



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

Contents

About This Sustainability Report	2
CEO Message	4
About Crystal International	6
Our Sustainability Vision and Approach	10
Stakeholder Engagement	16
Preserving Our Planet	20
Driving Innovative Manufacturing	38
Product Responsibility	43
Supply Chain Management	47
Pioneering Social Sustainability	50
Awards and Recognition	71
Glossary	74
ESG Reporting Guide Index and GRI Content Index	77

About This Sustainability Report



This Sustainability Report 2022 (the “Report”) was prepared in compliance with the Environmental, Social and Governance (“ESG”) Reporting Guide set out in Appendix 27 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”), and with reference to the Global Reporting Initiative (“GRI”) Standards. This is the fourteenth sustainability report of Crystal International Group Limited (“Crystal” or “Crystal International” or the “Company” or “we” or “our” or “us”) (Stock code: 2232), which covers the sustainability performance for the calendar year from 1st January to 31st December 2022.

This year, the number of our factories increased from 18 to 20 owing to operational growth and expansion. The reporting boundary of this Report covers all 20 factories across five countries — Vietnam, China, Cambodia, Bangladesh and Sri Lanka — unless otherwise specified. This Report summarises the positive steps and progress we made and how we addressed material sustainability topics to help ensure a more sustainable fashion future.

2022 marks the successful end of our Third Global 5-year Sustainability Targets. Since 2007, we have worked with all our factories and employees to successfully accomplish three cycles of 5-year Sustainability Targets. My sincere thanks for the support from top management who have upheld and shown confidence in our sustainability beliefs and goals, allowing us to accomplish one milestone after another. My profound gratitude also goes to all factories and global employees for their full dedication in making all these remarkable achievements happen and enabling us to receive numerous recognition. The persistent efforts from all departments have allowed us to strengthen the cohesion of our employees from the top to the frontline and to gain the trust of our external stakeholders.

Moving forward, we are formulating Crystal Sustainability Vision 2030 (“CSV2030”), which is a comprehensive set of environmental and social indicators that set out the rising importance of our sustainability focus in the future. We will work on a wider spectrum of sustainability challenges with 11 impact areas in the coming years.

We welcome your valuable feedback on this Report in relation to our sustainability work, standards and policies. For any related enquiries, please contact us at sustainability@crystalgroup.com.

Catherine Chiu
 Vice President
 Corporate Quality and Sustainability



While the year was filled with challenges, we were more united than ever and with great resilience continued to make fashion sustainable in a way that is good for people and the planet. The sustainability mindset has been deeply ingrained in our core corporate culture for over 15 years and is part of every aspect of our operations. Our conscientious efforts and steadfast commitment to sustainability enable us to meet the rising expectations of our customers and various stakeholders.

Leading with Net Zero 2050

Under our Crystal Net Zero 2050 Vision, we have put our unwavering focus on reaching net zero emissions. We developed a climate strategy through a multi-pronged approach, which includes enhancing energy efficiency, on-site renewable energy, viable off-site renewable resources, and climate-related risk management. To realise our climate targets, we made progress in decarbonisation and energy saving, including the roll-out of the corporate decarbonisation package, the completion of a net zero roadmap study, technology advancement for equipment efficiency, and the installation of rooftop solar photovoltaic (“PV”) panels. We collaborate with global partners to seize new opportunities and overcome complex challenges in moving towards net zero, and influence our stakeholders to join our journey. All these actions accentuate our leadership role in transitioning to a net zero economy.

Towards Crystal Sustainability Vision 2030

Over the past 15 years of our sustainability journey, we have accomplished challenging yet remarkable achievements and evolved into a pioneering garment manufacturer. Looking ahead, we are formulating Crystal Sustainability Vision 2030 (“CSV2030”) as our next key milestone to continue to move forward. Referencing the United Nations Sustainable Development Goals (“UN SDGs”) and considering stakeholder concerns and industry traits, CSV2030 will provide a strategic direction for all our operating facilities in devising sustainability initiatives.

Automation and Digitalisation for Manufacturing Excellence

Despite 50 years of operations, our passion for innovation still drives us today. We get ahead by accelerating automation and digitalisation throughout our daily operations, from product development to manufacturing and warehousing. To ride the tide of innovation, we have leveraged a range of process automation and digital solutions, such as system transformation and smart factories. With our enhanced productivity, operational efficiency, environmental performance, and product quality, we have demonstrated sustainability leadership to achieve manufacturing excellence and Industry 4.0.

Sustainability Committee — Board-level Governance

To ensure our business continues to thrive, a top-level commitment is embedded into our decision making related to sustainability. We bolster sustainability governance by newly establishing a Board-level Sustainability Committee, for which I serve as Chairman.

We still have a long way to go on our net zero fashion journey, but I am confident in walking together with our dedicated employees, like-minded value chain partners, supportive suppliers, and other committed stakeholders. I would like to thank my team for their extraordinary efforts in delivering outstanding performance and helping Crystal become a smarter, more intelligent company. The pursuit of sustainability will pave the way to our winning edge in stitching a greener fashion future.

Andrew Lo
Chief Executive Officer



About Crystal International

As a global apparel manufacturer, Crystal International Group Limited is committed to pioneering sustainability. Founded in Hong Kong in 1970, the Company and its subsidiaries (collectively, the “Group”) have a diversified product portfolio categorised into six product segments, in which the Group has a leading position: Lifestyle wear, Denim, Sportswear and outdoor apparel, Intimate, Sweater, and Knitted fabric. Headquartered in Hong Kong, the Group operates a multi-country manufacturing platform, with 20 production facilities spanning five countries: Vietnam, China, Cambodia, Bangladesh and Sri Lanka.

Mission

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

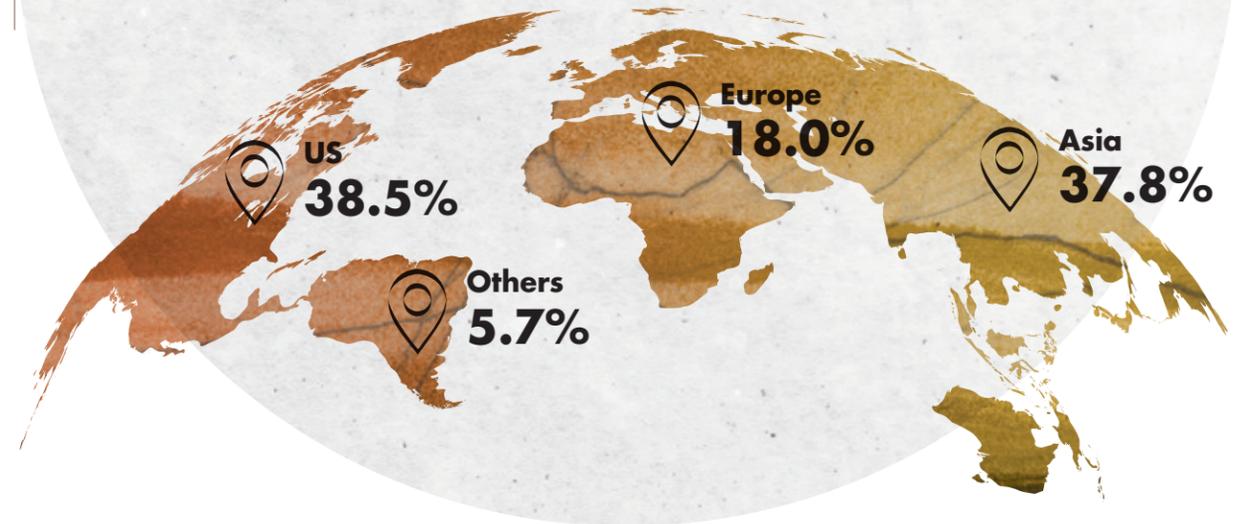
Corporate Values



Product Types



Geographical Markets and Global Operations



Multi-country Network of Production Facilities Vietnam, China, Cambodia, Bangladesh, Sri Lanka

Corporate Governance

We believe that robust corporate governance enhances our overall effectiveness, thus creating additional value for our shareholders. The Group is committed to maintaining high standards and has applied the principles that are set out in the Corporate Governance Code (the “CG Code”) in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. Our corporate governance practices are based on these principles. The Board of Directors (the “Board”) of the Company believes that good corporate governance standards are essential for contributing to the provision of a framework for the Group to safeguard the interests of our shareholders, enhance corporate value, formulate business strategies and policies, and enhance transparency and accountability.

During the reporting period, the Group was in compliance with all the provisions of the CG Code.

The Board, which comprises the Company’s Chairman, Vice Chairman, Chief Executive Officer (the “CEO”), two executive Directors, two non-executive Directors and four independent non-executive Directors, has established the following five committees to oversee particular aspects of Crystal’s affairs and to assist in the execution of its responsibilities.

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

The roles and responsibilities of each committee and details of our corporate governance framework are available in Crystal’s Annual Report 2022.

Sustainability Governance

The Board retains overall responsibility for overseeing Crystal's sustainability strategy, policy and annual reporting. The role of the Board involves steering and supervising sustainability initiatives and climate actions to ensure their effectiveness and relevance in light of the evolving sustainability landscape.

To bolster sustainability governance at the Group level, we established a Board-level Sustainability Committee in December 2022, chaired by our CEO, and with two Non-executive Directors as members. The Sustainability Committee oversees and makes recommendations to the Board on the Group's sustainability vision, strategies, framework, and policies to ensure their alignment with the Group's business strategies. The Sustainability Committee also reviews the annual sustainability report, and the Group's sustainability performance, material sustainability issues, and related risks and opportunities.

As part of an effective risk management system to identify and manage sustainability and climate-related risks, an internal communication mechanism and a reporting model are in place to keep Sustainability Committee and Executive Committee ("Execo") members informed in a timely manner. All key sustainability and climate-related risks and opportunities, and their potential impact on the Group, are reported to the Sustainability Committee on a half-yearly basis.

Our Crystal Sustainability Vision 2030 ("CSV2030") provides a strategic direction to all factories. The sustainability performance and progress towards our targets are reported quarterly to the Execo members and twice a year to the Sustainability Committee for review.

Authorised by the Board and led by an Executive Director, the Corporate Quality and Sustainability Department ("CQS") is delegated to develop sustainability strategies and policies, implement relevant initiatives, review the Group's sustainability performance, and prepare the Sustainability Report. The CQS and sustainability departments of our factories are responsible for executing projects, evaluating results, monitoring potential risks, and reporting on performance to senior management.

Please refer to the section "Stakeholder Engagement" for the process used to evaluate, prioritise and manage material ESG-related issues.

ESG Ratings



B (management)
in the Climate Change
questionnaire in 2022



15.3
Low Risk rating



Our Sustainability Vision and Approach

Our Sustainability Framework

We commenced our sustainability journey in 2007 when we set out our sustainability framework, which serves as a guiding principle when formulating sustainability strategies. The five pillars of the framework and their highlighted initiatives are:

<p>Environment</p> <div style="display: flex; justify-content: space-between;"> <div style="width: 48%;"> <ul style="list-style-type: none"> 6 CLEAN WATER AND SANITATION 7 AFFORDABLE AND CLEAN ENERGY 12 RESPONSIBLE CONSUMPTION AND PRODUCTION 13 CLIMATE ACTION <ul style="list-style-type: none"> Crystal Net Zero 2050 Vision UN Fashion Industry Charter for Climate Action (“UNFICCA”) Decarbonisation strategy and roadmap Group-wide rooftop solar plan CDP disclosure Task Force on Climate-related Financial Disclosures (“TCFD”) Global partnership for climate action and circularity Sustainable product development Holistic water conservation Zero landfill vision </div> <div style="width: 48%;"> <p>Innovation</p> <div style="display: flex; justify-content: space-between;"> <div style="width: 48%;"> <ul style="list-style-type: none"> 8 DECENT WORK AND ECONOMIC GROWTH 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE <ul style="list-style-type: none"> Automation for operational efficiency and effectiveness Process digitalisation Manufacturing excellence to achieve industry 4.0 Smart warehouse System transformation and integration </div> </div> </div> </div> <tr> <td style="vertical-align: top;"> <p>Product Integrity</p> <div style="display: flex; justify-content: space-between;"> <div style="width: 48%;"> <ul style="list-style-type: none"> 8 DECENT WORK AND ECONOMIC GROWTH <ul style="list-style-type: none"> Quality Policy and corporate guidelines Group-wide quality management system Digitalising quality assurance processes Supply chain quality management “10 Must” project for driving “Right First Time” </div> <div style="width: 48%;"> <p>Employee Care</p> <div style="display: flex; justify-content: space-between;"> <div style="width: 48%;"> <ul style="list-style-type: none"> 5 GENDER EQUALITY 8 DECENT WORK AND ECONOMIC GROWTH <ul style="list-style-type: none"> People-oriented culture Gender equality engagement activities Talent development and capacity building CARE programme and P.A.C.E. for women empowerment Promoting a health and safety culture </div> </div> </div> </div> <tr> <td style="vertical-align: top;"> <p>Community Engagement</p> <div style="display: flex; justify-content: space-between;"> <div style="width: 48%;"> <ul style="list-style-type: none"> 1 NO POVERTY 3 GOOD HEALTH AND WELL-BEING <ul style="list-style-type: none"> Creating shared value with local communities Employee volunteering to address social needs Advancing collaboration for healthy and sustainable communities Consistent support for community resilience </div> </div> </td> </tr> </td></tr>	<p>Product Integrity</p> <div style="display: flex; justify-content: space-between;"> <div style="width: 48%;"> <ul style="list-style-type: none"> 8 DECENT WORK AND ECONOMIC GROWTH <ul style="list-style-type: none"> Quality Policy and corporate guidelines Group-wide quality management system Digitalising quality assurance processes Supply chain quality management “10 Must” project for driving “Right First Time” </div> <div style="width: 48%;"> <p>Employee Care</p> <div style="display: flex; justify-content: space-between;"> <div style="width: 48%;"> <ul style="list-style-type: none"> 5 GENDER EQUALITY 8 DECENT WORK AND ECONOMIC GROWTH <ul style="list-style-type: none"> People-oriented culture Gender equality engagement activities Talent development and capacity building CARE programme and P.A.C.E. for women empowerment Promoting a health and safety culture </div> </div> </div> </div> <tr> <td style="vertical-align: top;"> <p>Community Engagement</p> <div style="display: flex; justify-content: space-between;"> <div style="width: 48%;"> <ul style="list-style-type: none"> 1 NO POVERTY 3 GOOD HEALTH AND WELL-BEING <ul style="list-style-type: none"> Creating shared value with local communities Employee volunteering to address social needs Advancing collaboration for healthy and sustainable communities Consistent support for community resilience </div> </div> </td> </tr>	<p>Community Engagement</p> <div style="display: flex; justify-content: space-between;"> <div style="width: 48%;"> <ul style="list-style-type: none"> 1 NO POVERTY 3 GOOD HEALTH AND WELL-BEING <ul style="list-style-type: none"> Creating shared value with local communities Employee volunteering to address social needs Advancing collaboration for healthy and sustainable communities Consistent support for community resilience </div> </div>
<p>Product Integrity</p> <div style="display: flex; justify-content: space-between;"> <div style="width: 48%;"> <ul style="list-style-type: none"> 8 DECENT WORK AND ECONOMIC GROWTH <ul style="list-style-type: none"> Quality Policy and corporate guidelines Group-wide quality management system Digitalising quality assurance processes Supply chain quality management “10 Must” project for driving “Right First Time” </div> <div style="width: 48%;"> <p>Employee Care</p> <div style="display: flex; justify-content: space-between;"> <div style="width: 48%;"> <ul style="list-style-type: none"> 5 GENDER EQUALITY 8 DECENT WORK AND ECONOMIC GROWTH <ul style="list-style-type: none"> People-oriented culture Gender equality engagement activities Talent development and capacity building CARE programme and P.A.C.E. for women empowerment Promoting a health and safety culture </div> </div> </div> </div> <tr> <td style="vertical-align: top;"> <p>Community Engagement</p> <div style="display: flex; justify-content: space-between;"> <div style="width: 48%;"> <ul style="list-style-type: none"> 1 NO POVERTY 3 GOOD HEALTH AND WELL-BEING <ul style="list-style-type: none"> Creating shared value with local communities Employee volunteering to address social needs Advancing collaboration for healthy and sustainable communities Consistent support for community resilience </div> </div> </td> </tr>	<p>Community Engagement</p> <div style="display: flex; justify-content: space-between;"> <div style="width: 48%;"> <ul style="list-style-type: none"> 1 NO POVERTY 3 GOOD HEALTH AND WELL-BEING <ul style="list-style-type: none"> Creating shared value with local communities Employee volunteering to address social needs Advancing collaboration for healthy and sustainable communities Consistent support for community resilience </div> </div>	
<p>Community Engagement</p> <div style="display: flex; justify-content: space-between;"> <div style="width: 48%;"> <ul style="list-style-type: none"> 1 NO POVERTY 3 GOOD HEALTH AND WELL-BEING <ul style="list-style-type: none"> Creating shared value with local communities Employee volunteering to address social needs Advancing collaboration for healthy and sustainable communities Consistent support for community resilience </div> </div>		

United Nations Global Compact

We joined the United Nations Global Compact and support the Ten principles on human rights, labour, environment and anti-corruption. By joining hands with about 22,000 other participating companies and organisations worldwide, we are committed to making the principles part of our strategy, culture and daily operations, and to engaging with our industry peers on various collaborative projects that advance the broader development goals of the United Nations, particularly the UN SDGs.



The Ten Principles of the United Nations Global Compact

Businesses should:



HUMAN RIGHTS

1. Support and respect the protection of internationally proclaimed human rights.
2. Make sure that they are not complicit in human rights abuses.



LABOUR

3. Uphold the freedom of association and the effective recognition of the right to collective bargaining.
4. Uphold the elimination of all forms of forced and compulsory labour.
5. Uphold the effective abolition of child labour.
6. Uphold the elimination of discrimination in respect of employment and occupation.



ENVIRONMENT

7. Support a precautionary approach to environmental challenges.
8. Undertake initiatives to promote greater environmental responsibility.
9. Encourage the development and diffusion of environmentally friendly technologies.



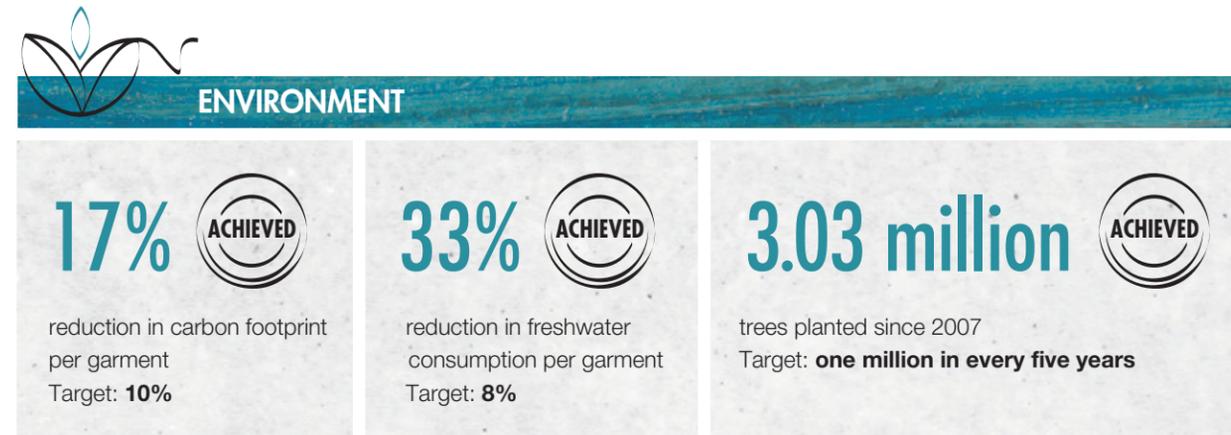
ANTI-CORRUPTION

10. Work against corruption in all its forms, including extortion and bribery.

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

We introduced our First Global 5-year Environmental Targets in 2007 and completed our Third Global 5-year Sustainability Targets in 2022, including both environmental and social performance indicators.

Our Accomplishments in 2022



Notes:

- Base year of carbon and freshwater targets: 2017
 - The figures for women empowerment and volunteering hours are cumulative between 2018 and 2022
 - The figure for tree planting is cumulative between 2007 and 2022
 - The figure for women empowerment includes the number of female employees who were engaged at level 2 or above of the CARE programme
 - The carbon and freshwater footprints are calculated as follows:
 - Carbon intensity = total carbon emissions divided by the equivalent garment pieces produced
 - Freshwater intensity = total freshwater consumption divided by the equivalent garment pieces washed
- “Equivalent garment piece” is a common unit used for garments that we produce and wash, by normalising the carbon emissions and water consumption, respectively of our different product types.
- Our different product types have different levels of carbon emissions and freshwater consumption. The use of equivalent garment pieces for intensity calculations representatively reflects the characteristics of carbon emissions and freshwater consumption of different product types.

Our Progress in 2022

Environment

Carbon reduction

Our carbon reduction target is an indicator of our progress in both decarbonisation and energy saving. We accomplished our carbon reduction target, with a 17% reduction compared with the 2017 base year. In light of the looming threat of climate change across the globe, we stepped up our long-term climate commitment and announced our Crystal Net Zero 2050 Vision, in line with climate science to keep global warming below 1.5°C. Please explore more details in the section “Preserving Our Planet”.

Renewable energy is a crucial part of our decarbonisation strategy. Our rooftop solar and biomass make up about 40% of our energy mix. Energy efficiency is another key to decarbonising our operations. We significantly increased the scale of various energy efficiency measures and low-carbon manufacturing practices. In 2022, Crystal factories put 112 energy-saving measures in place in total, resulting in energy savings of 3% to 5% in each factory. With these continued efforts, we have reduced our per-product carbon footprint by about 40% since 2007.



Freshwater conservation

We reached our freshwater conservation target with the joint efforts of our factories. Our key strategy embodies the wider adoption of water-efficient washing technologies and smart laundry, such as E-soft, ozone and laser processes, which help reduce freshwater use by 70% to 90%. Our denim factories have continued to expand their use of new and greener washing machines every year, which use at least 20% less water than the conventional types. Our factories have also exploited the use of recycled water in the production processes as far as practical.



Our Sustainability Vision and Approach

Tree planting

We forged ahead with our tree planting pace in the post-pandemic era by planting about 134,000 trees in 2022, adding up to 3.03 million trees planted in the countries in which we operate since 2007. To support reforestation and conserve biodiversity, we teamed up with EARTHDAY.ORG to plant mangroves in Bangladesh. Our global factories have devoted unremitting efforts to planting trees locally, which help balance the climate impact, create value for terrestrial species and local communities.



Social

We exceeded our targets on women empowerment and volunteering hours by maintaining our positive momentum in empowering women employees and participating in various community services.

Women empowerment

We place the utmost importance on promoting gender equality and bridging the gender gap. We have already empowered 54,300 female employees in our factories to date, through our self-developed CARE programme, a well-structured five-level training programme, which covers the P.A.C.E programme initiated by Gap Inc., and the HERproject initiated by Business for Social Responsibility (“BSR”). In 2022, we empowered 4,804 female trainees with

a total of 71,906 training hours, providing comprehensive learning and development opportunities to our female employees on topics such as financial literacy, health and safety, time management and career advancement, helping our women employees develop new skills, increase their self-respect and sense of belonging, realise self-actualisation, and unleash their full potential to ultimately thrive in both their professional and personal lives.

To offer flexible training opportunities, we have continued to provide digital P.A.C.E. training for our women employees since 2019. This year, not only 1,230 of them graduated from the programme, we also extended the online course to 431 workers in four Vietnam subcontractors, signifying our efforts to advocate a culture of gender equality in the industry and community.

In the “Mercer China Healthiest Workplace Awards 2022–2023”, Crystal was the only winner in the garment manufacturing industry. Our lifestyle wear factory in China was honoured with the “Outstanding Women Care Award”, in recognition of our exceptional achievements in women empowerment and caring practices for female employees.

Community services

Our employees contributed a total of 11,850 volunteer hours in 2022, covering activities such as pandemic prevention support, material donations and financial support, blood donations and education. For more details, please refer to the section “Pioneering Social Sustainability”.

Transitioning to Crystal Sustainability Vision 2030

In the past 15 years, from the first to the third Global 5-year Sustainability Targets, we have emerged gradually from the novice stage in exploring corporate sustainability to being a leading sustainable enterprise in the industry and value chain. Along the journey, we learned, grew and attained these commendable achievements together with our employees worldwide.

2022 marked the last year of our Third Global 5-year Sustainability Targets. While greatly encouraged by the accomplishment of our goals, we have not been complacent. In addition to our long-term net zero climate ambition set during the year, we are establishing our new Crystal Sustainability Vision 2030 (“CSV2030”), crafting a blueprint for the Group to take sustainable fashion to the next level.

CSV2030 consists of 11 impact areas addressing a wide spectrum of global sustainability challenges and sets out targets that we are committed to achieving by the end of the decade. Aligned with the UN SDGs, this will be the culmination of stakeholder engagement planning, industry best practice assessment, and analysis of macro issues that may impact our industry in the long run. Although many of the impact areas encompass our ongoing efforts, CSV2030 will provide a more specific context for incorporating sustainability into our decision making and greater clarity on the Group’s aspirations.

Impact for Better accentuates our ambition and motive of CSV2030. It also illustrates our resolution to create positive impact on various impact areas for our nature, people and communities to weave a better future, on the basis of 15 years of persistent efforts for sustainability. Defining the associated measurable targets in detail towards achieving this new vision will be a focus of our work in 2023.

Crystal Sustainability Vision 2030 – Impact for Better



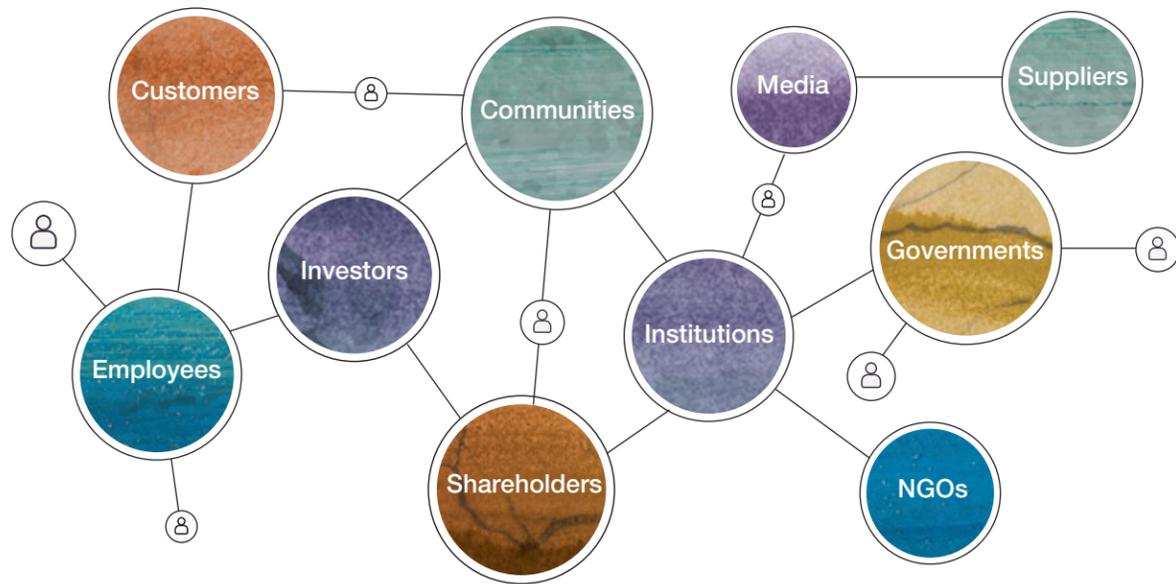
Stakeholder Engagement

We identify stakeholders who are affected by our decisions, activities and outcomes, and select those with whom we frequently interact to provide feedback under the reporting principles of materiality and inclusiveness. We actively engage with different stakeholder groups through various communication channels on a continuous basis, which allows two-way communication to understand their expectations, interests, requirements and needs.

We utilise diversified communication channels to stay connected with our stakeholders. We also boosted our social media presence and used various online platforms to gather opinions from our stakeholders. Our communication channels include:

- Announcements
- Focus groups
- Intranet and external websites
- Press releases
- Sustainability reporting
- Social media
- Direct mails
- Interviews
- Meetings (virtual and in-person)
- Site visits
- Surveys

Stakeholder Groups



Follow Us on Social Media



Facebook



YouTube



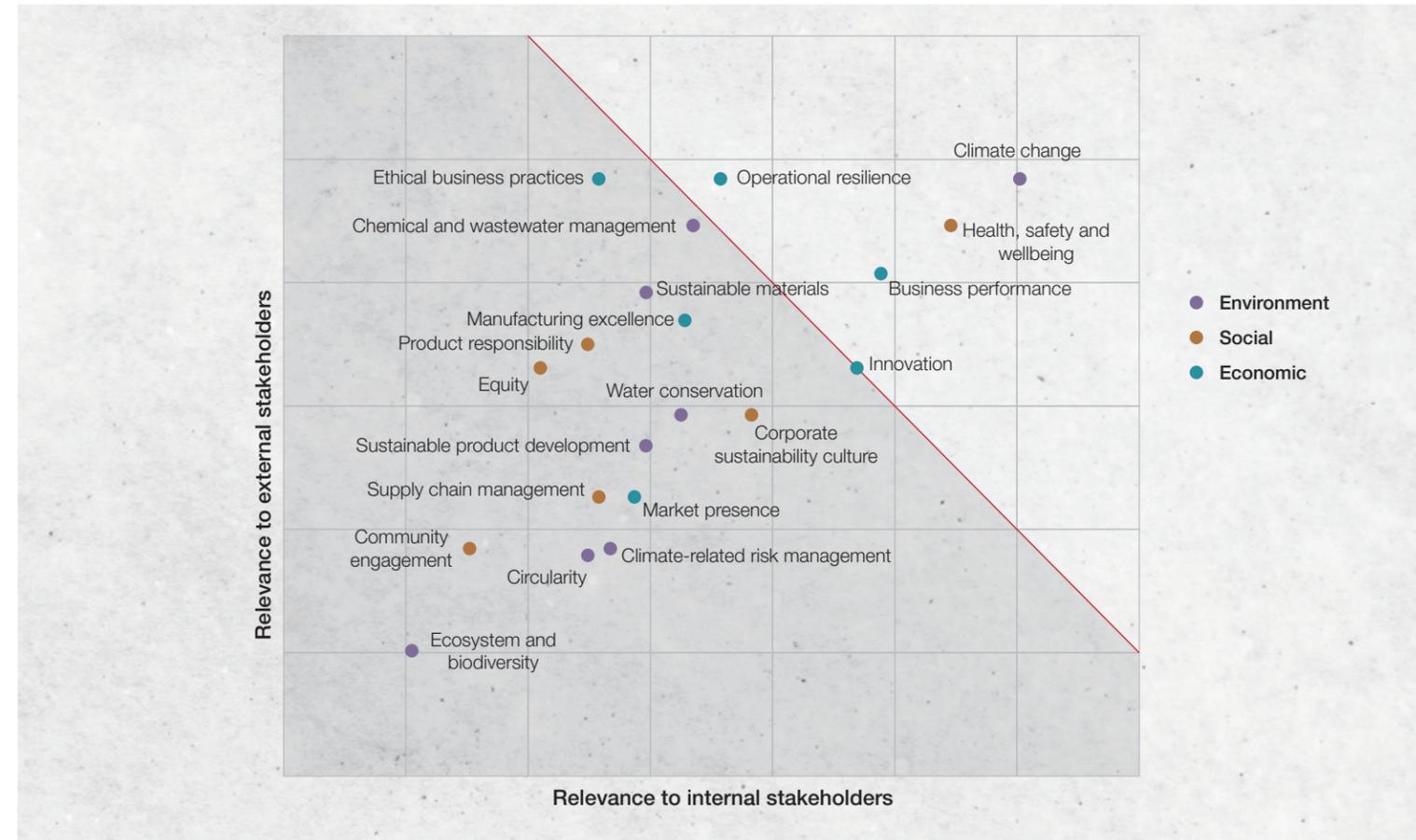
LinkedIn

Materiality Assessment

We engaged significant internal and external stakeholders as a fundamental part of our materiality assessment to identify issues related to the environment, society and the economy that are relevant to us and our stakeholders.

Through the evaluation of the feedback we collected and survey analysis, we built a materiality matrix, representing opinions across our internal and external stakeholders, such as senior management, employees, NGOs and business partners.

Materiality Matrix



Environment	Social	Economic
<ul style="list-style-type: none"> • Climate change • Circularity • Sustainable materials • Water conservation • Chemical and wastewater management • Climate-related risk management • Ecosystem and biodiversity • Sustainable product development 	<ul style="list-style-type: none"> • Health, safety and well-being • Corporate sustainability culture • Supply chain management • Community engagement • Equity • Product responsibility 	<ul style="list-style-type: none"> • Business performance • Operational resilience • Market presence • Innovation • Manufacturing excellence • Ethical business practices

Material Issues under Our Spotlight

The following topics were identified as material to our business and sustainability:

- Climate change
- Health, safety and well-being
- Business performance
- Operational resilience
- Innovation

These identified material topics were reviewed and endorsed by the Sustainability Committee and will be prioritised in our strategic planning for greater sustainability.

Key Initiatives for Addressing Stakeholder Concerns

We strategised our course of action to actively respond to the material topics that our stakeholders are concerned about.

 <p>Climate change</p>	<ul style="list-style-type: none"> • Net zero roadmap to 2050 • Interim 2030 target of reducing absolute carbon emissions by 35% • Group-wide rooftop solar plan • Energy-efficient manufacturing process • Transparency of climate action and emissions — CDP and TCFD • Climate-related risk management • Wider industry collaboration with customers, institutions, and NGOs
 <p>Health, safety and well-being</p>	<ul style="list-style-type: none"> • Occupational health and safety • Equality • Fair compensation • Women empowerment • Employee engagement
 <p>Business performance</p>	<ul style="list-style-type: none"> • Increasing green energy and energy reduction capital investment in our five-year plan • Setting key carbon-reduction initiatives in our balanced scorecard • Enhancing factory productivity to drive down carbon emissions and costs • Increasing investment in green energy and energy reduction initiatives • Increasing research in energy reduction initiatives
 <p>Operational resilience</p>	<ul style="list-style-type: none"> • Corporate key risk management system • Climate-related risk mitigation, referencing the TCFD3 Quality, health and safety and environmental management systems • IT and cyber security — group-wide IT governance framework and Crystal Information Security Program • Human resources — leadership development and succession programmes
 <p>Innovation</p>	<ul style="list-style-type: none"> • System transformation and integration • Digitalisation and automation • Smart factories and smart warehouses • Manufacturing excellence to achieve Industry 4.0 • Product and value-added process innovation • Roadmap for artificial intelligence

Global Partnerships on Sustainability

<p>Signatory</p> 	<p>Participant</p> 
<p>Disclosing Company (Climate Change)</p> 	<p>Affiliate Partner</p> 
<p>Member</p> 	<p>Manufacturer Partner</p> 
<p>Gold Member</p> 	<p>Founding Member</p> 
<p>Corporate Member</p> 	<p>Sustainable Fashion Business Consortium</p>

Preserving Our Planet

Crystal Net Zero 2050

Limiting global temperature rise to less than 1.5°C is the consensus and common will of global citizens, businesses and governments. Climate change remains an increasingly pressing issue of our times.

With sustainability ingrained in our identity, we have been pursuing low-carbon manufacturing for more than 15 years and continue to accelerate the pace. The year 2022 marked the end of our third Global 5-year Sustainability Targets, and we furthered our efforts by committing to an interim target of a 35% reduction in aggregate emissions by 2030 and ultimately reaching net zero by 2050. To go further, we are preparing our target submission to the Science Based Targets initiative for validation.



Net Zero Strategy

Our net zero strategy integrates decarbonisation into the daily operations of our factories to make a concerted effort to achieve our long-term goals.



Renewable energy

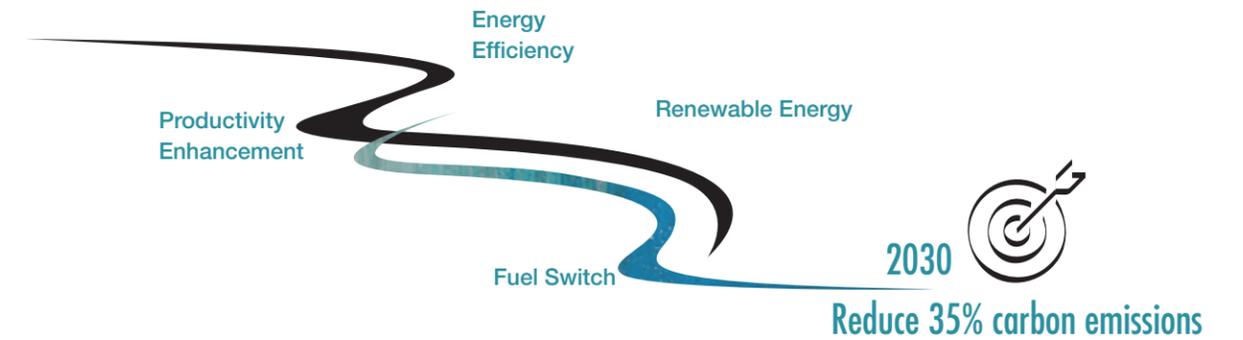
Renewable energy is pivotal to our net zero strategy. In 2022, we expedited the installation of solar photovoltaic (“PV”) panels, installing total capacity of 3.4 MW, thus contributing to the Group’s total capacity of 7.8 MW. Along with electricity-saving initiatives, the share of solar energy in our electricity consumption tripled compared with 2021, reducing approximately 5,370 tCO₂e emissions.

We are rolling out our group-wide solar PV plan, with the aim of expanding solar PV panels to all our factories by 2025, whenever operationally viable. We are also studying a range of possibilities for off-site renewables, such as energy procurement agreements and energy attribute certificates.

Net zero roadmap

To deploy our net zero strategy systematically, we engaged a consultant to conduct an in-depth, holistic roadmap study, which will be completed in early 2023.

The roadmap study tailored carbon targets to each of our factories, which are expected to lead us to our interim target of an overall 35% reduction in absolute carbon emissions. The study defined decarbonisation measures, implementation details and investment costs. Our factories are formulating action plans with a clear timetable with reference to the study findings.



Carbon neutral headquarters

Infused with diverse low-carbon elements and energy-saving practices in line with international standards, our headquarters received the “Carbon neutral” label from ClimatePartner. We achieved carbon neutrality by supporting a wind power project in the northeast of Brazil.



LEED Gold headquarters

Our headquarters achieved Leadership in Energy and Environmental Design (“LEED”) Gold certification. Sustainability elements, such as furniture made of low-emitting materials, and efficient mechanical and electrical installations, resulted in 35% less water and 12% less energy being used.

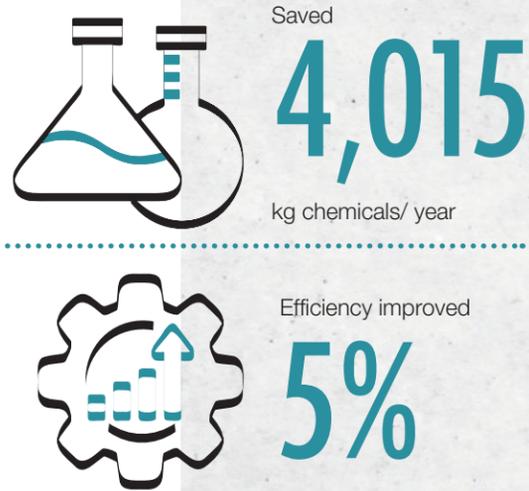


Energy efficiency – corporate decarbonisation package

Our corporate decarbonisation package is the cornerstone of our net zero strategy, providing a standardised low-carbon setup for our factories. The package consists of 24 reduction measures regarding equipment efficiency, technology advancement and heat recovery. All our factories formulated their adoption plans accordingly and report their implementation progress to management twice a year.

Magnetic scale removal for boiler efficiency

Three of our lifestyle wear and sportswear factories in Vietnam installed magnetic devices for scale removal in their boilers. The non-energy-using device enhanced boiler efficiency by inhibiting scale formation. It also eliminated the need for chemicals for boiler cleaning.



Heat recovery from air compressors

Our intimate factory in Vietnam recovered heat energy from air compressors for kitchen use, saving 264 MWh of electricity per year, which is about 30% of electricity use in its canteen.

Energy-efficient chiller retrofitting

By replacing the inefficient chillers and rearranging the ventilation system of its energy-intensive workshop, our denim factory in China expects to reduce carbon emissions from the chiller system by 55%. Enhancing the energy efficiency of the chillers will become increasingly vital, with the growing future demand for air-conditioning.



Other Climate Initiatives



Net zero jeans

Our classic five-pocket denim jeans were the first and only product to achieve net zero certification under the Hong Kong Quality Assurance Agency (“HKQAA”) Net-Zero Certificate Scheme. We embraced the “Good by Design” concept to design products with a low climate impact, using sustainable materials. A decarbonisation strategy was implemented throughout the manufacturing process, including laser technology, solar PV, advanced front-loading washing machines, a hanger system for pre-drying and energy-saving dryers. Residual carbon emissions were offset by supporting a reforestation programme in Nicaragua.

MyBluPrint carbon calculator

Our denim division developed the first-ever carbon footprint calculator to have a positive impact on the fashion industry by visualising the impact of low-carbon design and manufacturing on decarbonisation. The interactive web-based application tracks carbon emissions in each step in the denim jeans manufacturing process, including over 40 types of production equipment and emissions data from more than 200 processes.



Scan to watch MyBluPrint promotional video

ISO14064 verified carbon inventory

Our well-established data management system is the backbone of our decarbonisation strategy. Our carbon inventory was verified against the ISO14064-1:2018 standard, which signifies the credibility and robustness of our environmental and emissions data.



Scope 3 emissions

We recognise the significance of looking beyond our operational emissions, especially since indirect emissions from our value chain comprise almost 90% of the Group’s total emissions. We conducted screening of our scope 3 emissions and identified three categories which accounted for about 90% of scope 3 emissions — purchased goods and services, fuel- and energy-related activities not included in scope 1 or scope 2, and end-of-life treatment of sold products. We are midway in collecting primary data on the material categories to compile our scope 3 emissions inventory.

Global Communications

Letter from the CEO

Following the announcement of our Net Zero 2050 Vision, our CEO Mr. Andrew Lo reaffirmed the Group's determination to take concrete action against the climate threat in an open letter and a promotional video. The letter also effectively conveyed the importance of decarbonisation to all employees and aligned this with our strategic objectives.



Fostered decarbonisation partnership at COP27

We spoke at one of the panels at the 27th Conference of the Parties ("COP27") of the United Nations Framework Convention on Climate Change ("UNFCCC"), sharing our current emissions status, the challenges encountered and the continuous group-level efforts in decarbonising our operations. We also urged for multi-brand and cross-sectoral partnerships with manufacturers to accelerate the decarbonisation of the fashion value chain.



PUMA's Chief Sourcing Officer, Ms. Anne-Laure Descours, discussed brand-manufacturer collaboration towards net zero emissions at the forum.

Net Zero Forum

To reinforce decarbonisation knowledge and raise awareness among all our factories, we organised the Net Zero Forum, which was attended by over 120 executives, management and related colleagues from lines and factories. Representatives of our brand customers, environmental consultants and our CEO shared their insights and experience.

Employee campaign — Net Zero Video Challenge

To raise employees' awareness of Crystal Net Zero 2050, colleagues from all Group operations were invited to submit a short video depicting their daily green practices. We were delighted to receive more than 200 entries. The three winning videos were displayed in all factories and offices.



Scan to watch the winning video

Quarterly newsletter

To keep all our management and colleagues apprised of our progress in our net zero commitment, we issued group-wide e-newsletters quarterly. The e-newsletters summarise the major accomplishments of the Group and factories over the period, together with industry updates and green tips.



Industry Partnerships

UN Fashion Industry Charter for Climate Action

We champion the need of cross-sector collaboration to accelerate the transition to a net zero economy. As one of 140 signatories and supporting organisations to the UN Fashion Industry Charter for Climate Action ("UNFICCA"), we actively participate in the steering committees and working groups formed under the UNFICCA. We share our experience through the UNFICCA platforms and call for joint efforts from other industry leaders.



In one initiative of the UNFICCA working groups, we teamed up with GIZ FABRIC, brands and manufacturers to engage a service provider to co-develop a series of online training modules. Nearly 30 participants from 12 of our factories and subcontractors in Vietnam, Cambodia and Bangladesh took this self-paced training to learn more about the impact of climate change, greenhouse gas emissions accounting, and strategies to mitigate the impact of climate change.

PaCT programme by IFC

Our denim factories in Vietnam and Cambodia were nominated by our customers to join the Partnerships for Cleaner Textile ("PaCT"), initiated by International Finance Corporation ("IFC"). This involved on-site assessments, followed by capacity-building projects such as market technology updates and an advanced wastewater treatment study. A total of 28 resource-saving measures were effectively identified, contributing to potential carbon savings of 40.5%.



Solar power feasibility study by MSMA

Our intimate factory in Vietnam completed a solar power feasibility study with the support of the Mekong Sustainable Manufacturing Alliance ("MSMA"), a USAID-funded alliance formed by the Institute for Sustainable Communities, ELEVATE, and the Asian Institute of Technology. The study examined the potential expansion of its rooftop solar system to total capacity of 1.8MW.



Task Force on Climate-related Financial Disclosures

Following the preliminary climate-related risk analysis conducted in 2021, we embedded the identified risks into our Crystal Sustainability Vision 2030 (“CSV2030”) to reinforce our commitment to integrating climate considerations into our business and financial planning. Recognising the evolving climate and market environment, we reviewed the identified risks under the Group’s key risk management system to ensure necessary actions are identified and appropriate controls are in place. Going ahead, we are planning to define climate-related scenarios to be integrated into our corporate and business considerations.



The identified risks and their associated impact on our operations, together with our mitigating actions, are summarised in the following table.

Key climate-related risks and our actions

Type	Climate-related Risk	Potential Financial Impact on Crystal	Action Taken to Date
Physical Risks	Acute		
	Extreme weather events (e.g. typhoons and floods)	<ul style="list-style-type: none"> • Damage to property and assets • Supply chain and logistics disruption 	<ul style="list-style-type: none"> • CSV2030 • Supply Chain Management Procedure • Multi-country selection of countries of origin • Mangrove planting for storm surge protection
	Chronic		
	Frequent and intense extreme heat	<ul style="list-style-type: none"> • Higher energy costs and heat-related subsidies • Reduced productivity 	<ul style="list-style-type: none"> • Net Zero Roadmap • CSV2030 • Corporate decarbonisation package
	Rising sea levels	<ul style="list-style-type: none"> • Damage to property and assets • Procurement and logistics disruption 	<ul style="list-style-type: none"> • Incorporating risk considerations into infrastructure planning • Supply Chain Management Procedure
	Increased salinity in freshwater	<ul style="list-style-type: none"> • Procurement and logistic disruption • Freshwater availability and cost 	<ul style="list-style-type: none"> • Recycled water for production use • Smart laundry and water efficient processes • Technologies to reduce/replace washing processes, e.g. laser, ozone • Sustainable products to reduce lifecycle water consumption • Certified sustainable materials, e.g. BCI, GOTS, GRS, OCS, RCS, OEKO-TEX, REPREEVE
	Persistent and severe drought	<ul style="list-style-type: none"> • Materials and freshwater availability and cost 	

Type	Climate-related Risk	Potential Financial Impact on Crystal	Action Taken to Date
Transition Risks	Policy and Legal		
	Heightened policies and regulations	<ul style="list-style-type: none"> • Compliance costs • Operational disruption 	<ul style="list-style-type: none"> • Regular market and policy reviews and technology updates
	Technology		
	Low-carbon technologies	<ul style="list-style-type: none"> • Increased capital expenditure 	<ul style="list-style-type: none"> • Sustained commitment to low-carbon manufacturing • Net zero strategy and roadmap • Corporate decarbonisation package
	Market		
	Supply chain and logistics disruption	<ul style="list-style-type: none"> • Availability and cost of materials • Compensation costs for logistics delay 	<ul style="list-style-type: none"> • Sustainable products to reduce raw material consumption: e.g. closed-loop denim • Collaboration with NGOs and institutions for recycled products • Localised supply chain
	Voluntary carbon pricing mechanisms	<ul style="list-style-type: none"> • Carbon pricing and carbon offset costs 	<ul style="list-style-type: none"> • Joined UNFICCA to engage industry initiatives • Exploring offsite renewable energy, e.g. renewable energy certificates
	Industry transition	<ul style="list-style-type: none"> • Investment in low-emissions production • Shift to on-demand production 	<ul style="list-style-type: none"> • Global partnership with customers and institutions • Industry 4.0 and manufacturing excellence • Smart factories and smart warehouses
	Reputation		
	Increased customer awareness	<ul style="list-style-type: none"> • Reduced orders due to failing to meet customer requirements • Inadequate sustainability transparency 	<ul style="list-style-type: none"> • Collaboration with customers on sustainability initiatives • Stakeholder engagement and materiality assessment • Group sustainability reporting – transparency for ESG ratings • Climate-related disclosures – CDP and TCFD
Rising investor concerns and stringent ESG rating	<ul style="list-style-type: none"> • Capital availability 		

Our Environmental Policy and Management System Guidelines

Our Corporate Environmental Policy sets out comprehensive principles on climate change mitigation, natural resources conservation, pollutant discharge management, circular economy creation, global greening and employee awareness. The Policy is supported by a set of guiding instructions to help factories establish and implement an effective and robust environmental management system. Based on the Environmental Management System Guidelines, eight of our factories were certified to international environmental standards: the ISO14001 Environmental Management System, ISO50001 Energy Management System and/or the Low Carbon Manufacturing Programme (“LCMP”).

During the year, all our factories operated in line with the principles laid out in the Corporate Environmental Policy, and related environmental procedures were implemented to mitigate any potential impacts. At the group level, the Corporate Quality and Sustainability Department (“CQS”) oversees various types of environmental performance, including carbon emissions, water consumption, waste management, material consumption and environmental compliance status.

The environmental performance of all Crystal factories is reported to the Sustainability Committee twice a year and to senior management quarterly. The following sections show how we address potential environmental impacts.

Water Conservation

WWF Water Risk Filter

None of our factories were located in regions with high water depletion risk, as indicated in the WWF Water Risk Filter 5.0. Our factories had no issues regarding water supply for operations and strictly followed the related legal requirements in 2022.

Highlighted Initiatives

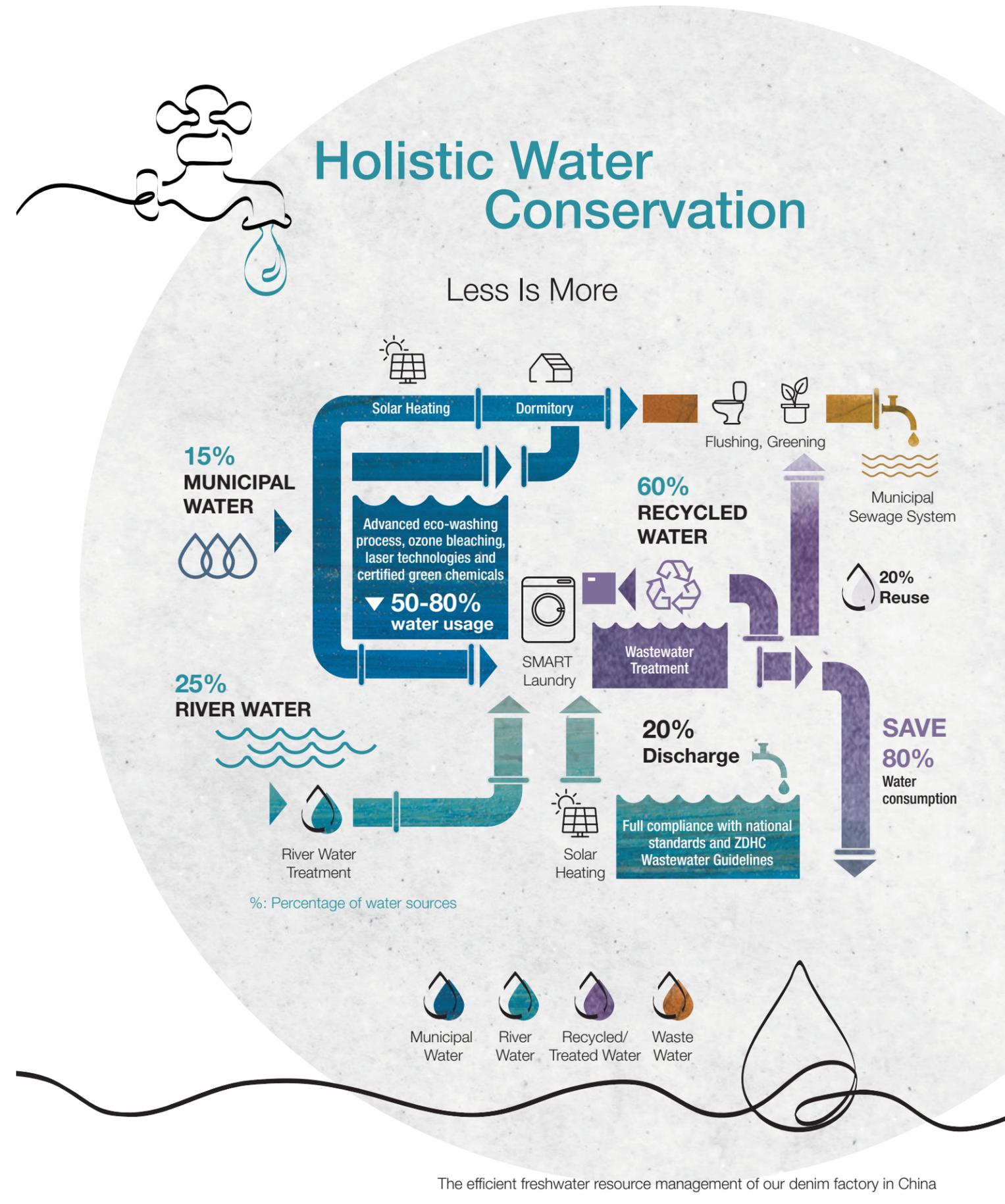
Expanding wastewater treatment capacity

Our denim factory in Cambodia expanded its wastewater treatment plant, which almost doubled the treatment capacity to 8,500 m³ per day. It is expected to increase water recycling rate for production use to 60%.

Switching to water-efficient machines

The adoption of water-saving machinery such as E-soft in our knits factories and front-loading machines in our denim factories has reduced our water footprint over the years. In 2022, our denim factories in Vietnam and Cambodia increased the number of water-efficient front-loading machines from 26 to 41. These new washers save about 40% of water compared with the conventional ones.

In addition, our fabric mill in Vietnam is underway to fully replace the conventional L-shape dyeing machines to round-shape machines with a low material-to-liquor ratio, which is expected to reduce water consumption by 30% to 50%.





Wash Minus- Collection with Ionic+ Technology

Our denim division launched the Wash Minus- collection hand in hand with the leader in antimicrobial technologies, Noble Biomaterials. The collection instils water conservation concepts from cradle to grave, reducing water consumption by sourcing recycled denim fabric, utilising water-efficient washing processes, and applying Ionic+ technology in the finishing stage. The odour-eliminating ionised silver allows the jeans to remain clean and odour-free, reducing the need of home laundry by 70%.

Air Emissions Control

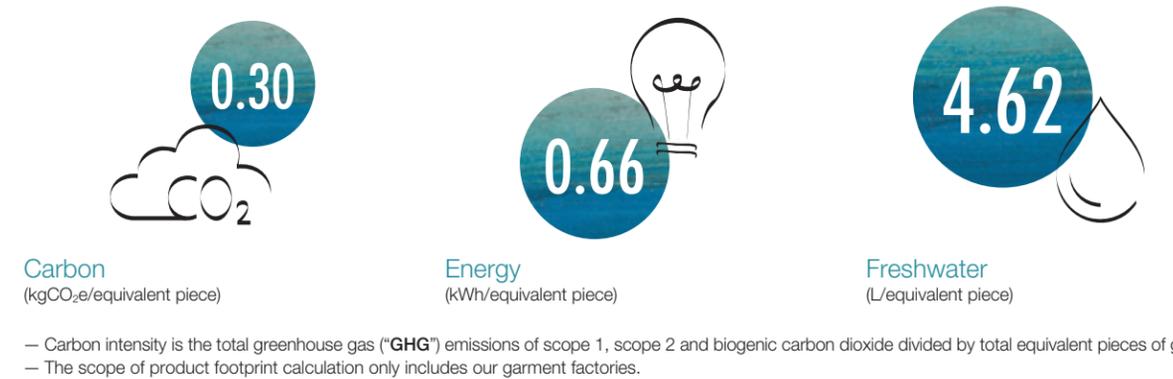
All our factories regularly monitor and test air emissions sources, including boilers and generators, according to the local legal requirements. In 2022, all our factories fully complied with the relevant legal standards¹.

We promoted the adoption of cleaner fuels for combustion equipment, associated with a wide range of control measures for flue gas treatment and indoor air quality improvement. Our factories in China have been combusting natural gas in their boilers, which is much cleaner than other fossil fuels.

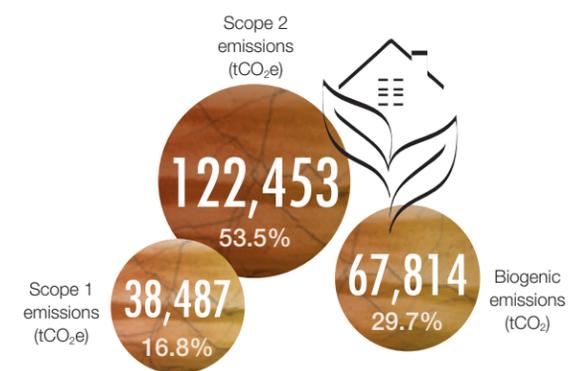
Our major emission sources are boilers, generators, kitchen facilities, printing facilities, vehicles and forklifts. In 2022, our factories emitted about 240.7 tonnes of nitrogen oxide ("NO_x"), 9.9 tonnes of sulphur dioxide ("SO₂"), and 37.0 tonnes of particulate matter ("PM").

¹ Our factories follow the legal standards of the countries in which we operate, such as QCVN 30:2012/BTNMT in Vietnam, Air Pollution (Control) Rules 2022 in Bangladesh, and GB 13271-2014 in China.

Carbon, Energy and Water Data 2022 Product Footprints



Greenhouse Gas Emissions



- Scope 1 emissions include direct emissions from fuel combustion of stationary sources (e.g. boilers, generators, kitchens), mobile sources (e.g. motor vehicles), and wastewater treatment facilities.
- Scope 2 emissions include indirect emissions from purchased energy.
- GHG emissions are accounted for and reported with reference to the GHG Protocol Corporate Accounting and Reporting Standard issued by the World Resources Institute and the World Business Council for Sustainable Development. The GHG emission factors from the International Energy Agency and relevant authorities were applied.

Energy Consumption



- Direct energy includes fossil fuel combustion and alternative fuels.
- Renewable energy includes biogenic fuel and onsite solar power.
- Based on our factory records such as fuel purchases, electricity bills, and energy meters, the energy consumption was calculated with the conversion factors published by the Department for Business, Energy & Industrial Strategy, and Department for Environment, Food & Rural Affairs, the Government of the United Kingdom.

Water Consumption for Production Use



- Municipal water, river water, and ground water accounted for 26.7%, 47.6% and 25.7% of the total quantity of freshwater consumed respectively.
- Water was consumed in full compliance with water quality or quantity permits and standards.

Waste Management

Corporate Waste Management Guidelines

Our Corporate Waste Management Guidelines set out a framework on how to trace and ensure the efficient use of materials, as well as managing operational waste in compliance with legal requirements and applying environmentally friendly production practices.

All our factories put the waste management hierarchy into practice by prioritising waste minimisation in their operation, for instance, purchasing the right amount of materials and accessories, fully utilising materials, and enhancing cutting accuracy and product quality.

Waste Data 2022



Notes:
 - The disposal of hazardous waste is handled by licensed specialist contractors.
 - Non-hazardous waste is taken to local landfills and/or incineration facilities.
 - Recyclable wastes are sorted in the factories and then collected by or delivered to various recyclers.

Packaging Materials 2022

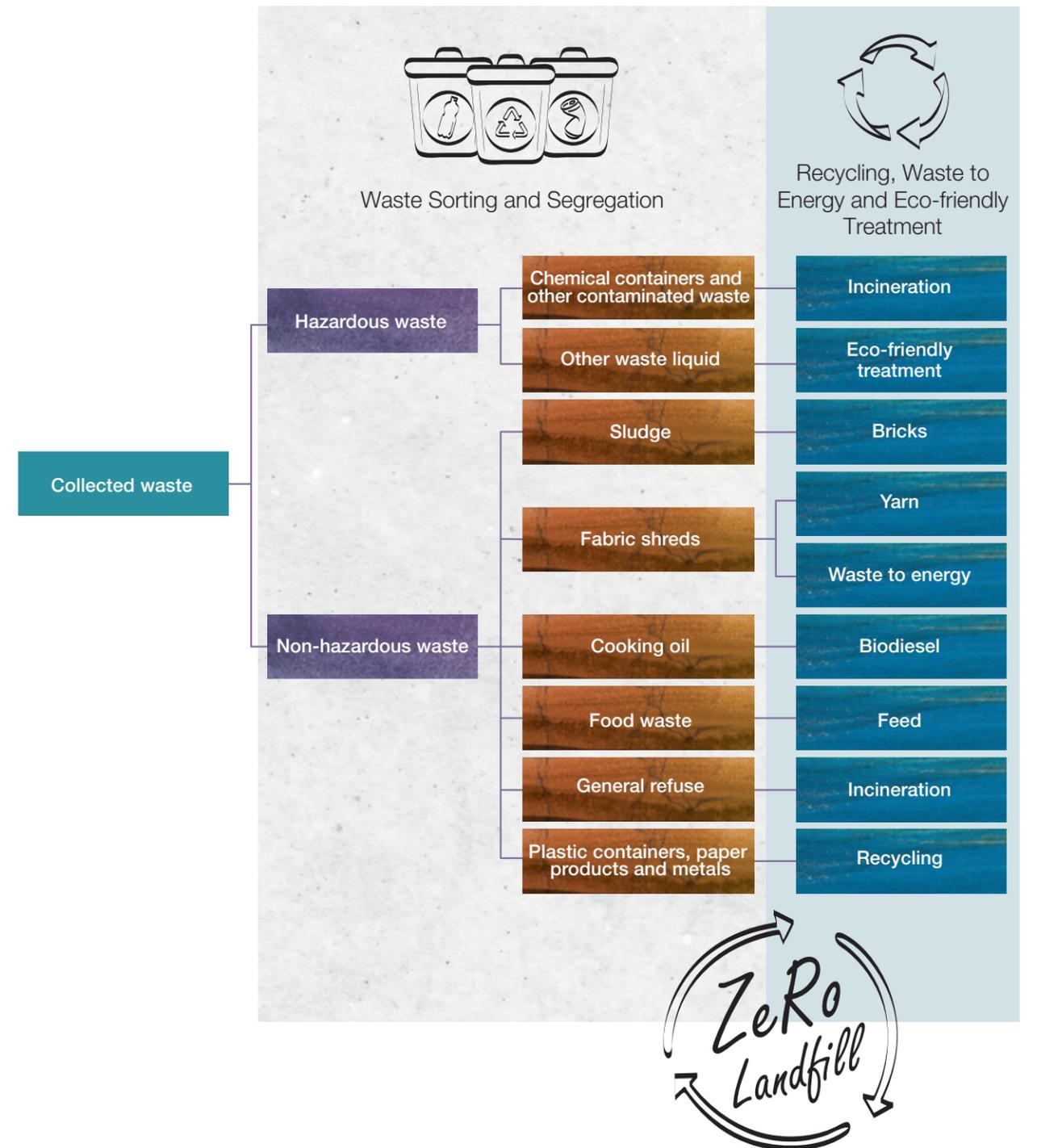


Highlighted Initiatives

Zero landfill of operational waste

The multi-pronged waste management approach adopted by our lifestyle wear factory in China and sportswear factory in Vietnam enables 100% landfill diversion of its production waste by collaborating with qualified waste co-processing partners.

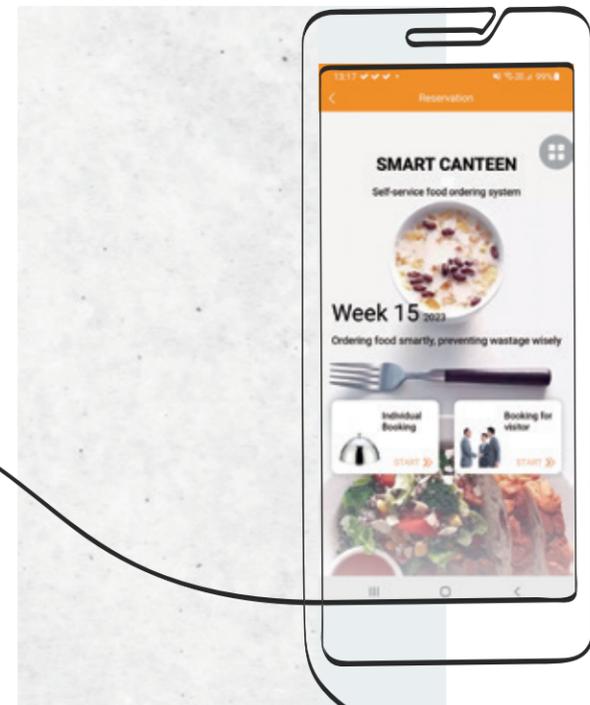
In our China lifestyle wear factory, waste is carefully sorted and subcategorised for further processing. While hazardous waste is detoxified and incinerated for energy production, non-hazardous waste was either utilised in heat generation or recycled. In 2022, this factory alone diverted more than 3,000 tonnes of waste from landfills.



Zero waste sweater

By knit-to-shape production, our zero-cut waste flat knit has eliminated pre-consumer cut waste entirely. The integral knitted ergonomic structure ensures elevated comfort and freedom of movement, while engineered body mapping duly places compression and breathability.

The combination of intricate stitching and structure without the bulkiness of seams delivers visually exciting products and an excellent wearer experience. In addition to sweater garment, our sustainability-focused products have included zero waste accessories like beanie, neck warmer, and zero waste shoes upper, underscoring our dedication to reducing waste in all aspects of our flat knit series.



Food waste reduction

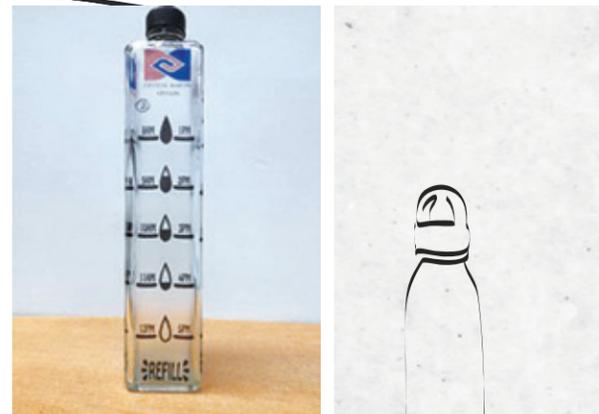
The generation of leftover food should be avoided in the first place, so our factories tried different ways to reduce food waste at source.

- Incentivising workers to reduce leftover food: Our intimate and denim factories in Vietnam initiated a gift campaign, in which workers were awarded for finishing their meals. The campaign reduced food waste per meal by 18%.
- Meal order management: Our lifestyle wear factories and denim factory in Vietnam reduce food waste at source by preparing the right amount of food according to attendance statistics. Their lunch menus are also updated regularly in response to polling results and suggestions from workers.

Unavoidable food waste is then recycled into gainful resources such as fish food.

No single-use plastics

We are dedicated in eliminating unnecessary plastics. For instance, our factories in Vietnam and Sri Lanka designed and distributed reusable water bottles to workers to encourage them not to use single-use plastic bottles.



Circular products — closed-loop denim

Our denim division initiated the concept of Second Life Denim in 2020. In 2022, we focused on scaling up the partnership with strategic mill subcontractors in Vietnam to reinforce our readiness and capacity for manufacturing this eco-collection.

The team gave pre-consumer cut waste and sorted scraps new life by incorporating them in new products, thus eliminating the use of virgin cotton, resulting in a reduction in water consumption by approximately 70% and carbon emissions by 10% throughout the product life cycle.

We developed 10 denim fabrics with different recycled content, elasticity and stretchability. The wide range of colour shades and intensity of the sustainable fabric not only widens the product range, but also demonstrates the value of recycled fabric in embracing denim authenticity.



Get Redressed Month

We were delighted to sponsor Redress again for its annual campaign — Get Redressed Month 2022. In addition to organising a virtual workshop on responsible fashion, we set up used clothes collection booths in our Hong Kong headquarters. With the overwhelming support of our colleagues, more than 100 kg of unwanted clothes and accessories were collected and handed over to Redress for sorting, reusing by a network of more than 20 local charities, reselling to promote second-hand fashion, or recycling by local partners of Redress.



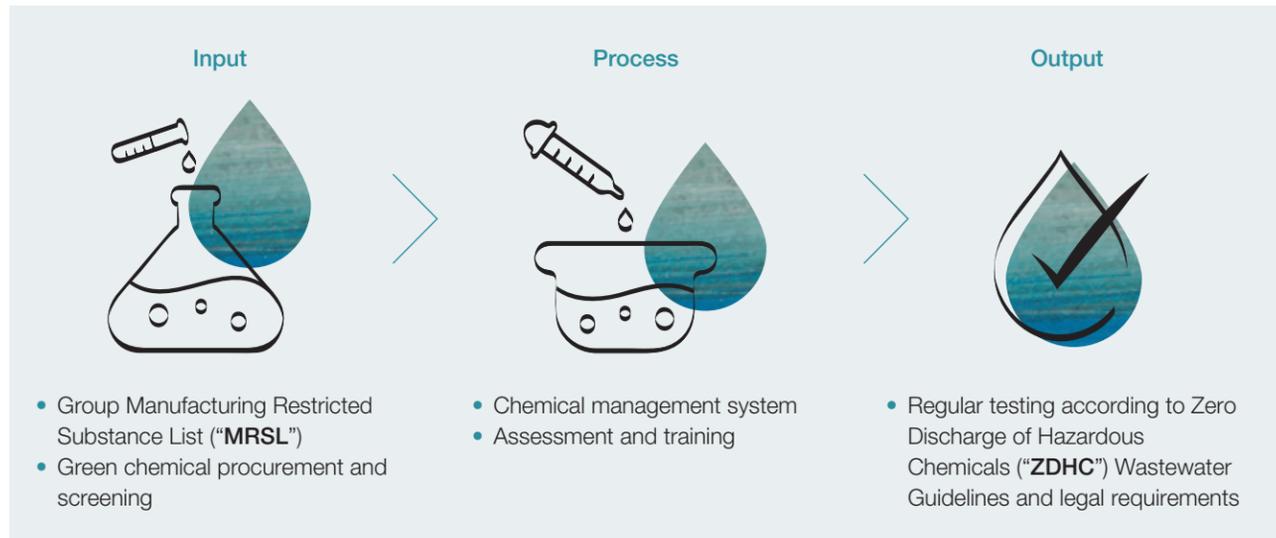
Chemical and Wastewater Management

Corporate Chemical Management Guidelines

We are committed to eliminating the use of hazardous chemicals in our operations and products. Our Corporate Chemical Management Guidelines provide a comprehensive framework of chemical management, from input and process to output control.

All our factories regularly monitor and test the wastewater to ensure it complies with local legal standards and requirements.

Crystal's Corporate Chemical Management Guidelines



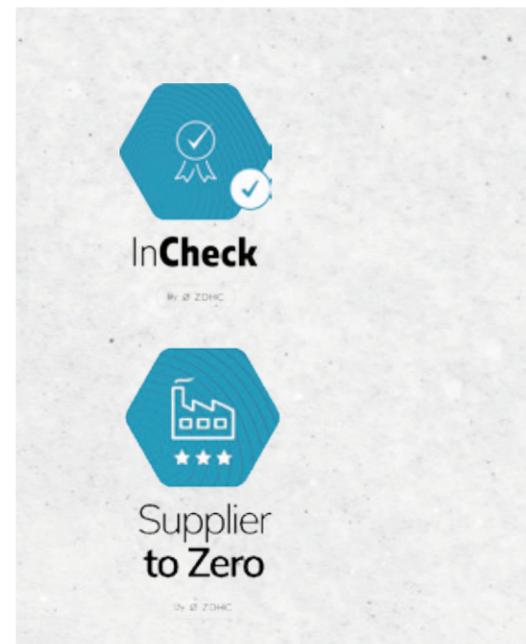
Green Chemistry

We made significant progress in improving our chemical management this year. More than half of our factories adopted online chemical management tools, such as CleanChain, BVE3 and BHive. The online tools allow us to manage our chemical inventory more systematically and to track the conformance level against the ZDHC MRSL by the ZDHC InCheck report.

Our factories have progressively expanded the use of green chemicals. Remarkably, more than 90% of the chemicals used in our lifestyle wear factory in China and fabric mill in Vietnam conform to ZDHC MRSL Level 3.

ZDHC Supplier to Zero

Our lifestyle wear factories in Vietnam and China completed the Supplier to Zero Foundational Level, a programme by ZDHC, whose aim is to improve sustainable chemical management by referencing the ZDHC Chemical Management System, which allows users to identify areas of improvement and reduce potential risks.



Certifications in Sustainable Materials

We remained committed to the use of sustainable materials. More than 90% of our factories received sustainable material certifications such as Global Recycled Standard ("GRS") and Organic Content Standard ("OCS"). In particular, more than 97% of shipped products from our new fabric mill were recycled polyester in which nearly 40% of them were GRS-certified. More than 90% of our denim products were made from Better Cotton Initiative ("BCI") materials. This implied a transparent and responsible sourcing and production of sustainable products.



Higg Index

All our factories have adopted the Higg Facility Environmental Module ("FEM") as a standardised environmental assessment since 2017, and our foundational and aspirational targets were set at scores of 50 and 75, respectively.

All our factories have met the foundation target since 2020, and our average score reached new heights in 2022, with an average verified FEM score of 81.6. This was well above industry median of 56.4 and improved by 6.1 points year on year. Four of our factories achieved outstanding performance, with verified Higg FEM scores exceeding 90.

Our average score



Four factories scored over



Supply Chain Performance Tracking

To better track environmental performance across our supply chain, we also invited our subcontractors and suppliers to adopt Higg FEM. In 2022, nearly 70 of our subcontractors and suppliers completed and shared their Higg FEM assessment with us.

To build the environmental management capacity of our suppliers, we conducted in-person workshops for our subcontractor representatives from Vietnam.

Driving Innovative Manufacturing

Crystal has been operating apparel production facilities for more than 50 years. Although some people may not see innovation as a driving force in traditional sectors like garment manufacturing, we believe in relentless innovation and trust that our unwavering pursuit of manufacturing excellence will ensure the Company's continuing success for decades to come.

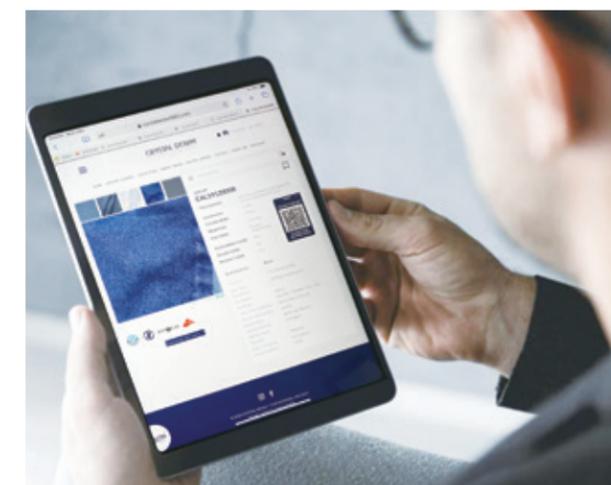
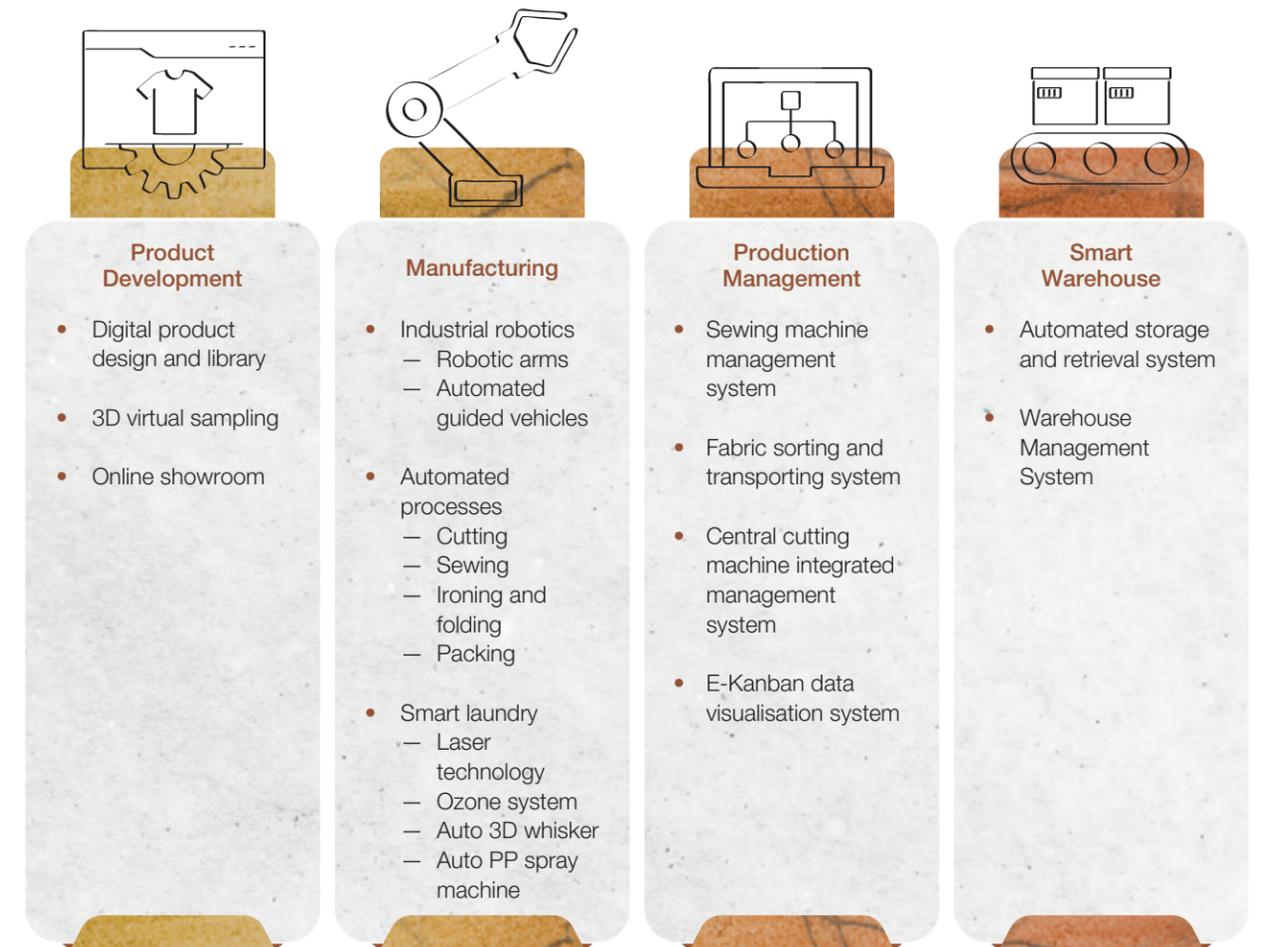
We continually leverage process digitalisation and automation to streamline our operations to increase our efficiency, enhance our environmental performance, safeguard employee health and safety, and meet evolving customer expectations. In 2022, along with further automating our production processes, we continued our most challenging task ever — digitalising all aspects of our business, which involves re-engineering almost all processes and dramatically changing the way we work. We set our sights on being increasingly empowered to generate insights from operational data to make fast, informed responses, as analysis of the data helps uncover opportunities and risks that build our business resilience when managed with prudence.

While such purposeful modernisation initiatives give us a winning edge against stiff industry competition, they are also key to enhancing our productivity, which plays an indispensable role in our transition to net zero emissions in step with society.



From Design to Delivery

Aligned with our sustainability framework pillar, we embrace innovation throughout the entire product realisation process at Crystal. From product development and manufacturing to production management and warehousing, we take a holistic and integrated approach to build innovation into every step of our operations, making constant enhancements to maximise the benefits. Examples of these applications include the following:



Smart Warehouse

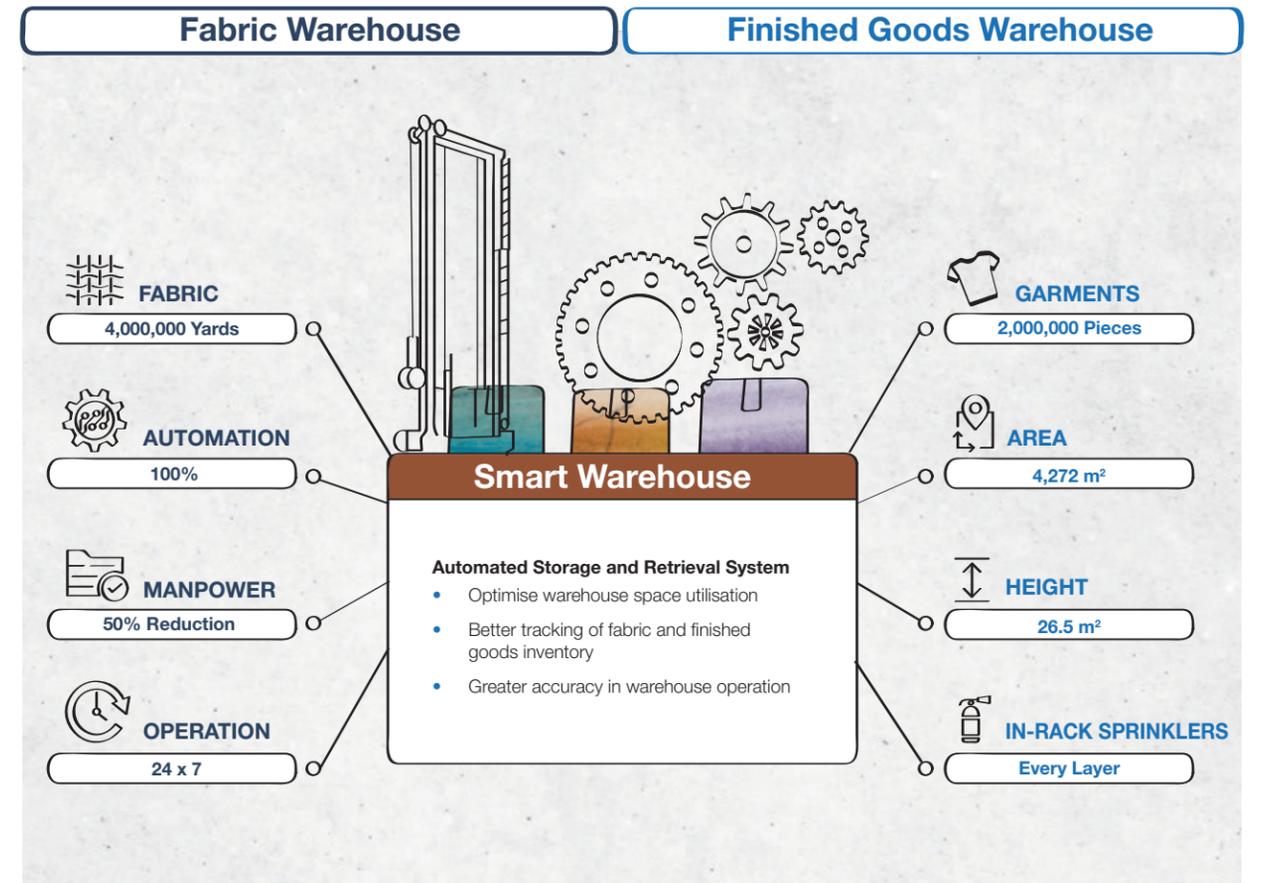
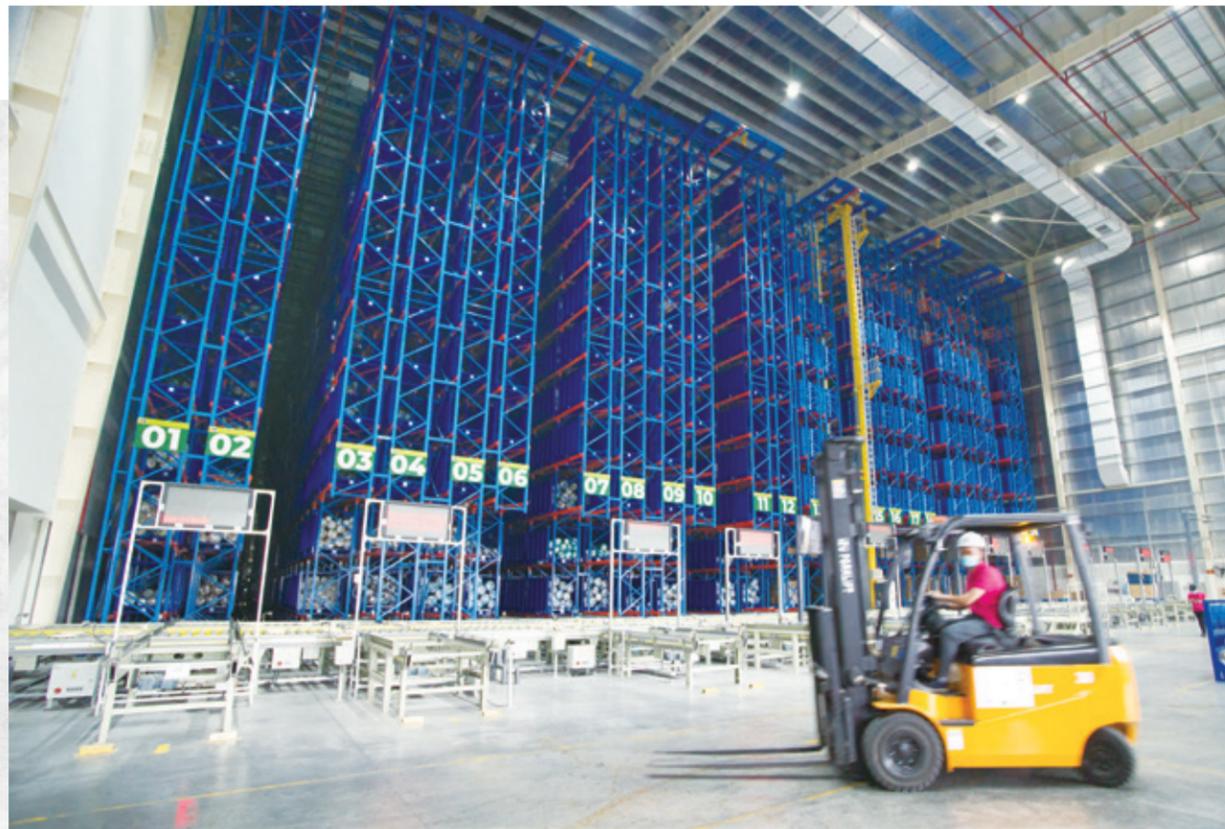
During the year, a smart warehouse was launched in our denim factory in Vietnam after a year of construction and system development, significantly increasing our productivity and efficiency.

Storing both fabrics and manufactured goods, the new warehouse features an automated storage and retrieval system (“AS/RS”), which moves pallets in and out of storage without human labour. The system operates under computerised control, which determines and records the location of the stored items.

The unit-load AS/RS — configured with a conveyor system, six stacker cranes, and 24 double deep, 27-metre-high pallet racks — boosted warehouse storage volume twofold, while taking 30% less space than the traditional setup. Together with the capability of performing time-consuming operations without staff control during off-work hours, these capacity enhancements, and increased operational and land use efficiency make the factory ready for future production growth.

At the backend, the AS/RS is integrated with the factory’s warehouse management system, providing clearly visible data from various sources, allowing operators a bird’s eye view of the entire warehouse performance while keeping track of inventory flow in real time.

Switching to a smart warehouse has also reduced the need for onsite staff by 50%. This gives workers more time to focus on high-value tasks and helps maintain inventory accuracy by minimising human error. Since workers no longer have to shuttle between aisles of heavily loaded high rise storage racks on forklifts, their health and safety risks have been greatly reduced. Other sister factories in the country are looking into similar smart warehousing solutions to optimise storage operations.



Instead of one-time plastic wrap, elastic fabric waste is reused to secure loads on pallets.

Smart Laundry — Innovations for Sustainability

Smart laundry, an iconic innovation hub in our denim factories, is a distinct example of our sophisticated finishing technologies and its ingenious integration with sustainability.

For example, the automatic denim jeans chemical spray machine that our denim factory in Vietnam uses prevents workers from being exposed to a chemical irritant. It replaces hand-spraying of potassium permanganate, which can impose safety concerns, onto the jeans to create local abrasions.

Another traditional and harmful denim finishing process we eliminated is sandblasting, which has been replaced by laser technology in our operations since 2010. In addition to cutting fabrics, laser technology is practical for removing surface indigo on denim, allowing patterning on denim jeans to replicate the vintage look. Today, this technology is extensively used in our denim jeans production, benefiting worker health, productivity and product variation. Similarly, our sweater factories use advanced tumble dryers that can load and unload bulky garments without manual labour, reducing workers' risk of repetitive strain injury.

Technology has also benefited our washing processes in terms of resource conservation. The use of eco-efficient ozone technology enables our denim jeans to be bleached without any water or chemicals. Our denim factories have been switching to advanced automated front-loading washing machines that consume 40% less water, up to 30% less chemicals, and about 15% less energy than conventional models.



Laser technology — saving five to seven litres of water per garment piece on average — was used in the production of 12.6 million pieces of denim wear in our factories during the year.

Enterprise Software System Transformation

Behind the scenes, our Corporate Information Services Department implemented an extensive enterprise software system transformation to expedite our journey to become a future-enabled intelligent enterprise.

For more than 20 years, the Group has embedded an array of enterprise software solutions to power product lifecycle management, enterprise resource planning, finance, human resources, manufacturing execution, data management, analytics, and robotic process automation throughout our operations, which span multiple regions. These deployments have enabled us to enhance product customisation, shorten delivery timeframes and optimise order fulfilment.

To step up system transformation and productivity, the team has devoted a tremendous amount of time and effort since 2021 to prepare for multiple new deployments of the latest business applications. This is expected to further enhance our capability to co-create with our customers, streamline business procedures, and set the ground for forthcoming artificial intelligence and machine learning utilisation. The first implementation of the series of system transformation projects — a module designed for accounting and financial management — was launched in January 2023.

Quality Assurance

In accordance with our corporate mission and our value “Live Quality”, our Quality Policy contributes to sustainable and profitable growth by providing guidance on offering products and services that provide customer satisfaction. We demonstrate this commitment through our quality management system based on legal compliance, customer requirements, universally acknowledged best practices, and requirements related to product labelling, safety and environmental considerations.

Our concept of quality covers the totality of our operations, through which our employees aim to deliver the right goods and services to our customers at the right time and right cost.



To achieve the principles of “Right First Time” and “Quality Managed at Source”, we take a holistic approach to our quality management system and implement quality standards throughout our business processes. From product design and sourcing of raw materials to production and packaging, inventory storage and delivery, we ensure compliance with the quality standards and specifications of our company, customers and supply chain.

Our quality management system is consistent with the requirements of international standards, following the Plan, Do, Check, Act (“PDCA”) concept, focusing on prevention rather than detection or correction. This enables us to take a comprehensive approach to drive process effectiveness and continuous improvement, allowing a more systematic methodology to manage and deliver quality products. We have 10 factories certified with the ISO9001 Quality Management System.

Driving “Right First Time” Culture

We initiated the “10 Must” project in our factories in Vietnam, China, Cambodia and Bangladesh, to drive the “Right First Time” culture and reinforce a quality mindset in our employees on the production floors, in order to achieve quality performance and meet customers’ expectation.

A comprehensive study was completed in which each factory’s top defects was identified and a root cause analysis was conducted to determine the specific “Must-Do” items workers were reminded to follow strictly. To ensure our quality value and message penetrated all parts of our factories, a promotional package covering awareness posters, a video, and “10 Must” emojis were developed for extensive promotion in the factory premises and on their social media platforms. Along with kick-off communication sessions, in which factory management spoke to steer advocacy, we provided continuous online and on site training to employees on the “Must-Dos” to enhance their skills and competencies.

The project proved to be a huge success as our observed quality level (“OQL”) reduced to 1.0% from 1.4% in 2021. We will continue to extend the project to other factories to build a quality conviction and culture in our operations.

Digitalising Quality Assurance

In line with the Group's goal of building Industry 4.0-compliant smart factories, digital technology has been integrated into our quality assurance system, as in other areas of our business. Our factories made plans to revamp the required checkpoints, including material input and production, switch to mobile devices for data input, and expand data visualisation for more efficient monitoring.

With the use of data analytics, we are able to gain a more holistic view of our quality assurance management, along with analysing trends accurately and preventing issue occurrence. We expect this transformation will enable us to identify enhancement opportunities continuously.



Our Quality Performance

We have been adopting a corporate quality scorecard with targets, to demonstrate our quality performance in achieving customers' expectations.



Product Safety

We developed Product Safety Guidelines, which state our customer, legal and safety requirements. The Guidelines include preventive measures that apply from product development to the complete production process to ensure that our products are physically and chemically safe. In addition, we developed a Corporate Product Restricted Substances List ("RSL") to ensure that our supply chain partners use safe chemicals during the manufacturing process and that only safe chemicals are present in the final products. In 2022, 432 million pieces of products were shipped, with no products recalled for safety or health reasons.



Recognised for Exemplary Quality Performance

Our China lifestyle wear factory received the Uniqlo Quality Supplier Award for its "consistently exemplary performance". The highly self-managed factory delivered quality products on time, required no third-party or all-store inspections, and did not receive any store complaints. The factory's quality team and related merchandising team were also authorised to give quality approval on behalf of the brand customer for various items, including colour standard, printing effect, confirmed sample, and shipments.



Handling Product Complaints

A complaint is defined as any written or verbal statement made by our customers that indicates their dissatisfaction with our product quality. The major types of product complaints are classified as follows:

- Issues regarding product quality (e.g. product recalls)
- Issues regarding product safety (e.g. needle contamination)
- Potential lawsuit, breaching of laws and regulations

Once a complaint is received, the recipient and the related parties have to handle the complaint according to Crystal's complaint handling procedure. Related line management has to review and validate the complaint with the related factory and sales teams investigating the case, identify the root cause of the problem, and take appropriate corrective action. The Corporate Quality and Sustainability ("CQS") department works with the factory team to monitor the correction. The designated department, e.g. sales or factory QA, is responsible for reverting and communicating with the customer within a specified timeframe, until the case is closed and the customer is satisfied.

The CQS logs all valid complaints and reports to the Execo twice a year as part of the key risk management process. In 2022, there were no valid product quality complaints.

Product Recall Procedure

A product recall is defined as a request to return, exchange or replace a product by a customer if the product is found to have a defect that may hinder performance, harm a consumer or lead to legal consequences.

In the case of a product recall from any customer, our sales team negotiates with the customer to resolve the product recall issue and work out a solution together. The solution may include case investigation and root cause analysis, product replenishment or improvement action, whichever is applicable.

Whenever needed, the CQS provides support by liaising and following up with the related parties throughout the case. The CQS reports the number of recall cases to management at least twice a year. In 2022, there were no product recall cases.

Intellectual Property Rights

We acknowledge the importance of intellectual property ("IP") rights, and work to protect and promote intellectual property assets, such as patents, trademarks, copyrights. We implemented control measures including patent and trademark registration, regular monitoring of IP registration. We promote among employees awareness of our responsibility to make IP an integral part of our daily operation.

By implementing the control measures, physical and information technology security management is adopted to protect the IP rights and the company equity. Our Execo is also informed regularly of the status of IP registration monitoring and infringement case if any, as a part of our key risk management system.

Note:
— Product advertising is not material to our garment and textile manufacturing business.

Supply Chain Management Strategy

With the ever-changing business environment, a well-developed supply chain management strategy is more important than ever for the Group's short- and long-term business plan and operational resilience. The market requires us to have adaptable, agile supply chains to maintain customer expectations. At Crystal, we have identified our key priorities of supplier selection and retention, as follows:



During the year, we sourced materials from 20 major suppliers, including fabric and trims for our production. Each major supplier accounts for at least 1% of the total amount of our material purchased in 2022. Based on the location of supplier headquarters, 100% of this spend was in Asia-Pacific.



At our denim factories, incoming fabric rolls from suppliers are machine sorted into racks before they are distributed to the corresponding workstations.

Corporate Supply Chain Management Procedure

To set up a standard system and required processes for supplier sourcing, monitoring, review and reporting, and to ensure sustainable growth and profitability by making strategic partnerships with suppliers, we developed a corporate Supply Chain Management Procedure as a guideline for all our line companies and factories. A designated department from each line company is responsible for the implementation of the procedure, including social and environmental performance monitoring of our own sourced suppliers.

Governing Policies and Requirements for Suppliers

Suppliers are approved only if they can meet the Group's minimum requirements:

- No child labour
- No forced labour
- Local minimum wage
- Local environmental requirements

The Group has achieved agreement with our key suppliers, with a commitment to drive sustainable practices in our supply chain. All suppliers are requested to comply with local legal requirements, our Supply Chain Management Procedure, and our following policies:

- Code of Conduct
- Social Compliance Policy
- Environmental Policy
- Anti-corruption Policy
- Restricted Substances List ("RSL")
- Quality Policy
- Brand Protection Policy
- Related customer requirements

We continue to monitor and encourage the quality, social and environment compliance performance of our suppliers to ensure the sustainability and effectiveness of the supply chain. We actively pursue friendly cooperative relations with our suppliers and discuss new development directions with them based on our customers' requirements, market and industry trends.

We conduct training, capacity building, inspections and risk assessments regularly through virtual meetings or onsite visits to support, monitor and drive our key suppliers' performance and ensure related requirements are properly executed.

In 2022, we implemented these practices for all the aforementioned 20 major suppliers.

Managing Environmental and Social Risks along Supply Chain

We define environmental and social risks in our supply chain as any practice that violates local legal requirements, the Crystal Code of Conduct, our policies, and the minimum requirements stated in the Supply Chain Management Procedure, or any incident that could impede workers' human rights, health and safety, or create labour unrest. To identify and prevent any significant environmental and social risks in our supply chain, we conduct risk monitoring and evaluation regularly through:

- Media watch
- Information from stakeholders
- NGO platforms e.g. environmental supervision records of the Institute of Public and Environmental Affairs ("IPE")
- Onsite visits
- Questionnaires
- Suppliers' self-assessment or third-party audit reports

We have established a comprehensive system to identify, report, investigate and remediate potential risks in our supply chain. Environmental and social performance and risks are reported to management, and the relevant stakeholders are informed, especially for leading indicators, such as work stoppages, injuries or even loss of life, which may impact our business with our customers, or lead to financial or reputational loss. The Corporate Quality and Sustainability Department ("CQS") and the sustainability departments of our factories maintain close communication with designated suppliers to drive improvement and provide necessary support until the risk is mitigated.

We have a "Key Risk Management" mechanism to manage potential risks in the supply chain. The risks are defined in different ratings by colour based on the risk factor and reported to the Execo twice a year. We might consider terminating a business relationship with any supplier that fails to comply with the Crystal Code of Conduct, policies and minimum requirements, or shows no significant improvement progress within an agreed timeline.

Green Supply Chain

To build a sustainable and green supply chain, our Supply Chain Management Procedure provides a clear set of environmental criteria for supplier selection. Procurement priority is given to suppliers that minimise adverse environmental impacts through good practices such as:

- Establishing carbon and water reduction targets
- Committing to low carbon and energy-efficient manufacturing
- Implementing water-efficient practices
- Diverting waste from landfills
- Obtaining certification for sustainable materials or products
- Adopting green chemistry
- Developing environmental management systems (e.g. ISO14001)
- Conducting regular wastewater testing following industry standard ZDHC, which goes beyond legal standards

The CQS, line companies and factories are responsible for tracking and monitoring supplier performance according to the above criteria.



Pioneering Social Sustainability

“Respect for people” is one of our corporate values and has been at the heart of our sustainability strategy since the Group was founded. We are devoted to creating an equal, healthy and safe work environment by adopting a people-oriented management approach, practising an employee care culture, cultivating high-calibre talent, engaging employees, supporting the communities in which we work, and maintaining high standards of corporate governance.

Our Code of Conduct and Social Compliance Policy

In order to create a fair working environment for our employees, we established our Master Policies on Human Resources, a Code of Conduct, a Social Compliance Policy, and a series of standard operation procedures based on relevant local laws and regulations in the countries in which we operate, which stipulate our requirements and approaches for the following:

- No child labour and forced labour
- Recruitment and promotion practices to prevent discrimination
- Compensation and dismissal
- No discrimination, harassment and abuse
- Other benefits and welfare
- Equal opportunities, fair compensation, freedom of association and collective bargaining
- Requirements for working hours and rest periods
- People-oriented culture
- Women empowerment

Labour Standard

We are committed to respecting human rights, in which we do not tolerate child labour and forced labour. Our Board-level Sustainability Committee oversees related obligations and ensures we embed respect for human rights into our corporate culture and practices.

We employ people who are at the legal working age and who choose to work voluntarily, and we follow the International Labour Organization (“ILO”) conventions to establish our child labour and forced labour procedure.

Our recruitment staff are provided with professional training. They verify all candidates’ age before employment by checking their ID card, birth certificate, education certificate, or family household register, if applicable. In addition, interviews, appearance checks, or work experience verifications may be conducted to further verify the age of the candidates, if necessary.

If any cases of child labour are identified, we take immediate action, as stated in our child labour management procedure, including the following:

- Have the child stop working immediately
- Provide sufficient payment according to local legal requirements
- Provide a free health check-up and medical treatment if necessary
- Send the child back to the guardian or place of residence
- Conduct an internal investigation and take effective measures to avoid a recurrence



We believe that employment must be freely chosen and prohibit any form of forced labour, such as bonded labour, indentured labour, prison labour or slave labour. Regarding wages, we pay employees directly to ensure the transaction does not involve a third party, and money is not withheld or illegally deducted.

The Corporate Quality and Sustainability Department (“CQS”) and factory sustainability departments are responsible for conducting regular risk assessments to identify the risk of child and forced labour. We established a comprehensive grievance mechanism to encourage employees to report any suspected cases of child or forced labour. Factory management and/or the CQS will conduct an investigation if a suspected case is reported.

The same standard applies to our supply chain. We have clearly communicated our zero tolerance for child labour and forced labour to our suppliers.

With our strong commitment and strict control, we do not have any operations that are considered having significant risks for incidents of child or forced labour. During the reporting period, no child or forced labour cases, and no known incidents of human right violations were identified in our company.

Social & Labor Convergence Program

To continue to improve the working conditions and ensure the safety and health of our factory employees, we joined Social & Labor Convergence Program (“SLCP”) as a manufacturer signatory. By adopting the Converged Assessment Framework (“CAF”) Data Collection Tool, we share our SLCP verification report through accredited hosts, such as the Higg Facility Social and Labor Module (“FSLM”), to replace customer and third-party assessments, to reduce the number of repetitive social audits and redeploy resources to action that improves working conditions.

The SLCP, through the CAF, enables us to take ownership of our social and labour data. In 2022, all our China factories completed SLCP assessment and verification through FSLM, covering at least Step 1 (Essentials) and Step 2 (Management Systems). We are implementing SLCP — Better Work collaboration in our factories in Vietnam, Bangladesh and Cambodia.

Better Work High Performance Factory

Our sweater factory and intimate factory in Vietnam were recognised as Better Work High Performance Factory for consistently demonstrating:

- High levels of compliance with publicly reported issues
- Mature level of social dialogue
- Effective management systems to sustain changes
- Commitment to learning for sustainable improvement



Best Improvement Award by adidas

As a new business partner of adidas, our lifestyle wear factory in China received the Best Improvement Award under the brand’s Social Compliance Program.



Safeguarding Employees' Health and Safety

Our employees are our most valuable asset. We strive to create a safe and healthy environment for our employees by adhering to internationally recognised standards on occupational health and safety (“OHS”). We incorporated our health and safety commitment in our Social Compliance Policy to provide guidance for factories to set up an effective occupational health and safety management system.

We are dedicated to enhancing management and employee awareness and knowledge of OHS, creating a safety-first culture with systems centred around relevant policies and procedures, as well as conducting self-assessments.

Our factories set up functional health and safety committees, which are responsible mainly for managing the health and safety management system and monitoring performance, with the following roles and responsibilities:

- Development and implementation of procedures
- Risk assessment and remediation
- Awareness training
- Conducting fire and emergency drills
- Promoting mental and physical health
- Driving health and safety culture

CQS conducts overall health and safety risk assessment for all our factories annually. The results, and key health and safety indicators such as work-related accidents, are reported to management twice a year and disclosed to the relevant stakeholders if deemed appropriate. The factories are required to take immediate action to correct any health- and safety-related issues and send evidence to CQS for verification.



Clinic at our intimate factory in Vietnam.

Rate of Fatalities and Work Injuries

Injury cases are defined as cases that have been reported to the local governments with medical and insurance claims, and that resulted in at least four lost days each. In 2022, 0.001% of total working man-days across the Group's operations were lost as leave taken by employees owing to work injuries. There were a total of 121 work injury cases, accounting for 2,292 lost workdays.

We recorded one work-related fatality, which refers to deaths arising from exposure to hazards at work or commuting incidents where transportation is provided by the Company.

Year	2022	2021	2020
Number of work-related fatalities	1	0	0
Rate of work-related fatalities	0.001%	0.0%	0.0%

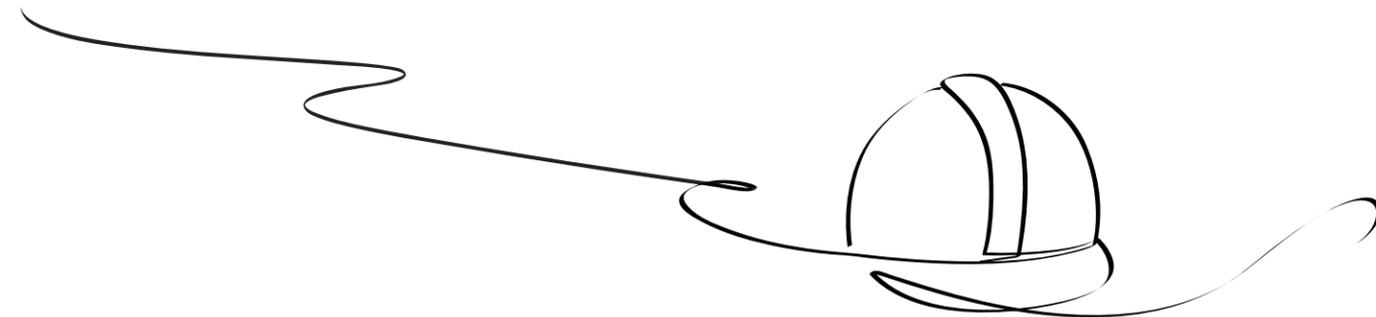
Structural, Fire and Electrical Safety

The Life and Building Safety (“LABS”) Initiative is an industry-driven, multiple-stakeholder programme that aims to protect workers from preventable structural, fire and electrical safety risks in the apparel, footwear and accessories industry. With specialised guidance in improving life safety, a total of six factories in Vietnam and Cambodia joined LABS. Two of the factories completed the assessment of all processes of the programme and graduated. By taking active steps with LABS, we are making a safer workplace for our employees and establishing a responsible and socially conscious mindset in Crystal.



Promoting Health and Safety on UN International Day

On 28th April, the annual World Day for Safety and Health at Work, our knits factories in Bangladesh held a series of activities to raise awareness of how to prevent occupational accidents. This also included group discussions, and factory floor inspections, and a fun quiz contest to make the campaign more engaging. The factories also made use of promotional banners, placards and public announcements to spread safety messages across the entire workforce.



Employee Well-being

We care about our employees' physical, mental, financial, and career well-being, and believe that they are vital to our continued business success. Throughout the year, our operations organised many programmes to help employees improve their well-being, they include:

- The Best Employee Award and sports club in our sportswear factory in Vietnam
- Fund-raising charity sale for ill employees in our knits factories in China
- Breast cancer awareness campaign in our knits factories in Bangladesh

The Inaugural Crystal Vietnam Games

Riding on the momentum of the 2021 Southeast Asian Games, our lifestyle wear factory and intimate factory in Vietnam co-hosted the first Crystal Vietnam Games. Employees from all six Crystal factories in the country gathered to compete in sports such as football, running, badminton, table tennis, volleyball and swimming. With meticulous planning and tremendous coordination, most of the competitions were held in the factories' in-house sports facilities, which the employees are encouraged to use in their leisure time. The unprecedented two-day event not only advocated sport for health, but also strengthened friendship and solidarity among the local teams.



Fair Compensation

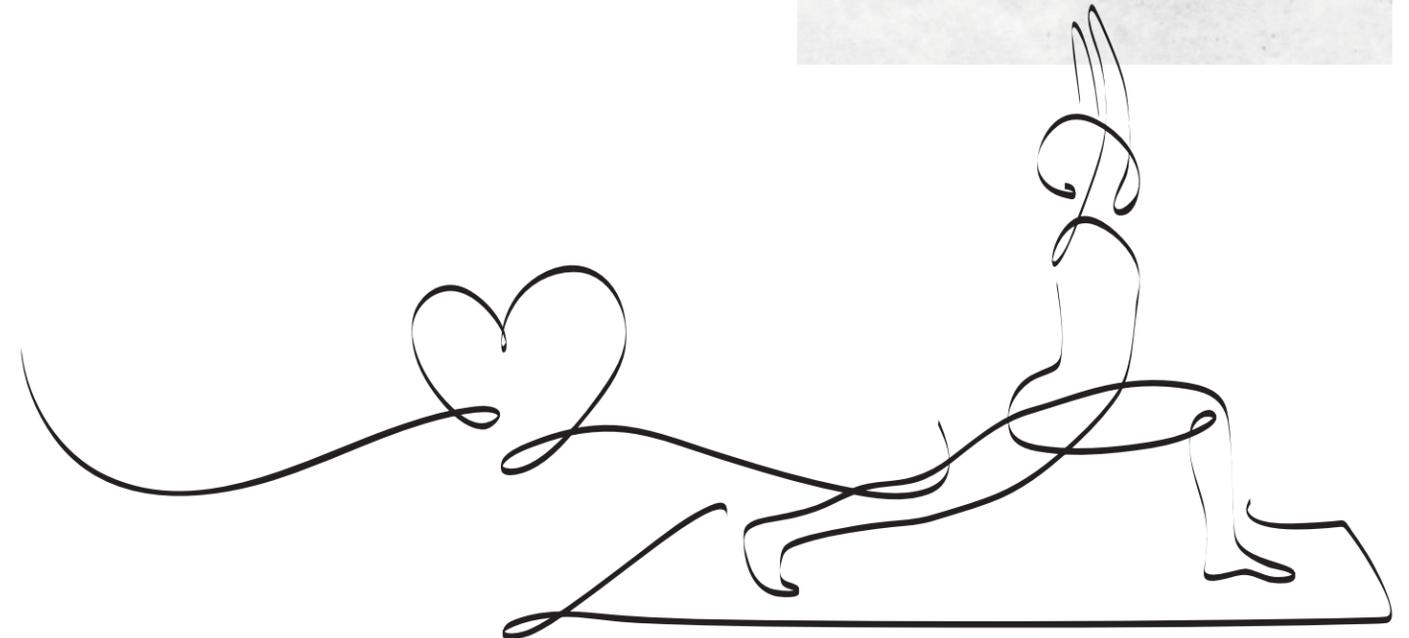
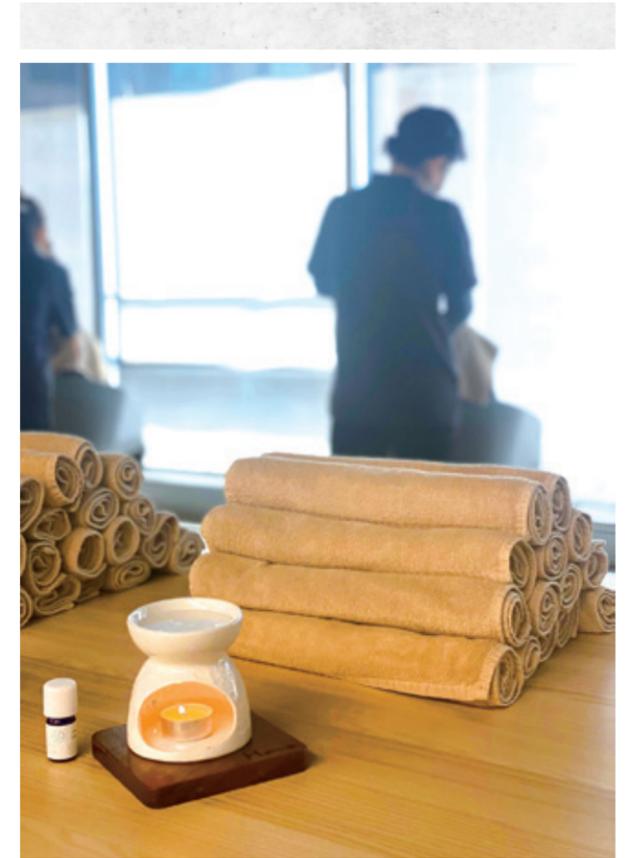
Being compensated fairly is crucial to every employee. To ensure the pay is set at a level that is fair and liveable, and provide equal pay for equal work, we collaborated with our customers to disclose employees' wage information through Fair Labor Association's ("FLA") wage data collection tool. The wage data was assessed in the dashboard to analyse average employee wages, measure the wages against living wage benchmarks from more than 30 countries, as well as to track progress over time.

The benchmark showed that the average wage of our factory employees was higher than that of the industry and those of the countries where our customers' suppliers operate. We will continue to measure the living wage progress and improve worker wages and quality of life.

Supporting mental wellness

We believe our employees' mental well-being is just as important as their occupational and physical health. During the year, our headquarters' Crystal Wellness Programme organised a singing bowl healing workshop, a laughter yoga workshop and a massage therapy session to help colleagues de-stress and maintain a positive mindset despite a busy day of work.

Some 140 employees in our intimate factory in Vietnam attended a mental health workshop to learn about the definition of stress, its signals and effective stress management.



Talent Acquisition

We aim to be an employer of choice, which attracts and retains the most engaged and talented people. All our employees are treated with respect, have equal opportunities to succeed and contribute competence to the continuous improvement of the Company.

We established Master Policies on Human Resources, including organisational development, recruitment, promotion, compensation, benefits, performance management, human resources development, and disciplinary and grievance procedures. The aim of the policies is to:

- Improve recruitment quality and efficiency
- Identify and develop employees with high potential
- Establish reward strategies
- Ensure internal equity and improve retention
- Promote a work environment that values open communications, accountability, trust and mutual respect

Workforce Breakdown

Crystal had a total of 73,095 employees at the end of 2022, 30.5% male and 69.5% female.

Notes:

- The workforce figures include all garment and textile manufacturing facilities across five operating countries, our headquarters and offices in Asia.
- Our workforce comprises full-time employees, except for six part-time staff.

By region and gender

Country	%	Male	Female
Vietnam	49.6%	27.3%	72.7%
China	17.0%	35.5%	64.5%
Bangladesh	14.1%	46.0%	54.0%
Cambodia	11.9%	19.3%	80.7%
Sri Lanka	6.7%	26.5%	73.5%
Hong Kong and other offices in Asia	0.7%	44.6%	55.4%
Total	100%	30.5%	69.5%

By age group

16–25	20.5%
26–35	43.4%
36–45	27.6%
46–55	7.9%
>55	0.6%
Total	100%

Monthly Average Employee Turnover Rate

Monthly Average Employee Turnover Rate — Voluntary ²	2.3%
---	------

By gender

Male	2.5%
Female	2.2%

By region

Vietnam	2.5%
China	1.6%
Bangladesh	1.7%
Cambodia	1.0%
Sri Lanka	4.3%
Hong Kong and other offices in Asia	0.8%

By age group

16–25	3.6%
26–35	2.1%
36–45	1.4%
46–55	1.0%
>55	0.7%

² Voluntary turnover refers to employees that resign of their own accord and excludes dismissal and retirement. The monthly average employee turnover rate — voluntary is obtained from dividing the number of employees who willingly left employment in 2022 by the number of total employees at the end of the year then further dividing by 12 months.



Talent Grooming

Our Master Policy on Human Resources Development provides clear guidelines to support employee development and build a culture of continuous professional development. Through training, education and development activities, we strive to develop a skills base and intellectual capital in the Group to ensure we have sufficient people of suitable quality to meet our present and future needs.

Training Data

In 2022, a total of 10,899,281 hours of training were provided, including:



Each of our active and resigned employees received an average of 99.4 hours of training.

Customer requirement training consists mainly of worker-oriented morning briefings, on-the-job training, and refresher briefings on customer requirements and quality standards.

Programmed training includes structured and classroom training activities in management and leadership skills, technical skills, communication skills, female empowerment, talent development and compliance. The percentage of employees who received programmed training by gender and job level is tabulated below. However, the breakdown information does not reflect customer requirement training because of the unavailability of the relevant data.

Programmed training breakdown by gender

Gender	Percentage Trained	Average Training Hours
Female	73%	24.7
Male	68%	19.9
Total	71%	23.2

Programmed training breakdown by job level

Grade	Percentage Trained	Average Training Hours
Executive	87%	22.6
Manager	88%	24.6
Officer	67%	13.3
General Staff	63%	18.9
Worker	72%	24.3
Total	71%	23.2

Learning and Development

Recognising the strategic importance of leadership and talent development, we continued to invest resources to help our leaders grow and strengthen our talent pipeline. We plan and carry out myriad training programmes to facilitate the personal and career growth of our employees at different levels. Some of them are as follows:



- Literacy classes for workers
- English language proficiency training for office staff
- Supervisory skills training for supervisors and line leaders
- Managerial learning and development curriculum
- Executive development workshops

Learning English at work

The first batch of 50 office staff in our denim factory in Vietnam completed a nine-month English-learning programme to improve their language proficiency. The programme was designed and implemented by an internal training team, which produced educational videos on conversational English, pronunciation, and terminology specific to denim wear production. The participating staff learned English by watching the tailor-made videos on a mobile app at their own pace and by attending weekly speaking sessions with trainers. Their learning progress was assessed in a monthly written test. Top learners and great improvers received a certificate from factory management as a token of appreciation.





A library in the factory

Our denim factory in Cambodia continued to run its onsite Library Learning Centre, which was set up under a partnership programme that ended in late 2021. Established in 2017 with the collaboration of NGOs Cambodian Women for Peace and Development (“CWPD”) and Sipar, the Centre encourages continuous learning and self-improvement among employees by housing an easily accessible multimedia collection, including magazines, novels, and a wide genre of other books. HR staff were trained to be librarians to manage the computerised book database management system, which allows staff to borrow books home to share with their family. For less-educated employees, the factory provided six-month literacy classes so that everyone has an opportunity to use the library resources.



The factory holds regular library activities to promote reading.

Working while in college



To celebrate the first anniversary of our self-developed Knits College online learning and exchange platform, our knits factories in China presented certificates and gifts to employees who had completed the most learning modules. With the new platform, “college students” can learn a range of industry and financial knowledge through 89 online courses under five subject categories at flexible times, attracting over 2,600 person-times of completed learning in the first year.

Developing skills through cross exposure

Our cross-exposure initiatives gave employees the opportunity to learn best practices from other Group operations. For example, the Vietnam denim team hosted jeans-washing training for its merchandising colleagues, and the China intimate team visited their sister lifestyle wear factory in an adjacent city. These intra- and inter-factory exchanges expose employees to new ideas, and help foster friendships and understanding across our different operations. We were pleased to receive feedback that the participants found these activities inspiring and beneficial.



Building Competent Managers

To systematically groom company leaders, the corporate learning and development team took the lead to create a learning and development curriculum for managers at different levels. The curriculum design is based on the Crystal Competence Model and aims to equip our managers to be competent Crystal leaders. Besides attending the core training workshops identified for each level, a manager can choose to join an elective workshop, depending on individual development needs.

A blended-learning approach is employed to introduce just-in-time development solutions to our managers, which include:

- Crystal-specific management training workshops
- Internationally renowned leadership programmes, including Situational Leadership, Everything DiSC, and The 7 Habits of Highly Effective People
- Harvard ManageMentor online courses



Equipping managers for success

During the year, our intimate division provided a series of in-house training sessions for managers. Through discussions, case analysis, video screening and role plays, a total of 190 person-times attended 18 sessions and learned techniques such as:

- Influential communication
- Negotiating for results
- Performance coaching
- Proactive thinking
- Problem solving and effective communication
- Selecting the right people



Nurturing Future Leaders

Our talent development team has taken the lead in formulating a centralised talent strategy and systematically grooming our future leaders.

In total, three customised Talent Programmes have been launched since 2020, with the aim of developing 41 managers in eight different functions and four locations (China, Vietnam, Singapore and Bangladesh). The aggressive operation-specific talent development targets were accomplished during the year, and some of the participants were promoted after completing the programme.



Executive training by Ivey Business School

We collaborated with Ivey Business School to organise two virtual “Knits Executive Development Workshops”. The workshops helped our executives in the knits division develop a strategic and curious mindset, agile leadership, change management and execution ability in the face of severe disruptions. A case-based learning approach was leveraged to engage our executives in discussion of real business cases to examine applications that are relevant to Crystal.



Mr. Peter Stracar, ex-President and CEO of General Electric Europe, and Ms. Elisa Wong, our Chief Human Resources Officer exchanged insights on localisation and building a caring and daring leadership culture.

Employee Communication

We are committed to creating a culture of engaged employees across the Group. We treat our employees like family members — they are well informed and encouraged to communicate openly. Group operations use various channels, ranging from regular worker representative meetings, informal gatherings, newsletters, mobile apps and online social networking platforms, to enhance and maintain close relationships with their teams. Management also speaks to employees from time to time via webcasts.

A Dedicated Team for Employee Communication

Since 2019, our intimate factory in Vietnam has put together an exceptional Employee Relations team that is tasked with keeping colleagues connected and engaged.

The team uses Facebook Group to build employer brand and maintain effective employee relations. From disseminating official announcements to sharing the latest recruitment information; from reporting large and small company events to re-posting funny or inspiring images and videos to maintain overall morale, the Facebook group enables transparent two-way communication between the factory team and workers, who can express opinions on their mobile devices. During the year, internally developed comics and videos were published to educate our employees on gender equality. These multimedia materials were greatly welcomed, as they generated high engagement because of their informative and entertaining nature.

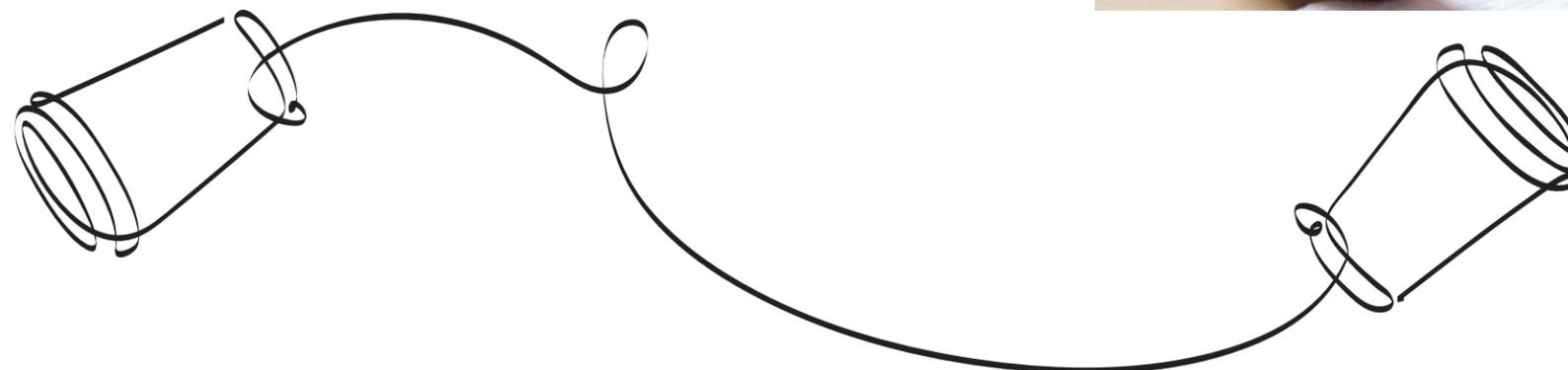
The Employee Relations team also administers CompanyIQ — a Crystal all-in-one mobile app rolled out in 2019 for employee engagement, online learning and human resource management. A monthly quiz game themed around workplace policies or festive celebrations is hosted on the app for workers to play and win prizes, along with regular surveys to solicit feedback on different subjects.

Besides the digital ways, the team connects with employees on a personal level. The factory launched the Employee Care Toll Free Hotline during the year, which workers can dial to get help on topics such as employee welfare, accident assistance and mental health. The hotline receives 500 calls a month on average through its 10 lines. The operators from the team also call workers randomly to ensure their well-being. Workers can also report wrongdoing through the hotline anonymously, without fear of reprisal or repercussions.

Factory management continued to meet trade union representatives in person to share updates and exchange views during monthly worker dialogues, which goes beyond the protocols required by local authorities. A summary of the dialogues is available on CompanyIQ and was put up on the production floor within 48 hours of closing.

Worker Voice Programmes

In addition to CompanyIQ, many of our other factories in Vietnam, China and Cambodia use self-developed mobile phone apps or collaborate with customers to launch various worker voice programmes, offering our employees access to anonymous and confidential channels to raise any sentiment or grievance that they may have. With the programmes, we hope to improve social dialogue between management and employees, who we empower through trainings on topics associated with rights and responsibilities, well-being, worker engagement and more.



Gender Equality, Maternity and Parenting Support

In 2022, we continued our efforts to improve gender equality, and maternity and parenting support to build a workplace culture of equal opportunity, equal respect and good work-life balance.

Preventing Sexual Harassment

“Gender Equality Today for a Sustainability Tomorrow”



In conjunction with the International Women’s Day celebration, the anti-sexual harassment committee of our denim factory in Cambodia collaborated with humanitarian aid organisation CARE Australia to hold a special event themed “Gender Equality Today for a Sustainability Tomorrow”, whose aim was to raise awareness of sexual harassment.

While employees received leaflets explaining what constitutes sexual harassment, the reporting channels, and the factory’s related policy, management signed a display board to affirm zero tolerance for such unwelcome behaviour.

Reinforcing the message in multiple ways

Our intimate factory in Vietnam trains new employees on the topic during orientation, provides annual refresher training via a self-developed mobile app, and conducts a survey twice a year. Posters, social media and instant-messaging apps are used to further disseminate related information.

Celebrating Pregnancy with Expecting Mother Employees

Pregnancy is a blissful but worrisome experience. We wish to support expecting mothers through this important period with the peace of mind they deserve. As in previous years since 2010, our lifestyle wear factory in China implemented the yearly “Caring for Expecting Moms” campaign for mothers-to-be in preparation for their labour and delivery. The campaign involved giving participants handwritten cards that express sincere blessings, hosting interactive games and quizzes to enhance pre-motherhood knowledge in a fun way, introducing the company’s pregnancy-specific benefits, and arranging seminars conducted by maternity health and psychology professionals. The HR team worked hard to provide care for our pregnant colleagues, who are an essential part of the Crystal family.

Supporting Working Parents

To support employees in raising their children, our lifestyle wear factory and sweater factory in China, and sportswear factory in Vietnam participated in the Centre for Child Rights and Business’s WeCare programme, which supports working parents and their children. Under the programme, run in collaboration with our customers, some of our parent workers underwent training by psychology experts on children-related topics, such as understanding their rights and needs, enhancing communication, recognising signs of hurt, and effective accompany.



At our sportswear factory in Vietnam, the initiative gave children of workers who live far away a smart watch to facilitate day-to-day communication.

Creating Shared Value with Communities

Our businesses rely on the resources and infrastructure our communities provide. In turn, it is our great desire to be woven into the local fabric of the communities in which we operate, so that they benefit from having us there. We are dedicated to delivering a positive and sustainable impact that helps support our communities thrive.

Through regular communication with community members, local authorities, NGOs and charity organisations, we identify focus areas for our community programmes, including community activities, education, environment, health and medical care, and community resilience. Each factory devises a local action plan to channel their efforts strategically to suit precise community needs.

Identifying Community Engagement Activities

Although different communities face distinct challenges, we tend to support local government calls, uplift the underprivileged and preserve the environment. We seek to strike a balance between these activities while prudently exploring new community engagement opportunities.

We believe that by collaborating with local authorities, community groups and our customers in carrying out these activities, we are making a measurably positive impact in the countries in which we operate. To ensure our financial resources are effectively utilised, our teams assess proposals and related investments prior to project execution. We are inclined to join hands with partners of the same mind who are as committed to building a harmonious community as we are. Despite our wish to create lasting benefits by taking part in ongoing programmes, we remain open to making occasional one-off investments that cater for specific or urgent needs of society.

In 2022, our contribution to communities amounted to over US\$515,000 and upwards of 11,850 man-hours via community activities, education and environmental stewardship.



Pioneering Social Sustainability

Donating to neighbouring schools

In Vietnam, our lifestyle wear factory and sportswear factory made in-kind donations amounting to US\$5,000 to neighbouring kindergartens, which received items including air-conditioners, water heaters, waste bins and toys.

Among various types of assistance made by our other facilities, our denim factory in Cambodia donated benches and solar-powered lights to a high school two kilometres away.

The donations contributed to creating a more comfortable learning environment for school children, who will be future leaders of society.

Cascading Earth Hour spirit to community

Our headquarters and 13 factories took part in WWF's Earth Hour by switching off unnecessary lights to promote energy conservation.

In the line-up to the annual event that we have joined since 2011, our lifestyle wear factories in Bangladesh met community members to spread the energy-saving message, and energy-efficient LED light bulbs were distributed to encourage their adoption. The factories also leveraged the campaign's momentum and rallied our colleagues to clean up the riverside in close proximity.



Spreading warmth in the new year

Our operations always look for ways to uplift the underserved groups in the communities that support us. On the eve of Vietnamese Lunar New Year, colleagues from our lifestyle wear factory visited impoverished households in the vicinity, checked on the well-being of the family members, and presented a gift to share the festive blessings.

As in previous years, the factory made monetary donations to associations for the blind in two nearby districts, with a wish to support people with visual impairment to get access to necessary medical services.



Building a community economy

Our denim factory in Cambodia leases some 550 square metres of its premises area as hawker stall space to 32 local street sellers for free. This mutually beneficial partnership provides hawkers with a stable source of customers, allows them to sell merchandise in a hygienic and weatherproof enclosure at no cost, and allows our colleagues to buy a wide range of reasonably priced cooked food, beverages, desserts and daily necessities just a stone's throw from their work location.



Anti-corruption

To promote good business ethics and integrity across the Group, a series of master policies, including the following, have been established and are available on the corporate intranet:

- Conflict of Interest
- Anti-Bribery
- Anti-Money Laundering
- Anti-Fraud
- Anti-Corruption (Vendor)
- Whistle-Blowing

The policies apply throughout the Group. Every director and employee is required to adhere to the policies as well as all applicable laws, rules and regulations of the jurisdictions in which the Group operates.

We adopt zero tolerance towards corruption and fraud. We carry out relevant corruption-prevention practices to maintain the highest standards of integrity, honesty and fairness. We clearly state that employees must avoid activities that conflict with the Group’s interests when performing their duties. Employees must not accept any form of bribery, reward or inducement benefit, including payments, gifts, hospitality or any improper personal, business, regulatory and contractual advantage.

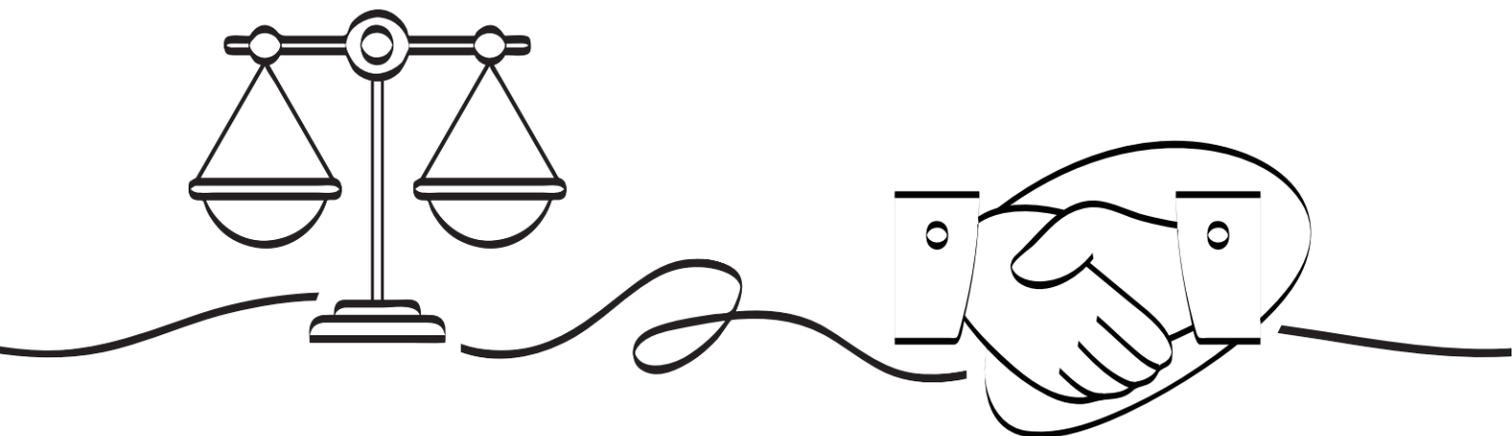
In 2022, there were no legal cases regarding corrupt practices brought against the Company or our employees.

We set up whistleblowing channels to allow employees and other relevant personnel to report corruption, fraud, dishonesty or unlawful conduct confidentially. Upon receipt of a complaint, the Corporate Governance Office, headed by our Chairman of the Board, logs the case in a control register for tracking purposes. Where necessary, management or the Corporate Governance Office conducts an independent investigation and takes follow-up action. The control register is circulated to the Audit Committee for inspection on a quarterly basis, and a summary is submitted to the Board annually.

All whistleblowing cases received are treated in a confidential and sensitive manner. No whistle-blower will be victimised or disadvantaged for making a complaint.

Anti-corruption Training

Training in anti-corruption principles was provided to employees to raise awareness. All existing managers and above must complete anti-corruption training every two years. In 2022, each of our new or newly promoted directors and managers across all countries in our operations completed approximately 220 hours of anti-corruption-related training.



Highlighted Awards and Recognition

ESG Reporting and Sustainability

Group

- Hong Kong Sustainability Award 2022 — Distinction Award (Large Organization Category), by the Hong Kong Management Association



- Best ESG Report — Mid-cap — Grand Award, by Hong Kong ESG Reporting Awards 2022
- Commendation for Excellence in Social Positive Impact, by Hong Kong ESG Reporting Awards 2022
- Commendation for the Carbon Neutral Award, by Hong Kong ESG Reporting Awards 2022



- 2022 Best Annual Reports Awards — Certificate of Excellence in Environmental, Social and Governance Reporting, by the Hong Kong Management Association



Intimate factory in Vietnam

- Top 100 Sustainable Enterprises in Vietnam in 2022, by the Vietnam Chamber of Commerce and Industry



Business

Lifestyle wear factory, intimate factory and sportswear and outdoor apparel factory in Vietnam

- Prestigious Export Enterprise 2021, by The Ministry of Industry & Trade in Vietnam

Employee Care

Crystal headquarters, intimate factory and denim factory in Vietnam

- Best Companies to Work for in Asia 2022, by HR Asia



Lifestyle wear factory in China

- Mercer China Healthiest Workplace 2022–2023: Outstanding Women Care Award



Environment

Crystal headquarters

- Carbon Neutral Label, by ClimatePartner



- Gold Certification — Leadership in Energy and Environmental Design (“LEED”), by the U.S. Green Building Council



- Hong Kong Green Organisation, Wastewi\$e Certificate and Energywi\$e Certificate, by the Environmental Campaign Committee



- Green Office and Eco-Healthy Workplace Awards Labelling Scheme, by the World Green Organisation



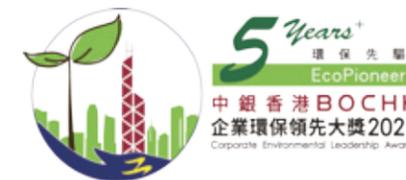
Crystal headquarters and denim division

- Pioneering Organisation in Net-Zero Contribution — Commitment to Net-Zero, Achievement of Net-Zero, by the Hong Kong Quality Assurance Agency



Lifestyle wear factory in China

- BOCHK Corporate Environmental Leadership Awards 2021: Bronze Award, 5 Years+ EcoPioneer and EcoChallenger



Sweater factory in China

- BOCHK Corporate Environmental Leadership Awards 2021: 5 Years+ EcoPioneer and EcoPartner



Lifestyle wear factory and sweater factory in China

- Low Carbon Manufacturing Programme (“LCMP”) Platinum Label, by the WWF



Intimate factory in Vietnam

- Second prize — Energy Efficiency Award in Industry-Construction 2022 by the Steering Committee of the Vietnam National Energy Efficiency Programme under the Ministry of Industry and Trade (“MoIT”), the Vietnam Energy Conservation and Energy Efficiency Association (“VECEA”) and Deutsche Gesellschaft für Internationale Zusammenarbeit (“GIZ”)



International Organization for Standardization (“ISO”) Certification



- ISO9001 Quality Management System 11 factories in China, Vietnam, Bangladesh and Sri Lanka
- ISO14001 Environmental Management System 6 factories in China and Vietnam
- ISO45001 Occupational Health and Safety Management System 5 factories in China and Vietnam

Glossary

Better Cotton Initiatives (“BCI”)	The BCI is a global, not-for-profit organisation and the largest cotton sustainability programme in the world, which aims to transform cotton production worldwide by developing Better Cotton as a sustainable mainstream commodity.
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. It was jointly created by the United Nation’s International Labour Organization and the International Finance Corporation.
Biogenic emissions	Biogenic emissions are carbon dioxide emissions from the combustion or biodegradation of biomass.
Business for Social Responsibility (“BSR”)	BSR is a sustainable business network and consultancy focused on creating a world in which all people can thrive on a healthy planet. It provides the member companies with insight, advice, and collaborative initiatives.
Cambodian Women for Peace and Development (“CWPD”)	CWPD collaborates across divisions, including the government, NGO and private sector, to progress and contribute to improving the quality of life of Cambodian women and their families, to alleviate poverty and enhance social integration of the disadvantaged and the marginal.
CDP	Formerly the Carbon Disclosure Project, CDP is a global non-profit organisation that runs the world’s foremost environmental disclosure platform. It is one of the most recognised environmental reporting platforms with a comprehensive dataset on corporate and city action, acknowledged by states and regions, cities, investors, and companies.
Converged Assessment Framework (“CAF”)	The CAF is a tool to measure working conditions in facilities developed by SLCP signatories. It consists of a data collection tool, verification methodology and guidance documents.
Crystal Advocates Respect and Engagement (“CARE”)	CARE is an employee well-being programme self-initiated by Crystal. It contains five levels to help employees build on their skills, promote good work-life balance, strengthen their self-respect, enhance their sense of belonging and help them attain self-actualisation.
Customer final inspection pass rate (“CFIR”)	The CFIR is a measure of factory quality performance derived from analysing the first-time pass rate of a customer’s first-time final inspection.
Earth Hour	Earth Hour is a worldwide environmental movement organised by the World Wide Fund for Nature. The event is held annually to encourage individuals, communities, businesses and governments to turn off non-essential lights for one hour on a designated date.
Everything DiSC	Everything DiSC is a personal development learning experience that measures preferences and tendencies based on the DiSC® model. Participants receive personalised insights that deepen their understanding of self and others, making workplace interactions more enjoyable and effective.
Facility Environmental Module (“FEM”)	The Higg FEM is one of the facility tools of the Higg Index that standardises how facilities measure and evaluate their environmental performance.
Facility Social & Labor Module (“FSLM”)	The Higg FSLM is part of the Higg Index. It measures the social impact of manufacturing across areas such as wages, working hours, health and safety, and employee treatment.
GIZ FABRIC	GIZ FABRIC is a regional project implemented by Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH (English: German Corporation for International Cooperation) on behalf of the German Federal Ministry for Economic Cooperation and Development (BMZ). It aims to foster sustainability in the Asian textile and garment industry by promoting knowledge transfer and cooperation.
Global Organic Textile Standard (“GOTS”)	The GOTS was developed by leading standard setters to define world-wide recognised requirements for organic textiles. From the harvesting of raw materials to environmentally and socially responsible manufacturing and labelling, textiles certified to GOTS provide credible assurance to consumers.

Global Recycle Standard (“GRS”)	The GRS is an international, voluntary, full product standard that sets requirements for third-party certification of recycled content, chain of custody, social and environmental practices and chemical restrictions.
Greenhouse gas (“GHG”)	GHG is the gaseous constituent that absorbs and holds heat in the atmosphere that occurs either naturally or from human activities.
HERproject	The HERproject, initiated by Business for Social Responsibility, 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 the sustainability performance of a company or product.
Industry 4.0	Industry 4.0 is a form of digital transformation characterised by automation and data exchange in manufacturing technologies. It includes cyber-physical systems, the Internet of things and cloud computing.
Institute of Public and Environmental Affairs (“IPE”)	The IPE is a non-profit environmental research organisation registered and based in Beijing, China, offering a pollution database to monitor corporate environmental performance.
Low Carbon Manufacturing Programme (“LCMP”)	LCMP, 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 practices.
Manufacturing Restricted Substance List (“MRSL”)	MRSL is a list of chemical substances that are subject to a usage ban or restrictions in manufacturing processes.
Observed quality level (“OQL”)	OQL is a measure of factory quality performance by analysing the defect rate of the customer’s first-time final inspection.
OEKO-TEX STANDARD 100	The STANDARD 100 by OEKO-TEX is a globally uniform, testing and certification system for textile raw materials, and intermediate and end products at all stages of production. Its aim is to ensure products are free of harmful substances.
Organic Content Standard (“OCS”)	The OCS is an international, voluntary standard that sets requirements for third-party certification of certified organic input and chain of custody.
Partnership for Cleaner Textile (“PaCT”)	Led by International Finance Corporation (IFC), PaCT is a holistic programme that supports the entire textile value chain — spinning, weaving, wet processing and garment factories in adopting Cleaner Production (CP) practices and engages with brands, technology suppliers, industrial associations, financial institutions and governments to bring about systemic and positive environmental changes.
Personal Advancement & Career Enhancement (“P.A.C.E.”)	Initiated by Gap Inc., P.A.C.E. is an innovative factory-based programme that aims to positively impact female garment workers. The programme provides foundational skills and support that help them advance in the workplace and in their personal lives, through life skills education and technical training.
Recycled Claim Standard (“RCS”)	RCS is an international, voluntary standard that sets requirements for third-party certification of recycled input and chain of custody.
REPREVE	REPREVE is 100% recycled polyester fibres made from plastic bottles by Unifi, a leading innovator in recycled yarns.
Restricted Substance List (“RSL”)	RSL is a list of chemical substances restricted or banned from use in finished products.

Science-based target (“SBT”)	A science-based target is set in line with what the latest climate science deems necessary to meet the goals of the Paris Agreement — limiting global warming to well-below 2°C above pre-industrial levels and pursuing efforts to limit warming to 1.5°C.
Smart factory and smart warehouse	In a smart factory, physical production processes and operations are combined with digital technology, smart computing and big data to create a more opportunistic system. This represents a leap forward from traditional automation to a fully connected and flexible system. A smart warehouse provides efficient accessibility, timely delivery and optimised order picking and storage through automation and a real-time management system, preventing human error while increasing safety and security in the workplace.
Sipar	Sipar is an NGO aiming to promote education and the development of reading habits in Cambodia by allowing everyone to have access to books and by fighting illiteracy.
Situational Leadership	Situational Leadership is a leadership style theory which means adapting the management style to each unique situation or task to meet the needs of the team or team members.
Social & Labor Convergence Program (“SLCP”)	The SLCP is a non-profit multi-stakeholder initiative that aims to eliminate audit fatigue in global supply chains. The tools and system for generating high-quality comparable data on working conditions can increase transparency in the supply chain.
Sustainalytics	Sustainalytics is a subsidiary of Morningstar that rates the ESG performance of listed companies for world’s leading institutional investors to identify, understand, and manage ESG-driven risks and opportunities.
Task Force on Climate-related Financial Disclosures (“TCFD”)	The TCFD was created in 2015 by the Financial Stability Board to develop consistent, climate-related, financial risk disclosures for use by companies, banks and investors in providing information to stakeholders.
The 7 Habits of Highly Effective People	The 7 Habits of Highly Effective People are seven organisational rules outlined by American management consultant Stephen R. Covey for improving effectiveness and increasing productivity at work and at home.
UN Fashion Industry Charter for Climate Action (“UNFICCA”)	The UNFICCA is an industry-wide initiative, driven by the United Nations, to collectively address the climate impact of the fashion sector across its value chain.
United Nations Sustainable Development Goals (“UN SDGs”)	The UN SDGs 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 global sustainability challenges.
WeCare	Launched by The Centre for Child Rights and Business, WeCare programme works to support working parents, their children, and young workers by creating family-friendly workplaces in global supply chains. It aims to enable the workers to fulfil their role as parents, meet personal development goals, and fulfil responsibilities at work.
WWF Water Risk Filter 5.0	The WWF Water Risk Filter 5.0 is an online tool developed by the WWF and German finance institution DEG, which helps companies and financial institutions explore, assess, value and respond to water risks.
ZDHC InCheck	ZDHC InCheck was developed by ZDHC Foundation to enable suppliers to check their chemical inventory against the ZDHC Manufacturing Restricted Substance List (MRSL) Accepted Certification for better chemical management.
Zero Discharge of Hazardous Chemicals (“ZDHC”)	ZDHC was formulated by a group of apparel and footwear brands and retailers working together to lead the industry towards zero discharge of hazardous chemicals.

ESG Reporting Guide Index

ESG Reporting Guide	Description	Section or feedback
Environmental		
Aspect A1: Emissions		
General disclosure		Preserving Our Planet
KPI A1.1	The types of emissions and respective emissions data.	Preserving Our Planet — Crystal Net Zero 2050; Air Emissions Control; Carbon, Energy and Water Data 2022
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Preserving Our Planet — Carbon, Energy and Water Data 2022
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Preserving Our Planet — Waste Management
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Preserving Our Planet — Waste Management
KPI A1.5	Description of emission target(s) set and steps taken to achieve them.	Our Sustainability Vision and Approach — Third Global 5-year Sustainability Targets (2018–2022) Preserving Our Planet — Crystal Net Zero 2050; Air Emissions Control; Waste Management; Chemical and Wastewater Management
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Preserving Our Planet — Waste Management
Aspect A2: Use of Resources		
General disclosure		Preserving Our Planet
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Preserving Our Planet — Carbon, Energy and Water Data 2022
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Preserving Our Planet — Carbon, Energy and Water Data 2022
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Our Sustainability Vision and Approach — Third Global 5-year Sustainability Targets (2018–2022) Preserving Our Planet — Crystal Net Zero 2050
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Driving Innovative Manufacturing — From Design to Delivery Our Sustainability Vision and Approach — Third Global 5-year Sustainability Targets (2018–2022)
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Preserving Our Planet — Water Conservation; Waste Management Driving Innovative Manufacturing — From Design to Delivery Preserving Our Planet — Waste Management
Aspect A3: The Environment and Natural Resources		
General disclosure		Preserving 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 (2018–2022) Stakeholder Engagement — Materiality Assessment; Key Initiatives to Address Stakeholder Concerns Preserving Our Planet

ESG Reporting Guide	Description	Section or feedback
Aspect A4: Climate Change		
General disclosure		Preserving Our Planet
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Our Sustainability Vision and Approach — Third Global 5-year Sustainability Targets (2018–2022) Stakeholder Engagement — Materiality Assessment; Key Initiatives to Address Stakeholder Concerns Preserving Our Planet — Crystal Net Zero 2050
Social		
1. Employment and Labour Practices		
Aspect B1: Employment		
General disclosure		Pioneering Social Sustainability — Our Code of Conduct and Social Compliance Policy; Talent Acquisition
KPI B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	Pioneering Social Sustainability — Talent Acquisition
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Pioneering Social Sustainability — Talent Acquisition
Aspect B2: Health and Safety		
General disclosure		Pioneering Social Sustainability — Safeguarding Employees' Health and Safety
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Pioneering Social Sustainability — Safeguarding Employees' Health and Safety
KPI B2.2	Lost days due to work injury.	Pioneering Social Sustainability — Safeguarding Employees' Health and Safety
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	Pioneering Social Sustainability — Safeguarding Employees' Health and Safety; Employee Well-being
Aspect B3: Development and Training		
General disclosure		Our Sustainability Vision and Approach — Third Global 5-year Sustainability Targets (2018–2022) Product Responsibility — Quality Assurance Pioneering Social Sustainability — Talent Grooming
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Pioneering Social Sustainability — Talent Grooming
KPI B3.2	The average training hours completed per employee by gender and employee category.	Pioneering Social Sustainability — Talent Grooming
Aspect B4: Labour Standards		
General disclosure		Pioneering Social Sustainability — Our Code of Conduct and Social Compliance Policy
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Pioneering Social Sustainability — Our Code of Conduct and Social Compliance Policy
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Pioneering Social Sustainability — Our Code of Conduct and Social Compliance Policy

ESG Reporting Guide	Description	Section or feedback
2. Operating Practices		
Aspect B5: Supply Chain Management		
General disclosure		Supply Chain Management
KPI B5.1	Number of suppliers by geographical region.	Supply Chain Management — Supply Chain Management Strategy
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Supply Chain Management — Corporate Supply Chain Management Procedure; Governing Policies and Requirements to Suppliers
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Supply Chain Management — Managing Environmental and Social Risks along Supply Chain
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Supply Chain Management — Green Supply Chain Preserving Our Planet — Higg Index
Aspect B6: Product Responsibility		
General disclosure		Product Responsibility
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Product Responsibility — Product Safety
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	Product Responsibility — Handling Product Complaints
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Product Responsibility — Intellectual Property Rights
KPI B6.4	Description of quality assurance process and recall procedures.	Product Responsibility — Quality Assurance; Product Recall Procedure
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Our core garment and textile manufacturing business does not involve ownership of consumer privacy in the context of networked data nor globalised corporate activities that might lead to risks of personal data leakage and misuse or unauthorised access.
Aspect B7: Anti-corruption		
General disclosure		Pioneering Social Sustainability — Anti-corruption
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Pioneering Social Sustainability — Anti-corruption
KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Pioneering Social Sustainability — Anti-corruption
KPI B7.3	Description of anti-corruption training provided to directors and staff.	Pioneering Social Sustainability — Anti-corruption
3. Community		
Aspect B8: Community Investment		
General disclosure		Pioneering Social Sustainability — Creating Shared Value with Communities
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Pioneering Social Sustainability — Creating Shared Value with Communities
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	Our Sustainability Vision and Approach — Third Global 5-year Sustainability Targets (2018–2022) Pioneering Social Sustainability — Creating Shared Values with Communities

GRI Content Index

Crystal International Group Limited has reported the information cited in this GRI content index for the period 1st January to 31st December 2022 with reference to the GRI Standards. GRI 1: Foundation 2021 has been used when compiling this report.

Topic or GRI standard	Disclosure number	Disclosure	Section or feedback
GRI 2: General Disclosures 2021			
The organisation and its reporting practices	2-1	Organisational details	About This Sustainability Report About Crystal International — Multi-country network of production facilities “Corporate Information” section of our Annual Report 2022 Crystal International Group Limited is listed on Hong Kong Main Board of The Stock Exchange of Hong Kong
	2-3	Reporting period, frequency and contact point	About This Sustainability Report This report is published annually.
	2-4	Restatements of information	There is no revision of the information provided in the previous report.
	2-5	External assurance	This report is not externally assured at present.
	Activities and workers	2-6	Activities, value chain and other business relationships
2-7		Employees	Pioneering Social Sustainability — Talent Acquisition
Governance	2-9	Governance structure and composition	About Crystal International — Corporate Governance; Sustainability Governance “Corporate Governance Report” section of our Annual Report 2022
	2-10	Nomination and selection of the highest governance body	“Corporate Governance Report” section of our Annual Report 2022
	2-11	Chair of the highest governance body	“Corporate Governance Report” section of our Annual Report 2022
	2-12	Role of the highest governance body in overseeing the management of impacts	About Crystal International – Sustainability Governance Stakeholder Engagement — Materiality Assessment
	2-13	Delegation of responsibility for managing impacts	About Crystal International — Sustainability Governance

Topic or GRI standard	Disclosure number	Disclosure	Section or feedback
	2-14	Role of the highest governance body in sustainability reporting	About Crystal International — Sustainability Governance Stakeholder Engagement — Materiality Assessment
	2-15	Conflicts of interest	“Report of the Directors” and “Notes to the Consolidated Financial Statements” sections of our Annual Report 2022 Pioneering Social Sustainability — Anti-corruption
	2-16	Communication of critical concerns	“Corporate Governance Report” section of our Annual Report 2022
	2-17	Collective knowledge of the highest governance body	“Corporate Governance Report” section of our Annual Report Preserving Our Planet — Crystal Net Zero 2050
	2-18	Evaluation of the performance of the highest governance body	“Corporate Governance Report” section of our Annual Report 2022
	2-20	Process to determine remuneration	“Corporate Governance Report” section of our Annual Report 2022
	2-21	Annual total compensation ratio	“Corporate Governance Report” section of our Annual Report 2022
Strategy, policies and practices	2-22	Statement on sustainable development strategy	CEO Message
	2-23	Policy commitments	About Crystal International — Corporate Governance; Sustainability Governance Our Sustainability Vision and Approach — United Nations Global Compact Preserving Our Planet — Our Environmental Policy and Management System Guidelines Product Responsibility — Quality Assurance Supply Chain Management — Governing Policies and Requirements to Suppliers
	2-24	Embedding policy commitments	About Crystal International — Corporate Governance; Sustainability Governance Preserving Our Planet — Our Environmental Policy and Management System Guidelines Product Responsibility — Quality Assurance Supply Chain Management — Governing Policies and Requirements to Suppliers Pioneering Social Sustainability — Our Code of Conduct and Social Compliance Policy; Safeguarding Employees’ Health and Safety; Talent Acquisition; Talent Grooming; Anti-corruption

Topic or GRI standard	Disclosure number	Disclosure	Section or feedback
	2-25	Processes to remediate negative impacts	Pioneering Social Sustainability — Our Code of Conduct and Social Compliance Policy; Employee Communication; Anti-corruption
	2-26	Mechanisms for seeking advice and raising concerns	Pioneering Social Sustainability — Our Code of Conduct and Social Compliance Policy; Employee Communication; Anti-corruption
	2-27	Compliance with laws and regulations	There were no significant fines or non-monetary sanctions for non-compliance with laws and/or regulations within the reporting period.
	2-28	Membership associations	Stakeholder Engagement — Global Partnerships on Sustainability
Stakeholder engagement	2-29	Approach to stakeholder engagement	Stakeholder Engagement

GRI 3: Material Topics 2021

Disclosures on material topics	3-1	Process to determine material topics	Stakeholder Engagement
	3-2	List of material topics	Stakeholder Engagement — Materiality Assessment
	3-3	Management of material topics	Our Sustainability Vision and Approach — Our Sustainability Framework; Third Global 5-year Sustainability Targets (2018–2022) Stakeholder Engagement — Key Initiatives for Addressing Stakeholder Concerns Preserving Our Planet Driving Innovative Manufacturing Product Responsibility Pioneering Social Sustainability

Topic-specific Disclosures

GRI 205: Anti-corruption 2016	205-3	Confirmed incidents of corruption and actions taken	Pioneering Social Sustainability — Anti-corruption
GRI 302: Energy 2016	302-1	Energy consumption within the organisation	Preserving Our Planet — Carbon, Energy and Water Data 2022
	302-3	Energy intensity	Preserving Our Planet — Carbon, Energy and Water Data 2022
	302-4	Reduction of energy consumption	Our Sustainability Vision and Approach — Third Global 5-year Sustainability Targets (2018–2022) Preserving Our Planet — Crystal Net Zero 2050; Carbon, Energy and Water Data 2022

Topic or GRI standard	Disclosure number	Disclosure	Section or feedback
GRI 303: Water and Effluents 2018	303-1	Interactions with water as a shared resource	Our Sustainability Vision and Approach — Third Global 5-year Sustainability Targets (2018–2022) Preserving Our Planet — Crystal Net Zero 2050; Water Conservation; Carbon, Energy and Water Data 2022; Chemical and Wastewater Management Driving Innovative Manufacturing — From Design to Delivery
	303-2	Management of water discharge-related impacts	Preserving Our Planet — Chemical and Wastewater Management
	303-5	Water consumption	Preserving Our Planet — Carbon, Energy and Water Data 2022
GRI 304: Biodiversity 2016	304-3	Habitats protected or restored	Our Sustainability Vision and Approach — Third Global 5-year Sustainability Targets (2018–2022)
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	Preserving Our Planet — Carbon, Energy and Water Data 2022
	305-2	Energy indirect (Scope 2) GHG emissions	Preserving Our Planet — Carbon, Energy and Water Data 2022
	305-4	GHG emissions intensity	Preserving Our Planet — Carbon, Energy and Water Data 2022
	305-5	Reduction of GHG emissions	Our Sustainability Vision and Approach — Third Global 5-year Sustainability Targets (2018–2022) Preserving Our Planet — Crystal Net Zero 2050; Carbon, Energy and Water Data 2022
	305-7	Nitrogen oxides (NO _x), sulfur oxides (SO _x), and other significant air emissions	Preserving Our Planet — Air Emissions Control
GRI 306: Waste 2020	306-2	Management of significant waste-related impacts	Preserving Our Planet — Waste Management
	306-3	Waste generated	Preserving Our Planet — Waste Management
	306-4	Waste diverted from disposal	Preserving Our Planet — Waste Management
	306-5	Waste directed to disposal	Preserving Our Planet — Waste Management
GRI 308: Supplier Environmental Assessment 2016	308-1	New suppliers that were screened using environmental criteria	Supply Chain Management — Governing Policies and Requirements for Suppliers; Green Supply Chain
	308-2	Negative environmental impacts in the supply chain and actions taken	Supply Chain Management — Governing Policies and Requirements for Suppliers; Managing Environmental and Social Risks along Supply Chain Preserving Our Planet — Higg Index
GRI 401: Employment 2016	401-1	New employee hires and employee turnover	Pioneering Social Responsibility — Talent Acquisition

Topic or GRI standard	Disclosure number	Disclosure	Section or feedback
GRI 403: Occupational Health and Safety 2018	403-1	Occupational health and safety management system	Pioneering Social Sustainability — Safeguarding Employees' Health and Safety
	403-2	Hazard identification, risk assessment, and incident investigation	Pioneering Social Sustainability — Safeguarding Employees' Health and Safety
	403-4	Worker participation, consultation, and communication on occupational health and safety	Pioneering Social Sustainability — Safeguarding Employees' Health and Safety
	403-5	Worker training on occupational health and safety	Pioneering Social Sustainability — Safeguarding Employees' Health and Safety
	403-6	Promotion of worker health	Pioneering Social Sustainability — Employee Well-being; Gender Equality, Maternity and Parenting Support
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Pioneering Social Sustainability — Safeguarding Employees' Health and Safety Product Responsibility — Product Safety
	403-9	Work-related injuries	Pioneering Social Sustainability — Safeguarding Employees' Health and Safety
GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee	Pioneering Social Sustainability — Talent Grooming
	404-2	Programmes for upgrading employee skills and transition assistance programmes	Our Sustainability Vision and Approach – Third Global 5-year Sustainability Targets
			Product Responsibility – Quality Assurance Pioneering Social Sustainability — Talent Grooming
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	Pioneering Social Sustainability — Talent Acquisition “Directors and Senior Management” section of our Annual Report 2022
GRI 408: Child Labour 2016	408-1	Operations and suppliers at significant risk for incidents of child labour	Pioneering Social Sustainability — Our Code of Conduct and Social Compliance Policy
			Supply Chain Management — Governing Policies and Requirements for Suppliers
GRI 409: Forced or Compulsory Labour 2016	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labour	Pioneering Social Sustainability — Our Code of Conduct and Social Compliance Policy
			Supply Chain Management — Governing Policies and Requirements for Suppliers
GRI 414: Supplier Social Assessment 2016	414-1	New suppliers that were screened using social criteria	Supply Chain Management — Governing Policies and Requirements for Suppliers
	414-2	Negative social impacts in the supply chain and actions taken	Supply Chain Management — Governing Policies and Requirements to Suppliers; Managing Environmental and Social Risks along Supply Chain
GRI 416: Customer Health and Safety 2016	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Product Responsibility — Product Safety; Handling Product Complaints





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

