sales

165,394

175,844

OTHER OPERATING INCOME

Rental income	196	190
Profit from sale of fixed assets, tangible assets	66	99
Other operating income	125	48

Other operating income

388

337

DEPRECIATION AND WRITE-DOWNS

Depreciation according to plan, other long-term expenditures	1,200	1,197
Depreciation according to plan, buildings and structures	1,274	1,276
Depreciation according to plan, machinery and equipment	1,936	1,983

Depreciation according to plan

4,409

4,455

OTHER OPERATING EXPENSES

Sales freight	4,117	4,663
Selling commissions	1,635	1,748
Rents	12,458	12,259
Other	19,258	19,047

Other operating expenses

37,467

37,717

AUDITORS' FEES

To auditor: actual audit	67	56
To auditor: tax consultation	22	0
To auditor: other professional services	0	7

Auditors' fees

89

64

FINANCIAL INCOME AND EXPENSES

Dividend income from Group companies	0	863
Dividend income from others	0	1
Other interest income from Group companies	515	308
Other interest income from others	198	223
Other financial income	12	66
Interest expenses and other financial expenses to Group companies	-461	-1,162
Interest expenses and other financial expenses	-2,341	-3,371

Financial income and expenses

-2,078

-3,072

INCOME TAXES

Income taxes on actual operations	906	640
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Income taxes

906

640

Breakdown of Fixed Assets (1000 EUR)

31.12.2024

31.12.2023

NON-CURRENT ASSETS

INTANGIBLE ASSETS

103189P	Intangible rights		
103010P	Acquisition expense 1.1.	986	986
103089P	Acquisition expense 31.12.	986	986

103090P	Accrued depreciation and write-downs 1.1.	-835	-846
103179P	Accrued depreciation and write-downs 31.12.	-835	-835

103189P	Book value 31.12.	151	151
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105189P	Goodwill		
105010P	Acquisition expense 1.1.	3,146	3,146
105089P	Acquisition expense 31.12.	3,146	3,146

105090P	Accrued depreciation and write-downs 1.1.	-3,146	-3,146
105179P	Accrued depreciation and write-downs 31.12.	-3,146	-3,146

105189P	Book value 31.12.	0	0
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107189P	Other long-term expenses		
107010P	Acquisition expense 1.1.	27,953	25,707
107049P	Increases	6,266	2,254
107069P	Decreases		-7

107089P	Acquisition expense 31.12.	34,220	27,953
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107090P	Accrued depreciation and write-downs 1.1.	-23,037	-21,847
107149P	Accrued depreciation on decreases and transfers		7
107150P	Depreciation	-1,200	-1,197
107179P	Accrued depreciation and write-downs 31.12.	-24,237	-23,037

107189P	Book value 31.12.	9,983	4,916
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REPORT ON OPERATIONS

FINANCIAL STATEMENTS

TANGIBLE ASSETS			
110189P	Land and water areas		
110010P	Acquisition expense 1.1.	1,278	1,278
110089P	Acquisition expense 31.12.	1,278	1,278
110189P	Book value 31.12.	1,278	1,278
112189P	Buildings and structures		
112010P	Acquisition expense 1.1.	43,233	43,233
112089P	Acquisition expense 31.12.	43,233	43,233
112090P	Accrued depreciation and write-downs 1.1.	-19,911	-18,636
112150P	Depreciation	-1,274	-1,276
112179P	Accrued depreciation and write-downs 31.12.	-21,185	-19,911
112189P	Book value 31.12.	22,048	23,322
116189P	Machinery and equipment		
116010P	Acquisition expense 1.1.	41,199	40,271
116049P	Increases	1,582	1,312
116069P	Decreases	-373	-384
116089P	Acquisition expense 31.12.	42,636	41,199
116090P	Accrued depreciation and write-downs 1.1.	-23,996	-22,362
116149P	Accrued depreciation on decreases and transfers	294	349
116150P	Depreciation	-1,936	-1,983
116179P	Accrued depreciation and write-downs 31.12.	-25,638	-23,996
116189P	Book value 31.12.	16,998	17,203
130189P	Other tangible assets		
130010P	Acquisition expense 1.1.	54	54
130089P	Acquisition expense 31.12.	54	54
130189P	Book value 31.12.	54	54

138089P	Advance payments and acquisitions in progress		
138010P	Acquisition expense 1.1.	24	312
138049P	Increases	764	6
138069P	Decreases		-294
138089P	Acquisition expense 31.12.	560	24
138089P	Book value 31.12.	560	24
138999FP	Tangible assets	40,939	41,881
INVESTMENTS			
140189P	Holdings in Group companies		
140010P	Acquisition expense 1.1.	12,250	12,250
140049P	Increases		
140089P	Acquisition expense 31.12.	12,250	12,250
140189P	Book value 31.12.	12,250	12,250
141189P	Receivables from Group companies		
141010P	Acquisition expense 1.1.	632	632
141069P	Decreases		
141089P	Acquisition expense 31.12.	632	632
141189P	Book value 31.12.	632	632
146189P	Other shares and holdings		
146010P	Acquisition expense 1.1.	88	88
146049P	Increases		
146089P	Acquisition expense 31.12.	88	88
146189P	Book value 31.12.	88	88
149599FP	Investments	12,969	12,969
149999FP	FIXED ASSETS	64,042	59,917

Receivables (1000 EUR)	31.12.2024	31.12.2023
Receivables from Group companies		
Long-term receivables from Group companies		
Long-term Group loan receivables	7,948	8,159
Long-term receivables from Group companies	7,948	8,159
Short-term receivables from Group companies		
Accounts receivables	25,906	20,918
Group dividend receivables	863	863
Other prepaid expenses and accrued income from Group		1,253
Other Group receivables	19	19
Short-term receivables from Group companies	26,788	23,052
Receivables from Group companies	34,736	31,212
Prepaid expenses and accrued income, external		
Tax assets (income taxes)	609	596
Interest receivables (from others)		1
Other prepaid expenses and accrued income from sales (from others)	316	4
Other prepaid expenses and accrued income from expenses (from others)	443	553
Prepaid expenses and accrued income	1,368	1,154
Liabilities (1000 EUR)	31.12.2024	31.12.2023
Liabilities to Group companies		
Short-term trade payables to Group companies, non-interest-bearing	20,906	2,106
Other short-term trade payables to Group companies, non-interest-bearing	171	1,868
Intercompany loans, non-interest-bearing	4,232	1,874
Short-term accruals to Group companies, non-interest-bearing	741	14,405
Liabilities to Group companies	26,049	20,253
Accruals, external		
Short-term interest liabilities, non-interest-bearing	52	51
Other short-term financial items accrued, non-interest-bearing	-0	23
Accrued personnel expenses, non-interest-bearing	4,642	6,142
Other short-term accruals from expenses, non-interest-bearing	2,036	2,305
Accruals	6,730	8,520

Changes In Equity (1000 EUR)	31.12.2024	31.12.2023
RESTRICTED EQUITY		
200000P Share capital 1.1.2024	10,462	10,462
201889P Share capital	10,462	10,462
202000P Share premium fund 1.1.2024	103	103
202789P Share premium fund	103	103
206700P Reserve fund 1.1.2024	230	230
206789P Reserve fund	230	230
206569FP Restricted equity	10,796	10,796
UNRESTRICTED EQUITY		
206500P Reserve for invested unrestricted equity 1.1.2024	2,116	3,000
206512P Share issue (reserve for invested unrestricted equity)		-885
206589P Reserve for invested unrestricted equity	2,116	2,116
206900P Other funds 1.1.2024	28,683	28,683
206989P Other funds	28,683	28,683
225000P Earnings (other than defined benefit plans) 1.1.2024	67,088	68,477
225059P Dividend distribution	-3,538	-4,128
225789P Earnings (other than defined benefit plans)	63,549	64,349
231000P Profit/Loss for the period	3,907	2,739
228889P Retained earnings	67,456	67,088
238569fP Unrestricted equity	98,255	97,886
238599FP SHAREHOLDERS' EQUITY	109,050	108,682

Pledges and Contingent Liabilities (1000 EUR)	31.12.2024	31.12.2023
PLEDGES AND CONTINGENT LIABILITIES		
Financial institution loans, pledged with real estate and corporate mortgages and loan receivables	24,500	27,500
Financial institution loans, pledged with other mortgages		
Financial institution loans, secured by pledged securities		
Financial institution loans	24,500	27,500
Liabilities with pledged mortgages and securities	24,500	27,500
Loans with pledged mortgages and securities		
PLEDGES ON OWN BEHALF		
Real estate mortgages	248,256	248,256
Other mortgages	124,128	124,128
Other	8,396	8,791
Pledges on own behalf	380,780	381,175
PLEDGES ON BEHALF OF SUBSIDIARY AND OTHER GROUP COMPANIES		
Guarantees	21,965	17,474
Pledges on behalf of subsidiary and other Group companies	21,965	17,474
Pledges	402,745	398,649
Other liabilities maturing within one year		
Other liabilities maturing in 1-5 years	3,000	3,000
Other liabilities maturing beyond 5 years	500	500
Other liabilities	3,500	3,500
Letter of credit liabilities	95	61
Letter of credit liabilities	95	61
Contingent liabilities and other liabilities	3,595	3,561
VAT liability for real estate renovation and building costs in compliance with § 33 of the VAT Act.	708	1,044
L-Fashion Group Oy has given absolute guarantees to Sponda Oy to guarantee the rent liabilities of the subsidiary regarding the business premises at the Zeppelin and Ratina shopping centers. The guarantee covers all rent liabilities for the duration of the rental agreement.		
Forward commitments as of per 31.12.2024 (maturing in 2025) are 411,697,958.00 CNH (53,069,018.77 EUR).		

List of Accounting Ledgers and Records and How They Are Maintained

General ledger	computer
Journal	computer
List of liabilities	computer
List of creditors	computer
Balance sheet	book bound
Balance sheet specifications	loose-leaf

Accounting records

- Daily ledger documents, accounts payable, purchase ledger payments, sales invoices, accounts receivable transactions, memo vouchers.
- Paper documentation for daily ledger documents, purchase ledger payments, accounts receivable transactions and memo vouchers.
- Some sales invoices are maintained on computer.
- Accounts payable are maintained on computer.

L-FASHION GROUP OY

Lahti, 14th April 2025

Mika Sutinen Chairman	Tiina-Kaisa Luhtanen-Virtanen
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Vesa Luhtanen	Christian Finell
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Jan-Elof Cavander

Juha Luhtanen
Managing Director

The auditors’ report has been submitted today.

Lahti, 14th April 2025

ERNST & YOUNG OY
Accounting Firm

Otto Joki, Authorized Public Accountant	Timo Tuokko, Authorized Public Accountant
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Corporate Governance Statement



LUHTA
SPORTSWEAR
COMPANY

CORPORATE GOVERNANCE STATEMENT

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Luhta Sportswear Company's Governance and Management Structure

Luhta Sportswear Company's Governance and Management Structure

L-FASHION GROUP OY is a 100% family-owned Finnish company based in Lahti, Finland. The parent company L-Fashion Group Oy and its subsidiaries form the group L-Fashion Group. The Group uses Luhta Sportswear Company as its marketing name. Organizationally, the company’s management structure consists of a General Meeting, a Board of Directors and a Managing Director. The Managing Director is assisted by the Management Group in the operational management of the company and in implementation of the strategy. Luhta’s governance system complies with Finnish laws and good governance principles. The company is part of the book-entry system.

General Meeting of Shareholders

THE SHAREHOLDERS OF the limited company exercise their right to speak and vote at the General Meeting. The Annual General Meeting is held once a year on a date determined by the Board of Directors. The procedures for the General Meeting are carried out in accordance with the Limited Liability Companies Act, the Articles of Association, and other provisions of the book-entry system. The following matters are considered at the Annual General Meeting:

- Presentation of the financial statements, the report by the Board of Directors and the auditor’s report.
- Adoption of the financial statements (including profit and loss account and balance sheet)
- Appropriation of the profit shown on the balance sheet
- Resolution on the discharge from liability of the members of the Board of Directors and the Managing Director
- Resolution on the remuneration of the members of the Board of Directors
- Resolution on the number of members of the Board of Directors
- Election of the members of the Board of Directors
- Resolution on the remuneration of the auditors
- Election of auditors
- Other matters specifically mentioned in the notice of meeting

EXTRAORDINARY GENERAL MEETINGS are held when necessary, in accordance with the Limited Liability Companies Act.

Board of Directors

THE GENERAL MEETING elects the Parent company’s Board of Directors, which also acts as the

Group’s Board of Directors. The Board’s term of office runs until the next Annual General Meeting following the election. The Board of Directors of the Parent company complies with the Limited Liability Companies Act and other applicable regulations. When planning the composition of the Board, the principal shareholder Polap-Team Oy makes proposals to the General Meeting, which are communicated to the shareholders in the notice of the General Meeting. Other shareholders may also submit Board member proposals to the General Meeting. In the selection of candidates for the Board of Directors, emphasis is placed on the importance of expertise and experience in the company’s operations.

IN ACCORDANCE WITH the Articles of Association, the number of Board members is 4–8. Shareholders can also serve as members of the Board. The Board currently has five members, three of whom are independent of the company’s shareholders. The Board elects a Chair from among its members at its organizational meeting.

IN ACCORDANCE WITH the Finnish Limited Liability Companies Act, the Board is responsible within the scope of its general powers for, among other things, governance of the company and the proper

arrangement of its operations. The Board has written rules of procedure for its activities. According to the rules of procedure, the duties of the Board of Directors include, in particular:

- Approval of the company strategy and monitoring its implementation
- Monitoring the achievement of financial targets
- Approval of major business restructuring
- Approval of the financial statements
- Convening the General Meeting and preparing the proposal on the distribution of assets to the General Meeting
- Preparation of the proposal for a resolution on the appointment of the auditor to the General Meeting
- Supervision of solvency and liquidity
- Approval of major investments
- Deciding on significant reduction or expansion of business operations
- Approval of major financing decisions, such as financial risk policies or financing agreements
- Review and approval of information in the Sustainability Report
- Approval of sustainability strategy and sustainability targets and monitoring of progress
- Monitoring the implementation of the due diligence process and development measures

BOARD OF DIRECTORS

Mika Sutinen, Chairman of the Board

Born: 1966 / Education: M.Sc.

KEY PROFESSIONAL EXPERIENCE AND POSITIONS OF TRUST:

- Industrial Partner, Vaaka Partners Oy
- Board Chair: Reaktor, Framery, Luhta, Jungle Juice Bar, SGN Group, Ellun Kanat, Talentree, Staria, Business Forum Group (Nordic Business Forum), Kalpa
- Board member: Lähitapiola Rahoitus, Solteq
- Chief Executive Officer, Musti Group Oy
- Chief Executive Officer, Best Friend Group
- Consultant, partner, Instead Oy

Board membership starting date: 2013, independent of the company and of its shareholders.

Tiina Luhtanen

Born: 1968 / Education: M.Sc.

KEY PROFESSIONAL EXPERIENCE AND POSITIONS OF TRUST:

- Chief Executive Officer, Balmuir Oy, 2019–2023
- Chief Executive Officer, Polap-Team Oy, 2015–
- Chief Executive Officer, Polap Real Oy, 2015–
- Board Chair; Luhta-Kiinteistöt Oy, 2019–

Board membership starting date: 2017, shareholder.

Vesa Luhtanen

Born: 1961 / Education: B.Sc., Business Administration

KEY PROFESSIONAL EXPERIENCE AND POSITIONS OF TRUST:

- L-Fashion Group Oy, Chief Executive Officer, 1999–2021
- Rapala VMC Oy, Board Member 2020–
- PHP Holding Oy, Board Member 2008–

Board membership starting date: 2021, shareholder.

Jan-Elof Cavander

Born: 1985 / Education: M.Sc. (Tech), Industrial Engineering and Management

KEY PROFESSIONAL EXPERIENCE AND POSITIONS OF TRUST:

- Chief Financial Officer, Purmo Group Oy, 2023–
- Chief Financial Officer, Rapala VMC Oy, 2017–2023

Board membership starting date: 2021, independent of the company and of its shareholders.

Christian Finell

Born: 1964 / Education: M.Sc., Economics

KEY PROFESSIONAL EXPERIENCE AND POSITIONS OF TRUST:

- 2015–2022 VP Commercial Salomon and VP Strategic Accounts Amer Sports
- 2007–2013 General Manager Columbia Sportswear Company EMEA
- 2001–2006 Head of Salomon EMEA

Board membership starting date: 2023, independent of the company and of its shareholders.

- Organization of internal control (incl. compliance) and risk management and monitoring their effectiveness
- Confirming the company’s values and mission
- Appointment and dismissal of the Managing Director and decisions on his remuneration
- Deciding on contracts and other legal transactions between the company and its related parties
- Deciding on unusual or extensive measures in view of the scope and nature of the company’s activities

THE BOARD’S RULES of procedure set out the rules on disqualification and the process for identifying disqualification. A member of the Board of Directors shall not participate in the consideration of a matter pertaining to a contract between the member and the company. A member shall likewise not participate in the consideration of a matter pertaining to a contract between the company and a third party, if the member is to derive an essential benefit in the matter and that benefit may be contrary to the interests of the company. The Board of Directors as a collective body and its members individually must themselves identify any potential conflicts of interest that may arise in the course of deliberations and decision-making. In accordance with the principle of prudence, members must, where appropriate, recuse themselves from any matter in which they themselves may have a material interest that is not in the company’s interest.

THE GROUP’S GENERAL Counsel acts as Secretary to the Board. The Secretary’s main task is to advise the Board on legal matters relating to the performance of its statutory duties.

Managing Director and Management Group

THE BOARD OF Directors appoints the company’s Managing Director, who is accountable to the Board. In accordance with the Limited Liability Companies Act, the Managing Director is responsible for ensuring that the accounts of the company are in compliance with the law and that its financial affairs have been arranged in a reliable manner. The Managing Director is responsible for managing the company’s strategy, business and operational administration in accordance with the instructions and authorizations given by the Board. The Managing Director reports

MANAGING DIRECTOR

Juha Luhtanen, Managing Director

Born: 1969 / Education: MBA

KEY PROFESSIONAL EXPERIENCE AND POSITIONS OF TRUST:

- L-Fashion Group Oy, Managing Director, 2021–
- L-Fashion Group Oy, Deputy Managing Director 2020–2021
- L-Fashion Group Oy, Sports Division Director 2014–2020
- EURATEX, Board member 2021–
- STJM, Board member 2020–
- Lahti Industrial Association, Vice Chairman 2022–

to the Board on material matters necessary for the performance of the Board’s duties.

THE MANAGING DIRECTOR is supported in his work by the Management Group. In addition to the Managing Director, who chairs the team, the Managing Group is comprised of the division heads and the heads of key Group units and business support functions. The Management Group meets regularly and reviews issues of importance related to the company’s strategy and the profitability of the business.

Divisions and Group Support Functions

IN ADDITION TO the corporate bodies, Luhta’s management system consists of business area-specific divisions and Group-level support functions. The Group’s operational business is carried out by the divisions and their profit centers. The various Group support functions provide the divisions and profit centers with the services they need and are responsible for organizing the activities of their respective areas of responsibility throughout the Group.

Compliance Function and Reporting Channel

THE COMPANY HAS compliance guidelines approved by the Board of Directors; the guidelines define the Compliance function’s responsibilities, operating principles, duties, operating scope and reporting processes. The Compliance function is organizationally part of the Group’s Legal department.

THE OBJECTIVE OF the Compliance function is to contribute to the smooth running of the business

and the achievement of financial targets. In particular, this is pursued by developing, defining, training and monitoring compliance practices. The Compliance function strives for efficiency, impartiality, fairness, and independence in its implementation and with the principle of continuity. The Compliance function contributes to the Board’s role in organizing sound corporate governance.

THE COMPLIANCE FUNCTION’S key task is to identify risks, deficiencies, misconduct or anomalies in relation to the regulations and guidelines that are binding on Luhta. The Compliance findings are recorded in the Legal department’s internal compliance report. The General Counsel reports on the Compliance function to the Managing Director on an ongoing basis and presents Compliance findings to the Board of Directors in aggregate at least once a year for information and identification of possible actions.

THE COMPLIANCE FUNCTION maintains the Luhta reporting channel in accordance with whistleblower protection legislation and investigates the submitted reports in accordance with a separate policy. The Compliance function may also become aware through other means of risks, misconduct and other anomalies (“Compliance findings”) that need to be investigated and resolved, and possibly initiate corrective actions.

PRODUCT DIVISIONS & BUSINESS UNITS	APPAREL			PERFORMANCE AND FOOTWEAR			ESSENTIALS		
	Luhta, Icepeak, Ril's, Your FACE, O.i.s CLOTHING			Rukka app&ftw, Motorsport app&ftw, Dachstein app&ftw, Icepeak ftw, Luhta ftw, Fashion ftw			Luhta, Icepeak, Rukka, Casa ACCESSORIES, HOME and PET		
SALES AND MARKETING	WHOLESALE								
	All Divisions' and all Markets' Wholesale Customers Brands and Categories Depending on the Market; eCom Wholesale customers together with Digital Team								
	DTC BUDGETING AND ASSORTMENT OPERATIONS								
	Retail Planning and Assortment Execution; China Retail Management All Divisions and Retail Chains								
	RETAIL STORE (B&M) SALES								
All b&m Store Concepts All Divisions									
DIGITAL OPERATIONS									
Own eCom, Digital Customers, Digital Marketing, Customer Loyalty All Divisions									
MARKETING AND PR									
Brand, b&m Retail & Wholesale tools, PR, All Divisions and Retail Chains									
OPERATIONAL & INTERNAL BUSINESS UNITS	Production Planning and Sourcing	China Operations	Logistics	Administration	ICT	HR and Group Communication	Sustainability	Finance	Legal

A person is running away from the camera on a paved path that curves through a dense forest. The scene is misty or foggy, with light filtering through the trees. The runner is wearing dark clothing and has their hair tied back, which is blowing in the wind. The path is wet and covered with fallen leaves.

Risk Management at Luhta Sportswear Company

Risk Management at Luhta Sportswear Company

LUHTA SPORTSWEAR COMPANY’S risk management policy is approved and monitored by the Board of Directors. Operational risk management and its development is the responsibility of the Managing Director. The Managing Director may delegate the practical implementation of risk management, in accordance with the company’s organizational structures, to senior management representatives responsible for the functions in which areas the risks are located. The business units shall implement prudent risk taking and decisions shall be based on careful evaluation and judgment, including with regard to risk taking and related returns. Risk management is the responsibility of all Luhta employees and is part of normal day-to-day work at all levels of the organization.

THE AIM OF Luhta’s risk management is to identify, measure and manage, using the available means, risks that could materially jeopardize the continuity of the company’s business and the achievement of its objectives. A risk can be an internal or external

event. The risk management policy is based on the adopted strategies and financial objectives. We respond to identified risks in such a way that protects the company against losses or allows us to take advantage of opportunities associated with the risks.

THE COMPANY’S LEADERSHIP Team annually carries out a risk analysis, applying a risk matrix to identify and measure risks. The risk analysis is presented to the Board of Directors. The aim of the risk analysis is to identify, assess and, through cost-effective action, to manage risks and thus:

- ensure that identified risks are managed in a way that is justified by the best available knowledge and economic circumstances;
- meet the expectations of stakeholders (owners, customers, employees, investors, other partners and society); and
- ensure continuity of business operations.

THE RISK ANALYSIS divides risks into the following main categories:

1. Economic and financial risks
2. Data security risks
3. Personnel risks
4. Indemnity risks
5. Supply chain risks
6. Compliance risks
7. Other risks

THE RISK ANALYSIS includes an assessment of the risks associated with misconduct. Strategic risks and risks related to the core business itself are taken into account in the strategic work of the Group and the divisions. Based on the findings of the risk analysis, an action plan to manage the risks is drawn up and approved by the Managing Director and the Board of Directors. The Managing Director is responsible for monitoring the implementation of the action plan.

WE IDENTIFY AND analyze sustainability-related risks in our Sustainability function and Leadership Team, and the Sustainability Director reports on risks to the Leadership Team and directly to the Managing Director and the Board on a regular basis. In 2024, we conducted a double materiality assessment to identify and assess financial risks and opportunities for Luhta’s operations arising from sustainability issues. During 2025, we will deepen our risk assessment and report on the financial impacts in more detail with a 2025 CSRD-compliant report. In addition to sustainability risks, we have conducted scenario work with the Leadership Team on risks related to the global economy and geopolitical situation. In particular, our focus in the work is on the potential impact these scenarios would have on production, logistics and our offering. We identify and manage short-term risks within businesses and support functions.



Remuneration at Luhta Sportswear Company

Remuneration at Luhta Sportswear Company

Remuneration of the Board of Directors

THE REMUNERATION OF the Chairman and members of the Board of Directors is decided at the General Meeting. All members of the Board of Directors are also paid a meeting fee.

THE COMPANY'S PREVIOUS Annual General Meeting decided on the remuneration of the Board of Directors as follows:

- Chairman EUR 36,000 per year
- Member EUR 24,000 per year
- Meeting fee for all members EUR 450 per meeting

THE REMUNERATION OF the Board of Directors is fixed, and no performance-related fees are paid to members. The members of the Board of Directors are not included in the company's incentive schemes.

Remuneration Principles

THE COMPANY'S REMUNERATION supports the achievement of strategy and targets, profitability

and owner-value growth. The remuneration of top management is determined on the basis of the same basic principles as the remuneration of the rest of the company's personnel. The company regularly reviews and assesses the competitiveness of its remuneration.

THE REMUNERATION OF the members of the Board of Directors is decided by the Annual General Meeting, to which the remuneration proposal is submitted by the principal shareholder Polap-Team Oy. The Chairman of the Board assesses and decides annually on the remuneration of the Managing Director. The remuneration of the Managing Director consists of a fixed salary, benefits in kind, supplementary pension insurance and a performance-based bonus (short-term incentive scheme) linked to the achievement of the company's financial targets and approved by the Board of Directors. ESG metrics are not yet part of the incentive scheme for top management.

IN 2024, A review and development plan for management remuneration was carried out. The review also looked at ways to develop remuneration to support Luhta's sustainability targets.

Pension Arrangements at Luhta

THE STATUTORY EMPLOYMENT pension coverage of the parent company's employees is mainly organized through its own pension foundation. The statutory employment pension scheme is defined benefit and its policy liabilities are fully funded. The pension foundation is supervised by the Finnish Financial Supervisory Authority. The pension coverage for employees of the subsidiaries is organized in external employment pension insurance companies. The previous Managing Director is entitled to a supplementary pension, which is currently paid from the company's general funds. The payments are capitalized in the balance sheet when they become due and no longer have an impact on the result.

THE CURRENT MANAGING Director is also entitled to a supplementary pension payable from the company's reserves, the accrual of which is capitalized and has a negative impact on the result. The company has not provided collateral for the supplementary pensions under the Managing Director contracts.



Annexes



LUHTA
SPORTSWEAR
COMPANY

ANNEXES

**128 Annex 1: Further Details About
Our Carbon Accounting**

130 Annex 2: GRI Index



Annex 1: Further Details About Our Carbon Accounting

THE EMISSIONS INVENTORY covers the entire Luhta Sportswear Company Group and all its subsidiaries. All scope 1-3 emission categories of the group are included in the calculation. The calculation has been carried out in accordance with the international Greenhouse Gas Protocol Corporate Standard. Emissions have been accounted for in accordance with the operational control approach.

THE READER OF emission data should be aware of several technicalities concerning carbon accounting. GHG Protocol considers many emission sources as voluntary. The standard provides several methods for calculation and allows for different estimation tools. Uncertainty in the calculation is caused by a number of factors, which can be divided into two categories: scientific (e.g., the CO2 equivalent of different greenhouse gases) and estimation uncertainties. The latter can be further divided into two categories: modelling and parameter uncertainties. Modelling uncertainties arise when real-world phenomena are mathematically modelled for carbon accounting purposes. Parameters refer to, for example, emission data, and factors. The standard does not specify the sources of emission factors and even two reliable sources may give significantly different results depending on the way the emission factors are calculated. Therefore, emission data may not be directly comparable,

even between companies in the same industry. In this annex, we have tried to carefully explain the methodology of our own calculation to enhance comparability and critical review of the results.

Greenhouse Gases Covered in the Carbon Accounting

OUR CARBON ACCOUNTING aims to include the following greenhouse gases: CO2, SF6, CH4, N2O, NF3 and HFC and PFC compounds. The results are expressed as CO2-equivalents according to global warming potential over a hundred-year period (GWP100).

Boundaries

OUR CARBON ACCOUNTING includes all scope 1 and 2 emissions as well as scope 3 emission categories under which Luhta Sportswear Company has any emissions. For each category, the carbon accounting covers the entire emission category to the best of our knowledge. The only exception is potential refrigerant leaks at the properties we use, for which data was not available for all properties. Of the total emissions, we estimate that the leakage is less than 1%, but we will seek to refine the data for these in future years as well.

1. Purchased goods and services	
2. Capital goods	
3. Fuel- and energy-related activities not included in scope 1 or scope 2	
4. Upstream logistics	
5. Waste generated in own operations	
6. Business travel	
7. Employee commuting	
8. Upstream leasing	not relevant with the chosen consolidation approach
9. Downstream logistics	not relevant: logistics of products from us to retailers are paid by us and therefore included in category 4
10. Processing of sold products	not relevant as we do not sell intermediate products
11. Use of sold products	
12. End-of-life of sold products	
13. Downstream leasing	not relevant
14. Franchising	not relevant
15. Investments	not relevant

Accuracy and Uncertainties

THE ACCURACY OF our emission results is most affected by the accuracy of the data for our largest emission sources. 100% of our emissions calculations for materials are based on actual material consumption by mass. The final stage of the manufacturing chain, turning fabrics and components into products, is calculated from direct data collected from our first-tier suppliers. The emissions of the preceding material production steps have been estimated using generic emission factors (see Emission factors for more details).

THERE ARE UNCERTAINTIES in the emission calculations for both materials and our first-tier suppliers. Emissions from the manufacture of fabrics depend primarily on the type of energy used in the production process and, in the case of natural fibres, also on the cultivation methods and the location of the cotton farms. As the materials we use are mainly from China and the calculation takes into account the emission intensity of the Chinese electricity grid, the information on materials is reasonably good.

WE ASKED OUR largest first-tier suppliers for emission data and received sufficiently reliable answers from 162 factories, covering 78.9% of our production. The rest of the first-tier supply was extrapolated from that data. For most of the suppliers, we obtained data on energy consumption, internal logistics and waste in relation to the share

of production supplied to us. The data were mostly consistent and reasonably close to industry average values. Clear statistical outliers were corrected or excluded from the calculation. The average emission intensity per kg of product was very close to the literature values, so the data can be considered reasonably accurate.

FOR THE OTHER emission categories, the main uncertainties relate to use phase of our products and purchased administrative services and products. We have not found reliable sources for estimating use phase emissions for our product categories, which is why the calculation includes assumptions based on our own expert opinion on the washing and drying frequency for outdoor clothing. Emissions from purchased administrative services and products have been calculated based on spend. However, the impact of these and other lesser uncertainties on our total emissions is moderate.

Emission Factors

REGARDING THE ENERGY used in our premises, emission factors are either from energy suppliers or, in the absence of such data, from Statistics Finland, Fingrid or Motiva in Finland and the International Energy Agency (IEA) in other countries. Emission factors for waste management are from Statistics Finland, HSY, Ecolnvent and WWF. The spend-based emission factors are from Syke’s ENVIMAT model that have been adjusted for inflation. Emission factors for fuels, logistics and travel are

from the UK Department of Environment and Rural Affairs (DEFRA) and Statistics Finland.

EMISSION FACTORS FOR materials have been collected from a wide range of scientific studies, textile sector surveys, Ecolnvent and DEFRA. The materials reach our first-tier suppliers mainly in the form of fabrics, and the emission factors take into account the manufacturing process and logistics up to the fabric stage. The emission factors for the materials consider the emission intensity of the electricity grid in the country of manufacture, based on emission and trade statistics. For example, the polyester we use comes from China, and electricity grid emission intensity is higher in China than that of the average of where polyester fibres are manufactured, so the emission factor for the polyester we use is higher than the global average. Our World in Data, Statista, AtlasBig and EEA have been used as sources for this data.

FOR SOME EMISSION sources, other sources of emission factors have also been used, such as scientific studies or industry surveys.

Annex 2: GRI Index

Statement of use:	Luhta Sportswear Company has reported in accordance with the GRI Standards for the period 1.1.2024-31.12.2024.
GRI 1 used:	GRI 1: Foundation 2021
Applicable GRI Sector Standard(s)	Applicable GRI stector standards are not available

GRI STANDARD	GRI DISCLOSURE	LOCATION	OMISSIONS	ADDITIONAL INFORMATION
GENERAL INFORMATION				
THE ORGANIZATION AND ITS REPORTING PRACTICES				
GRI 2: General Disclosures 2021	2-1 Organizational details	Business Review p. 7, Corporate Governance Statement p.120		
	2-2 Entities included in the organization’s sustainability reporting	Sustainability Review p. 97		
	2-3 Reporting period, frequency and contact point	Sustainability Review p. 97		Reporting period is 1.1.2024-31.12.2024.
	2-4 Restatements of information	Sustainability Review p. 97		No significant restatemens in previously reported data.
	2-5 External assurance	Sustainability Review p. 97		The report has not been externally assured.
	2-6 Activities, value chain and other business relationships	Business Review pp. 7-8, Sustainability Review pp. 65, 55		No significant changes in operations, value chain or business relationships. List of Luhta’s contract manufacturers available here.
ACIVITIES AND WORKERS				
GRI 2: General Disclosures 2021	2-7 Employees	Sustainability Review pp. 79-80		
	2-8 Workers who are not employees	Sustainability Review pp. 80		The number of external workers is given as an average estimate. The resource requirements of external workers will vary due to the volume of goods in different seasons.

GRI STANDARD	GRI DISCLOSURE	LOCATION	OMISSIONS	ADDITIONAL INFORMATION
GOVERNANCE				
GRI 2: General Disclosures 2021	2-9 Governance structure and composition	Corporate Governance Statement pp. 120-121		Luhta has no committees of the highest governance body.
	2-10 Nomination and selection of the highest governance body	Corporate Governance Statement pp. 120-121		Diversity is not specifically considered in the selection of board members.
	2-11 Chair of the highest governance body	Corporate Governance Statement pp. 120-121		
	2-12 Role of the highest governance body in overseeing the management of impacts	Sustainability Review p. 90, Corporate Governance Statement p. 120		
	2-13 Delegation of responsibility for managing impacts	Sustainability Review p. 90, Corporate Governance Statement p. 120		
	2-14 Role of the highest governance body in sustainability reporting	Sustainability Review p. 90, Corporate Governance Statement p. 120		
	2-15 Conflicts of interest	Corporate Governance Statement p. 121		No conflicts of interest have arisen during 2024.
	2-16 Communication of critical concerns	Sustainability Review pp. 91-92, Corporate Governance Statement p. 122		No critical concerns to report to the board during 2024.
	2-17 Collective knowledge of the highest governance body	Sustainability Review p. 90		
	2-18 Evaluation of the performance of the highest governance body	GRI index	The information is not reportable according to the requirements of the standard.	Luhta has no processes for evaluating the performance of the highest governance body in overseeing the management of the organization's sustainability impacts.
	2-19 Remuneration policies	Corporate Governance Statement p. 126		
	2-20 Process to determine remuneration	Corporate Governance Statement p. 126		
	2-21 Annual total compensation ratio	Corporate Governance Statement p. 126, GRI index	The ratios required by the standard were not reported due to the systemic challenge in determining the global median wage. We will improve data collection in the future.	
STRATEGY, POLICIES AND PRACTICES				
GRI 2: General Disclosures 2021	2-22 Statement on sustainable development strategy	Business Review p. 10 Sustainability Review pp. 32-33		
	2-23 Policy commitments	Sustainability Review pp. 65-68, 89-90		
	2-24 Embedding policy commitments	Sustainability Review pp. 89-90, 71-76, 78, 84-85		
	2-25 Processes to remediate negative impacts	Sustainability Review pp. 66-70		We are currently developing our due diligence process for remedying negative impacts.
	2-26 Mechanisms for seeking advice and raising concerns	Sustainability Review pp. 92, 69		Luhta's whistleblowing channel is available here.
	2-27 Compliance with laws and regulations	Sustainability Review pp. 91-92		No reportable non-compliance cases during 2024.
	2-28 Membership associatons	Sustainability Review p. 41		

GRI STANDARD	GRI DISCLOSURE	LOCATION	OMISSIONS	ADDITIONAL INFORMATION
STAKEHOLDER ENGAGEMENT				
GRI 2: General Disclosures 2021	2-29 Approach to stakeholder engagement	Sustainability Review pp. 41-44		
	2-30 Collective bargaining agreements	Sustainability Review p. 80		
MATERIALITY				
MATERIAL TOPICS				
GRI 3: Material Topics 2021	3-1 Process to determine material topics	Sustainability Review p. 37		
	3-2 List of material topics	Sustainability Review p. 37		Political contribution and waste generated by own activities have been identified as non-material topics and have therefore not been reported compared to the previous year.
GOVERNANCE AND FINANCE				
FINANCIAL RESPONSIBILITY				
GRI 3: Material Topics 2021	3-3 Management of material topics	Business Review pp. 21-22		
GRI 201: Economic performance 2016	201-1 Direct economic value generated and distributed	Business Review p. 21		
	201-4 Financial assistance received from government	Business Review p. 22		
GRI 207: Tax 2019	207-1 Approach to tax	Business Review p. 22		
	207-2 Tax governance, control, and risk management	Business Review p. 22		
	207-4 Country-by-country reporting	Business Review p. 22	Reported partly in accordance with the requirements of the standard, providing country-by-country information number of employees and taxes paid and accountable. Other information is considered as confidential.	
COMPLIANCE AND ETHICAL BUSINESS PRACTICES				
GRI 3: Material Topics 2021	3-3 Management of material topics	Sustainability Review pp. 91-95		
GRI 205: Anti-corruption 2016	205-3 Confirmed incidents of corruption and actions taken	Sustainability Review p. 92		No reportable incidents in 2024.
GRI 206: Anti-competitive behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Sustainability Review p. 92		No reportable cases in 2024.
GRI 418: Customer privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	Sustainability Review p. 93		
GRI 417: Marketing and Labeling 2016	417-2 Incidents of non-compliance concerning product and service information and labeling	Sustainability Review p. 92		No reportable incidents in 2024.
	417-3 Incidents of non-compliance concerning marketing communications	Sustainability Review p. 92		No reportable incidents in 2024.

GRI STANDARD	GRI DISCLOSURE	LOCATION	OMISSIONS	ADDITIONAL INFORMATION
ENVIRONMENT AND ANIMALS				
USE OF MATERIALS AND RESOURCES, WASTE AND CIRCULAR ECONOMY				
GRI 3: Material Topics 2021	3-3 Management of material topics	Sustainability Review pp. 35-36, 46, 53-63		
GRI 301: Materials 2016	301-1 Materials used by weight or volume	Sustainability Review p. 59		
	301-2 Recycled input materials used	Sustainability Review pp. 58-59		
GRI 306: Waste 2020	306-2 Management of significant wasterelated impacts	Sustainability Review pp. 53-57 GRI index		Luhta has contracts in place to ensure risk management and transparency in relation to waste. For example, we oblige operators to recycle properly if a product is transferred from them as waste. There are challenges and uncertainties in collecting accurate waste data. Our aim is to improve our data collection processes in relation to waste.
CLIMATE CHANGE				
GRI 3: Material Topics 2021	3-3 Management of material topics	Sustainability Review pp. 35-36, 46-52		
GRI 302: Energy 2016	302-1 Energy consumption within the organization	Sustainability Review p. 50 Annexes pp. 129-130		
	302-3 Energy intensity	Sustainability Review p. 50 Annexes pp. 129-130		
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	Sustainability Review pp. 51-52 Annexes pp. 129-130		
	305-2 Energy indirect (Scope 2) GHG emissions	Sustainability Review pp. 51-52 Annexes pp. 129-130		
	305-3 Other indirect (Scope 3) GHG emissions	Sustainability Review pp. 51-52 Annexes pp. 129-130		
	305-4 Kasvihuonekaasujen päästöintensiteetti	Sustainability Review p. 51 Annexes pp. 129-130		
WATER CONSUMPTION AND CHEMICALS				
GRI 3: Material Topics 2021	3-3 Management of material topics	Sustainability Review pp. 39, 58-63, 65-68		
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	Sustainability Review pp. 39, 58-63, 65-68	Reported partly in accordance with the requirements of the standard. Data are still incomplete. Accurate water-related data on the supply chain are not yet available.	We will further refine our water-related risk and impact assessment during 2025. We also aim to develop water-related indicators, targets and data collection in the coming years.

GRI STANDARD	GRI DISCLOSURE	LOCATION	OMISSIONS	ADDITIONAL INFORMATION
BIODIVERSITY				
GRI 3: Material Topics 2021	3-3 Management of material topics	Sustainability Review pp. 46-49, 53-63, 66-70		Biodiversity management in Luhta is linked to processes and measures related to climate, the circular economy and material sourcing. Our aim is to develop our nature work in the future and find more ways to manage nature impacts.
GRI 304: Biodiversity 2016	304-2 Significant impacts of activities, products and services on biodiversity	Sustainability Review pp. 46, 58, 65-67	Reported partly in accordance with the requirements of the standard. Data are still incomplete. We will further refine the biodiversity impact assessment in 2025.	Our objective is to develop metrics, targets and data collection related to nature impacts in the coming years.
ANIMAL WELFARE				
GRI 3: Material Topics 2021	3-3 Management of material topics	Sustainability Review pp. 89, 60-63		
SOCIAL				
OWN EMPLOYEES				
GRI 3: Material Topics 2021	3-3 Management of material topics	Sustainability Review p. 78		
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	Sustainability Review p. 80		
	401-3 Parental leave	Sustainability Review p. 87		
GRI 402: Labor/Management relations 2016	402-1 Minimum notice periods regarding operational changes	Sustainability Review p. 80 , GRI index		In accordance with the Act and the collective agreements, the employer must submit a written proposal for negotiations at least five days before the start of negotiations.

GRI STANDARD	GRI DISCLOSURE	LOCATION	OMISSIONS	ADDITIONAL INFORMATION
OCCUPATIONAL HEALTH, SAFETY AND WELL-BEING				
GRI 3: Material Topics 2021	3-3 Management of material topics	Sustainability Review pp. 78, 81-85		Occupational health, safety and well-being reporting focuses in particular on our own employees in Finland and China.
GRI 403: Occupational health and safety 2018	403 -1 Occupational health and safety management system	Sustainability Review pp. 81-82		
	403-2 Hazard identification, risk assessment, and incident investigation	Sustainability Review pp. 81-83		
	403-3 Occupational health services	Sustainability Review p. 83		
	403-4 Worker participation, consultation, and communication on occupational health and safety	Sustainability Review pp. 81-85		
	403-5 Worker training on occupational health and safety	Sustainability Review pp. 81-85		
	403-6 Promotion of worker health	Sustainability Review p. 84		
	403-8 Workers covered by an occupational health and safety management system	Sustainability Review pp. 81-83 GRI-indeksi		100% of employees in all Luhta Sportswear Company’s countries of operation are covered by a health and safety management system.
	403-9 Work-related injuries	Sustainability Review p. 83		
PERSONNEL COMPETENCE DEVELOPMENT				
GRI 3: Material Topics 2021	3-3 Management of material topics	Sustainability Review pp. 78, 84-85		
GRI 404: Training and education 2016	404-1 Average hours of training per year per employee	Sustainability Review pp. 84-85	No training hours per employee reported. Currently, no data on exact training hours per employee globally is available. Total hours of conducted trainings reported for Finland and China.	
	404-2 Programs for upgrading employee skills and transition assistance programs	Sustainability Review pp. 80, 84-85		
DIVERSITY, EQUITY AND INCLUSION				
GRI 3: Material Topics 2021	3-3 Management of material topics	Sustainability Review pp. 78, 86-87		
GRI 405: Diversity and equal oppoirtunity 2016	405-1 Diversity of governance bodies and employees	Sustainability Review pp. 86-87		
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	Sustainability Review p. 86		No reportable incidents in 2024.

GRI STANDARD	GRI DISCLOSURE	LOCATION	OMISSIONS	ADDITIONAL INFORMATION
VALUE CHAIN MANAGEMENT AND HUMAN RIGHTS				
GRI 3: Material Topics 2021	3-3 Management of material topics	Sustainability Review pp. 89-90, 64-76		
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	Sustainability Review pp. 66-67		In 2024, no cases of child labour were identified among Luhta Sportswear Company’s suppliers based on audits.
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	Sustainability Review pp. 66-67		In 2024, no cases of forced labour were identified among Luhta Sportswear Company’s suppliers based on audits.
GRI 414: Supplier social assessment 2016	414-1 New suppliers that were screened using social criteria	Sustainability Review p. 75	No percentage of new suppliers was reported, as there are relatively few new suppliers in the reporting period and therefore the information is not significant. We report on our practices regarding the criteria for selecting new suppliers and the share of social responsibility related audits for all suppliers and factories.	
	414-2 Negative social impacts in the supply chain and actions taken	Sustainability Review pp. 65-76	Reported partly as required by the standard on negative social impacts in the supply chain and measures taken. We do not collect data on impacts and measures in relation to the number of suppliers.	The assessment and monitoring of negative social impacts is based, among other things, on supplier audit results and country risk ratings.
PRODUCT SAFETY				
GRI 3: Material Topics 2021	3-3 Management of material topics	Sustainability Review pp. 94, 60-62		
GRI 416: Customer Health and Safety 2016	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	Sustainability Review p. 92		No reportable incidents in 2024.

