

# WE Inspire talent

Sustainability  
Report 2018

Environmental, Social and Governance Report 2018



晶苑國際集團有限公司\*  
CRYSTAL INTERNATIONAL GROUP LIMITED

(Incorporated in Bermuda with limited liability and registered by way of continuation in the Cayman Islands)

(於百慕達註冊成立的有限公司並以存續方式於開曼群島註冊)

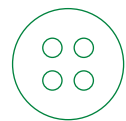
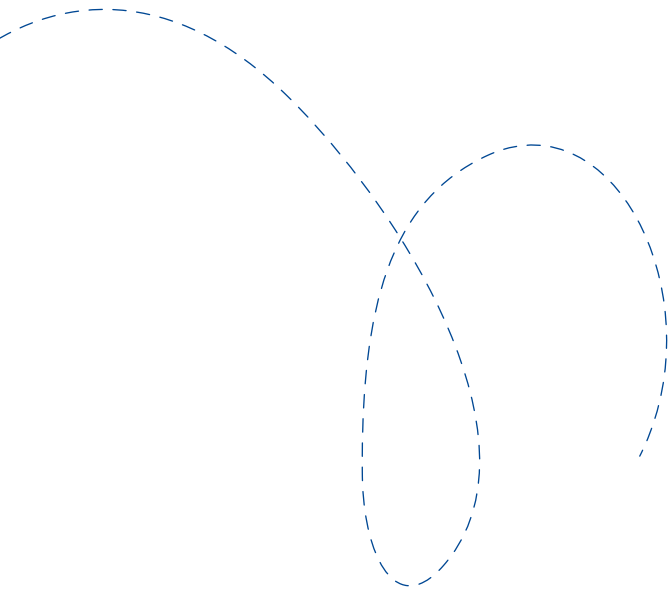
Stock Code 股份代號: 2232

\* For identification purposes only 僅供識別

# Women Empowerment

*“Never doubt that you are valuable and powerful and deserving of every chance and opportunity in the world to pursue and achieve your own dreams.”*

*– Hillary Clinton*



# en ment



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# THE BASIS OF THIS REPORT

## At Crystal, WE inspire talent.

This 2018 Sustainability Report (“**Sustainability Report**” or “**Environmental, Social and Governance Report**”) is prepared in compliance with the Environmental, Social and Governance (“**ESG**”) Reporting Guide set out in Appendix 27 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“**HKEX**”), as well as with reference to the Global Reporting Initiative (“**GRI**”) Standards. This is the tenth Sustainability Report for Crystal International Group Limited (“**Crystal**” or “**Crystal International**” or the “**Company**” or “**we**” or “**our**” or “**us**”) (Stock code: 2232), covering Crystal’s sustainability performance for the calendar year 1<sup>st</sup> January to 31<sup>st</sup> December 2018.

As an employer, we truly believe that our people are the most valuable asset of our Company and since over two-thirds of our global employees are female, women empowerment is one of our key foci. This report features the transformation journey of our female workers through our comprehensive employee care programme and how they have embraced the opportunities at Crystal to further their careers. In addition, we report on how we address the most significant economic, environmental and social topics identified by a materiality assessment made with our stakeholders.

For this year, pursuant to the reporting principle of completeness for defining report content, the reporting boundary has been expanded from five factories as per our 2017 ESG report, to all 20 factories across five countries: Vietnam, China, Cambodia, Bangladesh and Sri Lanka.

We welcome your feedback on this report and on our progress to date. For any related enquiries, please email us at [sustainability@crystalgroup.com](mailto:sustainability@crystalgroup.com).

**Catherine Chiu**  
General Manager  
Corporate Quality and Sustainability



# CEO MESSAGE



At Crystal, we have long been placing sustainability at the heart of our business. As one of the leading apparel manufacturers in the world, our sustainability strategy and Third Global 5-year Sustainability Targets support the United Nations Sustainable Development Goals (“SDGs”), helping to shape the industry through the power of garment manufacturing.

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In 2018, we made good progress by reducing 6% of our carbon footprint compared to 2017. We have also planted around 2.5 million trees over the past 10 years in the countries where we operate in support of global greenery.

The theme of our 2018 Sustainability Report is “WE Inspire Talent”. “WE” representing Crystal and “WE” also standing for “Women Empowerment”. Since women workers account for over 67% of our total workforce, our determination to create opportunities for them to advance in their career paths so they can realise their potential, has never been greater. In accordance with one of the social indicators of our Third Global 5-year Sustainability Targets, we are committed to empowering 40,000 female workers through our CARE Programme by 2022. Consequently, 100 in-house trainers have been developed in 2018 and over 25% of our female workers from most of our factories have joined the programme in 2019.

Crystal is not merely a workplace but a hub to nurture potential talent. Taking on new talent that we will need to sustain our growth, we drive Crystal’s Associate Programme covering Vietnam, China, and Bangladesh, where we equip associates with the knowledge, technical know-how and practical management skills for them to become our future leaders. We have also set up our own learning platform “Crystal University” for employees, which contributes significantly to cultivating talent.

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“Respect for People” and “Boundaryless Enterprise” are two of our key corporate values in Crystal. Apart from our comprehensive well-being programmes, we apply our industrial relations programme to maintain a harmonious relationship among our employees while continuing to strengthen our relationship with our stakeholders through better communication.

In addition to fulfilling our commitment to our customers to provide them with more innovative and sustainable products, we are working every day at finding efficiencies within our own operations. We have introduced the use of ‘smart laundry’ and other advanced production technologies and we are exploring the application of artificial intelligence, big data and smart technologies in our operations.

Looking ahead, we will remain focused on working towards accomplishing our Third Global 5-year Sustainability Targets. By incorporating sustainability into every aspect of our business, we create a shared value with our stakeholders so we can all make a contribution to a better world.

**Andrew Lo**

# UN SUSTAINABLE DEVELOPMENT GOALS

Our sustainability journey began in 2007 with the introduction of our sustainability framework, serving as a guiding principle to Crystal’s planning and operation. Our sustainability framework and current initiatives align with the SDGs of the United Nations (“UN”) to address global challenges and achieve a sustainable future for all.

## Crystal’s Sustainability Framework

Environment



## Corresponding Sustainable Development Goals



## Highlighted Initiatives

- Global 5-year Sustainability Targets
- Group-wide study on carbon and water roadmaps development
- Zero Discharge of Hazardous Chemicals (“ZDHC”)
- Waste-to-energy and recycling
- Global greenery

Innovation



- “Co-creation” business model
- Automation for operational efficiency and effectiveness
- Cutting-edge technologies for resource efficiency
- Industrial engineering practices for workers’ productivity and workplace safety

Product integrity



- Quality Policy and standards as a guidance for offering products and services that heighten customer satisfaction
- Quality management system deployed throughout our business processes
- Engagement with business partners for sustainable economic growth

Employee care



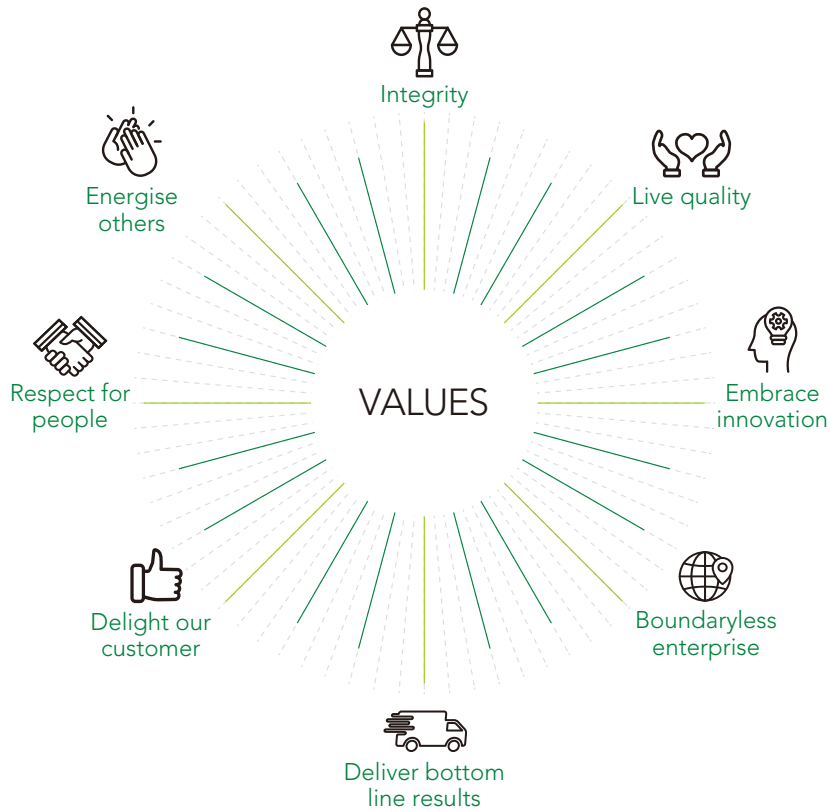
- People-oriented culture
- Policies and employee engagement activities to promote human rights and gender equality
- CARE Programme for women empowerment
- Harmonious industrial relations to foster communication with our employees

Community engagement



- Economic development in the communities where Crystal operates
- Creating shared value with local communities
- Global partnerships for sustainable development
- Employee volunteering in operating countries for the betterment of society

# CRYSTAL INTERNATIONAL GROUP LIMITED



Crystal International Group Limited is a global leader in the apparel manufacturing industry. Founded in Hong Kong in 1970, the Company and its subsidiaries (collectively, the “**Group**”) have a diversified product portfolio categorised into five segments, namely Lifestyle wear, Denim, Intimate, Sweater, and Sportswear and outdoor apparel, with leading positions in corresponding categories. The Group operates a multi-country manufacturing platform, with around 20 production facilities spanning five countries, namely Vietnam, China, Cambodia, Bangladesh and Sri Lanka, with its headquarters in Hong Kong.





GEOGRAPHICAL MARKETS



MISSION

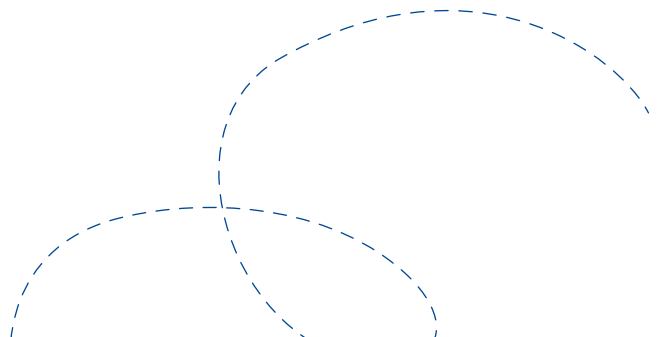
To be the most profitable company in the industry, customer choice and employee choice.

REVENUE

US\$2.496 billion

GARMENT PRODUCED

> 470 million pieces



## Corporate Governance

To oversee particular aspects of Crystal's affairs and to assist in the execution of its responsibilities, the Board of Directors (the "**Board**") has established the following four committees:

- Audit Committee
- Remuneration Committee
- Nomination Committee
- Corporate Development Committee

For the roles and responsibilities of each committee, please refer to Crystal's Annual Report 2018.

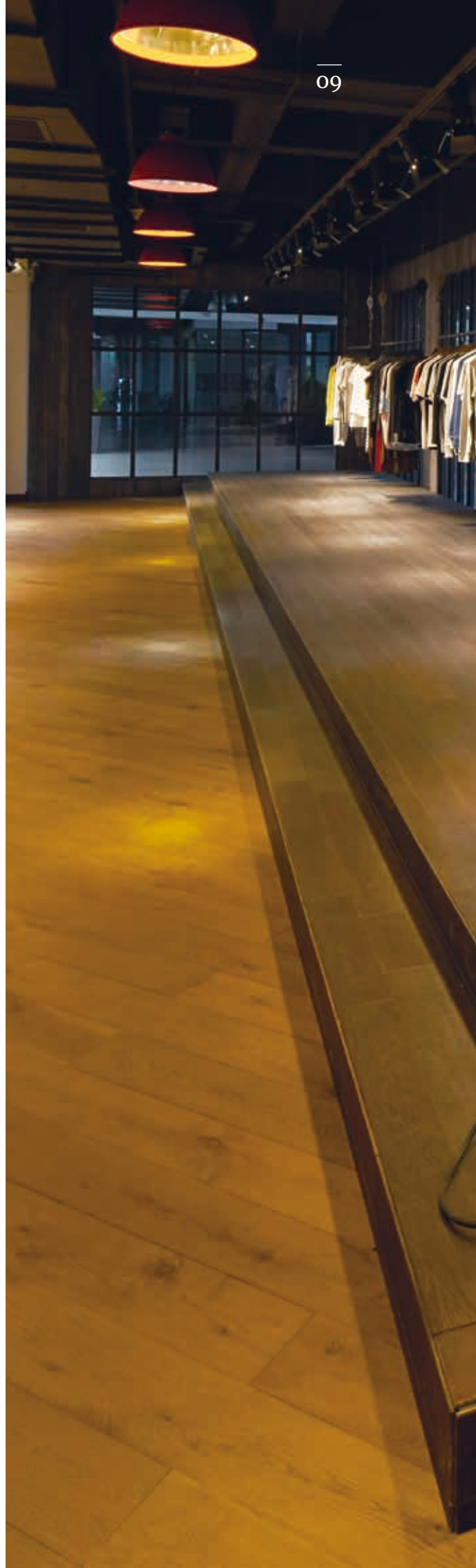
### Sustainability governance

The Board, in overseeing Crystal's sustainability strategy and annual reporting, is responsible for defining environmental and social initiatives while connecting sustainability with corporate purpose and strategy.

Global 5-year sustainability targets have been set to provide strategic direction for Crystal's factories. The sustainability performance is reported to Executive Committee ("**Execo**") members monthly and to the Board for review on a half-yearly basis.

To identify and control sustainability-related risks, a risk management system comprising a mechanism for communication and a reporting model is in place that keeps the Board and Execo members informed. All sustainability-related key risks and opportunities, which may have an impact on the Group, are reported to the CEO and Execo members bi-annually.

The Corporate Quality and Sustainability ("**CQS**") department, which is authorised by the Board, implements and drives sustainability strategies and policies, as well as providing sustainability reporting. The CQS and sustainability departments in factories are responsible for implementing initiatives and projects, measuring their impact, and reporting on both performance and potential risks to senior management.







# OUR SUSTAINABILITY VISION AND APPROACH

## Third Global 5-year Sustainability Targets (2018–2022)

### Environment

2018 performance



Reduce carbon footprint per garment by  
**10%**



Reduce fresh water consumption per garment by  
**8%**



Plant  
**1 million**  
trees



Base year of carbon and fresh water targets: 2017



Social

2018 performance



Empower  
**40,000**  
 females through  
 CARE Programme<sup>1</sup>



Engage employees in  
**10,000**  
 volunteering hours



In 2007, Crystal began its environmental protection endeavour by setting its Global 5-year Environmental Targets and has continued to do so. In 2018, we set our goal to take sustainable apparel manufacturing to the next level by unveiling our Third Global 5-Year Sustainability Targets. These targets include social indicators that emphasise our focus on developing talent within Crystal and contributing to the communities where we operate in a positive way.

<sup>1</sup> For details of Crystal’s CARE (Crystal Advocates Respect and Engagement) Programme – the holistic development programme for workers, please refer to the “Inspiring Our People” section.





## Our progress in 2018

### Environmental targets

To work towards the achievement of our carbon and freshwater targets, our factories continued adopting various eco-friendly measures and advanced processes. Our collaborative effort has led to us successfully making positive progress on carbon reduction. Despite continuous efforts to achieve the freshwater target, our progress was behind schedule owing to various production requirements. This has prompted us to review our water consumption methods and to take further action.

By affirming our long-term commitment, we are now conducting a Group-wide study to develop a holistic roadmap for carbon reduction and water saving under the framework of our Third Global 5-year Sustainability Targets.

Since 2007 we have planted over 2.5 million trees in the countries where we operate to raise awareness of deforestation and conservation. Together, with the participation of our factories, we planted around 300,000 trees in 2018.



### Social targets

For the first time we have incorporated social indicators in our Third Global 5-year Sustainability Targets to make clear our emphasis on developing talent, as well as giving back to our communities. In 2018, we have benefitted more women by expanding our CARE Programme to include more factories, where the programme helps women develop financial literacy as well as soft skills such as communication techniques to enhance their own self-reliance and to provide them with the tools to shape their future.

We also motivate and engage our employees to devote their effort and time to volunteer for the community. In 2018, Crystal's employees in the five operating countries proactively participated in various activities addressing local needs.

# ENGAGING OUR STAKEHOLDERS

We identify stakeholders who are impacted by our decisions, activities, or outcome, and then select those who frequently interact and provide us with feedback under the reporting principles of materiality and inclusiveness. We engage with these individuals and groups through various channels to allow a two-way communication.



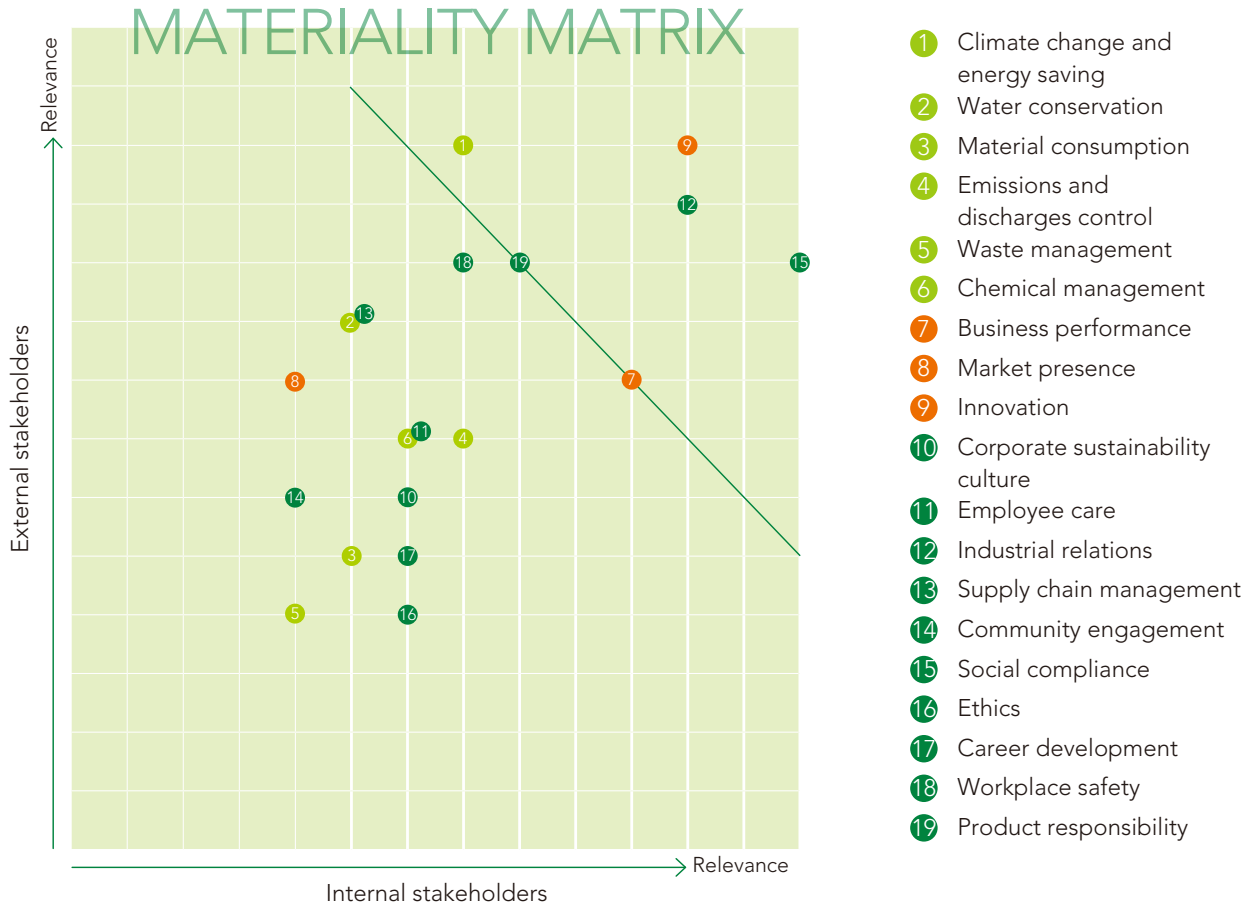
## Memberships

- |    |  |    |   |
|----|--|----|---|
| 1. |   | 2. |   |
| 3. |   | 4. |   |
| 5. |   | 4. | <p>Sustainable<br/>Fashion<br/>Business<br/>Consortium</p>  |
| 6. |  <p><small>THE HONG KONG 香港紡織及成衣研發中心<br/>RESEARCH INSTITUTE OF TEXTILES AND APPAREL</small></p> | 7. |   <p><b>HONG KONG</b><br/>Double Diamond Member<br/>雙鑽石會員2018/19</p> |

1.	The Cotton LEADS <sup>SM</sup> Program	Partner
2.	Global Fashion Agenda	Associate Partner
3.	Sustainable Apparel Coalition (“SAC”)	Member
4.	Sustainable Fashion Business Consortium	Founding Member
5.	The French Chamber of Commerce and Industry in Hong Kong	Company Member, Member of Corporate Sustainability Committee
6.	The Hong Kong Research Institute of Textiles and Apparel Limited	Corporate Member
7.	World Wide Fund for Nature – Hong Kong (“WWF-Hong Kong”)	Double Diamond Member

# Our Approach - Stakeholder Engagement and Materiality Assessment

## Materiality assessment



Note: We have engaged both external and internal stakeholders to select sustainability-related topics that they consider to be of highest relevance to Crystal. Upon data consolidation and analysis, each topic is rated and material topics are then identified.

- 1 Climate change and energy saving
- 2 Water conservation
- 3 Material consumption
- 4 Emissions and discharges control
- 5 Waste management
- 6 Chemical management
- 7 Business performance
- 8 Market presence
- 9 Innovation
- 10 Corporate sustainability culture
- 11 Employee care
- 12 Industrial relations
- 13 Supply chain management
- 14 Community engagement
- 15 Social compliance
- 16 Ethics
- 17 Career development
- 18 Workplace safety
- 19 Product responsibility

- Environmental
- Economic
- Social

## Focus on what matters

The material topics identified in our materiality matrix are the topics of highest relevance to Crystal and our external stakeholders. These have been defined through a process of stakeholder engagement such as surveys, interviews and panel discussions, while also being identified by the following material topics:

- Climate change and energy saving
- Business performance
- Innovation
- Industrial relations
- Social compliance
- Product responsibility

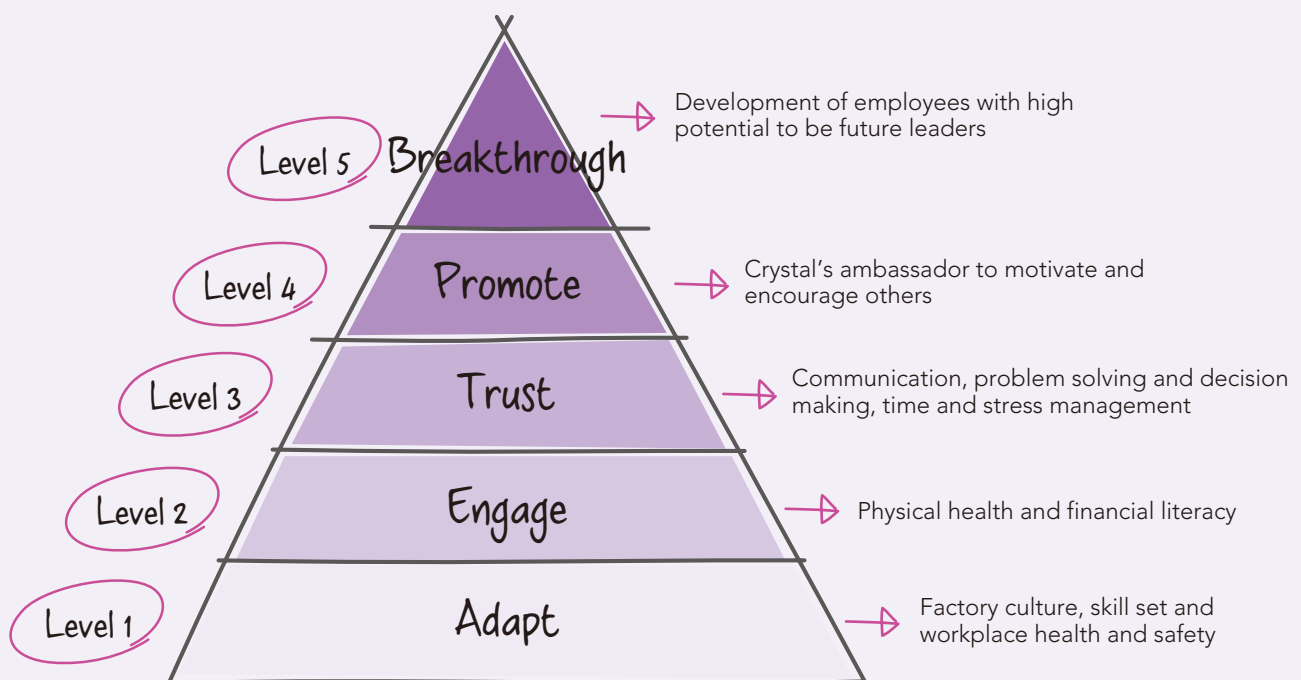
In response to the identified material topics, we have embedded our corporate mission and values when planning our sustainability initiatives. Under the five pillars of our sustainability framework, we have stepped up our efforts to interact with employees and address their concerns, made use of innovation and advanced technologies for environmental-friendly production, and implemented a robust quality management system to ensure products provide customer satisfaction. For further details on our approach, please refer to the corresponding sections in this report.



# INSPIRING OUR PEOPLE

## *People-oriented culture*

Respect for People is a people-oriented management approach that uses a comprehensive employee well-being programme, initiated by Crystal called CARE (Crystal Advocates Respect and Engagement). This is a learning and development programme of five levels to help employees build on their skills, promote a work-life balance, strengthen their self-respect, uplift their sense of belonging and attain self-actualisation. CARE allows them to create value for themselves, their families, for Crystal, and also for the community.



The following is a diary of one of our workers based in our Cambodia factory that witnesses her growth and journey.

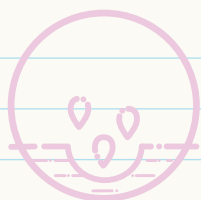
*We share,  
we grow, we care.*





My Inspirational Diary at Crystal

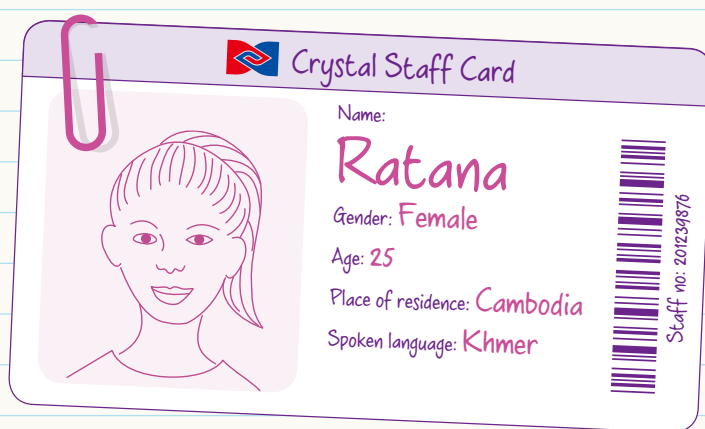
Adapt



Day 1

It was my first day in Crystal and my horizon has totally broadened today!

I have been a sewing worker for two years now and Crystal is the fourth factory which I have worked in. The schedule for new workers on the first day was hectic but there was a lot to learn!



## Orientation Training

Many co-workers gathered in a big meeting room for the three-hour orientation training session. I looked around and saw the displays of many policies. They are Corporate Social Compliance Policy and Code of Conduct, which outline our standards regarding employment<sup>1</sup>, benefits and welfare, health and safety, human rights, as well as our commitment to preventing discrimination, child labour and forced labour. Also, Crystal was compliant with the relevant laws and regulations of these aspects.

The Quality Policy and Brand Protection Policy outline our standards regarding product quality, health and safety, labelling and privacy matters relating to products and services we provided, as well as method of redress related to these issues, to ensure the delivery of high quality products and services. Customer brands' privacy matters were protected through each garment manufacturing process, and we ensured the correct labelling<sup>2</sup> of our products. All policies were in local language, so it was easy for me to understand the company requirements.

<sup>1</sup> The aspects are related to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity and diversity.

<sup>2</sup> Product advertising is not material for our garment manufacturing business.

The trainers shared that Crystal also required the suppliers to follow the same policies and they conduct regular Social Compliance Risk Assessments to monitor suppliers' performance. There is also a "Corporate Crisis Management Mechanism - CSR" in place for managing social risk in our factories and for suppliers.

There were a set of policies regarding business conduct (i.e. Anti-corruption Policy, Anti-bribery Policy, Anti-money Laundering Policy and Anti-fraud<sup>3</sup> Policy), and our company complied with the relevant laws and regulations. As a newcomer, it made me feel reassured that there were formal policies in place to protect us in a working environment.



## Factory Tour

We walked around at the production floor to familiarise ourselves in the new environment. Crystal formulated the Corporate Quality Index to measure product quality performance and the result in 2018 was satisfactory.

### Group quality performance

Customer final inspection pass rate ("CFIR"):

Group Target

99.5%



2018 Performance

**99.4%**

Observed quality level ("OQL"):

Group Target

≤ 4%



2018 Performance

**1.4%**

The trainer reiterated the concept "Quality is from production instead of inspection", which is fundamental to the role of a sewer.

<sup>3</sup> "Fraud" is defined as act of bribery, extortion and corruption, etc.

I met with my supervisor and she patiently showed me the importance of health and safety in my working environment, i.e. the use of personal protective equipment, fire safety and preventive measures, the emergency exits and evacuation routes. Also, she told me that a fire drill was scheduled for the next day and all employees should join and also encouraged me to contact her directly if I encountered any difficulties at work. Crystal was in compliance with relevant laws and regulations related to health and safety.



## Day 3

### Digital Wage Payment

A digital payment system is available to make sure we get our monthly salaries on time. It is convenient and safe, and I can manage my earnings and expenses in a more systematic way. It is good to know that our factories in Vietnam, China, Cambodia, Bangladesh and Sri Lanka are using similar digital payment methods for their employees.





## Engage Year 2



## Mothers@Work

Although it's been a busy couple of months at work, it has been rewarding and more importantly, I'm so excited that a new member is joining our family soon! I am pregnant! To prepare ourselves better for this new baby, my husband and I will join the factory's "Family Planning and Care for Mother" programme for two months, so we get some guidance on health and safety for a working mother in the factory as well as receiving advice on nutrition and tips on how to take care of a new-born.



In child care centre, milk, educational materials, recreational facilities and medical support are provided.

Collaborating with International Labour Organization ("ILO") and United Nations International Children's Emergency Fund ("UNICEF"), the factory launched a Mothers@Work Programme, aiming to support maternity rights. The refurbished child care centre provides a safe and warm place for us to look after our babies and for breast-feeding. To me, Crystal is not merely a workplace for us but a place where we can take care of our children. I believe this is a win-win situation for working mothers and for the factory.

In addition to supporting working mothers at Crystal, there are also various empowerment activities for our female workers.



"Harassment Prevention Week" with Better Work was hosted to introduce the concepts, preventive measures, effective communication and feedback via grievance mechanism.

More than 30,000 Crystal female workers have joined HERproject globally, an empowerment programme that impacts on health, financial inclusion, and gender equality.

BSR® | HERproject®



Trust



# Worker's Well-being

To help us unwind after a day at work, we can take advantage of the facilities at the leisure centre in our factory, where we have access to a gym, a badminton hall and basketball courts. We even have a barbeque and karaoke area where we can invite family and friends to enjoy these facilities with us after work or during the weekend.

"It's International Women's Day today! We received flowers and gifts as a token of appreciation from the factory!" Crystal values local culture and holds special events and activities to celebrate local festivals on a regular basis. Our factories plan monthly and year-round activities for staff and workers.

I'm looking forward to Tree Planting Day next week because I know one of the global 5-year sustainability targets is for us to plant another 1 million trees!

Year-round activities for workers

Month	Activity
JAN	Annual Dinner
FEB	Annual Picnic
MAR	International Women's Day
APR	Crystal Mini Olympics
MAY	Charity Carnival
JUN	Elderly Visit
JUL	SAH Festival
AUG	Quality Culture Promotion
SEP	Blood Donation
OCT	Environmental Campaign
NOV	Tree Planting
DEC	Christmas & New Year Party



Presenting flowers on International Women's Day

## Make Them Smile 😊

I just read some news about the "Make Them Smile" project in our Bangladesh factory. Since the primary school dropout rates in Bangladesh are high, the factory initiated this project to provide continuous educational support to our workers' children in the way of lectures, coaching and mentoring by factory team members.

## Scholarship

We also collaborated with the Bangladesh Labour Ministry and Bangladesh Knitwear Manufacturers and Exporters Association and nominated qualified children of our employees, who are recognised for their outstanding results in the Secondary School Certificate examination, for a Scholarship.

I truly feel the happiness from these mothers and how proud they must be, not just for them but also for the next generation.



## Employee Care Fund



Money raised from sold goods donated by our employees contributes to the Care Fund pool and would be given to the needy people in our local community.

Apart from the insurance package provided by the factory, the Employee Care Fund serves as an extra assurance to support the emergency need for medical expenses required by employees and their family member. I have also signed up for this Employee Care Fund offering a monthly contribution and I'm really happy to be part of a greater cause.

Promote



Year 3

## Literacy Programme

Our HR department conducted the "Literacy Programme for frontline workers" today, which was jointly organised with the local ministry and the United Nations Educational, Scientific and Cultural Organization ("UNESCO") in Cambodia.



One of the outstanding graduates from the Literacy Programme, who started off as a sewing worker was promoted to the position of technical advisor within six months after attending classes. The key takeaway from her was - "Knowledge Changes Our Destiny". I'm inspired by her journey and it made me think that if she could achieve her goals, then there is nothing to stop me in achieving mine either!

## Women Empowerment Programme - P.A.C.E.

"We want to empower 40,000 female workers by 2022 and unlock their potential."

I'm impressed by this commitment advocated by Crystal. With the support from my husband and parents, I decided to join the life skill and education P.A.C.E. (Personal Advancement and Career Enhancement) programme. The programme was initiated by Gap Inc. and has been running in our China factory since 2012 and it has now been extended to our Vietnam, Cambodia, Bangladesh and Sri Lanka factories, where more than 10,000 female workers have joined the programme.

After successfully going through a series of interviews, I am excited to be an official P.A.C.E. student! Since there is so much that I want to learn and achieve, I believe the training on topics such as communication, problem solving and decision making and time and stress management will propel me to reach my full potential where I can turn my job into a rewarding career.



## Train the Trainer

Through the laughs and tears during the months of training on the P.A.C.E programme, I'm proud to say I am now finally a P.A.C.E. graduate!

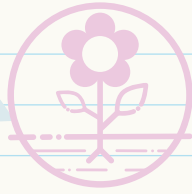
It has been a truly memorable learning experience with my classmates and trainers. I am now much more confident in communicating with others and expressing my viewpoint at work and family, whereas before I've been hesitant in voicing my opinions.

I immediately joined the "Train the Trainer" ("TTT") programme designed for those who have completed the P.A.C.E. programme where we will become an Ambassador for Crystal and be a positive influence on those joining the female empowerment programme.

I know that TTT will enhance my teaching, presentation and coaching skills, which are essential for training those on the P.A.C.E. and CARE programmes and I feel great that I can be a potential coach to my co-workers.



## Breakthrough



Year 4

### I Got Promoted! 😊

With all the training and experience I have gone through, I'm so happy to be promoted to a line leader position! A role which I had never imagined I would be in! I will try my best to encourage others to advance in the workplace and in their lives, just like how I was encouraged by my trainer and supervisor.

### Create Shared Value via Community Engagement

Since my promotion and after receiving training on sustainability, I now have a better understanding on the 3Ps concept (**People, Profit and Planet**) and how we can work towards a sustainable future for the next generation. I can also understand why our factory invests time and resources into the local communities where we are based and the importance of strengthening this link.

### Support for Single Mothers

"During our three-year stay at Shishu Polli Plus ("SPP"), my children got the chance for schooling and I saved money every month from my work whereas I had no ability to earn previously. With the support from SPP, I can now plan for our future," said Khadija, a beneficiary from SPP.

SPP is a women and children's village in Bangladesh, which provides a safe and loving environment where single mothers and their children receive nutritious food, health care and education. They receive training and there are work skill development programmes to help them build on their life-skills, increase their economic mobility so they can become more independent, and to improve their overall lives.

Our Bangladesh factory has been working with SSP since 2009 and started an Apparel Training School there. A full time trainer from our factory provided technical support for those young mothers in SPP during their sewing training. In total 1,000 operators were trained, most of whom are working in our factories or in garment factories nearby.





## Love Lai Vu

Our Vietnam factory is a big production site located in Lai Vu industrial zone with a workforce of more than 20,000 people. In order to create shared value with the villagers and local community, the factory collaborates with them on the following:

- Support with building a kindergarten
- Supporting the disadvantaged and local orphanages
- Providing working opportunities for local villagers
- Celebrating traditional festivals
- Sport activities
- Blood donation
- Tree-planting activities

Not only can we foster a closer relationship with local stakeholders, it helps with attracting talented workers for our factories. I hope I can spend more time to volunteering on similar programmes and contribute more to the society.



Donation to a kindergarten in Lai Vu

## Industrial Relations ("IR")

Year 5

As a worker and a line leader, I fully understand how effective communication and feedback are valuable for factory improvement. Crystal promotes good and sound Industrial Relations in all countries in order to maintain a harmonious and trustful relationship between management and employees through effective grievance mechanisms.

### Employee communication - "Company IQ"


Our grievance mechanisms include the traditional ways (e.g. a hotline, a General Manager suggestion box, and through workers' representatives), and various digital channels (e.g. WeChat, Facebook, and microblog).

Recently we have been provided with a smartphone app called "Company IQ" where we can see factory's updates, check our salary payment online and access the self-learning platform. This is a mutual communication way as we can voice our concerns and make suggestions via the "Grievance & Feedback" function where management will get back to us within 48 hours.

### IR leadership programme

Crystal also initiated an IR leadership programme to uphold and promote the core principles of Freedom of Association and Collective Bargaining. We joined the programme with workers, unions and factory management. The programme includes:

- An IR mapping exercise to understand the actual situation and challenges faced by factory
- Intensive training
- Setting up and coaching of a bi-partite committee with management representatives and shop stewards/trade union leaders



"Before we hardly talk to each other. Now we have lunch together and we exchange ideas on how we can communicate more effectively to create a harmonious workplace."

- Union representative

It focuses on practical techniques and how to manage behavioural changes of staff to enable us to make long-term improvements. Over half of the participants are female workers, and we feel strongly about applying the acquired knowledge to the workplace.

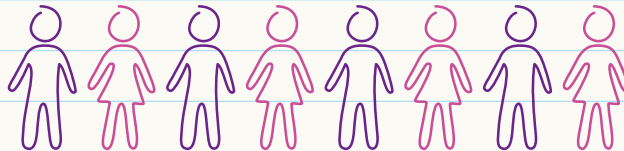
## My Hope for the Future

The past couple of years have been fulfilling where I have come a long way from that very first day at Crystal. Through the CARE programme, I have become more knowledgeable and it has equipped me with the skills and experiences encouraging me to choose my own path. I feel grateful for the opportunities given to me and the support for working mothers to help alleviate the pressures of keeping up with family commitments, allowing me to realise my full potential. I feel confident in taking on a bigger role. My aspiration now is that I can coach others and to instil what I have learnt from my journey to help in amplifying women's voices, and hopefully inspire and empower more women to do the same.

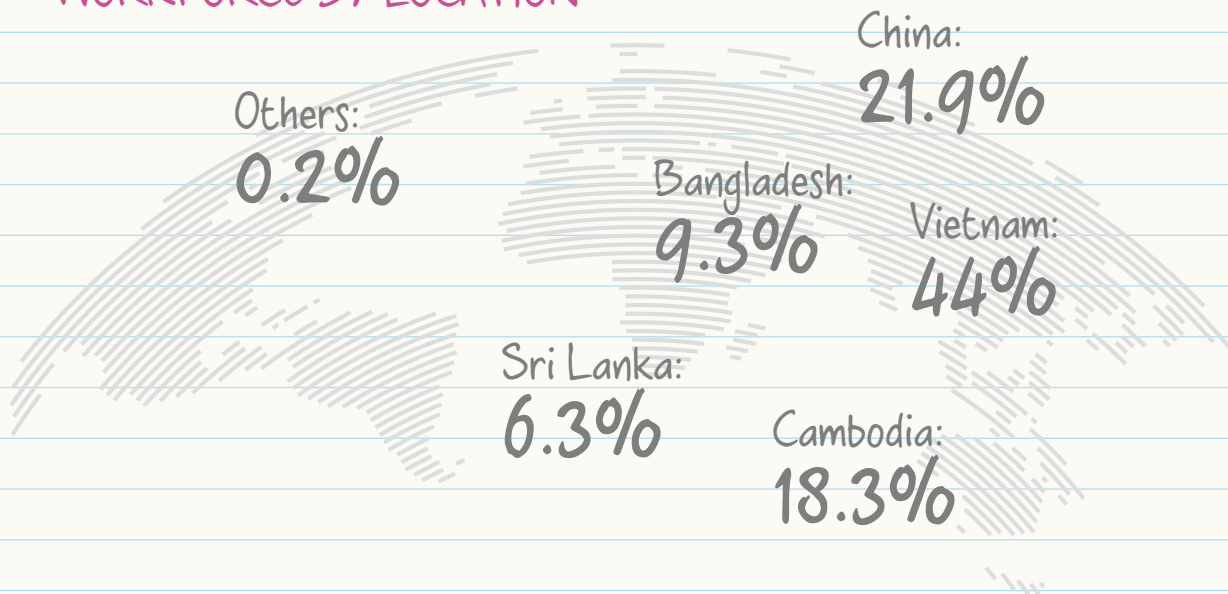
## OUR EMPLOYEES

### GLOBAL EMPLOYEES

>80,000



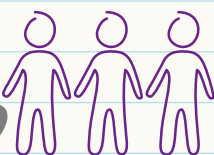
### WORKFORCE BY LOCATION



### WORKFORCE BY GENDER

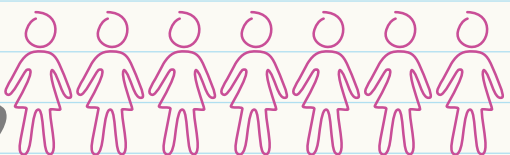
Male:

32.9%



Female:

67.1%





# SUSTAINING OUR PLANET

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*As a global leader in the apparel manufacturing industry, we are committed to operating our business in a sustainable manner and taking sustainable fashion to the next level. While striving for business excellence, we also focus on implementing environmentally conscious practices to create a positive impact on the world.*







# SUSTAINING OUR PLANET

In the face of steeper environmental challenges, we have stepped up our efforts with enhancing our environmental stewardship. Our Corporate Environmental Policy serves as a set of core principles to guide the operation and development of Crystal in an environmentally friendly manner, including pollution prevention, resources conservation, climate change, global greenery, partnership, and so forth. For the ease of understanding for our employees, we revised and translated our Corporate Environmental Policy into four languages in July 2018, including Bengali, Khmer, Sinhala and Vietnamese as well as the default languages Chinese and English.



## PRODUCT FOOTPRINTS (2017 & 2018)

### Carbon Intensity (kg CO<sub>2</sub>e/piece)



### Energy Intensity (kWh/piece)



### Freshwater Intensity (L/piece)

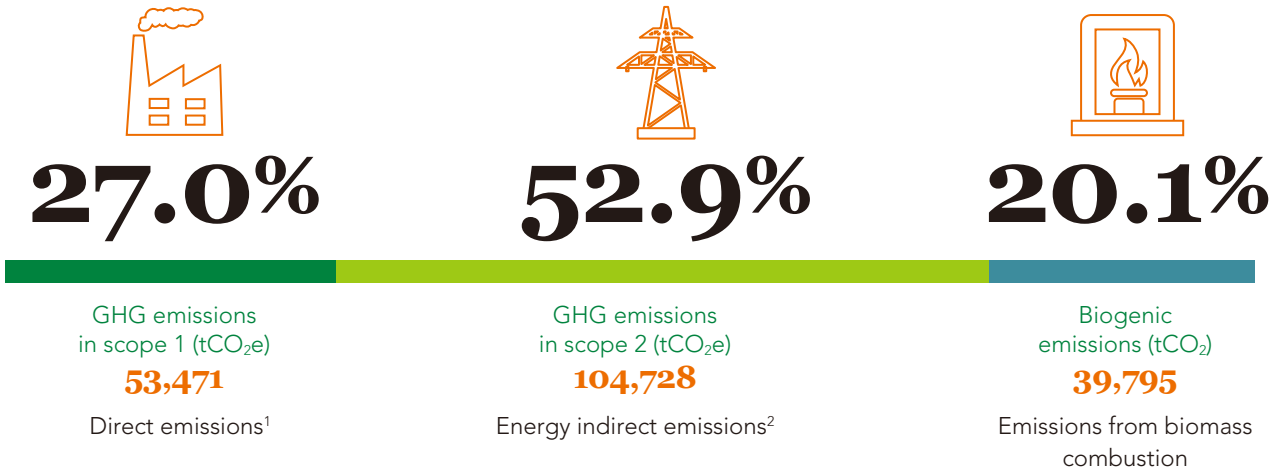


Note:

1. The carbon intensities are calculated as the total greenhouse gas ("GHG") emissions including scope 1, scope 2 and biogenic carbon dioxide emissions, divided by the total production pieces.



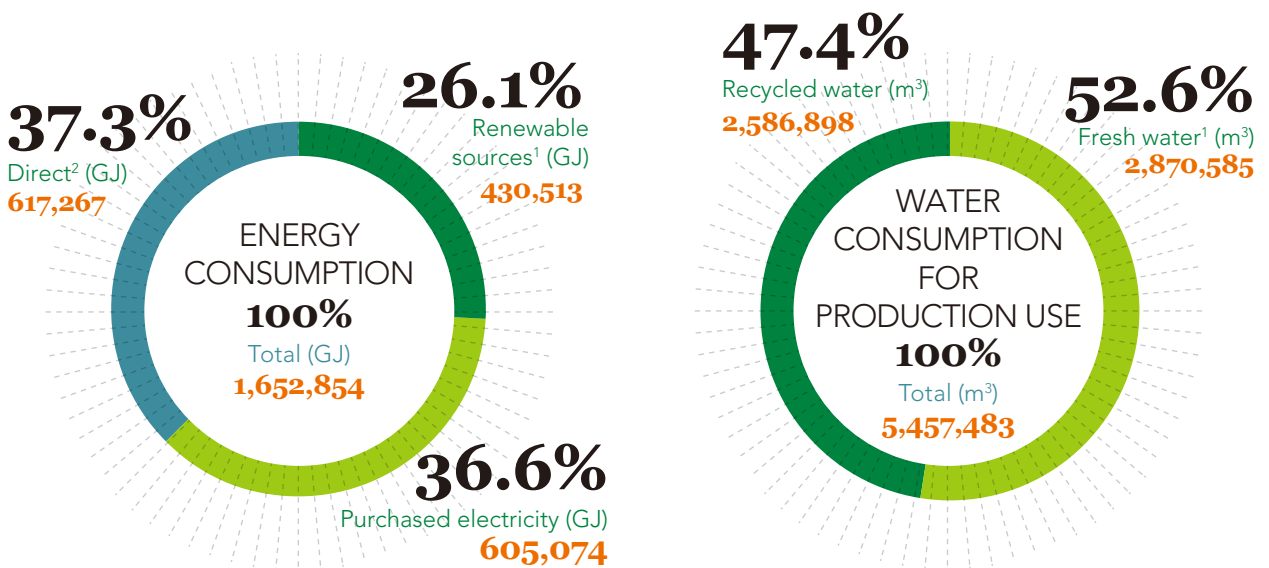
### GHG EMISSIONS 2018



Note:

1. Direct emissions include combustion of fossil fuels in stationary sources (e.g. boilers, generators, kitchens) and mobile sources (e.g. motor vehicles), and emissions from wastewater treatment and septic tanks.
2. Energy indirect emissions include purchased electricity.

### ENERGY & WATER CONSUMPTIONS 2018



Note:

1. Renewable sources include biogenic fuel combustion and solar energy.
2. Direct energy sources include combustion of fossil fuels and alternative fuels.

Note:

1. Fresh water includes municipal water, river water, well water and underground water.

## Water Conservation

We undertake prudent water stewardship aimed at cutting fresh water consumption and maximising the use of recycled water. We achieved this objective through the consistent upgrade of water-processing equipment, the enhancement of wastewater treatment, as well as undertaking regular monitoring.

In 2018 alone, our factories have recycled around

**3,238,000 m<sup>3</sup>**

of water for both production and non-production uses,



=



**1,300**



Olympic-sized swimming pools.

which is equivalent to around the water from

## Carbon Reduction and Energy Saving

We endeavour to improve our performance on our carbon footprint and energy efficiency through environmental engineering projects such as energy-efficient retrofitting, equipment upgrade, and by increasing the use of renewable energy during production. To gain a competitive advantage and credibility, an increasing number of our factories are now certified with international environmental standards such as ISO 14001 Environmental Management System, ISO 50001 Energy Management System, and WWF Low Carbon Manufacturing Programme ("LCMP").

## Air Emissions

We have taken steps in controlling the emission sources of air pollutants, mainly generated from the fuel combustion of boilers. We have controlled the emissions by adopting a multi-pronged approach, such as switching boiler fuel to natural gas, applying efficient combustion and appropriate end-of-pipe treatments.

In 2018, our operating facilities in total emitted around 235 tonnes of nitrogen oxides ("NO<sub>x</sub>"), 6.9 tonnes of sulphur dioxide ("SO<sub>2</sub>") and 61.1 tonnes of particulate matter ("PM"), from both stationary and mobile sources. All our factories regularly monitored the emission quality, which was in compliance with legal standards in 2018.

Note: The amount of air pollutant emissions were estimated by fuel consumption and equipment condition with reference to the methodologies of United States Environmental Protection Agency and European Union's European Environment Agency.



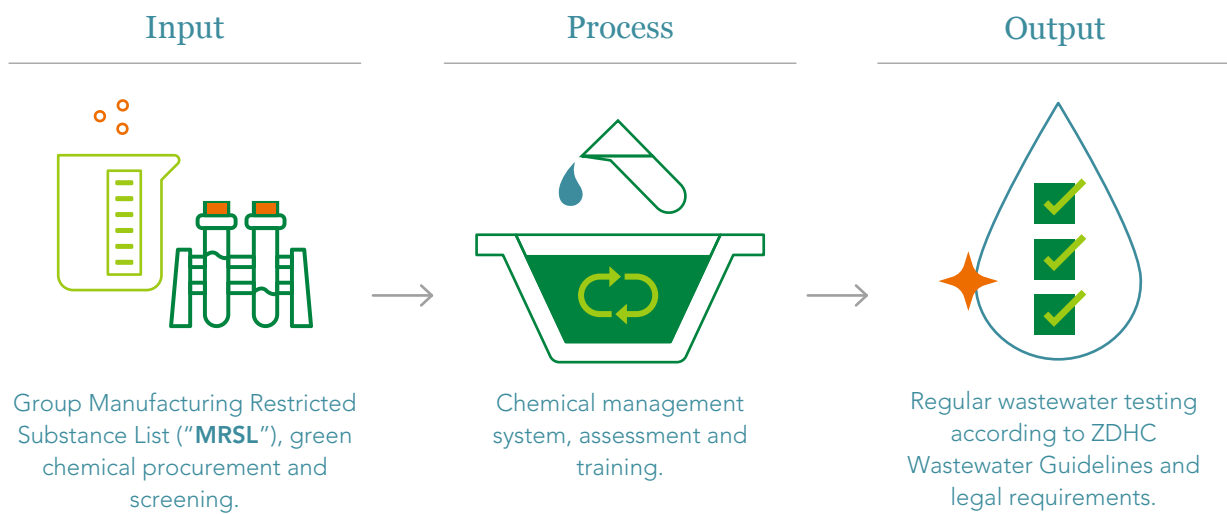
## Waste Management and Packaging Material

In 2018, we launched a set of Corporate Waste Management Guidelines, which provided our factories with guidance and to standardise waste management procedures. These guidelines follow Crystal’s principle of “Avoid, Reduce, Recycle, Dispose” in material utilisation and waste management throughout the manufacturing process. Our factories handled waste that was fully compliant with the requirements of the local laws.

In 2018, our operating facilities generated 2.2 kilotonnes of hazardous waste – mainly chemical waste from production processes and sludge from wastewater treatment, and 32.5 kilotonnes of non-hazardous waste – mainly fabric waste and domestic waste. Around 36.7 kilotonnes of paper products, mainly carton boxes and 21.3 kilotonnes plastics were consumed for the purpose of packaging finished products during the reporting period. Please refer to the section of “Highlighted projects and initiatives” for details on some of our featured waste projects.



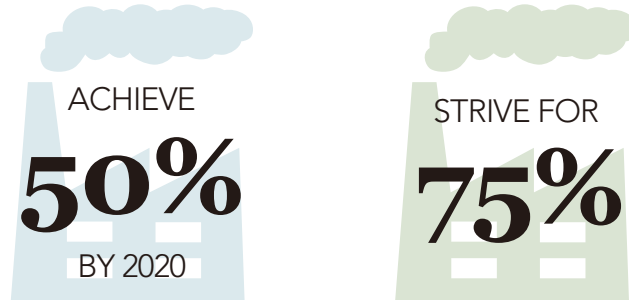
### CHEMICAL AND WASTEWATER MANAGEMENT



## Full Adoption of the Higg Index

Since the launch of the Higg Facility Environmental Module (“FEM”) 3.0 by Sustainable Apparel Coalition in Nov 2017, all of our factories have fully adopted Higg FEM for assessing environmental performance and for driving improvement.

GROUP TARGET OF HIGG FEM:



To facilitate the improvement of factory performance, we have developed a toolkit with practical training materials and ready-to-use templates for conducting the Higg FEM assessment.





## Highlighted Projects and Initiatives

From design, materials, through to production processes, we adopt eco-conscious practices and measures at every stage to mitigate environmental impact and enhance our environmental performance.

### Sustainable design and product development

By advancing the software used for designing denim products, we can produce digital samples without making a physical sample each time. Our denim product development process is now quicker, saving time and effort, as well as reducing the number of sample preparation. Not only can we provide diversified design solutions to our customers, we also save a considerable amount of materials, energy and water during the process.

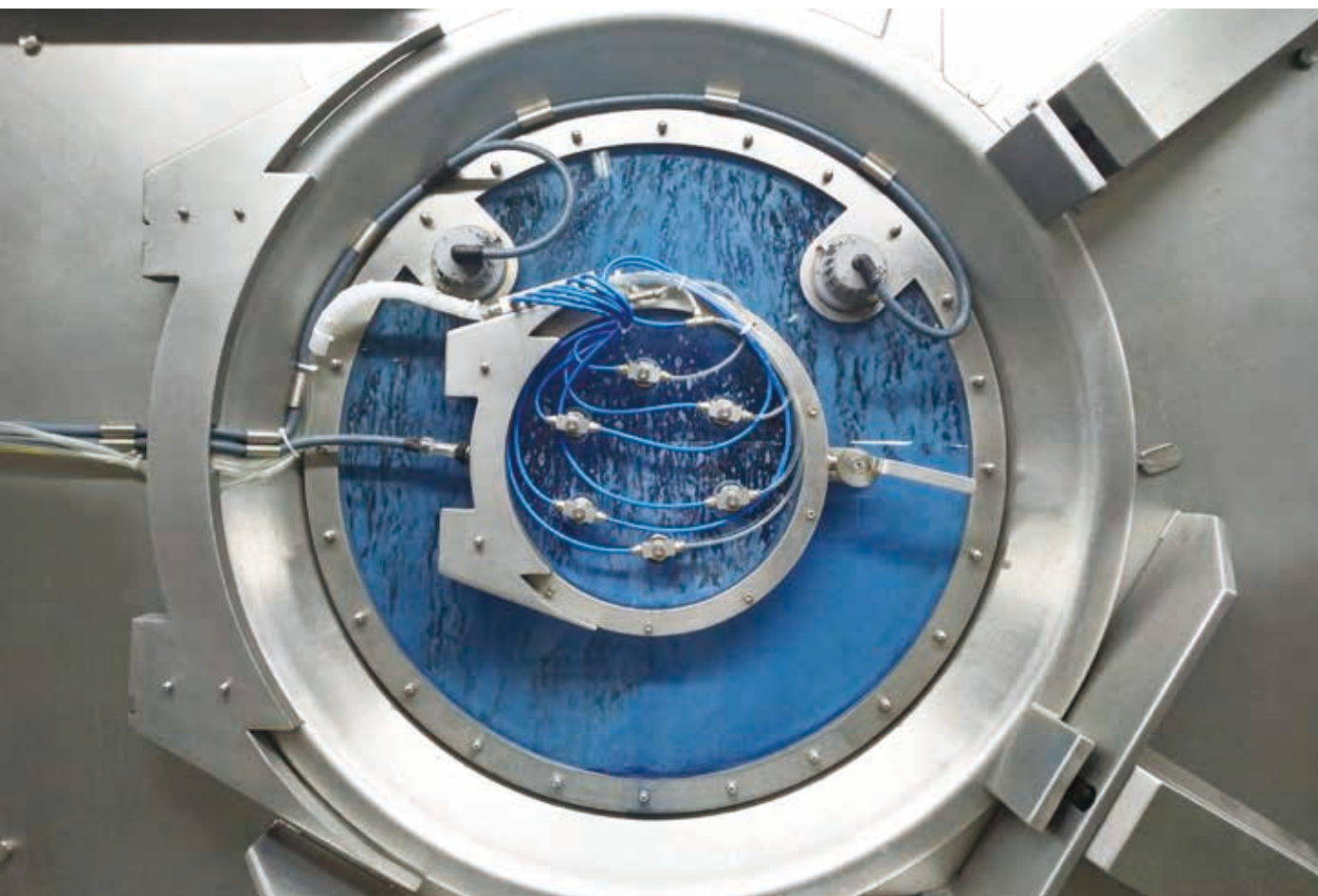
### Better Cotton Initiative (“BCI”)

BCI is one of our ways for sustainable material sourcing. This initiative trains farmers to produce cotton in ways that respect the environment and improve on efficiency and productivity. Through purchasing the certified materials, we can provide our customers with a more sustainable option. In our denim factories, we used a varied mix of Better Cotton in our production, reaching 100% use of Better Cotton for some of our customers in 2018.

### Smart laundry

Our denim factories are equipped with advanced and innovative washing technologies. More efficient washing machines and dryers were installed, including adopting the use of computerised controls, laser technology, nano-technology and energy efficient drying systems. Depending on the product type, the new washing machines can save up to 90% water during the process. Apart from the water and energy saving benefits, the retrofit is also able to increase productivity and provide more diversified products to customers.





### Energy efficient ironing

Our lifestyle wear factory in China carried out a retrofitting project in the ironing section. With the installation of steam separators on the steam pipes and advanced energy efficient irons, we are able to save at least 30% of steam consumption during the ironing process.

### Solar panel

Our intimate factory in China installed photovoltaic panels on its rooftop, which can generate more than 200,000 kWh of electricity each year. This project demonstrates our efforts in reducing carbon emissions by adopting clean energy sources on a sizable scale.

### Cleaner boiler emissions

To further reduce air emissions, our factories in China have progressively changed their boiler fuels to natural gas. The air pollutant emissions from our factories in China are expected to be significantly reduced by an overall average of 90%.

### Upcycling of fabric waste

Our factories in Sri Lanka began working on a pilot waste upcycling project in 2018, where we aim to recycle 40% of fabric waste by 2019. With no start-up cost required, the fabric waste is sent to Italy to be converted into fibre, where we are able to track the transportation and upcycling process transparently.

### Waste-to-energy

Our factory in Vietnam reduced its waste disposal and fossil fuel consumption by installing a waste-to-energy boiler for steam generation. It is expected to divert around 40% of fabric waste and save over 95% of diesel consumption every year.



## Global support to environmental activities



Over 40,000 employees from ten factories engaged in Earth Hour on 24<sup>th</sup> March 2018, the collective environmental movement to spread the message of energy saving and sustainable development.



Factories actively participated in World Environment Day on 5<sup>th</sup> June 2018 for encouraging worldwide awareness and action to protect our environment.



# OUR AWARDS AND RECOGNITION

Employee care  
**9**  
awards

Business  
**23**  
awards

Community service  
**7**  
awards

Environment  
**16**  
awards

## Crystal Headquarters



ECO-Healthy  
WORKPLACE



**節能證書**  
Energywi\$e  
—Certificate—



**減廢證書**  
Wastewi\$e  
—Certificate—

## China lifestyle wear, sweater and denim factories



## Vietnam lifestyle wear factory



**2018**

CORPORATE SOCIAL RESPONSIBILITY RECOGNITION AWARD

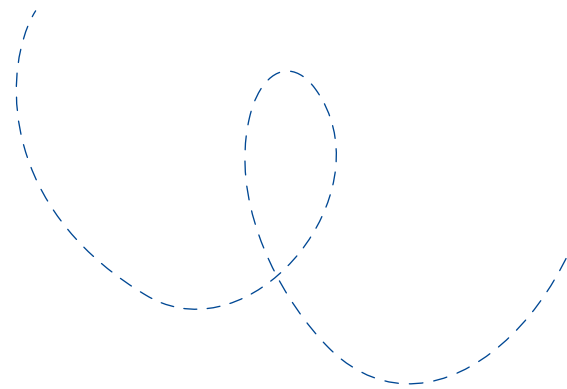


# GLOSSARY

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Better Cotton Initiative (“ <b>BCI</b> ”)	The Better Cotton Initiative is a not-for-profit membership association that promotes better standards in cotton farming and practices.
Better Work	Better Work is a comprehensive programme that brings together all levels of the garment industry to improve working conditions and to respect labour rights, which was jointly created with United Nation’s International Labour Organization and the International Finance Corporation.
Biogenic emissions	Biogenic emissions are the carbon dioxide emissions from the combustion or biodegradation of biomass.
Customer final inspection pass rate (“ <b>CFIR</b> ”)	Customer final inspection pass rate is a measure of factory quality performance by analysing the first time pass rate of customer first time final inspection.
Earth Hour	Earth Hour is a worldwide environmental movement organised by World Wide Fund for Nature. The event is held annually encouraging individuals, communities, businesses and government to turn off non-essential lights for one hour on a designated date.
Facility Environmental Module (“ <b>FEM</b> ”)	The Higg Facility Environmental Module is one of the facility tools of Higg Index that standardises how facilities measure and evaluate their environmental performance.
Greenhouse gas (“ <b>GHG</b> ”)	Greenhouse gas is gaseous constituent that is able to absorb and hold heat in the atmosphere, either occurring naturally or resulting from human activities.
HERproject	HERproject is a collaborative initiative that strives to empower low-income women working in global supply chains through workplace-based interventions on health, financial inclusion, and gender equality.
Higg Index	The Higg Index is a suite of tools developed by the Sustainable Apparel Coalition that enables brands, retailers, and facilities to measure and score a company or product’s sustainability performance.
Industrial relations (“ <b>IR</b> ”)	The interrelations among company management, supervisors, workers and unions.
Low Carbon Manufacturing Programme (“ <b>LCMP</b> ”)	Low Carbon Manufacturing Programme, hosted by WWF-Hong Kong, provides manufacturers with a carbon accounting and labelling system, which helps to measure their effectiveness in carbon reduction and equip them with best practice.
Manufacturing Restricted Substance List (“ <b>MRSL</b> ”)	Manufacturing Restricted Substance List is a list of chemical substances subject to a usage ban.
Observed quality level (“ <b>OQL</b> ”)	Observed quality level is a measure of factory quality performance by analysing the defect rate of customer first time final inspection.
Personal Advancement & Career Enhancement (“ <b>P.A.C.E.</b> ”)	Personal Advancement & Career Enhancement is an innovative factory-based program initiated by Gap Inc., with the main focus to positively impact female garment workers by providing them with foundational skills and support that will help them advance in the workplace and in their personal lives, through life skills education and technical training.

Standard Allowed Hour (" <b>SAH</b> ")	Standard allowed hour is the time required by a qualified and well-trained person working at normal pace to do a specified work.
Sustainable Apparel Coalition (" <b>SAC</b> ")	The Sustainable Apparel Coalition is an industry-wide alliance of the apparel, footwear and textile industries for sustainable production.
United Nations Sustainable Development Goals (" <b>SDGs</b> ")	United Nations Sustainable Development Goals are a collection of 17 global goals set by the United Nations General Assembly in 2015 for the year 2030. These goals provide a blueprint to achieve a more sustainable future and address the global challenges.
World Environment Day	World Environment Day is a global event led by the United Nations Environment Programme, which takes place on 5 <sup>th</sup> June every year for encouraging worldwide awareness and action to protect our environment.
Zero Discharge of Hazardous Chemicals (" <b>ZDHC</b> ")	Zero Discharge of Hazardous Chemicals is a group of apparel and footwear brands and retailers working together to lead the industry towards zero discharge of hazardous chemicals by 2020.



# ESG REPORTING GUIDE INDEX AND GRI CONTENT INDEX

## ESG Reporting Guide Index

### ESG Reporting Guide

#### Description

#### Section or feedback

### Environmental

#### Aspect A1: Emissions

General disclosure		Sustaining Our Planet
KPI A1.1	The types of emissions and respective emissions data.	Sustaining Our Planet – Air emissions
KPI A1.2	Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity.	Sustaining Our Planet – Product footprints; GHG emissions
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity.	Sustaining Our Planet – Waste management and packaging material
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity.	Sustaining Our Planet – Waste management and packaging material
KPI A1.5	Description of measures to mitigate emissions and results achieved.	Sustaining Our Planet – Air emissions; Highlighted projects and initiatives
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	Sustaining Our Planet – Waste management and packaging material; Highlighted projects and initiatives

#### Aspect A2: Use of Resources

General disclosure		Sustaining Our Planet
KPI A2.1	Direct and/or indirect energy consumption by type in total (kWh in '000s) and intensity.	Sustaining Our Planet – Product footprints; Energy consumption
KPI A2.2	Water consumption in total and intensity.	Sustaining Our Planet – Product footprints; Water consumption for production use
KPI A2.3	Description of energy use efficiency initiatives and results achieved.	Sustaining Our Planet – Carbon reduction and energy saving; Highlighted projects and initiatives
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	Sustaining Our Planet – Water conservation; Highlighted projects and initiatives
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Sustaining Our Planet – Waste management and packaging material

**Aspect A3: The Environment and Natural Resources**

General disclosure		Sustaining Our Planet
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Our Sustainability Vision and Approach – Third Global 5-year Sustainability Targets  Sustaining Our Planet – Water conservation; Chemical and wastewater management; Highlighted projects and initiatives

**Social**

**i. Employment and Labour Practices**

**Aspect B1: Employment**

General disclosure		Inspiring Our People – Orientation training; Digital wage payment
KPI B1.1	Total workforce by gender, employment type, age group and geographical region.	Inspiring Our People – Our employees

**Aspect B2: Health and Safety**

General disclosure		Inspiring Our People – Orientation training; Factory tour; Mothers@Work
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**Aspect B3: Development and Training**

General disclosure		Inspiring Our People – Orientation training; Factory tour; Women empowerment programme – P.A.C.E.; IR leadership programme
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**Aspect B4: Labour Standards**

General disclosure		Inspiring Our People – Orientation training
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**ii. Operating Practices**

**Aspect B5: Supply Chain Management**

General disclosure		Inspiring Our People – Orientation training
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**Aspect B6: Product Responsibility**

General disclosure		Inspiring Our People – Orientation training
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**Aspect B7: Anti-corruption**

General disclosure		Inspiring Our People – Orientation training
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**iii. Community**

**Aspect B8: Community Investment**

General disclosure		Sustaining Our Planet  Crystal understands the needs of the communities where we operate, and ensures our activities take into consideration the communities’ interests.
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Inspiring Our People – Make Them Smile; Create shared value via community engagement; Support for single mothers; Love Lai Vu
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	Inspiring Our People – Make Them Smile; Create shared value via community engagement; Support for single mothers; Love Lai Vu



## GRI Content Index

### GRI Standards

### Description

### Section or feedback

#### GRI 102: General Disclosures

#### Organisational Profile

102-1	Name of the organisation	Crystal International Group Limited
102-2	Activities, brands, products, and services	Crystal International Group Limited – Product types
102-3	Location of headquarters	Crystal International Group Limited
102-4	Location of operations	Crystal International Group Limited – Multi-country network of production facilities
102-5	Ownership and legal form	Listed on the Main Board of The Stock Exchange of Hong Kong Limited.
102-6	Markets served	Crystal International Group Limited – Geographical markets
102-7	Scale of organisation	Crystal International Group Limited – Multi-country network of production facilities; Revenue; Garment produced Inspiring Our People – Our employees
102-8	Information on employees and other workers	Inspiring Our People – Our employees
102-9	Supply chain	As an owner, developer, and manager of garment manufacturing facilities, as well as a provider of apparel products and relevant services, Crystal International's supply chain is comprised of hundreds of suppliers of various products and services. Significant procurement categories include fabric, trims, accessories, building materials, furniture and fittings, cargo and logistics services, as well as production equipment and machineries.  For future details of our supply chain management, please refer to "Inspiring Our People – Orientation training" section.
102-10	Significant changes to the organisation and its supply chain	Please refer to Crystal International's Annual Report 2018, which is publicly available on our <a href="#">website</a> .
102-11	Precautionary principle or approach	Crystal International Group Limited – Corporate governance
102-12	External initiatives	UN Sustainable Development Goals Engaging Our Stakeholders – Memberships Inspiring Our People – Mothers@Work Sustaining Our Planet – Chemical and wastewater management; Carbon reduction and energy saving (LCMP); Full adoption of the Higg Index
102-13	Membership of associations	Engaging Our Stakeholders – Memberships

#### Strategy

102-14	Statement from senior decision-maker	CEO Message
102-15	Key impacts, risks, and opportunities	Our Sustainability Vision and Approach – Third Global 5-year Sustainability Targets Engaging Our Stakeholders – Stakeholder Engagement and Materiality Assessment

<b>Ethics and Integrity</b>		
102-16	Values, principles, standards, and norms of behaviour	Crystal International Group Limited – Values Our Sustainability Vision and Approach
<b>Governance</b>		
102-18	Governance structure	Crystal International Group Limited – Corporate governance
<b>Stakeholder Engagement</b>		
102-40	List of stakeholder groups	Engaging Our Stakeholders
102-42	Identifying and selecting stakeholders	Engaging Our Stakeholders
102-43	Approach to stakeholder engagement	Engaging Our Stakeholders
102-44	Key topics and concerns raised	Engaging Our Stakeholders – Focus on what matters
<b>Reporting Practice</b>		
102-45	Entities included in the consolidated financial statements	Please refer to Crystal International’s Annual Report 2018, which is publicly available on our <a href="#">website</a> .
102-46	Defining report content and topic boundaries	The Basis of This Report Engaging Our Stakeholders – Focus on what matters
102-47	List of material topics	Engaging Our Stakeholders – Focus on what matters
102-48	Restatements of information	There is no revision of the information provided in the previous report.
102-49	Changes in reporting	The Basis of This Report Engaging Our Stakeholders – Focus on what matters
102-50	Reporting period	The Basis of This Report
102-51	Date of most recent report	Crystal International’s previous Sustainability Report was published on 2 <sup>nd</sup> November 2018.
102-52	Reporting cycle	Annual
102-53	Contact point for questions regarding the report	The Basis of This Report
102-55	GRI content index	GRI Content Index
102-56	External assurance	This report is not externally assured at present.
<b>GRI 103: Management Approach</b>		
103-1	Explanation of the material topic and its boundary	The Basis of This Report Engaging Our Stakeholders – Materiality assessment Applicable to all topic-specific disclosures.
103-2	The management approach and its components	Our Sustainability Vision and Approach – Third Global 5-year Sustainability Targets Inspiring Our People Sustaining Our Planet
103-3	Evaluation of the management approach	Our Sustainability Vision and Approach – Third Global 5-year Sustainability Targets Inspiring Our People Sustaining Our Planet

**GRI 302: Energy**

302-1	Energy consumption within the organization	Sustaining Our Planet – Energy consumption
302-3	Energy intensity	Sustaining Our Planet – Product footprints
302-4	Reduction of energy consumption	Sustaining Our Planet

**GRI 303: Water and Effluents**

303-1	Interactions with water as a shared resource	Our Sustainability Vision and Approach – Third Global 5-year Sustainability Targets Sustaining Our Planet – Water consumption for production use; Water conservation
303-2	Management of water discharge-related impacts	Sustaining Our Planet – Chemical and wastewater management
303-5	Water consumption	Sustaining Our Planet – Water consumption for production use

**GRI 305: Emissions**

305-1	Direct (Scope 1) GHG emissions	Sustaining Our Planet – GHG emissions
305-2	Energy indirect (Scope 2) GHG emissions	Sustaining Our Planet – GHG emissions
305-4	GHG emissions intensity	Sustaining Our Planet – Product footprints
305-5	Reduction of GHG emissions	Our Sustainability Vision and Approach – Third Global 5-year Sustainability Targets Sustaining Our Planet – Product footprints; Highlighted projects and initiatives
305-7	Nitrogen oxides (NO <sub>x</sub> ), sulfur oxides (SO <sub>x</sub> ), and other significant air emissions	Sustaining Our Planet – Air emissions

**GRI 306: Effluents and Waste**

306-2	Waste by type and disposal method	Sustaining Our Planet – Waste management and packaging material
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**GRI 307: Environmental Compliance**

307-1	Non-compliance with environmental laws and regulations	No significant fines or non-monetary sanctions for non-compliance with environmental laws and/or regulations recorded within the reporting period.
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**GRI 403: Occupational Health and Safety**

403-5	Worker training on occupational health and safety	Inspiring Our People – Orientation training; Mothers@Work Please refer to Crystal International's Annual Report 2018, which is publicly available on our <a href="#">website</a> .
403-6	Promotion of worker health	Inspiring Our People – Mothers@Work

**GRI 404: Training and Education**

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404-2	Programs for upgrading employee skills and transition assistance programs	Inspiring Our People – Mothers@Work; Literacy programme; Women empowerment programme – P.A.C.E.; Train the Trainer; Support for single mothers
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**GRI 405: Diversity and Equal Opportunity**

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405-1	Diversity of governance bodies and employees	Inspiring Our People – Our Employees Please refer to Crystal International's Annual Report 2018, which is publicly available on our <a href="#">website</a> .
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**GRI 419: Socioeconomic Compliance**

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419-1	Non-compliance with laws and regulations in the social and economic area	No significant fines or non-monetary sanctions for non-compliance with laws and/or regulations in the social and economic area recorded within the reporting period.
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